Johnson&Johnson

September 16, 2026

2026 Q3 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.

As a reminder, please note the following:

- On July 29, 2026, J&J published a Form 8-K with updated FY 2026 guidance, as a result of the following transactions:
    - As communicated on July 29, 2026, J&J completed the acquisition of Firefly Bio and disclosed that the transaction will be accounted for as an asset acquisition, resulting in an approximately $1 billion in-process R&D charge in 3Q26 and an expected dilution to adjusted operational EPS and adjusted EPS of approximately $0.46 in 2026 and $0.08 in 2027
    - As communicated on July 29, 2026, J&J announced its collaboration and option agreement with Sail Biomedicines, including an upfront commitment of approximately $785 million (including a $465 million equity investment), with the transaction expected to dilute adjusted operational EPS and adjusted EPS by approximately $0.18 in 2026 and $1.28 in 2027 (contingent on specified milestones and exercise of the acquisition option)
    - The FY 2026 impacts disclosed above primarily relate to transactions completed and/or entered into during Q3 2026.
- In Q4 2025 the company provided full-year 2026 projected average shares outstanding (diluted) guidance of ~2,440 million shares
- As reinforced in our Q4 2025 call, we continue to expect earnings to be commensurate with sales growth, adjusted for the impact of the transactions discussed above.

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 Q2 2026 we noted additional margin improvement beyond initial expectations, partially supported by the anticipated reduction and recoupment of certain tariff-related costs based on the latest rulings. We 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 Q2 2026 earnings call, we utilized the Euro Spot Rate relative to the U.S. dollar of 1.15. The Euro Spot Rate averaged 1.14 in July, 1.16 in August, compared to a current spot rate of approximately 1.16 over the past two weeks. As a reminder, our results are based on a basket of currencies, of which, not all align to the Euro.

Conference and event participation

J&J conference and event participation (transcripts and webcasts) throughout the quarter can be found here.

- 2026 Wells Fargo Healthcare Conference: Tim Schmid – Executive Vice President & Worldwide Chairman, MedTech fireside chat with Larry Biegelsen - Wells Fargo Securities, LLC, Analyst
- Morgan Stanley 24th Annual Global Healthcare Conference: Joaquin Duato - Chairman and Chief Executive Officer and John Reed - Executive Vice President, Innovative Medicine, Research and Development, fireside chat with Terence Flynn – Morgan Stanley, Analyst
- 2026 Deutsche Bank Healthcare Summit: Joseph Wolk – Chief Financial Officer, Executive Vice President, fireside chat

- Johnson and Johnson OTTAVA Investor Call: Tim Schmid - Executive Vice President, Worldwide Chairman of MedTech, Hani Abouhalka - Company Group Chairman, Surgery of MedTech, Rocco De Bernardis - Global President Robotic & Digital Surgery – OTTAVA, Neda Cvijetic - Senior Vice President, Global Head R&D, Robotics and Digital, and Dr. Dominic Papandria - Senior Director of Medical Affairs of OTTAVA Investor Call and Q&A
- Society of Robotic Surgery (SRS) Annual Meeting: Tim Schmid - Executive Vice President, Worldwide Chairman of MedTech and Hani Abouhalka - Company Group Chairman, Surgery of MedTech fireside chat

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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**: Johnson & Johnson Completes Acquisition of Firefly Bio, Inc.
- **Talc:** please visit factsabouttalc.com for the latest company statements
    - J&J announced a proposed resolution of the remaining ovarian talc litigation, including a $5.5 billion commitment, with the first payment of up to $3 billion in 2027. Any necessary reserve adjustments will impact GAAP results.
- **Enterprise:** Collaboration with TIME to Introduce New Healthcare Champion of the Year Award; Tom Cavanaugh Appointed EVP, Worldwide Chairman Innovative Medicine
- **Innovative Medicine:**
    - **In Vivo CAR-T:** Collaboration with Sail Biomedicines to Advance in Vivo CAR-T Programs
    - **CAPLYTA:** New neuropsychiatry data at Psych Congress 2026
    - **IMAAVY:** FDA wAIHA approval
    - **RYBREVANT FASPRO:** U.S. FDA Priority Review
    - **RYBREVANT:** Phase 3 PAPILLON study
    - **TECVAYLI + TALVEY:** Phase 3 MonumenTAL-6 study
- **MedTech:**
    - **OTTAVA:** FDA Market Authorization in the U.S.
    - **Vision:** ACUVUE OASYS MAX Reusable CE Marking

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J&J earnings calls:

- **Q2 2026 earnings call:** For your convenience, the final Q2 2026 earnings transcript and presentation are attached. Full Q2 2026 earnings call operational commentary and key drivers can be listened to here and the Q2 2026 10-Q can be found here.

- **Q3 2025 earnings call:** For ease of reference, below are related sales and EPS absolute figures and growth rates for Q3 2025. Full Q3 2025 operational commentary, key drivers, and one-timers can be listened to here and the Q3 2025 10-Q can be found here. For your convenience, the final Q3 2025 earnings transcript and presentation are attached.

  Q3 2025:

  - Enterprise: $24.0B, 5.4% operational sales growth and 4.4% adjusted operational sales growth
    - Enterprise sales highlights can be found on page 6 of the final Q3 2025 earnings transcript attached
    - P&L highlights can be found on page 7 of the final Q3 2025 earnings transcript attached
  - Innovative Medicine: $15.6B, 5.3% operational sales growth
    - Innovative Medicine sales highlights can be found on page 6 of the final Q3 2025 earnings transcript attached
  - MedTech: $8.4B, 5.6% operational sales growth
    - MedTech sales highlights can be found on page 7 of the final Q3 2025 earnings transcript attached

- For your convenience, as we progress through 2026, we have attached QTD and FY segment P&Ls for 2025.

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	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 [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**

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[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	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 [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**

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[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