Johnson & Johnson and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

	Second Quarter		Six Months Ended	
(Dollars in Millions Except Per Share Data)	**2023**	**2022**	**2023**	**2022**
Net Earnings, after tax- as reported	**$5,144**	**$4,814**	**$5,076**	**$9,963**
Pre-tax Adjustments				
Litigation related	137	385	7,037	385
Intangible Asset Amortization expense	1,211	1,095	2,415	2,203
COVID-19 Vaccine related costs [1]	165	276	609	276
Consumer Health separation costs	282	268	582	370
Restructuring related [2]	145	128	275	200
Medical Device Regulation [3]	85	70	149	130
Acquisition, integration and divestiture related	38	-	80	-
(Gains)/losses on securities	(1)	109	71	520
IPR&D	-	-	49	610
Other	-	-	-	(7)
Tax Adjustments				
Tax impact on special item adjustments [4]	(373)	(313)	(2,430)	(706)
Consumer Health separation tax related costs	546	2	557	98
Tax legislation and other tax related	(21)	78	(44)	(1)
Adjusted Net Earnings, after tax	**$7,358**	**$6,912**	**$14,426**	**$14,041**
Average shares outstanding (Diluted)	2,625.7	2,667.9	2,630.7	2,669.2
Adjusted net earnings per share (Diluted)	**$2.80**	**$2.59**	**$5.48**	**$5.26**
Operational adjusted net earnings per share (Diluted)	**$2.84**		**$5.59**	

Notes:

[1] COVID-19 Vaccine related costs include remaining commitments and obligations, including external manufacturing network exit costs and required clinical trial expenses, associated with the Company's completion of its COVID-19 vaccine contractual commitments.

[2] In the first and second quarter of 2023, the company completed a prioritization of its research and development (R&D) investment within the Pharmaceutical segment to focus on the most promising medicines with the greatest benefit to patients. This resulted in the exit of certain programs within therapeutic areas. The R&D program exits are primarily in infectious diseases and vaccines including the discontinuation of its respiratory syncytial virus (RSV) adult vaccine program, hepatitis and HIV development. The restructuring expenses of $145 million in the quarter ($275 million Q2 YTD) include the termination of partnered and non-partnered program costs and asset impairments.

[3] European Medical Device Regulation (MDR) costs represent one-time compliance costs for the Company’s previously registered products. MDR is a replacement of the existing European Medical Devices Directive regulatory framework, and manufacturers of currently marketed medical devices were required to comply with EU MDR beginning in May 2021. The Company considers the adoption of EU MDR to be a significant one-time regulatory change and is not indicative of on-going operations. The Company has excluded only external third-party regulatory and consulting costs from its MedTech operating segments' measures of profit and loss used for making operating decisions and assessing performance which is expected to be completed during 2024.

[4] 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.