

## The Henry Fund

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# Johnson & Johnson (JNJ)

September 23, 2024

Healthcare – Pharmaceuticals and Medical Devices

Stock Rating

Hold

### Investment Thesis

Target Price

\$176

Although JNJ has a large TAM and is well-known for its strong balance sheet, FCF generation and dividend yield, we are hesitant to increase our position based on never-ending lawsuits and uncertainty post Kenvue separation. We believe many, including ourselves, are choosing to allocate excess cash to other opportunities while the company manages the talc dynamics. Using a margin of safety, JNJ appears fairly valued vs. our price target of \$176.

|                   |       |
|-------------------|-------|
| Henry Fund DCF    | \$167 |
| Henry Fund DDM    | \$204 |
| Relative Multiple | \$136 |

### Price Data

|                      |             |
|----------------------|-------------|
| Current Price        | \$164       |
| 52wk Range           | \$143 – 169 |
| Consensus 1yr Target | \$171       |

### Key Statistics

|                         |       |
|-------------------------|-------|
| Market Cap (B)          | \$395 |
| Shares Outstanding (M)  | 2,407 |
| Institutional Ownership | 72.4% |
| Beta                    | 0.52  |
| Dividend Yield          | 3.0%  |
| Est. 5yr Growth         | 4.5%  |
| Price/Earnings (TTM)    | 23.7  |
| Price/Earnings (FY1)    | 21.3  |
| Price/Sales (TTM)       | 4.7   |
| Price/Book (mrq)        | 5.0   |

### Profitability

|                        |       |
|------------------------|-------|
| Operating Margin       | 26.0% |
| Profit Margin          | 15.6% |
| Return on Assets (TTM) | 7.5%  |
| Return on Equity (TTM) | 18.3% |

### Investment Positives

- **Fundamentals:** A disciplined management team with a commitment to maintaining a strong capital structure give us confidence in JNJ's ability to deliver value to its shareholders. We expect a 7% CAGR in FCF through 2033 along with ROIC improving to 43%.
- **Fundamentals:** As the business moves from the Kenvue separation, we expect JNJ to see margin expansion driven by product mix. JNJ will no longer be held down by lower margin, albeit profitable, consumer health products. Gross and operating margin will rise to 72% and 30% by 2033, respectively.
- **Expectations:** We believe JNJ's talc-litigation has remained an overhang for quite some time. With JNJ receiving 83% of claimants support, we are beginning to think the 3<sup>rd</sup> time really is the charm. We believe there is room for upside if resolved and expect litigation to be largely completed by YE 2025.

### Risks to Thesis:

- **Pricing Pressures:** Potential pricing pressures due to ongoing regulatory efforts such as the IRA could negatively impact JNJ's pricing power and margins across the pharmaceutical portfolio.
- **Talc-Litigation:** Shareholders are growing tired of talc-litigation. Failure to settle outstanding claims may warrant a downward re-rating to our recommendation.
- **Pipeline Delays:** A delay in trials or inability to create new blockbuster products to not only replace drugs facing patent expiration, but also to grow revenues.

### Earnings Estimates

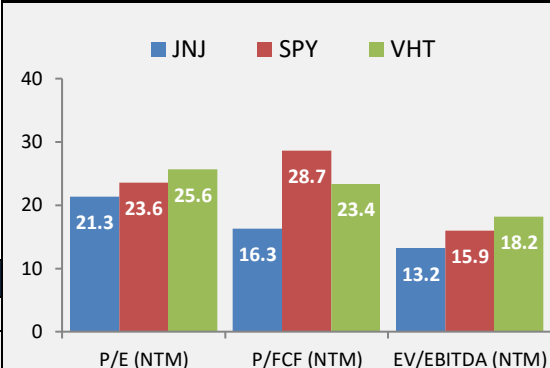
| Quarter / Year | 2024e  | 2025e  | 2026e   | 2027e   | 2028e   |
|----------------|--------|--------|---------|---------|---------|
| HF EPS         | \$7.79 | \$8.44 | \$9.69  | \$10.44 | \$10.86 |
| Street EPS     | \$6.67 | \$8.76 | \$10.15 | \$9.28  | \$9.62  |

### BS / CF Snapshot

|                |        |        |        |        |        |
|----------------|--------|--------|--------|--------|--------|
| Debt           | 37,427 | 38,280 | 39,001 | 40,108 | 40,683 |
| Debt/Equity    | 50%    | 45%    | 40%    | 37%    | 34%    |
| FCF            | 13,703 | 18,654 | 20,377 | 21,404 | 20,914 |
| FCF Conversion | 43%    | 58%    | 62%    | 62%    | 59%    |

### Profitability

|                  |        |        |        |        |        |
|------------------|--------|--------|--------|--------|--------|
| EBITDA           | 31,626 | 32,085 | 32,690 | 34,286 | 35,221 |
| Street EBITDA    | 31,825 | 33,884 | 35,162 | -      | -      |
| NOPLAT           | 20,148 | 20,320 | 20,604 | 21,755 | 22,527 |
| ROE              | 27%    | 27%    | 27%    | 25%    | 24%    |
| Invested Capital | 57,479 | 59,145 | 59,373 | 59,724 | 61,338 |



### Company Description

Johnson & Johnson is a multinational healthcare conglomerate, founded in 1887 and headquartered in New Brunswick, New Jersey. Since the full separation of the Consumer Health business in 2023, JNJ is now solely focused pharmaceuticals and medical devices. JNJ is widely known for its' status as a dividend king, having increased dividends for 62 consecutive years. The company offers an extremely strong balance sheet and consistently generates strong FCF.

Important disclosures appear on the last page of this report.

## COMPANY DESCRIPTION

JNJ is a multinational healthcare conglomerate, founded in 1887 and headquartered in New Brunswick, New Jersey. Since the full separation of the Consumer Health business in 2023, JNJ is now solely focused on tackling the world's toughest healthcare challenges while delivering products that exceed its historical growth and margin profile<sup>1</sup>. The company is essentially a holding company, with numerous subsidiaries developing its products. JNJ is widely known for its' status as a dividend king, having increased dividends for 62 consecutive years. The company has an extremely strong balance sheet and consistently generates strong free cash flow, leading us to believe that their dividend will be maintained and has ample room for M&A to fill any gaps in its product pipeline.

### JNJ vs. SPX & VHT

The chart below displays JNJ's one-year performance relative to SPX and VHT. SPX is our benchmark, and VHT is a broad healthcare index fund created/managed by Vanguard.

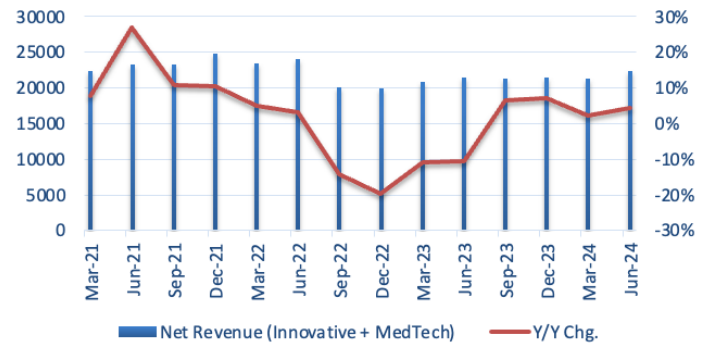


Source: Data from Yahoo Finance, Pulled via Jupyter Notebook

### Business Segments

JNJ operates through two segments: Pharmaceuticals (65% of Sales) and MedTech (35% of Sales)<sup>2</sup>. JNJ generates 43% of its pharmaceuticals revenue and 50% of its MedTech revenue internationally, which supports a favorable tax shield, reflected in an average tax rate of 11.8% over the past three years<sup>2</sup>. Below, we display that despite coming off an extremely strong base in 2021, JNJ has returned to the relatively consistent YoY revenue growth that has been delivered historically, and we believe revenue is likely to propel higher in the coming years given the company's new focus.

### Net Revenue (Q1 '21 - Q2'24)



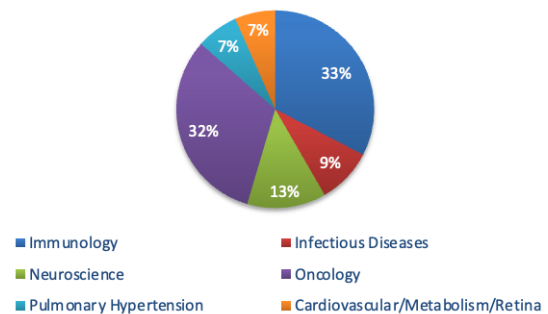
Source: JNJ 10K

### Innovative Medicine

The Innovative Medicine segment provides products for a wide variety of therapeutic areas including Immunology, Infectious Disease, Neuroscience, Oncology, Cardiovascular, Metabolism and Pulmonary Hypertension<sup>2</sup>. Most products within the areas mentioned above are distributed directly to retailers, wholesalers, distributors, hospitals and healthcare professionals for prescription use<sup>2</sup>. Key products within each therapeutic area are as follows:

- **Immunology:** Remicade, Simponi, Stelara and Tremfya
- **Infectious Disease:** Edurant/rilpivirine, Prezista/Prezcobix/Rezolsta/Symtuza and COVID-19 Vaccine
- **Neuroscience:** Concerta/Methylphenidate, Invega Sustenna/Xeplion/Invega Trinza/Trevicta, Risperdal Consta and Spravato
- **Oncology:** Darzalex, Erleada, Imbruvica, Zytiga/Abiraterone Acetate, Carvykti and Tecvayli
- **Pulmonary Hypertension:** Opsumit and Uptravi
- **Cardiovascular/Metabolism/Retina:** Xarelto, Invokana/Invokamet and Procrit/Eporex

### Innovative Revenue Decomposition (2023)



Source: JNJ 10K

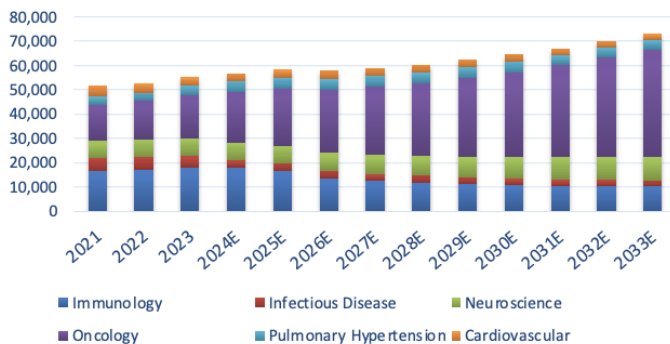
Our forecasts for the Innovative Medicine segment take into consideration various patent expiration dates across the portfolio. Key products facing patent expiration are listed in the “Patent Expiration Schedule” section below, along with our forecasted revenue declines.

In our view, the Oncology and Neuroscience portfolios will be the main driver of sales over our forecast horizon; thus, we believe commentary here is especially valuable. In Oncology, we expect Darzalex, Erleada, Tecvayli, and Carvykti to be key products going forward, with five-year CAGR’s (U.S. and International) of 12.9%, 12.3%, 39.4%, and 18.1%, respectively. In Neuroscience, we expect Spravato and Invega Sustenna to be key products going forward, with five-year CAGR’s (U.S. and International) of 16.3%, 3.7%, respectively.

Our revenue forecast as a collective of Immunology, Infectious Disease, Neuroscience, Oncology, Pulmonary Hypertension, and Cardiovascular is displayed below (ten-year CAGR of 1.8%).

We invite you to further explore our Innovative Medicine revenue forecasts on page 14 & 15, along with the corresponding growth rates on page 16 & 17.

### Innovative Medicine Revenue Forecast



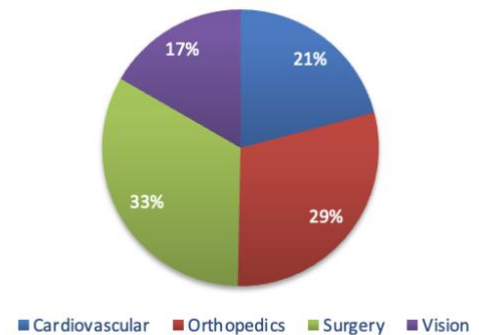
Source: JNJ 10K, Henry Fund Model

### MedTech

The MedTech segment includes a broad portfolio of products through four main categories: Cardiovascular, Orthopedics, Surgery and Vision<sup>2</sup>. The products within the areas mentioned above are distributed to wholesalers, hospitals and retailers, and are used predominately by physicians, nurses, hospitals, eye care professionals and clinics<sup>2</sup>. Key areas of products within each category are as follows:

- **Cardiovascular:** Electrophysiology, Abiomed and Shockwave
- **Orthopedics:** Hips, Knees, Trauma and Spine
- **Surgery:** Advanced and General
- **Vision:** Contact Lenses and Surgical

### MedTech Revenue Decomposition (2023)

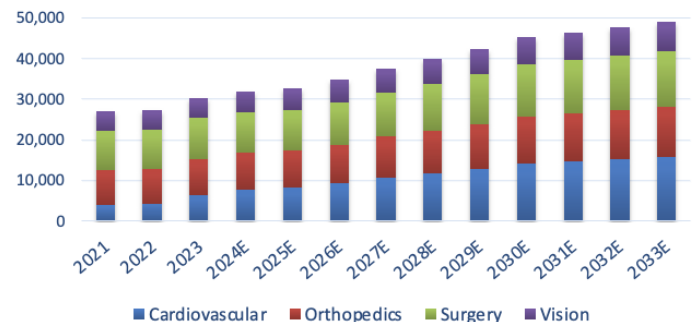


Source: JNJ 10K

We believe the MedTech segment will continue to see strong, sustainable growth. Given JNJ’s acquisition of Shockwave and Abiomed, we expect the Cardiovascular portfolio to deliver the strongest growth over our forecast horizon, delivering a five-year CAGR of 4.3%. In Cardiovascular, our forecasts reflect five-year CAGR’s of 11.5%, 6.9%, and 67.6% in Electrophysiology, Abiomed, and Shockwave, respectively. In terms of Orthopedics, Surgery, and Vision, our forecasts reflect five-year CAGR’s of 3.3%, 2.8%, and 3.5%, respectively.

Our revenue forecast as a collective of Cardiovascular, Orthopedics, Surgery, and Vision is displayed below (ten-year CAGR of 4.9%). We invite you to further explore our MedTech revenue forecasts on page 18 & 19, along with the corresponding growth rates on page 20 & 21.

### MedTech Revenue Forecast



Source: JNJ 10K, Henry Fund Model

## Cost Structure Analysis

JNJ has historically maintained stable margins up and down the P&L. Due to JNJ's litigation history, net margin fluctuates by 100+ bps in a given quarter. The table below displays margins including "unusual expenses" which are attributable to opioid settlements, talc lawsuits, and risperdal cases.

| JNJ Historical Margins |       |       |       |       |
|------------------------|-------|-------|-------|-------|
| Year                   | 2020  | 2021  | 2022  | 2023  |
| GPM                    | 66.1% | 68.1% | 68.6% | 68.9% |
| OPM                    | 24.8% | 26.3% | 26.3% | 26.0% |
| NPM                    | 17.8% | 22.3% | 20.5% | 15.6% |

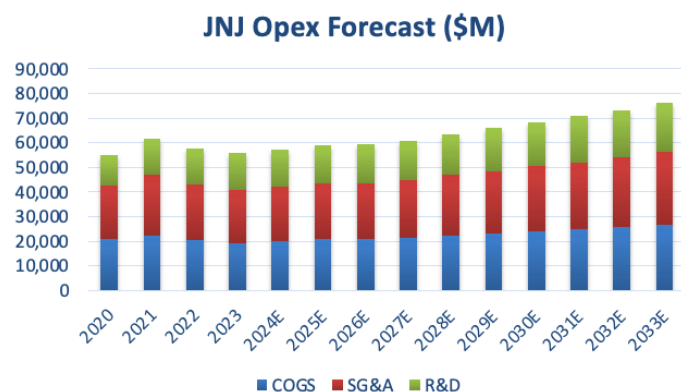
Source: JNJ 10K

As a result of the Kenvue separation, we believe that JNJ will deliver on higher margin products through the Pharmaceutical and MedTech segments, and will no longer be dragged down by lower margin, albeit profitable, consumer health products. Our margin forecasts through 2027 are displayed below:

| JNJ Forecasted Margins |       |       |       |       |
|------------------------|-------|-------|-------|-------|
| Year                   | 2024e | 2025e | 2026e | 2027e |
| GPM                    | 69.1% | 69.3% | 69.2% | 69.3% |
| OPM                    | 27.5% | 27.2% | 27.3% | 27.7% |
| NPM                    | 21.0% | 22.0% | 24.8% | 25.5% |

Source: Henry Fund Model

Our forecasts for COGS, SG&A and R&D consider that JNJ can be viewed as a new business after the Kenvue separation. As JNJ continues to face economies of scale, we expect COGS and SG&A as a % of sales to face a downward trend before arriving at 21.8% and 24.9% of sales, respectively. On the other hand, we expect R&D spend to increase from historical levels given a stronger focus on product development.



Source: JNJ 10K, Henry Fund Model

## Product Pipeline

As with most pharmaceutical companies, JNJ spends a large portion of sales on R&D to grow the product portfolio. The pipeline serves to add incremental revenue, while also covering the revenue cliff from patent expirations (TREMIFYA vs. STELARA).

Although JNJ does a tremendous job at displaying their pipeline and progress (Phase 1, Phase 2, Phase 3, and Registration), we believe forecasting pipeline drugs adds an additional layer of uncertainty – and thus have excluded them from our revenue build if they have not been granted FDA approval. As drugs come closer to market and if management offers guidance, we will consider adding the product to our revenue build through the following:

POS Adjusted Revenue = Estimated Revenue \* Probability of Success (POS)

The following tables display pipeline drugs by phase and the ones that we are keeping a close eye on:

| Pharmaceutical Pipeline Count per Phase |            |
|---|------------|
| Phase 1                                 | 24         |
| Phase 2                                 | 17         |
| Phase 3                                 | 43         |
| Registration                            | 17         |
| <b>Total</b>                            | <b>101</b> |

Source: JNJ Development Pipeline

| Pipeline Drugs to Monitor |              |              |
|---------------------------|--------------|--------------|
| Drug Name                 | FDA Phase    | Area         |
| Seltorexant               | Phase 3      | Neuroscience |
| Nipocalimab               | Phase 3      | Neuroscience |
| *Tecvayli                 | FDA Approval | Oncology     |
| Talvey                    | FDA Approval | Immunology   |
| Zejula                    | Phase 3      | Oncology     |
| Aprocritentan             | Phase 3      | Hypertension |
| Rybrevant                 | FDA Approval | Oncology     |

Source: JNJ Media Center \* = included in estimates

## Patent Expiration Schedule

Pharmaceutical companies typically go through cycles where there is potential to face a dramatic revenue cliff, such as the case with JNJ's most famous drug, Stelara. Patent terms/exclusivity are set at 20 years from the date of the application being filed<sup>11</sup>. Once the patents expire, generics begin to enter the market and take share.



The following table outlines the key drugs facing patent expiration during our forecast horizon, along with their respective revenue CAGR's post expiration date:

| Drug Name | Patent Expiration Year | Recent FYE Sales (\$B) | Revenue CAGR |
|-----------|------------------------|------------------------|--------------|
| Stelara   | 2023                   | \$10.8                 | -15.5%       |
| Simponi   | 2024                   | \$2.2                  | -10.5%       |
| Edurant   | 2025                   | \$1.2                  | -5.7%        |
| Opsumit   | 2025                   | \$2.0                  | -5.4%        |
| Xarelto   | 2025                   | \$2.4                  | -4.3%        |

Source: Innovative Medicine Portfolio Patent Dates

Although JNJ has drugs facing patent expiration in the near future, we remain confident that the existing portfolio can cover the revenue loss from the introduction of generics. That said, our hold recommendation is centered around how quickly JNJ can bring new drugs to market in the future and the growth potential of them; any indication of delays or underwhelming sales growth may warrant an adjustment to our recommendation.

## Debt Maturity Analysis

We believe JNJ has maintained a disciplined approach to managing its debt structure. As of Q2 2024, JNJ holds \$41.5 billion in short and long-term debt. The company's capital structure has historically supported its growth initiatives, including strategic acquisitions like Actelion in 2017 and Abiomed in 2022<sup>5,6</sup>. Despite this, JNJ has steadily repaid portions of its debt obligations while continuing to invest in R&D. The company's focus on maintaining financial flexibility has allowed it to preserve its AAA credit rating, one of two companies to do so. Looking ahead, we expect JNJ to continue its disciplined approach to debt management and balancing capital allocation between shareholder returns, M&A, and debt reduction. Below, we provide a five-year debt maturity schedule:

### Five-Year Debt Maturity Schedule

| Fiscal Year          | Payment (\$M) |
|----------------------|---------------|
| 2024                 | 1,469         |
| 2025                 | 1,700         |
| 2026                 | 1,997         |
| 2027                 | 2,320         |
| 2028                 | 2,325         |
| Thereafter           | 17,539        |
| Total Debt Principal | 27,350        |

Source: JNJ 10K

## ESG Analysis

JNJ publishes the "Health for Humanity" report annually which outlines the progress on its ESG strategy. Key areas of focus include championing global health equity, empowering employees and advancing environmental health<sup>7</sup>.

| Company                    | ESG Rating |        |
|----------------------------|------------|--------|
| Johnson & Johnson (JNJ)    | 21.3       | Medium |
| Pfizer (PFE)               | 17.8       | Low    |
| Merck & Co. (MRK)          | 20.0       | Low    |
| Bristol-Myers Squibb (BMY) | 21.2       | Medium |
| AbbVie (ABBV)              | 26.8       | Medium |
| Eli Lilly (LLY)            | 23.6       | Medium |

Source: Morningstar Sustainability

### Environmental

JNJ's environmental initiatives are shown through its commitment to renewable electricity. As of 2023, 87% of the company's global electricity is sourced from renewables<sup>7</sup>. The company has also reduced absolute Scope 1 and Scope 2 emissions by 23%<sup>7</sup>.

### Social

In our view, it is clear that JNJ values making an impact on the education and health of individuals around the world. We discovered numerous initiatives that target developing the next generation of healthcare professionals and creating "smiles" for children and young adults (how cool?). Key initiatives that stick out to us include:

- Provides 113 scholarships and uses their platform to empower underrepresented groups to pursue nursing<sup>7</sup>.
- Funded Operation Smile surgical programs that have collectively provided more than 400,000 procedures that create "smiles" for children born with cleft conditions<sup>7</sup>.

### Governance

From a governance standpoint, we believe JNJ is positioned favorably. We appreciate the color provided relating to executive remuneration – a pay mix of 9% base salary (cash), 16% annual incentives (cash), and 75% LT incentives (equity)<sup>9</sup>. Equity is granted in the form of PSUs (60%), options (30%) and RSUs (10%)<sup>9</sup>.

JNJ does have CEO duality; however, 92% of the board is an independent director<sup>10</sup>. The average tenure for management and the board is 14 and 5 years, respectively<sup>10</sup>.

## What is Smart Money Doing?

We feel it is crucial to assess the expectations within the market. Doing so allows us to identify any expectations gaps that may impact our model or outlook for JNJ.

Since late 2021, sell-side recommendations have been split anywhere from 50/50 to 40/60 (buy/hold)<sup>10</sup>. The company has a notable history of beating EPS expectations Q/Q, with Sep. & Dec. 2023 being the only quarters to not beat since 3Q 2019<sup>10</sup>. In our view, this could indicate that management consistently provides conservative guidance, especially with the uncertainty of the ongoing litigation. See the “Henry Fund vs. Consensus” section below to see where we differ through 2027.

On the buy-side, growth strategies have seen a net outflow, while value strategies have seen a net inflow<sup>10</sup>. This is also evident through a change from active to passive, where passive funds have seen a net inflow since Q1 2024<sup>10</sup>. Short interest has elevated in recent months from 0.46% in February to 0.88% in August, indicating that some fund managers are growing more negative on JNJ’s outlook.

## RECENT DEVELOPMENTS

### Recent Earnings Announcement

JNJ reported Q2 2024 earnings on July 17<sup>th</sup>. Joaquin Duato, Chairman and CEO, noted the Innovative Medicine business is on track for a 13<sup>th</sup> consecutive year of above-market growth, while also speaking to pipeline advancements in Oncology, Immunology and Neuroscience. Reported sales for the quarter reached \$22.4 billion, beating Street expectations by 0.49%, while adjusted diluted EPS came in at \$2.82 for a surprise of 4.31%<sup>10</sup>. Historically, we believe management has been conservative in their guidance, which is evident by consistent revenue and EPS beats. Crucial comments and results within the transcript include:

- The approval and launch of RYBREVANT plus Lazertinib for first-line treatment of EGFR-positive non-small cell lung cancer<sup>10</sup>.

- The approval and launch of TREMFYA in inflammatory bowel disease, or IBD, which follows the recent presentation data that demonstrated superiority vs. STELARA<sup>10</sup>.
- CARVYKTI reached \$186 million in sales with growth of 59.9% driven by capacity expansion and strong demand<sup>10</sup>.
- ERLEADA delivered growth of 32.5% driven by share gains and TAM expansion<sup>10</sup>.
- TREMFYA delivered growth of 30.7% driven by TAM expansion<sup>10</sup>.
- Management anticipates STELARA to face biosimilar entry in Europe starting this year, 2025 for the U.S<sup>10</sup>.

Below, we lay out managements P&L guidance for the full year:

- Management increased their sales guidance for the full year by \$500 million as part of the Shockwave acquisition, and now expect a midpoint of \$89.4 billion (HF estimate of \$88.8 billion)<sup>10</sup>.
- 120 basis points decline in adjusted EBT margin<sup>10</sup>.
- Net interest income between \$300-400 million lower than previously guided<sup>10</sup>.
- Effective tax rate between 17.5% and 18.5%<sup>10</sup> (HF estimate of 17.8%).
- Lowered adjusted EPS to \$9.97-10.07 from \$10.57-10.72<sup>10</sup>.

### Litigation

JNJ has faced what seems like a never-ending list of lawsuits, that in our view, have caused many investors to sit on the sidelines or explore opportunities elsewhere. The notable lawsuits worth mentioning – the ones who make “unusual expense” seem not so unusual – relate to the company’s talc products.

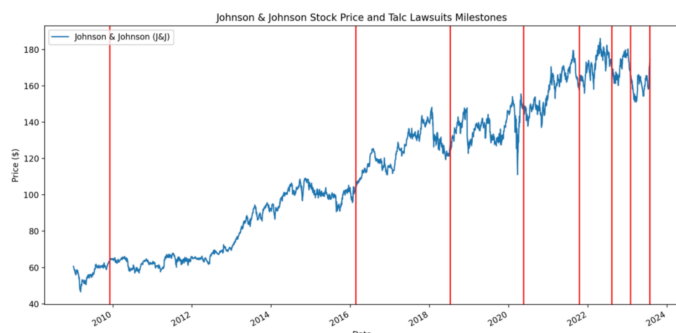
The first talc-related lawsuit was filed against JNJ in 2009 with the allegation that its talc products were linked to ovarian cancer<sup>13</sup>. Since 2009, JNJ has been named in upwards of 61,000 lawsuits relating to these allegations<sup>13</sup>.

In a strategic move to help mitigate the impact of this litigation, JNJ announced that it would stop selling talc-based powders in North America and implemented a bankruptcy strategy to shield itself from the legal liability<sup>13</sup>. The lawsuits were transferred to a subsidiary, LTL Management. In July 2023, LTL filed for Chapter 11 bankruptcy and proposed a settlement amount of \$8.9

billion<sup>13</sup>.

On September 20<sup>th</sup>, 2024, LTL filed for bankruptcy for a 3<sup>rd</sup> time after receiving support from roughly 83% of current claimants for the proposed settlement<sup>14</sup>. While we recognize this is the 3<sup>rd</sup> time LTL has attempted to file for bankruptcy, it is important to note the support from the claimants and a new venue (filed in the Southern District of Texas)<sup>14</sup>. The most recent proposed settlement translates to \$3.41 on a per share basis (\$132,000 per lawsuit). In our model, we include ~\$10 billion in “unusual expenses” spread out throughout our forecast.

In the coming months, we believe it is crucial to monitor any developments relating to this settlement. We believe the market will respond favorably if the settlement ends and we recognize the potential for upside should this occur. As shown below, these talc-orientated lawsuits have remained an overhang on JNJ for quite some time:



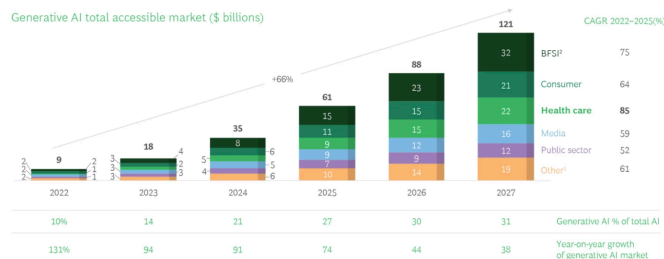
Source: Pharmaceutical Processing World

## INDUSTRY TRENDS

### Generative AI

The rapid adoption of generative AI has revealed significant potential across practically every industry. Healthcare, in particular, is expected to see faster growth in generative AI adoption than any other industry, with a projected CAGR of 85% through 2027<sup>15</sup>.

Exhibit 1 | Generative AI Is Projected to Grow Faster in Health Care Than in Other Industries



Source: Boston Consulting Group

We believe companies engaged in the research and development of various medical devices/technologies have potential to bring products to market quicker and at higher margins through the correct implementation of generative AI. On the R&D front, initial pilots show that generative AI has potential to complete tasks such as software development up to 55% faster<sup>15</sup>.

### Weight-Loss and Obesity Drugs

The weight loss and obesity drug markets are undergoing rapid expansion, driven by breakthrough medications like GLP-1 receptor agonists. According to Morgan Stanley’s *Obesity Medication: Ripple Effects* report, the market for these drugs could grow over 15x by 2030, reaching between \$105 to \$144 billion<sup>16</sup>. Additionally, Goldman Sachs Research expects the anti-obesity drug market to grow to \$100 billion by 2030<sup>17</sup>. We believe this is largely due to the potential for these drugs to revolutionize obesity treatment and extend longevity by addressing conditions such as cardiovascular disease.

Looking forward, we expect competition to increase for treatments currently on the market such as Mounjaro and Ozempic as the TAM continues to expand. As of May 2024, Morgan Stanley expects 9% of the U.S. to be taking a weight loss drug – a fivefold increase from today<sup>16</sup>.

It is important to note that JNJ has no immediate plans to develop weight-loss drugs. In December 2023, CEO Joaquin Duota expressed that the company believes the weight-loss drug market is “too crowded to enter”. Joaquin noted that the company’s priorities lie in neurology and oncology, while also mentioning that JNJ’s strategy may shift if an opportunity arises to distinguish itself amongst products already on the market.

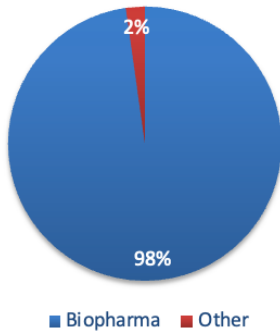
## MARKETS AND COMPETITION

### Pfizer (PFE)

Pfizer is a global pharmaceutical company headquartered in New York City, NY. It is best known for its innovative medicines and vaccines, including its COVID-19 vaccine, Comirnaty, developed in collaboration with BioNTech. Pfizer focuses on prescription medicines across key therapeutic areas such as oncology, various vaccines, internal medicine, and immunology. The company’s revenues are driven primarily by innovative pharmaceuticals, with a growing emphasis on vaccines and

biologics. Pfizer divested its off-patent medicine division, Upjohn, in 2020, to focus on innovation-driven growth. We appreciate Pfizer's well thought-out executive remuneration policies, with ~90% of total remuneration tied to short and long-term performance<sup>18</sup>.

#### Pfizer Revenue Decomposition (2023)

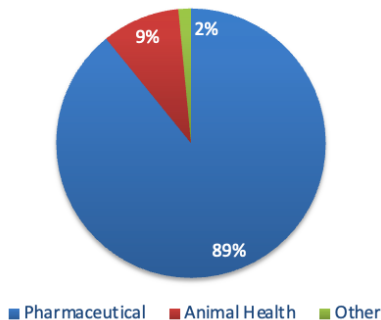


Source: Pfizer 10K

#### Merck & Co. (MRK)

Merck & Co. is a global healthcare company based in Kenilworth, New Jersey. The company focuses on prescription medicines, vaccines, and animal health products. Merck's key product, Keytruda, is a leading immunotherapy used to treat various cancers. Other major products include Gardasil (a vaccine for HPV) and Eliquis (an anticoagulant). Merck divides its business into two segments: pharmaceutical and animal health. The pharmaceutical segment accounts for the majority of revenues. We appreciate Pfizer's well thought-out executive remuneration policies, with ~87% of total remuneration tied to short and long-term performance<sup>19</sup>.

#### Merck & Co. Revenue Decomposition (2023)



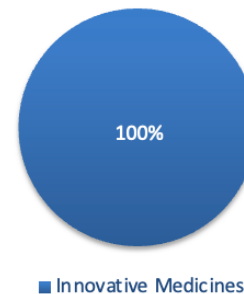
Source: Merck & Co. 10K

#### Bristol-Myers Squibb (BMY)

Bristol-Myers Squibb is a biopharmaceutical company headquartered in New York City, NY. The company focuses

on innovative treatments in oncology, hematology, immunology, and cardiovascular diseases. Top revenue drivers include Revlimid, a treatment for multiple myeloma, and Opdivo, a leading immunotherapy for cancer. Key operational divisions include oncology, cardiovascular, immunology, and neuroscience, with significant revenues from cancer and autoimmune disease treatments. The company expanded its portfolio through the acquisition of Celgene in 2019, which strengthened its presence in hematology. We appreciate Bristol-Myers Squibb's well thought-out executive remuneration policies, in which annual incentives are tied to EPS, revenue, and pipeline targets. Long-term incentives are split 60% PSU's and 40% MSU's<sup>20</sup>.

#### Bristol-Myers Squibb Revenue Decomposition (2023)



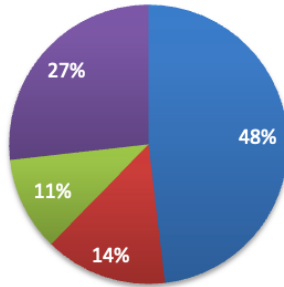
Source: Bristol-Myers Squibb 10K

#### AbbVie (ABBV)

AbbVie is a global biopharmaceutical company based in North Chicago, IL. It is best known for Humira, a leading treatment for autoimmune diseases. AbbVie operates in immunology, oncology, neuroscience, and aesthetics following the acquisition of Allergan. The company's top revenue generators include Humira, Imbruvica, and Botox. To diversify away from Humira, AbbVie is ramping up newer immunology treatments like Rinvoq and Skyrizi. We appreciate AbbVie's well thought-out executive remuneration policies, where long-term incentives are split 80% PSU's and 20% NQ stock options<sup>21</sup>.



## AbbVie Revenue Decomposition (2023)



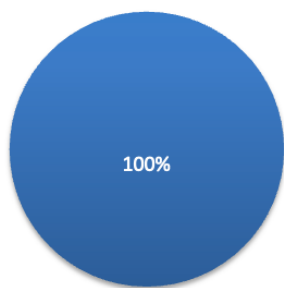
■ Immunology ■ Neuroscience ■ Oncology ■ Other

Source: AbbVie 10K

## Eli Lilly (LLY)

Eli Lilly is a pharmaceutical company headquartered in Indianapolis, IN. The firm focuses on diabetes, oncology, immunology, and neuroscience. Key products include Trulicity, a leading treatment for diabetes, and Taltz, an immunology drug for psoriasis. The company has also developed therapies for conditions like migraines and cancer. Lilly's revenue streams are primarily driven by diabetes and oncology treatments, with growing sales in immunology and neuroscience. The company is heavily invested in Alzheimer's research, with donanemab in its late-stage pipeline. We appreciate Eli Lilly's well thought-out executive remuneration policies, in which annual incentives are tied to EPS, revenue, and pipeline targets. The company also offers compensation relating to the relative stock performance vs. peers<sup>22</sup>.

## Eli Lilly Revenue Decomposition (2023)



■ Human Pharmaceutical

Source: Eli Lilly 10K

## Profitability

|                      | Net Margin | Op. Margin | Gross Margin | FCF Margin |
|----------------------|------------|------------|--------------|------------|
| Pfizer               | 3.7%       | 7.2%       | 50.1%        | 8.2%       |
| Merck & Co.          | 0.6%       | 5.0%       | 73.3%        | 15.3%      |
| Bristol-Myers Squibb | 17.8%      | 18.8%      | 56.3%        | 28.1%      |
| AbbVie               | 8.9%       | 33.3%      | 69.4%        | 40.6%      |
| Eli Lilly            | 15.4%      | 30.3%      | 79.3%        | 2.3%       |
| Harmonic Average     | 9.3%       | 18.9%      | 65.7%        | 18.9%      |
| JNJ                  | 15.7%      | 26.0%      | 69.0%        | 21.4%      |

Source: FactSet, 2023 reported

|                      | ROIC  | ROE   | ROA  | Invested Cap. |
|----------------------|-------|-------|------|---------------|
| Pfizer               | 1.5%  | 2.3%  | 1.0% | 151,365       |
| Merck & Co.          | 0.5%  | 0.9%  | 0.3% | 66,688        |
| Bristol-Myers Squibb | 11.9% | 26.5% | 8.4% | 100,023       |
| AbbVie               | 6.9%  | 34.9% | 3.5% | 57,664        |
| Eli Lilly            | 19.2% | 48.9% | 9.2% | 33,070        |
| Harmonic Average     | 8.0%  | 22.7% | 4.5% | 81,762        |
| JNJ                  | 13.3% | 18.3% | 7.5% | 76,279        |

Source: FactSet, 2023 reported

JNJ consistently achieves higher margins and return metrics (ROIC, ROE, ROA) compared to our peer group due to its product mix. The pharmaceutical portfolio has leading products across immunology, oncology, and cardiovascular, while also providing a more stable, recurring revenue stream in MedTech. Given the company's scale and global footprint, JNJ can spread fixed costs over a larger revenue base, which enhances their operating leverage.

We believe JNJ's higher return metrics are a testament to its prudent capital allocation, particularly in managing R&D, acquisitions, and returning capital to shareholders through dividends and buybacks. Looking forward, we expect JNJ to remain committed to its strong capital allocation strategy.

## BS / CF Snapshot

|                      | Net Debt | D/E    | FCF    | FCF Conv. |
|----------------------|----------|--------|--------|-----------|
| Pfizer               | 62,351   | 84.3%  | 4,793  | 45.5%     |
| Merck & Co.          | 29,107   | 96.5%  | 9,143  | 133.4%    |
| Bristol-Myers Squibb | 29,129   | 140.9% | 12,651 | 69.2%     |
| AbbVie               | 47,304   | 456.6% | 22,024 | 82.2%     |
| Eli Lilly            | 22,298   | 234.2% | 793    | 6.7%      |
| Average              | 38,038   | 202.5% | 9,881  | 67.4%     |
| JNJ                  | 16,600   | 44.3%  | 18,248 | 61.5%     |

Source: FactSet, 2023 reported

JNJ stands out for its strong balance sheet, with the lowest net debt of \$16.6 billion compared to the peer group average of \$38.0 billion. JNJ also has the lowest debt-to-equity ratio of 44.3%, well below the peer group average of 202.5% (skewed upward due to ABBV & LLY). As mentioned previously, we expect JNJ to maintain its strong

balance sheet going forward.

In terms of FCF, JNJ generated \$18.2 billion in 2023, the highest in the peer group aside from AbbVie. We expect JNJ to continue to generate positive FCF. While JNJ's FCF conversion is slightly below the peer group average, it is important to recognize that 2023 FCF was negatively impacted by the Kenvue separation. Excluding this charge, JNJ's FCF conversion for 2023 would have been 90%, the highest in the peer group aside from Merck.

## Other Peer Metrics

|                      | # in Pipeline | R&D | Debt Rating | Int. Coverage |
|----------------------|---------------|-----|-------------|---------------|
| Pfizer               | 113           | 18% | A+          | 10.9          |
| Merck & Co.          | 120           | 51% | A+          | 13.9          |
| Bristol-Myers Squibb | 110           | 20% | A           | 7.0           |
| AbbVie               | 98            | 13% | A-          | 7.9           |
| Eli Lilly            | 72            | 27% | A+          | 20.4          |
| Harmonic Average     | 99            | 21% | -           | 10.4          |
| JNJ                  | 101           | 18% | AAA         | 24.7          |

Source: FactSet, 2023 reported

Merck stands out with R&D at 51% of sales, far exceeding the harmonic average of 21%. Although this makes sense given Merck has the largest pipeline, this elevated expense has a large impact on the P&L. On a pipeline basis relative to peers, we do not see room to worry about JNJ's pipeline activity – our concern relates to the pipeline transferring into material revenues, something that applies to each company in the group.

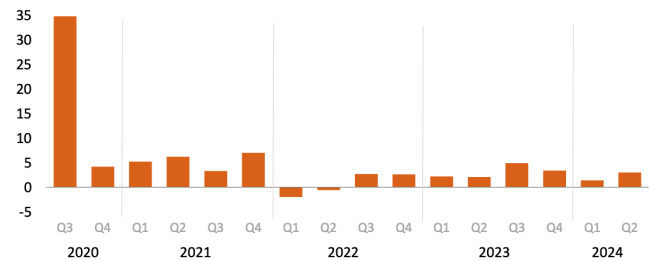
From a debt perspective, JNJ is clearly the leader with an AAA credit rating. JNJ also leads with the highest interest coverage ratio (24.7), more than double the peer group (10.4). We expect JNJ to continue to comfortably meet its interest obligations due to the product mix and steady cash flow generation.

## ECONOMIC OUTLOOK

### Gross Domestic Product (GDP)

In Q1 and Q2 of 2024, the United States saw real GDP growth of 1.4% and 3.0%, respectively. The increase Q/Q reflected an upturn in private inventory investment and an acceleration in consumer spending<sup>23</sup>. Since our last report, the Conference Board has continued to raise their 2024 outlook higher where the forecast currently stands at 2.4% (+30 bps)<sup>24</sup>. The image below displays the seasonally adjusted percentage change Q/Q from Q3 2020 to Q2 2024:

Real GDP: Percent change from preceding quarter

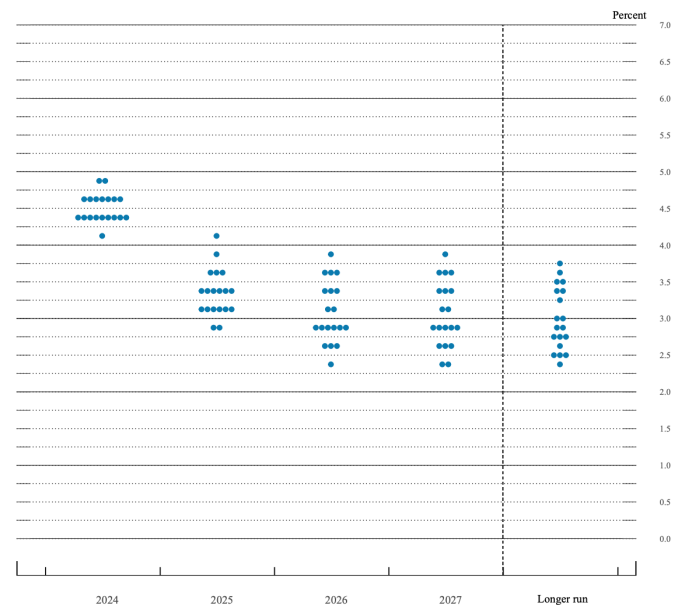


Source: U.S. Bureau of Economic Analysis

As healthcare expenditures make up roughly 18% of GDP, we believe GDP will be crucial to monitor in the coming months after the recent rate cut discussions. Our forecasts for near term GDP growth (2.3%) and long-term GDP growth (2.6%) are both below the Conference Board's expectations.

### Inflation and Interest Rates

On September 18<sup>th</sup>, 2024, the Federal Reserve Committee announced their decision to lower the target range for the fed funds rate by 50 bps to 4.75% to 5.00%. The Committee noted that they have gained greater confidence that inflation is moving towards 2%, while also recognizing their dual mandate. Although not explicitly mentioned by the Committee or Fed Chair Jerome Powell, our inclination is that the full employment aspect of their dual mandate is beginning to gain more importance.



Source: Federal Reserve

The dot plot above indicates the Committee's assessment of the fed funds rate in the future. Currently, the Committee expects another 50 bps of cuts in 2024, 100 bps

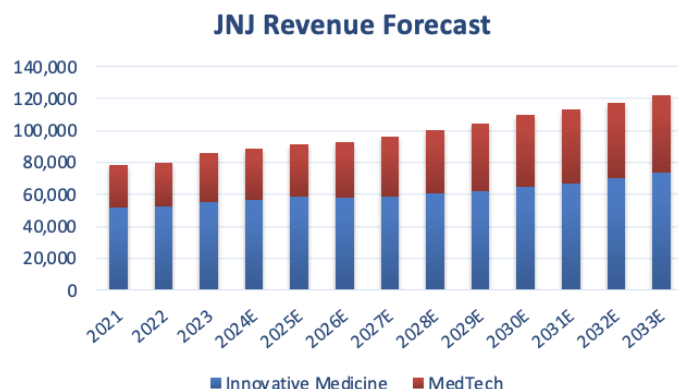
in 2025, and 50 bps in 2026. These cuts result in fed funds rate of 2.75% to 3.00% by 2026.

Our forecasts for the fed funds rate are largely in-line with expectations. Short-term (6 months), we expect an additional 50 bps cut resulting in a range of 4.25% to 4.50%. Long-term (2 years), we expect 125 bps in cuts resulting in a range of 3.00% to 3.25%.

## VALUATION

### Revenue Assumptions

As discussed in greater detail in the company description section of this report, we forecasted JNJ's revenues by product within each category in their respective segment. Given the sheer number of products, we invite you to explore our forecasts on page 14 through 21 below. Our forecasts for 2024 and 2025 closely resemble consensus growth estimates. From 2026 onward, we incorporate our growth expectations along with factoring in various patent expirations. On a firm wide basis, our revenue forecasts reflect a CAGR of 3.7% (ex. pharmaceutical pipeline). The image below displays both historical revenues and our forecasted revenues:



Source: Henry Fund Model

### Payout Policy Assumptions

JNJ has raised its dividend for 62 consecutive years, known to many as a dividend king, and is a staple in value and income portfolios throughout the world as the dividend yield makes up a large portion of total return. Given that JNJ increases its dividend once per year, and typically within a range of five to seven cents, we have forecasted JNJ's dividend per share using the following formula and adjusted the payout to meet the historical increases:

$$\text{Forecasted Dividend} = \text{Previous Dividend} +$$

$$(\text{Expected Earnings} * \text{Target Payout} - \text{Previous Dividend}) * \text{Adjustment Factor}$$

Using the above formula, we forecast dividends to grow to \$6.75 per share in 2033 (from \$4.70 in 2023), representing a ten-year CAGR of 3.9%.

Our forecast also incorporates the assumption that JNJ continues to implement repurchase programs, with repurchases ranging from \$3.6 billion to \$4.6 billion per year.

### WACC

Our discount rate for JNJ is 6.66%. The cost of equity was calculated using the risk-free rate of 4.30% (yield on the 10yr.), a beta of .52 (5yr. monthly beta), and an equity risk premium of 5.00% (HF est.). These inputs resulted in a cost of equity of 6.90%. The after-tax cost of debt was calculated using a pre-tax cost of debt of 5.00% (sourced from FactSet) and a tax rate of 12%. These inputs resulted in a after-tax cost of debt of 4.42%. The weight of equity and debt were calculated to be 90.44% and 9.56%, respectively.

### DCF and EP

Our enterprise discounted cash flow (DCF) and economic profit (EP) models resulted in an intrinsic value per share of \$167. The primary inputs used in these models consisted of TV growth of 1.75% for NOPLAT, a TV ROIC of 43.25%, a cost of equity of 6.90%, and a discount rate of 6.66%.

### DDM

Our dividend discount model (DDM) resulted in an intrinsic value per share of \$204. The primary inputs used in this model consisted of TV growth of 2.00% for EPS, a TV ROE of 20.19%, and a cost of equity of 6.90%.

Dividends were forecasted using the method discussed under the "Payout Policy" section. For our TV, we leveraged a P/E multiple of 18.4x that was multiplied by our TV EPS estimate.

### Relative Valuation

Our relative valuation model leveraged a FY1 and FY2 P/E multiple from the peer group. We used a harmonic mean to mitigate the impact of larger P/E's. This resulted in

multiples of 16.4x and 13.7x, respectively. Our EPS estimates of \$8.44 and \$9.69 were then multiplied by the multiples mentioned above, resulting in the following relative values:

**Implied Relative Value:**

|                    |                  |
|--------------------|------------------|
| <b>P/E (EPS24)</b> | <b>\$ 141.46</b> |
| <b>P/E (EPS25)</b> | <b>\$ 136.20</b> |

Source: Henry Fund Model

We also feel it is necessary to provide insights into additional multiples for the peer group. The following table displays EV/REV, EV/EBITDA, and P/E estimates for 2024:

| Ticker                    | Company              | EV/REV        | EV/EBITDA     | P/S           |
|---------------------------|----------------------|---------------|---------------|---------------|
| PFE                       | Pfizer               | 3.2           | 10.4          | 2.3           |
| MRK                       | Merck & Co.          | 4             | 9.1           | 3.6           |
| BMJ                       | Bristol-Myers Squibb | 3.4           | 7.9           | 2.5           |
| ABBV                      | AbbVie               | 6.1           | 12.5          | 5.0           |
| LLY                       | Eli Lilly            | 11.9          | 26.8          | 11.9          |
| <b>Average</b>            |                      | <b>5.7</b>    | <b>13.3</b>   | <b>5.1</b>    |
| <b>JNJ</b>                |                      | <b>4.2</b>    | <b>11.7</b>   | <b>4.0</b>    |
| <b>Premium (Discount)</b> |                      | <b>-26.6%</b> | <b>-12.3%</b> | <b>-20.9%</b> |

Source: FactSet, Henry Fund Model

## Henry Fund vs. Consensus

| Estimates         |        |           |      |
|-------------------|--------|-----------|------|
|                   | Rev    | 2024E EPS | DPS  |
| HF                | 88,712 | 7.79      | 4.91 |
| Consensus         | 88,758 | 6.67      | 4.68 |
| % Difference      | 0%     | 17%       | 5%   |
| % Growth YoY (HF) | 4%     | 48%       | 4%   |

Source: Henry Fund Model, Bloomberg

| Estimates         |        |           |      |
|-------------------|--------|-----------|------|
|                   | Rev    | 2025E EPS | DPS  |
| HF                | 91,280 | 8.44      | 5.10 |
| Consensus         | 91,436 | 8.76      | 5.00 |
| % Difference      | 0%     | -4%       | 2%   |
| % Growth YoY (HF) | 3%     | 8%        | 4%   |

Source: Henry Fund Model, Bloomberg

| Estimates         |        |           |      |
|-------------------|--------|-----------|------|
|                   | Rev    | 2026E EPS | DPS  |
| HF                | 92,400 | 9.69      | 5.33 |
| Consensus         | 94,967 | 10.15     | 5.19 |
| % Difference      | -3%    | -5%       | 3%   |
| % Growth YoY (HF) | 1%     | 15%       | 5%   |

Source: Henry Fund Model, Bloomberg

## Summary

Our price target of \$176 is calculated through a 75% weight on our DCF implied price and a 25% weight on our DDM implied price. We place more emphasis on the DCF primarily due to the additional layer of uncertainty that comes with forecasting the payout ratio for dividends. In our view, we see potential upside in JNJ once the talc overhang is removed & if the company continues to show positive results relating to its pipeline.

## KEYS TO MONITOR

### Pipeline Progress

As with any company engaged in the development of pharmaceuticals, the pipeline is just as important as the current portfolio. Any indication that the JNJ is struggling to introduce new blockbuster drugs in areas like oncology, immunology, and cardiovascular may warrant a revision to our recommendation.

As it stands currently, JNJ has 101 drugs within the pipeline, of which 60% are in Phase 3 or Registration. Given the large skew of drugs in the later stages of development, we are confident in JNJ's ability to maintain revenues in the future; however, we must recognize the potential for a "revenue cliff" in the future if JNJ is unable to source new drugs into the early stages of the pipeline.

### Talc Litigation

JNJ's ongoing talc litigation remains a key risk factor to our recommendation. As discussed previously, JNJ has recently secured 83% support from claimants over their settlement offer. Soon after, LTL Management, the subsidiary JNJ transferred the liability to, declared bankruptcy for a 3<sup>rd</sup> time. Given the long-winded journey JNJ shareholders have faced relating to the talc dynamics, we believe the market will likely respond positively to any news that the overhang has been removed, while also expecting little downside movement if delayed again.

### Regulation's Impact on Pricing

Over recent years, the pharmaceutical industry has faced increased scrutiny over drug pricing. The U.S. governments' Inflation Reduction Act included various initiatives that aim to limit price increases and mandate price negotiations for certain medications. Looking

forward, we believe it is crucial to monitor whether more of JNJ's drugs are added to the list of drugs facing price negotiations in 2026. Currently, three drugs are facing these negotiations (Imbruvica, Stelara, and Xarelto).

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| \$ in millions                                | Mar-20       | Jun-20       | Sep-20       | Dec-20       | Mar-21       | Jun-21       | Sep-21       | Dec-21       | Mar-22       | Jun-22       | Sep-22       | Dec-22       | Mar-23       | Jun-23       | Sep-23       | Dec-23       | Mar-24       | Jun-24       | Sep-24       | Dec-24       | Mar-25       | Jun-25       | Sep-25       | Dec-25       | Mar-26       | Jun-26       | Sep-26       | Dec-26       | Mar-27       | Jun-27       | Sep-27       | Dec-27       |     |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----|
| Fiscal Years Ending Dec. 31                   | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | 3Q           | 4Q           | 1Q1E         | 2Q1E         | 3Q1E         | 4Q1E         | 1Q1E         | 2Q1E         | 3Q1E         | 4Q1E         | 1Q1E         | 2Q1E         | 3Q1E         | 4Q1E         |     |
| U.S. Innovative Medicine                      |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |     |
| Immunology                                    | 2,410        | 2,362        | 2,558        | 2,845        | 2,413        | 2,748        | 2,771        | 2,912        | 2,501        | 2,853        | 2,876        | 2,806        | 2,448        | 2,865        | 3,193        | 3,033        | 2,453        | 2,978        | 3,068        | 2,717        | 2,861        | 2,704        | 2,541        | 2,493        | 2,076        | 2,014        | 1,945        | 1,932        | 1,894        | 1,852        | 1,803        | 1,799        |     |
| Remicade                                      | 734          | 726          | 712          | 681          | 546          | 633          | 527          | 550          | 438          | 435          | 389          | 359          | 317          | 310          | 334          | 329          | 293          | 266          | 307          | 291          | 291          | 288          | 283          | 280          | 262          | 259          | 255          | 252          | 247          | 244          | 240          | 237          |     |
| Simponi/Simponi Aria                          | 272          | 256          | 312          | 315          | 255          | 290          | 295          | 287          | 287          | 301          | 298          | 280          | 271          | 285          | 310          | 258          | 254          | 267          | 299          | 274          | 263          | 252          | 243          | 234          | 216          | 207          | 199          | 199          | 188          | 180          | 174          | 168          |     |
| Stelara                                       | 1,217        | 1,438        | 1,313        | 1,572        | 1,331        | 1,496        | 1,569        | 1,542        | 1,379        | 1,731        | 1,655        | 1,621        | 1,451        | 1,817        | 1,912        | 1,786        | 1,396        | 1,855        | 1,770        | 1,393        | 1,561        | 1,400        | 1,238        | 1,194        | 702          | 629          | 556          | 532          | 522          | 468          | 414          | 396          |     |
| Triamfya                                      | 187          | 242          | 221          | 277          | 274          | 325          | 376          | 528          | 391          | 382          | 530          | 541          | 406          | 450          | 634          | 657          | 509          | 589          | 691          | 759          | 745          | 763          | 775          | 794          | 896          | 918          | 933          | 955          | 936          | 959          | 975          | 990          |     |
| Other Immunology                              | -            | -            | -            | -            | 7            | 5            | 3            | 6            | 6            | 3            | 5            | 3            | 3            | 4            | 2            | 3            | -            | 2            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |     |
| Infectious Diseases                           | 436          | 416          | 413          | 470          | 512          | 444          | 679          | 614          | 461          | 415          | 390          | 413          | 392          | 395          | 360          | 353          | 324          | 334          | 365          | 341          | 328          | 324          | 319          | 315          | 288          | 285          | 280          | 277          | 271          | 268          | 264          | 261          |     |
| Edurant/dlpirovine                            | 11           | 10           | 11           | 11           | 10           | 9            | 12           | 10           | 9            | 9            | 9            | 9            | 9            | 8            | 9            | 9            | 8            | 8            | 8            | 6            | 7            | 7            | 6            | 6            | 5            | 5            | 5            | 5            | 5            | 5            | 5            | 5            |     |
| Prezista/Prescoib/Rezosta/Symtuza             | 396          | 379          | 379          | 433          | 380          | 368          | 380          | 380          | 369          | 355          | 370          | 380          | 378          | 382          | 345          | 341          | 314          | 321          | 355          | 331          | 319          | 315          | 310          | 306          | 280          | 277          | 273          | 269          | 264          | 261          | 257          | 254          |     |
| COVID-19 vaccine                              | -            | -            | -            | -            | 100          | 51           | 270          | 213          | -            | 75           | 45           | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 180          | 277          | 273          | 269          | 264          | 261          | 257          | 254          |     |
| Other Infectious Diseases                     | 29           | 27           | 23           | 26           | 21           | 16           | 18           | 11           | 8            | 6            | 10           | 6            | 5            | 5            | 5            | 4            | 2            | 5            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 2            | 2            | 2            | 2            | 2            | 2            | 2            |     |
| Neuroscience                                  | 748          | 778          | 759          | 806          | 771          | 842          | 835          | 899          | 843          | 896          | 919          | 912          | 978          | 1,029        | 1,036        | 1,022        | 1,054        | 1,102        | 1,094        | 1,121        | 1,101        | 1,126        | 1,141        | 1,166        | 1,161        | 1,188        | 1,205        | 1,231        | 1,206        | 1,234        | 1,252        | 1,280        |     |
| Concerta/methylphenidate                      | 53           | 55           | 43           | 33           | 47           | 35           | 35           | 55           | 35           | 38           | 41           | 37           | 70           | 64           | 57           | 39           | 41           | 34           | 25           | 23           | 25           | 24           | 24           | 24           | 23           | 23           | 23           | 22           | 22           | 21           | 21           | 21           |     |
| Invega Sustenna/Xeplon/Invega Trinza/Trevicta | 544          | 576          | 585          | 610          | 589          | 645          | 648          | 668          | 661          | 691          | 684          | 678          | 713          | 721          | 730          | 733          | 765          | 784          | 780          | 804          | 783          | 803          | 816          | 835          | 823          | 843          | 857          | 877          | 859          | 881          | 895          | 918          |     |
| Risperdal Consta                              | 76           | 74           | 70           | 76           | 67           | 72           | 71           | 77           | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |     |
| Spravato                                      | -            | -            | -            | -            | 33           | 47           | 51           | 54           | 61           | 74           | 88           | 105          | 111          | 144          | 154          | 180          | 191          | 226          | 243          | 249          | 248          | 254          | 258          | 264          | 273          | 279          | 284          | 291          | 285          | 292          | 297          | 304          |     |
| Other Neuroscience                            | 75           | 73           | 61           | 87           | 84           | 44           | 30           | 45           | 86           | 93           | 106          | 91           | 84           | 100          | 94           | 79           | 58           | 57           | 46           | 46           | 45           | 44           | 44           | 43           | 43           | 43           | 43           | 43           | 43           | 43           | 43           | 43           |     |
| Oncology                                      | 1,175        | 1,181        | 1,267        | 1,469        | 1,377        | 1,462        | 1,525        | 1,594        | 1,582        | 1,679        | 1,812        | 1,858        | 1,889        | 2,069        | 2,219        | 2,285        | 2,383        | 2,636        | 2,816        | 2,839        | 2,937        | 3,008        | 3,063        | 3,146        | 3,263        | 3,354        | 3,450        | 3,587        | 3,601        | 3,765        | 3,875        | 4,031        |     |
| Darazalex                                     | 463          | 492          | 585          | 692          | 691          | 770          | 841          | 867          | 953          | 1,021        | 1,097        | 1,139        | 1,191        | 1,322        | 1,369        | 1,395        | 1,464        | 1,641        | 1,684        | 1,703        | 1,777        | 1,821        | 1,850        | 1,894        | 1,970        | 2,029        | 2,090        | 2,174        | 2,261        | 2,328        | 2,398        | 2,494        |     |
| Erlada  | 119          | 136          | 152          | 176          | 171          | 193          | 214          | 235          | 206          | 233          | 254          | 275          | 249          | 241          | 288          | 287          | 285          | 318          | 337          | 364          | 337          | 345          | 351          | 359          | 371          | 380          | 386          | 395          | 387          | 397          | 403          | 413          |     |
| Imbruvica                                     | 432          | 447          | 450          | 492          | 444          | 454          | 413          | 436          | 370          | 349          | 353          | 318          | 270          | 262          | 264          | 255          | 265          | 246          | 259          | 214          | 228          | 227          | 223          | 221          | 230          | 235          | 239          | 249          | 259          | 264          | 269          | 280          |     |
| Zytiga/abiraterone acetate                    | 139          | 87           | 58           | 89           | 50           | 21           | 25           | 23           | 19           | 16           | 20           | 9            | 9            | 16           | 9            | 16           | 9            | 11           | 5            | 3            | 6            | 6            | 6            | 8            | 8            | 8            | 8            | 8            | 8            | 8            | 8            | 8            |     |
| Carvykti                                      | -            | -            | -            | -            | -            | -            | -            | -            | -            | 24           | 55           | 54           | 70           | 114          | 140          | 145          | 140          | 167          | 258          | 270          | 283          | 295          | 313          | 336          | 370          | 386          | 410          | 441          | 484          | 458          | 481          | 501          |     |
| Tecovyl                                       | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 57           | 82           | 93           | 102          | 101          | 104          | 105          | 110          | 127          | 130          | 132          | 135          | 140          | 143          | 146          | 149          | 146          | 150          | 152          | 155 |
| Other Oncology                                | 22           | 19           | 22           | 20           | 21           | 23           | 32           | 34           | 34           | 33           | 37           | 52           | 35           | 40           | 50           | 50           | 90           | 119          | 148          | 168          | 172          | 179          | 183          | 186          | 191          | 174          | 173          | 171          | 169          | 166          | 165          | 163          | 163 |
| Pulmonary Hypertension                        | 486          | 545          | 510          | 592          | 573          | 594          | 611          | 588          | 572          | 560          | 604          | 610          | 600          | 684          | 680          | 733          | 766          | 743          | 815          | 833          | 868          | 889          | 904          | 925          | 845          | 840          | 827          | 822          | 805          | 800          | 789          | 794          |     |
| Opsumit                                       | 229          | 256          | 244          | 279          | 273          | 290          | 299          | 286          | 273          | 265          | 289          | 305          | 273          | 328          | 323          | 398          | 356          | 373          | 406          | 411          | 419          | 430          | 437          | 447          | 396          | 393          | 383          | 387          | 384          | 376          | 373          | 367          | 364 |
| Uptravi                                       | 212          | 254          | 226          | 263          | 259          | 268          | 265          | 264          | 269          | 272          | 283          | 280          | 304          | 338          | 336          | 348          | 392          | 349          | 379          | 388          | 415          | 425          | 432          | 443          | 414          | 414          | 401          | 401          | 393          | 390          | 384          | 380          |     |
| Other   | 45           | 35           | 40           | 50           | 42           | 36           | 47           | 38           | 30           | 21           | 33           | 25           | 23           | 18           | 20           | 18           | 19           | 20           | 32           | 34           | 33           | 34           | 35           | 35           | 35           | 36           | 37           | 35           | 37           | 36           | 38           | 39           |     |
| Cardiovascular/Metabolism/Retina              | 806          | 838          | 931          | 935          | 799          | 780          | 800          | 813          | 672          | 757          | 837          | 777          | 715          | 775          | 763          | 652          | 632          | 717          | 713          | 586          | 694          | 688          | 677          | 672          | 673          | 668          | 658          | 652          | 639          | 634          | 624          | 619          |     |
| Xarelto                                       | 527          | 559          | 630          | 629          | 589          | 569          | 636          | 644          | 508          | 609          | 689          | 667          | 578          | 637          | 625          | 525          | 518          | 587          | 592          | 487          | 576          | 571          | 562          | 558          | 562          | 557          | 548          | 544          | 533          | 529          | 520          | 518          |     |
| Invokana/Invokamet                            | 117          | 132          | 156          | 159          | 87           | 96           | 66           | 59           | 60           | 55           | 49           | 29           | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |     |
| Procrit/Epex                                  | 76           | 70           | 69           | 62           | 62           | 59           | 47           | 55           | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |     |
| Other   | 86           | 77           | 76           | 85           | 60           | 57           | 51           | 55           | 104          | 93           | 98           | 81           | 137          | 138          | 139          | 127          | 134          | 129          | 121          | 99           | 118          | 117          | 115          | 114          | 112          | 113          | 109          | 108          | 106          | 105          | 104          | 103          |     |
| <b>TOTAL U.S. INNOVATIVE MEDICINE</b>         | <b>6,061</b> | <b>6,120</b> | <b>6,438</b> | <b>7,117</b> | <b>6,446</b> | <b>6,969</b> | <b>7,221</b> | <b>7,419</b> | <b>6,432</b> | <b>7,159</b> | <b>7,438</b> | <b>7,376</b> | <b>7,023</b> | <b>7,817</b> | <b>8,249</b> | <b>8,079</b> | <b>7,612</b> | <b>8,510</b> | <b>8,471</b> | <b>8,437</b> | <b>8,788</b> | <b>8,739</b> | <b>8,645</b> | <b>8,712</b> | <b>8,367</b> | <b>8,348</b> | <b>8,364</b> | <b>8,501</b> | <b>8,477</b> | <b>8,554</b> | <b>8,607</b> | <b>8,774</b> |     |
| Q/Q Chg.                                      | -            | -1.0%        | 5.2%         | 10.5%        | -9.4%        | 6.6%         | 5.1%         | 2.7%         | -10.6%       | 7.9%         | 3.9%         | -0.8%        | -4.8%        | 11.3%        | 5.5%         | -2.1%        | -5.8%        | 11.8%        | 4.2%         | -4.9%        | 4.2%         | -0.6%        | -1.1%        | 0.8%         | -4.7%        | 0.5%         | 0.2%         | 1.6%         | -0.3%        | 0.9%         | 0.6%         | 1.5%         |     |
| Y/Y Chg.                                      | -            | -            | -            | -            | 6.3%         | 12.2%        | 12.2%        | 4.2%         | 2.9%         | 4.2%         | 3.0%         | -0.6%        | 5.9%         | 9.2%         | 10.9%        | 9.5%         | 8.4%         | 8.9%         | 7.5%         | 4.4%         | 15.5%        | 2.7%         | -2.5%        | 3.3%         | -5.5%        | -4.5%        | -3.2%        | -2.5%        | 2.0%         | 2.5%         | 2.9%         | 3.2%         |     |
| International Innovative Medicine             |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |     |
| Immunology                                    | 1,228        | 1,161        | 1,230        | 1,261        | 1,501        | 1,483        | 1,480        | 1,443        | 1,617        | 1,559        | 1,411        | 1,312        | 1,664        | 1,632        | 1,656        | 1,562        | 1,794,       |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |     |

| \$ in millions                                  | Dec-20 | Dec-21 | Dec-22 | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Dec-27 | Dec-28 | Dec-29 | Dec-30 | Dec-31 | Dec-32 | Dec-33 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fiscal Years Ending Dec. 31                     | 2020   | 2021   | 2022   | 2023   | 2024E  | 2025E  | 2026E  | 2027E  | 2028E  | 2029E  | 2030E  | 2031E  | 2032E  | 2033E  |
| <b>U.S. Innovative Medicine</b>                 |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Immunology                                      | 10,175 | 10,843 | 11,036 | 11,539 | 11,217 | 10,598 | 7,967  | 7,349  | 6,913  | 6,619  | 6,434  | 6,335  | 6,303  | 6,326  |
| Remicade  | 2,853  | 2,255  | 1,621  | 1,290  | 1,157  | 1,142  | 1,027  | 967    | 911    | 857    | 807    | 760    | 716    | 674    |
| Simponi/Simponi Aria                            | 1,155  | 1,127  | 1,166  | 1,174  | 1,094  | 993    | 814    | 711    | 620    | 541    | 472    | 412    | 360    | 314    |
| Stelara   | 5,240  | 5,938  | 6,388  | 6,596  | 6,414  | 5,363  | 2,419  | 1,798  | 1,337  | 994    | 739    | 549    | 408    | 304    |
| Tremfya   | 927    | 1,503  | 1,844  | 2,147  | 2,548  | 3,077  | 3,702  | 3,868  | 4,041  | 4,222  | 4,411  | 4,609  | 4,815  | 5,031  |
| Other Immunology                                | -      | 21     | 17     | 11     | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      |
| Infectious Diseases                             | 1,735  | 1,811  | 1,838  | 2,105  | 1,365  | 1,369  | 1,359  | 1,311  | 1,266  | 1,222  | 1,180  | 1,139  | 1,099  | 1,061  |
| Edurant/ilpivirine                              | 43     | 42     | 41     | 42     | 31     | 29     | 28     | 26     | 24     | 23     | 22     | 20     | 19     | 18     |
| Prezista/Prezcobii/Rezolsta/Symtuza             | 1,587  | 1,571  | 1,560  | 1,561  | 1,321  | 1,326  | 1,320  | 1,275  | 1,231  | 1,189  | 1,148  | 1,109  | 1,071  | 1,035  |
| COVID-19 vaccine                                | -      | 100    | 151    | 421    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Other Infectious Diseases                       | 105    | 97     | 86     | 81     | 13     | 14     | 11     | 11     | 10     | 10     | 10     | 9      | 9      | 9      |
| Neuroscience                                    | 3,091  | 3,347  | 3,570  | 4,065  | 4,371  | 4,534  | 4,785  | 4,972  | 5,169  | 5,377  | 5,595  | 5,825  | 6,066  | 6,319  |
| Concerta/methylphenidate                        | 184    | 172    | 151    | 230    | 123    | 96     | 92     | 86     | 81     | 76     | 72     | 68     | 64     | 60     |
| Invega Sustenna/Xeplion/Invega Trinzta/Trevicta | 2,315  | 2,550  | 2,714  | 2,897  | 3,133  | 3,237  | 3,399  | 3,551  | 3,710  | 3,876  | 4,050  | 4,231  | 4,420  | 4,618  |
| Risperdal Consta                                | 296    | 287    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Spravato  | -      | 185    | 328    | 589    | 909    | 1,024  | 1,127  | 1,177  | 1,230  | 1,285  | 1,342  | 1,402  | 1,465  | 1,531  |
| Other Neuroscience                              | 296    | 153    | 976    | 349    | 207    | 176    | 167    | 158    | 148    | 140    | 132    | 124    | 117    | 110    |
| Oncology  | 5,092  | 5,958  | 6,931  | 8,462  | 10,674 | 12,154 | 13,654 | 15,332 | 17,029 | 18,908 | 20,998 | 23,318 | 25,855 | 28,672 |
| Darsalex  | 2,232  | 3,169  | 4,210  | 5,277  | 6,492  | 7,343  | 8,263  | 9,482  | 10,880 | 12,436 | 14,177 | 16,119 | 18,247 | 20,615 |
| Eliada  | 583    | 613    | 968    | 1,065  | 1,304  | 1,393  | 1,532  | 1,601  | 1,673  | 1,747  | 1,826  | 1,907  | 1,993  | 2,083  |
| Imbruvica                                       | 1,821  | 1,747  | 1,390  | 1,051  | 985    | 899    | 953    | 1,072  | 1,206  | 1,357  | 1,528  | 1,719  | 1,934  | 2,177  |
| Zytiga/abiraterone acetate                      | 373    | 119    | 74     | 50     | 31     | 26     | 31     | 33     | 33     | 34     | 35     | 35     | 36     | 37     |
| Carvykti  | -      | -      | 133    | 469    | 836    | 1,229  | 1,609  | 1,886  | 1,961  | 2,040  | 2,121  | 2,206  | 2,294  | 2,386  |
| Tecvayli  | -      | -      | -      | 334    | 420    | 525    | 577    | 603    | 620    | 639    | 657    | 676    | 696    | 716    |
| Other Oncology                                  | 83     | 110    | 156    | 215    | 606    | 739    | 687    | 655    | 655    | 655    | 655    | 655    | 655    | 655    |
| Pulmonary Hypertension                          | 2,133  | 2,366  | 2,347  | 2,697  | 3,159  | 3,587  | 3,334  | 3,178  | 3,031  | 2,891  | 2,760  | 2,636  | 2,519  | 2,409  |
| Opsumit   | 1,008  | 1,147  | 1,132  | 1,292  | 1,546  | 1,733  | 1,559  | 1,480  | 1,405  | 1,333  | 1,265  | 1,201  | 1,139  | 1,081  |
| Uptravi   | 955    | 1,056  | 1,104  | 1,326  | 1,508  | 1,716  | 1,630  | 1,547  | 1,468  | 1,393  | 1,322  | 1,255  | 1,191  | 1,130  |
| Other   | 170    | 163    | 111    | 79     | 104    | 138    | 145    | 151    | 158    | 165    | 173    | 180    | 188    | 197    |
| Cardiovascular/Metabolism/Retina                | 3,510  | 3,192  | 3,042  | 2,906  | 2,647  | 2,731  | 2,651  | 2,516  | 2,388  | 2,266  | 2,151  | 2,041  | 1,937  | 1,839  |
| Xarelto   | 2,345  | 2,438  | 2,473  | 2,365  | 2,184  | 2,267  | 2,211  | 2,099  | 1,992  | 1,890  | 1,794  | 1,702  | 1,616  | 1,533  |
| Invokana/Invokamet                              | 564    | 309    | 193    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Picosil/Eporex                                  | 277    | 223    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Other   | 324    | 223    | 376    | 541    | 464    | 463    | 440    | 418    | 397    | 376    | 357    | 339    | 322    | 309    |
| TOTAL U.S. INNOVATIVE MEDICINE                  | 25,736 | 27,517 | 28,764 | 31,773 | 33,433 | 34,972 | 33,749 | 34,658 | 35,796 | 37,284 | 39,118 | 41,294 | 43,780 | 46,625 |
| Q/Q Chg.  | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Y/Y Chg.  | -      | 6.9%   | 4.5%   | 10.5%  | 5.2%   | 4.6%   | -3.5%  | 2.7%   | 3.3%   | 4.2%   | 4.9%   | 5.6%   | 6.0%   | 6.5%   |
| <b>International Innovative Medicine</b>        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Immunology                                      | 4,880  | 5,907  | 5,899  | 6,513  | 6,605  | 5,924  | 5,460  | 5,157  | 4,892  | 4,661  | 4,463  | 4,295  | 4,154  | 4,037  |
| Remicade  | 893    | 935    | 722    | 549    | 483    | 342    | 335    | 316    | 297    | 280    | 263    | 248    | 234    | 220    |
| Simponi/Simponi Aria                            | 1,088  | 1,148  | 1,017  | 1,073  | 988    | 898    | 802    | 719    | 645    | 579    | 519    | 466    | 418    | 375    |
| Stelara   | 2,467  | 3,196  | 3,335  | 3,892  | 3,874  | 3,315  | 2,818  | 2,549  | 2,306  | 2,086  | 1,887  | 1,707  | 1,545  | 1,397  |
| Tremfya   | 420    | 624    | 824    | 999    | 1,261  | 1,369  | 1,505  | 1,573  | 1,643  | 1,717  | 1,794  | 1,874  | 1,958  | 2,045  |
| Other Immunology                                | 12     | 3      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Infectious Diseases                             | 1,839  | 3,612  | 3,769  | 2,918  | 2,049  | 1,852  | 1,737  | 1,677  | 1,622  | 1,573  | 1,529  | 1,489  | 1,454  | 1,423  |
| Edurant/ilpivirine                              | 920    | 951    | 972    | 1,113  | 1,228  | 1,363  | 1,138  | 1,072  | 1,009  | 950    | 894    | 842    | 793    | 747    |
| Prezista/Prezcobii/Rezolsta/Symtuza             | 597    | 575    | 449    | 408    | 411    | 383    | 402    | 420    | 438    | 458    | 479    | 500    | 522    | 546    |
| COVID-19 vaccine                                | -      | 1,751  | 2,059  | 1,117  | 199    | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      |
| Other Infectious Diseases                       | 322    | 333    | 289    | 278    | 211    | 203    | 193    | 182    | 171    | 161    | 152    | 143    | 134    | 126    |
| Neuroscience                                    | 3,457  | 3,664  | 3,323  | 3,076  | 2,777  | 2,851  | 2,992  | 3,040  | 3,091  | 3,143  | 3,198  | 3,255  | 3,314  | 3,375  |
| Concerta/methylphenidate                        | 439    | 495    | 493    | 554    | 502    | 500    | 530    | 554    | 579    | 604    | 632    | 660    | 689    | 720    |
| Invega Sustenna/Xeplion/Invega Trinzta/Trevicta | 1,338  | 1,472  | 1,426  | 1,218  | 1,113  | 1,159  | 1,229  | 1,223  | 1,218  | 1,213  | 1,208  | 1,203  | 1,198  | 1,193  |
| Risperdal Consta                                | 346    | 305    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Spravato  | -      | 113    | 46     | 100    | 164    | 185    | 216    | 226    | 236    | 247    | 258    | 269    | 282    | 294    |
| Other Neuroscience                              | 1,334  | 1,279  | 1,358  | 1,204  | 998    | 1,007  | 1,017  | 1,037  | 1,058  | 1,079  | 1,101  | 1,122  | 1,145  | 1,168  |
| Oncology  | 7,275  | 8,590  | 9,052  | 9,199  | 10,035 | 11,090 | 11,969 | 12,412 | 12,947 | 13,486 | 13,968 | 14,467 | 14,992 | 15,535 |
| Darsalex  | 1,958  | 2,854  | 3,767  | 4,467  | 5,146  | 5,814  | 6,396  | 6,882  | 6,981  | 7,295  | 7,587  | 7,890  | 8,206  | 8,534  |
| Eliada  | 176    | 478    | 913    | 1,322  | 1,746  | 2,067  | 2,377  | 2,484  | 2,595  | 2,711  | 2,820  | 2,932  | 3,050  | 3,172  |
| Imbruvica                                       | 2,307  | 2,622  | 2,394  | 2,214  | 2,022  | 1,934  | 1,886  | 1,805  | 1,727  | 1,652  | 1,569  | 1,496  | 1,424  | 1,356  |
| Velcade   | 408    | 286    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Zytiga/abiraterone acetate                      | 2,097  | 2,178  | 1,696  | 837    | 598    | 478    | 373    | 311    | 260    | 217    | 178    | 146    | 120    | 98     |
| Carvykti  | -      | -      | -      | 30     | 93     | 156    | 199    | 208    | 218    | 227    | 239    | 250    | 262    | 275    |
| Tecvayli  | -      | -      | -      | 61     | 128    | 307    | 402    | 572    | 800    | 1,000  | 1,175  | 1,334  | 1,494  | 1,644  |
| Other Oncology                                  | 329    | 172    | 283    | 269    | 302    | 333    | 336    | 351    | 367    | 383    | 400    | 418    | 437    | 456    |
| Pulmonary Hypertension                          | 1,015  | 1,085  | 1,071  | 1,118  | 1,163  | 1,230  | 1,192  | 1,259  | 1,320  | 1,380  | 1,435  | 1,479  | 1,513  | 1,552  |
| Opsumit   | 631    | 672    | 651    | 681    | 677    | 687    | 687    | 584    | 550    | 518    | 488    | 459    | 432    | 407    |
| Uptravi   | 138    | 181    | 218    | 255    | 316    | 376    | 433    | 517    | 594    | 668    | 735    | 787    | 826    | 867    |
| Other   | 246    | 232    | 202    | 182    | 170    | 166    | 174    | 193    | 208    | 224    | 241    | 260    | 280    | 302    |
| Cardiovascular/Metabolism/Retina                | 1,370  | 1,268  | 845    | 765    | 722    | 729    | 765    | 780    | 796    | 812    | 828    | 844    | 861    | 878    |
| Xarelto   | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Invokana/Invokamet                              | 231    | 254    | 255    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Picosil/Eporex                                  | 274    | 256    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Other   | 865    | 758    | 590    | 765    | 722    | 729    | 765    | 780    | 796    | 812    | 828    | 844    | 861    | 878    |
| TOTAL INTERNATIONAL INNOVATIVE MEDICINE         | 19,836 | 24,126 | 23,959 | 23,590 | 23,350 | 23,675 | 24,115 | 24,326 | 24,667 | 25,055 | 25,421 | 25,828 | 26,287 | 26,800 |
| Q/Q Chg.  | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Y/Y Chg.  | -      | 21.6%  | -0.7%  | -1.5%  | -1.0%  | 1.4%   | 1.9%   | 0.9%   | 1.4%   | 1.6%   | 1.5%   | 1.6%   | 1.8%   | 2.0%   |
| <b>TOTAL INNOVATIVE REVENUE</b>                 |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
|   | 45,572 | 51,643 | 52,723 | 55,363 | 56,783 | 58,647 | 57,864 | 58,984 | 60,463 | 62,339 | 64,539 | 67,122 | 70,066 | 73,425 |
| Q/Q Chg.  | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Y/Y Chg.  | -      | 13.3%  | 2.1%   | 5.0%   | 2.6%   | 3.3%   | -1.3%  | 1.9%   | 2.5%   | 3.1%   | 3.5%   | 4.0%   | 4.4%   | 4.8%   |

| \$ in millions                                  | Mar-20  | Jun-20  | Sep-20  | Dec-20 | Mar-21 | Jun-21  | Sep-21 | Dec-21  | Mar-22 | Jun-22  | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 |
|---|---------|---------|---------|--------|--------|---------|--------|---------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fiscal Years Ending Dec 31                      | 1Q      | 2Q      | 3Q      | 4Q     | 1Q     | 2Q      | 3Q     | 4Q      | 1Q     | 2Q      | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     |
| U.S. Innovative Medicine                        |         |         |         |        |        |         |        |         |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Immunology                                      | -1.99%  | 8.30%   | 11.22%  | -15.2% | 13.9%  | 0.8%    | 5.1%   | -14.1%  | 14.0%  | 0.8%    | -2.5%  | -12.8% | 17.0%  | 11.4%  | -5.0%  | -19.1% | 21.4%  | 3.0%   | -11.4% | 5.3%   | -5.5%  | -6.0%  | -1.9%  | -16.7% | -3.0%  | -3.4%  | -0.6%  | -2.0%  | -2.2%  | -2.6%  | -0.2%  |        |
| Remicade  | -1.09%  | 15.01%  | 6.33%   | -20.3% | 14.2%  | 1.5%    | 4.2%   | -11.7%  | 14.2%  | 0.6%    | -1.2%  | -11.7% | 23.2%  | 14.3%  | -4.2%  | -19.1% | 21.4%  | 3.0%   | -11.4% | 5.3%   | -5.5%  | -6.0%  | -1.9%  | -16.7% | -3.0%  | -3.4%  | -0.6%  | -2.0%  | -2.2%  | -2.6%  | -0.2%  |        |
| Simponi/Simponi Aria                            | -5.88%  | 21.88%  | 0.96%   | -19.0% | 13.6%  | 1.9%    | 2.7%   | -0.1%   | 4.9%   | -1.2%   | -5.8%  | -3.4%  | 5.1%   | 9.0%   | -16.8% | -1.5%  | 4.8%   | 12.1%  | -6.4%  | -3.9%  | -4.2%  | -3.5%  | -3.7%  | -7.9%  | -4.2%  | -3.5%  | -3.7%  | -2.0%  | -4.2%  | -3.5%  | -3.7%  |        |
| Stelara   | -6.49%  | 15.38%  | 19.73%  | -17.3% | 13.5%  | 12.4%   | 4.9%   | -1.7%   | -10.5% | 25.5%   | -4.4%  | -2.1%  | -10.5% | 25.2%  | 5.3%   | -6.6%  | -21.8% | 32.8%  | -4.6%  | -21.3% | 12.0%  | -10.3% | -11.5% | -4.4%  | -40.8% | -10.3% | -11.5% | -4.4%  | -2.0%  | -10.3% | -11.5% | -4.4%  |
| Tremfya   | -29.41% | -8.68%  | 25.34%  | -1.1%  | 18.5%  | 15.9%   | 40.2%  | -25.9%  | -2.3%  | 38.6%   | 2.2%   | -25.0% | 10.9%  | 40.8%  | 3.6%   | 6.8%   | -22.5% | 15.6%  | 17.3%  | 9.8%   | -1.8%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| Other Immunology                                | -       | -       | -       | 0.0%   | -32.1% | 36.8%   | 93.3%  | 3.4%    | -50.0% | 66.7%   | 31.0%  | -13.0% | 16.7%  | -42.9% | 35.0%  | -10.0% | 100.0% | 100.0% | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Infectious Diseases                             | -4.59%  | -0.72%  | 13.80%  | 8.9%   | -13.3% | 53.1%   | -9.7%  | -24.9%  | -10.0% | -6.0%   | 5.8%   | -5.0%  | 0.6%   | -8.9%  | -1.7%  | -4.3%  | 3.1%   | 9.3%   | -6.7%  | -3.8%  | -1.2%  | -1.6%  | -1.2%  | -8.5%  | -1.2%  | -1.6%  | -1.2%  | -2.0%  | -1.2%  | -1.6%  | -1.2%  |        |
| Enbrel/Enbrel                                   | -9.09%  | 10.01%  | 6.73%   | -17.4% | 17.9%  | 12.0%   | -17.4% | -7.9%   | -2.0%  | -6.0%   | -2.2%  | -1.1%  | -12.1% | -1.2%  | -1.2%  | -1.1%  | -12.1% | -1.2%  | -1.2%  | -1.1%  | -1.2%  | -1.2%  | -1.1%  | -12.1% | -1.2%  | -1.2%  | -1.1%  | -1.2%  | -1.2%  | -1.1%  | -1.2%  |        |
| Prezista/Prezista/Rezoluta/Symtuza              | -4.29%  | 0.00%   | 14.25%  | -12.2% | 3.3%   | 3.3%    | 0.0%   | -2.8%   | -3.8%  | 4.7%    | 7.1%   | 5.0%   | 1.0%   | -9.6%  | -1.2%  | -7.9%  | 2.2%   | 10.0%  | -6.7%  | -3.8%  | -1.2%  | -1.6%  | -1.2%  | -8.4%  | -1.2%  | -1.6%  | -1.2%  | -2.0%  | -1.2%  | -1.6%  | -1.2%  |        |
| COVID-19 vaccine                                | -       | -       | -       | 0.0%   | -49.1% | 429.2%  | -21.0% | -64.8%  | -40.0% | -100.0% | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Other Infectious Diseases                       | -6.90%  | -14.81% | 13.04%  | -19.6% | -23.9% | 11.3%   | -37.3% | -27.5%  | -25.5% | 62.5%   | -39.5% | -13.6% | -2.0%  | 4.0%   | -26.9% | -55.3% | 194.1% | -40.0% | -2.4%  | -9.5%  | -1.2%  | -1.6%  | -1.2%  | -1.0%  | -1.2%  | -1.6%  | -1.2%  | -2.0%  | -1.2%  | -1.6%  | -1.2%  |        |
| Neuroscience                                    | 4.01%   | -2.44%  | 6.19%   | -4.3%  | 9.2%   | -0.8%   | 7.7%   | -6.2%   | 6.3%   | 2.6%    | -0.8%  | -7.3%  | 5.2%   | 0.6%   | -1.3%  | 3.1%   | 4.5%   | -0.7%  | 2.5%   | -1.8%  | 2.2%   | 1.4%   | 2.2%   | -0.4%  | 2.3%   | 1.4%   | 2.2%   | -2.0%  | 2.3%   | 1.4%   | 2.2%   |        |
| Concerta/methylphenidate                        | 3.77%   | -21.82% | -23.26% | 43.5%  | -26.0% | 0.7%    | 57.1%  | -36.3%  | 8.4%   | 7.9%    | -9.4%  | 88.7%  | -8.3%  | -11.0% | -32.2% | -4.9%  | -15.7% | -27.1% | -9.4%  | 8.5%   | -1.2%  | -1.6%  | -1.2%  | -1.1%  | -1.2%  | -1.6%  | -1.2%  | -2.0%  | -1.2%  | -1.6%  | -1.2%  |        |
| Invenga Sustenna/Xepion/Invenga Trinza/Trevicta | 1.58%   | 1.56%   | 4.27%   | 2.4%   | 9.4%   | 0.1%    | 3.1%   | -1.0%   | 4.5%   | 9.1%    | 0.8%   | 5.1%   | 1.1%   | 1.3%   | 0.4%   | 4.2%   | 2.6%   | -0.5%  | 3.1%   | 4.2%   | 2.5%   | 1.6%   | 2.4%   | -1.5%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |        |
| Respectal/Consta                                | -2.63%  | -5.41%  | 8.57%   | -11.4% | 6.5%   | -1.0%   | 8.5%   | -100.0% | 0.0%   | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |        |
| Spravato  | -       | -       | -       | 0.0%   | 40.0%  | 9.1%    | 6.5%   | 12.4%   | 21.3%  | 18.9%   | 19.9%  | 5.8%   | 29.6%  | 5.1%   | 16.7%  | 6.2%   | 18.3%  | 7.5%   | 2.4%   | -0.4%  | 2.5%   | 1.6%   | 2.4%   | 3.2%   | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |        |
| Other Neuroscience                              | -2.67%  | -16.44% | 8.57%   | -60.9% | 29.6%  | -31.8%  | 48.8%  | 92.2%   | 8.1%   | 14.0%   | -13.9% | -7.9%  | 18.9%  | -5.8%  | -24.7% | -18.2% | -1.7%  | -19.3% | -1.1%  | -1.3%  | -1.2%  | -1.6%  | -1.2%  | -1.1%  | -1.2%  | -1.6%  | -1.2%  | -2.0%  | -1.2%  | -1.6%  | -1.2%  |        |
| Oncology  | 0.51%   | 7.28%   | 15.94%  | -6.2%  | 6.1%   | 4.4%    | 4.5%   | -0.7%   | 6.1%   | 7.9%    | 2.5%   | 1.7%   | 9.5%   | 7.2%   | 3.0%   | 4.3%   | 10.6%  | 6.8%   | 0.8%   | 3.5%   | 2.4%   | 1.8%   | 2.7%   | 3.7%   | 2.8%   | 2.9%   | 4.0%   | 2.1%   | 2.8%   | 2.9%   | 4.0%   |        |
| Darzalex  | 6.26%   | 18.90%  | 18.99%  | -0.1%  | 11.4%  | 9.2%    | 3.0%   | -10.0%  | 7.1%   | 7.5%    | 3.8%   | 4.6%   | 10.9%  | 3.6%   | 2.0%   | 4.9%   | 12.1%  | 2.6%   | 1.1%   | 4.4%   | 2.5%   | 1.8%   | 2.4%   | 4.0%   | 3.0%   | 3.0%   | 4.0%   | 1.4%   | 3.0%   | 3.0%   | 4.0%   |        |
| Eliquis   | 14.48%  | 13.71%  | 15.79%  | -12.2% | 13.9%  | 9.7%    | 12.2%  | 13.9%   | 9.7%   | 12.2%   | 13.9%  | 9.7%   | 12.2%  | 13.9%  | 9.7%   | 12.2%  | 13.9%  | 9.7%   | 12.2%  | 13.9%  | 9.7%   | 12.2%  | 13.9%  | 9.7%   | 12.2%  | 13.9%  | 9.7%   | 12.2%  | 13.9%  | 9.7%   | 12.2%  | 13.9%  |
| Imbruvica                                       | 3.47%   | 0.67%   | 9.33%   | -9.8%  | 2.3%   | -0.9%   | 5.5%   | -15.1%  | -5.7%  | 1.2%    | -6.9%  | -15.1% | -3.1%  | 7.7%   | -0.1%  | 3.9%   | -7.2%  | 5.2%   | -17.2% | 6.5%   | -0.8%  | -1.6%  | -0.8%  | 4.0%   | 2.0%   | 2.0%   | 4.0%   | 4.0%   | 2.0%   | 2.0%   | 4.0%   |        |
| Zygitab/abiraterone acetate                     | -37.41% | -33.33% | 53.45%  | -43.8% | -58.0% | 19.5%   | -0.0%  | -16.6%  | -0.3%  | -15.8%  | 25.0%  | -19.5% | -44.1% | 73.3%  | -39.7% | -4.3%  | 24.4%  | -55.4% | 0.3%   | -12.6% | -1.2%  | -1.6%  | -1.2%  | -1.1%  | -1.2%  | -1.6%  | -1.2%  | -2.0%  | -1.2%  | -1.6%  | -1.2%  |        |
| Carvykti  | -       | -       | -       | 0.0%   | 0.0%   | 0.0%    | 0.0%   | 0.0%    | 0.0%   | 129.2%  | -1.8%  | 29.8%  | 62.9%  | 22.6%  | 3.9%   | -3.3%  | 19.2%  | 54.3%  | 9.4%   | 13.4%  | 2.5%   | 1.6%   | 2.4%   | 14.6%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |        |
| Tecovyli  | -       | -       | -       | 0.0%   | 0.0%   | 0.0%    | 0.0%   | 0.0%    | 0.0%   | 0.0%    | 0.0%   | 0.0%   | 43.9%  | 13.4%  | 9.7%   | -1.3%  | 3.3%   | 1.0%   | 4.8%   | 4.6%   | 4.4%   | 6.3%   | 7.8%   | 9.5%   | 4.4%   | 6.3%   | 7.8%   | -2.0%  | 4.5%   | 6.3%   | 7.8%   |        |
| Other Oncology                                  | -13.64% | 15.79%  | -9.99%  | -5.0%  | 10.7%  | 37.0%   | 5.9%   | 0.3%    | -2.9%  | 12.1%   | 40.5%  | -32.7% | 14.3%  | 25.0%  | 80.0%  | 31.9%  | 24.7%  | 13.5%  | 5.0%   | 15.2%  | 2.5%   | 1.6%   | 2.4%   | 1.2%   | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |        |
| Pulmonary Hypertension                          | 12.14%  | 6.01%   | 2.45%   | -2.6%  | 3.1%   | -2.4%   | -3.8%  | -2.6%   | -2.1%  | 7.9%    | 1.0%   | 13.0%  | -0.6%  | 2.5%   | 2.0%   | 2.0%   | 2.0%   | 2.5%   | 1.6%   | 2.4%   | 1.6%   | 2.4%   | 1.6%   | 2.4%   | 1.6%   | 2.4%   | 1.6%   | 2.4%   | 1.6%   | 2.4%   | 1.6%   | 2.4%   |
| Opsumit   | -7.46%  | -4.69%  | 14.34%  | -2.5%  | 6.6%   | 3.0%    | -4.4%  | -4.4%   | -2.9%  | 4.5%    | 1.7%   | -10.5% | 20.1%  | 1.4%   | 13.8%  | -3.3%  | 5.0%   | 8.7%   | 13.3%  | 2.0%   | 2.5%   | 1.6%   | 2.4%   | -1.4%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |        |
| Uptravi   | 19.81%  | -11.02% | 16.37%  | -1.4%  | 3.5%   | -1.3%   | -0.4%  | 2.0%    | 1.1%   | 3.9%    | -0.8%  | 8.5%   | 11.2%  | -0.5%  | 3.5%   | 12.7%  | -10.9% | 8.5%   | 2.3%   | 7.1%   | 2.5%   | 1.6%   | 2.4%   | -6.5%  | -0.8%  | -1.6%  | -0.8%  | -2.0%  | -0.8%  | -1.6%  | -0.8%  |        |
| Other   | -22.22% | 14.29%  | 25.00%  | -16.0% | -14.3% | 30.0%   | -19.1% | -21.1%  | -23.3% | 43.5%   | -24.2% | -6.4%  | -23.1% | 11.7%  | -11.4% | 0.0%   | 14.6%  | 56.9%  | 7.0%   | -2.4%  | 2.5%   | 1.6%   | 2.4%   | -1.5%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |        |
| Cardiovascular/Metabolism/Retina                | 3.97%   | 11.10%  | 0.43%   | -14.5% | -2.4%  | 2.6%    | 1.5%   | -17.3%  | 12.6%  | 10.6%   | -7.2%  | -7.9%  | 8.4%   | -1.6%  | -14.6% | -3.1%  | 13.5%  | -0.5%  | -17.8% | 18.4%  | -0.8%  | -1.6%  | -0.8%  | 0.3%   | -0.8%  | -1.6%  | -0.8%  | -2.0%  | -0.8%  | -1.6%  | -0.8%  |        |
| Xarelto   | 6.07%   | 12.70%  | 0.16%   | -6.3%  | -3.5%  | 11.8%   | 1.2%   | -21.1%  | 19.9%  | 13.2%   | -3.2%  | -13.3% | 10.2%  | -1.9%  | -16.0% | -1.4%  | 13.5%  | 0.8%   | -17.8% | 18.4%  | -0.8%  | -1.6%  | -0.8%  | 0.7%   | -0.8%  | -1.6%  | -0.8%  | -2.0%  | -0.8%  | -1.6%  | -0.8%  |        |
| Invokana/Invokamet                              | 11.26%  | 1.42%   | 30.9%   | -4.3%  | 1.9%   | 30.9%   | 0.0%   | -10.0%  | 1.9%   | 30.9%   | 0.0%   | 1.3%   | 9.4%   | 9.4%   | 0.0%   | -10.0% | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |        |
| Pfizer/Eliquis                                  | -7.89%  | -1.43%  | -10.14% | 0.4%   | -5.5%  | -20.0%  | 16.4%  | -100.0% | 0.0%   | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |        |
| Other   | -10.47% | -1.30%  | 11.84%  | -29.1% | -5.8%  | -10.1%  | 7.3%   | 9.0%    | -10.7% | 5.7%    | -17.7% | 69.7%  | 0.9%   | 0.1%   | -8.3%  | -10.4% | 13.7%  | -6.5%  | -17.9% | 18.5%  | -0.8%  | -1.6%  | -0.8%  | -1.9%  | -0.8%  | -1.6%  | -0.8%  | -2.0%  | -0.8%  | -1.6%  | -0.8%  |        |
| TOTAL U.S. INNOVATIVE MEDICINE                  | 0.97%   | 5.20%   | 10.55%  | -9.4%  | 6.6%   | 5.1%    | 2.7%   | -10.6%  | 7.9%   | 3.9%    | -0.8%  | -4.8%  | 11.3%  | 5.5%   | -2.1%  | -5.8%  | 11.8%  | 4.2%   | -4.9%  | 4.2%   | -0.6%  | -1.1%  | 0.8%   | -4.7%  | 0.5%   | 0.2%   | 1.6%   | -0.3%  | 0.9%   | 0.6%   | 1.9%   |        |
| International Innovative Medicine               |         |         |         |        |        |         |        |         |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Immunology                                      | -5.46%  | 5.94%   | 2.52%   | 18.0%  | -1.2%  | -0.2%   | -2.5%  | 12.0%   | -3.5%  | 9.5%    | -7.0%  | 26.8%  | -1.9%  | 1.5%   | -5.7%  | 14.8%  | -2.8%  | -11.0% | -2.4%  | -0.1%  | -1.0%  | -2.3%  | -1.3%  | -3.8%  | -0.8%  | -2.1%  | -1.0%  | -2.0%  | -0.7%  | -1.9%  | -0.2%  |        |
| Remicade  | -18.75% | 0.48%   | 5.26%   | 5.5%   | 9.9%   | 8.3%    | 8.4%   | 5.1%    | -6.0%  | -20.2%  | -31.3% | 46.5%  | -10.8% | -16.1% | -21.6% | 41.0%  | -9.7%  | -11.8% | -6.0%  | -15.3% | -1.2%  | -1.6%  | -1.2%  | 2.5%   | -1.2%  | 1.6%   | -1.2%  | 2.5%   | -1.2%  | 1.6%   | -1.2%  |        |
| Simponi/Simponi Aria                            | 12.02%  | -3.11%  | -6.79%  | 17.6%  | -4.2%  | -6.2%   | -1.7%  | 4.4%    | -6.2%  | -6.7%   | -11.1% | 20.8%  | -8.4%  | 31.0%  | -23.6% | 22.7%  | -9.8%  | -19.3% | -8.0%  | 16.5%  | -2.3%  | -2.4%  | -4.0%  | -2.5%  | -2.3%  | -2.4%  | -4.0%  | -2.0%  | -2.3%  | -2.4%  | -4.0%  |        |
| Stelara   | -7.46%  | 13.62%  | 5.99%   | 21.6%  | -4.8%  | 4.0%    | -2.1%  | 14.8%   | -4.5%  | -8.5%   | -3.7%  | 29.9%  | -1.3%  | -3.0%  | 1.6%   | 9.1%   | -2.4%  | -12.0% | -2.6%  | -2.4%  | -1.9%  | -3.9%  | -2.0%  | -7.9%  | -1.9%  | -3.9%  | -2.0%  | -2.0%  | -1.9%  | -3.9%  | -2.0%  |        |
| Tremfya   | -7.34%  | 3.96%   | 0.00%   | 36.2%  | 8.4%   | 3.8%    | 2.7%   | 20.6%   | 7.5%   | -6.5%   | 5.6%   | 10.8%  | 9.0%   | 1.2%   | -2.6%  | 18.8%  | 5.9%   | 12.2%  | 4.2%   | 0.6%   | 2.5%   | 1.6%   | 2.4%   | 3.2%   | 2.5%   | 1.6%   | 2.4%   | 2.0%   | 2.5%   | 1.6%   | 2.4%   |        |
| Other Immunology                                | -15.00% | -40.00% | 50.00%  | -31.3% | -30.3% | -40.00% | 0.0%   | 0.0%    | 0.0%   | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |        |
| Infectious Diseases                             | -15.00% | -40.00% | 50.00%  | -31.3% | -30.3% | -40.00% | 0.0%   | 0.0%    | 0.0%   | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |        |
| Enbrel/Enbrel                                   | -16.04% | -8.13%  | 4.42%   | -1.4%  | 8.8%   | -2.5%   | -10.9% | 8.6%    | -10.0% | 10.1%   | 18.8%  | -3.    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |

| \$ in millions                                | Dec-20 | Dec-21 | Dec-22  | Dec-23  | Dec-24  | Dec-25 | Dec-26 | Dec-27 | Dec-28 | Dec-29 | Dec-30 | Dec-31 | Dec-32 | Dec-33 |
|---|--------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fiscal Years Ending Dec. 31                   | 2020   | 2021   | 2022    | 2023    | 2024E   | 2025E  | 2026E  | 2027E  | 2028E  | 2029E  | 2030E  | 2031E  | 2032E  | 2033E  |
| <b>U.S. Innovative Medicine</b>               |        |        |         |         |         |        |        |        |        |        |        |        |        |        |
| Immunology                                    | -      | 6.6%   | 1.8%    | 4.6%    | -2.8%   | -5.5%  | -24.8% | -7.8%  | -5.9%  | -4.3%  | -2.8%  | -1.5%  | -0.5%  | 0.4%   |
| Remicade                                      | -      | -20.9% | -28.1%  | -20.4%  | -10.3%  | -1.3%  | -10.0% | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  |
| Simponi/Simponi Aria                          | -      | -2.4%  | 3.5%    | -3.6%   | -2.7%   | -9.3%  | -18.0% | -12.7% | -12.7% | -12.7% | -12.7% | -12.7% | -12.7% | -12.7% |
| Stelara                                       | -      | 13.3%  | 7.6%    | 9.1%    | -7.9%   | -16.1% | -55.1% | -25.7% | -25.7% | -25.7% | -25.7% | -25.7% | -25.7% | -25.7% |
| Tremfya                                       | -      | 62.1%  | 22.7%   | 16.4%   | 18.6%   | 20.8%  | 20.3%  | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Other Immunology                              | -      | 0.0%   | -15.1%  | -35.8%  | -64.3%  | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Infectious Diseases                           | -      | 4.4%   | 1.5%    | 14.5%   | -35.2%  | 0.3%   | -0.7%  | -3.5%  | -3.5%  | -3.5%  | -3.5%  | -3.5%  | -3.5%  | -3.5%  |
| Edurant/ilipivirine                           | -      | -1.7%  | -2.4%   | 2.2%    | -26.6%  | -6.0%  | -5.2%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  |
| Prezista/Prezcobiv/Rezolsta/Symtuza           | -      | -1.0%  | -0.7%   | 0.1%    | -15.4%  | 0.4%   | -0.5%  | -3.4%  | -3.4%  | -3.4%  | -3.4%  | -3.4%  | -3.4%  | -3.4%  |
| COVID-19 vaccine                              | -      | 100.0% | 50.9%   | 178.4%  | -100.0% | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Other Infectious Diseases                     | -      | -7.7%  | -11.5%  | -6.2%   | -84.3%  | 7.5%   | -17.5% | -3.8%  | -3.8%  | -3.8%  | -3.8%  | -3.8%  | -3.8%  | -3.8%  |
| Neuroscience                                  | -      | 8.3%   | 6.6%    | 13.9%   | 7.5%    | 3.7%   | 5.5%   | 3.9%   | 4.0%   | 4.0%   | 4.1%   | 4.1%   | 4.1%   | 4.2%   |
| Concerta/methylphenidate                      | -      | -6.5%  | -12.1%  | 52.3%   | -46.8%  | -21.4% | -5.0%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  |
| Invega Sustenna/Xeplon/Invega Trinza/Trevicta | -      | 10.2%  | 6.4%    | 6.7%    | 8.2%    | 3.3%   | 5.0%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Risperdal Consta                              | -      | -3.0%  | -100.0% | 0.0%    | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Spravato                                      | -      | 0.0%   | 77.2%   | 79.6%   | 54.2%   | 12.7%  | 10.0%  | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Other Neuroscience                            | -      | -48.3% | 146.0%  | -7.2%   | -40.9%  | -14.7% | -5.0%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  |
| Oncology                                      | -      | 17.0%  | 16.3%   | 22.1%   | 13.9%   | 12.3%  | 12.3%  | 11.1%  | 11.0%  | 11.1%  | 11.0%  | 10.9%  | 10.9%  | 10.9%  |
| Darzalex                                      | -      | 42.0%  | 32.9%   | 25.3%   | 23.0%   | 13.1%  | 12.5%  | 14.7%  | 14.7%  | 14.3%  | 14.0%  | 13.7%  | 13.2%  | 13.0%  |
| Erleada                                       | -      | 39.5%  | 19.0%   | 10.1%   | 22.4%   | 6.8%   | 10.0%  | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Imbruvica                                     | -      | -4.1%  | -20.4%  | -24.4%  | -6.3%   | -8.7%  | 6.0%   | 12.5%  | 12.5%  | 12.5%  | 12.5%  | 12.5%  | 12.5%  | 12.5%  |
| Zytiga/abiraterone acetate                    | -      | -55.4% | 9.4%    | 13.4%   | 2.5%    | 1.6%   | 2.4%   | 14.6%  | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   |
| Carvykti                                      | -      | 54.3%  | 4.8%    | 4.6%    | 4.4%    | 6.3%   | 7.8%   | 9.5%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   |
| Tecvayli                                      | -      | 1.0%   | 5.0%    | 15.2%   | 2.5%    | 1.6%   | 2.4%   | 3.2%   | 2.8%   | 3.0%   | 2.9%   | 2.9%   | 2.9%   | 2.9%   |
| Other Oncology                                | -      | 0.0%   | 0.0%    | 0.0%    | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Pulmonary Hypertension                        | -      | 10.9%  | -0.8%   | 14.9%   | 17.1%   | 13.5%  | -7.0%  | -4.7%  | -4.6%  | -4.6%  | -4.5%  | -4.5%  | -4.4%  | -4.4%  |
| Opsumit                                       | -      | 13.7%  | -1.3%   | 14.2%   | 19.7%   | 12.1%  | -10.0% | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  |
| Uptravi                                       | -      | 10.6%  | 4.5%    | 20.1%   | 13.8%   | 13.7%  | -5.0%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  |
| Other   | -      | -4.1%  | -31.9%  | -28.6%  | 31.7%   | 32.2%  | 5.0%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Cardiovascular/Metabolism/Retina              | -      | -9.1%  | -4.7%   | -4.5%   | -7.7%   | 3.8%   | -2.5%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  |
| Xarelto                                       | -      | 4.0%   | 1.4%    | -4.4%   | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Invokana/Invokamet                            | -      | -45.3% | -37.4%  | -100.0% | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Procrit/Epex                                  | -      | -19.6% | -100.0% | 0.0%    | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Other   | -      | -31.3% | 68.8%   | 43.9%   | -14.3%  | 0.0%   | -5.0%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  | -5.1%  |
| TOTAL U.S. INNOVATIVE MEDICINE                | -      | 6.9%   | 4.5%    | 10.5%   | 5.2%    | 4.6%   | -3.5%  | 2.7%   | 3.3%   | 4.2%   | 4.9%   | 5.6%   | 6.0%   | 6.5%   |
| <b>International Innovative Medicine</b>      |        |        |         |         |         |        |        |        |        |        |        |        |        |        |
| Immunology                                    | -      | 21.0%  | -0.1%   | 10.4%   | 1.4%    | -10.3% | -7.8%  | -5.6%  | -5.1%  | -4.7%  | -4.2%  | -3.8%  | -3.3%  | -2.8%  |
| Remicade                                      | -      | 4.7%   | -22.8%  | -23.9%  | -12.1%  | -29.1% | -2.0%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  |
| Simponi/Simponi Aria                          | -      | 5.5%   | -11.4%  | 5.5%    | -8.0%   | -9.1%  | -10.7% | -10.3% | -10.3% | -10.3% | -10.3% | -10.3% | -10.3% | -10.3% |
| Stelara                                       | -      | 29.6%  | 4.4%    | 16.7%   | -0.5%   | -14.4% | -15.0% | -9.5%  | -9.5%  | -9.5%  | -9.5%  | -9.5%  | -9.5%  | -9.5%  |
| Tremfya                                       | -      | 48.6%  | 32.1%   | 21.2%   | 26.2%   | 8.5%   | 10.0%  | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Other Immunology                              | -      | -72.9% | 0.0%    | 0.0%    | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Infectious Diseases                           | -      | 96.4%  | 4.3%    | -22.6%  | -29.8%  | -9.6%  | -6.2%  | -3.4%  | -3.3%  | -3.0%  | -2.8%  | -2.6%  | -2.4%  | -2.1%  |
| Edurant/ilipivirine                           | -      | 3.6%   | 2.0%    | 14.7%   | 10.1%   | 2.9%   | -9.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  |
| Prezista/Prezcobiv/Rezolsta/Symtuza           | -      | -3.7%  | -21.9%  | -9.1%   | 0.6%    | -6.9%  | 5.0%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| COVID-19 vaccine                              | -      | 100.0% | 17.6%   | -45.8%  | -82.1%  | -98.0% | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Other Infectious Diseases                     | -      | 3.4%   | -13.2%  | -3.7%   | -24.1%  | -3.8%  | -5.0%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  |
| Neuroscience                                  | -      | 6.0%   | -9.3%   | -7.4%   | -9.7%   | 2.7%   | 4.9%   | 1.6%   | 1.7%   | 1.7%   | 1.7%   | 1.8%   | 1.8%   | 1.8%   |
| Concerta/methylphenidate                      | -      | 12.8%  | -0.4%   | 12.3%   | -9.4%   | -0.3%  | 6.0%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Invega Sustenna/Xeplon/Invega Trinza/Trevicta | -      | 10.0%  | -3.1%   | -14.6%  | -8.6%   | 4.2%   | 6.0%   | -0.4%  | -0.4%  | -0.4%  | -0.4%  | -0.4%  | -0.4%  | -0.4%  |
| Risperdal Consta                              | -      | -11.7% | -100.0% | 0.0%    | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Spravato                                      | -      | 0.0%   | -59.1%  | 117.4%  | 64.2%   | 12.6%  | 16.9%  | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Other Neuroscience                            | -      | -4.2%  | 6.2%    | -11.3%  | -17.1%  | 0.9%   | 1.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   |
| Oncology                                      | -      | 18.1%  | 5.4%    | 1.6%    | 9.1%    | 10.5%  | 7.9%   | 3.7%   | 4.3%   | 4.2%   | 3.6%   | 3.6%   | 3.6%   | 3.6%   |
| Darzalex                                      | -      | 45.8%  | 32.0%   | 18.6%   | 15.2%   | 13.0%  | 10.0%  | 4.5%   | 4.5%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   |
| Erleada                                       | -      | 171.6% | 90.9%   | 44.8%   | 32.1%   | 18.4%  | 15.0%  | 4.5%   | 4.5%   | 4.5%   | 4.0%   | 4.0%   | 4.0%   | 4.0%   |
| Imbruvica                                     | -      | 13.7%  | -8.7%   | -7.5%   | -8.7%   | -4.3%  | -2.5%  | -4.3%  | -4.3%  | -4.3%  | -5.0%  | -4.7%  | -4.8%  | -4.7%  |
| Velcade                                       | -      | -30.0% | -100.0% | 0.0%    | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Zytiga/abiraterone acetate                    | -      | 3.9%   | -22.1%  | -50.7%  | -28.6%  | -20.0% | -22.0% | -16.5% | -16.5% | -16.5% | -18.0% | -18.0% | -18.0% | -18.0% |
| Carvykti                                      | -      | 0.0%   | 0.0%    | 0.0%    | 211.1%  | 67.4%  | 27.9%  | 4.5%   | 4.5%   | 4.5%   | 5.0%   | 4.7%   | 4.9%   | 4.8%   |
| Tecvayli                                      | -      | 0.0%   | 0.0%    | 0.0%    | 109.3%  | 140.6% | 30.9%  | 42.1%  | 40.0%  | 25.0%  | 17.5%  | 13.5%  | 12.0%  | 10.0%  |
| Other Oncology                                | -      | -47.6% | 64.0%   | -4.8%   | 12.1%   | 10.3%  | 1.0%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   | 4.5%   |
| Pulmonary Hypertension                        | -      | 6.9%   | -1.3%   | 4.4%    | 4.0%    | 5.8%   | -3.1%  | 5.7%   | 4.8%   | 4.6%   | 4.0%   | 3.0%   | 2.3%   | 2.6%   |
| Opsumit                                       | -      | 6.5%   | -3.1%   | 4.6%    | -0.6%   | 1.5%   | -15.0% | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  | -5.8%  |
| Uptravi                                       | -      | 31.3%  | 20.3%   | 17.0%   | 23.9%   | 19.1%  | 15.0%  | 19.3%  | 15.0%  | 12.5%  | 10.0%  | 7.0%   | 5.0%   | 5.0%   |
| Other   | -      | -5.7%  | -12.8%  | -10.0%  | -6.9%   | -2.1%  | 5.0%   | 10.5%  | 7.8%   | 7.8%   | 7.8%   | 7.8%   | 7.8%   | 7.8%   |
| Cardiovascular/Metabolism/Retina              | -      | -7.4%  | -33.4%  | -9.4%   | -5.7%   | 0.9%   | 5.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   |
| Xarelto                                       | -      | 0.0%   | 0.0%    | 0.0%    | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Invokana/Invokamet                            | -      | 10.0%  | 0.4%    | -100.0% | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Procrit/Epex                                  | -      | -6.5%  | -100.0% | 0.0%    | 0.0%    | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
| Other   | -      | -12.4% | -22.2%  | 29.7%   | -5.7%   | 0.9%   | 5.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   | 2.0%   |
| TOTAL INTERNATIONAL INNOVATIVE MEDICINE       | -      | 21.6%  | -0.7%   | -1.5%   | -1.0%   | 1.4%   | 1.9%   | 0.9%   | 1.4%   | 1.6%   | 1.5%   | 1.6%   | 1.8%   | 2.0%   |
| TOTAL INNOVATIVE REVENUE                      | -      | 13.3%  | 2.1%    | 5.0%    | 2.6%    | 3.3%   | -1.3%  | 1.9%   | 2.5%   | 3.1%   | 3.5%   | 4.0%   | 4.4%   | 4.8%   |

| \$ in millions<br>Fiscal Years Ending Dec. 31 | Mar-20<br>1Q | Jun-20<br>2Q | Sep-20<br>3Q | Dec-20<br>4Q | Mar-21<br>1Q | Jun-21<br>2Q | Sep-21<br>3Q | Dec-21<br>4Q | Mar-22<br>1Q | Jun-22<br>2Q | Sep-22<br>3Q | Dec-22<br>4Q | Mar-23<br>1Q | Jun-23<br>2Q | Sep-23<br>3Q | Dec-23<br>4Q | Mar-24<br>1Q | Jun-24<br>2Q | Sep-24<br>3Q | Dec-24<br>4Q | Mar-25<br>Q1E | Jun-25<br>Q2E | Sep-25<br>Q3E | Dec-25<br>Q4E | Mar-26<br>Q1E | Jun-26<br>Q2E | Sep-26<br>Q3E | Dec-26<br>Q4E | Mar-27<br>Q1E | Jun-27<br>Q2E | Sep-27<br>Q3E | Dec-27<br>Q4E |     |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----|
| <b>U.S. MedTech</b>                           |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |               |               |               |               |               |               |               |               |               |               |               |               |     |
| Cardiovascular                                | 365          | 255          | 399          | 433          | 434          | 475          | 444          | 483          | 494          | 525          | 547          | 603          | 863          | 908          | 891          | 971          | 1,025        | 1,119        | 1,146        | 1,199        | 1,210         | 1,226         | 1,238         | 1,254         | 1,310         | 1,356         | 1,399         | 1,446         | 1,515         | 1,570         | 1,620         | 1,675         |     |
| Electrophysiology                             | -            | -            | -            | -            | -            | -            | -            | -            | 470          | 499          | 520          | 547          | 571          | 609          | 611          | 667          | 692          | 705          | 660          | 677          | 683           | 686           | 689           | 691           | 752           | 782           | 813           | 846           | 919           | 956           | 994           | 1,034         |     |
| Abdominal                                     | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 31           | 264          | 272          | 254          | 276          | 303          | 309          | 293          | 302           | 297           | 304           | 309           | 317           | 315           | 324           | 331           | 339           | 337           | 347           | 354           | 362 |
| Shockwave                                     | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 77           | 163          | 187          | 200          | 205           | 208           | 213           | 215           | 210           | 216           | 221           | 225           | 222           | 229           | 234           | 239           |     |
| Other Cardiovascular                          | -            | -            | -            | -            | -            | -            | -            | -            | 24           | 26           | 27           | 75           | 28           | 27           | 26           | 29           | 30           | 29           | 30           | 31           | 32            | 31            | 31            | 34            | 35            | 36            | 37            | 38            | 39            | 40            |               |               |     |
| Orthopaedics                                  | 1,250        | 869          | 1,308        | 1,352        | 1,249        | 1,323        | 1,249        | 1,305        | 1,289        | 1,338        | 1,309        | 1,385        | 1,363        | 1,388        | 1,349        | 1,425        | 1,448        | 1,422        | 1,359        | 1,390        | 1,390         | 1,419         | 1,439         | 1,467         | 1,431         | 1,466         | 1,491         | 1,521         | 1,491         | 1,530         | 1,558         | 1,591         |     |
| Hips  | 206          | 137          | 221          | 229          | 210          | 234          | 210          | 229          | 225          | 240          | 228          | 250          | 241          | 250          | 239          | 268          | 270          | 265          | 250          | 257          | 270           | 271           | 272           | 274           | 278           | 280           | 281           | 282           | 276           | 279           | 282           | 284           |     |
| Knees   | 214          | 108          | 205          | 216          | 185          | 210          | 184          | 208          | 201          | 216          | 203          | 231          | 226          | 221          | 207          | 242          | 242          | 230          | 212          | 219          | 220           | 225           | 229           | 234           | 224           | 231           | 236           | 241           | 236           | 244           | 248           | 254           |     |
| Trauma  | 407          | 354          | 433          | 454          | 450          | 447          | 455          | 467          | 475          | 464          | 473          | 470          | 491          | 483          | 488          | 487          | 504          | 498          | 497          | 510          | 501           | 514           | 522           | 534           | 521           | 537           | 547           | 561           | 549           | 566           | 577           | 593           |     |
| Spine & Other                                 | 423          | 270          | 449          | 453          | 403          | 433          | 400          | 403          | 387          | 418          | 406          | 434          | 406          | 433          | 415          | 420          | 432          | 430          | 400          | 405          | 399           | 409           | 415           | 425           | 407           | 419           | 427           | 438           | 429           | 442           | 451           | 463           |     |
| Surgery                                       | 844          | 490          | 913          | 1,002        | 898          | 1,035        | 948          | 986          | 921          | 992          | 984          | 1,000        | 975          | 1,015        | 994          | 1,047        | 987          | 995          | 983          | 1,003        | 972           | 996           | 1,012         | 1,036         | 1,025         | 1,066         | 1,088         | 1,120         | 1,098         | 1,142         | 1,165         | 1,200         |     |
| Advanced                                      | 381          | 277          | 421          | 456          | 405          | 459          | 440          | 457          | 417          | 454          | 457          | 456          | 444          | 466          | 455          | 468          | 446          | 466          | 448          | 462          | 459           | 450           | 457           | 465           | 461           | 479           | 489           | 503           | 493           | 513           | 523           | 530           |     |
| General                                       | 463          | 213          | 492          | 546          | 493          | 576          | 508          | 528          | 504          | 538          | 527          | 544          | 531          | 548          | 540          | 579          | 542          | 528          | 535          | 541          | 533           | 546           | 555           | 568           | 565           | 587           | 599           | 617           | 604           | 629           | 641           | 660           |     |
| Vision  | 439          | 248          | 472          | 397          | 472          | 467          | 475          | 442          | 521          | 496          | 517          | 456          | 558          | 529          | 511          | 487          | 547          | 523          | 549          | 570          | 557           | 571           | 580           | 594           | 583           | 587           | 607           | 621           | 609           | 624           | 634           | 649           |     |
| Contact Lenses/Other                          | 346          | 203          | 375          | 289          | 371          | 352          | 359          | 316          | 400          | 374          | 405          | 343          | 444          | 409          | 399          | 374          | 438          | 409          | 441          | 448          | 448           | 459           | 467           | 478           | 471           | 482           | 490           | 502           | 492           | 504           | 512           | 524           |     |
| Surgical                                      | 93           | 45           | 97           | 108          | 103          | 115          | 117          | 126          | 121          | 122          | 112          | 113          | 114          | 120          | 112          | 114          | 110          | 113          | 108          | 123          | 109           | 112           | 113           | 116           | 112           | 115           | 117           | 120           | 117           | 120           | 122           | 125           |     |
| <b>TOTAL U.S. MEDTECH</b>                     | <b>2,898</b> | <b>1,862</b> | <b>3,092</b> | <b>3,184</b> | <b>3,054</b> | <b>3,299</b> | <b>3,117</b> | <b>3,216</b> | <b>3,225</b> | <b>3,351</b> | <b>3,356</b> | <b>3,445</b> | <b>3,759</b> | <b>3,839</b> | <b>3,747</b> | <b>3,930</b> | <b>4,008</b> | <b>4,059</b> | <b>4,038</b> | <b>4,163</b> | <b>4,129</b>  | <b>4,212</b>  | <b>4,268</b>  | <b>4,351</b>  | <b>4,348</b>  | <b>4,486</b>  | <b>4,585</b>  | <b>4,709</b>  | <b>4,713</b>  | <b>4,866</b>  | <b>4,977</b>  | <b>5,115</b>  |     |
| Q/Q Chg.                                      | -            | -35.7%       | 66.1%        | 3.0%         | -4.1%        | 8.0%         | -5.5%        | 3.2%         | 0.3%         | 3.9%         | 0.2%         | 2.6%         | 9.1%         | 2.1%         | -2.4%        | 4.9%         | 2.0%         | 1.3%         | -0.5%        | 3.1%         | -0.8%         | 2.0%          | 1.3%          | 1.9%          | -0.1%         | 3.2%          | 2.2%          | 2.7%          | 0.1%          | 3.2%          | 2.3%          | 2.8%          |     |
| Y/Y Chg.                                      | -            | -            | -            | -            | 5.4%         | 77.2%        | 0.8%         | 1.0%         | 5.6%         | 1.6%         | 7.7%         | 7.1%         | 16.6%        | 14.6%        | 11.6%        | 14.1%        | 6.6%         | 5.7%         | 7.8%         | 5.9%         | 3.0%          | 3.8%          | 5.7%          | 4.5%          | 5.3%          | 6.5%          | 7.4%          | 8.2%          | 8.4%          | 8.5%          | 8.5%          | 8.6%          |     |
| <b>International MedTech</b>                  |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |               |               |               |               |               |               |               |               |               |               |               |               |     |
| Cardiovascular                                | 362          | 335          | 437          | 460          | 514          | 572          | 513          | 536          | 597          | 525          | 513          | 495          | 640          | 712          | 667          | 698          | 781          | 753          | 819          | 882          | 840           | 847           | 853           | 861           | 890           | 923           | 956           | 990           | 1,025         | 1,063         | 1,101         | 1,141         |     |
| Electrophysiology                             | -            | -            | -            | -            | -            | -            | -            | -            | 532          | 469          | 453          | 447          | 522          | 587          | 549          | 572          | 652          | 618          | 619          | 657          | 634           | 636           | 639           | 641           | 672           | 698           | 726           | 755           | 791           | 823           | 855           | 894           |     |
| Abdominal                                     | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 60           | 59           | 57           | 64           | 67           | 72           | 68           | 75           | 68            | 69            | 71            | 72            | 71            | 73            | 75            | 77            | 75            | 78            | 79            | 81            |     |
| Shockwave                                     | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 66           | 78           | 70            | 71            | 73            | 74            | 73            | 75            | 77            | 79            | 78            | 80            | 81            | 83            |     |
| Other Cardiovascular                          | -            | -            | -            | -            | -            | -            | -            | -            | 65           | 56           | 60           | 46           | 58           | 67           | 61           | 61           | 62           | 64           | 66           | 72           | 68            | 70            | 71            | 73            | 74            | 76            | 78            | 80            | 81            | 83            | 85            | 87            |     |
| Orthopaedics                                  | 788          | 582          | 774          | 839          | 863          | 904          | 843          | 851          | 899          | 820          | 785          | 763          | 881          | 878          | 815          | 842          | 892          | 890          | 832          | 861          | 844           | 862           | 874           | 892           | 883           | 911           | 932           | 957           | 938           | 967           | 990           | 1,016         |     |
| Hips  | 132          | 88           | 124          | 143          | 146          | 159          | 146          | 151          | 164          | 148          | 124          | 135          | 149          | 147          | 136          | 132          | 152          | 152          | 131          | 134          | 138           | 139           | 139           | 140           | 133           | 139           | 144           | 150           | 147           | 153           | 159           | 165           |     |
| Knees   | 130          | 66           | 102          | 125          | 132          | 140          | 131          | 135          | 138          | 133          | 115          | 122          | 142          | 142          | 131          | 144          | 160          | 163          | 140          | 146          | 148           | 152           | 154           | 155           | 160           | 165           | 169           | 173           | 169           | 174           | 178           | 182           |     |
| Trauma  | 247          | 198          | 253          | 268          | 282          | 263          | 260          | 261          | 273          | 232          | 244          | 240          | 267          | 255          | 253          | 255          | 261          | 260          | 265          | 275          | 265           | 271           | 276           | 282           | 279           | 288           | 293           | 300           | 294           | 303           | 309           | 317           |     |
| Spine & Other                                 | 279          | 230          | 295          | 299          | 303          | 343          | 306          | 304          | 324          | 306          | 303          | 265          | 323          | 334          | 295          | 311          | 320          | 314          | 296          | 306          | 293           | 300           | 305           | 312           | 310           | 320           | 326           | 334           | 327           | 337           | 344           | 352           |     |
| Surgery                                       | 1,257        | 1,060        | 1,239        | 1,427        | 1,474        | 1,487        | 1,457        | 1,527        | 1,513        | 1,458        | 1,439        | 1,384        | 1,459        | 1,580        | 1,483        | 1,484        | 1,429        | 1,493        | 1,451        | 1,538        | 1,413         | 1,448         | 1,471         | 1,506         | 1,466         | 1,503         | 1,527         | 1,563         | 1,532         | 1,570         | 1,595         | 1,633         |     |
| Advanced                                      | 567          | 498          | 579          | 660          | 713          | 708          | 705          | 735          | 729          | 702          | 701          | 653          | 673          | 757          | 709          | 698          | 641          | 675          | 661          | 735          | 630           | 646           | 656           | 672           | 642           | 658           | 669           | 685           | 671           | 688           | 699           | 716           |     |
| General                                       | 690          | 562          | 660          | 767          | 761          | 779          | 752          | 793          | 784          | 756          | 737          | 731          | 785          | 823          | 775          | 785          | 788          | 818          | 791          | 803          | 782           | 802           | 815           | 834           | 824           | 844           | 858           | 878           | 861           | 882           | 896           | 918           |     |
| Vision  | 627          | 447          | 608          | 679          | 673          | 716          | 714          | 729          | 737          | 745          | 689          | 689          | 743          | 778          | 744          | 720          | 710          | 763          | 752          | 813          | 737           | 755           | 767           | 786           | 758           | 777           | 790           | 809           | 792           | 812           | 825           | 845           |     |
| Contact Lenses/Other                          | 467          | 352          | 455          | 307          | 486          | 517          | 522          | 518          | 511          | 519          | 503          | 489          | 509          | 530          | 529          | 508          | 472          | 509          | 527          | 572          | 510           | 523           | 531           | 544           | 520           | 533           | 542           | 555           | 544           | 557           | 566           | 579           |     |
| Surgical                                      | 160          | 95           | 153          | 172          | 187          | 199          | 191          | 211          | 226          | 225          | 186          | 200          | 233          | 249          | 216          | 212          | 238          | 254          | 225          | 241          | 227           | 232           | 236           | 242           | 238           | 244           | 248           | 254           | 249           | 255           | 259           | 265           |     |
| <b>TOTAL INTERNATIONAL MedTech</b>            | <b>3,034</b> | <b>2,424</b> | <b>3,058</b> | <b>3,405</b> | <b>3,525</b> | <b>3,679</b> | <b>3,527</b> | <b>3,643</b> | <b>3,747</b> | <b>3,547</b> | <b>3,426</b> | <b>3,330</b> | <b>3,722</b> | <b>3,948</b> | <b>3,711</b> | <b>3,743</b> | <b>3,813</b> | <b>3,898</b> | <b>3,853</b> | <b>4,095</b> | <b>3,833</b>  | <b>3,912</b>  | <b>3,966</b>  | <b>4,045</b>  | <b>3,998</b>  | <b>4,115</b>  | <b>4,205</b>  | <b>4,319</b>  | <b>4,287</b>  | <b>4,413</b>  | <b>4,511</b>  | <b>4,635</b>  |     |
| Q/Q Chg.                                      | -            | -20.1%       | 26.2%        | 11.3%        | 3.5%         | 4.4%         | -4.1%        | 3.3%         | 2.8%         | -5.3%        | -3.4%        | -2.8%        | 11.8%        | 6.1%         | -6.0%        | 0.9%         | 1.9%         | 2.2%         | -1.2%        | 6.3%         | -6.4%         | 2.1%          | 1.4%          | 2.0%          | -1.2%         | 2.9%          | 2.2%          | 2.7%          | -0.7%         | 2.9%          | 2.2%          | 2.7%          |     |
| Y/Y Chg.                                      | -            | -            | -            | -            | 16.2%        | 51.8%        | 15.3%        | 7.0%         | 6.3%         | -3.6%        | -2.9%        | -8.6%        | -0.7%        | 11.3%        | 8.3%         | 12.4%        | 2.4%         | -1.3%        | 3.8%         | 9.4%         | 0.5%          | 0.4%          | 2.9%          | -1.2%         | 4.3%          | 5.2%          | 6.0%          | 6.8%          | 7.2%          | 7.2%          | 7.3%          | 7.3%          |     |
| <b>TOTAL MEDTECH</b>                          | <b>5,932</b> | <b>4,286</b> | <b>6,150</b> | <b>6,589</b> | <b>6,579</b> | <b>6,978</b> | <b>6,644</b> | <b>6,859</b> | <b>6,971</b> | <b>6,898</b> | <b>6,782</b> | <b>6,776</b> | <b>7,481</b> | <b>7,788</b> | <b>7,458</b> | <b>7,673</b> | <b>7,821</b> | <b>7,957</b> | <b>7,891</b> | <b>8,258</b> | <b>7,962</b>  | <b>8,124</b>  | <b>8,234</b>  | <b>8,395</b>  | <b>8,346</b>  | <b>8,601</b>  | <b>8,789</b>  | <b>9,028</b>  | <b>9,000</b>  | <b>9,278</b>  | <b>9,488</b>  | <b>9,750</b>  |     |
| Q/Q Chg.                                      | -            | -27.7%       | 43.5%        | 7.1%         | -0.2%        | 6.1%         | -4.8%        | 3.2%         | 1.6%         | -1.0%        | -1.7%        | -0.1%        | 10.4%        | 4.1%         | -4.2%        | 2.9%         | 1.9%         | 1.7%         | -0.8%        | 4.6%         | -3.6%         | 2.0%          | 1.4%          | 2.0%          | -0.6%         | 3.0%          | 2.2%          | 2.7%          | -0.3%         | 3.1%          | 2.3%          | 2.8%          |     |
| Y/Y Chg.                                      | -            | -            | -            | -            | 10.9%        | 62.8%        | 8.0%         | 4.1%         | 6.0%         | -1.1%        | 2.1%         | -1.2%        | 7.3%         | 12.9%        | 10.0%        | 13.2%        | 4.5%         | 2.2%         | 5.8%         | 7.6%         | 1.8%          | 2.1%          | 4.3%          | 1.7%          | 4.8%          | 5.9%          | 6.7%          | 7.5%          | 7.8%          | 7.9%          | 7.9%          | 8.0%          |     |



Johnson & Johnson  
Revenue Decomposition

| \$ in millions              | Dec-20 | Dec-21 | Dec-22 | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Dec-27 | Dec-28 | Dec-29 | Dec-30 | Dec-31 | Dec-32 | Dec-33 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fiscal Years Ending Dec. 31 | 2020   | 2021   | 2022   | 2023   | 2024E  | 2025E  | 2026E  | 2027E  | 2028E  | 2029E  | 2030E  | 2031E  | 2032E  | 2033E  |
| U.S. MedTech                |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Cardiovascular              | 1,452  | 1,836  | 2,169  | 3,633  | 4,489  | 4,928  | 5,511  | 6,380  | 6,779  | 7,159  | 7,562  | 7,873  | 8,198  | 8,537  |
| Electrophysiology           | -      | -      | 2,036  | 2,458  | 2,733  | 2,750  | 3,192  | 3,903  | 4,137  | 4,344  | 4,561  | 4,789  | 5,029  | 5,280  |
| Abiomed                     | -      | -      | 31     | 1,066  | 1,207  | 1,227  | 1,308  | 1,399  | 1,496  | 1,600  | 1,711  | 1,762  | 1,815  | 1,870  |
| Shockwave                   | -      | -      | -      | -      | 427    | 826    | 872    | 924    | 980    | 1,038  | 1,100  | 1,122  | 1,144  | 1,167  |
| Other Cardiovascular        | -      | -      | 102    | 109    | 122    | 125    | 138    | 154    | 166    | 178    | 190    | 199    | 209    | 220    |
| Orthopaedics                | 4,779  | 5,126  | 5,321  | 5,525  | 5,619  | 5,715  | 5,909  | 6,170  | 6,413  | 6,683  | 6,957  | 7,084  | 7,215  | 7,348  |
| Hips                        | 793    | 883    | 943    | 996    | 1,041  | 1,088  | 1,120  | 1,121  | 1,138  | 1,148  | 1,161  | 1,172  | 1,185  | 1,197  |
| Knees                       | 743    | 787    | 851    | 896    | 903    | 909    | 932    | 983    | 1,022  | 1,070  | 1,117  | 1,139  | 1,162  | 1,186  |
| Trauma                      | 1,648  | 1,819  | 1,882  | 1,949  | 2,009  | 2,071  | 2,166  | 2,284  | 2,398  | 2,524  | 2,653  | 2,706  | 2,760  | 2,815  |
| Spine & Other               | 1,595  | 1,637  | 1,645  | 1,684  | 1,667  | 1,648  | 1,691  | 1,782  | 1,854  | 1,941  | 2,026  | 2,067  | 2,108  | 2,150  |
| Surgery                     | 3,249  | 3,867  | 3,897  | 4,031  | 3,968  | 4,014  | 4,299  | 4,604  | 4,930  | 5,279  | 5,654  | 5,767  | 5,882  | 6,000  |
| Advanced                    | 1,535  | 1,761  | 1,784  | 1,833  | 1,822  | 1,813  | 1,932  | 2,069  | 2,210  | 2,364  | 2,526  | 2,577  | 2,629  | 2,681  |
| General                     | 1,714  | 2,105  | 2,113  | 2,198  | 2,146  | 2,201  | 2,367  | 2,535  | 2,720  | 2,916  | 3,127  | 3,190  | 3,253  | 3,318  |
| Vision                      | 1,556  | 1,857  | 1,990  | 2,086  | 2,190  | 2,302  | 2,408  | 2,516  | 2,630  | 2,747  | 2,871  | 2,957  | 3,046  | 3,137  |
| Contact Lenses/Other        | 1,213  | 1,398  | 1,522  | 1,626  | 1,736  | 1,852  | 1,945  | 2,032  | 2,128  | 2,226  | 2,330  | 2,400  | 2,472  | 2,546  |
| Surgical                    | 343    | 459    | 468    | 460    | 454    | 450    | 464    | 484    | 502    | 521    | 541    | 557    | 573    | 591    |
| TOTAL U.S. MEDTECH          | 11,036 | 12,686 | 13,377 | 15,275 | 16,266 | 16,959 | 18,128 | 19,670 | 20,752 | 21,869 | 23,043 | 23,681 | 24,340 | 25,021 |
| Q/Q Chg.                    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Y/Y Chg.                    | -      | 14.9%  | 5.4%   | 14.2%  | 6.5%   | 4.3%   | 6.9%   | 8.5%   | 5.5%   | 5.4%   | 5.4%   | 2.8%   | 2.8%   | 2.8%   |
| International MedTech       |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Cardiovascular              | 1,594  | 2,135  | 2,131  | 2,717  | 3,236  | 3,401  | 3,760  | 4,331  | 4,996  | 5,773  | 6,681  | 6,886  | 7,097  | 7,314  |
| Electrophysiology           | -      | -      | 1,901  | 2,230  | 2,546  | 2,550  | 2,852  | 3,359  | 3,956  | 4,659  | 5,487  | 5,651  | 5,821  | 5,995  |
| Abiomed                     | -      | -      | -      | 240    | 282    | 280    | 296    | 313    | 332    | 352    | 373    | 384    | 396    | 407    |
| Shockwave                   | -      | -      | -      | -      | 144    | 288    | 304    | 322    | 342    | 362    | 384    | 395    | 407    | 419    |
| Other Cardiovascular        | -      | -      | 230    | 247    | 264    | 283    | 308    | 336    | 367    | 401    | 438    | 455    | 474    | 493    |
| Orthopaedics                | 2,983  | 3,462  | 3,267  | 3,417  | 3,476  | 3,472  | 3,684  | 3,911  | 4,121  | 4,359  | 4,604  | 4,736  | 4,872  | 5,012  |
| Hips                        | 487    | 602    | 571    | 564    | 569    | 557    | 566    | 624    | 630    | 666    | 688    | 719    | 751    | 784    |
| Knees                       | 427    | 538    | 508    | 559    | 609    | 611    | 667    | 703    | 754    | 802    | 857    | 883    | 909    | 936    |
| Trauma                      | 966    | 1,066  | 989    | 1,030  | 1,061  | 1,094  | 1,161  | 1,224  | 1,294  | 1,367  | 1,444  | 1,488  | 1,532  | 1,578  |
| Spine & Other               | 1,103  | 1,256  | 1,198  | 1,263  | 1,236  | 1,210  | 1,290  | 1,360  | 1,442  | 1,525  | 1,614  | 1,646  | 1,679  | 1,713  |
| Surgery                     | 4,983  | 5,946  | 5,793  | 6,006  | 5,912  | 5,838  | 6,059  | 6,330  | 6,592  | 6,876  | 7,167  | 7,342  | 7,520  | 7,703  |
| Advanced                    | 2,304  | 2,861  | 2,785  | 2,837  | 2,712  | 2,605  | 2,655  | 2,773  | 2,862  | 2,971  | 3,076  | 3,168  | 3,263  | 3,361  |
| General                     | 2,679  | 3,085  | 3,008  | 3,168  | 3,200  | 3,233  | 3,404  | 3,557  | 3,730  | 3,905  | 4,092  | 4,174  | 4,257  | 4,342  |
| Vision                      | 2,361  | 2,831  | 2,859  | 2,985  | 3,038  | 3,045  | 3,134  | 3,275  | 3,396  | 3,535  | 3,673  | 3,758  | 3,845  | 3,935  |
| Contact Lenses/Other        | 1,781  | 2,043  | 2,022  | 2,075  | 2,080  | 2,108  | 2,150  | 2,246  | 2,319  | 2,408  | 2,494  | 2,543  | 2,594  | 2,646  |
| Surgical                    | 580    | 788    | 837    | 910    | 957    | 937    | 984    | 1,028  | 1,077  | 1,127  | 1,179  | 1,215  | 1,251  | 1,289  |
| TOTAL INTERNATIONAL MedTech | 11,921 | 14,374 | 14,050 | 15,125 | 15,661 | 15,756 | 16,636 | 17,846 | 19,105 | 20,544 | 22,125 | 22,721 | 23,334 | 23,964 |
| Q/Q Chg.                    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Y/Y Chg.                    | -      | 20.6%  | -2.3%  | 7.7%   | 3.5%   | 0.6%   | 5.6%   | 7.3%   | 7.1%   | 7.5%   | 7.7%   | 2.7%   | 2.7%   | 2.7%   |
| TOTAL MEDTECH               |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| TOTAL MEDTECH               | 22,957 | 27,060 | 27,427 | 30,400 | 31,928 | 32,715 | 34,764 | 37,516 | 39,857 | 42,413 | 45,168 | 46,402 | 47,674 | 48,986 |
| Q/Q Chg.                    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Y/Y Chg.                    | -      | 17.9%  | 1.4%   | 10.8%  | 5.0%   | 2.5%   | 6.3%   | 7.9%   | 6.2%   | 6.4%   | 6.5%   | 2.7%   | 2.7%   | 2.8%   |

| \$ millions                 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fiscal Years Ending Dec. 31 | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     | 2Q     | Q3     | Q4E    | Q1E    | Q2E    | Q3E    | Q4E    | Q1E    | Q2E    | Q3E    | Q4E    | Q1E    | Q2E    | Q3E    | Q4E    |
| U.S. MedTech                | -      | -30.1% | 56.5%  | 8.5%   | 0.3%   | 9.3%   | -6.5%  | 8.8%   | 2.3%   | 6.3%   | 4.1%   | 10.3%  | 43.1%  | 5.2%   | -1.8%  | 8.9%   | 5.6%   | 9.2%   | 2.4%   | 4.8%   | 1.1%   | 1.3%   | 1.0%   | 1.3%   | 4.4%   | 1.3%   | 0.9%   | 1.3%   | 1.5%   | 1.3%   | 0.9%   | 1.3%   |
| Cardiovascular              | -      | -      | -      | -      | -      | -      | -      | -      | -      | 6.2%   | 4.1%   | 5.3%   | 4.3%   | 6.7%   | 0.3%   | 9.1%   | 3.7%   | 1.8%   | -6.3%  | 2.5%   | 1.0%   | 0.4%   | 0.4%   | 0.4%   | 8.7%   | 4.0%   | 4.0%   | 4.0%   | 8.7%   | 4.0%   | 4.0%   | 4.0%   |
| Electrophysiology           | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Abtomed                     | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | 751.6% | 3.1%   | -6.6%  | 8.6%   | 9.9%   | 1.9%   | -5.1%  | 3.0%   | -1.6%  | 2.5%   | 1.6%   | 2.4%   | -0.6%  | 3.0%   | 2.0%   | 2.4%   | -0.6%  | 3.0%   | 2.0%   | 2.4%   |
| Stentivue                   | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Other Cardiovascular        | -      | -      | -      | -      | -      | -      | -      | -      | -      | 8.3%   | 3.8%   | -7.4%  | 12.0%  | -4.6%  | -2.1%  | 7.1%   | 6.4%   | -3.0%  | 3.8%   | 10.7%  | -8.9%  | 2.5%   | 1.6%   | 2.4%   | 3.2%   | 3.0%   | 3.0%   | 2.4%   | 3.2%   | 3.0%   | 2.0%   | 2.4%   |
| Orthopaedics                | -      | -30.5% | 50.5%  | 3.4%   | -7.6%  | 5.9%   | -5.6%  | 4.5%   | -1.3%  | 3.8%   | -2.2%  | 5.8%   | -1.6%  | 1.8%   | -2.7%  | 5.6%   | 1.6%   | -1.8%  | -4.5%  | 2.3%   | 0.0%   | 2.1%   | 1.4%   | 2.0%   | -2.5%  | 2.5%   | 1.7%   | 2.0%   | -2.0%  | 2.6%   | 1.8%   | 2.1%   |
| Hips                        | -      | -33.5% | 61.3%  | 3.6%   | -8.2%  | 11.2%  | -10.1% | 8.9%   | -1.6%  | 6.6%   | -5.1%  | 9.8%   | -3.7%  | 3.9%   | -4.4%  | 11.2%  | 1.5%   | -2.0%  | -5.5%  | 2.7%   | 5.3%   | 0.4%   | 0.4%   | 0.4%   | 1.8%   | 0.4%   | 0.4%   | 0.4%   | -2.0%  | 1.0%   | 1.0%   | 1.0%   |
| Knees                       | -      | -49.5% | 89.8%  | 5.4%   | -14.2% | 13.2%  | -12.2% | 12.9%  | -3.2%  | 7.4%   | -6.1%  | 14.0%  | -2.3%  | -2.1%  | -6.3%  | 16.8%  | -0.1%  | -4.8%  | -7.8%  | 3.4%   | 0.3%   | 2.5%   | 1.6%   | 2.4%   | -4.3%  | 3.0%   | 2.0%   | 2.4%   | -2.0%  | 3.0%   | 2.0%   | 2.4%   |
| Trauma                      | -      | -13.0% | 22.3%  | 4.8%   | -0.8%  | -0.8%  | 1.9%   | 2.6%   | 1.7%   | -2.3%  | 1.9%   | -0.6%  | 4.4%   | -1.5%  | 1.0%   | -0.3%  | 3.5%   | -1.2%  | -0.2%  | 2.6%   | -1.7%  | 2.5%   | 1.6%   | 2.4%   | -2.5%  | 3.0%   | 2.0%   | 2.4%   | -2.0%  | 3.0%   | 2.0%   | 2.4%   |
| Spine & Other               | -      | -36.2% | 66.3%  | 0.9%   | -11.0% | 7.2%   | -7.8%  | 0.3%   | -3.5%  | 8.0%   | -2.9%  | 7.0%   | -6.5%  | 6.6%   | -4.1%  | 3.8%   | 0.5%   | -0.5%  | -7.0%  | 3.2%   | -1.5%  | 2.5%   | 1.6%   | 2.4%   | -4.3%  | 3.0%   | 2.0%   | 2.4%   | -2.0%  | 3.0%   | 2.0%   | 2.4%   |
| Surgery                     | -      | -41.9% | 86.3%  | 9.7%   | -10.4% | 15.2%  | -8.4%  | 4.0%   | -6.6%  | 7.7%   | -0.8%  | 1.7%   | -2.5%  | 4.1%   | -2.0%  | 5.3%   | -5.7%  | 0.7%   | -1.2%  | 2.1%   | -3.2%  | 2.5%   | 1.6%   | 2.4%   | -1.0%  | 4.0%   | 2.0%   | 3.0%   | -2.0%  | 4.0%   | 2.0%   | 3.0%   |
| Advanced                    | -      | -27.3% | 52.0%  | 8.3%   | -11.1% | 13.3%  | -4.1%  | 3.3%   | -8.8%  | 8.9%   | 0.6%   | -0.1%  | -2.7%  | 5.0%   | -2.4%  | 2.9%   | -4.8%  | 4.6%   | -3.9%  | 3.2%   | -5.1%  | 2.5%   | 1.6%   | 2.4%   | -1.5%  | 4.0%   | 2.0%   | 3.0%   | -2.0%  | 4.0%   | 2.0%   | 3.0%   |
| General                     | -      | -54.0% | 131.0% | 11.0%  | -9.7%  | 16.8%  | -11.8% | 4.0%   | -4.6%  | 6.7%   | -2.1%  | 3.3%   | -2.4%  | 3.3%   | -1.6%  | 7.3%   | -6.4%  | -2.5%  | 1.2%   | 1.1%   | -1.5%  | 2.5%   | 1.6%   | 2.4%   | -0.6%  | 4.0%   | 2.0%   | 3.0%   | -2.0%  | 4.0%   | 2.0%   | 3.0%   |
| Vision                      | -      | -43.5% | 90.3%  | -15.9% | 19.0%  | -1.2%  | 1.9%   | -7.0%  | 17.8%  | -4.8%  | 4.2%   | -11.8% | 22.3%  | -5.1%  | -3.4%  | -4.8%  | 12.4%  | -4.5%  | 5.0%   | 3.9%   | -2.3%  | 2.5%   | 1.6%   | 2.4%   | -1.9%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| Contact Lenses/Other        | -      | -41.3% | 84.7%  | -22.9% | 28.5%  | -5.3%  | 2.0%   | -11.9% | 26.6%  | -6.5%  | 8.3%   | -15.4% | 29.6%  | -7.8%  | -2.4%  | -6.4%  | 17.2%  | -6.5%  | 7.7%   | 1.5%   | 0.1%   | 2.5%   | 1.6%   | 2.4%   | -1.5%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| Surgical                    | -      | -51.6% | 115.6% | 11.3%  | -6.4%  | 13.3%  | 1.7%   | 8.3%   | -4.4%  | 0.9%   | -8.2%  | 1.3%   | 0.5%   | 5.4%   | -6.6%  | 1.1%   | -3.3%  | 3.4%   | -4.8%  | 13.5%  | -11.2% | 2.5%   | 1.6%   | 2.4%   | -3.4%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| TOTAL U.S. MEDTECH          | -      | -35.7% | 66.1%  | 3.0%   | -4.1%  | 8.0%   | -5.5%  | 3.2%   | 0.3%   | 3.9%   | 0.2%   | 2.6%   | 9.1%   | 2.1%   | -2.4%  | 4.9%   | 2.0%   | 1.3%   | -0.5%  | 3.1%   | -0.8%  | 2.0%   | 1.3%   | 1.9%   | -0.1%  | 3.2%   | 2.2%   | 2.7%   | 0.1%   | 3.2%   | 2.3%   | 2.8%   |
| International MedTech       | -      | -7.5%  | 30.4%  | 5.3%   | 11.8%  | 11.2%  | -10.3% | 4.5%   | 11.4%  | -12.1% | -2.3%  | -3.5%  | 29.2%  | 11.3%  | -6.3%  | 4.5%   | 12.0%  | -3.6%  | 8.7%   | 1.5%   | -4.7%  | 0.9%   | 0.7%   | 0.9%   | 3.5%   | 0.9%   | 0.7%   | 0.9%   | -2.0%  | 0.9%   | 0.7%   | 0.9%   |
| Cardiovascular              | -      | -      | -      | -      | -      | -      | -      | -      | -      | -11.8% | -3.4%  | -1.3%  | 16.8%  | 12.4%  | -6.4%  | 4.2%   | 14.0%  | -5.2%  | 0.2%   | 6.1%   | -3.5%  | 0.4%   | 0.4%   | 0.4%   | 4.7%   | 4.0%   | 4.0%   | 4.0%   | 4.7%   | 4.0%   | 4.0%   | 4.0%   |
| Electrophysiology           | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Abtomed                     | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -1.8%  | -2.8%  | 12.2%  | 4.8%   | 6.4%   | -5.0%  | 10.8%  | -10.1% | 2.5%   | 1.6%   | 2.4%   | -1.5%  | 3.0%   | 2.0%   | 2.4%   | -1.5%  | 3.0%   | 2.0%   | 2.4%   |
| Stentivue                   | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Other Cardiovascular        | -      | -      | -      | -      | -      | -      | -      | -      | -      | -13.8% | 7.1%   | -19.8% | 20.3%  | 15.0%  | -8.5%  | 0.3%   | 1.3%   | 3.2%   | 3.1%   | 9.3%   | -5.1%  | 2.5%   | 1.6%   | 2.4%   | -1.5%  | 3.0%   | 2.0%   | 2.4%   | -1.5%  | 3.0%   | 2.0%   | 2.4%   |
| Orthopaedics                | -      | -26.1% | 33.0%  | 8.4%   | 2.9%   | 4.7%   | -6.7%  | 0.8%   | 5.7%   | -8.9%  | -4.2%  | -2.9%  | 15.5%  | -0.3%  | -7.1%  | 3.3%   | 5.9%   | -0.3%  | -6.5%  | 3.5%   | -2.1%  | 2.1%   | 1.4%   | 2.1%   | -1.0%  | 3.2%   | 2.3%   | 2.6%   | -2.0%  | 3.2%   | 2.3%   | 2.7%   |
| Hips                        | -      | -33.3% | 40.9%  | 15.3%  | 2.1%   | 8.7%   | -8.0%  | 3.3%   | 8.8%   | -9.7%  | -16.4% | 9.1%   | 10.3%  | -1.3%  | -7.4%  | -3.0%  | 15.1%  | 0.1%   | -13.9% | 2.3%   | 3.2%   | 0.4%   | 0.4%   | 0.4%   | -4.8%  | 4.0%   | 4.0%   | 4.0%   | -2.0%  | 4.0%   | 4.0%   | 4.0%   |
| Knees                       | -      | -49.2% | 54.5%  | 26.5%  | 2.3%   | 6.1%   | -6.4%  | 2.6%   | 2.6%   | -3.5%  | -13.8% | 6.5%   | 16.1%  | 0.0%   | -7.7%  | 9.9%   | 10.8%  | 2.2%   | -14.2% | 4.3%   | 1.3%   | 2.5%   | 1.6%   | 2.4%   | 1.8%   | 3.0%   | 2.0%   | 2.4%   | -2.0%  | 3.0%   | 2.0%   | 2.4%   |
| Trauma                      | -      | -19.8% | 27.8%  | 5.9%   | 5.3%   | -6.9%  | -1.0%  | 0.3%   | 4.7%   | -15.0% | 5.0%   | -1.5%  | 11.2%  | -4.4%  | -0.8%  | 0.8%   | 2.3%   | -0.3%  | 1.8%   | 3.8%   | -3.8%  | 2.5%   | 1.6%   | 2.4%   | -1.0%  | 3.0%   | 2.0%   | 2.4%   | -2.0%  | 3.0%   | 2.0%   | 2.4%   |
| Spine & Other               | -      | -17.8% | 38.2%  | 1.4%   | 1.4%   | 13.0%  | -10.7% | -0.6%  | 6.5%   | -5.5%  | -1.1%  | -12.8% | 21.8%  | 3.3%   | -11.6% | 5.4%   | 2.7%   | -1.7%  | -5.8%  | 3.5%   | -4.4%  | 2.5%   | 1.6%   | 2.4%   | -0.6%  | 3.0%   | 2.0%   | 2.4%   | -2.0%  | 3.0%   | 2.0%   | 2.4%   |
| Surgery                     | -      | -15.7% | 16.9%  | 15.2%  | 3.3%   | 0.9%   | -2.0%  | 4.8%   | -0.9%  | -3.6%  | -1.3%  | -3.8%  | 5.4%   | 8.3%   | -6.1%  | 0.0%   | -3.7%  | 4.4%   | -2.8%  | 6.0%   | -8.2%  | 2.5%   | 1.6%   | 2.4%   | -2.7%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| Advanced                    | -      | -12.2% | 16.3%  | 14.0%  | 8.1%   | -0.7%  | -0.4%  | 4.2%   | -0.8%  | -3.7%  | -0.1%  | -6.9%  | 3.1%   | 12.4%  | -6.4%  | -1.5%  | -8.2%  | 5.2%   | -2.0%  | 11.2%  | -14.3% | 2.5%   | 1.6%   | 2.4%   | -4.4%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| General                     | -      | -18.6% | 17.4%  | 16.2%  | -0.8%  | 2.4%   | -3.5%  | 5.4%   | -1.1%  | -3.6%  | -2.5%  | -0.9%  | 7.5%   | 4.8%   | -5.9%  | 1.4%   | 0.3%   | 3.8%   | -3.3%  | 1.5%   | -2.6%  | 2.5%   | 1.6%   | 2.4%   | -1.2%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| Vision                      | -      | -28.7% | 36.0%  | 11.7%  | -0.8%  | 6.3%   | -0.3%  | 2.2%   | 1.1%   | 1.0%   | -7.5%  | 0.1%   | 7.8%   | 4.8%   | -4.4%  | -3.3%  | -1.3%  | 7.4%   | -1.4%  | 8.1%   | -9.3%  | 2.5%   | 1.6%   | 2.4%   | -3.5%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| Contact Lenses/Other        | -      | -24.6% | 29.3%  | 11.4%  | -4.1%  | 6.3%   | 1.1%   | -0.9%  | -1.3%  | 1.6%   | -3.2%  | -2.8%  | 4.2%   | 4.0%   | -0.2%  | -4.0%  | -7.0%  | 7.7%   | 3.6%   | 8.6%   | -10.9% | 2.5%   | 1.6%   | 2.4%   | -4.3%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| Surgical                    | -      | -40.6% | 61.1%  | 12.4%  | 8.7%   | 6.3%   | -3.8%  | 10.6%  | 6.9%   | -0.4%  | -17.5% | 7.8%   | 16.5%  | 6.6%   | -13.3% | -1.8%  | 12.4%  | 6.6%   | -11.3% | 6.9%   | -5.7%  | 2.5%   | 1.6%   | 2.4%   | -1.5%  | 2.5%   | 1.6%   | 2.4%   | -2.0%  | 2.5%   | 1.6%   | 2.4%   |
| TOTAL INTERNATIONAL MedTech | -      | -20.1% | 26.2%  | 11.3%  | 3.5%   | 4.4%   | -4.1%  | 3.3%   | 2.8%   | -5.3%  | -3.4%  | -2.8%  | 11.8%  | 6.1%   | -6.0%  | 0.9%   | 1.9%   | 2.2%   | -1.2%  | 6.3%   | -6.4%  | 2.1%   | 1.4%   | 2.0%   | -1.2%  | 2.9%   | 2.2%   | 2.7%   | -0.7%  | 2.9%   | 2.2%   | 2.7%   |
| TOTAL MEDTECH               | -      | -27.7% | 43.5%  | 7.1%   | -0.2%  | 6.1%   | -4.8%  | 3.2%   | 1.6%   | -1.0%  | -1.7%  | -0.1%  | 10.4%  | 4.1%   | -4.2%  | 2.9%   | 1.9%   | 1.7%   | -0.8%  | 4.6%   | -3.6%  | 2.0%   | 1.4%   | 2.0%   | -0.6%  | 3.0%   | 2.2%   | 2.7%   | -0.3%  | 3.1%   | 2.3%   | 2.8%   |

Johnson & Johnson  
Revenue Decomposition

| \$ in millions              | Dec-20 | Dec-21 | Dec-22 | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Dec-27 | Dec-28 | Dec-29 | Dec-30 | Dec-31 | Dec-32 | Dec-33 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fiscal Years Ending Dec. 31 | 2020   | 2021   | 2022   | 2023   | 2024E  | 2025E  | 2026E  | 2027E  | 2028E  | 2029E  | 2030E  | 2031E  | 2032E  | 2033E  |
| U.S. MedTech                |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Cardiovascular              | 0.0%   | 26.5%  | 18.1%  | 67.5%  | 23.5%  | 9.8%   | 11.8%  | 15.8%  | 13.8%  | 14.8%  | 14.3%  | 14.5%  | 14.4%  | 14.5%  |
| Electrophysiology           | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 11.2%  | 0.6%   | 16.1%  | 22.3%  | 6.0%   | 5.0%   | 5.0%   | 5.0%   | 5.0%   | 5.0%   |
| Abiomed                     | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 13.2%  | 1.7%   | 6.6%   | 6.9%   | 6.9%   | 6.9%   | 6.9%   | 3.0%   | 3.0%   | 3.0%   |
| Shockwave                   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 93.3%  | 5.6%   | 6.0%   | 6.0%   | 6.0%   | 6.0%   | 2.0%   | 2.0%   | 2.0%   |
| Other Cardiovascular        | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 12.0%  | 2.6%   | 10.7%  | 11.0%  | 8.0%   | 7.0%   | 7.0%   | 5.0%   | 5.0%   | 5.0%   |
| Orthopaedics                | 0.0%   | 7.3%   | 3.8%   | 3.8%   | 1.7%   | 1.7%   | 3.4%   | 4.4%   | 3.9%   | 4.2%   | 4.1%   | 1.8%   | 1.8%   | 1.8%   |
| Hips                        | 0.0%   | 11.3%  | 6.8%   | 5.6%   | 4.5%   | 4.5%   | 3.0%   | 0.1%   | 1.5%   | 0.8%   | 1.2%   | 1.0%   | 1.1%   | 1.0%   |
| Knees                       | 0.0%   | 5.9%   | 8.2%   | 5.3%   | 0.8%   | 0.6%   | 2.6%   | 5.4%   | 4.0%   | 4.7%   | 4.4%   | 2.0%   | 2.0%   | 2.0%   |
| Trauma                      | 0.0%   | 10.4%  | 3.5%   | 3.6%   | 3.1%   | 3.1%   | 4.6%   | 5.4%   | 5.0%   | 5.2%   | 5.1%   | 2.0%   | 2.0%   | 2.0%   |
| Spine & Other               | 0.0%   | 2.6%   | 0.5%   | 2.4%   | -1.0%  | -1.1%  | 2.6%   | 5.4%   | 4.0%   | 4.7%   | 4.4%   | 2.0%   | 2.0%   | 2.0%   |
| Surgery                     | 0.0%   | 19.0%  | 0.8%   | 3.4%   | -1.6%  | 1.2%   | 7.1%   | 7.1%   | 7.1%   | 7.1%   | 7.1%   | 2.0%   | 2.0%   | 2.0%   |
| Advanced                    | 0.0%   | 14.8%  | 1.3%   | 2.7%   | -0.6%  | -0.5%  | 6.6%   | 7.1%   | 6.8%   | 6.9%   | 6.9%   | 2.0%   | 2.0%   | 2.0%   |
| General                     | 0.0%   | 22.8%  | 0.4%   | 4.0%   | -2.4%  | 2.6%   | 7.5%   | 7.1%   | 7.3%   | 7.2%   | 7.3%   | 2.0%   | 2.0%   | 2.0%   |
| Vision                      | 0.0%   | 19.3%  | 7.2%   | 4.8%   | 5.0%   | 5.1%   | 4.6%   | 4.5%   | 4.5%   | 4.4%   | 4.5%   | 3.0%   | 3.0%   | 3.0%   |
| Contact Lenses/Other        | 0.0%   | 15.2%  | 8.9%   | 6.9%   | 6.8%   | 6.7%   | 5.0%   | 4.5%   | 4.7%   | 4.6%   | 4.7%   | 3.0%   | 3.0%   | 3.0%   |
| Surgical                    | 0.0%   | 33.8%  | 2.0%   | -1.8%  | -1.4%  | -0.8%  | 3.0%   | 4.5%   | 3.7%   | 3.7%   | 3.7%   | 3.0%   | 3.0%   | 3.0%   |
| TOTAL U.S. MEDTECH          | 0.0%   | 14.9%  | 5.4%   | 14.2%  | 6.5%   | 4.3%   | 6.9%   | 8.5%   | 5.5%   | 5.4%   | 5.4%   | 2.8%   | 2.8%   | 2.8%   |
| International MedTech       |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Cardiovascular              | 0.0%   | 34.0%  | -0.2%  | 27.5%  | 19.1%  | 5.1%   | 10.5%  | 15.2%  | 12.9%  | 14.0%  | 13.4%  | 13.7%  | 13.6%  | 13.7%  |
| Electrophysiology           | 0.0%   | 0.0%   | 0.0%   | 17.3%  | 14.1%  | 0.2%   | 11.8%  | 17.8%  | 17.8%  | 17.8%  | 17.8%  | 3.0%   | 3.0%   | 3.0%   |
| Abiomed                     | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 17.4%  | -0.8%  | 5.6%   | 6.0%   | 6.0%   | 6.0%   | 6.0%   | 3.0%   | 3.0%   | 3.0%   |
| Shockwave                   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 100.1% | 5.6%   | 6.0%   | 6.0%   | 6.0%   | 6.0%   | 3.0%   | 3.0%   | 3.0%   |
| Other Cardiovascular        | 0.0%   | 0.0%   | 0.0%   | 7.6%   | 7.0%   | 7.1%   | 8.9%   | 9.2%   | 9.2%   | 9.2%   | 9.2%   | 4.0%   | 4.0%   | 4.0%   |
| Orthopaedics                | 0.0%   | 16.0%  | -5.6%  | 4.6%   | 1.7%   | -0.1%  | 6.1%   | 6.2%   | 5.4%   | 5.8%   | 5.6%   | 2.9%   | 2.9%   | 2.9%   |
| Hips                        | 0.0%   | 23.6%  | -5.1%  | -1.2%  | 0.9%   | -2.2%  | 1.7%   | 10.2%  | 1.0%   | 5.6%   | 3.3%   | 4.5%   | 4.5%   | 4.5%   |
| Knees                       | 0.0%   | 25.9%  | -5.5%  | 10.0%  | 8.9%   | 0.4%   | 9.1%   | 5.4%   | 7.3%   | 6.4%   | 6.8%   | 3.0%   | 3.0%   | 3.0%   |
| Trauma                      | 0.0%   | 10.4%  | -7.2%  | 4.2%   | 3.0%   | 3.0%   | 6.1%   | 5.4%   | 5.8%   | 5.6%   | 5.7%   | 3.0%   | 3.0%   | 3.0%   |
| Spine & Other               | 0.0%   | 13.9%  | -4.6%  | 5.4%   | -2.1%  | -2.1%  | 6.6%   | 5.4%   | 6.0%   | 5.7%   | 5.9%   | 2.0%   | 2.0%   | 2.0%   |
| Surgery                     | 0.0%   | 19.3%  | -2.6%  | 3.7%   | -1.6%  | -1.2%  | 3.8%   | 4.5%   | 4.1%   | 4.3%   | 4.2%   | 2.4%   | 2.4%   | 2.4%   |
| Advanced                    | 0.0%   | 24.2%  | -2.6%  | 1.9%   | -4.4%  | -3.9%  | 1.9%   | 4.5%   | 3.2%   | 3.8%   | 3.5%   | 3.0%   | 3.0%   | 3.0%   |
| General                     | 0.0%   | 15.1%  | -2.5%  | 5.3%   | 1.0%   | 1.0%   | 5.3%   | 4.5%   | 4.9%   | 4.7%   | 4.8%   | 2.0%   | 2.0%   | 2.0%   |
| Vision                      | 0.0%   | 19.9%  | 1.0%   | 4.4%   | 1.8%   | 0.2%   | 2.9%   | 4.5%   | 3.7%   | 4.1%   | 3.9%   | 2.3%   | 2.3%   | 2.3%   |
| Contact Lenses/Other        | 0.0%   | 14.7%  | -1.0%  | 2.7%   | 0.2%   | 1.3%   | 2.0%   | 4.5%   | 3.2%   | 3.9%   | 3.5%   | 2.0%   | 2.0%   | 2.0%   |
| Surgical                    | 0.0%   | 35.9%  | 6.2%   | 8.6%   | 5.3%   | -2.1%  | 5.0%   | 4.5%   | 4.7%   | 4.6%   | 4.7%   | 3.0%   | 3.0%   | 3.0%   |
| TOTAL INTERNATIONAL MedTech | 0.0%   | 20.6%  | -2.3%  | 7.7%   | 3.5%   | 0.6%   | 5.6%   | 7.3%   | 7.1%   | 7.5%   | 7.7%   | 2.7%   | 2.7%   | 2.7%   |
| TOTAL MEDTECH               | 0.0%   | 17.9%  | 1.4%   | 10.8%  | 5.0%   | 2.5%   | 6.3%   | 7.9%   | 6.2%   | 6.4%   | 6.5%   | 2.7%   | 2.7%   | 2.8%   |

Johnson & Johnson  
Income Statement

| \$ in millions  | Mar-20 | Jun-20 | Sep-20  | Dec-20  | Mar-21 | Jun-21 | Sep-21  | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22  | Mar-23   | Jun-23  | Sep-23 | Dec-23 | Mar-24  | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 |
|---|--------|--------|---------|---------|--------|--------|---------|--------|--------|--------|--------|---------|----------|---------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fiscal Years Ending Dec. 31                           | 1Q     | 2Q     | 3Q      | 4Q      | 1Q     | 2Q     | 3Q      | 4Q     | 1Q     | 2Q     | 3Q     | 4Q      | 1Q       | 2Q      | 3Q     | 4Q     | 1Q      | 2Q     | Q3E    | Q4E    | Q1E    | Q2E    | Q3E    | Q4E    | Q1E    | Q2E    | Q3E    | Q4E    | Q1E    | Q2E    | Q3E    | Q4E    |
| Revenue (Innovative + Medtech)                        | 20,682 | 18,338 | 21,079  | 22,473  | 22,304 | 23,301 | 23,341  | 24,812 | 23,443 | 24,037 | 20,016 | 19,957  | 20,882   | 21,534  | 21,345 | 21,391 | 21,382  | 22,448 | 22,471 | 22,411 | 22,608 | 22,773 | 22,807 | 23,092 | 22,604 | 22,964 | 23,197 | 23,634 | 23,459 | 23,894 | 24,198 | 24,702 |
| Q/Q Chg.  | -      | -11.3% | 14.9%   | 6.6%    | -0.8%  | 4.5%   | 0.2%    | 6.3%   | -5.5%  | 2.5%   | -16.7% | -0.3%   | 4.6%     | 3.1%    | -0.9%  | 0.2%   | 0.0%    | 5.0%   | 0.1%   | -0.3%  | 0.9%   | 0.7%   | 0.2%   | 1.2%   | -2.1%  | 1.6%   | 1.0%   | 1.9%   | -0.7%  | 1.9%   | 1.3%   | 2.1%   |
| Y/Y Chg.  | -      | -      | -       | -       | 7.8%   | 27.1%  | 10.7%   | 10.4%  | 5.1%   | 3.2%   | -14.2% | -19.6%  | -10.9%   | -10.4%  | 6.6%   | 7.2%   | 2.4%    | 4.2%   | 5.3%   | 4.8%   | 5.7%   | 1.4%   | 1.5%   | 3.0%   | 0.0%   | 0.8%   | 1.7%   | 2.3%   | 3.8%   | 4.0%   | 4.3%   | 4.5%   |
| Cost of Product Sold (Ex. D&A)                        | 5,127  | 4,769  | 5,041   | 5,830   | 5,108  | 5,714  | 5,360   | 6,281  | 5,761  | 6,152  | 4,404  | 4,182   | 4,814    | 4,584   | 4,675  | 5,070  | 4,861   | 5,179  | 5,084  | 5,054  | 5,147  | 5,217  | 5,195  | 5,261  | 5,139  | 5,225  | 5,286  | 5,386  | 5,342  | 5,441  | 5,509  | 5,625  |
| Depreciation  | 647    | 626    | 618     | 706     | 694    | 639    | 714     | 743    | 669    | 644    | 685    | 795     | 627      | 834     | 729    | 695    | 715     | 682    | 710    | 713    | 717    | 762    | 805    | 847    | 888    | 928    | 966    | 1,003  | 1,040  | 1,075  | 1,109  | 1,142  |
| Amortization  | 1,100  | 1,100  | 1,200   | 1,234   | 1,200  | 1,200  | 1,100   | 1,121  | 1,100  | 1,100  | 1,000  | 977     | 1,100    | 1,100   | 1,100  | 1,148  | 1,100   | 1,100  | 1,137  | 1,105  | 1,073  | 1,042  | 1,012  | 983    | 955    | 928    | 901    | 876    | 850    | 826    | 802    | 780    |
| Gross Profit  | 13,808 | 11,843 | 14,220  | 14,703  | 15,302 | 15,748 | 16,167  | 16,667 | 15,913 | 16,141 | 13,927 | 14,003  | 14,341   | 15,016  | 14,841 | 14,478 | 14,706  | 15,487 | 15,540 | 15,538 | 15,672 | 15,752 | 15,795 | 16,000 | 15,622 | 15,883 | 16,044 | 16,369 | 16,227 | 16,552 | 16,777 | 17,155 |
| Margin  | 66.8%  | 64.6%  | 67.5%   | 65.4%   | 68.6%  | 67.6%  | 69.3%   | 67.2%  | 67.9%  | 67.2%  | 69.6%  | 70.2%   | 68.7%    | 69.7%   | 69.5%  | 67.7%  | 68.8%   | 69.0%  | 69.2%  | 69.3%  | 69.3%  | 69.2%  | 69.3%  | 69.3%  | 69.1%  | 69.2%  | 69.2%  | 69.3%  | 69.2%  | 69.3%  | 69.3%  | 69.4%  |
| Y/Y Chg. BPS  | -      | -      | -       | -       | 184    | 300    | 180     | 175    | (73)   | (43)   | 31     | 299     | 80       | 258     | (5)    | (248)  | 10      | (74)   | (37)   | 185    | 54     | 18     | 10     | (5)    | (21)   | (9)    | (9)    | (3)    | 6      | 11     | 17     | 19     |
| Operating Expenses                                    |        |        |         |         |        |        |         |        |        |        |        |         |          |         |        |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| SG&A  | 5,203  | 4,993  | 5,431   | 6,457   | 5,432  | 6,073  | 6,000   | 7,154  | 5,938  | 6,226  | 4,975  | 5,339   | 4,906    | 5,396   | 5,400  | 5,810  | 5,257   | 5,681  | 5,652  | 5,625  | 5,663  | 5,693  | 5,691  | 5,750  | 5,617  | 5,695  | 5,742  | 5,838  | 5,783  | 5,878  | 5,941  | 6,052  |
| R&D   | 2,470  | 2,709  | 2,827   | 4,016   | 3,065  | 3,290  | 3,430   | 4,749  | 3,485  | 3,745  | 3,538  | 3,741   | 3,442    | 3,691   | 3,442  | 4,473  | 3,546   | 3,448  | 3,843  | 3,855  | 3,892  | 3,961  | 3,834  | 3,890  | 3,864  | 3,926  | 3,961  | 4,030  | 3,987  | 4,068  | 4,127  | 4,212  |
| Total Operating Expenses                              | 7,673  | 7,702  | 8,258   | 10,473  | 8,497  | 9,363  | 9,430   | 11,903 | 9,423  | 9,971  | 8,513  | 9,080   | 8,348    | 9,087   | 8,842  | 10,283 | 8,803   | 9,129  | 9,494  | 9,481  | 9,555  | 9,655  | 9,524  | 9,640  | 9,482  | 9,621  | 9,703  | 9,868  | 9,770  | 9,946  | 10,068 | 10,264 |
| EBIT  | 6,135  | 4,141  | 5,962   | 4,230   | 6,805  | 6,385  | 6,737   | 4,764  | 6,490  | 6,170  | 5,414  | 4,923   | 5,993    | 5,929   | 5,999  | 4,195  | 5,903   | 6,358  | 6,046  | 6,058  | 6,116  | 6,097  | 6,271  | 6,360  | 6,140  | 6,262  | 6,341  | 6,501  | 6,457  | 6,606  | 6,709  | 6,891  |
| Margin  | 29.7%  | 22.6%  | 28.3%   | 18.8%   | 30.5%  | 27.4%  | 28.9%   | 19.2%  | 27.7%  | 25.7%  | 27.0%  | 24.7%   | 28.7%    | 27.5%   | 28.1%  | 19.6%  | 27.6%   | 28.3%  | 26.9%  | 27.0%  | 27.1%  | 26.8%  | 27.5%  | 27.5%  | 27.2%  | 27.3%  | 27.3%  | 27.3%  | 27.5%  | 27.6%  | 27.7%  | 27.9%  |
| Interest Income                                       | 67     | 19     | 12      | 13      | 15     | 12     | 13      | 13     | 22     | 64     | 150    | 254     | 198      | 326     | 374    | 363    | 364     | 395    | 248    | 240    | 266    | 283    | 309    | 329    | 358    | 374    | 403    | 430    | 462    | 485    | 518    | 550    |
| Other Income (Expense)                                | (124)  | 153    | 322     | 332     | 868    | 499    | 532     | 199    | 162    | (126)  | 313    | 791     | 252      | 554     | 337    | (15)   | 590     | 770    | 777    | 785    | 792    | 800    | 808    | 815    | 823    | 831    | 839    | 847    | 855    | 863    | 871    | 880    |
| Interest Expense                                      | 163    | 167    | 167     | 227     | 179    | 145    | 233     | 158    | 204    | 257    | 184    | 298     | 354      | 324     | 264    | 235    | 238     | 345    | 509    | 463    | 459    | 461    | 464    | 466    | 470    | 467    | 471    | 474    | 479    | 478    | 483    | 487    |
| Other Expenses, Net                                   | 374    | (201)  | (1,561) | (2,583) | 624    | 277    | (2,888) | 72     | (628)  | (330)  | (242)  | (1,083) | (7,280)  | 377     | (782)  | 631    | (2,189) | (610)  | 516    | 562    | 599    | 621    | 652    | 678    | 711    | 738    | 771    | 803    | 839    | 870    | 906    | 943    |
| EBT   | 6,509  | 3,940  | 4,401   | 1,647   | 7,429  | 6,662  | 3,849   | 4,836  | 5,862  | 5,840  | 5,172  | 3,840   | (1,287)  | 6,306   | 5,217  | 4,826  | 3,714   | 5,748  | 6,562  | 6,620  | 6,715  | 6,719  | 6,923  | 7,038  | 6,851  | 7,001  | 7,112  | 7,304  | 7,296  | 7,476  | 7,615  | 7,834  |
| Margin  | 31.5%  | 21.5%  | 20.9%   | 7.3%    | 33.3%  | 28.6%  | 16.5%   | 19.5%  | 25.0%  | 24.3%  | 25.8%  | 19.2%   | -6.2%    | 29.3%   | 24.4%  | 22.6%  | 17.4%   | 25.6%  | 29.2%  | 29.3%  | 29.7%  | 29.5%  | 30.4%  | 30.9%  | 30.3%  | 30.5%  | 30.7%  | 30.9%  | 31.1%  | 31.3%  | 31.5%  | 31.7%  |
| Income Tax  | 713    | 314    | 847     | (93)    | 1,232  | 384    | 182     | 100    | 713    | 1,026  | 862    | 613     | (796)    | 930     | 908    | 694    | 459     | 1,062  | 1,247  | 1,258  | 1,061  | 1,062  | 1,094  | 1,112  | 1,082  | 1,106  | 1,124  | 1,154  | 1,153  | 1,181  | 1,203  | 1,238  |
| Tax Rate  | 11.0%  | 8.0%   | 19.2%   | -5.5%   | 16.6%  | 5.8%   | 4.7%    | 2.1%   | 12.2%  | 17.6%  | 16.7%  | 16.0%   | 61.8%    | 14.7%   | 17.4%  | 14.4%  | 12.4%   | 18.5%  | 19.0%  | 19.0%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  | 15.8%  |
| Net Earnings (Loss) from Discontinued Operations, Net | -      | -      | -       | -       | -      | -      | -       | -      | -      | -      | 148    | 293     | 423      | (232)   | 21,719 | (83)   | -       | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Net Income  | 5,796  | 3,626  | 3,554   | 1,738   | 6,197  | 6,278  | 3,667   | 4,736  | 5,149  | 4,814  | 4,458  | 3,520   | (68)     | 5,144   | 26,028 | 4,049  | 3,255   | 4,686  | 5,315  | 5,362  | 5,654  | 5,657  | 5,829  | 5,926  | 5,769  | 5,895  | 5,988  | 6,150  | 6,143  | 6,295  | 6,412  | 6,596  |
| Margin  | 28.0%  | 19.8%  | 16.9%   | 7.7%    | 27.8%  | 26.9%  | 15.7%   | 19.1%  | 22.0%  | 20.0%  | 22.3%  | 17.6%   | -0.3%    | 23.9%   | 121.9% | 18.5%  | 15.2%   | 20.9%  | 23.7%  | 23.9%  | 25.0%  | 24.8%  | 25.4%  | 25.7%  | 25.5%  | 25.7%  | 25.8%  | 26.0%  | 26.2%  | 26.3%  | 26.5%  | 26.7%  |
| Share Information (Basic)                             |        |        |         |         |        |        |         |        |        |        |        |         |          |         |        |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Weighted Average Shares Outstanding                   | 2,634  | 2,633  | 2,633   | 2,633   | 2,632  | 2,633  | 2,633   | 2,626  | 2,629  | 2,630  | 2,628  | 2,614   | 2,606    | 2,598   | 2,523  | 2,407  | 2,408   | 2,407  | 2,420  | 2,420  | 2,376  | 2,376  | 2,376  | 2,376  | 2,363  | 2,363  | 2,363  | 2,363  | 2,351  | 2,351  | 2,351  | 2,351  |
| 5-yr Chg.   | (1)    | (8)    | 5       | 5       | (1)    | 1      | 0       | (4)    | 0      | 0      | (2)    | (14)    | (8)      | (7)     | (76)   | (10)   | -1      | (1)    | 13     | (14)   | (94)   | 2,376  | 2,376  | 2,376  | (13)   | 2,363  | 2,363  | 2,363  | (12)   | 2,351  | 2,351  | 2,351  |
| EPS Per Share From Continuing Operations              | 2.20   | 1.38   | 1.35    | 0.66    | 2.35   | 2.38   | 1.39    | 1.80   | 1.96   | 1.83   | 1.70   | 1.35    | (6.03)   | 1.98    | 10.32  | 1.68   | 1.35    | 1.95   | 2.20   | 2.22   | 2.38   | 2.38   | 2.45   | 2.49   | 2.44   | 2.49   | 2.53   | 2.60   | 2.61   | 2.68   | 2.73   | 2.81   |
| Q/Q Chg. (Y/Y Chg.)                                   | -      | -37.4% | -2.0%   | -51.1%  | 256.7% | 1.3%   | -41.6%  | 29.3%  | 8.7%   | -6.5%  | -7.3%  | -20.6%  | -101.9%  | 7485.4% | 421.1% | -83.7% | -19.6%  | 44.0%  | 12.8%  | 0.9%   | 7.4%   | 0.0%   | 3.0%   | 1.7%   | -2.1%  | 2.2%   | 1.6%   | 2.7%   | 0.4%   | 2.5%   | 1.9%   | 2.9%   |
| Dividends Declared Per Common Share                   | 0.95   | 1.01   | 1.01    | 1.01    | 1.01   | 1.06   | 1.06    | 1.06   | 1.06   | 1.13   | 1.13   | 1.13    | 1.13     | 1.19    | 1.19   | 1.19   | 1.19    | 1.24   | 1.24   | 1.24   | 1.24   | 1.29   | 1.29   | 1.29   | 1.29   | 1.35   | 1.35   | 1.35   | 1.35   | 1.41   | 1.41   | 1.41   |
| Payout Ratio  | 43.2%  | 73.3%  | 74.8%   | 153.0%  | 42.9%  | 44.4%  | 76.1%   | 58.8%  | 54.1%  | 61.7%  | 66.6%  | 83.9%   | -4329.7% | 60.1%   | 11.5%  | 70.7%  | 88.0%   | 63.7%  | 56.5%  | 56.0%  | 52.1%  | 54.0%  | 52.4%  | 51.5%  | 52.7%  | 54.0%  | 53.2%  | 51.8%  | 51.6%  | 52.3%  | 51.5%  | 50.1%  |
| Q/Q Chg. (Y/Y Chg.)                                   | -      | 6.3%   | 0.0%    | 0.0%    | 0.0%   | 5.0%   | 0.0%    | 0.0%   | 0.0%   | 6.6%   | 0.0%   | 0.0%    | 0.0%     | 5.3%    | 0.0%   | 0.0%   | 0.0%    | 4.2%   | 0.00%  | 0.00%  | 0.00%  | 3.68%  | 0.00%  | 0.00%  | 0.00%  | 4.70%  | 0.00%  | 0.00%  | 0.00%  | 4.34%  | 0.00%  | 0.00%  |

Johnson & Johnson  
Income Statement

| \$ in millions  | Dec-20  | Dec-21  | Dec-22  | Dec-23  | Dec-24  | Dec-25 | Dec-26 | Dec-27 | Dec-28  | Dec-29  | Dec-30  | Dec-31  | Dec-32  | Dec-33  |
|---|---------|---------|---------|---------|---------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| Fiscal Years Ending Dec. 31                           | 2020    | 2021    | 2022    | 2023    | 2024E   | 2025E  | 2026E  | 2027E  | 2028E   | 2029E   | 2030E   | 2031E   | 2032E   | 2033E   |
| Revenue (Innovative + Medtech)                        | 82,572  | 93,758  | 87,453  | 85,152  | 88,712  | 91,280 | 92,400 | 96,252 | 100,320 | 104,752 | 109,707 | 113,523 | 117,741 | 122,411 |
| Q/Q Chg.  | -       | -       | -       | -       | -       | -      | -      | -      | -       | -       | -       | -       | -       | -       |
| Y/Y Chg.  | -       | 13.5%   | -6.7%   | -2.6%   | 4.2%    | 2.9%   | 1.2%   | 4.2%   | 4.2%    | 4.4%    | 4.7%    | 3.5%    | 3.7%    | 4.0%    |
| Cost of Product Sold (Ex. D&A)                        | 20,767  | 22,463  | 20,499  | 19,143  | 20,178  | 20,819 | 21,036 | 21,917 | 22,909  | 23,920  | 25,052  | 25,923  | 26,887  | 27,953  |
| Depreciation  | 2,597   | 2,790   | 2,793   | 2,885   | 2,820   | 3,131  | 3,786  | 4,365  | 4,395   | 4,304   | 4,686   | 4,262   | 4,722   | 5,163   |
| Amortization  | 4,634   | 4,621   | 4,177   | 4,448   | 4,442   | 4,111  | 3,660  | 3,259  | 3,259   | 2,857   | 2,505   | 2,197   | 1,926   | 1,689   |
| Gross Profit  | 54,574  | 63,884  | 59,984  | 58,676  | 61,271  | 63,219 | 63,918 | 66,712 | 69,758  | 73,670  | 77,463  | 81,141  | 84,207  | 87,606  |
| Margin  | 66.1%   | 68.1%   | 68.6%   | 68.9%   | 69.1%   | 69.3%  | 69.2%  | 69.3%  | 69.5%   | 70.3%   | 70.6%   | 71.5%   | 71.5%   | 71.6%   |
| Y/Y Chg. BPS  | -       | 204     | 45      | 32      | 16      | 19     | (8)    | 13     | 23      | 79      | 28      | 87      | 4       | 5       |
| Operating Expenses                                    |         |         |         |         |         |        |        |        |         |         |         |         |         |         |
| SG&A  | 22,084  | 24,659  | 22,478  | 21,512  | 22,215  | 22,798 | 22,892 | 23,654 | 25,136  | 26,133  | 27,312  | 28,234  | 29,262  | 30,439  |
| R&D   | 12,022  | 14,534  | 14,509  | 15,048  | 14,692  | 15,577 | 15,781 | 16,394 | 17,055  | 17,880  | 18,615  | 19,340  | 20,052  | 20,838  |
| Total Operating Expenses                              | 34,106  | 39,193  | 36,987  | 36,560  | 36,907  | 38,375 | 38,673 | 40,048 | 42,191  | 44,013  | 45,927  | 47,573  | 49,314  | 51,276  |
| EBIT  | 20,468  | 24,691  | 22,997  | 22,116  | 24,364  | 24,844 | 25,244 | 26,663 | 27,567  | 29,657  | 31,537  | 33,568  | 34,892  | 36,329  |
| Margin  | 24.8%   | 26.3%   | 26.3%   | 26.0%   | 27.5%   | 27.2%  | 27.3%  | 27.7%  | 27.5%   | 28.3%   | 28.7%   | 29.6%   | 29.6%   | 29.7%   |
| Interest Income                                       | 111     | 53      | 490     | 1,261   | 1,247   | 1,186  | 1,565  | 2,015  | 2,382   | 2,808   | 3,321   | 3,825   | 4,363   | 4,964   |
| Other Income (Expense)                                | 683     | 2,098   | 1,140   | 1,128   | 2,922   | 3,215  | 3,340  | 3,469  | 3,604   | 3,744   | 3,889   | 4,040   | 4,197   | 4,359   |
| Interest Expense                                      | 724     | 715     | 943     | 1,177   | 1,555   | 1,851  | 1,881  | 1,927  | 2,005   | 2,034   | 2,096   | 2,170   | 2,244   | 2,324   |
| Unusual Expense                                       | 4,041   | 3,351   | 2,970   | 8,266   | 4,335   | 3,000  | 900    | 900    | 900     | 900     | 900     | 900     | 900     | 900     |
| Other Expenses, Net                                   | (3,971) | (1,915) | (2,283) | (7,054) | (1,720) | (450)  | 2,124  | 2,658  | 3,081   | 3,618   | 4,213   | 4,795   | 5,415   | 6,099   |
| EBT   | 16,497  | 22,776  | 20,714  | 15,062  | 22,644  | 24,395 | 27,368 | 29,321 | 30,648  | 33,275  | 35,750  | 38,363  | 40,308  | 42,429  |
| Margin  | 20.0%   | 24.3%   | 23.7%   | 17.7%   | 25.5%   | 26.7%  | 29.6%  | 30.5%  | 30.6%   | 31.8%   | 32.6%   | 33.8%   | 34.2%   | 34.7%   |
| Income Tax  | 1,783   | 1,898   | 3,214   | 1,736   | 4,026   | 4,328  | 4,466  | 4,775  | 5,220   | 5,605   | 5,942   | 6,405   | 6,771   | 7,102   |
| Tax Rate  | 10.8%   | 8.3%    | 15.5%   | 11.5%   | 17.8%   | 17.7%  | 16.3%  | 16.3%  | 17.0%   | 16.8%   | 16.6%   | 16.7%   | 16.8%   | 16.7%   |
| Net Earnings (Loss) from Discontinued Operations, Net | -       | -       | 441     | 21,827  | -       | -      | -      | -      | -       | -       | -       | -       | -       | -       |
| Net Income  | 14,714  | 20,878  | 17,941  | 13,326  | 18,618  | 20,066 | 22,902 | 24,546 | 25,429  | 27,670  | 29,808  | 31,958  | 33,537  | 35,326  |
| Margin  | 17.8%   | 22.3%   | 20.5%   | 15.6%   | 21.0%   | 22.0%  | 24.8%  | 25.5%  | 25.3%   | 26.4%   | 27.2%   | 28.2%   | 28.5%   | 28.9%   |
| Share Information (Basic)                             |         |         |         |         |         |        |        |        |         |         |         |         |         |         |
| Weighted Average Shares Outstanding                   | 2,633   | 2,631   | 2,625   | 2,533   | 2,391   | 2,376  | 2,363  | 2,351  | 2,340   | 2,319   | 2,291   | 2,263   | 2,236   | 2,210   |
| Seq. Chg.   | -       | (1)     | (6)     | (92)    | (143)   | (15)   | (13)   | (12)   | (11)    | (21)    | (29)    | (28)    | (27)    | (26)    |
| EPS Per Share From Continuing Operations              | 5.59    | 7.93    | 6.83    | 5.26    | 7.79    | 8.44   | 9.69   | 10.44  | 10.87   | 11.93   | 13.01   | 14.12   | 15.00   | 15.98   |
| Q/Q Chg. (Y/Y Chg.)                                   | -       | 42.0%   | -13.9%  | -23.0%  | 48.1%   | 8.4%   | 14.8%  | 7.7%   | 4.1%    | 9.8%    | 9.1%    | 8.5%    | 6.2%    | 6.6%    |
| Dividends Declared Per Common Share                   | 3.98    | 4.19    | 4.45    | 4.70    | 4.91    | 5.10   | 5.33   | 5.56   | 5.81    | 6.08    | 6.31    | 6.47    | 6.61    | 6.75    |
| Payout Ratio  | 71.2%   | 52.8%   | 65.1%   | 89.4%   | 63.0%   | 60.4%  | 55.0%  | 53.3%  | 53.5%   | 51.0%   | 48.5%   | 45.8%   | 44.1%   | 42.2%   |
| Q/Q Chg. (Y/Y Chg.)                                   | -       | 5.3%    | 6.2%    | 5.6%    | 4.5%    | 3.8%   | 4.5%   | 4.5%   | 4.5%    | 4.7%    | 3.7%    | 2.5%    | 2.3%    | 2.0%    |



| \$ in millions                          | Mar-20   | Jun-20   | Sep-20   | Dec-20   | Mar-21   | Jun-21   | Sep-21   | Dec-21   | Mar-22   | Jun-22   | Sep-22   | Dec-22   | Mar-23   | Jun-23   | Sep-23   | Dec-23   | Mar-24   | Jun-24   | Sep-24   | Dec-24   | Mar-25   | Jun-25   | Sep-25   | Dec-25   | Mar-26   | Jun-26   | Sep-26   | Dec-26   | Mar-27   | Jun-27   | Sep-27   | Dec-27   |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Fiscal Years Ending Dec. 31             | 1Q       | 2Q       | 3Q       | 4Q       | 1Q       | 2Q       | 3Q       | 4Q       | 1Q       | 2Q       | 3Q       | 4Q       | 1Q       | 2Q       | 3Q       | 4Q       | 1Q       | 2Q       | Q3E      | Q4E      | Q1E      | Q2E      | Q3E      | Q4E      | Q1E      | Q2E      | Q3E      | Q4E      | Q1E      | Q2E      | Q3E      | Q4E      |
| Current Assets                          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Cash & Equivalents                      | 15,530   | 11,174   | 18,965   | 13,985   | 12,671   | 14,332   | 17,604   | 14,487   | 10,463   | 10,983   | 11,355   | 14,127   | 19,170   | 21,183   | 19,728   | 21,859   | 25,473   | 24,878   | 24,064   | 26,728   | 28,459   | 31,154   | 33,312   | 36,283   | 37,993   | 40,963   | 43,788   | 47,178   | 49,521   | 52,974   | 56,325   | 60,181   |
| ST Investments                          | 2,494    | 7,961    | 11,816   | 11,200   | 11,948   | 10,974   | 13,397   | 17,121   | 19,925   | 21,585   | 22,724   | 8,154    | 13,138   | 7,322    | 3,783    | 1,068    | 745      | 597      | 603      | 608      | 614      | 620      | 626      | 632      | 638      | 644      | 650      | 657      | 663      | 669      | 676      | 682      |
| Accounts Receivable, Net                | 14,874   | 14,645   | 14,579   | 13,576   | 14,938   | 14,871   | 14,911   | 15,283   | 15,594   | 16,139   | 15,890   | 14,039   | 16,350   | 16,777   | 14,798   | 14,873   | 14,946   | 15,794   | 16,304   | 16,045   | 15,948   | 16,111   | 16,182   | 16,424   | 16,106   | 16,313   | 16,457   | 16,782   | 16,668   | 16,981   | 17,195   | 17,545   |
| Inventories                             | 8,968    | 9,424    | 9,599    | 9,574    | 9,952    | 10,100   | 10,387   | 10,387   | 10,990   | 11,437   | 11,675   | 10,268   | 12,809   | 12,888   | 11,198   | 11,181   | 11,383   | 12,109   | 12,282   | 12,364   | 12,146   | 12,282   | 12,364   | 12,556   | 12,297   | 12,448   | 12,559   | 12,728   | 12,966   | 13,156   | 13,393   |          |
| Prepaid Expenses & Other                | 2,460    | 2,688    | 2,619    | 3,132    | 3,024    | 3,492    | 3,590    | 3,701    | 3,452    | 3,703    | 3,592    | 8,706    | 2,921    | 3,397    | 4,196    | 4,514    | 4,455    | 4,379    | 3,978    | 4,106    | 4,413    | 4,440    | 4,386    | 4,379    | 4,266    | 4,378    | 4,452    | 4,523    | 4,476    | 4,552    | 4,614    | 4,718    |
| Total Current Assets                    | 44,226   | 45,892   | 57,578   | 51,237   | 52,533   | 53,769   | 59,889   | 60,979   | 60,424   | 63,847   | 65,236   | 55,204   | 64,388   | 60,567   | 53,703   | 53,495   | 57,002   | 57,817   | 57,433   | 59,724   | 61,581   | 64,608   | 66,870   | 70,274   | 71,300   | 74,747   | 77,907   | 81,952   | 84,056   | 88,142   | 91,936   | 96,519   |
| PPE, Net                                | 17,401   | 17,598   | 17,855   | 19,766   | 18,367   | 18,632   | 18,478   | 19,862   | 18,701   | 18,354   | 18,152   | 18,982   | 20,174   | 20,576   | 18,821   | 20,898   | 19,632   | 19,748   | 19,842   | 19,939   | 21,188   | 22,398   | 23,571   | 24,708   | 25,810   | 26,879   | 27,916   | 28,921   | 29,897   | 30,845   | 31,764   | 32,657   |
| LT Investments                          | 1,520    | 2,200    | 1,140    | 1,481    | 1,452    | 1,678    | 1,867    | 1,884    | 1,452    | 1,340    | 522      | 576      | 505      | 493      | 4,023    | 4,473    | 4,486    | 470      | 475      | 480      | 484      | 489      | 494      | 499      | 504      | 510      | 515      | 520      | 525      | 531      | 536      | 542      |
| Goodwill                                | 33,471   | 33,890   | 34,307   | 36,393   | 35,688   | 35,819   | 35,569   | 35,246   | 34,935   | 34,166   | 33,383   | 36,047   | 45,575   | 45,440   | 36,124   | 36,558   | 36,616   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   |
| Intangible Assets                       | 47,338   | 47,413   | 47,006   | 53,402   | 51,110   | 50,244   | 47,776   | 46,392   | 44,020   | 42,408   | 40,336   | 38,489   | 47,448   | 46,246   | 35,021   | 34,175   | 34,286   | 39,725   | 38,588   | 37,483   | 36,410   | 35,368   | 34,356   | 33,372   | 32,417   | 31,489   | 30,588   | 29,712   | 28,862   | 28,036   | 27,233   | 26,454   |
| Deferred Tax Assets                     | 7,539    | 7,805    | 7,816    | 8,534    | 8,321    | 10,804   | 10,646   | 10,223   | 9,936    | 9,514    | 9,392    | 8,947    | 8,817    | 8,779    | 9,259    | 9,279    | 10,305   | 9,004    | 9,355    | 9,710    | 10,008   | 10,307   | 10,616   | 10,929   | 11,234   | 11,545   | 11,862   | 12,187   | 12,512   | 12,844   | 13,183   | 13,532   |
| Right-Of-Use Assets                     | 250      | 250      | 250      | 250      | 225      | 225      | 225      | 225      | 250      | 250      | 250      | 250      | 250      | 250      | 250      | 250      | 250      | 250      | 250      | 250      | 268      | 284      | 298      | 313      | 327      | 340      | 353      | 366      | 378      | 390      | 402      | 413      |
| Other Assets                            | 3,272    | 3,332    | 4,741    | 3,831    | 4,861    | 5,269    | 4,778    | 7,207    | 8,237    | 7,845    | 7,853    | 28,793   | 8,812    | 9,335    | 8,860    | 8,430    | 9,389    | 9,824    | 9,518    | 9,498    | 9,545    | 9,642    | 9,768    | 9,849    | 9,599    | 9,755    | 9,858    | 10,055   | 9,988    | 10,163   | 10,288   | 10,505   |
| Total Assets                            | 155,017  | 158,380  | 170,693  | 174,894  | 172,557  | 176,440  | 179,228  | 182,018  | 178,355  | 177,724  | 175,124  | 187,378  | 195,969  | 191,686  | 166,061  | 167,558  | 171,966  | 181,088  | 179,712  | 181,335  | 183,736  | 187,347  | 190,224  | 194,194  | 195,441  | 199,516  | 203,249  | 207,964  | 210,469  | 215,201  | 219,593  | 224,872  |
| Current Liabilities                     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Loans & Notes Payable                   | 2,190    | 5,332    | 5,078    | 2,631    | 3,350    | 3,173    | 3,798    | 3,766    | 4,297    | 4,305    | 4,424    | 12,771   | 17,979   | 11,701   | 3,870    | 3,451    | 8,550    | 9,855    | 7,789    | 7,698    | 7,727    | 7,804    | 7,828    | 7,929    | 7,765    | 7,877    | 7,955    | 8,110    | 8,051    | 8,200    | 8,304    | 8,475    |
| Accounts Payable                        | 7,411    | 6,765    | 7,044    | 9,505    | 8,503    | 8,704    | 8,961    | 11,055   | 9,309    | 9,765    | 10,153   | 11,703   | 9,909    | 10,443   | 8,355    | 9,632    | 8,174    | 8,848    | 9,654    | 9,460    | 9,306    | 9,451    | 9,331    | 9,551    | 9,423    | 9,524    | 9,592    | 9,780    | 9,703    | 9,900    | 10,029   | 10,228   |
| Accrued Liabilities                     | 8,384    | 8,940    | 9,629    | 13,968   | 13,223   | 13,612   | 13,812   | 13,612   | 13,006   | 12,607   | 11,953   | 11,456   | 11,204   | 10,605   | 10,101   | 10,212   | 10,323   | 10,539   | 10,765   | 10,736   | 10,780   | 10,873   | 10,889   | 11,005   | 10,799   | 10,966   | 11,071   | 11,281   | 11,197   | 11,404   | 11,552   | 11,791   |
| Accrued Rebates, Returns and Promotions | 11,608   | 11,790   | 12,418   | 11,513   | 11,919   | 12,450   | 12,683   | 12,095   | 12,972   | 13,447   | 14,021   | 14,417   | 14,784   | 15,672   | 15,808   | 16,001   | 16,182   | 17,539   | 16,713   | 16,802   | 17,032   | 17,205   | 17,259   | 17,474   | 17,013   | 17,317   | 17,510   | 17,846   | 17,712   | 18,034   | 18,255   | 18,643   |
| Income Tax Payable                      | 1,930    | 1,632    | 1,666    | 1,392    | 1,877    | 1,200    | 2,161    | 1,112    | 1,708    | 1,980    | 1,986    | 3,338    | 4,266    | 2,687    | 2,993    | 3,318    | 3,318    | 3,392    | 3,422    | 2,886    | 2,888    | 2,975    | 3,025    | 2,945    | 3,009    | 3,057    | 3,139    | 3,136    | 3,213    | 3,273    | 3,367    |          |
| Accrued Payroll                         | 2,166    | 2,313    | 3,012    | 3,484    | 2,060    | 2,709    | 3,146    | 3,586    | 2,098    | 2,717    | 3,006    | 2,127    | 2,231    | 3,062    | 3,337    | 3,993    | 2,178    | 2,843    | 3,073    | 3,177    | 3,203    | 3,171    | 2,995    | 3,146    | 3,115    | 3,169    | 3,187    | 3,220    | 3,196    | 3,275    | 3,320    | 3,386    |
| Current Liabilities                     | 33,689   | 36,772   | 38,847   | 42,493   | 40,932   | 38,721   | 44,561   | 45,226   | 43,390   | 44,821   | 45,543   | 55,802   | 60,373   | 54,170   | 44,370   | 46,282   | 48,725   | 53,933   | 51,385   | 51,294   | 50,935   | 51,391   | 51,278   | 52,130   | 51,080   | 51,862   | 52,373   | 53,386   | 52,996   | 54,026   | 54,733   | 55,891   |
| LT Debt                                 | 25,393   | 25,062   | 32,680   | 32,635   | 30,263   | 30,310   | 30,130   | 29,985   | 28,851   | 28,292   | 27,603   | 26,888   | 34,928   | 33,901   | 26,051   | 25,881   | 25,082   | 31,636   | 29,931   | 29,728   | 29,853   | 30,026   | 30,161   | 30,351   | 30,257   | 30,467   | 30,639   | 30,892   | 30,919   | 31,163   | 31,361   | 31,633   |
| Employee Related Obligations            | 10,529   | 10,411   | 10,184   | 10,771   | 10,512   | 10,367   | 10,171   | 8,898    | 8,739    | 8,553    | 8,353    | 6,767    | 6,665    | 6,461    | 5,687    | 7,149    | 7,019    | 6,919    | 6,952    | 6,897    | 6,987    | 7,200    | 7,142    | 7,173    | 7,030    | 7,148    | 7,235    | 7,382    | 7,313    | 7,442    | 7,540    | 7,700    |
| Deferred Tax Liabilities                | 5,766    | 5,532    | 5,615    | 7,214    | 6,507    | 9,016    | 7,147    | 7,487    | 6,424    | 5,015    | 4,946    | 6,374    | 4,417    | 3,627    | 2,623    | 3,193    | 3,172    | 2,635    | 2,796    | 2,958    | 3,095    | 3,231    | 3,372    | 3,516    | 3,655    | 3,798    | 3,943    | 4,091    | 4,240    | 4,392    | 4,547    | 4,707    |
| LT Taxes Payable                        | 7,402    | 6,591    | 6,745    | 6,555    | 6,588    | 5,722    | 5,770    | 5,713    | 5,745    | 4,162    | 4,162    | 4,306    | 4,296    | 2,536    | 2,540    | 2,881    | 2,881    | 341      | 114      | 38       | 13       | 4        | 1        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| Right-Of-Use Liabilities                | 275      | 275      | 275      | 275      | 250      | 250      | 250      | 250      | 275      | 275      | 275      | 275      | 275      | 275      | 275      | 275      | 275      | 275      | 276      | 278      | 295      | 312      | 328      | 344      | 359      | 374      | 389      | 403      | 416      | 430      | 442      | 455      |
| Other Liabilities                       | 10,669   | 10,759   | 11,874   | 11,669   | 11,691   | 12,474   | 10,927   | 10,436   | 10,222   | 10,249   | 9,643    | 10,162   | 14,146   | 15,567   | 13,287   | 13,123   | 14,792   | 13,811   | 14,768   | 14,653   | 14,522   | 14,703   | 14,848   | 14,876   | 14,671   | 14,874   | 15,001   | 15,300   | 15,194   | 15,462   | 15,670   | 15,991   |
| Total Liabilities                       | 93,723   | 95,402   | 106,220  | 111,616  | 106,723  | 106,860  | 108,956  | 107,995  | 103,646  | 101,367  | 100,525  | 110,574  | 125,100  | 116,537  | 94,833   | 98,784   | 101,946  | 109,550  | 106,222  | 105,846  | 105,699  | 106,868  | 107,131  | 108,391  | 107,033  | 108,524  | 109,578  | 111,454  | 111,078  | 112,915  | 114,294  | 116,376  |
| Shareholders' Equity                    |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Common Stock                            | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    | 3,120    |
| Retained Earnings                       | 112,901  | 113,898  | 114,831  | 113,890  | 116,508  | 120,154  | 121,092  | 123,060  | 124,380  | 126,216  | 127,917  | 128,345  | 124,558  | 129,381  | 152,536  | 153,843  | 153,378  | 155,360  | 157,674  | 160,036  | 162,744  | 165,346  | 168,120  | 170,991  | 173,722  | 176,434  | 179,239  | 182,205  | 185,182  | 188,172  | 191,279  | 194,571  |
| Accumulated OCI                         | (16,243) | (15,533) | (14,938) | (15,242) | (15,328) | (15,100) | (15,415) | (13,058) | (13,757) | (13,843) | (15,292) | (12,967) | (12,606) | (13,135) | (8,780)  | (12,527) | (10,768) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) |
| Treasury Stock                          | (38,484) | (38,507) | (38,540) | (38,490) | (38,466) | (38,540) | (38,525) | (39,099) | (39,034) | (39,136) | (41,146) | (41,694) | (44,183) | (44,217) | (75,648) | (75,662) | (75,710) | (75,689) | (77,489) | (79,289) | (80,168) | (81,047) | (81,926) | (82,805) | (83,651) | (84,497) | (85,343) | (86,189) | (87,002) | (87,816) | (88,630) | (89,443) |
| Total Shareholders' Equity              | 61,294   | 62,978   | 64,473   | 63,278   | 65,834   | 69,580   | 70,272   | 74,023   | 74,709   | 76,357   | 74,599   | 76,804   | 70,869   | 75,149   | 71,228   | 68,774   | 70,020   | 71,538   | 73,490   | 75,489   | 76,037   | 80,479   | 83,092   | 85,803   | 88,407   | 90       |          |          |          |          |          |          |

**Johnson & Johnson**  
*Balance Sheet*

| \$ in millions                          | Dec-20   | Dec-21   | Dec-22   | Dec-23   | Dec-24   | Dec-25   | Dec-26   | Dec-27   | Dec-28   | Dec-29   | Dec-30   | Dec-31    | Dec-32    | Dec-33    |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|
| Fiscal Years Ending Dec. 31             | 2020     | 2021     | 2022     | 2023     | 2024E    | 2025E    | 2026E    | 2027E    | 2028E    | 2029E    | 2030E    | 2031E     | 2032E     | 2033E     |
|   |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| Current Assets                          |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| Cash & Equivalents                      | 13,985   | 14,487   | 14,127   | 21,859   | 26,728   | 36,283   | 47,178   | 60,181   | 71,101   | 84,259   | 97,205   | 111,024   | 126,453   | 143,555   |
| ST Investments                          | 11,200   | 17,121   | 8,154    | 1,068    | 608      | 632      | 657      | 682      | 709      | 736      | 765      | 794       | 825       | 857       |
| Accounts Receivable, Net                | 13,576   | 15,283   | 14,039   | 14,873   | 16,045   | 16,424   | 16,782   | 17,545   | 17,762   | 18,892   | 19,786   | 20,464    | 21,231    | 22,047    |
| Inventories                             | 9,344    | 10,387   | 10,268   | 11,181   | 12,236   | 12,556   | 12,812   | 13,393   | 13,457   | 14,402   | 15,083   | 15,599    | 16,176    | 16,792    |
| Prepaid Expenses & Other                | 3,132    | 3,701    | 8,706    | 4,514    | 4,106    | 4,379    | 4,523    | 4,718    | 5,854    | 5,250    | 5,498    | 5,762     | 6,031     | 6,316     |
| Total Current Assets                    | 51,237   | 60,979   | 55,294   | 53,495   | 59,724   | 70,274   | 81,952   | 96,519   | 108,882  | 123,539  | 138,337  | 153,644   | 170,716   | 189,567   |
|   |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| PPE, Net                                | 19,766   | 19,862   | 18,982   | 20,898   | 19,939   | 24,708   | 28,921   | 32,657   | 36,606   | 40,896   | 45,062   | 49,918    | 54,588    | 59,097    |
| LT Investments                          | 1,481    | 1,884    | 576      | 4,473    | 480      | 499      | 520      | 542      | 564      | 587      | 611      | 637       | 663       | 690       |
| Goodwill                                | 36,393   | 35,246   | 36,047   | 36,558   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250   | 44,250    | 44,250    | 44,250    |
| Intangible Assets                       | 53,402   | 46,392   | 38,489   | 34,175   | 37,483   | 33,372   | 29,712   | 26,454   | 23,195   | 20,338   | 17,833   | 15,636    | 13,710    | 12,021    |
| Deferred Tax Assets                     | 8,534    | 10,223   | 8,947    | 9,279    | 9,710    | 10,929   | 12,187   | 13,532   | 14,722   | 16,000   | 17,355   | 18,816    | 20,360    | 21,980    |
| Right-Of-Use Assets                     | 250      | 225      | 250      | 250      | 252      | 313      | 366      | 413      | 463      | 518      | 570      | 632       | 691       | 748       |
| Other Assets                            | 3,831    | 7,207    | 28,793   | 8,430    | 9,498    | 9,849    | 10,055   | 10,505   | 10,858   | 11,337   | 11,899   | 12,326    | 12,778    | 13,270    |
| Total Assets                            | 174,894  | 182,018  | 187,378  | 167,558  | 181,335  | 194,194  | 207,964  | 224,872  | 239,541  | 257,465  | 275,918  | 295,858   | 317,755   | 341,623   |
|   |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| Current Liabilities                     |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| Loans & Notes Payable                   | 2,631    | 3,766    | 12,771   | 3,451    | 7,698    | 7,929    | 8,110    | 8,475    | 8,812    | 9,162    | 9,595    | 9,942     | 10,325    | 10,733    |
| Accounts Payable                        | 9,505    | 11,055   | 11,703   | 9,632    | 9,460    | 9,551    | 9,780    | 10,228   | 11,180   | 11,205   | 11,735   | 12,149    | 12,647    | 13,181    |
| Accrued Liabilities                     | 13,968   | 13,612   | 11,456   | 10,212   | 10,736   | 11,005   | 11,281   | 11,791   | 12,383   | 12,772   | 13,376   | 13,858    | 14,403    | 14,979    |
| Accrued Rebates, Returns and Promotions | 11,513   | 12,095   | 14,417   | 16,001   | 16,802   | 17,474   | 17,846   | 18,643   | 18,710   | 19,990   | 20,936   | 21,691    | 22,490    | 23,338    |
| Income Tax Payable                      | 1,392    | 1,112    | 3,328    | 2,993    | 3,422    | 3,025    | 3,139    | 3,367    | 3,859    | 3,988    | 4,246    | 4,596     | 4,880     | 5,086     |
| Accrued Payroll                         | 3,484    | 3,586    | 2,127    | 3,993    | 3,177    | 3,146    | 3,230    | 3,386    | 3,305    | 3,632    | 3,804    | 3,914     | 4,060     | 4,212     |
| Current Liabilities                     | 42,493   | 45,226   | 55,802   | 46,282   | 51,294   | 52,130   | 53,386   | 55,891   | 58,249   | 60,748   | 63,691   | 66,151    | 68,805    | 71,529    |
|   |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| LT Debt                                 | 32,635   | 29,985   | 26,888   | 25,881   | 29,728   | 30,351   | 30,892   | 31,633   | 31,871   | 32,764   | 33,797   | 34,946    | 36,161    | 37,434    |
| Employee Related Obligations            | 10,771   | 8,898    | 6,767    | 7,149    | 6,897    | 7,173    | 7,382    | 7,700    | 7,897    | 8,274    | 8,665    | 8,990     | 9,336     | 9,695     |
| Deferred Tax Liabilities                | 7,214    | 7,487    | 6,374    | 3,193    | 2,958    | 3,516    | 4,091    | 4,707    | 5,379    | 6,102    | 6,868    | 7,693     | 8,566     | 9,481     |
| LT Taxes Payable                        | 6,559    | 5,713    | 4,306    | 2,881    | 38       | 0        | 0        | 0        | 0        | 0        | 0        | 0         | 0         | 0         |
| Right-Of-Use Liabilities                | 275      | 250      | 275      | 275      | 278      | 344      | 403      | 455      | 510      | 569      | 628      | 695       | 760       | 823       |
| Other Liabilities                       | 11,669   | 10,436   | 10,162   | 13,123   | 14,653   | 14,876   | 15,300   | 15,991   | 15,571   | 17,077   | 17,884   | 18,466    | 19,145    | 19,844    |
| Total Liabilities                       | 111,616  | 107,995  | 110,574  | 98,784   | 105,846  | 108,391  | 111,454  | 116,376  | 119,477  | 125,534  | 131,533  | 136,941   | 142,774   | 148,805   |
|   |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| Shareholders' Equity                    |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| Common Stock                            | 3,120    | 3,120    | 3,120    | 3,120    | 5,995    | 8,871    | 11,746   | 14,621   | 17,496   | 18,819   | 18,819   | 18,819    | 18,819    | 18,819    |
| Retained Earnings                       | 113,890  | 123,060  | 128,345  | 153,843  | 160,036  | 170,991  | 182,205  | 194,571  | 206,395  | 219,953  | 235,305  | 252,626   | 271,373   | 291,792   |
| Accumulated OCI                         | (15,242) | (13,058) | (12,967) | (12,527) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253) | (11,253)  | (11,253)  | (11,253)  |
| Treasury Stock                          | (38,490) | (39,099) | (41,694) | (75,662) | (79,289) | (82,805) | (86,189) | (89,443) | (92,575) | (95,588) | (98,486) | (101,275) | (103,958) | (106,539) |
| Total Shareholders' Equity              | 63,278   | 74,023   | 76,804   | 68,774   | 75,489   | 85,803   | 96,510   | 108,496  | 120,064  | 131,932  | 144,384  | 158,917   | 174,981   | 192,818   |
|   |          |          |          |          |          |          |          |          |          |          |          |           |           |           |
| Liabilities + Equity                    | 174,894  | 182,018  | 187,378  | 167,558  | 181,335  | 194,194  | 207,964  | 224,872  | 239,541  | 257,465  | 275,918  | 295,858   | 317,755   | 341,623   |
| CHECK                                   | OK       | OK       | OK       | OK       | OK       | OK       | OK       | OK       | OK       | OK       | OK       | OK        | OK        | OK        |

## Johnson &amp; Johnson

## Historical Cash Flow Statement

| \$ in millions   | Dec-20          | Dec-21          | Dec-22          | Dec-23          | Jun-24          |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fiscal Years Ending Dec. 31                                      | 2020            | 2021            | 2022            | 2023            | 1H 2024         |
| <b>Cash Flow from Operations</b>                                 |                 |                 |                 |                 |                 |
| Net Income   | 14,714          | 20,878          | 17,941          | 13,326          | 7,941           |
| Depreciation and Amortization                                    | 7,231           | 7,390           | 6,970           | 7,486           | 3,597           |
| Stock Based Compensation   | 1,005           | 1,135           | 1,138           | 1,162           | 643             |
| Asset Write-Downs  | 233             | 989             | 1,216           | 1,295           | 379             |
| Contingent Consideration Reversal                                | (1,148)         | -               | -               | -               | -               |
| Charge for Purchase of In-Process R&D                            | -               | -               | -               | 483             | -               |
| Gain on Kenvue Separation  | -               | -               | -               | (20,984)        | -               |
| Net Gain on Sale of Assets/Businesses                            | (111)           | (617)           | (380)           | (117)           | (223)           |
| Deferred Tax Provision   | (1,141)         | (2,079)         | (1,663)         | (4,194)         | (2,257)         |
| Credit Losses and Accounts Receivable Allowances                 | 63              | (48)            | (17)            | -               | -               |
| Increase in Accounts Receivable                                  | 774             | (2,402)         | (1,290)         | (624)           | (1,163)         |
| Increase in Inventories  | (265)           | (1,248)         | (2,527)         | (1,323)         | (739)           |
| Increase/(Decrease) in Accts. Payable and Accrued Liabilities    | 5,141           | 2,437           | 1,098           | 2,346           | 449             |
| Decrease/(Increase) in Other Current and Non-Current Assets      | (3,704)         | (1,964)         | 687             | (3,480)         | 3,731           |
| (Decrease)/Increase in Other Current and Non-Current Liabilities | 744             | (1,061)         | (1,979)         | 5,588           | (3,068)         |
| <b>Net Cash Flow from Operations</b>                             | <b>23,536</b>   | <b>23,410</b>   | <b>21,194</b>   | <b>21,948</b>   | <b>9,290</b>    |
| <b>Cash Flow from Investing</b>                                  |                 |                 |                 |                 |                 |
| Additions to PPE   | (3,347)         | (3,652)         | (4,009)         | (4,543)         | (1,783)         |
| Proceeds from the Disposal of Assets/Businesses                  | 305             | 711             | 543             | 358             | 573             |
| Acquisitions   | (7,323)         | (60)            | (17,652)        | -               | (14,807)        |
| Purchases of In-Process R&D                                      | -               | -               | -               | (470)           | -               |
| Purchases of Investments   | (21,089)        | (30,394)        | (32,384)        | (10,906)        | (1,184)         |
| Sales of Investments   | 12,137          | 25,006          | 41,609          | 19,390          | 1,706           |
| Credit Support Agreements Activity                               | (987)           | 214             | (249)           | (2,963)         | 1,430           |
| Other  | (521)           | (508)           | (229)           | 12              | (86)            |
| <b>Net Cash from Investing</b>                                   | <b>(20,825)</b> | <b>(8,683)</b>  | <b>(12,371)</b> | <b>878</b>      | <b>(14,151)</b> |
| <b>Cash Flow from Financing</b>                                  |                 |                 |                 |                 |                 |
| Dividends to Shareholders  | (10,481)        | (11,032)        | (11,682)        | (11,770)        | (5,854)         |
| Repurchase of Common Stock                                       | (3,221)         | (3,456)         | (6,035)         | (5,054)         | (1,611)         |
| Proceeds from ST Debt  | 3,391           | 1,997           | 16,134          | 13,743          | 13,976          |
| Repayment of ST Debt   | (2,663)         | (1,190)         | (6,550)         | (22,973)        | (3,915)         |
| Proceeds from LT Debt, Net of Issuance Costs                     | 7,431           | 5               | 2               | -               | 6,659           |
| Repayment of LT Debt   | (1,064)         | (1,802)         | (2,134)         | (1,551)         | (803)           |
| Proceeds from the Exercise of Stock Options                      | 1,114           | 1,036           | 1,329           | 1,094           | 290             |
| Credit Support Agreements Activity                               | (333)           | 281             | (28)            | (219)           | 281             |
| Settlement of Convertible Debt Acquired from Shockwave           | -               | -               | -               | -               | (970)           |
| Proceeds from ST & LT Debt - Kenvue                              | -               | -               | -               | 8,047           | -               |
| Proceeds from Kenvue Initial Public Offering                     | -               | -               | -               | 4,241           | -               |
| Cash Transferred to Kenvue Initial Public Offering               | -               | -               | -               | (1,114)         | -               |
| Other  | (294)           | 114             | 93              | (269)           | 37              |
| <b>Net Cash Flows from Financing</b>                             | <b>(6,120)</b>  | <b>(14,047)</b> | <b>(8,871)</b>  | <b>(15,825)</b> | <b>8,090</b>    |
| <b>Exchange Rate Effect</b>                                      | <b>89</b>       | <b>(178)</b>    | <b>(312)</b>    | <b>(112)</b>    | <b>(210)</b>    |
| <b>Change in Cash</b>  | <b>(3,320)</b>  | <b>502</b>      | <b>(360)</b>    | <b>6,889</b>    | <b>3,019</b>    |
| <b>Cash Beginning of Period</b>                                  | <b>17,305</b>   | <b>13,985</b>   | <b>14,487</b>   | <b>14,127</b>   | <b>21,859</b>   |
| <b>Cash End of Period</b>  | <b>13,985</b>   | <b>14,487</b>   | <b>14,127</b>   | <b>21,859</b>   | <b>24,878</b>   |
| <b>BS Cash</b>   | <b>13,985</b>   | <b>14,487</b>   | <b>14,127</b>   | <b>21,859</b>   | <b>24,878</b>   |
| <b>CF Check</b>  | <b>OK</b>       | <b>OK</b>       | <b>OK</b>       | <b>OK</b>       | <b>OK</b>       |

### Forecasted Cash Flow Statement

| \$ in millions                          | Sep-24  | Dec-24  | Mar-25  | Jun-25  | Sep-25  | Dec-25  | Mar-26  | Jun-26  | Sep-26  | Dec-26  | Mar-27  | Jun-27  | Sep-27  | Dec-27  |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fiscal Years Ending Dec. 31             | Q3E     | Q4E     | Q1E     | Q2E     | Q3E     | Q4E     | Q1E     | Q2E     | Q3E     | Q4E     | Q1E     | Q2E     | Q3E     | Q4E     |
| Cash Flow from Operations               |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Net Income                              | 5,315   | 5,362   | 5,654   | 5,657   | 5,829   | 5,926   | 5,769   | 5,895   | 5,988   | 6,150   | 6,143   | 6,295   | 6,412   | 6,596   |
| D&A                                     | 1,847   | 1,818   | 1,790   | 1,804   | 1,818   | 1,831   | 1,843   | 1,856   | 1,868   | 1,879   | 1,890   | 1,901   | 1,911   | 1,921   |
| Accounts Receivable                     | (510)   | 258     | 97      | (163)   | (71)    | (242)   | 318     | (207)   | (144)   | (326)   | 114     | (313)   | (214)   | (350)   |
| Inventories                             | (316)   | 249     | 90      | (137)   | (82)    | (192)   | 259     | (151)   | (111)   | (253)   | 84      | (238)   | (161)   | (250)   |
| Prepaid Expenses                        | 401     | (128)   | (307)   | (27)    | 54      | 7       | 113     | (113)   | (73)    | (71)    | 48      | (77)    | (61)    | (104)   |
| DTA                                     | (351)   | (354)   | (299)   | (299)   | (308)   | (313)   | (305)   | (312)   | (317)   | (325)   | (325)   | (333)   | (339)   | (349)   |
| Loans & Notes Payable                   | (2,066) | (90)    | 29      | 78      | 23      | 102     | (164)   | 112     | 78      | 154     | (58)    | 149     | 104     | 172     |
| Accounts Payable                        | 806     | (194)   | (154)   | 145     | (120)   | 220     | (128)   | 101     | 68      | 188     | (77)    | 198     | 129     | 199     |
| Accrued Liabilities                     | 226     | (29)    | 44      | 92      | 17      | 115     | (206)   | 167     | 105     | 210     | (84)    | 207     | 148     | 239     |
| Accrued Rebates, Returns and Promotions | (826)   | 89      | 230     | 173     | 54      | 215     | (462)   | 305     | 193     | 336     | (134)   | 321     | 221     | 388     |
| Income Tax Payable                      | (917)   | 30      | (535)   | 1       | 88      | 50      | (80)    | 64      | 48      | 82      | (3)     | 77      | 60      | 94      |
| Accrued Payroll                         | 230     | 103     | 26      | (32)    | (176)   | 151     | (30)    | 54      | 18      | 43      | (34)    | 79      | 45      | 67      |
| Other Assets                            | 306     | 20      | (47)    | (97)    | (126)   | (80)    | 250     | (157)   | (103)   | (196)   | 66      | (175)   | (125)   | (217)   |
| Other Liabilities                       | 957     | (115)   | (131)   | 181     | 145     | 28      | (205)   | 202     | 127     | 299     | (106)   | 268     | 208     | 320     |
| ROU Assets                              | (1)     | (1)     | (16)    | (15)    | (15)    | (14)    | (14)    | (14)    | (13)    | (13)    | (12)    | (12)    | (12)    | (11)    |
| Employee Related Obligations            | 33      | (55)    | 90      | 213     | (58)    | 31      | (142)   | 118     | 86      | 147     | (69)    | 130     | 98      | 160     |
| DTL                                     | 161     | 162     | 137     | 137     | 141     | 143     | 140     | 143     | 145     | 149     | 149     | 152     | 155     | 160     |
| LT Taxes Payable                        | (227)   | (76)    | (25)    | (8)     | (3)     | (1)     | (0)     | (0)     | (0)     | (0)     | (0)     | (0)     | (0)     | (0)     |
| ROU Liabilities                         | 1       | 1       | 17      | 17      | 16      | 16      | 15      | 15      | 14      | 14      | 14      | 13      | 13      | 12      |
| Net Cash Flow from Operations           | 5,068   | 7,051   | 6,690   | 7,720   | 7,227   | 7,991   | 6,970   | 8,078   | 7,978   | 8,468   | 7,604   | 8,642   | 8,593   | 9,030   |
| Cash Flow from Investing                |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| LT Investments                          | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     | (5)     |
| ST Investments                          | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     | (6)     |
| PPE, Gross                              | (804)   | (810)   | (1,966) | (1,972) | (1,978) | (1,984) | (1,990) | (1,997) | (2,003) | (2,009) | (2,016) | (2,022) | (2,028) | (2,035) |
| Net Cash Flow from Investing            | (814)   | (820)   | (1,977) | (1,983) | (1,989) | (1,995) | (2,001) | (2,008) | (2,014) | (2,021) | (2,027) | (2,034) | (2,040) | (2,047) |
| Cash Flow from Financing                |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| LT Debt                                 | (1,705) | (203)   | 125     | 173     | 135     | 189     | (93)    | 210     | 172     | 253     | 28      | 244     | 198     | 272     |
| Common Stock                            | 1,438   | 1,438   | 719     | 719     | 719     | 719     | 719     | 719     | 719     | 719     | 719     | 719     | 719     | 719     |
| Treasury Stock                          | (1,800) | (1,800) | (879)   | (879)   | (879)   | (879)   | (846)   | (846)   | (846)   | (846)   | (814)   | (814)   | (814)   | (814)   |
| Dividends                               | (3,001) | (3,001) | (2,946) | (3,055) | (3,055) | (3,055) | (3,038) | (3,183) | (3,183) | (3,183) | (3,167) | (3,305) | (3,305) | (3,305) |
| Net Cash Flow from Financing            | (5,068) | (3,566) | (2,982) | (3,042) | (3,080) | (3,026) | (3,258) | (3,100) | (3,138) | (3,058) | (3,234) | (3,156) | (3,202) | (3,128) |
| Change in Cash                          |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
|   | (814)   | 2,664   | 1,732   | 2,695   | 2,158   | 2,971   | 1,710   | 2,970   | 2,825   | 3,390   | 2,343   | 3,453   | 3,351   | 3,855   |
| Cash Beginning of Period                | 24,878  | 24,064  | 26,728  | 28,459  | 31,154  | 33,312  | 36,283  | 37,993  | 40,963  | 43,788  | 47,178  | 49,521  | 52,974  | 56,325  |
| Cash End of Period                      | 24,064  | 26,728  | 28,459  | 31,154  | 33,312  | 36,283  | 37,993  | 40,963  | 43,788  | 47,178  | 49,521  | 52,974  | 56,325  | 60,181  |
| BS Cash                                 | 24,064  | 26,728  | 28,459  | 31,154  | 33,312  | 36,283  | 37,993  | 40,963  | 43,788  | 47,178  | 49,521  | 52,974  | 56,325  | 60,181  |
| CF Check                                | OK      | OK      | OK      | OK      | OK      | OK      | OK      | OK      | OK      | OK      | OK      | OK      | OK      | OK      |

[illegible]

Johnson & Johnson  
Common Size Income Statement

| \$ in millions  | Dec-20  | Dec-21  | Dec-22  | Dec-23  | Dec-24  | Dec-25  | Dec-26  | Dec-27  | Dec-28  | Dec-29  | Dec-30  | Dec-31  | Dec-32  | Dec-33  |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Fiscal Years Ending Dec. 31                           | 2020    | 2021    | 2022    | 2023    | 2024E   | 2025E   | 2026E   | 2027E   | 2028E   | 2029E   | 2030E   | 2031E   | 2032E   | 2033E   |
| Revenue (Innovative + Medtech)                        | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Cost of Product Sold (Ex. D&A)                        | 25.15%  | 23.96%  | 23.44%  | 22.48%  | 22.75%  | 22.81%  | 22.77%  | 22.77%  | 22.84%  | 22.84%  | 22.84%  | 22.84%  | 22.84%  | 22.84%  |
| Depreciation  | 3.15%   | 2.98%   | 3.19%   | 3.39%   | 3.18%   | 3.43%   | 4.10%   | 4.53%   | 4.38%   | 4.11%   | 4.27%   | 3.75%   | 4.01%   | 4.22%   |
| Amortization  | 5.61%   | 4.93%   | 4.78%   | 5.22%   | 5.01%   | 4.50%   | 3.96%   | 3.39%   | 3.25%   | 2.73%   | 2.28%   | 1.93%   | 1.64%   | 1.38%   |
| Gross Profit  | 66.09%  | 68.14%  | 68.59%  | 68.91%  | 69.07%  | 69.26%  | 69.18%  | 69.31%  | 69.54%  | 70.33%  | 70.61%  | 71.48%  | 71.52%  | 71.57%  |
| Operating Expenses                                    |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| SG&A  | 26.75%  | 26.30%  | 25.70%  | 25.26%  | 25.04%  | 24.98%  | 24.77%  | 24.57%  | 25.06%  | 24.95%  | 24.89%  | 24.87%  | 24.85%  | 24.87%  |
| R&D   | 14.56%  | 15.50%  | 16.59%  | 17.67%  | 16.56%  | 17.07%  | 17.08%  | 17.03%  | 17.00%  | 17.07%  | 16.97%  | 17.04%  | 17.03%  | 17.02%  |
| Total Operating Expenses                              | 41.30%  | 41.80%  | 42.29%  | 42.93%  | 41.60%  | 42.04%  | 41.85%  | 41.61%  | 42.06%  | 42.02%  | 41.86%  | 41.91%  | 41.88%  | 41.89%  |
| EBIT  | 24.79%  | 26.33%  | 26.30%  | 25.97%  | 27.46%  | 27.22%  | 27.32%  | 27.70%  | 27.48%  | 28.31%  | 28.75%  | 29.57%  | 29.63%  | 29.68%  |
| Interest Income                                       | 0.13%   | 0.06%   | 0.56%   | 1.48%   | 1.41%   | 1.30%   | 1.69%   | 2.09%   | 2.37%   | 2.68%   | 3.03%   | 3.37%   | 3.71%   | 4.06%   |
| Other Income (Expense)                                | 0.83%   | 2.24%   | 1.30%   | 1.32%   | 3.29%   | 3.52%   | 3.61%   | 3.60%   | 3.59%   | 3.57%   | 3.54%   | 3.56%   | 3.56%   | 3.56%   |
| Interest Expense                                      | 0.88%   | 0.76%   | 1.08%   | 1.38%   | 1.75%   | 2.03%   | 2.04%   | 2.00%   | 2.00%   | 1.94%   | 1.91%   | 1.91%   | 1.91%   | 1.90%   |
| Unusual Expense                                       | 4.89%   | 3.57%   | 3.40%   | 9.71%   | 4.89%   | 3.29%   | 0.97%   | 0.94%   | 0.90%   | 0.86%   | 0.82%   | 0.79%   | 0.76%   | 0.74%   |
| Other Expenses, Net                                   | -4.81%  | -2.04%  | -2.61%  | -8.28%  | -1.94%  | -0.49%  | 2.30%   | 2.76%   | 3.07%   | 3.45%   | 3.84%   | 4.22%   | 4.60%   | 4.98%   |
| EBT   | 19.98%  | 24.29%  | 23.69%  | 17.69%  | 25.53%  | 26.72%  | 29.62%  | 30.46%  | 30.55%  | 31.77%  | 32.59%  | 33.79%  | 34.23%  | 34.66%  |
| Income Tax  | 2.16%   | 2.02%   | 3.68%   | 2.04%   | 4.54%   | 4.74%   | 4.83%   | 4.96%   | 5.20%   | 5.35%   | 5.42%   | 5.64%   | 5.75%   | 5.80%   |
| Net Earnings (Loss) from Discontinued Operations, Net | 0.00%   | 0.00%   | 0.50%   | 25.63%  | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| Net Income  | 17.82%  | 22.27%  | 20.52%  | 15.65%  | 20.99%  | 21.98%  | 24.79%  | 25.50%  | 25.35%  | 26.41%  | 27.17%  | 28.15%  | 28.48%  | 28.86%  |

*Common Size Balance Sheet (% of Rev.)*

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| Fiscal Years Ending Dec. 31                              | 2021           | 2022          | 2023           | 2024E         | 2025E         | 2026E         | 2027E         | 2028E         | 2029E         | 2030E         | 2031E         | 2032E         | 2033E         |
|--|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>NOPLAT:</b>   |                |               |                |               |               |               |               |               |               |               |               |               |               |
| Revenue  | 93,758         | 87,453        | 85,152         | 88,711        | 91,280        | 92,400        | 96,252        | 100,320       | 104,752       | 109,707       | 113,523       | 117,741       | 122,411       |
| Less: D&A  | 7,411          | 6,970         | 7,333          | 7,261         | 7,243         | 7,447         | 7,625         | 7,654         | 7,161         | 7,191         | 6,458         | 6,647         | 6,851         |
| Less: Cost of Product Sold (Ex. D&A)                     | 22,463         | 20,499        | 19,143         | 20,172        | 20,819        | 21,036        | 21,917        | 22,907        | 23,919        | 25,051        | 25,922        | 26,885        | 27,952        |
| Less: SG&A   | 24,659         | 22,478        | 21,512         | 22,041        | 22,798        | 22,892        | 23,654        | 25,103        | 26,093        | 27,263        | 28,212        | 29,236        | 30,407        |
| Less: R&D  | 14,534         | 14,509        | 15,048         | 15,801        | 15,577        | 15,781        | 16,394        | 17,264        | 18,134        | 18,926        | 19,479        | 20,221        | 21,042        |
| Plus: Implied Interest on Operating Leases               | 11             | 13            | 13             | 13            | 16            | 18            | 21            | 23            | 26            | 29            | 32            | 35            | 37            |
| <b>EBIT</b>  | <b>24,702</b>  | <b>23,010</b> | <b>22,129</b>  | <b>23,447</b> | <b>24,858</b> | <b>25,261</b> | <b>26,683</b> | <b>27,415</b> | <b>29,470</b> | <b>31,305</b> | <b>33,484</b> | <b>34,787</b> | <b>36,197</b> |
| Tax Rate   | 8.3%           | 15.5%         | 11.5%          | 17.6%         | 17.7%         | 16.3%         | 16.3%         | 17.0%         | 16.8%         | 16.6%         | 16.7%         | 16.8%         | 16.7%         |
| <b>Provision for Income Taxes</b>                        | <b>1,898</b>   | <b>3,214</b>  | <b>1,736</b>   | <b>3,446</b>  | <b>4,421</b>  | <b>4,565</b>  | <b>4,879</b>  | <b>5,292</b>  | <b>5,683</b>  | <b>6,017</b>  | <b>6,509</b>  | <b>6,877</b>  | <b>7,212</b>  |
| Less: Tax Shield on Interest Income                      | 4              | 76            | 145            | 221           | 195           | 243           | 317           | 394           | 464           | 544           | 632           | 728           | 828           |
| Plus: Tax Shield on Implied Interest on Operating Leases | 1              | 2             | 1              | 2             | 3             | 3             | 3             | 4             | 4             | 5             | 5             | 6             | 6             |
| Plus: Tax Shield on Interest Expense                     | 60             | 146           | 136            | 237           | 327           | 306           | 313           | 340           | 342           | 348           | 362           | 376           | 388           |
| Less: Tax Shield on Other Income                         | 175            | 177           | 130            | 573           | 688           | 659           | 683           | 740           | 761           | 780           | 814           | 851           | 881           |
| <b>Adjusted Taxes</b>                                    | <b>1,779</b>   | <b>3,109</b>  | <b>1,598</b>   | <b>2,892</b>  | <b>3,868</b>  | <b>3,973</b>  | <b>4,196</b>  | <b>4,502</b>  | <b>4,804</b>  | <b>5,045</b>  | <b>5,430</b>  | <b>5,680</b>  | <b>5,898</b>  |
| <b>Changes in Deferred Tax</b>                           | <b>(1,416)</b> | <b>163</b>    | <b>(3,513)</b> | <b>(577)</b>  | <b>(676)</b>  | <b>(698)</b>  | <b>(746)</b>  | <b>(525)</b>  | <b>(564)</b>  | <b>(597)</b>  | <b>(645)</b>  | <b>(682)</b>  | <b>(715)</b>  |
| <b>NOPLAT</b>  | <b>21,507</b>  | <b>20,063</b> | <b>17,018</b>  | <b>19,977</b> | <b>20,314</b> | <b>20,591</b> | <b>21,741</b> | <b>22,389</b> | <b>24,102</b> | <b>25,663</b> | <b>27,408</b> | <b>28,425</b> | <b>29,584</b> |
| <b>Invested Capital (IC):</b>                            |                |               |                |               |               |               |               |               |               |               |               |               |               |
| Normal Cash  | 17,395         | 16,225        | 15,798         | 16,459        | 16,935        | 17,143        | 17,858        | 18,613        | 19,435        | 20,354        | 21,062        | 21,845        | 22,711        |
| Accounts Receivable                                      | 15,283         | 14,039        | 14,873         | 16,045        | 16,424        | 16,782        | 17,545        | 17,762        | 18,892        | 19,786        | 20,464        | 21,231        | 22,047        |
| Inventories  | 10,387         | 10,268        | 11,181         | 12,236        | 12,556        | 12,812        | 13,393        | 13,457        | 14,402        | 15,083        | 15,599        | 16,176        | 16,792        |
| Prepaid Expenses & Other                                 | 3,701          | 8,706         | 4,514          | 4,106         | 4,379         | 4,523         | 4,718         | 5,854         | 5,250         | 5,498         | 5,762         | 6,031         | 6,316         |
| <b>Operating Current Assets</b>                          | <b>46,766</b>  | <b>49,238</b> | <b>46,366</b>  | <b>48,846</b> | <b>50,294</b> | <b>51,261</b> | <b>53,514</b> | <b>55,686</b> | <b>57,979</b> | <b>60,721</b> | <b>62,888</b> | <b>65,283</b> | <b>67,866</b> |
| Accounts Payable   | 11,055         | 11,703        | 9,632          | 9,460         | 9,551         | 9,780         | 10,228        | 11,180        | 11,205        | 11,735        | 12,149        | 12,647        | 13,181        |
| Accrued Liabilities                                      | 13,612         | 11,456        | 10,212         | 10,736        | 11,005        | 11,281        | 11,791        | 12,383        | 12,772        | 13,376        | 13,858        | 14,403        | 14,979        |
| Accrued Rebates, Returns and Promotions                  | 12,095         | 14,417        | 16,001         | 16,802        | 17,474        | 17,846        | 18,643        | 18,710        | 19,990        | 20,936        | 21,691        | 22,490        | 23,338        |
| Income Tax Payable                                       | 1,112          | 3,328         | 2,993          | 3,486         | 3,089         | 3,207         | 3,439         | 4,125         | 4,100         | 4,375         | 4,773         | 5,091         | 5,269         |
| Accrued Payroll  | 3,586          | 2,127         | 3,993          | 3,177         | 3,146         | 3,230         | 3,386         | 3,305         | 3,632         | 3,804         | 3,914         | 4,060         | 4,212         |
| <b>Operating Current Liabilities</b>                     | <b>41,460</b>  | <b>43,031</b> | <b>42,831</b>  | <b>43,660</b> | <b>44,265</b> | <b>45,344</b> | <b>47,488</b> | <b>49,703</b> | <b>51,699</b> | <b>54,225</b> | <b>56,386</b> | <b>58,691</b> | <b>60,979</b> |
| <b>Operating Working Capital</b>                         | <b>5,306</b>   | <b>6,207</b>  | <b>3,535</b>   | <b>5,186</b>  | <b>6,029</b>  | <b>5,916</b>  | <b>6,026</b>  | <b>5,983</b>  | <b>6,280</b>  | <b>6,496</b>  | <b>6,502</b>  | <b>6,592</b>  | <b>6,887</b>  |
| <b>PPE, Net</b>  | <b>19,862</b>  | <b>18,982</b> | <b>20,898</b>  | <b>20,000</b> | <b>24,761</b> | <b>28,967</b> | <b>32,697</b> | <b>36,641</b> | <b>40,926</b> | <b>45,089</b> | <b>49,942</b> | <b>54,610</b> | <b>59,117</b> |
| Intangible Assets, Net                                   | 46,392         | 38,489        | 34,175         | 37,422        | 33,318        | 29,664        | 26,411        | 23,157        | 20,305        | 17,803        | 15,610        | 13,687        | 12,001        |
| Other Assets   | 7,207          | 28,793        | 8,430          | 9,498         | 9,849         | 10,055        | 10,505        | 10,858        | 11,337        | 11,899        | 12,326        | 12,778        | 13,270        |
| <b>Total Long-Term Operating Assets</b>                  | <b>53,599</b>  | <b>67,282</b> | <b>42,605</b>  | <b>46,921</b> | <b>43,167</b> | <b>39,719</b> | <b>36,915</b> | <b>34,015</b> | <b>31,642</b> | <b>29,702</b> | <b>27,936</b> | <b>26,465</b> | <b>25,271</b> |
| LT Taxes Payable   | 5,713          | 4,306         | 2,881          | 38            | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Other Liabilities  | 10,436         | 10,162        | 13,123         | 14,653        | 14,876        | 15,300        | 15,991        | 15,571        | 17,077        | 17,884        | 18,466        | 19,145        | 19,844        |
| <b>Total Long-Term Operating Liabilities</b>             | <b>16,149</b>  | <b>14,468</b> | <b>16,004</b>  | <b>14,691</b> | <b>14,877</b> | <b>15,300</b> | <b>15,991</b> | <b>15,571</b> | <b>17,077</b> | <b>17,884</b> | <b>18,466</b> | <b>19,145</b> | <b>19,844</b> |
| <b>Invested Capital</b>                                  | <b>62,618</b>  | <b>78,003</b> | <b>51,034</b>  | <b>57,415</b> | <b>59,080</b> | <b>59,302</b> | <b>59,648</b> | <b>61,067</b> | <b>61,772</b> | <b>63,404</b> | <b>65,915</b> | <b>68,521</b> | <b>71,432</b> |
| <b>Free Cash Flow (FCF):</b>                             |                |               |                |               |               |               |               |               |               |               |               |               |               |
| NOPLAT   | 21,507         | 20,063        | 17,018         | 19,977        | 20,314        | 20,591        | 21,741        | 22,389        | 24,102        | 25,663        | 27,408        | 28,425        | 29,584        |
| Change in IC   | 2,337          | 15,385        | (26,969)       | 6,381         | 1,664         | 222           | 346           | 1,419         | 705           | 1,632         | 2,511         | 2,606         | 2,911         |
| <b>FCF</b>   | <b>19,170</b>  | <b>4,678</b>  | <b>43,987</b>  | <b>13,596</b> | <b>18,650</b> | <b>20,369</b> | <b>21,396</b> | <b>20,969</b> | <b>23,397</b> | <b>24,031</b> | <b>24,897</b> | <b>25,818</b> | <b>26,673</b> |
| <b>Return on Invested Capital (ROIC):</b>                |                |               |                |               |               |               |               |               |               |               |               |               |               |
| NOPLAT   | 21,507         | 20,063        | 17,018         | 19,977        | 20,314        | 20,591        | 21,741        | 22,389        | 24,102        | 25,663        | 27,408        | 28,425        | 29,584        |
| Beginning IC   | 60,281         | 62,618        | 78,003         | 51,034        | 57,415        | 59,080        | 59,302        | 59,648        | 61,067        | 61,772        | 63,404        | 65,915        | 68,521        |
| <b>ROIC</b>  | <b>35.68%</b>  | <b>32.04%</b> | <b>21.82%</b>  | <b>39.15%</b> | <b>35.38%</b> | <b>34.85%</b> | <b>36.66%</b> | <b>37.53%</b> | <b>39.47%</b> | <b>41.54%</b> | <b>43.23%</b> | <b>43.12%</b> | <b>43.17%</b> |
| <b>Economic Profit (EP):</b>                             |                |               |                |               |               |               |               |               |               |               |               |               |               |
| Beginning IC   | 60,281         | 62,618        | 78,003         | 51,034        | 57,415        | 59,080        | 59,302        | 59,648        | 61,067        | 61,772        | 63,404        | 65,915        | 68,521        |
| x (ROIC - WACC)  | 29.01%         | 25.38%        | 15.15%         | 32.48%        | 28.72%        | 28.19%        | 30.00%        | 30.87%        | 32.81%        | 34.88%        | 36.56%        | 36.46%        | 36.51%        |
| <b>EP</b>  | <b>17,490</b>  | <b>15,891</b> | <b>11,820</b>  | <b>16,577</b> | <b>16,488</b> | <b>16,654</b> | <b>17,790</b> | <b>18,414</b> | <b>20,033</b> | <b>21,547</b> | <b>23,184</b> | <b>24,032</b> | <b>25,018</b> |

Johnson & Johnson

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

|                     |       |
|---------------------|-------|
| Risk-Free Rate      | 4.30% |
| Beta                | 0.52  |
| Equity Risk Premium | 5.00% |
| Cost of Equity      | 6.90% |

ASSUMPTIONS:

10 yr. US Treasury (As of 8/31)

5yr Monthly Beta

Henry Fund Estimate

Cost of Debt:

|                         |       |
|-------------------------|-------|
| Risk-Free Rate          | 4.30% |
| Implied Default Premium | 0.70% |
| Pre-Tax Cost of Debt    | 5.00% |
| Marginal Tax Rate       | 12%   |
| After-Tax Cost of Debt  | 4.42% |

10 yr. US Treasury (As of 8/31)

Sourced from FactSet

Market Value of Common Equity:

|                          |          |
|--------------------------|----------|
| Total Shares Outstanding | 2407     |
| Current Stock Price      | \$164.16 |
| MV of Equity             | 395,100  |

MV Weights

90.44%

Market Value of Debt:

|                                 |        |
|---------------------------------|--------|
| Short-Term Debt & Curr. LT Debt | 9,855  |
| Long-Term Debt                  | 31,636 |
| PV of Operating Leases          | 250    |
| MV of Total Debt                | 41,741 |

9.56%

Market Value of the Firm

436,841

100.00%

Estimated WACC

6.66%

### Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

|                     |        |
|---------------------|--------|
| CV Growth of NOPLAT | 1.75%  |
| CV Year ROIC        | 43.17% |
| WACC                | 6.66%  |
| Cost of Equity      | 6.90%  |

**DCF Model:**

**EP Model:**

|                                  |                  |        |        |        |        |        |        |        |        |         |
|----------------------------------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Economic Profit (EP)             | 16,577           | 16,488 | 16,654 | 17,790 | 18,414 | 20,033 | 21,547 | 23,184 | 24,032 | 25,018  |
| Continuing Value (CV)            |                  |        |        |        |        |        |        |        |        | 509,176 |
| PV of EP                         | 15,541           | 14,493 | 13,724 | 13,744 | 13,338 | 13,604 | 13,717 | 13,837 | 13,448 | 284,925 |
| Total PV of EP                   | 410,371          |        |        |        |        |        |        |        |        |         |
| Invested Capital (last FYE)      | 51,034           |        |        |        |        |        |        |        |        |         |
| Value of Operating Assets:       | 461,405          |        |        |        |        |        |        |        |        |         |
| Non-Operating Adjustments        |                  |        |        |        |        |        |        |        |        |         |
| Plus: ST Investments             | 1,068            |        |        |        |        |        |        |        |        |         |
| Plus: LT Investments             | 4,473            |        |        |        |        |        |        |        |        |         |
| Less: Debt Obligations           | (41,741)         |        |        |        |        |        |        |        |        |         |
| Less: ESOP                       | (4,663)          |        |        |        |        |        |        |        |        |         |
| Value of Equity                  | 420,542          |        |        |        |        |        |        |        |        |         |
| Shares Outstanding               | 2,533            |        |        |        |        |        |        |        |        |         |
| Intrinsic Value of Last FYE      | \$ 165.99        |        |        |        |        |        |        |        |        |         |
| <b>Implied Price as of Today</b> | <b>\$ 167.07</b> |        |        |        |        |        |        |        |        |         |

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Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

| Fiscal Years Ending | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

|     |    |      |    |      |    |      |    |       |    |       |    |       |    |       |    |       |    |       |    |       |
|-----|----|------|----|------|----|------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|
| EPS | \$ | 6.73 | \$ | 8.65 | \$ | 9.91 | \$ | 10.68 | \$ | 11.06 | \$ | 12.12 | \$ | 13.20 | \$ | 14.39 | \$ | 15.27 | \$ | 16.27 |
|-----|----|------|----|------|----|------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|

Key Assumptions

|                  |        |
|------------------|--------|
| CV growth of EPS | 2.00%  |
| CV Year ROE      | 20.59% |
| Cost of Equity   | 6.90%  |

Future Cash Flows

|                        |      |      |      |      |      |      |      |      |      |        |  |  |  |  |  |  |  |  |  |           |
|------------------------|------|------|------|------|------|------|------|------|------|--------|--|--|--|--|--|--|--|--|--|-----------|
| P/E Multiple (CV Year) |      |      |      |      |      |      |      |      |      |        |  |  |  |  |  |  |  |  |  | 18.43     |
| EPS (CV Year)          |      |      |      |      |      |      |      |      |      |        |  |  |  |  |  |  |  |  |  | \$ 16.27  |
| Future Stock Price     |      |      |      |      |      |      |      |      |      |        |  |  |  |  |  |  |  |  |  | \$ 299.75 |
| Dividends Per Share    | 4.91 | 5.18 | 5.44 | 5.69 | 5.92 | 6.18 | 6.40 | 6.59 | 6.74 |        |  |  |  |  |  |  |  |  |  |           |
| Discounted Cash Flows  | 4.59 | 4.53 | 4.46 | 4.35 | 4.24 | 4.14 | 4.01 | 3.86 | 3.69 | 164.42 |  |  |  |  |  |  |  |  |  |           |

|                                |    |        |
|--------------------------------|----|--------|
| Intrinsic Value as of Last FYE | \$ | 202.31 |
|--------------------------------|----|--------|

|                           |    |        |
|---------------------------|----|--------|
| Implied Price as of Today | \$ | 203.62 |
|---------------------------|----|--------|

Johnson & Johnson

Relative Valuation Models

| Ticker           | Company              | Price    | EPS<br>FY1 | EPS<br>FY2 | P/E 24 | P/E 25 |
|------------------|----------------------|----------|------------|------------|--------|--------|
| PFE              | Pfizer               | \$25.10  | \$2.03     | \$2.25     | 12.36  | 11.16  |
| MRK              | Merck & Co.          | \$96.54  | \$8.99     | \$9.87     | 10.74  | 9.78   |
| BMY              | Bristol-Myers Squibb | \$58.23  | \$5.42     | \$5.22     | 10.74  | 11.16  |
| ABBV             | AbbVie               | \$166.57 | \$6.63     | \$9.82     | 25.12  | 16.96  |
| LLY              | Eli Lilly            | \$729.73 | \$22.52    | \$29.42    | 32.40  | 24.80  |
| Harmonic Average |                      |          |            |            | 16.35  | 13.74  |

|     |                   |          |      |      |      |      |
|-----|-------------------|----------|------|------|------|------|
| JNJ | Johnson & Johnson | \$164.16 | 8.65 | 9.91 | 19.0 | 16.6 |
|-----|-------------------|----------|------|------|------|------|

Implied Relative Value:

|             |    |        |
|-------------|----|--------|
| P/E (EPS24) | \$ | 141.46 |
| P/E (EPS25) | \$ | 136.20 |

| Ticker             | Company              | EV/REV | EV/EBITDA | P/S    |
|--------------------|----------------------|--------|-----------|--------|
| PFE                | Pfizer               | 3.2    | 10.4      | 2.3    |
| MRK                | Merck & Co.          | 4      | 9.1       | 3.6    |
| BMY                | Bristol-Myers Squibb | 3.4    | 7.9       | 2.5    |
| ABBV               | AbbVie               | 6.1    | 12.5      | 5.0    |
| LLY                | Eli Lilly            | 11.9   | 26.8      | 11.9   |
| Average            |                      | 5.7    | 13.3      | 5.1    |
| JNJ                |                      | 4.2    | 11.7      | 4.0    |
| Premium (Discount) |                      | -26.6% | -12.3%    | -20.9% |

Johnson & Johnson

Valuation of Options Granted under ESOP

|                                      |          |
|--------------------------------------|----------|
| Current Stock Price                  | \$164.16 |
| Risk Free Rate                       | 4.30%    |
| Current Dividend Yield               | 2.96%    |
| Annualized St. Dev. of Stock Returns | 18.00%   |

| Range of Outstanding Options | Number of Shares | Average Exercise Price | Average Remaining Life (yrs) | B-S Option Price | Value of Options Granted |
|------------------------------|------------------|------------------------|------------------------------|------------------|--------------------------|
| Range 1                      | 20.77            | 99.21                  | 1.40                         | \$ 64.14         | \$ 1,332                 |
| Range 2                      | 19.37            | 122.49                 | 3.60                         | \$ 46.16         | \$ 894                   |
| Range 3                      | 27.39            | 142.84                 | 5.60                         | \$ 37.17         | \$ 1,018                 |
| Range 4                      | 13.93            | 162.75                 | 9.10                         | \$ 33.57         | \$ 468                   |
| Range 5                      | 30.78            | 165.29                 | 7.60                         | \$ 30.90         | \$ 951                   |
| Total                        | 112              | \$ 139.88              | 5.46                         | \$ 57.49         | \$ 4,663                 |



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Sensitivity Tables

| Beta | DCF    |        |        |        | ERP    |        |        |        |
|------|--------|--------|--------|--------|--------|--------|--------|--------|
|      | 167.07 | 4.40%  | 4.60%  | 4.80%  | 5.00%  | 5.20%  | 5.40%  | 5.60%  |
|      | 0.37   | 209.15 | 205.31 | 201.59 | 197.99 | 194.50 | 191.12 | 187.84 |
|      | 0.42   | 198.08 | 194.13 | 190.31 | 186.63 | 183.07 | 179.62 | 176.29 |
|      | 0.47   | 188.02 | 183.99 | 180.11 | 176.37 | 172.77 | 169.29 | 165.94 |
|      | 0.52   | 178.82 | 174.75 | 170.83 | 167.07 | 163.45 | 159.96 | 156.60 |
|      | 0.57   | 170.39 | 166.29 | 162.36 | 158.59 | 154.96 | 151.48 | 148.13 |
|      | 0.62   | 162.63 | 158.52 | 154.59 | 150.83 | 147.22 | 143.75 | 140.43 |
|      | 0.67   | 155.46 | 151.36 | 147.44 | 143.70 | 140.11 | 136.68 | 133.38 |
|      |        |        |        |        |        |        |        |        |

| CV Growth of NOPLAT | DCF    |        |        |        | WACC   |        |        |        |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                     | 167.07 | 6.36%  | 6.46%  | 6.56%  | 6.66%  | 6.76%  | 6.86%  | 6.96%  |
|                     | 1.30%  | 168.63 | 164.80 | 161.11 | 157.57 | 154.16 | 150.87 | 147.70 |
|                     | 1.45%  | 172.10 | 168.09 | 164.25 | 160.55 | 157.00 | 153.58 | 150.28 |
|                     | 1.60%  | 175.78 | 171.59 | 167.57 | 163.71 | 160.01 | 156.44 | 153.01 |
|                     | 1.75%  | 179.71 | 175.31 | 171.10 | 167.07 | 163.19 | 159.47 | 155.89 |
|                     | 1.90%  | 183.90 | 179.28 | 174.86 | 170.63 | 166.58 | 162.69 | 158.95 |
|                     | 2.05%  | 188.38 | 183.52 | 178.87 | 174.43 | 170.17 | 166.10 | 162.19 |
|                     | 2.20%  | 193.18 | 188.05 | 183.15 | 178.48 | 174.01 | 169.73 | 165.64 |
|                     |        |        |        |        |        |        |        |        |

| CV EPS Growth | DDM    |        |        |        | Cost of Equity |        |        |        |
|---------------|--------|--------|--------|--------|----------------|--------|--------|--------|
|               | 203.62 | 6.60%  | 6.70%  | 6.80%  | 6.90%          | 7.00%  | 7.10%  | 7.20%  |
|               | 1.25%  | 200.54 | 196.00 | 191.64 | 187.44         | 183.39 | 179.50 | 175.73 |
|               | 1.50%  | 206.28 | 201.44 | 196.80 | 192.33         | 188.04 | 183.91 | 179.93 |
|               | 1.75%  | 212.62 | 207.44 | 202.47 | 197.70         | 193.13 | 188.73 | 184.50 |
|               | 2.00%  | 219.64 | 214.06 | 208.73 | 203.62         | 198.72 | 194.02 | 189.52 |
|               | 2.25%  | 227.47 | 221.44 | 215.67 | 210.17         | 204.90 | 199.87 | 195.04 |
|               | 2.50%  | 236.26 | 229.69 | 223.43 | 217.47         | 211.78 | 206.34 | 201.15 |
|               | 2.75%  | 246.19 | 238.98 | 232.14 | 225.64         | 219.45 | 213.56 | 207.94 |
|               |        |        |        |        |                |        |        |        |