

## 2026 Q2 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 the Intra-Cellular benefit laps in Q2.
- In 2026, we benefit from a 53<sup>rd</sup> 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 heavier investment in the first half of the year.
- For your convenience, as we progress through 2026, we have attached QTD and FY segment P&Ls for 2025.

## Phasing Considerations

*Anticipate fairly consistent operational<sup>1</sup> sales growth in the first and second half; 53<sup>rd</sup> week impacts the second half*

### Innovative Medicine

- Expect more pronounced impact from newly launched products as the year progresses
- 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 sales headwinds expected to increase through the year
- Anticipate additional rounds of VBP in China throughout the year, heavier in the second half of the year

### P&L

- Expect heavier investment in the first half of the year
- Intra-Cellular benefit laps in Q2
- Anticipate higher earnings per share growth in the second half of the year compared to the first half

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, the outcomes of recent hearings, and 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.
- **Foreign Exchange:** We do not offer guidance or predictions on currency movements, but as highlighted by Joe during the Q1 2026 **earnings call**, we utilized the Euro Spot Rate relative to the U.S. dollar of 1.17. The **Euro**

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Spot Rate averaged 1.17 in April, 1.17 in May, compared to a current spot rate of approximately 1.15 over the past few days. 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.

- [Bank of America 2026 Healthcare Conference](#): John Reed – Executive Vice President - Pharmaceuticals, R&D fireside chat with Jason Gerberry - Bofa Merrill Lynch Asset Holdings Inc - Analyst
- [2026 RBC Capital Markets Global Healthcare Conference](#): Michael Bodner – Company Group Chair, Electrophysiology & Neurovascular, fireside chat with Shagun Singh - RBC Capital Markets Inc - Analyst
- [Bernstein's 42nd Annual Strategic Decisions Conference](#): Joaquin Duato – Chairman of the Board, Chief Executive Officer, fireside chat with Lee Hambright – Sanford C Bernstein & Co LLC – Analyst
- [Goldman Sachs 47th Annual Global Healthcare Conference](#): Tom Cavanaugh– Group Chairman Innovative Medicine, North America, fireside chat with Asad Haider – Goldman Sachs - Managing Director

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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:** [Firefly Bio, Inc. Acquisition](#); [Atraverse Medical, Inc. Acquisition](#)
- **Talc:** please visit [factsabouttalc.com](https://factsabouttalc.com) for the latest company statements
- **Enterprise:** [Generation Fine Campaign](#); [Ryan Koors- VP of J&J IR Announcement](#)
- **Innovative Medicine:**
  - **CAPLYTA:** [APA and ASCP long-term data in MDD](#); [First network meta-analysis results](#); [Supplemental New Drug Application FDA Approval](#)
  - **ERLEADA:** [Phase 3 PROTEUS study](#)
  - **ICOTYDE:** [Phase 3 ICONIC-ADVANCE 1 and 2 and ICONIC-LEAD studies](#)
  - **IMAAVY:** [FDA grants Priority Review wAIHA](#); [Phase 3 Vivacity-MG3 study](#); [Phase 2/3 study \(wAIHA\)](#)
  - **INLEXZO:** [Standard-of-care bladder cancer survey](#); [Permanent Billing Code](#)
  - **JNJ-4804:** [Phase 2b data results](#)
  - **Nipocalimab:** [SLE Phase 2 results](#); [Phase 2 DAHLIAS Sjögren's disease results](#);
  - **RYBREVANT + LAZCLUZE:** [Phase 1/1b CHRYSALIS-2 study NSCLC](#)
  - **RYBREVANT FASPRO:** [Phase 1b/2 OrigAMI-4 study](#)
  - **TECVAYLI:** [Phase 3 MajesTEC-9 study](#)
  - **TREMFYA:** [FDA label expansion approval sBLA](#); [Phase 3 FUZION study](#)
- **MedTech:**
  - **Shockwave:** [Shockwave™ C2 Aero Coronary IVL Catheter Launch](#)
  - **OTTAVA:** [Clinical Study Results for a New Soft-Tissue Surgical Robotic System](#)
  - **EP:** [CARTOSOUND SONATA Module launch HRS 2026](#); [Launch of VARIPULSE Pro in Europe following CE Mark approval](#)
  - **Vision:** [ASCRS 2026 New Clinical Data for TECNIS PureSee IOL](#); [Expanded U.S. Availability of TECNIS PureSee IOL](#)
  - **Orthopaedics:** [Miniature Radiofrequency Tracking Technology Acquisition](#); [CGBIO distribution agreement](#)

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## J&J earnings calls:

- **Q1 2026 earnings call:** Full year 2026 Operational Sales Guidance of \$99.7B - \$100.7B or 5.9% - 6.9% and Adjusted Operational Earnings Per Share of \$11.30 - \$11.50 or 4.7% - 6.7% was provided on our Q1 2026 Earnings Call. For your convenience, the final Q1 2026 earnings transcript and presentation are attached. Full Q1 2026 earnings call operational commentary and key drivers can be listened to [here](#) and the Q1 2026 10-Q can be found [here](#).
- **Q2 2025 earnings call:** For ease of reference, below are related sales and EPS absolute figures and growth rates for Q2 2025. Full Q2 2025 operational commentary, key drivers, and one-timers can be listened to [here](#) and the Q2 2025 10-Q can be found [here](#). For your convenience, the final Q2 2025 earnings transcript and presentation are attached.

### **Q2 2025:**

- Enterprise: \$23.7B, 4.6% operational sales growth and 3.0% adjusted operational sales growth
  - Enterprise sales highlights can be found on page 5 of the final Q2 2025 earnings transcript attached
  - P&L highlights can be found on page 6 of the final Q2 2025 earnings transcript attached
- Innovative Medicine: \$15.2B, 3.8% operational sales growth
  - Innovative Medicine sales highlights can be found on page 5-6 of the final Q2 2025 earnings transcript attached
- MedTech: \$8.5B, 6.1% operational sales growth
  - MedTech sales highlights can be found on page 6 of the final Q2 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 <sup>1</sup>	(166)	(1.2)	14	0.1	(368)	(2.4)	(193)	(1.2)	(713)	(1.2)
Adjusted segment income before tax <sup>2</sup>	\$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	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)	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 <sup>1</sup>	(204)	(1.5)	(129)	(0.8)	(238)	(1.5)	(135)	(0.9)	(706)	(1.2)
Adjusted segment income before tax <sup>2</sup>	\$5,897	42.5	\$6,493	42.7	\$6,895	44.3	\$5,715	36.3	\$25,000	41.4

**J&J** <sup>1</sup> 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

<sup>2</sup> 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 <sup>1</sup>	(60)	(0.7)	190	2.2	2	-	806	9.2	938	2.8
Adjusted segment income before tax <sup>2</sup>	<b>\$1,421</b>	<b>17.7</b>	<b>\$1,204</b>	<b>14.1</b>	<b>\$1,287</b>	<b>15.3</b>	<b>\$201</b>	<b>2.3</b>	<b>\$4,113</b>	<b>12.1</b>

	Adjusted									
	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)	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 <sup>1</sup>	(182)	(2.2)	(53)	(0.6)	15	0.2	10	0.2	(210)	(0.6)
Adjusted segment income before tax <sup>2</sup>	<b>\$2,080</b>	<b>25.9</b>	<b>\$1,900</b>	<b>22.2</b>	<b>\$1,767</b>	<b>21.0</b>	<b>\$1,535</b>	<b>17.4</b>	<b>\$7,282</b>	<b>21.5</b>

**J&J** <sup>1</sup> 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

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