

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

	First Quarter	
(Dollars in Millions Except Per Share Data)	2021	2020
Net Earnings, after tax- as reported	\$6,197	\$5,796
<i>Pre-tax Adjustments</i>		
Intangible Asset Amortization expense	1,215	1,118
Litigation expense	-	120
Restructuring related	104	118
Acquisition, integration and divestiture related ¹	(538)	(962)
Unrealized (gains)/losses on securities	35	327
Medical Device Regulation	46	14
<i>Tax Adjustments</i>		
Tax impact on special item adjustments ²	(113)	(267)
Tax legislation and other tax related	(22)	(110)
Adjusted Net Earnings, after tax	\$6,924	\$6,154
Average shares outstanding (Diluted)	2,672.7	2,671.0
Adjusted net earnings per share (Diluted)	\$2.59	\$2.30
Operational adjusted net earnings per share (Diluted)	\$2.49	

Notes:

¹ Acquisition, integration and divestiture related for the first quarter of 2021 primarily includes the gain on the divestiture of 2 Pharmaceutical brands outside of the U.S. 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 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 2021 ACTUAL vs. 2020 ACTUAL

	Segments			
	Consumer Health	Pharmaceutical	Medical Devices	Total
WW As Reported	(2.3)%	9.6%	10.9%	7.9%
U.S.	(7.4)%	6.4%	5.4%	3.9%
International	2.5%	13.4%	16.2%	12.2%
WW Currency	1.0	2.5	2.9	2.4
U.S.	-	-	-	-
International	2.0	5.5	5.7	4.9
WW Operational	(3.3)%	7.1%	8.0%	5.5%
U.S.	(7.4)%	6.4%	5.4%	3.9%
International	0.5%	7.9%	10.5%	7.3%
General Surgery				
Advanced Sterilization Products			0.6	0.2
U.S.			0.0	0.0
International			1.2	0.4
All Other Acquisitions and Divestitures	0.4	0.3	0.1	0.3
U.S.	0.5	(0.2)	0.2	0.0
International	0.4	0.9	0.0	0.5
WW Adjusted Operational	(2.9)%	7.4%	8.8%	6.0%
U.S.	(6.9)%	6.2%	5.6%	3.9%
International	0.9%	8.8%	11.8%	8.2%

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Reported Income Before Tax by Segment	\$ 788	770	5,223	3,834	1,629	2,025	(211)	(120)	7,429	6,509
<i>% to Sales</i>	22.2%	21.2%	42.8%	34.4%	24.8%	34.1%	-0.9%	-0.6%	33.3%	31.5%
Intangible asset amortization	106	100	856	771	253	247	-	-	1,215	1,118
Litigation expense, net	-	-	-	93	-	27	-	-	-	120
Unrealized loss/(gain) on securities	(2)	1	37	314	-	12	-	-	35	327
Restructuring related	28	18	20	20	56	80	-	-	104	118
Acquisition, integration and divestiture related	-	-	(570)	9	32	(971)	-	-	(538)	(962)
Medical Device Regulation	-	-	-	-	46	14	-	-	46	14
Adjusted Income Before Tax by Segment	\$ <u>920</u>	<u>889</u>	<u>5,566</u>	<u>5,041</u>	<u>2,016</u>	<u>1,434</u>	<u>(211)</u>	<u>(120)</u>	<u>8,291</u>	<u>7,244</u>
<i>% to Sales</i>	26.0%	24.5%	45.6%	45.3%	30.6%	24.2%	-0.9%	-0.6%	37.1%	35.0%

*Estimated as of 04/20/2021

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

	First Quarter April 4, 2021 GAAP	Intangible asset amortization	Litigation expense, net	Restructuring related	Acquisition, integration and divestiture related ⁽¹⁾	Unrealized (loss)/gain on securities	Medical Device Regulation	Tax legislation and other tax related	First Quarter April 4, 2021 Non-GAAP
Cost of products sold	\$ 7,063	(1,215)		(27)			(17)		5,804
Selling, marketing and admin expenses	5,432						(5)		5,427
Research and development expense	3,178						(24)		3,154
Other (Income) / Expense	(882)	-	-	(24)	538	(35)			(403)
Restructuring	53			(53)					-
Provision for taxes on income	1,232	177	-	20	(101)	8	9	22	1,367
Net Earnings	6,197	1,038	-	84	(437)	27	37	(22)	6,924
	First Quarter March 29, 2020 GAAP	Intangible asset amortization	Litigation expense, net	Restructuring related	Acquisition, integration and divestiture related ⁽¹⁾	Unrealized (loss)/gain on securities	Medical Device Regulation	Tax legislation and other tax related	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)
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

⁽¹⁾ 2021 primarily includes gains on the divestiture of 2 Pharmaceutical brands outside of the United States. 2020 primarily includes a \$983M Contingent Consideration reversal related to the timing of certain developmental milestones associated with the Auris Health acquisition.