# UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 30, 2023

Johnson & Johnson

(Exact name of registrant as specified in its charter)

New Jersey 1-3215 22-1024240

(State or Other Jurisdiction of

Incorporation) (Commission File Number) (IRS Employer Identification No.)

One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933 (Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: 732-524-0400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

* Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
* Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
* Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
* Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

|  |  |  |
| --- | --- | --- |
| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
| Common Stock, Par Value $1.00 | JNJ | New York Stock Exchange |
| 0.650% Notes Due May 2024 | JNJ24C | New York Stock Exchange |
| 5.50% Notes Due November 2024 | JNJ24BP | New York Stock Exchange |
| 1.150% Notes Due November 2028 | JNJ28 | New York Stock Exchange |
| 1.650% Notes Due May 2035 | JNJ35 | New York Stock Exchange |

# Item 2.02 Results of Operations and Financial Condition

Johnson & Johnson completed an exchange offer to finalize the separation of Kenvue Inc. (the "Kenvue Separation"). On August 30, 2023, Johnson & Johnson issued the attached press release (Exhibit 99.1) providing updated financials and 2023 guidance following completion of the Kenvue Separation.

# Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No. Description of Exhibit

* 1. Press Release dated August 30, 2023
  2. Updated Financial Data

104 The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

# SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

# Johnson & Johnson

(Registrant)

Date: August 30, 2023 By: /s/ Robert J. Decker, Jr.

Robert J. Decker, Jr.

Controller

(Principal Accounting Officer)

Exhibit 99.1

**Johnson & Johnson Announces Updated Financials and 2023 Guidance Following Completion of the Kenvue Separation**

* Company expects increased 2023 Reported Sales Growth of 7.0% - 8.0%, Operational Sales Growth of 7.5% - 8.5%, and Adjusted Operational Sales Growth of 6.2% - 7.2%; Figures exclude the COVID-19 Vaccine
* Company expects 2023 Adjusted Reported Earnings Per Share (EPS) of $10.00 - $10.10, reflecting increased growth of 12.5% at the mid-point and Adjusted Operational EPS of $9.90 - $10.00, reflecting increased growth of 11.5% at the mid- point
* Company reduced outstanding share count by approximately 191 million; 2023 guidance reflects only a partial-year benefit of approximately 73.5 million shares or $0.28 benefit to EPS
* Company secured $13.2 billion in cash proceeds from the Kenvue debt offering and initial public offering and maintains 9.5% of equity stake in Kenvue
* Company maintains its quarterly dividend of $1.19 per share

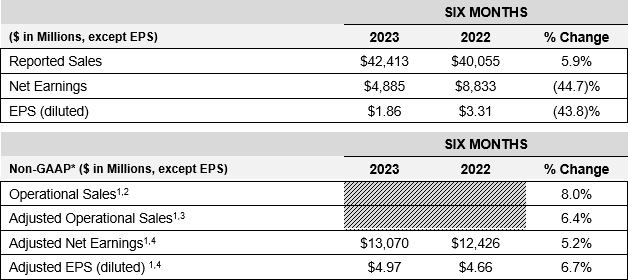
**New Brunswick, N.J. (August 30, 2023)** – Johnson & Johnson (NYSE: JNJ) (“the Company”) today announced updates to its financials and 2023 guidance which reflect its operations as a company focused on transformational innovation in Pharmaceutical and MedTech. The Company has published a recorded webinar for investors to provide additional context behind the updated financials and 2023 guidance found in this release, which may be accessed by visiting the Investors section of the Company's website at webcasts & presentations.

“The completion of this transaction uniquely positions Johnson & Johnson as a Pharmaceutical and MedTech company focused on delivering transformative healthcare solutions to patients,” said Joaquin Duato, Chairman of the Board and Chief Executive Officer. “We are incredibly proud of the focus and dedication of our employees worldwide to achieve this milestone, which we are confident will unlock near- and long- term value for all of our stakeholders.”

As previously announced, the Company recently completed an exchange offer to finalize the separation of Kenvue Inc., formerly Johnson & Johnson’s Consumer Health business. As a result of the completion of the exchange offer, Johnson & Johnson will now present its Consumer Health business financial results as discontinued operations, including a gain of approximately $20 billion in the third quarter of 2023.

Unless otherwise noted, the financial results and earnings guidance included below have been recast to reflect the continuing operations of Johnson & Johnson.

# FINANCIAL RESULTS:



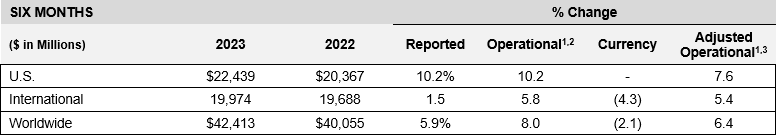
1 Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

2 Excludes the impact of translational currency

3 Excludes the net impact of acquisitions and divestitures and translational currency

4 Excludes intangible amortization expense and special items Note: values may have been rounded

# REGIONAL SALES RESULTS:



1 Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

2 Excludes the impact of translational currency

3 Excludes the net impact of acquisitions and divestitures and translational currency Note: values may have been rounded

# SEGMENT SALES RESULTS:

1 Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules

2 Excludes the impact of translational currency

3 Excludes the net impact of acquisitions and divestitures and translational currency Note: Values may have been rounded

# UPDATED FULL-YEAR 2023 GUIDANCE:

Johnson & Johnson does not provide GAAP financial measures on a forward-looking basis because the Company is unable to predict with reasonable certainty the ultimate outcome of legal proceedings, unusual gains and losses, acquisition-related expenses and purchase accounting fair value adjustments without unreasonable effort. These items are uncertain, depend on various factors, and could be material to Johnson & Johnson's results computed in accordance with GAAP.

|  |  |  |
| --- | --- | --- |
| *($ in Billions, except EPS; Shares in Millions)* | **August 2023 (excl. Consumer Health)** | **July 2023**  **(incl. Consumer Health)**6 |
| Adjusted Operational Sales1,2,5 Change vs. Prior Year / Mid-point | 6.2% – 7.2% / 6.7% | 6.0% – 7.0% / 6.5% |
| Operational Sales2,5 / Mid-point Change vs. Prior Year / Mid-point | $83.6B – $84.4B / $84.0B 7.5% – 8.5% / 8.0% | $99.3B – $100.3B / $99.8B 7.0% – 8.0% / 7.5% |
| Reported Sales3,5 / Mid-point Change vs. Prior Year / Mid-point | $83.2B – $84.0B / $83.6B 7.0% – 8.0% / 7.5% | $98.8B – $99.8B / $99.3B 6.5% – 7.5% / 7.0% |

|  |  |  |
| --- | --- | --- |
| Adjusted Operational EPS (Diluted)2,4 / Mid-point | $9.90 – $10.00 / $9.95 | $10.60 – $10.70 / $10.65 |
| Change vs. Prior Year / Mid-point | 11.0% – 12.0% / 11.5% | 4.5% – 5.5% / 5.0% |
| Adjusted EPS (Diluted)3,4 / Mid-point | $10.00 – $10.10 / $10.05 | $10.70 – $10.80 / $10.75 |
| Change vs. Prior Year / Mid-point | 12.0% – 13.0% / 12.5% | 5.5% – 6.5% / 6.0% |
| Average Shares Outstanding (Diluted) | ~2,557.28 | 2,630.77 |

1 Non-GAAP financial measure; excludes the net impact of acquisitions and divestitures

2 Non-GAAP financial measure; excludes the impact of translational currency

3 Calculated using Euro Average Rate: July 2023 = $1.09 (Illustrative purposes only)

4 Non-GAAP financial measure; excludes intangible amortization expense and special items

5 Excludes COVID-19 Vaccine

6 The July 2023 financial measures that were previously communicated reflect amounts before the separation of Kenvue and therefore include the Consumer Health results

7 Average shares outstanding (Diluted) as reported on Q2 2023 Form 10-Q

8 Full Year 2023 Projected Average Shares Outstanding (Diluted) only reflects impact from the Kenvue exchange offer Note: percentages may have been rounded

Following completion of the Kenvue exchange offer, the Company has reduced its outstanding share count by the approximately 191 million shares of common stock accepted in the exchange offer.

The weighted average shares outstanding used in the calculation of the August 2023 Guidance for Adjusted Diluted EPS reflects the net reduction of approximately 73.5 million shares of Johnson & Johnson outstanding common stock as a result of the Kenvue exchange offer. Because this net reduction occurred on August 23, 2023, Johnson & Johnson will recognize only a partial-year benefit of $0.28 to its full-year 2023 Adjusted Diluted EPS.

The Company generated $13.2 billion in cash proceeds as result of the Kenvue debt offering and initial public offering. Additionally, Johnson & Johnson maintains a 9.5% stake in Kenvue common stock, which provides the Company the opportunity to monetize the retained stake in a tax efficient manner in the next year, subject to a

current 90-day lockup agreement. Johnson & Johnson is under no obligation to do so if market conditions are not supportive. The Company will maintain its quarterly dividend of $1.19 per share.

# WEBINAR INFORMATION:

Johnson & Johnson has published a recorded webinar for investors to provide additional context behind the updated financials and 2023 guidance found in this release. This webinar, along with supplemental information, may be accessed by visiting the Investors section of the Company's website at webcasts & presentations.

# ABOUT JOHNSON & JOHNSON:

At Johnson & Johnson, we believe good health is the foundation of vibrant lives, thriving communities and forward progress. That’s why for more than 135 years, we have aimed to keep people well at every age and every stage of life. Today, as the world’s largest, most diversified healthcare products company, we are committed to using our reach and size for good. We strive to improve access and affordability, create healthier communities, and put a healthy mind, body and environment within reach of everyone, everywhere. We are blending our heart, science and ingenuity to profoundly change the trajectory of health for humanity.

# NON-GAAP FINANCIAL MEASURES:

\* “Operational sales growth” excluding the impact of translational currency, “adjusted operational sales growth” excluding the net impact of acquisitions and divestitures and translational currency, as well as “adjusted net earnings”, “adjusted diluted earnings per share” and “adjusted operational diluted earnings per share” excluding after-tax intangible amortization expense and special items, are non-GAAP financial measures and should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. Except for guidance measures, reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the accompanying financial schedules of the release and the Investors section of the Company's website at webcasts & presentations.

Copies of the financial schedules accompanying this release are available on the Company’s website at webcasts & presentations. These schedules include supplementary sales data, a condensed consolidated statement of earnings, and reconciliations of non-GAAP financial measures.

# NOTE TO INVESTORS CONCERNING FORWARD-LOOKING STATEMENTS:

This press release contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things: future operating and financial performance, product development, and market position and business strategy. The reader is cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of Johnson & Johnson. Risks and uncertainties include, but are not limited to: economic factors, such as interest rate and currency exchange rate fluctuations; competition, including technological advances, new products and patents attained by competitors; challenges inherent in new product research and development, including uncertainty of clinical success and obtaining regulatory approvals; uncertainty of commercial success for new and existing products; challenges to patents; the impact of patent expirations; the ability of the Company to successfully execute strategic plans, including restructuring plans; the impact of business combinations and divestitures; manufacturing difficulties or delays, internally or within the supply chain; product efficacy or safety concerns resulting in product recalls or regulatory action; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws and global health care reforms; trends toward health care cost containment; changes in behavior and spending patterns of purchasers of health care products and services; financial instability of international economies and legal systems and sovereign risk; increased scrutiny of the health care industry by government agencies; the Company’s ability to realize the anticipated benefits from the separation of the Company’s Consumer Health business; and the New Consumer Health Company’s ability to succeed as a standalone publicly traded company. A further list and descriptions of these risks, uncertainties and other factors can be found in Johnson & Johnson’s Annual Report on Form 10-K for the fiscal year ended January 1, 2023, including in the sections captioned “Cautionary Note Regarding Forward-Looking Statements” and “Item 1A. Risk Factors,” and in Johnson & Johnson’s subsequent Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission. Copies of these filings are available online at [www.sec.gov,](http://www.sec.gov/) [www.jnj.com](http://www.jnj.com/) or on request from Johnson & Johnson. Any forward-looking statement made in this release speaks only as of the date of this release. Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.

**Press Contacts: Investor Contacts:**

Jake Sargent Jessica Moore

[media-relations@its.jnj.com](mailto:media-relations@its.jnj.com) [investor-relations@its.jnj.com](mailto:investor-relations@its.jnj.com)

Exhibit 99.2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Johnson & Johnson and Subsidiaries** |  | | | | |
| **Supplementary Sales Data** |  | | | | |
| (Unaudited; Dollars in Millions) | **FIRST QUARTER** | | | | |
|  | Percent Change | | | | |
|  | **2023 2022** Total Operations Currency | | | | |
| **Sales to customers by geographic area** |  | | | | |
| U.S. | **$ 10,782 9,857** 9.4 % 9.4 — | | | | |
| Europe | **5,590** | **5,341** | 4.7 | 9.4 | (4.7) |
| Western Hemisphere excluding U.S. | **1,076** | **998** | 7.8 | 15.5 | (7.7) |
| Asia-Pacific, Africa | **3,446** | **3,644** | (5.4) | 3.1 | (8.5) |
| International | **10,112** | **9,983** | 1.3 | 7.7 | (6.4) |
| Worldwide | **$ 20,894** | **19,840** | 5.3 % | 8.5 | (3.2) |
| (Unaudited; Dollars in Millions) **SECOND QUARTER** | | | | | |
|  |  |  |  | Percent Change |  |
|  | **2023** | **2022** | Total | Operations | Currency |
| **Sales to customers by geographic area** |  |  |  |  |  |
| U.S. | **$ 11,657** | **10,510** | 10.9 % | 10.9 | — |
| Europe | **5,131** | **5,355** | (4.2) | (5.2) | 1.0 |
| Western Hemisphere excluding U.S. | **1,136** | **1,027** | 10.7 | 16.8 | (6.2) |
| Asia-Pacific, Africa | **3,595** | **3,323** | 8.2 | 14.3 | (6.1) |
| International | **9,862** | **9,705** | 1.6 | 3.8 | (2.2) |
| Worldwide | **$ 21,519** | **20,215** | 6.5 % | 7.5 | (1.0) |
|  |  |  |  |  |  |
| (Unaudited; Dollars in Millions) |  |  | **SIX MONTHS** |  |  |
|  |  |  |  | Percent Change |  |
|  | **2023** | **2022** | Total | Operations | Currency |
| **Sales to customers by geographic area** |  |  |  |  |  |
| U.S. | **$ 22,439** | **20,367** | 10.2 % | 10.2 | — |
| Europe | **10,721** | **10,696** | 0.2 | 2.1 | (1.9) |
| Western Hemisphere excluding U.S. | **2,212** | **2,025** | 9.3 | 16.2 | (6.9) |
| Asia-Pacific, Africa | **7,041** | **6,967** | 1.1 | 8.5 | (7.4) |
| International | **19,974** | **19,688** | 1.5 | 5.8 | (4.3) |
| Worldwide | **$ 42,413** | **40,055** | 5.9 % | 8.0 | (2.1) |

Note: Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Johnson & Johnson and Subsidiaries** |  |  |  |  |  |
| **Supplementary Sales Data** |  |  |  |  |  |
| (Unaudited; Dollars in Millions) |  |  | **FIRST QUARTER** |  |  |
|  |  |  |  | Percent Change |  |
|  | **2022** | **2021** | Total | Operations | Currency |
| **Sales to customers by geographic area** |  |  |  |  |  |
| U.S. | **$ 9,857** | **9,500** | 3.8 % | 3.8 | — |
| Europe | **5,341** | **4,727** | 13.0 | 21.2 | (8.2) |
| Western Hemisphere excluding U.S. | **998** | **968** | 3.0 | 4.2 | (1.2) |
| Asia-Pacific, Africa | **3,644** | **3,485** | 4.6 | 8.3 | (3.7) |
| International | **9,983** | **9,180** | 8.7 | 14.5 | (5.8) |
| Worldwide | **$ 19,840** | **18,680** | 6.2 % | 9.1 | (2.9) |

(Unaudited; Dollars in Millions) **SECOND QUARTER**

Percent Change

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2022 2021** Total Operations Currency | | | | |
| **Sales to customers by geographic area** |  | | | | |
| U.S. | **$ 10,510 10,168** 3.4 % 3.4 — | | | | |
| Europe | **5,355** | **4,936** | 8.5 | 22.1 | (13.6) |
| Western Hemisphere excluding U.S. | **1,027** | **933** | 10.2 | 13.2 | (3.0) |
| Asia-Pacific, Africa | **3,323** | **3,421** | (2.9) | 6.2 | (9.1) |
| International | **9,705** | **9,290** | 4.5 | 15.4 | (10.9) |
| Worldwide | **$ 20,215 19,458** 3.9 % 9.1 (5.2) | | | | |
|  |  | | | | |
| (Unaudited; Dollars in Millions) | **THIRD QUARTER** | | | | |
|  | Percent Change | | | | |
|  | **2022 2021** Total Operations Currency | | | | |
| **Sales to customers by geographic area** |  | | | | |
| U.S. | **$ 10,794 10,338** 4.4 % 4.4 — | | | | |
| Europe | **4,844** | **4,833** | 0.2 | 16.1 | (15.9) |
| Western Hemisphere excluding U.S. | **1,059** | **1,019** | 3.9 | 9.1 | (5.2) |
| Asia-Pacific, Africa | **3,299** | **3,336** | (1.1) | 11.4 | (12.5) |
| International | **9,202** | **9,188** | 0.1 | 13.6 | (13.5) |
| Worldwide | **$ 19,996** | **19,526** | 2.4 % | 8.7 | (6.3) |

Note: Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

**Johnson & Johnson and Subsidiaries Supplementary Sales Data**

(Unaudited; Dollars in Millions) **FOURTH QUARTER**

Percent Change

**2022 2021** Total Operations Currency

**Sales to customers by geographic area**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| U.S. | **$ 10,820** | **10,634** | 1.7 % | 1.7 | — |
| Europe | **5,124** | **6,099** | (16.0) | (6.3) | (9.7) |
| Western Hemisphere excluding U.S. | **1,024** | **1,007** | 1.7 | 8.3 | (6.6) |
| Asia-Pacific, Africa | **2,971** | **3,336** | (10.9) | 3.0 | (13.9) |
| International | **9,119** | **10,442** | (12.7) | (1.9) | (10.8) |
| Worldwide | **$ 19,939 21,076** (5.4) % (0.1) (5.3) | | | | |
|  |  | | | | |
| (Unaudited; Dollars in Millions) | **TWELVE MONTHS** | | | | |
|  | Percent Change | | | | |
|  | **2022 2021** Total Operations Currency | | | | |
| **Sales to customers by geographic area** |  | | | | |
| U.S. | **$ 41,981 40,640** 3.3 % 3.3 — | | | | |
| Europe | **20,664** | **20,595** | 0.3 | 12.1 | (11.8) |
| Western Hemisphere excluding U.S. | **4,108** | **3,927** | 4.6 | 8.7 | (4.1) |
| Asia-Pacific, Africa | **13,237** | **13,578** | (2.5) | 7.2 | (9.7) |
| International | **38,009** | **38,100** | (0.2) | 10.0 | (10.2) |
| Worldwide | **$ 79,990** | **78,740** | 1.6 % | 6.5 | (4.9) |

**Note**: Percentages have been calculated using actual, non-rounded figures and, therefore, may not recalculate precisely.

**Johnson & Johnson and Subsidiaries Condensed Consolidated Statement of Earnings**

**(Unaudited; in Millions Except Per Share Figures)** **2023**

**Q1 Q2 SIX MONTHS**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Amount** | **Percent**  **to Sales** | **Amount** | **Percent**  **to Sales** | **Amount** | **Percent**  **to Sales** | |
| **Sales to customers** | **$ 20,894** | **100.0 %** | **$ 21,519** | **100.0 %** | **$ 42,413** | **100.0 %** | |
| **Cost of products sold** | **6,687** | **32.0** | **6,462** | **30.0** | **13,149** | **31.0** | |
| **Gross Profit** | **14,207** | **68.0** | **15,057** | **70.0** | **29,264** | **69.0** | |
| **Selling, marketing and administrative expenses** | **4,906** | **23.5** | **5,396** | **25.1** | **10,302** | **24.3** | |
| **Research and development expense** | **3,455** | **16.6** | **3,703** | **17.2** | **7,158** | **16.9** | |
| **In-process research and development Impairments** | **49** | **0.2** | **—** | **—** | **49** | **0.1** | |
| **Interest income** | **(198)** | **(0.9)** | **(326)** | **(1.5)** | **(524)** | **(1.2)** | |
| **Interest expense, net of portion capitalized** | **212** | **1.0** | **217** | **1.0** | **429** | **1.0** | |
| **Other (income) expense, net** | **6,940** | **33.2** | **(384)** | **(1.8)** | **6,556** | **15.5** | |
| **Restructuring** | **130** | **0.6** | **145** | **0.7** | **275** | **0.6** | |
| **Earnings/(loss) before provision for taxes on income** | **(1,287)** | **(6.2)** | **6,306** | **29.3** | **5,019** | **11.8** | |
| **Provision for/(Benefit from) taxes on income** | **(796)** | **(3.9)** | **930** | **4.3** | **134** | **0.3** | |
| **Net earnings/(loss) from Continuing Operations** | **$ (491)** | **(2.3) %** | **$ 5,376** | **25.0 %** | **$ 4,885** | **11.5 %** | |
| **Net earnings/(loss) from Discontinued Operations, net of tax** | **423** |  | **(232)** |  | **191** |  | |
| **Net earnings/(loss)** | **$ (68)** |  | **$ 5,144** |  | **$ 5,076** |  | |
| **Net Earnings (loss) per Share (Diluted) from Continuing Operations** | **$ (0.19)** |  | **$ 2.05** |  | **$ 1.86** |  | |
| **Net Earnings (loss) per Share (Diluted) from Discontinued Operations** | **$ 0.16** |  | **$ (0.09)** |  | **$ 0.07** |  | |
| **Average shares outstanding (Diluted)**  \*Basic Shares used as in an overall loss position | **2,605.5** \* |  | **2,625.7** |  | **2,630.7** |  | |
| **Effective tax rate from Continuing Operations** | **61.8 %** |  | **14.7 %** |  | **2.7 %** |  | |
| **Adjusted earnings from continuing operations before provision for taxes and net earnings (1) (A)** | | | | | | |  |
| **Earnings before provision for taxes on income from continuing operations** | **$ 7,536** | **36.1** | **$ 8,005** | **37.2** | **$ 15,541** | **36.6** |  |
| **Net earnings from continuing operations** | **$ 6,340** | **30.3** | **$ 6,730** | **31.3** | **$ 13,070** | **30.8** |  |
| **Net earnings per share (Diluted) from continuing operations** | **$ 2.41** |  | **$ 2.56** |  | **$ 4.97** |  |  |
| **Average shares outstanding (Diluted)** | **2,634.3** |  | **2,625.7** |  | **2,630.7** |  |  |
| **Effective tax rate from continuing operations** | **15.9 %** |  | **15.9 %** |  | **15.9 %** |  |  |
| (1) See Reconciliation of Non-GAAP Financial Measures. |  |  |  |  |  |  |  |

(A) NON-GAAP FINANCIAL MEASURES "Adjusted earnings from continuing operations before provision for taxes on income," "adjusted net earnings from continuing operations," "adjusted net earnings per share (diluted) from continuing operations," and "adjusted effective tax rate from continuing operations" are non-GAAP financial measures and should not be considered replacements for GAAP results. The Company provides earnings from continuing operations before provision for taxes on income, net earnings from continuing operations, net earnings per share (diluted) from continuing operations, and effective tax rate from continuing operations on an adjusted basis because management believes that these measures provide useful information to investors. Among other things, these measures may assist investors in evaluating the Company's results of operations period over period. In various periods, these measures may exclude such items as intangible asset amortization expense, significant gains from divestitures, significant costs associated with acquisitions, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters). Special items may be highly variable, difficult to predict, and of a size that sometimes has substantial impact on the Company's reported results of operations for a period. Management uses these measures internally for planning, forecasting and evaluating the performances of the Company's businesses, including allocating resources and evaluating results relative to employee performance compensation targets. Unlike earnings from continuing operations before provision for taxes on income, net earnings from continuing operations, net earnings per share (diluted) from continuing operations, and effective tax rate from continuing operations prepared in accordance with GAAP, adjusted earnings from continuing operations before provision for taxes on income, adjusted net earnings from continuing operations, adjusted net earnings per share (diluted) from continuing operations, and adjusted effective tax rate from continuing operations may not be comparable with the calculation of similar measures for other companies. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of the Company's results of operations without including all events during a period, such as intangible asset amortization expense, significant gains from divestitures, the effects of an acquisition, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters) and do not provide a comparable view of the Company's performance to other companies in the health care industry. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.

**Johnson & Johnson and Subsidiaries Condensed Consolidated Statement of Earnings**

**(Unaudited; in Millions Except Per Share Figures)** **2022**

**Q1 Q2 SIX MONTHS**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Amount** | **Percent**  **to Sales** | **Amount** | **Percent**  **to Sales** | **Amount** | **Percent**  **to Sales** | |
| **Sales to customers** | **$ 19,840** | **100.0 %** | **$ 20,215** | **100.0 %** | **$ 40,055** | **100.0 %** | |
| **Cost of products sold** | **6,018** | **30.3** | **6,322** | **31.3** | **12,340** | **30.8** | |
| **Gross Profit** | **13,822** | **69.7** | **13,893** | **68.7** | **27,715** | **69.2** | |
| **Selling, marketing and administrative expenses** | **4,812** | **24.3** | **5,120** | **25.3** | **9,932** | **24.8** | |
| **Research and development expense** | **3,355** | **16.9** | **3,585** | **17.7** | **6,940** | **17.3** | |
| **In-process research and development Impairments** | **610** | **3.1** | **—** | **—** | **610** | **1.5** | |
| **Interest income** | **(22)** | **(0.1)** | **(64)** | **(0.3)** | **(86)** | **(0.2)** | |
| **Interest expense, net of portion capitalized** | **10** | **0.1** | **38** | **0.2** | **48** | **0.1** | |
| **Other (income) expense, net** | **(210)** | **(1.1)** | **(1)** | **0.0** | **(211)** | **(0.5)** | |
| **Restructuring** | **64** | **0.3** | **71** | **0.4** | **135** | **0.4** | |
| **Earnings before provision for taxes on income** | **5,203** | **26.2** | **5,144** | **25.4** | **10,347** | **25.8** | |
| **Provision for taxes on income** | **632** | **3.2** | **882** | **4.3** | **1,514** | **3.7** | |
| **Net earnings from Continuing Operations** | **$ 4,571** | **23.0 %** | **$ 4,262** | **21.1 %** | **$ 8,833** | **22.1 %** | |
| **Net earnings from Discontinued Operations, net of tax** | **578** |  | **552** |  | **1,130** |  | |
| **Net earnings** | **$ 5,149** |  | **$ 4,814** |  | **$ 9,963** |  | |
| **Net Earnings per Share (Diluted) from Continuing Operations** | **$ 1.71** |  | **$ 1.60** |  | **$ 3.31** |  | |
| **Net Earnings per Share (Diluted) from Discontinued Operations** | **$ 0.22** |  | **$ 0.20** |  | **$ 0.42** |  | |
| **Average shares outstanding (Diluted)** | **2,666.5** |  | **2,667.9** |  | **2,669.2** |  | |
| **Effective tax rate from Continuing Operations** | **12.1 %** |  | **17.1 %** |  | **14.6 %** |  | |
| **Adjusted earnings from continuing operations before provision for taxes and net earnings (1) (A)** | | | | | | |  |
| **Earnings before provision for taxes on income from continuing operations** | **$ 7,349** | **37.0** | **$ 7,082** | **35.0** | **$ 14,431** | **36.0** |  |
| **Net earnings from continuing operations** | **$ 6,388** | **32.2** | **$ 6,038** | **29.9** | **$ 12,426** | **31.0** |  |
| **Net earnings per share (Diluted) from continuing operations** | **$ 2.40** |  | **$ 2.26** |  | **$ 4.66** |  |  |
| **Average shares outstanding (Diluted)** | **2,666.5** |  | **2,667.9** |  | **2,669.2** |  |  |
| **Effective tax rate from continuing operations** | **13.1 %** |  | **14.7 %** |  | **13.9 %** |  |  |
| (1) See Reconciliation of Non-GAAP Financial Measures. |  |  |  |  |  |  |  |

(A) NON-GAAP FINANCIAL MEASURES "Adjusted earnings from continuing operations before provision for taxes on income," "adjusted net earnings from continuing operations," "adjusted net earnings per share (diluted) from continuing operations," and "adjusted effective tax rate from continuing operations" are non-GAAP financial measures and should not be considered replacements for GAAP results. The Company provides earnings from continuing operations before provision for taxes on income, net earnings from continuing operations, net earnings per share (diluted) from continuing operations, and effective tax rate from continuing operations on an adjusted basis because management believes that these measures provide useful information to investors. Among other things, these measures may assist investors in evaluating the Company's results of operations period over period. In various periods, these measures may exclude such items as intangible asset amortization expense, significant gains from divestitures, significant costs associated with acquisitions, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters). Special items may be highly variable, difficult to predict, and of a size that sometimes has substantial impact on the Company's reported results of operations for a period. Management uses these measures internally for planning, forecasting and evaluating the performances of the Company's businesses, including allocating resources and evaluating results relative to employee performance compensation targets. Unlike earnings from continuing operations before provision for taxes on income, net earnings from continuing operations, net earnings per share (diluted) from continuing operations, and effective tax rate from continuing operations prepared in accordance with GAAP, adjusted earnings from continuing operations before provision for taxes on income, adjusted net earnings from continuing operations, adjusted net earnings per share (diluted) from continuing operations, and adjusted effective tax rate from continuing operations may not be comparable with the calculation of similar measures for other companies. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of the Company's results of operations without including all events during a period, such as intangible asset amortization expense, significant gains from divestitures, the effects of an acquisition, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters) and do not provide a comparable view of the Company's performance to other companies in the health care industry. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.

**Johnson & Johnson and Subsidiaries Condensed Consolidated Statement of Earnings**

**(Unaudited; in Millions Except Per Share Figures)** **2022**

**Q3 Q4 FULL YEAR**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Amount** | **Percent**  **to Sales** | **Amount** | **Percent**  **to Sales** | **Amount** | **Percent**  **to Sales** | |
| **Sales to customers** | **$ 19,996** | **100.0 %** | **$ 19,939** | **100.0 %** | **$ 79,990** | **100.0 %** | |
| **Cost of products sold** | **6,172** | **30.9** | **6,084** | **30.5** | **24,596** | **30.7** | |
| **Gross Profit** | **13,824** | **69.1** | **13,855** | **69.5** | **55,394** | **69.3** | |
| **Selling, marketing and administrative expenses** | **4,975** | **24.9** | **5,339** | **26.8** | **20,246** | **25.3** | |
| **Research and development expense** | **3,485** | **17.4** | **3,710** | **18.6** | **14,135** | **17.7** | |
| **In-process research and development Impairments** | **—** | **—** | **173** | **0.8** | **783** | **1.0** | |
| **Interest income** | **(150)** | **(0.8)** | **(254)** | **(1.3)** | **(490)** | **(0.6)** | |
| **Interest expense, net of portion capitalized** | **51** | **0.3** | **177** | **0.9** | **276** | **0.3** | |
| **Other (income) expense, net** | **226** | **1.1** | **795** | **4.0** | **810** | **1.0** | |
| **Restructuring** | **65** | **0.3** | **75** | **0.4** | **275** | **0.4** | |
| **Earnings before provision for taxes on income** | **5,172** | **25.9** | **3,840** | **19.3** | **19,359** | **24.2** | |
| **Provision for taxes on income** | **862** | **4.3** | **613** | **3.1** | **2,989** | **3.7** | |
| **Net earnings from Continuing Operations** | **$ 4,310** | **21.6 %** | **$ 3,227** | **16.2 %** | **$ 16,370** | **20.5 %** | |
| **Net earnings from Discontinued Operations, net of tax** | **148** |  | **293** |  | **1,571** |  | |
| **Net earnings** | **$ 4,458** |  | **$ 3,520** |  | **$ 17,941** |  | |
| **Net Earnings per Share (Diluted) from Continuing Operations** | **$ 1.62** |  | **$ 1.22** |  | **$ 6.14** |  | |
| **Net Earnings per Share (Diluted) from Discontinued Operations** | **$ 0.06** |  | **$ 0.11** |  | **$ 0.59** |  | |
| **Average shares outstanding (Diluted)** | **2,661.3** |  | **2,650.1** |  | **2,663.9** |  | |
| **Effective tax rate from Continuing Operations** | **16.7 %** |  | **16.0 %** |  | **15.4 %** |  | |
| **Adjusted earnings from continuing operations before provision for taxes and net earnings (1) (A)** | | | | | | |  |
| **Earnings before provision for taxes on income from continuing operations** | **$ 7,060** | **35.3** | **$ 6,482** | **32.5** | **$ 27,973** | **35.0** |  |
| **Net earnings from continuing operations** | **$ 5,938** | **29.7** | **$ 5,432** | **27.2** | **$ 23,796** | **29.7** |  |
| **Net earnings per share (Diluted) from continuing operations** | **$ 2.23** |  | **$ 2.05** |  | **$ 8.93** |  |  |
| **Average shares outstanding (Diluted)** | **2,661.3** |  | **2,650.1** |  | **2,663.9** |  |  |
| **Effective tax rate from continuing operations** | **15.9 %** |  | **16.2 %** |  | **14.9 %** |  |  |
| (1) See Reconciliation of Non-GAAP Financial Measures. |  |  |  |  |  |  |  |

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Johnson & Johnson and Subsidiaries Reconciliation of Non-GAAP Financial Measures** |  |  | **2023** |  | |
| (Dollars in Millions Except Per Share Data) | **Q1** |  | **Q2** |  | **SIX MONTHS** |
| Net Earnings/(loss) from Continuing Operations, after tax - as reported | **$ (491)** |  | **5,376** |  | **4,885** |
| *Pre-tax Adjustments*  Intangible Asset Amortization expense | 1,122 |  | 1,130 |  | 2,252 |
| Litigation related | 6,900 |  | 137 |  | 7,037 |
| IPR&D impairments | 49 |  | 0 |  | 49 |
| Restructuring related | 130 |  | 145 |  | 275 |
| Acquisition, integration and divestiture related | 42 |  | 38 |  | 80 |
| (Gains)/losses on securities | 72 |  | (1) |  | 71 |
| Medical Device Regulation | 64 |  | 85 |  | 149 |
| COVID-19 Vaccine related costs | 444 |  | 165 |  | 609 |
| *Tax Adjustments*  Tax impact on special item adjustments | (1,980) |  | (307) |  | (2,287) |
| Consumer Health separation tax related costs | 11 |  | (17) |  | (6) |
| Tax legislation and other tax related | (23) |  | (21) |  | (44) |
| Adjusted Net Earnings from continuing operations, after tax | **$ 6,340** |  | **6,730** |  | **13,070** |
| Average shares outstanding (Diluted) | 2,634.3 |  | 2,625.7 |  | 2,630.7 |
| Adjusted net earnings per share from continuing operations (Diluted) | **$ 2.41** |  | **2.56** |  | **4.97** |

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

**2022**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (Dollars in Millions Except Per Share Data) | **Q1** | **Q2** | | **Q3** | | **Q4** | **FULL YEAR** | |
| Net Earnings from Continuing Operations, after tax - as reported | **$ 4,571** |  | **4,262** |  | **4,310** | **3,227** |  | **16,370** |
| *Pre-tax Adjustments*  Intangible Asset Amortization expense | 1,014 |  | 995 |  | 958 | 977 |  | 3,944 |
| Litigation related | 0 |  | 385 |  | 219 | 262 |  | 866 |
| IPR&D impairments | 610 |  | 0 |  | 0 | 173 |  | 783 |
| Restructuring related | 58 |  | 103 |  | 92 | 119 |  | 372 |
| Acquisition, integration and divestiture related | 0 |  | 0 |  | 0 | 196 |  | 196 |
| (Gains)/losses on securities | 411 |  | 109 |  | 164 | 6 |  | 690 |
| Medical Device Regulation | 60 |  | 70 |  | 78 | 88 |  | 296 |
| COVID-19 Vaccine related costs | 0 |  | 276 |  | 377 | 821 |  | 1,474 |
| Other | (7) |  | 0 |  | 0 | 0 |  | (7) |
| *Tax Adjustments*  Tax impact on special item adjustments | (346) |  | (242) |  | (312) | (394) |  | (1,294) |
| Consumer Health separation tax related costs | 96 |  | 2 |  | (36) | 4 |  | 66 |
| Tax legislation and other tax related | (79) |  | 78 |  | 88 | (47) |  | 40 |
| Adjusted Net Earnings from continuing operations, after tax | **$ 6,388** |  | **6,038** |  | **5,938** | **5,432** |  | **23,796** |
| Average shares outstanding (Diluted) | 2,666.5 |  | 2,667.9 |  | 2,661.3 | 2,650.1 |  | 2,663.9 |
| Adjusted net earnings per share from continuing operations (Diluted) | **$ 2.40** |  | **2.26** |  | **2.23** | **2.05** |  | **8.93** |

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

**Adjusted Operational Sales Growth (A)**

**2023 ACTUAL vs. 2022 ACTUAL**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | **Q1** |  | **Q2** |  | **SIX MONTHS** |
| **WW As Reported** |  |  | **5.3 %** |  | **6.5 %** | **5.9 %** |
| U.S. |  |  | 9.4 % |  | 10.9 % | 10.2 % |
| International |  |  | 1.3 % |  | 1.6 % | 1.5 % |
| **WW Currency**  U.S.  International |  |  | **(3.2)**  — (6.4) |  | **(1.0)**  — (2.2) | **(2.1)**  — (4.3) |
| **WW Operational** |  |  | **8.5 %** |  | **7.5 %** | **8.0 %** |
| U.S. |  |  | 9.4 % |  | 10.9 % | 10.2 % |
| International |  |  | 7.7 % |  | 3.8 % | 5.8 % |
| **Abiomed** |  |  | **(1.6)** |  | **(1.6)** | **(1.6)** |
| U.S. |  |  | (2.7) |  | (2.6) | (2.6) |
| International |  |  | (0.6) |  | (0.6) | (0.6) |
| **All Other Acquisitions and Divestitures** |  |  | **0.0** |  | **0.1** | **0.0** |
| U.S. |  |  | 0.0 |  | 0.0 | 0.0 |
| International |  |  | 0.1 |  | 0.2 | 0.2 |
| **WW Adjusted Operational** |  |  | **6.9 %** |  | **6.0 %** | **6.4 %** |
| U.S. |  |  | 6.7 % |  | 8.3 % | 7.6 % |
| International |  |  | 7.2 % |  | 3.4 % | 5.4 % |

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

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**Johnson & Johnson and Subsidiaries**

**Reconciliation of Non-GAAP Financial Measure**

**Adjusted Operational Sales Growth (A)**

**2022 ACTUAL vs. 2021 ACTUAL**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Q1** | **Q2** | **SIX MONTHS** | **Q3** | **NINE MONTHS** | **Q4** | **TWELVE MONTHS** |
| **WW As Reported** | **6.2 %** | **3.9 %** | **5.0 %** | **2.4 %** | **4.1 %** | **(5.4)%** | **1.6 %** |
| U.S. | 3.8 % | 3.4 % | 3.6 % | 4.4 % | 3.8 % | 1.7 % | 3.3 % |
| International | 8.7 % | 4.5 % | 6.6 % | 0.1 % | 4.5 % | (12.7) % | (0.2) % |
| **WW Currency** | **(2.9)** | **(5.2)** | **(4.1)** | **(6.3)** | **(4.8)** | **(5.3)** | **(4.9)** |
| U.S. | — | — | — | — | — | — | — |
| International | (5.8) | (10.9) | (8.4) | (13.5) | (10.0) | (10.8) | (10.2) |
| **WW Operational** | **9.1 %** | **9.1 %** | **9.1 %** | **8.7 %** | **8.9 %** | **(0.1)%** | **6.5 %** |
| U.S. | 3.8 % | 3.4 % | 3.6 % | 4.4 % | 3.8 % | 1.7 % | 3.3 % |
| International | 14.5 % | 15.4 % | 15.0 % | 13.6 % | 14.5 % | (1.9) % | 10.0 % |
| **Abiomed** |  |  |  |  |  | **(0.1)** |  |
| U.S. |  |  |  |  |  | (0.3) |  |
| International |  |  |  |  |  | 0.0 |  |
| **All Other Acquisitions and Divestitures** | **0.0** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **0.0** |
| U.S. | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 |
| International | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| **WW Adjusted Operational** | **9.1 %** | **9.2 %** | **9.2 %** | **8.8 %** | **9.0 %** | **(0.1)%** | **6.5 %** |
| U.S. | 3.8 % | 3.5 % | 3.6 % | 4.5 % | 3.8 % | 1.5 % | 3.3 % |
| International | 14.5 % | 15.5 % | 15.1 % | 13.7 % | 14.6 % | (1.8) % | 10.1 % |

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

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

Q1 2023 - Income Before Tax by Segment from Continuing Operations

(Dollars in Millions) **Pharmaceutical MedTech Unallocated Worldwide Total**

Reported Income Before Tax by Segment from Continuing Operations

$ 4,402 1,409 (7,098) (1,287)

***% to Sales 32.8 % 18.8 % (34.0)% (6.2)%***

Intangible asset amortization expense

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 739 |  | 383 |  | — |  | 1,122 |
| — |  | 49 |  | — |  | 49 |
| — |  | — |  | 6,900 |  | 6,900 |
| 38 |  | 34 |  | — |  | 72 |
| 130 |  | — |  | — |  | 130 |
| — |  | 42 |  | — |  | 42 |
| — |  | 64 |  | — |  | 64 |
| 444 |  | — |  | — |  | 444 |
| $ 5,753 |  | 1,981 |  | (198) |  | 7,536 |

In-process research and development Impairments Litigation Related

Loss/(gain) on securities Restructuring related

Acquisition, integration and divestiture related Medical Device Regulation

COVID-19 Vaccine related costs

Adjusted Income Before Tax by Segment from Continuing Operations

***% to Sales 42.9 % 26.5 % (0.9)% 36.1 %***

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

Q2 2023 QTD - Income Before Tax by Segment from Continuing Operations

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Dollars in Millions) | **Pharmaceutical** |  | **MedTech** |  | **Unallocated** |  | **Worldwide Total** |
| Reported Income Before Tax by Segment from Continuing Operations | $ 4,812 |  | 1,671 |  | (177) |  | 6,306 |
| ***% to Sales*** | ***35.0 %*** |  | ***21.5 %*** |  | ***(0.8)%*** |  | ***29.3 %*** |
| Intangible asset amortization expense | 748 |  | 382 |  | — |  | 1,130 |
| In-process research and development Impairments | — |  | — |  | — |  | — |
| Litigation Related | (93) |  | 60 |  | 170 |  | 137 |
| Loss/(gain) on securities | 38 |  | (39) |  | — |  | (1) |
| Restructuring related | 145 |  | — |  | — |  | 145 |
| Acquisition, integration and divestiture related | — |  | 38 |  | — |  | 38 |
| Medical Device Regulation | — |  | 85 |  | — |  | 85 |
| COVID-19 Vaccine related costs | 165 |  | — |  | — |  | 165 |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 5,815 |  | 2,197 |  | (7) |  | 8,005 |
| ***% to Sales*** | ***42.3 %*** |  | ***28.2 %*** |  | ***0.0 %*** |  | ***37.2 %*** |

Q2 2023 YTD - Income Before Tax by Segment from Continuing Operations

(Dollars in Millions) **Pharmaceutical MedTech Unallocated Worldwide Total**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Reported Income Before Tax by Segment from Continuing Operations  ***% to Sales*** | $ 9,214  ***33.9 %*** |  | 3,080  ***20.2 %*** |  | (7,275)  ***(17.2)%*** | 5,019  ***11.8 %*** | |
| Intangible asset amortization expense | 1,487 | 765 | | — | | 2,252 | |
| In-process research and development Impairments | — | 49 | | — | | 49 | |
| Litigation Related | (93) | 60 | | 7,070 | | 7,037 | |
| Loss/(gain) on securities | 76 | (5) | | — | | 71 | |
| Restructuring related | 275 | — | | — | | 275 | |
| Acquisition, integration and divestiture related | — | 80 | | — | | 80 | |
| Medical Device Regulation | — | 149 | | — | | 149 | |
| COVID-19 Vaccine related costs | 609 | — | | — | | 609 | |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 11,568 |  | 4,178 |  | (205) |  | 15,541 |
| ***% to Sales*** | ***42.6 %*** |  | ***27.4 %*** |  | ***(0.5)%*** |  | ***36.6 %*** |

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

Q1 2022 - Income Before Tax by Segment from Continuing Operations

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Dollars in Millions) | **Pharmaceutical** |  | **MedTech** |  | **Unallocated** |  | **Worldwide Total** |
| Reported Income Before Tax by Segment from Continuing Operations | $ 3,873 |  | 1,441 |  | (111) |  | 5,203 |
| ***% to Sales*** | ***30.1 %*** |  | ***20.7 %*** |  | ***(0.6)%*** |  | ***26.2 %*** |
| Intangible asset amortization expense | 760 |  | 254 |  | — |  | 1,014 |
| In-process research and development Impairments | 610 |  | — |  | — |  | 610 |
| Loss/(gain) on securities | 394 |  | 17 |  | — |  | 411 |
| Restructuring related | (14) |  | 72 |  | — |  | 58 |
| Medical Device Regulation | — |  | 60 |  | — |  | 60 |
| Other | — |  | — |  | (7) |  | (7) |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 5,623 |  | 1,844 |  | (118) |  | 7,349 |
| ***% to Sales*** | ***43.7 %*** |  | ***26.5 %*** |  | ***(0.6)%*** |  | ***37.0 %*** |

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

Q2 2022 QTD - Income Before Tax by Segment from Continuing Operations

(Dollars in Millions) **Pharmaceutical MedTech Unallocated Worldwide Total**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Reported Income Before Tax by Segment from Continuing Operations | $ 4,365 |  | 1,110 |  | (331) |  | 5,144 |
| ***% to Sales*** | ***32.8 %*** |  | ***16.1 %*** |  | ***(1.6)%*** |  | ***25.4 %*** |
| Intangible asset amortization expense | 736 |  | 259 |  | — |  | 995 |
| Litigation Related | 21 |  | 264 |  | 100 |  | 385 |
| Loss/(gain) on securities | 102 |  | 7 |  | — |  | 109 |
| Restructuring related | 23 |  | 80 |  | — |  | 103 |
| Medical Device Regulation | — |  | 70 |  | — |  | 70 |
| COVID-19 Vaccine related costs | 276 |  | — |  | — |  | 276 |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 5,523 |  | 1,790 |  | (231) |  | 7,082 |
| ***% to Sales*** | ***41.5 %*** |  | ***25.9 %*** |  | ***(1.1)%*** |  | ***35.0 %*** |

Q2 2022 YTD - Income Before Tax by Segment from Continuing Operations

(Dollars in Millions) **Pharmaceutical MedTech Unallocated Worldwide Total**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Reported Income Before Tax by Segment from Continuing Operations  ***% to Sales*** | $ 8,238  ***31.5 %*** |  | 2,551  ***18.4 %*** |  | (442)  ***(1.1)%*** | 10,347  ***25.8 %*** | |
| Intangible asset amortization expense | 1,496 | 513 | | — | | 2,009 | |
| In-process research and development Impairments | 610 | — | | — | | 610 | |
| Litigation Related | 21 | 264 | | 100 | | 385 | |
| Loss/(gain) on securities | 496 | 24 | | — | | 520 | |
| Restructuring related | 9 | 152 | | — | | 161 | |
| Medical Device Regulation | — | 130 | | — | | 130 | |
| COVID-19 Vaccine related costs | 276 | — | | — | | 276 | |
| Other | — | — | | (7) | | (7) | |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 11,146 |  | 3,634 |  | (349) |  | 14,431 |
| ***% to Sales*** | ***42.6 %*** |  | ***26.2 %*** |  | ***(0.9)%*** |  | ***36.0 %*** |

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

Q3 2022 QTD - Income Before Tax by Segment from Continuing Operations

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Dollars in Millions) | **Pharmaceutical** |  | **MedTech** |  | **Unallocated** |  | **Worldwide Total** |
| Reported Income Before Tax by Segment from Continuing Operations | $ 4,186 |  | 1,090 |  | (104) |  | 5,172 |
| ***% to Sales*** | ***31.7 %*** |  | ***16.1 %*** |  | ***(0.5)%*** |  | ***25.9 %*** |
| Intangible asset amortization expense | 698 |  | 260 |  | — |  | 958 |
| Litigation Related | 7 |  | 212 |  | — |  | 219 |
| Loss/(gain) on securities | 177 |  | (13) |  | — |  | 164 |
| Restructuring related | 23 |  | 69 |  | — |  | 92 |
| Medical Device Regulation | — |  | 78 |  | — |  | 78 |
| COVID-19 Vaccine related costs | 377 |  | — |  | — |  | 377 |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 5,468 |  | 1,696 |  | (104) |  | 7,060 |
| ***% to Sales*** | ***41.4 %*** |  | ***25.0 %*** |  | ***(0.5)%*** |  | ***35.3 %*** |
| Q3 2022 YTD - Income Before Tax by Segment from Continuing Operations | | | | | | | |
| (Dollars in Millions) | **Pharmaceutical** |  | **MedTech** |  | **Unallocated** |  | **Worldwide Total** |
| Reported Income Before Tax by Segment from Continuing Operations | $ 12,424 |  | 3,641 |  | (546) |  | 15,519 |
| ***% to Sales*** | ***31.5 %*** |  | ***17.6 %*** |  | ***(0.9)%*** |  | ***25.8 %*** |
| Intangible asset amortization expense | 2,194 |  | 773 |  | — |  | 2,967 |
| In-process research and development Impairments | 610 |  | — |  | — |  | 610 |
| Litigation Related | 28 |  | 476 |  | 100 |  | 604 |
| Loss/(gain) on securities | 673 |  | 11 |  | — |  | 684 |
| Restructuring related | 32 |  | 221 |  | — |  | 253 |
| Medical Device Regulation | — |  | 208 |  | — |  | 208 |
| COVID-19 Vaccine related costs | 653 |  | — |  | — |  | 653 |
| Other | — |  | — |  | (7) |  | (7) |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 16,614 |  | 5,330 |  | (453) |  | 21,491 |
| ***% to Sales*** | ***42.2 %*** |  | ***25.8 %*** |  | ***(0.8)%*** |  | ***35.8 %*** |

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

Q4 2022 QTD - Income Before Tax by Segment from Continuing Operations

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (Dollars in Millions) | **Pharmaceutical** |  | **MedTech** |  | **Unallocated** |  | **Worldwide Total** |
| Reported Income Before Tax by Segment from Continuing Operations | $ 3,223 |  | 806 |  | (189) |  | 3,840 |
| ***% to Sales*** | ***24.5 %*** |  | ***11.9 %*** |  | ***(0.9)%*** |  | ***19.3 %*** |
| Intangible asset amortization expense | 717 |  | 260 |  | — |  | 977 |
| In-process research and development Impairments | 173 |  | — |  | — |  | 173 |
| Litigation Related | 76 |  | 136 |  | 50 |  | 262 |
| Loss/(gain) on securities | 23 |  | (17) |  | — |  | 6 |
| Restructuring related | 31 |  | 88 |  | — |  | 119 |
| Acquisition, integration and divestiture related | (104) |  | 300 |  | — |  | 196 |
| Medical Device Regulation | — |  | 88 |  | — |  | 88 |
| COVID-19 Vaccine related costs | 821 |  | — |  | — |  | 821 |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 4,960 |  | 1,661 |  | (139) |  | 6,482 |
| ***% to Sales*** | ***37.7 %*** |  | ***24.5 %*** |  | ***(0.7)%*** |  | ***32.5 %*** |
| Q4 2022 YTD - Income Before Tax by Segment from Continuing Operations | | | | | | | |
| (Dollars in Millions) | **Pharmaceutical** |  | **MedTech** |  | **Unallocated** |  | **Worldwide Total** |
| Reported Income Before Tax by Segment from Continuing Operations | $ 15,647 |  | 4,447 |  | (735) |  | 19,359 |
| ***% to Sales*** | ***29.8 %*** |  | ***16.2 %*** |  | ***(0.9)%*** |  | ***24.2 %*** |
| Intangible asset amortization expense | 2,911 |  | 1,033 |  | — |  | 3,944 |
| In-process research and development Impairments | 783 |  | — |  | — |  | 783 |
| Litigation Related | 104 |  | 612 |  | 150 |  | 866 |
| Loss/(gain) on securities | 696 |  | (6) |  | — |  | 690 |
| Restructuring related | 63 |  | 309 |  | — |  | 372 |
| Acquisition, integration and divestiture related | (104) |  | 300 |  | — |  | 196 |
| Medical Device Regulation | — |  | 296 |  | — |  | 296 |
| COVID-19 Vaccine related costs | 1,474 |  | — |  | — |  | 1,474 |
| Other | — |  | — |  | (7) |  | (7) |
| Adjusted Income Before Tax by Segment from Continuing Operations | $ 21,574 |  | 6,991 |  | (592) |  | 27,973 |
| ***% to Sales*** | ***41.0 %*** |  | ***25.5 %*** |  | ***(0.7)%*** |  | ***35.0 %*** |

**First Quarter**

**Johnson & Johnson and Subsidiaries GAAP to Non-GAAP Reconciliation**

**$ in Millions**

**First Quarter**

**Intangible asset**

**Litigation related In-process research**

**Restructuring**

**Acquisition,**

**(Loss)/gain on Medical Device**

**COVID-19**

**Consumer**

**Tax legislation**

**First Quarter**

**April 2, 2023 GAAP**

**amortization**

**and development Impairments**

**related**

**integration and divestiture**

**securities**

**Regulation**

**Vaccine Related Costs**

**Health separation tax**

**and other tax related**

**April 2, 2023 Non-GAAP**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | **related** |  |  |  | **related costs** |  | |
| Cost of products sold $ | | 6,687 | (1,118) |  |  |  |  |  | (23) | (206) |  |  | 5,340 |
| Selling, marketing and admin  expenses | | 4,906 |  |  |  |  |  |  | (7) |  |  |  | 4,899 |
| Research and development expense | | 3,455 |  |  |  |  | (16) |  | (34) | (16) |  |  | 3,389 |
| Other (Income) / Expense | | 6,940 | (4) | (6,900) |  |  | (26) | (72) |  | (222) |  |  | (284) |
| In-process research and development Impairments | | 49 |  |  | (49) |  |  |  |  |  |  |  | — |
| Interest (Income)  / Expense | | 14 |  |  |  |  |  |  |  |  |  |  | 14 |
| Restructuring | | 130 |  |  |  | (130) |  |  |  |  |  |  | — |
| Provision for/(Benefit from) taxes on income | | (796) | 177 | 1,622 | 11 | 32 | 5 | 16 | 12 | 105 | (11) | 23 | 1,196 |
| Net Earnings/(Loss) from Continuing  Operations $ | | (491) | 945 | 5,278 | 38 | 98 | 37 | 56 | 52 | 339 | 11 | (23) | 6,340 |
| **Second Quarter** | |  |  |  |  |  |  |  |  |  |  |  |  |
| **Second Quarter Intangible asset Litigation related In-process research Restructuring Acquisition, (Loss)/gain on Medical Device COVID-19 Consumer Tax legislation Second Quarter July 2, 2023 amortization and development related integration and securities Regulation Vaccine Related Health and other tax July 2, 2023** | | | | | | | | | | | | | |
|  | **GAAP** | |  |  | **Impairments** |  | **divestiture related** |  |  | **Costs** | **separation tax related costs** | **related** | **Non-GAAP** |
| Cost of products sold | $ 6,462 | | (1,130) |  |  |  |  |  | (34) | 38 |  | — | 5,336 |
| Selling, marketing and admin  expenses | 5,396 | |  |  |  |  |  |  | (8) |  |  |  | 5,388 |
| Research and development expense | 3,703 | |  |  |  |  |  |  | (44) | (46) |  |  | 3,613 |
| Other (Income) / Expense | (384) | |  | (137) |  |  | (38) | 1 |  | (156) |  |  | (714) |
| In-process research and development Impairments | — | |  |  |  |  |  |  |  |  |  |  | — |
| Interest  (Income)/Expense | (109) | |  |  |  |  |  |  |  |  |  |  | (109) |
| Restructuring | 145 | |  |  |  | (145) |  |  |  |  |  |  | — |
| Provision for  taxes on income | 930 | | 177 | 29 |  | 37 | 12 | (1) | 15 | 38 | 17 | 21 | 1,275 |
| Net Earnings from Continuing Operations | $ 5,376 | | 953 | 108 | — | 108 | 26 | — | 71 | 126 | (17) | (21) | 6,730 |
| **Six Months** |  | |  |  |  |  |  |  |  |  |  |  |  |
|  | **Six Months** | | **Intangible asset Litigation** | **related** | **In-process research** | **Restructuring** | **Acquisition,** | **(Loss)/gain on** | **Medical Device** | **COVID-19** | **Consumer** | **Tax legislation** | **Six Months** |
|  | **July 2, 2023** | | **amortization** |  | **and development** | **related** | **integration and** | **securities** | **Regulation** | **Vaccine Related** | **Health** | **and other tax** | **July 2, 2023** |
|  | **GAAP** | |  |  | **Impairments** |  | **divestiture related** |  |  | **Costs** | **separation tax related costs** | **related** | **Non-GAAP** |
| Cost of products sold | $ 13,149 | | (2,248) |  |  |  |  |  | (57) | (168) |  |  | 10,676 |
| Selling, marketing and admin  expenses | 10,302 | |  |  |  |  |  |  | (15) |  |  |  | 10,287 |
| Research and development expense | 7,158 | |  |  |  |  | (16) |  | (78) | (62) |  |  | 7,002 |
| Other (Income) / Expense | 6,556 | | (4) | (7,037) |  |  | (64) | (71) |  | (378) |  |  | (998) |
| In-process research and development Impairments | 49 | |  |  | (49) |  |  |  |  |  |  |  | — |
| Interest  (Income)/Expense | (95) | |  |  |  |  |  |  |  |  |  |  | (95) |
| Restructuring | 275 | |  |  |  | (275) |  |  |  |  |  |  | — |
| Provision for  taxes on income | 134 | | 354 | 1,651 | 11 | 69 | 17 | 15 | 27 | 143 | 6 | 44 | 2,471 |
| Net Earnings from Continuing Operations | $ 4,885 | | 1,898 | 5,386 | 38 | 206 | 63 | 56 | 123 | 465 | (6) | (44) | 13,070 |

**First Quarter**

**Johnson & Johnson and Subsidiaries GAAP to Non-GAAP Reconciliation**

**$ in Millions**

**First Quarter**

**Intangible**

**Litigation**

**In-process**

**Restructuring**

**(Loss)/gain on Medical Device**

**COVID-19**

**Consumer**

**Tax legislation**

**Other First Quarter**

**April 3, 2022 GAAP**

**asset amortization**

**related**

**research and development Impairments**

**related**

**securities**

**Regulation**

**Vaccine Related Costs**

**Health separation tax related costs**

**and other tax related**

**April 3, 2022 Non-GAAP**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Cost of products sold | $ 6,018 | (1,014) |  |  | (14) |  | (22) |  |  |  | 4,968 |
| Selling, marketing and admin expenses | 4,812 |  |  |  |  |  | (6) |  |  |  | 4,806 |
| Research and development expense | 3,355 |  |  |  |  |  | (32) |  |  |  | 3,323 |
| Other (Income)  / Expense | (210) |  |  |  | 20 | (411) |  |  |  | 7 | (594) |
| In-process research and development Impairments | 610 |  |  | (610) |  |  |  |  |  |  | — |
| Restructuring | 64 |  |  |  | (64) |  |  |  |  |  | — |
| Provision for  taxes on income | 632 | 148 | (53) | 138 | 8 | 96 | 11 | (96) 79 |  | (2) | 961 |
| Net Earnings from Continuing Operations | $ 4,571 | 866 | 53 | 472 | 50 | 315 | 49 | — 96 (79) |  | (5) | 6,388 |
| **Second Quarter** |  |  |  |  |  |  |  |  |  |  |  |
|  | **Second Quarter** | **Intangible** | **Litigation** | **In-process** | **Restructuring** | **(Loss)/gain on** | **Medical Device** | **COVID-19 Consumer Tax legislation** | **Other** |  | **Second Quarter** |
|  | **July 3, 2022 GAAP** | **asset amortization** | **related** | **research and development** | **related** | **securities** | **Regulation** | **Vaccine Health and other tax Related Costs separation tax related** |  |  | **July 3, 2022 Non-GAAP** |

Cost of products

**Impairments**

**related costs**

sold $ 6,322 (995) (14) (25) (194) 5,094

Selling, marketing and

admin expenses 5,120 (6) 5,114

Research and development

expense 3,585 (39) (110) 3,436

Other (Income)

/ Expense (1) (385) (18) (109) 28 (485)

In-process research and development

Impairments — —

Restructuring 71 (71) —

Provision for

taxes on income 882 148 (29) 20 25 13 65 (2) (78) 1,044

Net Earnings from Continuing

Operations $ 4,262 847 414 — 83 84 57 211 2 78 — 6,038

**Third Quarter**

**Third Quarter**

**Intangible**

**Litigation**

**In-process**

**Restructuring**

**(Loss)/gain on Medical Device**

**COVID-19**

**Consumer**

**Tax legislation**

**Other Third Quarter**

**Oct 2, 2022**

**asset**

**related**

**research and**

**related**

**securities**

**Regulation**

**Vaccine**

**Health**

**and other tax**

**Oct 2, 2022**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **GAAP** | **amortization** | **development Impairments** |  |  | **Related Costs** | **separation tax related costs** | **related** | **Non-GAAP** |
| Cost of products sold | $ 6,172 | (958) |  | (9) |  | (29) (102) |  |  | 5,074 |
| Selling, marketing and admin expenses | 4,975 |  |  |  |  | (7) |  |  | 4,968 |
| Research and development expense | 3,485 |  |  |  |  | (42) (80) |  |  | 3,363 |
| Other (Income)  / Expense | 226 |  | (219) | (18) | (164) | (195) |  |  | (370) |
| In-process research and development Impairments | — |  |  |  |  |  |  |  | — |
| Restructuring | 65 |  |  | (65) |  |  |  |  | — |
| Provision for  taxes on income | 862 | 146 | (7) | 19 | 43 | 15 96 | 36 | (88) | 1,122 |
| Net Earnings from Continuing Operations | $ 4,310 | 812 | 226 — | 73 | 121 | 63 281 | (36) | 88 | — 5,938 |

**Fourth Quarter**

**Johnson & Johnson and Subsidiaries GAAP to Non-GAAP Reconciliation**

**$ in Millions**

**Fourth Quarter**

**Intangible**

**Litigation**

**In-process**

**Restructuring**

**Acquisition,**

**(Loss)/gain on Medical Device**

**COVID-19**

**Consumer**

**Tax legislation**

**Other Fourth Quarter**

**Jan 1, 2023 GAAP**

**asset amortization**

**related**

**research and development Impairments**

**related**

**integration and divestiture related**

**securities**

**Regulation**

**Vaccine Related Costs**

**Health separation tax related costs**

**and other tax related**

**Jan 1, 2023 Non-GAAP**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Cost of  products sold $ 6,084 | | (977) |  |  | (25) |  |  | (33) | (160) |  |  |  |  | 4,889 |
| Selling, marketing and  admin expenses 5,339 | |  |  |  |  |  |  | (9) |  |  |  |  |  | 5,330 |
| Research and development  expense 3,710 | |  |  |  |  |  |  | (46) | (114) |  |  |  |  | 3,550 |
| Other (Income)  / Expense 795 | |  | (262) |  | (19) | (196) | (6) |  | (547) |  |  |  |  | (235) |
| In-process research and development  Impairments 173 | |  |  | (173) |  |  |  |  |  |  |  |  |  | — |
| Restructuring 75 | |  |  |  | (75) |  |  |  |  |  |  |  |  | — |
| Provision for  taxes on income 613 | | 148 | (36) | 40 | 19 | 5 | 2 | 17 | 199 | (4) | 47 |  |  | 1,050 |
| Net Earnings from Continuing  Operations $ 3,227 | | 829 | 298 | 133 | 100 | 191 | 4 | 71 | 622 | 4 | (47) |  | — | 5,432 |
| **Twelve Months** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Twelve Months** | | **Intangible** | **Litigation** | **In-process** | **Restructuring** | **Acquisition,** | **(Loss)/gain on Medical** | **Device** | **COVID-19** | **Consumer** | **Tax legislation** | **Other** |  | **Twelve Months** |
|  | **Jan 1, 2023** | **asset** | **related** | **research and** | **related integration and** | | **securities Regulation** | | **Vaccine** | **Health** | **and other tax** | **Jan 1, 2023** | | |
|  | **GAAP** | **amortization** |  | **development Impairments** | **divestiture related** | |  | | **Related Costs** | **separation tax related costs** | **related** | **Non-GAAP** | | |
| Cost of  products sold $ 24,596 | | (3,944) |  |  | (62) |  |  | (109) | (456) |  |  |  | | 20,025 |
| Selling, marketing and  admin expenses 20,246 | |  |  |  |  |  |  | (28) |  |  |  |  | | 20,218 |
| Research and development  expense 14,135 | |  |  |  |  |  |  | (159) | (304) |  |  |  | | 13,672 |
| Other (Income)  / Expense 810 | |  | (866) |  | (35) | (196) | (690) |  | (714) |  |  | 7 | | (1,684) |
| In-process research and development  Impairments 783 | |  |  | (783) |  |  |  |  |  |  |  |  | | — |
| Restructuring 275 | |  |  |  | (275) |  |  |  |  |  |  |  | | — |
| Provision for  taxes on income 2,989 | | 590 | (125) | 178 | 66 | 5 | 166 | 56 | 360 | (66) | (40) | (2) | | 4,177 |
| Net Earnings from Continuing  Operations $ 16,370 | | 3,354 | 991 | 605 | 306 | 191 | 524 | 240 | 1,114 | 66 | 40 | (5) | | 23,796 |