

**Johnson & Johnson and Subsidiaries**

**Reconciliation of Non-GAAP Financial Measures**

(Dollars in Millions Except Per Share Data)	Second Quarter		Six Months Ended	
	2020	2019	2020	2019
Net Earnings, after tax- as reported	<b>\$3,626</b>	<b>\$5,607</b>	<b>\$9,422</b>	<b>\$9,356</b>
<i>Pre-tax Adjustments</i>				
Intangible Asset Amortization expense	1,127	1,118	2,245	2,248
Litigation expense, net	613	409	733	832
IPR&D	6	-	6	890
Restructuring related	115	142	233	232
Acquisition and Integration related <sup>1</sup>	29	55	(933)	122
Unrealized (gains)/losses on securities	(533)	(148)	(206)	(306)
Medical Device Regulation <sup>2</sup>	37	-	51	-
Other	3	(3)	3	-
<i>Tax Adjustments</i>				
Tax impact on special item adjustments <sup>3</sup>	(253)	(230)	(520)	(763)
Tax legislation and related impacts	(324)	-	(434)	-
Adjusted Net Earnings, after tax	<b>\$4,446</b>	<b>\$6,950</b>	<b>\$10,600</b>	<b>\$12,611</b>
Average shares outstanding (Diluted)	2,665.5	2,691.7	2,671.0	2,697.0
Adjusted net earnings per share (Diluted)	<b>\$1.67</b>	<b>\$2.58</b>	<b>\$3.97</b>	<b>\$4.68</b>
Operational adjusted net earnings per share (Diluted)	<b>\$1.69</b>		<b>\$4.01</b>	

**Notes:**

<sup>1</sup> Acquisition and integration related costs for the six months of 2020 primarily includes a \$983M Contingent Consideration reversal related to the timing of certain developmental milestones associated with the Auris Health acquisition.

<sup>2</sup> 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.

<sup>3</sup> 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.

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

**Adjusted Operational Sales Growth**  
SECOND QUARTER 2020 ACTUAL vs. 2019 ACTUAL

Segments				
	<u>Consumer Health</u>	<u>Pharmaceutical</u>	<u>Medical Devices</u>	<u>Total</u>
<b>WW As Reported</b>	<b>(7.0)%</b>	<b>2.1%</b>	<b>(33.9)%</b>	<b>(10.8)%</b>
U.S.	1.3%	5.8%	(39.6)%	(8.3)%
International	(13.4)%	(2.4)%	(28.8)%	(13.4)%
<b>WW Currency</b>	<b>(3.4)</b>	<b>(1.8)</b>	<b>(1.2)</b>	<b>(1.8)</b>
U.S.	-	-	-	-
International	(6.0)	(3.8)	(2.4)	(3.8)
<b>WW Operational</b>	<b>(3.6)%</b>	<b>3.9%</b>	<b>(32.7)%</b>	<b>(9.0)%</b>
U.S.	1.3%	5.8%	(39.6)%	(8.3)%
International	(7.4)%	1.4%	(26.4)%	(9.6)%
<b>General Surgery</b>				
<b>Advanced Sterilization Products</b>			<b>0.1</b>	<b>0.1</b>
U.S.			0.0	0.0
International			0.3	0.2
<b>Baby Care</b>				
<b>Baby Center</b>	<b>0.3</b>			<b>0.0</b>
U.S.	0.7			0.1
International	0.0			0.0
<b>All Other Acquisitions and Divestitures</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
U.S.	0.0	0.0	0.1	0.0
International	(0.1)	0.1	0.0	0.0
<b>WW Adjusted Operational</b>	<b>(3.4)%</b>	<b>3.9%</b>	<b>(32.5)%</b>	<b>(8.8)%</b>
U.S.	2.0%	5.8%	(39.5)%	(8.1)%
International	(7.5)%	1.5%	(26.1)%	(9.4)%

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

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

**Adjusted Operational Sales Growth**  
SIX MONTHS 2020 ACTUAL vs. 2019 ACTUAL

Segments

	<u>Consumer Health</u>	<u>Pharmaceutical</u>	<u>Medical Devices</u>	<u>Total</u>
<b>WW As Reported</b>	<b>0.9%</b>	<b>5.4%</b>	<b>(21.1)%</b>	<b>(3.8)%</b>
U.S.	10.8%	7.2%	(23.1)%	(1.4)%
International	(6.8)%	3.2%	(19.2)%	(6.3)%
<b>WW Currency</b>	<b>(2.7)</b>	<b>(1.6)</b>	<b>(1.3)</b>	<b>(1.6)</b>
U.S.	-	-	-	-
International	(4.9)	(3.5)	(2.4)	(3.4)
<b>WW Operational</b>	<b>3.6%</b>	<b>7.0%</b>	<b>(19.8)%</b>	<b>(2.2)%</b>
U.S.	10.8%	7.2%	(23.1)%	(1.4)%
International	(1.9)%	6.7%	(16.8)%	(2.9)%
<b>Skin Health / Beauty</b>				
<i>Dr. Ci Labo - Japan</i>	<b>(0.2)</b>			<b>0.0</b>
U.S.	0.0			0.0
International	(0.4)			(0.1)
<b>General Surgery</b>				
<i>Advanced Sterilization Products</i>			<b>1.0</b>	<b>0.4</b>
U.S.			1.1	0.4
International			0.9	0.4
<b>Baby Care</b>				
<i>Baby Center</i>	<b>0.3</b>			<b>0.0</b>
U.S.	0.7			0.1
International	0.0			0.0
<b>All Other Acquisitions and Divestitures</b>	<b>(0.1)</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
U.S.	0.0	0.1	0.0	0.1
International	(0.2)	0.0	0.0	0.0
<b>WW Adjusted Operational</b>	<b>3.6%</b>	<b>7.0%</b>	<b>(18.8)%</b>	<b>(1.7)%</b>
U.S.	11.5%	7.2%	(22.0)%	(0.8)%
International	(2.5)%	6.7%	(15.9)%	(2.6)%

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

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

Q2 QTD - 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	\$ 32	406	4,514	3,677	(354)	3,189	(252)	(231)	3,940	7,041
<b>% to Sales</b>	<b>1.0%</b>	<b>11.5%</b>	<b>42.0%</b>	<b>34.9%</b>	<b>-8.3%</b>	<b>49.1%</b>	<b>-1.4%</b>	<b>-1.1%</b>	<b>21.5%</b>	<b>34.2%</b>
Intangible asset amortization expense	102	124	779	754	246	240	-	-	1,127	1,118
In-process research and development	-	-	-	-	6	-	-	-	6	-
Litigation expense, net	638	172	(58)	26	33	211	-	-	613	409
Unrealized loss/(gain) on securities	-	1	(522)	(151)	(11)	2	-	-	(533)	(148)
Restructuring related	20	37	21	19	74	86	-	-	115	142
Acquisition and integration related	-	-	10	51	19	4	-	-	29	55
Medical Device Regulation	-	-	-	-	37	-	-	-	37	-
Other	-	-	-	-	3	(3)	-	-	3	(3)
Adjusted Income Before Tax by Segment	\$ <u>792</u>	<u>740</u>	<u>4,744</u>	<u>4,376</u>	<u>53</u>	<u>3,729</u>	<u>(252)</u>	<u>(231)</u>	<u>5,337</u>	<u>8,614</u>
<b>% to Sales</b>	<b>24.0%</b>	<b>20.9%</b>	<b>44.1%</b>	<b>41.6%</b>	<b>1.2%</b>	<b>57.5%</b>	<b>-1.4%</b>	<b>-1.1%</b>	<b>29.1%</b>	<b>41.9%</b>

\*Estimated as of 07/16/2020.

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

Q2 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	\$ 802	1,147	8,348	6,008	1,671	4,686	(372)	(378)	10,449	11,463
<i>% to Sales</i>	<b>11.6%</b>	<b>16.7%</b>	<b>38.1%</b>	<b>28.9%</b>	<b>16.4%</b>	<b>36.2%</b>	<b>-1.0%</b>	<b>-0.9%</b>	<b>26.8%</b>	<b>28.2%</b>
Intangible asset amortization expense	202	203	1,550	1,561	493	484	-	-	2,245	2,248
In-process research and development	-	-	-	890	6	-	-	-	6	890
Litigation expense, net	638	180	35	351	60	301	-	-	733	832
Unrealized loss/(gain) on securities	1	(3)	(208)	(294)	1	(9)	-	-	(206)	(306)
Restructuring related	38	44	41	44	154	144	-	-	233	232
Acquisition and integration related	-	-	19	90	(952)	32	-	-	(933)	122
Medical Device Regulation	-	-	-	-	51	-	-	-	51	-
Other	-	-	-	-	3	-	-	-	3	-
Adjusted Income Before Tax by Segment	\$ <u>1,681</u>	<u>1,571</u>	<u>9,785</u>	<u>8,650</u>	<u>1,487</u>	<u>5,638</u>	<u>(372)</u>	<u>(378)</u>	<u>12,581</u>	<u>15,481</u>
<i>% to Sales</i>	<b>24.3%</b>	<b>22.9%</b>	<b>44.7%</b>	<b>41.6%</b>	<b>14.6%</b>	<b>43.5%</b>	<b>-1.0%</b>	<b>-0.9%</b>	<b>32.2%</b>	<b>38.1%</b>

\*Estimated as of 07/16/2020.

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

**Quarter to Date**

	<b>Second Quarter June 28, 2020</b>		<b>Intangible asset amortization</b>	<b>Litigation expense, net</b>	<b>In-process research and development</b>	<b>Restructuring related</b>	<b>Acquisition related</b>	<b>Unrealized (loss)/gain on securities</b>	<b>Medical Device Regulation</b>	<b>Tax legislation and related impacts</b>	<b>Other</b>	<b>Second Quarter June 28, 2020</b>	
	<b>GAAP</b>											<b>Non-GAAP</b>	
Cost of products sold	\$ 6,579	(1,127)				(22)		(8)					5,422
Selling, marketing and admin expenses	4,993							(6)					4,987
Research and development expense	2,707						(5)	(23)					2,679
Other (Income) / Expense	24	-		(613)		(32)	(24)	533			(3)		(115)
In-process research and development	6				(6)								-
Restructuring	61					(61)							-
Provision for taxes on income	314	217		123	1	22	4	(122)	7	324	1		891
Net Earnings	3,626	910		490	5	93	25	(411)	30	(324)	2		4,446
	<b>Second Quarter June 30, 2019</b>		<b>Intangible asset amortization</b>	<b>Litigation expense, net</b>	<b>In-process research and development</b>	<b>Restructuring related</b>	<b>Acquisition related</b>	<b>Unrealized (loss)/gain on securities</b>	<b>Medical Device Regulation</b>	<b>Tax legislation and related impacts</b>	<b>Other</b>	<b>Second Quarter June 30, 2019</b>	
	<b>GAAP</b>											<b>Non-GAAP</b>	
Cost of products sold	\$ 6,940	(1,080)				(38)		-					5,822
Other (Income) / Expense	(1,683)	(38)		(409)		(47)	(55)	148			3		(2,081)
Restructuring	57					(57)							-
Provision for taxes on income	1,434	139		67		26	5	(31)			24		1,664
Net Earnings	5,607	979		342		116	50	(117)			(27)		6,950

**Year to Date**

	<b>Six Months June 28, 2020</b>		<b>Intangible asset amortization</b>	<b>Litigation expense, net</b>	<b>In-process research and development</b>	<b>Restructuring related</b>	<b>Acquisition related (1)</b>	<b>Unrealized (loss)/gain on securities</b>	<b>Medical Device Regulation</b>	<b>Tax legislation and related impacts</b>	<b>Other</b>	<b>Six Months June 28, 2020</b>	
	<b>GAAP</b>											<b>Non-GAAP</b>	
Cost of products sold	\$ 13,641	(2,245)				(37)		(22)					11,337
Selling, marketing and admin expenses	10,196							(6)					10,190
Research and development expense	5,287						(5)	(23)					5,259
Other (Income) / Expense	(655)	-		(733)		(77)	938	206			(3)		(324)
In-process research and development	6				(6)								-
Restructuring	119					(119)							-
Provision for taxes on income	1,027	363		143	1	43	7	(47)	9	434	1		1,981
Net Earnings	9,422	1,882		590	5	190	(940)	(159)	42	(434)	2		10,600
	<b>Six Months June 30, 2019</b>		<b>Intangible asset amortization</b>	<b>Litigation expense, net</b>	<b>In-process research and development</b>	<b>Restructuring related</b>	<b>Acquisition related</b>	<b>Unrealized (loss)/gain on securities</b>	<b>Medical Device Regulation</b>	<b>Tax legislation and related impacts</b>	<b>Other</b>	<b>Six Months June 30, 2019</b>	
	<b>GAAP</b>											<b>Non-GAAP</b>	
Cost of products sold	\$ 13,555	(2,210)				(61)							11,284
Other (Income) / Expense	(1,705)	(38)		(832)		(78)	(122)	306					(2,469)
In-process research and development	890				(890)								-
Restructuring	93					(93)							-
Provision for taxes on income	2,107	423		148	187	41	12	(64)			16		2,870
Net Earnings	9,356	1,825		684	703	191	110	(242)			(16)		12,611

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