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## DELTA REPORT

### 10-K

KENVUE INC.

10-K - DECEMBER 29, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 9615

 CHANGES 481

 DELETIONS 4888

 ADDITIONS 4246

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended **December 31, 2023** **December 29, 2024**

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-41697

**Kenvue Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**88-1032011**

(I.R.S. Employer  
Identification No.)

**199 Grandview Road  
Skillman, New Jersey 08558**

(Address of principal executive offices)

Registrant's telephone number, including area code: **(908) 874-1200**

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

| Title of each class            | Trading Symbol(s) | Name <input checked="" type="checkbox"/> of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock, Par Value \$0.01 | KVUE              | New York Stock Exchange   |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.   Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   Accelerated filer

Non-accelerated filer   Smaller reporting company

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

The aggregate market value of the registrant's voting and non-voting ordinary shares held by non-affiliates of the registrant was **\$5.3** **\$34.8** billion as of **June 30, 2023** **June 28, 2024**, the last business day of the registrant's most recently completed second fiscal quarter based on the closing price of the ordinary shares on the New York Stock Exchange.

On **February 23, 2024** **February 14, 2025**, **1,914,581,851** **1,911,240,720** shares of Common Stock, \$0.01 par value, were outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Annual Report on Form 10-K, to the extent not set forth herein, is incorporated by reference from the Registrant's definitive **Proxy Statement** proxy statement for the **2024** **2025** Annual Meeting of **the** Shareholders, which will be filed with the Securities and Exchange Commission within 120 days of the Registrant's fiscal year ended **December 31, 2023** December 29, 2024.

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#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and Kenvue Inc.'s ("Kenvue," the "Company" or "we") other publicly available documents contain forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements do not relate strictly to historical or current facts and reflect management's assumptions, views, plans, objectives, and projections about the future. Forward-looking statements may be identified by the use of words such as "plans," "expects," "will," "anticipates," "estimates," "estimates," and other words of similar meaning in conjunction with, among other things: discussions of future operations; expected operating results and financial performance; impact of planned acquisitions and dispositions; our strategy for growth and cost savings; product development activities; regulatory approvals; market position; expenditures; and the effects of the Separation (as defined in Part I, Item 1, "Business") on our business.

As used in this Annual Report on Form 10-K, "Kenvue," "the Company," "we," "us," "our," and similar terms include Kenvue Inc. and its subsidiaries, unless the context indicates otherwise.

Because forward-looking statements are based on current beliefs, expectations, and assumptions regarding future events, they are subject to risks, uncertainties, and changes that are difficult to predict and many of which are outside of our control. You should realize that if underlying assumptions prove inaccurate, or known or unknown risks or uncertainties materialize, our actual results and financial condition could vary materially from expectations and projections expressed or implied in our forward-looking statements. Risks and uncertainties include but are not limited to:

- Our ability to expand globally, implement our **digital-first approach** **digital strategy**, and respond appropriately to competitive pressure, including **pressure** from private-label brands and generic non-branded products, market trends, **increased costs**, **and cost-saving initiatives**, and customer and consumer preferences;
- The rapidly changing retail landscape, including our dependence on key retailers, policies of our **retail trade** customers, the emergence of e-commerce and other alternative retail channels, and challenges with innovation and research and development;
- Product reliability, safety, and/or efficacy concerns, whether or not based on scientific or factual evidence, potentially resulting in governmental investigations, regulatory action (including, but not limited to, the shutdown of manufacturing facilities, product relabeling or withdrawal of product from the market), private claims and lawsuits, significant remediation and related costs, safety alerts, product shortages, product recalls, declining sales, reputational damage, and share price impact;
- The potential that the expected benefits and opportunities from the **2024 Multi-Year Restructuring Initiative** (as defined in Note 19, "Restructuring Expenses and Operating Model Optimization Initiatives," to the **Consolidated Financial Statements** included herein) or any other planned or completed restructuring, cost-saving, or other strategic initiative, acquisition, or divestiture may not be realized or may take longer to realize than expected;
- Our ability to establish, maintain, protect, and enforce intellectual property rights, as well as address the threats of counterfeit products, **infringement of our intellectual property**, and other unauthorized versions of our products;
- Allegations that our products infringe the intellectual property rights of third parties;
- The impact of negative publicity and failed marketing efforts;
- Difficulties and delays in manufacturing, internally or within the supply chain, that may lead to business interruptions, product shortages, withdrawals or suspensions of products from the market, and potential regulatory action;
- Our reliance on third-party relationships, global supply chains, and production and distribution processes, which may adversely affect supply, sourcing, and pricing of materials used in our products, and impact our ability to forecast product demand;
- Interruptions, breakdowns, invasions, corruptions, destruction, and breaches of our information technology or operational technology systems or those of a third party;
- **Uncertainty in the development, deployment, use, and regulation of artificial intelligence in our internal processes, manufacturing operations, products and services, as well as our business more broadly;**
- The potential for labor disputes, strikes, work stoppages, and similar labor relations matters, and the impact of minimum wage increases;
- Our ability to attract and retain talented, highly skilled employees and **a diverse workforce, and** to implement succession plans for our senior management;
- Climate change, extreme weather, and natural disasters, or legal, regulatory or market measures to address climate change;
- The impact of increasing scrutiny, **emerging legal requirements**, and rapidly evolving expectations from stakeholders regarding environmental, social, and governance matters;
- The potential for insurance to be unavailable or insufficient to cover losses we may incur;
- Legal proceedings related to talc or talc-containing products, such as Johnson's® Baby Powder, sold outside the United States and Canada, and other risks and uncertainties related to talc or talc-containing products, including **the ability of our former parent Johnson & Johnson's ability** **Johnson ("J&J")** to fully satisfy its obligation to indemnify us in the United States and Canada for

the Talc-Related Liabilities (as defined in Note 17, "Commitments and Contingencies," to the **Consolidated Financial Statements** included herein);

- The impact of legal proceedings and the uncertainty of their outcome, whether or not we believe they have merit;
- Changes to applicable laws, regulations, policies, and related interpretations;
- Changes in tax laws and regulations, increased audit scrutiny by tax authorities, and exposures to additional tax liabilities potentially in excess of existing reserves;
- **Potential changes in export/import and trade laws, regulations, and policies, such as new or increased tariffs, sanctions, quotas, or trade barriers;**
- The impact of inflation and fluctuations in interest rates and currency exchange rates;
- **Potential changes in export/import and trade laws, regulations, and policies;**
- The impact of a natural disaster, catastrophe, epidemic, pandemic, and global tension, including armed conflict, **such as the ongoing military conflict between Russia and Ukraine, the recent military conflicts in the Middle East**, or other event;

- The impact of impairment of our goodwill and other intangible assets;
- Our ability to **access credit markets and maintain satisfactory credit ratings;** **ratings and access credit markets;**
- Our ability to achieve the expected benefits of the Separation from **Johnson & Johnson J&J** and related transactions;
- **Certain Johnson & Johnson executive officers continuing to serve as our directors, which may create conflicts of interest or the appearance thereof;**
- Restrictions on our business, potential tax and indemnification liabilities and substantial charges in connection with the Separation and related transactions;
- Failure of our rebranding efforts in connection with the Separation to achieve market acceptance, and the impact of our continued use of legacy **Johnson & Johnson J&J** branding, including the **"Johnson's" "Johnson's®" brand;** and
- Our substantial indebtedness, including the restrictions and covenants in our debt agreements.

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found elsewhere in this Annual Report on Form 10-K, including under **Part I, Item 1A, "RiskFactors,"** and in our other filings with the U.S. Securities and Exchange Commission (**"SEC"** (the "SEC"). You should understand that it is not possible to predict or identify all such factors, and you should not consider the risks described above to be a complete statement of all potential risks and uncertainties. We do not undertake to publicly update any forward-looking statement that may be made from time to time, whether as a result of new information or future events or developments, except as required by law.

## PART I.

### Item 1. BUSINESS

#### Company Overview

At Kenvue, our purpose is to realize the extraordinary power of everyday care. **With \$15.4 billion in net sales in 2023, As a global leader at the intersection of healthcare and consumer goods, we are the world's largest pure-play consumer health company by revenue. We seek revenue with \$15.5 billion in Net sales in the fiscal year 2024. By combining the power of science with meaningful consumer insights and our digital strategy, we empower consumers to deliver sustainable profitable growth through delivering science-backed innovative products, solutions and experiences centered around consumer health. With a presence in live healthier lives every day. Built on more than 165 countries worldwide a century of heritage and an over 135-year legacy, we are a global leader at the intersection of healthcare and consumer goods. We operate trusted by generations, our business through three reportable business segments: 1) Self Care, 2) Skin Health and Beauty, and 3) Essential Health. Our differentiated portfolio comprises a range of products that include iconic brands and widely recognized household names such as brands—including Tylenol®, Neutrogena®, Listerine®, Johnson's®, BAND-AID® Brand, Adhesive Bandages, Aveeno®, Zyrtec®, and Nicorette®. This broad portfolio allows us to provide holistic consumer health solutions to our consumers across a spectrum of product categories and hold leading positions across numerous large and attractive categories globally. These comprehensive solutions are—is backed by science and several of our brands have a long history of recommendations recommended by healthcare professionals, which further reinforces our consumers' confidence in connections to our brands.**

Our brand portfolio **includes Self Care, Skin Health and global scale Beauty, and Essential Health products, allowing us to connect with consumers across four regions—1) North America, 2) Asia Pacific ("APAC"), 3) Europe, Middle East, and Africa ("EMEA"), and 4) Latin America ("LATAM")—in their daily rituals and is well balanced geographically with approximately half the moments that matter most. Our products are marketed across more than 165 countries worldwide. Our global scale and the breadth of its net sales generated outside North America in 2023. We aim our brand portfolio are complemented by our well-developed capabilities and accelerated through our digital strategy, allowing us to leverage dynamically capitalize on and respond to current trends impacting our flexible distribution network, categories and geographic markets.**

**With a sole focus on consumer health, thought leadership our marketing organization operates efficiently by leveraging our precision marketing, e-commerce, and data-driven customer partnerships broader digital capabilities to continue develop unique consumer insights and further enhance the relevance of our brands. Similarly, our research and development organization combines these consumer insights with deep, multi-disciplinary scientific expertise, and engagement with healthcare professionals, to drive joint value creation for us innovative new products, solutions, and our retail customers. experiences centered around consumer health.**

Underpinned by Kenvue's Healthy Lives Mission, our comprehensive Environmental, Social, and Governance ("ESG") strategy, our core capabilities are supported by our commitment to building a resilient and sustainable business that creates value for all our stakeholders over the long term.

Since the Separation (as defined below) from J&J, as described below, we have been executing a significant transformation agenda, spanning from exiting the Transition Services Agreement (as defined in "Risk Factors—Summary of Risk Factors—Risks Related to Our Relationship with J&J" in Part I, Item 1A) while standing up, modernizing, and optimizing our own systems, to instituting a new operating model, as we reinvent our ways of working and strengthen and scale our commercial capabilities. We have been focused on driving productivity and realizing Our Vue Forward (as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results—Restructuring," in Part II, Item 7) and other cost savings across the organization to fuel investments behind our brands, so that we can drive sustainable and profitable growth.

#### Separation from **Johnson & Johnson J&J**

In November 2021, **Johnson & Johnson ("J&J"), &J, our former parent company, announced its intention to separate its Consumer Health segment (the "Consumer Health Business") into an independent publicly traded company (the "Separation"). Kenvue was incorporated in Delaware in February 2022, as a wholly owned subsidiary of J&J, to serve as the ultimate parent company of J&J's Consumer Health Business. In April 2023, J&J completed the transfer of substantially all of the assets and liabilities of the Consumer Health Business to us and our subsidiaries. In May 2023, we completed an initial public offering (the "IPO" or "Kenvue IPO") of approximately 10.4% of our outstanding common stock and began trading on the New York Stock Exchange ("NYSE") under the ticker symbol "KVUE." Following the Kenvue IPO, J&J owned approximately 89.6% of our outstanding common stock. In July 2023, J&J announced an exchange offer (the "Exchange Offer") under which its shareholders could exchange shares of J&J common stock for shares of our common stock owned by J&J. In August 2023, J&J completed the Exchange Offer and exchanged shares representing 80.1% of our common stock, completing the Separation from J&J and transition to being a fully independent public company. In May 2024, J&J completed an additional exchange offer (the "Debt for Equity Exchange") through which J&J exchanged**

indebtedness of J&J for shares of our common stock owned by J&J. Following the Separation, completion of the Debt for Equity Exchange, J&J continues to own approximately 9.5% no longer owned any shares of our outstanding common stock.

See Note 1, "Description of the Company and Summary of Significant Accounting Policies, Policies—Description of the Company and Business Segments," to the Consolidated Financial Statements included herein for additional information.

#### **Relationship with J&J**

We entered into a separation agreement (the "Separation Agreement") and various other agreements with J&J for the purpose of effecting the Separation. These agreements provide a framework for our relationship with J&J and govern various interim and ongoing relationships between us and J&J that follow the completion of the Kenvue IPO. See Note 12, "Relationship with J&J," to the Consolidated Financial Statements included herein for additional information on these agreements.

#### **Brands and Product Portfolio**

We have a world-class, intentionally designed, global portfolio of iconic and trusted brands that are leaders in their respective categories and include some of the most recognizable household names across its the consumer health industry. Our overall strategy prioritizes operating our portfolio in a highly targeted manner, focusing on with the most attractive categories goal of delivering sustainable and geographic markets, profitable growth.

Each of our reportable business segments are focused on driving financial performance by leveraging specific category expertise and capabilities while also benefiting from our scale to collaborate across the organization, including in brand management and marketing, R&D research and development and innovation, insights and analytics, and digital omnichannel commerce. The reportable global business segments are as follows:

- **Self Care.** Our Self Care product categories include: Pain Care; Cough, Cold, and Allergy; and Other Self Care (Digestive Health; Health; Smoking Cessation; Cessation, Eye Care; Care, and Other). Major brands in the segment include Tylenol®, Motrin®, Benadryl Nicorette®, Nicorette Benadryl®, Zyrtec®, Zarbee's®, ORSL™, Rhinocort®, and Calpol®. Our Self Care brands offer accessibility to health care healthcare solutions with over-the-counter ("OTC") medicines and other naturally inspired products. These brands deliver connected health offerings, including digital diagnostics and telemedicine, to expand its personalized solutions to consumers.
- **Skin Health and Beauty.** Our Skin Health and Beauty product categories include: Face and Body Care; and Hair, Sun, and Other. Major brands in the segment include Neutrogena®, Aveeno®, Dr.Ci:Labo®, OGX®, Le Petit Marseillais®, Lubriderm®, and Rogaine®. Our portfolio of skin and hair care brands focus on dermatological solutions by leveraging partnerships with skin experts and scientific expertise to create differentiated, science-backed products recommended by healthcare professionals.
- **Essential Health.** Our Essential Health product categories include: Oral Care; Baby Care; and Other Essential Health (Women's Health; Health, Wound Care; Care, and Other). Major brands in the segment include Listerine®, Johnson's®, BAND-AID® Brand, Adhesive Bandages, Stayfree®, o.b.® tampons, Carefree®, and Desitin® Diaper Rash. Our Essential Health brands deliver positive experiences and outcomes for consumers at every stage of life and raise standards of personal care across baby care, wound care, oral care, and menstrual health categories.

#### **Brand Marketing**

Our digital-first digital approach to marketing is centrally focused on the consumer. Our marketing organization places the consumer at the center of all decisions related to our product delivery, services offering service offerings, and the experiences we create. Our marketing footprint spans four regions, and our global presence allows us to tailor our marketing strategy and campaigns to the distinctive needs of our consumers in local markets throughout the world. It is our global scale and improving modern marketing capabilities that enable deep human-level connections with consumers. In 2024 we created the Global Content Factory, a production agency ecosystem that we employ to drive relevant content in all of our markets while reducing our costs.

We understand, by leveraging leverage insights across our product offerings that to understand the constantly changing consumer behavior behaviors and expectations, are constantly changing. Based on these consumer insights, we are continuously evolving which allow us to evolve our brand messaging to ensure that we drive relevance with consumers and healthcare professionals, ultimately seeking to increase reach, stimulate demand, to and drive growth. Our marketing expertise is built on a combination of human empathy and science that improves health outcomes and a digital-first approach to our content and media ecosystem, outcomes.

Our consumer-first approach and rigorous clinical testing allows us to articulate science in ways that meet the needs of our consumers and healthcare professionals as we win their trust, endorsement, and loyalty.

We are a digital-first digital modern marketing company. Since our leadership team took the helm in 2019, company and we have significantly increased our share of digital spend from approximately 44% of total media spend in 2019 collaborate with celebrities, influencers, and healthcare professionals to approximately 73% in 2023. This shift towards digital media has enabled flexibility amplify brand awareness and allowed us to efficiently reach high-value audiences that drive scaled demand, product innovations.

In addition, through this shift to digital-first approach, we can continually evaluate the impact of its media investments and consumer communications through data science and analytics. We ultimately use media ROI return on investment to evaluate and invest in these next-best growth channels and optimize our investment opportunities. Our combined digital-first precision capabilities digital strategy aims to maximize reach, performance, and returns while reducing costs.

#### **Product Development and Innovation**

Our R&D research and development organization combines deep, multi-disciplinary scientific expertise and with active engagement with healthcare professionals, and places placing human empathy at the heart core of our product development process. We leverage our extensive capabilities and deep consumer insights to drive develop innovative new products and solutions experiences that meet the specific needs of our consumers, while enhancing their overall standard of everyday care.

We have a passionate, Across our portfolio of iconic brands, we earn consumers' trust through modern, science-backed innovations that deliver reliable, personal care products and technologies that improve well-being.

Our global team of approximately 1,500 1,600 scientists, doctors, pharmacists, and engineers with expertise across a range of core disciplines, including formulation science, regulatory affairs, quality, medical affairs, medical safety, clinical operations, microbiology, translational science, and packaging. Our R&D research and development organization operates a global footprint network of innovation hubs located close to consumers in key geographic markets.

Our global R&D research and development teams coordinate collaborate across the product development lifecycle, in partnership partnering with consumers and leveraging our long-standing relationships with healthcare professionals and academic institutions to co-create a continuous pipeline of meaningful innovation.

We have built extensive capabilities through our translational science and consumer insights teams to understand our consumers' and healthcare professionals' the key needs and current challenges of our consumers and healthcare professionals, ensuring that our products are centered around human empathy. Across Throughout our end-to-end organization, we have continuous touchpoints with our consumers and healthcare professionals, utilizing a suite of digital tools to ensure we hear from our consumers them regardless of where they are located. their location. Our insights, design, marketing, and research teams then leverage these consumer insights to identify key unmet needs and potential product opportunities.

#### **Supply Chain and Manufacturing**

Our global and balanced manufacturing footprint provides us with the flexibility and agility to benefit from economies of scale and global supply chain agreements, enabling us to grow our business and expand margins. We are continuously modernizing and optimizing our supply chain operations while better connecting with and serving our customers. Our end-to-end, digitally connected supply chain ecosystem is designed to optimize the flexibility and agility of our route-to-market. Reliability and resiliency remain our priority throughout our fit-for-purpose supply chain, ensuring that we can deliver our products to our customers and consumers whenever and wherever they need them.

Our supply chain network is purpose-built to deploy resources across the globe where they are most needed. Our sourcing, manufacturing, and demand planning capabilities are continuously optimized to meet evolving market dynamics. Our extensive distribution network and sales organization enable us to establish strategic partnerships with key suppliers and retailers across multiple markets and channels, where we further leverage our scale to drive flexible manufacturing capacity and supply chain optimization. We believe this approach builds and supports our resilience across economic cycles and allows us to prioritize or expand our geographic focus based on our strategic priorities.

#### **Sources and Availability of Materials**

We maintain global operations and work with a vast supplier base. The principal raw materials used in our products include resin, resins, silicon, pulp and corn derivatives, paper, agrochemicals, vegetable oils, and oleochemicals. The majority of raw and packaging materials used are purchased from third parties and available from several sources. We do purchase certain raw and packaging materials from single-source suppliers or a limited number of suppliers; however, no single supplier provides a significant portion of our total material requirements. Certain raw and packaging material commodities are subject to market price variations. For further information regarding the impact of changes in commodity prices, see Part I, Item 1A, "Risk Factors—Risks Related to Our Operations—Volatility in the cost or availability of raw materials and other inputs for our products, including due to military conflicts, has adversely affected, and could in the future continue to adversely affect our business, results of operations or financial condition, us."

#### **Manufacturing Footprint**

Our in-house manufacturing footprint delivered over half 60% of our production sales volume in 2023, during the fiscal year 2024, with the remaining production sales volume being supplied by an extensive network of external manufacturing facilities operated by trusted third-party suppliers. This combination provides us with significant operational flexibility enhancing our ability to respond to demand while optimizing capital allocation.

#### **Warehousing and Distribution Capabilities**

Our distribution network is designed to respond to increasingly complex consumer and customer demand. The majority of our distribution centers are operated in partnership with expert third-party operators in order to leverage their scale, expertise, and technology platforms. In all cases, whether in-house or external, our distribution centers must comply with its our rigorous quality compliance standards and are subject to our audit process.

#### **Quality Control and Compliance**

With a rigorous approach to product safety and quality control, we have a strong culture of quality across our end-to-end organization enhanced by rigorous compliance procedures. We invested invest in quality systems and data analytics platform platforms to further drive proactive quality management and improve the effectiveness of our quality control system.

Suppliers are key partners in our commitment to quality and therefore are expected to provide services and goods that consistently meet our quality standards. In order to ensure compliance with our high-quality standards, we conduct regular quality audits of our supplier base and their facilities.

Our supply chain is also subject to external audits by national regulatory bodies, including the U.S. Food and Drug Administration ("FDA" (the "FDA"), which conduct multiple regulatory inspections every year.

#### **Competition**

The consumer health and personal care sectors are large and dynamic, with a significant number of competitors that vary from well-established consumer packaged goods ("CPG") companies with well-known legacy businesses globally to emerging niche-oriented brands.

Given the breadth of our portfolio and global footprint, we compete with a broad set of competitors that include: include 1) consumer healthcare businesses that are either independent or part of larger pharmaceutical groups; groups, 2) global CPG companies that operate in similar or adjacent categories; categories, 3) regional companies that operate in our categories within the markets in which we compete; compete, 4) generic over-the-counter ("OTC") OTC manufacturers and retailers', including our customers', private-label brands together with their customers in both traditional retail and online; online, and (5) 5) emerging niche-oriented brands in our categories with distribution either through traditional retail, or online, and or direct-to-consumer ("DTC") channels. Across our three core reportable business segments, we experience significant degrees of competition.

Our key competitors for each segment globally include:

- *Self Care.* Haleon, Procter & Gamble, Reckitt Benckiser Group, and private-label brands
- *Skin Health and Beauty.* Beiersdorf, Estée Lauder, L'Oréal, Procter & Gamble, Unilever, and private-label brands
- *Essential Health.* Church & Dwight, Colgate-Palmolive, Kimberly Clark, Procter & Gamble, Unilever, and private-label brands

See Part I, Item 1A, "Risk Factors" Factors, for additional information on our competitive risks.

#### **Environmental, Social, and Governance Healthy Lives Mission**

Our ESG management approach is designed to effectively govern and manage impacts and risks while also enabling us to identify opportunities that accelerate innovation and profitable growth and drive business value for all our stakeholders. In October 2023, we launched an update of our Our Healthy Lives Mission, which is our ESG strategy, includes public ESG goals and commitments intended to position our brands as healthy more positive choices for both people and the planet and to better help manage ESG-related impacts, risks, and opportunities. Kenvue's Healthy Lives Mission is our call for everyday care in action and is supported by three pillars: nurture Healthy People, enrich a Healthy Planet, and maintain Healthy Practice. Within these three pillars, we are focused on nine priority areas for which we have established goals and commitments to hold ourselves accountable and demonstrate progress:

- **Nurture progress as outlined in our Healthy People.** We aim to advance the well-being of the communities in which we operate and equip them with innovative products and actionable information to make healthier decisions everyday.
  - Diversity, Equity & Inclusion
  - Workforce Health, Safety & Well-being
  - Public Health + Product Quality & Consumer Safety
- **Enrich a Healthy Planet.** We strive to enrich a healthy planet by making responsible and renewable choices to help safeguard the earth's health and resources while managing the impacts we create.
  - Climate Change
  - Plastics
  - Biodiversity, Land & Forests + Waste
- **Maintain Healthy Practice.** We believe in promoting a culture of integrity, ethics and transparency to build trust and create meaningful, long-term value.
  - Sustainable Product Innovation
  - Product Transparency
  - Human Rights & Labor + Ethics & Compliance

#### **Environmental**

Human health is inseparably linked to environmental health, and as the world's largest pure-play consumer health company by revenue, our commitment to everyday care extends to the planet we call home. We are dedicated to advancing sustainability across our operations – from product and packaging design to material sourcing, manufacturing and transportation. Our Healthy Planet goals include:

- **Climate change:** reduce our carbon footprint and the impact of climate change across our operations and value chain
- **Plastics:** improve sustainability of product packaging
- **Biodiversity, land & forest:** source materials responsibly and avoid deforestation

#### **Social Lives Mission Report**

We strive will continue to advance the well-being of the communities provide more details about our progress against these goals and commitments in which we operate and aim to equip them with innovative products and information to make healthier decisions every day.

Our goal is to put the power of everyday care into the hands of consumers around the world. We are dedicated to raising the standard of personal care and tackling preventable diseases through our products and resources—helping people with the tools to make healthier choices for themselves, their loved ones, and the planet.

upcoming Healthy Lives Mission Report. For more information see "—Human Capital" below, on our climate-related risks and opportunities informed by the recommendations

Governance of the Task Force on Climate-related Financial Disclosures ("TCFD"), see our inaugural TCFD Report, which will be reviewed and updated periodically. Our Healthy Lives Mission Report and TCFD Report are available at [kenvue.com/our-commitments](http://kenvue.com/our-commitments). References to our Healthy Lives Mission Report or TCFD Report are for informational

purposes only, and neither the Healthy Lives Mission Report, TCFD Report, nor the other information on our website is incorporated by reference into this Annual Report on Form 10-K.

We support our culture of integrity, ethics and transparency to build trust and create meaningful, long-term value. Whether for people, business partners or our planet, the Kenvue purpose of realizing the power of everyday care guides how we treat our people, innovate, conduct business, and design our products.

#### **Governance Practices**

Our Board of Directors (the "Board") is ultimately responsible for independent oversight of our ESG impacts, risks, and opportunities and for ensuring our ESG priorities and commitments are integrated into Kenvue's long-term strategy. On an annual basis, our full Board receives an update on our "Healthy Lives Mission", and on our ESG performance. In addition, oversight for ESG, sustainability and reporting is allocated across all three key Committees of the Board, and after each regularly scheduled Committee meeting, the Committees report to our full Board with updates on their areas of designated ESG oversight responsibilities.

Our Board has adopted Principles of Corporate Governance to assist it in guiding that, together with our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Board Committee charters, provide a framework for our Board's corporate governance practices. In addition, among other policies, our Board has adopted a Kenvue Code of Conduct designed to provide employees with guidance on our compliance policies and a Code of Business Conduct & Ethics for Members of our Board of Directors and Executive Officers that sets forth additional guidelines applicable to members of our Board and Kenvue's executive officers, both of which can be found on our website at <https://investors.kenvue.com/governance/governance-documents/>.

We are proud of what we have already achieved and will provide more details about our progress against these goals and commitments when we publish our 2024 Healthy Lives Mission Report, which will be available on <https://investors.kenvue.com/esi>. References to our 2024 Healthy Lives Mission Report are for informational purposes only and neither the 2024 Healthy Lives Mission Report nor the other information on our website is incorporated by reference into this Annual Report on Form 10-K.

#### **Human Capital**

##### **Company Culture**

At Kenvue, we strive to build a culture of performance that rewards for impact. We are united by a common Purpose to realize the extraordinary power of everyday care and anchored in our core values: 1) we put people first, 2) we care fiercely, 3) we earn trust with science, and 4) we solve with courage. We strive to provide an environment where every employee (or Kenvuer) can be at their best, do meaningful work in service of our customers and consumers, be inspired by a strong sense of belonging and meaningful growth opportunities, and be rewarded for their impact.

##### **Demographics Our People**

As of December 31, 2023 December 29, 2024, we had approximately 22,000 employees, with approximately 25% located in North America, 28% in EMEA, 29% 28% in APAC, and 18% 19% in Latin America, LATAM. Approximately 99% of our global employees were full time and 1% were part-time employees. Our global workforce covers a broad range of functions, including manufacturing employees making up 24% 23% of our workforce.

##### **Diversity, Equity, and Inclusion**

At Kenvue, we believe everyday care is for everyone, everywhere. We believe that our commitment to diversity, equity and inclusion drives collaboration and strengthens our ability to compete effectively. Recognizing recognize the importance of innovation in our industry to meet the evolving needs of our consumers globally, and we remain focused on having the right capabilities and a workforce that is reflective of the customers and global consumers we serve.

As of December 31, 2023, our global workforce was approximately 50% male and 50% female, and 36% of our U.S. employees identify as racial or ethnic minorities. Our manager-level and above positions were held by approximately 47% men and 53% women, and 36% of our U.S. employees in manager-level and above positions identified as racial or ethnic minorities. The Kenvue Leadership Team is globally diverse, currently represented by 9 different nationalities, and 54% of the Kenvue Leadership Team are women. We believe that bringing diverse backgrounds and capitalizing on a multitude of perspectives together helps us drive innovation and deliver solutions that exceed customer expectations and creates long-term value. Our Code of Conduct specifically articulates our responsibility to create an inclusive environment and to respect the dignity and diversity differences of all people. Kenvue's Healthy People goals We foster an inclusive and commitments include:

- Strengthening a workplace that allows each Kenvuer to maximize contributions to their work, the representation of women at all management levels to reflect the market in which we operate;
- Strengthening ethnic representation within our U.S. workforce at all management levels to reflect the market in which we operate;
- Paying all Kenvuers equitably based on role, experience, market competitiveness, company culture, and performance; and
- Achieving a company-wide Inclusion Index Score in the top quartile. The Inclusion Index is a favorability metric designed to assess the level of inclusion within our organization and their communities.

Our talent practices aim to drive higher levels of transparency, empowerment, and accountability that enables superior performance through high levels of engagement. For example, we have initiatives in place to help ensure our hiring practices are fair, consistent, objective, and do not discriminate based on any legally protected category, so that our employees design and create everyday care products that are accessible to advance diverse representation by creating diverse interview teams everyone. We base talent decisions only on merit, considering qualifications, experience, skills, performance, and candidate slates and by expanding diversity outreach efforts achievements. Additionally, we nurture a sense of belonging for Kenvuers through organizations that serve and engage talent from a variety of communities. We offer team members access to ongoing inclusion and diversity education and support throughout their career journey through numerous employee resource groups known as Kenvuer Impact Networks, mentorship programs, and

mentorship, other initiatives that are open to all Kenvuers. In addition, we offer flexible work arrangements that enable agile ways of working and promote inclusion, health, well-being, empowerment, and accountability.

#### Learning and Development

We invest in the learning and development of all Kenvuers to ensure their skills remain relevant and keep pace with the rapid evolution in the marketplace. Learning can happen in different ways, including on-the-job, on special assignment, and in classroom e-learning or in-classroom training, to develop functional and/or leadership skills. Ultimately, our goal is to ensure this ongoing commitment to development and growth yields superior performance and higher levels of engagement that differentiates us from our competitors.

#### Engagement

We believe that an engaged workforce is more likely to deliver higher levels of performance and further differentiates us in the marketplace. We believe that open and honest communication among all team members creates a collaborative and inclusive work environment. We regularly conduct surveys that gauge Kenvuer sentiment in areas like such as strategic alignment, execution, inclusion, effectiveness of our people leaders, and career development.

We also strive to actively support the communities we serve worldwide as well as those in which our Kenvuers live and work through strategic investments. Our Kenvue Cares, our global community engagement employee volunteer program, is just one way in which we connect our passionate purpose-driven workforce to fulfill our potential and create possibilities. We make financial contributions, provide in-kind charitable product donations, and volunteer the time of team members to help non-profit organizations achieve their goals and generate societal impact.

#### Compensation, Benefits, and Well-being Total Rewards

We offer compensation, benefits, and benefit well-being programs designed to attract, develop, and retain top talent. We reward and recognize superior performance, support our growth and talent strategy, closely align Kenvuer compensation with company and individual performance, as well as attract, develop, and retain top talent in a highly competitive environment. We aim to reward and recognize superior performance and closely align Kenvuer compensation with company and individual performance. We provide base pay that is competitive for a Kenvuer's position considering skill level, experience, geographic location, and geographic location, other business-related factors. In addition to base pay, we seek to motivate and reward Kenvuers at certain job levels with annual cash incentives and equity awards, equity-based awards, depending on job level. Additionally, we conduct periodic benchmarking and comparative analyses to help ensure Kenvue's compensation programs remain competitive and regularly assess internal that employee pay equity is appropriate based on skills, expertise, education, and tenure.

We offer competitive employee benefits packages, which vary by country and region, in support of the physical, emotional, physical health, and financial well-being of our Kenvuers. These employee benefits packages may include retirement plan, core and supplemental plans, life insurance, medical and dental insurance, health savings accounts, well-being reimbursement programs, adoption assistance, fertility benefits, and parental and family leave.

We work hard strive to create an environment where Kenvuers feel a strong sense of belonging, feel are empowered to care for their health and well-being and that of their families, feel like they can grow and have fulfilling careers, and feel are recognized and valued for their contributions.

#### Health, Workplace Safety and Well-being

As a global leader in personal health and wellness, we believe in investing in Kenvuer health, safety, and well-being as foundational to our purpose and values. We have robust processes to identify potential safety risks associated with workplace activities and to develop measures and implement controls to mitigate possible exposure to hazards. We support Kenvuers with general safety training and have implemented specific programs for those working in potentially high-risk environments.

#### Intellectual Property

We rely on a combination of intellectual property rights, including trademarks, trade secrets, patents and copyrights, as well as rights to third-party intellectual property pursuant to licenses and other contracts, to establish, maintain, protect, and enforce the intellectual property and other proprietary information used in our business. Establishing, maintaining, protecting, and enforcing our intellectual property and other proprietary rights in the United States and around the world is important to our success, and we consider these rights, in the aggregate, to be material to our business.

To facilitate the Separation and enable our operations to continue with minimal interruption following the Separation, J&J has granted licenses to use certain intellectual property rights retained by J&J that we used in the conduct of its business prior to the Separation, including the "Johnson & Johnson" name and signature and other legacy J&J branding, for a limited duration following the Separation. For additional information about these licenses, see the Company's definitive proxy statement for its the 2024 Annual Meeting of Shareholders which will be filed within 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates (the "Proxy 2024 Proxy Statement").

Our brands are critical to our success, and trademark protection is an important part of establishing and maintaining brand recognition for our products in the United States and around the world. The vast majority of our net Net sales are derived from products bearing proprietary trademarks and trade names. These trademarks and trade names convey that the products we sell are "brand name" products. We seek to obtain protection for these trademarks and trade names by all appropriate means, and we consider them, in the aggregate, to be material to our business. For trademarks registered in the United States, a Declaration

of Use must be filed between the fifth and sixth years after initial registration, then may be renewed in the tenth 10th year, and renewed every 10 years after that, so long as the mark is still being used in commerce. Trademarks registered in other countries generally have varying terms and renewal policies.

We actively file and maintain a portfolio of patents in the United States and around the world and seek to obtain and enforce patent protection by all appropriate means. While we consider these patents, and the protection thereof, to be important, we do not consider any single patent to be material to any material product or product family, the success of our business, and we do not expect the expiration of any single patent to have a material impact on any material product or product family. In the United States, the patent term is

generally 20 years from success of our business. The terms of our issued patents extend for varying periods dependent upon the date the earliest non-provisional of filing and type of patent application to which and the legal term for patents in the various countries where patent claims priority protection is filed, and, in many other countries, the patent term is also generally 20 years from the filing date of the patent application granted.

#### Government Regulations

We are subject to extensive government regulations in the United States and around the world. U.S. federal authorities, including the FDA, the Federal Trade Commission ("FTC"), the Consumer Product Safety Commission ("CPSC"), the Occupational Safety and Health Administration ("OSHA"), the Environmental Protection Agency ("EPA"), and the Drug Enforcement Administration ("DEA"), regulate various aspects of our business, along with parallel authorities at the state and local levels and comparable authorities in other jurisdictions. Government regulations in the United States and around the world apply to many areas of our business, including most aspects of our products. It is our policy and practice to comply with all government regulations applicable to our business. The process of obtaining regulatory approvals and complying with applicable federal, state national and local regulations in the United States and around the world is complex, time-consuming, and costly and may impact our business strategies. In addition, the global regulatory landscape is subject to rapid and unexpected changes including as a result of the Russia-Ukraine War, the recent military conflict in the Middle East, and the general trend toward increasingly stringent regulation and enforcement around the world in recent years. For additional information about risks associated with government regulations, see Part I, Item 1A, "Risk Factors—Risks Related to Government Regulation and Legal Proceedings."

New or more stringent laws or regulations, more restrictive interpretations of existing laws or regulations, or increased enforcement actions by governmental and regulatory agencies around the world could increase our ongoing costs of compliance, alter the environment in which we do business, or otherwise adversely affect our business, results of operations, or financial condition.

We have products in a number of different regulatory classifications, and these classifications and their application to our products may vary from market to market. Accordingly, certain of our products are subject to varying levels of regulation in different geographic markets. The following description discusses the material effects of the regulatory landscape applicable to our business, with particular focus on the United States, the European Union ("EU"), and China, which are some of our key geographic markets for our business from a regulatory perspective and markets that we believe are representative of the material differences in the regulation of our business across the various geographic markets in which we operate.

#### Quality and Safety

The FDA and comparable authorities in other jurisdictions regulate the facilities and operational procedures that we use to manufacture our products. We are required to register our facilities with these authorities. Products are required to be manufactured in our facilities in accordance with current Good Manufacturing Practices ("cGMP") or similar manufacturing standards in each country in which we manufacture products.

In addition, many of our products are subject to regulation by the CPSC under the Poison Prevention Packaging Act ("PPPA"), the Consumer Product Safety Act, the Federal Hazardous Substances Act, and other laws enforced by the CPSC. These statutes and related regulations establish safety standards and bans for consumer products. Certain state laws also address the safety of consumer products and may mandate reporting or labeling requirements. Noncompliance with these laws may result in penalties or other regulatory action and related reputational harm.

#### Drug Products

In order to market and sell a new drug product in the United States, a manufacturer must 1) file a New Drug Application ("NDA") that shows the quality, safety, and effectiveness of the new drug, 2) file an Abbreviated NDA that demonstrates the equivalence of a generic product to another company's branded drug product, or 3) comply with the FDA's monograph system. Most of our OTC products marketed in the United States are regulated pursuant to the FDA's monograph system. The monographs establish the conditions, such as active ingredients, uses (indications), doses, labeling, and testing, under which an OTC drug is generally recognized as safe and effective and can be marketed without an NDA and FDA premarket approval.

Products marketed under the OTC monograph system are required to conform to specific quality, formula, and labeling

requirements. Monograph drug products that do not comply with these standards can be deemed unapproved new drugs and can be required to be withdrawn from the market. The Over-the-Counter Monograph Safety, Innovation, and Reform Act (the "OTC Monograph Reform Act"), enacted in March 2020, is expected to introduce significant reform to the OTC monograph system, including by replacing the FDA's existing rule making process with established an administrative order process Administrative Order Process for issuing, revising, and amending OTC monographs. Under the OTC Monograph Reform Act, the FDA can also require manufacturers to conduct additional testing to ensure the safety and efficacy of monograph drug products. For example, in September 2021, the FDA issued a Proposed Order Amending the OTC Monograph for Sunscreen Drug Products requiring additional data for certain ingredients to ensure their safety. In addition, certain of our OTC products, including certain Zyrtec®, Zyrtec-D®, Pepcid®, and certain Imodium® and Motrin® products, are approved by the FDA through the NDA process rather than through the monograph system.

In addition, the DEA regulates certain of our OTC products containing pseudoephedrine ("PSE"), such as Sudafed® and Zyrtec-D®, pursuant to the Combat Methamphetamine Epidemic Act ("CMEA"). Among other requirements, the CMEA sets daily and 30-day sales limits for pseudoephedrine PSE products purchased by consumers. We are also subject to similar regulations at the state level. Our OTC products containing pseudoephedrine PSE are also subject to heightened regulatory regimes in other jurisdictions around the world.

In the European Union ("EU"), EU, our OTC products, including certain Nicorette® products that are not marketed by us in the United States, are subject to extensive pre- and post-marketing regulation by regulatory authorities at both the EU and EU Member State level. There are several administrative mechanisms to request regulatory approval of OTC products, including 1) the standalone national procedure for authorization in a single EU Member State, 2) the mutual recognition procedure, which is used when a product is already authorized in at least one EU Member State and approval is sought in at least one other EU Member State, and 3) the decentralized procedure, which is used when a product has not yet been authorized in the EU and authorization is sought simultaneously in several EU Member States.

Certain of our products in certain jurisdictions may be regulated as prescription medications. For example, in the EU medications containing PSE have historically been regulated as OTC products. During the fiscal three months ended December 29, 2024, Belgium, Luxembourg, and France changed the regulatory status of medications containing PSE from OTC to prescription-based.

In China, our OTC products are regulated by the National Medical Products Administration ("NMPA"), which is the primary authority for the safety and registration of medicines, medical devices, and cosmetics.

#### Cosmetics

A number of our products marketed in the United States, including many of our products in the Skin Health and Beauty segment, are considered cosmetics regulated by the FDA through the Federal Food, Drug, and Cosmetic Act and the Fair Packaging and Labeling Act. Our cosmetic products include Aveeno® Restorative Skin Therapy Oat Repairing Cream, Aveeno® Restorative Skin Therapy Sulfate-Free Body Wash, Johnson's® Baby Powder, and certain of our Listerine® mouthwash products. Cosmetics are not subject to premarket approval by the FDA, but certain ingredients, such as certain color additives, are required to be preauthorized, and the FDA seeks to ensure cosmetic products are not adulterated or misbranded. If the safety of a product or its ingredients has not been adequately substantiated, an appropriate warning label is required to be included on the product. Other warnings may also be mandated pursuant to FDA regulations. The FDA monitors compliance of cosmetic products with applicable regulations through market surveillance and inspection of cosmetic manufacturers and distributors to ensure that products do not contain false or misleading labeling, are not adulterated, and are not manufactured under unsanitary conditions. Inspections also may arise from consumer or competitor complaints filed with the FDA. In the event that the FDA determines that one of our products fails to comply with FDA regulations, we may be required, or we may independently decide, to conduct a recall or market withdrawal of that product or to correct the failure by making changes to that product, including its manufacturing, formulation, or label. In addition, the Modernization of Cosmetics Regulation Act, enacted in December 2022, is expected to expand the FDA's regulatory authority over cosmetic products, including by providing the FDA with new mandatory recall authority over cosmetics and by requiring the registration of cosmetic manufacturing facilities, the reporting of certain adverse events, the issuance of cGMP requirements, and the establishment of safety substantiation requirements.

In addition, certain of our cosmetic products, including those containing low-viscosity hydrocarbons such as baby oil, are regulated by the CPSC under the PPPA. See "—Quality and Safety." Safety" above.

#### Medical Devices

Medical devices are subject to regulation in the various jurisdictions in which we operate. Although there is variation among jurisdictions in how our products are classified, medical devices are broadly defined as products which a manufacturer intends to be used to treat, cure, prevent, mitigate, or diagnose disease. Medical devices generally achieve their purpose by physical modes of action; the principal intended action may not be pharmacological, immunological, or metabolic.

Certain of our products marketed in the United States, such as BAND-AID® Brand Adhesive Bandages (including Ourtone™ Adhesive Bandages), and Listerine® Sensitivity Defense Mouthrinse and Tylenol® SmartCheck Digital Ear Scope, are medical devices regulated by the FDA through a system that, unless exempt, requires us to receive premarket clearance for commercial distribution known as a 510(k) clearance. To obtain 510(k) clearance, a device is required to be determined to be substantially equivalent in intended use and in safety and efficacy to a benchmark device, or "predicate," that is already legally in commercial distribution. Any modification to a 510(k) cleared device that could significantly affect its safety or efficacy or that would constitute a change in its intended use generally requires a new 510(k) clearance. If we determine that a new 510(k) clearance is not required but the FDA subsequently disagrees, the FDA may retroactively require us to obtain a new 510(k) clearance and may require us to cease marketing, or conduct a recall, of the modified device until the new 510(k) clearance is obtained.

In the European Union, EU, manufacturers may self-certify compliance of certain medical devices by submitting notifications to the competent authority, with files open to inspection by a competent authority. In May 2021, the Medical Device Regulation (Regulation (EU) 2017/745) ("MDR") came into effect in the European Union, EU. The MDR is more comprehensive than the prior regime as it greatly increases the rigor and robustness of the regulations governing medical device products. All medical devices are expected to meet the MDR requirements, and there is no "grandfathering" of products. In addition, all approved products and their manufacturers are subject to re-review on periodic cycles of up to every four years. In recent years, we have also introduced certain connected health offerings as non-medical device apps, including certain products that are not offered in the United States such as the Nicorette® QuickMist SmartTrack, which is deemed a wellness app and, as such, is not regulated as a medical device by the health authorities in the countries in which it is offered. Any determination that medical device clearance is required for a product that we currently offer as a non-medical device may cause us to cease marketing, or conduct a recall, of the modified product until such clearance is obtained.

In China, locally manufactured medical devices gain market authorization through municipal authorities, while medical devices that are not manufactured in China are reviewed by the NMPA and must be accompanied by appropriate documentation showing that the device has been approved in its country of origin.

#### Dietary Supplements

Some of our products, including those under the Zarbee's® brand and the Lactaid® brand and Zarbee's® brands, that are marketed in the United States are considered dietary supplement products and are governed by the Dietary Supplement Health and Education Act of 1994, which defines and regulates dietary supplements. Dietary ingredients that were not marketed in the United States before October 15, 1994 are required to be the subject of a new dietary ingredient notification submitted to the FDA at least 75 days before the initial marketing, unless the ingredient has been present in the food supply as an article used for food without being chemically altered. The FDA may determine that the notification does not provide an adequate basis to conclude that a new ingredient is reasonably expected to be safe, which could effectively prevent the marketing of the ingredient. Furthermore, a company that uses a statement of nutritional support in the labeling for a product is required to possess information substantiating that the statement is truthful and not misleading. If the FDA determines that a particular statement of nutritional support is an unacceptable drug claim or an unauthorized version of a health claim, or if the FDA determines that a particular claim is not adequately supported by existing scientific evidence or is otherwise false or misleading, the claim cannot be used and any product bearing the claim on its labeling could be subject to regulatory action.

A comparable regulatory regime operates in the European Union, EU, where dietary supplements, including some of our products under the Zarbee's® brand, are regulated as food products pursuant to the Food Supplements Directive 2002/46/EC. Most EU Member States have implemented notification procedures that require reporting prior to or immediately after the commencement of sales of a dietary supplement.

#### *Labeling and Product Claims*

Kenvue isWe are subject to various laws on labeling and product claims, including with respect to the characteristics, quality, safety, performance, and benefits of Kenvue's our products. Kenvue We typically is are required to have a reasonable basis to support any factual marketing claims, and what constitutes a reasonable basis for substantiation can vary widely from market to market and from product to product. For example, while cosmetic labeling does not require FDA premarket approval, the FDA regulates cosmetic labeling claims and monitors, and takes action against, claims that are not truthful, are misleading, or make medicinal claims. The FDA is also responsible for taking action against any misbranded dietary supplement product after it reaches the market. In addition, while Kenvue's our labeling and advertising claims for its our monograph drug products, such as certain

Benadryl®, Tylenol®, and Neutrogena® products, and advertising claims for NDA products are not subject to approval by the FDA, labeling claims for Kenvue's our NDA products, such as certain Zyrtec®, Pepcid®, Imodium®, and Motrin® products, are approved by the FDA. In certain circumstances, Kenvue we may also be subject to additional regulations depending on the nature of the labeling and product claims. For example, the U.S. Department of Agriculture enforces federal standards for organic production and use of the term "organic" on product labeling.

The FTC regulates the use of endorsements and testimonials in advertising as well as relationships between Kenvue, us, on the one hand, and advertisers and influencers, on the other hand, pursuant to principles described in the FTC's Guides Concerning the Use of Endorsements and Testimonials in Advertising (the "Endorsement Guides"). The Endorsement Guides provide that an endorsement should reflect the honest opinion of the endorser and cannot be used to make a claim about a product that the product's marketer could not itself legally make. The Endorsement Guides also stipulate that, if there is a connection between an endorser and the marketer that consumers would not expect and this connection would affect how consumers evaluate the endorsement, then that connection should be disclosed. If Kenvue's our advertising claims or claims made by its our social media influencers or by other endorsers with whom Kenvue has we have a material connection do not comply with the Endorsement Guides or any requirements of the FTC Act or similar state requirements, then the FTC and state authorities could subject Kenvue us to investigations and enforcement actions, impose penalties, require Kenvue us to pay monetary consumer redress, require Kenvue us to revise its our marketing materials, or require Kenvue us to accept burdensome injunctions, any of which could adversely affect Kenvue's business, results of operations or financial condition. us.

Furthermore, the National Advertising Division ("NAD") of the Better Business Bureau administers a self-regulatory program of the advertising industry to ensure truth and accuracy in national advertising. NAD monitors national advertising and entertains inquiries and challenges from competitors and consumers. Kenvue We may also be subject to various state consumer protection laws, including California's Proposition 65, which requires a specific warning on any product that contains a substance listed by California as having been found to cause cancer or birth defects, unless the level of such substance in the product is below a safe harbor level.

In the European Union, EU, advertising of products is subject both to general consumer advertising requirements pursuant to the Unfair Commercial Practices Directive (Directive 2005/29/EC), which imposes a general prohibition on misleading and aggressive advertising, as well as more specific regulations in respect of various product classifications. For example, pursuant to Directive 2001/83/EC, advertisements of Kenvue's our OTC products must, among other requirements, 1) be set out in such a way that it is clear that the message is an advertisement and that the product is clearly identified as a medicinal product, 2) not refer to claims of recovery in improper, alarming, or misleading terms, and 3) not suggest that the effects of taking the medicine are guaranteed, are unaccompanied by adverse reactions or are better than, or equivalent to, those of another treatment or medicinal product. The European Union EU has also established a legal framework for cosmetic labeling claims based on the Cosmetics Products Regulation (Regulation (EC) No No. 1223/2009). So-called "responsible persons" must ensure that a cosmetic product made available on the market is safe for human health when used under normal or reasonably foreseeable conditions, taking into account presentation, labeling, instructions for use and disposal and any other indication or information provided by the responsible person.

In China, advertisements of OTC products must, among other requirements, include an "OTC" marking and must not contain difficult or confusing medical or pharmaceutical terms that could mislead the public about a product's efficacy or safety.

#### *Pricing*

Our activities are subject to a variety of price control laws and regulations in some of the markets in which we operate. The range and extent of these price control mechanisms vary by market. In addition, price control laws or regulations may become more stringent during times of uncertain or unfavorable economic or market conditions, such as during times of economic slowdown, recession, or inflation.

#### *Environment, Health, and Safety*

The EPA and parallel state and local authorities in the United States, as well as comparable authorities around the world, enforce a broad range of environmental laws and regulations in the jurisdictions in which we manufacture and sell our products or otherwise operates operate our business. These include requirements governing product content and labeling, labeling; the handling, manufacture, transportation, storage, use, and disposal of chemicals and other hazardous materials and wastes, wastes; the discharge and emission of pollutants pollutants; and the cleanup of contamination in the environment. For more information on the broad range of environmental, health, and safety laws that Kenvue is subject to. See Part I, Item 1A, "Risk Factor Factors—Risks Related to Government Regulation and Legal Proceedings—We are subject to a broad range of environmental, health, and safety laws and regulations, and the

impact of any obligations under these laws and regulations could adversely affect our business, results of operations or financial condition. us."

We are also subject to extensive and evolving regulations regarding the manufacturing, processing, distribution, importing, exporting, registration, and labeling of our products and their raw materials. In the European Union, EU, the Registration, Evaluation, Authorisation, and Restriction of Chemicals ("REACH") regulations came into effect in 2007, with

implementation rolling out over time. Registered chemicals then can be subject to further evaluation and potential restrictions. Since the promulgation of REACH, other countries have enacted or are in the process of implementing similar comprehensive chemical regulations.

Our operations are also subject to regulation under OSHA and parallel state and local occupational health and safety standards, as well as occupational health and safety standards applicable to our operations in other jurisdictions. These standards establish certain employer responsibilities, including requirements to maintain a workplace free of recognized hazards likely to cause serious injury or death, certain medical and hygiene standards, licensing, and permitting obligations and various recordkeeping, disclosure, and procedural requirements.

#### Privacy and Data Protection

We are subject to increasingly complex and changing privacy and data protection laws and regulations in the United States and around the world that impose broad compliance obligations on the collection, transmission, dissemination, use, privacy, confidentiality, security, retention, availability, integrity, and other processing of health-related and other sensitive and personal information. In the United States, we are subject to a range growing number of privacy and data protection laws and regulations, the specific requirements of which vary from state to state. We are also subject to federal health information privacy laws. Outside the United States, the European Union's General Data Protection Regulation ("EU GDPR") and the United Kingdom's General Data Protection Regulation ("U.K. GDPR"), together with national legislation, regulations, and guidelines of the EU Member States and the United Kingdom governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, analyze, store, transfer, and otherwise process personal data, including health data and adverse event reporting. In China, we are subject to the Personal Information Protection Law ("PIPL"), which applies to the processing of personal information of natural persons within China, the processing of personal information outside China where the purpose is to provide products and services within China, and the analysis or assessment of the activities of individuals within China. While similar to the EU GDPR, the PIPL contains unique requirements not found in the EU GDPR. In addition, we are subject to China's Cybersecurity Law, which establishes its overall security framework, and China's Data Security Law, which aims to protect the security of processed data.

Additional privacy and data protection laws and regulations are being developed adopted around the world, including in other jurisdictions in which Kenvue operates, we operate, and privacy enforcement by governmental authorities globally, particularly on data localization requirements and international data flows, has increased in recent years. Compliance with these new and changing laws has impacted, and may in the future impact, Kenvue's our business strategies, and unforeseen changes to privacy laws may affect Kenvue's our ability to tailor and personalize Kenvue's our products and services to meet Kenvue's our strategic goals or consumer expectations, which could adversely affect Kenvue's our business, results of operations, or financial condition.

#### Anti-Corruption

We are subject to various anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act ("FCPA"), that generally prohibit companies from promising, offering, or giving anything of value to foreign officials with the corrupt intent of influencing the foreign official for the purpose of obtaining or retaining business or gaining any improper advantage. Similar to the U.S. application and enforcement of the FCPA, various jurisdictions in which we operate have laws and regulations, including the U.K. Bribery Act 2010 and Chinese anti-corruption laws, aimed at preventing and penalizing corrupt behavior. In addition, our interactions and financial relationships with healthcare professionals and government officials (including individuals acting on behalf of hospitals or other institutions owned or controlled by a government body) are subject to varying degrees of regulation and restriction in the jurisdictions in which we operate. These regulations and restrictions are generally intended to protect against corruption and conflicts of interest in connection with the expenditure of government funds and to ensure fairness and transparency in their legislative, regulatory, and procurement processes.

#### Other Regulations

We are also subject to a variety of other laws and regulations in the United States and around the world. For example, we must comply with an increasing number of laws designed to combat abuses of human rights in supply chain operations. our value chain. In addition, our selling practices are regulated by competition law authorities in the United States and around the world. We are also subject to laws and sanctions imposed by the United States (including those imposed by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")) and other authorities that may prohibit us or our affiliates from doing business in certain countries or restrict the type of business that may be conducted by us or our affiliates. For example, actions taken in response to the Russia-Ukraine War ongoing military conflict between Russia and Ukraine (the "Russia-Ukraine War") have included the imposition of export controls and broad financial and economic sanctions against Russia, Belarus, and specific areas of Ukraine. In addition, we are subject to trade controls (including import and export restrictions, such as tariffs, sanctions, quotas, or trade barriers) imposed by the United States and other jurisdictions around the world. Enforcement activities under these laws and regulations could subject us to additional administrative and legal proceedings and actions, which could include claims for civil penalties, criminal sanctions, and administrative remedies.

#### Seasonality

Our business is generally not seasonal. However, certain products While seasonality has a limited impact on the consolidated Net sales within all three of our Self Care and Skin Health and Beauty reportable segments, we are subject to certain degrees of seasonal sales fluctuations. For example, in our Self Care segment, certain of our OTC products, such as Tylenol® and Motrin®, are typically purchased more frequently during in preparation for the cold and flu season in the winter or, in the case of Zyrtec® and Benadryl®, during high allergy seasons in the spring and the fall. In addition, in our Skin Health and Beauty

segment, sales of our products that contain SPF are typically higher in preparation for the summer, and sales of our products that contain moisturizers are typically higher in the fall and the winter. The net effect of these seasonal sales fluctuations on Finally, in our worldwide annual sales has historically been minimal within each Essential Health segment, certain of our business segments and across our business as a whole. wound care products are typically purchased more frequently in the summer months.

#### Available Information

The Company's main corporate website address is [www.kenvue.com](http://www.kenvue.com). All of the Company's SEC filings are available free of charge on the Company's investor relations website at <https://investors.kenvue.com>, as soon as reasonably practicable after having been electronically filed or furnished to the SEC. We file annual reports, quarterly reports, current reports, proxy statements, and other documents with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The SEC maintains an Internet internet site that contains reports, proxy and statements, information statements, and other information regarding issuers that file electronically with the SEC at

<https://www.sec.gov>. The Company ~~encourage~~ encourages investors and others interested in the Company to review the information posted to its investor relations site, the Company's SEC filings, press releases, public conference calls, and webcasts.

#### *Use of Website to Provide Information*

From time to time, we have used, and expect in the future to use, our website as a means of disclosing material information to the public in a broad, non-exclusionary manner, including for purposes of the SEC's Regulation Fair Disclosure (Reg FD). Financial and other material information regarding the Company, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, is routinely posted on our website and accessible, free of charge, at <https://investors.kenvue.com>. In order to receive notifications regarding new postings to our website, investors are encouraged to enroll on our website to receive automatic email alerts. None of the information on our website is incorporated into this Annual Report on Form 10-K or any other filings the Company makes with the SEC.

#### **Item 1A. RISK FACTORS**

##### **Summary of Risk Factors**

The following is a summary of the principal factors that make an investment in Kenvue speculative or risky:

##### ***Risks Related to Our Business, Industry, and Operations***

- Damage to our reputation and the reputation of our brands, including as a result of negative publicity, could impact our brand loyalty with consumers, customers, and third-party partners.
- We face substantial competitive pressures, including from multinational corporations, smaller regional companies, private-label brands, and generic non-branded products, in each of our reportable business segments and product lines and across all geographic markets in which we operate.
- ~~Whether we can~~ Our ability to both innovate successfully and anticipate, understand, and respond appropriately to market trends, rapidly changing consumer and customer preferences, and shifting demand for our products.
- Our marketing efforts may be costly and inefficient, and may not successfully defend, maintain, or improve our reputation, our brands, or our market share positions in existing or new markets.
- Expanding our global operations requires significant resources and expenses, and we may not succeed due to various commercial, operational, and legal challenges associated with conducting business globally.
- We may face challenges in implementing our ~~digital-first~~ digital strategy across all aspects of our operations, and our ~~digital-first~~ digital strategy may lead us to pursue new offerings that are outside of our historical competencies and expose us to digital-related risks.
- Uncertainty in the development, deployment, use, and regulation of artificial intelligence in our internal processes, manufacturing operations, products, and services, as well as our business more broadly, could adversely affect us.
- The failure to realize the intended benefits of acquisitions and divestitures we have pursued or may pursue.
- The threats of counterfeit products, infringement of our intellectual property and other unauthorized versions of our products, which pose a risk to consumer health and safety and could damage our reputation.
- Our reliance on third parties in many aspects of our business, including to manufacture products, inherently involves a lesser degree of control over business operations, compliance matters, ~~cybersecurity~~ and ESG practices, ~~cybersecurity~~.
- Disruptions to our manufacturing or supplier operations could adversely affect ~~our business, results of operations or financial condition~~, us.
- Inflationary pressures and related volatility in the cost or availability of raw materials and other inputs for our products, including due to military conflicts, tariffs, and other adverse economic or market conditions.
- Information security incidents, including cybersecurity breaches, interruption, breakdown, corruption, destruction, breach or failure of ~~information technology~~ systems ~~Technology Systems~~ (as defined below) operated by us or a third party, which could result in reputational damage, operational disruption, and significant associated costs.
- Our ability to attract and retain a skilled and diverse ~~workforce~~, reflecting our consumers, and to implement succession plans for our senior management.

##### ***Risks Related to Government Regulation, Legal Proceedings, and Financial and Economic Market Conditions***

- Our ability to comply with a broad range of national and sub-national laws and regulations, and other requirements imposed by stakeholders, in the United States and around the world, including rapidly evolving requirements related to ~~tax, trade, tariffs, manufacturing, ingredients~~, climate change, ESG, privacy, data protection, anti-corruption and ~~human rights~~ rights.
- We are, and could become, subject to legal proceedings and regulatory investigations that may result in significant expenses, liabilities (potentially in excess of accruals), and reputational damage.
- Concerns about the reliability, safety and efficacy of our products and their ingredients, which have resulted and could in the future result in litigation, including personal injury or class action litigation, regulatory action, reputational damage, product recalls, product reformulations, or product withdrawals.
- Legal proceedings related to talc or talc-containing products, such as Johnson's® Baby Powder, sold outside the United States and Canada (pursuant to the Separation Agreement, J&J has retained ~~talc-related liabilities~~ the Talc-Related Liabilities (as defined below) for products sold in the United States and Canada), including personal

injury claims alleging that talc causes cancer, and other risks and uncertainties related to our historic sale of talc or talc-containing products (talc-based Johnson's® Baby Powder was discontinued globally in 2023).

- Our ability to successfully establish, maintain, protect, and enforce intellectual property rights that are, in the aggregate, material to our business, and our ability to successfully avoid violation of the intellectual property rights of others.
- Risks associated with conducting business globally, including foreign currency risks and impacts on our business related to the Russia-Ukraine War, ongoing conflict in the Middle East, and possible future conflicts, geopolitical events, or adverse global economic or market conditions.

#### **Risks Related to Our Relationship with J&J**

- Our historical financial information may not necessarily reflect the results that we would have achieved as an independent, publicly traded company or what our results may be in the future.
- We may not achieve some or all of the expected benefits of the Separation, including because our business will experience a loss of corporate brand identity, historical market reputation, economies of scale, purchasing power, and access to certain resources from which we benefited as part of J&J.
- We are subject to restrictions on our business, potential tax-related liabilities (such as joint and several liability with J&J for its U.S. federal consolidated group tax return for periods prior to the date of the completion of the Exchange Offer) and potential tax-related indemnification obligations to J&J for taxes attributable to our business and, under certain circumstances, taxes arising in connection with the Separation and the subsequent distribution or other disposition by J&J of the shares of Kenvue common stock owned by J&J following the Kenvue IPO.
- The failure to realize the intended benefits of our rebranding strategy in connection with the Separation and our continued use of legacy J&J branding, including ongoing use of the "Johnson's" "Johnson's®" brand.
- The transfer of certain assets, liabilities, and contracts from J&J to us contemplated by the Separation has not been completed and may be significantly delayed or not occur at all.
- We may not be able to replace necessary manufacturing operations, systems, and services when the transition services agreement (the "Transition Services Agreement") and the transition manufacturing agreement (the "Transition Manufacturing Agreement" Agreement, and, together with the Transition Services Agreement, the "Transition Agreements") we entered into with J&J in connection with the Separation expire or otherwise terminate.
- Certain of J&J's current executive officers continue to serve as our directors, which may create conflicts of interest or the appearance thereof.
- We may incur indemnification obligations to J&J, including for potentially uncapped amounts, for certain liabilities relating to our business activities.
- J&J has agreed to indemnify us for certain liabilities, including talc-related liabilities for products sold in the United States and Canada, Talc-Related Liabilities, but such indemnity may not be sufficient to protect us against the full amount of such liabilities or J&J may be unable to satisfy its indemnification obligations.

#### **Risks Related to Ownership of Our Common Stock**

- We cannot be certain that an active trading market for our common stock will be sustained.
- The stock price of our common stock may fluctuate significantly, including as a result of future sales by us or our shareholders or the perception that such sales may occur.
- Our ability to comply with obligations associated with being a public company, including implementing and maintaining effective internal control over financial reporting.
- We have debt obligations that impose certain restrictions on our business.
- We are a holding company and depend on the ability of our subsidiaries to pay dividends and make other payments and distributions to us in order to meet our obligations.

An investment in our securities involves risks and uncertainties. In addition to the other information in this Annual Report on Form 10-K, you should consider carefully the factors set forth below. We seek to identify, manage, and mitigate risks to our business, but risks and uncertainties are difficult to predict and many are outside of our control and therefore cannot be eliminated. You should be aware that it is not possible to predict or identify all of these factors and that the following is not meant to be a complete discussion of all potential risks or uncertainties. If known or unknown risks or uncertainties materialize, our business, results of operations, or financial condition could be adversely affected, potentially in a material way, which could adversely affect our business, results of operations, or financial condition.

#### **Risks Related to Our Business and Industry**

***Our brands are critical to our success, and damage to our reputation or our brands could adversely affect our business, results of operations or financial condition.***

Our ability to compete successfully depends on the strength of our brands. The vast majority of our net Net sales are derived from products bearing proprietary trademarks and trade names, and these trademarks and trade names convey that the products we sell are "brand name" products. Developing and maintaining the reputation of our brands is a critical component of our relationship with consumers, customers manufacturers, suppliers, distributors and other third-party partners, including healthcare professionals, influencers celebrities, and other individuals with whom we have relationships. influencers. We believe consumers, customers, and third-party partners value and trust the reputation, reliability, and status of our brands and the quality, performance, and functionality of our products. As a result, we devote significant time and resources to programs designed to grow, protect, and preserve our brands. However, these efforts may not be successful, and failure to maintain the value of our brands could impact our brand loyalty with consumers, customers, and third-party partners and otherwise adversely affect our business, results of operations, or financial condition.

Our reputation and our brands have in the past been, and could in the future be, damaged by negative publicity, whether or not valid. Negative publicity could relate to our company, our brands, our products, our supply chain, our ingredients, our packaging, our ESG practices, our employees, or any other aspect of our business. We could experience negative publicity (which may be raised by consumer advocacy groups, third-party interest groups, investors, employees or other stakeholders) for a variety of reasons, including as a result of product safety issues, threatened or pending legal or regulatory proceedings, product claims, advertising and promotional practices, ESG practices (including as they relate to

environmental impacts, such as deforestation, packaging, plastic use, energy use, water use and waste management, or labor conditions and practices, such as human rights or diversity, equity and inclusion matters, other sustainability or policy issues, ingredient sourcing (such as certain sources of palm oil), counterfeiting incidents or cybersecurity incidents. Negative publicity that damages one of our brands could be compounded by having an adverse effect on our other brands or our company as a whole.

Our reputation or our brands could also be adversely affected by negative publicity related to our industry, our competitors, our competitors' products, our customers, or our third-party partners, including healthcare professionals, celebrities, influencers, manufacturers, suppliers, distributors, and other individuals others with whom we have relationships, even if the publicity is not directly related to our company or our brands and even if the publicity is not accurate. Our reputation or our brands could be adversely affected if our customers manufacturers, suppliers, distributors and other or third-party partners fail to maintain high ethical, social, environmental, health and safety standards, standards, fail to comply with local laws and regulations regulations; or become subject to other negative events or adverse publicity. These third parties may also enter into relationships with or be acquired by other third parties whose values, business practices or reputation expose us to the risk of adverse publicity and damage to our existing relationships by association. While we have policies and procedures in place for managing third-party relationships, it may not be possible to fully ensure that third parties adhere to the same standards and values that we do or to replace third-party partners in a timely or cost-effective manner. See "—Risks Related to Our Operations—We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition. us."

In addition, Finally, widespread use of digital and social media platforms around the world has greatly increased the accessibility of information and misinformation and the speed with which it is disseminated, which has made, and likely will continue to make, maintaining our reputation and our brands more challenging. For example, information or misinformation about our company, our brands or our products may quickly spread to a large and global audience before we have an opportunity for redress or correction. Alternatively, our employees may knowingly or inadvertently use digital or social media platforms in ways that may not be aligned with our digital or social media strategy and could damage our reputation or our brands. Damage to our reputation or our brands could cause consumers, customers and third-party partners to lose trust in our products, require us to expend substantial resources to remedy the damage or otherwise adversely affect our business, results of operations or financial condition.

**We operate in highly competitive product markets and competitive pressures could adversely affect our business, results of operations or financial condition. us.**

We face substantial competition in each of our reportable business segments and product lines and across all geographic markets in which we operate, and competitive pressures could adversely affect our business, results of operations or financial condition. operate. We compete with companies of all sizes on the basis of numerous factors, including cost-effectiveness, cost-effectiveness; product performance, performance; real or perceived product advantages, advantages; intellectual property rights, rights; advertising and promotional activities, activities; implementation of digital and omnichannel strategies; adoption of technological advancements; sponsorship initiatives, initiatives; brand recognition and loyalty, loyalty; consumer convenience, pricing convenience; pricing; and geographic reach. Furthermore, we expect that the continued attractiveness of the categories and geographic markets in which we operate will encourage the The entry of new competitors of all sizes which could increase these and other competitive pressures in the future. We may be unable to anticipate the timing and scale of the threats posed by our competitors or to successfully respond to them. In addition, These competitive pressures and the cost of responding to increasingly significant and widespread competition worldwide, them, including management time and out-of-pocket expenses, could adversely affect our business, results of operations, or financial condition.

Certain of our competitors are multinational corporations that may have greater financial, marketing, research resources and development or other resources a larger market share than we do, as well as greater market share within certain of our categories or geographic markets. do. These competitors could introduce competing products more quickly, respond more effectively to changing business and economic conditions and evolving consumer preferences, outspend us on advertising and promotional activities, or possess greater negotiating leverage with customers, manufacturers, suppliers, distributors, and other third-party partners. In addition, we face competition from smaller companies that often operate on a regional basis. Many of these companies have benefited from the substantial growth in e-commerce and focus extensively on DTC or other non-traditional, digital business models.

Our products also compete with retailers' private-label brands and generic non-branded products, which are typically sold at lower prices than our branded products. See "—Increases An increase in the availability and acceptance of private-label brands and generic non-branded products around the world could cause us to reduce the prices of some of our products to maintain sales volume, which could adversely affect the profitability and market share of those products and otherwise adversely affect our business, results of operations, or financial condition." As we seek to grow our business, including by introducing new product offerings as part of our digital-first strategy and expanding our global operations, the composition of our competitors could change or expand from time to time to include companies with a strong presence in a particular category or geographic market.

**Some of our products that currently hold leading market share positions may nonetheless possess relatively small shares of their overall product market.**

Although several of our products are currently number one or two by net sales in their respective categories and we believe that our branded products provide superior quality, performance and functionality, we have significant brand loyalty cannot predict with certainty the extent to which consumers will continue to favor our branded products over private-label and customers for these generic non-branded products, a competing product may be able to rapidly capture a significant share of the market for that product in the future. In some cases, we could have a leading market share position for a particular product but still possess a relatively small share of the overall market for that product due to the presence of many competing products. In addition, in some cases, we could have a leading market share position for a particular product but possess a substantially smaller share of the overall market for that product than the number one competitor for that product. Certain of our leading positions may also be in markets that particularly during periods when economic conditions are smaller than, or that have more limited growth prospects than, other markets in which we or our competitors have leading positions, uncertain.

**If we are unable to anticipate, understand, and respond appropriately to market trends and rapidly changing consumer and customer preferences in a timely manner, or at all, our business, results of operations or financial condition we could be adversely affected.**

Our success is increasingly dependent on our ability to anticipate, understand, and respond appropriately to market trends and rapidly changing consumer and customer preferences more quickly than our competitors. This requires us to effectively leverage digital technology and data analytics to gain new commercial insights and develop targeted marketing and advertising initiatives to reach consumers and customers. To maintain our success and increase our consumer and customer base, we must continually work to maintain and enhance the reputation of our brands, brands; develop, manufacture and market new products with differentiated benefits, benefits; maintain and adapt to or expand our presence in existing and emerging distribution channels, channels; anticipate and adapt to evolving scientific knowledge and advances, advances; successfully manage our inventories inventories; and modernize and refine our approach as to how and where we manufacture, market, and sell our products. Consumer preferences and purchasing patterns cannot be predicted with certainty and may fluctuate rapidly, facilitated by the speed with which information and opinions are shared on digital and social media platforms. For example, in recent years, there has been increasing awareness of the environmental impact and sustainability of our products, packaging and manufacturing practices.

Furthermore, market trends and consumer preferences and purchasing patterns may vary by geographic region, which could present challenges for our brands that have global distribution footprints. If we are unable to anticipate, understand, and respond appropriately to market trends and rapidly changing consumer and customer preferences, we may experience lower sales or increased pricing pressures, leading to excess inventory levels or lower gross margins, which could adversely affect our business, results of operations, or financial condition.

***If our marketing efforts are not successful, our business, results of operations or financial condition we could be adversely affected.***

We may be required to spend substantial resources on advertising and promotional activities to defend, maintain or improve our reputation, our brands or our market share positions or to successfully enter new markets, expand operations in existing markets or introduce new products to the marketplace. Our business, results of operations, or financial condition could be adversely affected if we are unable to maintain and promote a favorable perception of our brands and products on a cost-effective basis, basis. Our recent creation of the Global Content Factory, a production agency ecosystem that we employ to drive relevant content in all of our markets while reducing our costs, as well as our recent integration of new creative and media agencies, may not advance our brands to the extent or if as quickly as we expect. Further, reliance on third parties in our marketing initiatives or social strategy, particularly as consolidation increases in the media communications do not convey the desired message for a brand or product or its ability to attract consumers and customers, advertising industry, including key agencies we employ, could disrupt our marketing operations.

We use various media, including digital, social media, and mobile communication channels, in connection with our marketing efforts. Digital, social media and mobile communication channels are becoming increasingly effective and are constantly evolving. Our ability to effectively utilize digital, social media and mobile communication channels effectiveness in doing so depends on the successful implementation of our digital-first digital strategy. See “—We may face challenges in implementing our digital-first digital strategy, which could adversely affect us.” Our effectiveness also depends on our business, results of operations or financial condition.” ability to develop and deploy effective marketing assets. In addition, our advertising and promotional activities may become increasingly expensive, particularly as we adapt to new and evolving media platforms and communication channels. channels and as media concentrates in certain platforms. Our competitors could spend more resources on their marketing efforts, use more efficient and effective marketing initiatives than we do, or secure more effective endorsements from key opinion leaders or influencers, any of which may provide our competitors with a competitive advantage. Generating a meaningful return on our marketing efforts may become increasingly difficult, and even if our marketing efforts do yield increased net Net sales, the increase in net Net sales may not offset the expenses we incur. Furthermore, if

If claims that are made as part of our advertising and promotional activities, whether they are made by us or by social media influencers or other endorsers with whom we have relationships, third-party partners, become subject to legal or regulatory proceedings, alleging false advertising, it could damage our reputation or our brands, cause us to alter our marketing initiatives in ways that could adversely affect our sales, or result in the imposition of significant damages or other penalties against us.

Furthermore, if our advertising claims or claims made by social media influencers us or by other endorsers with whom we have a material connection our third-party partners do not comply with the Endorsement Guides or any requirements of the FTC Act or similar state requirements, then the FTC and state authorities could subject us to investigations and enforcement actions, impose penalties, require us to pay monetary consumer redress, require us to revise its our marketing materials, or require us to accept burdensome injunctions, any of which could adversely affect Kenvue's our business, results of operations, or financial condition.

***An inability to successfully expand our global operations could adversely affect our business, results of operations, or financial condition.***

In recent years, we have grown, and we intend to continue to grow, our business by expanding our global operations. In seeking to expand our operations in geographic markets where we currently have a presence or to establish operations in new geographic markets where we do not currently have a presence, we expect, as we have in the past, to invest significant resources, incur significant expenses, and face various challenges, including those related to compliance with market-specific laws or regulations, gaining acceptance of our products from consumers, customers, and third-party partners, some of whom may be less familiar with our company and our brands or have existing brand loyalty or other commercial relationships with our competitors and their brands or products, and expanding our sales force and other personnel in those markets. We cannot predict with certainty the extent to which our products and our marketing efforts will be accepted or successful in any particular market, and it is possible that positive returns on our investments in a market will not be achieved for several years, or at all.

In addition, competition is likely to intensify in the geographic markets where we plan to expand our operations. Local companies based in markets outside the United States may have substantial competitive advantages because of their greater understanding of, and focus on, those local markets. Some of our competitors may also be able to develop and grow in certain geographic markets more quickly than we will.

Furthermore, as we continue to expand our global operations, the variety and magnitude of risks associated with conducting business around the world may increase, which could have an adverse effect on our business, results of operations, or financial condition. See “—Risks Related to Financial and Economic Market Conditions—We face a variety of risks associated with conducting business around the world, including foreign currency fluctuations, and these risks will increase as we continue to expand our global operations.”

***We may face challenges in implementing our digital-first digital strategy, which could adversely affect our business, results of operations or financial condition. us.***

Over the last several years, we have pursued a digital-first new digital strategy across all aspects of our operations, including research and development, supply chain, go-to-market and marketing, and we intend to continue to accelerate our implementation of this strategy in the future. Effective implementation of our digital-first strategy, including effective integration of our digital and physical channels, is integral to the continued growth of our business, but involves significant operational changes. Successful execution of this strategy has required, and will require, significant investments in our digital platforms, including information technology systems, and significant development and expansion of our digital capabilities, including data science, data analytics, Artificial Intelligence, artificial intelligence, machine learning, and natural language processing, processing, and other developing and emerging platforms.

Our pursuit of this strategy has led us in recent years to promote new services, including e-commerce, and DTC services, and introduce innovative new products and connected health offerings, including the Tylenol® SmartCheck Digital Ear Scope, the Nicorette® QuickMist SmartTrack, the Zyrtec® AllergyCast app and the Neutrogena® Skin360 app, that are outside of the traditional services and products we have historically provided to our consumers and customers. Expanding our service and product offerings through digital initiatives will expose us to additional risks and uncertainties associated with conducting business digitally, including the speed with which technology changes, technical failures, information security or cybersecurity incidents, consumer privacy and data protection concerns, ethical concerns, changes in state tax regimes and government regulation of internet activities,

software, data collection, and other digital activities. See “—Risks Related to Our Operations—An information security incident, including a cybersecurity breach, or the failure interruption, breakdown, invasion, corruption, destruction, or breach of an information technology or operational technology system owned or operated by us or a third party, could adversely affect our business, results of operations or financial condition. us.” and “—Risks Related to Government Regulation and Legal Proceedings—A breach of privacy laws or unauthorized access, loss or misuse of personal data could adversely affect our business, results of operations or financial condition. us.”

We may not be able to respond appropriately to these risks and uncertainties, or we may otherwise face challenges as we continue to implement our digital-first digital strategy. If we are unable to improve our data quality and access, drive e-commerce success, enhance our precision marketing capabilities, or otherwise realize the intended benefits of our digital-first digital strategy, our growth prospects may be hindered, which could adversely affect our business, results of operations or financial condition. Many of our competitors are also investing in digital and omnichannel strategies and could be more successful at implementing these strategies, particularly if digital operations are already among their core competencies or if they decide to invest more resources in developing and expanding their digital platforms and digital capabilities. The size and global scale of our business may also enable digitally native competitors to adapt to and implement digital developments and technological advancements with greater speed, agility and effectiveness. As a result of these and other factors, we may decide to adjust our focus on digital operations, or the pace at which we pursue our digital-first digital strategy, from time to time in the future, which could adversely affect our business, results of operations, or financial condition.

***Uncertainty in the development, deployment, use and regulation of artificial intelligence in our internal processes, manufacturing operations, products and services, as well as our business more broadly, could adversely affect us.***

We are piloting the use of systems and tools that incorporate artificial intelligence-based technologies, including generative artificial intelligence, in connection with supply chain and operations, content creation, as well as in various Kenvuer productivity enhancement use cases. As with many new and emerging technologies, artificial intelligence presents numerous risks and challenges that could adversely affect our business. The development, adoption, integration, and use of generative artificial intelligence technology remains in early stages, and ineffective or inadequate artificial intelligence governance, development, use, or deployment practices by us or third parties could result in unintended consequences. In addition, any latency, disruption, or failure in our artificial intelligence systems or infrastructure could result in delays or errors in our offerings. Inadequate governance, testing, or quality assurance processes could result in flawed deployments, producing erroneous or harmful outputs, which could damage our reputation and lead to regulatory complications and legal liabilities. Developing, testing, and deploying resource-intensive artificial intelligence systems may require additional investment and increase our costs. There also may be real or perceived social harm, environmental costs, unfairness, or other outcomes that undermine public confidence in and approval of the deployment and use of artificial intelligence. Furthermore, third parties may deploy artificial intelligence technologies in a manner that reduces customer demand for our products and services. Any of the foregoing may result in decreased demand for our products and services or harm to our business, financial condition, results of operations, or reputation.

The legal, regulatory and ethics landscapes around the use of artificial intelligence technologies, including generative artificial intelligence, is rapidly evolving and uncertain, including in relation to the areas of intellectual property, cybersecurity, and privacy and data protection. While we continue to implement our artificial intelligence governance based on the National Institute of Standards and Technology Artificial Intelligence Risk Management Framework, the use of artificial intelligence tools may compromise our confidential or sensitive information, result in unauthorized processing of personal data, put our intellectual property at risk or cause us to infringe on others' intellectual property rights, which could in turn damage our reputation. Additionally, third parties that license artificial intelligence technologies to us may impose unfavorable licensing terms or terminate the licenses altogether which would require us to seek licenses from alternative sources to avoid disruptions in feature delivery. Compliance with new or changing laws, regulations, or industry standards relating to artificial intelligence may impose significant operational costs and may limit our ability to develop, deploy, or use artificial intelligence technologies.

Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action, or brand and reputational harm.

***The rapidly changing retail landscape, including our increasing dependence on key retail trade customers in developed markets, changes in the policies of our retail trade customers and the emergence of e-commerce and other alternative retail channels, could adversely affect our business, results of operations or financial condition. us.***

Our products are sold in a highly competitive global marketplace, which, in recent years, has experienced increased retail trade concentration, the emergence of retail buying alliances, the rapid growth of e-commerce, and the integration of traditional and digital operations at key retail trade customers. For fiscal years 2023, 2022, and 2021, one of our customers accounted for approximately 12%, 13%, and 14% of our total net sales, respectively, and our top 10 customers represented approximately 41%, 42%, and 43% of our total net sales, respectively. As a result of these trends, certain large-format retail trade customers have significant bargaining strength and represent a significant proportion of our total net Net sales. Retail trade customers Customers have used, and may continue to use, their bargaining strength as leverage to demand increased investments across a diverse platform, inclusive of data, retail media, search, higher trade discounts, logistical services, or fines and promotion, which could lead to reduced sales or profitability. For a discussion of increased retail trade concentration in our industry and its impact on us, including the impact of our largest customers, refer to the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations —Key Factors Affecting Our Results” in Part II, Item 7 included herein.

Although we have formed long-term relationships with many of our key retail trade customers, our contracts with these customers typically have stated terms of one to three years. Accordingly, these relationships could change on short notice, and the terms of our future agreements with retail trade such customers including with respect to volume, pricing or the introduction of new products and services, are subject to periodic negotiation with each retail trade customer. negotiation. We may not have any recourse in the event a retail trade customer no longer wants to purchase products from us or reduces the number of items it purchases from us. The loss of or significant reduction in sales to a key retail trade customer or a significant number of smaller retail trade customers, or a significant reduction in sales to a key retail trade customer or a significant number of smaller retail trade customers could adversely affect our business, results of operations, or financial condition, particularly if, as a result, we would become increasingly dependent on a single customer or a small group of customers. condition.

We also have been, and may continue to be, negatively affected by changes in the policies or practices of our retail trade customers such as surrounding their inventory de-stocking, levels, fulfillment requirements, limitations on access to shelf space, delisting of our products, allocation, environmental or sustainability requirements, supply chain, or packaging standards or initiatives, and other conditions. For example, a determination by a key retail trade customer that any of our ingredients should not be used in certain products, or that our packaging does not comply with certain environmental, sustainability, supply chain or packaging standards or initiatives, could require us to undertake a complex, time-consuming and costly process to reformulate our products or our packaging, which may lead to product shortages, declining sales, reputational damage and otherwise adversely affect our business, results of operations or financial condition. Moreover, the standards or initiatives established by our retail trade customers may conflict with

one another, as has been the case with various "clean beauty" sustainability standards, which could impose additional costs on us and otherwise present challenges, particularly for our brands that have global or large distribution footprints.

In addition, the retail landscape in many markets continues to evolve as a result of the rapid growth of e-commerce retailers and price comparison websites, changing consumer preferences and purchasing patterns (as consumers increasingly shop online and via mobile and social media applications) and the increased presence of alternative retail channels, such as subscription services and DTC businesses. These trends have accelerated in recent years, including during the COVID-19 pandemic. The rapid growth of e-commerce and the emergence of alternative retail channels have created, and may continue to create, pricing pressures for us and our retail trade customers or otherwise adversely affect our relationships with our retail trade customers. If we are not successful in continuing to adapt or effectively react to market these trends, and changes in consumer preferences and purchasing patterns, including by expanding sales through e-commerce, DTC and other alternative retail channels, our business, results of operations or financial condition could be adversely affected. See "—If we are unable to anticipate, understand, and respond appropriately to market trends and rapidly changing consumer and customer preferences in a timely manner, or at all, our business, results of operations or financial condition we could be adversely affected."

**Significant challenges or delays in our innovation and development of new products and technologies could adversely affect our business, results of operations or financial condition. us.**

Significant challenges or delays in our innovation and development of new products and technologies could adversely affect our business, results of operations or financial condition. We rely on continued global demand for our brands and products, which depends on the continued success of existing products, the successful identification, development and launch of innovative new and differentiated products and the expansion into adjacent categories, channels of distribution or geographies. Development of successful products and technologies is also necessary to offset the loss of sales when our existing products lose market share, which could occur due to various factors, such as competition and SKU rationalization. We cannot predict with certainty when or whether we will be able to develop products and technologies, or otherwise license or acquire new products and technologies, and whether they will be commercially successful. Our ability to remain competitive within the categories in which we currently operate, enter new categories and expand into adjacent categories, channels of distribution or geographic markets depends on many factors, including whether we can successfully:

- identify, develop and fund technological innovations;
- establish, maintain, protect and enforce necessary intellectual property protection and avoid infringing on, misappropriating or otherwise violating the intellectual property rights of others;
- obtain and maintain approvals and registrations of regulated products, including from the FDA and other regulatory bodies in the United States and around the world;
- anticipate and quickly respond to the needs and preferences of consumers, customers and third-party partners; and
- differentiate our products from competing products by delivering efficient and effective marketing across evolving media and mobile platforms with dynamic privacy requirements.

Developing new products and technologies is a complex, time-consuming, and costly process. Any new product may not generate sufficient consumer and customer interest and sales to become a profitable product or to cover the costs of its development and promotion. Our ability to achieve a successful launch of a new product could also be adversely affected by preemptive actions taken by competitors in response to the launch, such as increased advertising and promotional activities with respect to competing products. In addition, new products may not be accepted quickly or significantly in the marketplace, particularly in geographic markets that are less familiar with our company or our brands, including due to product and price competition or changes in consumer preferences or purchasing patterns. The success of a product can also be adversely affected by concerns about the reliability, safety or efficacy of the product or an ingredient used in the product. See "—Risks Related to Government Regulation and Legal Proceedings—Concerns about the reliability, safety, or efficacy of our products or their ingredients could result in litigation, regulatory action, reputational damage, product recalls, product reformulations, or product withdrawals, which could adversely affect our business, results of operations or financial condition. us."

Our ability to quickly develop new products and technologies and to adapt and market our products on an ongoing basis to meet evolving consumer and customer preferences is an essential component of our business strategy. Any failure to develop and launch successful new products or to adapt our ingredients, packaging and supply chain to meet these preferences could hinder the growth of our business, and any delay in the development or launch of a new product could compromise our competitive position and otherwise adversely affect our business, results of operations or financial condition. See "—If we are unable to anticipate, understand and respond appropriately to market trends and rapidly changing consumer and customer preferences in a timely manner, or at all, our business, results of operations or financial condition could be adversely affected." In addition, our ability to develop innovative new products could be adversely affected if third parties allege that we are infringing on, misappropriating, or otherwise violating their intellectual property rights. If, in the course of identifying or developing new products, we are found to have infringed the trademark, trade secret, copyright, patent or other intellectual property rights of others, directly or indirectly, through the use of third-party ideas or technologies, our ability to develop innovative new products could be adversely affected. Even if it is ultimately determined that we did not infringe, a third party's intellectual property rights, a claim of infringement could delay our launch of a new product or increase the cost of its development. See "—Risks Related to Government Regulation and Legal Proceedings—We may not be involved in legal proceedings based on the alleged violation of able to successfully establish, maintain, protect, and enforce intellectual property rights such as trademark or patent infringement claims, and, if we that are, found to have violated in the intellectual property rights of others, our business, results of operations or financial condition could be adversely affected."

**A global health crisis, epidemic or pandemic may cause demand, supply and other operational challenges, which could adversely affect certain aspects of our business, results of operations or financial condition.**

We are subject to risks associated with global health crises, epidemics and pandemics, such as the global outbreak of COVID-19 and its variants. Global health crises, epidemics and pandemics could adversely affect certain aspects of our business, results of operations or financial condition, including by causing commodity scarcities and other disruptions aggregate, material to our manufacturing operations, shipping delays and other disruptions to our supply chain and volatility in the demand for and availability and usage of our products. For example, during the COVID-19 pandemic, although sales of some of our products, particularly in our Self Care and Essential Health segments, increased, sales of other products, particularly in our Skin Health and Beauty segment, fluctuated due to lockdown-driven lost usage occasions, including as a result of the inability of consumers to purchase our products due to financial hardship, government actions imposing travel or movement restrictions, shifts in demand and consumption away from more discretionary or higher-priced products to lower-priced products and consumer pantry-loading activity. We may take actions to modify our business practices in response to a global health crisis, epidemic or pandemic, such as by temporarily instituting remote work for some of our employees. These future actions could adversely affect our business, results of operations or financial condition.

The extent to which a global health crisis, epidemic or pandemic will impact our operations will depend on numerous evolving factors that cannot be predicted with certainty, including the global health crisis, epidemic or pandemic's magnitude and duration, the extent to which it impacts worldwide macroeconomic conditions (including interest rates, employment rates and health insurance coverage), the speed of the anticipated recovery and governmental and business reactions, business."

**We have pursued, and expect to continue to pursue, acquisitions and divestitures, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition, us.**

We have historically expanded our operations by pursuing acquisitions of businesses, brands, assets and technologies from third parties. For example, in 2019 we acquired the Dr.Ci:Labo brand of dermocosmetic skin care products and in 2018 we acquired the Zarbee's® brand of nature-inspired wellness products. As part of our growth strategy, we expect to continue to **may** pursue acquisitions of businesses, brands, assets, and technologies from third parties in the future. Pursuing acquisition targets, signing and closing acquisition transactions, and integrating acquired businesses, brands, assets, and technologies into our ongoing operations involve numerous potential risks that could adversely affect our business, results of operations, or financial condition, **including:**

- including diverting management's attention from other business priorities;
- attention; receiving necessary consents, clearances, and approvals in connection with a transaction, including under antitrust and competition laws, which could delay or prevent the completion of a transaction or otherwise restrict our ability to realize the expected financial or strategic goals of a transaction;
- successfully integrating the operations, technologies, services, products and systems of the acquired businesses, brands or assets in an effective, timely and cost-efficient manner;
- to the extent applicable, integrating operations across different cultures and languages and addressing the particular economic, currency, political and regulatory risks associated with specific countries;
- realizing the full extent of the expected benefits or synergies as a result of a transaction, within the anticipated time frame, or at all;
- successfully operations; operating in new lines of business categories, channels of distribution or geographic markets;
- achieving distribution expansion related to products, categories and geographic markets;
- retaining key employees, partners, suppliers, and customers of the acquired business;
- conforming standards, controls, procedures and policies of the acquired business with our own;
- developing and launching products with acquired technologies; and
- encountering other unanticipated problems or liabilities.

Moreover, our acquisitions have in the past resulted in, and could in the future result in, substantial exposure to contingent liabilities, such as litigation, indemnification claims, and earn-out obligations. The occurrence of these or other costs of acquisitions, such as incurrence of substantial additional debt or transaction costs or impairment of goodwill or other intangible assets, could adversely affect our business, results of operations, or financial condition. See Note 17, "Commitments and Contingencies," to the Consolidated Financial Statements included herein, including with respect to indemnification claims related to **over-the-counter OTC** Zantac products sold by third parties in the United States.

In addition, we have divested, and expect to continue to periodically divest in the future, businesses, brands, and assets as part of ongoing efforts to refine our portfolio and redefine our strategic priorities. These divestitures may adversely affect our business, results of operations, or financial condition if we are unable to offset the dilutive impacts from the loss of **net Net sales and profits** associated with the divested businesses, brands, or assets or otherwise achieve the anticipated benefits or cost savings from the divestitures.

Furthermore, businesses, brands, or assets under consideration for, or otherwise subject to, divestiture may be adversely impacted prior to completion of the divestiture, which could adversely affect our business, results of operations, or financial condition.

**For additional information about recent acquisitions and divestitures, see Note 18, "Acquisitions and Divestitures," to the Consolidated Financial Statements included herein.**

**Increases in the availability and acceptance of private-label brands and generic non-branded products could adversely affect our business, results of operations or financial condition.**

Many of our products, such as our OTC products, face substantial competition from retailers' private-label brands and generic non-branded products, which are typically sold at lower prices than branded products.

Legislative proposals emerge from time to time in various jurisdictions that would further encourage the early and rapid approval of generic non-branded products in those jurisdictions. An increase in the availability and acceptance of private-label brands and generic non-branded products around the world could cause us to reduce the prices of some of our products to maintain sales volume, which could adversely affect the profitability and market share of those products and otherwise adversely affect our business, results of operations or financial condition. Although we believe that our branded products provide superior quality, performance and functionality, we cannot predict with certainty the extent to which consumers will continue to favor our branded products over private-label and generic non-branded products in the future, particularly during periods when economic or market conditions are uncertain or unfavorable.

In addition, retailers' private-label brands and generic non-branded products may use similar packaging and trade dress as our proprietary packaging and trade dress, which could diminish the value of our proprietary rights in our branded products. We may, from time to time, decide not to enforce such proprietary rights against these retailers due, in part, to uncertainty about the outcome and our relationship with these retailers, among other factors. See "—Risks Related to Government Regulation and Legal Proceedings—The loss of any registered trademark or other rights with respect to our trademarks or trade names could enable other companies to compete more effectively with us and otherwise adversely affect our business, results of operations or financial condition."

**Counterfeit, intellectual-property-infringing, or other unauthorized versions ("Counterfeit Copies") of our products, particularly in our OTC business, could harm consumers and adversely affect our business, results of operations or financial condition. us.**

Our industry, including our business, continues to be challenged by the vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit, intellectual-property-infringing or other unauthorized products in a growing number of markets and over the internet. counterfeiting. We have anticounterfeiting initiatives in place and work closely with government regulators and law enforcement officials to prevent and stop these activities. Nonetheless, third parties have illegally distributed and sold, and may in the future illegally distribute and sell, counterfeit, intellectual-property-infringing or other unauthorized versions Counterfeit Copies of our OTC medicines or other products, which do not meet our rigorous manufacturing and testing standards. Such Counterfeit intellectual-property-infringing or other unauthorized versions Copies of our medicines products may contain harmful substances, the wrong dose of an active pharmaceutical ingredient ("API") or no API at all, depriving consumers of the therapeutic benefit of these medicines. products. However, to distributors and consumers, unauthorized versions of our products Counterfeit Copies may be visually indistinguishable from the authentic versions and, as a result, the unauthorized versions Counterfeit Copies may be sold by retailers or purchased by consumers in error. In particular, we may be unable to prevent sales of Counterfeit intellectual-property- infringing or other unauthorized versions of Copies online, particularly as our products sales on various e-commerce platforms grow. The internet exposes consumers to greater risk because it is a preferred vehicle for Counterfeit Copies. Counterfeit Copies pose a risk to consumer health and safety because of the conditions under which they are manufactured, which are often in unregulated, unlicensed, uninspected, and unsanitary sites, as well as the lack of regulation of and information about their contents. The consumption of unauthorized versions of our products that are inferior in quality yet believed to be genuine may, in some instances, cause consumer health and safety issues and damage our reputation.

We may be unable to prevent sales of counterfeit or stolen products, unauthorized resellers online or sales in violation of law or our policies, particularly as our sales on various e-commerce platforms grow. The internet exposes consumers to greater risk because it is a preferred vehicle for counterfeit, intellectual-property-infringing or other unauthorized versions of products. Counterfeit intellectual-property-infringing or other unauthorized versions of our products Copies could adversely affect our business, results of operations, or financial condition by being mistakenly attributed to, or impacting consumer confidence in, our authentic products, potentially resulting in lost sales, damage to our reputation or our brands, product recalls, and an increased threat of legal or regulatory proceedings.

#### **Risks Related to Our Operations**

**We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition. us.**

We rely on relationships with third parties, including manufacturers, suppliers, distributors, contractors, logistics providers, and other external business partners, in many aspects of our business. partners. If we are unable to effectively manage our third-party relationships and the agreements under which our third-party partners operate, our business, results of operations or financial condition could be adversely affected. Furthermore, there is a failure of these third parties to meet their obligations to us, or substantial disruptions in our relationships with these third parties could adversely affect our business, results of operations or financial condition. condition could be adversely affected. While we have policies and procedures for managing these relationships, they inherently involve a lesser degree of control, over business operations, compliance matters and ESG practices, thereby potentially increasing our reputational, legal, financial, and operational risk. If our manufacturers, suppliers or other third-party partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, health and safety standards, production practices or other obligations, norms or ethical standards, our reputation or our brands could be damaged, and we could be exposed to litigation, investigations, enforcement actions, monetary liability, and additional costs that could adversely affect our business, results of operations or financial condition. costs. Moreover, some of our third-party partners are located outside the United States, which exposes us to additional risks inherent to conducting business around the world. These risks will increase as we continue to expand our global operations. See "—Risks Related to Financial and Economic Market Conditions—We face a variety of risks associated with conducting business around the world, including foreign currency fluctuations, and these risks will increase as we continue to expand our global operations."

In particular, we partner with third parties to manufacture certain of our key products, such as Tylenol® and Zyrtec®. We depend on these third-party manufacturers to allocate to us a portion of their manufacturing capacity sufficient to meet our needs, to produce products of acceptable quality and at acceptable manufacturing yields and to deliver those products to us on a timely basis and at acceptable prices. However, these third-party manufacturers may not be able to meet our near-term or long-term manufacturing requirements, which could result in lost sales and otherwise adversely affect our business, results of operations, or financial condition. Other risks associated with our reliance on third parties to manufacture products include reliance on third parties for regulatory compliance and quality assurance, potential misappropriation of our intellectual property by third parties or their employees, limited ability to manage our inventory, possible breach of the manufacturing agreement by the third party, and the possible termination or nonrenewal of the manufacturing agreement by the third party at a time that is costly or inconvenient for us. Moreover, if any of our third-party manufacturers suffers any damage to its facilities, loses benefits under material agreements, experiences power outages or cybersecurity issues, encounters financial difficulties, is unable to secure necessary raw materials from its suppliers or suffers any other reduction in efficiency, disruption, we may experience significant business disruption, be adversely impacted. In the event that such a disruption occurs, we may need to seek and source other qualified third-party manufacturers, likely resulting in further delays and increased costs, which could adversely affect our business, results of operations, or financial condition. See "—Disruptions to our manufacturing or supplier operations could adversely affect our business, results of operations or financial condition. us."

In connection with the Separation, we may need have replaced, and continue to replace, certain of our existing contracts with third parties and, with respect to certain contracts, including contracts related to information technology and cybersecurity matters, that are intended to be transferred, in whole or in part, from J&J to us, we have obtained, and may in the future need to obtain further, consents or approvals from third parties. If we are unable to obtain these replacement contracts or required consents or approvals, or if we can only do so on less favorable terms, our business, results of operations, or financial condition could be adversely affected. See "—Risks Related to Our Relationship with J&J—The transfer of certain contracts and other assets and rights from J&J to us may require the consents or approvals of third parties and governmental authorities, and failure to obtain these consents or approvals could adversely affect our business, results of operation or financial condition. us." In addition, upon expiration or termination of the Transition Services Agreement and the Transition Manufacturing Agreement Agreements entered into with J&J in connection with the Separation, we may need to engage alternative third-party sources to provide certain manufacturing operations, systems and services that J&J currently provides, to us, which could further increase our exposure to the risks related to reliance on third parties described in the preceding two paragraphs. parties. See "—Risks Related to Our Relationship with J&J—J&J may fail to perform under the Transition Manufacturing Agreement, Agreements, or we may fail to have replacement manufacturing arrangements in place when the Transition Manufacturing Agreement expires." and "—Risks Related to Our Relationship with J&J—J&J may fail to perform under the Transition Services Agreement, or we may fail to have replacement systems and services in place when the Transition Services Agreement expires, these agreements expire."

#### ***Disruptions to our manufacturing or supplier operations could adversely affect our business, results of operations or financial condition. us.***

Our ability to meet the needs of our consumers and customers depends on the proper functioning of our manufacturing and supplier operations. Our manufacturing operations require the timely delivery of sufficient amounts of complex, high-quality components and materials. Interruptions or delays in our internal operations, or those of our third-party manufacturers, suppliers and logistics providers, partners, could adversely affect our business, results of operations, or financial condition. These disruptions could be caused by a number of factors, including regulatory action, quality control or safety issues, labor disputes, or the lack of availability of qualified personnel, concentration or insolvency of manufacturers manufacturers or suppliers, site-specific incidents, (such as fires, explosions, flooding, power outages or site closures), natural disasters, (such as hurricanes, earthquakes or other severe natural events), raw material shortages, increases in the cost of components and materials for our products, political unrest, terrorist attacks, cybersecurity incidents, epidemics, pandemics, (such as the COVID-19 pandemic), global shipping, logistics, transport and warehousing constraints, governmental incentives and controls (including import and export restrictions, such as new or increased tariffs, sanctions, quotas, or trade barriers), other unfavorable economic or market conditions, trade embargoes, customs and tax requirements, and similar factors.

We have in the past faced, and may in the future face, unanticipated interruptions and delays in manufacturing through our internal and external supply chain. Manufacturing or supplier disruptions could result in product shortages, declining sales, reputational damage, or significant costs, which could adversely affect our business, results of operations, or financial condition. In addition, although we currently operate in-house manufacturing sites and source from hundreds of suppliers around the world, some of our products are currently manufactured at a single location or a limited number of locations. Despite our goal of having two or more active sources of supply for all critical materials or to build appropriate safety stock, we purchase certain key components and materials for our products, including APIs required to manufacture Tylenol®, from single-source suppliers or a limited number of suppliers. As a result, a disruption that only impacts a single manufacturer,

manufacturing facility, or supplier could nonetheless have an adverse effect on our business, results of operations, or financial condition.

#### ***The unavailability of qualified manufacturers or suppliers could further disrupt our operations.***

Our current manufacturing or supplier operations third-party partners may not be able to continue to manufacture or supply current required quantities at preferential prices or accommodate our anticipated growth. New manufacturers and suppliers may need to be qualified under industry and governmental standards as well as our own ethical and business partner standards, which can require a significant amount of resources. If we are unable to enter into relationships with new manufacturers or suppliers or replace the loss or unavailability of any of our existing manufacturers or suppliers on a timely basis, or at all, our business, results of operations, or financial condition could be adversely affected.

#### ***Disruptions to our distribution operations could adversely affect our ability to deliver our products to consumers and customers.***

Our ability to receive inventory and deliver products to distributors, customers, and consumers on a timely basis depends on the proper functioning of our manufacturing, supplier, and distribution operations, and interruptions or delays in these operations could adversely affect our business, results of operations, or financial condition. Distribution disruptions can occur for many reasons, including manufacturing or supplier disruptions, labor disputes or the lack of availability of qualified personnel, shortages, concentration or insolvency of distributors or logistics providers, site-specific incidents, natural disasters, political unrest, terrorist attacks, cybersecurity incidents, epidemics, pandemics, (such as the COVID-19 pandemic), other unfavorable economic or market conditions, trade embargoes, customs and tax requirements and similar factors. Increases factors, increases in transportation costs (including fuel costs) or shipping costs, issues with overseas shipments, reductions in the transportation capacity of carriers, labor strikes or shortages in the transportation industry, disruptions to transportation infrastructure, and other unexpected delivery interruptions or delays could also increase the costs of, or otherwise adversely affect, our distribution operations. delays.

Interruptions or delays in our distribution operations could disrupt our ability to process or fulfill customer or consumer orders. Any delay in processing, or inability to fulfill, customer or consumer orders through our distribution network could adversely affect our business, results of operations or financial condition. We are also subject to risks of damage to, or loss of, our products while they are stored in our warehousing facilities or being delivered by our shipping vendors. Distributors, customers, and consumers rely on timely receipt of our products and any repeated, intermittent or long-term disruption to, or failure of, the operations of our warehousing and distribution facilities could lead to lower sales and profitability, excess inventory, reputational damage or loss of loyalty to our brands. In addition, as we continue to grow our business, we may need to continue to update or expand our warehousing and distribution facilities, which may require significant amounts of capital, or engage additional third-party distributors and shipping vendors, which may increase the risks to our business associated with reliance on third parties. See “—We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition. us.”

#### ***Volatility in the cost or availability of raw materials and other inputs for our products, including due to military conflicts, has adversely affected, and could in the future continue to adversely affect our business, results of operations or financial condition. us.***

The manufacture manufacturing and distribution of our products involves a variety of raw materials, including essential resins, silicon, pulp and corn derivatives, paper, agrochemicals, vegetable oils resins, pulp, tropical oils, lubricants, tallow, corn, poultry, soybeans and silicon; packaging components, including corrugate; oleochemicals; and other inputs, including energy, labor, transportation (such as trucks, containers, and ocean freight), and logistics services. Any increase in the cost, or constraint on the availability, of these raw materials, packaging components or other inputs for our products could adversely affect our business, results of operations, or financial condition. Volatility in the cost or availability of these raw materials, packaging components and/or other inputs for our products can occur for many reasons, including changes in consumer and customer preferences and purchasing patterns, regulatory action, safety issues, labor issues, concentration or insolvency of suppliers, site-specific incidents, natural disasters, political unrest, terrorist attacks, cybersecurity incidents, epidemics,

pandemics, (such as the COVID-19 pandemic), other unfavorable economic or market conditions, trade embargoes, customs and tax requirements, currency fluctuations, and similar factors.

Inflationary pressures have recently increased in recent years, and may continue to increase in the future, impacting the costs of these raw materials, packaging components, and other inputs for our products. Since 2021, we have experienced, and we continue to may in the future experience, higher than expected inflation, including escalating transportation, commodity, and other supply chain costs and disruptions that have adversely affected, and continue to could in the future adversely affect, our results of operations. We anticipate that were able to mitigate some of these impacts through 2023 and 2024 with deflationary impacts seen in certain cost areas. Nonetheless, inflationary pressures may again increase and supply chain disruptions will persist in the near-term. may persist. We strive to maintain our usual profit margins in economies experiencing high inflation rates, which has in the past caused us (including in response to recent periods of high inflation in the United States), and may in the future cause us, to increase our prices where possible and to

implement supply chain optimization initiatives to partially offset the adverse effects of the high inflation. Specifically, since 2021, During 2023 and 2024, we have partially offset the impact of inflation largely prior inflationary increases through price increases, in addition to continued supply chain optimization initiatives. However, if our costs continue to be subject to significant inflationary pressures, we may not be able to offset the higher costs through price increases, achieve cost efficiencies, such as in manufacturing and distribution, or otherwise manage the exposure through sourcing strategies, ongoing productivity initiatives, and the use of commodity hedging contracts, which could adversely affect our business, results of operations, or financial condition. In addition, even if we are initially able to increase the prices of our products, as a responsive measure to inflationary pressures, we may not be able to sustain these price increases, or sustained price increases may eventually lead to a decline in sales volume if our competitors do not increase their prices or if consumers or customers decide to no longer pay the higher prices for our products. As a result, inflationary pressures could damage our reputation or our brands or lead to loss of profitability or market share, which could adversely affect our business, results of operations, or financial condition.

In addition, in certain cases, our relationship with a particular supplier may not be governed by a contract and the supplier could discontinue our supply at any time. This risk may be magnified in economies experiencing high inflation rates, as suppliers could respond to inflationary pressures by reallocating supply to competitors that are willing to pay more for the applicable materials or components. If we are unable to procure key raw materials or packaging components for our products at a reasonable cost, or at all, our business, results of operations, or financial condition could be adversely affected.

**If we are unable to accurately forecast demand for our products, our business, results of operations or financial condition we could be adversely affected.**

To ensure adequate inventory supply, we forecast inventory needs and place orders with our third-party manufacturers before firm orders are placed by our consumers or customers. Factors that could affect our ability to accurately forecast demand for our products include an unanticipated increase or decrease in demand for our products; our failure to accurately forecast acceptance for new products; product introductions by competitors; unanticipated changes in general market conditions (which may conditions; the impact of incidence rates for illnesses certain of our products address; the seasonal nature of certain of our products, including as a result in cancellations of advance orders or a reduction or increase in the rate of reorders or at-once orders placed by our customers); unseasonable weather conditions; the impact on demand due to natural disasters, or unseasonable weather conditions, weakening of economic conditions or consumer or customer confidence in future economic conditions (which could reduce demand for our products); conditions; and terrorism or acts of war, or the threat thereof, or political or labor instability or unrest (which could adversely affect consumer or customer confidence and spending or the cost or availability of raw materials and other inputs for our products).unrest.

If we fail to accurately forecast consumer and customer demand for our products, we may experience excess inventory levels or a shortage of product to deliver to our consumers, customers and distributors. Inventory product. Excess inventory levels in excess of consumer or customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices or in less preferred distribution channels, which could damage our reputation and otherwise adversely affect our business, results of operations, or financial condition. In addition, if we underestimate the demand for our products, our third-party manufacturers may not be able to manufacture products in quantities that are sufficient to meet our consumer or customer requirements, which could result in delays in the shipment of our products, lost sales, and damage to our reputation and customer and distributor relationships. The difficulty in forecasting demand may also make it difficult to estimate our future results of operations or financial condition from period to period.

**We may not fully realize the expected cost savings and/or operating efficiencies associated with our restructuring programs, including the 2024 Multi-Year Restructuring Initiative, or our strategic initiatives, which could adversely affect us.**

From time to time we implement restructuring or strategic initiatives intended to maintain long-term sustainable growth, such as the 2024 Multi-Year Restructuring Initiative, which is designed to build on our strengths, improve our underlying information technology infrastructure, and optimize our cost structure by rebalancing resources to better position us for future growth. We cannot guarantee that we will be able to successfully implement these restructuring programs or strategic initiatives, that we will achieve or sustain the intended benefits under these programs, or that the benefits, even if achieved, will be adequate to meet our long-term growth and profitability expectations, which could in turn adversely affect our business. In addition, such restructuring or strategic initiatives may result in reduced productivity and diminished workforce morale, which can cause these initiatives to suffer. If market conditions improve, renewed business growth may strain our existing resources and we may not be able to effectively scale in response.

**An information security incident, including a cybersecurity breach, or the failure interruption, breakdown, invasion, corruption, destruction, or breach of an information technology or operational technology system owned or operated by us or a third party, could adversely affect our business, results of operations or financial condition us.**

Our business is increasingly dependent on information informational technology systems, systems; operational technology systems; networks and services, including internal and public internet and intranet sites, sites; data hosting and processing facilities and technologies, technologies; cloud-based services and hardware, hardware; physical security systems, systems; digital, social media, and mobile technology platforms and other hardware, hardware; software-enabled shop-floor manufacturing and distribution automation systems or operational technology, technology; software and technical applications and platforms (collectively, "IT Technology Systems"), some of which are managed, hosted, provided or used by third parties, including cloud-based service providers and their vendors. Our uses of IT Systems include:

- communicating within our company and with other parties, including consumers, customers and third-party partners;
- ordering and managing materials from suppliers;
- manufacturing and testing our products;
- receiving and processing orders from, shipping products to and invoicing our consumers and customers;
- marketing products to consumers and customers;
- collecting, transferring, storing or processing personal data from consumers, customers, vendors, employees and contractors;
- processing transactions, including employee payroll, employee and retiree benefits and payments to customers and vendors;
- hosting, processing and sharing confidential and proprietary research, intellectual property, business plans and financial information;
- summarizing and reporting results of operations, including financial reporting;
- managing our banking and other cash liquidity systems and platforms;
- complying with legal, regulatory and tax requirements;

- providing data security; and
- handling other processes involved in managing our business.

Our **IT Technology** Systems and those of **third parties with which we partner or their vendors third-party partners** could be interrupted, damaged, invaded, corrupted, or breached or cease to function properly due to any number of causes, including catastrophic events, natural disasters, power outages, computer and telecommunications failures, improper data handling, phishing attempts, cyberattacks, malware and ransomware attacks, security breaches, security incidents, or employee or other insider error or malfeasance. In particular, extensive information security and cybersecurity threats, which affect companies globally, pose a risk to the security and availability of these systems and networks and the confidentiality, integrity and availability of our sensitive data. The overall increase in supply chain attacks on companies generally and our interdependency on third-party **service providers partners** increase the potential for supply disruptions and service outages.

Certain of our third-party partners and their vendors have access to portions of our **IT Technology** Systems, and any attack on the **IT Technology** Systems of these third-party partners or their vendors could then be used to attempt to infiltrate our **IT Technology** Systems. Furthermore, any cybersecurity incident impacting our third-party partners or their vendors may adversely affect our business, results of operations, or financial condition even if the breach does not directly impact our **IT Technology** Systems. If the market for third parties that provide the **IT Technology** Systems we use in our business were to contract or converge in the future, this may increase both the challenge in identifying capable service providers and the potential impact of a breach incident with any single service provider.

Cyberattacks and other cybersecurity incidents are of ever-increasing levels of sophistication and are made by groups and individuals with a wide range of motives (including industrial espionage) and expertise, including nation-states, organized criminal groups, "hacktivists," insiders acting with malicious intent and others. expertise. Our **IT Technology** Systems and those of **third parties with which we partner or their vendors third-party partners** have been, and likely will continue to be, subject to advanced computer attacks, including viruses or other malicious code, ransomware, unauthorized access attempts, denial of service attacks, phishing, social engineering, hacking, and other cyberattacks. In addition, the global threat of cyberattacks has increased in response to global conflicts, including the Russia-Ukraine War and ongoing conflicts in the Middle East. War. See "—Risks Related to Financial and Economic Market Conditions—Acts of war, military actions, terrorist attacks, or civil unrest could adversely affect our business, results of operations or financial condition. us."

We continually assess these threats and make investments to increase internal protection, detection and response capabilities, and ensure the third parties with which we partner and their vendors have the required capabilities and controls to address these risks. However, our security efforts may not prevent or timely detect interruptions, breakdowns, invasions, corruptions, destructions, breaches, cyberattacks, or other compromises of or interruptions to our **IT Technology** Systems or those of third parties with which we partner or their vendors (collectively, "Interruptions"), and we may not be able to timely remediate any interruptions, breakdowns, invasions, corruptions, destructions, breaches, cyberattacks or other compromises or interruptions Interruptions that we detect, which could adversely affect our business, results of operations, or financial condition. Furthermore, notwithstanding any contractual rights or remedies we We may have, because we do not control, and may have limited oversight over, our third-party partners and their vendors, we cannot be able to ensure that the technologies, capabilities, and controls they third-party partners employ to protect the integrity and security of their **IT Technology** Systems will provide adequate protection. In addition, we third parties with which we partner and their vendors our third-party partners periodically upgrade **IT Technology** Systems or adopt new technologies. If an upgrade to an **IT Technology** System or a newly adopted technology that is used in our business does not function as designed or for its intended purpose, or increases our exposure to a cyberattack or cybersecurity incident, our business, results of operations, or financial condition could be adversely affected.

To date, we have not experienced any material impact to our business or operations resulting from information security or cybersecurity incidents. However, due to the frequency with which attack techniques change and the increased volume and sophistication of attacks, there is the continuous potential for our business, results of operations, or financial condition to be adversely affected by an information security or cybersecurity incident involving us or a third party with which we partner or its vendor, which could result in reputational, competitive, operational, or other business harm as well as financial costs and regulatory action. Moreover, we expect that the variety and magnitude of risks associated with our use of **IT Technology** Systems will increase as we continue to implement our **digital-first digital** strategy and as our third-party partners similarly expand their digital operations.

The availability of While we currently maintain cybersecurity insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred, that insurance will continue to cover an information security or cybersecurity incident in the future, whether available to us on economically financially reasonable terms, or at all, is uncertain and, even if available, the coverage may or that any insurer will not be sufficient to cover all financial, legal, business or reputational losses that may result from an interruption, breakdown, invasion, corruption, destruction, breach, cyberattack or other compromise of or interruption to the IT Systems or confidential and other sensitive information used in our business. If we maintain cybersecurity insurance, the insurer may deny coverage as to any future claim. Even if we maintain cybersecurity insurance, the successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our business, results of operations or financial condition. See "—Insurance coverage, even where available, may not be sufficient to cover losses we may incur." In addition, limitation of liability or indemnity provisions in our contracts, including with vendors and service providers, may not be enforceable or adequate or otherwise protect us from any liabilities or damages for an information security or cybersecurity incident with respect to any particular claim.

In connection with the Separation, we continue to work to separate our **IT Technology** Systems from J&J's **IT Technology** Systems. Any of the foregoing risks may be exacerbated by the Separation as a result of the required transition of our **IT Technology** Systems and related transfer of data. See "—Risks Related to Our Relationship with J&J—We have incurred and continue to incur significant charges in connection with the Separation and incremental costs as an independent, publicly traded company."

For additional information about risks related to privacy and data protection matters, see "—Risks Related to Government Regulation and Legal Proceedings—A breach of privacy laws or unauthorized access, loss or misuse of personal data could adversely affect our business, results of operations or financial condition. us."

For additional information about Kenvue's cybersecurity risk management, strategy, governance, and incident disclosures, see Part I, Item 1C, "Cybersecurity." "Cybersecurity."

**Our business depends on our ability to attract and retain talented, highly skilled employees and a diverse workforce, who reflect our consumers and on the succession of our senior management.**

Our business depends on our ability to attract and retain talented employees, representing diverse backgrounds, who have a multitude of experiences and skill sets, and who represent all of our consumers. The market for highly skilled personnel and leaders in our industry is extremely competitive, and our ability to compete depends on our ability to hire,

develop, motivate, and retain highly skilled personnel and leaders in all areas of our business and in all geographic markets in which we operate, particularly as we continue to implement our digital-first strategy and expand our global operations. leaders. A failure to understand our consumers and maintain our brands and our reputation as well as a diverse, equitable and inclusive work environment, could adversely affect our ability to attract and retain top talent. If we are less successful in our hiring efforts, or, if we cannot retain highly skilled workers talent and key leaders, then thus our ability to develop, market, and sell successful products could be adversely affected. products. Negative perception of our belonging and inclusion philosophy, whether due to our perceived over- or under-emphasis, may likewise result in issues hiring or retaining employees, as well as potential litigation or other adverse impacts. Furthermore, our ability to attract and retain talent has been, and may continue to be, impacted to varying degrees by challenges in the labor market that emerge from time to time, such as wage inflation,

labor shortages, changes in immigration laws and government policies, and a shift toward remote work and other flexible work arrangements.

As part of J&J, we were able to capitalize on J&J's historical market reputation, performance and corporate brand identity to attract and retain key personnel to run and operate our business. As an independent, publicly traded company, we do not have the same historical market reputation, performance or corporate brand identity as J&J, which may make it more difficult for us to attract or retain such personnel. In connection with the Separation, we hired and integrated a significant number of employees on an expedited basis, to enable us to continue to operate without the same access to J&J's existing operational and administrative infrastructure. Furthermore, the Separation has resulted in new and increased demands on our management team and other employees. Current or prospective employees could also experience uncertainty about their future roles at our company as a result of the Separation or other strategic, organizational, or operational changes in the future. As a result, we may lose key personnel or we may be unable to attract, integrate, retain, or motivate qualified individuals, or the costs associated with attracting, integrating, retaining, or motivating personnel may increase. Any impact on our ability to operate our business with employees possessing the appropriate expertise could adversely affect our business, results of operations or financial condition.

Effective succession planning is also important to our long-term success. The loss of one or more of our key employees, particularly if unexpected or sudden, could adversely affect our business. While we follow a disciplined, ongoing succession planning process and have succession plans in place for senior management and other key executives, these do not guarantee that the services of qualified senior executives will continue to be available to us at particular moments in time. Any unsuccessful implementation of our succession plans or failure to ensure effective transfer of knowledge and smooth transitions involving key employees could adversely affect our business, results of operations, or financial condition.

***Labor disputes, strikes, work stoppages, or other labor relations matters could adversely affect our business, results of operations or financial condition. us.***

Some of our employees are members of unions or trade associations, represented by works councils or otherwise subject to collective bargaining agreements in certain jurisdictions, including the United States. As a result, we are exposed to risks associated with labor disputes, strikes, work stoppages, and other similar labor relations matters. We may be unable to negotiate new collective bargaining agreements on similar or more favorable terms, and we may experience work stoppages, higher ongoing labor costs, or other labor issues in the future. We may also experience difficulties or delays in implementing changes to our workforce in certain geographic markets or in building our workforce in new geographic markets that we may enter.

**Legislative proposals** Prevailing market wage rates for hourly employees have increased, and are made or discussed from time expected to time continue to increase, over time, including as a result of increases to the federal, state, and local minimum wage in the United States as well as and to the minimum wage in a number of federal, state national and local sub-national jurisdictions around the world. As the applicable minimum wage rates increase, we may need to increase the wage rates of our hourly employees. If we fail to increase our wages competitively in response to increasing wage rates, the quality of our workforce could decline. Legislative proposals are also made or discussed from time to time to modify benefit programs, such as health insurance and paid leave programs. Any increase in the cost of our labor as a result of these or other legislative proposals could adversely affect our business, results of operations or financial condition.

Our manufacturers, suppliers or other third-party partners may also be affected by labor-related issues, which could increase our costs or disrupt our operations, potentially for an extended period of time, and otherwise adversely affect our business, results of operations, or financial condition. See "—We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition. us."

***Climate change, or legal, regulatory or market measures to address climate change, could adversely affect our business, results of operations or financial condition. us.***

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere, which could have an adverse effect on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters, could adversely affect our business, results of operations, or financial condition. Natural disasters and extreme weather conditions such as hurricanes, tornados, earthquakes, wildfires or flooding incidents, pose physical risks to our facilities and assets and have in the past, and could in the future, disrupt the operation of our supply chain. The In particular, the impacts of the changing climate on water resources may result in water scarcity, limiting our ability to access sufficient high-quality water in certain locations, which may increase operational costs. Concern over climate change may also result in new laws or regulations designed to reduce greenhouse gas emissions or mitigate the effects of climate change on the environment. change. If new laws or regulations are more stringent than current laws or regulations, we may experience disruption in, or an increase in the costs associated with, sourcing, manufacturing, and distribution of our products. See "—Risks Related to Government Regulation and

Legal Proceedings—We are subject to a broad range of environmental,

health, and safety laws and regulations, and the impact of any obligations under these laws and regulations could adversely affect our business, results of operations or financial condition. us."

For additional information about risks related to climate change and sustainability matters, including our climate change and sustainability goals, see "—Increasing scrutiny, emerging legal requirements, and rapidly evolving expectations from stakeholders regarding ESG matters could adversely affect our business, results of operations or financial condition. us."

***Increasing scrutiny, emerging legal requirements, and rapidly evolving expectations from stakeholders regarding ESG matters could adversely affect our business, results of operations or financial condition. us.***

Increasing scrutiny, emerging legal requirements, and rapidly evolving stakeholder expectations including by governmental and non-governmental organizations, consumer advocacy groups, third-party interest groups, investors, consumers, customers, employees and other stakeholders, regarding ESG practices and performance particularly as they relate to the environment, nature and biodiversity, climate change, plastic packaging, waste, health and safety, supply chain management, diversity, equity and inclusion, water scarcity, labor conditions and human rights, could adversely affect our business, results of operations, or financial condition. The standards for tracking and reporting on ESG matters are relatively new, have not been harmonized globally, and continue to evolve. Legislators and regulators have imposed, and likely will may continue to impose, ESG-related legislation, rules and guidance, which may conflict with one another, create new disclosure obligations, result in additional compliance costs, or expose us to new or additional risks. In addition, customers and other stakeholders have encouraged or required, and likely will continue to encourage or require in the future, the adoption of various ESG practices that may conflict with one another and may exceed the requirements of applicable laws or regulations. Furthermore, certain organizations that provide information to investors have developed ratings for evaluating companies on their approach to managing various We could be the subject of negative publicity despite, or as a result of, our ESG matters, efforts, including if the Company is not successful in achieving its ESG goals or provides inaccurate information. Implementing any necessary enhancements to our global compliance processes and controls to reflect the increased scrutiny and rapidly evolving expectations regarding ESG matters may be complex, time-consuming, and costly.

In October of 2023, we launched an update of our Our Healthy Lives Mission which includes public ESG goals and commitments intended to position our brands as healthy healthier choices for both people and the planet and to better help manage ESG-related impacts, risk risks, and opportunities. We expect to expend significant resources to advance our Healthy Lives Mission and our broader ESG efforts. However, we may be unable to successfully implement the programs and initiatives intended necessary to advance progress toward our Healthy Lives Mission achieve these goals and commitments, and the outcomes may not generate the intended effects, which could adversely affect our business, results of operations or financial conditions. For example, our ESG goals and commitments could limit our ability to obtain sufficient amounts of products or materials, either at a reasonable cost or at all, because our ESG goals and commitments could reduce the number of manufacturers or suppliers with business practices or access to materials that satisfy the requirements of our ESG goals and commitments. In addition, we expect that stakeholders will compare our ESG goals and commitments against those of our competitors. Our competitors could have more robust ESG goals and commitments or be more successful at implementing their ESG goals and commitments than us, which could adversely affect our reputation. Our competitors could also decide not to establish ESG goals and commitments at a scope or scale that is comparable to our ESG goals and commitments, which could result in our competitors having lower supply chain or operating costs. Conversely, our competitors with more aggressive ESG initiatives may have preferred pricing and access as early adopters to materials that Kenvue does not have.

Our reputation may be affected by our perceived ESG credentials and our ability to meet our ESG goals. As they evaluate investment decisions, many investors look not only at company disclosures but also to ESG rating systems that have been developed by third parties to allow ESG comparisons among companies. Although we participate in some of these ratings systems, we do not participate in all such systems. The criteria used in these ratings systems may conflict and change frequently, and we cannot predict how these third parties will score us, nor can we have any assurance that they score us accurately or other companies accurately or that other companies have provided them with accurate data. We supplement our participation in ratings systems with published disclosures of our ESG activities, but some investors may desire other disclosures that we do not provide. Investors and other stakeholders may look to us to improve our ratings before remaining invested in us, making further investments in us or otherwise engaging with us. Despite our efforts, any actual or perceived failure to achieve our ESG goals or the perception (whether or not valid) that we have failed to act responsibly with respect to ESG matters, comply with ESG laws or regulations or meet societal, investor, and consumer ESG expectations could result in negative publicity and reputational damage, lead consumers or customers to purchase competing products or investors to choose not to invest in our company, or cause dissatisfaction among our employees or other stakeholders, which could adversely affect our business, results of operations, or financial condition.

#### ***Insurance coverage, even where available, may not be sufficient to cover losses we may incur.***

Our business exposes us to the risk of liabilities and losses arising from our operations. For example, we may be liable for claims brought by consumers, customers, employees or other third parties for personal injury or property damage arising from the use of our products or premises. We also may face liabilities or losses due to site-specific incidents (such as fires, explosions, flooding or power outages), natural disasters (such as hurricanes, earthquakes or other severe natural events), cybersecurity incidents and similar factors. We seek to minimize these risks where practicable and economical through various insurance contracts from third-party insurance carriers. However, any insurance coverage we purchase or otherwise have access to is subject to large deductibles on individual claims, policy limits (on individual claims and on all claims in the aggregate), and other terms and conditions. We retain an insurance risk reserve for certain losses not covered by third party insurance. Nonetheless, our Our insurance may not be sufficient to cover losses we may incur. Any losses that insurance does not substantially cover could adversely affect our business, results of operations, or financial condition. In addition, the insurance industry has become more selective in offering some types of insurance, such as product liability and cybersecurity insurance, and we may not be able to obtain certain insurance coverage on favorable terms, or at all, in the future.

#### ***Significant product returns or refunds could adversely affect our business, results of operations or financial condition. us.***

In accordance with our terms of sale, we allow our customers to return products in certain markets in exchange for reimbursement and refund. In addition, some of our agreements with our retail trade customers provide that we are responsible for the logistical costs associated with certain product returns. Return rates and related costs may be higher for products with degrees of unpredictable seasonal demand, such as products used for sun protection or to treat coughs and colds. If product returns or refunds are significant or higher than anticipated, our business, results of operations, or financial condition could be adversely affected. Furthermore, we and our third-party partners, including retail trade customers and third-party e-commerce partners, modify policies relating to returns or refunds from time to time, and may do so in the future, which may result in consumer dissatisfaction, damage to our reputation or our brands or an increase in the number of product returns or the amount of refunds we make. From time to time, our products are not received as expected or are damaged in transit, which can increase return rates, damage our reputation or our brands and otherwise adversely affect our business, results of operations, or financial condition.

#### **Risks Related to Government Regulation and Legal Proceedings**

***We are subject to a broad range of laws and regulations in the United States and around the world, and compliance with or enforcement actions related to these laws and regulations could adversely affect our business, results of operations or financial condition. us.***

We are subject to a broad range of laws and regulations in the United States and around the world. These laws world, including but not limited to those described in the section titled "Business—Government Regulations" of Part I, Item 1 included herein. Furthermore, changes in governments may drive significant policy and regulations apply regulation change,

including an increase or a reduction of regulation, as it relates to many areas of our business, including most aspects of our products, such as their development, tax, trade, manufacturing, ingredients, formulation, manufacture, packaging content, labeling, storage, transportation, distribution, export, import, advertising, sale climate change, ESG, privacy, data protection, anti-corruption, human rights, and environmental impact. other matters. Compliance with or enforcement actions related to these laws and regulations could adversely affect our business, results of operations, or financial condition. In the United States, federal authorities, including the FDA, the FTC, the CPSC, the OSHA, the EPA, and the DEA, regulate different aspects of our business, along with parallel authorities at the state and local levels and comparable authorities in other jurisdictions.

In particular, the FDA and comparable authorities in other jurisdictions regulate the facilities and operational procedures that we use to manufacture our products. We are required to register our facilities with these authorities and manufacture products in these facilities in accordance with current Good Manufacturing Practices ("cGMP") cGMP or similar manufacturing standards in each country in which we manufacture products. Compliance with these regulations and with our own quality standards, which may exceed applicable government regulations, requires substantial expenditures of time, money, and effort across many areas of our business, including with respect to training of personnel, recordkeeping, production, quality control, and quality assurance. Failure to comply with cGMP or similar manufacturing standards at one of our or our third-party partners' facilities could result in adverse regulatory action. For example, McNEIL-PPC, Inc., whose assets have been transferred to us in connection with the Separation, previously operated under a consent decree, signed in 2011 with the FDA, which governed certain of its manufacturing operations and required it to remediate the facilities it operated in Lancaster, Pennsylvania (sold during fiscal year 2023), Fort Washington, Pennsylvania and Las Piedras, Puerto Rico. The FDA completed its inspections of these facilities, which included a required five-year audit period by a third-party cGMP expert, and this consent decree was vacated in July 2021.

New or more stringent laws or regulations, more restrictive interpretations of existing laws or regulations, or increased enforcement actions by governmental and regulatory agencies around the world could increase our ongoing costs of

global compliance, alter the environment environments in which we do business, or otherwise adversely affect our business, results of operations, or financial condition. The global regulatory landscape is subject to rapid and unexpected changes, including as a result of the Russia-Ukraine War, the recent military conflict in the Middle East, and there has been a general trend toward increasingly stringent regulation and enforcement around the world in recent years. If we fail to comply with any new or existing laws or regulations, we may be required to pay damages, cease advertising or promotional activities, alter our products or marketing materials, cease selling certain products, and possibly face fines or sanctions. Furthermore, as we continue to expand our global operations, we may be required to comply with market-specific laws and regulations, including by obtaining approvals, licenses, or certifications from a particular country's regulators. Failure to obtain these approvals, licenses or certifications or comply with these laws or regulations could impede our growth prospects and otherwise adversely affect our business, results of operations, or financial condition.

While it is our policy and practice to comply with all applicable laws and regulations, applicable to our business, our internal control policies and procedures may not always protect us from reckless or criminal acts committed by our employees, joint venture third-party partners, or agents. A finding that we are in violation of, or out of compliance with, applicable laws or regulations could subject us to civil remedies, including fines, damages, injunctions, or product recalls, or criminal sanctions, any of which could adversely affect our business, results of operations, or financial condition. Even if a claim is unsuccessful, is without merit or is not fully pursued, the cost of responding, to such a claim, including management time and out-of-pocket expenses, and the associated negative publicity surrounding such assertions regarding our products, processes or business practices could adversely affect our reputation, or our brands and otherwise adversely affect our business, results of operations, or financial condition.

For additional information about the regulatory landscape applicable to our business, see the section titled "Business—Government Regulations" of Part I, Item 1 included herein. For additional information about risks related to the regulatory landscape applicable to our business, see "—A breach of privacy laws or unauthorized access, loss or misuse of personal data could adversely affect our business, results of operations or financial condition. us.", "—Our extensive operations and business activity throughout the world expose us to a variety of laws and regulations related to anti-corruption and human rights, matters, and enforcement actions the impact of any obligations related to these laws and regulations could adversely affect our business, results of operations or financial condition. us." and "—We are subject to a broad range of environmental, health, and safety laws and regulations, and the impact of any obligations under these laws and regulations could adversely affect our business, results of operations or financial condition. us."

***We are, and could become, subject to significant legal proceedings and regulatory investigations that may result in significant expenses, fines, and reputational damage.***

In the ordinary course of business, we may be subject to a wide variety of claims, lawsuits, and regulatory and governmental investigations involving various issues such as intellectual property, commercial contracts, product liability, labeling, marketing, advertising, pricing, intellectual property, commercial contracts, foreign exchange controls, antitrust and trade regulation, labor and employment, indemnification, data privacy and security, cybersecurity, environmental, health and safety, and tax matters. These claims and lawsuits may result in significant expenses, fines, and reputational damage. Litigation, in general, and securities, derivative action, class action, and multi-district litigation, in particular, can be expensive and disruptive, including significant time and expense required to investigate and defend against litigation, regardless of the merit of the underlying claims. Some of these matters may include thousands of plaintiffs, may involve parties seeking large or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. It is not feasible to predict the ultimate outcome of a legal proceeding, and our Our assessment of the materiality of a legal proceeding, including any accruals taken in connection therewith, may not be consistent with the ultimate outcome of the legal proceeding. We could, from time to time in the future, be required to pay significant amounts as a result of settlements or judgments in legal proceedings, potentially in excess of accruals, including proceedings where we could be held jointly and severally liable among other defendants. In addition, our current estimates of the potential impact of legal proceedings on our business, results of operations, or financial condition could change from time to time in the future. The resolution of, or increase in accruals for, a legal proceeding in a particular reporting period could adversely affect our business, results of operations, or financial condition for that period.

For additional information about our current legal proceedings, see Note 17, "Commitments and Contingencies," to the Consolidated Financial Statements included herein.

***Concerns about the reliability, safety, or efficacy of our products or their ingredients could result in litigation, regulatory action, reputational damage, product recalls, product reformulations, or product withdrawals, which could adversely affect our business, results of operations or financial condition. us.***

Concerns about the reliability, safety, or efficacy of our products or their ingredients, whether raised internally or by litigants, regulators, consumer advocacy groups, third-party interest groups or others, and whether or not based on scientific or factual evidence, have resulted, and could in the future result, in governmental investigations, regulatory action (including the shutdown of manufacturing facilities), private claims and lawsuits, recalls, reformulations, significant remediation and related costs, safety alerts, product shortages, declining sales, or reputational damage (including damage to brand image, brand equity and consumer trust in our products). damage. We have in the past paid, and we may be

required in the future to pay, for losses or injuries purportedly caused by our products. These claims may be based on a variety of allegations, including that our products contain contaminants or impurities, provide inadequate instructions or warnings regarding their use, have defective packaging, fail to perform as advertised or damage property or persons. If any of our products, or an ingredient contained in any of our products, is perceived or found to be contaminated or tampered with, or otherwise defective or unsafe, we have needed to, and may in the future need to, recall, reformulate, or withdraw our products, which could result in the adverse effects described above. The availability of and coverage by third-party product liability insurance is uncertain and, even if available, potential claims may be subject to a deductible, exceed the amount of coverage or be excluded under the terms of the policies. See “—Risks Related to Our Operations—Insurance coverage, even where available, may not be sufficient to cover losses we may incur.”

Product recalls, product reformulations, and product withdrawals of various magnitudes have occurred in each of our reportable business segments and may occur in the future, including as a result of manufacturing issues, contamination issues, shipping and other supply chain issues and labeling issues. For example, with respect to our Skin Health and Beauty segment, in July 2021, Johnson & Johnson Consumer Inc. (“Old JJCI”) voluntarily recalled all lots of five Neutrogena® and Aveeno® aerosol sunscreen product lines to the consumer level and advised consumers to stop using the affected products out of an abundance of caution after internal testing identified low levels of benzene in some samples of the products, though based on exposure modeling and the U.S. Environmental Protection Agency’s EPA’s framework, daily exposure to benzene in the recalled products would not be expected to cause adverse health consequences. See Note 17, “Commitments and Contingencies,” to the Consolidated Financial Statements included herein for additional information regarding benzene. In addition, the Modernization of Cosmetics Regulation Act, enacted in December 2022, is expected to expand the FDA’s regulatory authority over cosmetic products, including by providing the FDA with new mandatory recall authority over cosmetics and by requiring the registration of cosmetic manufacturing facilities, the reporting of certain adverse events, the issuance of cGMP requirements, and the establishment of safety substantiation requirements.

We have also faced, and could face in the future, concerns about the reliability, safety, or efficacy of the ingredients used in our products. Scrutiny of such ingredients, we use in our products, including scrutiny that originates on digital or social media platforms, may result in an inability to use, or restrictions on the use of, the ingredients or a requirement for remedial action, which could cause us to incur significant additional costs, particularly if we need or otherwise decide to reformulate or withdraw the affected products, or could result in litigation. For example, regulatory agencies globally, including the FDA and the European Medicines Agency, have issued guidance on assessing and controlling nitrosamine impurities in medicine products. We are continuing to undertake a review of our product portfolio in accordance with such regulatory guidance to assess any appropriate remedial action. The Company’s subsidiary Johnson & Johnson Inc. (Canadian affiliate) (“JJI”), previously sold over-the-counter OTC Zantac (ranitidine) products in Canada. JJI has been named as a defendant, along with other manufacturers, in four proposed class actions in Canada alleging that Zantac and other over-the-counter OTC medications that contain ranitidine may degrade and result in unsafe levels of N-nitrosodimethylamine (“NDMA”) and can cause or have caused various cancers in patients using the products. JJI has also been named as a defendant, along with other manufacturers, in various personal injury actions in Canada related to Zantac products. Though we may have rights to indemnification from third parties for certain liabilities relating to these claims, it is not possible, at this stage, to assess reliably the outcome of these lawsuits or the potential financial impact on the Company. J&J has also received demands for indemnification for legal claims related to over-the-counter OTC Zantac products sold by third parties in the United States.

In addition, our affiliate Johnson & Johnson Consumer Inc., now known as Kenvue Brands LLC (“New JJCI”), has been named in cases in federal court alleging that prenatal exposure to Tylenol®, an acetaminophen product, is associated with the development of autism spectrum disorder and attention-deficit/hyperactivity disorder in children. Plaintiffs have asserted similar claims against retailer chains, alleging similar injuries resulting from use of store-brand generic acetaminophen products. In October 2022, lawsuits filed in federal courts in the United States were organized as a multi-district litigation in the U.S. District Court for the Southern District of New York. In February 2024, the Court entered final judgment in favor of New JJCI and other sellers of acetaminophen-containing products and dismissed the majority of cases then pending in the multi-district litigation. No trial dates have been set in the remaining actions. In addition, lawsuits have been filed in state court against New JJCI, us and J&J, and lawsuits have been filed in Canada against our Canadian affiliate.

Furthermore, in September 2023, the Nonprescription Drugs Advisory Committee (the “NDAC”) of the FDA met to discuss new data on the effectiveness of orally administered phenylephrine (“PE”) and concluded that the current scientific data do not support that the recommended dosage of orally administered PE is effective as a nasal decongestant. Neither the FDA nor the NDAC raised concerns about safety issues with use of oral PE at the recommended dose. In November 2024, the FDA issued a proposed order to remove the ingredient from the OTC monograph. The public now has stated it will consider the input of opportunity to comment for 180 days before the NDAC, and the evidence, before taking any action on the status of oral PE. FDA issues a final order. Beginning in September 2023, following the NDAC vote, putative class actions and shareholder derivative complaints were filed against the Company and its affiliates, along with other third-party sellers and manufacturers of PE-containing products, asserting various causes of action including violation of consumer protection statutes, negligence, and unjust enrichment. Separately, putative Canadian class actions were filed beginning in September 2023 against our affiliates, along with other sellers and manufacturers of PE-containing products, alleging false, misleading representations,

and seeking damages and declaratory relief based on similar causes of action. Additionally, beginning in October 2023, two putative securities class actions were filed in the U.S. District Court for the District of New Jersey against us and certain of our officers, among other defendants. Finally, in January 2024, shareholder derivative complaints were filed in the U.S. District Court for the District of New Jersey against the Company as the nominal defendant and our directors and certain of our officers as defendants, among other defendants. It is not possible at this stage to assess reliably the outcome of these cases or the potential financial impact on the Company. See Note 17, “Commitments and Contingencies,” to the Consolidated Financial Statements included herein for additional information regarding litigation related to Zantac, acetaminophen, and PE.

Concerns about the reliability, safety or efficacy of the ingredients used in our products could also discourage customers and consumers from carrying, purchasing, or using our products. For example, subsequent to the NDAC meeting, certain retailers announced they would no longer sell certain oral cough and cold products that contain PE as the only active ingredient, and it is possible other retailers will make similar decisions, which could adversely affect our business, results of operations, or financial condition.

If we remove certain ingredients from our products, either voluntarily or pursuant to a regulatory mandate, we may not be able to successfully develop an alternative formulation or obtain necessary regulatory approvals on a timely basis, or at all. Furthermore, any reformulated product we introduce to the market may not be positively received by consumers and customers, which could result in lost sales, damage our reputation or our brands, or otherwise adversely affect our business, results of operations, or financial condition.

Moreover, negative perceptions of our products or their ingredients may arise from product liability claims, product recalls, or product withdrawals, regardless of whether the claims, recalls, or withdrawals directly involve us or our products. In addition, the mere publication of information asserting concerns about the reliability, safety or efficacy of competing products or ingredients in competing products that are also used in our products could adversely affect our business, results of operations, or financial condition. Increased regulation, litigation or adverse publicity concerning ingredients used in our products, such as acetaminophen, may discourage consumers from buying our products that contain

those ingredients, even when the regulation, litigation, or publicity does not directly relate to or expressly mention us or our products, and even if not accurate. In addition, we believe our products are reliable, safe, and effective when used for their intended purposes in accordance with label directions. However, consumers have misused, and may in the future misuse, our products **including for unauthorized, nefarious or other unintended purposes**, which in certain instances has had, and may in the future have, serious or even fatal implications. Misuse of our products has led to, and may in the future lead to, **criticism on digital and social media platforms, negative coverage by traditional media and other forms of adverse publicity, regarding our products or their ingredients**, which could similarly discourage consumers from buying our products or otherwise adversely affect our reputation or our brands. See “—Risks Related to Our Business and Industry—Our brands are critical to our success, and damage to our reputation or our brands could adversely affect **our business, results of operations or financial condition. us.**”

**Legal proceedings related to talc or talc-containing products, such as Johnson's® Baby Powder, sold outside the United States and Canada and other risks and uncertainties related to talc or talc-containing products could adversely affect **our business, results of operations or financial condition. us.****

A significant number of personal injury claims alleging that talc causes cancer have been made against Old JJCI and J&J arising out of the use of body powders containing talc, primarily Johnson's® Baby Powder. In addition, J&J has received inquiries, subpoenas, and requests to produce documents regarding talc matters from various U.S. governmental authorities and is also subject to consumer protection cases and investigations from state attorneys general.

In October 2021, Old JJCI implemented a corporate restructuring, as a result of which LTL Management LLC (“LTL”), a subsidiary of J&J, was established through a demerger procedure and assumed sole responsibility for all liabilities of Old JJCI related in any way to injury or damage, or alleged injury or damage, sustained or incurred in the purchase or use of, or exposure to, talc, including talc contained in any product sold in the United States or Canada, or to the risk of, or responsibility for, any such damage or injury, including such liabilities based on the contamination, or alleged contamination, of talc, including talc contained in any product sold in the United States and Canada, with asbestos or any other material (the “Talc-Related Liabilities”). Pursuant to the Separation Agreement, J&J has retained the Talc-Related Liabilities and, as a result, has agreed to indemnify us for the Talc-Related Liabilities and any costs associated with resolving such claims. Such claims represent the vast majority of claims relating to harm arising out of, based upon or resulting from, directly or indirectly, the presence of or exposure to talc or talc-containing products. However, we remain responsible for all liabilities on account of or relating to harm arising out of, based upon or resulting from, directly or indirectly, the presence of or exposure to talc or talc-containing products sold outside the United States or Canada. LTL remains a subsidiary of J&J (and not Kenvue) following the Separation.

We cannot predict with certainty the amount or timing of Talc-Related Liabilities that LTL or J&J will be required to pay, whether in connection with the bankruptcy proceedings or otherwise.

Various parties have brought, and it is possible that other parties will seek to bring, claims against us, including by raising allegations that we are liable for the Talc-Related Liabilities, and it is possible that these parties will be successful in bringing such claims. Although, under the Separation Agreement, J&J has agreed to indemnify us for the Talc-Related Liabilities and any costs associated with resolving such claims, we cannot assure you that the indemnity from J&J will be sufficient to protect us against the full amount of these liabilities or that J&J will be able to fully satisfy its indemnification obligations. See “—Risks Related to Our Relationship with J&J—In connection with the Separation, J&J agreed to indemnify us for certain liabilities. However, we cannot assure you that the indemnity will be sufficient to protect us against the full amount of such liabilities or that J&J's ability to satisfy its indemnification obligation will not be impaired in the future.”

Although talc-based baby powder was discontinued by J&J in the United States and Canada in 2020, and we never manufactured or sold it in those markets, we have been named in claims and lawsuits, and J&J has agreed to indemnify us in those matters pursuant to the aforementioned indemnity for the Talc-Related Liabilities.

Furthermore, we have been, and may continue to be, subject to claims arising out of the sale of talc-based products that do not constitute Talc-Related Liabilities, such as claims relating to the sale of talc-based Johnson's® Baby Powder outside the United States or Canada. We are currently subject to **a few** such claims outside of the United States and Canada which are in early stages, and as such, we cannot reasonably estimate any probable loss relating to such claims. While we believe we have substantial defenses to these claims, it is not feasible to predict the ultimate outcome of these litigations. Although the sale of talc-based Johnson's® Baby Powder has been discontinued globally, we may be subject to additional claims related to the sale of talc-based Johnson's® Baby Powder outside of the United States and Canada, including potential governmental inquiries, investigations, claims, and consumer protection cases. To the extent any such additional claims, whether currently pending or made in the future, do not constitute Talc-Related Liabilities, any related liabilities would not be covered by J&J's indemnification obligations under the Separation Agreement. As a result, it is possible that these additional claims could adversely affect our business, results of operations, or financial condition.

***We may not be able to successfully establish, maintain, protect, and enforce intellectual property rights that are, in the aggregate, material to our business.***

We rely on a combination of intellectual property rights, including our trademarks, trade secrets, patents, and copyrights, as well as rights to third-party intellectual property pursuant to licenses and other contracts, to establish, maintain, protect, and enforce the intellectual property and proprietary information used in our business. **We consider our trademarks and trade names to be, in the aggregate, material to our business.**

We may not be able to establish, maintain, protect, or enforce our own intellectual property rights or, where appropriate, license in intellectual property rights necessary to support new product introductions. **In addition, intellectual property is territorial, and, even if such rights are protected in the United States, the laws of other countries in which our products are or may be sold do not universally protect intellectual property rights to the same extent or in the same way as U.S. intellectual property laws. Public policy, both within and outside the United States, has often become increasingly unfavorable toward certain classes of intellectual property rights. We cannot be certain that For example, we will obtain adequate intellectual property protection for new products and technologies in the United States and other important markets or that such protections will last as long as originally anticipated.**

**Our intellectual property rights could be invalidated, circumvented or challenged in the future, and we could incur significant costs in connection with legal actions relating to such rights. If other parties infringe on, misappropriate or otherwise violate our intellectual property rights, they could diminish the value that consumers or customers associate with our brands in the marketplace and otherwise adversely affect our business, results of operations or financial condition.**

From time to time, legal action has been, and may in the future be, necessary to maintain, protect and enforce our intellectual property and other proprietary rights. We may not be successful able to obtain trademark protection in prevailing in any such matters, regardless of the merits or all jurisdictions that we consider to be important to our expenditures and efforts. Our efforts to enforce our intellectual property and other proprietary rights may be met with defenses, counterclaims and counter suits attacking the validity and enforceability of our intellectual property and other proprietary rights, and if such defenses, counterclaims or counter suits are successful, it could diminish, or we could otherwise lose, valuable intellectual property and other proprietary rights. business.

For certain of our products, we rely on inbound and outbound third-party licensing arrangements, the loss of which could adversely affect our business, results of operations or financial condition. In the event that any inbound license pursuant to which we use intellectual property rights of a third party expires or is otherwise terminated, we would lose the right to use the intellectual property covered by the license, which could require us to develop or license in alternative intellectual property. Our rights as a licensee could be similarly reduced if the applicable licensor fails to maintain or protect the licensed intellectual property in a manner that compromises the value of the licensed intellectual property. We also license out certain of our intellectual property rights to third parties, for which we receive royalty income in exchange. These outbound licensing arrangements inherently involve a lesser degree of control over the use of our intellectual property rights, thereby potentially increasing our reputational, legal, financial and operational risk by exposing the licensed intellectual product to product safety, quality, sustainability and other concerns. See “—Risks Related to Our Operations—We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition.”

For certain of our products, product uses, product formulations, manufacturing processes, delivery devices, dosage forms, packaging and designs, we rely on trade secrets, know-how and other proprietary information, which we seek to protect, in part, through IT Systems and by confidentiality and nondisclosure agreements with our employees, vendors, consultants and other commercial partners. We also seek to enter into agreements whereby our employees, vendors, consultants and other commercial partners assign to us the rights in any intellectual property they develop in the course of their engagement with us. However, these agreements may be breached, and we may not have adequate remedies for any breach. These agreements may not be self-executing or otherwise effectively prevent disclosure or misappropriation of our trade secrets, know-how or other proprietary information, and disputes may still arise with respect to the ownership of the intellectual property and proprietary information used in our business. In addition, third parties may independently develop substantially equivalent proprietary information.

***The loss of any registered trademark or other rights with respect to our trademarks or trade names could enable other companies to compete more effectively with us and otherwise adversely affect our business, results of operations or financial condition.***

We consider our trademarks and trade names to be, in the aggregate, material to our business. Our trademarks and trade names are valuable assets that reinforce how consumers, customers and other third parties perceive our brands and products. We have invested a significant amount of resources and money in establishing and promoting our trademarked brands. Our continued success depends, to a significant degree, upon our ability to protect and preserve our registered trademarks, as well as our other rights with respect to our trademarks and trade names, and to successfully obtain additional trademark registrations in the future. We undertake substantial efforts to maintain proper use of, and to vigorously protect, our trademarks and trade names through enforcement actions as necessary, but it is possible that some courts, particularly those outside the United States, may determine that certain third-party trademarks or trade names are non-infringing, which could adversely affect our business, results of operations, or financial condition. In addition, during trademark registration proceedings, we may receive rejections of our trademark applications by the U.S. Patent and Trademark Office (“USPTO”) or comparable authorities in other jurisdictions.

We may not be able to obtain trademark protection in all jurisdictions that we consider to be important to our business. In addition, we cannot assure you that the steps we have taken and will take in the future to protect our trademarks or trade names will prove adequate, that our trademarks and trade names can be successfully defended and asserted in the future or that third parties will not infringe upon or otherwise violate any such rights. Our trademark and trade name rights and related registrations may be challenged, opposed, infringed, diluted, canceled, circumvented, declared generic or determined to be infringing on other marks, as applicable. Failure to protect our trademark and trade name rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks or trade names, which may in turn cause consumer confusion or negatively affect perceptions of our brands and products. Moreover, any trademark or trade name disputes may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether we successfully resolve the dispute. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, require us to cease use of certain trademarks, trade names or other intellectual property or require us to enter into licenses with third parties, any of which could have an adverse effect on our business, results of operations or financial condition.

***An inability to successfully establish, maintain, protect and enforce patent rights could adversely affect our business, results of operations or financial condition.***

We have applied for, and may expect to continue to apply for, patents relating to our products, product uses, product formulations, manufacturing processes, delivery devices, dosage forms, packaging and designs. When we apply for patents, our patents. Our applications may not be successful, and result in the issuance of any patents or the scope of issued patents may not provide adequate protection from competition. The patenting process is expensive and time-consuming, and we may not be able to file or prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. In addition, we may not pursue or obtain patent protection in all relevant geographic markets.

It is possible that patents issued Our intellectual property rights could be invalidated, circumvented, or licensed to us may be challenged successfully in the future, and we could incur significant costs in connection with legal actions relating to such patents may consequently be narrowed in scope rights. If other parties infringe on, misappropriate, or found to be invalid or unenforceable. Our owned or in-licensed patents may also be challenged in administrative proceedings in the USPTO and patent offices outside the United States. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may otherwise violate our intellectual property rights, they could diminish the value of that consumers or customers associate with our owned or in-licensed patents or narrow brands in the scope of our patent protection. If we or our licensors are not successful in defending against a challenge to our owned or in-licensed patents marketplace and maintaining exclusive rights to market one or more of our products still under patent protection, we could lose a portion of our sales in a very short period. We or our licensors may also initiate litigation against third parties to protect or enforce our owned or in-licensed patent rights, but even in cases where we or our licensors prevail in an infringement claim, the legal remedies available for harm caused to us may not be sufficient to make us whole.

Our current owned and in-licensed patents will expire or they may otherwise cease to provide meaningful competitive advantage, and we may be unable to adequately develop new technologies and obtain future patent protection to preserve our competitive advantage or avoid adverse effects on adversely affect our business, results of operations, or financial condition. Moreover, many of our products use APIs whose original patents have expired, and our owned and in-licensed patents rarely, if ever, solely cover a new API by itself. Even with respect to our products or ingredients in our products that may be covered by patents, there may be numerous similar yet non-infringing products or ingredients in the marketplace, and this could negatively affect sales we might otherwise make.

**We may be involved in legal proceedings based on the alleged violation of intellectual property rights, such as trademark or patent infringement claims, and, if we are found to have violated the intellectual property rights of others, our business, results of operations or financial condition could be adversely affected.**

Despite our internal processes for intellectual property clearance, we may be involved in legal proceedings based on the alleged violation of intellectual property rights of others, including claims of trademark or patent infringement or that competitors, collaborators, or former employees have an interest in our trade secrets or other intellectual property. As a result, we could be subject to significant litigation or licensing costs or face obstacles to selling our products. If we are found to have infringed misappropriated or otherwise violated on the trademark, trade secret, patent, copyright or other intellectual property rights of others, directly or indirectly, through the use of trademarks, inventions, works of authorship or technologies to which third parties have a prevailing ownership claim, we may need to cease use of such trademark, invention, work, or technology in our business and pay for past infringement. We may also be required to obtain a third-party license, which may not be available on reasonable terms or at all, and even if the applicable owners are willing to permit us to continue to use the intellectual property rights, they could require significant compensation for our continued use of those rights. all. In certain circumstances, we may be required to redesign our products and trademarks so that they do not infringe misappropriate or otherwise violate on third-party intellectual property rights, which may not be possible or may require substantial monetary expenditures be time-consuming and time, expensive. Ceasing this use, paying these substantial amounts, or undertaking these redesign efforts could cause us to become less competitive and could adversely affect our business, results of operations, or financial condition. Even if it is ultimately determined that we did not infringe misappropriate or otherwise violate on the intellectual property rights of others, we could incur material legal costs and related expenses to defend against such claims, and we could incur significant costs associated with suspending our use of the challenged intellectual property rights, which could adversely affect our business, results of operations, or financial condition.

Furthermore, we have employed, and expect to employ in the future, individuals who were previously employed at other companies, including our competitors or potential competitors. Although we seek to ensure that these employees, as well as our other employees and our vendors, consultants, and other commercial partners, do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these persons have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers or other third parties or that we have improperly used or obtained these trade secrets or other proprietary information. Litigation may be necessary to defend against these claims. If we are unable to successfully defend these claims, in addition to paying monetary damages, we may lose valuable intellectual property rights and face increased competition. The unauthorized access to, or disclosure of, our proprietary information or the loss of these intellectual property rights may impact our ability to develop, manufacture, and sell our own products or may assist competitors in the development, manufacture, and sale of competing products, which could adversely affect our business, results of operations, or financial condition.

For certain of our products, we rely on inbound and outbound third-party licensing arrangements, the loss of which could adversely affect our business, results of operations, or financial condition. In the event that any inbound license pursuant to which we use intellectual property rights of a third party expires or is otherwise terminated, we would lose the right to use the intellectual property covered by the license, which could require us to develop or license alternative intellectual property. Our rights as a licensee could be similarly reduced if the applicable licensor fails to maintain or protect the licensed intellectual property in a manner that compromises the value of the licensed intellectual property. We also license out certain of our intellectual property rights to third parties, for which we receive royalty income in exchange. These outbound licensing arrangements inherently involve a lesser degree of control over the use of our intellectual property rights, thereby potentially increasing our reputational, legal, financial, and operational risk by exposing the licensed intellectual product to product safety, quality, sustainability, and other concerns. See “—Risks Related to Our Operations—We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect us.”

Our current owned and in-licensed patents will expire or they may otherwise cease to provide meaningful competitive advantage, and we may be unable to adequately develop new technologies and obtain future patent protection to preserve our competitive advantage or avoid adverse effects on our business, results of operations, or financial condition. Moreover, many of our products use APIs whose original patents have expired, and our owned and in-licensed patents rarely, if ever, solely cover a new API by itself. Even with respect to our products or ingredients in our products that may be covered by patents, there may be numerous similar yet non-infringing products or ingredients in the marketplace, and this could negatively affect sales we might otherwise make.

We rely on trade secrets, know-how and other proprietary information, which we seek to protect, in part, through Technology Systems and by confidentiality and nondisclosure agreements with our employees, vendors, consultants, and other commercial partners. We also seek to enter into agreements whereby our employees, vendors, consultants, and other commercial partners assign to us the rights in any intellectual property they develop in the course of their engagement with us. However, these agreements may be breached, and we may not have adequate remedies for any breach. In addition, third parties may independently develop substantially equivalent proprietary information.

**A breach of privacy laws or unauthorized access, loss or misuse of personal data could adversely affect our business, results of operations or financial condition. us.**

We are subject to increasingly complex and changing privacy and data protection laws and regulations in the United States and around the world that impose broad compliance obligations on the collection, transmission, dissemination, use, privacy,

confidentiality, security, retention, availability, integrity, and other processing of health-related and other sensitive and personal information. These laws and regulations could expose us to significant risks due to our digital-first digital strategy. See “—Risks Related to Our Business and Industry—We may face challenges in implementing our digital-first digital strategy, which could adversely affect our business, results of operations or financial condition. us.” Failure to comply with these laws and regulations, which may conflict with one another and evolve in the future, could result in substantial fines, penalties, private rights of action, claims, and damage to our reputation.

These laws and regulations include the California Consumer Privacy Act (as modified by the California Privacy Rights Act), the EU GDPR, the U.K. GDPR, and China's PIPL. We are also subject to federal health information privacy laws, such as the Health Insurance Portability and Accountability Act (“HIPAA”), and consumer protection laws, such as the Controlling the Assault of Non-Solicited Pornography and Marketing Act (the “CAN-SPAM Act”), which further impose requirements for the collection, use, storage, access, transfer and protection of health-related, and other sensitive and personal information. In the United States, we are also subject to a growing number of state laws and regulations, including the Illinois Biometric Information Privacy Act, that govern the collection and use of biometric information, such as fingerprints and facial biometric templates, as well as laws in all 50 states that require businesses, under certain circumstances, to provide notice to consumers whose personal information has been accessed or acquired as a result of a data breach and, in some cases, to regulators. These laws are changing rapidly and there is also discussion in the U.S. Congress of a new comprehensive federal data privacy law to which we may become subject if it is enacted, which would add additional complexity, restrictions and potential legal risks and may require additional investment of resources in compliance programs and other operational costs. Additional privacy and data protection laws and regulations are being developed around the world, including in other jurisdictions in which we operate, and privacy enforcement by governmental authorities globally, particularly on data localization requirements and international data flows, has increased in recent years.

Compliance with these new and changing laws has impacted, and may in the future impact, our business strategies, and unforeseen changes to privacy laws may affect our ability to tailor and personalize our products and services to meet our strategic goals or consumer expectations, which could adversely affect our business, results of operations, or financial condition. In addition, certain privacy and data protection laws may apply to us indirectly through our customers, manufacturers, suppliers, or other third-party partners. For example, non-compliance with applicable laws or regulations by a third-party partner that is processing personal data on our behalf may be deemed non-compliance by us or a failure by us to conduct proper due diligence on the third party. See “—Risks Related to Our Operations—We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition. us.” In addition, in the ordinary course of business, we may be subject to claims, lawsuits, or regulatory or governmental investigations or inquiries relating to our data privacy practices, including claims or lawsuits from third parties alleging that we have breached applicable data privacy laws or otherwise violated their privacy rights. See “—We are, and could become, subject to significant legal proceedings and regulatory investigations that may result in significant expenses, fines, and reputational damage.”

The changes introduced by privacy and data protection laws increase the complexity of such regulations enacted to protect business and personal data and may subject us to additional costs, including costs associated with implementing any required changes to our security systems, policies, procedures and practices. costs. We are also subject to the terms of our external and internal privacy and security policies, codes, representations, certifications, industry standards, publications, and frameworks and contractual obligations to third parties related to privacy, information security, and data processing, including contractual obligations to indemnify and hold harmless third parties from the costs or consequences of non-compliance with data protection laws or other obligations. In particular, the publication of our privacy policies and other statements that provide promises and assurances about data privacy and security cybersecurity can subject us to potential government or legal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Any concerns about our data privacy and security cybersecurity practices, even if unfounded, could damage the reputation of our businesses and discourage potential users from our products and services.

***Our extensive operations and business activity throughout the world expose us to a variety of laws and regulations related to anti-corruption and human rights, matters, and enforcement actions the impact of any obligations related to these laws and regulations could adversely affect our business, results of operations or financial condition. us.***

We have extensive operations and business activity outside the United States, which exposes us to a variety of complex laws and regulations in the United States and around the world. These include anti-corruption laws and regulations, such as the

FCPA, the U.K. Bribery Act 2010 and Chinese anti-corruption laws, that are aimed at preventing and penalizing corrupt behavior. For example, the FCPA prohibits companies from promising, offering or giving anything of value to foreign officials with the corrupt intent of influencing the foreign official for the purpose of obtaining or retaining business or gaining any improper advantage. We operate in jurisdictions where corruption, bribery, pay-offs and other similar practices may not be uncommon. Although our policies and procedures require compliance with these laws and regulations and are designed to facilitate compliance with these laws and regulations, our employees, contractors, and agents may take actions in violation of applicable laws or regulations or our policies. Any such violation or alleged violation even if prohibited by our policies, could result in criminal or civil sanctions, reputational damage, or other substantial costs and penalties, any of which could adversely affect our business, results of operations, or financial condition.

We are also subject to an increasing number of laws and regulations designed to combat abuses of human rights in supply chain operations. our value chain. These laws and regulations could affect the sourcing, availability, and pricing of materials used in the manufacture of our products, which could disrupt our manufacturing operations. In addition, we have incurred additional costs to comply with these laws and regulations, including through policies and procedures related to conducting due diligence on our supply complex value chain. Nevertheless, we have a complex supply chain, and we our suppliers may not be able satisfy their obligations with respect to sufficiently verify the origins of certain materials used in our products or the conditions under which they were sourced. Any violation or alleged violation of these laws and regulations, even if prohibited by our policies, could result in criminal or civil sanctions, reputational damage, or other substantial costs and penalties, any of which could adversely affect our business, results of operations, or financial condition.

In addition, we are subject to laws and regulations pertaining to sanctions imposed by the United States (including those imposed by the U.S. Treasury Department's OFAC) and other authorities that may prohibit us or our affiliates from doing business in certain countries or restrict the type of business that may be conducted by us or our affiliates. For example, actions taken in response to the Russia-Ukraine War have included the imposition of export controls and broad financial and economic sanctions against Russia, Belarus, and specific areas of Ukraine. See “—Risks Related to Financial and Economic Market Conditions—Acts of war, military actions, terrorist attacks, or civil unrest could adversely affect our business, results of operations or financial condition. us.” Any violation or alleged violation of these laws and regulations, even if prohibited by our policies, could result in criminal or civil sanctions, reputational damage, or other substantial costs and penalties, any of which could adversely affect our business, results of operations, or financial condition.

***We are subject to a broad range of environmental, health, and safety laws and regulations, and the impact of any obligations under these laws and regulations could adversely affect our business, results of operations or financial condition. us.***

We are subject to a broad range of federal, state national and local sub-national laws and regulations concerning the environment, health and safety matters, regulation of chemicals, and product safety in the countries in which we manufacture and sell our products or otherwise operate our business. These include requirements governing product content and labeling, the handling, manufacture, transportation, storage, use and disposal of hazardous materials and wastes, the discharge and emission of pollutants and the cleanup of contamination in the environment. We could incur substantial costs, including civil or criminal fines or penalties, enforcement actions and other third-party claims and cleanup costs as a result of our failure to comply with, or liabilities under, environmental, health, and safety laws and regulations or permits required thereunder. Under certain environmental laws and regulations, we Such adverse events may be subject to liability for environmental investigations and cleanups, including at properties that we currently or previously owned or operated, or at sites at which waste we generated was disposed, result even if the contamination condition was not caused by us or the relevant conduct was legal at the time it occurred. We are addressing contamination from historical operations that has been identified at certain of our current or former properties and are involved in a number of proceedings brought under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund, and other comparable state, local, or foreign laws in which the primary relief sought is the cost of past and/or future remediation. We may incur significant additional costs as a result of the discovery of contamination or the imposition of additional obligations at these or other sites in the future. We may incur significant additional costs as a result of the discovery of contamination or the imposition of additional obligations in the future, including at sites where we are currently addressing contamination or have been named as one of the responsible parties. Further noncompliance with laws and regulations, or the appearance of noncompliance, could impact our reputation and suppliers, customers, and consumers' willingness to work with us or purchase our products.

Laws and regulations related to environmental, health and safety matters have become, and are likely to continue to become, more stringent over time. Compliance with existing or future requirements could require us to incur significant operating or capital expenditures or result in significant restrictions on our operations, including installing pollution control equipment or reformulating or ceasing the marketing of our certain products. We also are subject to extensive and evolving regulations regarding the manufacturing, processing, distribution, importing, exporting, registration and labeling of our products and their raw materials. This includes the REACH regulations, which came into effect in the European Union EU in 2007, with implementation rolling out over time, and includes certain chemical evaluation and registration requirements and potential restrictions. Since the promulgation of REACH, other jurisdictions have enacted or are in the process of implementing similar comprehensive chemical regulations. Additionally, many jurisdictions have begun to adopt a wide variety of extended producer responsibility ("EPR") laws. EPR laws place impose obligations on product manufacturers obligations to reduce post-consumer minimize the environmental impacts of products and packaging. For example, some EPR laws require producers to provide financial support for recycling infrastructure, implement takeback schemes, reduce plastic use, and shoulder the costs to upgrade waste treatment facilities. packaging throughout their lifecycle, particularly post-consumer use. These and other laws and regulations, as well as responding to related consumer and customer expectations, may require us to redesign or change certain aspects of our products and could adversely affect our business, results of operations, or financial condition.

***Changes in tax laws or exposures to additional tax liabilities could adversely affect our business, results of operations or financial condition.***

Changes in tax laws or regulations in jurisdictions in which we operate, including changing laws in the United States and changes led by the Organization for Economic Cooperation Co-operation and Development, such as the continuing enactment by additional countries of a global minimum tax, could negatively impact our effective tax rate and adversely affect our business, results of operations, or financial condition. A change in statutory tax rate or certain international tax provisions in any jurisdiction would result in the revaluation of our deferred tax assets and liabilities related to that particular jurisdiction in the period in which the new tax law is enacted. Any such change would result in an expense or benefit recorded in our the Consolidated Statements of Operations. We closely monitor these proposals as they arise in the jurisdictions where we operate. Changes to tax laws or regulations may occur at any time, and any related expense or benefit recorded may be material to the fiscal quarter and year in which the law change is enacted. For additional information, see Note 14, "Income Taxes," to the Consolidated Financial Statements included herein.

We conduct business and file tax returns in numerous jurisdictions and are subject to regular reviews, examinations, and audits by many tax authorities around the world. These reviews, examinations, and audits can cover periods for several years prior to the date of the review, examination or audit is undertaken and could result in the imposition of material tax liabilities, including interest and penalties, if our positions are not accepted by the applicable tax authority. In connection with various government initiatives, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of profits earned in other jurisdictions. We regularly assess the likely outcomes of our tax audits and disputes to determine the appropriateness of our tax reserves. However, any tax authority could take a position on tax treatment that is contrary to our expectations, which could result in tax liabilities, including interest and penalties, in excess of reserves. In addition to the foregoing exposures which relate to our business, we will continue to have joint and several liability with J&J with respect to certain J&J group tax returns of which we were a part. For more information, see Note 12, "Relationship with J&J," to the Consolidated Financial Statements included herein and our 2024 Proxy Statement.

**Risks Related to Financial and Economic Market Conditions**

***We face a variety of risks associated with conducting business around the world, including foreign currency fluctuations, and these risks will increase as we continue to expand our global operations.***

Our extensive operations and business activity outside the United States are accompanied by certain financial, economic, and political risks, including:

- local and regional the economic environments, laws, regulations, and policies in the markets that we serve, including interest rates, monetary policy, inflation, economic growth, financial markets, recession, commodity prices and currency controls, or other limitations on the ability to import or export raw materials or finished product, or to repatriate earnings from overseas;
- currency devaluations in jurisdictions experiencing high inflation rates or significant currency exchange fluctuations;
- the weakening or strengthening of the U.S. dollar, which may result in significant favorable or unfavorable translation effects when the operating results of our non-U.S. business activity are translated into U.S. dollars;
- compliance increased costs to comply with local regulations and laws, including, in some jurisdictions, regulatory requirements restricting our ability to manufacture or sell our products in the relevant market; laws;
- lack of well-established, reliable, or impartial legal systems in certain countries in which we operate and difficulties in enforcing contractual, intellectual property or other legal rights;
- labor market disruptions or increases in labor costs in individual countries or regions;
- foreign ownership and investment restrictions and the potential nationalization or expropriation of our foreign assets;
- sovereign risk related to a default by, or deterioration in, the creditworthiness of local governments, particularly in emerging markets;
- political or social upheavals, rising geopolitical tensions, economic instability, repression, or human rights issues;
- rising geopolitical trade tensions in our key markets, such as between the United States, Western Europe, and China; and
- other geopolitical events, including natural disasters, disruptions to markets due to war, armed conflict, terrorism, epidemics or pandemics and actions taken in response to these events, including increased trade controls, sanctions and other restrictive measures. events.

Furthermore, new trade actions, including the imposition of tariffs new or increase in increased tariffs on various products, by the United States and other countries has introduced greater uncertainty with respect to trade policies and government regulations affecting trade between the United States and other countries. New or increased tariffs as well as import/export licensing requirements and restrictions have subjected, and may continue to subject, us to additional costs and expenditure of resources. Major developments in trade relations including the imposition of new or increased tariffs by the United States or other countries, and any emerging nationalist trends in specific countries could alter the trade environment and consumer purchasing behavior, which could adversely affect our business, results of operations, or financial condition.

In an effort to minimize the impact on earnings and cash flows of foreign currency rate movements, we engage in a combination of selling price increases, where permitted, sourcing strategies, cost-containment measures, and selective hedging of foreign currency transactions. We cannot guarantee that foreign currency exchange rates will be stable in the future or that foreign currency risk can be mitigated with these risk management strategies.

In seeking to expand our operations in geographic markets where we currently have a presence or to establish operations in new geographic markets where we do not currently have a presence, we expect, as we have in the past, to invest significant resources, incur significant expenses, and face various challenges, including those related to compliance with market-specific laws or regulations, gaining acceptance of our products from consumers, customers, and third-party partners, and expanding our sales force and other personnel in those markets. We cannot predict with certainty the extent to which our products and our marketing efforts will be successful in any particular market, and it is possible that positive returns on our investments in a market will not be achieved.

Any of the foregoing risks could have a significant impact on our ability to sell our products on a competitive basis in markets outside the United States and could adversely affect our business, results of operations, or financial condition. In addition, these risks will increase as we continue to expand our global operations. See “—Risks Related to Our Business and Industry—An inability to successfully expand our global operations could adversely affect our business, results of operations, or financial condition.”

**Acts of war, military actions, terrorist attacks, or civil unrest could adversely affect our business, results of operations or financial condition. us.**

Acts of war, military actions, terrorist attacks, or civil unrest such as the ongoing Russia-Ukraine War or the ongoing conflict in the Middle East, may adversely affect prevailing economic conditions and our business, results of operations, or financial condition. These events could result in reduced consumer spending, reduced demand for our products, suspension of the supply of our products, challenges disruptions to our global supply chain, increased costs of materials and other inputs for our products and suppliers, foreign currency volatility, sanctions, export controls, and other trade restrictions, work stoppages, and work stoppages, diminished protection for our intellectual property. For example, the ongoing Russia-Ukraine War has provoked strong reactions from the United States, the United Kingdom, the European Union EU, and various other countries and economic and political organizations around the world. Actions taken in response to the Russia-Ukraine War include the imposition of export controls and broad financial and economic sanctions against Russia, Belarus, and specific Russian-occupied areas of Ukraine. Additional sanctions or other measures may continue to be imposed by the global community, and counteractive measures may continue to be taken by the Russian government, other entities in Russia, or governments or other entities outside of Russia.

Our operations and presence in Russia and Ukraine are limited. For quantification of the fiscal twelve months ended December 31, 2023, January 1, 2023, impact of Russian and January 2, 2022, our Ukrainian business represented 0.2%, 0.1%, operations and 0.3% of presence on our Net sales respectively. As of both December 31, 2023 and January 1, 2023, our Ukrainian business represented 0.1% of our net assets. For the fiscal twelve months ended December 31, 2023, January 1, 2023, and January 2, 2022, our Russian business represented 1.0%, 1.4%, and 1.8% of our Net sales, respectively. As of December 31, 2023 and January 1, 2023, our Russian business represented 0.7% and 0.4% of our net assets, respectively.

We have been monitoring the geopolitical situation in Russia since the start of the Russia-Ukraine War. In the first quarter of 2022, we announced our decision to suspend supply of all of our products into Russia other than our OTC medicines within our Self Care segment. Supply of the suspended products terminated during the second quarter of 2022. We also suspended all advertising in Russia, all clinical trials in Russia, and any additional investment in Russia. These actions have not had, and are not expected to have, a material impact on our business as a whole. We will continue to monitor the geopolitical situation in Russia and to evaluate our activities and future operations in Russia.

We have experienced, and expect to continue to experience, other risks related refer to the broad economic consequences section titled “Management’s Discussion and Analysis of the Russia-Ukraine War, including foreign currency volatility, decreased demand for our products Financial Condition and Results of Operations—Key Factors Affecting Our Results” in countries affected by the Russia-Ukraine War, and challenges to our global supply chain related to increased costs of materials and other inputs for our products and suppliers operating in Russia and Ukraine. We also continue to monitor the various sanctions and export controls imposed in response to the Russia-Ukraine War.

As a result of the Russia-Ukraine War, there has been, and we expect there will continue to be, an increased risk of information security or cybersecurity incidents, including cyberattacks perpetrated by Russia or others at its direction. Although we have taken steps to enhance our protections against these attacks, we may not be able to address the threat of information security or cybersecurity incidents proactively or implement adequate preventative measures and we may not be able to detect and address any such disruption or security breach promptly, or at all, which could adversely affect our business, results of operations or financial condition. Moreover, we are aware of incidents in which our third-party partners have been the target of information security or cybersecurity incidents as a result of the Russia-Ukraine War. Although, to date, our IT Systems have not been compromised by these incidents, it is possible that future information security or cybersecurity incidents involving our customers, manufacturers, suppliers, or other third-party partners could successfully compromise our IT Systems, which could adversely affect our business, results of operations or financial condition. See “—Risks Related to Our Operations—An information security incident, including a cybersecurity breach, or the failure, interruption, breakdown, invasion, corruption, destruction, or breach of an information technology system owned or operated by us or a third party, could adversely affect our business, results of operations or financial condition.”

In addition, actions by the United States and other governments may limit or prevent our ability to file, prosecute, and maintain patents, trademarks, and other intellectual property rights in Russia. These actions could result in partial or complete loss of such intellectual property rights in Russia. Furthermore, in March 2022, the Russian government adopted a decree allowing Russian companies and individuals to exploit inventions owned by patent holders from the United States and many other countries without consent or compensation. Consequently, we may not be able to prevent third parties from practicing our inventions in Russia or from selling or importing products made using our inventions in and into Russia. It is possible that the Russian government will adopt similar measures with regard to other types of intellectual property, including trademarks, or that Russian courts, even absent any additional decrees, will refuse to enforce existing intellectual property rights, including trademarks. Moreover, prolonged non-use of our trademarks in Russia could result in the cancellation of such trademark registrations. See “—Risks Related to Government Regulation and Legal Proceedings—The loss of any registered trademark or other rights with respect to our trademarks or trade names could enable other companies to compete more effectively with us and otherwise adversely affect our business, results of operations or financial condition.” Any counterfeit, intellectual-property-infringing or other unauthorized versions of our products that emerge in response to these actions could damage our reputation and our brands and otherwise adversely affect our business, results of operations or financial condition. See “—Risks Related to Our Business and Industry—Counterfeit, intellectual-property-infringing or other unauthorized versions of our products, particularly in our OTC business, could harm consumers and adversely affect our business, results of operations or financial condition.” These developments subject our worldwide operations to increased risks and, depending on their magnitude could adversely affect our business, results of operations or financial condition. Part II, Item 7 included herein.

**Uncertain or unfavorable global economic or market conditions could adversely affect our business, results of operations or financial condition. us.**

Uncertain or unfavorable local, regional, or global economic or market conditions, such as a recession, an economic slowdown, inflation or reduced category growth rates, could impact our operating results or lead to significant reductions in demand or significant volatility in demand for our products, which could adversely affect our business, results of operations, or financial condition. Although we devote significant resources to support our brands and market our products at multiple price points, during periods of economic uncertainty, or unfavorable economic or market conditions consumers may reduce consumption or discretionary spending or change their purchasing patterns by forgoing purchasing certain of our products or by instead purchasing private-label or generic non-branded products, which are typically sold at lower prices than our products. These changes could reduce demand for and sales volumes of our products or result in a shift in our product mix from higher margin higher-margin to lower margin lower-margin product offerings. In addition, our customers may respond to uncertain or unfavorable global economic or market conditions uncertainty by increasing pressure on our selling prices or increasing promotional activity for lower-priced or value offerings as they seek to maintain sales volumes and margins. Furthermore, uncertain or unfavorable global economic or market conditions, including the recent volatility in the banking sector, uncertainty may cause our manufacturers, suppliers, distributors, contractors, logistics providers and other external business third-party partners to suffer financial or operational difficulties, which could impact their ability to provide us with or distribute finished product, raw and packaging materials or services in a timely manner or at all. We could also face difficulty collecting or recovering accounts receivables from third parties third-parties facing financial or operational difficulties.

#### ***Impairment of our goodwill and other intangible assets would result in a reduction in net income.***

We have a material amount of goodwill, trademarks, and other intangible assets, as well as other long-lived assets, which are periodically evaluated for impairment in accordance with current accounting standards. We have in the past and may in the future confront events and circumstances, some of which may be unexpected or unpredictable, that can lead to an a significant impairment charge, including macroeconomic industry and market conditions, significant adverse shifts in our operating environment or the manner in which an asset is used, pending litigation or other regulatory matters, and current or forecasted reductions in net Net sales, operating income, or cash flows associated with the use of an asset. Impairment charges have resulted, and may in the future result, in a reduction in net Net income and an adverse effect on our business, results of operations or financial condition.

For additional information regarding goodwill and other intangible assets, see Note 4, "Intangible Assets and Goodwill," to the Consolidated Financial Statements included herein.

#### **Disruptions**

***Changes to our credit ratings or disruptions in credit markets or to our banking partners or changes to our credit ratings may reduce our access to credit or overall liquidity.***

We currently maintain investment grade credit ratings with Moody's Investors Service Ratings and Standard & Poor's Global Ratings Services. We expect that credit rating agencies will routinely evaluate us, and their ratings of our long-term and short-term debt will be based on a number of factors. Any downgrade of our credit rating by a credit rating agency, whether as a result of our actions or factors which are beyond our control, could increase the cost of borrowing under any indebtedness we may incur, reduce market capacity for our commercial paper, or require the posting of collateral under our derivative contracts. We cannot assure you that we will be able to maintain satisfactory credit ratings or that we will be able to obtain additional debt or equity financing on acceptable terms in the future, and any actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, could adversely affect our liquidity, capital position, borrowing costs, or access to capital markets.

In addition, a disruption to the credit markets could increase our future borrowing costs and impair our ability to access capital and credit markets on terms commercially acceptable to us, which could adversely affect our liquidity and capital resources or significantly increase our cost of capital. We also rely on top-tier banking partners in key markets around the world for access to credit and to facilitate collection, payment, and supply chain finance programs. A disruption to one or more of these top-tier partners could impact our ability to draw on existing credit facilities or otherwise adversely affect our cash flows or the cash flows of our customers and vendors.

#### **Risks Related to Our Relationship with J&J**

***Our historical financial information included herein may not necessarily reflect the results that we would have achieved as an independent, publicly traded company or may not be a reliable indicator of our future results.***

The historical information about Kenvue prior to April 4, 2023 in this Annual Report on Form 10-K refers to our businesses as operated by and integrated with J&J. Effective April 4, 2023, our financial statements are presented on a consolidated basis, as J&J completed in all material respects the transfer of assets and liabilities of the Consumer Health segment (the "Consumer Health Business Transfer") to us on such date. The financial information included in this Annual Report on Form 10-K prior to the Consumer Health Business Transfer has been prepared from J&J's historical accounting records and is derived from the consolidated financial statements of J&J to present the Consumer Health Business as if it had been operating on a standalone basis. Accordingly, this information may not necessarily reflect what our financial condition, results of operations, or cash flows would have been had we been an independent, publicly traded company during the periods presented or what our financial condition, results of operations, and cash flows may be in the future, primarily because of the following factors:

- Prior to the Separation, our business was operated by J&J as part of its broader corporate organization, rather than as an independent, publicly traded company. J&J or one of its affiliates performed various corporate functions for us, including facilities, insurance, logistics, quality, compliance, finance, human resources, benefits administration, procurement support, information technology, legal, corporate strategy, corporate governance, other professional services and general commercial support functions.
- Our historical financial results reflect the direct and indirect costs for the services historically provided by J&J to us. Following the completion of the Kenvue IPO, J&J currently provides some of these services to us on a transitional basis pursuant to the Transition Services Agreement and the Transition Manufacturing Agreement. For more information, see Note 12, "Relationship with J&J," to the Transition Services Agreement Consolidated Financial Statements included herein and the Transition Manufacturing Agreement, see the Company's our 2024 Proxy Statement. Our historical financial information does not reflect our obligations under the various transitional agreements we have entered into with J&J in connection with the Separation. At the end of the transitional periods specified in these agreements, we will need to perform these functions ourselves or hire third parties to perform these functions on our behalf, and these costs may significantly exceed the comparable expenses we have incurred in the past.

- Our working capital requirements and capital expenditures were satisfied as part of J&J's corporate-wide cash management and centralized funding programs prior to the Consumer Health Business Transfer, and our cost of debt and other capital may differ significantly from the historical amounts reflected in our historical financial statements.
- Prior to the Kenvue IPO, our business was integrated with the other businesses of J&J, and we benefited from J&J's size and scale, including with respect to costs, employees, and relationships with customers and third-party partners. Although we have entered into transitional agreements with J&J in connection with the Separation, these arrangements may not fully capture certain benefits that we enjoyed as a result of being integrated with J&J, and the costs we incur as an independent, publicly traded company may significantly exceed comparable costs we would have incurred as part of J&J.

For additional information about the past financial performance of our business and the basis of presentation of the Consolidated Financial Statements of our business included herein, see **Note 1, "Description of the Company and Summary of Significant Accounting Policies—Basis of Presentation,"** and **"Management's Discussion and Analysis of Financial Condition and Results of Operations,"** in **Part II, Item 7** included herein and **Note 1, "Description of the Company and**

**Summary of Significant Accounting Policies—Basis of Presentation,"** to the Consolidated Financial Statements included herein.

***We may not achieve some or all of the expected benefits of the Separation, and the Separation could adversely affect our business, results of operations or financial condition, us.***

We may not be able to achieve the full strategic and financial benefits expected to result from the Separation, or the benefits may be delayed or not occur at all. We expect that the Separation will improve our strategic and operational flexibility, increase the focus of our management team on our business operations, allow us to adopt the capital structure, investment policy and dividend policy best suited to our financial profile and business needs, provide us with our own equity to facilitate acquisitions, and enable potential investors to invest directly in our business. While we have seen the benefits in a number of these areas already, others have yet to be fully recognized.

We may not achieve full value from these and other anticipated benefits of the Separation for a variety of reasons, including:

- the Separation will continue to require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business;
- the cost of capital for our business may be higher than J&J's cost of capital prior to the Separation;
- our business may experience a loss of corporate brand identity, historical market reputation, economies of scale, purchasing power, and access to certain financial, managerial, and professional resources from which we benefited prior to the Separation;
- to preserve the tax-free treatment for U.S. federal income tax purposes to J&J of certain steps of the Separation our ability to pursue certain strategic transactions may be restricted; and
- other actions required to fully separate the respective businesses are required and may disrupt our operations.

If we fail to fully achieve some or all of the benefits expected to result from the Separation, or if the benefits are delayed, our business, results of operations, or financial condition could be adversely affected.

***Our rebranding strategy in connection with the Separation involves substantial costs and may not produce the intended benefits if it is not favorably received by our consumers, customers, or third-party partners. In addition, our continued use of legacy J&J branding, including the "Johnson's" "Johnson's®" brand, could adversely affect our reputation.***

We cannot predict with certainty the long-term effect that the Separation will have on our brands and our reputation. Although we typically rely on product branding more than corporate branding for marketing purposes, we have historically been able to capitalize on J&J's market reputation, performance, and brand identity as part of our relationships with consumers, customers, and third-party partners. In connection with the Separation, we have incurred, and will continue to incur, substantial costs to rebrand our company as "Kenvue" and change the branding and trade dress for certain of our products around the world. Successful promotion of this rebranding will depend on the effectiveness of our marketing efforts and our ability to continue to provide reliable products to consumers and customers during the course of our **transition to becoming an independent, publicly traded company.** We have invested, and will continue to invest, significant resources to promote our new branding, but we cannot predict with certainty how these marketing efforts will be received, and we cannot assure you that we will be able to achieve or maintain brand recognition or status under any new names and marks at a level that is comparable to the recognition and status we historically enjoyed as part of J&J. If our rebranding strategy does not produce the intended benefits, marketing efforts could affect our ability to retain existing and attract consumers, customers, and third-party partners, and continue to attract new consumers, customers and third-party partners could be impacted, which could adversely affect our business, results of operations, or financial condition. See

**— Risks Related to Our Business and Industry**—If our marketing efforts are not successful, our business, results of operations or financial condition could be adversely affected."

In addition, our continued use of legacy J&J branding could adversely affect our reputation. In connection with the Separation, J&J has transferred ownership of the intellectual property rights related to the "Johnson's" "Johnson's®" brand to us, unless prohibited by law in a particular jurisdiction (in which case J&J has granted to us an irrevocable, exclusive (even as to J&J), sublicensable, non-assignable (subject to certain exceptions), royalty-free and fully paid up license to use the applicable intellectual property rights). jurisdiction. We continue to use the "Johnson's" "Johnson's®" brand even following the completion of the Kenvue IPO. Furthermore, pursuant to the Trademark Phase-Out License Agreement, J&J has granted to us a non-exclusive, non-sublicensable (subject to certain exceptions), non-assignable (subject to certain exceptions), royalty-free, fully paid up worldwide license to use certain intellectual property rights retained by J&J that we used in the conduct of our business prior to the Separation, including the "Johnson & Johnson" name and signature and other legacy J&J branding. This license permits us to make ongoing use of certain variations of the legacy J&J branding for terms of varying duration, ranging from one year to 10 years following the Separation, based on our particular use of the legacy J&J branding. For example, the license to use legacy J&J branding on internal or external product

packaging and labels terminates within five years from the Kenvue IPO, subject to extension for an additional three years if, at such termination date, we continue to make use of such legacy J&J branding despite commercially reasonable efforts to terminate use. For additional information about these licenses, see our [2024 Proxy Statement](#).

As a result of this continued use of the legacy J&J branding, there is a risk that conduct or events adversely affecting J&J's reputation could also adversely affect our reputation or the reputation of our brands. Moreover, the licenses to the legacy J&J branding include quality control provisions obligating us and any sublicensees to remain in compliance with applicable law and quality standards. Failure by us or any sublicensees to comply with these obligations could potentially result in termination of the licenses, which could adversely affect our business, results of operations, or financial condition.

***We have incurred and continue to incur significant charges in connection with the Separation and incremental costs as an independent, publicly traded company.***

Certain activities related to the Separation process are ongoing and we expect this process to continue to be complex, time-consuming, and costly. We still need to establish or expand certain of our corporate functions, including quality, human resources, benefits administration, procurement support, information technology, and certain other professional services. We will also continue to need to make investments to operate without the same access to J&J's existing operational and administrative infrastructure. We continue to expect to incur one-time costs to replicate, or outsource from other providers, these corporate functions to replace the certain corporate services that J&J historically provided to us prior to the Separation. Any failure or significant downtime in our own financial, administrative, or other support systems, or in the J&J financial, administrative, or other support systems during the transitional period during which J&J provides us with support, could adversely affect our business, results of operations, or financial condition. Due to the scope and complexity of the underlying projects related to the Separation, the amount of total costs could be materially higher than our estimate, and the timing of the incurrence of these costs is subject to change.

In particular, our day-to-day business operations, including a significant portion of the communications among our customers, manufacturers, suppliers and other third-party partners, rely on [IT Technology](#) Systems. J&J's [IT Technology](#) Systems are complex, and we expect the transfer of [IT Technology](#) Systems from J&J to us to continue to be complex, time-consuming, and costly. There is also a risk of data loss in the process of transferring [IT Technology](#) Systems. As a result of our reliance on [IT Technology](#) Systems, the cost of the information technology integration and transfer and any loss of key data could have an adverse effect on our business, results of operations, or financial condition.

Information presented in [our](#) [the](#) Consolidated Financial Statements for dates prior to the Kenvue IPO [include included](#) the assets, liabilities, [net sales](#) revenues, and expenses that J&J's management determined were specifically or primarily identifiable to us, as well as direct and indirect costs that were attributable to our operations. Indirect costs are the costs of support functions that were provided on a centralized or geographic basis by J&J and its affiliates. Indirect costs were allocated to us for the purposes of preparing [our](#) [the](#) Consolidated Financial Statements [prior to the Kenvue IPO](#) based on a specific identification basis or, when specific identification was not practicable, a proportional cost allocation method, primarily based on [net](#) Net sales, headcount, or other allocation methodologies that were considered to be a reasonable reflection of the utilization of services provided or the benefit received by us during the periods presented, depending on the nature of the services received. The value of the assets and liabilities we assumed in connection with the Separation could ultimately be materially different than these attributions, which could adversely affect our business, results of operations, or financial condition.

Following the completion of the Kenvue IPO, J&J agreed to provide us with services related to historically shared functions pursuant to the Transition Services Agreement. These services include those categorized as direct and indirect costs in the preceding paragraph and as such, cost allocations for these functions are no longer included in the Consolidated Financial Statements for dates following the completion of the Kenvue IPO. Information presented in [our](#) [the](#) Consolidated Financial Statements for dates subsequent to the Kenvue IPO includes the cost incurred by Kenvue in association with services provided by J&J under the Transition Services Agreement.

***The transfer of certain assets and liabilities from J&J to us contemplated by the Separation has not been completed and may be significantly delayed or not occur at all.***

Pursuant to the Separation Agreement, in order to ensure compliance with applicable law, to obtain necessary governmental approvals and other consents, and for other business reasons, we and J&J have deferred certain transfers of assets and assumptions of liabilities of businesses in certain [non-U.S.](#) jurisdictions. For example, certain of the assets and liabilities of our operations in China and the assets and liabilities of our operations in Russia were not transferred to us prior to the end of fiscal year [2023](#) [2024](#). For more information on the Separation Agreement, see Note 12, "Relationship with J&J," to the Consolidated Financial Statements included herein and [in](#) [our](#) [2024 Proxy Statement](#).

The Separation Agreement provides that we and J&J will use our respective reasonable best efforts to effect any transfer that was not completed prior to the completion of the Kenvue IPO as promptly following the completion of the Kenvue IPO as reasonably practicable and that, prior to such transfer, the net profits or losses from the operation of such business will, to the extent reasonably practicable and permitted by applicable law, be provided to us. Nevertheless, these arrangements may introduce additional complexities to our business. We cannot assure you that any transfer that is not yet completed will occur promptly, or at all, including if we are not able to obtain necessary governmental approvals or other consents or if there are any unanticipated developments or changes, including changes in laws or regulations, or that J&J will operate such businesses as we would have. Further, effecting the transfers could require more resources than expected, including out-of-pocket costs and expenses and internal management and employee time and resources, which could adversely affect our business, results of operations, or financial condition. In the event transfers are significantly delayed or do not occur, our business, results of operations, or financial condition may be adversely affected.

***The transfer of certain contracts and other assets and rights from J&J to us may require the consents or approvals of third parties and governmental authorities, and failure to obtain these consents or approvals could adversely affect our business, results of operation or financial condition.***

The Separation Agreement provides for the transfer of certain contracts, permits, licenses and other assets and rights, in whole or in part, from J&J to us in connection with the Separation. We have completed the transfer of many, but not all, of these contracts, permits, licenses, and other assets and rights and the remainder which have not been transferred may require consents or approvals of, or provide other rights to, third parties or governmental authorities. In addition, in some circumstances, we and J&J are joint beneficiaries of contracts, and we and J&J may need to obtain the consents of third parties in order to split or separate certain remaining contracts or the relevant portion of the remaining contracts between us and J&J.

Certain required consents or approvals have not yet been obtained and may not be obtained in the future. Some third parties may use consent or approval requirements or other rights in connection with the Separation to seek to terminate contracts, obtain more favorable pricing or other contractual terms from us, or require us to provide assurance regarding our financial stability as an independent, publicly traded company by obtaining letters of credit or other forms of credit support. If we are unable to obtain required consents or

approvals, we may not receive certain benefits, permits, assets, licenses, and contractual commitments that are intended to be allocated to us as part of the Separation, and we may be required to seek alternative arrangements to obtain these benefits, permits, assets, licenses, and contractual commitments, which may be more costly or of lower quality. The termination or modification of contracts or failure to complete the transfer of contracts, permits, licenses, and other assets and rights to us on a timely basis, or at all, could adversely affect our business, results of operations, or financial condition.

**J&J may fail to perform under the Transition Manufacturing Agreement, Agreements, or we may fail to have replacement manufacturing arrangements in place when the Transition Manufacturing Agreement expires. these agreements expire.**

J&J is providing us with certain manufacturing services pursuant to the Transition Manufacturing Agreement for a transitional period following the completion of the Kenvue IPO. These services consist of supplying us with specified products, or components thereof, including Tylenol®, Zyrtec®, Motrin®, Benadryl®, and other OTC products, for terms of varying duration following the Separation. J&J is also providing us with services related to certain historically shared functions pursuant to the Transition Services Agreement for a transitional period following the completion of the Kenvue IPO. These services, which include certain information technology, supply chain, medical safety, finance, regulatory, real estate, and tax services, will be provided for terms of varying duration following the Separation.

We are relying on J&J to satisfy its manufacturing obligations under the Transition Agreements during the applicable term for each product subject to the Transition Manufacturing Agreement. Failure by J&J to perform these obligations, or any delay in or disruption to J&J's ability to perform these obligations, could adversely affect our ability to timely deliver quality products to consumers and customers in necessary quantities, hinder sales of the applicable products, damage our reputation or the

reputation of our brands, or otherwise adversely affect our business, results of operations or financial condition, potentially for an extended period of time. Furthermore, pursuant to the Transition Manufacturing Agreement, J&J has agreed to perform the manufacturing services for us in a manner consistent with the past practice of our business. As a result, our operational flexibility to implement changes with respect to these services or the amounts we pay for them is limited, and we may not be able to implement changes in a manner desirable to us.

The services that J&J is providing to us pursuant to the Transition Manufacturing Agreement are transitional in nature. Upon the expiration of the term for each product subject to the Transition Manufacturing Agreement, we will be required to transition the manufacturing services for such product to our own internal organization or to obtain alternative third-party sources to provide these services. Transitioning these services from J&J to us or one or more third parties will be a complex, time-consuming and costly process, and could increase the risk of manufacturing defects or quality control issues. Furthermore, to the extent we decide to engage one or more third parties to provide these services to us in the future, we could encounter additional risks associated with reliance on third parties. See "—Risks Related to Our Operations—We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition." If we do not have our own manufacturing operations, or comparable agreements with alternative third-party sources, in place when the Transition Manufacturing Agreement expires, our business, results of operations or financial condition could be adversely affected, including in the manner described in the preceding paragraph.

**J&J may fail to perform under the Transition Services Agreement, or we may fail to have replacement systems and services in place when the Transition Services Agreement expires.**

J&J is providing us with services related to certain historically shared functions pursuant to the Transition Services Agreement for a transitional period following the completion of the Kenvue IPO. These services, which include certain information technology, supply chain, human resources, medical safety, finance, regulatory, real estate and tax services, will be provided for terms of varying duration following the Separation. We are relying on J&J to satisfy its obligations during the term of the Transition Services Agreement. Failure by J&J to perform these obligations, or any delay in or disruption to J&J's ability to perform these obligations, could increase our costs of procuring these services, result in system or service interruptions, divert our management's focus, or otherwise adversely affect our business, results of operations, or financial condition, potentially for an extended period of time. Furthermore, pursuant to the terms of each of the Transition Services Agreement, J&J has agreed to perform the manufacturing and other services, as applicable, for us in a manner consistent with the past practice of our business. As a result, our operational flexibility to implement changes with respect to these services or the amounts we pay for them is limited, and we may not be able to implement changes in a manner desirable to us. In addition, we have historically received informal support from J&J, which may not be addressed in the Transition Services Agreement. The level of this informal support will continue to diminish or be eliminated since the Kenvue IPO was completed.

The services that J&J is providing to us pursuant to the Transition Services Agreement are transitional in nature. Upon the expiration of the term for each product subject to the Transition Manufacturing Agreement, we will be required to transition the manufacturing operations for such product to our own internal organization or to obtain alternative third-party sources to provide these services. Transitioning these manufacturing operations from J&J to us or one or more third parties will be a complex, time-consuming, and costly process, and could increase the risk of manufacturing defects or quality control issues. We are also in the process of creating our own, or engaging alternative third-party sources to provide, systems and services to replicate or replace many of the systems and services that J&J currently provides to us, under the Transition Services Agreement. However, we may not be able to successfully replicate or replace these services or obtain the services at the same or better quality, at the same or lower costs or otherwise on the same or more favorable terms and conditions from third parties. For example, implementing our own information technology framework will be a complex, time-consuming, and costly process, and could make us more vulnerable to cyberattacks, network disruptions, or other information security or cybersecurity incidents.

Furthermore, to the extent we decide to engage one or more third parties to provide these services to us in the future, we could encounter additional risks associated with reliance on third parties. See "—Risks Related to Our Operations—We rely on third parties in many aspects of our business, including to manufacture certain of our products, which exposes us to additional risks that could adversely affect our business, results of operations or financial condition." If we do not have our own systems and services or manufacturing operations, or comparable agreements with alternative third-party sources, in place when the Transition Services Agreement or other transitional agreements entered into in connection with the Separation expire, our business, results of operations, or financial condition could be adversely affected, including in the manner described in the preceding paragraph.

**Certain of our directors may have actual or potential conflicts of interest because of their equity interest in J&J. Also, certain of J&J's current executive officers currently serve as our directors, which may create conflicts of interest or the appearance of conflicts of interest.**

Because of their current or former positions with J&J, certain of our directors own equity interests in J&J. Continuing ownership of shares of J&J common stock and equity awards could create, or appear to create, actual or potential conflicts of interest if we and J&J face decisions that could have implications for both companies. In addition, certain of J&J's current executive officers continue to serve as our directors, and this could create, or appear to create, actual or potential conflicts of interest when we and J&J encounter opportunities or face decisions that could have implications for both companies or in connection with the allocation of such directors' time between us and J&J. These actual or potential conflicts of interest could arise, for example, over matters such as the desirability of changes in our business and operations, funding and capital matters, regulatory matters, matters arising with respect to the Separation Agreement and other agreements with J&J relating to the Separation or otherwise, employee retention or recruiting or our dividend policy.

Provisions relating to certain relationships and transactions in our amended and restated certificate of incorporation address certain actual or potential conflicts of interest between us, on the one hand, and J&J and its directors, officers or employees who are our directors, officers or employees on the other hand. For example, we renounce any interest or expectancy of ours in any corporate opportunities that are presented to our directors, officers or employees who are also directors, officers or employees of J&J, and such director, officer or employee has no duty to communicate or present such corporate opportunity to us, in each case so long as such corporate opportunity was not expressly offered to such person solely in their capacity as our director or officer. Although these provisions are designed to resolve certain conflicts of interest between us and J&J fairly, we cannot assure you that any conflicts of interest will be so resolved.

***Potential indemnification obligations to J&J in connection with the Separation could adversely affect our business, results of operations or financial condition.***

The Separation Agreement provides for indemnification obligations (for uncapped amounts, reduced by any insurance proceeds or other third-party proceeds that the party being indemnified receives) designed to make us financially responsible for substantially all liabilities, subject to certain exceptions, that may exist relating to our business activities, whether incurred prior to or following the completion of the Kenvue IPO. For example, J&J has received demands for indemnification for legal claims related to OTC Zantac products sold by third parties in the United States, and we have agreed to indemnify J&J for such claims. In addition, we have agreed to indemnify J&J under certain additional circumstances pursuant to certain other agreements we have entered into with J&J in connection with the Separation. If we are required to indemnify J&J under the circumstances set forth in these agreements, we may be subject to substantial liabilities, which could adversely affect our business, results of operations, or financial condition. See "—Risks Related to Our Relationship with J&J—We may be affected by significant restrictions, including on our ability to engage in certain corporate transactions, for a two-year period after the Exchange Offer, in order to avoid triggering significant tax-related liabilities."

***We may be affected by significant restrictions, including on our ability to engage in certain corporate transactions, for a two-year period after the Exchange Offer, in order to avoid triggering significant tax-related liabilities.***

To preserve the tax-free treatment of certain steps of the Separation and the Exchange Offer for U.S. federal income tax purposes, we are restricted under the Tax Matters Agreement from taking certain actions that would prevent certain steps of the Separation and the Exchange Offer from being tax-free for U.S. federal income tax purposes. Under the Tax Matters Agreement, until August 23, 2025, we are subject to specific restrictions on our ability to enter into acquisition, merger, liquidation, sale, and stock redemption transactions with respect to our stock. These restrictions may limit our ability to pursue certain strategic transactions or other transactions that we may believe to be in the best interests of our shareholders or that might increase the value of our business. These restrictions do not limit the acquisition of other businesses by us for cash consideration. In addition, under the Tax Matters Agreement, we are generally required to indemnify J&J against certain tax liabilities that may result from the acquisition of our stock or assets, even if we do not participate in or otherwise facilitate the acquisition. Furthermore, we are subject to specific restrictions on discontinuing the active conduct of our trade or business, the issuance or sale of stock or other securities (including securities convertible into our stock but excluding certain compensatory arrangements) and sales of assets outside the ordinary course of business. These restrictions may reduce our strategic and operating flexibility. For more information on the Tax Matters Agreement, see Note 12, "Relationship with J&J," to the Consolidated Financial Statements included herein and in our 2024 Proxy Statement.

***In connection with the Separation, J&J agreed to indemnify us for certain liabilities. However, we cannot assure you that the indemnity will be sufficient to protect us against the full amount of such liabilities or that J&J's ability to satisfy its indemnification obligation will not be impaired in the future.***

Pursuant to the Separation Agreement and certain other agreements we have entered into with J&J in connection with the Separation, J&J agreed to indemnify us for certain liabilities. However, third parties could also seek to hold us responsible for any of the liabilities that J&J has agreed to retain, including Talc-Related Liabilities, and we cannot assure you that the indemnity from J&J will be sufficient to protect us against the full amount of such liabilities, or that J&J will be able to fully satisfy its indemnification obligations. In addition, pursuant to the Separation Agreement, J&J's self-funded insurance policies are not available to us, and J&J's third-party insurance policies may not be available to us, for liabilities associated with occurrences of indemnified liabilities prior to the Separation, and in any event J&J's insurers may deny coverage to us for liabilities associated with certain occurrences of indemnified liabilities prior to the Separation. Moreover, even if we ultimately succeed in recovering from J&J or its insurance providers any amounts for which we are held liable, we may be temporarily required to bear these losses. The occurrence of any of these events could adversely affect our business, results of operations, or financial condition.

***Although under the Tax Matters Agreement the amount of our tax sharing payments to J&J following the completion of the Kenvue IPO will generally be determined based upon the amount of tax attributable to the Consumer Health Business for periods prior to the completion of the Exchange Offer, we nevertheless will have joint and several liability with J&J for the consolidated U.S. federal income taxes of the J&J consolidated group.***

We were included in the U.S. federal consolidated group tax return, and certain other combined or similar group tax returns, with J&J through August 23, 2023. Under the Tax Matters Agreement, J&J will generally make all necessary tax payments to the relevant tax authorities with respect to J&J group tax returns, and we will make tax sharing payments to J&J, the amount of which will generally be determined based upon the amount of tax attributable to the Consumer Health Business.

For taxable periods that begin on or after August 24, 2023, we will no longer be included in any J&J group tax returns and we will file tax returns that include only us or our subsidiaries, as appropriate. We will not be required to make tax sharing payments to J&J for those taxable periods. Nevertheless, we have joint and several liability with J&J to the IRS for the consolidated U.S. federal income taxes of the J&J consolidated group for the taxable periods in which we were part of the J&J consolidated group. For more information on the Tax Matters Agreement, see Note 12, "Relationship with J&J," to the Consolidated Financial Statements included herein and in our Proxy Statement.

***We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with J&J.***

The agreements we have entered into with J&J in connection with the Separation, including the Separation Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Intellectual Property Agreement, Transition Agreements (each as defined in Note 12, "Relationship with J&J," to the Trademark Agreements, the Transition Services Agreement, the Transition Manufacturing Agreement, the Registration Rights Agreement, the Reverse Transition Services Agreement Consolidated Financial Statements included herein), an intellectual property agreement, a trademark agreement, a reverse transition services agreement, and the Data Transfer a data transfer and Sharing Agreement, sharing agreement, were prepared in the context of the Separation while we were still part of J&J. Accordingly, during the period in which these agreements were prepared, we did not have a separate or independent board of directors or a management team that was separate from or independent of J&J. The terms of these agreements, including the fees charged for services provided under these agreements, were primarily determined by J&J and, as a result, may not necessarily reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties or from arm's-length negotiations between J&J and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction.

#### **Risks Related to Ownership of Our Common Stock**

***We cannot be certain that an active trading market for our common stock will be sustained.***

We cannot assure you that an active trading market for shares of our common stock will be sustained. If an active trading market is not sustained, you may have difficulty selling your shares of our common stock at an attractive price or at all. An inactive trading market could also impair our ability to raise capital by selling shares of our common stock, our ability to attract and motivate our employees through equity incentive awards, and our ability to acquire businesses, brands, assets, or technologies by using shares of our common stock as consideration.

***The stock price of our common stock may fluctuate significantly, and you could lose all or part of your investment in our common stock as a result.***

We cannot predict the prices at which shares of our common stock may trade.

The market price of shares of our common stock may be highly volatile and fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- our quarterly or annual earnings or those of our competitors;
- variations in our quarterly dividends, if any, to shareholders;
- actual or anticipated fluctuations in our operating results or those of our competitors;
- publication of research reports about us, our competitors or our industry, changes in, or failure to meet, estimates made by securities analysts or ratings agencies of our financial and operating performance or lack of research reports by industry analysts or ceasing of analyst coverage;
- additions or departures of key management personnel;
- strategic actions or announcements by us or our competitors;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- changes to the regulatory and legal environment in which we operate;
- litigation or governmental investigations initiated against us;
- reputational issues, including reputational issues involving our competitors and their products, J&J and our third-party partners;
- actions by institutional shareholders;
- any ineffectiveness of our internal controls;
- whether, when and in what manner J&J disposes of its remaining ownership of our common stock, and other announcements made or actions taken by J&J, whether in respect of the Separation or otherwise;
- overall market fluctuations and domestic and worldwide economic and political conditions; and
- other factors described in this "Risk Factors" section and elsewhere in this Annual Report on Form 10-K.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock. If any of the forgoing events occur, it could cause our stock price to fall and may expose us to lawsuits, including securities class action litigation, that, even if unsuccessful, could result in substantial costs and divert our management's attention and resources. You should consider an investment in shares of our common stock to be risky, and you should invest in shares of our common stock only if you can withstand a significant loss and wide fluctuations in the market value of your investment.

***Future sales by J&J or other holders of shares of our common stock, or the perception that such sales may occur, could cause the price of our common stock to decline.***

As of December 31, 2023, J&J owned 182,329,550 shares of our common stock (approximately 9.5% of our outstanding common stock). These shares are "restricted securities" as that term is defined in Rule 144 ("Rule 144") under the Securities Act, and we have granted J&J certain registration rights with respect to its remaining shares of our common stock. J&J will be entitled to sell these shares in the public market only if the sale of such shares is registered with the SEC or if the sale of such shares qualifies for an exemption from registration under Rule 144 or any other applicable exemption under the Securities Act. We are unable to predict with certainty whether or when J&J will sell a substantial number of shares of our common stock. The sale by J&J of a substantial number of shares of our common stock, or a perception that such sale could occur, could significantly reduce the prevailing market price of shares of our common stock.

**If we are unable to implement and maintain effective internal control over financial reporting in the future, investors could lose confidence in the accuracy and completeness of our financial reports and the market price of shares of our common stock could be adversely affected.**

As an independent, publicly traded company, we are required to maintain internal control over financial reporting and to report any material weaknesses in our internal control. In addition, beginning with our second annual report this Annual Report on Form 10-K, we will be required to furnish a report by management on the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). Our independent registered public accounting firm will also be required to express an opinion as to the effectiveness of our internal control over financial reporting beginning with our second annual report on Form 10-K. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating, reporting.

The process of designing, implementing, and testing the internal control over financial reporting required to comply with this obligation is complex, time-consuming, and costly. Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we identify material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors could lose confidence in the accuracy and completeness of our financial reports and the market price of shares of our common stock could be adversely affected. We could also become subject to investigations by the NYSE, the SEC, or other regulatory authorities, which could require additional financial and management resources.

***The obligations associated with being an independent, publicly traded company require significant resources and management attention.***

We are directly subject to reporting and other obligations under the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations of the SEC and the NYSE. As an independent, publicly traded company, we are required to:

- prepare and distribute periodic reports, proxy statements and other shareholder communications in compliance with the federal securities laws and rules;
- have our own board of directors and committees thereof, which comply with federal securities laws and rules and applicable stock exchange requirements;
- maintain an internal audit function;
- maintain our own financial reporting and disclosure compliance functions;
- maintain an investor relations function; and
- maintain internal policies, including those relating to trading in our securities and disclosure controls and procedures.

These reporting and other obligations place significant demands on our management, diverting their time and attention from sales-generating activities to compliance activities, and require increased administrative and operational costs and expenses that we did not incur prior to the Separation, which could adversely affect our business, results of operations, or financial condition. In addition, while we actively engage in and greatly value discussions with our shareholders as part of our responsibilities as a public company, the interests and objectives of some activist shareholders may not align with, among other things, our business strategy or the interests of our shareholders generally. Responding to activist shareholder actions may incur significant time and expense, including legal fees, and it could also disrupt our operations, divert our Board's and management's attention, and interfere with the execution of our long-term business strategy.

***Your percentage ownership in us may be diluted in the future.***

In the future, your percentage ownership in us may be diluted if we issue additional shares of our common stock or convertible debt securities in connection with acquisitions, capital market transactions, or other corporate purposes, including equity-based awards that we may grant to our directors, officers, and employees. In connection with the Kenvue IPO, we filed a registration statement on Form S-8 to register the shares of our common stock that we expect to reserve for issuance under our equity incentive plan. The Compensation & Human Capital Committee has granted, and we expect will continue to grant, additional equity-based awards to our employees and directors from time to time under our equity incentive plan. We cannot predict with certainty the size of future issuances of shares of our common stock or Kenvue 2023 Plan (as defined in Note 11, "Stock-Based Compensation," to the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of shares of our common stock. Consolidated Financial Statements included herein). Any such issuance could result in substantial dilution to our existing shareholders. In addition, certain of our employees have rights to purchase or receive shares of our common stock as a result of the conversion of their J&J stock options, restricted share units and performance share units into our stock options and restricted share units.

Our Board is authorized, without further vote or action by our shareholders, to provide for the issuance from time to time of shares of our preferred stock in series and, as to each series, to fix the designation; the dividend rate and the preferences, if any, which dividends on that series will have compared to any other class or series of our capital stock; the voting rights, if any; the liquidation preferences, if any; the conversion privileges, if any, and the redemption price or prices and the other terms of redemption, if any, applicable to that series. The terms of one or more series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of our preferred stock rights to elect directors in all events or on the occurrence of specified events or the right to veto specified transactions. In addition, the repurchase or redemption rights or liquidation preferences that we could assign to holders of our preferred stock could affect the residual value of our common stock.

***We have debt obligations that could adversely affect our business, results of operations or financial condition.***

In connection with the Separation, we entered into certain financing arrangements, which include the offering of the Senior Notes, the Commercial Paper Program, and the Revolving Credit Facility (as defined in Note 5, "Borrowings," to the Consolidated Financial Statements included herein). Some of the debt obligations under these financing arrangements will mature in the near future, and we may not be able to refinance these debt obligations on similar terms or at all depending on market conditions. In addition, we may incur additional indebtedness in the future. This indebtedness could have important, adverse consequences to us and our investors, including:

- requiring a substantial portion of our cash flow from operations to make interest payments;
- making it more difficult to satisfy other obligations;
- increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our business;
- limiting our ability to pay dividends; dividends or repurchase shares of our common stock;
- limiting our flexibility in planning for, or reacting to, changes in our business and industry; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase shares of our common stock; needed.

The risks described above will increase with the amount of indebtedness we incur in the future. Furthermore, our ability to borrow additional funds may be reduced and the risks described above would intensify if these rates the cost of additional borrowings were to increase significantly, whether because of an increase in market interest rates or a decrease in our creditworthiness. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to service our outstanding debt or to repay the outstanding debt as it becomes due,

and we may not be able to borrow money, sell assets, or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt.

**We are a holding company and our only material assets are our equity interests in our subsidiaries. As a consequence, we depend on the ability of our subsidiaries to pay dividends and make other payments and distributions to us in order to meet our obligations.**

We are a holding company with limited direct business operations. Our subsidiaries own substantially all of our assets and conduct substantially all of our operations. Dividends from our subsidiaries and permitted payments to us under arrangements with our subsidiaries are our principal sources of cash to meet our obligations. These obligations include operating expenses and interest and principal on current and any future borrowings. Our subsidiaries, including certain subsidiaries organized outside the United States, may not be able to, or may not be permitted to, pay dividends or make distributions to enable us to meet our obligations. Each subsidiary is a distinct legal entity and, under certain circumstances, legal, tax, and contractual restrictions may limit our ability to obtain cash from our subsidiaries. If the cash we receive from our subsidiaries pursuant to dividends and other arrangements is insufficient to fund any of our obligations, or if a subsidiary is unable to pay future dividends or distributions to us to meet our obligations, we may be required to raise cash through, among other things, the incurrence of debt (including convertible or exchangeable debt), the sale of assets, or the issuance of equity. Our liquidity and capital position are highly dependent on the performance of our subsidiaries and their ability to pay future dividends and distributions to us as anticipated. The evaluation of future dividend sources and our overall liquidity plans are subject to a variety of factors, including current and future market conditions, which are subject to change. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could adversely affect our business, results of operations, or financial condition and our ability to satisfy our obligations under our indebtedness or pay dividends on our common stock.

**We cannot guarantee the payment of dividends on our common stock, or the timing or amount of any such dividends.**

On January 25, 2024, we announced that our Board had declared a quarterly cash dividend of \$0.20 per share of our common stock, paid on February 28, 2024 to shareholders of record as of the close of business on February 14, 2024. Although we currently intend to continue paying a quarterly cash dividend to holders of our common stock, we have no obligation to do so, and our dividend policy may change at any time at the discretion of our Board without notice to our shareholders. The payment of any dividends in the future to our shareholders, and the timing and amount thereof, will fall within the discretion of our Board. Our Board's decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in the agreements governing our indebtedness, general economic business conditions, industry practice, legal requirements, and other factors that our Board may deem relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash flow from operations and on our access to the capital markets. Furthermore, we are a holding company with limited direct business operations. As a result, our ability to pay dividends will also depend on the ability of our subsidiaries to pay dividends and make other payments and distributions to us. We cannot assure you that we will pay our anticipated dividend in the same amount or frequency, or at all, in the future.

**If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could be adversely affected, resulting in a decrease in the market price of shares of our common stock.**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires us to make estimates and assumptions that affect the amounts reported in our combined financial statements, the Consolidated Financial Statements. We base our estimates on historical experience and on various other assumptions factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, stockholders' equity, net Net sales, and expenses that are not readily apparent from other sources. If our assumptions change or if actual circumstances differ from our assumptions, our results of operations could be adversely affected and could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of shares of our common stock.

**Certain provisions in our amended and restated certificate of incorporation and our amended and restated bylaws, and of Delaware law, may prevent or delay an acquisition of us, which could decrease the trading price of our common stock.**

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our Board rather than to attempt an unsolicited takeover not approved by our Board. These provisions include 1) the ability of our directors, and not shareholders, to fill vacancies on our Board (including those resulting from an enlargement of our Board), 2) restrictions on the ability of our shareholders to call a special meeting, 3) restrictions on the ability of our shareholders to act by written consent, 4) rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings, and 5) authority of our Board to issue preferred stock without shareholder vote or action.

In addition, because we have not chosen to be exempt from Section 203 of the Delaware General Corporation Law (the "DGCL"), this provision could also delay or prevent a change of control that shareholders may favor. Section 203 of the DGCL generally prohibits a Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time that such stockholder became an interested stockholder, subject to certain exceptions. See the section titled "Description of Capital Stock—Anti-Takeover Effects of Various Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws—Delaware Anti-Takeover Statute" in the Description of Securities filed incorporated by reference as Exhibit 4.4.4.3 to this Annual Report on Form 10-K.

We believe these provisions will protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some of our shareholders and could delay or prevent an acquisition that our Board determines is not in the best interests of us and our shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

**Our amended and restated certificate of incorporation provides that certain courts within the state of Delaware or the federal district courts of the United States will be the sole and exclusive forum for the resolution of certain types of actions and proceedings that may be initiated by our shareholders, which could discourage lawsuits against us or our directors, officers, employees or shareholders.**

Our amended and restated certificate of incorporation provides, in all cases to the fullest extent permitted by law, that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery located within the state of Delaware (or, if such court does not have jurisdiction, the United States District Court for the District of Delaware) will be the sole and exclusive forum for 1) any derivative action or proceeding brought on our behalf, 2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, or shareholders to us or our shareholders, 3) any action asserting a claim arising pursuant to any provision of our amended and restated certificate of incorporation or our amended and restated bylaws, 4) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery located within the state of Delaware, or 5) any action asserting a claim governed by the internal affairs doctrine.

These exclusive forum provisions will not apply to claims arising under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for the resolution of any action asserting a claim arising under the Securities Act.

These exclusive forum provisions may impose additional costs on shareholders in pursuing any such claims, particularly if the shareholders do not reside in or near the state of Delaware, or limit a shareholder's ability to bring a claim in a judicial forum that such shareholder finds favorable for disputes with us or our directors, officers, employees, or shareholders, which in each case may discourage such lawsuits with respect to such claims. It is possible that a court could find these exclusive forum provisions inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, and we may incur additional costs associated with resolving such matters in other jurisdictions, which could divert our management's attention and otherwise adversely affect our business, results of operations, or financial condition.

#### **Item 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

#### **Item 1C. CYBERSECURITY**

##### ***Risk Management and Strategy***

Our process for assessing, identifying, and managing material risks from cybersecurity threats is integrated into our broader risk management framework to promote a company-wide culture of cybersecurity risk management. Our cybersecurity organization continually evaluates and addresses cybersecurity risk in alignment with our business objectives, objectives to address the evolving regulatory landscape and emerging risks, including those resulting from geopolitical shifts and technological innovations such as the growth of cloud technologies and artificial intelligence. We maintain a formal cybersecurity training program, including annual trainings for all Kenvuers, covering, among other topics, phishing, email security, and data privacy. We employ automation, and we also engage our internal audit function and a range of external consultants and other expert third parties in connection with the evaluation and management of cybersecurity risk and the maturation of our cybersecurity program.

Our cybersecurity organization assesses, monitors, and manages cybersecurity risk through technical, physical, and administrative controls, including implementing cybersecurity policies, procedures, and strategies, with the ultimate goal of preventing cybersecurity incidents to the extent feasible, while increasing our system resilience in an effort to minimize business impact should an incident occur. The underlying controls of the cybersecurity risk management program are based on recognized best practices and standards for cybersecurity and information technology, including the National Institute of Standards and Technology Cybersecurity Framework. In addition, we maintain a Data Incident Response Program, which is designed to identify, assess, manage, and report significant data incidents, including those reasonably likely to affect our business strategy, results of operations, or financial condition. In the event of a cybersecurity incident, our cybersecurity team assesses, among other factors, safety impact, supply chain and manufacturing disruption, data and personal information loss, business operations disruption, projected cost, and potential for reputational harm, with support from external technical and legal advisors and law enforcement, as appropriate. The Data Incident Response Program outlines the steps to be followed from incident detection to mitigation, recovery, and notification, including notifying functional areas, senior management, and the Company's disclosure committee Disclosure Committee or a sub-committee thereof as appropriate. The disclosure committee Disclosure Committee or a sub-committee thereof will consider the materiality of an incident elevated by the Data Incident Response Program, inform the our Board and other key stakeholders as appropriate, and determine the Company's reporting obligation on a timely basis. Our organization tests and monitors these processes, including through table-top exercise testing with senior leaders.

We rely heavily on our supply chain to deliver our products to our customers and consumers, and a cybersecurity incident at a supplier or partner could materially adversely impact us. As such, we have processes in place to oversee and identify risks from cybersecurity threats associated with suppliers and our use of third-party service providers, including through our Supplier Cyber Risk Assessment process, which assesses third-party cybersecurity controls through a combination of risk assessment questionnaires, commercially available risk data, and proprietary algorithms. We also include security and privacy addendums to our contracts where applicable. We require that our suppliers and partners report cybersecurity incidents to us so that we can assess the impact of such an incident on us and have dedicated processes to respond to cybersecurity incidents at third parties.

Risks from cybersecurity threats did not materially affect our results of operations or financial condition during the period covered by this filing, fiscal twelve months ended December 29, 2024.

#### Governance

**Cybersecurity related** Cybersecurity-related risks are one of the key risks contemplated by our Enterprise Risk Management ("ERM") Framework. The ERM Framework informs our strategic planning activities through a collaborative risk management environment that proactively identifies and prioritizes our strategic, preventable, and external risks (including new or changing regulations). The ERM Framework enables a clear understanding of the top risks and the exposure they have to our performance and strategic decisions. The ERM Framework is reviewed annually as part of a risk assessment that is presented to our Board.

Our ERM Framework describes the roles and responsibilities of the Integrated Risk Management Council, a cross-functional group of senior enterprise risk leaders, which meets regularly to review and discuss significant risk facing our business, including cybersecurity risk. Our Integrated Risk Management Council, which includes our Chief Information Security Officer ("CISO"), proactively identifies, assesses, and prioritizes key or emerging risks, which are then escalated to senior management as needed and, in the case of cybersecurity risk, reported to the our Board's Nominating, Governance & Sustainability Committee (the "NG&S Committee") or our full Board.

The Nominating, Governance and Sustainability NG&S Committee of our Board (the "NG&S Committee") is responsible for assisting the our Board with respect to designated risk oversight matters, including privacy and cybersecurity. The NG&S Committee receives reports from, and meets at least twice a year and as needed with, the CISO and the Chief Privacy Officer and Digital Officer ("CPDO"). The CISO and the Chief Privacy Officer CPDO inform the NG&S Committee, which in turn informs our Board, of risks from cybersecurity threats during such meetings. The NG&S Committee reports to our full Board following each of its regularly scheduled meetings at a minimum and reviews with our Board significant issues or concerns that arise at NG&S Committee meetings. In addition, in February 2025, the CISO and the CPDO reviewed with our Board the cybersecurity and privacy programs, the Data Incident Response Program, and the role of our Board related thereto.

Our cybersecurity organization is led by our CISO. Our CISO leads a global team to develop cybersecurity organization, which develops our strategic cybersecurity priorities and execute executes operational plans. He Our CISO has over 25 years of cybersecurity experience in the healthcare, finance, and telecommunications industries and in government. Prior to his role at Kenvue, our CISO spent over ten 10 years at J&J in cybersecurity, and he retired from the United States Air Force Reserves in 2018 as a Lieutenant Colonel, where he had responsibility for cybersecurity. He is a Certified Information Systems Security Professional and holds a Masters in Telecommunications Management from the University of Maryland, University College. College and a Directorship Certification from the National Association of Corporate Directors. Our CPDO has over 10 years of privacy and digital legal experience. Prior to his role at Kenvue, our CPDO worked for over 15 years in J&J's Law Department. He also worked as a lawyer in private practice at the law firm Linklaters LLP, in industry associations, and in government, and he acted as Vice Chair of the Consumer Goods Privacy+ Consortium, an association developing compliance strategies and best practices to meet requirements of global privacy laws. He holds a Juris Doctor from Luiss Guido Carli University (Rome, Italy) and a Master of Laws in European Law and Economic Analysis from the College of Europe (Bruges, Belgium). The other members of the cybersecurity organization have decades of experience selecting, deploying, and operating cybersecurity technologies, initiatives, and processes around the world, and rely on threat intelligence as well as other information obtained from governmental, public, or private sources, including external consultants.

Notwithstanding our cybersecurity measures, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse effect on us. While we maintain cybersecurity insurance, the costs related to cybersecurity threats or disruptions may not be fully insured. For a discussion of cybersecurity risks, see Part I, Item 1A, "Risk Factors — Risks Related to Our Operations—An information security incident, including a cybersecurity breach, or the failure interruption, breakdown, invasion, corruption, destruction, or breach of an information technology or operational technology system owned or operated by us or a third party, could adversely affect our business, results of operations or financial condition. us."

#### Item 2. PROPERTIES

We own, lease, or otherwise have rights to use a number sites that are comprised of facilities, which include administration, research and development, manufacturing, warehousing, distribution, and other facilities, properties, as well as the global and North America corporate headquarters campus (discussed below). As of December 31, 2023 December 29, 2024, we own, lease, or otherwise have rights to use approximately 214 facilities, 133 sites, consisting of approximately 44 facilities 35 sites that we own and approximately 170 facilities 98 sites that we lease or otherwise have rights to use. We have approximately 21 facilities 12 sites located in 12 10 different states of the United States. In addition, we have approximately 193 facilities 121 sites located in 57 58 other countries and territories around the world, including in EMEA, APAC, LATAM, and other areas of North America. Many of these facilities sites serve more than one of our reportable business segments and multiple functions across our business.

We are also party to various agreements with J&J relating to real estate matters, which include leasing subleasing and licensing subleasing arrangements between us and J&J with respect to our facilities properties and J&J's facilities properties.

On April 20, 2023, we entered into a long-term lease for a newly renovated office global and North America corporate headquarters building and a newly constructed R&D research and development building in Summit, New Jersey that, (the "Global and North America Headquarters Lease"). We expect to officially open our new global and North America corporate headquarters in March 2025. The relocation to our new campus from multiple U.S.-based locations will continue through 2026 when the new research and development building is expected to be complete. When construction is completed, the campus will encompass a total of approximately 290,000 square feet feet. The Global and serve as North America Headquarters Lease collectively includes the Company's new lease associated with the global and North America corporate headquarters building (the "Corporate Office Lease"), the lease associated with the land where the research and R&D center. The relocation development building is under construction (the "State-of-the-Art Lab Facility Lease"), and the lease associated with land to this campus is expected to commence in 2025 be used for the office building and continue through 2026 for the new R&D building. We will continue to operate from amenities (the "Amenities Lease"). On February 21, 2024, we listed our interim corporate headquarters in Skillman, New Jersey until that time. On February 21, 2024, we listed our headquarters in Skillman for sale.

We consider the facilities sites that we use in our business to be suitable and adequate for the purposes for which they are used and do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities sites. We are committed to maintaining all of these properties sites in good operating condition.

#### Item 3. LEGAL PROCEEDINGS

The information called for by this item is incorporated herein by reference to Note 17, "Commitments and Contingencies," to the Consolidated Financial Statements included herein.

#### Item 4. MINE SAFETY DISCLOSURES

Not applicable.

#### PART II.

#### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

There were no sales of equity securities by the Company during the fiscal twelve months ended December 29, 2024.

##### Market Information and Holders

The Company's Our common stock trades on the NYSE under the symbol "KVUE." As of February 23, 2024 February 14, 2025, there were 1,914,581,851 1,911,240,720 shares of common stock outstanding, with 3,149 2,993 shareholders of record.

##### Dividends

Quarterly dividends have been paid to our shareholders since the Kenvue IPO. A summary of cash dividends per share on the outstanding Kenvue common stock declared to shareholders by our Board and paid during the fiscal twelve months ended December 31, 2023 December 29, 2024 is presented below:

| Declaration Date               | Record Date                       | Payment Date                        | Per Share Amount |
|--------------------------------|-----------------------------------|-------------------------------------|------------------|
| July 20, 2023 January 25, 2024 | August 28, 2023 February 14, 2024 | September 7, 2023 February 28, 2024 | \$0.20           |
| April 25, 2024                 | May 8, 2024                       | May 22, 2024                        | \$0.20           |
| July 25, 2024                  | August 14, 2024                   | August 28, 2024                     | \$0.205          |
| October 26, 2023 17, 2024      | November 8, 2023 13, 2024         | November 22, 2023 27, 2024          | \$0.20 0.205     |

On January 25, 2024 January 16, 2025, the Company we announced that our Board declared a cash dividend payable in the first quarter of fiscal year 2024 of \$0.20 \$0.205 per share on the Company's our common stock. The first quarter dividend was is payable on February 28, 2024 February 26, 2025 to shareholders of record as of the close of business on February 14, 2024 February 12, 2025.

Kenvue expects We expect to continue to pay cash dividends on a quarterly basis. However, the declaration of dividends is subject to the discretion of our Board.

##### Securities Authorized for Issuance under Under Equity Compensation Plans

For information relating to securities authorized for issuance under equity compensation plans, see Part III, Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," of this Annual Report on Form 10-K.

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##### Share Stock Performance Graph

The following graph compares cumulative total shareholder return on the Company's our common stock against the Standard & Poor's ("S&P") 500 Stock Index and the S&P's Consumer Staples Stock Index from May 4, 2023 (the first day our common stock began trading on the NYSE) through December 31, 2023 December 29, 2024. The graph assumes that \$100 was invested on May 4, 2023 in each of the Company's common stock, the S&P's 500 Stock Index, and the S&P's Consumer Staples Sector and that all dividends were reinvested.



| Company/Stock Index                  | May 4, 2023    | July 2, 2023  | October 1, 2023    | December 31, 2023 |
|--------------------------------------|----------------|---------------|--------------------|-------------------|
| Kenvue Inc.                          | \$ 100.00      | \$ 98.22      | \$ 75.36           | \$ 81.61          |
| S&P 500 Stock Index                  | \$ 100.00      | \$ 109.58     | \$ 105.59          | \$ 117.45         |
| S&P 500 Consumer Staples Stock Index | \$ 100.00      | \$ 97.76      | \$ 91.30           | \$ 95.69          |
| Company/Stock Index                  | March 31, 2024 | June 30, 2024 | September 29, 2024 | December 29, 2024 |
| Kenvue Inc.                          | \$ 82.19       | \$ 70.33      | \$ 90.83           | \$ 84.79          |

|                                      |           |           |           |           |
|--------------------------------------|-----------|-----------|-----------|-----------|
| S&P 500 Stock Index                  | \$ 129.38 | \$ 134.45 | \$ 141.29 | \$ 147.02 |
| S&P 500 Consumer Staples Stock Index | \$ 102.21 | \$ 102.92 | \$ 111.34 | \$ 108.32 |

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

During the **third quarter of fiscal year 2023**, three months ended **October 1, 2023**, our Board authorized a share repurchase program, under which we are authorized to repurchase up to **27 million** **27,000,000** shares of our outstanding common stock in open market or privately negotiated transactions. The program has no expiration date and may be suspended or discontinued at any time. The intent of this repurchase program is to offset dilution from the vesting or exercise of **equity** **equity-based** awards under **our equity incentive plan**, the Kenvue 2023 Plan (as defined in Note 11, "Stock-Based Compensation," to the Consolidated Financial Statements included herein).

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The following table represents our purchases of common stock during the fiscal **twelve** **three** months ended **December 31, 2023** **December 29, 2024**:

| (Shares in Thousands)    | Total Number of Shares Purchased | Average Price Paid Per Common Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Program | Approximate Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|--------------------------|----------------------------------|-------------------------------------|---|--|
| Period                   |                                  |                                     |   |  |
| October 1 - October 31   | —                                | \$ —                                | —   | 27,000   |
| November 1 - November 30 | —                                | \$ —                                | —   | 27,000   |
| December 1 - December 31 | 350                              | \$ 20.47                            | 350   | 26,650   |
| <b>Total</b>             | <b>350</b>                       |                                     |   |  |

| (Shares in Thousands)                   | Total Number of Shares Purchased | Average Price Paid Per Common Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Program | Approximate Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs |
|---|----------------------------------|-------------------------------------|---|--|
| Period                                  |                                  |                                     |   |  |
| September 30, 2024 – October 27, 2024   | —                                | \$ —                                | —   | 20,950   |
| October 28, 2024 – November 24, 2024    | 2,158                            | \$ 23.68                            | 2,158   | 18,792   |
| November 25, 2024 – December 29, 2024   | 3,000                            | \$ 23.04                            | 3,000   | 15,792   |
| <b>Total number of shares purchased</b> | <b>5,158</b>                     |                                     |   |  |

**Item 6. [Reserved]**

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**Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Overview**

**Company Overview**

At Kenvue, our purpose is to realize the extraordinary power of everyday care. As a global leader at the intersection of healthcare and consumer goods, we are the world's largest pure-play consumer health company by revenue with **\$15.4 billion** **\$15.5 billion** in Net sales in **2023**, the fiscal year 2024. By combining the power of science with meaningful human insights and **digital-first approach**, our **digital strategy**, we empower consumers to live healthier lives every day. **Trusted** Built on more than a century of heritage and trusted by generations, our differentiated portfolio of iconic brands—including Tylenol®, Neutrogena®, Listerine®, Johnson's®, BAND-AID® Brand, **Adhesive Bandages**, Aveeno®, Zyrtec®, and Nicorette®—is backed by science and recommended by healthcare professionals, which further reinforces our consumers' connections to our brands.

Our portfolio includes Self Care, Skin Health and Beauty, and Essential Health products, allowing us to connect with consumers globally—in their daily rituals and the moments that matter most.

Our global scale and the breadth of our brand portfolio are complemented by our well-developed capabilities and accelerated through our **digital-first approach, digital strategy**, allowing us to dynamically capitalize on and respond to current trends impacting our categories and geographic markets.

With a sole focus on consumer health, our marketing organization operates efficiently by leveraging our precision marketing, e-commerce, and broader digital capabilities to develop unique consumer insights and further enhance the relevance of our brands. Similarly, our research and development organization combines these consumer insights with deep, multi-disciplinary scientific expertise, and engagement with healthcare professionals, to drive innovative new products, solutions, and experiences centered around consumer health.

#### **Our Business Segments**

We operate our business through the following three reportable business segments:

- **Self Care.** Our Self Care product categories include: Pain Care; Cough, Cold, and Allergy; and Other Self Care (Digestive Health, Smoking Cessation, Eye Care, and Other). Major brands in the segment include Tylenol®, Motrin®, Nicorette®, Benadryl®, Zyrtec®, Zarbee's®, ORSL™, Rhinocort®, and Calpol®.
- **Skin Health and Beauty.** Our Skin Health and Beauty product categories include: Face and Body Care; and Hair, Sun, and Other. Major brands in the segment include Neutrogena®, Aveeno®, Dr.Ci:Labo®, OGX®, Le Petit Marseillais®, Lubriderm®, and Rogaine®.

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- **Essential Health.** Our Essential Health product categories include: Oral Care; Baby Care; and Other Essential Health (Women's Health, Wound Care, and Other). Major brands in the segment include Listerine®, Johnson's®, BAND-AID® Brand, **Adhesive Bandages**, Stayfree®, o.b.® tampons, Carefree®, and Desitin® **Diaper Rash**.

For additional information about our three reportable business segments, see “—Key Factors Affecting Our Results—Our Brands and Product Portfolio” and Note **19** **18**, “Segments of Business and Geographic Areas,” to the Consolidated Financial Statements **included herein**.

#### **Separation from Johnson & Johnson J&J**

In November 2021, **Johnson & Johnson (“J&J”)**, &J, our former parent company, announced its intention to separate its Consumer Health segment (the “Consumer Health Business”) into an independent publicly traded company (the “Separation”) **company**. Kenvue was incorporated in Delaware in February 2022, as a wholly owned subsidiary of J&J, to serve as the ultimate parent company of J&J’s Consumer Health Business. In April 2023, J&J completed the transfer of substantially all of the assets and liabilities of the Consumer Health Business to us and our subsidiaries. In May 2023, we completed an initial public offering (the “IPO” or “Kenvue IPO”) of approximately 10.4% of our outstanding common stock and began trading on the **New York Stock Exchange (“NYSE”)** **NYSE** under the ticker symbol “KVUE.” Following the Kenvue IPO, J&J owned approximately 89.6% of our outstanding common stock. In July 2023, J&J announced an exchange offer (the “Exchange Offer”) under which its shareholders could

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exchange shares of J&J common stock for shares of our common stock owned by J&J. In August 2023, J&J completed the Exchange Offer and exchanged shares representing approximately 80.1% of our common stock, completing the Separation from J&J and transition to being a fully independent public company. **In May 2024, J&J completed an additional exchange offer through which J&J exchanged indebtedness of J&J for shares of our common stock owned by J&J.** Following the **Separation**, completion of the **Debt for Equity Exchange**, J&J **continues to own approximately 9.5%** no longer owned any shares of our **outstanding** common stock.

See Note 1, “Description of the Company and Summary of Significant Accounting **Policies**, **Policies**—Description of the Company and Business Segments,” to the Consolidated Financial Statements for additional information.

We are incurring certain **non-recurring separation-related costs** in connection with our establishment as a standalone public company (the “Separation-related costs”). We expect the **non-recurring** Separation-related costs will continue through **at least approximately the first half of** fiscal year **2024** **2025**. For additional information about the Separation, see Note 1, “Description of the Company and Summary of Significant Accounting Policies,” and Note 12, “Relationship with J&J,” to the Consolidated Financial Statements **included herein**.

#### **Relationship with J&J**

We **have** entered into the Separation Agreement and various other agreements with J&J for the purpose of effecting the Separation. These agreements provide a framework for our relationship with J&J and govern various interim and ongoing relationships between us and J&J that follow the completion of the Kenvue IPO. See Note 12, “Relationship with J&J,” to the Consolidated Financial Statements **included herein** for additional information on these agreements.

#### **Kenvue Global Headquarters**

On April 20, 2023, we entered into a long-term lease for a newly renovated office global and North America corporate headquarters building and a newly constructed R&D research and development building in Summit, New Jersey that, Jersey. We expect to officially open our new global and North America corporate headquarters in March 2025. The relocation to our new campus from multiple U.S.- based locations will continue through 2026 when the new research and development building is expected to be complete. When construction is completed, the campus will encompass a total of approximately 290,000 square feet. The Global and serve as North America Headquarters Lease collectively includes the Company's new lease associated with the global and North America corporate headquarters building, the lease associated with the land where the research and R&D center. The relocation development building is under construction, and the lease associated with land to this campus is expected to commence in 2025 be used for the office building and continue through 2026 for the new R&D building. We will continue to operate from amenities.

On February 21, 2024, we listed our interim corporate headquarters in Skillman, New Jersey until that time. On February 21, 2024, we listed our headquarters in Skillman for sale, which met the criteria to be classified as held for sale at that date. We are currently evaluating For the impact fiscal three months ended March 31, 2024, an impairment charge of \$68 million was recorded on the held for sale asset associated with the interim corporate headquarters in Skillman. See Note 1, "Description of the change in classification on our results Company and Summary of operations Significant Accounting Policies—Assets Held for Sale," to the first quarter 2024. Consolidated Financial Statements included herein for more information.

### **Key Factors Affecting Our Results**

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in Part I, Item 1A, "Risk Factors," of this Annual Report on Form 10-K.

#### **Our Brands and Product Portfolio**

We have a world class, world-class, global portfolio of iconic and modern brands, and for over 135 years, we have been making and investing in consumer products for over 135 years that are trusted by generations of consumers. Our business is balanced and resilient with leading brands across categories and geographic markets. Our brands are widely recognized and represent a combination of global powerhouses and regional brands, many of which hold leading positions in their respective categories. Our brands are built for moments that uniquely matter; these moments of care create an emotional connection to our products that forms creates deep bonds between consumers and our brands.

Consumers, customers, and third-party partners value and trust the reputation, reliability, and status of our brands and the quality, performance, and functionality of our products, and we believe there are significant opportunities to further increase our category and brand penetration by continuing to deepen our brand relevance and salience across our portfolio, continually earning a place for our products in consumers' hearts and homes.

#### **Shifting Consumer Preferences**

Everyday care has never been a more essential part of the consumer health journey. Globally, preferences and expectations for consumer health products continue to evolve, with a heightened focus on preventative care and science-backed solutions. While the focus on consumer health was already on the rise before the COVID-19 pandemic, this focus has further accelerated through the full cycle of the pandemic. Consumers are also shifting the paradigm of beauty towards health. Other recent trends that have affected consumer preferences include an aging population, premiumization (where consumers switch their purchases to premium alternatives), a growing middle class in emerging markets, and the rise of digital ecosystems that create new opportunities for personalized health solutions. We expect these trends to continue and that consumers will continue to seek solutions that meet their health goals, creating growth opportunities across our product portfolio.

Consumer preferences and purchasing patterns are difficult to predict and may fluctuate rapidly. Moreover, market trends and consumer preferences and purchasing patterns may vary by geographic region, and we seek to complement our portfolio of iconic global brands with strong regional brands that are uniquely tailored to local preferences and trends.

#### **Innovation**

We rely on science. We have always prioritized science as the core of how we provide care, and we remain committed to this approach. Our ability to quickly develop new products and technologies and to adapt and market our products on an ongoing basis to meet evolving consumer preferences is an essential component of our business strategy. Several of our products have a long history of life-enhancing, first-to-market innovations. In many situations, we have driven the innovation and clinical compendium of entire categories. By leveraging world-class research and development capabilities and a team of research and development professionals, we have a multi-disciplinary and differentiated approach to innovation.

#### **Increased Competition**

Our products are sold in a highly competitive global marketplace, which, in recent years, has experienced increased retail trade concentration, the emergence of retail buying alliances, the rapid growth of e-commerce, and the integration of traditional and digital operations at key retail trade customers. One of our customers accounted for approximately 12%, 13% 12%, and 14% 13% of our total Net sales for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively. Our top 10 customers represented approximately 41%, 42% 41%, and 43% 42% of our total Net sales for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively. As a result of these trends, certain large-format retail trade customers have significant bargaining strength and represent a significant proportion portion of our total Net sales.

We face substantial competition in each of our business segments and product lines and across all geographic markets in which we operate. We compete with companies of all sizes on the basis of cost-effectiveness, product performance, real or perceived product advantages, intellectual property rights, advertising, and promotional activities, brand recognition and loyalty, consumer convenience, pricing, and geographic reach. Our competitors include multinational corporations, smaller companies that often operate on a regional basis, retailers' private-label brands, and generic non-branded products. Many of these competitors have benefited from the substantial growth in e-commerce and focus extensively on direct to consumer or other non-traditional, digital business models. Competitive factors impacting our business also include market dynamics and evolving consumer preferences, brand image, a broad product portfolio, new product innovations and product development, pricing that is attractive to consumers, cost inputs, and the ability to attract and retain talented employees. We expect that the continued attractiveness of the categories and geographic markets in which we operate will encourage the entry of new competitors of all sizes, which could increase these and other competitive pressures in the future.

#### **Sourcing, Manufacturing, and Supply Chain Management**

Our ability to meet the needs of our consumers and customers depends on the proper functioning of our manufacturing and supplier operations. Our manufacturing operations require the timely delivery of sufficient amounts of complex, high-quality components and materials. We have built our supply chain network to deploy resources across the globe where they are most needed. Our sourcing, manufacturing, and demand planning capabilities are continuously optimized to meet evolving market dynamics. Our extensive distribution network and sales organization enable us to establish strategic partnerships with key suppliers and retailers across multiple markets and channels, where we further leverage our scale to drive flexible

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manufacturing capacity and supply chain optimization. We believe this approach builds and supports our resilience across economic cycles and allows us to prioritize or expand our geographic focus based on our strategic priorities. **Nonetheless**,

#### **Restructuring**

As part of our continued transformation to a fit-for-purpose consumer company, during the fiscal year 2024, we began strategic initiatives intended to enhance organizational efficiencies and better position us for future growth ("Our Vue Forward"). To further Our Vue Forward, on May 6, 2024, our Board approved a multi-year initiative (the "2024 Multi-Year Restructuring Initiative") to build on our strengths, improve our underlying information technology infrastructure, and optimize our cost structure by rebalancing resources to better position us for future growth. The 2024 Multi-Year Restructuring Initiative primarily includes global workforce reductions, changes in recent years, we have experienced, management structure, and continue the transition to experience, higher than expected inflation, including escalating transportation, commodity, centralized shared-service functions in lower-cost locations. See Note 19, "Restructuring Expenses and other supply-chain costs and disruptions that have adversely affected, and continue Operating Model Optimization Initiatives," to adversely affect, our results of operations. Although certain costs have moderated to an extent, we continue to experience higher energy and labor costs. the Consolidated Financial Statements included herein for further information.

#### **Supply Chain Optimization Initiatives**

Since 2019, we have taken significant steps to meet consumer demand and mitigate supply chain constraints. We have redesigned our manufacturing and distribution network, optimizing both in-house and external manufacturing and distribution footprints to improve lead time and reliability across the globe. We selectively invested in specific technologies and expanded our capacity in different geographic markets with the intent to increase competitiveness by improving cost, speed, compliance, and customer service. As a result, our historical results of operations reflect savings delivered through these end-to-end supply chain optimization initiatives.

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#### **Macroeconomic Trends**

Macroeconomic factors affect consumer spending patterns and thereby our results of operations. These factors include general economic conditions, inflation, consumer confidence, employment rates, business conditions, the availability of credit, interest rates, tax rates, and fuel and energy costs. Factors that impact consumer discretionary spending, which remain volatile globally, continue to create a complex and challenging retail environment for us and our third-party partners. We intend to continue to evaluate and adjust our operating strategies and cost management opportunities to help mitigate any impacts on our results of operations resulting from broader macroeconomic conditions and policy changes, while remaining focused on the long-term growth of our business.

Global economic challenges, including the impact from acts of war, military actions, terrorist attacks, or civil unrest, such as the ongoing Russia-Ukraine War or the ongoing conflict in the Middle East, may continue to cause economic uncertainty and volatility. The impact of these issues may adversely affect prevailing economic conditions and our business, results of operations, or financial condition.

#### Russia-Ukraine War

Although the long-term implications of the ongoing military conflict between Russia and Ukraine (the "Russia-Ukraine War") Russia-Ukraine War are difficult to predict at this time, the financial impact of the conflict to us during the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 was not significant to our results of operations. For the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, our Ukrainian business represented 0.2%, 0.1% 0.2%, and 0.3% 0.1% of our Net sales, respectively. As of both December 29, 2024 and December 31, 2023, our Ukrainian business represented 0.1% of our assets. For the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, our Russian business represented 1.0% 1.1%, 1.4% 1.0%, and 1.8% 1.4% of our Net sales, respectively. As of both December 29, 2024 and December 31, 2023, our Russian business represented 0.7% of our assets.

In the first quarter of fiscal year 2022, three months ended April 3, 2022, we announced our decision to suspend supply of all of our products into Russia other than our over-the-counter OTC medicines within our Self Care segment, which we continued to supply as patients rely on many of these products for healthcare purposes. Supply of the suspended products terminated during the second quarter of fiscal year 2022, three months ended July 3, 2022. We also suspended all branded advertising, in Russia, all clinical trials, in Russia, and any additional investment in Russia. We will continue to monitor the geopolitical situation in Russia and to evaluate our activities and future operations in Russia.

#### Foreign Currency Exposure

We report our consolidated financial results in U.S. dollars but have significant non-U.S. operations. A large portion of our business is conducted in currencies other than U.S. dollars, and generally the applicable local currency is our functional currency in that locality. As a result, we face foreign currency exposure on the translation into U.S. dollars of our results of

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operations in numerous jurisdictions primarily in jurisdictions. We manage the European Union, impact of foreign exchange rate translation and transaction exposures through operational means and the United Kingdom, Japan, China, Canada, Brazil, use of derivative financial instruments such as forward foreign exchange contracts and India, cross currency swap contracts. In addition, as we continue to expand our global operations, our exposure to foreign currency risk could become more significant, particularly if the U.S. dollar strengthens in the future.

**Where possible, we manage foreign currency exposure through a variety of methods. We may adopt natural hedging strategies whereby favorable and unfavorable foreign currency impacts to our foreign currency-denominated operating expenses are mitigated to a certain extent by the natural, opposite impact on our foreign currency-denominated Net sales. In an effort to minimize the impact on earnings and cash flows of foreign currency rate movements, we engage in a combination of selling price increases, where permitted, sourcing strategies, cost-containment measures and selective hedging of foreign currency transactions. We cannot guarantee that foreign currency exchange rates will be stable in the future or that foreign currency risk can be mitigated with these risk management strategies. Nonetheless, it is not practical for us to mitigate all of our foreign currency exposure, nor are we able to accurately predict the possible impact of future foreign currency exchange rate fluctuations on our results of operations, due to our constantly changing exposure to various foreign currencies, difficulty in predicting fluctuations in foreign currency exchange rates relative to the U.S. dollar, and the significant number of foreign currencies involved.**

#### Acquisitions and Divestitures

We continually assess and refine our portfolio through acquisitions towards high-growth, high-margin of businesses as well as divestitures of assets that we do not believe are well integrated into our product portfolio and strategic direction. We have demonstrated an ability to successfully integrate and scale acquired businesses to further build upon our market leadership across our product portfolio. During the fiscal twelve months ended January 2, 2022, we divested several brands globally in line with our strategy. We did

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not complete any significant acquisitions or divestitures during the fiscal twelve months ended December 31, 2023 and January 1, 2023.

We intend to continue to pursue a disciplined and prudent approach to acquisitions and partnership opportunities that accelerate growth within our business. We believe our strong balance sheet will allow us to strategically make acquisitions and divestitures while maintaining our disciplined approach to capital allocation.

We did not complete any significant acquisitions or divestitures during the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023.

#### Legal Proceedings

We and/or certain of our subsidiaries are involved from time to time in various lawsuits and claims relating to **intellectual property, commercial contracts**, product liability, labeling, marketing, advertising, pricing, **intellectual property, commercial contracts, foreign exchange controls**, antitrust and trade regulation, labor and employment, indemnification, data privacy and **security, cybersecurity**, environmental, health and safety, and tax matters, governmental investigations, and other legal proceedings that arise in the ordinary course of our business. See Note 17, "Commitments and Contingencies," to the Consolidated Financial Statements included herein for additional information regarding our current legal proceedings.

A significant number of personal injury claims alleging that talc causes cancer were made against J&J and certain of its affiliates arising out of the use of body powders containing talc, primarily Johnson's® Baby Powder. These personal injury suits were filed primarily in state and federal courts in the United States and in Canada.

Pursuant to the Separation Agreement, J&J has retained **all liabilities on account of or relating to harm arising out of, based upon or resulting from, directly or indirectly, the presence or exposure to talc or talc-containing products sold by J&J or its affiliates in the United States and Canada (the "Talc-Related Liabilities")** **Talc-Related Liabilities** and, as a result, has agreed to indemnify us for the Talc-Related Liabilities in the United States and Canada and any costs associated with resolving such claims. We will, however, remain responsible for all liabilities on account of or relating to harm arising out of, based upon or resulting from, directly or indirectly, the presence of or exposure to talc or talc-containing products sold outside the United States or Canada.

Except for the Talc-Related Liabilities and certain other liabilities for which the Company was indemnified by J&J, the Company generally remains responsible for liabilities relating to, arising out of, or resulting from the past or current operation or conduct of the Company's business.

#### **Restructuring**

See Note 20, "Restructuring," to the Consolidated Financial Statements included herein for information about our restructuring programs.

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#### **Results of Operations**

A detailed discussion of the period-over-period changes in the results for the fiscal twelve months ended December 29, 2024 and the fiscal twelve months ended December 31, 2023 is presented below. A detailed discussion of the period-over-period changes in the results for the fiscal twelve months ended December 31, 2023 and the fiscal twelve months ended January 1, 2023 can be found under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Annual Report on Form 10-K for the fiscal twelve months ended December 31, 2023 filed on March 1, 2024 with the SEC (the "2023 Annual Report").

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#### **Fiscal Twelve Months Ended December 31, 2023 December 29, 2024 Compared with Fiscal Twelve Months Ended January 1, 2023 December 31, 2023**

Our results for the fiscal twelve months ended **December 31, 2023 December 29, 2024** and **January 1, 2023 December 31, 2023** were as follows:

|  | <b>Fiscal Twelve Months Ended</b> |
|--|-----------------------------------|
|  | <b>Fiscal Twelve Months Ended</b> |
|  | <b>Fiscal Twelve Months Ended</b> |
|  | <b>December 31, 2023</b>          |
|  | <b>December 31, 2023</b>          |
|  | <b>December 31, 2023</b>          |
|  | <b>December 29, 2024</b>          |
|  | <b>December 29, 2024</b>          |
|  | <b>December 29, 2024</b>          |

**(Dollars in Millions)**

**(Dollars in Millions)**

**(Dollars in Millions)**

Net sales

Net sales

|   |
|---|
| Net sales                                     |
| Cost of sales                                 |
| Cost of sales                                 |
| Cost of sales                                 |
| <b>Gross profit</b>                           |
| <b>Gross profit</b>                           |
| <b>Gross profit</b>                           |
| Selling, general, and administrative expenses |
| Selling, general, and administrative expenses |
| Selling, general, and administrative expenses |
| Other operating income, net                   |
| Other operating income, net                   |
| Other operating income, net                   |
| Restructuring expenses                        |
| Restructuring expenses                        |
| Restructuring expenses                        |
| Impairment charges                            |
| Impairment charges                            |
| Impairment charges                            |
| Other operating expense (income), net         |
| Other operating expense (income), net         |
| Other operating expense (income), net         |
| <b>Operating income</b>                       |
| <b>Operating income</b>                       |
| <b>Operating income</b>                       |
| Other expense, net                            |
| Other expense, net                            |
| Other expense, net                            |
| Interest expense, net                         |
| Interest expense, net                         |
| Interest expense, net                         |
| <b>Income before taxes</b>                    |
| <b>Income before taxes</b>                    |
| <b>Income before taxes</b>                    |
| Provision for taxes                           |
| Provision for taxes                           |
| Provision for taxes                           |
| <b>Net income</b>                             |
| <b>Net income</b>                             |
| <b>Net income</b>                             |

\* Calculation not meaningful.

#### Net Sales

Net sales were \$15.4 billion for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively, an increase of \$494 million \$11 million, or 3.3% 0.1%. Excluding the impact of unfavorable changes in foreign currency exchange rates of \$253 million \$219 million, or 1.4%, Organic sales (a non-GAAP financial measure as defined in "Segment Results—Organic Sales Change" below) growth was \$747 million \$230 million, primarily attributable to 0.15%. Organic sales growth was driven by favorable value realization (defined as price, including mix) of 2.7%, and increased demand across our Self Care segment, with all product categories experiencing growth. In partially offset by volume-related decreases of 1.2%. The increase in year-over-year value realization was primarily due to carryover price increases from the prior fiscal year as well as new pricing actions, while the volume-related decrease was primarily driven by Skin Health and Beauty and Self Care. Organic sales growth was primarily driven by the easing of supply chain constraints, strong e-commerce and club channel performance, one-time supply constraints, and the impact of a strong sun season on Sun Care. This growth in Essential Health across all product categories, led by Oral Care, as well as growth in Self Care, partially offset by declines in Skin Health and Beauty was partially offset by volume declines due to volume-related decreases in the United States due attributable to underperformance the carryover effects from prior fiscal year execution challenges and current fiscal year competitive pressures. For additional information about the Net sales of our three reportable business segments, see "—Segment Results" below.

The following tables present a reconciliation of the change in commercial in-store execution U.S. GAAP Net sales to the change in Organic sales for the fiscal twelve months ended December 29, 2024 as compared to the fiscal twelve months ended December 31, 2023.

| (Dollars in Millions) | Fiscal Twelve Months Ended December 29, 2024 vs December 31, 2023 <sup>(1)</sup> |         |                            |        |                      |         |
|-----------------------|--|---------|----------------------------|--------|----------------------|---------|
|                       | Reported Net sales change  |         | Impact of foreign currency |        | Organic sales change |         |
|                       | Amount   | Percent | Amount                     |        | Amount               | Percent |
| <b>Total</b>          | \$ 11  | 0.1 %   | \$ (219)                   | \$ 230 | 1.5 %                |         |

| Total        | Fiscal Twelve Months Ended December 29, 2024 vs December 31, 2023 <sup>(1)</sup> |                            |                          |        | Organic sales change |  |
|--------------|--|----------------------------|--------------------------|--------|----------------------|--|
|              | Reported Net sales change  | Impact of foreign currency | Price/Mix <sup>(2)</sup> | Volume |                      |  |
|              | 0.1 %  | (1.4)%                     | 2.7 %                    | (1.2)% |                      |  |
| <b>Total</b> |  |                            |                          |        |                      |  |

(a) Acquisitions and portfolio rationalization initiatives in 2022, along with market softness in China. Momentum in Essential Health continued, driven by divestitures did not materially impact Net sales for the fiscal twelve months ended December 29, 2024 or December 31, 2023.

(b) Also referred to as value realization and strong performance in Oral Care, along with growth in Women's Health led by value realization and brand activation, partially offset by overall volume declines primarily due to category contractions, as well as our supply suspension of certain personal care products in Russia since March 2022, realization.

#### Cost of Sales

Cost of sales were \$6.8 billion \$6.5 billion and \$6.7 billion \$6.8 billion for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively, an increase a decrease of \$136 million \$305 million, or 2.0% 4.5%. Gross profit margin expanded 200 basis points to 58.0% for the fiscal twelve months ended December 29, 2024 as compared to 56.0% for the fiscal twelve months ended December 31, 2023. Changes in both Cost of sales and gross profit margin were primarily attributable to impact of higher costs of key ingredients and packaging materials due to the impact of inflation. The increase was partially offset by gains attributable to the realization of benefits associated with our supply chain optimization initiatives and \$107 million favorable translational currency impacts. Gross profit margin also increased 60 basis points to 56.0% as compared to the prior year primarily due to growth in Net sales driven by value realization and the realization of benefits associated with our supply chain optimization initiatives, partially offset by unfavorable transactional foreign currency fluctuations. realization.

#### Selling, General, and Administrative Expenses

Selling, general, and administrative ("SG&A") expenses were \$6.1 billion \$6.3 billion and \$5.6 billion \$6.1 billion for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively, an increase of \$508 million \$188 million, or 9.0% 3.1%. SG&A Selling, general, and administrative expenses as a percentage of Net sales increased 210 120 basis points to 39.8% 41.0% for the fiscal twelve months ended December 29, 2024, as compared to 39.8% for the prior year, fiscal twelve months ended December 31, 2023, primarily attributable to higher costs in enterprise functions expenses related to brand support, including advertising and healthcare professional engagement, as we operate on a standalone basis, transition services agreement increased our investment to further support sales across segments and geographies, and an additional quarter of incremental ongoing public company costs with J&J, and a \$255 million increase in non-recurring Separation-related costs, not incurred last year. These cost increases were partially offset by favorable currency impacts of \$64 million. savings from Our Vue Forward and a \$217 million decrease in Separation-related costs.

#### Restructuring Expenses

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#### Other Operating Income, Net

Other operating income, net was \$10 million and \$23 million Restructuring expenses were \$185 million for the fiscal twelve months ended December 31, 2023 December 29, 2024, driven by costs incurred under Our Vue Forward related to global workforce reductions, changes in management structure, and January 1, 2023 the transition to centralized shared-service functions in lower-cost locations, as we began strategic initiatives intended to enhance organizational efficiencies and better position Kenvue for future growth. This includes employee-related costs, information technology and project-related costs, and other implementation costs. See Note 19, "Restructuring Expenses and Operating Model Optimization Initiatives," to the Consolidated Financial Statements included herein for additional information.

## Impairment Charges

Impairment charges were \$578 million for the fiscal twelve months ended December 29, 2024, which primarily included a non-cash charge of \$488 million (\$337 million after-tax) to adjust the carrying value of intangible assets and property, plant, and equipment related to the Dr.Ci:Labo® skin health business. The impairment was due primarily to revisions to internal forecasts for the business as a result of updates in our strategy to reach more consumers and appropriately address evolving market dynamics, including shifts in consumer sentiment in China as well as changing shopping patterns in the region. The increase also included the impact of a \$68 million non-cash impairment charge related to our interim corporate headquarters in Skillman, New Jersey, which was classified as held for sale on February 21, 2024. Additionally, we recognized a non-cash impairment charge of \$22 million related to certain software development assets. See Note 1, "Description of the Company and Summary

of Significant Accounting Policies—Impairment of Long-Lived Assets," to the Consolidated Financial Statements included herein for additional information.

## Other Operating Expense (Income), Net

Other operating expense (income), net was \$26 million and \$(10) million for the fiscal twelve months ended December 29, 2024 and December 31, 2023, respectively, a decrease change of \$13 million \$36 million. The decrease Expense for the fiscal twelve months ended December 29, 2024 was primarily driven by the \$59 million accounting impact of net economic benefit arrangements with J&J in connection with the Deferred Local Businesses (see Note 1, "Description of the Company and Summary of Significant Accounting Policies," to the Consolidated Financial Statements included herein for additional information) and an increase in litigation-related expenses, partially offset by \$34 million of royalty income. Income for the fiscal twelve months ended December 31, 2023 was driven by the prior period reversal of a \$45 million contingent liability that was no longer considered to be probable, \$35 million of royalty income, and the a \$9 million gain recognized on the sale of a manufacturing facility in Lancaster, Pennsylvania in the fiscal twelve months ended December 31, 2023, partially offset by the \$28 million accounting impact of \$9 million. net economic benefit arrangements with J&J in connection with the Deferred Local Businesses, and \$26 million of litigation expense. See Note 13, "Other Operating Expense (Income), Net and Other Expense, Net," to the Consolidated Financial Statements included herein for additional information.

## Other Expense, Net

Other expense, net was \$48 million and \$72 million for the fiscal twelve months ended December 29, 2024 and \$38 million December 31, 2023, respectively, a decrease of \$24 million. Expense for the fiscal twelve months ended December 29, 2024 was driven by \$72 million in losses on investments, partially offset by a \$21 million gain recognized on the release of tax indemnification reserves that were no longer considered to be probable. Expense for the fiscal twelve months ended December 31, 2023 and January 1, 2023, respectively, an increase in expense of \$34 million, primarily was driven by higher foreign \$58 million in currency losses on transactions and impairments \$7 million in losses on equity securities, investments. See Note 13, "Other Operating Expense (Income), Net and Other Expense, Net," to the Consolidated Financial Statements included herein for additional information.

## Interest Expense, Net

Interest expense, net was \$378 million and \$250 million for the fiscal twelve months ended December 29, 2024 and December 31, 2023, respectively, an increase of \$128 million. The increase in expense was driven by the an additional quarter of interest expense recognized on the Senior Notes and notes issued under the commercial paper program in 2023 in connection Commercial Paper Program not incurred last fiscal year, along with the IPO, partially offset by interest income, including \$33 million of interest income recognized in the fiscal three months ended July 2, 2023 in relation to the Facility Agreement (as defined in Note 5, "Borrowings—Facility Agreement," to the Consolidated Financial Statements included herein) as well as interest income earned in the fiscal six months ended July 2, 2023 on the debt proceeds in escrow and the Facility Agreement, escrow. See Note 5, "Borrowings," to the Consolidated Financial Statements included herein for additional information.

## Provision For Taxes

Provision for taxes was \$526 million \$385 million and \$573 million \$526 million for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively, a decrease in income tax expense of \$47 million \$141 million. The decrease is in Provision for taxes was primarily due to changes lower year-to-date income in income before taxes and tax reserve releases due to statute of limitation expirations. The decrease is offset by a reduction in our capacity to utilize foreign tax credits against U.S. foreign source income due comparison to the increase in annual interest expense. As prior fiscal period as a result we recorded of the Dr.Ci:Labo® skin health business impairment for the fiscal twelve months ended December 29, 2024 and the recording of a valuation allowance against a deferred tax asset related to future foreign tax credit benefits.

## Fiscal Twelve Months Ended January 1, 2023 Compared with Fiscal Twelve Months Ended January 2, 2022

Our results benefits in the fiscal twelve months ended December 31, 2023. The decrease is offset by fewer releases of uncertain tax positions due to the expiration of certain statutes of limitations and reduced tax benefits derived from the Separation as compared to the fiscal twelve months ended December 31, 2023 as well as unfavorable return-to-provision adjustments and shortfall on stock-based compensation recorded during the fiscal twelve months ended December 29, 2024. In addition, the worldwide effective income tax rates for the fiscal twelve months ended January 1, 2023 December 29, 2024 and January 2, 2022 December 31, 2023 were as follows:

|  | Fiscal Twelve Months Ended | Change In Fiscal Year |
|--|----------------------------|-----------------------|
|--|----------------------------|-----------------------|

| (Dollars in Millions)                         | January 1, 2023 | January 2, 2022 | 2021 to 2022   |               |
|---|-----------------|-----------------|----------------|---------------|
|   | Amount          | Percent         |                |               |
| Net sales                                     | \$ 14,950       | \$ 15,054       | \$ (104)       | (0.7)%        |
| Cost of sales                                 | 6,665           | 6,635           | 30             | 0.5           |
| <b>Gross profit</b>                           | <b>8,285</b>    | <b>8,419</b>    | <b>(134)</b>   | <b>(1.6)</b>  |
| Selling, general, and administrative expenses | 5,633           | 5,484           | 149            | 2.7           |
| Other operating (income) expense, net         | (23)            | 15              | (38)           | *             |
| <b>Operating income</b>                       | <b>2,675</b>    | <b>2,920</b>    | <b>(245)</b>   | <b>(8.4)</b>  |
| Other expense (income), net                   | 38              | (5)             | 43             | *             |
| <b>Income before taxes</b>                    | <b>2,637</b>    | <b>2,925</b>    | <b>(288)</b>   | <b>(9.8)</b>  |
| Provision for taxes                           | 573             | 847             | (274)          | (32.3)        |
| <b>Net income</b>                             | <b>\$ 2,064</b> | <b>\$ 2,078</b> | <b>\$ (14)</b> | <b>(0.7)%</b> |

\* Calculation not meaningful.

A detailed discussion of the period-over-period changes in the results for the fiscal twelve months ended January 1, 2023 27.2% and the fiscal twelve months ended January 2, 2022 24.0%, with the exception of the Provision for taxes line item which is described below, can be found under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the final prospectus filed on May 4, 2023 with the U.S. Securities and Exchange Commission pursuant to Rule

424(b)(4) under the Securities Act relating respectively. See Note 14, "Income Taxes," to the Company's Registration Statement on Form S-1 (the "IPO Prospectus") Consolidated Financial Statements included herein for the Kenvue IPO.

As described in Note 1, "Description of the Company and Summary of Significant Accounting Policies," effective in the third quarter of fiscal year 2023, the Company changed its accounting principle for Global Intangible Low-Tax Income ("GILTI") from the deferred approach to the period cost approach, which resulted in adjustments to the Provisions for taxes line item in the Consolidated Statements of Operations as compared to the amounts reported for the fiscal twelve months ended January 1, 2023 and January 2, 2022 in our IPO Prospectus. A detailed discussion of the period-over-period changes in the Provision for taxes line item for the fiscal twelve months ended January 1, 2023 and the fiscal twelve months ended January 2, 2022, inclusive of the adjustments for the change in accounting principle for GILTI, can be found below.

#### Provision For Taxes

Provision for taxes was \$573 million and \$847 million for the fiscal twelve months ended January 1, 2023 and January 2, 2022, respectively, a decrease in income tax expense of \$274 million. The \$274 million decrease in income tax expense was primarily due to a lower effective tax rate in the fiscal twelve months ended January 1, 2023 resulting from the ability to claim certain deductions and additional foreign tax credits that were limited in the fiscal twelve months ended January 2, 2022 as a result of the talc litigation settlement information.

#### Segment Results

Segment profit is based on Operating income, excluding depreciation, and amortization non-recurring of intangible assets, Separation-related costs, restructuring expenses and operating model optimization initiatives, impairment charges, the impact of the conversion of stock-based awards, issuance of Founder Shares (as defined below), Other operating expense (income) expense, net, and unallocated general corporate administrative expenses (referred to herein as "Segment adjusted operating income"), as management the Chief Operating Decision Maker (the "CODM") excludes these items in assessing segment financial performance. General corporate/unallocated expenses, which include expenses related to treasury, legal operations, and certain other expenses, along with gains and losses related to the overall management of our company, Company, are not allocated to the segments. In assessing segment performance and managing operations, management the CODM does not review segment assets.

See Note 19, 18, "Segments of Business and Geographic Areas," to the Consolidated Financial Statements included herein for additional information.

A detailed discussion of the period-over-period changes in Segment net sales and Segment adjusted operating income for the fiscal twelve months ended December 29, 2024 and the fiscal twelve months ended December 31, 2023 is presented below. A detailed discussion of the period-over-period changes in Segment net sales and Segment adjusted operating income for the fiscal twelve months ended December 31, 2023 and the fiscal twelve months ended January 1, 2023 can be found under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II., Item 7 of our 2023 Annual Report.

#### Fiscal Twelve Months Ended December 31, 2023 December 29, 2024 Compared with Fiscal Twelve Months Ended January 1, 2023 December 31, 2023

The following table presents Segment net sales and Segment adjusted operating income and the period-over-period changes in Segment net sales and Segment adjusted operating income for the fiscal twelve months ended December 29, 2024 and December 31, 2023. During the fiscal twelve months ended December 29, 2024, January 1, 2023, we adopted ASU 2023-07, as described in more detail in Note 1, "Description of the Company and January 2, 2022, Summary of Significant Accounting Policies—Recently Adopted

Accounting Standards," to the Consolidated Financial Statements included herein. See Note 19, 18, "Segments of Business and Geographic Areas," to the Consolidated Financial Statements included herein for further details regarding Segment net sales and Segment adjusted operating income.

| (Dollars in Millions)  | Fiscal Twelve Months Ended |                |                  |                | Change In Fiscal Year |              |
|--|----------------------------|----------------|------------------|----------------|-----------------------|--------------|
|  | December 31, 2023          |                | January 1, 2023  |                | 2022 to 2023          | 2022 to 2023 |
|  | Amount                     | Percent        | Amount           | Percent        | Amount                | Percent      |
| <b>Segment Net Sales</b>   |                            |                |                  |                |                       |              |
| Self Care  | \$ 6,451                   | 41.8 %         | \$ 6,030         | 40.3 %         | \$ 421                | 7.0 %        |
| Skin Health and Beauty   | 4,378                      | 28.3           | 4,350            | 29.1           | 28                    | 0.6          |
| Essential Health   | 4,615                      | 29.9           | 4,570            | 30.6           | 45                    | 1.0          |
| <b>Segment net sales</b>   | <b>\$ 15,444</b>           | <b>100.0 %</b> | <b>\$ 14,950</b> | <b>100.0 %</b> | <b>\$ 494</b>         | <b>3.3 %</b> |
| Self Care  | \$ 2,299                   |                | \$ 2,088         |                | \$ 211                | 10.1 %       |
| Skin Health and Beauty   | 679                        |                | 708              |                | (29)                  | (4.1)        |
| Essential Health   | 1,011                      |                | 1,111            |                | (100)                 | (9.0)        |
| <b>Segment adjusted operating income<sup>(1)</sup></b>                             | <b>\$ 3,989</b>            |                | <b>\$ 3,907</b>  |                | <b>\$ 82</b>          | <b>2.1 %</b> |
| Reconciliation to Income before taxes:   |                            |                |                  |                |                       |              |
| Depreciation   | 305                        |                | 296              |                |                       |              |
| Amortization   | 322                        |                | 348              |                |                       |              |
| Separation-related costs   | 468                        |                | 213              |                |                       |              |
| Restructuring expenses and operating model optimization initiatives <sup>(2)</sup> | 32                         |                | 100              |                |                       |              |
| Conversion of stock-based awards <sup>(3)</sup>                                    | 55                         |                | —                |                |                       |              |
| Founder Shares <sup>(4)</sup>  | 9                          |                | —                |                |                       |              |
| Other operating income, net  | (10)                       |                | (23)             |                |                       |              |
| General corporate/unallocated expenses   | 296                        |                | 298              |                |                       |              |
| <b>Operating income</b>  | <b>\$ 2,512</b>            |                | <b>\$ 2,675</b>  |                |                       |              |
| Other expense, net   | 72                         |                | 38               |                |                       |              |
| Interest expense   | 250                        |                | —                |                |                       |              |
| <b>Income before taxes</b>   | <b>\$ 2,190</b>            |                | <b>\$ 2,637</b>  |                |                       |              |

| (Dollars in Millions)                                      | Fiscal Twelve Months Ended |                        |                  |                   |                 |                        | Change In Fiscal Year |                 |                |               |
|--|----------------------------|------------------------|------------------|-------------------|-----------------|------------------------|-----------------------|-----------------|----------------|---------------|
|  | December 29, 2024          |                        |                  | December 31, 2023 |                 |                        | Change 2023 to 2024   |                 |                |               |
|  | Self Care                  | Skin Health and Beauty | Essential Health | Total             | Self Care       | Skin Health and Beauty | Essential Health      | Total           | Amount         | Percent       |
| Net sales  | \$ 6,527                   | \$ 4,240               | \$ 4,688         | \$ 15,455         | \$ 6,451        | \$ 4,378               | \$ 4,615              | \$ 15,444       | \$ 11          | 0.1 %         |
| Segment adjusted Cost of sales <sup>(1)</sup>              | 2,287                      | 1,738                  | 2,102            | 6,127             | 2,249           | 1,952                  | 2,228                 | 6,429           | (302)          | (4.7)%        |
| Other segment expense items <sup>(2)</sup>                 | 2,067                      | 1,895                  | 1,424            | 5,386             | 1,903           | 1,747                  | 1,376                 | 5,026           | 360            | 7.2 %         |
| <b>Segment adjusted operating income</b>                   | <b>\$ 2,173</b>            | <b>\$ 607</b>          | <b>\$ 1,162</b>  | <b>\$ 3,942</b>   | <b>\$ 2,299</b> | <b>\$ 679</b>          | <b>\$ 1,011</b>       | <b>\$ 3,989</b> | <b>\$ (47)</b> | <b>(1.2)%</b> |
| Reconciliation to Income before taxes:                     |                            |                        |                  |                   |                 |                        |                       |                 |                |               |
| Less:  |                            |                        |                  |                   |                 |                        |                       |                 |                |               |
| Depreciation <sup>(3)</sup>                                |                            |                        |                  | 329               |                 |                        |                       |                 | 305            |               |
| Amortization of intangible assets                          |                            |                        |                  | 269               |                 |                        |                       |                 | 322            |               |
| Separation-related costs <sup>(4)</sup>                    |                            |                        |                  | 296               |                 |                        |                       |                 | 468            |               |
| Restructuring and operating model optimization initiatives |                            |                        |                  | 221               |                 |                        |                       |                 | 32             |               |
| Impairment charges   |                            |                        |                  | 578               |                 |                        |                       |                 | —              |               |

|   |                 |                 |
|---|-----------------|-----------------|
| Conversion of stock-based awards <sup>(5)</sup> | 39              | 55              |
| Founder Shares <sup>(6)</sup>                   | 29              | 9               |
| Other operating expense (income), net           | 26              | (10)            |
| General corporate/unallocated expenses          | 314             | 296             |
| <b>Operating income</b>                         | <b>\$ 1,841</b> | <b>\$ 2,512</b> |
| Other expense, net                              | 48              | 72              |
| Interest expense, net                           | 378             | 250             |
| <b>Income before taxes</b>                      | <b>\$ 1,415</b> | <b>\$ 2,190</b> |

(1) In the first quarter, the Company defines Segment adjusted cost of fiscal year 2023, we adjusted the allocation for certain intangible asset amortization costs within sales as Cost of Sales to align with segment financial results as measured by us, including the CODM. Accordingly, we updated its segment disclosures to reflect the updated presentation in all prior periods. Total segment sales adjusted for amortization of intangible assets, Separation-related costs, conversion of stock-based awards, Founder Shares, operating income did not change as a result of this update, model optimization initiatives, and general corporate/unallocated expenses.

(2) Exclusive of the restructuring, Other segment expense items for each reportable segment include employee-related costs, brand support, shipping and handling costs, research and development costs, and certain other operating expenses and operating model optimization initiatives included in Other operating income, net in the Company's Consolidated Statements of Operations. (income).

(3) Depreciation includes the amortization of integration and development costs capitalized in connection with cloud computing arrangements.

(4) Separation-related costs includes depreciation expense on Separation-related assets for the fiscal twelve months ended December 29, 2024.

(5) Segment adjusted operating income excludes the impact of the conversion of stock-based awards that occurred on August 23, 2023 (see Note 11, "Stock-Based Compensation") Compensation," to the Consolidated Financial Statements included herein for additional information. This The adjustment primarily represents the add-back of the net impact of the gain on reversal of previously recognized stock-based compensation expense, of \$148 million, offset by stock-based compensation expense recognized in the fiscal twelve months ended December 29, 2024 and December 31, 2023 relating to employee services provided prior to the Separation of \$203 million. Separation.

(6) On August 25, 2023, the Company's our Compensation & Human Capital Committee approved equity grants to individuals employed by Kenvue as of October 2, 2023 (the "Founder Shares"). On October 2, 2023, the Founder Shares were granted to all Kenvue employees in the form of stock options and PSUs to executive officers and either stock options and PSUs or RSUs to non-executive individuals (see Note 11, "Stock-Based Compensation") Compensation," to the Consolidated Financial Statements included herein for additional information).

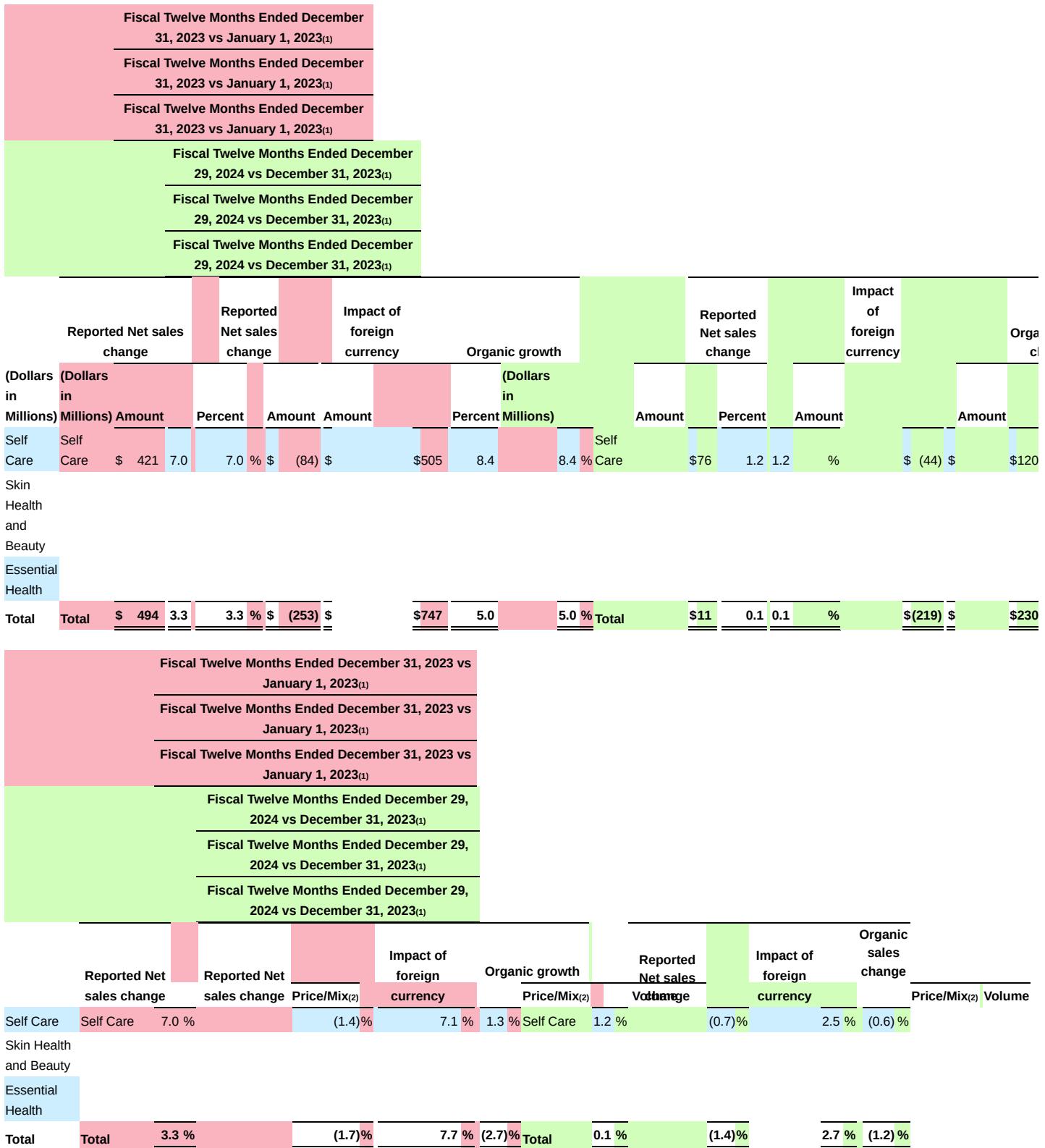
| (Dollars in Millions)                                  | Fiscal Twelve Months Ended |                |                   |                | Change in Fiscal Year |               |
|--|----------------------------|----------------|-------------------|----------------|-----------------------|---------------|
|  | December 29, 2024          |                | December 31, 2023 |                | Change 2023 to 2024   |               |
|  | Amount                     | Percent        | Amount            | Percent        | Amount                | Percent       |
| <b>Segment Net Sales</b>                               |                            |                |                   |                |                       |               |
| Self Care  | \$ 6,527                   | 42.3 %         | \$ 6,451          | 41.8 %         | \$ 76                 | 1.2 %         |
| Skin Health and Beauty                                 | 4,240                      | 27.4           | 4,378             | 28.3           | (138)                 | (3.2)         |
| Essential Health                                       | 4,688                      | 30.3           | 4,615             | 29.9           | 73                    | 1.6           |
| <b>Segment net sales</b>                               | <b>\$ 15,455</b>           | <b>100.0 %</b> | <b>\$ 15,444</b>  | <b>100.0 %</b> | <b>\$ 11</b>          | <b>0.1 %</b>  |
| Self Care  | \$ 2,173                   |                | \$ 2,299          |                | \$ (126)              | (5.5)%        |
| Skin Health and Beauty                                 | 607                        |                | 679               |                | (72)                  | (10.6)        |
| Essential Health                                       | 1,162                      |                | 1,011             |                | 151                   | 14.9          |
| <b>Segment adjusted operating income<sup>(1)</sup></b> | <b>\$ 3,942</b>            |                | <b>\$ 3,989</b>   |                | <b>\$ (47)</b>        | <b>(1.2)%</b> |

(1) Refer to the table above for the reconciliation of Segment adjusted operating income to Operating income and Income before taxes on the Consolidated Financial Statements.

#### Organic Growth Sales Change

We assess our Net define Organic sales, performance by measuring Organic growth, a non-GAAP financial measure, which measures the period-over-period change in Net sales excluding the impact of changes in foreign currency exchange rates and the impact of acquisitions and divestitures. We assess our Net sales performance by measuring the period-over-period change in Organic sales (previously referred to as "Organic growth"). Management believes reporting period-over-period changes in Organic growth sales provides investors with additional, supplemental information that they may find is useful in assessing our results of operations by excluding the impact of certain items that we believe do not directly reflect our underlying operations.

The following tables present a reconciliation of the change in U.S. GAAP Net sales to the change in Organic growth sales for the fiscal twelve months ended December 31, 2023 December 29, 2024 as compared to the fiscal twelve months ended January 1, 2023 December 31, 2023:



(1) Acquisitions and divestitures did not materially impact the reported Net sales change for the fiscal twelve months ended December 29, 2024 or December 31, 2023.

(2) Also referred to as value realization.

A detailed discussion of the period-over-period changes in Segment net sales and Segment adjusted operating income for the fiscal twelve months ended December 31, 2023 and the fiscal twelve months ended January 1, 2023 is presented below. A detailed discussion of the period-over-period changes in Segment net sales and Segment adjusted operating income for the fiscal twelve months ended January 1, 2023 and the fiscal twelve months ended January 2, 2022 can be found under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our IPO Prospectus.

### **Self Care Segment**

#### **Self Care Segment Net Sales**

The Self Care Segment net Net sales were \$6.5 billion and \$6.0 billion for both the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023. For the fiscal twelve months ended December 29, 2024, respectively, an increase of \$421 million Net sales increased \$76 million, or 7.0% 1.2%, as compared to the fiscal twelve months ended December 31, 2023. Excluding the unfavorable impact of unfavorable changes in foreign currency translation, exchange rates of \$44 million, or 0.7%, Organic sales growth was \$505 million \$120 million, or 8.4% 1.9%. Organic sales growth was primarily driven by favorable value realization of 7.1% 2.5% due to the performance in Smoking Cessation as a result of effective promotional strategies and product innovation, as well as Digestive Health and Allergy Care. Partially offsetting the favorable value realization, volume-related increases of 1.3% decreases reduced Organic sales by 0.6% driven by increased demand across our Self declines in Pain Care segment, with all product categories experiencing growth. Increased demand for Cough, Cold, and Allergy products due to greater instances of respiratory illness, primarily in Europe and China, innovation-based volume growth, one-time supply replenishment, resulting from trade inventory fluctuations primarily in the United States related as well as declines in pediatric products attributable to low trade inventory levels at the start lower incidences of the year, illnesses primarily in APAC and brand activation across product categories fueled growth for the segment. North America.

#### **Self Care Segment Adjusted Operating Income**

The Self Care Segment adjusted operating income increased decreased by \$211 million \$126 million, or 10.1% 5.5%, to \$2.3 billion \$2,173 million for the fiscal twelve months ended December 29, 2024 as compared to the fiscal twelve months ended December 31, 2023. The increase decrease was primarily driven by increased investment in our brands and volume-related Net sales decreases, partially offset by favorable value realization volume-related increases, and the realization of benefits associated with our supply chain optimization initiatives, partially offset by the negative impact of transactional foreign currency fluctuations and the negative impact of cost inflation, initiatives.

### **Skin Health and Beauty Segment**

#### **Skin Health and Beauty Segment Net Sales**

The Skin Health and Beauty Segment net Net sales were \$4.4 billion \$4.2 billion and \$4.4 billion for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively, an increase a decrease of \$28 million \$138 million, or 0.6% 3.2%. Excluding the unfavorable impact of unfavorable changes in foreign currency translation, Organic growth was \$80 million exchange rates of \$57 million, or 1.8% 1.3%. Organic sales decline was \$81 million, or 1.9%. The Organic sales decline was primarily driven by value realization of 6.6%, offset by volume-related decreases of 4.8%. The increase was driven by 3.5%, primarily in the easing United States attributable to the carryover effects from prior fiscal year execution challenges, as well as current fiscal year competitive pressures, coupled with market softness in China primarily impacting the first half of supply chain constraints, strong e-commerce and club channel performance, one-time supply replenishment, and share gains in Sun Care, which were fueled by a strong sun season, the fiscal year, partially offset by underperformance growth primarily in commercial U.S. in-store execution, portfolio rationalization initiatives in 2022, EMEA and market softness in China, LATAM. Partially offsetting the volume-related decrease, favorable value realization increased Organic sales by 1.6%.

#### **Skin Health and Beauty Segment Adjusted Operating Income**

The Skin Health and Beauty Segment adjusted operating income decreased by \$29 million \$72 million, or 4.1% 10.6%, to \$679 million \$607 million for the fiscal twelve months ended December 29, 2024 as compared to the fiscal twelve months ended December 31, 2023. The decrease was primarily driven by the negative impact of cost inflation increased investment in our brands and the negative impact of transactional foreign currency fluctuations, volume-related Net sales decreases, partially offset by value realization and the realization of benefits associated with our supply chain optimization initiatives, initiatives and favorable value realization.

### **Essential Health Segment**

#### **Essential Health Segment Net Sales**

The Essential Health Segment net Net sales were \$4.6 billion \$4.7 billion and \$4.6 billion for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively, an increase of \$45 million \$73 million, or 1.0% 1.6%. Excluding the unfavorable impact of unfavorable changes in foreign currency translation, exchange rates of \$118 million, or 2.5%, Organic sales growth was \$162 million \$191 million, or 3.6%, 4.1%. Organic sales growth, primarily driven by favorable value realization of 9.6%, 3.9% across all product categories, was led by strong performance in Oral Care, attributable to product innovation and effective promotional strategies, and growth in Women's Health. The increase was partially offset by volume declines of 6.0%, primarily due to category contractions, as well as our supply suspension of certain personal care products in Russia since March 2022.

#### **Essential Health Segment Adjusted Operating Income**

The Essential Health Segment adjusted operating income decreased increased by \$100 million \$151 million, or 9.0% 14.9%, to \$1.0 billion \$1,162 million for the fiscal twelve months ended December 29, 2024 as compared to the fiscal twelve months ended December 31, 2023. The decrease increase was primarily driven by the negative impact of cost inflation and the negative impact of transactional foreign currency fluctuations, partially offset by favorable value realization and the realization of benefits associated with our supply chain optimization initiatives, initiatives, partially offset by increased investment in our brands.

## Liquidity and Capital Resources

Prior to April 4, 2023, our working capital requirements and capital expenditures were satisfied as part of J&J's corporate-wide cash management and centralized funding programs, and a substantial portion of our cash was transferred to J&J. Cash and cash equivalents held by J&J at the corporate level were not specifically identifiable to us.

Effective April 4, 2023, upon completion of the Consumer Health Business Transfer (as defined in Note 1, "Description of the Company and Summary of Significant Accounting Policies" Policies—Description of the Company and Business Segments, to the Consolidated Financial Statements included herein), we no longer participate in J&J's corporate-wide cash management and centralized funding programs.

## Cash Flows

Summarized cash flow information for the fiscal twelve months ended December 31, 2023, January 1, 2023, December 29, 2024 and January 2, 2022 December 31, 2023 were as follows:

| (Dollars in Millions)                       | (Dollars in Millions)                       | Fiscal Twelve Months Ended |                   | Change In Fiscal Year      |                     | Change In Fiscal Year | Change In Fiscal Year |
|---|---|----------------------------|-------------------|----------------------------|---------------------|-----------------------|-----------------------|
|   |   | December 29, 2024          | December 31, 2023 | Fiscal Twelve Months Ended | Change 2023 to 2024 |                       |                       |
|   |   | Amount                     | Percent           | Amount                     | Percent             |                       |                       |
| Net income                                  | Net income                                  | \$ 1,030                   | \$ \$ 1,664       | \$ (634)                   | (38.1)              | (38.1) %              |                       |
| Net changes in assets and liabilities       | Net changes in assets and liabilities       | \$ (571)                   | \$ \$ 797         | \$ (1,368)                 | *                   | *                     |                       |
| Net changes in assets and liabilities       | Net changes in assets and liabilities       |                            |                   |                            |                     |                       |                       |
| Net cash flows from operating activities    | Net cash flows from operating activities    | \$ 1,769                   | \$ \$ 3,168       | \$ (1,399)                 | (44.2)              | (44.2) %              |                       |
| Net cash flows used in investing activities | Net cash flows used in investing activities | \$ (425)                   | \$ \$ (488)       | \$ 63                      | (12.9)              | (12.9) %              |                       |
| Net cash flows used in investing activities | Net cash flows used in investing activities |                            |                   |                            |                     |                       |                       |
| Net cash flows used in financing activities | Net cash flows used in financing activities | \$ (1,565)                 | \$ \$ (2,527)     | \$ 962                     | (38.1)              | (38.1) %              |                       |
| Net cash flows used in financing activities | Net cash flows used in financing activities |                            |                   |                            |                     |                       |                       |

\* Calculation not meaningful.

A detailed discussion of the period-over-period changes in the results for the fiscal twelve months ended December 29, 2024 and the fiscal twelve months ended December 31, 2023 is presented below. A detailed discussion of the period-over-period changes in the results for the fiscal twelve months ended December 31, 2023 and the fiscal twelve months ended January 1, 2023 is presented below. A detailed discussion of the period-over-period changes in the results for the fiscal twelve months ended January 1, 2023 and the fiscal twelve months ended January 2, 2022 can be found under the section entitled titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II., Item 7 of our IPO Prospectus. 2023 Annual Report.

#### Operating Activities

Net cash flows from operating activities were \$3.2 billion \$1.8 billion and \$2.5 billion \$3.2 billion for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively, an increase a decrease of \$643 million \$1,399 million. The increase decrease was primarily attributable to changes in working capital balances driven by 1) increased accounts a net decrease in Accounts payable and accrued Accrued liabilities due to the timing of payments 2) a decrease and an increase in inventory balances compared Trade receivables due to the prior year period, resulting from our supply chain optimization initiatives timing of sales and the rebuilding of inventory levels by customers following supply shortages in the prior year, and 3) a decrease in accounts receivable balances compared to the prior year period, resulting from collection efforts collections.

#### Investing Activities

Net cash flows used in investing activities were \$488 million \$425 million and \$390 million \$488 million for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively. Cash respectively, a decrease of \$63 million. Net cash flows used in investing activities in both the fiscal twelve months ended December 31, 2023 and January 1, 2023 was were primarily driven by purchases of property, plant, and equipment in both the fiscal twelve months ended December 29, 2024 and December 31, 2023, partially offset by the proceeds from the sale of assets assets in the fiscal twelve months ended December 31, 2023.

#### Financing Activities

Net cash flows used in financing activities were \$2.5 billion \$1.6 billion and \$1.6 billion \$2.5 billion for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively. Cash respectively, a decrease of \$962 million. Net cash flows used in financing activities for the fiscal twelve months ended December 29, 2024 were primarily driven by \$1,552 million of dividends paid and \$235 million of payments made to purchase treasury stock, partially offset by \$157 million of net proceeds from the issuance of commercial paper under the Commercial Paper Program (as defined below). Net cash flows used in financing activities for the fiscal twelve months ended December 31, 2023 were primarily reflect \$13.8 billion driven by \$13.8 billion in distribution distributions to J&J in connection with the Separation, and \$0.8 billion in \$766 million of dividends paid, and Net transfers to J&J of \$274 million, partially offset by \$7.7 billion approximately \$7.7 billion of net proceeds from Senior Notes (as defined below), \$4.2 billion of proceeds from the sale of common stock in connection with the Kenveu IPO, and \$0.6 billion \$574 million of net proceeds from the issuance of commercial paper under the Commercial Paper Program (as defined below). In addition, we recognized Net transfers to J&J of \$274 million and \$1.6 billion for the fiscal twelve months ended December 31, 2023 and January 1, 2023, respectively. Program. Net transfers to J&J were driven by cash pooling and general financing activities, indirect corporate cost allocations from J&J, and taxes deemed to be settled with J&J. For further details regarding Net transfer from (to) transfers to J&J, see Note 12, "Relationship with J&J—Net Transfers to J&J," to the Consolidated Financial Statements included herein.

#### Sources of Liquidity

Our primary sources of liquidity are cash on hand, which consisted of cash Cash and cash equivalents of \$1.4 billion \$1.1 billion as of December 31, 2023 December 29, 2024, cash flows from operations, borrowing capacity under our Revolving Credit Facility (as defined below) of \$4.0 billion, and authorized Commercial Paper Program issuance of \$4.0 billion. As of December 31, 2023 December 29, 2024, we had no amounts outstanding under the

Revolving Credit Facility and \$599 \$797 million of outstanding balances under our Commercial Paper Program, net of a related discount of \$1 \$3 million.

Our ability to fund our operating needs will depend on our ability to continue to generate positive cash flow flows from operations and on our ability to obtain debt financing on acceptable terms or to issue additional equity or equity-linked securities. Based upon our history of generating positive cash flows, we believe our existing cash and cash generated from operations will be sufficient to service our current obligations for at least the next 12 months.

Management believes that our cash balances and funds provided by operating activities, along with borrowing capacity and access to capital markets, taken as a whole, provide adequate liquidity to meet all of our current and long-term obligations when due, including third-party debt that we incurred in connection with the Separation, adequate liquidity to fund capital expenditures, and flexibility to meet investment opportunities that may arise. However, we cannot assure you that we will be able to obtain additional debt or equity financing on acceptable terms in the future.

Cash and cash equivalents increased decreased by \$151 million \$312 million during the fiscal twelve months ended December 31, 2023 December 29, 2024 to \$1.4 billion \$1,070 million as of December 31, 2023 December 29, 2024, as compared to \$1.2 billion \$1,382 million as of January 1, 2023, respectively. December 31, 2023. Cash

and cash equivalents held by our foreign subsidiaries was \$1.3 billion \$1,044 million and \$1.1 billion, respectively, \$1,336 million as of December 31, 2023 December 29, 2024 and January 1, 2023, December 31, 2023, respectively.

#### **Restructuring**

As part of our continued transformation to a fit-for-purpose consumer company, during the fiscal year 2024, we began Our Vue Forward to enhance organizational efficiencies and better position Kenvue for future growth. To further Our Vue Forward, on May 6, 2024, our Board approved the 2024 Multi-Year Restructuring Initiative to build on our strengths, improve our underlying information technology infrastructure, and optimize our cost structure by rebalancing resources to better position us for future growth. The 2024 Multi-Year Restructuring Initiative is expected to result in pre-tax restructuring expenses and other charges totaling approximately \$550 million. We planned to incur approximately \$275 million in pre-tax restructuring expenses and other charges in each of fiscal year 2024 and fiscal year 2025. We incurred lower than expected spend in fiscal year 2024 due to the shift in timing of certain information technology and project-related costs to fiscal year 2025 and lower than expected employee-related costs relating to severance spend due to employee redeployment and voluntary exits. Over the life of the initiative, a majority of the pre-tax expenses and other charges are expected to be paid in cash. These charges are expected to be funded primarily through cash flows generated from operations. We began to realize savings resulting from the 2024 Multi-Year Restructuring Initiative in fiscal year 2024, and we expect to realize the full extent of annualized pre-tax gross cost savings of approximately \$350 million beginning in fiscal year 2026. We expect to reinvest all or a portion of the benefits associated with the 2024 Multi-Year Restructuring Initiative in future growth opportunities, including immediate reinvestment behind advertising, product promotion, and healthcare professional engagement. Our estimates of the costs of the initiative and the expected benefits are preliminary estimates and are subject to a number of assumptions, including local law requirements in various jurisdictions. Actual charges may differ, possibly materially, from the estimates provided above. See Note 19, "Restructuring Expenses and Operating Model Optimization Initiatives," to the Consolidated Financial Statements included herein for further information.

#### **Supplier Finance Program**

As a part of our ongoing efforts to maximize working capital and managing manage liquidity, we work with suppliers to optimize payment terms and conditions on accounts payable through a voluntary supply chain financing supplier finance program. The program provides some of our suppliers with the opportunity to sell receivables due from us (our accounts payables) to participating financial institutions at the sole discretion of both the suppliers and the financial institutions. We are not a party to the arrangements between the suppliers and the third-party financial institutions. Our obligations to the suppliers, including amounts due, and scheduled payment dates (which have general payment terms between 30 and 120 days), are not affected by a participating supplier's decision to participate in the program. See Note 1, "Description of the Company and Summary of Significant Accounting Policies, Policies—Supplier Finance Program," to the Consolidated Financial Statements included herein.

#### **Senior Notes**

On March 22, 2023, we issued eight series of senior unsecured notes (the "Senior Notes") in an aggregate principal amount of \$7.75 billion. The net proceeds to us from the Senior Notes offering was were approximately \$7.7 billion after deductions of discounts and issuance costs of \$77 million. The net proceeds were reflected as Restricted cash on the Consolidated Balance Sheets Sheet prior to their release from escrow on April 5, 2023. Upon release from escrow, these funds were loaned to J&J through the Facility Agreement facility agreement (the "Facility Agreement") dated April 5, 2023. For further details The interest payments on the Senior Notes and Facility Agreement, see Note 5, "Borrowings," to the Consolidated Financial Statements included herein. The unamortized discounts and debt issuance costs related to the Senior Notes as of December 31, 2023 were approximately \$72 million. The interest payments are due on March 22 and September 22 of each year, and commenced on September 22, 2023. For further details on the Senior Notes, see Note 5, "Borrowings—Senior Notes," to the Consolidated Financial Statements included herein.

Our Senior Notes are governed by an indenture and supplemental indenture between us and a trustee (collectively, the "indenture" "Indenture"). The indenture Indenture contains certain covenants, including limitations on us and certain of our subsidiaries' ability to incur liens or engage in certain sale-leaseback transactions. The indenture Indenture also contains restrictions on our ability to consolidate, merge, or sell substantially all of our assets. In addition, the indenture Indenture contains other customary terms, including certain events of default, upon the occurrence of which the Senior Notes may be declared immediately due and payable.

#### **Commercial Paper Program**

On March 3, 2023, we entered into a commercial paper program (the "Commercial Paper Program"). Our Board has authorized the issuance of up to \$4.0 billion in an aggregate principal amount of commercial paper under the Commercial Paper Program. Any such issuance will mature within 364 days from date of issue. The Commercial Paper Program contains representations and warranties, covenants, and default defaults that are customary for this type of financing. The commercial paper notes issued under the Commercial Paper Program are unsecured notes ranking at least *pari passu* with all of our other senior unsecured indebtedness. For further details on the Commercial Paper Program, see Note 5, "Borrowings—Commercial Paper Program," to the Consolidated Financial Statements included herein.

Prior to the Kenvue IPO, we issued \$1.25 billion under the Commercial Paper Program which, collectively with the Senior Notes as further described above, are referred to as the "Debt Financing Transactions."

#### *Revolving Credit Facility*

On March 6, 2023, we entered into a credit agreement providing for a five-year senior unsecured revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount of \$4.0 billion to be made available in U.S. dollars and Euros. **For further details on the Revolving Credit Facility, see Note 5, "Borrowings—Revolving Credit Facility," to the Consolidated Financial Statements included herein.**

#### *Facility Agreement*

On April 5, 2023, we entered into the Facility Agreement, allowing us to lend the proceeds from the issuance of debt (including commercial paper) in an aggregate amount of \$8.9 billion to J&J. **Interest on loans made from the Facility Agreement was charged at an interest rate equal to the Secured Overnight Financing Rate ("SOFR") less an adjusted margin of 15 basis points, with a floor of 0% (a weighted average interest rate of 4.7%) to be paid monthly in arrears. We recognized interest income of \$33 million in the fiscal twelve months ended December 31, 2023 in relation to the Facility Agreement.**

Upon completion of the Kenvue IPO on May 8, 2023, the Facility Agreement was terminated and the balance of the Facility Agreement, loans, and all accrued interest, were repaid by J&J for a total cash inflow of \$9.0 billion. We remitted this cash back to J&J as a part of the distribution to J&J in connection with the Separation.

#### *Interest Expense, Net*

**We recognized interest expense of \$358 million for the fiscal twelve months ended December 31, 2023 and interest income of \$108 million for the fiscal twelve months ended December 31, 2023. The net amount was included in Interest expense, net in the Consolidated Statements of Operations.**

#### *Compliance with Covenants*

**As of December 31, 2023, we were in compliance with all debt covenants, and no default or event of default has occurred.**

#### *Distribution to J&J*

On May 8, 2023, in conjunction with the Consumer Health Business Transfer, we distributed \$13.8 billion to J&J from 1) the net proceeds received from the sale of the common stock in the Kenvue IPO, 2) the net proceeds received from the Debt Financing Transactions, as defined in Note 5, "Borrowings," of the Consolidated Financial Statements included herein, and 3) any cash and cash equivalents in excess of the \$1.17 billion in cash and cash equivalents retained by Kenvue us immediately following the Kenvue IPO.

#### *Interest Expense, Net*

**We recognized Interest expense, net of \$378 million in the Consolidated Statement of Operations during the fiscal twelve months ended December 29, 2024, which primarily includes interest expense, including amortization of discounts and debt issuance costs, recognized on the Senior Notes and interest expense recognized on notes issued under the Commercial Paper Program.**

#### *Compliance with Covenants*

**As of December 29, 2024, we were in compliance with all debt covenants, and no default or event of default has occurred.**

#### *Future Cash Requirements*

We expect our future cash requirements will relate to working capital, capital expenditures, restructuring and integration, compensation and benefit related obligations, interest expense and debt service obligations, litigation costs, the return of capital to shareholders, including through the payment of any dividend dividends, and other contractual obligations that arise in the normal course of business. We may also use cash to enter into business development transactions, such as licensing arrangements or strategic acquisitions.

As of December 31, 2023 December 29, 2024, we expect our primary cash requirements for 2024 fiscal year 2025 to include capital expenditures. We have made payments of \$469 million \$434 million for property, plant, and equipment during the fiscal twelve months ended December 31, 2023 December 29, 2024.

#### *Kenvue's Share Repurchase Program*

Our Board has authorized a share repurchase program, under which we are authorized to repurchase up to 27 million 27,000,000 shares of our outstanding common stock in open market or privately negotiated transactions. The program has no expiration date and may be suspended or discontinued at any time. The intent of this repurchase program is to offset dilution from the vesting or exercise of equity equity-based awards under Kenvue's equity incentive plan. the Kenvue 2023 Plan (as defined in Note 11, "Stock-Based

Compensation," to the Consolidated Financial Statements included herein). We repurchased 350,000 10,858,444 shares of our outstanding common stock for \$7 million \$235 million under the program during the fiscal twelve months ended December 31, 2023 December 29, 2024.

#### *Contractual Obligations*

We are party to contractual obligations involving commitments to make payments to third parties, which impact our short-term and long-term liquidity and capital resource needs. Our contractual cash obligations include required payments of short-term and long-term

debt principal and interest, purchase obligations, expected obligations under our pension plans, operating and finance lease payments, and tax-related obligations. Our material cash requirements include the following contractual and other obligations:

- *Debt Obligations and Interest Payments*—See Note 5, "Borrowings," to the Consolidated Financial Statements included herein for additional information on our debt and the timing of expected future principal and interest payments.
- *Purchase Obligations*—As of December 31, 2023 December 29, 2024, we had purchase obligations of approximately \$0.5 billion in connection with suppliers for the purchases of raw materials, packaging, other materials, and finished goods in the normal course of business, which are payable within 12 months.
- *Pensions*—It is our objective to contribute to the pension plans to ensure adequate funds are available to make benefit payments to plan participants and beneficiaries when required. See Note 7, "Pensions," to the Consolidated Financial Statements included herein for additional information on our pensions pension plans and the timing of expected future payments related to projected benefit plan contributions.
- *Operating Leases*—See Note 8, "Leases," to the Consolidated Financial Statements included herein for additional information on our operating and finance leases and the timing of expected future payments.

See Note 14, "Income Taxes," to the Consolidated Financial Statements included herein for additional information on our tax-related obligations.

#### *Future Litigation*

In the ordinary course of business, we are involved in litigation, claims, government inquiries, investigations, charges, and proceedings. See Note 17, "Commitments and Contingencies," to the Consolidated Financial Statements included herein for further details regarding certain matters that are currently pending. Our ability to successfully resolve pending and future litigation may adversely impact our financial condition, results of operations, or cash flows.

#### *Off-Balance Sheet Arrangements*

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements (as defined under the rules and regulations of the SEC) or any relationships with unconsolidated entities that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, net Net sales or expenses, results of operations, liquidity, cash requirements, or capital resources.

#### *Critical Accounting Policies and Estimates*

Critical accounting policies and estimates are those policies and estimates made in accordance with generally accepted accounting principles U.S. GAAP that are most important and material to the preparation of the consolidated financial statements Consolidated Financial Statements and which require management's most subjective and complex judgments due to the need to select policies from among various alternatives available and to make estimates about matters that are inherently uncertain. We base our estimates on historical experience and other factors that we believe to be reasonable under the circumstances. On an ongoing basis, we review our estimates to ensure that these estimates appropriately reflect changes in our business and new information as it becomes available. If historical experience and other factors we use to make these estimates do not reasonably reflect future activity, our business, results of operations, or financial condition could be adversely affected.

#### *Revenue Recognition*

Our revenue contracts represent a single performance obligation to sell our products to customers. Revenue from the sale of products to customers is recognized at a single point in time when ownership, risks, and rewards transfer, which can be on the date of shipment or the date of receipt by the customer depending on the terms of the contract. Net sales exclude taxes collected by us on behalf of governmental authorities and include the shipping and handling fees charged to customers.

The nature of our business gives rise to several types of variable consideration including trade promotions, comprised of coupons, product listing allowances, cooperative advertising arrangements, volume-based incentive programs, as well as

discounts to customers, rebates, sales incentives, and product returns, which are estimated at the time of the sale using the "expected value" method or the "most likely amount" method based on the form of variable consideration. Trade promotions, discounts to customers, rebates, and sales incentives are issued to customers at the point of sale and are estimated based on contractual terms, historical experience, trend analysis, and projected market conditions in the various markets served. Revenue is recognized net of provisions for discounts and trade promotions. The potential of estimates to vary differs by product,

customer type, and geographic location. Historically, adjustments to these estimates to reflect updated expectations or actual results have not been material to our overall business.

See Note 19, 18 "Segments of Business and Geographic Areas," to the Consolidated Financial Statements included herein for further disaggregation of net Net sales and Note 1, "Description of the Company and Summary of Significant Accounting Policies, Policies—Revenue Recognition," to the Consolidated Financial Statements included herein for further information regarding revenue recognition.

#### Income Taxes

Prior to the Kenvue IPO, the Company's our operations were calculated on a carve-out basis and included certain hypothetical foreign tax credit benefits. Following the Kenvue IPO, these hypothetical foreign tax credit benefits are not available for future utilization by the Company us and were removed from the tax provision. Furthermore, the Company we operated as part of J&J until the completion of the Exchange Offer on August 23, 2023, and therefore the Company will be was included in J&J's U.S. Federal consolidated income tax return until that date. The Company will then file We filed a standalone U.S. Federal consolidated income tax return for the remainder of the fiscal year 2023. The Company expects to file income tax returns on and a standalone basis return in most other jurisdictions in which it operates for the remainder of fiscal year 2023, 2023 and will continue to file a standalone return for all fiscal years thereafter. Certain current income tax liabilities related to our activities included in J&J's income tax returns were assumed to be immediately settled with J&J through the Net Parent investment Investment from J&J or Additional Paid-In Capital accounts on the Consolidated Balance Sheets and reflected in the Consolidated Statements of Cash Flows as a financing activity activity for the fiscal twelve months ended December 31, 2023 and January 1, 2023. Following the Exchange Offer, our operating footprint, as well as tax return elections and assertions, are expected to be different, and therefore, our income taxes, as presented in the Consolidated Financial Statements, may differ in future periods.

Income taxes are recorded based on amounts refundable or payable for the current fiscal year and include the results of any differences between U.S. GAAP accounting and tax reporting, recorded as deferred tax assets or liabilities. We estimate deferred tax assets and liabilities based on enacted tax regulations and rates. Future changes in tax laws and rates may affect recorded deferred tax assets and liabilities.

U.S. Federal, state, and foreign income tax payables and receivables are recognized on the Consolidated Balance Sheets for entities that file separate income tax returns and make direct payments to taxing authorities. Prior to the Kenvue IPO, U.S. federal, state, and foreign income tax payables and receivables for entities that were included in the filing of a combined, consolidated, or group income tax return with J&J were deemed settled with J&J and were included in the "Net Investment from J&J."

Management establishes valuation allowances on deferred tax assets when it is determined to be "more likely than not" that some portion or all of the deferred tax assets may not be realized. Management considers positive and negative evidence in evaluating our ability to realize our deferred tax assets, including our historical results, forecasts of future ability to realize our deferred tax assets, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis.

We have unrecognized tax benefits for uncertain tax positions. We follow U.S. GAAP, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The estimates for these positions are regularly assessed based upon all available information. These estimates may be revised in the future and such changes may result in a material additional expense or benefit to our financial results or our effective tax rate.

In the United States, the Tax Cuts and Jobs Act of 2017 ("TCJA") includes provisions for GILTI. Global Intangible Low-Tax Income ("GILTI"). GILTI is described as the excess of a U.S. shareholder's total net foreign income over a deemed return on tangible assets, as provided by the TCJA. In January 2018, the Financial Accounting Standards Board issued guidance that allowed companies to elect as an accounting policy whether to record the tax effects of GILTI in the period the tax liability is generated (i.e., "period cost") or to provide for deferred tax assets and liabilities related to basis differences that exist at the balance sheet date and are expected to affect the amount of GILTI inclusion in future years upon reversal (i.e., "deferred method"). The Company We previously followed J&J's accounting policy to consider the deferred tax effects of GILTI. Effective in the third quarter of fiscal year 2023, three months

ended October 1, 2023, the Company changed the accounting principle for GILTI from the deferred approach to the period cost approach. See Note 1, "Description of the Company and Summary of Significant Accounting Policies."

We entered into a tax matters agreement with J&J in connection with the Separation. For more information on the Tax Matters Agreement, see Note 12, "Relationship with J&J—Transactions with J&J, Including the Separation Agreement," to the Consolidated Financial Statements included herein and in our 2024 Proxy Statement.

See Note 1, "Description of the Company and Summary of Significant Accounting Policies, Policies—Income Taxes," and Note 14, "Income Taxes," to the Consolidated Financial Statements included herein for further information regarding income taxes.

See Note 14, "Income Taxes," to the Consolidated Financial Statements included herein for the Company's analysis on material changes in tax law.

#### **Goodwill Intangible Assets and Intangible Assets Goodwill**

##### **We assess goodwill and Intangible Assets Not Subject to Amortization**

A significant portion of our intangible assets with relates to trademarks and trade names that have an indefinite useful life. We re-evaluate the useful life determination for our indefinite-lived trademarks and trade names each year to determine whether events and circumstances continue to support an indefinite useful life.

Intangible assets deemed to have indefinite lives at least annually for are not amortized but are subjected to annual tests of impairment, or more frequently if impairment indicators exist. Factors considered for events or changes in circumstances between annual tests indicate that assets may be impaired. We have the annual option to first assess qualitative factors to determine whether the quantitative indefinite-lived intangible asset impairment test or if indicators of is necessary. We may bypass the qualitative assessment in any period and proceed directly to performing the quantitative impairment exist include: test.

- macroeconomic industry As part of our qualitative assessment, we consider several factors including macroeconomics conditions (including changes in interest rates and market conditions):
  - a discount rates), the recent and projected financial performance of our tested brands, significant adverse shift changes in the operating specific market or regulatory environment or the manner in which we operate that would change the position of our products in the marketplace, pending litigation, and other factors, including the results of our last quantitative assessment.

When performing the quantitative impairment assessment, we compare the estimated fair value of our trademarks and trade names to their carrying amounts as of the test date, which is on the first day of the fiscal fourth quarter. We estimate the fair value of trademarks and trade names based on an asset is used; or

- pending litigation.income approach using the relief-from-royalty method. This valuation requires significant judgments and estimates by management regarding several key inputs, including future cash flows consistent with management's plans, sales growth rates, the selection of royalty rates, and a discount rate. As the fair value measurements required to estimate the fair value of the trademarks and trade names are based on significant inputs not observable in the market, they represent Level 3 measurements within the fair value hierarchy.

##### **Intangible Assets Subject to Amortization**

Our definite-lived intangible assets that have finite useful lives continue to be (primarily trademarks, trade names, and customers lists) are amortized over their estimated useful lives and lives. We re-evaluate the useful life determinations for definite-lived intangible assets annually to determine whether events or circumstances warrant a revision to their remaining useful lives. Our definite-lived intangible assets are reviewed subjected to a test of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When assessing for impairment if impairment indicators exist. Our evaluation is based on an assessment of potential indicators of impairment, such as:

- an we consider several factors including any adverse change changes in legal factors or in the business climate that could affect the value of an asset;
- an asset, any adverse change changes in the extent or manner in which an asset is used or is expected to be used; or
- used, and current or forecasted reductions in net sales, operating income, or cash flows associated with the use of an asset.

During If any indicators of impairment are present, the asset group is tested for recoverability by comparing the carrying amount of the asset group to the net undiscounted cash flows expected to be generated from the asset group. If the net undiscounted cash flows are less than the carrying value of the asset group, we then perform the next step, which is to determine the fair value of the asset group, and record an impairment, if any.

## Goodwill

Goodwill is not amortized but is subjected to annual tests of impairment at the reporting unit level, or more frequently if events or changes in circumstances between annual tests indicate that goodwill may be impaired. We have the option to first assess qualitative factors to determine whether the quantitative goodwill impairment test is necessary. We may bypass the qualitative assessment in any period and proceed directly to performing the quantitative assessment.

When assessing for potential indicators of impairment, we consider several factors including macroeconomic industry and market conditions, significant adverse shifts in the operating environment or manner in which assets are used, and pending litigation.

When performing the quantitative assessment, we compare the estimated fair value of each of our reporting units to their carrying value as of the test date, which is on the first day of the fiscal twelve months ended January 1, 2023, we reallocated goodwill to align with the new operating segments determined in 2022: 1) Self Care, 2) Skin Health and Beauty, and 3) Essential Health, which are also our reporting units. As a result of this realignment, goodwill was reassigned to each of the reporting units using a relative fourth quarter. The fair value approach of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants. We estimate the fair values value of a reporting unit using a discounted cash flow model. Following The discounted cash flow model relies on assumptions regarding revenue and net income growth rates, projected working capital needs, capital expenditures, and discount rates. To estimate fair value, we discount the change forecasted cash flows of each reporting unit. The discount rate we use represents the estimated weighted-average cost of capital, which reflects the overall level of inherent risk involved in reporting units during the fiscal twelve months ended January 1, 2023, the Company performed a quantitative impairment test on each of the reporting units. After completing unit's operations and the testing, rate of return a market participant would expect to earn. The quantitative fair value test is performed utilizing long-term growth rates and discount rates applied to the estimated cash flows in estimation of fair value.

To forecast a reporting unit's cash flows, we take into consideration economic conditions and trends, estimated future operating results, management's projections, a market participant's view of growth rates and product lives, and anticipated future economic conditions. Revenue growth rates inherent in these forecasts are based on input from internal and external market research that compare factors such as growth in global economies, recent industry trends, and product lifecycles. Macroeconomic factors such as changes in global economies, changes in the competitive landscape, changes in government legislation, product lifecycles, industry consolidations, and other changes beyond our control could have a positive or negative impact on achieving its targets. Accordingly, if market conditions deteriorate, or if we are unable to execute our strategies, it may be necessary to record impairment charges in the future. As the fair value measurements required to estimate the fair value of each of these our reporting units exceeded its carrying value, and, therefore, there was no impairment to goodwill.

We completed our annual goodwill impairment analysis during are based on significant inputs not observable in the fourth quarter of fiscal year 2023 by performing a quantitative assessment on each of the reporting units and concluded that no impairment to goodwill was necessary as market, they represent Level 3 measurements within the fair value of each reporting unit was in excess of its respective carrying value.

We did not recognize an intangible asset impairment during the fiscal twelve months ended December 31, 2023 and January 2, 2022. During the fiscal twelve months ended January 1, 2023, we recognized an intangible impairment of \$12 million related to certain definite-lived trademarks deemed as irrecoverable in Other operating (income) expense, net in the Consolidated Statements of Operations hierarchy.

See Note 1, "Description of the Company and Summary of Significant Accounting Policies," and Note 4, "Intangible Assets and Goodwill," to the Consolidated Financial Statements included herein for further information regarding goodwill intangible assets and intangible assets goodwill.

## Stock-Based Compensation

The Company recognizes We recognize compensation costs related to equity equity-based awards granted ratably over the requisite service period, which is the vesting period of the award, based on the estimated grant date fair value of the awards awards.

The grant date fair value of each stock option granted is estimated on the grant date.

The estimated fair value of stock options is determined date using the Black-Scholes option valuation model. The inputs used in determining the grant date fair value are the expected volatility, expected dividend yield, risk-free rate, and expected term.

The grant date fair value of each restricted stock units unit ("RSUs" RSU) granted is determined based equivalent to the closing price of our common stock on the fair value of the Company's common stock New York Stock Exchange on the grant date.

The Company's We grant performance stock units ("PSUs") have a singular market condition, which is described below, including those with both performance vesting conditions and market-based vesting conditions (the "Performance PSUs"). The estimated grant date fair value of PSUs each Performance PSU granted, inclusive of the fair value associated with the achievement of the specified performance metrics and the relative total shareholder return goal, is determined estimated on the grant date using the Monte Carlo valuation model. The inputs used in determining the grant date fair value are the length of the performance period, the risk-free rate, and the stock prices, correlations, and expected volatility of the Company and the firm firms in the selected peer group. The payout of the Performance PSUs is assessed by determining the achievement of the specified performance metrics as well as by comparing the Company's total shareholder return ("TSR") during a three-year period to the respective TSR of companies in a selected performance peer group. Given the requirement to meet certain defined performance and market criteria, the recipient of a Performance PSU may earn a total payout ranging from 0% to 200% of the target award.

During the fiscal twelve months ended December 31, 2023, we granted PSUs that have a singular market condition (the "Market PSUs"). The grant date fair value of each Market PSU granted, inclusive of the fair value associated with the relative total shareholder return goal, was estimated on the grant date using the Monte Carlo valuation model. The inputs used in determining the grant date fair value were the length of the performance period, the risk-free rate, and the stock prices, correlations, and expected volatility of the Company and the firms in the selected peer group. The payout of PSU the Market PSUs awards is assessed by comparing the Company's TSR during a certain three-year period to the respective TSR of companies in a selected performance peer group. Given the requirement to meet certain defined market criteria, the recipient of a Market PSU may earn a total payout ranging from 0% to 200% of the target award.

For all equity-based awards, the original estimate of the grant date fair value is not subsequently revised unless the awards are modified. The Company accounts for forfeitures during the period in which they occur.

See Note 11, "Stock-Based Compensation," to the Consolidated Financial Statements included herein for more information on equity-based awards granted by Kenvue.

#### **Recently Issued Recent Accounting Standards**

See Note 1, "Description of the Company and Summary of Significant Accounting Policies, Policies—Recent Accounting Standards Not Yet Adopted," to the Consolidated Financial Statements included herein for a description of recently issued accounting standards not yet adopted and their anticipated impact to the Consolidated Financial Statements.

#### **Other Information**

##### **Baby Powder Transition**

On August 11, 2022, we announced the commercial decision to transition to an all cornstarch-based baby powder portfolio. As a result of this transition, talc-based Johnson's® Baby Powder was discontinued globally in 2023. Talc-based Johnson's® Baby Powder was previously discontinued during 2020 in certain markets, including the United States and Canada. We do not expect The impact of this change to did not have a significant impact on our results of operations.

##### **Deferred Markets**

In pursuant to the Separation Agreement, in order to ensure compliance with applicable law, to obtain necessary governmental approvals and other consents, and for other business reasons, we and J&J deferred the transfer certain transfers of certain assets and assumptions of liabilities of businesses in certain non-U.S. jurisdictions, including China, Malaysia, and Russia, until after the completion of the Kenvue IPO. On September 11, 2023, J&J transferred the equity interests in the majority of the Deferred Legal Entities (as defined in Note 1, "Description of the Company and Summary of Significant Accounting Policies," to the Consolidated Financial Statements included herein) to the Company that previously had been consolidated as Variable Interest Entities ("VIEs") in the Company's Consolidated Financial Statements. The Consolidated Financial Statements included herein include businesses in all jurisdictions in which we will operate following the completion of the Separation, including any Deferred Local Business (as defined in Note 1, "Description of the Company and Summary of Significant Accounting Policies," to the Consolidated Financial Statements included herein). For more information regarding Deferred Local Businesses, see Part I, Item 1A, "Risk Factors—Risks Related to Our Relationship with J&J—The transfer of certain assets and liabilities from J&J to us contemplated by the Separation has not been completed and may be significantly delayed or not occur at all" and Note 1, "Description of the Company and Summary of Significant Accounting Policies," to the Consolidated Financial Statements included herein.

##### **Provision For Taxes**

On December 15, 2022, the EU Member States formally adopted the EU's Pillar Two Directive, which generally provides for a minimum effective tax rate of 15%, as established by the Organization for Economic Co-operation Development ("OECD") Pillar Two Inclusive Framework that was supported by over 130 countries worldwide. The EU effective dates are January 1, 2024, and January 1, 2025, for different aspects of the directive. On July 17, 2023, the OECD published Administrative Guidance proposing certain safe harbors that effectively extend certain effective dates to January 1, 2027. The OECD continues to release additional guidance, including guidance on safe harbors for which we may qualify, and many countries have already implemented legislation consistent with the OECD Pillar Two Framework. Due to these new rules, our provision for taxes could be unfavorably impacted as the legislation becomes effective in countries in which we conduct business. However, based on our current analysis, currently enacted laws for Pillar Two do not have a significant impact on the Consolidated Financial

Statements. We are continuing to evaluate the Model Global Anti-Base Erosion Rules for Pillar Two and related legislation, and their potential impact on future periods.

#### **Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

##### **Foreign Currency Risk**

The global nature of our operations (particularly, the EU, China, Canada, the United Kingdom, Brazil, and India), both in the manufacture and sale of our products, results in foreign currency exposure to our financial statements. Because we manufacture and sell products and finance operations in a number of countries throughout the world, we are exposed to the impact on revenue and expenses of movements in currency exchange rates including as a result of the strengthening of the U.S. dollar or fluctuations in foreign currency rates in

numerous jurisdictions, particularly the European Union, the United Kingdom, Japan, China, Canada, Brazil, on revenue and India expenses. A hypothetical 10% unfavorable change in the average exchange rate used to translate Net income for the fiscal twelve months ended December 31, 2023 December 29, 2024 from local currencies to U.S. dollars would result in a decline in Net income of approximately \$98 million \$83 million.

We manage the impact of foreign exchange rate movements on our earnings, cash flows translation and fair values of assets and liabilities transaction exposures through operational means and through the use of various derivative financial instruments, including derivative instruments such as forward and swap foreign exchange contracts and cross currency swap contracts. The derivative financial instruments utilized are viewed utilized as risk management tools and are not used for trading or speculative purposes. Forward and swap The fair value of forward foreign exchange contracts are and cross currency swap contracts is sensitive to changes in foreign currency rates. As of December 31, 2023 December 29, 2024, a hypothetical 10% unfavorable change in exchange rate rates would result in an unrealized loss of approximately \$69 million. \$187 million associated with the change in the fair value of the forward foreign exchange contracts and the cross currency swap contracts. Gains or losses on these contracts are generally offset by the gains or losses on the underlying transactions, and therefore, would have no impact on future anticipated earnings and cash flows.

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#### ***Inflation Risk***

Inflationary pressures have recently increased in recent years, and may continue to increase in the future the costs of raw materials, packaging components, and other inputs for our products. In recent years, Since 2021, we have experienced, and we continue to may in the future experience, higher than expected inflation, including escalating transportation, commodity, and other supply chain costs and disruptions that have adversely affected, and continue to could in the future adversely affect, our results of operations. We have During 2023 and 2024, we partially offset the impact of inflation largely prior inflationary increases through price increases, in addition to continued supply chain optimization initiatives.

However, if our costs continue to be subject to significant inflationary pressures, we may not be able to offset such the higher costs through price increases, achieve cost efficiencies, or otherwise manage the exposure through sourcing strategies, ongoing productivity initiatives, and the use of commodity hedging contracts, which could adversely affect our business, results of operations, or financial condition.

#### ***Interest Rate Risk***

Our We are subject to interest rate risk related to our cash equivalents and marketable securities are subject to market risk due to changes in interest rates. securities. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Interest rate risk is managed through the maintenance of a portfolio of variable and fixed-rate debt composed of short short-term and long-term instruments. The objective is to maintain a cost-effective mix that management deems appropriate.

From time to time, we also hedge the anticipated issuance of fixed-rate debt, and those contracts are designated as cash flow hedges. As of December 31, 2023 December 29, 2024, our outstanding long-term debt portfolio was comprised of primarily fixed-rate debt, and therefore, any fluctuation in market interest rate is not expected to have a material impact on our results of operations.

In connection with the Separation, we incurred approximately \$9.0 billion of new debt pursuant to the Debt Financing Transactions. As of December 31, 2023 December 29, 2024, we have \$7.7 billion of Senior Notes and \$599 \$797 million of commercial paper issued under the Commercial Paper Program outstanding, net of related amortization of discounts and debt issuance costs and discounts. costs. Our interest expense for any new floating rate debt we may incur in the future, including under the Revolving Credit Facility, could be exposed to changes in interest rates. Interest rate risk is highly sensitive due to many factors, including the monetary and tax policies of the United States and other countries, market and economic factors, and other factors beyond our control.

Beginning in October 2022, the fiscal three months ended January 1, 2023, we entered into forward starting interest rate swap agreements in contemplation of securing long-term financing for the Separation or for other long-term financing purposes in the event the

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Separation did not occur. In connection with the Senior Notes offering, the interest rate swap contracts were early terminated on a negotiated basis. See Note 16, "Fair Value Measurements," to the Consolidated Financial Statements included herein.

#### ***Commodity Price Risk***

We are exposed to commodity and other price risk, risks, including from resins, silicon, pulp and corn derivatives, paper, agrochemicals, vegetable oils and oleochemicals; and other inputs, including energy, labor, transportation (such as trucks, containers, and ocean freight), and logistics services. We use various strategic pricing mechanisms to manage cost exposures on certain material purchases with the objective of obtaining appropriate costs for these commodities.

#### ***Credit Risk***

We are exposed to potential credit losses in the event of nonperformance by counterparties to our receivables, including our customers. Concentrations of credit risk arising from receivables from customers are limited due to the diversity of our customers. We perform credit evaluations of our customers' financial conditions and may also obtain collateral or other security as appropriate. Notwithstanding these efforts, current adverse macroeconomic factors across the global economy may increase the difficulty in collecting receivables. We are also exposed to the risk of credit loss in the event of nonperformance by counterparties to financial instrument contracts; however, nonperformance is considered unlikely and any nonperformance is unlikely to be material as it is our policy to contract with diverse, credit-worthy counterparties based upon both strong credit ratings and other credit considerations.

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#### Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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#### Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders Stockholders of Kenvue Inc.

##### Opinion Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Kenvue Inc. and its subsidiaries (the "Company") as of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, and the related consolidated statements of operations, of comprehensive income, of stockholders' equity and of cash flows for each of the three fiscal years in the period ended December 31, 2023 December 29, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 29, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, and the results of its operations and its cash flows for each of the three fiscal years in the period ended December 31, 2023 December 29, 2024 in conformity with accounting principles generally accepted in the United States of America.

##### Change Also in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, our opinion, the Company changed maintained, in all material respects, effective internal control over financial reporting as of December 29, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the manner in which it accounts for global intangible low-taxed income in 2023. COSO.

##### Basis for Opinion Opinions

These The Company's management is responsible for these consolidated financial statements, are the responsibility for maintaining effective internal control over financial reporting, and for its assessment of the Company's management effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. opinions.

#### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### **Revenue Recognition – Recognition—U.S. Net Sales**

As described in Notes 1 and 19 18 to the consolidated financial statements, the Company's total net sales were \$15.4 billion \$15.5 billion for the fiscal year ended December 31, 2023 December 29, 2024, of which, \$6.8 billion \$6.7 billion is related to U.S. net sales. Management recognizes the revenue from these sales at a single point in time when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the goods to customers, which can be on the date of shipment or the date of receipt by the customer depending on the terms of the contract. Trade promotions, comprised of coupons, product listing allowances, cooperative advertising arrangements, volume-based incentive programs, as well as discounts to customers, rebates, sales incentives, and product returns, are accounted for as variable consideration and recorded as a reduction in sales in the same period as the related sale.

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The principal consideration for our determination that performing procedures relating to U.S. net sales revenue recognition is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's U.S. net sales revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the recording of U.S. net sales upon transfer of control to the customer, and controls over the recording of trade promotions. These procedures also included, among others, (i) evaluating U.S. net sales revenue transactions by testing the issuance and settlement of invoices and credit memos, (ii) tracing transactions not settled to a detailed listing of accounts receivable, (iii) confirming a sample of outstanding customer invoice balances at fiscal year end, and obtaining and inspecting source documents, including invoices, sales contracts, shipping documents, proof of delivery, and subsequent cash receipts, where applicable, for confirmations not returned, (iv) testing the completeness and accuracy of data provided by management, (v) testing trade

promotions processed by the Company, on a sample basis, including evaluating those discounts for consistency with contractual terms of the Company's programs, (vi) testing credit memos on a sample basis and (vii) testing a sample of unsettled trade promotions for completeness and accuracy.

/s/ PricewaterhouseCoopers LLP

Florham Park, New Jersey

March 1, 2024 February 24, 2025

We have served as the Company's auditor since 2021.

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**KENVUE INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in Millions, Shares in Thousands, Except Per Share Data) Data; Shares in Thousands)

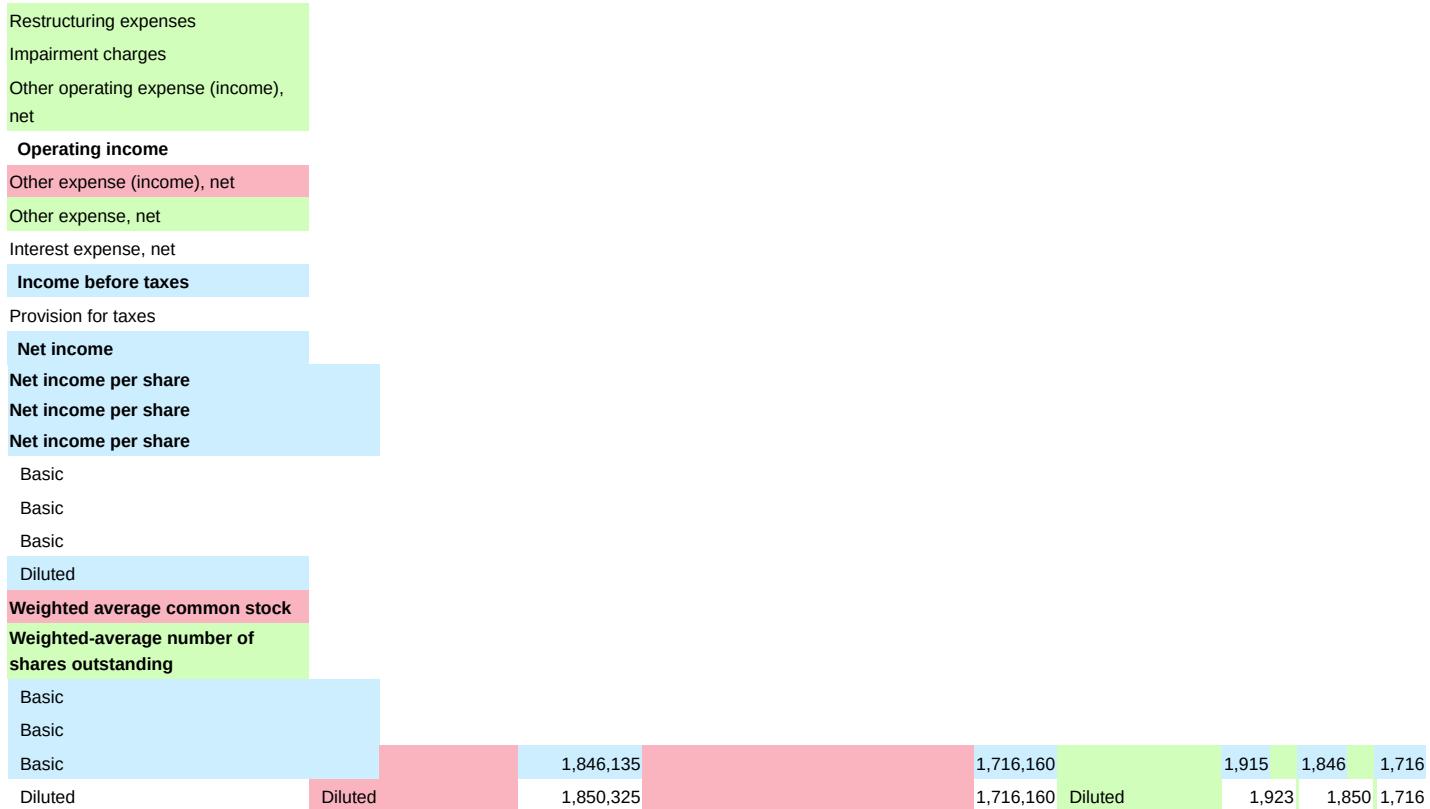
|  | December<br>31, 2023 | January<br>1, 2023   |
|--|----------------------|----------------------|
|  | December<br>29, 2024 | December<br>31, 2023 |
| <b>Assets</b>  |                      |                      |
| Current assets   |                      |                      |
| Current assets   |                      |                      |
| Current assets   |                      |                      |
| Cash and cash equivalents  |                      |                      |
| Trade receivables, less allowances for credit losses (\$25 and \$35 as of December 31, 2023 and January 1, 2023, respectively)   |                      |                      |
| Trade receivables, less allowances for credit losses (\$26 and \$25 as of December 29, 2024 and December 31, 2023, respectively) |                      |                      |
| Inventories  |                      |                      |
| Prepaid expenses and other receivables   |                      |                      |
| Other current assets   |                      |                      |
| <b>Total current assets</b>  |                      |                      |
| Property, plant, and equipment, net  |                      |                      |
| Intangible assets, net   |                      |                      |
| Goodwill   |                      |                      |
| Deferred taxes on income   |                      |                      |
| Other assets   |                      |                      |
| Other assets   |                      |                      |
| Other assets   |                      |                      |
| <b>Total Assets</b>  |                      |                      |
| <b>Liabilities and Equity</b>  |                      |                      |
| <b>Liabilities and Stockholders' Equity</b>  |                      |                      |
| Current liabilities  |                      |                      |
| Current liabilities  |                      |                      |
| Current liabilities  |                      |                      |
| Loans and notes payable  |                      |                      |
| Accounts payable   |                      |                      |
| Accrued liabilities  |                      |                      |
| Accrued rebates, returns, and promotions   |                      |                      |

|  |   |   |
|--|---|---|
| Accrued taxes on income  |   |   |
| <b>Total current liabilities</b>   |   |   |
| Employee related obligations   |   |   |
| Long-term debt   |   |   |
| Deferred taxes on income   |   |   |
| Employee-related obligations   |   |   |
| Other liabilities  |   |   |
| <b>Total liabilities</b>   |   |   |
| Commitments and contingencies (Note 17)  | Commitments and contingencies (Note 17) | Commitments and contingencies (Note 17) |
| <b>Equity</b>  |   |   |
| Preferred stock, \$0.01 par value, 750,000 shares authorized, no shares issued and outstanding as of December 31, 2023   |   |   |
| Common stock, \$0.01 par value, 12,500,000 shares authorized; 1,915,407 and 1,915,057 shares issued and outstanding as of December 31, 2023  |   |   |
| <b>Stockholders' Equity</b>  |   |   |
| Preferred stock, \$0.01 par value, 750,000 shares authorized; no shares issued and outstanding as of December 29, 2024 and December 31, 2023   |   |   |
| Common stock, \$0.01 par value, 12,500,000 shares authorized; 1,924,977 and 1,913,768 shares issued and outstanding as of December 29, 2024, respectively; 1,915,407 and 1,915,057 shares issued and outstanding as of December 31, 2023, respectively |   |   |
| Additional paid-in capital   |   |   |
| Treasury stock, at cost, 350 shares  |   |   |
| Retained earnings  |   |   |
| Net investment from Johnson & Johnson  |   |   |
| Treasury stock, 11,208 and 350 shares at cost as of December 29, 2024 and December 31, 2023, respectively  |   |   |
| (Accumulated deficit) Retained earnings  |   |   |
| Accumulated other comprehensive loss   |   |   |
| <b>Total equity</b>  |   |   |
| <b>Total Liabilities and Equity</b>  |   |   |
| <b>Total stockholders' equity</b>  |   |   |
| <b>Total Liabilities and Stockholders' Equity</b>  |   |   |

See accompanying Notes to Consolidated Financial Statements.

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| KENVUE INC.   |  |                                   |                    |
|---|--|-----------------------------------|--------------------|
| CONSOLIDATED STATEMENTS OF OPERATIONS   |  |                                   |                    |
| (Dollars in Millions, Shares in Thousands, Except Per Share Data) Data; Shares in Millions) |  |                                   |                    |
| Fiscal Twelve Months Ended  |  |                                   |                    |
|   |  | <b>Fiscal Twelve Months Ended</b> |                    |
|   |  | December 31,<br>2023              | January 1,<br>2023 |
|   |  | December 29, 2024                 | January 1, 2023    |
|   |  | December 31, 2023                 | January 2, 2022    |
| Net sales   |  |                                   |                    |
| Cost of sales   |  |                                   |                    |
| <b>Gross profit</b>   |  |                                   |                    |
| Selling, general, and administrative expenses   |  |                                   |                    |
| Other operating (income) expense, net   |  |                                   |                    |



See accompanying Notes to Consolidated Financial Statements.

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**KENVUE INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Dollars in Millions)

|   | Fiscal Twelve Months Ended |                 |                 |
|---|----------------------------|-----------------|-----------------|
|   | December 31, 2023          | January 1, 2023 | January 2, 2022 |
|   | \$                         | \$              | \$              |
| <b>Net income</b>                                 | 1,664                      | 2,064           | 2,078           |
| Other comprehensive income (loss)                 |                            |                 |                 |
| Foreign currency translation, net of taxes        | 219                        | (1,045)         | (923)           |
| Employee benefit plans:                           |                            |                 |                 |
| Prior service cost, net of amortization           | 8                          | (1)             | —               |
| (Gain)/loss, net of amortization                  | (101)                      | 58              | 18              |
| Effect of exchange rates                          | (9)                        | 6               | 7               |
| Net change, net of income tax provision (benefit) | (102)                      | 63              | 25              |
| Derivatives and hedges:                           |                            |                 |                 |
| Unrealized gain/(loss) arising during period      | 66                         | 12              | (3)             |
| Reclassification to net income (loss)             | (28)                       | (2)             | 3               |
| Net change, net of income tax provision           | 38                         | 10              | —               |
| <b>Other comprehensive income (loss)</b>          | <b>155</b>                 | <b>(972)</b>    | <b>(898)</b>    |

|                      |          |          |          |
|----------------------|----------|----------|----------|
| Comprehensive income | \$ 1,819 | \$ 1,092 | \$ 1,180 |
|----------------------|----------|----------|----------|

|   | Fiscal Twelve Months Ended |                   |                 |
|---|----------------------------|-------------------|-----------------|
|   | December 29, 2024          | December 31, 2023 | January 1, 2023 |
|   | \$ 1,030                   | \$ 1,664          | \$ 2,064        |
| Net income  |                            |                   |                 |
| Other comprehensive (loss) income, net of taxes                   |                            |                   |                 |
| Foreign currency translation                                      | (783)                      | 219               | (1,045)         |
| Employee benefit plans:   |                            |                   |                 |
| Prior service cost, net of amortization                           | (2)                        | 8                 | (1)             |
| Loss (gain), net of amortization                                  | 32                         | (101)             | 58              |
| Effect of exchange rates  | 7                          | (9)               | 6               |
| Net change  | 37                         | (102)             | 63              |
| Derivatives and hedges:   |                            |                   |                 |
| Other comprehensive (loss) income before reclassifications        | (6)                        | 66                | 12              |
| Amounts reclassified to the Consolidated Statements of Operations | (17)                       | (28)              | (2)             |
| Net change  | (23)                       | 38                | 10              |
| <b>Other comprehensive (loss) income</b>                          | <b>(769)</b>               | <b>155</b>        | <b>(972)</b>    |
| <b>Comprehensive income</b>                                       | <b>\$ 261</b>              | <b>\$ 1,819</b>   | <b>\$ 1,180</b> |

See accompanying Notes to Consolidated Financial Statements

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**KENVUE INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Dollars in Millions; Millions; Shares in Thousands)

| Fiscal Twelve Months Ended December 31, 2023                                       |              |                            |                |                   |                                       |                                      |              |                         |                            |   |
|--|--------------|----------------------------|----------------|-------------------|---------------------------------------|--------------------------------------|--------------|-------------------------|----------------------------|---|
| Fiscal Twelve Months Ended December 31, 2023                                       |              |                            |                |                   |                                       |                                      |              |                         |                            |   |
| Fiscal Twelve Months Ended December 31, 2023                                       |              |                            |                |                   |                                       |                                      |              |                         |                            |   |
| Fiscal Twelve Months Ended December 29,<br>2024, December 31, 2023, and January 1, |              |                            |                |                   |                                       |                                      |              |                         |                            |   |
| 2023 <sup>(1)</sup>  |              |                            |                |                   |                                       |                                      |              |                         |                            |   |
| Common Stock   | Common Stock | Additional Paid-In Capital | Treasury Stock | Retained Earnings | Net Investment from Johnson & Johnson | Accumulated Other Comprehensive Loss | Total Equity | Common Stock            | Additional Paid-In Capital | Treasury Stock                          |
| Shares   |              |                            |                |                   |                                       |                                      |              | (Accumulated Deficit)   |                            | Retained Earnings (Accumulated Deficit) |
| Balance, January 3, 2021 <sup>(1)</sup>  |              |                            |                |                   |                                       |                                      |              | Net Investment from J&J |                            | Accumulated Other Comprehensive Loss    |
| Balance, January 3, 2021 <sup>(1)</sup>  |              |                            |                |                   |                                       |                                      |              |                         |                            | Total Stockholders' Equity              |
| Balance, January 3, 2021 <sup>(1)</sup>  |              |                            |                |                   |                                       |                                      |              |                         |                            |   |
| Balance, January 2, 2022   |              |                            |                |                   |                                       |                                      |              |                         |                            |   |
| Balance, January 2, 2022   |              |                            |                |                   |                                       |                                      |              |                         |                            |   |

**Balance, January 2,  
2022**

Net income

Other  
comprehensive loss

Net transfers from  
Johnson & Johnson

**Balance, January  
2, 2022<sup>(1)</sup>**

Net income

Other  
comprehensive loss

Net transfers to  
Johnson & Johnson

**Balance, January  
1, 2023<sup>(1)</sup>**

Net transfers to J&J

Stock-based  
compensation

**Balance, January 1,  
2023**

Net income

Other  
comprehensive  
income

Cash dividends on  
common stock

Net transfers to  
Johnson & Johnson

Net transfers to J&J

Stock-based  
compensation

Distribution to  
Johnson & Johnson  
in connection with  
the Separation

Distribution to J&J in  
connection with the  
Separation

Issuance of  
common stock in  
connection with the  
Kenvue IPO

Issuance of  
common stock  
under the Kenvue  
2023 Plan

Issuance of common  
stock under the  
Kenvue 2023 Plan,  
net

Purchase of  
treasury stock

Reclassification of  
Net Investment  
from Johnson &  
Johnson

Reclassification of  
Net Investment from  
J&J

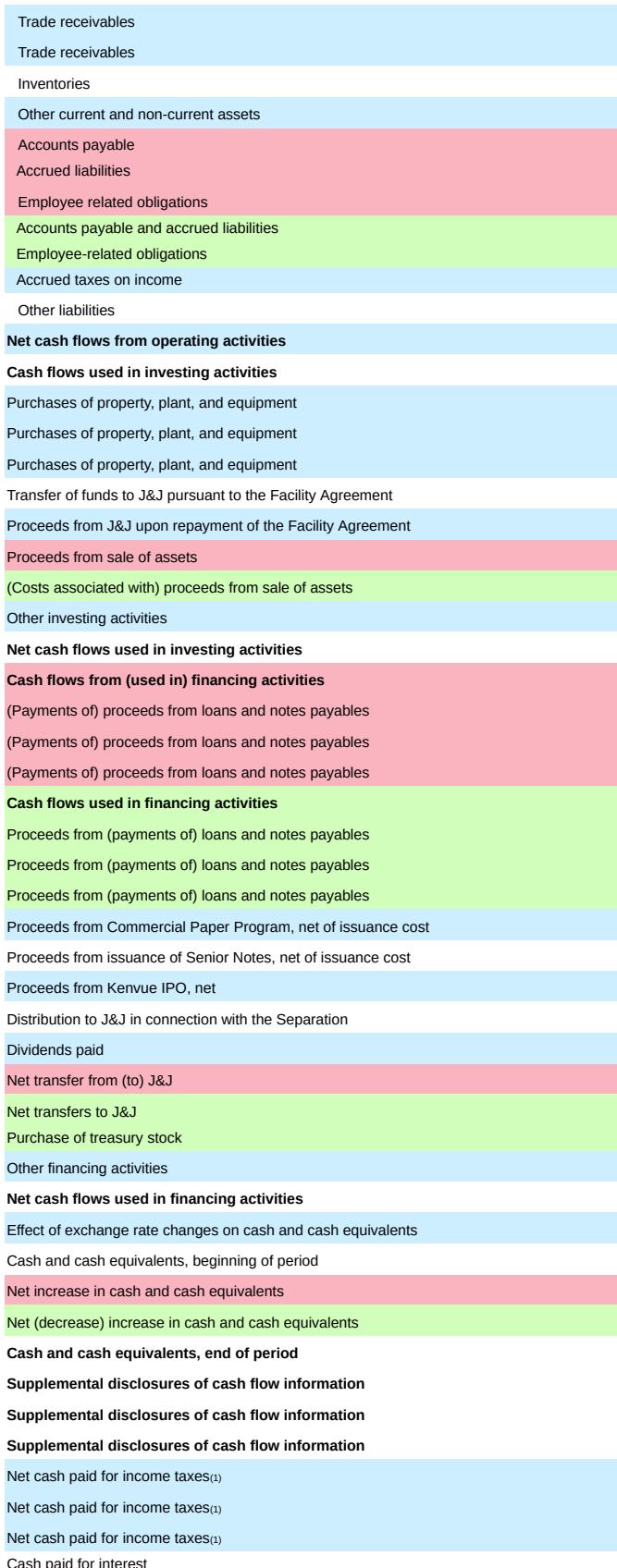
|   |
|---|
| Separation-related<br>adjustments                                 |
| <b>Balance,<br/>December 31,<br/>2023</b>                         |
| Net income  |
| Other<br>comprehensive loss                                       |
| Cash dividends on<br>common stock                                 |
| Stock-based<br>compensation                                       |
| Issuance of common<br>stock under the<br>Kenvue 2023 Plan,<br>net |
| Purchase of treasury<br>stock                                     |
| Separation-related<br>adjustments                                 |
| <b>Balance, December<br/>29, 2024</b>                             |

(a) Includes cumulative effect Prior to April 4, 2023, the Company operated as a segment of change in J&J and not as a separate entity. The Company's financial statements prior to April 4, 2023 were prepared on a combined basis and were derived from J&J's historical consolidated financial statements and accounting principle related to Global Intangible Low-Taxed Income ("GILTI"), records as if the Company had been operated on a standalone basis. See Note 1, "Description of the Company and Summary of Significant Accounting Policies, Policies—Basis of Presentation," for more information.

See accompanying Notes to Consolidated Financial Statements.

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| <b>KENVUE INC.</b><br><b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b><br>(Dollars in Millions) |                            |                            |
|---|----------------------------|----------------------------|
|   | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended |
|   | December 31, 2023          | January 1, 2023            |
|   | December 29, 2024          | December 31, 2023          |
|   | January 2, 2022            |                            |
| <b>Cash flows from operating activities</b>   |                            |                            |
| Net income  |                            |                            |
| Net income  |                            |                            |
| Net income  |                            |                            |
| Adjustments to reconcile net income to cash flows from operating activities                 |                            |                            |
| Depreciation and amortization   |                            |                            |
| Depreciation and amortization   |                            |                            |
| Depreciation and amortization   |                            |                            |
| Stock-based compensation  |                            |                            |
| Deferred income taxes   |                            |                            |
| Impairment charges  |                            |                            |
| Losses (gains) on investments   |                            |                            |
| Other   |                            |                            |
| Net changes in assets and liabilities   |                            |                            |
| Trade receivables   |                            |                            |



(a) Net cash paid includes payments to J&J under the Tax Matters Agreements (as defined in FN Note 12, "Relationship with J&J," &J") for income tax liabilities, which J&J has paid on the Company's behalf post Kenvue post-Kenvue IPO to the tax authorities.

See accompanying Notes to Consolidated Financial Statements.

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**KENVUE INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Description of the Company and Summary of Significant Accounting Policies**

***Description of the Company and Business Segments***

Kenvue Inc. ("Kenvue" or the "Company") is a **pure play** consumer health company with iconic brands including Aveeno®, BAND-AID® Brand, **Adhesive Bandages**, Johnson's®, Listerine®, Neutrogena®, Tylenol®, and Zyrtec®. The Company is organized into three **reportable** business segments: Self Care, Skin Health and Beauty, and Essential Health. The Self Care segment includes a broad product range such as pain **care**, **cold**, **cough**, **allergy**, **as well as** **allergy**, **digestive** **health**, **smoking cessation**, **cessation**, **eye care**, **care**; and other products. The Skin Health and Beauty segment is focused on face and body care, **and** **as well as** hair, sun, and other products. The Essential Health segment includes oral care, baby care, **as well as** women's health, wound care, and other products.

Kenvue was initially formed as a wholly owned subsidiary of Johnson & Johnson ("J&J"). In November 2021, J&J announced its intention to separate its Consumer Health segment (the "Consumer Health Business") into a new, publicly traded company (the "Separation"). Prior to the Kenvue IPO (as defined below), the Company **was wholly owned by J&J** and primarily represented J&J's Consumer Health Business. The Company also included certain other product lines previously reported in another segment of J&J. On April 4, 2023, in connection with the Separation, J&J completed in all material respects the transfer of the assets and liabilities of the Consumer Health Business to the Company and its subsidiaries (such transfer, the "Consumer Health Business Transfer"), other than the transfer of certain Deferred Local Businesses (as defined below in "—Variable Interest Entities and Net Economic Benefit Arrangements").

On May 3, 2023, the registration statement related to the initial public offering of Kenvue's common stock was declared effective, and on May 4, 2023, Kenvue's common stock began trading on the New York Stock Exchange under the ticker symbol "KVUE" (the "Kenvue IPO").

On May 8, 2023, the Kenvue IPO was completed through the sale of 198,734,444 shares of common stock, par value \$0.01 per share, including the underwriters' full exercise of their option to purchase 25,921,884 shares to cover over-allotments, at an initial public offering price of \$22 per share for net proceeds of \$4.2 billion after deducting underwriting discounts and commissions of \$131 million. On May 8, 2023, in conjunction with the Consumer Health Business Transfer, the Company distributed \$13.8 billion to J&J from 1) the 1) net proceeds received from the sale of the common stock in the Kenvue IPO, 2) the net proceeds received from the Debt Financing Transactions as defined in Note 5, "Borrowings", "Borrowings—Commercial Paper Program," and 3) any cash and cash equivalents in excess of the \$1.17 billion in cash and cash equivalents retained by the Company immediately following the Kenvue IPO. As of the closing of the Kenvue IPO, J&J owned 1,716,160,000 shares of Kenvue common stock, or approximately 89.6% of the total outstanding shares of Kenvue common stock.

On July 24, 2023, J&J announced an exchange offer (the "Exchange Offer") under which its shareholders could exchange shares of J&J common stock for shares of Kenvue Inc. common stock owned by J&J. On August 23, 2023, J&J completed the Exchange Offer through which J&J accepted an aggregate of 190,955,435 shares of J&J common stock in exchange for 1,533,830,450 shares of Kenvue common stock, representing approximately 80.1% of Kenvue's outstanding common stock as of August 23, 2023. As a result, Kenvue became a fully independent company, and as of the completion of the Exchange Offer, J&J owned approximately 9.5% of the outstanding shares of Kenvue common stock.

On May 17, 2024, J&J completed an additional exchange offer (the "Debt for Equity Exchange") through which J&J exchanged indebtedness of J&J for 182,329,550 shares of Kenvue common stock owned by J&J. Following the completion of the Debt for Equity Exchange, J&J no longer owned any shares of Kenvue common stock.

***Basis of Presentation***

Effective April 4, 2023, the Company's financial statements are presented on a consolidated basis, as J&J completed the Consumer Health Business Transfer on such date. The audited financial statements for all periods presented, including the historical results of the Company prior to April 4, 2023, are **now** referred to as the "Consolidated Financial Statements". Statements."

Intercompany balances and transactions have been eliminated. The Consolidated Financial Statements include the accounts of the Company and its affiliates and entities consolidated under the variable interest and voting models.

During the fiscal twelve months ended December 29, 2024, the Company recorded out-of-period adjustments primarily related to the Separation, which corrected an overstatement in Additional paid-in capital of \$340 million, including the \$84 million

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(\$65 million net of tax) related to certain cloud computing arrangements described below. This amount did not have an impact on the operating results for the fiscal twelve months ended December 29, 2024. The Company concluded that these adjustments were not material to the Consolidated Financial Statements for either the current period or prior periods.

As of December 29, 2024, the Consolidated Balance Sheet reflects an adjustment for a change in classification from Property, plant, and equipment, net of \$288 million to Other assets and Additional paid-in capital of \$169 million and \$84 million, respectively, related to certain cloud computing arrangements, net of amortization of \$35 million. The Company concluded that this adjustment was not material to the Consolidated Financial Statements for either the current period or prior periods.

#### Periods prior to the Consumer Health Business Transfer

Prior to April 4, 2023, the Company operated as a segment of J&J and not as a separate entity. The Company's financial statements prior to April 4, 2023 were prepared on a combined basis and were derived from J&J's historical consolidated financial statements and accounting records as if the Company had been operated on a standalone basis.

Prior to the Kenvue IPO, the Company relied on J&J's corporate and other support functions. Therefore, certain corporate and shared costs were allocated to the Company including the assets, liabilities, revenues, and expenses that J&J's management determined were specifically or primarily identifiable to the Company, as well as direct and indirect costs that were attributable to the operations of the Company. Indirect costs are the costs of support functions that were provided on a centralized or geographic basis by J&J and its affiliates, which included, but were not limited to, facilities, insurance, logistics, quality, compliance, finance, human resources, benefits administration, procurement support, information technology, legal, corporate strategy, corporate governance, other professional services, and general commercial support functions.

Indirect costs were allocated to the Company for the purposes of preparing combined financial statements the Consolidated Financial Statements prior to the Kenvue IPO, based on a specific identification basis or, when specific identification was not practicable, a proportional cost allocation method, primarily net based on Net sales, headcount, or other allocation methodologies that were considered to be a reasonable reflection of the utilization of services provided or benefit received by the Company during the periods presented, depending on the nature of the services received. Management considers that such allocations were made on a reasonable basis consistent with benefits received but may not necessarily be indicative of the costs that would have been incurred if the Company had been operated on a standalone basis for the periods presented.

Cash generated from the Company's operations prior to April 4, 2023 was generally managed by J&J's centralized treasury function and was swept into J&J and its affiliates' bank accounts. Cash and cash equivalents on the Consolidated Balance Sheet represent balances in accounts specifically identifiable to the Company that were not swept into J&J and its affiliates' bank accounts. J&J's third-party interest expense was not allocated for any of the periods prior to April 4, 2023 as the Company was not the legal obligor of the debt and the borrowings were not directly attributable to the Company's operations.

The Company's equity balance in these financial statements prior to April 4, 2023 represents the excess of total assets over total liabilities. Equity is impacted by changes in comprehensive income and contributions from or to J&J prior to the Kenvue IPO, which was the result of treasury activities and net funding provided by or distributed to J&J.

J&J calculated foreign currency translation on its consolidated assets and liabilities, which included assets and liabilities of the Company prior to April 4, 2023. Foreign currency translation recorded during the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 was based on currency movements specific to the Company's Consolidated Financial Statements.

The income tax amounts in the Consolidated Financial Statements prior to the Kenvue IPO have been calculated based on a separate return methodology and presented as if the Company's operations were reported by separate taxpayers in the jurisdictions in which the Company operates. See Note 14, "Income Taxes," for further discussion.

Prior to the Kenvue IPO, all transactions between the Company and J&J were considered to be effectively settled for cash in the Consolidated Financial Statements at the time the transaction was recorded. The effects of the settlement of these transactions between the Company and J&J are reflected in the Consolidated Statements of Cash Flows as "Net transfer from (to) transfers to J&J" within financing activities, and in the Consolidated Balance Sheets and Consolidated Statements of Stockholders' Equity as "Net transfers to Johnson & Johnson", J&J."

#### Reclassifications

Certain prior period amounts have been reclassified to conform to current fiscal year presentation.

#### Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the periods reported. Estimates are used when accounting for, among other things, sales discounts, trade promotions, rebates, allowances and incentives, product liabilities, income taxes and related valuation allowance, allowances, withholding taxes, pension, pensions, postretirement benefits, fair value of financial instruments, stock-based compensation assumptions, depreciation, amortization, employee benefits, contingencies, allocations of cost and expenses from J&J and its affiliates, and the valuation of goodwill, intangible assets, and intangible asset and liability valuations. Actual results may or may not differ from those estimates.

### **Economic Uncertainty**

Macroeconomic factors affect consumer spending patterns and thereby the Company's operations. These factors include general economic conditions, inflation, consumer confidence, employment rates, business conditions, the availability of credit, interest rates, tax rates, and fuel and energy costs.

### **Annual Closing Date**

The Company follows the concept of a fiscal year, which ends on the Sunday nearest to the end of the month of December. Normally, each fiscal year consists of 52 weeks, but every five or six years weeks; however, the fiscal year consists of 53 weeks and therefore includes every five or six years. For fiscal years which consist of 53 weeks, this results in additional shipping days, as was the case in fiscal year 2020, and will be the case again in fiscal year 2026. Fiscal year 2024 refers to the fiscal twelve months ended December 29, 2024. Fiscal year 2023 refers to the fiscal twelve months ended December 31, 2023. Fiscal year 2022 refers to the fiscal twelve months ended January 1, 2023. Fiscal year 2021 refers to the fiscal twelve months ended January 2, 2022.

### **Reportable Segments**

The Company operates in the following reportable business segments: 1) Self Care, 2) Skin Health and Beauty, and 3) Essential Health.

### **Cash and Cash Equivalents**

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Cash equivalents are included in the Company's Cash and cash equivalents on the Consolidated Balance Sheets.

### **Trade Receivable and Allowance for Credit Losses**

Trade receivables, net are stated net of certain sales provisions and the allowance for credit losses. The Company estimates the current expected credit loss on its receivables based on various factors, including historical credit loss experience, customer credit worthiness, credit-worthiness, value of collaterals (if any), and any relevant current and reasonably supportable future economic factors. Trade receivable balances are written off against the allowance when it is deemed probable that the trade receivable will not be collected. A summary of the change in the allowance for credit losses during the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023 is presented below:

| (Dollars in Millions)                            | (Dollars in Millions) | Fiscal Twelve Months Ended |                 |                 | (Dollars in Millions) | (Dollars in Millions) | (Dollars in Millions) |
|--|-----------------------|----------------------------|-----------------|-----------------|-----------------------|-----------------------|-----------------------|
|  |                       | December 31, 2023          | January 1, 2023 | January 2, 2022 |                       |                       |                       |
| Allowance for credit losses, beginning of period |                       |                            |                 |                 |                       |                       |                       |
| Provision  |                       |                            |                 |                 |                       |                       |                       |
| Utilization                                      |                       |                            |                 |                 |                       |                       |                       |
| Currency translation adjustment                  |                       |                            |                 |                 |                       |                       |                       |
| Allowance for credit losses, end of period       |                       |                            |                 |                 |                       |                       |                       |

### **Inventories**

Inventories are stated at the lower of cost or net realizable value and are accounted for using the first-in, first-out method. Cost is determined on a standard cost basis that approximates the first-in, first-out method. Costs include direct materials, direct labor, and overhead costs.

### **Property, Plant, and Equipment and Depreciation**

Property, plant, and equipment are stated at cost less accumulated depreciation. The Company utilizes the straight-line method of depreciation over the estimated useful lives. The approximate ranges for estimated useful lives are as follows:

|                                  |               |
|----------------------------------|---------------|
| Building and building equipment  | 20 - 30 years |
| Land and leasehold improvements  | 10 - 20 years |
| Machinery and equipment          | 2 – 13 years  |
| Buildings and building equipment | 20 – 40 years |
| Software                         | 3 – 8 years   |
| Land improvements                | 10 – 20 years |

Upon retirement or other disposal of property, plant, and equipment, the costs and related amounts of accumulated depreciation or amortization are eliminated from the asset and accumulated depreciation accounts, respectively. The difference, if any, between the net asset value and the proceeds are recorded in Other (income) operating expense net, operating, (income), net.

#### Capitalized Internal-Use Software

Internal-use software development costs are accounted for in accordance with ASC Accounting Standards Codification ("ASC") 350-40, *Internal-Use Software*. The costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs incurred to develop internal-use software are capitalized. Capitalized internal-use software costs are amortized on a straight-line basis over the estimated useful life of the software when the software is ready for its intended use. Maintenance and enhancement costs, including those costs in the post-implementation stages, are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the software that result in added functionality, in which case the costs are capitalized and amortized on a straight-line basis over the estimated useful life of the software. The Company reviews the carrying value for impairment whenever facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified.

#### Intangible Assets

Intangible assets are reported at cost, less accumulated amortization and impairments, as applicable. The Company amortizes intangible assets with a finite life over their respective useful lives on a straight-line basis. The estimated useful lives of patents, trademarks, and customer relationships range from 3 to 40 years and for other intangibles ranges from 20 years to 40 years. The useful life for customer relationships is estimated based on various customer attributes including customer type, size, geography, length of relationships, and nature of relationships. Intangible assets deemed to have indefinite lives are not amortized but are subjected to annual tests of impairment on the first day of the fiscal fourth quarter, or whenever more frequently if events or changes in circumstances between annual tests indicate they that assets may be impaired. The Company may perform or bypass an optional has the option to first assess qualitative assessment before proceeding factors to a determine whether the quantitative indefinite-lived intangible asset impairment test is necessary. If the Company determines the estimated fair value of the indefinite-lived intangible asset is more likely than not greater than its carrying amount based on the results of the qualitative test, no additional testing is necessary. If the Company determines the estimated fair value of the indefinite-lived intangible asset is more likely than not it writes less than the carrying value down based on the results of the qualitative test, a quantitative fair value test is performed. The Company may bypass the qualitative assessment in any period and proceed directly to performing the quantitative fair value test. If the Company determines the estimated fair value of the indefinite-lived intangible asset is less than the carrying value based on the results of the quantitative fair value test, an indefinite-lived intangible asset impairment charge will be recorded equal to the fair value. amount of the difference (up to the carrying value of the indefinite-lived intangible asset). See Note 4, "Intangible Assets and Goodwill," for more information on intangible assets.

#### Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of net assets of businesses acquired. The Consolidated Balance Sheets reflect goodwill established based on past transactions allocated to the Company's operations by J&J prior to the Kenvue IPO. Goodwill is not amortized but is tested for subjected to annual tests of impairment at least annually in the fourth quarter at the reporting unit level.

on the first day of the fiscal fourth quarter, or more frequently if impairment indicators exist. events or changes in circumstances between annual tests indicate that goodwill may be impaired. The Company has the option to first assess qualitative factors to determine whether the quantitative goodwill impairment test is necessary. If the Company concludes it determines the estimated fair value of goodwill is more likely than not greater than its carrying amount based on the results of the qualitative test, no additional testing is necessary. If the Company determines the estimated fair value of goodwill is more likely than not less than the carrying value based on the results of the qualitative test, a quantitative fair value test is performed. The Company may bypass the qualitative assessment in any period and proceed directly to performing the quantitative impairment fair value

test. If the Company determines the estimated fair value of goodwill is less than the carrying value is greater than based on the results of the quantitative fair value test, a goodwill impairment charge will be recorded for equal to the amount of the difference (up to the carrying value of goodwill). See Note 4, "Intangible Assets and Goodwill," for more information on goodwill.

#### Impairment of Long-Lived Assets

Long-lived assets with finite lives are tested for subjected to a test of impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any indicators of impairment are present, the asset group is tested for recoverability by comparing the carrying value of the asset group to the related estimated net undiscounted future cash flows expected to be derived from the asset group, which include includes the amount and timing of the projected future cash flows. If the expected net undiscounted cash flows are less than the carrying value of the asset group, the Company then performs the next step, which is to determine the fair value of the asset is considered to be impaired group, and its carrying value is written down to fair value, record an impairment, if any. If quoted market prices are not available, the Company will estimate estimates fair value using a discounted value of estimated future cash flows.

Indefinite-lived intangible Impairment charges for the fiscal twelve months ended December 29, 2024 and January 1, 2023 consisted of:

| (Dollars in Millions)                          | Fiscal Twelve Months Ended |                 |
|--|----------------------------|-----------------|
|  | December 29, 2024          | January 1, 2023 |
| Dr.Ci:Labo® asset impairment <sup>(1)</sup>    | \$ 488                     | \$ —            |
| Skillman fixed asset impairment <sup>(2)</sup> | 68                         | —               |
| Other asset impairment <sup>(3)</sup>          | 22                         | 12              |
| <b>Impairment charges</b>                      | <b>\$ 578</b>              | <b>\$ 12</b>    |

<sup>(1)</sup> Represents the impairment charge recognized during the fiscal three months ended June 30, 2024 in relation to Dr.Ci:Labo® long-lived assets. See "—Dr.Ci:Labo® Asset Impairment" below and Note 4, "Intangible Assets and Goodwill," for more information.

<sup>(2)</sup> Represents the impairment charge recorded during the fiscal three months ended March 31, 2024 on the held for sale asset associated with the Company's interim corporate headquarters in Skillman, New Jersey. See "—Assets Held for Sale" below.

<sup>(3)</sup> Represents the impairment charge recognized during the fiscal three months ended June 30, 2024 related to certain software development assets are tested for and the impairment annually or more frequently if events or changes in circumstances between annual tests indicate that charge recognized during the asset may be impaired. Impairment losses on indefinite-lived intangible assets are recognized based on a comparison of the fair value of the asset fiscal twelve months ended January 1, 2023 related to its carrying value, certain definite-lived trademarks deemed as irrecoverable.

No impairment was impairments were recognized for the fiscal twelve months ended December 31, 2023.

#### Dr.Ci:Labo® Asset Impairment

During the fiscal three months ended June 30, 2024, there was a significant change in the senior leadership of the Dr.Ci:Labo® business, resulting in a new strategic plan with a key focus on increased expenses related to brand support designed to allow the brand to reach more consumers and January 2, 2022. See Note 4, "Intangible Assets" appropriately address evolving market dynamics, including shifts in consumer sentiment in China as well as changing shopping patterns in the region. Following the change to the Company's strategy for the brand, the Company made revisions to the internal forecasts relating to the Dr.Ci:Labo® asset group and Goodwill," for concluded that the changes in circumstances, which impacted the forecasted cash flows in relation to this business, resulted in a triggering event, requiring an interim impairment recorded review of the Dr.Ci:Labo® asset group. As a result of the interim impairment test, the Company concluded that the carrying value of long-lived assets of the asset group, consisting primarily of intangible assets, including trademarks and other intangibles, and property, plant, and equipment, exceeded their estimated fair value, resulting in impairment charges of \$488 million recognized in the fiscal twelve three months ended January 1, 2023 June 30, 2024, of which \$463 million related to definite-lived intangible assets and \$25 million related to property, plant, and equipment. Following the impairment charge, the carrying value of the Dr.Ci:Labo® asset group was \$118 million.

The Company estimated the fair value of the definite-lived intangible assets within the Dr.Ci:Labo® asset group based on an income approach using the relief-from-royalty method. This valuation required significant judgments and estimates by management regarding several key inputs, including future cash flows consistent with management's plans, sales growth rates,

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the selection of royalty rates, and a discount rate. The Company selected the assumptions used in the financial forecasts of cash flows specific to the remaining useful lives of the trademarks ranging from six to 15 years using historical data, supplemented by current and anticipated market conditions and estimated growth rates. The Company utilized a discount rate of 8%. As the fair value measurements were based on significant inputs not observable in the market, they represented Level 3 measurements within the fair value hierarchy.

#### Assets Held for Sale

The Company classifies assets as held for sale when: 1) management has committed to a plan to sell the assets, 2) the assets are available for immediate sale, 3) there is an active program to locate a buyer, and 4) the sale and transfer of the asset is probable within one year. On February 21, 2024, the Company listed its interim corporate headquarters in Skillman, New Jersey for sale, which met the criteria to be classified as held for sale at that date. The held for sale asset is measured at the lower of the carrying amount or the fair value less costs to sell.

The results of the impairment test performed upon classification as held for sale indicated that the carrying value of the Skillman, New Jersey facility exceeded its estimated fair value less costs to sell by \$68 million. As a result, the Company recorded an impairment charge equivalent to that amount within Impairment charges in the Consolidated Statement of Operations for the fiscal three months ended March 31, 2024. The fair value of the held for sale asset was determined utilizing third-party sales pricing as an input. The inputs utilized in the analysis are classified as Level 3 inputs within the fair value hierarchy.

The Company recorded the remaining asset held for sale balance related to the Skillman, New Jersey facility within Other current assets on the Consolidated Balance Sheet as of December 29, 2024.

#### **Debt Discounts and Premiums, Issuance Costs, and Deferred Financing Costs**

**Debt Discounts and debt issuance costs and discounts** are presented as a reduction of Long-term debt and Loans and notes payable on the Consolidated Balance Sheets and are amortized as a component within Interest expense, net in the **Company's** Consolidated Statements of Operations over the term on the related debt using the effective interest method.

#### **Financial Instruments**

The Company uses derivative financial instruments to manage exposure to foreign currency fluctuations. Prior to the Kenvue IPO, the Company participated in J&J's centralized hedging and offsetting programs. The effects of foreign currency derivatives were allocated to the Company based on the portion that was deemed to be associated with the Company's operations.

Additionally, in certain jurisdictions, the **The Company uses various types of derivative financial instruments including forward foreign exchange contracts, interest rate swaps, and cross currency interest rate swap contracts to manage its exposure to the variability of forecasted cash flows, primarily related changes in the fair value of foreign-denominated intercompany debt attributable to the foreign exchange rate changes of future intercompany product sales and third-party purchases of materials denominated in a foreign currency. The Company uses interest rate swaps as an instrument to manage fluctuations, interest rate risk related to forecasted fixed rate borrowings, future debt issuances, and cross currency interest rate swaps to manage the risk related to foreign currency net investments, subsidiaries with local functional currency.**

As required by U.S. GAAP, all derivative instruments held by the Company are recorded on the Consolidated Balance Sheets at fair value. **Fair value is the exit price that would be received to sell an asset or paid to transfer a liability.** Fair value is a market-based measurement determined using assumptions that market participants would use in pricing an asset or liability. The authoritative literature establishes a three-level hierarchy to prioritize the inputs used in measuring fair value, with Level 1 having the highest priority and Level 3 having the lowest. Changes in the fair value of derivatives designated as cash flow hedges are recorded within **gain or loss Gain (Loss) on cash flow hedges** Derivatives and **Hedges** as a component of **other Other** comprehensive **(loss)** income until the underlying transaction affects earnings and are then reclassified to earnings in the same account as the hedged transaction. Changes in the fair value of derivatives designated as net investment hedges are recorded within **foreign currency translation Currency Translation Adjustments ("CTA")** as a component of **other Other** comprehensive **(loss)** income until the hedged investment is either sold or substantially liquidated and are then reclassified to earnings. Any changes in the fair value of derivatives designated as fair value hedges are recorded in **net Net** income.

The Company documents all relationships between hedged items and derivatives. The overall risk management strategy includes reasons for undertaking hedge transactions and entering into derivatives. See Note 16, "Fair Value Measurements", Measurements, for more information on **fair value financial instruments**.

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#### **Defined Benefit Retirement Plans**

The Company's defined benefit retirement plan costs are valued using actuarial valuations. The Company recognizes the funded or unfunded status of its defined benefit pension plans on the Consolidated Balance Sheets and recognizes changes in the funded status that **arise during the period but that** are not recognized as components of net periodic benefit cost within **other Other** comprehensive **(loss)** income, net of income taxes. The projected benefit obligation represents the actuarial present value of benefits expected to be paid upon **our an** employee's expected date of separation or retirement. Amounts related to the Company's defined benefit pension plans are recorded based on estimates and assumptions. Factors used in developing estimates of these liabilities include, among other things, assumptions related to discount rates, rates of return on investments, healthcare cost trends, benefit payment patterns, and other factors. See Note 7, "Pensions," for more information.

#### **Leases**

The Company determines whether an arrangement is a lease at contract inception by establishing if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. For operating leases, right-of-use ("ROU") assets are included in Other assets, and lease liabilities are included in Accrued liabilities and Other liabilities on the Consolidated Balance Sheets. For finance leases, ROU assets are included in Property, plant, and equipment, net, and lease liabilities are included in Loans and notes payable and Long-term debt on the Consolidated Balance Sheets. The ROU assets represent the right to use an underlying asset for the lease

term, and lease liabilities represent an obligation to make lease payments arising from the lease. Short-term leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets. The related lease expense for such short-term leases is not significant.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of all minimum lease payments over the lease term. When the implicit rate of the lease is not readily determinable, the Company uses its incremental borrowing rate for leases entered into after the Separation based on the information available at the commencement date in determining the present value of lease payments. Prior to the Separation, the Company used J&J's incremental borrowing rate. The Company elected not to separate nonlease components from lease components; as such, lease and nonlease components are combined as a single lease component.

Lease terms may include options to extend or terminate the lease. These options are included in the lease term when it is reasonably certain that the Company will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term. For finance leases, amortization of the ROU asset is recognized on a straight-line basis over the shorter of the economic life of the asset or the lease term, and interest expense is recorded in connection with the lease liability using the effective interest rate method. See Note 8, "Leases," for more information.

#### **Revenue Recognition**

The Company's revenue contracts represent a single performance obligation to sell its products to customers. Revenue from the sale of products to customers is recognized at a single point in time when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the goods to customers, which can be on the date of shipment or the date of receipt by the customer depending on the terms of the contract. Net sales exclude taxes collected by the Company on behalf of governmental authorities. In addition, the Company has elected to account for shipping and handling activities as fulfillment costs and includes the shipping and handling fees charged to the customers as a part of the transaction price to be recognized when control of the product transfers. The Company's global payment terms are typically between 30 to 90 days.

Trade promotions, comprised of coupons, product listing allowances, cooperative advertising arrangements, volume-based incentive programs, as well as discounts to customers, rebates, sales incentives, and product returns, are accounted for as

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variable consideration and recorded as a reduction in sales in the same period as the related sale. To estimate variable consideration, the Company may apply both the "expected value" method and the "most likely amount" method based on the form of variable consideration, after considering which method would provide the best prediction of consideration to be received from the Company's customers. The redemption cost of consumer coupons is based on historical redemption experience by product and value. Volume-based incentive programs are based on the estimated sales volumes for the incentive period. The related liability is recognized within Accrued rebates, returns, and promotions on the Consolidated Balance Sheets.

Sales returns are almost exclusively not resalable. The reserves related to sales returns are recorded at full sales value and are estimated based on historical sales and returns information.

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See Note 19, 18, "Segments of Business and Geographic Areas", Areas, for further disaggregation of net Net sales.

#### **Net Income Per Share**

The Company determines net Net income per share in accordance with ASC 260, *Earnings Per Share*. Basic net income per share is computed by dividing net income by the weighted average weighted-average number of shares outstanding for the applicable period. Diluted net income per share is computed by dividing net income by the weighted average weighted-average number of shares plus the effect of dilutive potential shares outstanding for the applicable period using the treasury stock method. Dilutive potential shares include shares from equity equity-based awards and have been excluded where their inclusion would be anti-dilutive.

#### **Separation-Related Costs**

The Company and J&J incurred certain non-recurring Separation-related separation-related costs in the establishment of Kenvue as a standalone public company. company ("Separation-related costs"). Costs incurred by the Company and those costs that were incurred by J&J prior to April 4, 2023 determined to be for the benefit of the Company are were included in the Consolidated Financial Statements. These non-recurring Separation-related costs were \$296 million, \$468 million, and \$213 million for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023, respectively and respectively. The Separation-related costs are included in SG&A expenses. The Company did not incur Separation-related costs Cost of sales and Selling, general, and administrative expenses in the fiscal twelve months ended January 2, 2022, Consolidated Statements of Operations.

#### **Advertising**

Advertising expenses worldwide, which comprised television, radio, print media, and digital advertising, were \$1,349 million \$1,635 million, \$1,356 million \$1,349 million, and \$1,461 million \$1,356 million for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively, and are included in SG&A Selling, general, and administrative expenses in the Consolidated Statements of Operations.

#### **Shipping and Handling Costs**

Shipping and handling costs, incurred which includes costs for shipping, handling, and distribution, were \$320 million \$505 million, \$322 million \$508 million, and \$305 million \$547 million for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively, and are included in SG&A expense Selling, general, and administrative expenses in the Consolidated Statements of Operations.

#### **Product Liability**

Accruals for product liability claims are recorded, on an undiscounted basis, when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information and actuarially determined estimates, where applicable. The accruals are adjusted periodically as additional information becomes available. The Company accrues an estimate of the legal defense costs needed to defend each matter when those costs are probable and can be reasonably estimated. To the extent adverse verdicts have been rendered against the Company, the Company does not record an accrual until a loss is determined to be probable and can be reasonably estimated.

#### **Research and Development**

Research and development expenses are expensed as incurred and included in Selling, general, and administrative expenses in the Consolidated Statements of Operations. Research and development costs were \$399 million \$408 million, \$375 million \$399 million, and \$355 million \$375 million for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively, and are included in SG&A expenses in the Consolidated Statements of Operations, respectively.

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#### **Income Taxes**

Income taxes are recorded based on amounts refundable or payable for the current fiscal year and include the results of any differences between U.S. GAAP accounting and tax reporting, recorded as deferred tax assets or liabilities. The Company estimates deferred tax assets and liabilities based on enacted tax regulations and rates. Future changes in tax laws and rates may affect recorded deferred tax assets and liabilities.

U.S. federal, state, and foreign income tax payables and receivables are recognized on the Consolidated Balance Sheets for entities that file separate income tax returns and make direct payments to taxing authorities. Prior to the Kenvue IPO, U.S. federal, state and foreign income tax payables and receivables for entities that file a combined, consolidated, or group income tax return with J&J were deemed settled with J&J and were included in the "Net Investment from J&J."

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Management establishes valuation allowances on deferred tax assets when it is determined to be "more likely than not" that some portion or all of the deferred tax assets may not be realized. Management considers positive and negative evidence in evaluating the Company's ability to realize its deferred tax assets, including its historical results, forecasts of future ability to realize deferred tax assets, and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis.

The Company has unrecognized tax benefits for uncertain tax positions. The Company follows U.S. GAAP which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The estimates for these positions are regularly assessed based upon all available information. These estimates may be revised in the future and such changes may have a material additional expense or benefit to the Company's financial results and its effective tax rate.

See Note 14, "Income Taxes", for more information on income taxes and see "Change in Accounting Principle" within this footnote for more information on GILTI accounting method change.

#### **Stock-Based Compensation**

The Company recognizes compensation costs related to stock options equity-based awards granted ratably over the requisite service period, which is the vesting period of the award, based on the estimated grant date fair value of the stock award on the grant date. The estimated fair value of stock options is determined using the Black-Scholes option valuation model. Stock options generally vest over a three-year period with annual vesting awards. The Company recognizes compensation costs related to restricted stock units ("RSUs") ratably over accounts for forfeitures during the requisite service period based on the fair value of the Company's common stock on the grant date. RSUs generally vest

over a three-year period with annual vesting. The Company recognizes compensation costs related to performance stock units ("PSUs"), each of which has a singular market condition, ratably over the requisite service period based on the estimated fair value of the PSU on the grant date. The estimated fair value of PSUs is determined using the Monte Carlo valuation model.

See Note 11, "Stock-Based Compensation," for more information on the conversion of J&J awards to Kenvue awards in connection with the completion of the Exchange Offer.

they occur. Stock-based compensation expense is recognized in the Consolidated Statements of Operations and is classified as a non-cash activity in the Consolidated Statements of Cash Flows.

The grant date fair value of each stock option granted is estimated on the grant date using the Black-Scholes option valuation model. Stock options generally vest over a three-year period with annual vesting.

The grant date fair value of each restricted stock unit ("RSU") granted is equivalent to the closing price of Kenvue common stock on the New York Stock Exchange on the grant date. RSUs generally vest over a three-year period with annual vesting.

The Company accounts grants performance stock units ("PSUs") with both performance vesting conditions and market-based vesting conditions (the "Performance PSUs"). During the performance period, stock-based compensation expense for forfeitures during the Performance PSUs will be adjusted based on the Company's best estimate of achievement of the specified performance metrics. The cumulative effect on current and prior periods of a change in the estimated number of Performance PSUs that are expected to be earned will be recognized as an adjustment to stock-based compensation expense in the period of the change. The grant date fair value of each Performance PSU granted, inclusive of the fair value associated with the achievement of the specified performance metrics and the relative total shareholder return goal, is estimated on the grant date using the Monte Carlo valuation model.

See Note 11, "Stock-Based Compensation—J&J Plans and Conversion of J&J Awards," for more information on the conversion of J&J awards to Kenvue awards in which they occur. connection with the completion of the Exchange Offer.

Prior to the Kenvue IPO, certain employees of the Company participated in J&J's stock-based compensation plans. Stock-based compensation expense related to these plans was recognized based on specific identification of cost related to the Company's employees. The Company also received allocated stock-based compensation expense relating to employees of central support functions provided by J&J.

#### **Restructuring Expenses**

Certain costs incurred associated with restructuring activities, including one-time termination benefits and employee-related costs, are accounted for in accordance with ASC 420, *Exit or Disposal Cost Obligations*. The Company recognizes a liability and the related expense for these restructuring costs when the liability is incurred and can be measured. In accordance with existing benefit arrangements, future employee termination costs to be incurred in conjunction with involuntary separations are accrued when such separations are probable and estimable. The related expense for these restructuring costs is recorded in the Restructuring expenses line item in the Consolidated Statements of Operations. Other charges are recorded in the Cost of sales or Selling, general, and administrative expenses line items in the Consolidated Statements of Operations, as applicable. Segment profit is based on Operating income and management excludes restructuring expenses and other charges in assessing segment financial performance.

#### **Foreign Currency**

The net assets of international operations where the local currencies have been determined to be the functional currencies are translated into U.S. dollars, the reporting currency, using period-end exchange rates and at the average exchange rates for the

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reporting period for revenue and expense accounts. The cumulative foreign currency translation adjustment is recorded as a component of Accumulated other comprehensive loss on the Consolidated Balance Sheets. Foreign currency translation recorded in these Consolidated Financial Statements is based on currency movements specific to the Company's assets and liabilities included on the Consolidated Balance Sheets during the periods presented.

For translation of its international operations, the Company has determined that the majority of its local currencies are the functional currencies except those in highly inflationary economies, which are defined as those which have had compound cumulative rates of inflation of 100% or more during the past three years, or where a substantial portion of its cash flows are not in the local currency. The Company has accounted for operations in Argentina, Turkey, and Egypt as highly inflationary.

The net assets of international operations where the local currencies have been determined to be the functional currencies are translated into U.S. dollars, the reporting currency, using period-end exchange rates and at the average exchange rates for the reporting period for revenue and expense accounts. The cumulative foreign currency translation adjustment is recorded as a

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component of Accumulated other comprehensive loss in equity. Foreign currency translation recorded in these Consolidated Financial Statements is based on currency movements specific to the Company's assets and liabilities included on the Consolidated Balance Sheets during the periods presented.

Foreign currency exchange gains and losses on transactions occurring in a currency other than an operation's functional currency are recognized as a component of Other expense, (income), net in the Consolidated Statements of Operations. Net currency transaction losses (gains) were \$26 million, \$64 million, \$105 million, and \$(16) million \$105 million for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively.

#### **Supplier Finance Program**

The Company has facilitated a voluntary supplier finance program to provide some of its suppliers with the opportunity to sell receivables due from the Company (the Company's accounts payables) to participating financial institutions at the sole discretion of both the suppliers and the financial institutions. The Company is not a party to the arrangements between the suppliers and the third-party financial institutions. The Company's obligations to its suppliers, including amounts due, and scheduled payment dates (which have general payment terms of between 30 and 120 days), are not affected by a participating supplier's decision to participate in the program. Invoices from suppliers participating in the supplier finance program are recorded in Accounts payable on the Consolidated Balance Sheets.

The rollforward of the Company's outstanding obligations confirmed as valid under its supplier finance program for the fiscal twelve months ended December 29, 2024 is as follows:

| (Dollars in Millions)  | December 29, 2024 |
|--|-------------------|
| <b>Confirmed obligations outstanding at the beginning of the fiscal year</b> | \$ 227            |
| Invoices confirmed during the fiscal year                                    | 1,093             |
| Confirmed invoices paid during the fiscal year                               | (1,060)           |
| <b>Confirmed obligations outstanding at the end of the fiscal year</b>       | <b>\$ 260</b>     |

#### **Variable Interest Entities and Net Economic Benefit Arrangements**

When the Company makes an initial investment in or establishes other variable interests in an entity, the entity is first evaluated to determine if it is a Variable Interest Entity ("VIE") and if the Company is the primary beneficiary of the VIE, and therefore subject to consolidation regardless of percentage ownership. The primary beneficiary of a VIE is a party that meets both of the following criteria: 1) it has the power to direct the activities that most significantly impact the economic performance of the VIE; and 2) it has the obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. Periodically, the Company assesses whether any change in its interest in or relationship with the entity affects the determination as to whether the entity is a VIE, and, if so, whether the Company is the primary beneficiary.

In connection with the Separation, J&J and Kenvue entered into a separation agreement (the "Separation Agreement") on May 3, 2023. Under the Separation Agreement, transfer of certain assets and liabilities of the Consumer Health Business in certain jurisdictions (each, a "Deferred Local Business") was not completed prior to the Kenvue IPO and was deferred due to certain precedent conditions, which include ensuring compliance with applicable law and obtaining necessary governmental approvals and other consents, and for other business reasons. At the Kenvue IPO and until the Deferred Local Business transfers to the Company, J&J 1) holds and operates the Deferred Local Businesses on behalf of and for the benefit of the Company, and 2) will use reasonable best efforts to treat and operate, insofar as reasonably practicable and to the extent permitted by applicable law, each such Deferred Local Business in the ordinary course of business in all material respects consistent with past practice. The benefits and costs related to these Deferred Local Businesses will be assumed by the Company (see below "--Net Economic Benefit Arrangements"). In addition, the Company and J&J will use reasonable best efforts to take all actions to transfer each Deferred Local Business as promptly as reasonably practicable. When the precedent conditions are met, the Deferred Local Businesses will be transferred to the Company as per the terms of the arrangement with J&J.

The Company determined that certain Deferred Local Businesses that are legal entities ("Deferred Legal Entities") are VIEs for which Kenvue is the primary beneficiary, since Kenvue has the power to direct the activities that most significantly impact such Deferred Legal Entities' economic performance, as well as to obtain all of the economic benefits and losses of such entities. These significant activities include, but are not limited to, product pricing, marketing and sales strategy, supply chain strategy, material supply and vendor management, budget planning, and labor and overhead management. Accordingly, the assets and liabilities of these entities are recognized on the Company's Consolidated Balance Sheets at their historical carrying amounts as of the date when the Company entered into the arrangement, since the primary beneficiary of the VIEs and the VIEs themselves were under common control. Additionally, the results of the operations and cash flows are included in within the Company's Consolidated Financial Statements.

In the fiscal twelve months ended December 31, 2023, J&J transferred the equity interests in the majority of the Deferred Legal Entities to the Company that previously had been consolidated as VIEs in the Company's Consolidated Financial Statements, except for the Deferred Legal Entities below.

All Deferred Legal Entities are exposed to similar operational risks and are therefore monitored and evaluated on a similar basis by management. Accordingly, the financial information for Deferred Legal Entities has been aggregated and the following table summarizes the consolidated assets and liabilities of these entities on the Consolidated Balance Sheets as of December 29, 2024 and December 31, 2023. The amounts represented in this table are only those assets of the VIEs that can be used to settle only the VIE's obligations and the VIE's creditors (or beneficial interest holders) have no recourse against the general credit of the primary beneficiary.

| (Dollars in Millions)                                | December 31, 2023 |            |
|--|-------------------|------------|
| <b>Assets</b>  |                   |            |
| <b>Current assets</b>                                |                   |            |
| Cash and cash equivalents                            | \$                | 109        |
| Trade receivables, less allowances for credit losses |                   | 57         |
| Inventories  |                   | 18         |
| Prepaid expenses and other receivables               |                   | 6          |
| <b>Total current assets</b>                          |                   | <b>190</b> |
| Property, plant, and equipment, net                  |                   | 5          |
| Deferred taxes on income                             |                   | 2          |
| Other assets   |                   | 1          |
| <b>Total assets</b>                                  | \$                | <b>198</b> |
| <b>Liabilities</b>                                   |                   |            |
| <b>Current liabilities</b>                           |                   |            |
| Accounts payable                                     | \$                | 5          |
| Accrued liabilities                                  |                   | 12         |
| Accrued rebates, returns, and promotions             |                   | 14         |
| Accrued taxes on income                              |                   | 3          |
| <b>Total current liabilities</b>                     |                   | <b>34</b>  |
| <b>Total liabilities</b>                             | \$                | <b>34</b>  |

| (Dollars in Millions)                                | December 29, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| <b>Assets</b>  |                   |                   |
| <b>Current assets</b>                                |                   |                   |
| Cash and cash equivalents                            | \$ 99             | \$ 109            |
| Trade receivables, less allowances for credit losses | 70                | 57                |
| Inventories  | 16                | 18                |
| Prepaid expenses and other receivables               | 3                 | 6                 |
| <b>Total current assets</b>                          | <b>188</b>        | <b>190</b>        |
| Property, plant, and equipment, net                  | 3                 | 5                 |
| Deferred taxes on income                             | 3                 | 2                 |
| Other assets   | —                 | 1                 |
| <b>Total assets</b>                                  | <b>\$ 194</b>     | <b>\$ 198</b>     |
| <b>Liabilities</b>                                   |                   |                   |
| <b>Current liabilities</b>                           |                   |                   |
| Accounts payable                                     | \$ 3              | \$ 5              |
| Accrued liabilities                                  | 11                | 12                |
| Accrued rebates, returns, and promotions             | 16                | 14                |
| Accrued taxes on income                              | —                 | 3                 |
| <b>Total current liabilities</b>                     | <b>30</b>         | <b>34</b>         |
| <b>Total liabilities</b>                             | <b>\$ 30</b>      | <b>\$ 34</b>      |

The Company recognized net Net income of \$17 million and \$85 million for the fiscal twelve months ended December 29, 2024 and December 31, 2023, respectively, related to the Deferred Legal Entities for the fiscal twelve months ended December 31, 2023 in the Company's Consolidated Statements of Operations.

### Net Economic Benefit Arrangements

With respect to certain Deferred Local Businesses that are legal entities, as described above, Legal Entities and the Deferred Local Businesses that are not legal entities ("Deferred Markets"), the Company and J&J entered into net economic benefit arrangements effective on April 4, 2023, pursuant to which, among other things, J&J will transfer to the Company the net profits from the operations of each of the Deferred Markets (or, in the event the operations of any such Deferred Markets result in net losses to J&J, the Company will reimburse J&J for the amount of such net losses).

**In relations** The Company recognized a net payable to J&J of \$23 million and \$39 million as of December 29, 2024 and December 31, 2023, respectively, in relation to the net economic benefit arrangements on the Consolidated Balance Sheets. The Company recognized a receivable Net income of \$10 \$51 million and a payable of \$49 million to J&J as of December 31, 2023 on the Company's Consolidated Balance Sheets and \$36 million of net income for the fiscal twelve months ended December 29, 2024 and December 31, 2023, respectively, in relation to the Company's net economic benefit arrangements in the Consolidated Statements of Operations.

### Reclassifications

Certain prior period amounts have been reclassified to conform to current year presentation. For additional information on the realignment of certain allocations in segment financial results in fiscal year 2022, see Note 19, "Segments of Business and Geographic Areas".

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### Change in Accounting Principle

#### GILTI Accounting Method Change

Effective in the third quarter of fiscal year 2023, the Company changed the accounting principle for GILTI from the deferred approach to the period cost approach. In 2018, the Financial Accounting Standards Board ("FASB") provided companies with an accounting policy choice in determining whether to measure the deferred tax effects of GILTI or to treat GILTI as a period cost. The Company's former parent, J&J, elected to account for the deferred effects of GILTI in 2018. However, as a standalone company that operates in a different industry with different peers than J&J, treating GILTI as a period cost is the prevailing accounting policy that the Company's peers have elected. Therefore, management believes that the change in accounting is preferable as it does not believe that the impact of deferred taxes on GILTI provides a meaningful measure of future GILTI tax costs.

The effects of the change in accounting principle to the Company's Consolidated Financial Statements were as follows:

| (Dollars in Millions)                 | December 31, 2023 |                  |             |                 | January 1, 2023  |             |  |
|---------------------------------------|-------------------|------------------|-------------|-----------------|------------------|-------------|--|
|                                       | Prior to Change   | Effect of Change | As Reported | Prior to Change | Effect of Change | As Adjusted |  |
| <b>Consolidated Balance Sheets:</b>   |                   |                  |             |                 |                  |             |  |
| <b>Assets</b>                         |                   |                  |             |                 |                  |             |  |
| Deferred taxes on income              | \$ 158            | \$ —             | \$ 158      | \$ 147          | \$ —             | \$ 147      |  |
| <b>Liabilities</b>                    |                   |                  |             |                 |                  |             |  |
| Accrued taxes on income               | \$ 142            | \$ —             | \$ 142      | \$ 329          | \$ —             | \$ 329      |  |
| Deferred taxes on income              | \$ 2,664          | \$ (43)          | \$ 2,621    | \$ 2,428        | \$ 51            | \$ 2,479    |  |
| <b>Equity</b>                         |                   |                  |             |                 |                  |             |  |
| Additional paid-in capital            | \$ 16,085         | \$ 62            | \$ 16,147   | \$ —            | \$ —             | \$ —        |  |
| Retained Earnings                     | \$ 452            | \$ (23)          | \$ 429      | \$ —            | \$ —             | \$ —        |  |
| Net investment from Johnson & Johnson | \$ —              | \$ —             | \$ —        | \$ 25,474       | \$ (49)          | \$ 25,425   |  |
| Accumulated other comprehensive loss  | \$ (5,381)        | \$ 4             | \$ (5,377)  | \$ (5,453)      | \$ (2)           | \$ (5,455)  |  |

| (Dollars in Millions, Except Per Share Data)  | Fiscal Twelve Months Ended |                  |             |                 |                  |             |                 |                  |             |
|---|----------------------------|------------------|-------------|-----------------|------------------|-------------|-----------------|------------------|-------------|
|   | December 31, 2023          |                  |             | January 1, 2023 |                  |             | January 2, 2022 |                  |             |
|   | Prior to Change            | Effect of Change | As Reported | Prior to Change | Effect of Change | As Adjusted | Prior to Change | Effect of Change | As Adjusted |
| <b>Consolidated Statements of Operations:</b> |                            |                  |             |                 |                  |             |                 |                  |             |
| Income before taxes                           | \$ 2,190                   | \$ —             | \$ 2,190    | \$ 2,637        | \$ —             | \$ 2,637    | \$ 2,925        | \$ —             | \$ 2,925    |

|                              |          |         |          |          |           |          |          |         |          |
|------------------------------|----------|---------|----------|----------|-----------|----------|----------|---------|----------|
| Provision for taxes          | 643      | (117)   | 526      | 550      | 23        | 573      | 894      | (47)    | 847      |
| Net income                   | \$ 1,547 | \$ 117  | \$ 1,664 | \$ 2,087 | \$ (23)   | \$ 2,064 | \$ 2,031 | \$ 47   | \$ 2,078 |
| Basic net income per share   | \$ 0.84  | \$ 0.06 | \$ 0.90  | \$ 1.22  | \$ (0.02) | \$ 1.20  | \$ 1.18  | \$ 0.03 | \$ 1.21  |
| Diluted net income per share | \$ 0.84  | \$ 0.06 | \$ 0.90  | \$ 1.22  | \$ (0.02) | \$ 1.20  | \$ 1.18  | \$ 0.03 | \$ 1.21  |

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| (Dollars in Millions)                                   | Fiscal Twelve Months Ended |                  |             |                 |                  |             |                 |                  |             |
|---|----------------------------|------------------|-------------|-----------------|------------------|-------------|-----------------|------------------|-------------|
|   | December 31, 2023          |                  |             | January 1, 2023 |                  |             | January 2, 2022 |                  |             |
|   | Prior to Change            | Effect of Change | As Reported | Prior to Change | Effect of Change | As Adjusted | Prior to Change | Effect of Change | As Adjusted |
| <b>Consolidated Statements of Comprehensive Income:</b> |                            |                  |             |                 |                  |             |                 |                  |             |
| Foreign currency translation, net of taxes              |                            |                  |             |                 |                  |             |                 |                  |             |
| \$ 213  | \$ 6                       | \$ 219           | \$ (1,053)  | \$ 8            | \$ (1,045)       | \$ (926)    | \$ 3            | \$ (923)         |             |
| Other comprehensive income (loss)                       | \$ 149                     | \$ 6             | \$ 155      | \$ (980)        | \$ 8             | \$ (972)    | \$ (901)        | \$ 3             | \$ (898)    |

| (Dollars in Millions)  | Fiscal Twelve Months Ended |                  |             |  |  |  |  |  |  |
|--|----------------------------|------------------|-------------|--|--|--|--|--|--|
|  | December 31, 2023          |                  |             |  |  |  |  |  |  |
|  | Prior to Change            | Effect of Change | As Reported |  |  |  |  |  |  |
| <b>Consolidated Statements of Equity:</b>  |                            |                  |             |  |  |  |  |  |  |
| Net transfers from J&J   | \$ 25,474                  | \$ (49)          | \$ 25,425   |  |  |  |  |  |  |
| Accumulated other comprehensive loss   | (5,453)                    | (2)              | (5,455)     |  |  |  |  |  |  |
| Cumulative effect adjustment to beginning balance                                      | \$ 20,021                  | \$ (51)          | \$ 19,970   |  |  |  |  |  |  |
| Net income   | \$ 1,547                   | \$ 117           | \$ 1,664    |  |  |  |  |  |  |
| Other comprehensive income   | \$ 149                     | \$ 6             | \$ 155      |  |  |  |  |  |  |
| Reclassification of Net Investment from Johnson & Johnson (Additional paid-in capital) | \$ 25,626                  | \$ 86            | \$ 25,712   |  |  |  |  |  |  |
| Reclassification of Net Investment from Johnson & Johnson (Net Investment from Parent) | \$ (25,626)                | \$ (86)          | \$ (25,712) |  |  |  |  |  |  |
| Separation-related adjustments   | \$ (118)                   | \$ (28)          | \$ (146)    |  |  |  |  |  |  |
| Ending balance   | \$ 11,167                  | \$ 44            | \$ 11,211   |  |  |  |  |  |  |

| (Dollars in Millions)                             | Fiscal Twelve Months Ended |                  |             |                 |                  |             |  |  |  |
|---|----------------------------|------------------|-------------|-----------------|------------------|-------------|--|--|--|
|   | January 1, 2023            |                  |             |                 | January 2, 2022  |             |  |  |  |
|   | Prior to Change            | Effect of Change | As Reported | Prior to Change | Effect of Change | As Adjusted |  |  |  |
| <b>Consolidated Statements of Equity:</b>         |                            |                  |             |                 |                  |             |  |  |  |
| Net transfers from J&J                            | \$ 24,872                  | \$ 102           | \$ 24,974   | \$ 21,928       | \$ 55            | \$ 21,983   |  |  |  |
| Accumulated other comprehensive loss              | (4,473)                    | (10)             | (4,483)     | (3,572)         | (13)             | (3,585)     |  |  |  |
| Cumulative effect adjustment to beginning balance | \$ 20,399                  | \$ 92            | \$ 20,491   | \$ 18,356       | \$ 42            | \$ 18,398   |  |  |  |
| Net income  | \$ 2,087                   | \$ (23)          | \$ 2,064    | \$ 2,031        | \$ 47            | \$ 2,078    |  |  |  |
| Other comprehensive loss                          | \$ (980)                   | \$ 8             | \$ (972)    | \$ (901)        | \$ 3             | \$ (898)    |  |  |  |
| Net transfers from (to) Johnson & Johnson         | \$ (1,485)                 | \$ (128)         | \$ (1,613)  | \$ 913          | —                | \$ 913      |  |  |  |
| Ending balance                                    | \$ 20,021                  | \$ (51)          | \$ 19,970   | \$ 20,399       | \$ 92            | \$ 20,491   |  |  |  |

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| (Dollars in Millions) | Fiscal Twelve Months Ended |                     |             |                    |                     |             |                    |                     |             |  |
|-----------------------|----------------------------|---------------------|-------------|--------------------|---------------------|-------------|--------------------|---------------------|-------------|--|
|                       | December 31, 2023          |                     |             | January 1, 2023    |                     |             | January 2, 2022    |                     |             |  |
|                       | Prior to<br>Change         | Effect of<br>Change | As Reported | Prior to<br>Change | Effect of<br>Change | As Adjusted | Prior to<br>Change | Effect of<br>Change | As Adjusted |  |
|                       | \$ 1,547                   | \$ 117              | \$ 1,664    | \$ 2,087           | \$ (23)             | \$ 2,064    | \$ 2,031           | \$ 47               | \$ 2,078    |  |
| Net income            | \$ 3                       | \$ (117)            | \$ (114)    | \$ 157             | \$ 23               | \$ 180      | \$ 568             | \$ (47)             | \$ 521      |  |
| Deferred income taxes |                            |                     |             |                    |                     |             |                    |                     |             |  |

#### Recently Adopted Accounting Standards

##### ASU 2022-04: Liabilities—Supplier 2023-07—Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-07—Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 scopes in entities with a single reportable segment and requires those entities to provide all disclosures required in Topic 280. Among other various new disclosures, ASU 2023-07 additionally requires that current annual disclosures about a reportable segment's profit or loss and assets also be provided in interim periods. Enhanced reporting requirements for all entities include disclosure of 1) significant segment expenses, 2) the title and position of the chief operating decision maker (the "CODM"), and 3) how the CODM uses disclosed measure(s) of a segment's profit or loss in assessing segment performance and allocating resources. This guidance is effective for public entities for fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. Companies are required to apply the amendments retrospectively to all prior periods presented in the financial statements, and early adoption is permitted. The adoption in the fiscal three months ended December 29, 2024 has resulted in additional disclosures, including the disclosure of significant segment expenses, within Note 18, "Segments of Business and Geographic Areas." There was no effect on the Company's financial position, results of operations, or cash flows.

##### ASU 2022-04: Liabilities—Supplier Finance Programs (Topic 405-50)—Disclosure of Supplier Finance Program Obligations

The Company adopted in September 2022, the standard as FASB issued ASU 2022-04—Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of the beginning of fiscal year 2023, which Supplier Finance Program Obligations ("ASU 2022-04"). ASU 2022-04 requires that a buyer in a supplier finance program disclose additional sufficient information about the program for financial statement users. The standard includes an This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with the exception for the amendment on rollforward information. This amendment requires entities to present rollforward information in each annual reporting period, which is effective for fiscal years beginning after December 15, 2023. The Company will adopt this amendment beginning in fiscal year 2024.

The Company has facilitated a voluntary supply chain financing program to provide some of its suppliers with the opportunity to sell receivables due from the Company (the Company's accounts payables) to participating financial institutions at the sole discretion of both the suppliers and the financial institutions. The Company is not a party to the arrangements between the suppliers and the third-party financial institutions. The Company's obligations to its suppliers, including amounts due, and scheduled payment dates (which have general payment terms of 90 days), are not affected by a participating supplier's decision to participate in the program. Prior to the establishment fiscal three months ended December 29, 2024 has resulted in additional disclosures for rollforward information of the Company's outstanding obligations confirmed as valid under its supplier financing finance program in for the second quarter of fiscal year 2023, the Company participated in J&J's supplier financing program.

As of December 31, 2023 and January 1, 2023, twelve months ended December 29, 2024. There was no effect on the Company's accounts payable balances included \$227 million and \$293 million, respectively, related financial position, results of operations, or cash flows. Refer to invoices from suppliers participating in the supplier finance program. "Supplier Finance Program" above for additional information.

#### Recently Issued

##### Recent Accounting Standards Not Yet Adopted

##### ASU 2023-09: 2023-09—Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09—Income Taxes (Topic 740): Improvements to Income Tax Disclosures. Disclosures ("ASU 2023-09"). ASU 2023-09 enhances the transparency of income tax disclosures, primarily by requiring public business entities to disclose 1) consistent categories and greater disaggregation of information in the rate reconciliations and 2) the disclosure of income taxes paid disaggregated by jurisdiction, among other requirements. This guidance is effective for public entities for the fiscal years beginning after December 15, 2024, and early adoption is permitted. The amendments are applicable on a prospective basis, although retrospective basis is also permitted. The Company is currently evaluating this guidance and the impact on its income tax disclosures.

##### ASU 2023-07: Segment 2024-03—Income Statement—Reporting (Topic 280) – Improvements to Reportable Segment Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses

In November 2023, the FASB issued ASU 2023-07 2024-03—Segment Income Statement—Reporting (Topic 280) Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Improvements to Reportable Segment Disclosures Disaggregation of Income Statement Expenses. ("ASU 2023-07 scopes in entities with a single

reportable segment and requires those entities to provide all disclosures required in Topic 280, 2024-03". Among other various new disclosures, ASU 2023-07 additionally 2024-03 requires that current annual disclosures about a reportable segment's profit or loss and assets also be provided public entities to disaggregate operating expenses included in interim periods. Enhanced reporting requirements for all entities includes disclosure of 1) significant segment expenses, 2) certain expense captions presented on the title and position face of the chief operating decision maker (the "CODM"), income statement into specific categories (including purchases of inventory, employee compensation, depreciation, and 3) how intangible asset amortization) to provide enhanced transparency into the CODM uses disclosed measure(s) nature of a segment's profit or loss in assessing segment performance and allocating resources. This guidance is effective for public entities for fiscal years beginning after December 15, 2023 December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2024 December 15, 2027. Companies are required to apply the amendments either 1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or 2) retrospectively to all prior periods presented in the financial statements and early statements. Early adoption is permitted. The Company is currently evaluating this guidance and expects that adoption will result in new disclosures, including significant segment expenses, the impact on its disclosures.

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No other new accounting standards that were issued or became effective during the fiscal twelve months ended December 29, 2024 had, or are expected to have, a significant impact on the Consolidated Financial Statements.

## 2. Inventories

As of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, inventories were comprised of:

| (Dollars in Millions)      | (Dollars in Millions) | December 31, 2023 | January 1, 2023 | (Dollars in Millions) | December 29, 2024 | December 31, 2023 |
|----------------------------|-----------------------|-------------------|-----------------|-----------------------|-------------------|-------------------|
| Raw materials and supplies |                       |                   |                 |                       |                   |                   |
| Goods in process           |                       |                   |                 |                       |                   |                   |
| Finished goods             |                       |                   |                 |                       |                   |                   |
| <b>Total inventories</b>   |                       |                   |                 |                       |                   |                   |

## 3. Property, Plant, and Equipment and Cloud Computing Arrangements

### Property, Plant, and Equipment

As of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, property, plant, and equipment at cost and the related accumulated depreciation were:

| (Dollars in Millions)  | (Dollars in Millions) | December 31, 2023 | January 1, 2023 | (Dollars in Millions) | December 29, 2024 | December 31, 2023 |
|--|-----------------------|-------------------|-----------------|-----------------------|-------------------|-------------------|
| Machinery and equipment  |                       |                   |                 |                       |                   |                   |
| Buildings and building equipment                               |                       |                   |                 |                       |                   |                   |
| Software   |                       |                   |                 |                       |                   |                   |
| Construction in progress                                       |                       |                   |                 |                       |                   |                   |
| Land and land improvements                                     |                       |                   |                 |                       |                   |                   |
| <b>Total property, plant and equipment, gross</b>              |                       |                   |                 |                       |                   |                   |
| <b>Total property, plant, and equipment, gross</b>             |                       |                   |                 |                       |                   |                   |
| Less: accumulated depreciation                                 |                       |                   |                 |                       |                   |                   |
| <b>Total property, plant and equipment, net</b>                |                       |                   |                 |                       |                   |                   |
| <b>Total property, plant, and equipment, net<sup>(1)</sup></b> |                       |                   |                 |                       |                   |                   |

<sup>(1)</sup> As of December 29, 2024, the Consolidated Balance Sheet reflects an adjustment for a change in classification from Property, plant, and equipment, net of \$288 million to Other assets and Additional paid-in capital of \$169 million and \$84 million, respectively, related to certain cloud computing arrangements, net of amortization of \$35 million. The Company concluded that this adjustment was not material to the Consolidated Financial Statements for either the current period or prior periods.

### Depreciation Cloud Computing Arrangements

Certain of the Company's information technology contracts have been deemed to be cloud computing arrangements, which include software as a service, platform as a service, and infrastructure as a service contracts. Certain costs incurred for the implementation of the cloud computing arrangements are capitalized and amortized on a straight-line basis over the term of the contract. For each component of the cloud computing arrangements, amortization begins when the component becomes ready for its intended use. Capitalized implementation costs are presented in Other assets on the Consolidated Balance Sheets, which is the same financial statement line item in which a prepayment of the fees for the associated cloud computing arrangements would be presented. Amortization expense recorded on capitalized implementation costs is presented in Selling, general, and

administrative expenses and Cost of sales in the Consolidated Statements of Operations, which are the same financial statement line items in which the expense for fees related to the associated cloud computing arrangements are presented.

Capitalized implementation costs and accumulated amortization related to the Company's cloud computing arrangements were as follows as of December 29, 2024:

| (Dollars in Millions)                          | December 29, 2024 |
|--|-------------------|
| Cloud computing arrangements, gross            | \$ 1,277          |
| Less: accumulated amortization                 | (1,088)           |
| <b>Total cloud computing arrangements, net</b> | <b>\$ 189</b>     |

See "—Property, Plant, and Equipment" above for information related to cloud computing arrangements for the fiscal twelve months ended December 31, 2023.

#### Depreciation Expense

Depreciation expense for the fiscal twelve months ended December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 was \$305 million, \$296 million, as follows:

| (Dollars in Millions)               | Fiscal Twelve Months Ended |                   |                 |
|-------------------------------------|----------------------------|-------------------|-----------------|
|                                     | December 29, 2024          | December 31, 2023 | January 1, 2023 |
| Depreciation expense <sup>(1)</sup> | \$ 353                     | \$ 305            | \$ 296          |

(a) Depreciation for the fiscal twelve months ended December 29, 2024 includes \$145 million of amortization of integration and \$317 million, respectively, development costs capitalized in connection with cloud computing arrangements, as discussed in "—Cloud Computing Arrangements" above. See "—Property, Plant, and Equipment" above for information related to cloud computing arrangements for the fiscal twelve months ended December 31, 2023.

#### 4. Intangible Assets and Goodwill

As of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, the gross and net amounts of intangible assets were:

| (Dollars in Millions)             | December 31, 2023 |                 |                          | January 1, 2023 |                 |                          | December 29, 2024 |                 |                          | December 31, 2023 |                 |                          |
|-----------------------------------|-------------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|-------------------|-----------------|--------------------------|-------------------|-----------------|--------------------------|
|                                   |                   |                 |                          |                 |                 |                          |                   |                 |                          |                   |                 |                          |
|                                   | Gross             | Carrying Amount | Accumulated Amortization | Gross           | Carrying Amount | Accumulated Amortization | Gross             | Carrying Amount | Accumulated Amortization | Gross             | Carrying Amount | Accumulated Amortization |
| Definite-lived intangible assets: |                   |                 |                          |                 |                 |                          |                   |                 |                          |                   |                 |                          |
| Patents and trademarks            |                   |                 |                          |                 |                 |                          |                   |                 |                          |                   |                 |                          |
| Patents and trademarks            |                   |                 |                          |                 |                 |                          |                   |                 |                          |                   |                 |                          |
| Patents and trademarks            |                   |                 |                          |                 |                 |                          |                   |                 |                          |                   |                 |                          |
| Customer relationships            |                   |                 |                          |                 |                 |                          |                   |                 |                          |                   |                 |                          |
| Other intangibles <sup>(1)</sup>  |                   |                 |                          |                 |                 |                          |                   |                 |                          |                   |                 |                          |

**Total definite-lived intangible assets**

Indefinite-lived intangible assets:

Trademarks  
Trademarks  
Trademarks  
Other

**Total intangible assets, net**

(a) The weighted average amortization period for patents and trademarks is 20 years. The weighted average amortization period for customer relationships is 32 years and is driven by large established distributors in various regional markets. These customers have been operating in these markets for many years and are expected to continue to operate in these markets for majority of the foreseeable future. The weighted average amortization period for other intangible assets is 34 years. A majority of the other

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intangible assets balance relates to the acquisition of Pfizer Consumer Health in 2006. Carrying

Gross carrying amount changes for the fiscal twelve months ended December 31, 2023 and January 1, 2023 December 29, 2024 were primarily driven by the impact of \$479 million in intangible asset impairments, of which \$463 million related to impairment charges recognized in relation to Dr.Ci:Labo® definite-lived intangible assets, including trademarks and other intangibles, as described in Note 1, "Description of the Company and Summary of Significant Accounting Policies—Impairment of Long-Lived Assets." The change was further driven by the impact of currency translations.

The Company recognized an intangible asset impairment of \$12 million related to certain definite-lived trademarks deemed as irrecoverable in Other operating (income) expense, net the Impairment charges line item in the Consolidated Statement of Operations for the fiscal twelve months

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ended January 1, 2023. No intangible asset impairments were recognized for the fiscal twelve months ended January 1, 2023 December 31, 2023. The Company did not recognize an intangible asset impairment during

Amortization expense for the Company's amortizable assets, which is included in Cost of sales, was \$269 million, \$322 million, and \$348 million for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 2, 2022, January 1, 2023, respectively.

Amortization The schedule of amortization expense which was included in Cost of Sales, for the Company's amortizable assets was five succeeding fiscal years is as follows:

| (Dollars in Millions)                        | Fiscal Twelve Months Ended |                 |                 |
|--|----------------------------|-----------------|-----------------|
|  | December 31, 2023          | January 1, 2023 | January 2, 2022 |
| Trademarks                                   | \$ 187                     | \$ 187          | \$ 213          |
| Customer relationships and Other intangibles | 135                        | 161             | 201             |
| <b>Total Amortization expense</b>            | <b>\$ 322</b>              | <b>\$ 348</b>   | <b>\$ 414</b>   |

The estimated amortization expense before tax for the five succeeding years is approximately:

| (Dollars in Millions) | 2024   | 2025   | 2026   | 2027   | 2028   |
|-----------------------|--------|--------|--------|--------|--------|
| \$ 309                | \$ 287 | \$ 278 | \$ 278 | \$ 278 | \$ 278 |

During the fiscal twelve months ended January 1, 2023, the Company realigned and began managing its operations differently, and as a result the Company reallocated its goodwill to align with the new operating segments during the fiscal twelve months ended January 1, 2023. This realignment in segment structure resulted in a change in the Company's former reporting units, which are now divided between: 1) Self Care, 2) Skin Health and Beauty, and 3) Essential Health, which are also the Company's reportable segments. As a result of this realignment, goodwill was reassigned to each of the reporting units using a relative fair value approach. The Company estimates the fair values of a reporting unit using a discounted cash flow model.

| (Dollars in Millions) | 2025   | 2026   | 2027   | 2028   | 2029   |
|-----------------------|--------|--------|--------|--------|--------|
|                       | \$ 257 | \$ 257 | \$ 252 | \$ 252 | \$ 243 |

Goodwill by reportable business segment was as follows:

| (Dollars in Millions)                | Consumer Health |           | Skin Health and |                  |      | Total    |
|--------------------------------------|-----------------|-----------|-----------------|------------------|------|----------|
|                                      | Business        | Self Care | Beauty          | Essential Health |      |          |
| <b>Goodwill at January 2, 2022</b>   | \$ 9,810        | \$ —      | \$ —            | \$ —             | \$ — | \$ 9,810 |
| Currency translation/other           | (664)           | —         | —               | —                | —    | (664)    |
| <b>Goodwill at July 3, 2022</b>      | \$ 9,146        | \$ —      | \$ —            | \$ —             | \$ — | \$ 9,146 |
| Realignment of segment goodwill      | (9,146)         | 5,193     | 2,334           | 1,619            | —    | —        |
| Currency translation/other           | —               | 1         | 31              | 7                | 39   | 39       |
| <b>Goodwill at January 1, 2023</b>   | \$ —            | \$ 5,194  | \$ 2,365        | \$ 1,626         | \$ — | \$ 9,185 |
| Currency translation/other           | —               | 114       | (50)            | 22               | 86   | 86       |
| <b>Goodwill at December 31, 2023</b> | \$ —            | \$ 5,308  | \$ 2,315        | \$ 1,648         | \$ — | \$ 9,271 |

| (Dollars in Millions)                   | Skin Health and |          |                  | Total <sup>(1)</sup> |
|---|-----------------|----------|------------------|----------------------|
|   | Self Care       | Beauty   | Essential Health |                      |
| <b>Goodwill as of January 1, 2023</b>   | \$ 5,194        | \$ 2,365 | \$ 1,626         | \$ 9,185             |
| Currency translation                    | 114             | (50)     | 22               | 86                   |
| <b>Goodwill as of December 31, 2023</b> | \$ 5,308        | \$ 2,315 | \$ 1,648         | \$ 9,271             |
| Currency translation                    | (254)           | (130)    | (44)             | (428)                |
| <b>Goodwill as of December 29, 2024</b> | \$ 5,054        | \$ 2,185 | \$ 1,604         | \$ 8,843             |

<sup>(1)</sup>The majority of the Goodwill balance relates to the acquisition of Pfizer Consumer Health in 2006.

The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants. The Company estimates the fair value of a reporting unit using a discounted cash flow model. The discounted cash flow model relies on assumptions regarding revenue and net income growth rates, projected working capital needs, capital expenditures, and discount rates. To estimate fair value, the Company discounts the forecasted cash flows of each reporting unit. The discount rate the Company uses represents the estimated weighted average weighted-average cost of capital, which reflects the overall level of inherent risk involved in the reporting unit's operations and the rate of return a market participant would expect to earn. The quantitative fair value test is performed utilizing long-term growth rates and discount rates applied to the estimated cash flows in estimation of fair value.

To forecast a reporting unit's cash flows, the Company takes into consideration economic conditions and trends, estimated future operating results, management's projections, and a market participant's view of growth rates and product lives, and anticipates anticipated future economic conditions. Revenue growth rates inherent in these forecasts are based on input from internal and

external market research that compare factors such as growth in global economies, recent industry trends, and product lifecycles. Macroeconomic factors such as changes in economies, changes in the competitive landscape, changes in government legislation, product lifecycles, industry consolidations, and other changes beyond the Company's control could have a positive or negative impact on achieving its targets. Accordingly, if market conditions deteriorate, or if the Company is unable to execute its strategies, it may be necessary to record impairment charges in the future.

#### Re-segmentation Goodwill Impairment Test

Following the change in reporting units during the fiscal twelve months ended January 1, 2023, the Company performed a quantitative impairment test on each of the reporting units: 1) Self Care, 2) Skin Health and Beauty, and 3) Essential Health. After completing the testing, the fair value of each of these reporting units exceeded its carrying value, and, therefore, there was no impairment to goodwill.

#### **Annual Goodwill Impairment Tests**

The Company completed its annual goodwill impairment tests for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 by performing a quantitative assessment on each of the reporting units and concluded that no impairment to goodwill was necessary as the fair value of each reporting unit was in excess of its respective carrying value.

#### **5. Borrowings**

The components of the Company's debt as of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023 were as follows:

(Dollars in Millions)

| (Dollars in Millions)  | December 29,<br>2024 | December 31,<br>2023 |
|--|----------------------|----------------------|
| Senior Notes   |                      |                      |
| 5.50% Senior Notes due 2025  | \$ 750               | \$ 750               |
| 5.35% Senior Notes due 2026  | 750                  | 750                  |
| 5.05% Senior Notes due 2028  | 1,000                | 1,000                |
| 5.00% Senior Notes due 2030  | 1,000                | 1,000                |
| 4.90% Senior Notes due 2033  | 1,250                | 1,250                |
| 5.10% Senior Notes due 2043  | 750                  | 750                  |
| 5.05% Senior Notes due 2053  | 1,500                | 1,500                |
| 5.20% Senior Notes due 2063  | 750                  | 750                  |
| Other <sup>(1)</sup>   | 119                  | 9                    |
| Discounts and debt issuance costs  | (64)                 | (72)                 |
| <b>Total</b>   | <b>7,805</b>         | <b>7,687</b>         |
| Less: Current portion of long-term debt—principal amount, net of discounts and debt issuance costs | (750)                | —                    |
| <b>Total long-term debt</b>  | <b>7,055</b>         | <b>7,687</b>         |
| Current portion of long-term debt—principal amount   | 750                  | —                    |
| Commercial paper   | 800                  | 600                  |
| Discounts and debt issuance costs  | (3)                  | (1)                  |
| Other  | 5                    | —                    |
| <b>Total loans and notes payable</b>   | <b>1,552</b>         | <b>599</b>           |
| <b>Total debt</b>  | <b>\$ 8,607</b>      | <b>\$ 8,286</b>      |

<sup>(1)</sup> As of December 29, 2024, Other includes \$113 million of finance lease liabilities associated with the Global and North America Headquarters Lease. See Note 8, "Leases," for more information.

|                                      | December 31, 2023 | January 1, 2023 |
|--------------------------------------|-------------------|-----------------|
| Senior Notes                         |                   |                 |
| 5.50% Senior Notes due 2025          | \$ 750            | \$ —            |
| 5.35% Senior Notes due 2026          | 750               | —               |
| 5.05% Senior Notes due 2028          | 1,000             | —               |
| 5.00% Senior Notes due 2030          | 1,000             | —               |
| 4.90% Senior Notes due 2033          | 1,250             | —               |
| 5.10% Senior Notes due 2043          | 750               | —               |
| 5.05% Senior Notes due 2053          | 1,500             | —               |
| 5.20% Senior Notes due 2063          | 750               | —               |
| Other                                | 9                 | —               |
| Discounts and debt issuance costs    | (72)              | —               |
| <b>Total long-term debt</b>          | <b>\$ 7,687</b>   | <b>\$ —</b>     |
| Current portion of long-term debt    | —                 | —               |
| Commercial paper                     | 600               | —               |
| Discounts and debt issuance costs    | (1)               | —               |
| <b>Total loans and notes payable</b> | <b>599</b>        | <b>—</b>        |
| <b>Total debt</b>                    | <b>\$ 8,286</b>   | <b>\$ —</b>     |

#### Senior Notes

On March 22, 2023, the Company issued eight series of senior unsecured notes (the "Senior Notes") in an aggregate principal amount of \$7.75 billion in a private placement. The net proceeds to the Company from the Senior Notes were approximately \$7.7 billion after deductions of discounts and issuance costs of \$77 million. Upon release from escrow, these funds were loaned to J&J through a facility agreement (the "Facility Agreement") dated April 5, 2023. See "—Facility Agreement" below for additional details.

In connection with the issuance of the Senior Notes, the Company entered into a registration rights agreement with the initial purchasers, pursuant to which the Company was obligated to use commercially reasonable efforts to file with the SEC Securities and Exchange Commission (the "SEC") and cause to become effective a registration statement with respect to an offer to exchange each series of Senior Notes for registered notes with terms that are substantially identical in all material respects to the notes of such series. On October 19, 2023, the Company completed an exchange offer of its outstanding unregistered Senior Notes ("the Original" (the "Original Senior Notes") for new notes

registered pursuant to the Securities Act (the "Exchange Senior Notes"). The terms of each series of the Exchange Senior Notes are substantially identical to the terms of the applicable series of Original Senior Notes, except the Exchange Senior Notes are registered under the Securities Act, and certain transfer restrictions, registration rights, and provisions relating to additional interest relating to the Company's registrations do not apply to the Exchange Senior Notes. As a result of this exchange, ~~we~~ the Company incurred filing and legal fees that were not significant, which the Company capitalized as debt issuance costs.

The ~~unamortized discounts and debt issuance costs related to the Senior Notes at December 31, 2023 were approximately \$72 million. Amortization of discounts and debt issuance costs related to the Senior Notes for the fiscal twelve months ended December 31, 2023 was \$5 million. The weighted average weighted-average effective interest rate of the Company's long-term debt was 5.1% and 5.1% as of December 29, 2024 and December 31, 2023, respectively. The weighted-average effective interest rate of the Company's current portion of long-term debt was 5.1% 5.5% as of December 29, 2024.~~

The interest payments are due on March 22 and September 22 of each year and commenced on September 22, 2023.

The Senior Notes were initially fully and unconditionally guaranteed on a senior unsecured basis by J&J. Such guarantees of the Senior Notes were automatically and unconditionally terminated upon the completion of the Consumer Health Business Transfer and the Kenvue IPO. The Company may redeem any series of the Senior Notes at its option, in whole or in part, at any time and from time to time by paying a "make whole" premium, plus accrued and unpaid interest to, but excluding, the applicable redemption date. On and after the applicable par call date (between zero and six months prior to maturity, based on the series), the Company may redeem any series of the Senior Notes in whole or in part, at a redemption price equal to 100% of the principal amount of the notes of such series being redeemed plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date. The Senior Notes will rank equally in right of payment with the Company's other existing and future senior unsecured indebtedness.

The Company's Senior Notes are governed by an indenture and supplemental indenture between the Company and a trustee (collectively, the "Indenture"). The Indenture contains certain covenants, including limitations on the Company and certain of its subsidiaries' ability to incur liens or engage in certain sale leaseback transactions. The Indenture also contains restrictions on the Company's ability to consolidate, merge, or sell substantially all of its assets. In addition, the Indenture contains other customary terms, including certain events of default, upon the occurrence of which the Senior Notes may be declared immediately due and payable.

The schedule of principal payments required on the Company's Senior Notes for the ~~next five~~ ~~succeeding fiscal~~ years, and thereafter, is as follows:

(Dollars in Millions)

| 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter |
|------|------|------|------|------|------------|
| 2024 |      |      |      |      |            |
| 2025 |      |      |      |      |            |
| 2025 |      |      |      |      |            |
| 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
| \$   |      |      |      |      |            |

#### Commercial Paper Program

On March 3, 2023, the Company entered into a commercial paper program (the "Commercial Paper Program"). The Company's Board of Directors (the "Board") has authorized the issuance of up to \$4.0 billion in an aggregate principal amount of commercial paper under the Commercial Paper Program. Any such issuance will mature within 364 days from date of issue. The Commercial Paper Program contains representations and warranties, covenants, and ~~default~~ ~~defaults~~ that are customary for this type of financing. The commercial paper notes issued under the Commercial Paper Program are unsecured notes ranking at least *pari passu* with all of the Company's other senior unsecured indebtedness.

Prior to the Kenvue IPO, the Company issued \$1.25 billion under its Commercial Paper Program which, collectively with the Senior Notes, are referred to as the "Debt Financing Transactions." As of December 29, 2024, the Company had \$797 million of outstanding balances under its Commercial Paper Program, net of a related discount of \$3 million. As of December 31, 2023, the Company had \$599 million of outstanding balances under its Commercial Paper Program, net of a related discount of \$1 million.

~~Interest expense incurred as a result of the Commercial Paper Program for the fiscal twelve months ended December 31, 2023 was \$25 million. The weighted average weighted-average effective interest rate of the Company's commercial paper as of December 31, 2023 was 5.2% and the weighted average maturities 5.2% as of December 29, 2024 and December 31, 2023, respectively. The weighted-average maturities were less than 90 days as of both December 29, 2024 and December 31, 2023.~~

#### **Revolving Credit Facility**

On March 6, 2023, the Company entered into a credit agreement providing for a five-year senior unsecured revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount of \$4.0 billion to be made available in U.S. dollars

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and Euros. Interest is payable on the loans under the Revolving Credit Facility at 1) in the case of borrowings denominated in U.S. dollars, adjusted Term Secured Overnight Financing Rate ("Term SOFR") (or, at the Company's option, the adjusted base rate), 2) in the case of borrowings denominated in Euros, adjusted Euro Interbank Offered Rate ("EURIBOR"), and 3) in the case of swingline borrowings, the daily simple Euro Short-Term Rate, plus, in each case, a margin determined pursuant to a pricing grid based on the Company's credit ratings. The Revolving Credit Facility fees and letter of credit fees are determined based upon the same grid. Interest payments are due 1) in the case of Term SOFR or EURIBOR borrowings, on the last day of each interest period applicable to the borrowing (or, in the case of any borrowing with an interest period of more than three months' duration, every three months), 2) in the case of an adjusted base rate borrowing, on the last day of each March, June, September, and December, and 3) in the case of swingline borrowings, on the fifth business day after the borrowing. In

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connection with entering the Revolving Credit Facility, the Company paid an immaterial amount of debt issuance costs. These costs related to securing the Revolving Credit Facility are presented within **Prepaid expenses and other receivables** **Other assets** on the Consolidated Balance Sheets.

The Revolving Credit Facility contains representations and warranties, covenants, and events of default that are customary for this type of financing, including covenants restricting the incurrence of liens and the entry into certain merger transactions.

J&J initially unconditionally guaranteed all of the obligations of the borrowers under the Revolving Credit Facility on an unsecured basis. Such guarantees of the Revolving Credit Facility were automatically terminated upon the completion of the Consumer Health Business Transfer and the Kenvue IPO. Kenvue unconditionally guarantees all of the obligations of the borrowers (other than itself) under the Revolving Credit Facility on an unsecured basis.

As of **both December 29, 2024 and** December 31, 2023, the Company had no outstanding balances under its Revolving Credit Facility.

On January 30, 2025, the Company requested an extension of the maturity date of its Revolving Credit Facility from March 6, 2028 to March 6, 2029, and on February 21, 2025, such extension became effective with respect to all lenders under the Revolving Credit Facility, each of which accepted such request. The terms of the Revolving Credit Facility otherwise remain unchanged.

#### **Facility Agreement**

On April 5, 2023, the Company and J&J entered into the Facility Agreement, allowing the Company to lend the proceeds from the issuance of debt (including commercial paper) in an aggregate amount of \$8.9 billion to J&J. Interest on loans made from the Facility Agreement was charged at an interest rate equal to the Secured Overnight Financing Rate ("SOFR") less an adjusted margin of 15 basis points, with a floor of 0% (a **weighted average weighted-average** interest rate of 4.7%) to be paid monthly in arrears. **The Company** **recognized interest income of \$33 million for the fiscal twelve months ended December 31, 2023 in relation to the Facility Agreement.**

Upon completion of the Kenvue IPO on May 8, 2023, the Facility Agreement was terminated and the balance of the loans, and all accrued interest, were repaid by J&J for a total cash inflow of \$9.0 billion. The Company **earned interest income of \$33 million for the fiscal twelve months ended December 31, 2023 in relation to the Facility Agreement. The Company** remitted this cash back to J&J as a distribution **back to J&J** in connection with the Separation. The cash flows for the lending, and repayment, of the principal balance of the Facility Agreement are presented within cash flows from investing activities within the **Consolidated** Statement of Cash Flows. Cash inflows from the interest earned on the Facility Agreement are presented within Interest expense, net in the **Company's** **Consolidated Statements of Operations** and are presented as cash inflows from operations within the **Consolidated** Statement of Cash Flows.

#### **Interest Expense, Net**

The amount included in Interest expense, net in the **Company's** **Consolidated Statements of Operations** consists of the following:

| (Dollars in Millions)              | Fiscal Twelve Months Ended |                   |                 |
|------------------------------------|----------------------------|-------------------|-----------------|
|                                    | December 31, 2023          | January 1, 2023   | January 2, 2022 |
| Interest expense                   | \$ 358                     | \$ —              | \$ —            |
| Interest income <sup>(1)</sup>     | (108)                      | —                 | —               |
| <b>Interest expense, net</b>       | <b>\$ 250</b>              | <b>\$ —</b>       | <b>\$ —</b>     |
| (Dollars in Millions)              | Fiscal Twelve Months Ended |                   |                 |
|                                    | December 29, 2024          | December 31, 2023 |                 |
|                                    | \$ 431                     | \$ 358            |                 |
|                                    | (53)                       | (108)             |                 |
| <b>Total interest expense, net</b> | <b>\$ 378</b>              | <b>\$ 250</b>     |                 |

<sup>(1)</sup> Includes interest income of \$33 million for the fiscal twelve months ended December 31, 2023 recognized in relation to the Facility **Agreement with J&J**, Agreement.

No Interest expense, net was recognized for the fiscal twelve months ended January 1, 2023.

#### Fair Value of Debt

The Company's debt was recorded at the carrying amount. The estimated fair value of the Company's Senior Notes was \$8.0 billion and \$8.0 billion as of December 29, 2024 and December 31, 2023, respectively. Fair value was estimated using market prices using quoted prices in active markets which

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would be considered Level 2 in the fair value hierarchy. The carrying value of the commercial paper notes approximated the fair value as of December 29, 2024 and December 31, 2023 due to the nature and short-term duration of the instrument.

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#### Compliance with Covenants

As of December 31, 2023 December 29, 2024, the Company was in compliance with all debt covenants, and no default or event of default has occurred.

#### 6. Employee Related Obligations

As of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, employee related employee-related obligations recorded on the Company's Consolidated Balance Sheets were:

| (Dollars in Millions)                             | (Dollars in Millions) | December 31, 2023 | January 1, 2023 | (Dollars in Millions) | December 29, 2024 | December 31, 2023 |
|---|-----------------------|-------------------|-----------------|-----------------------|-------------------|-------------------|
| Pension benefits                                  |                       |                   |                 |                       |                   |                   |
| Postretirement benefits                           |                       |                   |                 |                       |                   |                   |
| Severance benefits                                |                       |                   |                 |                       |                   |                   |
| <b>Total employee obligations</b>                 |                       |                   |                 |                       |                   |                   |
| <b>Total employee-related obligations</b>         |                       |                   |                 |                       |                   |                   |
| Less: current benefits in Accrued liabilities     |                       |                   |                 |                       |                   |                   |
| <b>Employee related obligations - non-current</b> |                       |                   |                 |                       |                   |                   |
| <b>Employee-related obligations—non-current</b>   |                       |                   |                 |                       |                   |                   |

#### 7. Pensions

In connection with the completion of the Separation, the Company converted all multiemployer pension plans to a multiple employer multiple-employer pension plan or a single-employer pension plan.

#### Single Employer Single-Employer Plans

The Company is the plan sponsor for certain defined benefit retirement plans (collectively, "the Plans"), and ~~these~~ the Consolidated Financial Statements reflect the periodic benefit costs and funded status of such plans. The Company uses December 31 as the fiscal year-end measurement date for the Plans, which are located outside the United States.

Net periodic benefit costs for the ~~Company's defined benefit retirement plans~~ Plans sponsored by the Company for the fiscal twelve months ended ~~December 31, 2023~~ December 29, 2024, January 1, 2023 ~~December 31, 2023~~, and ~~January 2, 2022~~ January 1, 2023 included the following components:

|  | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended |
|--|----------------------------|----------------------------|----------------------------|
| <b>(Dollars in Millions)</b>           |                            |                            |                            |
| <b>(Dollars in Millions)</b>           |                            |                            |                            |
| <b>(Dollars in Millions)</b>           |                            |                            |                            |
| Service cost                           |                            |                            |                            |
| Service cost                           |                            |                            |                            |
| Service cost                           |                            |                            |                            |
| Interest cost                          |                            |                            |                            |
| Interest cost                          |                            |                            |                            |
| Interest cost                          |                            |                            |                            |
| Amortization of (gain) loss            |                            |                            |                            |
| Amortization of (gain) loss            |                            |                            |                            |
| Amortization of (gain) loss            |                            |                            |                            |
| Amortization of loss (gain)            |                            |                            |                            |
| Amortization of loss (gain)            |                            |                            |                            |
| Amortization of loss (gain)            |                            |                            |                            |
| Special events                         |                            |                            |                            |
| Special events                         |                            |                            |                            |
| Special events                         |                            |                            |                            |
| Expected return on plan assets         |                            |                            |                            |
| Expected return on plan assets         |                            |                            |                            |
| Expected return on plan assets         |                            |                            |                            |
| <b>Net periodic benefit cost</b>       |                            |                            |                            |
| <b>Net periodic benefit cost</b>       |                            |                            |                            |
| <b>Net periodic benefit cost</b>       |                            |                            |                            |
| <b>Total net periodic benefit cost</b> | <b>102.96</b>              |                            |                            |
| <b>Total net periodic benefit cost</b> |                            |                            |                            |
| <b>Total net periodic benefit cost</b> |                            |                            |                            |

The service cost component of net periodic benefit cost is presented in the same line items in the Consolidated Statements of Operations where other employee compensation costs are reported, including Cost of sales and ~~SG&A~~ Selling, general, and administrative expenses. The special events component of net periodic benefit cost for the fiscal twelve months ended December 29, 2024 is presented as part of Restructuring expenses in the Consolidated Statement of Operations. All other components of net periodic benefit costs are presented as part of Other expense, ~~(income)~~, net in the Consolidated Statements of Operations. During the fiscal twelve months ended December 29, 2024, the Company recognized a settlement loss of \$6 million associated with global workforce reductions in connection with the 2024 Multi-Year Restructuring Initiative (as defined in Note 19, "Restructuring Expenses and Operating Model Optimization Initiatives"). During the fiscal twelve months ended December 31, 2023, the Company converted a defined benefit plan to a defined contribution plan, which resulted in a settlement loss of \$14 million, partially offset by a curtailment gain of \$4 million. ~~The~~ This net balance, ~~is~~ as well as the settlement loss recognized in the fiscal twelve months ended December 29, 2024, are disclosed in the "Special events" line within Net periodic benefit cost.

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The following table provides the weighted-average actuarial ~~assumptions~~ assumptions related to the Plans sponsored by the Company for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023:

Fiscal Twelve Months Ended

|  | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended |
|--|----------------------------|----------------------------|
| <b>Worldwide Benefit Plans</b>                   |                            |                            |
| Worldwide Benefit Plans                          |                            |                            |
| Worldwide Benefit Plans                          |                            |                            |
|  | December 29, 2024          |                            |
|  | December 29, 2024          |                            |
|  | December 29, 2024          |                            |
| <b>Net Periodic Benefit Cost</b>                 |                            |                            |
| <b>Net Periodic Benefit Cost</b>                 |                            |                            |
| <b>Net Periodic Benefit Cost</b>                 |                            |                            |
| Service cost discount rate                       |                            |                            |
| Service cost discount rate                       |                            |                            |
| Service cost discount rate                       |                            |                            |
| Interest cost discount rate                      |                            |                            |
| Interest cost discount rate                      |                            |                            |
| Interest cost discount rate                      |                            |                            |
| Rate of increase in compensation levels          |                            |                            |
| Rate of increase in compensation levels          |                            |                            |
| Rate of increase in compensation levels          |                            |                            |
| Expected long-term rate of return on plan assets |                            |                            |
| Expected long-term rate of return on plan assets |                            |                            |
| Expected long-term rate of return on plan assets |                            |                            |
| Expected long-term rate of return on plan assets |                            |                            |
| Expected long-term rate of return on plan assets |                            |                            |
| Expected long-term rate of return on plan assets |                            |                            |
| <b>Benefit Obligation</b>                        |                            |                            |
| <b>Benefit Obligation</b>                        |                            |                            |
| <b>Benefit Obligation</b>                        |                            |                            |
| Discount rate                                    |                            |                            |
| Discount rate                                    |                            |                            |
| Discount rate                                    |                            |                            |
| Rate of increase in compensation tables          |                            |                            |
| Rate of increase in compensation tables          |                            |                            |
| Rate of increase in compensation tables          |                            |                            |

The Company's discount rates are determined by considering current yield curves representing high-quality, long-term fixed income instruments. The resulting discount rates are consistent with the duration of plan liabilities. The Company's methodology in determining service and interest cost uses duration specific spot rates along that yield curve to the Plans' liability cash flows.

The expected rates of return on plan asset assumptions represent the Company's assessment of long-term returns on diversified investment portfolios globally. The assessment is determined using projections from external financial sources, long-term historical averages, actual returns by asset class, and the various asset class allocations by market.

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The following table sets forth information related to the benefit obligation and the fair value of plan assets for the fiscal twelve months ended December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023 for the Plans sponsored by the Company:

|                       | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended |
|-----------------------|----------------------------|----------------------------|----------------------------|
| (Dollars in Millions) | (Dollars in Millions)      | (Dollars in Millions)      | (Dollars in Millions)      |
|                       |                            |                            |                            |

(Dollars in Millions)

**Change in Benefit Obligation**

**Change in Benefit Obligation**

**Change in Benefit Obligation**

Projected benefit obligation - beginning of year

Projected benefit obligation - beginning of year

Projected benefit obligation - beginning of year

Projected benefit obligation—beginning of year

Projected benefit obligation—beginning of year

Projected benefit obligation—beginning of year

Service cost

Service cost

Service cost

Interest cost

Interest cost

Interest cost

Actuarial (gain) loss<sup>(1)</sup>

Actuarial (gain) loss<sup>(1)</sup>

Actuarial (gain) loss<sup>(1)</sup>

Plan participants' contributions

Plan participants' contributions

Plan participants' contributions

Curtailments, settlements & restructuring

Curtailments, settlements & restructuring

Curtailments, settlements & restructuring

Curtailments, settlements, and restructuring

Curtailments, settlements, and restructuring

Curtailments, settlements, and restructuring

Benefits paid from plan

Benefits paid from plan

Benefits paid from plan

Effect of exchange rates

Effect of exchange rates

Effect of exchange rates

Transfers

Transfers

Transfers

Other

Other

Other

**Projected benefit obligation - end of year**

**Projected benefit obligation - end of year**

**Projected benefit obligation - end of year**

**Projected benefit obligation—end of year**

**Projected benefit obligation—end of year**

**Projected benefit obligation—end of year**

Change in Plan Assets

Change in Plan Assets

Change in Plan Assets

Plan assets at fair value - beginning of year

Plan assets at fair value - beginning of year

Plan assets at fair value - beginning of year

Plan assets at fair value—beginning of year

|   |  |
|---|--|
| Plan assets at fair value—beginning of year                                     |  |
| Plan assets at fair value—beginning of year                                     |  |
| Company contributions   |  |
| Company contributions   |  |
| Company contributions   |  |
| Plan participants' contributions  |  |
| Plan participants' contributions  |  |
| Plan participants' contributions  |  |
| Benefits paid from plan assets  |  |
| Benefits paid from plan assets  |  |
| Benefits paid from plan assets  |  |
| Actual return on plan assets  |  |
| Actual return on plan assets  |  |
| Actual return on plan assets  |  |
| Curtailments, settlements & restructuring                                       |  |
| Curtailments, settlements & restructuring                                       |  |
| Curtailments, settlements & restructuring                                       |  |
| Curtailments, settlements, and restructuring                                    |  |
| Curtailments, settlements, and restructuring                                    |  |
| Curtailments, settlements, and restructuring                                    |  |
| Effect of exchange rates  |  |
| Effect of exchange rates  |  |
| Effect of exchange rates  |  |
| Transfers   |  |
| Transfers   |  |
| Transfers   |  |
| <b>Plan assets at fair value - end of year</b>                                  |  |
| <b>Plan assets at fair value - end of year</b>                                  |  |
| <b>Plan assets at fair value - end of year</b>                                  |  |
| <b>Funded status - end of year</b>  |  |
| <b>Funded status - end of year</b>  |  |
| <b>Funded status - end of year</b>  |  |
| Plan assets at fair value—end of year   |  |
| Plan assets at fair value—end of year   |  |
| Plan assets at fair value—end of year   |  |
| Funded status—end of year   |  |
| Funded status—end of year   |  |
| Funded status—end of year   |  |
| Amounts recognized on the Consolidated Balance Sheets consist of the following: |  |
| Amounts recognized on the Consolidated Balance Sheets consist of the following: |  |
| Amounts recognized on the Consolidated Balance Sheets consist of the following: |  |
| Other assets  |  |
| Other assets  |  |
| Other assets  |  |
| Accrued liabilities   |  |
| Accrued liabilities   |  |
| Accrued liabilities   |  |
| Employee related obligations - non-current                                      |  |
| Employee related obligations - non-current                                      |  |
| Employee related obligations - non-current                                      |  |
| <b>Total recognized on the Consolidated Balance Sheets - end of year</b>        |  |
| <b>Total recognized on the Consolidated Balance Sheets - end of year</b>        |  |
| <b>Total recognized on the Consolidated Balance Sheets - end of year</b>        |  |

Amounts recognized in Accumulated Other Comprehensive Income consist of the following:

Amounts recognized in Accumulated Other Comprehensive Income consist of the following:

Amounts recognized in Accumulated Other Comprehensive Income consist of the following:

Net actuarial (gain) loss

Net actuarial (gain) loss

Net actuarial (gain) loss

Employee-related obligations

Employee-related obligations

Employee-related obligations

Total recognized on the Consolidated Balance Sheets—end of year

Total recognized on the Consolidated Balance Sheets—end of year

Total recognized on the Consolidated Balance Sheets—end of year

Amounts recognized in Accumulated other comprehensive loss consist of the following:

Amounts recognized in Accumulated other comprehensive loss consist of the following:

Amounts recognized in Accumulated other comprehensive loss consist of the following:

Net actuarial loss

Net actuarial loss

Net actuarial loss

Transfers

Transfers

Transfers

Prior service cost

Prior service cost

Prior service cost

**Total before tax effects**

**Total before tax effects**

**Total before tax effects**

**Accumulated benefit obligations - end of year**

**Accumulated benefit obligations—end of year**

**Accumulated benefit obligations - end of year**

**Accumulated benefit obligations—end of year**

**Accumulated benefit obligations - end of year**

**Accumulated benefit obligations—end of year**

**Accumulated benefit obligations - end of year**

**Accumulated benefit obligations—end of year**

(a) The actuarial gain for retirement plans in 2022 the fiscal twelve months ended December 29, 2024 was primarily related to increases an increase in the discount rates, rate. The actuarial loss in

2023 the fiscal twelve months ended December 31, 2023 was primarily related to increases a decrease in the discount rates and changes an increase in the rate of compensation.

**104.98**

**(Dollars in Millions)**

Net periodic benefit cost

**December 31, 2023**

Net actuarial loss (gain)<sup>(1)</sup>

\$ 30

Amortization of net actuarial loss

\$ 118

Effect of exchange rates

4

Total (income)/loss recognized in other comprehensive income, before tax

9

**Total recognized in net periodic benefit cost and other comprehensive income**

\$ 131

\$ 161

**December 31, 2023**

**January 1, 2023**

\$ 15

(82)

(4)

(6)

(92)

(77)

(a)

The actuarial gain for retirement plans amounts recognized in 2022 was primarily net periodic benefit cost and Other comprehensive (loss) income related to increases in discount rates. The actuarial loss in 2023 was primarily related to decreases in discount rates the Plans sponsored by the Company for the fiscal twelve months ended December 29, 2024, December 31, 2023, and changes in the rate of compensation. January 1, 2023 were as follows:

| (Dollars in Millions)  | Fiscal Twelve Months Ended |                   |                 |
|--|----------------------------|-------------------|-----------------|
|  | December 29, 2024          | December 31, 2023 | January 1, 2023 |
| Net periodic benefit cost  | \$ 33                      | \$ 30             | \$ 15           |
| Net actuarial gain (loss)  | (36)                       | 118               | (82)            |
| Amortization of net actuarial gain (loss)  | (9)                        | 4                 | (4)             |
| Effect of exchange rates   | (7)                        | 9                 | (6)             |
| Total (income) loss recognized in Other comprehensive (loss) income, before tax            | \$ (52)                    | \$ 131            | \$ (92)         |
| <b>Total recognized in net periodic benefit cost and Other comprehensive (loss) income</b> | <b>\$ (19)</b>             | <b>\$ 161</b>     | <b>\$ (77)</b>  |

The Company's pension plans are funded in accordance with local regulations. Additional discretionary contributions are made when deemed appropriate to meet the long-term obligations of the Plans. For certain plans, funding is not a common practice, as funding provides no economic benefit. Consequently, the Company's pension benefit, and consequently, these plans are not funded.

The following table displays the schedule of projected future benefit payments from the Company's defined benefit retirement plans and other benefit plans: Plans for the ten succeeding fiscal years as follows:

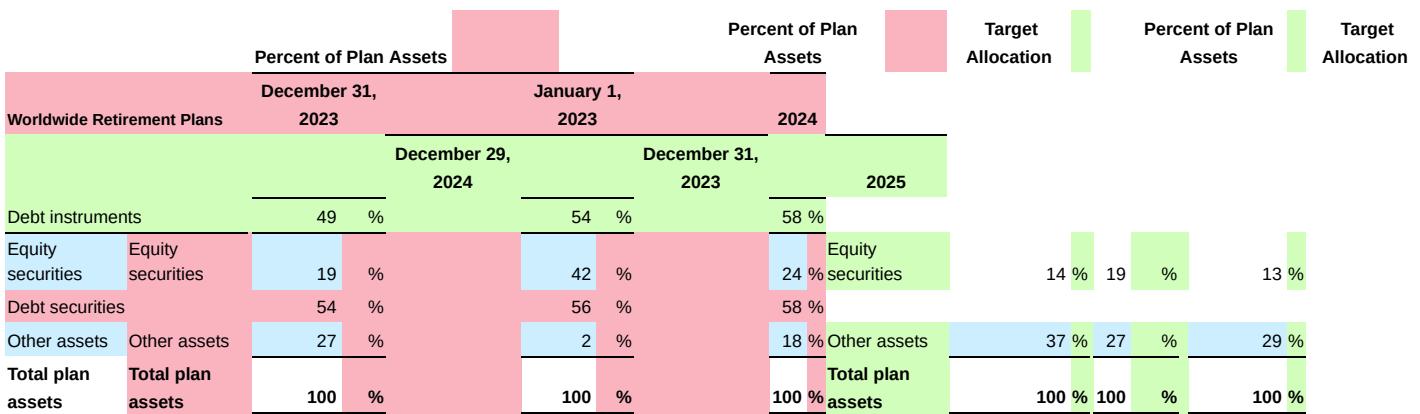
| (Dollars in Millions)                    | 2024  | 2025  | 2026  | 2027  | 2028  | 2029-2034 |
|--|-------|-------|-------|-------|-------|-----------|
| <b>Projected future benefit payments</b> |       |       |       |       |       |           |
| Retirement plans                         | \$ 35 | \$ 38 | \$ 37 | \$ 38 | \$ 41 | \$ 231    |

| (Dollars in Millions) | 2025  | 2026  | 2027  | 2028  | 2029   | 2030-2034 |
|-----------------------|-------|-------|-------|-------|--------|-----------|
| \$ 50                 | \$ 34 | \$ 34 | \$ 36 | \$ 39 | \$ 220 |           |

The Company currently has \$17 \$14 million in projected benefit plan contributions.

The Company's investment objective is to generate investment returns that provide adequate assets to meet current and future benefit obligations. The investment objectives are achieved through diversification of the retirement plan assets and management of liquidity to meet benefit payments and an appropriate balance of long-term investment return and risk. Plan assets are diversified by asset class in order to reduce volatility of overall results and to take advantage of various investment opportunities. The Company's retirement plan assets as of December 31, 2023 December 29, 2024 were primarily comprised of debt, equity, and other assets. Other assets are mainly comprised of monetary assets such as cash, insurance contracts, and real estate property. Insured benefits to employees allocated from a pension Trustee. The Company further invests in commingled funds that are actively investing with a focus to meet the allocation and risk exposure by focusing on debt or equity securities. The increased volatility associated with equity securities that generate higher expected returns are offset by long duration fixed income securities that help reduce the volatility of the overall portfolio. Investment risk exposure is carefully controlled with plan assets rebalanced to target allocations on a periodic basis and continued monitoring through investment portfolio reviews.

The Company's retirement plan asset allocation at the end of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023 and target allocations for 2024 2025 related to the Plans are as follows:



#### Determination of Fair Value of Plan Assets

The Plans have established a process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon models that primarily use, as inputs, market-based or independently sourced market parameters, including yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates, and credit curves.

While the Plans believe the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

### Valuation Hierarchy

Fair value measurements are estimated based on valuations techniques and inputs categorized as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities
- Level 2—Significant other observable inputs
- Level 3—Significant unobservable inputs

The Net Asset Value ("NAV") is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding.

Following is a description of the valuation methodologies used for the investments measured at fair value.

- *Debt instruments*—A limited number of these investments are valued at the closing price reported on the major market on which the individual securities are traded. The debt instruments primarily relate to government bonds, money held by trusts, or bonds taken from funds. Where quoted prices are available in an active market, the investments are classified as Level 1. If quoted market prices are not available for the specific security, then fair values are estimated by using other observable inputs including pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified as Level 2.
- *Equity securities*—Equity securities are valued at the closing price reported on the active market on which the individual securities are traded. Substantially all equity securities are classified within Level 1 of the valuation hierarchy.
- *Other assets*—Other assets include cash and money markets held within an account that guarantee a fixed percentage return. Substantially all cash and monetary assets are classified within Level 1 of the valuation hierarchy. *Insurance As of December 29, 2024, insurance* contracts with a defined return are classified as Level 2 assets within the valuation hierarchy. *As of December 31, 2023, other* Other assets also included insured benefits to employees allocated from a pension Trustee. The value of these assets is determined based on the vested value of the underlying employee obligations multiplied by the publicly available coverage ratio of the Trustee. These assets are categorized as Level 3.
- *Commingled Funds*—The fair value of non-publicly traded funds is determined using the NAV provided by the administrator of the fund when the Company has the ability to redeem the asset at the measurement date. When the Company is using the NAV as a practical expedient, those investments are not included in the valuation hierarchy. The investments are valued using the NAV provided by the fund administrator. Assets in the Level 2 category have a quoted market price.

The following table sets forth the *retirement plans' Plans'* investments measured at fair value as of *December 31, 2023 December 29, 2024* and *January 1, 2023 December 31, 2023*:

|                       | Quoted Prices in Active Markets for Identical Assets (Level 1) | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3)(i) | Assets Measured at NAV | Total Assets | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3)(i) | Assets Measured at NAV | Total Assets |
|-----------------------|--|--|---|--|------------------------|--------------|--|---|--|------------------------|--------------|
| (Dollars in Millions) | (Dollars in Millions)  |  |   |  | (Dollars in Millions)  |              |  |   |  | (Dollars in Millions)  |              |
| Debt instruments      |  |  |   |  |                        |              |  |   |  |                        |              |
| Equity securities     |  |  |   |  |                        |              |  |   |  |                        |              |
| Other assets          |  |  |   |  |                        |              |  |   |  |                        |              |
| Commingled funds      |  |  |   |  |                        |              |  |   |  |                        |              |

|  |
|--|
| <b>Investments<br/>at fair value</b>           |
| <b>Total<br/>investments<br/>at fair value</b> |

(a) The activity of the Level 3 other assets was not significant.

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|  | Quoted Prices in Active<br>Markets for Identical<br>Assets (Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs (Level 3)(i) | Assets Measured at<br>NAV | Total Assets  |
|--|--|---|---|---------------------------|---------------|
|  | December 31, 2023  |   |   |                           |               |
| (Dollars in Millions)                  |  |   |   |                           |               |
| Debt instruments                       | \$ —   | \$ 197  | \$ —  | \$ —                      | \$ 197        |
| Equity securities                      | 26   | —   | —   | —                         | 26            |
| Other assets                           | 56   | 1   | 146   | —                         | 203           |
| Commingled funds                       | —  | 101   | —   | 8                         | 109           |
| <b>Total investments at fair value</b> | <b>\$ 82</b>   | <b>\$ 299</b>                                       | <b>\$ 146</b>                                   | <b>\$ 8</b>               | <b>\$ 535</b> |

(i) The activity of the Level 3 Other Assets consists of \$127 million transfers from J&J and \$19 million of returns during the year resulting from additional vested benefits and the trustee's coverage ratio.

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|                                  | Quoted Prices in Active<br>Markets for Identical<br>Assets (Level 1) | Significant Other<br>Observable Inputs (Level 2) | Significant Unobservable<br>Inputs (Level 3) | Total Assets |
|----------------------------------|--|--|--|--------------|
|                                  | January 1, 2023  |  |  |              |
| (Dollars in Millions)            |  |  |  |              |
| Debt instruments                 | \$ —   | \$ 9   | \$ —   | \$ 9         |
| Equity securities                | \$ 9   | —  | —  | 9            |
| Other assets                     | \$ —   | —  | —  | 1            |
| <b>Investments at fair value</b> | <b>\$ 9</b>  | <b>\$ 9</b>                                      | <b>\$ 1</b>                                  | <b>\$ 19</b> |

#### Participation in J&J Plans

Prior to the Separation, the Company's employees participated in J&J's defined benefit pension plans, covering which covered eligible employees in the United States and in certain of its international subsidiaries. J&J also provided medical benefits, principally to its U.S. retirees and their dependents, through its other postretirement benefit plans. Prior to the Separation, the Company's employees participated in J&J's defined benefit pension plans which were accounted for as multiemployer pension plans, and assets and liabilities associated with these plans were not reflected on the Company's Consolidated Balance Sheets. After the Separation, the Company no longer had any multiemployer plans, as they were all converted to a multiple employer pension plan or a single-employer pension plan. The Consolidated Statements of Operations for the fiscal twelve months ended December 31, 2023 and January 1, 2023 include expense allocations for these benefits, which were determined using a proportional allocation method. Total benefit plan expense allocated to the Company amounted to \$17 million, and \$54 million, and \$93 million for the fiscal twelve months ended December 31, 2023, and January 1, 2023, and January 2, 2022 respectively. No allocations were made subsequent to the fiscal three months ended July 2, 2023, respectively, during which Kenvue became a fully independent company.

In connection with the Separation, J&J has provided participation rights for a 15-year period for certain employees to continue receiving the pension benefits within the United States and Canada. As a result of this benefit provided to Kenvue employees, an asset has been recorded on the Consolidated Balance Sheet during the fiscal twelve months ended December 31, 2023 in the amount of \$94 million that will be amortized straight line over the 15-year period ended 2039.

#### Savings Plan

In the United States, the Company has voluntary 401(k) savings plans designed to enhance the existing retirement programs covering eligible employees. The Company matches a percentage of each employee's contributions consistent with the provisions of the plan for which he/she is they are eligible. Total matching contributions attributable to the Company's employees were \$108 million, \$46 million, \$14 million, and \$14 million for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively.

#### Post-Employment Benefit Plans

Additionally, Prior to the Separation, J&J maintained a post-employment benefit plan to provide limited benefits to its former employees, including former employees of the Company, if they are were involuntarily terminated. The duration of these benefits is was generally based on the employee's term of service with J&J, and includes included both severance compensation and other benefits, including medical coverage. The post-employment plan is was published and is was considered a benefit to employees which is was earned over the employee's term of service. As a result, J&J recognizes recognized the cost of this benefit as it is was earned by the employee as required by ASC 712, Compensation — Compensation—non-retirement post-employment benefits. The cost of this benefit allocated to the Company in the fiscal twelve months ended December 31, 2023, and January 1, 2023, and January 2, 2022 was approximately \$18 million, and \$46 million, and \$49 million, respectively, and is reflected as an expense in the Consolidated Statements of Comprehensive Income. No allocations were made subsequent to the fiscal three months ended July 2, 2023, during which Kenvue became a fully independent company.

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#### 8. Leases

The Company determines whether an arrangement is a lease at contract inception by establishing if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. Right of Use ("ROU") assets are included in Other assets and lease liabilities are included in Accrued liabilities and Other liabilities on the Consolidated Balance Sheets. The ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of all minimum lease payments over the lease term. The Company uses its incremental borrowing rate for leases entered into after the

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Separation based on the information available at commencement date in determining the present value of lease payments, when the implicit rate of the lease is not readily determinable. Prior to the Separation, the Company used J&J's incremental borrowing rate.

The Company primarily has operating leases for space, vehicles, manufacturing equipment, and data processing equipment. The Company does not have any significant finance leases. In connection with the Kenvue IPO, Separation, J&J and Kenvue also entered into various lease agreements, in which the Company subleased properties from J&J. Lease terms may The Company has finance leases, which primarily include options to extend or terminate the lease. These options are included Company's new global and North America corporate headquarters in Summit, New Jersey (as described in the lease term when it is reasonably certain that "—Global and North America Headquarters Lease" section below). The Company did not have significant finance leases during the Company will exercise that option. Our fiscal twelve months ended December 31, 2023 and January 1, 2023. The Company's lease agreements do not contain any significant residual value guarantees or restrictive covenants. Operating lease expense is recognized on a straight-line basis over the lease term.

#### Global Corporate and North America Headquarters Lease

On April 20, 2023, the Company entered into a long-term lease for a newly renovated office global and North America corporate headquarters building and a newly constructed research and development building in Summit, New Jersey that; (the "Global and North America Headquarters Lease"). The Company expects to officially open the new global and North America corporate headquarters in March 2025. The relocation to this new campus from multiple U.S.-based locations will continue through 2026 when the new research and development building is expected to be complete. When construction is completed, the campus will encompass a total of approximately 290,000 square feet. The Global and serve North America Headquarters Lease collectively includes the lease associated with the global and North America corporate headquarters building (the "Corporate Office Lease"), the lease associated with the land where the research and development building is under construction (the "State-of-the-Art Lab Facility Lease"), and the lease associated with land to be used for amenities (the "Amenities Lease").

The Corporate Office Lease and the State-of-the-Art Lab Facility Lease, each accounted for as the Company's new global corporate headquarters. The a finance lease, commenced in January 2024. The expected 2024 and May 2024, respectively. Each lease expense is approximately \$10 million per year with includes an initial term of 15 years. In addition years as well as renewal options, which the Company is reasonably certain to corporate office space, this campus exercise, that will house laboratory space extend the term of each lease through 2060. Each finance lease liability was calculated utilizing an incremental borrowing rate of 4.75% to principally support research and development. discount lease payments over the expected term.

The relocation to this campus Amenities Lease is expected to commence in 2025 for the office building and continue through 2026 for the new research and development building. The Company will continue to operate from its interim corporate headquarters in Skillman, New Jersey until that time. On February 21, 2024, we listed our headquarters in Skillman for sale, which met the criteria to be classified as held for sale at that date. January 2026.

#### Lease ROU Assets and Lease Liabilities

Right of Use ROU assets ("ROU assets") and lease liabilities associated with the Company's operating leases and finance leases are included on the Consolidated Balance Sheets as of December 31, 2023 December 29, 2024 and January 1, 2023 were December 31, 2023 as follows:

|                                       | (Dollars in Millions) | Operating Leases                 |                 | Finance Leases        |                                  | December 29, 2024                | December 31, 2023 |
|---------------------------------------|-----------------------|----------------------------------|-----------------|-----------------------|----------------------------------|----------------------------------|-------------------|
|                                       |                       | December 31, 2023 <sup>(1)</sup> | January 1, 2023 | (Dollars in Millions) | December 29, 2024 <sup>(1)</sup> | December 31, 2023 <sup>(2)</sup> |                   |
| ROU assets included in:               |                       |                                  |                 |                       |                                  |                                  |                   |
| Other non-current assets              |                       |                                  |                 |                       |                                  |                                  |                   |
| Other non-current assets              |                       |                                  |                 |                       |                                  |                                  |                   |
| Other non-current assets              |                       |                                  |                 |                       |                                  |                                  |                   |
| Property, plant, and equipment, net   |                       |                                  |                 |                       |                                  |                                  |                   |
| Property, plant, and equipment, net   |                       |                                  |                 |                       |                                  |                                  |                   |
| Property, plant, and equipment, net   | \$ —                  | \$ —                             |                 | \$111                 |                                  | *                                |                   |
| Other assets                          | 111                   |                                  | 139             | —                     |                                  | *                                |                   |
| <b>Total ROU assets</b>               | <b>\$ 111</b>         | <b>\$ 139</b>                    |                 | <b>\$111</b>          |                                  | *                                |                   |
| Lease liabilities included in:        |                       |                                  |                 |                       |                                  |                                  |                   |
| Accrued and other current liabilities |                       |                                  |                 |                       |                                  |                                  |                   |
| Accrued and other current liabilities |                       |                                  |                 |                       |                                  |                                  |                   |
| Accrued and other current liabilities |                       |                                  |                 |                       |                                  |                                  |                   |
| Other non-current liabilities         |                       |                                  |                 |                       |                                  |                                  |                   |
| Accrued liabilities                   |                       |                                  |                 |                       |                                  |                                  |                   |
| Accrued liabilities                   |                       |                                  |                 |                       |                                  |                                  |                   |
| Accrued liabilities                   | \$ 36                 | \$ 44                            |                 | \$ —                  |                                  | *                                |                   |
| Loans and notes payable               | —                     | —                                |                 | 2                     |                                  | *                                |                   |
| Long-term debt                        | —                     | —                                |                 | 119                   |                                  | *                                |                   |
| Other liabilities                     | 76                    | 97                               |                 | —                     |                                  | *                                |                   |
| <b>Total lease liabilities</b>        | <b>\$ 112</b>         | <b>\$ 141</b>                    |                 | <b>\$121</b>          |                                  | *                                | *                 |

\* The Company did not have significant finance leases as of December 31, 2023.

<sup>(1)</sup> Includes leases with J&J of \$35 million of ROU assets, \$11 million of current lease liabilities, and \$24 million of non-current lease liabilities.

<sup>(2)</sup> Includes leases with J&J of \$52 million of ROU assets, \$13 million of current lease liabilities, and \$39 million of non-current lease liabilities. See Note 12, "Relationship with J&J," for more information.

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#### Lease Cost

The operating lease costs for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023 were as follows:

| (Dollars in Millions) | Fiscal Twelve Months Ended |                   |                 |
|-----------------------|----------------------------|-------------------|-----------------|
|                       | December 29, 2024          | December 31, 2023 | January 1, 2023 |
| Operating lease costs | \$ 48                      | \$ 48             | \$ 42           |

For the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, sublease income short-term lease expense, and variable operating lease costs were not material. Operating lease costs for significant. For the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, finance lease costs, including amortization of ROU assets and interest on lease liabilities, were \$48 million, \$42 million, and \$54 million, respectively, not significant.

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#### Maturity of Lease Liabilities

As of December 31, 2023, payments required on the estimated Company's operating lease future payments before tax leases and finance leases for the five succeeding fiscal years, and thereafter, is approximately as follows:

| Fiscal Twelve Months Ended                             |  | (Dollars in Millions) |  | Fiscal Twelve Months Ended |                |
|--|--|-----------------------|--|----------------------------|----------------|
| 2024   |  | (Dollars in Millions) |  |                            |                |
|  |  | (Dollars in Millions) |  | Operating Leases           | Finance Leases |
| 2025   |  |                       |  |                            | Total          |
| 2026   |  |                       |  |                            |                |
| 2027   |  |                       |  |                            |                |
| 2028   |  |                       |  |                            |                |
| 2029   |  |                       |  |                            |                |
| Thereafter   |  |                       |  |                            |                |
| <b>Total</b>   |  |                       |  |                            |                |
| Less: Imputed interest                                 |  |                       |  |                            |                |
| <b>Total current and non-current lease liabilities</b> |  |                       |  |                            |                |

#### Other Information

Other information Cash paid for amounts included in the measurement of lease liabilities related to operating leases for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 was as follows:

| (Dollars in Millions)  | (Dollars in Millions) | Fiscal Twelve Months Ended |                 |                 |                       |                   |                   |
|--|-----------------------|----------------------------|-----------------|-----------------|-----------------------|-------------------|-------------------|
|  |                       | December 31, 2023          | January 1, 2023 | January 2, 2022 | (Dollars in Millions) | December 29, 2024 | December 31, 2023 |
| Cash paid from operating cash flows for amounts included in the measurement of lease liabilities |                       |                            |                 |                 |                       |                   |                   |
| Cash paid for amounts included in the measurement of lease liabilities:                          |                       |                            |                 |                 |                       |                   |                   |
| Operating leases   |                       |                            |                 |                 |                       |                   |                   |
| Operating leases   |                       |                            |                 |                 |                       |                   |                   |
| Operating leases   |                       |                            |                 |                 |                       |                   |                   |

For the fiscal twelve months ended December 29, 2024, December 31, 2023, \$120 million and January 1, 2023, cash paid for amounts included in the measurements of lease liabilities related to finance leases was not significant.

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ROU assets were obtained in exchange for new lease liabilities related to operating lease liabilities. For both leases and finance leases for the fiscal twelve months ended January 1, 2023 December 29, 2024 and January 2, 2022 December 31, 2023 was as follows:

| (Dollars in Millions)                                      | Fiscal Twelve Months Ended |                   |
|--|----------------------------|-------------------|
|  | December 29, 2024          | December 31, 2023 |
| ROU assets obtained in exchange for new lease liabilities: |                            |                   |
| Operating leases   | \$ 27                      | \$ 120            |
| Finance leases   | \$ 109                     | *                 |

\* The Company did not have significant finance leases during the fiscal twelve months ended December 31, 2023.

For the fiscal twelve months ended January 1, 2023, the amount of ROU assets obtained in exchange for new operating lease liabilities was not material.

#### Lease Term and Discount Rate

The following table discloses the weighted-average remaining lease term and weighted-average discount rate for the Company's operating and finance leases, excluding short-term leases:

|                                       | December 31, 2023 | January 1, 2023 |
|---------------------------------------|-------------------|-----------------|
| Weighted-average remaining lease term | 5 years           | 7 years         |
| Weighted-average discount rate        | 3.6 %             | 2.3 %           |

|  | December 29, 2024 | December 31, 2023 | January 1, 2023 |
|--|-------------------|-------------------|-----------------|
| Weighted-average remaining lease term: |                   |                   |                 |
| Operating leases                       | 5 years           | 5 years           | 7 years         |
| Finance leases                         | 35 years          | *                 | *               |
| Weighted-average discount rate:        |                   |                   |                 |
| Operating leases                       | 3.9 %             | 3.6 %             | 2.3 %           |
| Finance leases                         | 5.0 %             | *                 | *               |

\* The Company did not have significant finance leases during the fiscal twelve months ended December 31, 2023 and January 1, 2023.

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#### 9. Accrued and Other Liabilities

Accrued liabilities consisted of:

| (Dollars in Millions)                        | (Dollars in Millions)             | December 31, 2023 | January 1, 2023 | (Dollars in Millions)             | December 29, 2024 | December 31, 2023 |
|--|-----------------------------------|-------------------|-----------------|-----------------------------------|-------------------|-------------------|
| Accrued expenses                             |                                   |                   |                 |                                   |                   |                   |
| Accrued compensation and benefits            | Accrued compensation and benefits | 406               | 272             | Accrued compensation and benefits | 325               | 406               |
| Lease liability                              |                                   | 44                | 35              |                                   |                   |                   |
| Other accrued liabilities <sup>(2)</sup>     |                                   | 541               | 152             |                                   |                   |                   |
| <b>Accrued liabilities</b>                   |                                   |                   |                 |                                   |                   |                   |
| Operating lease liabilities                  |                                   | 36                | 44              |                                   |                   |                   |
| Tax indemnification liability <sup>(1)</sup> |                                   | 82                | 113             |                                   |                   |                   |
| Other accrued liabilities                    |                                   | 321               | 428             |                                   |                   |                   |
| <b>Total accrued liabilities</b>             |                                   |                   |                 |                                   |                   |                   |

Other liabilities, non-current, consisted of:

| (Dollars in Millions)             | December 31, 2023 | January 1, 2023 |
|-----------------------------------|-------------------|-----------------|
| Accrued income taxes - noncurrent | \$ 188            | \$ 584          |

|   |               |               |
|---|---------------|---------------|
| Noncurrent lease liability                          | 97            | 81            |
| Tax indemnification liability <sup>(1)</sup>        | 141           | —             |
| Other noncurrent accrued liabilities <sup>(2)</sup> | 65            | 62            |
| <b>Other liabilities</b>                            | <b>\$ 491</b> | <b>\$ 727</b> |

| (Dollars in Millions)                        | December 29, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Accrued income taxes                         | \$ 185            | \$ 188            |
| Operating lease liabilities                  | 76                | 97                |
| Tax indemnification liability <sup>(1)</sup> | 143               | 141               |
| Other accrued liabilities                    | 132               | 65                |
| <b>Total other liabilities</b>               | <b>\$ 536</b>     | <b>\$ 491</b>     |

<sup>(1)</sup> The balance balances primarily relates to the Tax Matters Agreement (as defined in Note 12, "Relationship with J&J—Tax Indemnification") entered into with J&J on May 3, 2023 that governs the parties' respective rights, responsibilities, and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and other matters regarding taxes. See Note 12, "Relationship with J&J," for more information.

<sup>(2)</sup> The increase in Other current and noncurrent accrued liabilities relates primarily to the agreements entered into with J&J in connection with the Separation Agreement, which went into effect in the second quarter of fiscal year 2023. See Note 12, "Relationship with J&J, &J—Tax Indemnification," for more information.

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## 10. Accumulated Other Comprehensive Loss

Components of Accumulated other comprehensive loss consisted of the following:

| (Dollars in Millions)   | Foreign Currency Translation | Employee Benefit Plans <sup>(1)</sup> | Gain (Loss) On Cash Flow Hedges | Total Accumulated Other Comprehensive Loss |
|---|------------------------------|---------------------------------------|---------------------------------|--|
| <b>January 3, 2021</b>  |                              |                                       |                                 |  |
| OCI before reclassifications                                      | \$ (3,508)                   | \$ (76)                               | \$ (1)                          | \$ (3,585)                                 |
| Amounts reclassified to the Consolidated Statements of Operations | (923)                        | 29                                    | (3)                             | (897)                                      |
| Net current period OCI  | (923)                        | 25                                    | —                               | (898)                                      |
| <b>January 2, 2022</b>  |                              |                                       |                                 |  |
| OCI before reclassifications                                      | (4,431)                      | (51)                                  | (1)                             | (4,483)                                    |
| Amounts reclassified to the Consolidated Statements of Operations | (1,045)                      | 66                                    | 12                              | (967)                                      |
| Net current period OCI  | (1,045)                      | 63                                    | 10                              | (972)                                      |
| <b>January 1, 2023</b>  |                              |                                       |                                 |  |
| OCI before reclassifications                                      | 219                          | (181)                                 | 66                              | 104  |
| Amounts reclassified to the Consolidated Statements of Operations | —                            | 2                                     | (28)                            | (26)                                       |
| Net current period OCI  | 219                          | (179)                                 | 38                              | 78   |
| <b>December 31, 2023</b>  | <b>\$ (5,257)</b>            | <b>\$ (167)</b>                       | <b>\$ 47</b>                    | <b>\$ (5,377)</b>                          |

| (Dollars in Millions)   | Foreign Currency Translation | Employee Benefit Plans <sup>(1)</sup> | Gain (Loss) on Derivatives and Hedges <sup>(2)</sup> | Total Accumulated Other Comprehensive Loss |
|---|------------------------------|---------------------------------------|--|--|
| <b>January 2, 2022</b>  |                              |                                       |  |  |
| Other comprehensive (loss) income before reclassifications        | \$ (4,431)                   | \$ (51)                               | \$ (1)   | \$ (4,483)                                 |
| Amounts reclassified to the Consolidated Statement of Operations  | (1,045)                      | 66                                    | 12   | (967)                                      |
| Net current period Other comprehensive (loss) income              | (1,045)                      | (3)                                   | (2)  | (5)  |
| <b>January 1, 2023</b>  |                              |                                       |  |  |
| OCI before reclassifications                                      | (5,476)                      | 12                                    | 10   | (972)                                      |
| Amounts reclassified to the Consolidated Statements of Operations | —                            | 2                                     | (28)   | (26)                                       |
| Net current period OCI  | 219                          | (179)                                 | 38   | 78   |
| <b>December 31, 2023</b>  | <b>\$ (5,257)</b>            | <b>\$ (167)</b>                       | <b>\$ 47</b>   | <b>\$ (5,377)</b>                          |

|  |                   |                 |              |                   |
|--|-------------------|-----------------|--------------|-------------------|
| Other comprehensive income (loss) before reclassifications       | 219               | (181)           | 66           | 104               |
| Amounts reclassified to the Consolidated Statement of Operations | —                 | 2               | (28)         | (26)              |
| Net current period Other comprehensive income (loss)             | <b>219</b>        | <b>(179)</b>    | <b>38</b>    | <b>78</b>         |
| <b>December 31, 2023</b>   | <b>(5,257)</b>    | <b>(167)</b>    | <b>47</b>    | <b>(5,377)</b>    |
| Other comprehensive (loss) income before reclassifications       | (783)             | 29              | (6)          | (760)             |
| Amounts reclassified to the Consolidated Statement of Operations | —                 | 8               | (17)         | (9)               |
| Net current period Other comprehensive (loss) income             | <b>(783)</b>      | <b>37</b>       | <b>(23)</b>  | <b>(769)</b>      |
| <b>December 29, 2024</b>   | <b>\$ (6,040)</b> | <b>\$ (130)</b> | <b>\$ 24</b> | <b>\$ (6,146)</b> |

(a) Net change for the fiscal twelve months ended December 31, 2023 includes Separation adjustments of \$77 million in connection with transfers of certain pension plans by J&J to the Company.

(b) For the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023, the Company recorded a total after-tax change in Accumulated other comprehensive loss of \$(23) million, \$38 million, and \$10 million, respectively, related to its cash flow hedge portfolio.

Amounts in Accumulated other comprehensive loss are presented net of the related tax impact. Foreign currency translation is not adjusted for income taxes where it relates to permanent investments in international operations. For additional details on comprehensive income, see the Consolidated Statements of Comprehensive Income.

The income tax provision (benefit) expense for taxes allocated to the components of Accumulated other comprehensive loss before reclassification ~~are~~ was as follows:

| (Dollars in Millions)        | (Dollars in Millions) | Fiscal Twelve Months Ended |                 |                 |
|------------------------------|-----------------------|----------------------------|-----------------|-----------------|
|                              |                       | Fiscal Twelve Months Ended |                 |                 |
|                              |                       | December 31, 2023          | January 1, 2023 | January 2, 2022 |
| Foreign currency translation | (Dollars in Millions) |                            |                 |                 |
| Foreign currency translation |                       |                            |                 |                 |
| Foreign currency translation |                       |                            |                 |                 |
| Employee benefit plans       |                       |                            |                 |                 |
| Employee benefit plans       |                       |                            |                 |                 |
| Employee benefit plans       |                       |                            |                 |                 |

The income tax provision (benefit) expense for taxes allocated to gain (loss) on cash flow derivatives and hedges before reclassification was \$11 million for the fiscal twelve months ended December 29, 2024. The provision (benefit) for taxes allocated to gain (loss) on derivatives and hedges before reclassification was not significant for the fiscal twelve months ended December 31, 2023, and January 1, 2023, and January 2, 2022. The income tax provision (benefit) expense for taxes allocated to the reclassifications from Accumulated other comprehensive loss to the

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Consolidated Statements of Operations was not significant for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023.

## 11. Stock-Based Compensation

### J&J Plans and Conversion of J&J Awards

J&J's 2012 Long-Term Incentive Plan (the "J&J 2012 Plan") expired on April 26, 2022. Prior to that expiration, on March 7, 2022, J&J's Board of Directors approved the 2022 Long-Term Incentive Plan, (the "J&J 2022 Plan" Plan," together with the J&J 2012 Plan, the "J&J Plans"). The J&J 2022 Plan became effective subsequent to the expiration of the J&J 2012 Plan. The J&J Plans provide for the grant of stock options, RSUs, PSUs, other stock-based awards, and cash awards to employees and directors, including

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the Company's personnel. Stock-based compensation granted pursuant to the J&J Plans was denominated in shares of J&J's common stock. As such, all awards granted subsequent to the effective date of the J&J 2022 Plan and prior to the completion of the Exchange Offer were issued under the J&J 2022 Plan.

On August 23, 2023 (the "Conversion Date"), J&J equity-based awards held by Kenvue employees were accounted for as if they were forfeited by J&J and generally replaced by Kenvue equity-based awards under the Kenvue 2023 Plan (see the "Kenvue"—Kenvue 2023 Plan" section below within this footnote for additional details) with terms consistent to those applicable to the J&J awards, subject to adjustments to the number of underlying awards and option exercise prices to preserve the award's value, except for certain performance-based awards that were replaced with Kenvue RSU awards. The awards were converted using the conversion ratio that was determined in accordance with the Employee Matters Agreement (as defined in Note 12, "Relationship with J&J—Transactions with J&J, Including the Separation Agreement"). This change in the awards was considered to be a modification for accounting purposes. As part of the deemed forfeiture of the J&J awards, the J&J performance criteria applicable to any outstanding performance-based awards was deemed satisfied at the target level, unless two years of service were completed in the performance period, in which case performance was deemed satisfied at the level of actual performance for such years. All other vesting terms and conditions were not affected by the conversion. Upon the conversion, there were 69,438,910 shares of common stock underlying the converted awards that were eligible to be issued under the Kenvue 2023 Plan. The terms of the converted Kenvue awards are as follows:

#### Conversion of RSUs

On the Conversion Date, the Company was deemed to have issued 12.5 million RSUs with an incremental cost of \$283 million. These awards have vesting dates extending through August 2026. These RSUs provide for accelerated vesting in certain change in control scenarios.

The incremental cost of each RSU replaced is was estimated based on the fair value of the Company's common stock at the deemed Conversion Date, adjusted to reflect that the RSUs do not have dividend participation rights through the vesting date (using a dividend rate assumption consistent with the assumption disclosed within the table below).

#### Conversion of Stock Options

On the Conversion Date, the Company was deemed to have issued 57 million non-qualified stock options and incentive stock options with an incremental cost of \$198 million. These stock options were deemed granted with an exercise price equal to the original exercise price provided within the original J&J awards, as modified by the conversion ratio described above. All stock options will be vested by January 2027. These stock options provide for accelerated vesting in certain change in control scenarios.

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Each stock option has a weighted average exercise price of approximately \$21.01 as of the Conversion Date. The fair value of each stock option is was estimated using the Black-Scholes option valuation model. The assumptions used in calculating the fair value of the converted stock options were as follows:

| Assumption                             | August 2023 Converted Stock Options |
|--|-------------------------------------|
| Expected volatility <sup>(1)</sup>     | 16.5% - 21.4%                       |
| Expected dividend yield <sup>(2)</sup> | 3.2 %                               |
| Risk-free rate <sup>(3)</sup>          | 4.2% - 5.4%                         |
| Expected term <sup>(4)</sup>           | 0.5 years - 6.5 years               |

(1) Expected volatility is was based on the historical volatility of a selected group of the Company's peers and other factors.

(2) Expected dividend yield is was calculated using the assumed dividend payout per common share as a percentage of the average Kenvue common share price for the prior three month three-month period, which is was then annualized.

(3) Risk-free rate is was based on the U.S. Treasury yield curve in effect as of the Conversion Date Date.

(4) Expected term is was consistent with the historical experiences of J&J for awards similar to those in the Kenvue population.

As noted above, the conversion of J&J awards to Kenvue awards was accounted for as a modification. As a result, the J&J awards were deemed to be canceled and replaced by Kenvue awards, resulting in incremental stock-based compensation expense of \$25 million recognized in the fiscal twelve months ended December 31, 2023 in relation to J&J denominated stock options which had vested. With respect to the deemed cancellation cancellation of J&J stock options, PSUs, and RSUs that had not yet vested, the Company reversed \$148 million of previously recognized stock-based compensation expense. From the Conversion Date through the end of the fiscal twelve months ended December 31, 2023, the Company recognized \$215 million of

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compensation costs attributable to the RSUs and stock options described above. In total, the Company recognized incremental stock-based compensation expense of \$240 million in the fiscal twelve months ended December 31, 2023.

## Kenvue 2023 Plan

In March 2023, the Company's Board approved the 2023 Long-Term Incentive Plan (the "Kenvue 2023 Plan") **providing** which provides for the grant of non-qualified stock options, incentive stock options, stock appreciation rights, RSUs, PSUs, other stock-based awards, and cash awards to eligible employees, non-employee directors, independent contractors, and consultants of the Company and its subsidiaries and affiliated entities. Stock-based compensation granted pursuant to the Kenvue 2023 Plan is denominated in shares of the Company's Kenvue common stock. The Kenvue 2023 Plan was approved by J&J, as sole shareholder of the Company, prior to the Kenvue IPO and became effective in May 2023. The maximum aggregate number of shares of common stock that was approved for issuance under the Kenvue 2023 Plan was 188,897,256. 69,438,910 shares underlying awards converted from J&J awards to Kenvue awards (as described in the "J&J Plans and Conversion of J&J Awards" section above) will not reduce the maximum aggregate number of shares of common stock that may be issued under the Kenvue 2023 Plan. To meet share requirements resulting from the exercise of stock options and the vesting of RSUs and PSUs, the Company may use either authorized and unissued shares or shares of treasury stock. Since the inception of the Kenvue 2023 Plan, all issuances resulting from the exercise of stock options and the vesting of RSUs and PSUs were issued from the authorized and unissued Kenvue 2023 Plan share pool.

On August 25, 2023, the Company's Compensation & Human Capital Committee approved equity grants to individuals employed by Kenvue as of October 2, 2023 (the "Founder Shares"). On October 2, 2023, the Founder Shares were granted to all Kenvue **employees**. The Founder Shares were granted to executive officers **employees** in the form of stock options and PSUs to executive officers and to non-executive individuals in the form of either RSUs or as stock options and PSUs. The Company expects PSUs or RSUs to recognize approximately \$71 million in stock-based compensation expense related to the Founder Shares. **non-executive individuals**. The expense will be amortized over the requisite service period of the awards, which ranges from one to three years.

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The components and classification of stock-based compensation expense **directly attributable to those employees specifically identified as employees of the Company and allocations from J&J** for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, were as follows:

| (Dollars in Millions)                         | (Dollars in Millions) | Fiscal Twelve Months |                 | Fiscal Twelve Months |                       |                   |                   |                 |
|---|-----------------------|----------------------|-----------------|----------------------|-----------------------|-------------------|-------------------|-----------------|
|   |                       | Ended                | Ended           | Ended                | Ended                 | Ended             |                   |                 |
|   |                       | December 31, 2023    | January 1, 2023 | January 2, 2022      | (Dollars in Millions) | December 29, 2024 | December 31, 2023 | January 1, 2023 |
| Stock options                                 |                       |                      |                 |                      |                       |                   |                   |                 |
| RSUs  |                       |                      |                 |                      |                       |                   |                   |                 |
| PSUs  |                       |                      |                 |                      |                       |                   |                   |                 |
| <b>Stock-based compensation expense</b>       |                       |                      |                 |                      |                       |                   |                   |                 |
| <b>Total stock-based compensation expense</b> |                       |                      |                 |                      |                       |                   |                   |                 |
| Cost of sales                                 |                       |                      |                 |                      |                       |                   |                   |                 |
| Selling, general, and administrative expenses |                       |                      |                 |                      |                       |                   |                   |                 |
| <b>Stock-based compensation expense</b>       |                       |                      |                 |                      |                       |                   |                   |                 |
| <b>Total stock-based compensation expense</b> |                       |                      |                 |                      |                       |                   |                   |                 |

Stock-based compensation expense includes \$2 million \$26 million, and \$38 million \$26 million for the fiscal twelve months ended December 31, 2023, and January 1, 2023, and January 2, 2022, respectively, of allocated charges from J&J based on percentage attribution related to J&J employees providing services to the Company. Following No allocations were made subsequent to the completion of the Separation, the Company no longer allocates charges of this nature. fiscal three months ended July 2, 2023, during which Kenvue became a fully independent company.

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The Company's unrecognized stock-based compensation expense and the related weighted-average remaining requisite service periods for stock options, RSUs, and PSUs outstanding for the fiscal twelve months ended December 31, 2023, January 1, 2023, and January 2, 2022, as of December 29, 2024 were as follows:

| (Dollars in Millions)                               | December 31, 2023 | January 1, 2023 | January 2, 2022 |
|---|-------------------|-----------------|-----------------|
| <b>Stock Options</b>                                |                   |                 |                 |
| Unrecognized compensation expense                   | \$ 107            | \$ 34           | \$ 28           |
| Weighted-average remaining requisite service period | 1.44 years        | 1.21 years      | 1.76 years      |
| <b>RSU</b>  |                   |                 |                 |
| Unrecognized compensation expense                   | \$ 148            | \$ 58           | \$ 49           |
| Weighted-average remaining requisite service period | 1.38 years        | 1.27 years      | 1.74 years      |
| <b>PSU</b>  |                   |                 |                 |
| Unrecognized compensation expense                   | \$ 31             | \$ 13           | \$ 13           |
| Weighted-average remaining requisite service period | 2.78 years        | 1.28 years      | 1.82 years      |
| (Dollars in Millions)                               | December 29, 2024 |                 |                 |
| <b>Stock Options</b>                                |                   |                 |                 |
| Unrecognized stock-based compensation expense       |                   | \$ 59           |                 |
| Weighted-average remaining requisite service period |                   | 1.30 years      |                 |
| <b>RSUs</b>   |                   |                 |                 |
| Unrecognized stock-based compensation expense       |                   | \$ 118          |                 |
| Weighted-average remaining requisite service period |                   | 1.41 years      |                 |
| <b>PSUs<sup>(1)</sup></b>                           |                   |                 |                 |
| Unrecognized stock-based compensation expense       |                   | \$ 35           |                 |
| Weighted-average remaining requisite service period |                   | 1.96 years      |                 |

<sup>(1)</sup> Unrecognized stock-based compensation expense for the Performance PSUs (as defined in "—Restricted Stock Units and Performance Stock Units" below) is calculated based on the Company's best estimate of achievement of the specified performance metrics.

#### Stock Options

Under the Kenvue 2023 Plan, Kenvue granted stock options which expire 10 years from the grant date and vest over service periods that range from six months to four years. All stock options are granted using the close closing price of Kenvue common stock on the New York Stock Exchange on the grant date.

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The grant date fair value of each stock option award granted is estimated on the grant date using the Black-Scholes option valuation model. The weighted average assumptions used in calculating the grant date fair value of stock options granted during the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, were as follows:

|  | YTD   |                   |                            |   | Fiscal Twelve Months Ended |  |  |
|--|---|-------------------|----------------------------|---|----------------------------|--|--|
|  | Fiscal Twelve Months Ended                      |                   | Fiscal Twelve Months Ended |   |                            |  |  |
|  | December 31, 2023                               | January 1, 2023   |                            |   |                            |  |  |
|  | December 29, 2024                               | December 31, 2023 | January 1, 2023            |   |                            |  |  |
| Expected volatility <sup>(1)</sup>     | Expected volatility <sup>(1)</sup><br>20.8 %    | 18.0 %            | 18.6 %                     | Expected volatility <sup>(1)</sup><br>21.3 %    | 20.8 %                     |  |  |
| Expected dividend yield <sup>(2)</sup> | Expected dividend yield <sup>(2)</sup><br>3.5 % | 2.7 %             | 2.5 %                      | Expected dividend yield <sup>(2)</sup><br>3.9 % | 3.5 %                      |  |  |
| Risk-free rate <sup>(3)</sup>          | Risk-free rate <sup>(3)</sup><br>4.5 %          | 2.0 %             | 0.8 %                      | Risk-free rate <sup>(3)</sup><br>4.1 %          | 4.5 %                      |  |  |

|                              |                              |         |         |                              |         |         |
|------------------------------|------------------------------|---------|---------|------------------------------|---------|---------|
| Expected term <sup>(4)</sup> | Expected term <sup>(4)</sup> | 6 years | 7 years | Expected term <sup>(4)</sup> | 6 years | 7 years |
|------------------------------|------------------------------|---------|---------|------------------------------|---------|---------|

(i) For awards granted under the Kenvue 2023 Plan, expected volatility is based on the six-year historical volatility of a selected group of the Company's peers and other factors. For awards stock options granted under the J&J Plans, expected volatility was based on a blended rate of 10-year weekly historical overall volatility rate and a five-week average implied volatility rate based on at-the-money traded J&J stock options with a contractual term of two years.

(ii) For awards stock options granted under the Kenvue 2023 Plan, expected dividend yield is calculated using the assumed dividend payout per common share as a percentage of the average Kenvue common share price for the prior three month three-month period, which is then annualized. For awards stock options granted under the J&J Plans, expected dividend yield was calculated using the assumed dividend payout per common share as a percentage of the spot J&J common share price as of the grant date.

(iii) Risk-free rate is based on the U.S. Treasury yield curve in effect as of the grant date for stock options granted under both the Kenvue 2023 Plan and the J&J Plans.

(iv) For awards stock options granted under the Kenvue 2023 Plan during the fiscal twelve months ended December 29, 2024, expected term is calculated as the average of the vesting periods and the contractual terms of the stock options given the lack of trading history of Kenvue common stock as of the time of valuation. For stock options granted under the Kenvue 2023 Plan during the fiscal twelve months ended December 31, 2023, expected term was consistent with the historical experiences of J&J for awards similar to those in the Kenvue population. For awards stock options granted under the J&J plans, Plans, expected term was calculated based on J&J's historical data.

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A summary of stock option activity under the Kenvue 2023 Plan during the fiscal twelve months ended December 29, 2024 is presented below:

| (Options in Thousands)  | Options       | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---------------|---------------------------------|---|---------------------------|
|   |               |                                 |   | (Dollars in Millions)     |
| Options outstanding of Kenvue common stock at January 1, 2023 | —             | \$ —                            | —   |                           |
| Awards converted from J&J Plans                               | 56,958        | \$ 21.01                        |   |                           |
| Options granted   | 8,433         | \$ 20.36                        |   |                           |
| Options exercised   | (478)         | \$ 16.20                        |   |                           |
| Options canceled/forfeited/adjusted <sup>(1)</sup>            | (725)         | \$ 21.72                        |   |                           |
| Options outstanding at December 31, 2023                      | <u>64,188</u> | <u>\$ 20.60</u>                 | <u>7.2 years</u>                            | <u>\$ 83</u>              |
| Options exercisable at December 31, 2023                      | <u>20,303</u> | <u>\$ 17.93</u>                 | <u>4.7 years</u>                            | <u>\$ 73</u>              |

(i) Includes employee transfers in and out.

| (Options in Thousands)                      | Options       | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---------------|---------------------------------|---|---------------------------|
|   |               |                                 |   | (Dollars in Millions)     |
| Options outstanding as of December 31, 2023 | 64,188        | \$ 20.60                        | 7.2 years                                   | \$ 83                     |
| Options granted                             | 13,565        | \$ 19.01                        |   |                           |
| Options exercised                           | (5,530)       | \$ 18.30                        |   |                           |
| Options canceled/forfeited                  | (5,338)       | \$ 21.27                        |   |                           |
| Options outstanding as of December 29, 2024 | <u>66,885</u> | <u>\$ 20.42</u>                 | <u>6.9 years</u>                            | <u>\$ 95</u>              |
| Options exercisable as of December 29, 2024 | <u>29,100</u> | <u>\$ 19.94</u>                 | <u>5.0 years</u>                            | <u>\$ 54</u>              |

The weighted average weighted-average grant date fair value of stock options granted was \$3.17, \$3.82, \$23.23, and \$20.86 \$23.23 in the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively. The total intrinsic value of stock options exercised was \$21 million, \$96 million, \$64 million, and \$56 \$64 million in the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively. During 2023, the majority of the exercises occurred pre-Separation. Cash proceeds received from the exercise of stock options denominated in Kenvue common stock was \$7 \$95 million in the fiscal twelve months ended December 31, 2023 December 29, 2024. The tax benefit associated with cash proceeds received from the exercise of stock options in the fiscal twelve months ended December 31, 2023 December 29, 2024 was \$18 million, of which \$17 million related to the exercise of stock options prior to the Separation. \$4 million.

### Restricted Stock Units and Performance Stock Units

#### Restricted Share Units and Performance Share Stock Units

Under the Kenvue 2023 Plan, Kenvue granted RSUs which vest over service periods that range from one year to three years. All RSUs granted have forfeitable dividend participation rights during the vesting period. Under the Kenvue also 2023 Plan, Kenvue grants insignificant RSUs to non-employee directors which vest, but are not issued, immediately upon grant. For awards granted under the J&J Plans, the grant date fair value of RSUs granted was equivalent to the fair market value on the grant date, discounted by the expected dividend yield, as the RSUs did not have dividend participation rights during the vesting period.

#### Performance Stock Units

Beginning in the fiscal twelve months ended December 29, 2024, under the Kenvue Plan, the Company grants PSUs with both performance vesting conditions and market-based vesting conditions. The Performance PSUs are paid in shares of Kenvue's common stock after the end of a three-year performance period. The Performance PSUs have forfeitable dividend participation rights during the vesting period. The vesting of Performance PSUs is tied to the completion of a three-year service period and the achievement, over a three-year period, of specified performance metrics as well as the relative total shareholder return for Kenvue common stock. The number of shares earned at the end of the three-year performance period will vary, based on actual performance, from 0% to 200% of the target number of Performance PSUs granted.

The grant date fair value of each Performance PSU granted, inclusive of the fair value associated with the achievement of the specified performance metrics and the relative total shareholder return goal, is estimated on the grant date using the Monte Carlo valuation model. The weighted-average assumptions used in calculating the fair value of Performance PSUs granted during the fiscal twelve months ended December 29, 2024 were as follows:

|                                    | Fiscal Twelve Months Ended |
|------------------------------------|----------------------------|
|                                    | December 29, 2024          |
| Expected volatility <sup>(1)</sup> | 21.3 %                     |
| Risk-free rate <sup>(2)</sup>      | 4.3 %                      |

(1) Expected volatility is based on the historical volatility of a selected group of the Company's peers and other factors over the prior three fiscal years.

(2) Risk-free rate is based on the U.S. Treasury yield curve in effect as of the grant date for Performance PSUs granted.

Under the Kenvue Plan, the Company granted PSUs which with only market-based vesting conditions during the fiscal twelve months ended December 31, 2023 (the "Market PSUs"). The Market PSUs are paid in shares of Kenvue's common stock after the end of a three-year performance period. The vesting of Market PSUs is tied to the completion of service periods that range from one year to three years and the achievement, over a three-year period, of relative total shareholder return for Kenvue common stock. The number of shares earned at the end of the three-year period will vary, based on actual performance, from 0% to 200% of the target number of Market PSUs granted. The grant date fair value of each Market PSU granted, inclusive of the fair value associated with the relative total shareholder return goal, was estimated on the grant date using the Monte Carlo valuation model.

Under the J&J Plans, J&J granted PSUs, which were paid in shares of J&J common stock after the end of a three-year performance period. The vesting of these PSUs was tied to the completion of service periods that ranged from six months to three years and the achievement, over a three-year period, of two equally-weighted goals that directly aligned with or helped drive long-term J&J shareholder return: adjusted operational earnings per share and relative total shareholder return. The number of shares earned at the end of the three-year period varied, based on actual performance, from 0% to 200% of the target number of PSUs granted.

The fair value of RSUs granted under the Kenvue 2023 Plan is equivalent to the close price of Kenvue stock on the grant date as all RSUs granted have dividend participation rights during the vesting period. For awards granted under the J&J Plans, the fair value of RSUs granted was equivalent to the fair market value on the grant date, discounted by the expected dividend yield, as the RSUs did not have dividend participation rights during the vesting period.

For PSUs granted under the Kenvue 2023 Plan, the fair value for the relative total shareholder return goal of each PSU granted was estimated on the grant date using a Monte Carlo valuation model. For PSUs granted under the J&J Plans, the fair value for the net income per share goal of each PSU was estimated on the grant date using the fair market value of J&J shares at the grant date, discounted by the expected dividend yield, as the PSUs did not have dividend participation rights during the vesting period, and the fair value for the relative total shareholder return of each PSU was estimated on the grant date using a Monte Carlo valuation model. As discussed in "—J&J Plans and Conversion of J&J Awards" above, the PSUs granted under the J&J Plans were replaced with Kenvue RSU awards, and as such, there are none outstanding as of December 29, 2024.

#### Restricted Stock Unit and Performance Stock Unit Activity

A summary of unvested RSU and PSU activity under the Kenvue 2023 Plan during the fiscal twelve months ended December 31, 2023 December 29, 2024 is presented below:

| (Shares in Thousands)               | Outstanding Restricted Stock Units | Weighted-Average Grant Date Fair Value | Outstanding Performance Stock Units | Weighted-Average Grant Date Fair Value |
|-------------------------------------|------------------------------------|--|-------------------------------------|--|
| Shares of Kenvue at January 1, 2023 | —                                  | \$ —                                   | —                                   | \$ —                                   |
| Awards converted from J&J Plans     | 12,495                             | 22.67                                  | —                                   | —                                      |
| Granted                             | 1,044                              | 20.37                                  | 1,665                               | 23.57                                  |
| Issued                              | (36)                               | 23.34                                  | —                                   | —                                      |
| Canceled/forfeited/adjusted         | (205)                              | 22.37                                  | (35)                                | 23.22                                  |
| <b>Shares at December 31, 2023</b>  | <b>13,298</b>                      | <b>\$ 22.49</b>                        | <b>1,630</b>                        | <b>\$ 23.58</b>                        |

| (Shares in Thousands)                 | Outstanding Restricted Stock Units | Weighted-Average Grant Date Fair Value | Outstanding Performance Stock Units | Weighted-Average Grant Date Fair Value |
|---------------------------------------|------------------------------------|--|-------------------------------------|--|
| Shares as of December 31, 2023        | 13,298                             | \$ 22.49                               | 1,630                               | \$ 23.58                               |
| Granted                               | 8,082                              | 19.10                                  | 1,227                               | 18.61                                  |
| Issued                                | (5,540)                            | 22.64                                  | (1)                                 | 23.22                                  |
| Canceled/forfeited                    | (2,207)                            | 20.74                                  | (181)                               | 22.15                                  |
| <b>Shares as of December 29, 2024</b> | <b>13,633</b>                      | <b>\$ 20.77</b>                        | <b>2,675</b>                        | <b>\$ 21.43</b>                        |

The weighted average grant date fair value of RSUs granted was \$153.69 \$20.37 and \$152.73 \$153.69 in the fiscal twelve months ended January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively. The aggregate fair value of RSUs issued was \$44 million \$1 million and \$45 million \$44 million in the fiscal twelve months ended January 1, 2023 December 31, 2023 and January 2, 2022 January 1, 2023, respectively.

The weighted average grant date fair value of PSUs granted was \$178.45 \$23.57 and \$187.50 \$178.45 in the fiscal twelve months ended January 1, 2023 December 31, 2023 and January 2, 2022 January 1, 2023, respectively. The aggregate fair value of PSUs issued was \$4 million \$0 million and \$5 million \$4 million in the fiscal twelve months ended January 1, 2023 December 31, 2023 and January 2, 2022 January 1, 2023, respectively.

#### 12. Relationship with J&J

On August 23, 2023, Kenvue became a fully independent company upon the completion of the Exchange Offer (see Note 1, "Description of the Company and Summary of Significant Accounting Policies" Policies—Description of the Company and Business Segments), and J&J ceased to be a related party on that date. The Company continues to have material agreements with J&J—&J—see "Transactions with J&J, including Including the Separation Agreement" Agreement section within this footnote for additional details of these material agreements that govern the Company's relationship with J&J.

#### Cost Allocations from J&J Prior to Kenvue IPO

Prior to the Kenvue IPO, J&J provided significant support functions to the Company. The Consolidated Financial Statements reflect an allocation of these costs. Similarly, certain of the Company's operations provided support to J&J's affiliates and related costs for support are were charged to J&J's affiliates. Allocated costs included in Cost of sales in the Company's Consolidated Statements of Operations relate related to enterprise-wide support primarily consisting of facilities, insurance, logistics, quality, and compliance, which are were predominantly allocated based on Net sales. Allocated costs included in SG&A Selling, general, and administrative expenses primarily relate related to finance, human resources, benefits administration, procurement support, information technology, legal, corporate strategy, corporate governance, other professional services, and general commercial support functions, and are were predominantly allocated based on Net sales or headcount. See Note 1, "Description of the Company and Summary of Significant Accounting Policies" Policies—Basis of Presentation."

Prior to Kenvue becoming a fully independent company, the allocations (excluding stock-based compensation expense), net of costs charged to J&J's affiliates reflected in the Company's Consolidated Statements of Operations for the fiscal twelve months ended December 31, 2023, and January 1, 2023, and January 2, 2022 were as follows:

| (Dollars in Millions) | Fiscal Twelve Months Ended |                   | Fiscal Twelve Months Ended |                 | Fiscal Twelve Months Ended |                   |                 |
|-----------------------|----------------------------|-------------------|----------------------------|-----------------|----------------------------|-------------------|-----------------|
|                       | Fiscal Twelve Months Ended |                   | Fiscal Twelve Months Ended |                 | Fiscal Twelve Months Ended |                   |                 |
|                       | (Dollars in Millions)      | December 31, 2023 | January 1, 2023            | January 2, 2022 | (Dollars in Millions)      | December 31, 2023 | January 1, 2023 |
|                       |                            |                   |                            |                 |                            |                   |                 |

|   |
|---|
| Cost of sales                                 |
| Selling, general, and administrative expenses |
| <b>Total</b>                                  |
| <b>Total costs allocated</b>                  |

Management believes these cost allocations are a reasonable reflection of the utilization of services provided to, or the benefit derived by, the Company during the periods presented. The allocations may not, however, be indicative of the actual expenses that would have been incurred had the Company operated as a standalone public company. Actual costs that may have been incurred if the Company had been a standalone public company would depend on a number of factors, including the chosen

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organizational structure, whether functions were outsourced or performed by the Company's employees, and strategic decisions

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made in areas such as manufacturing, selling and marketing, research and development, information technology, and infrastructure. No allocations were made after subsequent to the fiscal three months ended July 2, 2023, during which Kenvue became a fully independent company.

#### **Net Transfers (to) from Johnson & Johnson to J&J**

Net transfers (to) from Johnson & Johnson to J&J are included in Net investment in Johnson & Johnson J&J in the Consolidated Balance Sheets and Consolidated Statements of Stockholders' Equity and within financing activities in the Consolidated Statements of Cash Flows and represent the net effect of transactions between the Company and J&J. No transactions were recorded in the Net transfers (to) from Johnson & Johnson to J&J subsequent to the second quarter of fiscal year 2023, three months ended July 2, 2023, during which Kenvue became a fully independent company.

The components of Net transfers (to) from Johnson & Johnson to J&J for the fiscal twelve months ended December 31, 2023, and January 1, 2023, and January 2, 2022 were as follows:

| (Dollars in Millions)  | (Dollars in Millions) | Fiscal Twelve Months Ended |                 | Fiscal Twelve Months Ended |                       |  |
|--|-----------------------|----------------------------|-----------------|----------------------------|-----------------------|--|
|  |                       | Fiscal Twelve Months Ended |                 | December 31, 2023          | January 1, 2023       |  |
|  |                       | December 31, 2023          | January 1, 2023 | January 2, 2022            | (Dollars in Millions) |  |
| <b>Cash pooling and general financing activities</b>   |                       |                            |                 |                            |                       |  |
| Corporate cost allocations   |                       |                            |                 |                            |                       |  |
| Taxes deemed settled with J&J  |                       |                            |                 |                            |                       |  |
| Allocated derivative and hedging gains   |                       |                            |                 |                            |                       |  |
| <b>Net transfers (to) from Johnson &amp; Johnson as reflected in the Consolidated Statements of Cash Flows</b> |                       |                            |                 |                            |                       |  |
| Stock-based compensation expense <sup>(1)</sup>  |                       |                            |                 |                            |                       |  |
| Other <sup>(2)</sup>   |                       |                            |                 |                            |                       |  |
| <b>Net transfers (to) from Johnson &amp; Johnson as reflected in the Consolidated Statements of Equity</b>     |                       |                            |                 |                            |                       |  |
| <b>Net transfers to J&amp;J as reflected in the Consolidated Statements of Cash Flows</b>                      |                       |                            |                 |                            |                       |  |
| Other <sup>(1)</sup>   |                       |                            |                 |                            |                       |  |
| <b>Net transfers to J&amp;J as reflected in the Consolidated Statements of Stockholders' Equity</b>            |                       |                            |                 |                            |                       |  |

(a) Stock-based compensation expense is separately shown within the Consolidated Statements of Equity in the fiscal twelve months ended December 31, 2023, and therefore no longer a reconciling item between the Consolidated Statements of Equity and the Consolidated Statements of Cash Flows.

(b) Other primarily relates to the impact of the change in accounting principle for **GILTI** Global Intangible Low-Tax Income ("GILTI") in the fiscal twelve months ended December 31, 2023 and January 1, 2023, as well as Talc liability transferred to J&J, net of deferred taxes of \$251 million in the fiscal twelve months ended January 2, 2022. Please see Note 1, "Description of the Company and Summary of Significant Accounting Policies—Change in Accounting Principle," for more information on the impact of change in accounting principle related to GILTI.

#### **Transactions with J&J, including Including the Separation Agreement**

In connection with the Separation, Kenvue entered into various agreements with J&J, including the Separation Agreement. In connection with the terms of the Separation Agreement, certain assets and liabilities included in on the pre-Separation balance sheet were retained by J&J and certain assets and liabilities not included in on the pre-Separation balance sheet were transferred to Kenvue. Separation related Separation-related adjustments have been recognized in Net investment from **Johnson & Johnson**, J&J, the net impact of which resulted in an increase in net assets and total equity by \$91 million \$91 million for the fiscal twelve months ended December 31, 2023. The impact on net assets primarily represent represents 1) recognition of balances with J&J including indemnification matters, 2) changes to income tax assets and liabilities as a result of change in the basis of presentation, 3) contribution of certain liabilities including pension and employee related employee-related obligations from J&J, 4) the retention of assets and liabilities by J&J of certain Deferred Local Businesses (as defined in Note 1, "Description of the Company and Summary of Significant Accounting Policies" Policies—Variable Interest Entities and Net Economic Benefit Arrangements"), and 5) other assets and liability transfers between Kenvue and J&J in connection with the Separation.

The Separation Agreement sets forth certain agreements between J&J and Kenvue regarding, among other matters:

- the principal corporate actions and internal reorganization pursuant to which J&J transferred the Consumer Health Business to Kenvue;
- the allocation of assets and liabilities to J&J and Kenvue;
- J&J's and Kenvue's respective rights and obligations with respect to the Kenvue IPO;
- certain matters with respect to any subsequent distribution or other disposition by J&J of the shares of Kenvue common stock owned by J&J following the Kenvue IPO (the "Distribution"); and
- other agreements governing aspects of Kenvue's relationship with J&J following the Kenvue IPO.

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In connection with the Kenvue IPO, J&J and Kenvue also entered into various other material agreements. These agreements were entered into on May 3, 2023, unless otherwise indicated, and consist of the following:

- a tax matters agreement (the "Tax Matters Agreement"), which governs J&J's and Kenvue's respective rights, responsibilities, and obligations with respect to all tax matters, including tax liabilities, tax attributes, tax contests, and tax returns (See "Tax"—Tax Indemnification" below);
- an employee matters agreement (the "Employee Matters Agreement"), which addresses certain employment, compensation, and benefits matters, including the allocation and treatment of certain assets and liabilities relating to Kenvue's employees and compensation and benefit plans and programs in which Kenvue's employees participate prior to the date of the **Distribution, if pursued**; Distribution;
- an intellectual property agreement, which governs J&J's and Kenvue's respective rights, responsibilities, and obligations with respect to intellectual property matters, excluding certain intellectual property matters with respect to trademarks;
- a trademark phase-out license agreement, dated as of April 3, 2023, and pursuant to which J&J granted to Kenvue a license to use certain trademarks owned by J&J on a transitional basis following the completion of the Kenvue IPO;
- a transition services agreement (the "Transition Services Agreement"), pursuant to which J&J will provide provides to Kenvue certain services for terms of varying duration following the Kenvue IPO;
- a transition manufacturing agreement (the "Transition Manufacturing Agreement"), pursuant to which J&J will provide provides to Kenvue certain manufacturing services for terms of varying duration following the Kenvue IPO; and
- a registration rights agreement, pursuant to which Kenvue granted to J&J certain registration rights with respect to the shares of Kenvue common stock owned by J&J following the completion of the Kenvue IPO.

In connection with the **Kenvue IPO**, Separation, J&J and Kenvue also entered into various operating lease agreements, in which the Company subleased properties from J&J. See Note 8, "Leases," for more information.

The Company had the following balances and transactions with J&J and its affiliates, primarily in connection with the Tax Matters Agreement, Transition Services Agreement, and the Transition Manufacturing Agreement, reported in the **Company's** Consolidated Financial Statements:

| (Dollars in Millions)                         | December 31, 2023 | January 1, 2023   |                 |
|---|-------------------|-------------------|-----------------|
| Accounts payable and accrued liabilities      | \$ 486            | \$ —              |                 |
| Prepaid expenses and other receivables        | \$ 213            | \$ —              |                 |
| Other assets                                  | \$ 87             | \$ —              |                 |
| Other liabilities                             | \$ 153            | \$ —              |                 |
| (Dollars in Millions)                         | December 29, 2024 | December 31, 2023 |                 |
| Prepaid expenses and other receivables        | \$ 109            | \$ 213            |                 |
| Accounts payable and Accrued liabilities      | \$ 270            | \$ 486            |                 |
| Other assets                                  | \$ 78             | \$ 87             |                 |
| Other liabilities                             | \$ 143            | \$ 153            |                 |
| (Dollars in Millions)                         | December 31, 2023 | January 1, 2023   | January 2, 2022 |
| Cost of sales                                 | \$ 148            | \$ —              | \$ —            |
| Selling, general, and administrative expenses | \$ 189            | \$ —              | \$ —            |
| (Dollars in Millions)                         | December 29, 2024 | December 31, 2023 |                 |
| Cost of sales                                 | \$ 203            | \$ 148            |                 |
| Selling, general, and administrative expenses | \$ 203            | \$ 189            |                 |

#### **Tax Indemnification**

The Company entered into the Tax Matters Agreement with J&J on May 3, 2023 that governs the parties' respective rights, responsibilities, and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and other matters regarding taxes.

#### **Allocation of Taxes**

With respect to taxes other than those incurred in connection with the Separation and the Distribution, the Tax Matters Agreement provides that Kenvue will generally indemnify J&J for 1) any taxes of Kenvue for all periods after the Distribution and 2) any taxes of Kenvue or J&J for periods prior to the Distribution to the extent attributable to the Consumer Health Business. J&J will generally indemnify Kenvue for 1) any taxes of J&J for all periods after the Distribution and 2) any taxes of Kenvue or J&J for periods prior to the Distribution to the extent attributable to the business and operations conducted by J&J other than the Consumer Health Business. Furthermore, subject to certain exceptions, the Company is required to reimburse J&J for certain tax refunds it receives with respect to taxes paid prior to the effective date of the Tax Matters Agreement.

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#### **Preservation of the Intended Tax Treatment of Certain Steps of the Separation and the Distribution**

With respect to taxes incurred in connection with the Separation and the Distribution, Kenvue will generally be required to indemnify J&J for any taxes resulting from the failure of certain steps of the Separation and the Distribution to qualify for their intended tax treatment, where such taxes are attributable to actions or omissions by Kenvue. In addition, during the time period ending two years after the date of the Distribution, August 23, 2025, covenants are in place that will limit or restrict certain actions, including share issuances, business combinations, sales of assets, and similar transactions by Kenvue. The Company does not believe that the above covenants have a material impact on the Company to date. The Company believes that it has complied with these requirements to date.

The Company recorded a net liability totaling approximately \$104 million and \$168 million net liability for income and non-income indemnification tax payables and refunds, unrecognized tax benefits, and associated interest due to J&J as Prepaid expenses and other receivables and Accrued liabilities for current assets and current liabilities, respectively, and to Other assets and Other liabilities for noncurrent non-current assets and noncurrent non-current liabilities, respectively, on the Consolidated Balance Sheets as of December 29, 2024 and December 31, 2023, respectively.

#### **Debt Financing Transactions and Kenvue IPO Consideration**

During the second quarter of fiscal year 2023, six months ended July 2, 2023, the Company received debt proceeds of approximately \$7.7 billion from the issuance of the Senior Notes earned \$13 million of interest on the proceeds of these bonds from investments in money market accounts, and received initial proceeds from its Commercial Paper Program of \$1.2 billion. The Company loaned the total proceeds to J&J through the Facility Agreement. Upon the completion of the Kenvue IPO on May 8, 2023, the Facility Agreement was

terminated and the balance of the loans, and all accrued interest, were repaid by J&J for a total cash inflow of \$9.0 billion. The Company remitted this cash back to J&J as a distribution in connection with the Separation.

### 13. Other Operating Expense (Income) Expense, Net and Other Expense, (Income), Net

Other operating expense (income) expense, net for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 consisted of:

| (Dollars in Millions)                              | (Dollars in Millions) | Fiscal Twelve Months Ended |                 |                 | Fiscal Twelve Months Ended |                   |                   |
|--|-----------------------|----------------------------|-----------------|-----------------|----------------------------|-------------------|-------------------|
|  |                       | Fiscal Twelve Months Ended |                 |                 | Fiscal Twelve Months Ended |                   |                   |
|  |                       | December 31, 2023          | January 1, 2023 | January 2, 2022 | (Dollars in Millions)      | December 29, 2024 | December 31, 2023 |
| Litigation expense (income) <sup>(1)</sup>         |                       |                            |                 |                 |                            |                   |                   |
| Royalty income <sup>(2)</sup>                      |                       |                            |                 |                 |                            |                   |                   |
| (Gain)/loss on disposal of fixed assets            |                       |                            |                 |                 |                            |                   |                   |
| Impact of Deferred Markets <sup>(3)</sup> (Note 1) |                       |                            |                 |                 |                            |                   |                   |
| Loss (gain) on disposal of fixed assets            |                       |                            |                 |                 |                            |                   |                   |
| Impact of Deferred Markets <sup>(1)</sup>          |                       |                            |                 |                 |                            |                   |                   |
| Contingent liability reversal <sup>(4) (2)</sup>   |                       |                            |                 |                 |                            |                   |                   |
| Other <sup>(5) (3)</sup>                           |                       |                            |                 |                 |                            |                   |                   |
| <b>Total Other operating (income) expense, net</b> |                       |                            |                 |                 |                            |                   |                   |
| <b>Total Other operating expense (income), net</b> |                       |                            |                 |                 |                            |                   |                   |

(1) Includes \$154 million of Talc-Related costs and \$74 million of beneficial settlements the provision for Brazil VAT legal resolution for the fiscal twelve months ended January 2, 2022.

(2) In connection with a J&J corporate restructuring that started in October 2021, rights to receive streams of royalties payable from certain third parties to a Company affiliate were transferred to a subsidiary of J&J. Such J&J subsidiary retained those rights following the Separation.

(3) Includes income taxes, minority interest expense, and service fees to be paid to J&J under the net economic benefit arrangements. See Note 1, "Description of the Company and Summary of Significant Accounting Policies—Variable Interest Entities and Net Economic Benefit Arrangements," for more information regarding Deferred Markets.

(4) (2)Includes the reversal of a contingent liability that was no longer considered to be probable.

(5) (3)Includes Other consists primarily of other miscellaneous operating (income) expenses for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023. Other also includes the impact of foreign derivative contracts intangible asset impairment, pension related and other miscellaneous operating (income) expenses. for the fiscal twelve months ended December 31, 2023.

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Other expense, (income), net for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 consisted of:

| Fiscal Twelve Months Ended | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended |                            | Fiscal Twelve Months Ended |  |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--|
|                            |                            | Fiscal Twelve Months Ended |                            |                            |  |
|                            |                            | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended |                            |  |
|                            |                            |                            |                            |                            |  |

| (Dollars in Millions)                      | (Dollars in Millions) | December 31, 2023 | January 1, 2023 | January 2, 2022 | (Dollars in Millions) | December 29, 2024 | December 31, 2023 | January 1, 2023 |
|--|-----------------------|-------------------|-----------------|-----------------|-----------------------|-------------------|-------------------|-----------------|
| Currency losses on transactions            |                       |                   |                 |                 |                       |                   |                   |                 |
| Other <sup>(1)</sup>                       |                       |                   |                 |                 |                       |                   |                   |                 |
| <b>Total Other expense (income), net</b>   |                       |                   |                 |                 |                       |                   |                   |                 |
| Losses (gains) on investments              |                       |                   |                 |                 |                       |                   |                   |                 |
| Tax indemnification release <sup>(1)</sup> |                       |                   |                 |                 |                       |                   |                   |                 |
| Other <sup>(2)</sup>                       |                       |                   |                 |                 |                       |                   |                   |                 |
| <b>Total other expense, net</b>            |                       |                   |                 |                 |                       |                   |                   |                 |

<sup>(1)</sup> Includes the release of tax indemnification reserves that were no longer considered to be probable.

<sup>(2)</sup> Other consists primarily of gains and losses on investments, net periodic benefit costs other than service cost components of net periodic benefit costs, and miscellaneous non-operating (income) expenses.

#### 14. Income Taxes

For the purposes of the Consolidated Financial Statements, income taxes and related income tax accounts have been calculated using the separate return method as if the Company filed income tax returns on a standalone basis for the entirety of each of the periods presented, fiscal twelve months ended December 31, 2023 and January 1, 2023. Prior to the Kervue IPO, the Company's operations were calculated on a carve-out basis and included certain hypothetical foreign tax credit benefits. Following the Kervue IPO, these hypothetical foreign tax credit benefits are not available for future utilization by the Company and were removed from the tax provision. Furthermore, the Company operated as part of J&J until the completion of the Exchange Offer on August 23, 2023, and therefore the Company will be was included in J&J's U.S. Federal consolidated income tax return until that date. The Company will then file filed a standalone U.S. Federal consolidated income tax return for the remainder of fiscal year 2023. The Company expects to file income tax returns on and a standalone basis return in most other jurisdictions in which it operates for the remainder of fiscal year 2023. 2023 and will continue to file a standalone return for all fiscal years thereafter. Certain current income tax liabilities related to our the Company's activities included in J&J's income tax returns were assumed to be immediately settled with J&J through the Net Parent Investment from J&J or Additional Paid-In Capital paid-in capital accounts on the Consolidated Balance Sheets and reflected in the Consolidated Statements of Cash Flows as a financing activity. activity for the fiscal twelve months ended December 31, 2023 and January 1, 2023. Following the Exchange Offer, the Company's operating footprint, as well as tax return elections and assertions, are expected to be different, and therefore, our the Company's income taxes, as presented in the consolidated financial statements, Consolidated Financial Statements, may differ in future periods.

Effective in the third quarter of fiscal year 2023, the Company changed its accounting principle for GILTI from the deferred approach to the period cost approach. See Note 1, "Description of the Company and Summary of Significant Accounting Policies". The tables below reflect this change in accounting principle for all periods presented.

The provision Provision for taxes on income consists for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023 consisted of:

| (Dollars in Millions)       | Fiscal Twelve Months Ended |                 |                 | (Dollars in Millions) | December 29, 2024 | December 31, 2023 | January 1, 2023 |
|-----------------------------|----------------------------|-----------------|-----------------|-----------------------|-------------------|-------------------|-----------------|
|                             | December 31, 2023          | January 1, 2023 | January 2, 2022 |                       |                   |                   |                 |
| <b>Current:</b>             |                            |                 |                 |                       |                   |                   |                 |
| U.S. taxes                  |                            |                 |                 |                       |                   |                   |                 |
| U.S. taxes                  |                            |                 |                 |                       |                   |                   |                 |
| U.S. taxes                  |                            |                 |                 |                       |                   |                   |                 |
| <b>International taxes</b>  |                            |                 |                 |                       |                   |                   |                 |
| <b>Total current taxes</b>  |                            |                 |                 |                       |                   |                   |                 |
| <b>Deferred:</b>            |                            |                 |                 |                       |                   |                   |                 |
| U.S. taxes                  |                            |                 |                 |                       |                   |                   |                 |
| U.S. taxes                  |                            |                 |                 |                       |                   |                   |                 |
| U.S. taxes                  |                            |                 |                 |                       |                   |                   |                 |
| <b>International taxes</b>  |                            |                 |                 |                       |                   |                   |                 |
| <b>Total deferred taxes</b> |                            |                 |                 |                       |                   |                   |                 |
| <b>Provision for taxes</b>  |                            |                 |                 |                       |                   |                   |                 |
|                             |                            |                 |                 | 120                   | 115               |                   |                 |

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A comparison of **income tax expense** the **Provision for taxes** at the U.S. statutory rate of 21% in the fiscal twelve months ended **December 31, 2023** **December 29, 2024**, **January 1, 2023** **December 31, 2023**, and **January 2, 2022** **January 1, 2023**, to the Company's effective tax rate is as follows:

| (Dollars in Millions)                                | (Dollars in Millions)     | Fiscal Twelve Months Ended |                 |                 | (Dollars in Millions)     | December 29, 2024 | December 31, 2023 | January 1, 2023 |
|--|---------------------------|----------------------------|-----------------|-----------------|---------------------------|-------------------|-------------------|-----------------|
|  |                           | December 31, 2023          | January 1, 2023 | January 2, 2022 |                           |                   |                   |                 |
| U.S.   |                           |                            |                 |                 |                           |                   |                   |                 |
| International  |                           |                            |                 |                 |                           |                   |                   |                 |
| <b>Income before taxes</b>                           |                           |                            |                 |                 |                           |                   |                   |                 |
| Tax rates:   |                           |                            |                 |                 |                           |                   |                   |                 |
| U.S. statutory rate                                  |                           |                            |                 |                 |                           |                   |                   |                 |
| U.S. statutory rate                                  |                           |                            |                 |                 |                           |                   |                   |                 |
| U.S. statutory rate                                  |                           | 21.0 %                     | 21.0 %          | 21.0 %          |                           | 21.0 %            | 21.0 %            | 21.0 %          |
| U.S. taxes on international income <sup>(1)</sup>    |                           |                            |                 |                 |                           |                   |                   |                 |
| International operations <sup>(2)</sup>              |                           |                            |                 |                 |                           |                   |                   |                 |
| State  |                           |                            |                 |                 |                           |                   |                   |                 |
| Change in valuation allowance                        |                           |                            |                 |                 |                           |                   |                   |                 |
| Tax benefits on stock-based compensation             |                           |                            |                 |                 |                           |                   |                   |                 |
| Tax shortfall (windfall) on stock-based compensation |                           |                            |                 |                 |                           |                   |                   |                 |
| All other  |                           |                            |                 |                 |                           |                   |                   |                 |
| <b>Effective tax rate</b>                            | <b>Effective tax rate</b> | <b>24.0 %</b>              | <b>21.7 %</b>   | <b>28.9 %</b>   | <b>Effective tax rate</b> | <b>27.2 %</b>     | <b>24.0 %</b>     | <b>21.7 %</b>   |

<sup>(1)</sup> Includes the impact of the tax on GILTI and other foreign income that is taxable under the U.S. tax code as well as tax implications of repatriating foreign earnings.

<sup>(2)</sup> International operations reflect the impacts of operations in jurisdictions with statutory tax rates different than the U.S. For each of the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023, the Company had operations in Singapore under various tax incentives. The Company's largest international operations are in Canada, China, Japan, Singapore, and Switzerland. For all periods presented The amounts for the Company has subsidiaries operating fiscal twelve months ended December 29, 2024 and December 31, 2023 include a \$4 million net increase in Singapore under various uncertain tax incentives. The 2023 amount includes benefits and a \$46 million net reduction in uncertain tax benefits, benefits, respectively.

The worldwide effective income tax rates for the fiscal twelve months ended December 29, 2024 was 27.2% and is higher than the U.S. corporate tax rate primarily due to the following:

- U.S. taxes on foreign inclusions are driven by reduced foreign tax credit utilization, as well as unfavorable return-to-provision adjustments, which was primarily driven by non-deductible expenses. This increase from the statutory tax rate was partially offset by the impairment to the Dr.Ci:Labo® skin health business and the corresponding reversal of a deferred tax liability at the higher Japanese tax rate, the remeasurement of the state deferred tax liability as a result of a change in the Company's state tax rate, and regional cash planning resulting in a partial release of a valuation allowance.

The worldwide effective income tax rates for the fiscal twelve months ended December 31, 2023 was 24.0% and is higher than the U.S. corporate tax rate primarily due to the following:

- The issuance of debt in the first quarter of 2023 fiscal three months ended April 2, 2023 resulted in an increase in annual interest expense and reduced the Company's capacity to utilize foreign tax credits against U.S. foreign source income. This resulted in an increase in the valuation allowance for foreign tax credits related to earnings that are not indefinitely reinvested, as well as state and local income taxes. These items are partially offset by reductions in unrecognized tax benefits in certain foreign jurisdictions reflected in international operations within the rate reconciliation, as well as the recapture of an overall domestic loss allowing the Company to claim additional U.S. foreign tax credit benefits against the Company's U.S. tax on foreign earnings. The additional U.S. foreign tax credit benefit is reflected in U.S. taxes on international income within the rate reconciliation.

The worldwide effective income tax rates for the fiscal twelve months ended January 1, 2023 was 21.7% and is higher than the U.S. corporate tax rate primarily due to the following:

- The overall domestic loss from the fiscal twelve months ended January 2, 2022 is being recaptured in the United States in the fiscal twelve months ended January 1, 2023, thereby allowing the Company to claim additional U.S. foreign tax credits against the Company's U.S. tax on foreign earnings. The additional U.S. foreign tax credit benefit is reflected

in U.S. taxes on international income within the rate reconciliation. This benefit is offset by state taxes on current U.S. income and valuation allowances on state **NOL** net operating loss carryforwards.

The increase in the worldwide effective income tax rates rate for the fiscal twelve months ended **January 2, 2022** **December 29, 2024** as compared to the fiscal twelve months ended December 31, 2023 was **28.9%** and is higher than primarily the U.S. corporate result of fewer releases of uncertain tax rate primarily positions due to the following:

- expiration of certain statutes of limitations and reduced tax benefits derived from the Separation as compared to the fiscal twelve months ended December 31, 2023, unfavorable return-to-provision adjustments and shortfall on stock-based compensation recorded during the fiscal twelve months ended December 29, 2024, as well as changes to the jurisdictional mix of income. These increases were offset by the impairment to the Dr.Ci:Labo<sup>®</sup> Skin health business and the corresponding reversal of a deferred tax liability, the remeasurement of the state deferred tax liability as a result of **Talc** settlement payments, there is a taxable loss change in the U.S. preventing the Company from claiming Company's state tax rate, and a Section 250 deduction and utilizing U.S. foreign tax credits against the Company's U.S. tax on foreign earnings. The incremental U.S. tax on foreign earnings is reflected in U.S. taxes on international income within the rate reconciliation. partial release of a valuation allowance.

The increase in the worldwide effective income tax rate for the fiscal twelve months ended December 31, 2023 as compared to the fiscal twelve months ended January 1, 2023 was primarily the result of higher U.S. taxes on foreign income. With the

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issuance of debt in the **first quarter of 2023**, **fiscal three months ended April 2, 2023**, the resulting increase in annual interest expense reduced the Company's capacity to utilize foreign tax credits against U.S. foreign source income. As a result, the Company recorded a \$52 million valuation allowance against a deferred tax asset related to anticipated foreign tax credit benefits. Furthermore, the recapture of an overall domestic loss allowing the Company to claim additional U.S. foreign tax credit benefits against the Company's U.S. tax on foreign earnings only existed through the Kenvue IPO date during the fiscal twelve months ended December 31, 2023 in comparison to the entire fiscal twelve months ended January 1, 2023. The tax rate **is** further increased by international operations as result of earnings mix changes, tax leakage on repatriation of foreign earnings from lower tier subsidiaries, and **return to provision** **return-to-provision** adjustments offset by reductions in unrecognized tax benefits.

The decrease of the worldwide effective income tax rate for the fiscal twelve months ended January 1, 2023 as compared to the fiscal twelve months ended January 2, 2022 was primarily the result of U.S. incremental taxes on foreign earnings. As a result of **Talc** settlement payments, there is a taxable loss in the United States preventing the Company from claiming a Section 250 deduction and utilizing U.S. foreign tax credits against the Company's U.S. tax on foreign earnings. The incremental U.S. tax on foreign earnings is reflected in U.S. taxes on international income within the rate reconciliation.

Temporary differences and carryforwards as of **December 31, 2023** **December 29, 2024** and **January 1, 2023** **December 31, 2023** were as follows:

| (Dollars in Millions)                                  | (Dollars in Millions) | Fiscal Twelve Months Ended |      |                 |                   | (Dollars in Millions) | Asset | Liability | Asset | Liability | Asset | Liability |  |  |  |  |  |  |  |
|--|-----------------------|----------------------------|------|-----------------|-------------------|-----------------------|-------|-----------|-------|-----------|-------|-----------|--|--|--|--|--|--|--|
|  |                       | December 31,               |      | January 1, 2023 | December 29, 2024 |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
|  |                       | 2023                       | 2024 |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Employee related obligations                           |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Employee-related obligations                           |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Stock-based compensation                               |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Depreciation of property, plant and equipment          |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Depreciation of property, plant, and equipment         |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Goodwill and intangibles                               |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Reserves & liabilities                                 |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Net operating loss ("NOL") & tax credit carryforward   |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Reserves and liabilities                               |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Net operating loss ("NOL") and tax credit carryforward |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Undistributed foreign earnings                         |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Miscellaneous international                            |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |
| Miscellaneous international                            |                       |                            |      |                 |                   |                       |       |           |       |           |       |           |  |  |  |  |  |  |  |

|  |  |
|--|--|
| Miscellaneous international                  |  |
| R&D capitalized for tax                      |  |
| Research and development capitalized for tax |  |
| Miscellaneous U.S.                           |  |
| <b>Subtotal</b>                              |  |
| Valuation allowance                          |  |
| <b>Total deferred income taxes</b>           |  |

The Company has wholly owned international subsidiaries that have cumulative net losses. The Company believes that it is more likely than not that these subsidiaries will generate future taxable income sufficient to utilize these deferred tax assets. However, in certain jurisdictions, valuation allowances have been recorded against deferred tax assets for loss carryforwards that are not more likely than not to be realized.

The Company has recognized \$49 million \$64 million and \$110 million \$49 million of deferred tax assets related to U.S. state and foreign NOL carryforwards and \$37 million \$58 million and \$151 million \$37 million of deferred tax assets related to U.S. federal and state, and foreign tax credit carryforwards as of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively. Foreign NOLs expire over various years based on local laws; however, if unused, the majority of foreign NOL carryforwards will expire between 2024 2025 through 2033, 2034. Existing Federal tax credit carryforwards will expire in 2033, between 2034 and 2044. U.S. state NOLs generally expire between 2032 2034 and 2041 2044. Tax credit carryforwards of our the Company's Puerto Rico subsidiary do not expire. The Company assessed NOLs, tax credit

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carryforwards, and other deferred tax assets for realizability and, based upon all available evidence, recorded valuation allowances against deferred tax assets on a "more-likely" "more likely than not" standard. As of December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, valuation allowances of \$89 million, \$75 million, \$250 million, and \$186 million \$250 million have been recorded against certain NOLs and foreign tax credit carryforwards respectively. The Company recognized a net change in valuation allowance of \$14 million, \$(175) million, \$64 million, and \$42 million \$64 million in the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 respectively. On December 31, 2023 For the fiscal twelve months ended December 29, 2024, the net change was primarily related to an increase in foreign NOL carryforwards that the Company does not expect to utilize in future periods and a reduction in U.S. State and release of a valuation allowance on the Company's foreign tax credit carryforwards and related valuation allowances to reflect the Company's separation from J&J recorded through the net parent investment at the time of the Kenvue IPO.

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carryforwards.

The Company has recorded deferred tax liabilities on all undistributed earnings of its international subsidiaries through the fiscal twelve months ended December 31, 2017 and certain undistributed earnings arising after the fiscal twelve months ended December 31, 2017. For all other undistributed earnings from our the Company's subsidiaries organized outside the United States, the Company has not recorded deferred taxes where the earnings are indefinitely reinvested. The Company intends to continue to reinvest these earnings in those international operations. If the Company decides at a later date to repatriate these earnings to the United States, the Company would be required to provide for the net tax effects on these amounts. The Company estimates that the tax effect of this repatriation would be approximately \$87 million \$116 million under currently enacted tax laws and regulations and at current currency exchange rates.

The following table summarizes the activity related to unrecognized tax benefits: benefits for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023:

| (Dollars in Millions)                           | (Dollars in Millions) | Fiscal Twelve Months Ended |                    |                    |                       |                      |                      |                    |
|---|-----------------------|----------------------------|--------------------|--------------------|-----------------------|----------------------|----------------------|--------------------|
|   |                       | December 31,<br>2023       | January 1,<br>2023 | January 2,<br>2022 | (Dollars in Millions) | December 29,<br>2024 | December 31,<br>2023 | January 1,<br>2023 |
| <b>Beginning of year</b>                        |                       |                            |                    |                    |                       |                      |                      |                    |
| <b>Beginning of fiscal year</b>                 |                       |                            |                    |                    |                       |                      |                      |                    |
| Increases related to current year tax positions |                       |                            |                    |                    |                       |                      |                      |                    |
| Increases related to prior period tax positions |                       |                            |                    |                    |                       |                      |                      |                    |
| Decreases related to prior period tax positions |                       |                            |                    |                    |                       |                      |                      |                    |
| Settlements                                     |                       |                            |                    |                    |                       |                      |                      |                    |
| Lapse of statute of limitations                 |                       |                            |                    |                    |                       |                      |                      |                    |

|   |
|---|
| Net decreases related to the Separation |
| End of year                             |
| End of fiscal year                      |

The As of December 29, 2024, the Company had unrecognized tax benefits of \$185 million at December 31, 2023, if \$176 million. If recognized, \$169 million \$161 million would affect the Company's annual effective tax rate. Pursuant to the Tax Matters Agreement between J&J and the Company, certain liabilities for unrecognized tax benefits have been reduced during the fiscal twelve months ended December 31, 2023 to reflect the fact that the liabilities are retained by J&J, including with respect to the US, U.S. federal income tax, or have been reclassified as indemnification payables to J&J where the liabilities relate to the Company for periods prior to the Kenvue IPO. The Company conducts business and files tax returns in numerous countries. The Company and J&J currently have tax audits in progress in several jurisdictions, which remain open from 2008 and forward. With respect to the United States, per the Tax Matters Agreement between J&J and the Company, J&J remains liable for all liabilities related to the final settlement of any U.S. federal income tax audits in which the Company is part of J&J's federal consolidated tax return. The Company has therefore reduced its unrecognized tax benefits for U.S. federal uncertain tax positions as reflected in the table above under Net decreases related to the Separation during the fiscal twelve months ended December 31, 2023. In other major jurisdictions where the Company conducts business, the years that are under tax audit or remain open to tax audits range from 2015 2014 and forward. The Company believes it is possible that certain tax audits in major jurisdictions where the Company conducts business outside of the United States may be completed over the next 12 months by their respective taxing authorities. However, the Company is not able to provide a reasonably reliable estimate of the timing of any future tax payments or the amount of possible changes to the total unrecognized tax benefits associated with any audit closures or other events.

The Company classifies liabilities for unrecognized tax benefits and related interest and penalties as long-term liabilities on the Consolidated Balance Sheets. Interest expense and penalties related to unrecognized tax benefits are classified as income tax expense on Provision for taxes in the Company's Consolidated Statements of Operations. The Company recognized after tax after-tax interest expense (benefit) of \$5 million, \$(8) million, \$13 million and \$16 million \$13 million in the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 December 31, 2023, respectively. The total amount of accrued interest was \$19 million \$23 million and \$147 million \$19 million as of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, respectively.

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On August 16, 2022, the United States enacted the Inflation Reduction Act of 2022 ("IRA"), which, among other things, introduced a 15% minimum tax based on adjusted financial statement income of certain large corporations with a three-year average adjusted financial statement income in excess of \$1 billion, an excise tax on corporate stock buybacks, and several tax incentives to promote clean energy. Based on the Company's current analysis, for as well as recently published guidance by the fiscal twelve months ended December 31, 2023, U.S. Treasury and by the Internal Revenue Service, the IRA is not expected to have a material significant impact on the Company's Consolidated Financial Statements. The Company will continue to evaluate the impact of this law as additional guidance and clarification becomes available.

On December 15, 2022, The Company has included the EU Member States formally adopted impact of enacted legislation related to the European Union's Pillar Two Directive, which generally provides for a minimum effective tax rate of 15%, as established by the Organisation Organization for Economic Co-operation and Development Development's ("OECD") Pillar Two Inclusive Framework that was supported by over 130 countries worldwide. The EU effective dates

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are January 1, 2024 and January 1, 2025 in its provision for different aspects taxes beginning in the current fiscal year. While the impact of the directive. On July 17, 2023, the OECD published Administrative Guidance proposing certain safe harbor rules that effectively extend certain effective dates to January 1, 2027. The OECD continues to release additional guidance, including guidance on safe harbors currently enacted laws for which we may qualify, and many countries have already implemented legislation consistent with the OECD Pillar Two Framework. Due to these new rules, our income tax expense could be unfavorably impacted as the is not significant, it is possible that further OECD implementation guidance, or legislation becomes effective in countries in which we conduct business. However, based the Company operates, could have a material effect on the Company's current analysis provision for currently enacted laws, we do not expect a material impact to taxes in the Consolidated Financial Statements. We are continuing to evaluate the Model Global Anti-Base Erosion ("GloBE") Rules for Pillar Two and related legislation, and their potential impact on future periods. future.

## 15. Net Income Per Share

The Company had 1,924,976,532 shares of common stock issued and 1,913,768,088 shares of common stock outstanding as of December 29, 2024. Prior to the completion of the Kenvue IPO, the Company had 1,716,160,000 shares of common stock outstanding, of which 1,716,159,990 shares were issued to J&J through a subscription agreement in May 2023. On May 8, 2023, the Kenvue IPO was completed through the sale of 198,734,444 shares of common stock, including the underwriters' full exercise of their option to purchase 25,921,884 shares to cover over-allotments. As of December 31, 2023, For all periods prior to the Company had 1,915,407,047 and 1,915,057,047 shares of common stock issued and outstanding, respectively. For the purposes of the Company's net income per share calculations, Kenvue IPO, the shares issued through the subscription agreement are being treated akin to shares attributable to a stock split and, as a result, are being retrospectively presented for all of the periods.

Diluted net income per share is computed by giving effect to all potentially dilutive equity instruments or equity equity-based awards that are outstanding during the period. The Company had 52,113,910 and 44,745,842 shares during the fiscal twelve months ended December 29, 2024 and December 31, 2023, respectively, that were determined to be anti-dilutive under the treasury stock method and therefore were excluded from the diluted net income per share calculation. For both the fiscal twelve months ended December 29, 2024

and December 31, 2023, the majority of anti-dilutive shares related to stock options. There were no equity equity-based awards of the Company outstanding prior to the Kenvue IPO and no dilutive equity instruments of the Company outstanding prior to the Exchange Offer. During the fiscal twelve months ended December 31, 2023, 44,745,842 shares were determined to be anti-dilutive under the treasury stock method and therefore were excluded from the diluted net income per share calculation.

Net income per share for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023 was calculated as follows:

| (Dollars in Millions, Shares in Thousands, Except Per Share Data) | Fiscal Twelve Months Ended |                   | Fiscal Twelve Months Ended |                 |
|---|----------------------------|-------------------|----------------------------|-----------------|
|   | Fiscal Twelve Months Ended |                   | Fiscal Twelve Months Ended |                 |
|   | December 29, 2024          | December 31, 2023 | December 31, 2023          | January 1, 2023 |
| (In Millions, Except Per Share Data)                              |                            |                   |                            |                 |
| Net income  |                            |                   |                            |                 |
| Basic weighted average number of shares outstanding               |                            |                   |                            |                 |
| Basic weighted average number of shares outstanding               |                            |                   |                            |                 |
| Basic weighted average number of shares outstanding               |                            |                   |                            |                 |
| Basic weighted-average number of shares outstanding               |                            |                   |                            |                 |
| Basic weighted-average number of shares outstanding               |                            |                   |                            |                 |
| Basic weighted-average number of shares outstanding               |                            |                   |                            |                 |
| Diluted effects of stock-based awards                             |                            |                   |                            |                 |
| Diluted weighted average number of shares outstanding             |                            |                   |                            |                 |
| Diluted weighted-average number of shares outstanding             |                            |                   |                            |                 |
| Net income per share:   |                            |                   |                            |                 |
| Net income per share:   |                            |                   |                            |                 |
| Net income per share:   |                            |                   |                            |                 |
| Basic   |                            |                   |                            |                 |
| Basic   |                            |                   |                            |                 |
| Basic   |                            |                   |                            |                 |
| Diluted   |                            |                   |                            |                 |

#### Share Repurchase Program

During the third quarter of fiscal year 2023, three months ended October 1, 2023, the Company's Board authorized a share repurchase program, under which the Company is authorized to repurchase up to 27 million 27,000,000 shares of its outstanding common stock in open market or privately negotiated transactions. The program has no expiration date and may be suspended or discontinued at any time. The intent of this repurchase program is to offset dilution from the vesting or exercise of equity equity-based awards under Kenvue's equity incentive plan. Through December 31, 2023, approximately 350,000 the Kenvue 2023 Plan. The Company repurchased 10,858,444 shares have been repurchased of outstanding common stock for \$235 million under the program for \$7 million or an average of \$20.47, during the fiscal twelve months ended December 29, 2024.

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#### 16. Fair Value Measurements

Fair value measurements are estimated based on valuations techniques and inputs categorized as follows:

- Level 1 – 1—Quoted prices in active markets for identical assets or liabilities
- Level 2 – 2—Significant other observable inputs
- Level 3 – 3—Significant unobservable inputs

If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The following fair value hierarchy table presents the components and classification of the Company's financial assets and liabilities measured at fair value on a recurring basis: basis as of December 29, 2024 and December 31, 2023:

| (Dollars in Millions)   | December 31, 2023 |             |                |             | January 1, 2023 |             |                |             |
|---|-------------------|-------------|----------------|-------------|-----------------|-------------|----------------|-------------|
|   | Carrying Value    | Level 1     | Level 2        | Level 3     | Carrying Value  | Level 1     | Level 2        | Level 3     |
| <b>Assets:</b>  |                   |             |                |             |                 |             |                |             |
| Forward foreign exchange contracts                              | \$ 63             | \$ —        | \$ 63          | \$ —        | \$ 39           | \$ —        | \$ 39          | \$ —        |
| Interest rate swaps   | —                 | —           | —              | —           | 29              | —           | 29             | —           |
| <b>Total</b>  | <b>\$ 63</b>      | <b>\$ —</b> | <b>\$ 63</b>   | <b>\$ —</b> | <b>\$ 68</b>    | <b>\$ —</b> | <b>\$ 68</b>   | <b>\$ —</b> |
| <b>Liabilities:</b>   |                   |             |                |             |                 |             |                |             |
| Forward foreign exchange contracts                              | \$ (50)           | \$ —        | \$ (50)        | \$ —        | \$ (15)         | \$ —        | \$ (15)        | \$ —        |
| Cross currency swaps  | (25)              | —           | (25)           | —           | —               | —           | —              | —           |
| Interest rate swaps   | —                 | —           | —              | —           | (39)            | —           | (39)           | —           |
| <b>Total</b>  | <b>\$ (75)</b>    | <b>\$ —</b> | <b>\$ (75)</b> | <b>\$ —</b> | <b>\$ (54)</b>  | <b>\$ —</b> | <b>\$ (54)</b> | <b>\$ —</b> |
| Net amount presented in Prepaid expenses and other receivables: | \$ 18             | \$ —        | \$ 18          | \$ —        | \$ 14           | \$ —        | \$ 14          | \$ —        |
| Net amount presented in Accounts payable                        | \$ (30)           | \$ —        | \$ (30)        | \$ —        | \$ —            | \$ —        | \$ —           | \$ —        |

| (Dollars in Millions)   | December 29, 2024 |             |                |             | December 31, 2023 |             |                |             |
|---|-------------------|-------------|----------------|-------------|-------------------|-------------|----------------|-------------|
|   | Carrying Value    | Level 1     | Level 2        | Level 3     | Carrying Value    | Level 1     | Level 2        | Level 3     |
| <b>Assets:</b>  |                   |             |                |             |                   |             |                |             |
| Forward foreign exchange contracts                              | \$ 81             | \$ —        | \$ 81          | \$ —        | \$ 63             | \$ —        | \$ 63          | \$ —        |
| Cross currency swap contracts                                   | 71                | —           | 71             | —           | —                 | —           | —              | —           |
| <b>Total assets</b>   | <b>\$ 152</b>     | <b>\$ —</b> | <b>\$ 152</b>  | <b>\$ —</b> | <b>\$ 63</b>      | <b>\$ —</b> | <b>\$ 63</b>   | <b>\$ —</b> |
| <b>Liabilities:</b>   |                   |             |                |             |                   |             |                |             |
| Forward foreign exchange contracts                              | \$ (76)           | \$ —        | \$ (76)        | \$ —        | \$ (50)           | \$ —        | \$ (50)        | \$ —        |
| Cross currency swap contracts                                   | (1)               | —           | (1)            | —           | (25)              | —           | (25)           | —           |
| <b>Total liabilities</b>  | <b>\$ (77)</b>    | <b>\$ —</b> | <b>\$ (77)</b> | <b>\$ —</b> | <b>\$ (75)</b>    | <b>\$ —</b> | <b>\$ (75)</b> | <b>\$ —</b> |
| Net amount presented in Prepaid expenses and other receivables: | \$ 52             | \$ —        | \$ 52          | \$ —        | \$ 18             | \$ —        | \$ 18          | \$ —        |
| Net amount presented in Accounts payable:                       | \$ (13)           | \$ —        | \$ (13)        | \$ —        | \$ (30)           | \$ —        | \$ (30)        | \$ —        |
| Net amount presented in Other assets:                           | \$ 36             | \$ —        | \$ 36          | \$ —        | \$ —              | \$ —        | \$ —           | \$ —        |

As of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, cash equivalents were \$329 million \$118 million and \$80 million \$329 million, respectively, which were primarily comprised of time deposits and money market funds.

The carrying amount of Cash and cash equivalents, Trade receivables, Prepaid expenses and other receivables, and Loans and notes payable approximated fair value as of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023. The fair value of forward foreign exchange contracts is the aggregation by currency of all future cash flows discounted to its present value at the prevailing market interest rates and subsequently converted to the U.S. dollar at the current spot foreign exchange rate. The interest rate swaps and cross currency swaps swap contracts are recorded at fair value that is derived from observable market data, including foreign exchange rates and yield curves. All derivative instruments are classified as Level 2 securities.

The fair value of the Company's derivative assets is included in Prepaid expenses and other receivables and Other assets on the Company's Consolidated Balance Sheets. The fair value of the Company's derivative liabilities is included in Accounts payable on the Company's Consolidated Balance Sheets.

There were no transfers between Level 1, Level 2, or Level 3 during the fiscal twelve months ended December 31, 2023 December 29, 2024 and the fiscal twelve months ended January 1, 2023 December 31, 2023.

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The following table sets forth the notional amounts of the Company's outstanding derivative instruments instruments as of December 29, 2024 and December 31, 2023:

|  |                             | December 31,<br>2023                        |                            | December 31,<br>2023 |   | December 31,<br>2023      |                                      | January<br>1, 2023                          |  |                             |   |  |                             |
|--|-----------------------------|---|----------------------------|----------------------|---|---------------------------|--------------------------------------|---|--|-----------------------------|---|--|-----------------------------|
|  |                             | December<br>29, 2024                        |                            | December<br>31, 2023 |   |                           |                                      |   |  |                             |   |  |                             |
| (Dollars in<br>Millions)                                 | (Dollars<br>in<br>Millions) | Forward<br>foreign<br>exchange<br>contracts | Cross<br>currency<br>swaps | Total                | Forward<br>foreign<br>exchange<br>contracts | Interest<br>rate<br>swaps | (Dollars<br>in<br>Total<br>Millions) | Forward<br>foreign<br>exchange<br>contracts | Cross<br>currency<br>swap<br>contracts | Total<br>notional<br>amount | Forward<br>foreign<br>exchange<br>contracts | Cross<br>currency<br>swap<br>contracts | Total<br>notional<br>amount |
| Cash flow hedges   |                             |   |                            |                      |   |                           |                                      |   |  |                             |   |  |                             |
| Undesignated<br>forward foreign<br>exchange<br>contracts |                             |   |                            |                      |   |                           |                                      |   |  |                             |   |  |                             |
| Fair value hedges  |                             |   |                            |                      |   |                           |                                      |   |  |                             |   |  |                             |
| Net investment<br>hedges                                 |                             |   |                            |                      |   |                           |                                      |   |  |                             |   |  |                             |
| Undesignated<br>hedging<br>instruments                   |                             |   |                            |                      |   |                           |                                      |   |  |                             |   |  |                             |

#### Cash Flow Hedges

For the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, the Company recorded a total after-tax change in Accumulated other comprehensive loss of \$(23) million, \$38 million, \$10 million, and \$— million \$10 million, respectively, related to its cash flow hedge portfolio.

#### Forward Foreign Exchange Contracts

In certain jurisdictions, the Company uses forward foreign exchange contracts to manage its exposures to the variability of foreign exchange rates. Changes in the fair value of derivatives are recorded each period in earnings or Other comprehensive (loss) income, (loss), depending on whether the derivative is designated as part of a hedge transaction, and if so, the type of hedge transaction.

Since 2022, the Company has entered into forward foreign exchange contracts to hedge a portion of forecasted cash flows denominated in foreign currency. The terms of these contracts are generally no longer than 12 months to 18 months. These contracts are designated as cash flow hedging relationships at the date of contract inception, in accordance with the appropriate accounting guidance. At inception, all designated hedging relationships are expected to be highly effective. These contracts are accounted for using the forward method, and all gains/losses associated with these contracts are recorded in Other comprehensive income (loss), income. The Company reclassifies the gains and losses related to these contracts at the time the inventory is sold to the customer into Net sales or Cost of sales and Other expense, (income), net in the Company's Consolidated Statements of Operations, as applicable.

The Company expects that substantially all of the amounts related to forward foreign exchange contracts will be reclassified into earnings over the next 12 months as a result of transactions that are expected to occur over that period. The maximum length of time over which the Company is hedging transactional exposure is 18 months. The amount ultimately realized in earnings may differ as foreign exchange rates change. Realized gains and losses are ultimately determined by actual exchange rates at maturity of the derivative.

The following table is a summary of the gains and losses recognized on forward foreign exchange contracts designated as cash flow hedges within Other comprehensive (loss) income (loss) and amount the gains and losses reclassified into earnings; earnings for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023:

| (Dollars in Millions)                                       | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended | Fiscal Twelve Months Ended |
|---|----------------------------|----------------------------|----------------------------|
| (Dollars in Millions)                                       |                            |                            |                            |
| (Dollars in Millions)                                       |                            |                            |                            |
| Gain (loss) recognized in Other comprehensive income (loss) |                            |                            |                            |
| Gain (loss) recognized in Other comprehensive income (loss) |                            |                            |                            |

|   |
|---|
| Gain (loss) recognized in Other comprehensive income (loss)                   |
| Gain (loss) reclassified from Other comprehensive income (loss) to earnings   |
| Gain (loss) reclassified from Other comprehensive income (loss) to earnings   |
| Gain (loss) reclassified from Other comprehensive income (loss) to earnings   |
| Gain recognized in Other comprehensive (loss) income                          |
| Gain recognized in Other comprehensive (loss) income                          |
| Gain recognized in Other comprehensive (loss) income                          |
| Gain (loss) reclassified from Other comprehensive (loss) income into earnings |
| Gain (loss) reclassified from Other comprehensive (loss) income into earnings |
| Gain (loss) reclassified from Other comprehensive (loss) income into earnings |

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The following tables **are present** a summary of the **reclassifications to Net Income** gains and losses reclassified from Other comprehensive (loss) income into earnings related to the Company's forward foreign exchange contracts for the fiscal twelve months ended **December 31, 2023** December 29, 2024, **January 1, 2023** December 31, 2023, and **January 2, 2022** January 1, 2023:

| (Dollars in Millions)   | Fiscal Twelve Months Ended |               |                             |
|---|----------------------------|---------------|-----------------------------|
|   | December 31, 2023          |               |                             |
|   | Net Sales                  | Cost of Sales | Other expense (income), net |
| Gain (loss) on cash flow hedges                                     | \$ 1                       | \$ 30         | \$ (3)                      |
| Gain on forward foreign exchange contracts not designated as hedges | \$ —                       | \$ —          | \$ 10                       |

| (Dollars in Millions)   | Fiscal Twelve Months Ended |               |                    |
|---|----------------------------|---------------|--------------------|
|   | December 29, 2024          |               |                    |
|   | Net sales                  | Cost of sales | Other expense, net |
| (Loss) gain reclassified from Other comprehensive (loss) income into earnings | \$ (1)                     | \$ 15         | \$ (1)             |

| (Dollars in Millions)   | Fiscal Twelve Months Ended |               |                             |
|---|----------------------------|---------------|-----------------------------|
|   | January 1, 2023            |               |                             |
|   | Net Sales                  | Cost of Sales | Other expense (income), net |
| Gain on cash flow hedges  | \$ 21                      | \$ 12         | \$ 30                       |
| Gain on forward foreign exchange contracts not designated as hedges | \$ —                       | \$ —          | \$ 33                       |

| (Dollars in Millions)   | Fiscal Twelve Months Ended |               |                    |
|---|----------------------------|---------------|--------------------|
|   | December 31, 2023          |               |                    |
|   | Net sales                  | Cost of sales | Other expense, net |
| Gain (loss) reclassified from Other comprehensive (loss) income into earnings | \$ 1                       | \$ 30         | \$ (3)             |

| (Dollars in Millions)   | Fiscal Twelve Months Ended |               |                             |
|---|----------------------------|---------------|-----------------------------|
|   | January 2, 2022            |               |                             |
|   | Net Sales                  | Cost of Sales | Other expense (income), net |
| Gain (loss) on cash flow hedges                                     | \$ 11                      | \$ (23)       | \$ (21)                     |
| Loss on forward foreign exchange contracts not designated as hedges | \$ —                       | \$ —          | \$ (15)                     |

Since 2022, the Company has entered into forward foreign exchange contracts to offset the foreign currency exposure related to the settlement of payables and receivables of the Company. These contracts are not designated as cash flow hedging relationships, and the net allocated gains and losses related to these contracts were recognized within Other expense (income), net in the Company's Consolidated Statements of Operations. As of December 31, 2023 and January 1, 2023, respectively, the Company held forward foreign exchange contracts that were not designated in cash flow hedging relationships of \$4 million and \$— million, respectively.

| (Dollars in Millions)  | Fiscal Twelve Months Ended |               |                    |
|--|----------------------------|---------------|--------------------|
|  | January 1, 2023            |               |                    |
|  | Net sales                  | Cost of sales | Other expense, net |
| Gain reclassified from Other comprehensive (loss) income into earnings | \$ 21                      | \$ 12         | \$ 30              |

#### Forward Starting Interest Rate Swaps

Beginning in the fourth quarter of fiscal year 2022, three months ended January 1, 2023, the Company entered into forward starting interest rate swaps in contemplation of securing long-term financing for the Separation or for other long-term financing purposes in the event the Separation did not occur. The Company designated these derivatives as cash flow hedges to reduce future interest rate exposure related to changes in the benchmark interest rate on forecasted 5-year, 10-year, and 30-year bonds that the Company issued in 2023. During the fiscal twelve months ended December 31, 2023, the Company recorded a gain of \$48 million in Accumulated other comprehensive loss, of which \$38 million was related to the settlement of its forward starting interest rate swaps upon the issuance of the forecasted debt. The \$38 million gain in Accumulated other comprehensive loss will be amortized and recorded in Other interest expense, (income), net in the Company's Consolidated Statements of Operations over the life of the 5-year, 10-year, and 30-year bonds. For the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, the Company amounts reclassified \$4 million, \$— million, and \$— million, respectively, from Other comprehensive (loss) income (loss) to the Consolidated Statements of Operations. Operations were not significant.

#### Fair Value Hedges

##### Forward Foreign Exchange Contracts

Beginning in the fiscal three months ended March 31, 2024, the Company entered into forward foreign exchange contracts to hedge against the risk of changes in the fair value of foreign-denominated intercompany debt attributable to foreign exchange rate fluctuations. These contracts are designated as fair value hedging relationships at the date of contract inception in accordance with the appropriate accounting guidance. At inception, all designated fair value hedging relationships are expected to be highly effective. The contracts are accounted for using the spot method with changes in the fair value of the contract attributable to the changes in spot rates recorded within Other expense, net in the Consolidated Statements of Operations. The Company has elected to exclude the changes in the fair value attributable to the difference between the spot price and the forward price, as well as any cross currency basis spread, from the assessment of hedge effectiveness (the "Excluded Components"). The Excluded Components are excluded from the assessment of the hedge effectiveness. The value of the Excluded Components was not significant to the Consolidated Financial Statements in the current period. The changes in fair value attributable to the Excluded Components are recorded in Accumulated other comprehensive loss and are recognized in Other expense, net in the Consolidated Statements of Operations on a systematic and rational basis over the life of the hedging instrument.

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#### Net Investment Hedges

##### The Forward Foreign Exchange Contracts

Beginning in the fiscal three months ended July 2, 2023, the Company designated certain entered into forward foreign exchange contracts and cross currency swap contracts as net investment hedges to mitigate foreign exchange exposure related to non-U.S. dollar net investments in certain foreign subsidiaries against changes in foreign exchange rates. During the second quarter of fiscal year 2023, the The Company designated these forward foreign exchange contracts as a net investment hedge forward foreign exchange contracts to sell foreign currency (denominated in the local currency of the affiliate) at specified forward rates. These contracts were accounted for using the spot method with changes in the fair value of the contracts

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attributable to changes in spot rates recorded within CTA as a component of Other comprehensive income (loss), income. The Company has elected to exclude the changes in the fair value attributable to time value and spot-forward rate differences (the "excluded components") Excluded Net Investment Hedge Components on Forward Foreign Exchange Contracts) from the assessment of the hedge effectiveness. The changes in fair value attributable to the excluded components Excluded Net Investment Hedge Components on Forward Foreign Exchange Contracts were initially recorded within CTA as a component of Other comprehensive (loss) income (loss) and were recognized into Other expense, (income), net in the Company's Consolidated Statements of Operations ratably over the life of the contract. The forward currency foreign exchange contracts designated as net investment hedges were settled in the third quarter of fiscal year 2023.

During the fourth quarter of fiscal year 2023, the Company designated as a net investment hedge were settled during the fiscal three months ended October 1, 2023.

#### Cross Currency Swap Contracts

Beginning in the fiscal three months ended December 31, 2023, the Company entered into cross currency swap contracts to hedge exposure in foreign subsidiaries with local functional currencies. These contracts were designated as net investment hedges at the date of contract inception in accordance with the appropriate accounting guidance. These contracts are accounted for using the spot method with changes in the fair value of the contracts attributable to changes in spot rates recorded within CTA as a component of Other comprehensive (loss) income (loss) and will remain there until the hedged net investments are sold or substantially liquidated. The excluded components were excluded Company has elected to exclude the changes in the fair value attributable to time value and spot-forward rate differences (the "Excluded Net Investment Hedge Components on Cross Currency Swap Contracts") from the assessment of the hedge effectiveness and had an initial effectiveness. The value of \$7 million as of December 31, 2023, the Excluded Net Investment Hedge Components on Cross Currency Swap Contracts was not significant to the Consolidated Financial Statements in the current period. The changes in fair value attributable to the excluded components were Excluded Net Investment Hedge Components on Cross Currency Swap Contracts are recognized into interest interest expense, net in the Consolidated Statements of Operations on a systematic and rational basis through the swap accrual over the life of the hedging instrument.

The following table is a summary of the gains and losses on recognized within Other comprehensive (loss) income related to the cross currency swap contracts designated as net investment hedges within Other comprehensive income (loss) for the fiscal twelve months ended December 29, 2024, December 31, 2023, and amount reclassified into earnings: January 1, 2023:

| (Dollars in Millions)   | Fiscal Twelve Months Ended |                   |                 |
|---|----------------------------|-------------------|-----------------|
|   | December 31, 2023          | January 1, 2023   | January 2, 2022 |
| Loss recognized in CTA within Other comprehensive income (loss) | \$ (25)                    | \$ —              | \$ —            |
| Fiscal Twelve Months Ended                                      |                            |                   |                 |
| (Dollars in Millions)   | December 29, 2024          | December 31, 2023 | January 1, 2023 |
|   | \$ 99                      | \$ (25)           | \$ —            |

The Other than amounts excluded from effectiveness testing, the Company did not reclassify any gains or losses from CTA within Other comprehensive (loss) income to earnings during the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 related to the cross currency swap contracts.

#### Undesignated Hedging Instruments

##### Undesignated Forward Foreign Exchange Contracts

Since 2022, the Company has entered into forward foreign exchange contracts to offset the foreign currency exposure related to the monetary assets and liabilities in non-functional currencies. These contracts are not designated as cash flow hedging relationships, and the net allocated gains and losses related to these contracts are recognized within Other expense, net in the Consolidated Statements of Operations. As of December 29, 2024 and December 31, 2023, respectively, the Company held forward foreign exchange contracts that were not designated in cash flow hedging relationships with a fair value of \$0 million and \$4 million, respectively.

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The following table is a summary of the gains and losses recognized within Other expense, net related to the undesignated forward foreign exchange contracts for the fiscal twelve months ended December 29, 2024, December 31, 2023, and January 1, 2023:

| (Dollars in Millions)                        | Fiscal Twelve Months Ended |                   |                 |
|--|----------------------------|-------------------|-----------------|
|  | December 29, 2024          | December 31, 2023 | January 1, 2023 |
| (Loss) gain recognized in Other expense, net | \$ (7)                     | \$ 10             | \$ 33           |

#### Effectiveness

On an ongoing basis, the Company assesses whether each derivative continues to be highly effective in offsetting changes of hedged items. When a derivative is no longer expected to be highly effective, hedge accounting is discontinued.

#### Statement of Cash Flows

Cash flows from derivatives designated in hedging relationships are reflected in the Consolidated Statements of Cash Flows consistent with the presentation of the hedged item. Cash flows from derivatives that were not accounted for as designated hedging relationships reflect the classification of the cash flows associated with the activities being

economically hedged.

#### **Credit Risk**

The Company is exposed to the risk of credit loss in the event of nonperformance by counterparties to financial instrument contracts; however, nonperformance is considered unlikely and any nonperformance is unlikely to be material as it is the Company's policy to contract with diverse, creditworthy counterparties based upon both strong credit ratings and other credit considerations. The Company has negotiated International Swaps and Derivatives Association, Inc. master agreements with its counterparties, which contain master netting provisions providing the legal right and ability to offset exposures across trades with each counterparty. Given the rights provided by these contracts, the Company presents derivative balances based on its "net" counterparty exposure. These agreements do not require the posting of collateral.

#### **Investments in Equity Securities**

The Company measures equity investments without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. During the fiscal twelve months ended December 29, 2024, the Company recorded \$72 million of impairment charges within Other expense, net in the Consolidated Statement of Operations to fully write off the equity investment balance. As of December 31, 2023 December 29, 2024 and January 1, 2023 December 31, 2023, such investments totaled \$71 million \$0 million and \$66 million \$71 million, respectively, and were included in Other assets on the Consolidated Balance Sheets.

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#### **17. Commitments and Contingencies**

The Company and/or certain of its subsidiaries are involved from time to time in various lawsuits and claims relating to intellectual property, commercial contracts, product liability, labeling, marketing, advertising, pricing, intellectual property, commercial contracts, foreign exchange controls, antitrust and trade regulation, labor and employment, indemnification, data privacy and security, cybersecurity, environmental, health and safety, tax matters, governmental investigations, and other legal proceedings that arise in the ordinary course of their business.

The Company records accruals for loss contingencies associated with these legal matters when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. As of December 31, 2023 December 29, 2024, the Company has determined that the liabilities associated with certain litigation matters are probable and can be reasonably estimated. The Company has accordingly accrued for those contingent liabilities that are material and will continue to monitor each related legal issue and adjust accruals as might be warranted based on new information and further developments in accordance with Accounting Standards Codification 450-20-25. developments. Accrued liabilities related to litigation matters are included in Accrued liabilities and Other liabilities on the Consolidated Balance Sheets. For these and other litigation and regulatory matters discussed below for which a loss is probable or reasonably possible, the Company is unable to estimate the possible loss or range of loss beyond the amounts accrued. Amounts accrued for legal contingencies often result from a complex series of judgments about future events and uncertainties that rely heavily on estimates and assumptions including timing of related payments. The ability to make such estimates and judgments can be affected by various factors including whether, among other things, damages sought in the proceedings are unsubstantiated or indeterminate; scientific and legal

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discovery has commenced or is complete; proceedings are in early stages; matters present legal uncertainties; significant facts are in dispute; procedural or jurisdictional issues exist; the number of potential claims is certain or predictable; comprehensive multi-party settlements are achievable; there are complex related cross-claims and counterclaims; and/or there are numerous parties involved.

In the Company's opinion, based on its examination of these matters, its experience to date and discussions with counsel, the ultimate outcome of legal proceedings, net of liabilities accrued on the Company's Consolidated Balance Sheets, is not expected to have a material adverse effect on the Company's financial position. However, the resolution of, or increase in accruals for, one or more of these matters in any reporting period may have a material adverse effect on the Company's results of operations and cash flows for that period.

#### **Product Liability**

The Company and/or certain of its subsidiaries are involved in numerous product liability claims and lawsuits involving multiple products. Claimants in these cases seek substantial compensatory and, where available, punitive damages. While the Company believes it has substantial defenses, it is not feasible to predict the ultimate outcome of litigation. From time to time, even if it has substantial defenses, the Company considers isolated settlements based on a variety of circumstances. The Company may accrue an estimate of the legal defense costs needed to defend each matter when those costs are probable and can be reasonably estimated. For certain of these matters, the Company may accrue additional amounts such as estimated costs associated with settlements, damages, and other losses. Product liability accruals can represent projected product liability for thousands of claims around the world, each in different litigation environments and with different fact patterns. Changes to the accruals may be required in the future as additional information becomes available.

Claims for personal injury have been made against our the Company's subsidiary Johnson & Johnson Consumer Inc., now known as Kenvue Brands LLC ("JJC1"), along with other third-party sellers of acetaminophen-containing products, in federal court alleging that in utero exposure to acetaminophen (the active ingredient in Tylenol®, an over-the-counter ("OTC") pain medication) is associated with the development of autism spectrum disorder and/or attention-deficit/hyperactivity disorder in children. In October 2022, lawsuits filed in federal courts in the United States were organized as a multi-district litigation in the U.S. District Court for the Southern District of New York. In February 2024, the Court entered final judgment in favor of JJC1 and the other sellers of acetaminophen-containing products and dismissed the majority of cases then pending in the multi-district litigation. No trial dates have been set. A Notice of Appeal was filed for those cases in March 2024. In August 2024, all remaining cases then pending in the remaining actions. multi-district litigation were dismissed. As of December 2024, all cases were on appeal. Product liability lawsuits continue to be filed, and the Company continues to receive information with respect to potential costs and the anticipated number of cases. In addition, lawsuits have been filed in state court against JJC1, the Company, and J&J, and lawsuits trial dates are being set. Lawsuits have also been filed in Canada against our the Company's subsidiary Johnson & Johnson Inc. (Canadian affiliate) ("JJI") and J&J. At this stage in these proceedings, the Company is unable to reasonably estimate either the likelihood or the magnitude of its potential liability arising out of these claims and lawsuits.

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#### **General Litigation**

In 2006, J&J acquired Pfizer's over-the-counter ("OTC") OTC business including the U.S. rights to OTC Zantac, which were on-sold to Boehringer Ingelheim ("BI") as a condition to merger control approval such that BI assumed product liability risk for U.S. sales from and after December 2006. J&J received indemnification from BI and gave Pfizer indemnification in connection with the transfer of the Zantac business to BI from Pfizer, through J&J. In November 2019, J&J received a demand for indemnification from Pfizer, pursuant to the 2006 Stock and Asset Purchase Agreement between J&J and Pfizer. In January 2020, J&J received a demand for indemnification from BI, pursuant to the 2006 Asset Purchase Agreement among J&J, Pfizer, and BI. Pursuant to the agreements, Pfizer and BI have asserted indemnification claims against J&J ostensibly related to Zantac sales by Pfizer. In November 2022, J&J received a demand for indemnification from GlaxoSmithKline LLC, pursuant to the 2006 Stock and Asset Purchase Agreement between J&J and Pfizer, and certain 1993, 1998, and 2002 agreements between Glaxo Wellcome and Warner-Lambert entities. The notices seek indemnification for legal claims related to over-the-counter OTC Zantac (ranitidine) products. Plaintiffs in the underlying actions allege that Zantac and other over-the-counter OTC medications that contain ranitidine may degrade and result in unsafe levels of NDMA (N-nitrosodimethylamine) and can cause or have caused various cancers in patients individuals using the products and seek declaratory and monetary relief. J&J has rejected all the demands for indemnification relating to the underlying actions. No J&J entity sold Zantac in the United States.

In 2016, JJI sold the Canadian Zantac business to Sanofi Consumer Health, Inc. ("Sanofi"). Under the 2016 Asset Purchase Agreement between JJI and Sanofi (the "2016 Purchase Agreement"), Sanofi assumed certain liabilities including those pertaining to Zantac (ranitidine) product sold by Sanofi after closing and losses arising from or relating to recalls, withdrawals, replacements, or related market actions or post-sale warning in respect of products sold by Sanofi after the closing, and JJI is

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required to indemnify Sanofi for certain other excluded liabilities. In November 2019, JJI received a notice reserving rights to claim indemnification from Sanofi pursuant to the 2016 Purchase Agreement. The notice refers to indemnification for legal claims in class actions and various individual personal injury actions with similar allegations to the U.S. litigation related to over-the-counter OTC Zantac (ranitidine) products.

Beginning in 2019, multiple putative class actions naming J&J and/or JJI have also been named in two of the five outstanding putative class actions were filed in Canada with similar allegations regarding Zantac or ranitidine use. J&J and/or JJI are named in two of the five outstanding putative class actions. Of the two outstanding putative class actions naming J&J and/or JJI, the Quebec Superior Court action has been stayed, and the Ontario Superior Court of Justice action is pending, but not currently active. JJI was also named as a defendant, along with other manufacturers, in various personal injury actions in Canada related to Zantac products. JJI has provided Sanofi notice reserving rights to claim indemnification pursuant to the 2016 Purchase Agreement related to the class actions and personal injury actions. At this stage in these proceedings, the Company is unable to reasonably estimate either the likelihood or the magnitude of its potential liability arising out of these claims and lawsuits.

Beginning in May 2021, multiple putative class actions were filed in state and federal courts (California, Florida, New York, and New Jersey) against various J&J entities alleging violations of state consumer fraud statutes based on nondisclosure of alleged benzene contamination of certain Neutrogena® and Aveeno® sunscreen products and the affirmative promotion of those products as "safe"; and, in at least one case, alleging strict liability manufacturing defect, and failure to warn claims, asserting that the named plaintiffs suffered unspecified injuries as a result of alleged exposure to benzene. The Judicial Panel on Multi-District Litigation consolidated all pending actions, except one case pending in New Jersey state court, in the U.S. District Court for the Southern District of Florida, Fort Lauderdale Division. In October 2021, an affiliate of the Company reached an agreement in principle for the settlement of a nationwide class, encompassing the claims of the consolidated actions, subject to approval by the Florida federal Court. In December 2021, plaintiffs in the consolidated actions filed a motion for preliminary approval of a nationwide class settlement. In February 2023, an order granting final approval of the settlement, certifying the settlement class and awarding attorney's fees was entered. A Notice of Appeal was filed in April 2023, and an appeal is pending before the U.S. Court of Appeals for the Eleventh Circuit.

In September 2023, the Nonprescription Drugs Advisory Committee (the "NDAC") of the FDA U.S. Food and Drug Administration (the "FDA") met to discuss new data on the effectiveness of orally administered phenylephrine ("PE") and concluded that the current scientific data do not support that the recommended dosage of orally administered PE is effective as a nasal decongestant. Neither the FDA nor the NDAC raised concerns about safety issues with use of oral PE at the recommended dose. In November 2024, the FDA

issued a proposed order to remove the ingredient from the OTC monograph. The public now has stated it will consider the input of opportunity to comment for 180 days before the NDAC, and the evidence, before taking any action on the status of oral PE, FDA issues a final order. Beginning in September 2023, following the NDAC vote, putative class actions were filed against the Company and its affiliates, along with other third-party sellers and manufacturers of PE-containing products, asserting various causes of action including violation of consumer protection statutes, negligence, and unjust enrichment. The complaints seek damages and injunctive relief. In December 2023, lawsuits filed in federal courts in the United States were organized as a multi-district litigation in the U.S. District Court for the Eastern District of New York. In November 2024, the U.S. District Court for the Eastern District of New York dismissed plaintiffs' streamlined complaint, and a Notice of Appeal was filed in December 2024. Separately, putative Canadian class actions were filed beginning in September 2023 against the Company's affiliates, along with other third-party sellers and manufacturers of PE-containing products, alleging false, misleading representations, and seeking damages and declaratory relief based on similar causes of action. In December 2024, a representative action was filed in the Federal Court of Australia, Victoria Registry, against the Company's subsidiary Johnson & Johnson Pacific Pty Limited alleging false and misleading representations and seeking damages and associated relief based on broadly similar causes of action to those in the United States. In February 2025, a representative action was filed in the High Court of New Zealand, Auckland Registry against Johnson & Johnson (New Zealand) Limited and the Company's subsidiaries JNTL Consumer Health (New Zealand) Limited and Johnson & Johnson Pacific Pty Limited, alleging breaches of the Fair Trading Act 1986 and the Consumer Guarantees Act 1993.

Additionally, beginning in October 2023, two putative

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securities class actions were filed in the U.S. District Court for the District of New Jersey against the Company and certain of its officers, among other defendants. The complaints allege that In December 2023, the Company made false or misleading statements, and omitted material facts, about PE and the efficacy of certain PE-containing products and seek damages for all shareholders who acquired shares pursuant to the registration statement and the final prospectus filed on May 4, 2023 with the U.S. Securities and Exchange Commission pursuant to Rule 424(b)(4) under the Securities Act relating to the Company's Registration Statement on Form S-1 (the "IPO Prospectus") for the Kenvue IPO. The two cases have been were consolidated as *In re Kenvue Inc. Securities Litigation* and a lead plaintiff has been was appointed. Finally, In March 2024, a consolidated amended complaint was filed that named the Company's directors as defendants in addition to the defendants named in the initial complaints. The consolidated amended complaint brings claims under the Securities Act of 1933, as amended. It alleges that the Company's registration statements and prospectuses filed with the SEC in connection with the Kenvue IPO on Form S-1 and the Exchange Offer on Form S-4 contained misleading statements and omissions about PE. It seeks damages for all shareholders who acquired shares pursuant to the Kenvue IPO and the Exchange Offer registration statements and prospectuses.

In January 2024, shareholder derivative complaints were filed in the U.S. District Court for the District of New Jersey against the Company as the nominal defendant and the Company's directors and certain of its officers as defendants, among other defendants. The derivative complaints allege breaches of fiduciary duties based on disclosures in the Kenvue IPO disclosures Company's SEC filings regarding PE, and they seek damages and equitable relief. The derivative complaints have been consolidated as *In re Kenvue, Inc. Derivative Litigation* and have been stayed. At this stage in these proceedings, the Company is unable to reasonably estimate either the likelihood or the magnitude of its potential liability arising out of these claims and lawsuits.

In March 2024, following the filing of a Citizen Petition with the FDA by Valisure LLC that included testing results purporting to show that benzoyl peroxide ("BPO") OTC acne products can degrade into benzene at levels well above the alleged limit of two parts per million, putative class actions were filed against the Company and its affiliates, along with other third-party sellers and manufacturers of BPO-containing acne products, asserting various causes of action including violation of consumer protection statutes, negligence, breach of express and implied warranties, and unjust enrichment. The complaints, pending in the U.S. District Court for the District of New Jersey, seek damages and injunctive relief. At this stage in these proceedings, the

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Company is unable to reasonably estimate either the likelihood or the magnitude of its potential liability arising out of these claims and lawsuits.

JJCI, along with more than 120 other companies, is a defendant in a cost recovery and action brought by Occidental Chemical Corporation in June 2018 in the U.S. District Court for the District of New Jersey, related to the clean-up of a section of the Lower Passaic River in New Jersey. Certain defendants (not including JJCI) have executed a settlement with the U.S. Environmental Protection Agency and U.S. Department of Justice, which is subject to public comment. The settlement, if judicially approved, will be was confirmed through a judicial Consent Decree. Decree in December 2024. A Notice of Appeal was filed in January 2025. The case has been administratively closed but can be re-opened upon request, following a decision on the Consent Decree request.

The Company or its subsidiaries are also parties to various proceedings brought under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund, and comparable state, local, or foreign laws in which the primary relief sought is the Company's agreement to implement environmental investigation and remediation activities at designated hazardous waste sites or to reimburse the government or third parties for the costs they have incurred in performing investigation, oversight, or remediation at such sites.

**Other**

A significant number of personal injury claims alleging that talc causes cancer were made against J&J and certain of its affiliates arising out of the use of body powders containing talc, primarily Johnson's® Baby Powder. These personal injury suits were filed primarily in state and federal courts in the United States and in Canada.

Pursuant to the Separation Agreement, J&J has retained all liabilities on account of or relating to harm arising out of, based upon or resulting from, directly or indirectly, the presence of or exposure to talc or talc-containing products sold by J&J or its affiliates in the United States and Canada (the "Talc-Related Liabilities") and, as a result, has agreed to indemnify the Company for the Talc-Related Liabilities and any costs associated with resolving such **claims**, **claims**, including matters that have commenced in the United States naming the Company or its affiliates. The Company will, however, remain responsible for all liabilities on account of or relating to harm arising out of, based upon or resulting from, directly or indirectly, the presence of or exposure to talc or talc-containing products sold outside the United States or Canada.

## 18. Acquisitions and Divestitures

During the fiscal twelve months ended December 31, 2023, January 1, 2023, and January 2, 2022, the Company did not make any significant acquisitions.

During the fiscal twelve months ended January 2, 2022, the Company divested several brands and facilities and recognized a pre-tax gain of \$25 million within Other expense (income), net. During the fiscal twelve months ended December 31, 2023 and January 1, 2023, the Company did not have any significant divestitures.

## 19. Segments of Business and Geographic Areas

The Company historically operated as part of J&J and reported under J&J's segment structure. Prior to the Separation, the Company's CODM was J&J's Consumer Health Segment Operating Committee. As the Company transitioned is organized into an independent, publicly traded company, the Company's CODM was determined to be the chief executive officer. During fiscal year 2022, the Company realigned its historical segment structure, resulting in three operating segments, which are also its reportable business segments: 1) Self Care, 2) Skin Health and Beauty, and 3) Essential Health. Prior period presentations conform to the current segment reporting structure.

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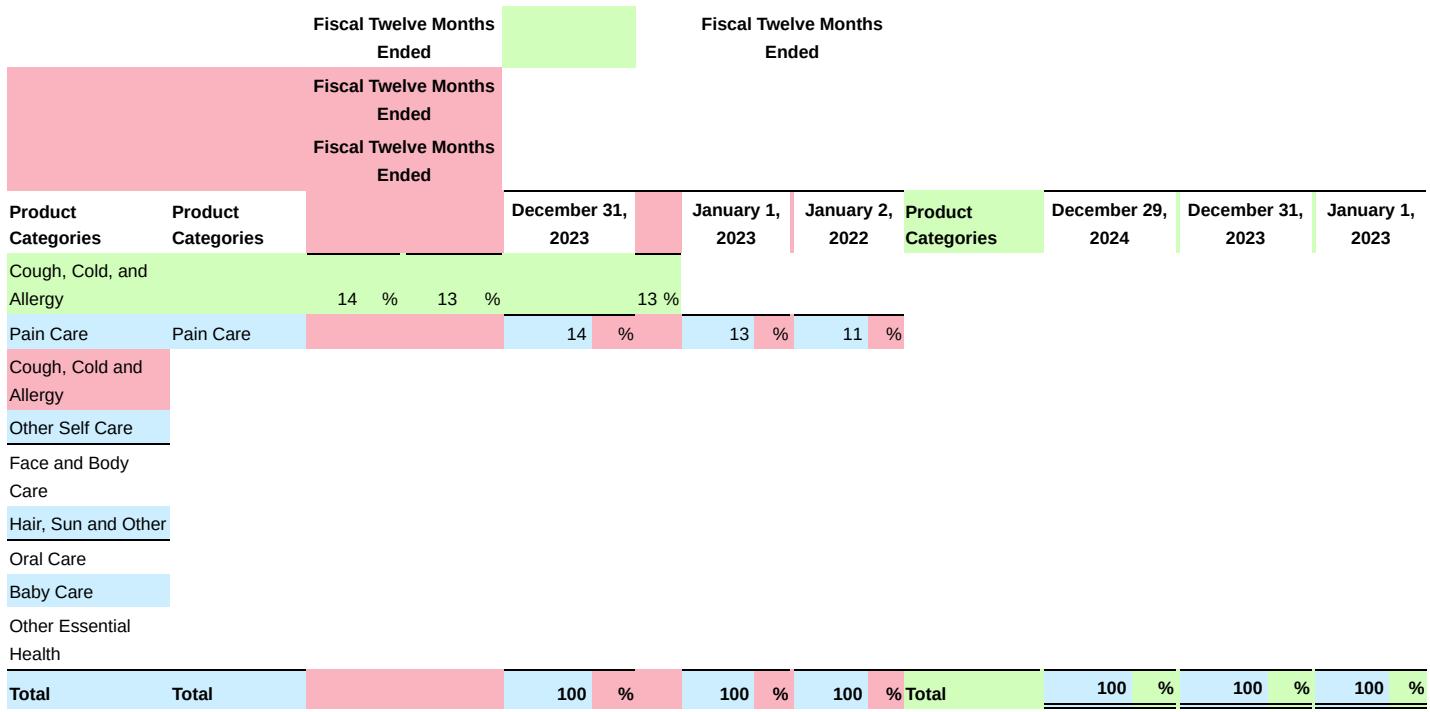
The Company's CODM, the Chief Executive Officer, uses Segment adjusted operating income as the measure of profit or loss and to evaluate the performance of the Company's segments. For each segment, the CODM uses this information to assist in evaluating underlying trends, to monitor budget and forecast versus actual results, to make investment decisions to allocate resources both in total, and between the segments, and to make key segment personnel decisions. Segment profit is based on Operating income, excluding depreciation, and amortization non-recurring of intangible assets, Separation-related costs, restructuring expenses and operating model optimization initiatives, impairment charges, the impact of the conversion of stock-based awards, issuance of Founder Shares, Other operating expense (income) expense, net, and unallocated general corporate administrative expenses (referred to herein as "Segment adjusted operating income"), as management the CODM excludes these items in assessing segment financial performance. General corporate/unallocated expenses, which include expenses related to treasury, legal operations, and certain other expenses, along with gains and losses related to the overall management of the Company, are not allocated to the segments. In assessing segment performance and managing operations, management the CODM does not review segment assets.

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The Company operates the business through the following three reportable business segments: segments based on product categories:

| Reportable Segments    | Product Categories   |
|------------------------|--|
| Self Care              | Pain Care<br>Cough, Cold, and Allergy<br>Pain Care<br>Other Self Care (Digestive Health, Smoking Cessation, Eye Care, and Other) |
| Skin Health and Beauty | Face and Body Care<br>Hair, Sun, and Other   |
| Essential Health       | Oral Care<br>Baby Care<br>Other Essential Health (Women's Health, Wound Care, and Other)   |

The Company's product categories as a percentage of Net sales for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 were as follows:



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#### Segment Net Sales and Segment Adjusted Operating Income

Segment net sales and Segment adjusted operating income for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 were as follows:

| (Dollars in Millions)  | Segment Net Sales          |                  |                  |
|------------------------|----------------------------|------------------|------------------|
|                        | Fiscal Twelve Months Ended |                  |                  |
|                        | December 31, 2023          | January 1, 2023  | January 2, 2022  |
| Self Care              | \$ 6,451                   | \$ 6,030         | \$ 5,643         |
| Skin Health and Beauty | 4,378                      | 4,350            | 4,541            |
| Essential Health       | 4,615                      | 4,570            | 4,870            |
| <b>Total</b>           | <b>\$ 15,444</b>           | <b>\$ 14,950</b> | <b>\$ 15,054</b> |

| Segment Adjusted Operating Income |
|-----------------------------------|
| Segment Adjusted Operating Income |
| Segment Adjusted Operating Income |

| (Dollars in Millions)  | (Dollars in Millions) | Fiscal Twelve Months Ended |                 | Fiscal Twelve Months Ended |           | Fiscal Twelve Months Ended |                  |                        |                        |                  |                  |                        |                  |
|--|-----------------------|----------------------------|-----------------|----------------------------|-----------|----------------------------|------------------|------------------------|------------------------|------------------|------------------|------------------------|------------------|
|  |                       | December 29, 2024          |                 | December 31, 2023          |           | January 1, 2023            |                  | Skin Health and Beauty |                        |                  | Essential Health |                        |                  |
|  |                       | December 31, 2023          | January 1, 2023 | January 2, 2022            | Self Care | Skin Health and Beauty     | Essential Health | Self Care              | Skin Health and Beauty | Essential Health | Self Care        | Skin Health and Beauty | Essential Health |
| Self Care  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Skin Health and Beauty   |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Essential Health   |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Net sales  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Segment adjusted Cost of sales <sup>(1)</sup>                                      |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Other segment expense items <sup>(2)</sup>   |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| <b>Segment adjusted operating income<sup>(3)</sup></b>                             |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Reconciliation to Income before taxes  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Less:  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Less:  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Depreciation <sup>(3)</sup>  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Depreciation <sup>(3)</sup>  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Depreciation <sup>(3)</sup>  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Amortization   |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Amortization of intangible assets  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Separation-related costs <sup>(4)</sup>  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Restructuring expenses and operating model optimization initiatives <sup>(2)</sup> |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Conversion of stock-based awards <sup>(3)</sup>                                    |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Founder Shares <sup>(4)</sup>  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Restructuring and operating model optimization initiatives                         |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Impairment charges   |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Conversion of stock-based awards <sup>(5)</sup>                                    |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Founder Shares <sup>(6)</sup>  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Other operating expense (income), net  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| General corporate/unallocated expenses   |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| <b>Operating income</b>  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Other expense (income), net  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Other expense, net   |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| Interest expense, net  |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |
| <b>Income before taxes</b>   |                       |                            |                 |                            |           |                            |                  |                        |                        |                  |                  |                        |                  |

(a) In the first quarter The Company defines Segment adjusted cost of fiscal year 2023, the Company adjusted the allocation for certain intangible asset amortization costs within sales as Cost of Sales to align with segment financial results as measured by the Company, including the CODM. Accordingly, the Company has updated its segment disclosures to reflect the updated presentation in all prior periods. Total segment sales adjusted operating income did not change as a result for amortization of this update.

(b) Exclusive intangible assets, Separation-related costs, conversion of the restructuring expenses and stock-based awards, Founder Shares, operating model optimization initiatives, included in and general corporate/unallocated expenses.

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(2) Other segment expense items for each reportable segment include employee-related costs, brand support, shipping and handling costs, research and development costs, and certain other operating expense expenses (income), net in the Company's Consolidated Statements of Operations. |

(3) Depreciation includes the amortization of integration and development costs capitalized in connection with cloud computing arrangements.

(4) Separation-related costs includes depreciation expense on Separation-related assets for the fiscal twelve months ended December 29, 2024.

(5) Segment adjusted operating income excludes the impact of the conversion of stock-based awards that occurred on August 23, 2023 (see Note 11, Stock-Based Compensation) "Stock-Based Compensation" for additional information). This The adjustment primarily represents the add-back of the net impact of the gain on reversal of previously recognized stock-based compensation expense, of \$148 million, offset by stock-based compensation expense recognized in the fiscal twelve months ended December 29, 2024 and December 31, 2023 relating to employee services provided prior to the Separation of \$203 million. Separation.

(6) On August 25, 2023, the Company's Compensation & Human Capital Committee approved equity grants to individuals employed by Kenvue as of October 2, 2023. On October 2, 2023, the Founder Shares were granted to all Kenvue employees in the form of stock options and PSUs to executive officers and either stock options and PSUs or RSUs to non-executive individuals (see Note 11, "Stock-Based Compensation") for additional information).

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#### Depreciation & and Amortization

Depreciation and amortization by reportable segment for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 were as follows:

| (Dollars in Millions)                         | Depreciation and Amortization |                     |                                       | Fiscal Twelve Months Ended |
|---|-------------------------------|---------------------|---------------------------------------|----------------------------|
|   | Fiscal Twelve Months Ended    |                     | Fiscal Twelve Months Ended            |                            |
|   | December 31, 2023             | January 1, 2023 (1) | January 2, 2022 (Dollars in Millions) |                            |
| Self Care                                     |                               |                     |                                       |                            |
| Skin Health and Beauty                        |                               |                     |                                       |                            |
| Essential Health                              |                               |                     |                                       |                            |
| <b>Total</b>                                  |                               |                     |                                       |                            |
| <b>Total depreciation and amortization(1)</b> |                               |                     |                                       |                            |

(1) The Company adjusted Depreciation includes the allocation for certain intangible asset amortization of integration and development costs within Cost of sales to align capitalized in connection with segment financial results as measured by the Company, including the CODM. Accordingly, the Company has updated its depreciation and amortization disclosures in the impacted period. Total depreciation and amortization did not change as a result of this update, cloud computing arrangements.

#### Geographic Information

Net sales are attributed to a geographic region based on the location of the customer and for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 were as follows:

| Net Sales                  |  |  | Fiscal Twelve Months Ended |
|----------------------------|--|--|----------------------------|
| Fiscal Twelve Months Ended |  |  |                            |
|                            |  |  |                            |

| (Dollars in Millions)           | (Dollars in Millions) | December 31, 2023 | January 1, 2023 | January 2, 2022 | (Dollars in Millions) | December 29, 2024 | December 31, 2023 | January 1, 2023 |
|---------------------------------|-----------------------|-------------------|-----------------|-----------------|-----------------------|-------------------|-------------------|-----------------|
| North America <sup>(1)</sup>    |                       |                   |                 |                 |                       |                   |                   |                 |
| Europe, Middle East, and Africa |                       |                   |                 |                 |                       |                   |                   |                 |
| Asia-Pacific                    |                       |                   |                 |                 |                       |                   |                   |                 |
| Latin America                   |                       |                   |                 |                 |                       |                   |                   |                 |
| <b>Total</b>                    |                       |                   |                 |                 |                       |                   |                   |                 |
| <b>Total Net sales</b>          |                       |                   |                 |                 |                       |                   |                   |                 |

(1) Includes U.S. net Net sales in the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023 of \$6,767 million \$6,719 million, \$6,599 million \$6,767 million, and \$6,516 million \$6,599 million, respectively.

Long-lived assets consisting of property, plant, and equipment, net of accumulated depreciation as of December 29, 2024 and December 31, 2023 and January 1, 2023 were as follows:

| Long-Lived Assets               |                       |                   |                 |                       |                   |                   |                 |                       |
|---------------------------------|-----------------------|-------------------|-----------------|-----------------------|-------------------|-------------------|-----------------|-----------------------|
| (Dollars in Millions)           | (Dollars in Millions) | December 31, 2023 | January 1, 2023 | (Dollars in Millions) | December 29, 2024 | December 31, 2023 | January 1, 2023 | (Dollars in Millions) |
| North America <sup>(1)</sup>    |                       |                   |                 |                       |                   |                   |                 |                       |
| Europe, Middle East, and Africa |                       |                   |                 |                       |                   |                   |                 |                       |
| Asia-Pacific                    |                       |                   |                 |                       |                   |                   |                 |                       |
| Latin America                   |                       |                   |                 |                       |                   |                   |                 |                       |
| <b>Total</b>                    |                       |                   |                 |                       |                   |                   |                 |                       |
| <b>Total long-lived assets</b>  |                       |                   |                 |                       |                   |                   |                 |                       |

(1) Includes U.S. long-lived assets as of December 29, 2024 and December 31, 2023 of \$848 million and January 1, 2023 of \$794 million and \$670 million, respectively.

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## Major Customers

One customer of the Company's customers accounted for approximately 12%, 13% 12%, and 14% 13% of total net Net sales in for the fiscal twelve months ended December 31, 2023 December 29, 2024, January 1, 2023 December 31, 2023, and January 2, 2022 January 1, 2023, respectively.

## 20.19. Restructuring Expenses and Operating Model Optimization Initiatives

### During 2018, J&J announced plans 2024 Multi-Year Restructuring Initiative

As part of the Company's continued transformation to implement actions across its global supply chain that were a fit-for-purpose consumer company, during the fiscal year 2024, the Company began strategic initiatives intended to enable enhance organizational efficiencies and better position Kenvue for future growth ("Our Vue Forward"). To further Our Vue Forward, on May 6, 2024, the Company's Board approved a multi-year initiative (the "2024 Multi-Year Restructuring Initiative") to build on the Company's strengths, improve underlying information technology infrastructure, and optimize its cost structure by rebalancing resources to better position the Company for future growth. The 2024 Multi-Year Restructuring Initiative primarily includes global workforce reductions, changes in management structure, and the transition to focus resources centralized shared-service functions in lower-cost locations.

The 2024 Multi-Year Restructuring Initiative is expected to result in pre-tax restructuring expenses and increase investments other charges totaling approximately \$550 million, consisting of information technology and project-related costs (approximately 50%), employee-related costs (approximately 40%), and other implementation costs (approximately 10%). These charges are expected to be funded primarily through cash flows generated from operations. The Company planned to incur approximately \$275 million in critical capabilities, technologies, pre-tax restructuring expenses and solutions necessary other charges in each of fiscal year 2024 and fiscal year 2025. The Company incurred lower than expected spend in fiscal year 2024 due to the shift in timing of certain information technology and project-related costs to fiscal year 2025 and lower than expected employee-related costs relating to severance spend due to employee redeployment and voluntary exits.

The following table summarizes the classification of pre-tax restructuring expenses and other charges incurred related to the 2024 Multi-Year Restructuring Initiative during the fiscal twelve months ended December 29, 2024.

| (Dollars in Millions)   | Fiscal Twelve Months Ended |            |
|---|----------------------------|------------|
|   | December 29, 2024          |            |
| Restructuring expenses  | \$                         | 185        |
| Cost of sales   |                            | 27         |
| Selling, general, and administrative expenses                 |                            | 9          |
| <b>Total pre-tax restructuring expenses and other charges</b> | <b>\$</b>                  | <b>221</b> |

The following table summarizes the pre-tax restructuring expenses and other charges incurred by cost type related to the 2024 Multi-Year Restructuring Initiative during the fiscal twelve months ended December 29, 2024 and inception to date through December 29, 2024:

| (Dollars in Millions)   | Fiscal Twelve Months Ended |            | Inception To Date Through December 29, 2024 |            |
|---|----------------------------|------------|---|------------|
|   | December 29, 2024          |            | December 29, 2024                           |            |
| Employee-related costs <sup>(1)</sup>                           | \$                         | 106        | \$  | 106        |
| Information technology and project-related costs <sup>(2)</sup> |                            | 99         |   | 99         |
| Other implementation costs <sup>(3)</sup>                       |                            | 16         |   | 16         |
| <b>Total pre-tax restructuring expenses and other charges</b>   | <b>\$</b>                  | <b>221</b> | <b>\$</b>                                   | <b>221</b> |

(1) Employee-related costs primarily include severance and other termination benefits.

(2) Information technology and project-related costs primarily include advisory costs to operationalize the initiative.

(3) Other implementation costs primarily include costs to terminate contracts, impairments of assets, and other associated costs to exit.

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The following table summarizes the activity related to accrued restructuring expenses and supply its product portfolio other charges for the 2024 Multi-Year Restructuring Initiative during the fiscal twelve months ended December 29, 2024:

| (Dollars in Millions)   | Information Technology and Project-Related |                      |                      |   | Other Implementation Costs <sup>(3)</sup> | Total Costs |
|---|--|----------------------|----------------------|---|---|-------------|
|   | Employee-related Costs <sup>(1)</sup>      | Costs <sup>(2)</sup> | Costs <sup>(2)</sup> | Other Implementation Costs <sup>(3)</sup> |   |             |
| <b>Accrued restructuring expenses and other charges as of December 31, 2023</b> | \$   | —                    | \$                   | —   | \$  | —           |
| Charges to earnings   |  | 106                  |                      | 99  |   | 16          |
| Cash payments   |  | (75)                 |                      | (34)                                      |   | (7)         |
| Non-cash charges  |  | (6)                  |                      | —   |   | (6)         |
| <b>Accrued restructuring expenses and other charges as of December 29, 2024</b> | <b>\$</b>                                  | <b>25</b>            | <b>\$</b>            | <b>65</b>                                 | <b>\$</b>                                 | <b>3</b>    |
|   |  |                      |                      |   |   | <b>93</b>   |

(1) Employee-related costs primarily include severance and other termination benefits.

(2) Information technology and project-related costs primarily include advisory costs to operationalize the initiative.

(3) Other implementation costs primarily include costs to terminate contracts, impairments of future, enhance agility, assets, and drive growth. These supply chain actions have included expanding its use of strategic collaborations, and bolstering its initiatives other associated costs to reduce complexity, improving cost-competitiveness, enhancing capabilities, and optimizing its network. The restructuring exit.

#### Supply Chain Optimization Initiatives

Restructuring charges associated with the program, supply chain optimization initiatives, and directly attributed to the Company, were primarily related to contractors/outside services, asset write-downs, and accelerated depreciation. The program was initiatives were completed in the fiscal fourth quarter of fiscal year 2022 and as such, no costs were recognized for this program these initiatives in the fiscal twelve months ended December 29, 2024 and December 31, 2023. Costs have been recognized in the Consolidated Statements Statement of Operations in the fiscal twelve months ended January 1, 2023 and January 2, 2022 as follows:

| (Dollars in Millions) | Fiscal Twelve Months Ended |                 |
|-----------------------|----------------------------|-----------------|
|                       | January 1, 2023            | January 2, 2022 |
| Cost of sales         | \$ 55                      | \$ 48           |

|   |               |               |
|---|---------------|---------------|
| Selling, general, and administrative expenses | 45            | 68            |
| Other expense, net, operating                 | —             | 1             |
| <b>Total</b>                                  | <b>\$ 100</b> | <b>\$ 117</b> |

## 21. Selected Quarterly Financial Data (Unaudited)

As described in Note 1, "Description of the Company and Summary of Significant Accounting Policies," effective in the third quarter of fiscal year 2023, the Company changed its accounting principle for GILTI from the deferred approach to the period cost approach, which resulted in adjustments to the Provisions for taxes and Income before taxes line items in the Consolidated Statements of Operations and Other comprehensive income (loss) line in the Consolidated Statements of Comprehensive Income. Selected unaudited quarterly financial data has been adjusted for the change in accounting principle for the fiscal years 2023 and 2022 and is summarized below:

| (Dollars in Millions Except Per Share Data) | Fiscal Three Months Ended |                 |              |               |
|---|---------------------------|-----------------|--------------|---------------|
|   | December 31, 2023         | October 1, 2023 | July 2, 2023 | April 2, 2023 |
| Net sales                                   | \$ 3,666                  | \$ 3,915        | \$ 4,011     | \$ 3,852      |
| Gross profit                                | \$ 2,043                  | \$ 2,250        | \$ 2,225     | \$ 2,125      |
| Income before taxes                         | \$ 357                    | \$ 585          | \$ 639       | \$ 609        |
| Provision for income taxes                  | \$ 30                     | \$ 147          | \$ 209       | \$ 140        |
| Net income                                  | \$ 327                    | \$ 438          | \$ 430       | \$ 469        |
| Basic net income per share                  | \$ 0.17                   | \$ 0.23         | \$ 0.22      | \$ 0.27       |
| Diluted net income per share                | \$ 0.17                   | \$ 0.23         | \$ 0.22      | \$ 0.27       |
| Other comprehensive income (loss)           | \$ 369                    | (240)           | (190)        | 216           |

| (Dollars in Millions Except Per Share Data) | Fiscal Three Months Ended |                 |              |               |
|---|---------------------------|-----------------|--------------|---------------|
|   | January 1, 2023           | October 2, 2022 | July 3, 2022 | April 3, 2022 |
| Net sales                                   | \$ 3,767                  | \$ 3,789        | \$ 3,804     | \$ 3,590      |
| Gross profit                                | \$ 2,046                  | \$ 2,125        | \$ 2,158     | \$ 1,956      |
| Income before taxes                         | \$ 512                    | \$ 738          | \$ 775       | \$ 612        |
| Provision for income taxes                  | \$ 151                    | \$ 152          | \$ 170       | \$ 100        |
| Net income                                  | \$ 361                    | \$ 586          | \$ 605       | \$ 512        |
| Basic net income per share                  | \$ 0.21                   | \$ 0.34         | \$ 0.35      | \$ 0.30       |
| Diluted net income per share                | \$ 0.21                   | \$ 0.34         | \$ 0.35      | \$ 0.30       |
| Other comprehensive income (loss)           | \$ 750                    | (630)           | (817)        | (275)         |

| (Dollars in Millions)                         | Fiscal Twelve Months Ended |  |
|---|----------------------------|--|
|   | January 1, 2023            |  |
| Cost of sales                                 | \$ 55                      |  |
| Selling, general, and administrative expenses | 45                         |  |
| <b>Total</b>                                  | <b>\$ 100</b>              |  |

## Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

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## Item 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

At As of December 29, 2024, the end of the period covered by this Annual Report on Form 10-K, management of the Company Company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed,

summarized, and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer **Thibaut Mongon**, and Chief Financial Officer **Paul Ruh**, reviewed and participated in this evaluation of Kenvue's disclosure controls and procedures. Based on this evaluation, **Messrs. Mongon the Chief Executive Officer and Ruh Chief Financial Officer** concluded that, as of December 29, 2024, the end of the period covered by this Annual Report on Form 10-K, the Company's disclosure controls and procedures were effective.

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#### **Management's Annual Report on Internal Controls Control Over Financial Reporting**

Our annual report on Form 10-K The Company's management, including the Chief Executive Officer and Chief Financial Officer, is responsible for the fiscal twelve months ended December 31, 2023 does not include a report of management's assessment regarding establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) or an attestation report 15d-15(f) under the Exchange Act.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, its principal executive and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that 1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets of the Company, 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company, and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

As of December 29, 2024, the end of the period covered by this Annual Report on Form 10-K, the Company's management evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's Chief Executive Officer and Chief Financial Officer reviewed and participated in this evaluation of Kenvue's internal control over financial reporting. Based on this evaluation, management concluded that, as of December 29, 2024, the end of the period covered by this Annual Report on Form 10-K, the Company's internal control over financial reporting was effective.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, due to a transition period established by rules audited the effectiveness of the Securities Company's internal control over financial reporting as of December 29, 2024 and Exchange Commission for newly public companies. issued an unqualified opinion thereon as stated in their report, which appears under Part II, Item 8, "Financial Statements and Supplementary Data."

#### **Changes in Internal Control Over Financial Reporting**

During the fiscal three months ended December 31, 2023 December 29, 2024, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

During the fiscal three months ended September 29, 2024, the Company began a multi-year implementation of a new global enterprise resource planning ("ERP") system, which will replace and enhance the Company's existing operating and financial systems. The ERP system is designed to accurately maintain and enhance the flow of financial information, enhance operational functionality, and accelerate information reporting to the Company's management. The implementation is expected to occur in phases over the next several years.

The portion of the new ERP system implementation that has been completed to date did not result in significant changes to the Company's internal control over financial reporting. As the phased implementation of the new ERP system continues, the Company will continue to assess whether this new ERP system implementation will materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **Item 9B. OTHER INFORMATION**

##### **Entry into a Material Definitive Agreement**

As detailed in Note 5, "Borrowings—Revolving Credit Facility" to the Consolidated Financial Statements included herein, on March 6, 2023, the Company entered into a credit agreement providing for a five-year senior unsecured revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount of \$4.0 billion available to be drawn in U.S. dollars and Euros. On January 30, 2025, the Company requested an extension of the maturity date of its Revolving Credit Facility from March 6, 2028 to March 6, 2029, and on February 21, 2025, such extension became effective with respect to all lenders under the Revolving Credit Facility, each of which accepted such request. The terms of the Revolving Credit Facility otherwise

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remain unchanged. The foregoing summary is qualified by reference to the copy of the Revolving Credit Facility and the copy of the Form of Notice of Extension attached as Exhibits 10.15 and 10.16, respectively, to this Annual Report on Form 10-K.

#### **Insider Trading Arrangements and Policies**

During the fiscal three months ended **December 31, 2023** **December 29, 2024**, none of the Company's directors or officers (as defined in Rule 16a1(f) under the Exchange Act) adopted or terminated any contract, instruction, or written plan for the purchase or sale of the Company's securities intended to satisfy the conditions of the affirmative defense provided by Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

#### **Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

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#### **Part PART III.**

#### **Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

We have adopted a Stock Trading Policy for Directors, Executive Officers and Insiders governing the purchase, sale, and other dispositions of our securities by directors, officers, and employees, or Kenvue itself, that is reasonably designed to promote compliance with insider trading laws, rules and regulations, and any applicable listing standards. The foregoing summary of our Stock Trading Policy for Directors, Executive Officers and Insiders does not purport to be complete and is qualified by reference to the full text of such policy, a copy of which is filed with this Annual Report on Form 10-K as Exhibit 19.

Additional information required by this Item will be included in the Company's definitive proxy statement for the 2025 Annual Meeting of Shareholders, which will be filed with the SEC within 120 days of the end of the Company's fiscal year ended December 29, 2024 (the "2025 Proxy Statement") and is incorporated herein by reference.

#### **Item 11. EXECUTIVE COMPENSATION**

The information required by this Item will be included in the Company's **2025** Proxy Statement and is incorporated herein by reference.

#### **Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item and not otherwise presented below will be included in the Company's **2025** Proxy Statement and is incorporated herein by reference.

##### ***Equity Compensation Plan Information***

The following table provides certain information with respect to the Company's equity compensation plans in effect as of **December 31, 2023** **December 29, 2024**:

| Plan Category   | Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(2) | Weighted-average exercise price of outstanding options, warrants and rights (b)(3) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) | Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(2) | Weighted-average exercise price of outstanding options, warrants and rights (b)(3) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---------------|--|--|---|---------------|--|--|---|
| Equity compensation plans approved by security holders <sup>(1)</sup> |               |  |  |   |               |  |  |   |

Equity  
compensation  
plans not  
approved by  
security  
holders

**Total**

(a) Consists of all equity-based awards outstanding under the Kenvue 2023 Plan (as defined in Note 11, "Stock-Based Compensation," to the Consolidated Financial Statements included herein), which was the only equity compensation plan under which equity-based awards were outstanding as of December 31, 2023 December 29, 2024. This includes stock options, restricted stock units, and performance stock units.

(b) Performance stock units are included at the target quantity of shares granted.

(c) Restricted stock units and performance stock units are not included in the calculation of the weighted-average exercise price of outstanding options, warrants and rights.

**Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item will be included in the Company's 2025 Proxy Statement and is incorporated herein by reference.

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**Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this Item will be included in the Company's 2025 Proxy Statement and is incorporated herein by reference.

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**PART IV.**

**Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as part of this Annual Report on Form 10-K:

(a) (1) Financial Statements.

The financial statements required by this item are listed in Item 8, "Financial Statements and Supplementary Data". Data."

(a) (2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not required or the information required is shown in the financial statements or the notes thereto.

(a) (3) Exhibits

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

| Exhibit Number | Exhibit Description   |
|----------------|---|
| 3.1            | <a href="#">Amended and Restated Certificate of Incorporation of Kenvue Inc., effective as of May 3, 2023, filed as Exhibit 3.1 to the Current Report on Form 8-K filed by Kenvue Inc. with the SEC on May 8, 2023 and incorporated herein by reference</a>   |
| 3.2            | <a href="#">Amended and Restated Bylaws of Kenvue Inc., effective as of May 3, 2023, filed as Exhibit 3.2 to the Current Report on Form 8-K filed by Kenvue Inc. with the SEC on May 8, 2023 and incorporated herein by reference</a>   |
| 4.1            | <a href="#">Indenture, dated as of March 22, 2023, by and between Kenvue Inc., as issuer, and Deutsche Bank Trust Company Americas, as trustee, filed as Exhibit 4.1 to Amendment No. 3 to Registration Statement on Form S-1 (Registration No. 333-269115) filed by Kenvue Inc. with the Commission on March 30, 2023 and incorporated herein by reference</a>   |
| 4.2            | <a href="#">Supplemental Indenture, dated as of March 22, 2023, by and between Kenvue Inc., as issuer, and Deutsche Bank Trust Company Americas, as trustee, filed as Exhibit 4.2 to Amendment No. 3 to Registration Statement on Form S-1 (Registration No. 333-269115) filed by Kenvue Inc. with the Commission on March 30, 2023 and incorporated herein by reference</a>  |
| 4.3            | <a href="#">Registration Rights Agreement, dated as of March 22, 2023, by and among Kenvue Inc., as issuer, and J.P. Morgan Securities LLC, Goldman Sachs &amp; Co. LLC and Citigroup Global Markets Inc., as representatives of the several initial purchasers, filed as Exhibit 4.3 to Amendment No. 3 to Registration Statement on Form S-1 (Registration No. 333-269115) 10-K for the period ended December 31, 2023, filed by Kenvue Inc. with the Commission SEC on March 30, 2023March 1, 2024, and incorporated herein by reference</a> |
| 4.4            | <a href="#">Description of Securities *</a>   |
| 10.1           | <a href="#">Kenvue Inc. Executive Severance Pay Plan, dated as of August 23, 2023 filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended October 1, 2023, filed by Kenvue Inc. with the SEC on November 3, 2023 and incorporated herein by reference †</a>   |
| 10.2           | <a href="#">Kenvue Inc. Amended &amp; Restated Deferred Fee Plan for Directors, dated as of September 19, 2023 filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the period ended October 1, 2023, filed by Kenvue Inc. with the SEC on November 3, 2023 and incorporated by reference †</a>   |
| 10.3           | <a href="#">Form of Founder Global Performance Share Unit Award Agreement filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q for the period ended October 1, 2023, filed by Kenvue Inc. with the SEC on November 3, 2023 and incorporated by reference †</a>  |
| 10.4           | <a href="#">Form of Founder Global Nonqualified Stock Option Award Agreement filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q for the period ended October 1, 2023, filed by Kenvue Inc. with the SEC on November 3, 2023 and incorporated by reference †</a>   |
| 10.5           | <a href="#">Separation Agreement, dated as of May 3, 2023, by and between Johnson &amp; Johnson and Kenvue Inc., filed as Exhibit 10.1 to the Current Report on Form 8-K filed by Kenvue Inc. with the Commission on May 8, 2023 and incorporated herein by reference</a>   |
| 10.6           | <a href="#">Tax Matters Agreement, dated as of May 3, 2023, by and between Johnson &amp; Johnson and Kenvue Inc., filed as Exhibit 10.2 to the Current Report on Form 8-K filed by Kenvue Inc. with the Commission on May 8, 2023 and incorporated herein by reference</a>  |

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|             |  |
|-------------|--|
| 10.7        | <a href="#">Employee Matters Agreement, dated as of May 3, 2023, by and between Johnson &amp; Johnson and Kenvue Inc., filed as Exhibit 10.3 to the Current Report on Form 8-K filed by Kenvue Inc. with the Commission on May 8, 2023 and incorporated herein by reference</a>  |
| 10.8        | <a href="#">Intellectual Property Agreement, dated as of May 3, 2023, by and between Johnson &amp; Johnson and Kenvue Inc., filed as Exhibit 10.4 to the Current Report on Form 8-K filed by Kenvue Inc. with the Commission on May 8, 2023 and incorporated herein by reference</a>   |
| 10.9        | <a href="#">Trademark Phase-Out License Agreement, dated as of April 3, 2023, by and between Johnson &amp; Johnson and Johnson &amp; Johnson Consumer Inc., filed as Exhibit 10.5 to the Current Report on Form 8-K filed by Kenvue Inc. with the Commission on May 8, 2023 and incorporated herein by reference</a>   |
| 10.10       | <a href="#">Transition Services Agreement(inclusive (inclusive of cumulative amendments)amendments), by and between Johnson &amp; Johnson and Kenvue Inc. *, filed as Exhibit 10.10 to the Annual Report on Form 10-K for the period ended December 31, 2023, filed by Kenvue Inc. with the SEC on March 1, 2024, and incorporated herein by reference</a>   |
| 10.11       | <a href="#">Transition Manufacturing Agreement, dated as of May 3, 2023, by and between Johnson &amp; Johnson and Kenvue Inc., filed as Exhibit 10.7 to the Current Report on Form 8-K filed by Kenvue Inc. with the Commission on May 8, 2023 and incorporated herein by reference</a>  |
| 10.12       | <a href="#">Amendment to the Transition Manufacturing Agreement, dated as of December 26, 2024, by and between Johnson &amp; Johnson and Kenvue Inc. *</a>   |
| 10.13       | <a href="#">Registration Rights Agreement, dated as of May 3, 2023, by and between Johnson &amp; Johnson and Kenvue Inc., filed as Exhibit 10.8 to the Current Report on Form 8-K filed by Kenvue Inc. with the Commission on May 8, 2023 and incorporated herein by reference</a>   |
| 10.13 10.14 | <a href="#">Kenvue Inc. Long-Term Incentive Plan, filed as Exhibit 99.1 to Registration Statement on Form S-8 (Registration No. 333-271735) filed by Kenvue Inc. with the Commission on May 8, 2023 and incorporated herein by reference †</a>   |
| 10.14 10.15 | <a href="#">Credit Agreement, dated as of March 6, 2023, by and among Kenvue Inc., Johnson &amp; Johnson, Eligible Subsidiaries Party and Lenders Party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Goldman Sachs Bank USA, as Syndication Agent, filed as Exhibit 10.15 to Amendment No. 3 to Registration Statement on Form S-1 (Registration No. 333-269115) filed by Kenvue Inc. with the Commission on March 30, 2023 and incorporated herein by reference</a> |
| 10.15 10.16 | <a href="#">Form of Notice of Extension in respect of the Credit Agreement, dated as of March 6, 2023, by and among Kenvue Inc., the Lenders Party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent *</a>  |
| 10.17       | <a href="#">The Kenvue Excess Savings Plan, effective January 1, 2023, filed as Exhibit 10.10 to Amendment No. 3 to Registration Statement on Form S-1 (Registration No. 333-269115) filed by Kenvue Inc. with the SEC on March 30, 2023 and incorporated herein by reference †</a>  |
| 10.16 10.18 | <a href="#">Form of Additional Incentive Agreement, filed as Exhibit 10.12 to Amendment No. 3 to Registration Statement on Form S-1 (Registration No. 333-269115) filed by Kenvue Inc. with the SEC on March 30, 2023 and incorporated herein by reference †</a>   |
| 10.17 10.19 | <a href="#">Employment Agreement, dated as of June 22, 2022, by and between Cilag GmbH International and Carlton Lawson, filed as Exhibit 10.13 to Amendment No. 3 to Registration Statement on Form S-1 (Registration No. 333-269115) filed by Kenvue Inc. with the SEC on March 30, 2023 and incorporated herein by reference †</a>  |
| 10.18       | <a href="#">Consulting Agreement, dated as of October 1, 2022, by and between Johnson &amp; Johnson and Larry Merlo, filed as Exhibit 10.8 to Registration Statement on Form S-1 (Registration No. 333-269115) filed by Kenvue Inc. with the SEC on January 4, 2023 and incorporated herein by reference</a>   |
| 10.19       | <a href="#">Form of Global Performance Share Unit Agreement * †</a>  |
| 10.20       | <a href="#">Form of Global Nonqualified Stock Option Award Amendment to Addendum 2 to the Employment Agreement dated June 22, 2022 between JNTL Consumer Health I (Switzerland) GmbH and Carlton Lawson, executed October 22, 2024 * †</a>   |
| 10.21       | <a href="#">Form of Global Performance Share Unit Agreement, filed as Exhibit 10.19 to the Annual Report on Form 10-K for the period ended December 31, 2023, filed by Kenvue Inc. with the SEC on March 1, 2024, and incorporated herein by reference †</a>   |
| 10.22       | <a href="#">Form of Global Nonqualified Stock Option Award Agreement, filed as Exhibit 10.20 to the Annual Report on Form 10-K for the period ended December 31, 2023, filed by Kenvue Inc. with the SEC on March 1, 2024, and incorporated herein by reference†</a>   |
| 10.23       | <a href="#">Form of Global Restricted Share Unit Award Agreement, filed as Exhibit 10.21 to the Annual Report on Form 10-K for the period ended December 31, 2023, filed by Kenvue Inc. with the SEC on March 1, 2024, and incorporated herein by reference †</a>  |

|      |   |
|------|---|
| 19   | <a href="#">Kenvue Inc. Stock Trading Policy for Directors, Executive Officers and Insiders, adopted September 18, 2024 * †</a>   |
| 21   | <a href="#">Subsidiaries Subsidiaries of Kenvue Inc. *</a>  |
| 23   | <a href="#">Consent of the Company's Company's Independent Registered Public Accounting Firm *</a>  |
| 31.1 | <a href="#">Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *</a>  |
| 31.2 | <a href="#">Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *</a>  |
| 32.1 | <a href="#">Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **</a>   |
| 32.2 | <a href="#">Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **</a>   |
| 97   | <a href="#">Kenvue Incentive Compensation Recovery Policy *, filed as exhibit 97 to the Annual Report on Form 10-K for the period ended December 31, 2023, filed by Kenvue Inc. with the SEC on March 1, 2024, and incorporated herein by reference</a> |

|         |   |
|---------|---|
| 101.INS | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document  |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Document  |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document  |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document   |
| 104     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)  |

\* Filed herewith

\*\* Furnished herewith

† Indicates management contract or compensatory plan

#### Item 16. FORM 10-K SUMMARY

None.

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#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

**Kenvue Inc.**

Date: **March 1, 2024** February 24, 2025

**/s/ THIBAUT MONGON**

Thibaut Mongon

Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: **March 1, 2024** February 24, 2025

**Kenvue Inc.**

/s/ THIBAUT MONGON

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Thibaut Mongon  
Chief Executive Officer and Director  
(Principal Executive Officer)

Date: **March 1, 2024** February 24, 2025

/s/ PAUL RUH

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Paul Ruh  
Chief Financial Officer  
(Principal Financial Officer)

Date: **March 1, 2024** February 24, 2025

/s/ HEATHER HOWLETT

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Heather Howlett  
Chief Accounting Officer  
(Principal Accounting Officer)

Date: **March 1, 2024** February 24, 2025

/s/ LARRY J. MERLO

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Larry J. Merlo  
Chair of the Board

Date: **March 1, 2024** February 24, 2025

/s/ RICHARD E. ALLISON, JR.

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Richard E. Allison, Jr.  
Director

Date: **March 1, 2024** February 24, 2025

/s/ PETER M. FASOLO TAMARA S. FRANKLIN

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Peter M. Fasolo Tamara S. Franklin  
Director

Date: **March 1, 2024** February 24, 2025

/s/ TAMARA S. FRANKLIN SEEMANTINI GODBOLE

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Tamara S. Franklin Seemantini Godbole  
Director

**141140**

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Date: **March 1, 2024** February 24, 2025

/s/ **SEEMANTINI GODBOLE** **MELANIE L. HEALEY**

Seemantini GodboleMelanie L. Healey

Director

Date: **March 1, 2024** February 24, 2025

/s/ **MELANIE L. HEALEY** **BETSY D. HOLDEN**

Melanie L. HealeyBetsy D. Holden

Director

Date: **March 1, 2024** February 24, 2025

/s/ **BETSY D. HOLDEN** **KATHLEEN M. PAWLUS**

Betsy D. HoldenKathleen M. Pawlus

Director

Date: **March 1, 2024** February 24, 2025

/s/ **VASANT PRABHU** **KIRK L. PERRY**

Vasant PrabhuKirk L. Perry

Director

Date: **March 1, 2024** February 24, 2025

/s/ **MICHAEL E. SNEED** **VASANT PRABHU**

Michael E. SneedVasant Prabhu

Director

Date: **March 1, 2024** February 24, 2025

/s/ **JOSEPH J. WOLK** **MICHAEL E. SNEED**

Joseph J. WolkMichael E. Sneed

Director

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**Exhibit 4.4**

#### **DESCRIPTION OF THE REGISTRANT'S SECURITIES**

##### **REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

*Kenvue Inc. ("Kenvue") has one class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our common stock.*

##### **General**

Our authorized capital stock consists of:

- 12,500,000,000 shares of common stock, par value \$0.01 per share; and
- 750,000,000 shares of preferred stock, par value \$0.01 per share.

There is no preferred stock outstanding.

##### **Common Stock**

The following is a summary description of Kenvue's common stock and does not contain all of the information that may be important to you. This summary is qualified in its entirety by reference to the full text of Kenvue's amended and restated certificate of incorporation, amended and restated bylaws, each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit, and the applicable provisions of the Delaware General Corporation Law (the "DGCL"). As used herein, unless otherwise expressly stated or the context otherwise requires, the terms "Kenvue", "Company", "we", "our" and "us" refer to Kenvue Inc. and not to any of its subsidiaries.

Holders of shares of our common stock are entitled to the rights set forth below.

##### **Voting Rights**

Each holder of shares of our common stock is entitled to one vote per share of our common stock on all matters which may be submitted to the holders of shares of our common stock. At any meeting of our shareholders, the holders of a majority in voting power of the outstanding shares entitled to vote at such meeting must be present in person or represented by proxy in order to constitute a quorum.

At any meeting of our shareholders, all questions, except as otherwise expressly provided by statute, our amended and restated certificate of incorporation or our amended and restated bylaws, will be determined by vote of the majority of voting power of the outstanding shares present in person or represented by proxy at such meeting and entitled to vote.

Except as otherwise required by law, a nominee for election as a director will be elected to our Board of Directors (the "Board") at a meeting at which a quorum is present by a majority of the votes cast with respect to that director's election; provided, however, that, if the number of director nominees exceeds the number of directors to be elected, then directors will be elected by a plurality of the votes cast at such meeting.

Our amended and restated certificate of incorporation provides that any director may be removed from office at any time, with or without cause, by vote of the majority of voting power of the outstanding shares entitled to vote thereon.

#### **Dividend Rights**

Subject to any preferential rights of any outstanding shares of our preferred stock, each holder of shares of our common stock is entitled to receive ratably the dividends, if any, as may be declared from time to time by the Board out of any assets lawfully available for the payment of dividends.

#### **Liquidation, Dissolution and Winding-Up Rights**

In the event of a liquidation, dissolution or winding-up of the Company, each holder of shares of our common stock is entitled to ratable distribution of our net assets that remain after the payment in full of all liabilities and the liquidation preferences of any outstanding shares of our preferred stock.

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#### **Other Rights**

Holders of shares of our common stock have no preemptive or conversion rights to purchase, subscribe for or otherwise acquire any shares of our common stock or preferred stock or other securities. There are no redemption or sinking fund provisions applicable to the shares of our common stock.

#### **Preferred Stock**

The Board is authorized, without further vote or action by our shareholders, to provide for the issuance from time to time of shares of our preferred stock in series and, as to each series, to fix the designation; the dividend rate and the preferences, if any, which dividends on that series will have compared to any other class or series of our capital stock; the voting rights, if any; the liquidation preferences, if any; the conversion privileges, if any; and the redemption price or prices and the other terms of redemption, if any, applicable to that series. Cumulative dividends, dividend preferences and conversion, exchange and redemption provisions, to the extent that some or all of these features may be present when shares of our preferred stock are issued, could have an adverse effect on the availability of earnings for distribution to the holders of shares of our common stock or for other corporate purposes.

#### **Anti-Takeover Effects of Various Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws**

Provisions of the DGCL, our amended and restated certificate of incorporation and our amended and restated bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise, or to remove incumbent directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that the Board may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with the Board. We believe the benefits of increased protection of the Board's ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals, including because negotiation of these proposals could result in an improvement of the terms of the proposals.

#### **Delaware Anti-Takeover Statute**

We are subject to Section 203 of the DGCL. Section 203 of the DGCL generally prohibits a Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time that such stockholder became an interested stockholder, unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares (1) owned by persons who are directors and also officers and (2) held in employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock of the corporation which is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with its affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15% or more of a corporation's voting stock.

The existence of Section 203 of the DGCL is expected to have an anti-takeover effect with respect to transactions not approved in advance by the Board, including discouraging takeover attempts that might result in a premium over the then-prevailing market price for the shares of our common stock.

A Delaware corporation may "opt out" of Section 203 of the DGCL by including a provision expressly electing not to be governed by Section 203 of the DGCL in its original certificate of incorporation or in its certificate of incorporation or bylaws resulting from amendments approved by holders of at least a

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majority of the corporation's outstanding voting stock. We have not elected to "opt out" of Section 203 of the DGCL.

#### **Size of Board and Vacancies**

Our amended and restated certificate of incorporation provides that the Board must consist of not fewer than 5 directors nor more than 18 directors, the actual number to be determined by the Board from time to time. Our Board currently consists of 11 directors.

Our amended and restated certificate of incorporation provides that any vacancies and newly created directorship on the Board will be filled by appointment made by a majority of the directors then serving on our Board.

#### **Special Shareholder Meetings**

Our amended and restated certificate of incorporation provides that a special meeting of our shareholders may be called at any time by (1) the Chair of the Board, (2) a majority of the Board or (3) our Chief Executive Officer. Our amended and restated certificate of incorporation provides that our shareholders do not have the ability to call a special meeting.

#### **Shareholder Action by Written Consent**

Our amended and restated certificate of incorporation provides that holders of shares of our common stock are unable to act by written consent without a duly called annual or special meeting of our shareholders.

#### **Requirements for Advance Notice of Shareholder Proposals**

Our amended and restated bylaws establish advance notice procedures for business (including any nominations for director) to be properly brought by a shareholder before an annual or special meeting of our shareholders. Our amended and restated bylaws also provide for certain requirements regarding the form and content of a shareholder's notice for any such proposal.

#### **No Cumulative Voting**

The DGCL provides that shareholders of a company are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

#### **Undesignated Preferred Stock**

The authority that the Board possesses to issue preferred stock, as described under "—Preferred Stock," could potentially be used to discourage attempts by third parties to obtain control of us through a merger, tender offer or proxy contest or otherwise by making such attempts more difficult or more costly. The Board may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of shares of our common stock.

#### **Amendments to Certificate of Incorporation**

Our amended and restated certificate of incorporation provides that it may be amended or altered in any manner provided by the DGCL.

#### **Amendments to Bylaws**

Our amended and restated certificate of incorporation provides that our amended and restated bylaws may be amended, altered or repealed and new bylaws made by (1) the Board or (2) vote of the majority of voting power of the outstanding shares entitled to vote thereon at a meeting of our shareholders called for that purpose.

#### **Conflicts of Interest; Corporate Opportunities**

In order to address potential conflicts of interest between us and Johnson & Johnson, our amended and restated certificate of incorporation includes certain provisions regulating and defining the conduct of our affairs to the extent that they may involve Johnson & Johnson and its directors, officers or employees and our rights, powers, duties and liabilities and those of our directors, officers, employees and shareholders in connection with our relationship with Johnson & Johnson. These provisions generally recognize that we and Johnson & Johnson may engage in the same or similar business activities and

lines of business or have an interest in the same areas of corporate opportunities and that we and Johnson & Johnson will continue to have contractual and business relations with each other.

Until (1) Johnson & Johnson ceases to beneficially own any shares of our capital stock and (2) no person who is a Johnson & Johnson director, officer or employee is also serving as our director or officer, the Board is expected to renounce any interest or expectancy of ours in any corporate opportunities that are presented to our directors, officers or employees who are also directors, officers or employees of Johnson & Johnson, and such director, officer or employee will have no duty to communicate or present such corporate opportunity to us, in each case so long as such corporate opportunity was not expressly offered to such person solely in their capacity as our director or officer.

#### **Limitations on Liability, Indemnification of Officers and Directors and Insurance**

The DGCL authorizes corporations to limit or eliminate the personal liability of directors or officers to corporations and their shareholders for monetary damages for breaches of fiduciary duties as directors or officers. Our amended and restated certificate of incorporation includes such an exculpation provision. Our amended and restated certificate of incorporation and our amended and restated bylaws include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as our director or officer, or for serving at our request as a director or officer or another position at another corporation or enterprise, as the case may be. Our amended and restated certificate of incorporation and our amended and restated bylaws also provide that we must indemnify and advance reasonable expenses to our directors and, subject to certain exceptions, officers, subject to our receipt of an undertaking from the indemnified party as may be required under the DGCL. Our amended and restated certificate of incorporation expressly authorizes us to carry directors' and officers' insurance to protect us, our directors, officers and certain employees for some liabilities.

The limitation of liability and indemnification provisions that are in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage shareholders from bringing a lawsuit against directors and officers for breaches of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit us and our shareholders. However, these provisions do not limit or eliminate our rights, or those of any shareholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The limitation of liability and indemnification provisions that are in our amended and restated certificate of incorporation do not alter the liability of directors and officers under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

#### **Exclusive Forum**

Our amended and restated certificate of incorporation provides, in all cases to the fullest extent permitted by law, that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery located within the State of Delaware will be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or shareholders to us or our shareholders;
- any action asserting a claim arising pursuant to any provision of our amended and restated certificate of incorporation or our amended and restated bylaws;
- any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery located within the State of Delaware; or
- any action asserting a claim governed by the internal affairs doctrine.

However, if the Court of Chancery located within the State of Delaware does not have jurisdiction over any such action, the action may be brought instead in the United States District Court for the District of Delaware.

In addition, our amended and restated certificate of incorporation provides that the foregoing provision will not apply to claims arising under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for the resolution of any action asserting a claim arising under the Securities Act.

These exclusive forum provisions may impose additional costs on shareholders in pursuing any such claims, particularly if the shareholders do not reside in or near the State of Delaware, or limit a

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shareholder's ability to bring a claim in a judicial forum that such shareholder finds favorable for disputes with us or our directors, officers, employees or shareholders, which in each case may discourage such lawsuits with respect to such claims. Our shareholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder as a result of these exclusive forum provisions.

#### **Authorized but Unissued Shares**

Our authorized but unissued shares of common stock and our authorized but unissued shares of preferred stock will be available for future issuance without further vote or action by our shareholders. We may use additional shares for a variety of purposes, including to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could also discourage attempts by third parties to obtain control of us through a merger, tender offer or proxy contest or otherwise by making such attempts more difficult or more costly.

#### **Listing**

Our shares of common stock are listed on the New York Stock Exchange under the symbol "KVUE".

**Transfer Agent and Registrar**

The transfer agent and registrar for shares of our common stock is Computershare Trust Company, N.A.

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**EXHIBIT 10.10 Exhibit 10.12**

Form of Transition Services Agreement (Inclusive of Cumulative Amendments)

**FIRST AMENDMENT TO TRANSITION MANUFACTURING AGREEMENT**

This **FIRST AMENDMENT** TO THE **TRANSITION SERVICES AGREEMENT** **MANUFACTURING AGREEMENT**, dated as of December 26, 2024 (this "First Amendment") is entered into by and between KENVUE INC., a Delaware corporation ("Agreement Kenvue") is between , and JOHNSON & JOHNSON, a New Jersey corporation ("J&J"), and KENVUE INC., a Delaware corporation ("Kenvue & J&J may each be referred to hereinafter as "Party"), and collectively, as the "Parties".

WHEREAS, pursuant to the **Separation** Parties previously entered into that certain **TRANSITION MANUFACTURING AGREEMENT** (the "Agreement"), dated as of May 3, 2023 (the "Separation Agreement"), between Kenvue and J&J, J&J separated into two independent, publicly-traded companies: (a) J&J, which owns and conducts, directly and indirectly, the J&J Business, and (b) Kenvue, which owns and conducts, directly and indirectly, the Kenvue Business;

WHEREAS, effective upon the Separation, Kenvue purchased from J&J, and J&J agreed to provide to Kenvue, the Services, in order (i) to facilitate Kenvue's operation of the Kenvue Business after the Separation Date and (ii) to provide Kenvue the opportunity to obtain alternative sources of such Services within a reasonable time after the Separation Date; and

WHEREAS, J&J and Kenvue have from time to time entered into amendments to Section 15.03 of the Agreement providing that it may be amended by the Agreement as mutual agreement of the parties have deemed desirable and appropriate and which are reflected herein. Parties in writing executed by authorized officers thereof.

NOW, WHEREAS, the Parties desire to amend the Agreement as set forth in this First Amendment.

NOW, THEREFORE, in view of the foregoing premises and in consideration of the mutual covenants, agreements, representations and warranties herein contained, the Parties agree as follows:

1. Amendment to Section 4.01(b) of the Agreement. Effective as of December 30, 2024, Section 4.01(b) of the Agreement is hereby deleted in its entirety and replaced with the following:

**Rolling Forecasts.** Notwithstanding the prior delivery of any Non-Binding Annual Forecast, by the first day of each calendar month during the Manufacturing Term, Kenvue will submit to J&J a forecast of Kenvue's anticipated demand of each Product for the next eighteen (18) consecutive calendar months commencing with the calendar month in consideration which such forecast is delivered and long-term projected volumes for the nineteenth (19th) through thirty-sixth (36th) calendar months based on Kenvue's most recently provided projections of its long-term demand for Products (each, a "Rolling Forecast", and any Non-Binding Annual Forecast or Rolling Forecast, a "Forecast"). Each Rolling Forecast shall be broken down monthly, on a Product-by-Product basis and by SKUs, and shall be in amounts equal to or greater than the **mutual covenants** applicable Minimum Order Quantity for each Product. J&J shall confirm acceptance, reject or otherwise respond to each Rolling Forecast within fourteen (14) calendar days of submission and, **undertakings contained herein**, upon acceptance thereof, such Rolling Forecast shall supersede all previously accepted Rolling Forecasts. In the event that a Rolling Forecast is rejected by J&J, in whole or in part, J&J shall specify in reasonable detail the basis for and scope of such rejection (including the SKUs subject to such rejection) and, on the terms and conditions herein set forth, the parties hereto agree as follows:

**ARTICLE I**

**Definitions**

**ARTICLE I** **Defined Terms.** (a) Each capitalized term used and not defined in this Agreement shall have the meaning assigned to it in the Separation Agreement. For purposes of this Agreement, the following words and phrases shall have the following meanings:

**"Inventory"** means the inventory of all finished Products (including consignment stock), Product specific work in process and Product specific raw materials, together with all related packaging materials.

**"Products"** shall mean all products researched, developed, manufactured or had made, marketed, distributed or sold, as the case may be, by the Kenvue Business.

**"Services License Territory"** means each country in which J&J is providing, directly or through one or more Affiliates or Service Providers, a Service to Kenvue pursuant to this Agreement, except **solely** to the extent that an action any Rolling Forecast is rejected, the most recently accepted Rolling Forecast shall continue to be taken in the Services License Territory would violate any applicable Privacy and Data Security Requirement in a particular jurisdiction, in which case such jurisdiction shall be excluded from the Services License Territory.

**"Service Period Deadline"** shall mean, with respect to any Service, the date that is 24 months following the Separation Date (unless a later date is set forth with respect to such Service on **Exhibit D**); **provided**, that if J&J and Kenvue are unable to achieve the Transition of such Service by such time as a result of a failure to obtain requisite regulatory approvals (including **apply** with respect to the transfer **SKUs** subject to **such rejection**). The forecasted demand for each **API** for the first twelve (12) calendar months of marketing authorizations), the Service Period Deadline for such Service shall instead be the date that is 30 days following the receipt of such regulatory approvals.

**"Taxing Authority"** has the meaning set forth in the TXMA.

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(b) The following terms used in this Agreement shall have the meanings assigned to them in the respective Sections set forth below:

| Term                             | Section          |
|----------------------------------|------------------|
| Additional Services              | Section 2.02(b)  |
| Agreement                        | Preamble         |
| Consent                          | Section 2.07     |
| Dispute                          | Section 11.05(b) |
| Exit Plans                       | Section 2.08(a)  |
| Foreground Intellectual Property | Section 7.02(c)  |
| Interim Operating Agreements     | Section 2.01(d)  |
| IOM Services                     | Section 2.01(f)  |
| J&J                              | Preamble         |
| Kenvue                           | Preamble         |
| Kenvue Transition Data           | Section 7.02(b)  |
| Lead Coordinators                | Section 2.04     |
| Local Services Agreement         | Section 2.03(a)  |
| Omitted Services                 | Section 2.02(a)  |
| One-Time Costs                   | Section 3.03     |
| Sales Taxes                      | Section 4.02(a)  |
| Separation Agreement             | Recitals         |
| Service Extension                | Section 3.01     |
| Service Fee                      | Section 3.03     |
| Service Month                    | Section 3.02(b)  |
| Service Period                   | Section 3.01     |
| Service Provider                 | Section 2.01(c)  |
| Service Suspensions              | Section 5.01     |
| Services                         | Section 2.01     |
| Transition                       | Section 2.08(a)  |
| Transition Committee             | Section 2.04     |
| VAT                              | Section 4.02(b)  |

## ARTICLE II

### Services to be Provided

**SECTION 2.01. Provision of Services.** (a) Services. Pursuant to the terms and conditions of this Agreement (including the Exhibits hereto), J&J shall provide, directly or through one or more Affiliates or Service Providers, and Kenvue shall purchase, the services described in Exhibit A hereto (the “Services”). J&J shall, directly or through one or more Affiliates or Service Providers, provide each Service consistent with the performance standard set forth in Section 2.05 and only with respect to the countries designated in Exhibit A hereto as receiving such Service.

(b) Designation of Affiliates. Kenvue may designate, upon not less than 10 days' prior written notice and in any event prior to the execution of any applicable Local Services Agreement, one or more Affiliates to purchase Services, in each case related to an applicable country or region, in which event all references herein to Kenvue accepted Rolling Forecast will be deemed binding (to the extent not already binding pursuant to refer to such Affiliates, as appropriate; a previous Rolling Forecast). provided The forecasted demand for each other Product, however, that no such designation for the first three (3) calendar months of an accepted Rolling Forecast will in any event limit or be binding (to

affect the obligations of Kenvue under this Agreement to the extent not performed by such Affiliates.

(c) Service Providers. J&J may, at its option and from time to time, delegate any of its obligations to perform Services under this Agreement to any one or more of its Affiliates or engage the services of other professionals, consultants or other third parties (each, a “Service Provider”) in connection with the performance of the Services; provided, however, that J&J shall remain ultimately responsible for ensuring that its obligations with respect to the manner, scope, time frame, nature, quality and other aspects of the Services are satisfied with respect to any Services provided by any such Affiliate or Service Provider and shall be liable for any failure of an Affiliate or Service Provider to so satisfy such obligations (or if any such Affiliate or Service Provider otherwise breaches any provision hereof).

(d) ERLR Services. Any Services provided by J&J that constitute ERLR Services (as defined in Exhibit B) shall be provided pursuant to, and in accordance with, the additional terms set forth in Exhibit B.

(e) Real Estate Licenses. Any license to a portion of a Facility (as defined in Exhibit C) that is required to be granted by J&J in connection with J&J's provision of a Service hereunder shall be deemed to be granted pursuant to, and in accordance with, the terms set forth in Exhibit C.

(f) IOM Services. In certain jurisdictions, J&J or one or more of its Affiliates will assist Kenvue and its Affiliates in carrying out the Kenvue Business in such jurisdictions pursuant to, and in accordance with, the interim operating agreements attached hereto as Exhibit E (such agreements, the "Interim Operating Agreements", and the services to be provided by J&J or such Affiliates thereunder, the "IOM Services"). For the avoidance of doubt, the IOM Services shall not be considered to be Services hereunder and no Service Fees shall be payable with respect to the IOM Services hereunder; provided, however, that, notwithstanding anything to the contrary herein or in the Interim Operating Agreements, the provisions of Sections 5.04, 7.01, 7.02, 7.03, 9.01, 9.02, 11.01, 11.02, 11.03, 11.04, 11.05(b), 11.06, 11.07, 11.08, 11.09 and 11.11 hereunder shall be deemed to be incorporated in such Interim Operating Agreements, *mutatis mutandis*, as if the IOM Services were "Services" under such provisions (it being understood that J&J's maximum liability under each Interim Operating Agreement pursuant to such Section 9.01 shall be limited to the payments received under such Interim Operating Agreement). In the event of any conflict between the provisions of such sections hereunder and the provisions of any Interim Operating Agreement, the provisions of such sections hereunder shall control. Notwithstanding anything to the contrary therein, if any Interim Operating Agreement remains in effect on the date that is 24 months following the Separation Date (or any such later date set forth on Exhibit D with respect to the applicable Interim Operating Agreement), such Interim Operating Agreement shall be deemed to automatically terminate on such date (and, to the extent reasonably requested by either party, J&J and Kenvue shall cooperate to document such termination in writing).

## SECTION 2.02 Service Amendments and Additions

(a) Omitted Services. From time to time, Kenvue may request that J&J provide additional services that are not Services that (i) were provided to the Kenvue Business within the twelve (12) month period prior to the Separation and (ii) are reasonably necessary for the operation of the Kenvue Business, as conducted during the twelve (12) month period prior to the Separation ("Omitted Services"). In the event that Kenvue requests an Omitted Service, J&J shall use commercially reasonable efforts to provide such Omitted Service to Kenvue.

(b) Additional Services. From time to time, Kenvue may also request that J&J provide additional services that are not Services and that are not Omitted Services ("Additional Services"). In the event that Kenvue requests an Additional Service, J&J may elect in its sole discretion to provide such Additional Service.

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(c) Amendments to Service Exhibit. Any request for an Omitted Service or an Additional Service shall be in writing and shall specify the type and scope of the requested service, whether such requested service constitutes an Omitted Service or an Additional Service and the proposed term for the requested service. If J&J is to provide an Omitted Service or an Additional Service extent not already binding pursuant to this Section 2.02, J&J and previous Rolling Forecast) and, Kenvue shall in good faith negotiate with respect to the subsequent nine (9) calendar months of an amendment accepted Rolling Forecast, (i) subject to Exhibit A hereto, which will describe in detail the type and scope of the service, the countries in which such service is to be provided and the applicable Service Period and Service Fee; provided, that the Service Fee payable for any Omitted Service shall be calculated in a manner consistent with the methodology used to calculate the Service Fees payable for the Services included on Exhibit A hereto. Once agreed to in writing, such amendment shall be deemed part clause (ii) of this Agreement as of such date and sentence, increases or decreases to the applicable Omitted Service or Additional Service shall be deemed to be a "Service" hereunder.

(d) Recipient-Requested Changes to Existing Services. If Kenvue requests that the level or volume quantity of any Service be increased in scope beyond that provided to the Kenvue Business during the twelve (12) month period prior to the Separation or that the manner in which any Service is provided be changed from that provided to the Kenvue Business during the twelve (12) month period prior to the Separation, J&J will use commercially reasonable efforts to increase the level or volume of such Service or change the manner in which such Service is provided to extent commercially practicable; provided, that in no event shall J&J be required to materially increase the level or volume of any Service or, unless required for such Service to be in compliance with applicable Law, materially change the manner in which any Service is provided. If J&J increases the level or volume of such Service or changes the manner in which such Service is provided pursuant to this Section 2.02(d), any and all fees associated with such increase or change shall be negotiated in good faith and agreed upon between Kenvue and J&J.

(e) Provider-Directed Changes to Existing Services. J&J may, from time to time, make changes in the manner of providing a Service (i) if J&J is making similar changes in performing the same or substantially similar service for itself or its Affiliates or (ii) to the extent required for the provision of such Service to be in compliance with applicable Law; provided, however, that, except as otherwise expressly set forth in this Section 2.02(e) or in Exhibit A hereto, any such changes may not decrease the scope, Service Period, nature, quality or level of any such Service or increase the Service Fee Product forecasted for any such Service; calendar month of up to 10% provided, shall be permitted, (ii) in the eventfurther, that if of any proposed increases to the quantity of any Product forecasted for any such changes actually increase calendar month in excess of 10%, the cost of providing such Service, J&J may increase the Service Fee to the extent of such increase in cost. For the avoidance of doubt, if changes in the manner of providing a Service are required for the provision of such Service to be in compliance with applicable Law, the provisions of Section 5.02 Parties shall apply with respect to such Service until and unless J&J effects such changes.

**SECTION 2.03 Additional Terms of Services; Inventory.** (a) Local Services Agreements. The provision of Services in all applicable jurisdictions will be subject to the terms and conditions of this Agreement. To the extent required by applicable Law or as otherwise deemed necessary by the parties hereto, the provision of the Services in any applicable region or country will be effected pursuant to an agreement substantially in the form of Exhibit F with only such changes as are necessitated by local Law or the operations of any local Affiliate of J&J or Kenvue (each, a "Local Services Agreement"). The parties shall enter (or shall cause their respective designated Affiliates to enter) into any required Local Services Agreement as soon as reasonably practicable after the date of this Agreement.

(b) Inventory; Risk of Loss. To the extent that Inventory owned by Kenvue in a particular country after giving effect to the Separation, pursuant to the terms of the Separation Agreement, is applicable to the provision of any Service, such Inventory shall remain with and in the possession of J&J or one or more of its Affiliates or Service Providers to the extent reasonably necessary for the performance of the Services. From the date of this Agreement, Kenvue shall be responsible for arranging insurance, including property insurance, with respect to such Inventory in the possession of J&J (or any of its Affiliates or Service Providers). Any such insurance shall include a waiver of subrogation in favor of J&J. Kenvue,

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for itself and its insurers, waives any right of recourse or subrogation against J&J. Unless attributable to the willful misconduct or gross negligence of J&J or any of its Affiliates or Service Providers, the risk of loss of any such Inventory will be for the account of Kenvue and Kenvue shall be financially responsible for the processing and disposition of damaged or unsaleable Inventory.

**SECTION 2.04 Transition Committee; Lead Coordinators.** J&J and Kenvue shall establish and maintain a committee to oversee, manage and coordinate the provision of Services pursuant to this Agreement (the "Transition Committee"). The Transition Committee shall be comprised of representatives from each of J&J and Kenvue with the requisite skills, knowledge and experience to perform such tasks, including (i) a lead coordinator from each party to act as the primary contact person with respect to all issues relating to the provision of Services pursuant to this Agreement (such persons, the "Lead Coordinators") and (ii) such other representatives from each party as may be designated by such party's Lead Coordinator. The Transition Committee shall hold review meetings by telephone, video conference or in person, as mutually agreed upon by the Lead Coordinators, approximately once per month to discuss matters related to this Agreement, including (i) any issues relating to the provision of the Services, (ii) to the extent Service changes are to be implemented, the implementation of such changes and (iii) any measures to be taken to provide that the employees of the parties responsible for providing the Services in accordance with Section 2.05 or enabling the Transition in accordance with Section 2.08 view such responsibilities as a required part of their job functions. The names and contact information of each party's initial Lead Coordinator are set forth in Exhibit G. Each party may replace its appointed Lead Coordinator or other Transition Committee representatives at any time upon written notice to the other party. Each party's Lead Coordinator may, by written notice to his or her counterpart hereunder, appoint one or more subordinate representatives for the responsibility of individual Services and delegate such Lead Coordinator's authority under this Agreement to such delegated individual(s). No such Lead Coordinator or delegate shall have the authority to amend this Agreement or any exhibit attached hereto in any respect.

**SECTION 2.05 Performance Standard.** J&J shall perform, or shall cause its applicable Affiliates or Service Providers to perform, the Services in compliance with applicable Laws, in a professional and workmanlike manner and at a quality level and in a manner consistent with that provided to the Kenvue Business during the twelve (12) month period prior to the Separation.

**SECTION 2.06 Warranty Disclaimer.** EXCEPT AS SET FORTH IN SECTION 2.05, J&J MAKES NO IMPLIED REPRESENTATION OR WARRANTY CONCERNING THE SERVICES, INCLUDING ANY APPLICABLE IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND J&J, ON BEHALF OF ITSELF AND ITS AFFILIATES AND SERVICE PROVIDERS, HEREBY EXPRESSLY DISCLAIMS ANY APPLICABLE IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SERVICES.

**SECTION 2.07 Consents.** J&J and Kenvue shall, and shall cause their respective Affiliates to, use commercially reasonable efforts to promptly obtain any third party consents, approvals, licenses or authorizations that the parties mutually agree are required for the provision of upon any Service (each, a "Consent"); provided, that neither J&J nor Kenvue shall be obligated to incur any out-of-pocket fees, costs or expenses to obtain any such Consent; provided, further, that if any out-of-pocket fees, costs or expenses must be incurred in order to obtain a Consent, and Kenvue wishes that such Consent be obtained, such fees, costs and expenses shall be borne by Kenvue. If any such consent, approval, license or authorization is not obtained promptly after the date of this Agreement and the absence thereof shall prevent or limit J&J or any of its Affiliates or Service Providers in providing or arranging for any Service, then, in any such event J&J shall not be required to provide (or arrange for the provision of), and Kenvue shall not be required to pay for, the relevant Services to the extent so limited, restricted or regulated. J&J shall give Kenvue prompt notice of any such event, and thereafter the parties shall cooperate in good faith to minimize any adverse consequences to Kenvue (and its

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Affiliates) resulting therefrom, including by seeking alternative arrangements for the provision of such Service. J&J shall perform such mutually satisfactory alternative arrangement and Kenvue shall bear any additional costs and expenses incurred in the performance of such alternative arrangement.

**SECTION 2.08 Exit Plans; Transition.** (a) Exit Plans. J&J and Kenvue have prepared select preliminary exit plans, attached as Exhibit H hereto, to Transition each Service described therein. J&J and Kenvue shall cooperate in good faith to finalize such preliminary exit plans and to develop any additional exit plans necessary to complete the Transition of each Service, in each case within 60 days following the Separation Date (such exit plans, the "Exit Plans"). The Exit Plans shall include details of any projects required to complete the Transition of each Service, including the parameters, timelines and responsibilities of each party in connection therewith.

(b) Transition. J&J and Kenvue shall, and shall cause their respective Affiliates (and, with respect to J&J, shall cause its Service Providers) to, use commercially reasonable efforts to exit, transition, migrate and integrate each Service as reasonably required to allow Kenvue to operate the business processes that form part of each such Service on a standalone basis ("Transition") as soon as reasonably practicable following the date hereof and, increases in any event, prior to the end of the relevant Service Period, including by using commercially reasonable efforts to implement the Exit Plans. Kenvue shall use commercially reasonable efforts to establish its own functions (including IT systems) to enable timely Transition; provided, that if Kenvue requests J&J's assistance therewith, J&J shall use commercially reasonable efforts to provide such assistance pursuant to the terms of a statement of work, to be negotiated in good faith between Kenvue and J&J, setting forth the scope of the work to be performed by J&J and the amounts payable by Kenvue with respect thereto. J&J and Kenvue shall, and shall cause their respective Affiliates (and, with respect to J&J, shall cause its Service Providers) to, provide to the other such documentation, information and assistance as reasonably required to enable the other to complete its responsibilities with respect to the Transition of the Services in accordance with Supply Reviews, taking into account available capacity at the applicable Exit Plans.

**SECTION 2.09 Quality Agreement.** J&J Facilities and Kenvue shall, concurrently with the execution availability of this Agreement, enter into a quality agreement in the form attached as Raw Materials and Exhibit I hereto. In the event there is a conflict between the provisions of this Agreement APIs, and any provision of such quality agreement, this Agreement shall control; provided that, with respect to any such conflict with respect to the allocation of quality responsibilities relating to Products, such quality agreement shall control.

### ARTICLE III

#### Term; Fees

**SECTION 3.01 Service Term; Extensions.** The term of provision of each Service shall begin on the Separation Date and continue for the period set forth in Exhibit A (for each Service, as may be extended pursuant to this Section 3.01, the "Service Period"), and, notwithstanding anything to the contrary herein (including on Exhibit A), shall not extend beyond the applicable Service Period Deadline; provided that, if any Service Period (taking into account any extension thereof) would not expire on the last day of a Service Month, such Service Period shall expire on the last day of the Service Month immediately preceding the Service Month in which such Service Period would otherwise expire. If, notwithstanding Kenvue's compliance with Section 2.08, Kenvue reasonably determines that it will require a Service to continue beyond the end of the applicable Service Period (or a subsequent extension period) in order to complete the Transition of such Service without business interruption, Kenvue may request that J&J extend the Service Period for such Service for a desired extension period (each, a "Service Extension") by written notice to J&J no less than 60 days prior to the end of the then-current Service Period (unless a different notice period is expressly set forth with respect to such Service in Exhibit A hereto). J&J shall respond to any such request for a Service Extension within 15 days of receipt and shall use commercially reasonable efforts to grant such Service Extension request; provided, that (i) J&J shall not be required to grant any Service Extension

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that would result in a Service Period extending beyond the Service Period Deadline and (ii) J&J shall be required to grant any Service Extension that is expressly contemplated with respect to an applicable Service in Exhibit A hereto and that does not extend beyond the Service Period Deadline. If a Service Extension is so granted with respect to a Service, the applicable Service Fee for such Service during the period of the Service Extension shall be increased by a surcharge of 10%, unless a different amount is expressly set forth with respect to such Service Extension in Exhibit A hereto.

**SECTION 3.02 Termination.**

(a) **Termination for Breach.** If any party hereto materially breaches any of its respective obligations under this Agreement, the non-breaching party may terminate this Agreement with respect to the Service or Services to which such obligations apply, so long as (i) the non-breaching party shall have delivered written notice of such breach to the breaching party, (ii) the periods for resolution of any Dispute relating to such breach set forth in Section 11.05(b) herein and in Sections 11.02(b) and 11.02(c) of the Separation Agreement shall have expired and (iii) such breach shall not have been cured within 30 days following the end of such periods. The termination of this Agreement with respect to any Service pursuant to this Section 3.02(a) shall not affect the parties' rights or obligations under this Agreement with respect to any other Service.

(b) **Early Termination of Services.** Except as otherwise agreed to by the parties, Kenvue may terminate any Service, in whole but not in part (it being understood that the termination of any Service will also result in the termination of those Services that have the same "Group Identification" as such Service as set forth on Exhibit A). Kenvue must provide J&J with at least 60 days' prior written notice of such early termination (unless a different notice period is expressly set forth with respect to such Service on Exhibit A hereto), which shall become effective on the last day of the Service Month (as defined by the Johnson & Johnson Universal Calendar for the applicable year, the "Service Month") in which such 60 day prior written notice period concludes. A copy of the Johnson & Johnson Universal Calendar for each of years 2023, 2024 and 2025 is attached hereto as Exhibit J.

(c) **Partial Termination of Services.** Notwithstanding anything to the contrary in Section 3.02(b), Kenvue may partially terminate certain Services in accordance with the partial termination rules set forth with respect to such Services on Exhibit K. Kenvue must provide J&J with at least 60 days' prior written notice of such partial termination (unless a different notice period is expressly set forth with respect to the terminating Service on Exhibit K hereto), which shall become effective on the last day of the Service Month in which such 60 day prior written notice period concludes. Upon the partial termination of any Service, the applicable Service Fee for such Service shall be adjusted in accordance with, and to the extent set forth in, the partial termination rules set forth with respect to such Service on Exhibit K.

(d) **Effect of Termination.** In the event of any termination of this Agreement in its entirety or with respect to any Service, each party hereto shall remain liable for all of their respective obligations that accrued hereunder prior to the effective date of such termination, including all obligations of Kenvue to pay any Service Fees accrued and payable to J&J hereunder.

(e) **Adjustments for Early Termination of Services.** The terms set forth in Exhibit P shall apply to early termination of certain Services.

**SECTION 3.03 Service Fees.** The monthly fee for providing each Service shall be as set forth in Exhibit A (each such fee, a "Service Fee"), subject to any increase pursuant to Section 2.02, Section 3.01 and this Section 3.03. All Service Fees shall be exclusive of shipping costs, customs duties, any applicable VAT (which VAT shall be paid in accordance with Article IV). Kenvue shall also bear all reasonable and documented one-time costs and expenses, if any, incurred following the Separation Closing by J&J, its Affiliates and Service Providers in order to enable the provision of each Service ("One-Time Costs"). At the

beginning of each of J&J's fiscal years, the Service Fee for each Service shall be adjusted in accordance with the terms set forth on Exhibit L. If at any time J&J believes that the Service Fee for a specific Service on Exhibit A is materially insufficient to compensate it (or the applicable member of the J&J Group) for the cost of providing such Service, or Kenvue believes that the Service Fee for a specific Service on Exhibit A materially overcompensates J&J (or the applicable member of the J&J Group) for such Service, such party shall promptly notify the other party, and the parties will commence good faith negotiations toward an agreement in writing as to the appropriate course of action with respect to the Service Fee for such Service for future periods. Notwithstanding anything to the contrary herein, no Service Fee set forth on Exhibit A that is expressly and solely attributable to a Deferred Market shall be due in respect of any period prior to the transfer of the Deferred Kenvue Local Business with respect to such Deferred Market to Kenvue (or, if earlier, the consolidation of such Deferred Kenvue Local Business with Kenvue under GAAP).

## ARTICLE IV

### Invoices; Taxes; Payment

**SECTION 4.01 Invoices.** J&J shall, or shall cause its applicable Affiliates or Service Providers to, submit invoice(s) for monthly Service Fees on a quarterly basis, which such invoice(s) shall, unless otherwise agreed by the parties, (a) be issued by the applicable legal entities with respect to the applicable jurisdictions and Services as set forth on Exhibit M, (b) set forth the total net charges for such invoiced Services for the applicable quarter (including any One-Time Costs), (c) be in the local currency of the jurisdiction of the applicable legal entity submitting such invoice(s) and (d) comply with the requirements of the tax laws (including VAT) of such jurisdiction. Any payment for Services will be due within 45 days after receipt of the invoice. Any payment not received by J&J or its applicable Affiliate or Service Provider by such date and not otherwise the subject of a good faith dispute shall be subject to a late payment interest charge using the 1-month term secured overnight financing rate (Term SOFR), determined as of such date, plus 0.5%; provided that in the event of any good faith dispute, interest shall not be due on that part of proposed decreases to the invoice subject to dispute until after settlement or other resolution of such dispute; provided that a resolution in favor of Kenvue shall not result in the incurrence quantity of any late-payment interest charges. Neither party may offset Product forecasted for any such calendar month (x) in excess of 10% or (y) below any other amount due to it or any of its Affiliates against any payment due under this Agreement. For the purposes of determining the amount to be invoiced or paid in an applicable local currency, any monetary value calculated in a currency other than such local currency shall be translated into such local currency by using the published "International Exchange Rates as applied to Income Statement" for currency remeasurement and translation pursuant to the J&J Worldwide Procedures, as in effect as of the last day of the second Service Month of the applicable quarter to which such invoice relates, unless otherwise agreed by the parties hereto in writing.

**SECTION 4.02 Taxes.** (a) Subject to Section 4.02(c), Kenvue shall be responsible for all goods and services, value added, sales, use, gross receipts, business, consumption and other similar taxes, levies and charges (other than income taxes and together with any interest, penalties and additions to tax) ("Sales Taxes") imposed by applicable Taxing Authorities attributable to the supply of Services to Kenvue, performance of Services by any Service Provider or any payment for Services hereunder, whether or not such Sales Taxes are shown limitation on any invoice; provided that J&J shall be responsible for any tax-related interest and penalties or additions attributable to a failure by J&J to comply with applicable Law. If J&J or any of its Affiliates or Service Providers is required to pay any part of such Sales Taxes (other than tax-related interest, penalties and additions to tax attributable to a failure by J&J to comply with applicable Law), Kenvue shall reimburse J&J or the applicable Affiliate or Service Provider forecasted quantity for such paid Sales Taxes.

(b) Where legally applicable and required, subject to Section 4.02(c), all invoices to be issued in accordance with the supply of Services by J&J or its Affiliates or Service Providers, as applicable, to Kenvue or its designated Affiliates hereunder shall be subject to value added tax or its equivalent in each relevant jurisdiction ("VAT"). Therefore, whenever a

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Service provided hereunder is subject to local VAT in the jurisdiction with respect to the country where such Service is provided, an invoice will be issued charging local VAT.

(c) Cross border Services to be performed hereunder may fall within Article 44 of the EU VAT Directive or the relevant equivalent national provision, which means that J&J or its applicable Affiliate or Service Provider does not need to charge VAT on the invoices for such Services, provided Kenvue provides J&J or its applicable Affiliate or Service Provider with Kenvue's valid VAT registration number, certificate or equivalent documentation. In such case, Kenvue hereby agrees that with respect to each country, Kenvue will itself account for VAT in its own jurisdiction on the performance of such cross border Services made to it hereunder. In order for J&J or its applicable Affiliates or Service Providers to be able to issue invoices without local VAT, Kenvue agrees that with respect to each country, Kenvue will provide to J&J or the invoicing Affiliate or Service Provider

hereto a valid VAT registration number, certificate or equivalent documentation in the jurisdiction with respect to the country of receipt of such Services within a reasonable period of time before the date on which the relevant invoice is required to be issued under applicable Law.

**SECTION 4.03 Subsequent Application of VAT.** In the event that the sums invoiced without VAT in accordance with this Agreement or any other Local Services Agreement become subject to VAT as a result of any change in VAT Law after the date hereof, or for any other reason, then those invoices shall be deemed to be exclusive of VAT (if any) and the party receiving the invoice shall, in addition to the sums payable, pay the invoicing party, on receipt of a valid VAT invoice, the full amount of VAT chargeable thereon.

**SECTION 4.04 Withholding Taxes.** In the event that applicable Law requires that any amount be withheld from any payment under this Agreement or any Local Services Agreement, Kenvue shall withhold such amounts and pay such amounts over to the applicable Taxing Authority in accordance with the requirements of the applicable Law. As soon as practicable after any such payment, Kenvue shall deliver to J&J the original or certified copy of the receipt issued by the applicable Taxing Authority evidencing such payment or other evidence of such payment reasonably satisfactory to J&J.

**SECTION 4.05 Cooperation.** J&J and Kenvue shall, and shall cause their respective Affiliates to, reasonably cooperate with each other (and, as applicable, the Service Providers) to minimize Sales Taxes to be paid with respect to this Agreement and any amounts withheld pursuant to Section 4.04, to the extent legally permissible.

**SECTION 4.06 J&J Designation of Affiliates and Service Providers.** J&J shall have the right to designate upon not less than 10 days' prior notice to Kenvue one or more Affiliates or Service Providers to receive certain of the Service Fees and other amounts that become payable to J&J hereunder.

## ARTICLE V

### Suspensions; Operation and Use of J&J Facilities; IT Systems

**SECTION 5.01 J&J Suspensions.** Kenvue acknowledges that Services may, from time to time, in the reasonable discretion of J&J, be interrupted, suspended, allocated, reduced, altered or changed in whole or in part for modifications and ordinary maintenance to the assets needed to provide Services and any other matters of a short-term nature (the "Service Suspensions"). J&J shall consider in good faith the impact of any such Service Suspensions on Kenvue (and its Affiliates) and shall cooperate with Kenvue in good faith to minimize any adverse consequences to Kenvue (and its Affiliates) resulting from such Service Suspensions. Except in emergency situations, J&J shall notify Kenvue as promptly as practicable before any Service Suspension. In the event that a particular Service Fee is based on the duration of time for which J&J provides the applicable suspended Service, J&J shall reduce the charges related to such suspended Services on a pro rata basis based on the number of days such Services are suspended; provided that no Service Fee shall be reduced in such manner if the applicable Service Suspension lasts for less than 5 consecutive days.

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**SECTION 5.02 Governmental Suspension.** If any applicable Law, order or decree shall prevent or limit J&J or any of its Affiliates or Service Providers in providing or arranging for any Service, then, in any such event J&J shall not be required to provide (or arrange for the provision of), and Kenvue shall not be required to pay for, the relevant Service to the extent so limited, restricted or regulated. J&J shall give Kenvue prompt notice of any such event, and thereafter the parties shall cooperate in good faith to minimize any adverse consequences to Kenvue (and its Affiliates) resulting therefrom, including by seeking alternative arrangements for the provision of such Service. J&J shall perform such mutually satisfactory alternative arrangement and Kenvue shall bear any additional costs and expenses incurred in the performance of such alternative arrangement.

**SECTION 5.03 Additional Facilities Required by Law.** If any applicable Law, order or decree shall require J&J or any of its Service Providers to modify its facilities or equipment or to obtain additional facilities or equipment, J&J shall not be required to provide (or arrange for the provision of), and Kenvue shall not be required to pay for, the relevant Services to the extent such Services are affected by the matters in this Section 5.03, unless the parties agree on the allocation of the costs of such required modifications.

**SECTION 5.04 Information Technology Systems.**

(a) **Security.** Each of J&J and Kenvue shall, and shall cause its Affiliates (and, with respect to J&J, its Service Providers) and its and their personnel to: (i) refrain from accessing or attempting to obtain access to or use any information technology systems of the other party or its Affiliates or any confidential or competitively sensitive information owned, used or processed by the other party or its Affiliates, except to the extent reasonably necessary to provide or receive the Services, as applicable, as provided herein; (ii) maintain reasonable security measures to protect the information technology systems of the other

party and its Affiliates to which it has access pursuant to this Agreement from access by unauthorized third parties; (iii) omit or not take any action that would disable, damage, erase, disrupt, impair or otherwise interfere with the normal operation of the information technology systems of the other party or its Affiliates; (iv) comply with the other party's and its Affiliates' then-current information technology security policies and procedures in connection with accessing the other party's IT systems; (v) access and use only those information technology systems of the other party or its Affiliates, and only such data and information within such systems, to which it has been granted the right to access and use hereunder; and (vi) to the extent any data or information of the other party is mistakenly or wrongfully accessed by it, promptly terminate such access and promptly delete any such data or information mistakenly or wrongfully downloaded.

(b) Notice of Breach. Each of J&J and Kenvue shall immediately notify the other party of any identified misuse, disclosure or loss of, or inability to account for, any confidential or competitively sensitive information owned, used or processed by the other party and any identified unauthorized access to the first party's facilities, information technology systems or network, and such first party shall investigate and address such confirmed security incidents in accordance with its policies and procedures and reasonably cooperate with the other party's incident response team, including by supplying logs and other information to mitigate and limit the losses resulting from such incident.

(c) Special Protections. If, in connection with the provision of any Services hereunder, J&J reasonably determines that it is reasonably necessary or advisable to implement special information technology connections or firewalls or take other steps to protect such party's IT systems, network or facilities, the costs of taking such steps shall be borne by Kenvue.

(d) Kenvue-Requested Modifications. If Kenvue requests that J&J modify its IT systems, network or facilities to accommodate J&J's provision of Services and J&J in its reasonable discretion determines that such modifications are reasonably necessary or advisable, Kenvue shall reimburse J&J for any and all fees and costs related to such modifications, as agreed upon by the parties pursuant to a statement of work.

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(e) Software. Each of J&J and Kenvue acknowledge that it may be necessary for each of them to make proprietary and/or third party software available to the other in the course and for the purpose of providing or receiving Services. Each of J&J and Kenvue shall comply with the license restrictions applicable to any and all such proprietary or third party software made available to it by the other party in the course of the provision or receipt of the Services hereunder.

(f) Partial Migration. Kenvue acknowledges the provisions set forth on Exhibit O with respect to any sites that migrated in part.

## ARTICLE VI

### Kenvue's Operations

If Kenvue modifies the operation of the Kenvue Business or the facilities of the Kenvue Business or conducts any other operations or activities or constructs any other facilities during the term of this Agreement, and such modified operations, facilities or activities would materially affect or interfere with the Services provided to Kenvue hereunder by J&J, then unless the parties otherwise agree, J&J shall not be required to provide (or arrange for the provision of), and Kenvue shall not be required to pay for, the relevant Services to the extent affected by such modifications. If the parties agree that J&J shall provide the relevant Services to such modified operations of the Kenvue Business, Kenvue shall reimburse J&J for any and all agreed upon fees and costs of providing such Services as a result thereof.

## ARTICLE VII

### Confidentiality, Data and Data Protection.

**SECTION 7.01 Confidentiality; Privileged Information.** All confidential or proprietary information given to one party by the other party, or otherwise acquired by such party in connection with this Agreement, relating to such other party or any of its Affiliates, including information regarding any of the products or personnel of such other party or any of its Affiliates, information regarding its sales, advertising, distribution, marketing or strategic plans or information regarding its costs, productivity, manufacturing processes or technological advances and the terms of this Agreement, shall be treated in accordance with Section 7.08 and Section 7.09 of the Separation Agreement, as if such information were "Information" thereunder.

**SECTION 7.02 Ownership and Use of Intellectual Property.**

(a) To the extent not already licensed under the IPA, Kenvue hereby grants to J&J or its Affiliates or Service Providers, as applicable, a non-exclusive, personal, non-transferable (except as set forth in Section 11.02), non-sublicensable, royalty-free license for the term of this Agreement to use the Intellectual Property (as defined in the IPA) of Kenvue and its Affiliates, including the Kenvue Transition Data, if applicable, in the Services License Territory, solely for the purpose of J&J or its Affiliates or Service Providers, as applicable, providing the Services in accordance with this Agreement and solely for so long as such Intellectual Property is necessary or useful to J&J or its Affiliates or Service Providers, as applicable, in the provision of the Services in accordance with this Agreement.

(b) Other than with respect to Shared Data or Common Infrastructure Data (each as defined in the IPA) and subject to the provisions of the IPA and DTSA, as between Kenvue and J&J or its Affiliates or Service Providers, Kenvue shall own all data and information (i) provided by Kenvue or any third party on Kenvue's behalf to J&J or its Affiliates or Service Providers in connection with its receipt of the Services or (ii) created by J&J or its Affiliates or Service Providers solely for or on behalf of Kenvue in relation to the provision of the Services (collectively, "Kenvue Transition Data"). J&J and Kenvue shall cooperate to ensure that a tangible embodiment of all such Kenvue Transition Data is transferred to Kenvue subject to and in accordance with the DTSA. Kenvue hereby grants a non-exclusive license to J&J under the Kenvue Transition Data, solely for the purpose of J&J providing the Services and solely for so

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long as the Kenvue Transition Data is necessary or useful to J&J, its Affiliates or its Service Providers in the provision of the Services.

(c) Any Intellectual Property (as defined in the IPA), excluding Kenvue Transition Data, used or developed in relation to the provision of the Services and existing only after the Separation Date (the "Foreground Intellectual Property") shall be owned by J&J or Kenvue or otherwise licensed to the other party, as applicable, consistent with the terms of the Separation Agreement and the Ancillary Agreements as if such Foreground Intellectual Property existed as of the Separation Date, in each case which the Separation Agreement and the Ancillary Agreements shall apply *mutatis mutandis* to such Foreground Intellectual Property.

(d) For the avoidance of doubt, J&J and its Affiliates, on the one hand, and Kenvue and its Affiliates, on the other hand, retain all rights, title and interest in, to and under their respective Intellectual Property, as allocated under the Separation Agreement and the Ancillary Agreements.

**SECTION 7.03 Data Protection.** In the event that the provision of any Services hereunder involves the Processing of any Personal Information (as such terms are defined in the IPA), J&J shall comply, and shall cause its applicable Affiliates and Service Providers to comply, with the applicable provisions of the DTSA and the Data Processing Addendum (as such term is defined in the DTSA), as such provisions relate to the Processing of Personal Information. To the extent required by applicable Law or as deemed necessary by the parties hereto, the parties (or their respective local Affiliates) will enter into additional agreements with respect to the Processing of Personal Information (or incorporate the applicable provisions into a Local Services Agreement).

## ARTICLE VII

### Documentation of Authority; Assistance

**SECTION 8.01 Kenvue Assistance.** The timely completion of Services by J&J, its Affiliates or its Service Providers may depend upon the provision of certain materials and information and/or the taking of certain actions by Kenvue, and J&J shall not be responsible for the failure of it, its Affiliates or its Service Providers to provide Services to the extent that such failure results from the failure of Kenvue to provide such materials or information or take such actions. Kenvue shall provide to J&J, its Affiliates or its Service Providers, as applicable, (a) information reasonably necessary to the performance of the Services by J&J, its Affiliates or its Service Providers hereunder, (b) any necessary specific written authorizations and consents, (c) reasonable access to Kenvue's books and records necessary in J&J's reasonable opinion for the performance of the Services by J&J, its Affiliates or its Service Providers hereunder and (d) reasonable access to and cooperation from employees of the Kenvue Business involved in providing the applicable Service prior to the Separation Date. Kenvue will execute such documents evidencing the authority for J&J, its Affiliates and its Service Providers to represent Kenvue and its Affiliates as may be reasonably necessary to the performance of the Services hereunder. In the event that, in order to provide any of the Services, J&J reasonably requires additional resources or personnel of the Kenvue Business and requests access thereto or use thereof, Kenvue shall, and shall cause its Affiliates to, use commercially reasonable efforts to make such additional resources or personnel available to J&J for such purpose at no cost to J&J (other than to the extent any such costs are already included in the Service Fee for such Service).

**SECTION 8.02 Documents and Forms.** Except as otherwise agreed in connection with the provision of the Services or as required by applicable Law, Kenvue acknowledges that during the period of this Agreement, documents prepared by J&J will continue to be printed on J&J forms.

**SECTION 8.03 Misdirected Receipts.** In the event that, on or after the date of this Agreement, either party shall receive any payments or other funds due to the other pursuant

to the terms hereof or otherwise, then the party receiving such payments or funds shall promptly forward such payments or funds to the proper party. The parties acknowledge that there is no right of offset regarding such payments and a party may not withhold funds received from third parties for the account of the other party in the event there is a dispute regarding any other issue under this Agreement.

**SECTION 8.04 Internal Controls and Audit Rights.** J&J and Kenvue shall comply with the provisions **Product** set forth on **Exhibit N Schedule B**, with respect the Parties shall mutually agree upon any such decreases in **Supply Reviews**.

2. **Amendment to the internal controls Section 15.03 of J&Jthe Agreement.** Section 15.03 ofthe Agreement is hereby deleted in its provision of entirety and replaced with the **Services** following:

## **ARTICLE IX**

### **Limitation of Liability and Indemnification**

**SECTION 9.01 Amendments andWLimitation on Liability,avers** (a) J&J's maximum liability (including any liability for the acts and omissions of its Affiliates or the Service Providers or its or their respective directors, officers, employees, Affiliates, agents or representatives) to, and the sole remedy of, Kenvue for matters arising out of this Agreement or any Local Services Agreement shall be limited to the aggregate amount of the Service Fees and other payments received by J&J, its Affiliates and the Service Providers under this Agreement and the Local Services Agreements. In no event shall J&J, any of its Affiliates or any Service Provider have any liability for indirect, incidental, multiplier, special, punitive, consequential or lost profits damages, or for attorneys' fees and costs and prejudgment interest, in each case as a result of provision of or failure to provide the Services under the terms of this Agreement, except to the extent any such damages are payable to a claimant in a third-party claim. With respect to any Liabilities arising under this Agreement, Kenvue agrees that it shall only seek to recover for such Liabilities from J&J, and Kenvue hereby waives the right to seek recovery for such Liabilities from or equitable remedies against any Affiliate of J&J, any Service Provider or any director, officer or employee of J&J, any of its Affiliates or any Service Provider.

(b) Notwithstanding anything to the contrary contained herein, none of J&J, any of its Affiliates or any Service Provider shall be liable to Kenvue for any Liabilities relating to the implementation, execution or use by Kenvue or any of its Affiliates of the Services provided under the terms of this Agreement, except to the extent any such Liabilities arise out of J&J's or its Affiliates' or Service Providers' fraud, intentional misconduct or gross negligence in connection with this Agreement.

**SECTION 9.02 Indemnification.** (a) Kenvue hereby agrees to defend, indemnify and hold J&J, its Affiliates and Service Providers and its and their respective directors, officers, employees, Affiliates, agents and representatives harmless from and against any and all Liabilities (whether resulting from a third-party or first-party claim) incurred by the aforementioned Persons and arising out of, in connection with or by reason of this Agreement or the provision of Services hereunder, except to the extent any such Liabilities arise out of J&J's or its Affiliates' or Service Providers' fraud, intentional misconduct or gross negligence.

(b) J&J hereby agrees to defend, indemnify and hold Kenvue and its Affiliates and its and their respective directors, officers, employees, Affiliates, agents and representatives harmless from and against any and all Liabilities incurred by the aforementioned Persons and arising out of, in connection with or by reason of J&J's or its Affiliates' or Service Providers' fraud, intentional misconduct or gross negligence in connection with this Agreement.

(c) All claims for indemnification under this Article IX shall be asserted and resolved pursuant to procedures equivalent to the indemnity procedures set forth in Sections 6.05 and 6.06 of the Separation Agreement.

**SECTION 9.03 Exclusivity.** No claim may be brought under this Agreement related to any cause of action under the Separation Agreement or any other Ancillary Agreement. Any claims brought under this Agreement must be based solely on the provisions of this Agreement (including the Exhibits hereto). Except for actions for injunctive relief or specific

performance, this Article IX provides the exclusive means by which either party may assert and remedy claims and Section 11.05 provides the exclusive means by which any party may bring actions against the other party with respect to any claims arising under this Agreement.

## ARTICLE X

### Force Majeure

The parties shall be relieved of their obligations hereunder (other than any payment obligations, but provided that Kenvue shall be relieved, in full or in part, from any payment for Services not performed, in full or in part, during a force majeure event described in this Article X), if and to the extent that any of the following events hinder, limit or make impracticable the performance by any party of any of its obligations hereunder: war, terrorist act, riot, pandemic, fire, explosion, accident, flood, sabotage, compliance with Law, orders or actions of Governmental Authorities, national defense requirements, labor strike, lockout or injunction, or any other event beyond the reasonable control and without the fault or negligence of such party. The party thus hindered or whose performance is otherwise affected shall promptly give the other party notice thereof and shall use commercially reasonable efforts to remove or otherwise address the impediment to action as soon as practicable; provided that J&J and its Service Providers shall not be required to settle a labor dispute other than as J&J may determine in its sole judgment.

## ARTICLE XI

### Miscellaneous

**SECTION 11.01 Notices.** Any notice, request, instruction or other communication to be given hereunder by either party to the other party shall be in writing and delivered in the manner and to the address of the applicable party as set forth in Section 11.05 of the Separation Agreement.

**SECTION 11.02 Assignment.** Neither party shall assign this Agreement (including by operation of law) in whole or in part without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. Subject to the first sentence of this Section 11.02, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Any attempted assignment or transfer in violation of this Section 11.02 shall be void.

**SECTION 11.03 14.01, thA m e n d m e n t s a n d W a i v e r s .** This Agreement may only be amended by the mutual agreement of the parties in writing executed by authorized signatories of J&J and Kenvue. At any time and from time officers thereof; provided that mutually agreed changes to time, schedules in this Agreement may be updated by the parties hereto may by written agreement signed by authorized officers of J&J and Kenvue extend the time for, or waive in whole or in part, the performance of any obligation of any party hereto under this Agreement. Parties through a change request process.

**SECTION 11.04 3. Books and Records. Amendment to S Upon schedule.** Effective as of December 30, 2024, Schedule of the expiration Agreement is hereby deleted in its entirety and replaced with the Amended Schedule ("Amended Schedule") as set forth on Exhibit A hereto. All references be deemed to be replaced by Amended Schedule I as of the Agreement or upon date of this First Amendment.

**4. Product Adjustments.** The obligations and other terms set forth on Exhibit B shall apply to the termination of a Service or Services. Parties with respect to which J&J holds books, records, files or any other documents of Kenvue, J&J will return such books, records, files and any other documents of Kenvue that J&J has in its possession as soon as reasonably practicable, the Products set forth therein.

**SECTION 11.05 5. Governing Law; Dispute Resolution.** E (a) This Agreement effectiveness. Except as otherwise expressly set forth herein, this First Amendment shall be governed by, and construed in accordance with, the Laws effective as of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof. date hereof.

**6. EACH PARTY HERETO WAIVES ITS RIGHT TO TRIAL OF ANY ISSUE BY JURY.** Other References. All references in the Agreement and all other documents related thereto to the term "Agreement" shall mean the Agreement as defined thereinto together with this First Amendment. Capitalized terms not otherwise defined herein shall have the same meanings set forth in the Agreement.

(b) In 7. No Novation or Waiver. Nothing contained herein and no action taken pursuant to the event term hereof are intended to constitute a novation of the Agreement. Nothing contained herein shall constitute a release, termination, or waiver of any dispute arising under rights or remedies granted to either Party in the Agreement except as set forth in this First Amendment. Nothing contained herein constitutes an agreement or obligation by either Party to enter into any further amendments to the Agreement except this Agreement between the parties hereto (a "First Dispute"), the Lead Coordinators shall meet (by telephone, video conference or in person) no later than five Business Days after receipt of notice by a party hereto of a request for resolution of such Dispute. The Lead Coordinators shall attempt to negotiate in good faith to resolve such Dispute. If the Lead Coordinators are unable to resolve any such Amendment.

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dispute within ten Business Days following such meeting, either party hereto may seek to resolve such Dispute in accordance with Section 11.02

8. Inconsistencies. To the extent of any inconsistency between the terms and conditions of this First Amendment and the terms and conditions of the Separation Agreement.

SECTION 11.06 Independent Contractors. Each party acknowledges that it has entered into this Agreement for independent business reasons. The relationship of the parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship. Neither Kenvue nor J&J shall have any power or authority to negotiate or conclude any agreement, or to make any representation or to give any understanding on behalf of the other in any way whatsoever. Notwithstanding the foregoing, to the extent required to provide the Services, Kenvue shall execute any documents reasonably requested by J&J as evidencing authority for J&J and its Affiliates to represent Kenvue hereunder.

SECTION 11.07 No Third Party Beneficiaries. Except to the extent expressly contemplated by Article IX of this Agreement, the provisions of this First Amendment shall in all events prevail. All terms and conditions of the Agreement are solely for the benefit of the parties hereto and inconsistent herewith shall remain in full force and their successors and permitted assigns and are not intended to confer any rights or remedies to any Person, other than the parties and such permitted successors and permitted assigns, effect.

SECTION 11.08. Severability, Ratification. It is . The parties hereby ratify and affirm all terms and conditions of the Agreement, which shall remain in full force and intent to effect, subject to and to the extent not inconsistent with the terms of the parties hereto that the this Amendment.

10. Governing Law. This First Amendment shall be governed by, and construed in accordance with, the Laws of the State of Delaware, without regard to the choice of law provisions thereof. Any dispute relating to this First Amendment or any alleged breach thereof shall be resolved in accordance with Section 11.02 of the Separation Agreement. **THE PARTIES HERETO EXPRESSLY AGREE THAT THE APPLICATION OF THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS (1980) IS SPECIFICALLY EXCLUDED AND WILL NOT APPLY TO THIS FIRST AMENDMENT AND THAT KENVUE EXPRESSLY WAIVES AND RELEASES SJNJ FROM ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. EACH PARTY HERETO WAIVES ITS RIGHT TO TRIAL BY JURY.**

11. Counterparts. This First Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which shall be deemed to constitute the same First Amendment. An executed signature page of this Agreement First Amendment (including by facsimile or PDF format signature) delivered by electronic transmission (with transmission confirmed) or in PDF format via email shall be as effective as an original executed signature page.

12. Severability. It is the desire and intent of the Parties that the provisions of this First Amendment will be enforced to the fullest extent permissible under the Laws in each jurisdiction in which enforcement is sought. Accordingly, Accordingly, if any particular provision of this Agreement First Amendment is determined to be invalid or unenforceable, such provision will be deemed amended to delete therefrom the portion thus determined to be invalid or unenforceable, such deletion to apply to the extent of such invalidity or unenforceability without affecting

affecting in any way the remaining provisions hereof and only with respect to the operation of such provision in the particular jurisdiction in which such determination is made.

**SECTION 11.09 Headings.** The Article and Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning and interpretation of this Agreement.

**SECTION 11.10 Counterparts.** This Agreement may be executed in two or more counterparts, including via facsimile or by a .pdf file via email, each of which shall be deemed to be an original and all of which shall be deemed to constitute the same Agreement.

**SECTION 11.11 Interpretation.** The rules of interpretation and construction specified in Section 11.15 of the Separation Agreement shall also apply to this Agreement, *mutatis mutandis*. Any reference herein a "quarter" or "calendar quarter" shall mean a fiscal quarter based on the J&J Universal Calendar for that year, and any reference herein to a "year" or "calendar year" shall mean a fiscal year based on the J&J Universal Calendar for that year.

**SECTION 11.12 Survival.** Articles VII, IX and XI shall survive the termination of this Agreement in accordance with the respective terms thereof.

**SECTION 11.13 Entire Agreement.** This Agreement, together with the Exhibits hereto, the Separation Agreement and the other Ancillary Agreements, constitutes and sets forth the entire agreement and understanding between the parties with respect to the subject matter hereof. Each of the parties acknowledges and represents that in deciding to enter into this Agreement and to consummate the transactions contemplated hereby it has not relied upon any statements, promises, warranties or representations, written or oral, express or implied, other than those explicitly set forth herein. Nothing contained in this Agreement is intended or shall be construed to amend or modify in any respect, or constitute a waiver of, any of the rights and obligations of the parties under the Separation Agreement.

**SECTION 11.14 Further Assurances.** In addition to the actions specifically provided for elsewhere in this Agreement, but subject to any express limitations in this Agreement, each of J&J and Kenvue shall use commercially reasonable efforts to take, or cause

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to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable Law or otherwise to implement and give effect to this Agreement.

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**IN WITNESS WHEREOF,** the parties have each caused this Agreement to be executed by its duly authorized representative as of the day and year first above written.

**JOHNSON & JOHNSON:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**KENVUE INC.:  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_**

## LIST OF EXHIBITS

- A. INW Services ITNESS
- B. WHEREOF, the Parties have ERLR Services
- C. vReal Estate Arrangements
- D. eac Service Period and IOM Deadlines
- E. dull Interim Operating Agreements
- F. exec Form of Local Services Agreement
- G. uTransition Committee
- H. teExit Plans
- I. thiForm of Quality Agreements
- J. FirsJohnson & Johnson Universal Calendar
- K. AmePartial Termination Rules
- L. nAnnual Fee Adjustment Rules
- M. dmenInvoicing
- N. alInternal Control and Audit Rights
- O. thPartial Migration
- P. e Adjustments for Early Termination of Services

EXHIBIT 10.19

### KENVUE INC. d at LONG-TERM INCENTIVE PLAN e

#### GLOBAL PERFORMANCE SHARE UNIT AWARD AGREEMENT

Granted To: #ParticipantName#

WWID #:

#EmployeeID#

Target Number of PSUs:

#QuantityGranted#

Grant Date:

#GrantDate#

Performance Period:

December 1, 2023 – November 30, 2026

Vesting Commencement Date:

December 1, 2023

Scheduled Vesting Date:

The third anniversary of the Vesting  
Commencement Date (the "Scheduled Vesting  
Date")

Certification Date:

The date on which the Committee certifies the level of achievement of the performance-based vesting criteria set forth in  
Appendix A hereto during the Performance Period (the "Performance Goals"), which will be no later than 65 days following  
the end of the Performance Period.

In addition to such other conditions as may be established by the Committee in its sole discretion, in consideration of the granting of an award under the  
terms of the Kenvue Inc. Long-Term Incentive Plan, as amended from time to time (the "Plan"), you agree as follows:

##### 1. sGrant of PSUs. t

(a) aboveAward ewri. Subject to the terms and conditions of this Global Performance Share Unit Award Agreement, including any country-specific  
terms in Appendix B hereto and any other exhibits or addendums to these documents (collectively, this "Agreement") and the Plan, Kenvue Inc., a Delaware  
corporation (the "Corporation"), hereby grants you Performance Share Units ("PSUs") in the above-stated target number (the "Target Number of PSUs"). The actual  
number of PSUs that become vested (which may be more or less than the Target Number of PSUs) shall be determined as provided in accordance with the terms of  
this Agreement (including, without limitation, Section 2 of this Agreement and Appendix A). Each PSU that becomes vested in accordance with this Agreement will  
be settled in one share of Common Stock of the Corporation, par value \$0.01 per share ("Common Stock"), or cash in lieu thereof, as determined by the Committee,  
in either case subject to and in accordance with the terms of Section 4 of this Agreement. Except where the context clearly indicates otherwise, each capitalized

term used herein shall have the definition assigned to it by this Agreement or, to the extent that this Agreement does not define a capitalized term used herein, by the Plan. The PSUs granted herein are subject to all of the terms and conditions of the Plan, and the terms of the Plan are hereby incorporated herein by reference.

(b) *Conditions.* This grant of PSUs is conditioned on your electronically accepting this grant on the website of the Plan recordkeeper (or in such other manner as the Corporation may establish or permit from time to time). By accepting this PSU grant, you will

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have confirmed your acceptance of all of the terms and conditions of this Agreement. If you wish to decline this PSU grant, you must decline the grant on the website of the Plan recordkeeper prior to the Scheduled Vesting Date. If you have not declined the PSU grant by the Scheduled Vesting Date, you will be deemed to have automatically accepted this Award and all the terms and conditions set forth in this Agreement.

## **2. Vesting of PSUs; Competition with the Corporation Group.**

(a) *General.* Except as otherwise provided in this Section 2, on the later of the above-stated Scheduled Vesting Date and the Certification Date you shall vest in a number of PSUs, if any, based upon the achievement of the Performance Goals during the Performance Period (as determined by the Committee in its sole discretion), provided, that, (i) you are Employed on the Scheduled Vesting Date and have been Employed at all times since the Grant Date and (ii) you have complied with and are in compliance with the terms of this Agreement, as determined by the Corporation in its sole discretion.

(b) *Termination of Employment - General.* If, prior to the Scheduled Vesting Date, you cease to be Employed for any reason, then except as otherwise provided in Section 2(c) (Certain Terminations), the PSUs shall immediately be forfeited for no consideration as of the Date of Termination.

(c) *Certain Terminations.*

(i) *Termination of Employment due to Death.* If, prior to the Scheduled Vesting Date, you die while Employed, then, to the extent the PSUs are still outstanding, your estate, beneficiary or any person who acquires the PSUs by inheritance or devise, as applicable, shall immediately become vested in the Target Number of PSUs on your date of death.

(ii) *Disability.* If, prior to the Scheduled Vesting Date, you become Disabled, then, to the extent the PSUs are still outstanding, you shall become immediately vested in the Target Number of PSUs on the date of Disability.

(iii) *Certain Involuntary Terminations.* If, prior to the Scheduled Vesting Date, your Employment is terminated (A) by the Corporation Group other than for Cause or (B) by you for Good Reason, then, a Pro Rata Number of PSUs shall remain outstanding and you shall be eligible to become vested in a number of PSUs (which may be more or less than the Pro Rata Number of PSUs) on the Certification Date in accordance with Section 2(a), based upon actual achievement relative to the Performance Goals during the Performance Period using the Pro Rata Number of PSUs (and not the Target Number of PSUs) as a base. For purposes of this Agreement, a "Pro Rata Number of PSUs" means the number of PSUs equal to the result, rounded to the nearest whole number, of (X) the Target Number of PSUs, multiplied by (Y) a fraction, the numerator of which is the number of days that elapsed from the Vesting Commencement Date through and including the Date of Termination and the denominator of which is the total number of days in the period commencing on the Vesting Commencement Date and ending on (and including) the Scheduled Vesting Date. Notwithstanding this Section 2(c)(iii), you will be treated as having terminated Employment pursuant to Section 2(b) hereof (Termination of Employment – General) if, at any time prior to the Scheduled Vesting Date, the Corporation determines in its sole discretion that applying this Section 2(c)(iii) in a particular case (or cases) is not advisable or appropriate or consistent with the intent of this Section 2(c)(iii). The portion of the PSUs that are unvested as of the Date of Termination and that are not eligible to vest as part of the Pro Rata Number of PSUs, if any, shall immediately be forfeited for no consideration as of the Date of Termination.

(iv) *Termination due to Qualifying Separation.* If your Employment terminates prior to the Scheduled Vesting Date:

(A) for any reason other than a termination of Employment pursuant to Section 2(c)(i) (Termination of Employment due to Death) or Section 2(c)(vi) (Termination for Cause), and

(B) as of the Date of Termination, either (I) you have attained age fifty-five (55) and have at least ten (10) years of Service with at least five (5) consecutive years of Service immediately before your Date of Termination or (II) you have attained age sixty-two (62) (a termination of Employment that satisfies the conditions set forth in clauses (A) and (B) above, a "Qualifying Separation"), then, subject to the terms of this Agreement, to the extent the PSUs are still outstanding, a Pro Rata Number of PSUs shall remain outstanding and eligible to become vested on the Certification Date in accordance with Section 2(a) of this Agreement, based upon actual achievement relative to the Performance Goals during the Performance Period using the Pro Rata Number of PSUs (and not the Target Number of PSUs) as a base. If a termination of Employment satisfies the conditions set forth in Section 2(c)(iii) (Certain Involuntary Terminations) and this Section 2(c)(iv) (Termination due to Qualifying Separation), only this Section 2(c)(iv) shall apply. For purposes of this Section 2(c)(iv)(B), your periods of employment, if any, with Johnson & Johnson (or any of its subsidiaries or affiliates) prior to the date that the Corporation ceased to be an affiliate of Johnson & Johnson shall be factored into the determination of your years of Service immediately before your Date of Termination. The portion of the PSUs that are unvested as of your Date of Termination and that are not eligible to vest as part of the Pro Rata Number of PSUs, if any, shall be forfeited as of your Date of Termination for no consideration.

Notwithstanding the foregoing, you will be treated as having terminated Employment pursuant to Section 2(b) hereof (Termination of Employment – General) if, at any time prior to the Scheduled Vesting Date, the Corporation determines in its discretion that applying this Section 2(c)(iv) (Termination due to Qualifying Separation), (1) to employees based on age at the time of termination of Employment and not to all employees may violate any law or public policy applicable to you and/or the PSUs (whether as applied to all holders of PSUs or only holders of PSUs in the jurisdiction where you are employed), or (2) in a particular case (or cases) is not advisable or appropriate or consistent with the intent of this Section 2(c)(iv).

(v) *Death Following Certain Terminations.* Notwithstanding the foregoing, if you die following a termination of Employment pursuant to Section 2(c)(iii) (Certain Involuntary Terminations) or Section 2(c)(iv) (Termination due to Qualifying Separation), but prior to the Certification Date, then your estate, beneficiary or any person who acquires the PSUs by inheritance or devise, as applicable, shall become vested in the Pro-Rata Number of PSUs (for the avoidance of doubt, assuming achievement of all performance goals at the "target" level) on the date of your death following such a termination of employment.

(vi) *Termination for Cause.* Without limiting the generality of Section 2(b), and notwithstanding any other provision of this Section 2(c), if you cease to be Employed for any reason in connection with or following the occurrence of an event that constitutes Cause, then the PSUs and any other awards you hold under the Plan shall immediately be forfeited for no consideration as of the Date of Termination. If following the Date of Termination, the Corporation becomes aware of conduct or activity by you that occurred during or following your Employment that would have constituted Cause, then any PSUs (or portions thereof) or any other awards held by you under the Plan that are unvested or unexercised (and any payments or benefits in respect thereto) as of the date that the Corporation becomes aware of such conduct or activity shall be forfeited for no consideration.

(vii) *Corporation Determinations.* In the event of your termination of Employment, the determination of the reason for such termination and the applicable treatment under this Section 2 shall be made by the Corporation in its sole discretion.

(d) *Change of Control.* Notwithstanding anything in this Agreement to the contrary, the PSUs, to the extent still outstanding, shall be subject to the provisions of Section 11 of the Plan in the event of a Change of Control.

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(e) *Competition With the Corporation Group.* In order to protect the Corporation Group's goodwill and investments in research and development and Customer and business relationships and to prevent the disclosure of the Corporation Group's confidential and trade secret information, thereby promoting the long-term success of the Corporation Group's business, you agree to the following:

(i) During your Employment, you will not, without the prior written consent of the Corporation, directly or indirectly engage in Competitive Activities.

(ii) For a period of 12 months following the Date of Termination (whether voluntarily or involuntarily), you will not, without the prior written consent of the Corporation, directly or indirectly perform, or assist others to perform, work for a Competitor in connection with a Competing Product, in the United States or in any other country where the Corporation Group does business or is planning to do business. By accepting the PSU award, you represent that you understand and agree that the covenant not to compete is reasonable in that you can continue your chosen profession when you leave the employment of the Corporation Group so long as you are not working with or for a Competitor and in connection with a Competing Product, and/or you rescind and forfeit your PSU award. You understand and agree that the covenant not to compete does not impose an unnecessary restraint because of the nature of the confidential, proprietary and trade secret information of the Corporation Group, which mandates protection in the geographical areas described above. You also understand and agree that the covenant not to compete is necessary to protect the goodwill and confidential, proprietary and trade secret information of the Corporation Group.

(iii) *Rescission and Forfeiture.* You understand and agree that if the Corporation determines you have violated Section 2(e)(i) and/or Section 2(e)(ii) and/or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group, then, in addition to injunctive relief, damages, and all other equitable and legal rights and remedies the Corporation Group may be awarded:

(A) the PSUs shall be forfeited for no consideration on the earliest date on which you are first in violation of Section 2(e)(i) and/or Section 2(e)(ii) or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group; and

(B) upon the Corporation's demand, you shall immediately deliver to the Corporation (I) a number of shares of Common Stock equal to the number of PSUs that vested and were settled in the form of Common Stock (for the avoidance of doubt, without reduction for any shares of Common Stock that may have been withheld to satisfy applicable withholding taxes) and (II) the gross amount of cash paid to you (for the avoidance of doubt, without reduction for amounts withheld to satisfy applicable withholding taxes) for any PSUs that were settled in the form of cash, in each case in respect of any PSUs that vested within the 12 month period of time immediately preceding the earliest date on which you are first in violation of Section 2(e)(i) and/or Section 2(e)(ii) or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group. To the extent that you do not, as of the date of the Corporation's demand for repayment, hold a number of shares of Common Stock sufficient to satisfy your obligation set forth in clause (I) above, you shall pay the Corporation an amount in cash equal to the result of (x) (i) the number of shares required to be delivered by you to the Corporation pursuant to clause (I) above, less (ii) the number of shares actually delivered by you to the Corporation pursuant to clause (I), multiplied by (y) the Fair Market Value per share of Common Stock as of the business day immediately preceding the date of the Corporation's demand for repayment. You agree to deliver and execute such documents (including, if applicable, share certificates) as the Corporation may deem necessary to effect the repayment obligations referred to in this Section 2(e)(iii)(B).

(iv) You understand and agree that the remedies set forth in Section 2(e)(iii) shall not be the Corporation Group's exclusive remedies in the event of a breach of the non-competition obligations set forth in Section 2(e)(i) and/or Section 2(e)(ii) or in any other

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applicable non-competition or non-solicitation agreement that you have with any member of the Corporation Group, and that the Corporation Group reserves all other rights and remedies available to it at law or in equity.

(f) *Conditions on Vesting upon or following Termination of Employment.* Your eligibility to vest in any of the PSUs following the Date of Termination shall be subject to (i) your compliance with the non-competition obligations in Section 2(e)(i) and/or Section 2(e)(ii) and/or any other applicable non-competition or non-solicitation agreement with any member of the Corporation Group and (ii) if required by any member of the Corporation Group at the time of your termination of Employment, your execution of a separation agreement and/or a general release of claims in favor of the Corporation Group containing such provisions and in such form as required by the Corporation that becomes effective within 60 days following the Date of Termination (or such earlier date as the Corporation may require). In the event a separation agreement and/or a release of claims is required by the Corporation Group and (A) the Vesting Date falls within the period that you have to provide such release of claims, and (B) the period in which the PSUs must be settled pursuant to Section 4(a) spans two calendar years, settlement of the vested PSUs will be made in the second calendar year.

### 3. Rights to Common Stock; Dividend Equivalents.

(a) *Voting Rights.* Except as set forth below in Section 3(b), prior to the delivery of shares of Common Stock to you pursuant to Section 4(a) (if applicable), you shall not have any rights in, or with respect to, any of the shares of Common Stock underlying the PSUs, including, but not limited to, any voting rights and the right to receive any dividends (or dividend equivalents) that may be paid or any distributions that may be made with respect to such Common Stock.

(b) *Dividend Equivalents.* If the Corporation declares and pays (or sets a record date with respect to) ordinary quarterly cash dividends on shares of Common Stock prior to the Scheduled Vesting Date, your outstanding PSUs shall be credited with additional PSUs (determined by dividing the aggregate dividend amount that would have been paid with respect to the target number of your outstanding PSUs (or Pro Rata Number of PSUs, if applicable), if they had been actual shares of Common Stock by the Fair Market Value of a share of Common Stock on the dividend payment date), which additional PSUs shall vest and be settled concurrently with the underlying PSUs and be treated as PSUs for all purposes of this Agreement (it being understood that the provisions of this sentence shall not apply to any extraordinary dividends or distributions). For the avoidance of doubt, if the number of PSUs under this agreement is prorated, the right to receive additional PSUs in respect of dividends shall also be correspondingly prorated.

**4. Settlement of PSUs; Tax Withholding; Compliance With Securities Laws; Compliance With Compensation Recoupment Policy.**

(a) *General.* Subject to the terms of this Agreement, within 60 days following the Vesting Date (but, in no event later than the first March 15<sup>th</sup> to occur following the date the PSUs are no longer subject to a "substantial risk of forfeiture" for purposes of Section 409A, as determined by the Corporation), you will receive from the Corporation one share of Common Stock for each PSU that becomes vested in accordance with the terms of this Agreement, or, at the discretion of the Committee, the cash equivalent of the Fair Market Value on the Vesting Date, reduced by any whole shares of Common Stock that are withheld or sold or any cash withheld to satisfy applicable Federal, state and local income taxes, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable or deemed applicable to you (the "Tax-Related Items") in the amount determined by the Corporation. In lieu of the foregoing, the Corporation or other applicable member of the Corporation Group may determine that withholding of Tax-Related Items shall be satisfied by any other method permitted under the Plan. Notwithstanding the foregoing, if you are a Section 16 officer of the Corporation under the Securities Exchange Act of 1934, as amended, then the Corporation will satisfy any applicable tax withholding

obligations by withholding in shares of Common Stock upon the relevant taxable event (with such withholding obligations determined based on the applicable statutory withholding rates and without regard to Section 83(c)(3) of the Code), unless otherwise determined by the Committee. In the event of your death prior to the settlement provided for in this Section 4, the shares of Common Stock or cash, as applicable, shall instead be provided to your estate, beneficiary or any person who acquires the PSUs by inheritance or devise, as applicable.

(b) *Registration and Listing.* Notwithstanding Section 4(a), shares of Common Stock shall not be issued pursuant to this Agreement, unless, on the Vesting Date, there is in effect a current registration statement or amendment thereto under the Securities Act of 1933, as amended, covering the shares of Common Stock to be issued upon vesting of the PSUs, and such shares are authorized for listing on the New York Stock Exchange or another securities exchange as determined by the Corporation. Nothing herein shall be deemed to require the Corporation to apply for, to effect, or to obtain such registration or listing.

(c) *Compensation Recoupment Policy.* You hereby acknowledge and agree that you and the PSUs, including any cash and/or shares of Common Stock that may be delivered to you pursuant to the PSUs, are subject to any compensation recovery or recoupment policy that the Corporation Group may adopt from time to time and that is applicable to you (collectively, the "Recovery Policies"). The terms and conditions of the Recovery Policies are hereby incorporated by reference into this Agreement.

**5. Nontransferability of PSUs.** The PSUs and any rights granted hereunder may not be sold, transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution or in accordance with any beneficiary designation procedures that may be established by the Corporation. Nor shall any such rights be subject to execution, attachment or similar process, other than in accordance with the terms of the Plan. Upon any attempt to sell, transfer, assign, pledge, hypothecate or otherwise dispose of the PSUs or of any rights granted herein contrary to the provisions of the Plan or this Agreement, or upon the levy of any attachment or similar process upon the PSUs or such rights, the PSUs and such rights shall, at the election of the Corporation, be forfeited for no consideration.

**6. No Special Employment Rights; No Rights to Awards.** Nothing contained in the Plan or this Agreement shall be construed or deemed by any person under any circumstances to bind any member of the Corporation Group to continue your employment for the vesting period, Performance Period or for any other period, to create a right to employment with the Corporation, to form or amend an employment or service contract with the Corporation or to interfere in any way with any right of a member of the Corporation Group to terminate your employment at any time. You hereby acknowledge and agree that (a) the Plan is established voluntarily by the Corporation, is discretionary in nature and may be modified, amended or terminated by the Corporation at any time, as provided in the Plan, (b) your participation in the Plan is voluntary and you are voluntarily accepting the grant of PSUs, (c) the PSUs and the shares of Common Stock subject to the PSUs, and the income and value of same, do not constitute part of your normal or expected compensation or salary for any purposes, including, but not limited

to, calculating any severance, resignation, termination indemnities, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or welfare benefits or similar payments, and in no event should be considered as compensation for, or in any way relating to, past services to the Corporation Group, (d) the PSUs and shares of Common Stock subject to the PSUs, and the income and value of same, are not intended to replace any pension rights or compensation, (e) the grant of the PSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past, (f) unless otherwise agreed with the Corporation, the PSUs and the shares of Common Stock subject to the PSUs, and the income and value of same, are not granted as consideration, or in connection with, the service you may provide as a director of any entity in the Corporation Group, (g) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty, (h) no claim or entitlement to

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compensation or damages shall arise from forfeiture or recoupment of the PSU resulting from the termination of your Employment or other service relationship (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), (i) you shall seek all necessary approvals under, make all required notifications under, and comply with all laws, rules, and regulations applicable to the ownership of the PSUs and, if applicable, shares of Common Stock, including currency and exchange laws, rules and regulations, (j) neither the Corporation nor any other member of the Corporation Group shall be liable for any foreign exchange rate fluctuation between your local currency and the US dollar that may affect the value of the PSUs or of any amounts due to you pursuant to settlement of the PSUs or the subsequent sale of any shares of Common Stock acquired upon settlement, (k) the determination of the form of awards granted under the Plan is made by the Committee in its sole discretion, and (l) the Corporation is not providing any tax, legal or financial advice, nor is the Corporation making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying shares of Common Stock, and you should consult your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the PSUs.

**7. Notices.** Unless the Corporation notifies you otherwise in writing, all notices, designations, and payments to be submitted to the Corporation in connection with the PSUs shall be addressed to:

Equity Compensation Administration  
199 Grandview Road  
Skillman, NJ, 08558  
USA

**8. Adjustments for Changes in the Corporation's Corporate Structure; Section 280G.**

(a) The PSUs granted hereunder shall be subject to the provisions of the Plan relating to adjustments for changes in the Corporation's corporate structure.

(b) Notwithstanding any other provision in this Agreement to the contrary, in the event that it is determined (by the reasonable computation of an independent nationally recognized certified public accounting firm that shall be selected by the Corporation prior to the applicable Change of Control) that the vesting of the PSUs, together with the aggregate amount of any other payments, distributions, benefits and entitlements of any type payable by any member of the Corporation Group to you or for your benefit, in each case, that could be considered "parachute payments" within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") that, but for this Section 8(b), would be payable to you or for your benefit, exceeds the greatest amount of Parachute Payments that could be paid to you or for your benefit without giving rise to any liability for any excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest or penalties, collectively referred to as the "Excise Tax"), then the aggregate amount of Parachute Payments payable to you or for your benefit shall not exceed the amount which produces the greatest after-tax benefit to you after taking into account any Excise Tax to be payable by you. For the avoidance of doubt, this provision shall reduce the amount of Parachute Payments otherwise payable to you or for your benefit, if doing so would place you in a more favorable net after-tax economic position as compared with not reducing the amount of Parachute Payments (taking into account the Excise Tax payable in respect of such Parachute Payments). Parachute Payments will be reduced by first reducing amounts considered to be nonqualified deferred compensation subject to Section 409A; provided that in no event may the Parachute Payments be reduced in a manner that would subject Participant to additional taxation under Section 409A.

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**9. Definitions.** The following capitalized terms shall have the definitions set forth below for purposes of this Agreement:

(a) **Certification Date** means the date the Committee certifies the level of achievement of the Performance Goals during the Performance Period, as identified on the first page of this Agreement.

(b) **Committee** means the Compensation & Human Capital Committee of the Board (or any successor committee), or any person or persons to whom the Committee has delegated authority to administer, construe or interpret the terms of the Plan, pursuant to Section 3(d) of the Plan.

(c) **Competitor** means any person or entity including, but not limited to, you or anyone acting on your behalf, that is engaged or preparing to be engaged in research, development, production, manufacturing, marketing or selling of, or consulting on, any product, process, technology, machine, invention or service in existence or under development that resembles, competes with, may now or in the future compete with, can be substituted for or can be marketed as a substitute for any product, process, technology, machine, invention, or service of the Corporation Group that is in existence or that is, was, or is planned to be under development. The Corporation shall determine whether any individual or entity is a "Competitor" in its sole discretion, and its determination shall be final.

(d) **Competing Product** means products, processes or services of any person, organization or entity other than the Corporation Group's, in existence or under development, which are substantially similar, may be substituted for, or applied to substantially similar end use of the products, processes or services with which you worked on in any capacity, including a sales or marketing capacity, at any time during the two-year period prior to the Date of Termination or about which you acquired confidential or proprietary information during the two-year period prior to the Date of Termination.

(e) **Competitive Activities** means any and all activities (including preparations) which compete with, are intended to compete with, or which otherwise may adversely affect or interfere with the Corporation Group's business or advantage a Competitor whether immediately or in the future. The Corporation shall determine whether any conduct constitutes "Competitive Activities" in its sole discretion, and its determination shall be final.

(f) **Corporation Group** means the Corporation and its subsidiaries and affiliates, as determined by the Corporation.

(g) **Customer** means any entity, client, account, or person, including the employees, agents, or representatives of the foregoing, or any entity or person who participates, influences or has any responsibility in making purchasing decisions on behalf of such entities, clients, accounts, or persons, to whom or to which you contacted, solicited any business from, sold to, rendered any service to, were assigned to, had responsibilities for, received commissions or any compensation on, or promoted or marketed any products or services to during the 18-month period of time preceding the Date of Termination. The Corporation shall determine whether any individual or entity is a "Customer" in its sole discretion, and its determination shall be final.

(h) **Date of Termination** means the date on which your Employment terminates.

(i) **Disability** or **Disabled** means any medically determinable physical or mental impairment resulting in your inability to perform the duties of your position of employment or any substantially similar position, where the impairment can be expected to result in death or can be expected to last for a continuous period of not less than six months. Notwithstanding the foregoing, (i) you will not be considered to have incurred a Disability unless you are identified as "disabled" (or of similar status) in accordance with the personnel and/or human resources

policies of the Corporation or its applicable affiliate, as in effect from time to time and (ii) if the PSUs are subject to Section 409A (as determined by the Corporation), then you will not be considered to have incurred a Disability unless such condition also constitutes a "disability" within the meaning of Treasury Regulation Section 1.409A-3(i)(4).

(j) "Employed" or "Employment" means any period of time during which you are an employee of the Corporation Group in good standing, as determined by the Corporation Group in accordance with its applicable practices, policies and records; provided, that, during such period you are (i) in active employment status with the Corporation Group or (ii) on a Corporation Group-approved leave of absence (as determined by the Corporation Group in its sole discretion). For the avoidance of doubt, you shall not be considered to be Employed (x) for any period during which you are not considered to be an employee in good standing pursuant to the Corporation Group's practices, policies and records, (y) during any notice period or salary continuation period required by contract, practice or local law (such as a "garden leave" or similar period) or any severance period (if you are covered by a severance agreement or arrangement) or (z) for any period of leave that is not approved by the Corporation Group (as determined by the Corporation Group in its sole discretion).

(k) "Good Reason" means the occurrence of one or more of the following, without your written consent: (i) a greater than 10% decrease in your base salary, other than where such reduction is part of a broad-based compensation reduction applicable to similarly situated employees; (ii) a 50% or more reduction (as determined by the Committee's sole discretion) in your authorities, responsibilities and duties; or (iii) your assigned primary work address is changed (or company designated fully remote alternate work arrangement is terminated) resulting in an increase in your one-way commuting distance by 50 or more miles from your primary home residence to the new assigned primary work address (with such commuting distance to be determined by using Google Maps); provided, in each case, that such events shall not constitute Good Reason unless you provide written notice to the Corporation of the occurrence of such event within 30 days of the occurrence of such event and the Corporation does not cure such event within 30 days after receipt of such notice, and you terminate employment within 30 days after the end of such cure period.

(l) "Grant Date" means the date on which the PSUs are granted, as identified on the first page of this Agreement.

(m) "Performance Period" means the three-year performance period identified on the first page of this Agreement.

(n) "Service" means Employment with the Corporation or one of its subsidiaries or affiliates, while that corporation or other legal entity was a subsidiary or affiliate of the Corporation, unless the Corporation has otherwise provided on or before the Grant Date.

(o) "Vesting Date" means the earliest of (to the extent applicable): (i) the later of the Scheduled Vesting Date and the Certification Date, (ii) in the event of a termination of Employment pursuant to Section 2(c)(i) (Termination of Employment due to Death) or a Disability pursuant to Section 2(c)(ii) (Disability), with respect to the Target Number of PSUs, the Date of Termination or the date you become Disabled, as applicable, (iii) in the event of your death as described in Section 2(c)(v) (Death following Certain Terminations), with respect to the Pro Rata Number of PSUs, the date of death, (iv) in the event of a termination of Employment pursuant to Section 2(c)(iii) (Certain Involuntary Terminations) or Section 2(c)(iv) (Termination due to Qualifying Separation), with respect to the Pro Rata Number of PSUs, the Certification Date and (v) the date the PSUs vest pursuant to any applicable provision of the Plan (provided, that, if the PSUs are subject to Section 409A (as determined by the Corporation), solely to the extent that distribution upon such vesting event would not result in accelerated taxation and/or tax penalties under Section 409A).

## 10. Miscellaneous.

(a) **Amendments.** Except as provided herein, this Agreement may not be amended or otherwise modified unless evidenced in writing and signed by an authorized representative of the Corporation.

(b) **Third-Party Beneficiaries.** You acknowledge and agree that all affiliates and subsidiaries of the Corporation have, or will as the result of a future acquisition, merger, assignment, or otherwise have, an interest in your Employment and your compliance with the obligations in Section 2(e) (Competition with the Corporation Group), and that those entities are each express, third-party beneficiaries of this Agreement.

(c) **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

(d) **Severability.** In the event that Section 2(e) (Competition with the Corporation Group) of this Agreement is invalidated or not enforced under applicable law, this shall not affect the validity or enforceability of the remaining provisions of this Agreement or the Plan. To the extent that Section 2(e) of this Agreement is unenforceable because it is deemed overbroad, the provision shall be applied and enforced in a more limited manner to the fullest extent permissible

under the applicable law. You further understand and agree that, in the event Section 2(e) of this Agreement is declared invalid, void, overbroad, or unenforceable, in whole or in part, for any reason, you shall remain bound by any non-competition, confidentiality, non-solicitation, and/or non-disclosure agreement previously entered between you and any member of the Corporation Group.

(e) **Appendix B.** Notwithstanding any provisions in this Agreement, the PSUs shall be subject to any additional terms and conditions set forth in Appendix B for your country. Moreover, if you relocate to one of the countries included in Appendix B, the additional terms and conditions for such country will apply to you, to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix B constitutes part of this Agreement.

(f) **Data Privacy Consent.** *By accepting this grant, you hereby unconditionally consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, your employing entity (the "Employer") and the Corporation and the Corporation Group for the exclusive purpose of implementing, administering and managing any awards issued to you under the Plan. You understand that the Corporation and your Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, details of all PSUs or any other entitlement to shares of stock awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing any grants issued to you under the Plan. You understand that Data may be transferred to any third parties, as may be selected by the Corporation, which are assisting in the implementation, administration and management of the Plan and the fulfillment of this Agreement. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections from your country. You understand that if you reside outside of the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients, which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing,*

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administering and managing grants under the Plan and the fulfillment of this Agreement. You understand the Data will be held only as long as is necessary to implement, administer and manage grants under the Plan and this Agreement. You understand that if you reside outside of the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your human resources representative. Further, you understand that your consent herein is being provided on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Employment status or Service will not be affected; the only consequence of refusing or withdrawing your consent is that the Corporation may not be able to grant PSUs or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

(g) **Entire Agreement.** This Agreement and the Plan constitute the entire agreement between the parties relating to the subject matter hereof, and any previous agreement or understanding between the parties with respect thereto is superseded by this Agreement and the Plan.

(h) **Section 409A.** The intent of the parties is that payments and benefits under this Agreement are exempt from or comply with Section 409A of the Code ("Section 409A"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith or exempt therefrom, as applicable. Notwithstanding anything to the contrary in the Plan or this Agreement, the Corporation reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A prior to the actual payment of cash or shares of Common Stock pursuant to the PSUs. However, the Corporation makes no representation that the PSUs are not subject to Section 409A nor makes any undertaking to preclude Section 409A from applying to the PSUs. The Corporation shall not have any liability under the Plan or this Agreement for any taxes, penalties or interest due on amounts paid or payable pursuant to the Plan or this Agreement, including any taxes, penalties or interest imposed under Section 409A. For purposes of the Plan and this Agreement, to the extent the PSUs constitute "non-qualified deferred compensation" within the meaning of Section 409A and necessary to avoid accelerated taxation and/or tax penalties under Section 409A, a termination of Employment shall not be deemed to have occurred for purposes of settlement of any portion of the PSUs unless such termination constitutes a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of Employment" or similar terms shall mean "separation from service." Each amount to be paid under this

Agreement shall be construed as a separately identified payment for purposes of Section 409A. In addition, notwithstanding anything herein to the contrary, if you are deemed on the Date of Termination to be a "specified employee" within the meaning of that term under Section 409A and you are subject to U.S. federal taxation, then, to the extent the settlement of the PSUs following such termination of Employment is considered the payment of non-qualified deferred compensation under Section 409A payable on account of a "separation from service" that is not exempt from Section 409A, such settlement shall be delayed until the first business day after the date that is six months following your "separation from service" (or upon your death, if earlier).

(i) *Acknowledgement.* By electing to accept this Agreement, you acknowledge receipt of this Agreement and hereby confirm your understanding of the terms set forth in this Agreement. In the event of any conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control. The Corporation may, in its sole discretion, decide to deliver any documents (including, without limitation, information required to be delivered to you pursuant to applicable securities laws) related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic

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delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

(j) *Language.* You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in the English language, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

(k) *Imposition of Other Requirements.* The Corporation reserves the right to impose other requirements on your participation in the Plan, on the PSUs and on any shares of Common Stock acquired under the Plan, to the extent the Corporation determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, to make any corrections or adjustments that it deems necessary or appropriate, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(l) *Waiver.* You acknowledge that a waiver by the Corporation of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other grantee.

(m) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to conflict of laws principles, except to the extent superseded by federal law and as set forth in this Section 10(m). Provided that you primarily resided and worked in California during and in connection with your employment with the Corporation Group and at the time that you accepted this Agreement and participation in the Plan, (i) this Agreement shall be governed by and construed in accordance with the laws of the State of California; and (ii) Section 2(e)(ii) shall not apply with respect to services you render in California that do not involve your use or disclosure of the Corporation Group's confidential or trade secret information.

(n) *Submission to Jurisdiction; Waiver of Jury Trial.* Any litigation brought against a party to this Agreement shall be brought in any U.S. federal or state court located in the State of New Jersey and each of the parties submits to the exclusive jurisdiction of such courts for the purpose of any such litigation; provided, that, a final judgment in any such litigation shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other matter provided by law. Each party agrees not to assert (A) any objection which it may have to venue in U.S. federal or state court located in the State of New Jersey, (B) any claim that litigation has been brought in an inconvenient forum and (C) any claim that such court does not have jurisdiction with respect to such litigation. Each party waives any right to a trial by jury with respect to any matters arising under this Agreement or any other awards granted under the Plan.

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KENVUE INC.

By: JOHNSON & JOHNSON:

Anil Agarwal

Head of Total Rewards

Kenvue  
Inc.  
199  
Grandview  
Road  
Skillman,  
NJ  
08558  
USA

13By: /s/ Francis Dougherty

**EXHIBIT 10.20**

KENVUE INC.

**LONG-TERM INCENTIVE PLAN:**

**GLOBAL NONQUALIFIED STOCK**

**OPTION AWARD AGREEMENT**

Granted To: #ParticipantName# Grant #GrantDate#  
Date:  
WWID #: #EmployeeID# Total #QuantityGranted#  
Shares:  
Vesting December 1, 2023 Purchase \$20.81  
Commencement Price Per  
Date: Share:

Scheduled The dates set forth in the  
Vesting Date: table below (each, a  
"Scheduled Vesting Date").

By: /s/ Chris Andrew

|                        |                   |                  |                                  |
|------------------------|-------------------|------------------|----------------------------------|
| Grant No. Name:        | Francis Dougherty | Grant Type       |                                  |
| #ClientGrantID# Title: | Treasurer         | NQSO             |                                  |
| #ClientGrantID# NQSO   | #VestDate_2#      | December 1, 2025 |                                  |
| #ClientGrantID# NQSO   | #VestDate_3#      | December 1, 2026 | Title:<br>Assistant<br>Secretary |
|                        |                   |                  |                                  |

| No. of Shares | Scheduled Vesting Date Name: |
|---------------|------------------------------|
|               | Chris Andrew                 |

In addition [Signature Page to such  
other conditions the First Amendment

#### List of Exhibits

- A. Amended Schedule I: Transition Timeline & Termination Costs
- B. Product Adjustment

Exhibit 10.16

, 2025

JPMorgan Chase Bank, N.A.  
as may be established by the  
Committee in its sole discretion, in  
consideration of the granting of an award  
under the terms of the Administrative  
Agent  
500 Stanton Christiana Rd.  
NCC5 / 1st Floor  
Newark, DE 19713  
Attention: Loan & Agency Services Group  
Tel: +1-302-634-3367  
Email: jacob.mcnett@chase.com

Kenvue Inc. Long-Term Incentive Plan,  
Credit Agreement

Ladies and Gentlemen:

Reference is made to the  
Credit Agreement, dated as of March 6,  
2023 (as amended, supplemented or  
otherwise modified from time to time  
(the and in effect on the date hereof, the  
"Plan Credit Agreement"), you agree as  
follows:

**1. Grant of Nonqualified  
Stock Option.**

(a) **Award.** Subject to  
the terms by and conditions of this Global  
Nonqualified Stock Option Agreement,  
including any country-specific terms in  
Appendix A hereto and any other exhibits  
or addendums to these documents  
(collectively, this "Agreement") and the  
Plan, among Kenvue Inc., a Delaware  
corporation (the "Corporation Company"),

hereby grants you a non-qualified stock option (this the lenders from time to time party thereto (the "Option Lenders") and JPMorgan Chase Bank, N.A., as administrative agent. Terms used and not otherwise defined herein have the meanings assigned to purchase from it them in the above-stated number of shares of common stock Credit Agreement.

Pursuant to Section 2.22(a) of the Corporation, par value \$0.01 per share ("Credit Agreement, the Lender named below hereby notifies the Administrative Agent as follows:

(a) Common Stock The Lender named below desires to extend the Termination Date with respect to its Commitment for a period of one year, from March 6, 2028 to March 6, 2029 (the "Extension"), at the above-stated price per share (such per share price, the ";

price, the " ; and  
(b) Purchase Price"), which will The Lender named below further agrees that such Extension shall become vested effective on February 21, 2025.

This notice is subject in all respects to the terms of the Credit Agreement, is irrevocable and conditions of this Agreement. This Option, shall be effective only if received by the Administrative Agent no later than February 19, 2025.

Very

truly yours,

[NAME]

OF LENDER]

By:

Name:

Title:

Exhibit 10.20



**Amendment to Addendum  
2 to the Employment  
Agreement  
dated June 22, 2022**

between

**JNTL Consumer Health I (Switzerland)  
GmbH**

Gubelstrasse 34, CH-6300 Zug  
(hereinafter: "Employer")

And

**Carlton Lawson**

born on June 21, 1968, United Kingdom  
citizen

domiciled at Volkmarstrasse 6, CH-8006  
Zurich  
(hereinafter: "Employee")

On June 22 / June 25, 2022, the Employer and the Employee entered into an employment agreement ("Employment Agreement"). This Employment Agreement has been amended by the "Addendum 2 to the New Employment Agreement dated June 22, 2022" ("Previous Addendum 2"). The Employer and the Employee would like to amend the Previous Addendum 2 as of this Option, the date hereof, as follows ("Amendment").

**1. Housing Allowance**

- a) The Employee's entitlement to a housing allowance, as set forth in the Previous Addendum 2, shall

and as of December 31, 2024

ENGLISH OR DECEMBER 31, 2024.

b) To compensate for the discontinuation of the housing allowance, the Employer shall grant the Employee a Transition Allowance ("Transition Allowance") in the amount of CHF 155'000 gross, payable in December 2024.

Page 1 of 2

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c) Should the Employee give notice of termination effective before June 30, 2026, the Employee shall repay to the Employer the Transition Allowance pro-rata temporis. The repayment shall be due sixty (60) days prior to the effective date of termination of the Employment Agreement, and the Employer shall be entitled to set-off such repayment with any payment obligations under the Employment Agreement.

d) The Transition Allowance is subject to ~~all~~ social security charges and other charges due under applicable law.

## 2. Miscellaneous

a) This Amendment becomes effective as of the date hereof.

b) Except as provided for in this Amendment, all other terms and conditions of the ~~Plan~~, Employment Agreement remain unchanged and valid for both parties.

c) This Amendment, including the ~~terms~~ jurisdiction clause, shall be governed by, interpreted and construed in accordance with the substantive laws of Switzerland. Exclusive jurisdiction for all disputes arising out of or in connection with this Amendment shall be with the ordinary courts at the registered place of

incorporation of the Plan Employer.

Zug, October 22, 2024

**JNTL Consumer Health I (Switzerland)  
GmbH Carlton Lawson**

/s/ Franco Gaudino /s/ Carlton Lawson

Franco Gaudino  
Head of HR EMEA

/s/ Steve Käsermann

Steve Käsermann  
ERLR Manager Switzerland, BeNe,  
Austria

Page 2 of 2

**Exhibit 19**

**KENVUE INC.**

**STOCK TRADING POLICY FOR  
DIRECTORS, EXECUTIVE  
OFFICERS AND INSIDERS**

Federal and state laws prohibit  
Insiders (as defined below) from  
buying or selling securities of Kenvue  
Inc. ("Kenvue" or the "Company") (or  
any other company) when they are  
hereby incorporated herein by  
reference. Except where aware of  
material non-public information about  
Kenvue (or such other company) and  
from passing along (or "tipping") such  
information to others who then trade.  
This illegal activity is commonly  
referred to as insider trading.  
Individuals who trade on material non-  
public information (or tip information to  
others who trade) can be liable for civil  
and criminal penalties, in addition to  
legal and disciplinary action from  
Kenvue, up to and including dismissal  
for cause.

for cause.

This Stock Trading Policy (this "Policy") for Directors and Executive Officers (and family members living in the context clearly indicates otherwise, each capitalized term used herein shall have same household) and other Insiders provides guidelines with respect to transactions in the definition assigned securities of Kenvue. Kenvue has adopted this Policy regarding securities transactions to it by help prevent insider trading and to protect our reputation for integrity and ethical conduct.

### ***I. When does this Agreement Policy Apply?***

**General prohibition:** The general prohibition on trading or "tipping" when aware of material non-public information is always applicable.

**Blackout Period:** Starting on the date two weeks prior to the extent of each fiscal quarter, through and until 24 hours after financial results for that this Agreement does fiscal quarter (or the fiscal year) are announced, no Insiders may trade in Kenvue securities. This period when trading is not define allowed is called a capitalized term used herein, by the Plan. "Blackout Period."

*Example: If the fiscal quarter ends on September 30 and financial results are released at 8:00 AM (EDT) on October 16, then trading is prohibited under this Policy from September 16 through and until 8:00 AM (EDT) on October 17.*

**(b) Other Blackout PeriodsConditions.** This Option grant is conditioned on your electronically accepting this grant on the website of the Plan recordkeeper (or in such other manner as the Corporation may establish or permit from time to time) other types of material non-public information regarding the Company may exist. While such material non-public information is pending, the Company may impose special Blackout Periods for Insiders or certain Insiders. If the Company imposes a special Blackout

Period, it will notify the Insiders affected. The existence of a special Blackout Period, however, will not be announced to the Company as a whole and you must do so prior should not be communicated to being able to exercise any portion of this Option. By accepting this Option grant, you will other person.

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have confirmed your acceptance of all of the terms and conditions of this Agreement. If you wish to decline this Option grant, you must decline the grant on the website of the Plan recordkeeper.

**2. Vesting of Option;  
Competition with the Corporation Group.**

(a) *Vesting.* Except as otherwise provided in Section 3 (Termination of Employment; Disability), the Option shall become vested on the above-stated Scheduled Vesting Dates, provided, that, (i) you are Employed on the applicable Scheduled Vesting Date and have been Employed at all times since the Grant Date and (ii) you have complied with and are in compliance with the terms of this Agreement, as determined by the Corporation in its sole discretion.

(b) *Competition With the Corporation Group.* In order to protect the Corporation Group's goodwill and investments in research and development and Customer and business relationships and to prevent the disclosure of the Corporation Group's confidential and trade secret information, thereby promoting the long-term success of the Corporation Group's business, you agree to the following:

(i) During your Employment, you will not, without the prior written consent of the Corporation, directly or indirectly engage in Competitive Activities.

(ii) For a period of 12 months following the Date of Termination (whether voluntarily or involuntarily), you will not, without the prior written consent of the Corporation, directly or indirectly perform, or assist others to perform, work for a Competitor in connection with a Competing Product, in the United States or in any other country where the Corporation Group does business or is planning to do business. By accepting the Option award, you represent that you understand and agree that the covenant not to compete is reasonable in that you can continue your chosen profession when you leave the employment of the Corporation Group so long as you are not working with or for a Competitor and in connection with a Competing Product, and/or you rescind and forfeit your Option award. You understand and agree that the covenant not to compete does not impose an unnecessary restraint because of the nature of the confidential, proprietary and trade secret information of the Corporation Group, which mandates protection in the geographical areas described above. You also understand and agree that the covenant not to compete is necessary to protect the goodwill and confidential, proprietary and trade secret information of the Corporation Group.

(iii) *Rescission and Forfeiture.* You understand and agree that if the Corporation determines you have violated Section 2(b)(i) and/or Section 2(b)(ii) and/or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group, then, in addition to injunctive relief, damages, and all other equitable and legal rights and remedies the Corporation Group may be awarded:

(A) the Option (whether or not vested) shall be forfeited for no consideration on the earliest date on which you are first in violation of Section 2(b)(i) and/or Section 2(b)(ii) or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group; and

(B) upon

the Corporation's demand, you shall immediately deliver to the Corporation (I) a number of shares of Common Stock equal to the number of shares of Common Stock with respect to which you exercised the Option (for the avoidance of doubt, without reduction for any shares of Common Stock that may have been withheld and/or sold to satisfy applicable withholding taxes) within the 12 month period of time immediately preceding the earliest date on which you are first in violation of Section 2(b)(i) and/or Section 2(b)(ii) or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group, less (II) the number of shares of Common Stock withheld upon exercise to satisfy the Purchase

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Price (or, if you paid the Purchase Price in cash, the number of shares that would have been withheld had the purchase price been paid via cashless exercise). To the extent that you do not, as of the date of the Corporation's demand for repayment, hold a number of shares of Common Stock sufficient to satisfy the obligation set forth in the preceding sentence, you shall pay the Corporation an amount in cash equal to (x) (i) the number of shares required to be delivered by you to the Corporation pursuant to the preceding sentence, less (ii) the number of shares actually delivered by you to the Corporation pursuant to the preceding sentence, multiplied by (y) the Fair Market Value per share of Common Stock as of the business day immediately preceding the date of the Corporation's demand for repayment. You agree to deliver and execute such documents (including, if applicable, share certificates) as the Corporation may deem necessary to effect the repayment obligations referred to in this Section 2(b)(iii)(B).

(iv) You

understand and agree that the remedies set forth in Section 2(b)(iii) shall not be the

Corporation Group's exclusive remedies in the event of a breach of the non-competition obligations set forth in Section 2(b)(i) and/or Section 2(b)(ii) or in any other applicable non-competition or non-solicitation agreement that you have with any member of the Corporation Group, and that the Corporation Group reserves all other rights and remedies available to it at law or in equity.

**3. Termination of Employment; Disability.**

(a) *Termination of Employment- General.* If you cease to be Employed for any reason, then, except as otherwise provided in this Section 3 (Termination of Employment; Disability), (i) any portion of the Option that has not vested as of the Date of Termination shall immediately be forfeited for no consideration as of the Date of Termination; and (ii) any portion of the Option that has vested as of the Date of Termination and that has not been exercised shall terminate in full on the earlier of (A) the date that is three months after the Date of Termination and (B) the Expiration Date.

(b) *Termination of Employment due to Death.* If you die while Employed, then any portion of the Option that remains outstanding and that has not vested shall immediately become vested in full as of your date of death and your estate, beneficiary or any person who acquires the Option by inheritance or devise, as applicable, shall have the right to exercise any vested and unexercised portion of the Option until the Expiration Date.

(c) *Disability.* If you become Disabled while Employed, then any portion of the Option that remains outstanding and that has not vested shall immediately become vested in full as of the date of Disability and you (or should you die within said period, then your estate, beneficiary or any person who acquires the Option by inheritance or devise, as applicable) shall have the right to exercise any vested and unexercised portion of the Option until the Expiration Date.

(d) Certain other  
Terminations.

(i) Certain

Involuntary Terminations. If your Employment is terminated (i) by the Corporation Group other than for Cause or (ii) by you for Good Reason, then (A) you shall vest in a Pro Rata Portion of the Option on the first Scheduled Vesting Date immediately following your Date of Termination and (B) any portion of the Option that has vested as of the Date of Termination (or that becomes vested after the Date of Termination in accordance with this Section 3(d)(i)) and that has not been exercised shall terminate in full on the earlier of (1) the date that is six months after the later of (x) the Scheduled Vesting Date on which such portion of the Option vested and (y) the Date of Termination and (2) the Expiration Date. For purposes of this Agreement, "Pro Rata Portion of the Option" means a portion of the Option with respect to the number of shares of Common Stock equal to the result, rounded to the nearest whole number, of (I)(x) the total number of shares of Common Stock subject to the

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Option granted to you hereunder, multiplied by (y) a fraction, the numerator of which is the number of days that elapsed from the Vesting Commencement Date through and including the Date of Termination and the denominator of which is the total number of days in the period commencing on the Vesting Commencement Date and ending on (and including) the final Scheduled Vesting Date, minus (II) the number of shares of Common Stock subject to the portion of the Option that vested prior to the Date of Termination (if any). Notwithstanding this Section 3(d)(i), you will be treated as having terminated Employment pursuant to Section 3(a) hereof (Termination of Employment – General) if, at any time prior to the first Scheduled Vesting Date immediately following your Date of

Termination, the Corporation determines in its sole discretion that applying this Section 3(d)(i) in a particular case (or cases) is not advisable or appropriate or consistent with the intent of this Section 3(d)(i). The portion of the Option that is unvested as of the Date of Termination and that is not eligible to vest as part of the Pro Rata Portion of the Option, if any, shall immediately be forfeited for no consideration as of the Date of Termination.

(ii) ***Termination***

***due to Qualifying Separation.*** If your Employment terminates prior to the final Scheduled Vesting Date:

(A) for any reason other than a termination of Employment pursuant to Section 3(b) (Termination of Employment due to Death) or Section 3(d)(iv) (Termination for Cause), and

(B) as of the Date of Termination, either (I) you have attained age fifty-five (55) and have at least ten (10) years of Service with at least five (5) consecutive years of Service immediately before your Date of Termination or (II) you have attained age sixty-two (62) (a termination of Employment that satisfies the conditions set forth in clauses (A) and (B) above, a "Qualifying Separation"), then, (x) if the Vesting Commencement Date occurred within one year prior to your Date of Termination, you shall vest in a Pro Rata Portion of the Option on the first Scheduled Vesting Date immediately following your Date of Termination, or (y) if the Vesting Commencement Date occurred more than one year prior to your Date of Termination, you shall vest in the Option (to the extent still outstanding and not already vested) on the applicable Scheduled Vesting Date(s) in accordance with the schedule set forth above. Any portion of the Option that has vested as of your Date of Termination (or that becomes vested after your Date of Termination in accordance with this Section 3(d)(ii)(B)) and that has not been exercised shall remain exercisable until the Expiration Date. If a termination of Employment satisfies the conditions set forth in Section 3(d)(i) (Certain Involuntary Terminations)

and this Section 3(d)(ii) (Termination due to Qualifying Separation), only this Section 3(d)(ii) shall apply. For purposes of this Section 3(d)(ii)(B), your periods of employment, if any, with Johnson & Johnson (or any of its subsidiaries or affiliates) prior to the date that the Corporation ceased to be an affiliate of Johnson & Johnson shall be factored into the determination of your years of Service immediately before your Date of Termination. The portion of the Option that is unvested as of your Date of Termination that is not eligible to vest as part of the Pro Rata Portion of the Option, if any, shall be forfeited as of your Date of Termination for no consideration.

*Notwithstanding the foregoing, you will be treated as having terminated Employment pursuant to Section 3(a) hereof (Termination of Employment – General) if, at any time prior to the first Scheduled Vesting Date immediately following your Date of Termination, the Corporation determines in its discretion that applying II. Who is Covered by this Section 3(d)(ii) (Termination due to Qualifying Separation), (1) to employees based on age at the time of termination of Employment and not to all employees may violate any law or public policy applicable to you and/or the Option (whether as applied to all holders of options or only holders of options in the jurisdiction where you are employed), or (2) in a particular case (or cases) is not advisable or appropriate or consistent with the intent of this Section 3(d)(ii).*

4 Policy?

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**“Section 16 Insiders” who are:**

(iii) • Death Following Certain Terminations. Notwithstanding the foregoing, if you die following a termination of Employment pursuant to

Section 3(d)(i) (Certain Involuntary Terminations) or Section 3(d)(ii) (Termination due to Qualifying Separation), then, to the extent the Option (or portion thereof) remains outstanding as Members of the date Board of your death, your estate, beneficiary or any person who acquires the Option (or portion thereof) by inheritance or devise, as applicable, shall become fully vested in the Option (or such portion thereof that remains outstanding) on the date of your death (to the extent then unvested) and shall have the right to exercise any vested and unexercised portion Directors;

- Members of the Option until the Expiration Date.

**(iv) Termination**

for Cause. Without limiting the generality of Section 3(d), and notwithstanding any other provision of this Section 3, if you cease to be Employed for any reason (including without limitation, Leadership Team who are "executive officers" as a result of your voluntary resignation) that term is defined in connection with or following the occurrence of an event that constitutes Cause, then the Option, whether or not vested, and any other award you hold under the Plan, shall immediately be forfeited for no consideration as of the Date of Termination. If following the Date of Termination, the Corporation becomes aware of conduct or activity by you that occurred during or following your Employment that would have constituted Cause, then any portion of the Option or any other awards held by you under the Plan that are unvested or unexercised (and any payments or benefits in respect thereto) as of the date that the Corporation becomes aware of such conduct or activity shall be forfeited for no consideration.

**(v) Conditions**

on Vesting Following Termination of Employment. Your eligibility to vest in or exercise the Option (or any portion thereof) following the Date of Termination shall be subject to (i) your compliance with

the non-competition obligations in Section 2(b)(i) and/or Section 2(b)(ii) and/or any other applicable non-competition or non-solicitation agreement with any member of the Corporation Group and (ii) if required by any member of the Corporation Group at the time of your termination of Employment, your execution of a separation agreement and/or general release of claims in favor of the Corporation Group containing such provisions and in such form as required by the Corporation Group that becomes effective within 60 days following the date of termination (or such earlier date as the Corporation Group may require).

**(vi) Corporation**

**Determinations.** In the event of your termination of Employment, the determination of the reason for such termination and the applicable treatment under this Section 3 (Termination of Employment; Disability) shall be made by the Corporation in its sole discretion.

**(e) Change of Control.**

Notwithstanding anything in this Agreement to the contrary, the Option, to the extent still outstanding, shall be subject to the provisions of Section 11 of the Plan in the event of a Change of Control.

**4. Exercise of**

**Option; Payment of Purchase Price.**

**(a) Exercise of Option.**

**(i) General.**

This Option may not be exercised until the Vesting Date. Once vested, the Option (or applicable vested portion thereof) shall be exercisable in accordance with the procedures established by the Corporation, subject to Section 4(c) of this Agreement. This Option shall terminate and shall not be exercisable after the closing of the New York Stock Exchange on the earlier of (i) the Expiration Date and (ii) the date on which the Option otherwise terminates pursuant to this Agreement (including, without limitation, pursuant to Section 2 (Vesting of the Option; Competition with the Corporation Group) or Section 3 (Termination of Employment; Disability)). If the New York Stock Exchange is not open on the date that the

Option terminates, the Option shall no longer be exercisable after the closing of the New York Stock Exchange on the

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last day immediately preceding such date on which the New York Stock Exchange is open.

(ii) Exercise

Procedure. Subject to the conditions set forth in this Agreement and the Plan, you must exercise the Option by providing notice of exercise in accordance with procedures established by the Corporation from time to time. This notice must be accompanied by payment in full of the aggregate Purchase Price and any applicable taxes required by law in accordance with the terms of this Agreement. You may purchase less than the number of shares of Common Stock covered by the Option. You may not exercise the Option for a fractional share.

(iii) Automatic

Exercise Upon Expiration of the Option. Notwithstanding any other provision of this Agreement, if, as of the close of trading on the last trading day on which all or a portion of the outstanding Option may be exercised (such day, the "Last Trading Date"), (x) the then-Fair Market Value of a share of Common Stock exceeds the Purchase Price by at least \$0.01 and (y) the result of the option exercise would yield one or more shares of Common Stock (such expiring portion of the Option that is so in-the-money, the "Auto-Exercise Eligible Option"), you will be deemed to have automatically exercised such Auto-Exercise Eligible Option (to the extent it has not previously been exercised or forfeited) as of the close of trading on the Last Trading Date in accordance with the provisions of this Section 4(a)(iii). In the event of an automatic exercise pursuant to this Section 4(a)(iii), the Corporation will reduce the number of shares of Common

Stock issued to you upon such exercise in an amount necessary to satisfy (A) your aggregate Purchase Price obligation for the Auto-Exercise Eligible Option and (B) applicable Tax-Related Items (as defined below) arising upon the automatic exercise (unless the Corporation deems that a different method of satisfying such obligations is practicable and advisable), in each case, based on the closing price of the shares of Common Stock as of the close of trading on the Last Trading Date. In addition, this Section 4(a)(iii) shall not apply to any Option to the extent that this Section causes the Option to fail to qualify for favorable tax treatment under applicable law. The Corporation may, at any time in its discretion and for any reason, determine not to automatically exercise the Option. The automatic exercise procedure is provided as a convenience and as a protection against inadvertent expiration of an Option. Because any exercise of an Option is normally your responsibility, you hereby waive any claims against the Corporation or any of its affiliates, employees or agents if an automatic exercise does not occur for any reason and the Option expires.

**(b) Payment of Purchase Price.** The Purchase Price payable upon exercise of the Option shall be paid in U.S. dollars or, unless otherwise determined by the Committee, (i) pursuant to any cashless exercise procedure through the use of a brokerage arrangement approved by the Corporation; (ii) in Common Stock valued at Fair Market Value at the time of exercise; (iii) a combination of such Common Stock and cash; or (iv) such other method(s) as the Corporation may permit from time to time in its discretion; provided, that: (A) fractional shares of Common Stock shall not be accepted as payment of the Purchase Price; (B) shares of Common Stock that you acquired within the six month period immediately preceding the date of exercise may not be used to pay the Purchase Price; (C) shares of Common Stock that were issued to you by the Corporation upon your exercise of an incentive stock option within the one-year period immediately preceding the exercise of the Option may not be used to pay the

Purchase Price; and (D) any shares of Common Stock used to pay the Purchase Price (or any portion thereof) must be owned by you free and clear of any liens, encumbrances or security interests.

**(c) Exercisability**

**Subject to Administrative Processes.** You acknowledge and agree that your ability to exercise the Option on any specific date or during any specific period on or following the Vesting Date (whether the Vesting Date occurs during your Employment or upon or following the Date of Termination) is subject to and may be limited by the Corporation's administrative practices under the Plan as in

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effect from time to time. These practices may include, without limitation, the imposition of blackout periods during which the Option may not be exercised, periods during which the Option may not be exercised as a result of updates, maintenance, errors or changes on or to the Plan recordkeeper's electronic platform or otherwise, or such other limitations as the Corporation may deem necessary or advisable in its sole discretion.

**5. Delivery of Shares; Tax Withholding; Compliance With Securities Laws; Compensation Recoupment Policy.**

**(a) General.** The Corporation shall, after receiving the aggregate Purchase Price for the shares of Common Stock purchased and paid for under the Option, make delivery of such shares to you, reduced by any whole shares of Common Stock that are withheld or sold or any cash withheld to satisfy applicable Federal, state and local income taxes, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally

applicable or deemed applicable to you (the "Tax-Related Items") in the amount determined by the Corporation. In lieu of the foregoing, the Corporation or other applicable member of the Corporation Group may determine that withholding of Tax-Related Items shall be satisfied by any other method permitted under the Plan. Notwithstanding the foregoing, if you are a Section 16 officer of the Corporation Rule 3b-7 under the Securities Exchange Act of 1934, as amended, then, unless otherwise determined by amended;

- Corporate Controller; or
- Family members living in the Committee, if same household as any Section 16 Insider (see "Additional Guidance" section below).

"**Restricted Insiders**" who are:

- The Treasurer, any Assistant Treasurer, the Purchase Price upon exercise of the Option is paid (i) in cash or shares of Common Stock held prior to the date of exercise, then Corporate Secretary, any Tax-Related Items shall be satisfied in cash Assistant Corporate Secretary and (ii) pursuant to a cashless exercise procedure, then any Tax-Related Items shall be satisfied by the disposition of shares pursuant to such cashless exercise (with such withholding obligations determined based on the applicable statutory withholding rates). In the event of your death prior to the delivery of shares of Common Stock provided for in this Section 5, the shares of Common Stock shall instead be provided to your estate, beneficiary or any other person who acquires the shares of Common Stock by inheritance or devise, individual as applicable.

(b) *Registration and Listing.* The Option shall not be

exercisable unless at the time of exercise there is in effect a current registration statement or amendment thereto under the Securities Act of 1933, as amended, covering the shares of Common Stock to be issued upon exercise of the Option and such shares are authorized for listing on the New York Stock Exchange or another securities exchange as determined by the Corporation. Nothing herein shall be deemed to require the Corporation to apply for, to effect or to obtain such registration or listing.

**(c) Compensation**

**Recoupment Policy.** You hereby acknowledge and agree that you and the Option, including any cash and/or shares of Common Stock that may be delivered to you pursuant to this Option, are subject to any compensation recovery or recoupment policy that the Corporation Group may adopt designated from time to time and that is applicable to you (collectively, by the "Recovery Policies"). The terms and conditions of the Recovery Policies are hereby incorporated by reference into this Agreement. General Counsel:

**6. • Nontransferability of Option.** The Option is exercisable during your lifetime only by you, and no rights granted hereunder may be sold, transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution or in accordance with any beneficiary designation procedures that may be established by the Corporation. Nor shall any such rights be subject to execution, attachment or similar process, other than in accordance with the terms of the Plan. Upon any attempt to sell, transfer, assign, pledge, hypothecate or otherwise dispose of the Option or of such rights contrary to the provisions of the Plan or this Agreement, or upon the levy of any attachment or similar process upon the Option or

such rights, the Option and  
such rights shall, at the election  
of the Corporation, be forfeited  
for no consideration. Group  
Presidents;

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- Global Heads of Business

Segments;

7. • No Special Employment  
Rights; No Rights All  
individuals reporting directly  
to Awards. Nothing contained  
in the Plan or this Agreement  
shall be construed or deemed  
by any person under any  
circumstances to bind any  
member of the Corporation  
Group to continue your  
employment for the period  
within which the Option may be  
exercised or for any other  
period, to create a right to  
employment with the  
Corporation, to form or amend  
an employment or service  
contract with the Corporation or  
to interfere in any way with any  
right of a member of the  
Corporation Group Leadership  
Team or the Corporate  
Controller (in each case,  
excluding administrative staff  
members who do not have  
access to terminate your  
employment at any time. You  
hereby acknowledge and agree  
that (a) financial results);

- Certain employees in the  
Plan is established  
voluntarily Corporate  
Controller's group who are  
involved in the preparation  
of financial statements (to be  
determined by the  
Corporation, Chief Financial  
Officer);
- Members of the Company's  
Disclosure Committee;
- Investor Relations  
professionals; or
- Family members living in the  
same household as any

Restricted Insider (see  
"Additional Guidance"  
section below).

"**Insiders**" who are:

- Section 16 Insiders; or
- Restricted Insiders.

### **III. What is *discretionary* Material Non-Public Information?**

Material information is information about a company that a reasonable investor would be substantially likely to consider to be important in nature deciding whether or not to buy, sell, or retain securities and may be modified, amended, or terminated by the Corporation at any time, as provided in the Plan, (b) your participation in the Plan include, but is voluntary and you are voluntarily accepting the Option grant, (c) the Option and shares of Common Stock subject to the Option, and the income and value of same, do not constitute part of your normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination indemnities, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or welfare benefits or similar payments, and in no event should be considered as compensation for, or in any way relating to, past services to the Corporation Group, (d) the Option and shares of Common Stock subject to the Option, and the income and value of same, are not intended to replace any pension rights or compensation, (e) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past, (f) unless otherwise agreed with the Corporation, the Option and the shares of Common Stock subject to the Option, and the income and value of same, are not granted as consideration, or in connection with, the service you may provide as a

director or a subsidiary or the Corporation, (g) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty, (h) if the underlying shares of Common Stock do not increase in value, the Option will have no value, (i) if you exercise the Option and acquire shares of Common Stock, the value of such shares of Common Stock may increase or decrease in value, even below the purchase price (j) no claim or entitlement to compensation or damages shall arise from forfeiture or recoupment of the Option resulting from the termination of your Employment or other service relationship (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), (k) you shall seek all necessary approvals under, make all required notifications under, and comply with all laws, rules, and regulations applicable to the ownership of the Option and, if applicable, shares of Common Stock, including currency and exchange laws, rules, and regulations, (l) neither the Corporation nor any of its subsidiaries or affiliates shall be liable for any foreign exchange rate fluctuation between your local currency and the U.S. dollar that may affect the value of the Option or of any amounts due to you upon exercise of the Option or the subsequent sale of any shares of Common Stock acquired upon exercise, (m) the determination of the form of awards granted under the Plan is made by the Committee in its sole discretion, and (n) the Corporation is not providing any tax, legal, or financial advice, nor is the Corporation making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock and you should consult your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Option.

**8. Notices.** Unless the

Corporation notifies you otherwise in writing, all notices, designations, and payments to be submitted to the Corporation in connection with the Option shall be addressed to:

Equity Compensation Administration

199 Grandview Road

Skillman, NJ, 08558

USA

**9. Adjustments for Changes  
in the Corporation's Corporate  
Structure; Section 280G.**

(a) The Option granted hereunder shall be subject to the provisions of the Plan relating to adjustments for changes in the Corporation's corporate structure.

(b) Notwithstanding any other provision in this Agreement to the contrary, in the event that it is determined (by the reasonable computation of an independent nationally recognized certified public accounting firm that shall be selected by the Corporation prior to the applicable Change of Control that the vesting of the Option, together with the aggregate amount of any other payments, distributions, benefits and entitlements of any type payable by any member of the Corporation Group to you or for your benefit, in each case, that could be considered "parachute payments" within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") that, but for this Section 9(b), would be payable to you or for your benefit, exceeds the greatest amount of Parachute Payments that could be paid to you or for your benefit without giving rise to any liability for any excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any

tax (such tax or taxes, together with any such interest or penalties, collectively referred to as the "Excise Tax"), then the aggregate amount of Parachute Payments payable to you or for your benefit shall not exceed the amount which produces the greatest after-tax benefit to you after taking into account any Excise Tax to be payable by you. For the avoidance of doubt, this provision shall reduce the amount of Parachute Payments otherwise payable to you or for your benefit, if doing so would place you in a more favorable net after-tax economic position as compared with not reducing the amount of Parachute Payments (taking into account the Excise Tax payable in respect of such Parachute Payments). Parachute Payments will be reduced by first reducing amounts considered to be nonqualified deferred compensation subject to Section 409A; provided that in no event may the Parachute Payments be reduced in a manner that would subject you to additional taxation under Section 409A.

**10. Definitions.** The following capitalized terms shall have the definitions set forth below for purposes of this Agreement:information about:

- (a) • **"Committee"** means the Compensation & Human Capital Committee proposed transactions such as refinancings, recapitalizations, acquisitions, mergers, restructurings or purchases or sales of the Board (or any successor committee), or any person or persons to whom the Committee has delegated authority to administer, construe or interpret the terms of the Plan, pursuant to Section 4(c) of the Plan. assets;
- (b) • **"Competitor"** means any person major events regarding the Company's securities, such as defaults, redemptions, repurchase plans, stock splits, changes in dividend policy or entity including, but not limited to, you the public or anyone acting on your behalf, that is engaged private offering of additional debt or preparing to be engaged in research, development, production, manufacturing, marketing or selling

manufacturing, marketing or selling of, or consulting on, any product, process, technology, machine, invention or service in existence or under development that resembles, competes with, may now or in the future compete with, can be substituted for or can be marketed as a substitute for any product, process, technology, machine, invention, or service of the Corporation Group that is in existence or that is, was, or is planned to be under development. The Corporation shall determine whether any individual or entity is a "Competitor" in its sole discretion, and its determination shall be final.

(c) **Competing**

Product" means products, processes or services of any person, organization or entity other than the Corporation Group's, in existence or under development, which are substantially similar, may be substituted for, or applied to substantially similar end use of the products, processes or services with which you worked on in any capacity, including a sales or marketing capacity, at any time during the equity securities;

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two-year period prior to the Date of Termination or about which you acquired confidential or proprietary information during the two-year period prior to the Date of Termination.

(d) **Competitive**

Activities" means any and all activities (including preparations) which compete with, are intended to compete with, or which otherwise may adversely affect or interfere with the Corporation Group's business or advantage a Competitor whether immediately or in the future. The Corporation shall determine whether any conduct constitutes "Competitive Activities" in its sole discretion, and its determination shall be final.

**(e) "Corporation Group"**

means the Corporation and its subsidiaries and affiliates, as determined by the Corporation.

**(f) "Customer"** means

any entity, client, account, or person, including the employees, agents, or representatives of the foregoing, or any entity or person who participates, influences or has any responsibility in making purchasing decisions on behalf of such entities, clients, accounts, or persons, to whom or to which you contacted, solicited any business from, sold to, rendered any service to, were assigned to, had responsibilities for, received commissions or any compensation on, or promoted or marketed any products or services to during the 18 month period of time preceding the Date of Termination. The Corporation shall determine whether any individual or entity is a "Customer" in its sole discretion, and its determination shall be final.

**(g) "Date of**

**Termination**" means the date on which your Employment terminates.

**(h) "Disability"** or

**"Disabled"** means any medically determinable physical or mental impairment resulting in your inability to perform the duties of your position of employment or any substantially similar position, where the impairment can be expected to result in death or can be expected to last for a continuous period of not less than six months. Notwithstanding the foregoing, (i) you will not be considered to have incurred a Disability unless you are identified as "disabled" (or of similar status) in accordance with the personnel and/or human resources policies of the Corporation or its applicable affiliate, as in effect from time to time and (ii) if the Option is subject to Section 409A (as determined by the Corporation), then you will not be considered to have incurred a Disability unless such condition also constitutes a "disability" within the meaning of Treasury Regulation Section 1.409A-3(i)(4).

**(i) "Employed"** or

"Employment" means any period of time during which you are an employee of the Corporation Group in good standing, as determined by the Corporation Group in accordance with its applicable practices, policies and records; provided, that, during such period you are (i) in active employment status with the Corporation Group or (ii) on a Corporation Group-approved leave of absence (as determined by the Corporation Group in its sole discretion). For the avoidance of doubt, you shall not be considered to be Employed (x) for any period during which you are not considered to be an employee in good standing pursuant to the Corporation Group's practices, policies and records, (y) during any notice period or salary continuation period required by contract, practice or local law (such as a "garden leave" or similar period) or any severance period (if you are covered by a severance agreement or arrangement) or (z) for any period of leave that is not approved by the Corporation Group (as determined by the Corporation Group in its sole discretion).

(j) "Expiration Date"

means the tenth anniversary of the Grant Date.

(k) "Good Reason"

means the occurrence of one or more of the following, without your written consent: (i) a greater than 10% decrease in your base salary, other than where such reduction is part of a broad-based compensation reduction applicable to similarly situated employees; (ii) a 50% or more reduction (as determined

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by the Committee's sole discretion) in your authorities, responsibilities and duties; or (iii) your assigned primary work address is changed (or company designated fully remote alternate work arrangement is terminated) resulting in an increase in your

one-way commuting distance by 50 or more miles from your primary home residence to the new assigned primary work address (with such commuting distance to be determined by using Google Maps); provided, in each case, that such events shall not constitute Good Reason unless you provide written notice to the Corporation of the occurrence of such event within 30 days of the occurrence of such event and the Corporation does not cure such event within 30 days after receipt of such notice, and you terminate employment within 30 days after the end of such cure period.

(l) **"Grant Date"** means the date on which the Option is granted, as identified on the first page of this Agreement.

(m) **"Service"** means Employment with the Corporation or one of its subsidiaries or affiliates, while that corporation or other legal entity was a subsidiary or affiliate of the Corporation, unless the Corporation has otherwise provided on or before the Grant Date.

(n) **"Vesting Date"** means the earliest of (to the extent applicable): (i) the applicable Scheduled Vesting Date; or (ii) the date of death, in the event of a termination of Employment pursuant to Section 3(b) (Termination of Employment due to Death) or a death described in Section 3(d)(ii) (Death Following Certain Terminations); or (iii) the date you become Disabled, in the event of a Disability described in Section 3(c) (Disability); or (iv) the date the Option vests pursuant any applicable provision of the Plan.

## **11. Miscellaneous.**

### **(a) Amendments.**

Except as provided herein, this Agreement may not be amended or otherwise modified unless evidenced in writing and signed by an authorized representative of the Corporation.

### **(b) Third-Party**

**Beneficiaries.** You acknowledge and agree that all affiliates and subsidiaries of the Corporation have, or will as the result of a future acquisition, merger, assignment, or otherwise have, an interest in your Employment and your compliance with the

obligations in Section 2(b) (Competition with the Corporation Group), and that those entities are each express, third-party beneficiaries of this Agreement.

(c) *Binding Effect.* This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

(d) *Severability.* In the event that Section 2(b) (Competition with the Corporation Group) of this Agreement is invalidated or not enforced under applicable law, this shall not affect the validity or enforceability of the remaining provisions of this Agreement or the Plan. To the extent that Section 2(b) of this Agreement is unenforceable because it is deemed overbroad, the provision shall be applied and enforced in a more limited manner to the fullest extent permissible under the applicable law. You further understand and agree that, in the event Section 2(b) of this Agreement is declared invalid, void, overbroad, or unenforceable, in whole or in part, for any reason, you shall remain bound by any non-competition, confidentiality, non-solicitation, and/or non-disclosure agreement previously entered between you and any member of the Corporation Group.

(e) *Appendix A.* Notwithstanding any provisions in this Agreement, the Option shall be subject to any additional terms and conditions set forth in Appendix A for

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your country. Moreover, if you relocate to one of the countries included in Appendix A, the additional terms and conditions for such country will apply to you, to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or

administrative reasons. Appendix A constitutes part of this Agreement.

**(f) Data Privacy**

**Consent.** By accepting this grant, you hereby unconditionally consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, your employing entity (the "Employer") and the Corporation and the Corporation Group for the exclusive purpose of implementing, administering and managing any awards issued to you under the Plan. You understand that the Corporation and your Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, details of all Options or any other entitlement to shares of stock awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing any grants issued to you under the Plan. You understand that Data may be transferred to any third parties, as may be selected by the Corporation, which are assisting in the implementation, administration and management of the Plan and the fulfillment of this Agreement. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections from your country. You understand that if you reside outside of the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients, which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing,

administering and managing grants under the Plan and the fulfillment of this Agreement. You understand the Data will be held only as long as is necessary to implement, administer and manage grants under the Plan and this Agreement. You understand that if you reside outside of the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your human resources representative. Further, you understand that your consent herein is being provided on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Employment status or Service will not be affected; the only consequence of refusing or withdrawing your consent is that the Corporation may not be able to grant options or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

(g) *Entire Agreement.*

This Agreement and the Plan constitute the entire agreement between the parties relating to the subject matter hereof, and any previous agreement or understanding between the parties with respect thereto is superseded by this Agreement and the Plan.

(h) *Section 409A.* The

intent of the parties is that payments and benefits under this Agreement shall be exempt from or shall comply with Section 409A of the Code ("Section 409A"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith or exempt therefrom, as applicable. Notwithstanding anything to

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the contrary in the Plan or this Agreement, the Corporation reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A. However, the Corporation makes no representation that the Option is not subject to Section 409A nor makes any undertaking to preclude Section 409A from applying to the Option. The Corporation shall not have any liability under the Plan or this Agreement for any taxes, penalties or interest due on amounts paid or payable pursuant to the Plan or this Agreement, including any taxes, penalties or interest imposed under Section 409A. For purposes of the Plan and this Agreement, to the extent necessary to avoid accelerated taxation and/or tax penalties under Section 409A, a termination of Employment shall not be deemed to have occurred for purposes of settlement of any portion of the Option unless such termination constitutes a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of Employment" or similar terms shall mean "separation from service."

**(i) Acknowledgement.**

By electing to accept this Agreement, you acknowledge receipt of this Agreement and hereby confirm your understanding of the terms set forth in this Agreement. In the event of any conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control. The Corporation may, in its sole discretion, decide to deliver any documents (including, without limitation, information required to be delivered to you pursuant to applicable securities laws) related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the

delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

(j) *Language.* You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in the English language, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

(k) *Imposition of Other Requirements.* The Corporation reserves the right to impose other requirements on your participation in the Plan, on the Option and on any shares of Common Stock acquired under the Plan, to the extent the Corporation determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, to make any corrections or adjustments that it deems necessary or appropriate, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(l) *Waiver.* You acknowledge that a waiver by the Corporation of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other grantee.

(m) *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to conflict of laws principles, except to the extent superseded by federal law and as set forth in this Section 11(m). Provided that you primarily resided and worked in California during and in connection with your employment with the Corporation Group and at the time that you accepted this Agreement and participation in the Plan, (i) this Agreement shall be governed

by and construed in accordance with the laws of the State of California; and (ii) Section 2(b)(ii) shall not apply with respect to services you render in California that do not involve your use or disclosure of the Corporation Group's confidential or trade secret information.

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(n) **Submission to Jurisdiction; Waiver of Jury Trial.** Any litigation brought against a party to this Agreement shall be brought in any U.S. federal or state court located in the State of New Jersey and each of the parties submits to the exclusive jurisdiction of such courts for the purpose of any such litigation; provided, that, a final judgment in any such litigation shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other matter provided by law. Each party agrees not to assert (A) any objection which it may have to venue in U.S. federal or state court located in the State of New Jersey, (B) any claim that litigation has been brought in an inconvenient forum and (C) any claim that such court does not have jurisdiction with respect to such litigation. Each party waives any right to a trial by jury with respect to any matters arising under this Agreement or any other awards granted under the Plan.

**KENVUE  
INC.**

By:

Anil  
Agarwal  
Head  
of  
Total  
Rewards  
Kenvue  
Inc.  
199  
Grandview

Road  
Skillman,  
NJ  
08558  
USA

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**EXHIBIT 10.21**

**KENVUE INC.**  
**LONG-TERM INCENTIVE PLAN**

**GLOBAL RESTRICTED SHARE UNIT  
AWARD AGREEMENT**

Granted To: #ParticipantName#

WWID #: #EmployeeID# Total #QuantityGranted#  
Number  
of  
RSUs:

Grant Date: #GrantDate# Scheduled Vesting Dates:  
Vesting December 1, the dates set forth in the  
Commencement 2023 table below (each, a  
Date: "Scheduled Vesting Date")

| Grant No.       | Grant Type             | No. of Units | Scheduled Vesting Date |
|-----------------|------------------------|--------------|------------------------|
| #ClientGrantID# | Restricted Share Units | #VestQty_1#  | December 1, 2024       |
| #ClientGrantID# | Restricted Share Units | #VestQty_2#  | December 1, 2025       |
| #ClientGrantID# | Restricted Share Units | #VestQty_3#  | December 1, 2026       |

In addition to such other conditions as may be established by the Committee in its sole discretion, in consideration of the granting of an award under the terms of the Kenvue Inc. Long-Term Incentive Plan, as amended from time to time (the "Plan"), you agree as follows:

**1. Grant of Restricted Share Units.**

(a) **Award.** Subject to the terms and conditions of this Global Restricted Share Unit Award Agreement, including any country-specific terms in Appendix A hereto and any other exhibits or addendums to these documents (collectively, this "Agreement") and the Plan, Kenvue Inc., a Delaware corporation (the "Corporation"), hereby grants you the above-stated number of Restricted Share Units ("RSUs"), which will become vested subject to the terms and conditions of this Agreement. Upon vesting of each RSU, you will receive one share of Common Stock of the Corporation, par value \$0.01 per share ("Common Stock"), or cash in lieu thereof, as determined by the Committee, in either case subject to and in accordance with the terms of Section 4 of this Agreement. Except where the context clearly indicates otherwise, each capitalized term used herein shall have the definition assigned to it by this Agreement or, to the extent that this Agreement does not define a capitalized term used herein, by the Plan. The RSUs granted herein are subject to all of the terms and conditions of the Plan, and the terms of the Plan are hereby incorporated herein by reference.

(b) **Conditions.** This grant of RSUs is conditioned on your electronically accepting this grant on the website of the Plan recordkeeper (or in such other manner as the Corporation may establish or permit from time to time). By accepting this RSU grant, you will have confirmed your acceptance of all of the terms and conditions of this Agreement. If you wish to decline this RSU grant, you must decline the grant on the website of the Plan recordkeeper prior to the first Scheduled Vesting Date. If you have not declined the RSU grant by the first Scheduled Vesting Date, you will be deemed to have automatically accepted this Award and all the terms and conditions set forth in this Agreement.

2. • Vesting initiation, expansion, suspension (including temporary and/or limited suspensions), or curtailment of RSUs; Competition with the Corporation Group.

(a) General. Except as otherwise provided in this Section 2, the RSUs granted herein shall become vested on the above-stated Scheduled Vesting Dates, provided, that operations with respect to each RSU, (i) you are Employed on the applicable Scheduled Vesting Date and have been Employed at all times since the Vesting Commencement Date and (ii) you have complied with and are in compliance with the terms of this Agreement, as determined by the Corporation in its sole discretion, any country, market or product;

(b) • Termination earnings, projections of Employment - General future earnings or losses, or other earnings guidance;

- If, prior new contracts, products, services or discoveries; and
- significant developments in litigation or regulatory proceedings.

This list is not exhaustive, and there is no bright-line standard for assessing materiality; rather, it is based on an assessment of all of the facts and circumstances at a particular time.

Information may be material even if it relates to speculative or contingent events. It can also be material to more than one company. For example, information about a potential acquisition may be material to both the acquiring company and the target company. Material information can be positive or negative.

Information is considered "non-public" if it has not been broadly disseminated or made widely available to the final Scheduled Vesting Date, you cease general public, such as by

means of a press release, on a newswire, in a newspaper, in a published research report, in a public filing made with a regulatory agency, in materials sent to be Employed for shareholders or potential investors such as a proxy statement or a prospectus, or materials available from public disclosure services. You should refrain from trading until the market has had an opportunity to absorb and evaluate the information. If the information has been broadly disseminated, it is usually sufficient to wait one full trading day after publication. The fact that non-public information is reflected in rumors in the marketplace does not necessarily mean that the information has been publicly disseminated.

#### **IV. What Transactions are Prohibited by this Policy?**

- Trading in Kenvue securities when in possession of material non-public information.
- Trading in securities of another company at any reason, then time when in possession of material non-public information relevant to that company if such material non-public information was obtained in the course of their employment or other service with Kenvue.
- Trading in Kenvue securities during a Blackout Period, as described further in Section V below.
- Gifts of Kenvue securities when in possession of material non-public information or during a Blackout Period, except as otherwise provided permitted under Section VIII below.
- The transactions described in Section 2(c) (Certain Terminations), the RSUs (to the extent still outstanding and not already vested) shall immediately be forfeited for no consideration as X.

#### **V. What Transactions are Prohibited During a Blackout Period?**

- Open market purchase or sale of the Date of Termination.

(c) *Certain*

*Terminations.*

(i) *Termination of*

*Employment due to Death.* If, prior to the final Scheduled Vesting Date, you die while Employed, then, to the extent the RSUs are still outstanding and unvested, your estate, beneficiary or any person who acquires the RSUs by inheritance or devise, as applicable, shall immediately become vested in the RSUs on your date of death.

(ii) *Disability.* If,

prior to the final Scheduled Vesting Date, you become Disabled, then, to the extent the RSUs are still outstanding and unvested, you shall become immediately vested in the RSUs on the date of Disability.

(iii) *Certain*

*Involuntary Terminations.* If, prior to the final Scheduled Vesting Date, your Employment is terminated (A) by the Corporation Group other than for Cause or (B) by you for Good Reason, then you shall vest in a Pro Rata Number of RSUs on the first Scheduled Vesting Date immediately following your Date of Termination. For purposes of this Agreement, a "Pro Rata Number of RSUs" means the number of RSUs equal to the result, rounded to the nearest whole number, of (I)(x) the total number of RSUs that were granted to you hereunder, multiplied by (y) a fraction, the numerator of which is the number of days that elapsed from the Vesting Commencement Date through and including the Date of Termination and the denominator of which is the total number of days in the period commencing on the Vesting Commencement Date and ending on (and including) the final Scheduled Vesting Date, minus (II) the number of RSUs granted to you hereunder that vested prior to the Date of Termination (if any). Notwithstanding this Section 2(c)(iii), you will be treated as having terminated Employment pursuant to Section 2(b) hereof (Termination of Employment – General) if, at any time prior to the first Scheduled Vesting Date immediately following your Date of Termination, the Corporation determines in its sole

discretion that applying this Section 2(c) (iii) in a particular case (or cases) is not advisable or appropriate or consistent with the intent of this Section 2(c)(iii). The RSUs that are unvested as of the Date of Termination that are not eligible to vest as part of the Pro Rata Number of RSUs, if any, shall immediately be forfeited for no consideration as of the Date of Termination.

**(iii) Termination**  
*due to Qualifying Separation.* If your Employment terminates prior to the final Scheduled Vesting Date:

(A) for any reason other than a termination of Employment pursuant to Section 2(c)(i) (Termination of Employment due to Death) or Section 2(c)(vi) (Termination for Cause), and

(B) as of the Date of Termination, either (I) you have attained age fifty-five (55) and have at least ten (10) years of Service with at least five (5) consecutive years of Service immediately before your Date of Termination or (II) you have attained age sixty-two (62) (a termination of Employment that satisfies the conditions set forth in clauses (A) and Kenvue securities.

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(B) above, • Purchase or sale of Kenvue securities through a "Qualifying Separation"), then, (x) if the Vesting Commencement Date occurred within one year prior to your Date of Termination, you shall vest in a Pro Rata Number of RSUs on the first Scheduled Vesting Date immediately following your Date of Termination, or (y) if the Vesting Commencement Date occurred more than one year prior to your Date of Termination, you shall vest in the RSUs (to the extent still outstanding and not already vested) on the applicable Scheduled Vesting Date.

the applicable Scheduled vesting Date(s) broker (unless in accordance with pre-arranged and pre-approved written plans or irrevocable instructions — see “Pre-Arranged Rule 10b5-1 Trading Plans” section below).

- Sale or exchange of Kenvue securities in connection with the schedule set forth above. If exercise of stock options (including any sale of shares subject to a termination stock option as part of Employment satisfies a cashless exercise of an option, or any sale or exchange of shares to generate the conditions consideration needed to fund the exercise of an option or to pay taxes).

- Elections to make or change existing elections under a Company dividend reinvestment plan, if any. Switching existing balances into or out of a Kenvue stock fund, if any, in a Company 401(k) savings plan, if any.
- Increasing or decreasing future contributions to a Kenvue stock fund, if any, in a Company 401(k) savings plan, if any.
- Gifts of Kenvue securities except as otherwise permitted in Section VIII below.

#### **VI. What Transactions are Allowed During a Blackout Period?**

- Regular and matching contributions to a Kenvue stock fund, if any, in a Company 401(k) savings plan, if any.
- Regular reinvestment of dividends under a Company dividend reinvestment plan, if any.
- Estate-planning transfers, but only with pre-approval from the General Counsel or Corporate Secretary and provided that the transferor continues to control and directly or indirectly beneficially own such transferred shares.
- Regular purchase of Kenvue securities under a Company employee stock purchase plan, if any.
- The vesting of restricted stock, restricted stock units or

performance restricted stock units, or the exercise of a tax withholding right pursuant to which the Company withholds shares of stock to satisfy tax withholding requirements upon the vesting of any such awards. Sales or exchanges of shares acquired pursuant to the vesting of such awards are, however, prohibited during a Blackout Period.

- The automatic exercise and corresponding net settlement of Company options upon their expiration pursuant to the terms of such options.
- Trading in Kenvue securities in accordance with Trading Plans (as defined below) that meet the requirements set forth in Section 2(c)(iii) (Certain Involuntary Terminations) and this Section 2(c)(iv) (Termination due to Qualifying Separation), only this Section 2(c)(iv) shall apply. For purposes of this Section 2(c)(iv)(B), your periods of employment, if any, with Johnson & Johnson (or any of its subsidiaries or affiliates) prior to the date that the Corporation ceased to be an affiliate of Johnson & Johnson shall be factored into the determination of your years of Service immediately before your Date of Termination. The RSUs that are unvested as of your Date of Termination that are not eligible to vest as part of the Pro Rata Number of RSUs, if any, shall be forfeited as of your Date of Termination for no consideration. IX.

**Notwithstanding VII. Pre-Clearance of Stock Transactions for Section 16 Insiders**

At all times, even when a Blackout Period is not in effect, before purchasing or selling Kenvue securities, or engaging in any other transaction prohibited during a Blackout Period, Section 16 Insiders must pre-clear all transactions in Kenvue securities in writing by notifying the foregoing, you General Counsel or Corporate

Secretary at least two (2) business days in advance of the proposed transaction.

In addition, (i) the Chief Executive Officer will be treated notified of any transaction requests by other Section 16 Insiders and (ii) the Non-Executive Chair of the Board of Directors or Lead Director of the Board of Directors, as having terminated Employment pursuant to Section 2(b) hereof (Termination applicable, will be notified of Employment – General) if, at any time prior to transaction requests by the first Scheduled Vesting Date immediately following your Date of Termination, the Corporation determines in its discretion that applying this Section 2(c)(iv) (Termination due to Qualifying Separation), (1) to employees based on age at the time of termination of Employment and not to all employees may violate any law or public policy applicable to you and/Chief Executive Officer or the RSUs (whether as applied to all holders of RSUs or only holders of RSUs in the jurisdiction where you are employed), or (2) in a particular case (or cases) is not advisable or appropriate or consistent with the intent of this Section 2(c)(iv).

**(iv) Death**

Following Certain Terminations.

Notwithstanding the foregoing, if you die following a termination of Employment pursuant to Section 2(c)(iii) (Certain Involuntary Terminations) or Section 2(c)(iv) (Termination due to Qualifying Separation), but prior to the applicable Scheduled Vesting Date, then your estate, beneficiary or any person who acquires the RSUs (to the extent still outstanding) by inheritance or devise, as applicable, shall become fully vested in the RSUs, or such portion thereof that remains outstanding, in each case, to the extent then unvested, on the date of your death.

**(v) Termination**

for Cause. Without limiting the generality of Section 2(b), and notwithstanding any other provision of this Section 2(c), if you cease to be Employed for any reason in connection with or following the occurrence of an event that constitutes Cause, then the RSUs and any other awards that you hold under the Plan shall immediately be forfeited for no consideration as of the Date

of Termination. If following the Date of Termination, the Corporation becomes aware of conduct or activity by you that occurred during or following your Employment that would have constituted Cause, then any RSUs (or portions thereof) or any other awards held by you under the Plan that are unvested or unexercised (and any payments or benefits in respect thereto) as of the date that the Corporation becomes aware of such conduct or activity shall be forfeited for no consideration.

**(vi) *Corporation***

**Determinations.** In the event of your termination of Employment, the determination of the reason for such termination and the applicable treatment under this Section 2 shall be made by the Corporation in its sole discretion.

**(d) *Change of Control.***

Notwithstanding anything in this Agreement to the contrary, the RSUs, to the extent still outstanding, shall be subject to the provisions of Section 11 of the Plan in the event of a Change of Control.

**(e) *Competition With the Corporation Group.***

In order to protect the Corporation Group's goodwill and investments in research and development and Customer and business relationships and to prevent the disclosure of the Corporation Group's confidential and Chief

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trade secret information, thereby promoting the long-term success Financial Officer. The transaction must be placed within four (4) business days of the Corporation Group's receipt of written pre-clearance from the General Counsel or Corporate Secretary.

***VIII. Gifts of Kenvue Securities***

Section 16 Insiders shall notify the

General Counsel or Corporate  
Secretary in writing of any gift of  
Kenvue securities at least two (2)  
business you agree to days in advance  
of the following:

(i) proposed gift.

Gifts of Kenvue securities are prohibited by  
Insiders when in possession of material  
non-public information or during a Blackout  
Period. During your Employment,  
you unless the recipient expressly  
agrees it will not without make any  
transaction with the prior written  
consent Kenvue securities while the  
Insider is in possession of the  
Corporation, directly or indirectly  
engage in Competitive  
Activities. material non-public  
information.

#### IX. Pre-Arranged Rule 10b5-1 Trading Plans

(ii) For a period An Insider may trade in  
Kenvue securities (including the exercise of  
12 months following stock options and the  
Date of Termination (whether  
voluntarily sale or involuntarily), you will not,  
without the prior written consent of the  
Corporation, directly or indirectly perform, or  
assist others to perform, work for a  
Competitor in connection with a Competing  
Product, in the United States or in any other  
country where the Corporation Group does  
business or is planning to do business. By  
accepting the RSU award, you represent  
that you understand and agree that the  
covenant not to compete is reasonable in  
that you can continue your chosen  
profession when you leave the employment  
of the Corporation Group so long as you  
are not working with or for a Competitor and  
in connection with a Competing Product,  
and/or you rescind and forfeit your RSU  
award. You understand and agree that the  
covenant not to compete does not impose  
an unnecessary restraint because of the  
nature of the confidential, proprietary and  
trade secret information of the Corporation  
Group, which mandates protection in the  
geographical areas described above. You  
also understand and agree that the  
covenant not to compete is necessary to  
protect the goodwill and confidential,  
proprietary and trade secret information of  
the Corporation Group.

(iii) **Rescission**

and Forfeiture. You understand and agree that if the Corporation determines you have violated Section 2(e)(i) and/or Section 2(e)(ii) and/or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group, then, in addition to injunctive relief, damages, and all other equitable and legal rights and remedies the Corporation Group may be awarded:

(A) the

RSUs shall be forfeited for no consideration on the earliest date on which you are first in violation of Section 2(e)(i) and/or Section 2(e)(ii) or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group; and

(B) upon

the Corporation's demand, you shall immediately deliver to the Corporation (I) a number of shares of Common Stock equal to underlying such stock options) during a Blackout Period in accordance with certain pre-arranged written plans or irrevocable instructions ("Trading Plans") that meet the number of RSUs that vested and were settled in the form of Common Stock (for the avoidance of doubt, without reduction for any shares of Common Stock that may have been withheld and/or sold to satisfy applicable withholding taxes) and (II) the gross amount of cash paid to you (for the avoidance of doubt, without reduction for amounts withheld to satisfy applicable withholding taxes) for any RSUs that were settled in the form of cash, in each case in respect of any RSUs that vested within the 12 month period of time immediately preceding the earliest date on which you are first in violation of Section 2(e)(i) and/or Section 2(e)(ii) or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group. To the extent that you do not, as of the date of the Corporation's demand for repayment, hold a number of shares of Common Stock sufficient to satisfy your obligation requirements set forth in clause (I) above, you shall pay the Corporation an amount in cash equal to this Section IX and Annex A to this Insider Trading Policy; providedhowever, a Section 16 Insider who is subject to the result Stock

Ownership Guidelines may not use a Trading Plan until their required ownership level has been met.

- First, the proposed Trading Plan must be entered into in good faith at a time when the Insider is not in possession of (x) (i) any material non-public information and not during a Blackout Period.
- Second, the proposed Trading Plan must either specify the number of shares required to be delivered purchased or sold on specific dates, or else provide a written formula for that trading.
- Third, the proposed Trading Plan must be pre-approved in writing by you the General Counsel or the Corporate Secretary.
- Fourth, the proposed Trading Plan must comply with SEC Rule 10b5-1 (17 CFR 240.10b5-1), or any successor rule, and the Insider must act in good faith with respect to the Corporation pursuant to clause (I) above, less (ii) Trading Plan.

For further information about Trading Plans, please see Annex A and contact the number of shares actually delivered by you to the Corporation pursuant to clause (I), multiplied by (y) the Fair Market Value per share of Common Stock as of the business day immediately preceding the date of the Corporation's demand for repayment. You agree to deliver Corporate Secretary's Office.

X. Policy Against Pledging, Hedging and execute such documents (including, if applicable, share certificates) as the Corporation may deem necessary to effect the repayment obligations referred to in this Section 2(e)(iii)(B). Short Selling (iv) You understand and agree that the remedies set forth in Section 2(e)(iii) Insiders shall not, be the Corporation Group's exclusive remedies directly or indirectly, pledge, hypothecate, or otherwise encumber Kenvue securities as collateral for indebtedness. This prohibition includes

for indebtedness. This prohibition includes, but is not limited to, holding such Kenvue securities in the event of a breach of the non-competition obligations set forth in Section 2(e)(i) and/or margin account or Section 2(e)(ii) or in any other applicable non-competition account that could cause Kenvue securities to be subjected to a margin call or non-solicitation agreement that you have with any member otherwise be available as collateral for a margin loan.

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Insiders shall not engage in speculative financial transactions or enter into hedging arrangements involving Kenvue securities. This prohibition includes buying or selling "put" or "call" options on Kenvue securities, short sales, hedging or monetization transactions such as prepaid variable forward contracts, equity swaps, collars or exchange funds and other types of derivative instruments linked to the Corporation Group, and that the Corporation Group reserves all other rights and remedies available performance of Kenvue securities.

Each Section 16 Insider will be expected to it at law or in equity.

(f) **Conditions on**

**Vesting upon or following Termination of Employment.** Your eligibility to vest in any of the RSUs following the Date of Termination shall be subject to (i) you certify compliance with the non-competition obligations in this Section 2(e)(i) and/or Section 2(e)(ii) and/or any other applicable non-competition or non-solicitation agreement with any member of the Corporation Group and (ii) if required by any member of the Corporation Group at the time of your termination of Employment, your execution of a separation agreement and/or a general release of claims in favor of the Corporation Group containing such provisions and in

such form as required by the Corporation Group that becomes effective prior to the latest date for settlement of the RSUs set forth in Section 4(a) (or such earlier date as the Corporation Group may require). In the event a separation agreement and/or a release of claims is required by the Corporation Group and (A) the Vesting Date falls within the period that you have to provide such release of claims, and (B) the period in which the RSUs must be settled pursuant to Section 4(a) spans two calendar years, then settlement of the vested RSUs will be made ~~X~~ in the second calendar year.

**3. Rights to Common Stock; Dividend Equivalents.**

**(a) Voting Rights.**

Except as set forth below in Section 3(b), prior to the delivery of shares of Common Stock to you pursuant to Section 4(a) (if applicable), you shall not have any rights in, or with respect to, any of the shares of Common Stock underlying the RSUs, including, but not limited to, any voting rights ~~Company's annual Director~~ and the right to receive any dividends (or dividend equivalents) that may be paid or any distributions that may be made with respect to such Common Stock.

**(b) Dividend**

*Equivalents.* If the Corporation declares ~~Officer Questionnaire~~ and pays (or sets a record date with respect to) ordinary quarterly cash dividends on shares of Common Stock prior to the Scheduled Vesting Date, your outstanding RSUs shall be credited with additional RSUs (determined by dividing the aggregate dividend amount that would have been paid with respect to your then-outstanding RSUs if they had been actual shares of Common Stock by the Fair Market Value of a share of Common Stock on the dividend payment date), which additional RSUs shall vest and be settled concurrently with the underlying RSUs and be treated as RSUs for all purposes of this Agreement (it being understood that the provisions of this sentence shall not apply to any extraordinary dividends or distributions). For the avoidance of doubt, if the number of RSUs under this agreement is prorated, the right to receive additional RSUs in respect

of dividends shall also be correspondingly prorated.

**4. Settlement of RSUs; Tax Withholding; Compliance With Securities Laws; Compliance with Compensation Recoupment Policy.**

(a) *General.* Subject to the terms of this Agreement, within 60 days following the Vesting Date (but, in no event later than the first March 15<sup>th</sup> occurring thereafter), you will receive from the Corporation one share of Common Stock for each RSU that becomes vested in accordance with the terms of this Agreement, or, at the discretion of the Committee, the cash equivalent of the Fair Market Value on the Vesting Date, reduced by any whole shares of Common Stock that are withheld or sold or any cash withheld to satisfy applicable Federal, state and local income taxes, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable or deemed applicable to you (the "Tax-Related Items") in the amount determined by the Corporation. In lieu of the foregoing, the Corporation or other applicable member of the Corporation Group may determine that withholding of Tax-Related Items shall be satisfied by any other method permitted under the Plan. Notwithstanding the foregoing, if you are a Section 16 officer of the Corporation under the Securities Exchange Act of 1934, as amended, then the Corporation will satisfy any applicable tax withholding obligations by withholding in shares of Common Stock upon the relevant taxable event (with such withholding obligations determined based on the

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applicable statutory withholding rates and without regard to Section 83(c)(3) of the Code), unless otherwise determined by the Committee. In the

event of your death prior to the settlement provided for in this Section 4, the shares of Common Stock or cash, as applicable, shall instead be provided to your estate, beneficiary or any person who acquires the RSUs by inheritance or devise, as applicable.

(b) *Registration and Listing.* Notwithstanding Section 4(a) hereof, shares of Common Stock shall not be issued pursuant to this Agreement unless, on the Vesting Date, there is in effect a current registration statement or amendment thereto under the Securities Act of 1933, as amended, covering the shares of Common Stock to be issued upon vesting of the RSUs, and such shares are authorized for listing on the New York Stock Exchange or another securities exchange as determined by the Corporation. Nothing herein shall be deemed to require the Corporation to apply for, to effect, or to obtain such registration or listing.

(c) *Compensation*

*Recoupment Policy.* You hereby acknowledge and agree that you and the RSUs, including any cash and/or shares of Common Stock that may be delivered to you pursuant to the RSUs, are subject to any compensation recovery or recoupment policy that the Corporation Group may adopt from time to time and that is applicable to you (collectively, upon request by the "Recovery Policies"). The terms and conditions Board of Directors or a committee of the Recovery Policies are hereby incorporated Board of Directors.

Insiders shall, within 60 days, unwind or otherwise terminate any transaction existing as of the time such Insider became subject to this Policy that would otherwise violate this Section X.

*XI. Additional Guidance for People Covered by reference into this Agreement.Policy:*

**5. Actual Knowledge of Financial**

**Results does not**

**MatterNontransferability:** This Policy applies regardless of RSUs. The RSUs and any rights granted hereunder your actual knowledge of financial results. An Insider may not be sold, transferred,

assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution or in accordance with any beneficiary designation procedures Kenvue securities during a Blackout Period even if that may be established by the Corporation. Nor shall any such rights be subject to execution, attachment, or similar process, other than in accordance with the terms person has no knowledge of the Plan. Upon any attempt to sell, transfer, assign, pledge, hypothecate, or otherwise dispose current financial results.

#### Trading while Knowing Significant

Information which has not been

Disclosed. SEC rules, as well as the Kenvue Code of Business Conduct and the Kenvue Code of Business Conduct & Ethics for Members of the RSUs Board of Directors and Executive Officers, prohibit buying or selling Kenvue securities while in possession of any rights granted herein contrary material information about the Company, which has not been disclosed to the provisions of the Plan or public. In no event should anyone covered by this Agreement, or upon the levy of any attachment or similar process upon the RSUs or such rights, the RSUs and such rights shall, at the election of the Corporation, be forfeited for no consideration.

#### **6. No Special Employment**

**Rights; No Rights to Awards.** Nothing contained in the Plan or this Agreement shall be construed or deemed by any person under any circumstances to bind any member of the Corporation Group to continue your employment for the vesting period or for any other period, to create a right to employment with the Corporation, to form or amend an employment or service contract with the Corporation or to interfere in any way with any right of a member of the Corporation Group to terminate your employment at any time. You hereby acknowledge and agree that (a) the Plan is established voluntarily by the Corporation, is discretionary in nature and may be modified, amended, or terminated by the Corporation Kenvue securities at any time when they have knowledge of material

information involving the Company, which has not been disclosed publicly. In the event that an Insider is unsure as provided to whether any news, development or other information would be considered material, or has any other question as to whether they should refrain from trading in Kenvue securities, they should contact the Plan, (b) your participation Corporate Secretary's Office (as stated above, Section 16 Insiders are always required to pre-clear all trades).

Family Members who Live in Your

Household: Family members of people covered by this Policy, who share the Plan is voluntary and you same household, are voluntarily accepting the grant of RSUs, (c) the RSUs and the shares of Common Stock subject also covered by this Policy to the RSUs, and same extent as the income and value of same, do not constitute part of your normal person covered by this Policy. In addition, children who go away to college or expected compensation or salary for any purposes, including, otherwise leave home, but not limited to, calculating any severance, resignation, termination indemnities, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or welfare benefits or similar payments, and in no event remain financially dependent on you, should be considered as compensation for, to be living in your household and subject to this Policy. If your spouse or children own any Kenvue securities, it is important to advise them of this Policy. If any other "family members" live in an Insider's household, they should also be aware of these restrictions and should not engage in any way relating to, past services to the Corporation Group, (d) the RSUs and shares of Common Stock subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation, (e) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu

of RSUs, even if RSUs have been granted in the past, (f) unless otherwise agreed transactions involving Kvenue securities without first discussing with the Corporation, the RSUs and the shares of Common Stock subject to the RSUs, and the income and value of same, are not granted as consideration, or in connection with, the service you may provide as a director of a subsidiary of the Corporation, (g) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty, (h) no claim or entitlement to compensation or damages shall arise from forfeiture or recoupment of the RSU resulting from the termination of your Insider.

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Employment or other service relationship (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), (i) you shall seek all necessary approvals under, make all required notifications under, and comply with all laws, rules, and regulations applicable to the ownership of the RSUs and, if applicable, shares of Common Stock, including currency and exchange laws, rules, and regulations, (j) neither the Corporation nor any of its subsidiaries or affiliates shall be liable for any foreign exchange rate fluctuation between your local currency and the US dollar that may affect the value of the RSUs or of any amounts due to you pursuant to settlement of the RSUs or the subsequent sale of any shares of Common Stock acquired upon settlement, (k) the determination of the form of any award granted under the Plan is made by the Committee in its

sole discretion and (l) the Corporation is not providing any tax, legal, or financial advice, nor is the Corporation making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock, and you should consult your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the RSUs.

**7. Notices.** Unless the Corporation notifies you otherwise in writing, all notices, designations, and payments to be submitted to the Corporation in connection with the RSUs shall be addressed to:

Equity Compensation Administration  
199 Grandview Road  
Skillman, NJ, 08558  
USA

**8. Adjustments for Changes in the Corporation's Corporate Structure; Section 280G.**

(a) The RSUs granted hereunder shall be subject to the provisions of the Plan relating to adjustments for changes in the Corporation's corporate structure.

(b) Notwithstanding any other provision in this Agreement to the contrary, in the event that it is determined (by the reasonable computation of an independent nationally recognized certified public accounting firm that shall be selected by the Corporation prior to the applicable Change of Control) that the vesting of the RSUs, together with the aggregate amount of any other payments, distributions, benefits and entitlements of any type payable by any member of the Corporation Group to you or for your benefit, in each case, that could be considered "parachute payments" within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") that, but for this Section 8(b), would be payable to you or for your benefit, exceeds the greatest amount of Parachute Payments that could be paid to you or for your benefit without giving rise to any liability for any excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or any similar tax

imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest or penalties, collectively referred to as the "Excise Tax"), then the aggregate amount of Parachute Payments payable to you or for your benefit shall not exceed the amount which produces the greatest after-tax benefit to you after taking into account any Excise Tax to be payable by you. For the avoidance of doubt, this provision shall reduce the amount of Parachute Payments otherwise payable to you or for your benefit, if doing so would place you in a more favorable net after-tax economic position as compared with not reducing the amount of Parachute Payments (taking into account the Excise Tax payable in respect of such Parachute Payments). Parachute Payments will be reduced by first reducing amounts considered to be nonqualified deferred compensation subject to Section 409A; provided that in no event may the Parachute Payments be reduced in a manner that would subject you to additional taxation under Section 409A.

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## **9. Definitions Other Kenvue**

**Securities an Insider may Control.** The following capitalized terms shall have This Policy applies to all investment decisions made by people covered by this Policy. If an Insider has the definitions set forth below power to direct the purchase or sale of Kenvue securities by virtue of their position as a shareholder, director or officer of a corporation or not-for-profit organization, or as a trustee of a trust or executor of an estate, then for the purposes of this Agreement:

(a) "Committee" means the Compensation & Human Capital Committee Policy that Insider should not engage in a transaction in Kenvue securities on behalf of the Board (or any

securities on behalf of the Board (or any successor committee), that corporation, organization, trust or any person or persons to whom the Committee has delegated authority to administer, construe or interpret the terms of the Plan, pursuant to Section 3(d) of the Plan.

(b) "Competitor" means any person or entity including, but not limited to, you or anyone acting on your behalf, that is engaged or preparing to be engaged in research, development, production, manufacturing, marketing or selling of, or consulting on, any product, process, technology, machine, invention or service by them in existence or their personal capacity under development that resembles, competes with, may now or in the future compete with, can be substituted for or can be marketed as a substitute for any product, process, technology, machine, invention, or service of the Corporation Group that is in existence or that is, was, or is planned this Policy.

Exceptions to be under development.

The Corporation shall determine whether any individual or entity is a "Competitor" in its sole discretion, and its determination shall be final.

(c) Policy: "Competing

"Product" means products, processes or services of any person, organization or entity other than the Corporation Group's, in existence or under development, which are substantially similar. Exceptions to this Policy may be substituted for, or applied to, substantially similar end use granted only under the most extenuating of the products, processes or services with which you worked on in any capacity, including a sales or marketing capacity, at any time during the two-year period prior to the Date of Termination or about which you acquired confidential or proprietary information during the two-year period prior to the Date of Termination.

(d) "Competitive

"Activities" means any and all activities (including preparations) which compete with, are intended to compete with, or which otherwise may adversely affect or interfere with the Corporation Group's business or advantage a Competitor whether

immediately or in the future. The Corporation shall determine whether any conduct constitutes "Competitive Activities" in its sole discretion, and its determination shall circumstances. Any exception must be final.

**(e) "Corporation Group"**

means the Corporation and its subsidiaries and affiliates, as determined approved by the Corporation. General Counsel and requires that the individual not be in possession of material non-public information. An urgent or unexpected need for money is not a defense to charges of trading on material non-public information.

**(f) Post-Termination**

Transaction "Customer" means. Subject to any entity, client, account, additional terms, conditions, or person, including the employees, agents, or representatives of the foregoing, or any entity or person who participates, influences or has any responsibility restrictions that may be set forth in making purchasing decisions on behalf of such entities, clients, accounts, or persons, to whom or to which you contacted, solicited any business from, sold to, rendered any service to, were assigned to, had responsibilities an agreement between an Insider and Kenvue, for received commissions or any compensation on, or promoted or marketed any products or services to during the 18 month a period of time preceding after their status with Kenvue terminates, all aspects of this Policy (including mandatory preclearance of any transactions in Kenvue securities) shall continue to apply until the Date later of Termination. The Corporation shall determine whether any individual or entity is a "Customer" in its sole discretion, and its determination shall be final.

**(g) "Date of Termination"**

means (i) the date on which your Employment terminates.

**(h) "Disability"** or

"Disabled" means any medically determinable physical or mental impairment resulting in your inability to perform the duties of your position of employment or any substantially similar position, where the impairment can be expected to result in death or can be expected to last for a

continuous period of not less than six months. Notwithstanding the foregoing, (i) you will not be considered to have incurred a Disability unless you are identified as "disabled" (or of similar status) in accordance with the personnel and/or human resources policies end of the Corporation first Blackout Period following the public release of earnings for the fiscal quarter in which the Insider's status with Kenvue terminates or its (ii) the beginning of the second market trading day after the earlier of (a) the public disclosure of any material non-public information known to the Insider or (b) such time as any material non-public information known to the Insider is no longer material.

#### *XII. Applicability to the Company*

The Company may not, directly or indirectly, buy or sell the Company's securities while in possession of material non-public information related to the Company unless such trading activity otherwise complies with all applicable affiliate, as in effect from time to time and (ii) if securities laws.

#### *XIII. Whom do I Contact with Questions about this Policy?*

Please contact the RSUs are subject to Section 409A (as determined Office of Corporate Secretary at (908) 874-1250 or by email at CorporateSecretary@kenvue.com with any questions.

As adopted by the Corporation), then you will not be Board of Directors of Kenvue Inc.

September 2024

## Policy on Pre-Arranged Rule 10b5-1

### Trading Plans

An Insider (as defined in the Insider Trading Policy) may trade in Kenvue securities (including the exercise of stock options and the sale or exchange of shares underlying such stock options) during a Disability unless such condition also constitutes a "disability" within the meaning of Treasury Regulation Section 1.409A-3(i)(4).

(i) "Employed" or

"Employment" means any period of time during which you are an employee of the Corporation Group in good standing, as determined by the Corporation Group Blackout Period in accordance with its applicable practices, policies certain pre-arranged written plans or irrevocable instructions ("Trading Plans") that meet the requirements set forth in Section IX of the Insider Trading Policy and records; this Annex A; provided, that however, during such period you are (i) a Section 16 Insider (as defined in active employment status with the Corporation Group or (ii) on Insider Trading Policy) who is subject to the Stock Ownership Guidelines may not use a Corporation Group-approved leave of absence (as determined by Trading Plan until their required ownership level has been met.

- First, the Corporation Group in its sole discretion). For the avoidance of doubt, you shall not proposed Trading Plan must be considered to be Employed (x) for any period during which you are not considered to be an employee entered into in good standing pursuant to faith at a time when the Corporation Group's practices, policies and records, (y) during any notice period or salary continuation period required by contract, practice or local law (such as a "garden leave" or similar period) or any severance period (if you are covered by a severance agreement or arrangement) or

(z) for any period of leave that Insider is not approved by in possession of any material non-public information and not during a Blackout Period (as defined in the Corporation Group (as determined by the Corporation Group in its sole discretion) Insider Trading Policy).

- (i) • Second, the proposed Trading Plan must either specify the number of shares to be purchased or sold on specific dates, or else provide a written formula for that trading.
- Good Reason Third, the proposed Trading Plan must be pre-approved in writing by the General Counsel or the Corporate Secretary.
- " means Fourth, the occurrence of one proposed Trading Plan must comply with SEC Rule 10b5-1 (17 CFR 240.10b5-1), or more any successor rule, and the Insider must act in good faith with respect to the Trading Plan.

**Single Plan:** An Insider may not enter into multiple Trading Plans providing for transactions during overlapping periods except with respect to (1) separate contracts with different broker-dealers or other agents acting on behalf of the following, Insider that may be treated as a single plan, (2) one later-commencing Trading Plan under which trading is not authorized to begin until after all trades under the earlier commencing Trading Plan are completed or expired without your written consent: (i) execution and (3) a greater than 10% decrease in your base salary, other than where such reduction is part of a broad-based compensation reduction applicable to similarly situated employees; (ii) a 50% or more reduction (as determined by the Committee's sole discretion) in your authorities, responsibilities and duties; or (iii) your assigned primary work address is changed (or company designated fully remote alternate work arrangement is terminated) resulting in Trading Plan providing for an

■ **Trading Plan** providing for an increase in your one-way commuting distance by 50 or more miles from your primary home residence to the new assigned primary work address (with such commuting distance to be determined by using Google Maps); provided, eligible sell-to-cover transaction, in each case that such events shall as allowed under Rule 10b5-1.

**Single Trade Plan:** If a Trading Plan does not constitute Good Reason unless you provide written notice for an "eligible sell-to-cover transaction" (as defined in Rule 10b5-1) and is designed to effect the Corporation open-market purchase or sale of the occurrence total amount of such event within 30 days of securities as a single transaction, the occurrence of such event and the Corporation does not cure such event within 30 days after receipt of such notice, and you terminate employment within 30 days after the end of such cure period.

(k) "Grant Date" means the date on which the RSUs are granted, as identified on the first page of this Agreement.

(l) "Service" means Employment with the Corporation or one of its subsidiaries or affiliates, while that corporation or other legal entity was a subsidiary or affiliate of the Corporation, unless the Corporation has otherwise provided on or before the Grant Date.

(m) "Vesting Date" means, with respect to an RSU, the earliest of (to the extent applicable): (i) the applicable Scheduled Vesting Date; or (ii) the date of death, in the event of a termination of Employment pursuant to Section 2(c)(i) (Termination Due to Death) or a death described in Section 2(c)(v) (Death following Certain Terminations); or (iii) the date you become Disabled, in the event of a Disability described in Section 2(c)(ii) (Disability); or (iv) the date the RSUs vest and become payable pursuant to any applicable provision of the Trading Plan (provided, that, if the RSUs are subject to Section 409A (as determined by the Corporation), payment will occur on the earliest permissible date determined

the earliest permissible date determined by the Corporation that would not result in accelerated taxation and/or tax penalties under Section 409A).

**10. Miscellaneous.**

**(a) Amendments.**

Except as provided herein, this Agreement may not be amended entered into unless (1) the Insider entering into the Trading Plan has not, during the prior 12-month period, adopted a Trading Plan that was designed to effect the open-market purchase or otherwise modified unless evidenced in writing and signed by an authorized representative sale of the Corporation total amount of securities subject to that plan in a single transaction and (2) such other Trading Plan in fact was eligible to receive the affirmative defense under paragraph (c)(1) of Rule 10b5-1.

**(b) Expiration/Third-Party Beneficiaries.**

You acknowledge: A Trading Plan may have a maximum length of no more than 12 months and agree that all affiliates and subsidiaries must have a minimum length of the Corporation have, or will as the result of a future acquisition, merger, assignment, or otherwise have, an interest in your Employment and your compliance with the 6 months.

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obligations in Section 2(e)

(Competition with the Corporation Group), and that those entities are each express, third-party beneficiaries of this Agreement.

**(c) Waiting Period/Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

**(d) Severability.** In the event that Section 2(e) (Competition with the Corporation Group) of this Agreement is invalidated, No purchases or not

enforced under applicable law, this shall not affect the validity or enforceability of the remaining provisions of this Agreement or the Plan. To the extent that Section 2(e) of this Agreement is unenforceable because it is deemed overbroad, the provision shall be applied and enforced in sales by a more limited manner to the fullest extent permissible under the applicable law. You further understand and agree that, in the event Section 2(e) of this Agreement is declared invalid, void, overbroad, or unenforceable, in whole or in part, for any reason, you shall remain bound by any non-competition, confidentiality, non-solicitation, and/or non-disclosure agreement previously entered between you and any member of the Corporation Group Board of Directors or any Section 16 Insider may occur under a Trading Plan until the expiration of a cooling-off period consisting of the later of (1) 90 days after the adoption of the Trading Plan or (2) two business days following the disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which the Trading Plan was adopted (subject to a maximum of 120 days). No purchases or sales by any other Insider may occur under a Trading Plan until the expiration of a cooling-off period that is 30 days after the adoption of the Trading Plan.

Any Trading Plan entered into by a member of the Board of Directors or any Section 16 Insider must include a representation certifying that, on the date of adoption of the Trading Plan, (1) the individual is not aware of any material non-public information about the security or issuer and (2) the individual is adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.

(e) **Early Termination** Appendix A. Notwithstanding any provisions Trading Plan is deemed terminated upon the expiration of its term or the sale of all of the Kenvue securities subject to such Trading Plan. A Trading Plan may be terminated by an Insider before either the

expiration of its term or the sale of all of the Kenvue securities subject to the Trading Plan (an "early termination") only after receipt of written approval by the General Counsel or the Corporate Secretary. In addition, an Insider (i) may not terminate a Trading Plan when in this Agreement, possession of material non-public information or during a Blackout Period and (ii) must wait until 30 days following the RSUs shall date such Trading Plan is terminated before entry into another Trading Plan. Early termination is strongly discouraged and such new Trading Plan will be subject to any additional terms the applicable waiting period.

Amendments: Amendments or modifications to a Trading Plan may only be made after receipt of written approval by the General Counsel or Corporate Secretary. In addition, (i) an Insider may not amend a Trading Plan when in possession of material non-public information or during a Blackout Period and conditions set forth (ii) the amendment will trigger a new waiting period (provided that modifications that do not change the sales or purchase prices or price ranges, the amount of securities to be sold or purchased, or the timing of transactions under a Trading Plan (such as an adjustment for stock splits or a change in Appendix A for your country. Moreover, if you relocate account information) will not trigger a new waiting period. Any modification or change to one the amount, price or timing of the countries included in Appendix A, purchase or sale of the additional terms and conditions for such country will apply to you, to the extent the Corporation determines that the application securities underlying a Trading Plan is considered a termination of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix A constitutes part of this Agreement.

(f) Data Privacy

Consent. By accepting this grant, you hereby unconditionally consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, your employing entity (the

as applicable, your employing entity (the "Employer") and the Corporation and the Corporation Group for the exclusive purpose of implementing, administering and managing any awards issued to you under the Plan. You understand that the Corporation and your Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, details of all RSUs or any other entitlement to shares of stock awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing any grants issued to you under the Plan. You understand that Data may be transferred to any third parties, as may be selected by the Corporation, which are assisting in the implementation, administration and management of the Trading Plan and the fulfillment adoption of this Agreement. You understand a new Trading Plan. A plan modification, such as the substitution or removal of a broker that the recipients is executing trades pursuant to a Rule 10b5-1 arrangement on behalf of the Data may person, that changes the price or date on which purchases or sales are to be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections from your country. You understand that if you reside outside executed, is considered a termination of the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients, which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing grants under the such Trading Plan and the fulfillment adoption of this Agreement. You understand a new Trading Plan.

Except as listed in the Data will be held only Insider Trading Policy under

**"What Transactions are Allowed During a Blackout Period?"** and as long as is necessary permitted under **"Gifts of Kenvue Securities"**, Insiders entering into a Trading Plan should not expect to implement, administer and manage grants under the Plan and this Agreement. You understand that if you reside outside of the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your human resources representative. Further, you understand that your consent herein is being provided on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Employment status or Service will not be affected; the only consequence of refusing or withdrawing your consent is that the Corporation may not be able to grant RSUs or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For make open market

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more information purchases or sales of Kenvue securities outside the Trading Plan from the date of adoption until the date on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

(g) *Entire Agreement.*

This Agreement and the Plan constitute the entire agreement between the parties relating to the subject matter hereof, and which it is no longer possible for any previous agreement or understanding between the parties with respect thereto is superseded by this Agreement and the

superseded by this Agreement and the Plan.

(h) Section 409A. The intent of the parties is that payments and benefits under this Agreement are exempt from or comply with Section 409A of the Code ("Section 409A"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered securities to be in compliance therewith or exempt therefrom, as applicable. Notwithstanding anything to the contrary in the Plan or this Agreement, the Corporation reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A prior to the actual payment of cash or shares of Common Stock pursuant to the RSUs. However, the Corporation makes no representation that the RSUs are not subject to Section 409A nor makes any undertaking to preclude Section 409A from applying to the RSUs. The Corporation shall not have any liability traded under the Plan Trading Plan. Any such trades require pre-clearance from the General Counsel or this Agreement for any taxes, penalties or interest due on amounts paid or payable pursuant to the Plan or this Agreement, including any taxes, penalties or interest imposed under Section 409A. For purposes of the Plan Corporate Secretary (which will be provided only in limited and this Agreement, to the extent the RSUs constitute "non-qualified deferred compensation" within the meaning of Section 409A and necessary to avoid accelerated taxation and/or tax penalties under Section 409A, a termination of Employment shall not be deemed to have occurred for purposes of settlement of any portion of the RSUs unless such termination constitutes a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of Employment" or similar terms shall mean "separation from service." Each amount to be paid under this Agreement shall be

construed as a separately identified payment for purposes of Section 409A. In addition, notwithstanding anything herein to the contrary, if you are deemed on the Date of Termination to be a "specified employee" within the meaning of that term under Section 409A and you are subject to U.S. federal taxation, then, to the extent the settlement of the RSUs following such termination of Employment is considered the payment of non-qualified deferred compensation under Section 409A payable on account of a "separation from service" that is not exempt from Section 409A, such settlement shall be delayed until the first business day after the date that is six months following your "separation from service" (or upon your death, if earlier) **exceptional circumstances**).

**(i) Acknowledgement.**

By electing to accept this Agreement, you acknowledge receipt of this Agreement and hereby confirm your understanding of the terms set forth in this Agreement. In the event of any conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control. The Corporation may, in its sole discretion, decide to deliver any documents (including, without limitation, information required to be delivered to you pursuant to applicable securities laws) related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

**(j) Language.** You

acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in the English language, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

TM Trademark of Refinitiv

**(k) IMPOSITION OF OTHER Requirements.**

The Corporation reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any shares of

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Common Stock acquired under the Plan, to the extent the Corporation determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, to make any corrections or adjustments that it deems necessary or appropriate, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**(l) Waiver.** You

acknowledge that a waiver by the Corporation of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other grantee.

**(m) Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to conflict of laws principles, except to the extent superseded by federal law and as set forth in this Section 10(m). Provided that you primarily resided and worked in California during and in connection with your employment with the Corporation Group and at the time that you accepted this Agreement and participation in the Plan, (i) this Agreement shall be governed by and construed in accordance with the laws of the State of California; and (ii) Section 2(e)(ii) shall not apply with respect to services you render in California that do not involve your use or disclosure of the Corporation Group's confidential or trade secret information.

[View Submission](#)

111 **Submission** 10

**Jurisdiction; Waiver of Jury Trial.** Any litigation brought against a party to this Agreement shall be brought in any U.S. federal or state court located in the State of New Jersey and each of the parties submits to the exclusive jurisdiction of such courts for the purpose of any such litigation; provided, that, a final judgment in any such litigation shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other matter provided by law. Each party agrees not to assert (A) any objection which it may have to venue in U.S. federal or state court located in the State of New Jersey, (B) any claim that litigation has been brought in an inconvenient forum and (C) any claim that such court does not have jurisdiction with respect to such litigation. Each party waives any right to a trial by jury with respect to any matters arising under this Agreement or any other awards granted under the Plan.

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**KENVUE**

INC. For  
further  
information  
about  
Trading  
Plans,  
please  
contact the  
Corporate  
Secretary's  
Office.

By:

10

Anil  
Agarwal  
Head  
of Total  
Rewards  
Kenvue  
Inc.  
100

199  
Grandview  
Road  
Skillman,  
NJ  
08558  
USA

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### Exhibit 21

#### SUBSIDIARIES

A list of subsidiaries of Kenvue Inc. as of December 31, 2023 December 29, 2024 is set forth below, indicating as to each the state or other jurisdiction of incorporation or organization.

| Name of Subsidiary   | Jurisdiction |
|--|--------------|
| Backsvalan 6 Handelsbolag  | Sweden       |
| Beijing Dabao Cosmetics Co., Ltd.  | China        |
| Carlo Erba OTC S.r.l.  | Italy        |
| Ci:z. Labo Co., Ltd.   | Japan        |
| Debs-Vogue Corporation (Proprietary) Proprietary Limited (De-registered 01/20/2024)    | South Africa |
| Israel branch of Johnson & Johnson Hellas Consumer Products Commercial Societe Anonyme | Israel       |
| JNTL (APAC) HoldCo 2 LLC   | Delaware     |
| JNTL (APAC) HoldCo 3 Pte. Ltd.   | Singapore    |
| JNTL (APAC) HoldCo LLC   | Delaware     |
| JNTL (APAC) HoldCo Pte. Ltd.   | Singapore    |
| JNTL (Canada) HoldCo ULC   | Canada       |
| JNTL (Japan) HoldCo Inc.   | Delaware     |
| JNTL (Malaysia) Sdn. Bhd.  | Malaysia     |
| JNTL (Middle East) HoldCo LLC  | Delaware     |
| JNTL (Puerto Rico) HoldCo GmbH   | Switzerland  |
| JNTL (Shanghai) Investment Co., Ltd.   | China        |
| JNTL (Shanghai) Investment Co., Ltd. Beijing Branch                                    | China        |
| JNTL (Shanghai) Investment Co., Ltd. Guangzhou Branch                                  | China        |
| JNTL (Shanghai) Investment Co., Ltd. Hangzhou Branch                                   | China        |
| JNTL (Switzerland) HoldCo  | Switzerland  |

|  |                    |
|--|--------------------|
| GmbH   |                    |
| JNTL (Thailand) HoldCo LLC                                       | Delaware           |
| JNTL (UK) HoldCo Limited   | United Kingdom     |
| JNTL Consumer Health (Belgium) BV                                | Belgium            |
| JNTL Consumer Health (Brazil) Ltda.                              | Brazil             |
| JNTL Consumer Health (Brazil) Ltda. (Comodato Extrema Branch)    | Brazil             |
| JNTL Consumer Health (Brazil) Ltda. (Goiânia Branch)             | Brazil             |
| JNTL Consumer Health (Brazil) Ltda. (Joao Pessoa Branch)         | Brazil             |
| JNTL Consumer Health (Brazil) Ltda. (Nova Odessa Branch)         | Brazil             |
| JNTL Consumer Health (Brazil) Ltda. (Sao Jose dos Campos Branch) | Brazil             |
| JNTL Consumer Health (Czech Republic) s.r.o.                     | Czech Republic     |
| JNTL Consumer Health (Dominican Republic), S.A.S.                | Dominican Republic |
| JNTL Consumer Health (Finland) Oy                                | Finland            |
| JNTL Consumer Health (France) SAS                                | France             |
| JNTL Consumer Health (Hungary) Kft.                              | Hungary            |
| JNTL Consumer Health (Hungary) Kft. Branch Office                | Hungary            |
| JNTL Consumer Health (India) Private Limited                     | India              |
| JNTL Consumer Health (KSA) Technical Scientific Office           | Saudi Arabia       |
| JNTL Consumer Health (New Zealand) Limited                       | New Zealand        |

|   |             |
|---|-------------|
| JNTL Consumer Health (Norway) AS          | Norway      |
| JNTL Consumer Health (Philippines) Inc.   | Philippines |
| JNTL Consumer Health (Poland) sp. z o.o.  | Poland      |
| JNTL Consumer Health (Portugal), Limitada | Portugal    |
| JNTL Consumer Health (Romania) S.R.L.     | Romania     |
| JNTL Consumer Health (Services) LLC       | Delaware    |
| JNTL Consumer Health (Slovakia), s.r.o.   | Slovakia    |
| JNTL Consumer Health (Spain),             | Spain       |

S.L.

JNTL Consumer Health (Taiwan) Taiwan

Limited

JNTL Consumer Health (Vietnam) Vietnam  
Co. Ltd.

JNTL Consumer Health General Belgium  
Services BV

|  |                      |
|--|----------------------|
| JNTL Consumer Health I<br>(Ireland) Limited  | Ireland              |
| JNTL Consumer Health I<br>(Switzerland) GmbH   | Switzerland          |
| JNTL Consumer Health I<br>(Switzerland) GmbH<br><br>Latvian (Latvian Representative<br>Office) | Latvia               |
| JNTL Consumer Health I<br>(Switzerland), Branch office   | Ireland              |
| JNTL Consumer Health II  | Switzerland          |
| (Switzerland) GmbH   |                      |
| JNTL Consumer Health K.K.  | Japan                |
| JNTL Consumer Health LLC   | Egypt                |
| JNTL Consumer Health Mexico, S. de R.L. de C.V.  | Mexico               |
| JNTL Consumer Health Middle East FZ-LLC  | United Arab Emirates |
| JNTL HoldCo 2 LLC  | Delaware             |
| JNTL HoldCo 3 LLC  | Delaware             |
| JNTL HoldCo 4 LLC  | Delaware             |
| JNTL HoldCo 5 LLC  | Delaware             |
| JNTL HoldCo 6 LLC  | Delaware             |
| JNTL HoldCo 7 LLC  | Delaware             |
| JNTL HoldCo 8 LLC  | Delaware             |
| JNTL HoldCo LLC  | Delaware             |
| JNTL Holdings 2, Inc.  | Delaware             |
| JNTL Holdings 3, Inc.  | Delaware             |
| JNTL Holdings B.V.   | Netherlands          |
| JNTL Holdings, Inc.  | Delaware             |
| JNTL Turkey Tüketici Sağlığı Limited Şirketi   | Turkey               |
| Johnson & Johnson - Societa' Per Azioni  | Italy                |
| Johnson & Johnson (Egypt) S.A.E.   | Egypt                |
| Johnson & Johnson (Thailand) Ltd.  | Thailand             |
| Johnson & Johnson China Ltd.   | China                |
| Johnson & Johnson Consumer (Hong Kong) Limited   | Hong Kong            |
| Johnson & Johnson Consumer (Thailand) Limited  | Thailand             |
| Johnson & Johnson Consumer B.V.  | Netherlands          |

|   |                |
|---|----------------|
| Johnson & Johnson Consumer Holdings France      | France         |
| Johnson & Johnson Consumer Inc.                 | Delaware       |
| Johnson & Johnson Consumer                      | Belgium        |
| Johnson & Johnson Consumer Saudi Arabia Limited | Saudi Arabia   |
| Johnson & Johnson Consumer Services EAME Ltd.   | United Kingdom |
| Johnson & Johnson de Argentina S.A.C. e. I.     | Argentina      |
| Johnson & Johnson de Colombia S.A.              | Colombia       |
| Johnson & Johnson de Venezuela, S.A.            | Venezuela      |
| Johnson & Johnson del Ecuador, S.A.             | Ecuador        |
| Johnson & Johnson del Paraguay, S.A.            | Paraguay       |

|   |           |
|---|-----------|
| Johnson & Johnson del Peru S.A.                                       | Peru      |
| Johnson & Johnson Gesellschaft m.b.H.                                 | Austria   |
| Johnson & Johnson GmbH  | Germany   |
| Johnson & Johnson Guatemala, Sociedad Anónima                         | Guatemala |
| Johnson & Johnson Hellas Commercial and Industrial S.A.               | Greece    |
| Johnson & Johnson Hellas Consumer Products Commercial Societe Anonyme | Greece    |
| Johnson & Johnson Inc.  | Canada    |
| Johnson & Johnson Industrial Ltda.                                    | Brazil    |
| Johnson & Johnson Korea Selling & Distribution LLC                    | Korea     |

|                                       |                   |
|---------------------------------------|-------------------|
| Johnson & Johnson Korea, Ltd.         | Republic of Korea |
| Johnson & Johnson Limited             | United Kingdom    |
| Johnson & Johnson Pacific Pty Limited | Australia         |
| Johnson & Johnson Panama S.A.         | Panama            |

|  |                 |
|--|-----------------|
| Johnson & Johnson  | Chile           |
| Personal Care (Chile) S.A.   |                 |
| Johnson & Johnson Pte. Ltd.  | Singapore       |
| Johnson & Johnson Pte. Ltd. Korea Branch   | Korea           |
| Johnson & Johnson Pty. Limited   | Australia       |
| Johnson & Johnson Sante Beaute France  | France          |
| Johnson & Johnson Ukraine LLC  | Ukraine         |
| Johnson & Johnson, S.A. de C.V.  | Mexico          |
| Johnson and & Johnson (Proprietary) Proprietary Limited                              | South Africa    |
| Johnson Y Johnson de Costa Rica Sociedad Anonima                                     | Costa Rica      |
| Kenvue Brands LLC  | Delaware        |
| Kenvue Canada Inc.   | Delaware Canada |
| Kenvue Guatemala, S.A.   | Guatemala       |
| Kenvue Solutions India Private Limited   | India           |
| McNeil AB  | Sweden          |
| McNeil Consumer Pharmaceuticals Co.  | New Jersey      |
| McNeil Denmark ApS   | Denmark         |
| McNeil Healthcare (Ireland) Limited  | Ireland         |
| McNeil Healthcare (UK) Limited   | United Kingdom  |
| McNeil Healthcare LLC  | Delaware        |
| McNeil Iberica S.L.  | Spain           |
| McNeil LA LLC  | Delaware        |
| McNEIL MMP, LLC  | New Jersey      |
| McNeil Nutritionals, LLC   | Delaware        |
| McNeil Products Limited  | United Kingdom  |
| McNeil Sweden AB   | Sweden          |
| NeoStrata Company, Inc.  | Delaware        |
| NeoStrata UG (haftungsbeschränkt)  | Germany         |
| OGX Beauty Limited   | United Kingdom  |
| Pharmadirect Ltd.  | Canada          |
| Pharmedica Laboratories (Proprietary) Proprietary Limited (De-registered 01/20/2024) | South Africa    |
| Productos de Cuidado Personal y de La Salud de Bolivia S.R.L.                        | Bolivia         |
| PT Integrated Healthcare Indonesia   | Indonesia       |
| PT Johnson & Johnson Indonesia   | Indonesia       |
| Shanghai Elsker Mother & Baby Co., Ltd Ltd.  | China           |
| Shanghai Elsker Mother & Baby Co., Ltd. Minghang Branch                              | China           |

|                                 |          |
|---------------------------------|----------|
| Shanghai Johnson & Johnson Ltd. | China    |
| Shanghai Johnson & Johnson      | China    |
| Pharmaceuticals Ltd.            |          |
| Union Global Assurance Company  | Vermont  |
| Vania Expansion                 | France   |
| Vogue International LLC         | Delaware |
| Zarbee's, Inc.                  | Delaware |

#### Exhibit 23

##### CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-271735 and 333-274377) of Kenvue Inc. of our report dated **March 1, 2024** February 24, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Florham Park, New Jersey  
**March 1, 2024** February 24, 2025

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#### Exhibit 31.1

##### CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT

I, Thibaut Mongon, certify that:

1. I have reviewed this Annual Report on

Form 10-K for the fiscal year ended  
December 31, 2023 December 29, 2024  
(the "report") of Kenvue Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) **and** internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) **and** 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) **[Omitted]:** Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal

quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ THIBAUT  
MONGON  
\_\_\_\_\_  
Thibaut Mongon  
Chief Executive  
Officer and  
Director

Date: **March 1, 2024** February 24, 2025

Exhibit

31.2

**CERTIFICATION OF CHIEF FINANCIAL  
OFFICER**

**PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT**

I, Paul Ruh, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended **December 31, 2023** December 29, 2024 (the "report") of Kenvue Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a

material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [Omitted]; Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PAUL RUH

\_\_\_\_\_  
Paul Ruh  
Chief Financial  
Officer

Date: **March 1, 2024** **February 24, 2025**

Exhibit 32.1

**CERTIFICATION OF CHIEF  
EXECUTIVE OFFICER**

**PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT**

The undersigned, Thibaut Mongon, the Chief Executive Officer **and** **Director** of Kenvue Inc. (the "Company"), pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certifies that, to the best of my knowledge:

- (1) the Company's Annual Report on Form 10-K for the fiscal year ended **December 31, 2023** **December 29, 2024** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act

of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/  
THIBAUT  
MONGON  
\_\_\_\_\_  
Thibaut  
Mongon  
Chief  
Executive  
Officer and  
Director

Dated: **March 1, 2024** February 24,  
2025

This certification is being furnished to the SEC with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section.

Exhibit 32.2

**CERTIFICATION OF CHIEF  
FINANCIAL OFFICER**

**PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT**

The undersigned, Paul Ruh, the Chief Financial Officer of Kenvue Inc. (the "Company"), pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certifies that, to the best of my knowledge:

(1) the Company's Annual Report on Form 10-K for the fiscal year ended **December 31, 2023** December 29, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the

Securities Exchange Act  
of 1934; and  
(2) the information contained  
in the Report fairly  
presents, in all material  
respects, the financial  
condition and results of  
operations of the  
Company.

/s/ PAUL  
RUH  
\_\_\_\_\_  
Paul Ruh  
Chief  
Financial  
Officer

Dated: **March 1, 2024** February 24,  
2025

This certification is being furnished to  
the SEC with this Report pursuant to  
Section 906 of the Sarbanes-Oxley  
Act of 2002 and shall not, except to  
the extent required by such Act, be  
deemed filed by the Company for  
purposes of Section 18 of the  
Securities Exchange Act of 1934, as  
amended, or otherwise subject to  
liability of that section.

#### **Exhibit 97**

#### **Kenvue Inc. Incentive Compensation Recovery Policy**

##### **A. PURPOSE**

This Incentive Compensation  
Recovery Policy (this "Recovery Policy") is  
adopted by Kenvue Inc., a Delaware  
corporation (the "Company"), as of  
December 1, 2023 (the "Effective Date")  
as required by Section 10D of the  
Securities Exchange Act of 1934, as  
amended (the "Exchange Act"), Rule 10D-  
1 under the Exchange Act and the  
applicable New York Stock Exchange  
Listing Standards (collectively, the  
"Recovery Rules"). The purpose of this  
Recovery Policy is solely to comply with  
the Company's obligations under the  
Recovery Rules and is not intended to

oblige the Company to recover more than necessary to comply with the Recovery Rules. This Recovery Policy is intended to apply independently of all other clawback, recoupment or forfeiture policies, agreements or other arrangements of the Company (collectively, "Other Clawback Policies").

#### **B. ADMINISTRATION**

This Recovery Policy shall be administered by the Compensation & Human Capital Committee of the Board of Directors (the "Board") of the Company (the "Compensation Committee"). The Compensation Committee shall have the full power and authority to interpret, and make determinations under, this Recovery Policy, consistent with the Recovery Rules. All determinations and decisions made by the Compensation Committee pursuant to this Recovery Policy shall be final, conclusive and binding on all persons, including each member of the Company Group (as defined below), its respective affiliates, shareholders and employees. In the absence of the Compensation Committee, a majority of the independent directors serving on the Board shall administer this Recovery Policy as set forth in this paragraph.

#### **C. COVERED INDIVIDUALS**

Each Executive Officer (as defined below) shall be subject to this Recovery Policy and shall be required to execute a Recovery Policy Participation Acknowledgment Form in the form attached as Exhibit A hereto. Failure by an Executive Officer to execute a Recovery Policy Participation Agreement shall have no impact on the applicability or enforceability of this Recovery Policy.

#### **D. RECOVERY OF EXCESS INCENTIVE COMPENSATION**

In the event the Company is required to prepare a Covered Financial Restatement (as defined below), the Company shall seek reasonably promptly the recovery of any Excess Incentive Compensation (as defined below) received by a

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Specified Officer during the three completed fiscal years immediately preceding the applicable Triggering.

**E. GOVERNING LAW**

This Recovery Policy shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflicts of law thereof or of any other jurisdiction. Any dispute, controversy or claim arising out of or relating to this Recovery Policy shall be brought in any U.S. federal located in the State of New Jersey. By executing a Recovery Policy Participation Agreement, an Executive Officer submits to the exclusive jurisdiction of such courts for the purpose of any such litigation; provided that, a final judgment in any such litigation shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other matter provided by law. Furthermore, by executing a Recovery Policy Participation Agreement, an Executive Officer waives any right to a trial by jury with respect to any matters arising under this Recovery Policy. Except as provided above, the parties shall each bear their own expenses in connection with any dispute under or relating to this Recovery Policy.

**F. MISCELLANEOUS PROVISIONS**

This Recovery Policy shall only apply to Incentive Compensation received on or after the effective date of the New York Stock Exchange Listing Standards implementing Rule 10D-1 under the Exchange Act. The Board may amend this Recovery Policy from time to time in its sole and absolute discretion. This Recovery Policy will not limit the rights of the Company to take any other actions or pursue other remedies that the Company may deem appropriate under the circumstances and under applicable law. This Recovery Policy will be binding and enforceable against all Specified Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

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## G. DEFINITIONS

**“Company Group”** shall mean the Company, collectively with each of its direct and indirect subsidiaries.

**“Covered Financial Restatement”** means an accounting restatement required due to material noncompliance by a member of the Company Group with any financial reporting requirements under the federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the

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current period or left uncorrected in the current period. The following shall not constitute a Covered Financial Restatement: (i) out-of-period adjustments; (ii) retrospective application of a change in accounting principle; (iii) retrospective revision to reportable segment information due to a change in the structure of the internal organization of the Company Group; (iv) retrospective reclassification due to a discontinued operation; (v) retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; and (vi) retrospective revision for stock splits, reverse stock splits, stock dividends or other change in capital structure.

**“Excess Incentive Compensation”** means [(a)] the amount of Incentive Compensation received by a Specified Officer from any member of the Company Group in excess of the amount that would have been received had it been determined based on the restated amounts and (b) any other compensation that is computed based on, or otherwise attributable to, the amounts described in

attributable to, the amounts described in clause (a), in each case, as determined by the Compensation Committee in accordance with the Recovery Rules. The amount of Excess Incentive Compensation shall be determined on a gross basis without regard to any taxes owed or paid by the Specified Officer on the receipt or settlement of the Incentive Compensation. For Incentive Compensation based on stock price or total shareholder return, where the amount of Excess Incentive Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount will be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive Compensation was received. For the avoidance of doubt, Excess Incentive Compensation may include Incentive Compensation received by a person after such person ceases to be an Executive Officer.

**"Executive Officer"** shall mean an "executive officer" of the Company (as defined in Rule 10D-1(d) under the Exchange Act) and as identified by the Compensation Committee in accordance with the Recovery Rules.

**"Financial Reporting Measures"** means measures that are determined in accordance with the accounting principles used in preparing the Company Group's financial statements, and any measures that are derived in whole or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

**"Incentive Compensation"** means any compensation that is granted, earned or becomes vested, in whole or in part, upon the attainment of a Financial Reporting Measure and as identified by the Compensation Committee in accordance with the Recovery Rules. Incentive Compensation shall not include the

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following: (i) salaries; (ii) amounts received solely at the discretion of the Compensation Committee or the Board and that are not received from a pool that is determined by satisfying a Financial Reporting Measure performance goal; (iii) amounts received solely upon satisfying one or more subjective standards; (iv) amounts received solely upon satisfying one or more strategic measures or operational measures; and (v) amounts received solely based on service or the passage of time.

Incentive Compensation shall be considered to be "received" by a Specified Officer in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation is achieved or attained, even if the payment or grant of the Incentive Compensation occurs after the end of that fiscal period.

"Specified Officer" means an Executive Officer who received Excess Incentive Compensation on or after the date he or she became an Executive Officer of the Company. For the avoidance of doubt, Specified Officers include former employees of the Company Group if they otherwise satisfy the definition of Specified Officer.

"Triggering Date" means the earlier to occur of (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Covered Financial Restatement or (ii) the date a court of competent jurisdiction, regulator, or other legally authorized body directs the Company to prepare a Covered Financial Restatement; provided, that the recovery of Excess Incentive Compensation pursuant to this Recovery Policy as a

result of this clause (ii) shall only be required if such action by such court, regulator or other legally authorized body, as applicable, is final and non-appealable.

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Exhibit A

**Recovery Policy Participation  
Acknowledgment Form**

This Recovery Policy Participation Acknowledgment Form (this "Participation Acknowledgment") to the Incentive Compensation Recovery Policy (the "Recovery Policy") of Kenvue Inc. (the "Company") is entered into between the Company and the undersigned. Capital terms used but not defined in this Participation Acknowledgment shall have the meanings assigned to such terms in the Recovery Policy.

By signing below, the undersigned:

1. acknowledges and confirms that the undersigned has received and reviewed a copy of the Recovery Policy and that the undersigned is subject to the Recovery Policy;
2. acknowledges and agrees that the undersigned will comply with the Recovery Policy, including, without limitation, by returning Excess Incentive Compensation pursuant to, and in accordance with, the Recovery Policy and applicable law, and that the undersigned remains subject to the Recovery Policy during and after the undersigned's employment or engagement with the Company Group;
3. notwithstanding the generality of the foregoing, acknowledges and agrees to comply with and be

subject to the terms and conditions of the Recovery Policy, including those set forth in Paragraph E regarding the adjudication and settlement of all disputes, controversies or claims arising out of or relating to the Recovery Policy; and

4. acknowledges that the Recovery Policy may be amended from time to time in accordance with the terms thereof and the undersigned shall remain subject to the Recovery Policy, as so amended, in all respects.



Signature



Print

Name



Date

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