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OVERVIEW:

Company Summary

LSEG DATA & ANALYTICS

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PRESENTATION

Operator

Good morning and welcome to Johnson & Johnson's fourth quarter 2025 earnings conference call. All participants will be in a listen-only mode until the question-and-answer session of the conference. This call is being recorded.

If anyone has any objections and may disconnect at this time. (Operator Instructions) I will now turn the conference call over to Johnson & Johnson. You may begin.

Darren Snellgrove - *Johnson & Johnson - Vice President Investor Relations*

Hello everyone, this is Darren Snellgrove, Vice President of Investor Relations for Johnson & Johnson. Welcome to our company's review of business results for the fourth quarter and full year 2025 and our financial outlook for 2026.

First, a few logistics. As a reminder, today's presentation and associated schedules are available on the Investor Relations section of the Johnson & Johnson website at investor.jnj.com. Please note that this presentation contains forward-looking statements regarding, among other things, the company's future operating and financial performance, market position, and business strategy.

You are cautioned not to rely on these forward-looking statements, which are based on the current expectations of future events using the information available as of the date of this recording and are subject to certain risks and uncertainties that may cause the company's actual results to differ materially from those projected. The description of these risks, uncertainties, and other factors can be found in our SEC filings, including our 2024 Form 10-K, which is available at investor.jnj.com and on the SEC's website.

Additionally, several of the products and compounds discussed today are being developed in collaboration with strategic partners or licensed from other companies. This slide acknowledges those relationships.

Moving to today's agenda, Joaquin Duato, our Chairman and CEO, will discuss our business performance and growth drivers. I will then review the fourth quarter sales and P&L results, as well as full year 2025 results for the enterprise.

Joe Wolk, our CFO, will then close by sharing an overview of our cash position, capital allocation priorities, and guidance for 2026, as well as key milestones and qualitative considerations for 2026.

Jennifer Taubert, Executive Vice President, Worldwide Chairman, Innovative Medicine; John Reed, Executive Vice President, Innovative Medicine Research and Development; and Tim Schmid, Executive Vice President, Worldwide Chairman, MedTech, will be joining us for Q&A.

To ensure we provide enough time to address your questions, we anticipate the webcast will last up to 75 minutes. With that, I will now turn the call over to Joaquin.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Good morning everyone and thank you for joining us. I'm excited to discuss our very strong full year results. We said 2025 would be a catapult year for Johnson & Johnson, and that's exactly what it was. It was a year that launched us into a new era of accelerated growth.

Fueled by the strongest portfolio and pipeline in our history, Johnson & Johnson today has a leading and expanding position in each of our six key businesses Oncology, Immunology, Neuroscience, Cardiovascular, Surgery, and Vision.

In each of these areas we have multiple differentiated assets to drive growth and a strong competitive advantage which you can see in the success of our recent launches.

In recent years we have increased our focus on areas of high growth and high unmet need, and we will continue this transformation with the planned separation of our Orthopaedics business. In 2025 we invested over $32 billion in R&D and M&A, including the acquisitions of Intra-Cellular Therapies and Halda Therapeutics.

We also initiated billions of dollars in new state of the art manufacturing facilities in the US which will accelerate delivery of our next wave of innovation. These moves fuel our confidence that growth in 2026 will be faster than in 2025. And we have line of sight to double-digit growth by the end of the decade, which is notable as Johnson & Johnson is the only healthcare company that will soon deliver more than $100 billion in annual revenue.

How is that possible? It's possible because we have tremendous strength and depth both in Innovative Medicine and in MedTech. We are different from other companies. We are not focused on one or two growth drivers.

In fact, we now have 28 platforms or products that generate at least $1 billion of revenue annually, and that makes our growth more sustainable. This, together with our strong balance sheet and free cash flow, creates the resilience and durability that will power our future.

Turning to our results over the full year, we delivered 5.3% operational sales growth. The strength of our commercial execution and relentless focus on innovation drove strong momentum throughout the year, firmly placing the Stelara LOE in the rearview mirror.

In Innovative Medicine, we reported operational sales growth for the year of 5.3%. Full year sales for our pharmaceutical business exceeded $60 billion for the first time with 13 brands growing double digits.

The foundation for these results and for the acceleration we see ahead is our unrivaled portfolio and pipeline. In 2025 alone, we secured 51 approvals and filed 32 submissions across major markets. We delivered positive readouts from 17 key studies and initiated 11 new Phase 3 programs.

These milestones are not just numbers, they are the seeds of our best-in-class medicines that are improving and extending lives.

Let me now talk about our key areas of focus. In Oncology, we are working to cure cancer, and our depth of expertise is unmatched. In 2025 we delivered 21% operational sales growth, and we expect to exceed $50 billion in annual sales by 2030. We are the number one company in multiple myeloma, where 80% of patients are treated with at least one of our four medicines over their treatment journey.

DARZALEX is the largest medicine by sales in our pharmaceutical portfolio and is considered the foundational gold standard treatment in multiple myeloma. With annual sales over 14 billion, DARZALEX grew an impressive 22% across the full year.

CARVYKTI is the leading CAR T-cell therapy in multiple myeloma, with more than 10,000 patients now treated across 14 markets, and we are not stopping there.

Last month we published unprecedented results for TECVAYLI plus DARZALEX that showed reduced risk of progression or death by 83% in relapsed refractory multiple myeloma as early as the second line.

We also recently announced top-line findings from a second Phase 3 study MajesTEC-9, which showed TECVAYLI monotherapy reduced the risk of disease progression or death as early as first relapse in patients with multiple myeloma who are predominantly refractory to anti-CD38 and lenalidomide therapies.

We're also seeing significant momentum in our solid tumor portfolio. In Q4, we received FDA approval for RYBREVANT FASPRO as the first subcutaneous therapy for EGFR mutated non-small cell lung cancer, reducing administration time from hours to minutes and improving patient experience.

We are making strong progress in bladder cancer with the introduction of INLEXZO. Our novel drug-releasing system, which received its initial FDA approval in September. This is a revolutionary treatment that offers a life-changing alternative for patients who otherwise would have lost their bladders to radical surgery.

Future approvals addressing larger patient populations are anticipated. And our Q4 acquisition of Halda Therapeutics added a promising clinical stage treatment for prostate cancer with potential across multiple tumor types.

In Immunology, we are focused on transforming the standard of care by increasing remission rates in immune-mediated disease. In 2025, TREMFYA became the first and only IL-23 inhibitor with a fully subcutaneous treatment regimen for both ulcerative colitis and Crohn's disease. It is now the fastest growing IL-23 therapy in the US, delivering Q4 operational sales growth of 75% and 65% worldwide.

And with global full year sales of TREMFYA accelerating to more than $5 billion for the first time, we're increasingly confident that TREMFYA will exceed $10 billion in peak year sales.

But in health care, leadership means continually raising the bar, which is why we are focused on what's next in Immunology.

In the coming months, we look forward to the anticipated US approval of Icotrokinra to be marketed as ICOTYDE, which will expand our Immunology innovation beyond injectable medicines. We believe ICOTYDE positions Johnson & Johnson to lead the next wave of treatment for psoriasis and inflammatory bowel disease.

Turning to Neuroscience, where 2025 operational sales grew 10%. SPRAVATO continues its strong trajectory with 57% growth in the year, and more than 200,000 patients now treated worldwide. In November we solidified our leadership with the US launch of CAPLYTA for adjunctive major depressive disorder, further strengthening our confidence in its $5 billion peak year sales potential.

Now turning to Medtech, where operational sales for the year grew 5.4%. In 2025 we delivered nearly $34 billion in sales with strong performance in Cardiovascular and accelerating momentum across Surgery and Vision.

Our success over the last year was supported by 15 major launches and more than 40 regulatory approvals in major markets, and with more than 60 active clinical trials, we have significant momentum going into 2026.

Johnson & Johnson today is a leader in three Cardiovascular segments with the portfolio delivering 15% operational sales growth in the year. Abiomed and Shockwave performed particularly well, delivering operational growth of approximately 18% and 23% in the quarter.

We remain the market leader in Electrophysiology, and we plan to expand our position in pulsed field ablation. VARIPULSE has now been used to treat nearly 40,000 atrial fibrillation patients globally, and we look forward to submitting our Dual Energy THERMOCOOL SMARTTOUCH SF Catheter for use in the US market in 2026.

We are also seeing positive data for our OMNYPULSE Catheter, which has the potential to further redefine pulsed field ablation. In fact, we anticipate launching a new Catheter every year through the end of the decade as we build an industry-leading portfolio in PFA complemented by at least two CARTO updates each year.

In Surgery, we are reinventing procedures through robotics and digital. This year we will launch a first of its kind robotics platform for urology with MONARCH. The technology was first to market in bronchoscopy, helping diagnose and treat lung cancer.

And this year we'll create another first with MONARCH, becoming the only robotic endoluminal and percutaneous platform for the treatment of kidney stones and other renal conditions.

We also recently announced the FDA de novo submission of our OTTAVA robotic surgery system, and with continued innovation in surgical instrumentation, including our recent launch of the ETHICON 4000 Stapler, we anticipate continued growth as we reduce complications and elevate the surgical experience across specialties.

And finally, Vision, which delivered robust annual operational sales growth of 5.3% with particularly strong momentum in Surgical Vision. In 2025 we launched ACUVUE OASYS MAX disposable lenses for astigmatism and presbyopia and completed the full market release of TECNIS Odyssey, which is the fastest growing intraocular lens in the US.

Looking ahead, we're planning to launch TECNIS PureSee in the US later this year.

As you can tell, we are starting the year from a position of strength. You have heard me talk about the unmatched depth and strength of our business. In 2026, that will translate into accelerated growth and impact with game changing innovation, reaching more patients more quickly than ever before.

I will now turn the call back over to Darren.

Darren Snellgrove - *Johnson & Johnson - Vice President Investor Relations*

Thank you, Joaquin. Moving to our financial results, unless otherwise stated, the percentages quoted represent operational results and therefore exclude the impact of currency translation. Starting with Q4 2025 sales results, worldwide sales were $24.6 billion for the quarter. Sales increased 7.1% despite an approximate 650 basis points headwind from STELARA.

Growth in the US was 7.5% and 6.6% outside of the US. Acquisitions and divestitures had a net positive impact on worldwide growth of 100 basis points, primarily driven by the Intra-Cellular acquisition.

Turning now to earnings, for the quarter, net earnings were $5.1 billion and diluted earnings per share was $2.10 versus $1.41 a year ago. Adjusted net earnings for the quarter was $6 billion and adjusted diluted earnings per share of $2.46 representing an increase of 21.5% and 20.6% respectively, compared to the fourth quarter of 2024.

Items of note include a $0.22 IPR&D charge associated with the V-wave acquisition in 2024 and $0.10 of dilution due to the acquisition of Halda Therapeutics in 2025.

For the full year 2025, worldwide sales were $94.2 billion. Sales increased 5.3% despite an approximate 620 basis points headwind from STELARA.

And if you do the math, Johnson & Johnson grew double digits for the full year, excluding STELARA. Growth in the US was 6.9% and 3.4% outside the US. Acquisitions and divestitures had a net positive impact on worldwide growth of 110 basis points, primarily driven by the Intra-Cellular and Shockwave acquisitions.

Turning now to earnings, net earnings for full year 2025 were $26.8 billion and diluted earnings per share was $11.03 including the $7 billion talc reserve reversal from Q1. This compares to diluted earnings per share of $5.79 a year ago, which included $0.67 of dilution due to acquired IPR&D charges on various transactions.

All year 2025, adjusted net earnings were $26.2 billion and adjusted diluted earnings per share was $10.79 both representing an increase of 8.1% compared to full year 2024.

I will now comment on business sales performance in the quarter, focusing on the six key areas where meaningful innovation is driving our performance and fueling our long-term growth.

Beginning with innovative medicine, worldwide sales of $15.8 billion increased 7.9%, despite an approximate 1,110 basis points headwind from STELARA, illustrating the continued strength of our key brands and new launches. Growth both in the US and outside of the US was 7.9%.

Acquisition and divestitures had a net positive impact of 170 basis points on worldwide growth, primarily due to the Intra-Cellular acquisition. In Oncology, starting with multiple myeloma, DARZALEX growth was 24.1%, primarily driven by strong share gains of 6.5 points across all lines of therapy, and nearly 12 points in the frontline setting, as well as inventory dynamics and market growth.

CARVYKTI achieved sales of $555 million with growth of 63.2%, driven by share gains and site expansion. TECVAYLI and TALVEY growth was 18.9% and 73.1% respectively, driven by continued expansion in the community setting.

In prostate cancer, ERLEADA delivered strong growth of 18% due to market growth and continued share gains, partially offset by the impact of Part D redesign. In lung cancer, RYBREVANT plus LAZCLUZE delivered sales of $216 million and growth of 76.5%, driven by continued launch uptake in all regions. We continue to see share gains in both first and second lines of therapy.

Within Immunology, TREMFYA delivered remarkable growth of 65.4%. We continue to see share gains across all indications, with particularly strong momentum from our IBD launch, as well as market growth. STELARA declined 48.6% driven by share loss due to biosimilar competition and Part D redesign.

In Neuroscience, SPRAVATO grew an impressive 67.8%, driven by continued strong demand from physicians and patients. CAPLYTA, which was acquired in Q2 as part of the Intra-Cellular acquisition, delivered sales of $249 million for the quarter.

Since aMDD approval in the US, CAPLYTA has had its highest ever new patient start volumes across all indications.

Now moving to Medtech. Worldwide sales of $8.8 billion increased 5.8%, with growth of 6.6% in the US and 4.9% outside of the US, driven by strong performance in our three focus areas Cardiovascular, Surgery, and Vision. Acquisitions and divestitures had a net negative impact of 10 basis points on worldwide growth.

In Cardiovascular, Electrophysiology delivered growth of 6.5%, driven by procedure growth within our comprehensive portfolio, commercial execution, as well as VARIPULSE and other new products, partially offset by competitive pressures in PFA.

Abiomed delivered growth of 18.3% with continued strong adoption of Impella technology. Shockwave delivered strong double-digit growth of 22.9%, driven by continued adoption of coronary and peripheral products, becoming our 13th billion dollar MedTech platform.

Surgery grew 3.7% despite divestitures negatively impacting results by approximately 60 basis points. Growth was driven by accelerated launches of new products in biosurgery, technology penetration in wound closure, and strong commercial execution, partially offset by competitive pressures in energy and endocutters, as well as VBP in China across the portfolio.

In Vision, contact lenses, and other products grew 5.3%, driven by category growth, strong performance in the ACUVUE OASYS 1-Day family of products, and continued strategic price actions, further solidifying our leadership position. Surgical Vision grew 10.8%, driven by new product innovations, robust demand for premium IOLs, and strong commercial execution.

Orthopaedics growth this quarter continued to gain momentum and increased to 3.5%, primarily driven by new product launches and strong commercial execution, partially offset by the Orthopaedics transformation and VBP in China.

Now turning to our consolidated statement of earnings for the fourth quarter of 2025. I'd like to highlight a few noteworthy items that have changed compared to the same quarter of last year.

Cost of goods sold deleveraged by 80 basis points, driven by unfavorable product mix and Innovative Medicine and the impact of tariffs in MedTech. This was partially offset by the onetime prior year fair value inventory step up associated with the Shockwave acquisition.

Selling, marketing, and administrative expense leveraged by 110 basis points driven by lower administrative expense across the enterprise.

Research and development leveraged by 620 basis points, primarily driven by prior year acquired IPR&D expense from the V-wave acquisition in MedTech, as well as pipeline investment timing and Innovative Medicine.

Interest, income and expense was a net income of $23 million as compared to $144 million of income in the fourth quarter of 2024. The decrease in income was primarily driven by a higher average debt balance.

Other income and expense was a net expense of $483 million as compared to $161 million of income in the fourth quarter of 2024. This increase in net expense was driven by higher litigation costs of $0.9 billion primarily related to the Auris shareholder resolution and a $0.2 billion non-recurring charge related to Halda employee equity awards.

This was partially offset by a $0.3 billion contingent value right reduction associated with the Abiomed acquisition.

Tax rate on a GAAP basis in the fourth quarter of 2025 was a benefit of 3% compared to an 11.7% cost in the fourth quarter of 2024. The decrease in the effective tax rate is primarily driven by a non-recurring tax benefit related to a loss on certain international subsidiaries. More information can be found in the company's forthcoming Form 10-K.

Lastly, I will direct your attention to the box section of the slide, where we have also provided our income before tax, net earnings, and earnings per share adjusted to exclude the impact of intangible amortization expense and special items.

Now let's look at adjusted income before tax by segment for the quarter. Innovative Medicine margin improved from 32.5% to 36.3%, primarily driven by administrative expense leveraging and phasing of R&D expense, partially offset by unfavorable mix in the cost of products sold.

MedTech margin improved from 10.8% to 17.4%, primarily driven by prior year acquired IPR&D expense from the V-Wave acquisition. Partially offset by the impact of tariffs and cost of products sold.

As a result, adjusted income before tax for the enterprise as a percentage of sales increased from 24.1% to 28.7%. This concludes the sales and earnings portion of the call, and I will now turn the call over to Joe.

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Thanks, Darren. Hello everyone. We appreciate you joining us today. As you've heard from Joaquin and Darren, the employees of Johnson & Johnson delivered impressive results in 2025, driven by strong execution, important new launches, and significant pipeline progress that launched a new era of accelerated growth.

Our performance demonstrates the depth and strength of Johnson & Johnson's business, centered on six core areas Oncology, Immunology, and Neuroscience in Innovative Medicine and Cardiovascular, Surgery, and Vision in MedTech.

This has enabled us to exceed financial expectations that existed at the beginning of 2025 on both the top and bottom line. We enter 2026 with powerful momentum and anticipate another solid year ahead.

Let me briefly address yesterday's Daubert rulings in the Talc MDL. The Special Master correctly decided to exclude the opinions of certain plaintiffs' experts who pre-pondered junk science. In other parts of the ruling, the court did not uphold its proper gatekeeping duty with respect to the reliability of plaintiffs' experts' opinions, and we will appeal.

The decision only serves to bolster our overall litigation strategy. We will continue to defend against these meritless claims at trial and through the appeals courts where we have largely prevailed.

Before we move into 2026 guidance, let's address cash and capital allocation. We ended 2025 with approximately $20 billion of cash and marketable securities and $48 billion of debt for a net debt position of approximately $28 billion.

The company generated $19.7 billion of free cash flow during 2025, on par with 2024, despite increased capital investment in the US and the impact of tariffs.

Our financial strength is a competitive advantage that allows us to both invest in our future and return value to our shareholders. As we move forward in 2026, we expect to elevate free cash flow generation to approximately $21 billion.

As it relates to the separation of our Orthopaedics business, we are making good progress towards a mid-2027 separation and look forward to providing updates later this year.

Turning now to guidance for the full year 2026, we anticipate operational sales growth in the range of 5.7% to 6.7% with a midpoint of $100 billion or 6.2%. Acquisitions and divestitures are expected to favorably impact operational growth by approximately 30 basis points, resulting in an adjusted operational sales growth midpoint of 5.9%.

We do benefit in 2026 as our financial calendar includes a 53 week, which is worth approximately 100 basis points.

As you know, we do not speculate on future currency movements, and last quarter we utilized the Euro spot rate relative to the US dollar of 1.17. As of last week, the US dollar has stayed relatively flat to the EUR spot rate, and as a result, we expect reported sales growth between 6.2% to 7.2%, with a midpoint of $100.5 billion or 6.7%.

2026 sales growth across our Innovative Medicine business will be driven by TREMFYA, DARZALEX, CARVYKTI, ERLEADA, and SPRAVATO, as well as new launches of RYBREVANT plus LAZCLUZE in lung cancer and CAPLYTA as adjunctive therapy for major depressive disorder.

In MedTech, we expect growth to be driven by continued uptake and market expansion of new product launches across our Cardiovascular, Surgery, and Vision portfolios, including VARIPULSE and Electrophysiology. ETHICON 4000 in Surgery and the OASYS MAX family in Vision.

Turning next to other items on the P&L in 2026, we expect to drive continued operating efficiencies, the majority of which we plan to invest in our business to power our new product launches and pipeline with heavier investment at the outset of the year.

Despite that increased investment, we are planning for our 2026 adjusted pre-tax operating margin to improve by at least 50 basis points. Our pre-tax operating margin guidance takes into account the costs from the 53rd week of operations and full year MedTech tariffs of approximately $500 million which is significantly above the 2025 amount. It also includes the impact of the recently announced voluntary agreement with the US government to improve access to medicines and lower costs to US patients.

We expect net interest expense between $300 million and $400 million. We anticipate net other income to be $1 billion to $1.2 billion for 2026, relatively flat to last year. Finally, we are projecting an effective tax rate in the range of 17.5% to 18.5%, with the increase largely due to a mixed change with income in higher tax jurisdictions.

Turning to adjusted operational earnings per share, we expect growth of 5.5% at the midpoint for a range of $11.28 to $11.48.

By utilizing the exchange rate we mentioned earlier for our reported adjusted earnings per share for the year, we estimate a positive impact of $0.15. As such, we expect reported adjusted earnings per share of $11.53 at the midpoint.

Regarding our share count, due to the rapid share price appreciation in the second half of 2025 into early 2026, our diluted share count is increasing to approximately 2.44 billion shares based on US GAAP accounting rules for the diluted share calculation, in line with how the fourth quarter of 2025 landed. The incremental diluted shares for next year are worth slightly more than $0.05 headwind versus 2025.

Relative to current analyst expectations, our EPS and margin outlooks absorb the previously referenced incremental tariffs, the impact of the voluntary US government agreement, and a higher share count.

We will now shift to some 2026 phasing considerations to help inform your modeling. We are well positioned to build upon our accomplishments in 2025, continuing to make advancements across our Innovative Medicine and MedTech portfolio and pipeline.

We anticipate fairly consistent operational sales growth throughout the year with a higher fourth quarter due to the benefit from the 53rd week referenced earlier.

Regarding Innovative Medicine, we expect a more pronounced impact from newly launched products throughout the year. We anticipate STELARA to continue to follow the Humira erosion curve, which accelerated as we moved through the second half of 2025 compared to the start.

While not nearly as impactful as STELARA, we do anticipate generic impact for both SIMPONI and OPSUMIT to begin in 2026, both of which are contemplated in our full year guidance.

In MedTech, we will continue to accelerate our newly launched products and expect normalized seasonality. The Surgery transformation progress will accelerate throughout the year, and we anticipate some additional rounds of volume-based procurement in China, all of which has been incorporated into our 2026 guidance.

Regarding the P&L, it is important to consider one-time items that impacted our EPS results in 2025. Specifically, in Q1 2025, the impact from STELARA biosimilars was less pronounced, given that the erosion accelerated starting in Q2.

The Intra-Cellular acquisition anniversaries in Q2. And tariffs will be relatively linear in 2026, unlike last year, where the P&L cost was largely recorded in Q4 2025. Given these factors, we expect higher earnings per share growth in the second half of the year versus the first half.

We are excited about how our pipeline is anticipated to advance in 2026. For example, in Innovative Medicine, we expect regulatory approvals for icotrokinra in psoriasis, TECVAYLI in combination with DARZALEX in relapsed refractory multiple myeloma as early as second line, and TREMFYA for the innovation of structural joint damage for patients with psoriatic arthritis.

As this chart indicates, we also have many important regulatory submissions and data presentations across Oncology, Immunology, and Neuroscience.

In MedTech, we anticipate the following approvals and regulatory submissions OTTAVA Robotic Surgical System. ETHIZIA in biosurgery and the Dual Energy THERMOCOOL SMARTTOUCH SF Catheter in the US. Here too, we are also excited for new launches and continued expansion of new products as seen in the chart.

To close the prepared remarks, I hope it's evident that Johnson & Johnson is entering 2026 with significant momentum. We are positioned to lead where healthcare is going to tackle areas of critical unmet need.

Our strong financial position enables us to invest in our business and the next generation of scientific breakthroughs that will help improve patient outcomes while simultaneously delivering value for our shareholders.

None of this would be possible without the hard work and dedication of our incredible colleagues worldwide who always keep patients at the center of everything we do.

With that, we are happy to take your questions, so I will now turn it to Kevin to provide instructions for those seeking to participate in the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Asad Haider, Goldman Sachs.

Asad Haider - *Goldman Sachs Group Inc - Analyst*

Great, congrats on the quarter and thanks for taking the question. Joaquin, maybe just a big picture question for you. You're entering this year in a clear position of strength, following what's been one of the best performance years for the stock in about 20 years.

You've had momentum in both business segments. You're generating tremendous free cash flow and you're that you're saying is going to continue to elevate, and you've now started to talk more about double-digit revenue growth by the latter part of the decade, although street consensus is currently modeling something in the 6% range.

So if you could just maybe double click a little bit more on what the key levers are to bridge that double-digit growth profile from where we sit today, particularly in the context of the current revenue base that's now approaching $100 billion and remains sizable through the end of the decade, even with the ortho spin.

And I guess what we're really trying to understand is how much of that acceleration comes from the organic pipeline versus acquisitions versus portfolio pruning and I guess related what innings are we in of this strategic repositioning away from lower growth segments like you're doing with Ortho towards higher growth segments.

Thank you.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you, great question, and sure, I mean, we come out of a really successful 2025, leaving the STELARA biosimilars in the rearview mirror and initiating a cycle of accelerated growth for Johnson & Johnson. And you have seen that we have provided guidance for 2026 which is strong and ahead of expectations.

And as I said before, we have line of sight to double-digit growth in the later part of the decade, which is especially remarkable for a company that according to our guidance, would be $100 billion in sales in 2026. So what are the reasons to believe?

The reasons to believe are focused on the strength of our portfolio and pipeline. Let me now take you through the six areas of focus that we are investing into the future. Let me start with Oncology. Our ambition with Oncology is to become the number one Oncology company, reaching $50 billion by the end of the decade, sustained by our success in multiple myeloma and also in solid tumors with lung cancer, prostate cancer, and bladder cancer.

We are very confident on our progress there in our pipeline, and I'm sure we will have some time to discuss that later in the call.

In our second area in Innovative Medicine, which is Immunology, we are focusing on three major blockbusters. One is TREMFYA, which has been very successful in IBD. You have seen the growth in the fourth quarter, really spectacular, 65%. TREMFYA and IBD launch is doing really well and as a reminder in the case of STELARA, IBD was 75% of the sales, so there's significant growth for TREMFYA ahead of us. We see TREMFYA, more than a $10 billion asset.

The second one is ICOTYDE. ICOTYDE is the trademark of Icotrokinra, our oral IL-23 blocker. We see the oral IL-23 blocker expanding the market, becoming a new blockbuster for us. We expect to have the launch of ICOTYDE in 2026, initially in psoriasis. This is going to be a transformational change for the treatment of these diseases, and we plan to continue to develop ICOTYDE in IBD, in inflammatory bowel disease.

And finally, the third blockbuster in which we will see data this year is our co-antibody therapeutic for patients that are refractory to biologics. I think that's a great solution for these patients. Many of them relapse.

So three major blockbusters in Immunology which are largely de-risked. Some of them are approved file, or you're going to see data very soon. To end in Innovative Medicine, we are very encouraged by the progress of SPRAVATO, more than 60% growth, and also the very successful launch of CAPLYTA in adjunctive treatment of major depressive disorder.

We're seeing the first data coming in very encouraging. We see CAPLYTA, as we discussed, as additive to our growth, more than a $5 billion business. So all positives in our Innovative Medicine group, clearly driving this line of sight to double-digit growth by the end of the decade.

If I move to our MedTech business, our Cardiovascular sector very strong growth in 2025. Double-digit growth is reaching $9 billion. It's one of the largest Cardiovascular franchises in the industry. We are in three major markets which are specialty markets with high growth, cardiac ablation where we are the leaders, and we plan to expand our leadership in PFA with the launch of a new catheter every year and new Carto versions, and Tim will explain later.

Our strong position both in Abiomed and Shockwave in heart recovery and in calcified arterial disease. So that's going to be a growth driver for us into the rest of the decade.

In Surgery we have had strong results both in wound closure and in biosurgery which are high single digit in both areas. We just filed for OTTAVA, which is going to make us a relevant player in the surgical robotics market, which is an area in which have all the right to compete.

Let me remind all of you that we are in all hospitals in the world and we already participate in nearly all surgeries, and we plan to be a relevant player in robotic surgery with OTTAVA and also with the launch of MONARCH in urology in which we are going to have a unique position.

Then finally, in Vision, you see our results in Vision it is a market with growth. We're gaining share and it's an area of innovation in which we plan to invest.

So you know we have about a dozen new product launches for the company. Some of them are already approved, most of them submitted. So I would say that in that sense it's essentially what I would call de-risked and some of you have called our story of growth in the second half of the decade as one of the cleanest stories of growth for the healthcare sector-- for the health care entire sector overall.

So we feel very confident about our outlook. It's reflected in our guidance for 2026, and I can assure you that everybody here at Johnson & Johnson is focused on doing exactly what we do best, which is looking for innovation in medicines and medical technologies to improve the standard of care of the millions of patients that we serve, and we are convinced that that will translate in strong business results.

Operator

Larry Biegelson, Wells Fargo.

Lawrence Biegelsen - *Wells Fargo Securities LLC - Analyst*

Good morning. Thanks for taking the question and I'll echo my congratulations on a nice end to the year here. So Tim, there's some dynamics in the MedTech market, that you called out in the slides as well as the loss of coverage in the US, from the enhanced subsidies expiring.

How are you thinking about the MedTech market in 2026 relative to 2025? And how are you thinking about J&J's adjusted operational growth in '26 versus '25? Do you expect an acceleration, and it would be helpful if you could touch upon the outlook for your EP business which is growing below market. Thank you.

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Larry, thank you for the question. Let me touch quickly on the first question around ACA subsidies and put that one to bed. Firstly, based on what we know today, we do not expect the loss of ACA subsidies or any potential policy changes under the one big, beautiful bill to have a material impact on our MedTech performance.

And while we'll continue to monitor how coverage dynamics evolve at this stage, we see no indication of an impact on our growth trajectory. The primary constraint, as Larry, in our business is really more about clinical capacity, not coverage levels, and procedure demands remained very robust across our portfolio, which I think really speaks to the resilience of the businesses that we've decided to participate in.

Turning to your question about the year, we do expect to see accelerate. We expect the year to be better in 2026 than it was in '25, and I think it's important to maybe hedge this question on really our strategy, and I think, for the last couple of years we've been very clear in articulating our strategy focused on shifting our portfolio into higher innovation, higher growth, and higher margin markets.

And as you just heard from Joaquin, we have deliberately chosen to focus on our three focus areas of CV, Surgery, and Vision. And I think our results, Larry, speak for themselves. Our strategy is working. We said we would accelerate our performance in the back half of '25, and we did exactly that, beating consensus for the third consecutive quarter.

And what we're most proud of, Larry, is that we saw acceleration across the board, as you heard from Joaquin, Cardiovascular, now one of our largest businesses at $9 billion grew 15.2% operationally in 2025 driven by success of Abiomed and Shockwave, both double-digit growers and increasing performance in EP, which I'll touch on a little later.

Vision strong mid to high single-digit performer, double-digit growth in Surgical Vision, and of course we couldn't be more excited by the growth opportunities that will come with OTTAVA as we look to commercialize that first in the US hopefully this year.

We've also seen continued improvement of Ortho. You would have expected maybe some distraction as a result of the announcement we made. We've seen exactly the opposite with sequential growth through the quarter and 3.5% in Q4.

And so I'll finally reinforce, Larry, that our portfolio transformation is working. If you look at the $34 billion business today, we have roughly half of our assets participating in higher growth markets, growing north of 5%. That's compared to about 20% in 2018.

And this will catapult to north of 70% following the ortho separation. So as a result, we believe, frankly that our best days are ahead, and we remain very confident in our ability to drive accelerated operational growth as we further push into higher areas of innovation, growth, and margins.

Let me touch quickly on EP because I think that was another part of your question. The results speak for themselves, and they're speaking loud and clear. We're seeing continued acceleration in the markets that matter most, especially here in the US and in Europe. You will have seen that in the fourth quarter our growth accelerated to 9.5%.

We're on the cusp of once again double-digit growth here in the United States, which is by far and away the most important market. Seeing this driven by the success of VARIPULSE in more than 40,000 cases today, Larry, with a benchmark safety profile, as you heard from Joaquin, we've made a commitment to an additional catheter each year for the foreseeable future, starting with Dual Energy STSF, followed by OMNYPULSE, which is a large tip focal catheter, and we're also doubling down on our leadership position in mapping.

And we now see really customers shifting back to CARTO based on the integration we have across our portfolio. And just to put a point on this, Larry, for example our CARTO 3 system is widely recognized as the industry benchmark in mapping.

In fact, in a recent study, it found that patients treated with PFA devices, whether that be ours or the competitions using CARTO were 61%. Once again 61% less likely to experience AFib related readmissions, which I think further reinforces the competitive advantage we have in this portfolio.

And so I've said this before, Larry, and I'll end by saying that we are not rolling over. J&J's strength lies in our comprehensive portfolio of integrated EP solutions, mapping, ablation, and cardiac imaging technologies combined with our best-in-class mappers, and we remain resolute and confident that our deep EP expertise earned over 30 years and our robust pipeline position us well to continue to drive global leadership in this important space. Thanks.

Operator

Chris Schott, JP Morgan Chase and Company.

Christopher Schott - *JPMorgan Chase & Co - Analyst*

Great. Thanks so much and congrats on the results. Joe, can you just elaborate a little bit more on how to think about margin progression over time at J&J? You-- you've obviously highlighted the potential for accelerating top-line growth over the next several years.

Should we think about that higher level of top-line growth being associated with greater margin expansion, or is this kind of 50 basis points year type improvement that you're seeing this year, a reasonable proxy to think about marginal expansion for J&J over time?

Thank you.

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Yeah, good morning, Chris. Thanks for the question. Yeah, it's-- it's a great question. As we look at the margin expansion, the idea would be to continue to improve, our infrastructure. What gives me confidence with respect to 2026 outlook of at least 50 basis points is, as with the Orthopaedic separation, much like we did with the consumer health separation, we're going to take this opportunity to look and see where there's areas of opportunity efficiency to eliminate stranded costs.

While that will probably need to be in place for 2027, we're going to get a jump start on that in 2026. There's also, as you know from recent calls, efforts underway to improve our operating margins, our gross margins specifically in our manufacturing footprint, largely in the MedTech space.

And then lastly, while we will have continued STELARA erosion, it'll be off a smaller base so that will have less of an impact going forward. And so I wouldn't want to give you a longer-term outlook. What I can say is I'll harken back to our last Investor Day where we said that earnings would be commensurate with sales growth.

So you can expect that the margin profile will improve in conjunction with the sales growth profile as we move out to the next couple of years and the back half of this decade.

Operator

Joanne Wuensch, Citibank.

Joanne Wuensch - *Citi Infrastructure Investments LLC - Analyst*

Good morning. Thank you for taking the question and I'll add my congrats on the good quarter. I just want to spend a minute or two talking about Vision Care. You highlighted that as one of the three growth areas in medical technology.

It looks like in your surgical business, it was a little bit slower during the quarter in the United States versus what we saw outside the United States. If you could tease that apart a little bit and your views on the health of the contact lens market would be really welcome. Thanks again.

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Joanne, thank you for your note, and once again we have doubled down and really focusing on Vision as one of our three priority areas within MedTech, and, as you highlighted, a strong fourth quarter at growth of just under 7%.

Strong underlying performance within our contact lens category. Well, we did see a little softness, Joanne, in Asia Pacific. Underlying demand is robust and we saw tremendous growth at roughly 5.3% with share gains driven by the continued rollout of our ACUVUE OASYS 1-Day family.

Which I think you probably know that we've added to with the addition of a product focused on multifocal astigmatism, the only product or only daily disposable available for patients suffering with both presbyopia and astigmatism. And so we believe that's going to be a nice growth driver for the future.

Turning to Surgical Vision, growth of close to 11% in the quarter, and that's all driven by our doubling down of our focus on premium intraocular lenses, both with TECNIS Odyssey launch here in the US last year and PureSee more broadly globally.

As you look to 2026, we're going to be further enhancing that performance by building out the portfolio specifically with the launch of PureSee here in the United States. You touched on our fourth quarter performance, underlying performance of our premium IOLs here in the US was outstanding. We did see that offset somewhat by some ongoing market declines in some of the legacy categories which we're working to address. But we're confident that our Surgical Vision business can continue to be a strong double-digit grower for the foreseeable future.

A couple other areas I'll focus on here is that we are expanding global market share both in Contact Lenses and Surgical Vision, not just winning here in the United States, but more important globally. We're focusing very much on portfolio optimization, and I do think the ortho separation enables greater capital allocation to Vision, supporting both R&D, commercial execution, and digital transformation. And so we're thrilled with the continued improvement in Surgical Vision and have great confidence in that continuing. Thank you.

Operator

Terence Flynn, Morgan Stanley.

Terence Flynn - *Morgan Stanley - Analyst*

Great, thanks for taking the question. Appreciate it. Congrats on the quarter. Obviously multiple myeloma is another one of your key growth drivers here. I was wondering post a lot of the earlier stage data, earlier line data we've seen for TECVAYLI.

If you could speak to how you're thinking about positioning here of that franchise relative to CARVYKTI, and then the related question is I know FDA published some final guidance, regarding MRD negativity and CR's end points. So just thinking about how you might implement that across your development portfolio and what that could mean for timelines.

Thank you.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Thanks for the question, Terence, and good morning, everyone. Yeah, for multiple myeloma, we were absolutely thrilled with the data that we saw for TECVAYLI plus DARZALEX in the second line plus setting, as well as most recently the TECVAYLI data in patients who were refractory to anti-CD38 and lenalidomide therapy.

And maybe if I take a step back, over the past 20 years, J&J therapies have dramatically improved survival for people with multiple myeloma, from three to five-year survival rates to 10 to 15 years now or more. Yet despite these advances, multiple myeloma is still, it's a complex disease, a heterogeneous disease, and about 40% of patients are currently in the second line and third line settings.

So how do all of these agents fit and why do we see that this is such an extraordinary opportunity? Well, first, if we start off with the TEC/DARA information plus TEC-9 and CARVYKTI. Together, they really provide highly effective agents that allow treatment that's tailored to the treatment goals, the patient setting, access, the patient status, and the prior therapy. So there's a number of things that get taken into account.

So we start off with TEC plus DARA. This is really community ready therapy that's proven an unprecedented efficacy rate in the second line plus setting. The hazard ratio was 0.17. And so this is for patients who are CD38 naive or are CD38 experienced, and this is about 70% of the population in that second line in a third line setting.

If you take a look at TEC/DARA, the data again, extraordinarily impressive, 71% reduction in the risk of disease progression, 40% reduction in overall survival, and this is for patients who are refractory to anti-CD38 therapy and lenalidomide therapies.

And so you can see the 70%, TEC/DARA and then the 30% for the TEC-9 Data. And then when you bring CARVYKTI in, CARVYKTI is really is the most successful CAR-T therapy. We just announced we're over 10,000 patients who've been infused with this.

And this is a single dose therapy with really a tremendous shot at what we would count as cure, and we're the only CAR-T therapy that's got that superior overall survival versus the standard of care. And so really when you take a look at what the goals are for that patient, what their prior lines of therapy would be, and what the practice setting is, J&J now has an option for really every one of those patients in that second line, third line setting.

So we see a lot of growth potential ahead for these agents as well as DARZALEX in the frontline setting.

John C. Reed - *Johnson & Johnson - Executive Vice President, Innovative Medicine, R&D*

Yeah, maybe to get into your MRD, but, first, just to supplement a little bit, I'd also note that, the TECVAYLI regimens, whether it's monotherapy in anti-CD38 refractory patients or the combo with DARZALEX in patients who are CD38 naive or have been exposed but still remain sensitive.

These are dexamethasone free regimens, which means the patients aren't on high dose steroids, which really, is an improvement on quality of life.

The other thing I wanted to note is that the FDA in fact was so impressed with our MajesTEC-3 data that unsolicited they contacted us and offered a priority review voucher to accelerate bringing this new regimen to patients.

So really excited with that recent interaction with the FDA. Indeed, on MRD, that is exciting for us last year there was an ODAC that endorsed that concept of using this biomarker, if you will approach to finding those rare residual malignant cells. Much of the evidence behind that, frankly, was pioneered by J&J over the years, so we're excited that that is an option.

We are mindful, however, that it's only an option in the United States. So we-- at this point we'll still have to deliver progression free and overall survival data for other territories. So I suspect that will continue to be an element of our protocols, but indeed we will be speaking with the agents if we have opportunities to accelerate some of our development.

And in that regard, I think, a place where this could be particularly apropos is with our new tri-specific antibody for myeloma, ramantamig, which brings the features of both TEC and TAL into a single molecule with unprecedented efficacy, improved tolerability as well.

Fewer, for example, of the taste effects that you might see with TALVEY, less weight loss, etc. Really, improved tolerability and then a great convenience that makes it, apropos for the community setting with only one step up dose and Q4 week dosing for monthly dosing.

Really excited about the pilot data we're seeing in newly diagnosed myeloma in combination with Dara with that Tri-specific, and that could be a really apropos place to discuss with the FDA using MRD negativity.

Operator

Danielle Antalffy, UBS.

Danielle Antalffy - *UBS AG - Equity Analyst*

Hey, good morning, guys. Thanks so much for taking the question. I'll echo everyone, strong end to the year, and happy New Year. Just a question on this move to higher growth and markets. Appreciate that you've done a lot of and are doing a lot of portfolio pruning now. You mentioned the 70%, in a few years here. I mean, ultimately I guess it's too soon, but do you see that 70% moving higher, or do you think that's like sort of the aspirational peak? That's the first part.

And the second part is what are some other growth markets whether it's in Innovative Medicine or MedTech where you guys aren't participating today that you see in to participate over that time frame, whether it's via organic or inorganic, moves. Thanks so much for taking the question.

Tim Schmid - *Johnson & Johnson - Executive Vice President, Worldwide Chairman of MedTech*

Danielle, thank you. I mean our aspiration is not to put a limit on the high growth markets in which we participate, and I think we can conservatively say that once we separate ortho, we'll be at least at 70%, and there is tremendous opportunity even just focused within the three business units we've decided to focus on within MedTech, both in Cardiovascular, in Surgery, and in Vision.

I think we've built your confidence around Cardiovascular continuing to be a strong double-digit grower. Surgery, one of our profitable businesses where we maintain leadership positions both in Contact Lens and Surgical Vision. We believe it's going to be a strong middle to high single-digit grower.

And then Surgery is the major opportunity to really to catapult our growth, and that comes down to our belief in OTTAVA, as you heard from Joaquin. We are absolutely resolute in our commitment to play a bigger role beyond open and laparoscopic surgery in robotics with OTTAVA.

And what we are most confident about is that we have something that is unique and different and something that surgeons and health system CEOs tell us every day that they need. And so while we're excited about the recent milestone and the submission for approval, we're just getting started.

And what really highlights the fact that this is different is you'll recall that this is a very different regulatory pathway we chose. This is a de novo pathway, and the reason we chose that pathway is that there is no predicate device, nothing that can be compared against.

And so this is a novel platform where there's no reference or predicate device, and so, you know that coupled with the fact that we're going after the US should further reinforce our confidence in the fact that we believe we have something that is really different now.

We're not stopping just in the US we're building our submissions in a parallel path fashion outside of the US with a focus on Japan and some select US markets. And you will have recalled from the announcement we made two weeks ago we're also already expanding into our next IDE clinical study in the lower abdomen.

And so make no mistake that we believe that we can and will be a formidable player in surgical robotics. We don't take the current incumbent for granted by any means, but we do think that presence we have in open laparoscopic and soon to be robotic surgery give us a right to play and a tremendous opportunity to drive to those high levels of growth that we've committed in the back half of the decade.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

And then in Innovative Medicine we are looking to expand in a number of really exciting areas right now where we've got clinical work already underway. And so to give maybe a few examples, RYBREVANT in head and neck cancer and colorectal cancer, of which there's clinical trials underway.

IMAAVI which we haven't spoken about yet today, but areas such as Sjogren's disease and SLE, lupus, areas of really high unmet medical need, atopic dermatitis, of which we made a number of key acquisitions and licensing at the end of 2024 that give us a stable of assets there that we're working towards B cell malignancies with our bi-car that's in development.

And even Milvexian that we're developing in partnership with Bristol Myers Squibb and that we're very excited about for atrial fibrillation and secondary stroke prevention. So a number of additional really key diseases that could be growth drivers for us in the future.

Operator

Vamil Divan, Guggenheim Security.

Vamil Divan - *Guggenheim Securities LLC - Equity Analyst*

Great, thank you so much for taking the question. So I just want to ask on INLEXZO, it's a couple of questions here. We just want any sort of initial feedback you can share with us in terms of the initial launch and kind of what doctors and patients are saying.

If there's any update on when you expect to get a permanent J-code. And then finally, just, I see you listed SunRISe-5 data and potential submission on your events list for 2026, so that's good to see you. I'm curious if you can just talk about how that data and that, how that might impact the addressable population for the product and then tied to that SunRISe-3 I thought might come this year. You didn't include that one on the list. I'm just curious if any update on time you go on we might see data from SunRISe-3. Thanks.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

Great, thanks so much for the question on INLEXZO. So we are really pleased with the launch and what we're seeing in terms of interest and receptivity by both urologists as well as the patients who've had application of the device.

As you recall, we've really launched into the BCG unresponsive population and as you noted we're actually looking to further expand that through SunRISe-5, the BCG experienced, and then SunRISe-3 population, the BCG naive population.

So far the interest and enthusiasm on this has been really robust. We are anticipating the permanent J-code at the beginning of the second quarter, sort of in that April time frame, which we think is going to be a really nice catalyst for utilization. And so we do continue to believe strongly that this is one of our $5 billion plus assets and really look forward to getting that permanent J-code in the second quarter. John, do you want to talk about, yeah.

John C. Reed - *Johnson & Johnson - Executive Vice President, Innovative Medicine, R&D*

Yeah, just, we're making great progress with this lead product INLEXZO, but I would also remind that we see a whole series of innovative products where we use these devices in the bladder to deliver different payloads. The next one on deck is, containing erdafitinib.

That's the same targeted therapy that is currently marketed, as Balversa for metastatic bladder cancer, but here delivered through a unique device, a customized device. It's not the same one as INLEXZO, but works in much the same way. To deliver that targeted therapy. There

we are focusing on the so-called intermediate risk population, whereas INLEXZO is targeted for the high-risk population. So this broadens our coverage of patients with bladder cancer.

And just to remind people that localized bladder cancer represents about 600,000 new cases per year and another 400,000 cases annually of patients who've relapsed and are looking for a solution that would allow them to save their bladder.

So it's about a million patients a year between INLEXZO and now TAR-210, the erdafitinib carrying device, we'll be able to really address a very large percentage of these patients with these bladders sparing technologies. With TAR-210, the success rate we've been seeing with complete responses has been north of 90%.

And so we're super excited about that and there'll be other devices with different payloads to come over time. So we see this is a platform that will address this incredible unmet need and that will be a big growth driver for J&J.

I would finally close by just, giving a shout out to our colleagues in MedTech because this is just a wonderful example of how Innovative Medicine and MedTech can come together, bringing devices and drugs together in an unprecedented way and we're looking for more ways to do that in the future.

Operator

Shagun Singh, RBC Capital Markets.

Shagun Singh - *RBC Capital Markets Inc - Analyst*

Great, thank you so much. Joaquin and Joe, could you spend some time and elaborate on your next step with respect to the talc litigation, implications of the initial Daubert decision? I know you indicated it'll be appealed, if the reserves need to be stepped up.

And then most importantly, what are your plans for an eventual resolution and risk mitigation here? I think this may be contributing to the modest stock down today, even though, you reported strong results and you have a very strong outlook to the end of the decade. Thank you for taking the question.

Joseph Wolk - *Johnson & Johnson - Chief Financial Officer, Executive Vice President*

Yeah, I'll start Shagun, and then Joaquin, I'll turn it over to you. So thank you very much for the question, and I want to thank you for acknowledging just the strong results and outlook of the business, which is really what is at the heart of Johnson & Johnson.

So last night the Special Master reviewing the Daubert motions in the Talc MDL issued what is known as a report and recommendation. So that really has no legal import until the judge actually accepts this recommendation.

The recommendation itself excluded certain aspects of the plaintiff's expert witnesses and their opinions, and simultaneously the recommendation also endorsed virtually all of our opinions of our experts.

However, there were other parts of the recommendation where the Special Master clearly failed to apply the new federal rules of evidence known as Rule 702, which really reinforced starting in December of 2023 the gatekeeping responsibilities that the Special Master should have had.

We will certainly appeal those erroneous parts of the recommendation to the district court. Again, this recommendation from the Special Master has no legal consequence until the appeal is resolved. The bottom line is this is not going to change our strategy. We will continue to aggressively fight in the court system each and every one of these meritless claims.

We will do so whether it's at original trial or through appeal, and we will continue to really bring to light the actions of the plaintiff's bar, the tactics that they use, the third-party litigation financing, all which is really undermining US business and US competitiveness overall.

Joaquin?

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you, Joe. Shagun, I would tell you and I would tell investors we have been navigating this issue already for a decade, and we have been able to continue to deliver excellent results, invest in our business, and continue to return value to shareholders.

So let's focus on the real story here. The real story is our successful 2025, the strong guidance for 2026, and what you said before, our line of sight for double-digit growth in the later part of the decade. This is a clean story for us, one of the cleanest stories in the entire healthcare sector.

And we are in a position of strength today and as Joe said, we are going to continue to fight these meritless claims, and we're going to continue with our strategy of litigating every single one. What I can assure you and all investors is that every single employee of Johnson & Johnson does not get distracted.

They wake up every day with the intent to bring new medicines and medical technologies that improve the standard of care of the millions of patients that we serve every day, and that's really our goal. Let's focus on what really matters. Let's don't get distracted.

Darren Snellgrove - *Johnson & Johnson - Vice President Investor Relations*

Thanks again, and I think we probably have time for one more question.

Operator

Alexandria Hammond, Wolfe Research.

Alexandria Hammond - *Wolfe Research LLC - Equity Analyst*

Thanks for taking the question. On Milvexian, can you talk a little bit about your confidence in this asset? What do you think you'll need to show to be competitive in what's already a pretty crowded space with another potential next generation Factor 11 from Bayer? And I guess as a quick follow-up, how can you leverage your past experiences commercializing Xarelto to make another multi-billion-dollar opportunity for J&J?

John C. Reed - *Johnson & Johnson - Executive Vice President, Innovative Medicine, R&D*

Yeah, so on Milvexian, we're expecting data readouts later this year for both secondary stroke as well as atrial fibrillation. We often get asked about atrial fibrillation because the competitor molecule had failed in that indication, and we cite a couple of things.

One is that Milvexian, at least in vitro, is about 10 times more potent than the other molecule that is being developed by another company. And we know from monitoring the aPTT biomarker, the thromboplastin time that we have very effective reductions in clotting at the dose that we have selected for atrial fibrillation, which is 100 mg twice a day.

So we feel that we've got the right dose and the right study design, so we'll be looking forward to those data later this year.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Pharmaceuticals*

We're really excited about the opportunity with Milvexian, and what we're really looking to show there is clear superiority in terms of safety and bleeding risk. We know from all of our experience in the market with Xarelto that there are a lot of patients that are not treated or are undertreated.

Because of fear of safety risk, and so we think there's extraordinary need for a highly efficacious and highly safe with low bleeding risk product in the market. Both for atrial fibrillation and then we're very excited about the possibilities in secondary stroke as well.

So we're looking forward to this product that we're developing in collaboration with Bristol Myers Squibb. It is absolutely one of our $5 billion plus assets on our list.

Darren Snellgrove - *Johnson & Johnson - Vice President Investor Relations*

Hey, thanks, Alex, and thanks to everyone for your questions and your continued interest in our company. I will now turn the call over to Joaquin for some brief closing remarks.

Joaquin Duato - *Johnson & Johnson - Chairman of the Board, Chief Executive Officer*

Thank you to all of you for joining the call today. As we have commented in the call, we are starting the year from a position of strength. We have the strongest portfolio and pipeline in our history, and we have a leading and expanding position in our six key business areas of focus.

2026 will be a year of accelerated growth and expanded impact, and I look forward to sharing our progress with you in the remaining of the year. Thank you very much, and this finalizes the call.

Operator

Thank you. This concludes today's Johnson & Johnson's fourth quarter 2025 earnings conference call. You may now disconnect.