

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measures

	First Quarter	
(Dollars in Millions Except Per Share Data)	2020	2019
Net Earnings, after tax- as reported	\$5,796	\$3,749
<i>Pre-tax Adjustments</i>		
Intangible Asset Amortization expense	1,118	1,130
Litigation expense	120	423
IPR&D	-	890
Restructuring related	118	90
Acquisition and Integration related ¹	(962)	67
Unrealized (gains)/losses on securities	327	(158)
Medical Device Regulation ²	14	-
Other	-	3
<i>Tax Adjustments</i>		
Tax impact on special item adjustments ³	(267)	(533)
Tax legislation and related impacts	(110)	-
Adjusted Net Earnings, after tax	<u>\$6,154</u>	<u>\$5,661</u>
Average shares outstanding (Diluted)	2,671.0	2,698.8
Adjusted net earnings per share (Diluted)	\$2.30	\$2.10
Operational adjusted net earnings per share (Diluted)	\$2.32	

Notes:

- 1 Acquisition and integration related costs for the first quarter of 2020 primarily includes a \$983M Contingent Consideration reversal related to the timing of certain developmental milestones associated with the Auris Health acquisition.
- 2 European Medical Device Regulation (MDR) costs represent one-time compliance costs for the Company's previously registered products. MDR is a replacement of the existing European Medical Devices Directive regulatory framework, and manufacturers of currently marketed medical devices are required to comply with EU MDR beginning in May 2021. The Company considers the adoption of EU MDR to be a significant one-time regulatory change and is not indicative of on-going operations. The Company has excluded only external third-party regulatory and consulting costs from its Medical Devices operating segments' measures of profit and loss used for making operating decisions and assessing performance.
- 3 The tax impact related to special item adjustments reflects the current and deferred income taxes associated with the above pre-tax special items in arriving at adjusted earnings .

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Reconciliation of Non-GAAP Financial Measure

Adjusted Operational Sales Growth
FIRST QUARTER 2020 ACTUAL vs. 2019 ACTUAL

	Segments			
	Consumer Health	Pharmaceutical	Medical Devices	Total
WW As Reported	9.2%	8.7%	(8.2)%	3.3%
U.S.	21.0%	8.6%	(6.8)%	5.6%
International	0.3%	8.8%	(9.4)%	1.0%
WW Currency	(2.1)	(1.4)	(1.3)	(1.5)
U.S.	-	-	-	-
International	(3.6)	(3.2)	(2.5)	(3.0)
WW Operational	11.3%	10.1%	(6.9)%	4.8%
U.S.	21.0%	8.6%	(6.8)%	5.6%
International	3.9%	12.0%	(6.9)%	4.0%
Skin Health / Beauty				
<i>Dr. Ci Labo - Japan</i>	(0.4)			(0.1)
U.S.	0.0			0.0
International	(0.7)			(0.1)
General Surgery				
<i>Advanced Sterilization Products</i>			2.1	0.8
U.S.			2.7	0.9
International			1.6	0.6
Baby Care				
<i>Baby Center</i>	0.3			0.0
U.S.	0.8			0.1
International	0.0			0.0
All Other Acquisitions and Divestitures	(0.2)	0.1	(0.1)	0.0
U.S.	0.0	0.1	(0.2)	0.0
International	(0.3)	0.0	0.1	0.0
WW Adjusted Operational	11.0%	10.2%	(4.8)%	5.6%
U.S.	21.7%	8.7%	(4.3)%	6.7%
International	2.8%	12.0%	(5.3)%	4.5%

Note: Percentages are based on actual, non-rounded figures and may not sum

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Q1 YTD - Income Before Tax by Segment*
Dollars in Millions

	Consumer Health		Pharmaceutical		Medical Devices		Unallocated		Worldwide Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Reported Income Before Tax by Segment	\$ 770	741	3,834	2,331	2,025	1,497	(120)	(147)	6,509	4,422
% to Sales	21.2%	22.3%	34.4%	22.8%	34.1%	23.2%	-0.6%	-0.7%	31.5%	22.1%
Intangible asset amortization	100	79	771	807	247	244	-	-	1,118	1,130
In-process research and development	-	-	-	890	-	-	-	-	-	890
Litigation expense, net	-	8	93	325	27	90	-	-	120	423
Unrealized loss/(gain) on securities	1	(4)	314	(143)	12	(11)	-	-	327	(158)
Restructuring related	18	7	20	25	80	58	-	-	118	90
Acquisition and integration related	-	-	9	39	(971)	28	-	-	(962)	67
Medical Device Regulation	-	-	-	-	14	-	-	-	14	-
Other	-	-	-	-	-	3	-	-	-	3
Adjusted Income Before Tax by Segment	\$ 889	831	5,041	4,274	1,434	1,909	(120)	(147)	7,244	6,867
% to Sales	24.5%	25.0%	45.3%	41.7%	24.2%	29.6%	-0.6%	-0.7%	35.0%	34.3%

*Estimated as of 04/14/2020.

Johnson & Johnson and Subsidiaries
GAAP to Non-GAAP Reconciliation
\$ in Millions

	First Quarter March 29, 2020 GAAP	Intangible asset amortization	Litigation expense, net	In-process research and development	Restructuring related	Acquisition and Integration related ⁽¹⁾	Unrealized (loss)/gain on securities	Medical Device Regulation	Tax legislation and related impacts	Other	First Quarter March 29, 2020 Non-GAAP
Cost of products sold	\$ 7,062	(1,118)			(15)			(14)			5,915
Other (Income) / Expense	(679)	-	(120)		(45)	962	(327)				(209)
In-process research and development	-										-
Restructuring	58				(58)						-
Provision for taxes on income	713	146	20		21	3	75	2	110		1,090
Net Earnings	5,796	972	100		97	(965)	252	12	(110)		6,154
	First Quarter March 31, 2019 GAAP	Intangible asset amortization	Litigation expense, net	In-process research and development	Restructuring related	Acquisition and Integration related ⁽²⁾	Unrealized (loss)/gain on securities	Medical Device Regulation	Tax legislation and related impacts	Other	First Quarter March 31, 2019 Non-GAAP
Cost of products sold	\$ 6,615	(1,130)			(23)						5,462
Other (Income) / Expense	(22)		(423)		(31)	(67)	158			(3)	(388)
In-process research and development	890			(890)							-
Restructuring	36				(36)						-
Provision for taxes on income	673	284	81	187	15	7	(33)			(8)	1,206
Net Earnings	3,749	846	342	703	75	60	(125)			11	5,661

⁽¹⁾ Primarily includes a \$983M Contingent Consideration reversal related to the timing of certain developmental milestones associated with the Auris Health acquisition.

⁽²⁾ Includes \$39M related to Actelion and \$28M related to AMO (Pre-tax)