

**Johnson & Johnson and Subsidiaries**

**Reconciliation of Non-GAAP Financial Measures**

(Dollars in Millions Except Per Share Data)	Third Quarter		Nine Months Ended	
	2020	2019	2020	2019
Net Earnings, after tax- as reported	\$3,554	\$1,753	\$12,976	\$11,109
<i>Pre-tax Adjustments</i>				
Intangible Asset Amortization expense	1,181	1,138	3,426	3,386
Litigation expense, net	1,477	4,000	2,210	4,832
IPR&D	138	-	144	890
Restructuring related	130	128	363	360
Acquisition and Integration related <sup>1</sup>	(154)	107	(1,087)	229
Unrealized (gains)/losses on securities	32	89	(174)	(217)
Medical Device Regulation <sup>2</sup>	38	-	89	-
Other	3	7	6	7
<i>Tax Adjustments</i>				
Tax impact on special item adjustments <sup>3</sup>	(482)	(1,159)	(1,002)	(1,922)
Tax legislation and related impacts	(49)	(391)	(483)	(391)
Adjusted Net Earnings, after tax	<b>\$5,868</b>	<b>\$5,672</b>	<b>\$16,468</b>	<b>\$18,283</b>
Average shares outstanding (Diluted)	2,669.3	2,669.9	2,670.8	2,688.1
Adjusted net earnings per share (Diluted)	<b>\$2.20</b>	<b>\$2.12</b>	<b>\$6.17</b>	<b>\$6.80</b>
Operational adjusted net earnings per share (Diluted)	<b>\$2.17</b>		<b>\$6.18</b>	

**Notes:**

<sup>1</sup> Acquisition and integration related costs 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.

<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.

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

	Segments			
	Consumer Health	Pharmaceutical	Medical Devices	Total
<b>WW As Reported</b>	<b>1.3%</b>	<b>5.0%</b>	<b>(3.6)%</b>	<b>1.7%</b>
U.S.	11.6%	1.5%	1.2%	2.7%
International	(5.6)%	9.7%	(8.1)%	0.6%
<b>WW Currency</b>	<b>(1.7)</b>	<b>0.4</b>	<b>0.3</b>	<b>0.0</b>
U.S.	-	-	-	-
International	(2.9)	0.9	0.4	0.0
<b>WW Operational</b>	<b>3.0%</b>	<b>4.6%</b>	<b>(3.9)%</b>	<b>1.7%</b>
U.S.	11.6%	1.5%	1.2%	2.7%
International	(2.7)%	8.8%	(8.5)%	0.6%
<b>General Surgery</b>				
<b>Advanced Sterilization Products</b>			<b>0.5</b>	<b>0.2</b>
U.S.			0.0	0.0
International			0.9	0.4
<b>Baby Care</b>				
<b>Baby Center</b>	<b>0.1</b>			<b>0.0</b>
U.S.	0.4			0.1
International	0.0			0.0
<b>All Other Acquisitions and Divestitures</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
U.S.	0.0	0.0	0.1	0.0
International	(0.1)	0.3	0.0	0.1
<b>WW Adjusted Operational</b>	<b>3.1%</b>	<b>4.7%</b>	<b>(3.3)%</b>	<b>2.0%</b>
U.S.	12.0%	1.5%	1.3%	2.8%
International	(2.8)%	9.2%	(7.6)%	1.1%

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

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Reconciliation of Non-GAAP Financial Measure

Adjusted Operational Sales Growth  
NINE 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>1.0%</b>	<b>5.2%</b>	<b>(15.3)%</b>	<b>(2.0)%</b>
U.S.	11.1%	5.2%	(15.1)%	0.0%
International	(6.4)%	5.3%	(15.5)%	(4.0)%
<b>WW Currency</b>	<b>(2.4)</b>	<b>(0.9)</b>	<b>(0.7)</b>	<b>(1.2)</b>
U.S.	-	-	-	-
International	(4.2)	(2.1)	(1.4)	(2.3)
<b>WW Operational</b>	<b>3.4%</b>	<b>6.1%</b>	<b>(14.6)%</b>	<b>(0.8)%</b>
U.S.	11.1%	5.2%	(15.1)%	0.0%
International	(2.2)%	7.4%	(14.1)%	(1.7)%
<b>Skin Health / Beauty</b>				
<i>Dr. Ci Labo - Japan</i>	<b>(0.1)</b>			<b>0.0</b>
U.S.	0.0			0.0
International	(0.2)			0.0
<b>General Surgery</b>				
<i>Advanced Sterilization Products</i>			<b>0.9</b>	<b>0.3</b>
U.S.			0.8	0.3
International			0.9	0.4
<b>Baby Care</b>				
<i>Baby Center</i>	<b>0.2</b>			<b>0.0</b>
U.S.	0.6			0.1
International	0.0			0.0
<b>All Other Acquisitions and Divestitures</b>	<b>(0.1)</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>
U.S.	0.0	0.0	0.0	0.0
International	(0.1)	0.3	0.0	0.1
<b>WW Adjusted Operational</b>	<b>3.4%</b>	<b>6.3%</b>	<b>(13.7)%</b>	<b>(0.4)%</b>
U.S.	11.7%	5.2%	(14.3)%	0.4%
International	(2.6)%	7.7%	(13.1)%	(1.3)%

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

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Q3 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 <i>% to Sales</i>	\$ 191 <b>5.4%</b>	653 <b>18.8%</b>	3,439 <b>30.1%</b>	(222) <b>-2.0%</b>	1,010 <b>16.4%</b>	1,392 <b>21.8%</b>	(239) <b>-1.1%</b>	(176) <b>-0.8%</b>	4,401 <b>20.9%</b>	1,647 <b>7.9%</b>
Intangible asset amortization expense	104	84	828	809	249	245	-	-	1,181	1,138
In-process research and development	-	-	-	-	138	-	-	-	138	-
Litigation expense, net	531	(8)	971	3,974	(25)	34	-	-	1,477	4,000
Unrealized loss/(gain) on securities	(1)	2	31	58	2	29	-	-	32	89
Restructuring related	31	17	29	24	70	87	-	-	130	128
Acquisition and integration related	-	-	1	33	(155)	74	-	-	(154)	107
Medical Device Regulation	-	-	-	-	38	-	-	-	38	-
Other	-	-	-	-	3	7	-	-	3	7
Adjusted Income Before Tax by Segment <i>% to Sales</i>	\$ <u>856</u> <b>24.4%</b>	<u>748</u> <b>21.6%</b>	<u>5,299</u> <b>46.4%</b>	<u>4,676</u> <b>43.0%</b>	<u>1,330</u> <b>21.6%</b>	<u>1,868</u> <b>29.3%</b>	<u>(239)</u> <b>-1.1%</b>	<u>(176)</u> <b>-0.8%</b>	<u>7,246</u> <b>34.4%</b>	<u>7,116</u> <b>34.3%</b>

\*Estimated as of 10/13/2020.

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Reported Income Before Tax by Segment	\$ 993	1,800	11,787	5,786	2,681	6,078	(611)	(554)	14,850	13,110
<i>% to Sales</i>	<b>9.5%</b>	<b>17.4%</b>	<b>35.4%</b>	<b>18.3%</b>	<b>16.4%</b>	<b>31.4%</b>	<b>-1.0%</b>	<b>-0.9%</b>	<b>24.7%</b>	<b>21.4%</b>
Intangible asset amortization expense	306	287	2,378	2,370	742	729	-	-	3,426	3,386
In-process research and development	-	-	-	890	144	-	-	-	144	890
Litigation expense, net	1,169	172	1,006	4,325	35	335	-	-	2,210	4,832
Unrealized loss/(gain) on securities	-	(1)	(177)	(236)	3	20	-	-	(174)	(217)
Restructuring related	69	61	70	68	224	231	-	-	363	360
Acquisition and integration related	-	-	20	123	(1,107)	106	-	-	(1,087)	229
Medical Device Regulation	-	-	-	-	89	-	-	-	89	-
Other	-	-	-	-	6	7	-	-	6	7
Adjusted Income Before Tax by Segment	\$ <u>2,537</u>	<u>2,319</u>	<u>15,084</u>	<u>13,326</u>	<u>2,817</u>	<u>7,506</u>	<u>(611)</u>	<u>(554)</u>	<u>19,827</u>	<u>22,597</u>
<i>% to Sales</i>	<b>24.3%</b>	<b>22.4%</b>	<b>45.3%</b>	<b>42.1%</b>	<b>17.2%</b>	<b>38.8%</b>	<b>-1.0%</b>	<b>-0.9%</b>	<b>33.0%</b>	<b>36.9%</b>

\*Estimated as of 10/13/2020.

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

**Quarter to Date**

	<b>Third Quarter Sept. 27, 2020 GAAP</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>Third Quarter Sept. 27, 2020 Non-GAAP</b>
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		(1)	1,378
Net Earnings	3,554	994	1,247	109	108	(157)	27	31	(49)	4	5,868
	<b>Third Quarter Sept. 27, 2019 GAAP</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>Third Quarter Sept. 27, 2019 Non-GAAP</b>
Cost of products sold	\$ 6,867	(1,138)			(20)			-			5,709
Other (Income) / Expense	4,214		(4,000)		(39)	(107)	(89)			(7)	(28)
Restructuring	69				(69)						-
Provision for/(Benefit from) taxes on income	(106)	127	920		22	19	18		391	53	1,444
Net Earnings	1,753	1,011	3,080		106	88	71		(391)	(46)	5,672

**Year to Date**

	<b>Nine Months Sept. 27, 2020 GAAP</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>Nine Months Sept. 27, 2020 Non-GAAP</b>
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
	<b>Nine Months Sept. 27, 2019 GAAP</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>Nine Months Sept. 27, 2019 Non-GAAP</b>
Cost of products sold	\$ 20,422	(3,348)			(81)						16,993
Other (Income) / Expense	2,509	(38)	(4,832)		(117)	(229)	217			(7)	(2,497)
In-process research and development	890			(890)							-
Restructuring	162				(162)						-
Provision for taxes on income	2,001	550	1,068	187	63	31	(46)		391	69	4,314
Net Earnings	11,109	2,836	3,764	703	297	198	(171)		(391)	(62)	18,283

(1) Primarily includes a Contingent Consideration reversal (\$165M 2020 quarter to date/\$1,148M 2020 year to date) related to the timing of certain developmental milestones associated with the Auris Health acquisition.