

2026 Q1 Economic Factors and J&J Announcements

Below is a high-level summary of current macro-economic factors, notable announcements made this quarter, as well as public commentary made by management during the quarter and recent earnings calls. Any additional information included herein is provided as phasing considerations and should not be construed as guidance.

Phasing considerations:

As a reminder, please note the following:

- The impact of Stelara erosion in Q1 2025 was less pronounced.
- In 2026, we benefit from a 53rd week in our financial calendar, which is worth approximately 100 basis points to full year sales growth and neutral to bottom line due to expenses for an additional week.
- We expect heavy investment in Q1 2026 compared to the rest of the year.
- For your convenience, as we progress through 2026, we have attached QTD and FY segment P&Ls for 2025.

2026 Phasing Considerations

Anticipate fairly consistent operational¹ sales growth in the first and second half; 53rd week impacts the second half

Innovative Medicine

- Expect more pronounced impact from newly launched products as the year progresses
- Regarding STELARA, HUMIRA erosion curve remains the best proxy²
- Anticipate generic competition for OPSUMIT (second half in U.S.) and SIMPONI (first half in EU; potentially second half in U.S.)
- Expect impact of voluntary agreement with the U.S. government to be evenly distributed throughout the year

MedTech

- Expect continued acceleration of newly launched products as the year progresses with normalized seasonality
- Surgery transformation topline sales headwind expected to accelerate throughout the year
- Anticipate additional rounds of VBP in China throughout the year
- The impact of tariffs assumed to be consistent throughout the year

P&L

- Expect heavy investment in Q1 2026 compared to the rest of the year
- One-time items impacting EPS last year:
 - Impact of Stelara erosion in Q1 2025 was less pronounced
 - Intra-Cellular benefit laps in Q2
 - Impact of tariffs laps in Q4
- Anticipate higher earnings per share growth in the second half of the year compared to the first half

J&J ¹ Non-GAAP measure; excludes the impact of translational currency; see reconciliation schedules on the Investor Relations section of the [company's website](#)
² STELARA Year 2 erosion curve assumes best proxy with HUMIRA Year 3 erosion curve

Macro-economic factors:

- **Interest Rates:** The **Federal Funds Rate** continues to impact the financing cost of our commercial paper as well as interest income on our cash position.
- **Tariffs:** In Q4 we noted a 2026 approximate impact of \$500MM, exclusively related to our MedTech business, based on tariff information known at the time. We are reviewing the impact of the Supreme Court's decision to deny the IEEPA tariff authority as well as the implementation of new tariffs through Section 122 at a flat 10%. We will provide further guidance as we have additional clarity on the financial impact of these decisions and will continue to monitor tariffs and their potential impact to our business.
- **Global Affairs:** As described in our **Form 10-K** risk factors, we have experienced, and expect to continue to experience, impacts to the Company's business resulting from the Russia-Ukraine war, conflict in the Middle East as well as increasing tensions between the U.S. and China.

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- **Foreign Exchange:** We do not offer guidance or predictions on currency movements, but as highlighted by Joe during the Q4 2025 [earnings call](#), we utilized the Euro Spot Rate relative to the U.S. dollar as of mid-January of 1.17 to give a sense of the potential impact on Full Year 2026 guidance. The [Euro Spot Rate](#) averaged 1.17 in January, 1.18 in February, compared to a current spot rate of approximately 1.15 this past week. As a reminder, our results are based on a basket of currencies, of which, not all align to the Euro.

Conference participation

J&J conference participation (transcripts and webcasts) throughout the quarter can be found [here](#). Transcripts for the events below have been attached for your convenience.

- **[J.P. Morgan 44th Annual Healthcare Conference:](#)** Joaquin Duato – Chairman of the Board, Chief Executive Officer, fireside chat with Christopher Schott - JPMorgan Chase & Co - Analyst
- **[TD Cowen 46th Annual Health Care Conference:](#)** Joseph Wolk – Chief Financial Officer, Executive Vice President, fireside chat with Joshua Jennings - Cowen and Company LLC - Analyst
- **[Barclays 28th Annual Global Healthcare Conference:](#)** Hani Abouhalka – Company Group Chair, Surgery, MedTech, fireside chat with Matt Miksic – Barclays Services Corp - Analyst

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Announcements

Press releases issued during the quarter can be found on the [J&J Media Center](#), [Innovative Medicine Newsroom](#), and [MedTech News & Events](#) page.

- **M&A:** N/A
- **Talc:** please visit factsabouttalc.com for the latest company statements
- **Enterprise:** [Next Generation Cell Therapy Manufacturing Facility](#); [Agreement with U.S. Government to Improve Access](#)
- **Innovative Medicine:**
 - **CAPLYTA:** [Phase 3 data](#)
 - **Erda-iDRS:** [Phase 1 Study](#)
 - **ERLEADA:** [Head-to-Head analysis compares overall survival outcomes of ERLEADA](#)
 - **ICOTYDE:** [FDA Approval](#)
 - **IMAAVY:** [FDA Submission](#)
 - **Nipocalimab:** [U.S. FDA Fast Track designation](#); [Phase 2b JASMINE study](#)
 - **Pasritamig:** [Early study results](#)
 - **RYBREVANT:** [Phase 1b/2 OrigAMI-1 study](#)
 - **RYBREVANT FASPRO:** [Phase 1b/2 OrigAMI-4 study](#); [U.S. FDA Breakthrough Therapy Designation](#); [FDA Approval- EGFR-targeted therapy](#)
 - **TECVAYLI:** [Phase 3 MajesTEC-9 study](#)
 - **TECVAYLI & DARZALEX FASPRO:** [FDA Approval](#); [Quadruplet regimen approved in the U.S.](#); [European Medicines Agency Submission](#)
 - **TREMFYA:** [QUASAR long-term extension \(LTE\) study](#)
- **MedTech:**
 - **EP:** [OMNYPULSE OMNY-AF Pilot Study at 2026 AF Symposium](#)
 - **Surgery:** [OTTAVA FDA Submission](#)
 - **Vision:** [FDA Approval of TECNIS PureSee Intraocular Lens](#)

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J&J earnings calls:

- **Q4 2025 earnings call:** Full year 2026 Operational Sales Guidance of \$99.5B - \$100.5B or 5.7% - 6.7% and Adjusted Operational Earnings Per Share of \$11.28 - \$11.48 or 4.5% - 6.5% was provided on our Q4 2025 Earnings Call. For your convenience, the final Q4 2025 earnings transcript and presentation are attached. Full Q4 2025 earnings call operational commentary and key drivers can be listened to [here](#) and the Q4 2025 10-K can be found [here](#).
- **Q1 2025 earnings call:** For ease of reference, below are related sales and EPS absolute figures and growth rates for Q1 2025. Full Q1 2025 operational commentary, key drivers, and one-timers can be listened to [here](#) and the Q1 2025 10-Q can be found [here](#). For your convenience, the final Q1 2025 earnings transcript and presentation are attached.

Q1 2025:

- Enterprise: \$21.9B, 4.2% operational sales growth and 3.3% adjusted operational sales growth
 - Enterprise sales highlights can be found on page 6 of the final Q1 2025 earnings transcript attached
 - P&L highlights can be found on page 7 of the final Q1 2025 earnings transcript attached
- Innovative Medicine: \$13.9B, 4.2% operational sales growth
 - Innovative Medicine sales highlights can be found on page 6 of the final Q1 2025 earnings transcript attached
- MedTech: \$8.0B, 4.1% operational sales growth
 - MedTech sales highlights can be found on page 6-7 of the final Q1 2025 earnings transcript attached

Earnings before provision for taxes on income by segment

Innovative Medicine

2025

(Unaudited; Dollar in millions)

	As reported									
	Q1		Q2		Q3		Q4		YTD	
	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales
Sales to customers	\$13,873	100.0	\$15,202	100.0	\$15,563	100.0	\$15,763	100.0	\$60,401	100.0
Cost of products sold (COGS)	4,020	29.0	3,978	26.2	3,672	23.6	3,976	25.2	15,646	25.9
Selling, marketing and administrative expenses (SM&A)	2,261	16.3	2,789	18.3	2,869	18.5	3,456	21.9	11,375	18.8
Research and development expense (R&D)*	2,548	18.4	2,869	18.9	2,944	18.9	3,466	22.0	11,827	19.6
Other segment items ¹	(166)	(1.2)	14	0.1	(368)	(2.4)	(193)	(1.2)	(713)	(1.2)
Adjusted segment income before tax ²	\$5,210	37.5	\$5,552	36.5	\$6,446	41.4	\$5,058	32.1	\$22,266	36.9

	Adjusted									
	Q1		Q2		Q3		Q4		YTD	
	Amount	% to Sales								
Sales to customers	\$13,873	100.0	\$15,202	100.0	\$15,563	100.0	\$15,763	100.0	\$60,401	100.0
Cost of products sold (COGS)	3,371	24.3	3,180	20.9	3,093	19.9	3,261	20.7	12,905	21.4
Selling, marketing and administrative expenses (SM&A)	2,261	16.3	2,789	18.3	2,869	18.4	3,456	21.9	11,375	18.8
Research and development expense (R&D)*	2,548	18.4	2,869	18.9	2,944	18.9	3,466	22.0	11,827	19.6
Other segment items ¹	(204)	(1.5)	(129)	(0.8)	(238)	(1.5)	(135)	(0.9)	(706)	(1.2)
Adjusted segment income before tax ²	\$5,897	42.5	\$6,493	42.7	\$6,895	44.3	\$5,715	36.3	\$25,000	41.4

J&J ¹ Other segment items for each reportable segment include charges related to other income and expenses, restructuring activities and impairment charges related to in-process research and development

² Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules on the Investor Relations section of the [company's website](#)

Earnings before provision for taxes on income by segment

MedTech 2025

(Unaudited; Dollar in millions)

	As reported									
	Q1		Q2		Q3		Q4		YTD	
	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales
Sales to customers	\$8,020	100.0	\$8,541	100.0	\$8,430	100.0	\$8,801	100.0	\$33,792	100.0
Cost of products sold (COGS)	3,326	41.5	3,638	42.6	3,612	42.9	3,973	45.1	14,549	43.1
Selling, marketing and administrative expenses (SM&A)	2,656	33.1	2,862	33.5	2,801	33.2	3,035	34.5	11,354	33.6
Research and development expense (R&D)*	677	8.4	647	7.6	728	8.6	786	8.9	2,838	8.4
Other segment items ¹	(60)	(0.7)	190	2.2	2	-	806	9.2	938	2.8
Adjusted segment income before tax ²	\$1,421	17.7	\$1,204	14.1	\$1,287	15.3	\$201	2.3	\$4,113	12.1

	Adjusted									
	Q1		Q2		Q3		Q4		YTD	
	Amount	% to Sales								
Sales to customers	\$8,020	100.0	\$8,541	100.0	\$8,430	100.0	\$8,801	100.0	\$33,792	100.0
Cost of products sold (COGS)	2,795	34.8	3,142	36.8	3,119	37.0	3,435	39.0	12,491	37.0
Selling, marketing and administrative expenses (SM&A)	2,656	33.1	2,862	33.5	2,801	33.2	3,035	34.5	11,354	33.6
Research and development expense (R&D)*	671	8.4	690	8.1	728	8.6	786	8.9	2,875	8.5
Other segment items ¹	(182)	(2.2)	(53)	(0.6)	15	0.2	10	0.2	(210)	(0.6)
Adjusted segment income before tax ²	\$2,080	25.9	\$1,900	22.2	\$1,767	21.0	\$1,535	17.4	\$7,282	21.5

J&J ¹ Other segment items for each reportable segment include charges related to other income and expenses, restructuring activities and impairment charges related to in-process research and development

² Non-GAAP measure; excludes intangible amortization expense and special items; see reconciliation schedules on the Investor Relations section of the [company's website](#)