

# Dear Shareholders,

2022 was a year of achievement and evolution for Johnson & Johnson.

We delivered solid financial performance and enhanced value for our shareholders. We made progress in two significant undertakings: preparing Johnson & Johnson to operate as a faster, more focused two-sector company, and initiating the separation of our Consumer Health business, Kenvue. We did all of this in a year when every industry felt the effects of high inflation, geopolitical tension, and continued supply chain disruption.

Times like these remind me how privileged I am to lead Johnson & Johnson as the eighth Chairman and CEO in our history. Our company has navigated through many economic cycles while addressing healthcare's most important unmet needs for 137 years. Over that time, we have learned how to make decisions for the long-term.

Our deep commitment to Our Credo values, and determination to use our size for good, have long made us a global leader in health. Focusing on patient and customer needs reinforces our sense of purpose and urgency. Thanks to the 150,000 employees who embody these ideals—and the breadth and diversification of our business—2022 was a successful year.

## Performance and Priorities

In 2022, we achieved full-year operational sales growth of more than 6%\*. Adjusted net earnings were \$27 billion\* and adjusted diluted net earnings per share were \$10.15\*, representing increases of 3.2% and 3.6% respectively, compared to 2021. On an operational basis, adjusted diluted net earnings per share increased by 9.2%\*.

We invested nearly \$15 billion in R&D, deployed more than \$17 billion toward acquisitions, increased our dividend for the 60th consecutive year, and returned capital to shareholders through our share repurchase program.



**Joaquin Duato**  
Chairman and CEO

Our total shareholder return (TSR) for 2022 outperformed both our Competitor Composite and the S&P 500, contributing to our TSR of nearly 13% compounded annual growth rate over the last ten years. This significant value creation was made possible by both our long-term strategic focus and outstanding execution from teams in all three segments of our business.

## MEDTECH

We performed in line or ahead of our competitive composite for the past two years. Growth was driven by our focused commercial strategies, the successful launch of differentiated products, and improvements in global procedure recovery.

- We delivered on our innovation agenda by accelerating the cadence of new products and significantly enhancing our MedTech pipeline, which included more than 20 programs with over \$100 million of net present value potential in 2022.
- MedTech delivered operational sales growth\* across all businesses in 2022: Orthopaedics, Surgery, Interventional Solutions, and Vision.
- The acquisition of Abiomed positions us as the global leader in heart recovery, immediately enhances our MedTech revenue growth, and further diversifies our portfolio (which now includes 12 priority platforms with over \$1 billion in annual revenue).

## PHARMACEUTICAL

We strengthened our position as a leading pharmaceutical company by delivering our 11th consecutive year of above-market adjusted operational sales growth, excluding our COVID-19 vaccine.

- Our growth was driven by several of our oncology and immunology medicines, including DARZALEX, ERLEADA, STELARA, and TREMFYA.
- We continue to investigate new indications and transformative regimens to reach even more patients, including DARZALEX in front-line multiple myeloma, ERLEADA in early-stage prostate cancer, TREMFYA in Crohn's disease and ulcerative colitis, and RYBREVANT in combination with lazertinib in front-line, non-small-cell lung cancer with EGFR mutations.
- Investment in our pipeline further strengthened our portfolio of multiple myeloma medicines. In addition to the launches of CARVYKTI, our first cell therapy, and TECVAYLI, a first-in-class bispecific antibody, we submitted a BLA for talquetamab, an investigational, off-the-shelf bispecific antibody.

## CONSUMER HEALTH

We made significant strides toward the separation of the business into an independent company while also delivering solid performance for the year.

- We rolled out the Kenvue name and brand, reflective of both Johnson & Johnson's storied history and Kenvue's bright future as a standalone organization.
- We appointed leadership, including Thibaut Mongon as CEO Designate, Paul Ruh as CFO Designate, and Larry Merlo, former Chairman and CEO of CVS, as Non-Executive Chair Designate of Kenvue.
- Starting in 2023, we began operating our consumer business as a company within a company. Earlier this year, Kenvue filed a Form S-1 with the SEC, giving us the option to pursue an IPO as a potential step in the separation, and we remain on track to complete the process during 2023.

We know that to have the greatest impact on patients, we must continue prioritizing the most promising opportunities. Our ongoing emphasis on building digital capabilities, including AI, data science, and intelligent automation, will fuel the next wave of innovation at the intersection of science and technology.

## Delivering for the world

### #2 rank

in the Access to Medicine Index, reflecting our decades-long strategy to maximize access to our innovative medicines and technologies

### \$5+ billion

global impact spend with small and diverse suppliers

### 5 consecutive years

of recognition with a CDP A-List rating for our leadership in climate action

### 12 weeks

of paid parental leave for qualified Johnson & Johnson employees around the world

### 100% renewable electricity

secured for our operations in Brazil through a Direct Power Purchase Agreement starting in 2023

### \$52 million

committed to programs focused on closing the racial health gap as part of Our Race to Health Equity initiative, with investments in community health centers, health literacy education, and increasing racial diversity in the healthcare talent pipeline and workforce

### 10 African countries

where a \$15 million commitment from the Johnson & Johnson Foundation to the Africa Frontline First Catalytic Fund is providing support to community health workers

### 2.2 billion

doses of VERMOX donated since 2006 to facilitate treatment of intestinal worms



## Delivering for investors

**60** straight years

of increased dividends

**3** number of  
companies

in the world with a AAA  
credit rating, including  
Johnson & Johnson

**\$14.6** billion

invested in R&D

**\$17.7** billion

invested in mergers  
and acquisitions

**29**

brands and platforms  
with more than \$1 billion  
in sales in 2022

**#1** rank

on *Fortune's* Most Admired  
Companies list for the  
Pharmaceutical industry

**~65%**

of 10-year free cash flow\*  
returned to shareholders

\* Cash flow from operating activities less  
additions to property plant and equipment

### The Opportunity and Responsibility to Lead

As I met with customers, partners, government officials, and employees around the world during my first year as CEO, I was constantly reminded of what the world expects from us. We are a partner of choice. People depend on us to deliver, and they want us to succeed. Johnson & Johnson is held in the highest regard and held to the highest standards—as we should be. This affirms our purpose and motivates us every day.

These standards were set in no small part by my predecessor, Alex Gorsky. I am deeply honored to serve as Chairman and CEO following his retirement. Alex laid a strong foundation for the future, anchored in the people of Johnson & Johnson. They have always been our greatest strength, and their commitment to Our Credo fills me with confidence and inspiration every day.

2023 will be one of the most important years in our history—a new chapter not just for one, but two leading global companies. Johnson & Johnson is uniquely positioned to lead our industry through a fast-moving healthcare landscape.

As the world evolves, Johnson & Johnson will evolve ahead of it. We know we can do this because we've done it so many times before. Putting patients at the center of all that we do keeps us looking forward and open to opportunity.

We have achieved success for more than a century by staying true to our mission of serving patients and families, doctors and nurses, our employees and communities, and all others who depend on us. We have so much more we can do for the world, and there's no time to waste.

Sincerely,

**Joaquin Duato**  
Chairman and CEO

\*Non-GAAP Measures: Operational sales growth excludes the effect of translational currency. Adjusted net earnings and adjusted net earnings per share excludes special items and intangible asset amortization expense. Adjusted operational net earnings per share excludes special items, intangible asset amortization expense and the effect of translational currency. See Non-GAAP reconciliation in this Annual Report.

#### Note Regarding Forward-Looking Statements

This letter contains forward-looking statements relating to, among other things, future operating and financial performance, product development, market position and business strategy. The reader is cautioned not to rely on these statements, which are based on current expectations of future events. For important information about these statements, including the risks, uncertainties and other factors that could cause actual results to vary materially from the assumptions, expectations and projections expressed in any forward-looking statements, the reader should review the Annual Report on Form 10-K for the fiscal year ended January 1, 2023, including in the sections captioned "Cautionary Note Regarding Forward Looking Statements" and "Item 1A. Risk Factors." Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.