

Johnson & Johnson and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

(Dollars in Millions Except Per Share Data)	First Quarter	
	2022	2021
Net Earnings, after tax- as reported	\$5,149	\$6,197
<i>Pre-tax Adjustments</i>		
Intangible Asset Amortization expense	1,108	1,215
IPR&D	610	-
Restructuring related	72	104
Acquisition, integration and divestiture related ¹	-	(538)
(Gains)/losses on securities	411	35
Medical Device Regulation ²	60	46
Consumer Health separation costs	102	-
Other	(7)	-
<i>Tax Adjustments</i>		
Tax impact on special item adjustments ³	(393)	(113)
Consumer Health separation tax related costs	96	-
Tax legislation and other tax related	(79)	(22)
Adjusted Net Earnings, after tax	\$7,129	\$6,924
Average shares outstanding (Diluted)	2,666.5	2,672.7
Adjusted net earnings per share (Diluted)	\$2.67	\$2.59
Operational adjusted net earnings per share (Diluted)	\$2.75	

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.

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 were 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 MedTech operating segments' measures of profit and loss used for making operating decisions and assessing performance which is expected to be completed by the end of 2023.

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 2022 ACTUAL vs. 2021 ACTUAL

	Segments			
	Consumer Health	Pharmaceutical	MedTech	Total
WW As Reported	(1.5)%	6.3%	5.9%	5.0%
U.S.	(3.4)%	2.9%	5.6%	2.7%
International	0.0%	10.3%	6.3%	7.2%
WW Currency	(2.3)	(3.0)	(2.6)	(2.7)
U.S.	-	-	-	-
International	(4.1)	(6.4)	(4.8)	(5.4)
WW Operational	0.8%	9.3%	8.5%	7.7%
U.S.	(3.4)%	2.9%	5.6%	2.7%
International	4.1%	16.7%	11.1%	12.6%
Skin Health / Beauty				
<i>Dr. Ci Labo - Sedona</i>	0.6			0.1
U.S.	0.0			0.0
International	1.1			0.2
All Other Acquisitions and Divestitures	0.2	0.0	0.1	0.1
U.S.	0.2	0.0	0.1	0.1
International	0.1	0.0	0.1	0.1
WW Adjusted Operational	1.6%	9.3%	8.6%	7.9%
U.S.	(3.2)%	2.9%	5.7%	2.8%
International	5.3%	16.7%	11.2%	12.9%

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

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Reconciliation of Non-GAAP Financial Measures

Q1 YTD - Income Before Tax by Segment
Dollars in Millions

	Consumer Health ¹		Pharmaceutical ¹		MedTech		Unallocated		Consumer Health Separation Costs		Worldwide Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Reported Income Before Tax by Segment	\$ 686	842	3,924	5,169	1,477	1,629	(123)	(211)	(102)	-	5,862	7,429
% to Sales	19.1%	23.1%	30.5%	42.7%	21.2%	24.8%	-0.5%	-0.9%	-0.4%	0.0%	25.0%	33.3%
Intangible asset amortization expense	94	106	760	856	254	253	-	-	-	-	1,108	1,215
In-process research and development	-	-	610	-	-	-	-	-	-	-	610	-
Loss/(gain) on securities	-	(2)	394	37	17	-	-	-	-	-	411	35
Restructuring related	14	28	(14)	20	72	56	-	-	-	-	72	104
Acquisition, integration and divestiture related	-	-	-	(570)	-	32	-	-	-	-	-	(538)
Medical Device Regulation	-	-	-	-	60	46	-	-	-	-	60	46
Consumer Health separation costs	-	-	-	-	-	-	-	-	102	-	102	-
Other	-	-	-	-	-	-	(7)	-	-	-	(7)	-
Adjusted Income Before Tax by Segment	\$ 794	974	5,674	5,512	1,880	2,016	(130)	(211)	-	-	8,218	8,291
% to Sales	22.1%	26.8%	44.1%	45.5%	27.0%	30.6%	-0.6%	-0.9%	0.0%	0.0%	35.1%	37.1%

¹ Prior year income before tax has been reclassified as Certain international OTC products, primarily in China, were reclassified from the Pharmaceutical segment to the Consumer Health segment based on operational changes in their respective regions

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

	First Quarter April 3, 2022												First Quarter April 3, 2022
	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	Consumer Health separation costs	Consumer Health separation tax related costs	Tax legislation and other tax related	Other	Non-GAAP
Cost of products sold	\$ 7,598	(1,108)			(16)			(22)					6,452
Selling, marketing and admin expenses	5,938							(6)					5,932
Research and development expense	3,462							(32)					3,430
Other (Income) / Expense	(102)	-	-		14	-	(411)		(102)		7		(594)
In-process research and development	610			(610)									-
Restructuring	70				(70)								-
Provision for taxes on income	713	168	(53)	138	12	-	96	11	23	(96)	79	(2)	1,089
Net Earnings	5,149	940	53	472	60	-	315	49	79	96	(79)	(5)	7,129
	First Quarter April 4, 2021												First Quarter April 4, 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	Consumer Health separation costs	Consumer Health separation tax related costs	Tax legislation and other tax related	Other	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

⁽¹⁾ 2021 primarily includes gains on the divestiture of 2 Pharmaceutical brands outside of the United States.