

Johnson & Johnson and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

(Dollars in Millions Except Per Share Data)	Fourth Quarter		Twelve Months Ended	
	2021	2020	2021	2020
Net Earnings, after tax- as reported	\$4,736	\$1,738	\$20,878	\$14,714
<i>Pre-tax Adjustments</i>				
Intangible Asset Amortization expense	1,121	1,234	4,697	4,660
Litigation expense, net	274	2,902	2,328	5,112
IPR&D	-	37	900	181
Restructuring related	140	85	473	448
Acquisition, integration and divestiture related ¹	26	14	(478)	(1,073)
(Gains)/losses on securities	(198)	(373)	(533)	(547)
Medical Device Regulation	73	55	234	144
Consumer Health separation costs	67	-	67	-
Other	-	-	-	6
<i>Tax Adjustments</i>				
Tax impact on special item adjustments ²	(184)	(606)	(1,281)	(1,608)
Tax legislation and other tax related	(377)	(121)	(1,090)	(604)
Adjusted Net Earnings, after tax	\$5,678	\$4,965	\$26,195	\$21,433
Average shares outstanding (Diluted)	2,670.2	2,669.2	2,674.0	2,670.7
Adjusted net earnings per share (Diluted)	\$2.13	\$1.86	\$9.80	\$8.03
Operational adjusted net earnings per share (Diluted)	\$2.18		\$9.65	

Notes:

¹ Acquisition, integration and divestiture related for 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 of \$1,148M 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
FOURTH QUARTER 2021 ACTUAL vs. 2020 ACTUAL

	Segments			
	Consumer Health	Pharmaceutical	Medical Devices	Total
WW As Reported	1.1%	16.5%	4.1%	10.4%
U.S.	1.3%	4.2%	1.0%	3.0%
International	0.9%	33.4%	7.0%	18.5%
WW Currency	(0.7)	(1.4)	(1.2)	(1.2)
U.S.	-	-	-	-
International	(1.2)	(3.5)	(2.3)	(2.7)
WW Operational	1.8%	17.9%	5.3%	11.6%
U.S.	1.3%	4.2%	1.0%	3.0%
International	2.1%	36.9%	9.3%	21.2%
General Surgery				
Advanced Sterilization Products			0.3	0.1
U.S.			0.0	0.0
International			0.5	0.2
Skin Health / Beauty				
Dr. Ci Labo - Sedona	0.7			0.1
U.S.	0.0			0.0
International	1.2			0.3
All Other Acquisitions and Divestitures	0.4	0.7	0.1	0.4
U.S.	0.6	0.0	0.2	0.1
International	0.3	1.7	0.0	0.8
WW Adjusted Operational	2.9%	18.6%	5.6%	12.3%
U.S.	1.9%	4.2%	1.2%	3.1%
International	3.6%	38.6%	9.8%	22.4%

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

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

Segments				
	Consumer Health	Pharmaceutical	Medical Devices	Total
WW As Reported	4.1%	14.3%	17.9%	13.6%
U.S.	2.4%	8.6%	14.9%	9.3%
International	5.6%	21.6%	20.6%	18.2%
WW Currency	1.3	1.2	1.7	1.4
U.S.	-	-	-	-
International	2.5	2.8	3.3	2.9
WW Operational	2.8%	13.1%	16.2%	12.2%
U.S.	2.4%	8.6%	14.9%	9.3%
International	3.1%	18.8%	17.3%	15.3%
General Surgery				
<i>Advanced Sterilization Products</i>			0.5	0.1
U.S.			0.0	0.0
International			1.0	0.3
Skin Health / Beauty				
<i>Dr. Ci Labo - Sedona</i>	0.5			0.1
U.S.	0.0			0.0
International	1.0			0.2
All Other Acquisitions and Divestitures	0.4	0.5	0.1	0.4
U.S.	0.6	0.0	0.4	0.2
International	0.3	1.4	0.0	0.8
WW Adjusted Operational	3.8%	13.6%	16.8%	12.8%
U.S.	3.0%	8.6%	15.3%	9.5%
International	4.4%	20.2%	18.3%	16.6%

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

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

Q4 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 % to Sales	\$ 338 9.2%	(2,057) -56.9%	4,343 30.4%	3,675 30.0%	575 8.4%	363 5.5%	(420) -1.7%	(334) -1.5%	4,836 19.5%	1,647 7.3%
Intangible asset amortization expense	100	109	761	868	260	257	-	-	1,121	1,234
In-process research and development	-	-	-	10	-	27	-	-	-	37
Litigation related	122	2,762	(35)	(172)	187	312	-	-	274	2,902
Loss/(gain) on securities	1	-	(237)	(368)	38	(5)	-	-	(198)	(373)
Restructuring related	28	(1)	22	24	90	62	-	-	140	85
Acquisition, integration and divestiture related	-	-	5	-	21	14	-	-	26	14
Medical Device Regulation	-	-	-	-	73	55	-	-	73	55
Consumer Health separation costs	67	-	-	-	-	-	-	-	67	-
Other	-	-	-	-	-	-	-	-	-	-
Adjusted Income Before Tax by Segment % to Sales	\$ <u>656</u> 17.9%	<u>813</u> 22.5%	<u>4,859</u> 34.0%	<u>4,037</u> 32.9%	<u>1,244</u> 18.1%	<u>1,085</u> 16.5%	<u>(420)</u> -1.7%	<u>(334)</u> -1.5%	<u>6,339</u> 25.6%	<u>5,601</u> 24.9%

*Estimated as of 1/25/2022

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

Q4 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/(Loss) Before Tax by Segment	\$ 1,294	(1,064)	18,181	15,462	4,373	3,044	(1,072)	(945)	22,776	16,497
% to Sales	8.8%	-7.6%	34.9%	33.9%	16.2%	13.3%	-1.1%	-1.1%	24.3%	20.0%
Intangible asset amortization expense	414	415	3,258	3,246	1,025	999	-	-	4,697	4,660
In-process research and development		-		10	900	171	-	-	900	181
Litigation related	1,603	3,931	640	834	85	347	-	-	2,328	5,112
Loss/(gain) on securities	(18)	-	(486)	(545)	(29)	(2)	-	-	(533)	(547)
Restructuring related	119	68	76	94	278	286	-	-	473	448
Acquisition, integration and divestiture related		-	(562)	20	84	(1,093)	-	-	(478)	(1,073)
Medical Device Regulation	-	-	-	-	234	144	-	-	234	144
Consumer Health separation costs	67		-	-	-	-	-	-	67	-
Other	-	-	-	-	-	6	-	-	-	6
Adjusted Income Before Tax by Segment	\$ <u>3,479</u>	<u>3,350</u>	<u>21,107</u>	<u>19,121</u>	<u>6,950</u>	<u>3,902</u>	<u>(1,072)</u>	<u>(945)</u>	<u>30,464</u>	<u>25,428</u>
% to Sales	23.8%	23.8%	40.5%	42.0%	25.7%	17.0%	-1.1%	-1.1%	32.5%	30.8%

*Estimated as of 1/25/2022

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

Quarter to Date

	Fourth Quarter Jan. 2, 2022 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	Consumer Health separation costs	Tax legislation and other tax related	Other	Fourth Quarter Jan. 2, 2022 Non-GAAP
Cost of products sold	\$ 7,955	(1,111)			(21)			(26)				6,797
Selling, marketing and admin expenses	7,154							(7)				7,147
Research and development expense	4,720							(40)				4,680
Other (Income) / Expense	9	(10)	(274)		(36)	(26)	198		(67)			(206)
In-process research and development	-											-
Restructuring	83				(83)							-
Provision for taxes on income	100	162	49		27	6	(89)	14	15	377		661
Net Earnings	4,736	959	225		113	20	(109)	59	52	(377)		5,678

	Fourth Quarter Jan. 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	Consumer Health separation costs	Tax legislation and other tax related	Other	Fourth Quarter Jan. 3, 2021 Non-GAAP
Cost of products sold	\$ 7,814	(1,225)			(20)			(19)				6,550
Selling, marketing and admin expenses	6,457							(7)				6,450
Research and development expense	4,032							(29)				4,003
Other (Income) / Expense	2,354	(9)	(2,902)		(5)	(14)	373					(203)
In-process research and development	37			(37)								-
Restructuring	60				(60)							-
Provision for/(Benefit from) taxes on income	(91)	(46)	682	6	16	3	(66)	11		121		636
Net Earnings	1,738	1,280	2,220	31	69	11	(307)	44		(121)		4,965

Year to Date

	Twelve Months Jan. 2, 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	Tax legislation and other tax related	Other	Twelve Months Jan. 2, 2022 Non-GAAP
Cost of products sold	\$ 29,855	(4,661)			(86)			(85)				25,023
Selling, marketing and admin expenses	24,659							(24)				24,635
Research and development expense	14,714							(125)				14,589
Other (Income) / Expense	489	(36)	(2,328)		(135)	478	533		(67)			(1,066)
In-process research and development	900			(900)								-
Restructuring	252				(252)							-
Provision for taxes on income	1,898	667	481	202	86	(98)	(116)	44	15	1,090		4,269
Net Earnings	20,878	4,030	1,847	698	387	(380)	(417)	190	52	(1,090)		26,195

	Twelve Months Jan. 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	Consumer Health separation costs	Tax legislation and other tax related	Other	Twelve Months Jan. 3, 2021 Non-GAAP
Cost of products sold	\$ 28,427	(4,651)			(89)			(59)				23,628
Selling, marketing and admin expenses	22,084							(17)				22,067
Research and development expense	12,159							(68)				12,091
Other (Income) / Expense	2,899	(9)	(5,112)		(112)	1,073	547				(6)	(720)
In-process research and development	181			(181)								-
Restructuring	247				(247)							-
Provision for taxes on income	1,783	504	1,055	36	81	13	(108)	27		604		3,995
Net Earnings	14,714	4,156	4,057	145	367	(1,086)	(439)	117		(604)	6	21,433

(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.