

Johnson & Johnson and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

(Dollars in Millions Except Per Share Data)	Third Quarter		Nine Months Ended	
	2021	2020	2021	2020
Net Earnings, after tax- as reported	\$3,667	\$3,554	\$16,142	\$12,976
<i>Pre-tax Adjustments</i>				
Intangible Asset Amortization expense	1,159	1,181	3,576	3,426
Litigation expense, net	2,077	1,477	2,054	2,210
IPR&D	900	138	900	144
Restructuring related	121	130	333	363
Acquisition, integration and divestiture related ¹	20	(154)	(504)	(1,087)
(Gains)/losses on securities	(127)	32	(335)	(174)
Medical Device Regulation	59	38	161	89
Other	-	3	-	6
<i>Tax Adjustments</i>				
Tax impact on special item adjustments ²	(849)	(482)	(1,097)	(1,002)
Tax legislation and related impacts	(59)	(49)	(713)	(483)
Adjusted Net Earnings, after tax	\$6,968	\$5,868	\$20,517	\$16,468
Average shares outstanding (Diluted)	2,674.9	2,669.3	2,674.6	2,670.8
Adjusted net earnings per share (Diluted)	\$2.60	\$2.20	\$7.67	\$6.17
Operational adjusted net earnings per share (Diluted)	\$2.56		\$7.47	

Notes:

¹ Acquisition, integration and divestiture related for the nine months of 2021 primarily includes the gain on the divestiture of two Pharmaceutical brands outside of the U.S. Acquisition, integration and divestiture related for 2020 primarily includes a Contingent Consideration reversal (\$165M in third quarter and \$1,148M in nine months) 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
THIRD QUARTER 2021 ACTUAL vs. 2020 ACTUAL

	Segments			
	Consumer Health	Pharmaceutical	Medical Devices	Total
WW As Reported	5.3%	13.8%	8.0%	10.7%
U.S.	4.5%	12.2%	0.8%	7.9%
International	5.9%	15.9%	15.4%	13.8%
WW Currency	1.2	0.6	1.0	0.8
U.S.	-	-	-	-
International	2.2	1.3	2.1	1.7
WW Operational	4.1%	13.2%	7.0%	9.9%
U.S.	4.5%	12.2%	0.8%	7.9%
International	3.7%	14.6%	13.3%	12.1%
General Surgery				
<i>Advanced Sterilization Products</i>			0.4	0.1
U.S.			0.0	0.0
International			0.8	0.2
Skin Health / Beauty				
<i>Dr. Ci Labo - Sedona</i>	1.1			0.2
U.S.	0.0			0.0
International	2.0			0.4
All Other Acquisitions and Divestitures	0.5	0.6	0.2	0.4
U.S.	0.6	0.0	0.3	0.1
International	0.3	1.4	0.0	0.8
WW Adjusted Operational	5.7%	13.8%	7.6%	10.6%
U.S.	5.1%	12.2%	1.1%	8.0%
International	6.1%	16.0%	14.1%	13.5%

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

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Adjusted Operational Sales Growth
NINE MONTHS 2021 ACTUAL vs. 2020 ACTUAL

	Segments			
	Consumer Health	Pharmaceutical	Medical Devices	Total
WW As Reported	5.2%	13.5%	23.4%	14.7%
U.S.	2.8%	10.3%	20.6%	11.7%
International	7.3%	17.5%	26.0%	18.0%
WW Currency	2.1	2.2	2.9	2.3
U.S.	-	-	-	-
International	3.8	5.0	5.5	4.9
WW Operational	3.1%	11.3%	20.5%	12.4%
U.S.	2.8%	10.3%	20.6%	11.7%
International	3.5%	12.5%	20.5%	13.1%
General Surgery				
<i>Advanced Sterilization Products</i>			0.6	0.2
U.S.			0.0	0.0
International			1.2	0.3
Skin Health / Beauty				
<i>Dr. Ci Labo - Sedona</i>	0.5			0.1
U.S.	0.0			0.0
International	0.9			0.2
All Other Acquisitions and Divestitures	0.5	0.5	0.2	0.4
U.S.	0.5	(0.1)	0.4	0.1
International	0.3	1.3	0.0	0.7
WW Adjusted Operational	4.1%	11.8%	21.4%	13.1%
U.S.	3.3%	10.2%	21.0%	11.8%
International	4.7%	13.8%	21.7%	14.4%

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

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

Q3 QTD - 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/(loss) Before Tax by Segment	\$ (636)	191	4,259	3,439	423	1,010	(197)	(239)	3,849	4,401
% to Sales	-17.2%	5.4%	32.8%	30.1%	6.4%	16.4%	-0.8%	-1.1%	16.5%	20.9%
Intangible asset amortization expense	103	104	799	828	257	249	-	-	1,159	1,181
In-process research and development	-	-	-	-	900	138	-	-	900	138
Litigation related	1,359	531	756	971	(38)	(25)	-	-	2,077	1,477
Loss/(gain) on securities	1	(1)	(135)	31	7	2	-	-	(127)	32
Restructuring related	36	31	17	29	68	70	-	-	121	130
Acquisition, integration and divestiture related	-	-	3	1	17	(155)	-	-	20	(154)
Medical Device Regulation	-	-	-	-	59	38	-	-	59	38
Other	-	-	-	-	-	3	-	-	-	3
Adjusted Income Before Tax by Segment	\$ <u>863</u>	<u>856</u>	<u>5,699</u>	<u>5,299</u>	<u>1,693</u>	<u>1,330</u>	<u>(197)</u>	<u>(239)</u>	<u>8,058</u>	<u>7,246</u>
% to Sales	23.3%	24.4%	43.9%	46.4%	25.5%	21.6%	-0.8%	-1.1%	34.5%	34.4%

*Estimated as of 10/19/2021.

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

Q3 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 <i>% to Sales</i>	\$ 956 8.7%	993 9.5%	13,838 36.6%	11,787 35.4%	3,798 18.8%	2,681 16.4%	(652) -0.9%	(611) -1.0%	17,940 26.0%	14,850 24.7%
Intangible asset amortization expense	314	306	2,497	2,378	765	742	-	-	3,576	3,426
In-process research and development	-	-	-	-	900	144	-	-	900	144
Litigation related	1,481	1,169	675	1,006	(102)	35	-	-	2,054	2,210
Loss/(gain) on securities	(19)	-	(249)	(177)	(67)	3	-	-	(335)	(174)
Restructuring related	91	69	54	70	188	224	-	-	333	363
Acquisition, integration and divestiture related	-	-	(567)	20	63	(1,107)	-	-	(504)	(1,087)
Medical Device Regulation	-	-	-	-	161	89	-	-	161	89
Other	-	-	-	-	-	6	-	-	-	6
Adjusted Income Before Tax by Segment <i>% to Sales</i>	\$ <u>2,823</u> 25.7%	<u>2,537</u> 24.3%	<u>16,248</u> 43.0%	<u>15,084</u> 45.3%	<u>5,706</u> 28.2%	<u>2,817</u> 17.2%	<u>(652)</u> -0.9%	<u>(611)</u> -1.0%	<u>24,125</u> 35.0%	<u>19,827</u> 33.0%

*Estimated as of 10/19/2021.

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

Quarter to Date

	Third Quarter Oct. 3, 2021 GAAP	Intangible asset amortization	Litigation expense, net	In-process research and development	Restructuring related	Acquisition, integration and divestiture related	(Loss)/Gain on securities	Medical Device Regulation	Tax legislation and other tax related	Other	Third Quarter Oct. 3, 2021 Non-GAAP
Cost of products sold	\$ 7,250	(1,133)			(18)			(22)			6,077
Selling, marketing and admin expenses	6,000							(6)			5,994
Research and development expense	3,422					-		(31)			3,391
Other (Income) / Expense	1,850	(26)	(2,077)		(43)	(20)	127			-	(189)
In-process research and development	900			(900)							-
Restructuring	60				(60)						-
Provision for taxes on income	182	165	433	202	22	(6)	22	11	59	-	1,090
Net Earnings	3,667	994	1,644	698	99	26	(149)	48	(59)	-	6,968

	Third Quarter Sept. 27, 2020 GAAP	Intangible asset amortization	Litigation expense, net	In-process research and development	Restructuring related	Acquisition, integration and divestiture related	(Loss)/Gain on securities	Medical Device Regulation	Tax legislation and other tax related	Other	Third Quarter Sept. 27, 2020 Non-GAAP
Cost of products sold	\$ 6,972	(1,181)			(32)			(18)			5,741
Selling, marketing and admin expenses	5,431							(4)			5,427
Research and development expense	2,840					5		(16)			2,829
Other (Income) / Expense	1,200	-	(1,477)		(30)	149	(32)			(3)	(193)
In-process research and development	138			(138)							-
Restructuring	68				(68)						-
Provision for taxes on income	847	187	230	29	22	3	5	7	49	(1)	1,378
Net Earnings	3,554	994	1,247	109	108	(157)	27	31	(49)	4	5,868

Year to Date

	Nine Months Oct. 3, 2021 GAAP	Intangible asset amortization	Litigation expense, net	In-process research and development	Restructuring related	Acquisition, integration and divestiture related (1)	(Loss)/Gain on securities	Medical Device Regulation	Tax legislation and other tax related	Other	Nine Months Oct. 3, 2021 Non-GAAP
Cost of products sold	\$ 21,900	(3,550)			(65)			(59)			18,226
Selling, marketing and admin expenses	17,505							(17)			17,488
Research and development expense	9,994					-		(85)			9,909
Other (Income) / Expense	480	(26)	(2,054)		(99)	504	335			-	(860)
In-process research and development	900			(900)		-	-				-
Restructuring	169				(169)						-
Provision for taxes on income	1,798	505	432	202	59	(104)	(27)	30	713	-	3,608
Net Earnings	16,142	3,071	1,622	698	274	(400)	(308)	131	(713)	-	20,517

	Nine Months Sept. 27, 2020 GAAP	Intangible asset amortization	Litigation expense, net	In-process research and development	Restructuring related	Acquisition, integration and divestiture related (1)	(Loss)/Gain on securities	Medical Device Regulation	Tax legislation and other tax related	Other	Nine Months Sept. 27, 2020 Non-GAAP
Cost of products sold	\$ 20,613	(3,426)			(69)			(40)			17,078
Selling, marketing and admin expenses	15,627							(10)			15,617
Research and development expense	8,127					-		(39)			8,088
Other (Income) / Expense	545	-	(2,210)		(107)	1,087	174			(6)	(517)
In-process research and development	144			(144)							-
Restructuring	187				(187)						-
Provision for taxes on income	1,874	550	373	30	65	10	(42)	16	483	-	3,359
Net Earnings	12,976	2,876	1,837	114	298	(1,097)	(132)	73	(483)	6	16,468

(1) 2021 primarily includes gains on the divestitures of two Pharmaceutical brands outside of the United States. 2020 primarily includes a Contingent Consideration reversal of \$1,148M related to the timing of certain developmental milestones associated with the Auris Health acquisition.