

Johnson & Johnson and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

	Fourth Quarter		Twelve Months Ended	
(Dollars in Millions Except Per Share Data)	2022	2021	2022	2021
Net Earnings, after tax- as reported	\$3,520	\$4,736	\$17,941	\$20,878
Pre-tax Adjustments				
Intangible Asset Amortization expense	1,061	1,121	4,305	4,697
Litigation related	262	274	866	2,328
IPR&D	173	-	783	900
Restructuring related	140	140	463	473
Acquisition, integration and divestiture related ¹	196	26	196	(478)
(Gains)/losses on securities	6	(198)	690	(533)
Medical Device Regulation ²	88	73	296	234
COVID-19 Vaccine related costs ³	821	-	1,474	-
Consumer Health separation costs	470	67	1,089	67
Other	-	-	(7)	-
Tax Adjustments				
Tax impact on special item adjustments ⁴	(507)	(184)	(1,592)	(1,281)
Consumer Health separation tax related costs	35	-	494	-
Tax legislation and other tax related	(47)	(377)	40	(1,090)
Adjusted Net Earnings, after tax	\$6,218	\$5,678	\$27,038	\$26,195
Average shares outstanding (Diluted)	2,650.1	2,670.2	2,663.9	2,674.0
Adjusted net earnings per share (Diluted)	\$2.35	\$2.13	\$10.15	\$9.80
Operational adjusted net earnings per share (Diluted)	\$2.46		\$10.70	

Notes:

¹ Acquisition, integration and divestiture related for 2022 primarily includes costs related to the Abiomed acquisition. Acquisition, integration and divestiture related for 2021 primarily includes the gain on the divestiture of two Pharmaceutical brands outside of the U.S.

² 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.

³ 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 modification of its COVID-19 vaccine research program and manufacturing capacity to levels that meet all remaining customer contractual requirements.

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.