

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

FORM 10-Q

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**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended October 1, 2023**

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 on each exchange on which registered
Common Stock, Par Value \$0.01	KVUE	New York Stock Exchange

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

On October 27, 2023, 1,914,995,085 shares of Common Stock, \$0.01 par value, were outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and Kenvue Inc.'s 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", 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; product development activities; regulatory approvals; market position; expenditures; and the effects of the Separation (as defined in Note 1, "Description of the Company and Summary of Significant Accounting Policies," to our Condensed Consolidated Financial Statements included herein), if pursued, on our business.

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 and respond appropriately to competitive pressure, including pressure from private-label brands and generic non-branded products, market trends, and customer and consumer preferences;
- The impact of negative publicity and failed marketing efforts;
- 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 any planned or completed 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;
- 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 and breaches of our information technology systems or those of a third party;
- 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 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 Johnson & Johnson’s ability to fully satisfy its obligation to indemnify us in the United States and Canada for the Talc-Related Liabilities (as defined in Note 13, “Commitments and Contingencies,” to our Condensed 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;
- 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, including COVID-19, global tension, including armed conflict such as the ongoing military conflict between Russia and Ukraine, or other event;
- The impact of impairment of our goodwill and other intangible assets;
- Our ability to maintain satisfactory credit ratings;
- Our ability to achieve the expected benefits of the Separation and related transactions;
- The possibility that Johnson & Johnson’s interests or those of certain of our executive officers and directors may conflict with our interests and the interests of our other shareholders;
- 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 branding, including the “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 under the sections entitled “Cautionary Statement Concerning Forward-Looking Statements” and “Risk Factors” in our final prospectus filed on August 14, 2023 with the U.S. Securities and Exchange Commission pursuant to Rule 424(b)(3) under the Securities Act of 1933, as amended, relating to our Registration Statement on Form S-4. 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 — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

KENVUE INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited; In Millions Except Per Share Data)

	October 1, 2023	January 1, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 1,062	\$ 1,231
Trade receivables, less allowances for credit losses (\$27 and \$35 as of October 1, 2023 and January 1, 2023, respectively)	2,109	2,122
Inventories	1,885	2,226
Prepaid expenses and other receivables	619	175
Other current assets	219	123
Total current assets	5,894	5,877
Property, plant, and equipment, net	1,872	1,820
Intangible assets, net	9,487	9,853
Goodwill	8,974	9,185
Deferred taxes on income	156	147
Other assets	694	434
Total Assets	\$ 27,077	\$ 27,316
Liabilities and Equity		
Current liabilities		
Loans and notes payable	513	—
Accounts payable	2,281	1,829
Accrued liabilities	1,288	906
Accrued rebates, returns, and promotions	696	862
Accrued taxes on income	383	329
Total current liabilities	5,161	3,926
Employee related obligations	254	214
Long-term debt	7,685	—
Deferred taxes on income	2,515	2,479
Other liabilities	569	727
Total liabilities	16,184	7,346
Commitments and contingencies (Note 13)		
Equity		
Preferred stock, \$0.01 par value, 750 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 12,500 shares authorized, 1,915 shares issued and outstanding	19	—
Additional paid-in capital	16,131	—
Retained earnings	485	—
Net investment from Johnson & Johnson	—	25,425
Accumulated other comprehensive loss	(5,742)	(5,455)
Total equity	10,893	19,970
Total Liabilities and Equity	\$ 27,077	\$ 27,316

See Notes to Condensed Consolidated Financial Statements.

KENVUE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; In Millions Except Per Share Data)

	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Net sales	\$ 3,915	\$ 3,789	\$ 11,778	\$ 11,183
Cost of sales	1,665	1,664	5,178	4,944
Gross profit	2,250	2,125	6,600	6,239
Selling, general, and administrative expenses	1,531	1,376	4,555	4,101
Other operating expense (income), net	9	(14)	(7)	(6)
Operating income	710	763	2,052	2,144
Other expense, net	25	25	65	19
Interest expense, net	100	—	154	—
Income before taxes	585	738	1,833	2,125
Provision for taxes	147	152	496	422
Net income	\$ 438	\$ 586	\$ 1,337	\$ 1,703
Net income per share				
Basic	\$ 0.23	\$ 0.34	\$ 0.73	\$ 0.99
Diluted	\$ 0.23	\$ 0.34	\$ 0.73	\$ 0.99
Weighted average common stock				
Basic	1,916	1,716	1,823	1,716
Diluted	1,920	1,716	1,827	1,716

See Notes to Condensed Consolidated Financial Statements.

KENVUE INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; in Millions)

	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Net income	\$ 438	\$ 586	\$ 1,337	\$ 1,703
Other comprehensive loss				
Foreign currency translation, net of taxes	(249)	(642)	(260)	(1,734)
Employee benefit plans, net of taxes	13	1	19	5
Derivatives and hedges, net of taxes	(4)	11	27	8
Other comprehensive loss	(240)	(630)	(214)	(1,721)
Comprehensive income (loss)	\$ 198	\$ (44)	\$ 1,123	\$ (18)

See Notes to Condensed Consolidated Financial Statements

KENVUE INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited; in Millions)

Fiscal Three Months Ended October 1, 2023

	Common Stock		Additional Paid-In Capital	Retained Earnings	Net Investment from Johnson & Johnson	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount					
Balance, July 2, 2023	1,915	\$ 19	\$ 16,184	\$ 430	\$ —	\$ (5,502)	\$ 11,131
Net income	—	—	—	438	—	—	438
Other comprehensive loss	—	—	—	—	—	(240)	(240)
Cash dividends on common stock	—	—	—	(383)	—	—	(383)
Stock-based compensation	—	—	2	—	—	—	2
Separation-related adjustments	—	—	(55)	—	—	—	(55)
Balance, October 1, 2023	1,915	\$ 19	\$ 16,131	\$ 485	\$ —	\$ (5,742)	\$ 10,893

Fiscal Three Months Ended October 2, 2022

	Net Investment from Johnson & Johnson	Accumulated Other Comprehensive Loss	Total Equity
Balance, July 3, 2022	\$ 25,143	\$ (5,574)	\$ 19,569
Net income	586	—	586
Other comprehensive loss	—	(630)	(630)
Net transfers to Johnson & Johnson	(620)	—	(620)
Balance, October 2, 2022	\$ 25,109	\$ (6,204)	\$ 18,905

Fiscal Nine Months Ended October 1, 2023

	Common Stock		Additional Paid-In Capital	Retained Earnings	Net Investment from Johnson & Johnson	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount					
Balance, January 1, 2023	—	\$ —	\$ —	\$ —	\$ 25,425	\$ (5,455)	\$ 19,970
Net income	—	—	—	868	469	—	1,337
Other comprehensive loss	—	—	—	—	—	(214)	(214)
Cash dividends on common stock	—	—	—	(383)	—	—	(383)
Net transfers to Johnson & Johnson	—	—	—	—	(308)	—	(308)
Stock-based compensation	—	—	40	—	35	—	75
Distribution to Johnson & Johnson in connection with the Separation	—	—	(13,788)	—	—	—	(13,788)
Issuance of common stock in connection with the Kenvue IPO	1,915	19	4,222	—	—	—	4,241
Reclassification of Net Investment from Johnson & Johnson	—	—	25,712	—	(25,712)	—	—
Separation-related adjustments	—	—	(55)	—	—	—	(55)
Separation from Johnson & Johnson	—	—	—	—	91	(73)	18
Balance, October 1, 2023	1,915	\$ 19	\$ 16,131	\$ 485	\$ —	\$ (5,742)	\$ 10,893

Fiscal Nine Months Ended October 2, 2022

	Net Investment from Johnson & Johnson	Accumulated Other Comprehensive Loss	Total Equity
Balance, January 2, 2022	\$ 24,974	\$ (4,483)	\$ 20,491
Net income	1,703	—	1,703
Other comprehensive loss	—	(1,721)	(1,721)
Net transfers to Johnson & Johnson	(1,568)	—	(1,568)
Balance, October 2, 2022	\$ 25,109	\$ (6,204)	\$ 18,905

See Notes to Condensed Consolidated Financial Statements.

KENVUE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in Millions)

	Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022
Cash flows from operating activities		
Net income	\$ 1,337	\$ 1,703
Adjustments to reconcile net income to cash flows from operating activities		
Depreciation and amortization	453	478
Stock-based compensation	75	106
Deferred income taxes	(128)	128
Other	(11)	8
Net changes in assets and liabilities		
Trade receivables	(97)	(210)
Inventories	275	(535)
Other current and non-current assets	(418)	87
Accounts payable	231	19
Accrued liabilities	724	68
Other liabilities	(223)	29
Net cash flows from operating activities	2,218	1,881
Cash flows used in investing activities		
Purchases of property, plant, and equipment	(246)	(216)
Transfer of funds to J&J pursuant to the Facility Agreement	(8,941)	—
Proceeds from J&J upon repayment of the Facility Agreement	8,941	—
Proceeds from sale of assets	14	8
Other investing activities	9	(15)
Net cash flows used in investing activities	(223)	(223)
Cash flows used in financing activities		
(Proceeds from) payments of loans and notes payable	(14)	22
Proceeds from Commercial Paper Program, net of issuance cost	497	—
Proceeds from issuance of Senior Notes, net of issuance cost	7,686	—
Proceeds from Kenvue IPO, net	4,241	—
Distribution to J&J in connection with the Separation	(13,788)	—
Dividends paid	(383)	—
Net transfer to J&J	(274)	(1,542)
Other financing activities	(109)	—
Net cash flows used in financing activities	(2,144)	(1,520)
Effect of exchange rate changes on cash and cash equivalents	(20)	(81)
Cash and cash equivalents, beginning of period	1,231	740
Net increase (decrease) in cash and cash equivalents	(169)	57
Cash and cash equivalents, end of period	\$ 1,062	\$ 797

See Notes to Condensed Consolidated Financial Statements.

KENVUE INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

Description of the Company and Business Segments

Kenvue Inc. (“Kenvue” or the “Company”) was formed as a wholly owned subsidiary of Johnson & Johnson (“J&J” or the “Former Parent”) and sells a broad range of products used in the baby care, oral care, skin health and beauty, over-the-counter pharmaceutical, sanitary protection, and wound care markets. These products are marketed to the general public through e-commerce, direct-to-consumer channels, and to retail outlets and distributors throughout the world.

The Company is organized into three business segments: Self Care, Skin Health and Beauty, and Essential Health. The Self Care segment includes a broad product range such as cough, cold and allergy, pain care, as well as digestive health, smoking cessation, and other products. The Skin Health and Beauty segment is focused on face and body care, and 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.

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 Business (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 the (1) net proceeds received from the sale of the common stock in the Kenvue IPO and (2) net proceeds received from the Debt Financing Transactions as defined in Note 4, “Borrowings”, 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 initiated 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 announced the results of 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 J&J now owns 9.5% of the outstanding shares of Kenvue common stock following the completion of the Exchange Offer.

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 unaudited financial statements for all periods presented, including the historical results of the Company prior to April 4, 2023, are now referred to as the “Condensed Consolidated Financial Statements”. 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 for interim financial reporting, which do not conform in all respects to the requirements of accounting principles generally accepted in the United States of America (“U.S. GAAP”) for annual financial statements. The

Condensed Consolidated Balance Sheet as of January 1, 2023 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. Accordingly, the accompanying Condensed Consolidated Financial Statements and related notes should be read in conjunction with the audited combined financial statements and related notes as contained in the Company's final prospectus (the "Split-Off Prospectus") filed on August 14, 2023 with the U.S. Securities and Exchange Commission ("SEC") pursuant to Rule 424(b)(3) under the Securities Act of 1933, as amended (the "Securities Act"), relating to the Company's Registration Statement on Form S-4. The Condensed Consolidated Financial Statements include all adjustments (consisting only of normal recurring adjustments) and accruals necessary in the judgment of management for a fair statement of the results for the periods presented. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

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 condensed combined 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 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.

Kenvue's practice is to establish actual quarterly closing dates using a predetermined fiscal calendar, which allows the business to close its books on Sunday at the end of the period.

The Company and J&J incurred certain non-recurring Separation-related costs in the establishment of Kenvue as a standalone public company. Costs incurred by the Company and those costs incurred by J&J determined to be for the benefit of the Company are included in the Condensed Consolidated Financial Statements. These non-recurring Separation-related costs were \$133 million and \$50 million for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, and \$333 million and \$109 million for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively. The non-recurring Separation-related costs are included within Selling, general, and administrative expenses.

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

Use of Estimates

The preparation of the Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. Estimates are used when accounting for sales discounts, trade promotions, rebates, allowances and incentives, product liabilities, income taxes and related valuation allowance, withholding taxes, depreciation, amortization, employee benefits, contingencies, allocations of cost and expenses from J&J and its affiliates, and intangible asset and liability valuations. Actual results may or may not differ from those estimates.

Debt Discounts and Premiums, Issuance Costs, and Deferred Financing Costs

Debt issuance costs and discounts are presented as a reduction of Long-term debt and are amortized as a component within Interest expense, net on the Company's Condensed Consolidated Statements of Operations over the term on the related debt using the effective interest method.

Research and Development

Research and development expenses are expensed as incurred and included within Selling, general, and administrative expenses. Research and development costs were \$78 million and \$90 million for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, and \$266 million and \$272 million for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively.

Leases

Global Corporate Headquarters Lease

On April 20, 2023, the Company entered into a long-term lease for a newly renovated office building and a newly constructed research and development building in Summit, New Jersey that, when completed, will encompass a total of approximately 290,000 square feet and serve as the Company's new global corporate headquarters. The lease is expected to commence in January 2024. The expected lease expense is approximately \$10 million per year with an initial term of 15 years. In addition to corporate office space, this campus will house laboratory space to principally support research and development. The relocation to this campus 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.

Lease Assets and Liabilities

Right of Use assets ("ROU assets") and lease liabilities associated with the Company's operating leases are included in the Condensed Consolidated Balance Sheets as of October 1, 2023 and January 1, 2023 as follows:

(Dollars in Millions)	October 1, 2023 ⁽¹⁾	January 1, 2023
ROU assets included in:		
Other non-current assets	\$ 149	\$ 110
Lease liabilities included in:		
Accrued and other current liabilities	46	35
Other non-current liabilities	106	81
Total lease liabilities	\$ 152	\$ 116

⁽¹⁾ Includes related party leases of \$52 million of ROU assets, \$11 million of current lease liabilities, and \$41 million of non-current lease liabilities.

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 Kenvue IPO, 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 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 Condensed Consolidated Balance Sheet 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 within the Company's Condensed Consolidated Financial Statements.

In the fiscal three months ended October 1, 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 Condensed Consolidated Financial Statements.

Net Economic Benefit Arrangements

With respect to certain Deferred Local Businesses that are legal entities, as described above, 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).

The Company recognized a net payable to J&J of \$23 million in relation to the net economic benefit arrangements as of October 1, 2023 in the Company's Condensed Consolidated Balance Sheet. The Company recognized \$15 million and \$31 million of net income in relation to the net economic benefit arrangements for the fiscal three and nine months ended October 1, 2023, respectively, in the Company's Condensed 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, see Note 14, "Segments of Business".

Change in Accounting Principle

Global Intangible Low-Taxed Income ("GILTI") Accounting Method Change

Effective as of the three and nine months ended October 1, 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 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, Johnson & Johnson, 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 Condensed Consolidated Financial Statements were as follows:

	October 1, 2023			January 1, 2023		
	Prior to Change	Effect of Change	As Reported	Prior to Change	Effect of Change	As Adjusted
Condensed Consolidated Balance Sheets:						
Assets						
Deferred taxes on income	\$ 156	\$ —	\$ 156	\$ 147	\$ —	\$ 147
Liabilities						
Accrued taxes on income	\$ 383	\$ —	\$ 383	\$ 329	\$ —	\$ 329
Deferred taxes on income	\$ 2,589	\$ (74)	\$ 2,515	\$ 2,428	\$ 51	\$ 2,479
Equity						
Additional paid-in capital	\$ 16,052	\$ 79	\$ 16,131	\$ —	\$ —	\$ —
Retained Earnings	\$ 497	\$ (12)	\$ 485	\$ —	\$ —	\$ —
Net investment from Johnson & Johnson	\$ —	\$ —	\$ —	\$ 25,474	\$ (49)	\$ 25,425
Accumulated other comprehensive loss	\$ (5,749)	\$ 7	\$ (5,742)	\$ (5,453)	\$ (2)	\$ (5,455)

	Fiscal Three Months Ended					
	October 1, 2023			October 2, 2022		
	Prior to Change	Effect of Change	As Reported	Prior to Change	Effect of Change	As Adjusted
Condensed Consolidated Statements of Operations:						
Income before taxes	\$ 585	\$ —	\$ 585	\$ 738	\$ —	\$ 738
Provision for income taxes	135	12	147	153	(1)	152
Net income	\$ 450	\$ (12)	\$ 438	\$ 585	\$ 1	\$ 586
Basic net income per share	\$ 0.23	\$ —	\$ 0.23	\$ 0.34	\$ —	\$ 0.34
Diluted net income per share	\$ 0.23	\$ —	\$ 0.23	\$ 0.34	\$ —	\$ 0.34

	Fiscal Nine Months Ended					
	October 1, 2023			October 2, 2022		
	Prior to Change	Effect of Change	As Reported	Prior to Change	Effect of Change	As Adjusted
Condensed Consolidated Statements of Operations:						
Income before taxes	\$ 1,833	\$ —	\$ 1,833	\$ 2,125	\$ —	\$ 2,125
Provision for income taxes	623	(127)	496	408	14	422
Net income	\$ 1,210	\$ 127	\$ 1,337	\$ 1,717	\$ (14)	\$ 1,703
Basic net income per share	\$ 0.66	\$ 0.07	\$ 0.73	\$ 1.00	\$ (0.01)	\$ 0.99
Diluted net income per share	\$ 0.66	\$ 0.07	\$ 0.73	\$ 1.00	\$ (0.01)	\$ 0.99

	Fiscal Three Months Ended					
	October 1, 2023			October 2, 2022		
	Prior to Change	Effect of Change	As Reported	Prior to Change	Effect of Change	As Adjusted
Condensed Consolidated Statements of Comprehensive Income (Loss):						
Other comprehensive income (loss)	\$ (242)	\$ 2	\$ (240)	\$ (639)	\$ 9	\$ (630)

	Fiscal Nine Months Ended					
	October 1, 2023			October 2, 2022		
	Prior to Change	Effect of Change	As Reported	Prior to Change	Effect of Change	As Adjusted
Condensed Consolidated Statements of Comprehensive Income (Loss):						
Other comprehensive income (loss)	\$ (224)	\$ 10	\$ (214)	\$ (1,753)	\$ 32	\$ (1,721)

	Fiscal Three Months Ended					
	October 1, 2023			October 2, 2022		
	Prior to Change	Effect of Change	As Reported	Prior to Change	Effect of Change	As Adjusted
Condensed Consolidated Statements of Equity:						
Cumulative effect adjustment to beginning balance	\$ 11,040	\$ 91	\$ 11,131	\$ 19,601	\$ (32)	\$ 19,569
Net income	\$ 450	\$ (12)	\$ 438	\$ 585	\$ 1	\$ 586
Other comprehensive loss	\$ (242)	\$ 2	\$ (240)	\$ (639)	\$ 9	\$ (630)
Separation-related adjustments	\$ (48)	\$ (7)	\$ (55)	\$ —	\$ —	\$ —
Ending balance	\$ 10,819	\$ 74	\$ 10,893	\$ 18,927	\$ (22)	\$ 18,905

	Fiscal Nine Months Ended					
	October 1, 2023			October 2, 2022		
	Prior to Change	Effect of Change	As Reported	Prior to Change	Effect of Change	As Adjusted
Condensed Consolidated Statements of Equity:						
Cumulative effect adjustment to beginning balance	\$ 20,021	\$ (51)	\$ 19,970	\$ 20,399	\$ 92	\$ 20,491
Net income	\$ 1,210	\$ 127	\$ 1,337	\$ 1,717	\$ (14)	\$ 1,703
Other comprehensive loss	\$ (224)	\$ 10	\$ (214)	\$ (1,753)	\$ 32	\$ (1,721)
Net transfers to Johnson & Johnson	\$ (308)	\$ —	\$ (308)	\$ (1,436)	\$ (132)	\$ (1,568)
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	\$ (48)	\$ (7)	\$ (55)	\$ —	\$ —	\$ —
Separation from Johnson & Johnson	\$ 23	\$ (5)	\$ 18	\$ —	\$ —	\$ —
Ending balance	\$ 10,819	\$ 74	\$ 10,893	\$ 18,927	\$ (22)	\$ 18,905

	Fiscal Nine Months Ended					
	October 1, 2023			October 2, 2022		
	Prior to Change	Effect of Change	As Reported	Prior to Change	Effect of Change	As Adjusted
Condensed Consolidated Statements of Cash Flows:						
Net income	\$ 1,210	\$ 127	\$ 1,337	\$ 1,717	\$ (14)	\$ 1,703
Deferred income taxes	\$ (1)	\$ (127)	\$ (128)	\$ 114	\$ 14	\$ 128

Recently Adopted Accounting Standards

Accounting Standards Update 2022-04: Liabilities-Supplier Finance Programs (Topic 405-50) – Disclosure of Supplier Finance Program Obligations

The Company adopted the standard as of the beginning of fiscal year 2023, which requires that a buyer in a supplier finance program disclose additional information about the program for financial statement users.

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 of the Company's supplier financing program in the second quarter of 2023, the Company participated in J&J's supplier financing program. The terms of the Company's supplier financing program are substantially the same as J&J's program.

As of October 1, 2023 and January 1, 2023, the Company's accounts payable balances included \$194 million and \$293 million, respectively, related to invoices from suppliers participating in the supplier finance program.

Recently Issued Accounting Standards Not Yet Adopted

There were no new accounting standards issued during the fiscal nine months ended October 1, 2023 that are expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

2. Inventories

As of October 1, 2023 and January 1, 2023, inventories were comprised of:

(Dollars in Millions)	October 1, 2023	January 1, 2023
Raw materials and supplies	\$ 325	\$ 351
Goods in process	103	123
Finished goods	1,457	1,752
Total inventories	\$ 1,885	\$ 2,226

3. Intangible Assets and Goodwill

As of October 1, 2023 and January 1, 2023, the gross and net amounts of intangible assets were:

(Dollars in Millions)	October 1, 2023			January 1, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:						
Patents and trademarks	\$ 4,258	\$ (1,588)	\$ 2,670	\$ 4,400	\$ (1,485)	\$ 2,915
Customer relationships	2,072	(1,093)	979	2,127	(1,063)	1,064
Other intangibles	1,359	(683)	676	1,343	(650)	693
Total definite-lived intangible assets	\$ 7,689	\$ (3,364)	\$ 4,325	\$ 7,870	\$ (3,198)	\$ 4,672
Indefinite-lived intangible assets:						
Trademarks	\$ 5,102	\$ —	\$ 5,102	\$ 5,122	\$ —	\$ 5,122
Other	60	—	60	59	—	59
Total intangible assets, net	\$ 12,851	\$ (3,364)	\$ 9,487	\$ 13,051	\$ (3,198)	\$ 9,853

The weighted average amortization period for patents and trademarks is 19 years. The weighted average amortization period for customer relationships is 31 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 the foreseeable future. The weighted average amortization period for other intangible assets is 34 years. A majority of the other intangible assets relates to the acquisition of Pfizer Consumer Health in 2006. Carrying amount changes for the fiscal three and nine months ended October 1, 2023 and October 2, 2022 were driven by currency translations. The Company recognized an intangible impairment of \$0 million and \$12 million related to certain definite-lived trademarks deemed as irrecoverable in Other operating expense (income), net for the fiscal three and nine months ended October 2, 2022, respectively.

Amortization expense, which was included in Cost of Sales, for the Company's amortizable assets was as follows:

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Trademarks	\$ 48	\$ 44	\$ 142	\$ 142
Customer relationships and Other intangibles	34	39	100	123
Total Amortization expense	\$ 82	\$ 83	\$ 242	\$ 265

The estimated amortization expense before tax for the remainder of 2023 and the five succeeding years is approximately:

(Dollars in Millions)	Remainder of 2023	2024	2025	2026	2027	2028
\$	79	\$ 306	\$ 279	\$ 273	\$ 274	\$ 270

Goodwill by reportable segment was as follows:

(Dollars in Millions)	Self Care	Skin Health and Beauty	Essential Health	Total
Goodwill at January 1, 2023	\$ 5,194	\$ 2,365	\$ 1,626	\$ 9,185
Currency translation/other	(86)	(119)	(6)	(211)
Goodwill at October 1, 2023	\$ 5,108	\$ 2,246	\$ 1,620	\$ 8,974

The majority of the Goodwill balance relates to the acquisition of Pfizer Consumer Health in 2006.

4. Borrowings

The components of the Company's debt as of October 1, 2023 and January 1, 2023 were as follows:

(Dollars in Millions)	October 1, 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	8	—
Discounts and debt issuance costs	(73)	—
Total long-term debt	\$ 7,685	\$ —
Commercial paper	515	—
Discounts and debt issuance costs	(2)	—
Total loans and notes payable	513	—
Total debt	\$ 8,198	\$ —

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 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 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 incurred immaterial filing and legal fees during the fiscal three months ended October 1, 2023, which we have capitalized as debt issuance costs.

The unamortized debt issuance costs related to the Senior Notes at October 1, 2023 were approximately \$73 million. Amortization of debt issuance costs related to the Senior Notes for the fiscal three and nine months ended October 1, 2023 were \$1 million and \$4 million, respectively. The weighted average effective interest rate of the Company's long-term debt as of October 1, 2023 was 5.1%.

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 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.

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 interest rate of 4.7%) to be paid monthly in arrears. The Company recognized interest income of \$33 million for the fiscal nine months ended October 1, 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 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 Statement of Cash Flows. Cash inflows from the interest earned on the Facility Agreement are presented within Interest expense, net on the Company's Condensed Consolidated Statements of Operations and are presented as cash inflows from operations within the Statement of Cash Flows.

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 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 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 on the Condensed 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 October 1, 2023, the Company had no outstanding balances under its Revolving Credit Facility.

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 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 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". Inclusive of amounts issued as a part of the Debt Financing Transactions, the Company issued \$3.8 billion of commercial paper notes and repaid \$3.3 billion in connection with its stated maturities during the fiscal nine months ended October 1, 2023. As of October 1, 2023, the Company had \$513 million of outstanding balances under its Commercial Paper Program, net of a related discount of \$2 million.

Interest expense incurred as a result of the Commercial Paper Program for both of the fiscal three and nine months ended October 1, 2023 were \$7 million and \$16 million, respectively. The weighted average effective interest rate of the Company's commercial paper as of October 1, 2023 was 5.2% and the weighted average maturities as of October 1, 2023 were less than 90 days.

Interest Expense, Net

The amount included in Interest expense, net on the Company's Condensed Consolidated Statements of Operations consists of the following:

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Interest expense	\$ 115	\$ —	\$ 244	\$ —
Interest income ⁽¹⁾	(15)	—	(90)	—
Interest expense, net	\$ 100	\$ —	\$ 154	\$ —

⁽¹⁾ Includes interest income of \$33 million for the fiscal nine months ended October 1, 2023 recognized in relation to the Facility Agreement.

Scheduled Maturities of Long-Term Debt

The schedule of principal payments required on the Company's long-term debt for the next five years, including 2023 and thereafter, is as follows:

(Dollars in Millions)						
Remainder of 2023	2024	2025	2026	2027	Thereafter	
\$ —	\$ —	\$ 750	\$ 750	\$ —	\$ 6,250	

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 \$7.4 billion as of October 1, 2023. Fair value was estimated using market prices using quoted prices in active markets which would be considered Level 2 in the fair value hierarchy. The carrying value of the commercial paper notes approximated the fair value as of October 1, 2023 due to the nature and short term duration of the instrument.

Compliance with Covenants

As of October 1, 2023, the Company was in compliance with all financial and non-financial covenants and no default or event of default has occurred.

5. Pensions

Single Employer Plans

Net periodic benefit costs for the Company's defined benefit retirement plans sponsored by the Company for the fiscal three and nine months ended October 1, 2023 and October 2, 2022, included the following components:

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Service cost	\$ 6	\$ —	\$ 16	\$ 4
Interest cost	8	—	18	2
Amortization of (gain) loss	(1)	1	(1)	3
Special events	8	—	8	—
Expected return on plan assets	(8)	—	(18)	—
Net periodic benefit cost	\$ 13	\$ 1	\$ 23	\$ 9

The service cost component of net periodic benefit cost is presented in the same line items on the Company's Condensed Consolidated Statements of Operations where other employee compensation costs are reported, including Cost of sales and Selling, general, and administrative expenses. All other components of net periodic benefit costs are presented as part of Other expense, net on the Company's Condensed Consolidated Statements of Operations. During the fiscal three months ended October 1, 2023, the Company converted a defined benefit plan to a defined contribution plan, which resulted in a settlement loss of \$10 million, partially offset by a curtailment gain of \$2 million. The net balance is disclosed in "Special events" within Net periodic benefit cost.

Separated Plans

J&J has defined benefit pension plans covering eligible employees in the United States and in certain of its international subsidiaries. J&J also provides 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 plans, and assets and liabilities associated with these plans were not reflected in the Company's Condensed Consolidated Balance Sheets. As of October 1, 2023, the Company no longer has any multiemployer plans as they have all converted to a multiple employer pension plan or a single-employer plan. The Condensed Consolidated Statements of Operations include expense allocations for these benefits, which were determined using a proportional allocation method. Total benefit plan expense allocated to the Company amounted to \$0 million and \$11 million for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, and \$17 million and \$38 million for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively.

In connection with the completion of the Separation, J&J transferred certain pension plans to the Company during the fiscal nine months ended October 1, 2023, resulting in the transfer of net pension assets of \$162 million and net pension liabilities of \$21 million inclusive of transfers to multiple employer pension plans.

6. Accumulated Other Comprehensive Loss

Components of other comprehensive loss consisted of the following:

(Dollars in Millions)	Foreign Currency Translation⁽¹⁾	Employee Benefit Plans⁽²⁾	Gain (Loss) On Cash Flow Hedges⁽³⁾	Total Accumulated Other Comprehensive Loss
July 2, 2023	\$ (5,487)	\$ (55)	\$ 40	\$ (5,502)
Net change	(249)	13	(4)	(240)
October 1, 2023	<u>\$ (5,736)</u>	<u>\$ (42)</u>	<u>\$ 36</u>	<u>\$ (5,742)</u>
July 3, 2022	\$ (5,523)	\$ (47)	\$ (4)	\$ (5,574)
Net change	(642)	1	11	(630)
October 2, 2022	<u>\$ (6,165)</u>	<u>\$ (46)</u>	<u>\$ 7</u>	<u>\$ (6,204)</u>

⁽¹⁾ Foreign currency translation adjustments for the fiscal three months ended October 1, 2023 and October 2, 2022 were net of benefit from taxes of \$9 million and \$88 million, respectively. Income taxes on foreign currency translation relate to tax impact on prior earnings that are not permanently reinvested and will be repatriated in the future.

⁽²⁾ Employee benefit plans for the fiscal three months ended October 1, 2023 and October 2, 2022 were net of provision (benefit) from taxes of \$1 million and \$2 million, respectively.

⁽³⁾ Gain on derivatives and hedges for the fiscal three months ended October 1, 2023 and October 2, 2022 were net of benefit from taxes of \$2 million and \$0 million, respectively.

(Dollars in Millions)	Foreign Currency Translation⁽¹⁾	Employee Benefit Plans⁽²⁾	Gain (Loss) On Cash Flow Hedges⁽³⁾	Total Accumulated Other Comprehensive Loss
January 1, 2023	\$ (5,476)	\$ 12	\$ 9	\$ (5,455)
Net change	(260)	(54)	27	(287)
October 1, 2023	<u>\$ (5,736)</u>	<u>\$ (42)</u>	<u>\$ 36</u>	<u>\$ (5,742)</u>
January 2, 2022	\$ (4,431)	\$ (51)	\$ (1)	\$ (4,483)
Net change	(1,734)	5	8	(1,721)
October 2, 2022	<u>\$ (6,165)</u>	<u>\$ (46)</u>	<u>\$ 7</u>	<u>\$ (6,204)</u>

⁽¹⁾ Foreign currency translation adjustments for the fiscal nine months ended October 1, 2023 and October 2, 2022 were net of benefit from taxes of \$24 million and \$188 million, respectively. Income taxes on foreign currency translation relate to tax impact on prior earnings that are not permanently reinvested and will be repatriated in the future.

⁽²⁾ Employee benefit plans for the fiscal nine months ended October 1, 2023 and October 2, 2022 were net of benefit from taxes of \$16 million and \$3 million, respectively. Net change for the fiscal nine months ended October 1, 2023 includes Separation adjustments of \$73 million in connection with transfers of certain pensions plans by J&J to the Company.

⁽³⁾ Gain on derivatives and hedges for the fiscal nine months ended October 1, 2023 and October 2, 2022 were net of provision for taxes of \$7 million and \$0 million, respectively.

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 Condensed Consolidated Statements of Comprehensive Income (Loss).

7. Stock-Based Compensation

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", together with the J&J 2012 Plan, the "J&J Plans"). The J&J Plans provide the grant of non-qualified stock options, incentive stock options, stock appreciation rights, Restricted Stock Units ("RSUs"), performance shares, Performance Stock Units ("PSUs"), other stock-based awards, and cash awards to employees and directors including the Company's personnel. Stock-based compensation

granted pursuant to the J&J Plans were based on J&J's common stock. The J&J 2022 Plan became effective in April 2022. As such, all options and restricted shares granted subsequent to that date and prior to the completion of the Exchange Offer were issued under the J&J 2022 Plan.

In March 2023, the Company's Board of Directors approved the 2023 Long-Term Incentive Plan (the "Kenvue 2023 Plan") providing for the grant of non-qualified stock options, incentive stock options, stock appreciation rights, RSUs, performance shares, 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 based on the Company's common stock. The Kenvue 2023 Plan was approved by J&J, as sole stockholder of the Company, prior to the Kenvue IPO and became effective in May 2023. The maximum aggregate number of shares of Common Stock that may be issued under the Plan is 188,897,256.

During the fiscal three months ended October 1, 2023, awards were first issued pursuant to the Kenvue 2023 Plan related to the conversion of J&J awards.

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 Grants"). On October 2, 2023, the Founder Grants were awarded to Kenvue employees in the form of stock options and PSUs to executive officers and either stock options and PSUs or PSUs to non-executive individuals. The Company expects to recognize approximately \$81 million in stock-based compensation expense related to the Founder Grants, which will be amortized over the requisite service period of the awards, which ranges from one to three years.

Conversion of J&J Awards

On August 23, 2023, J&J equity awards held by Kenvue employees were accounted for as if they were forfeited by J&J and generally replaced by Kenvue equity awards under the Kenvue 2023 Plan with terms consistent with the those applicable to the J&J awards, subject to adjustments to the number of 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 within Note 8, "Related Parties"). 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 have been 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. The terms of the Kenvue awards are as follows:

RSUs

On August 23, 2023, the Company was deemed to have issued 12.5 million RSUs with a modification incremental cost of \$268 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 estimated based on the fair value of the Company's shares at the deemed modification date, adjusted to reflect that the RSUs do not participate in dividends through the vesting date (using a dividend rate assumption consistent with the assumption disclosed within the table below). Compensation costs related to these awards are recognized within the Condensed Consolidated Statements of Operations over the vesting period, and are non-cash activities within the Condensed Consolidated Statements of Cash Flows.

Stock Options

On August 23, 2023, the Company was deemed to have issued 57 million of non-qualified stock options and incentive stock options with a modification date incremental cost of \$191 million. These stock option awards 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 and will all be vested by January 2027. These stock options provide for accelerated vesting in certain change in control scenarios. Compensation costs related to these awards are recognized within the Condensed Consolidated Statements of Operations over the vesting period, and are non-cash activities within the Condensed Consolidated Statements of Cash Flows.

The fair value of each stock option award is estimated using the Black-Scholes option valuation model that uses the assumptions noted in the following table, and carry a weighted average exercise price of approximately \$20.62.

Assumption	August 2023 Converted Stock Options
Expected Volatility	16.2% - 21.4%
Expected Dividends	3.2%
Risk-Free Rate	4.2% - 5.4%
Expected Term	0.5 years - 6.5 years

Expected volatilities are based on the historical volatility of a selected group of the Company's peers, and other factors. Kenvue uses historical data to estimate stock option exercises and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of stock options granted is consistent with the historical experiences of J&J for similar awards to the Kenvue population. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant.

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 three months ended October 1, 2023 in relation to J&J denominated stock options which had vested. With respect to the deemed 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 costs. From August 23, 2023 through the end of the fiscal three months ended October 1, 2023, the Company recognized \$110 million of compensation costs attributable to the RSUs and stock options described above. In total, the Company recognized incremental stock-based compensation expense of \$135 million in the fiscal three months ended October 1, 2023, of which, \$123 million related to employee services provided prior to the Separation.

In total, the Company recognized \$2 million of stock-based compensation expense in the fiscal three months ended October 1, 2023, as compared to \$30 million in the fiscal three months ended October 2, 2022. For the fiscal nine months ended October 1, 2023, the Company recognized \$75 million of stock-based compensation, as compared with \$106 million fiscal nine months ended October 2, 2022.

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 three and nine months ended October 1, 2023 and October 2, 2022, were as follows:

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Cost of sales	\$ 2	\$ 6	\$ 18	\$ 24
Selling, general, and administrative expenses	—	24	57	82
Stock-based compensation expense	\$ 2	\$ 30	\$ 75	\$ 106

Stock-based compensation expense includes \$6 million for the fiscal three months ended October 2, 2022 and \$2 million and \$24 million for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, of allocated charges from J&J, based on percentage attribution related to J&J employees providing services to the Company. As a result of the Company's Separation from J&J, the Company will no longer have allocation charges of this nature.

With respect to the RSUs described above, as of October 1, 2023, the Company had unrecognized compensation cost of \$199 million, expected to be recognized over a weighted average period of 1.1 years. With respect to the stock options described above, as of October 1, 2023, the Company had unrecognized compensation cost of \$124 million, expected to be recognized over a weighted average period of 1.1 years.

8. Related Parties

On August 23, 2023, Kenvue became a fully independent company (see Note 1, "Description of the Company and Summary of Significant Accounting Policies"). The Company continues to have material agreements with J&J and considers J&J to be a

related party – see “Related Party Transactions, including Separation Agreement, with J&J” 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 Condensed 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 charged to J&J’s affiliates. Allocated costs included in Cost of sales on the Company’s Condensed Consolidated Statements of Operations relate to enterprise-wide support primarily consisting of facilities, insurance, logistics, quality, and compliance which are predominantly allocated based on Net sales. Allocated costs included in Selling, general, and administrative expenses primarily relate 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 predominantly allocated based on Net sales or headcount. See Note 1, “Description of the Company and Summary of Significant Accounting Policies”.

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 on the Company’s Condensed Consolidated Statements of Operations for the fiscal nine months ended October 1, 2023 and three and nine months ended October 2, 2022 were as follows:

(Dollars in Millions)	Fiscal Three Months Ended	Fiscal Nine Months Ended	
	October 2, 2022	October 1, 2023	October 2, 2022
Cost of sales	\$ 66	\$ 25	\$ 142
Selling, general, and administrative expenses	174	120	504
Total	\$ 240	\$ 145	\$ 646

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 organizational structure, whether functions were outsourced or performed by Company’s employees, and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology, and infrastructure. No allocations were made during the fiscal three months ended October 1, 2023 as Kenvue became a fully independent company.

Net Transfers to Johnson & Johnson

Net transfers to Johnson & Johnson are included within Net investment from Johnson & Johnson on the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Equity and within financing activities on the Condensed 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 Johnson & Johnson account during the fiscal three months ended October 1, 2023.

The components of Net transfers to Johnson & Johnson for the fiscal nine months ended October 1, 2023 and three and nine months ended October 2, 2022 were as follows:

(Dollars in Millions)	Fiscal Three Months Ended	Fiscal Nine Months Ended	
	October 2, 2022	October 1, 2023	October 2, 2022
Cash pooling and general financing activities	\$ (929)	\$ (446)	\$ (2,253)
Corporate cost allocations	240	145	646
Taxes deemed settled with J&J	24	27	25
Allocated derivative and hedging gains	15	—	40
Net transfers to Johnson & Johnson as reflected in the Condensed Consolidated Statements of Cash Flows	\$ (650)	\$ (274)	\$ (1,542)
Stock-based compensation expense ⁽¹⁾	30	—	106
Other ⁽²⁾	—	(34)	(132)
Net transfers to Johnson & Johnson as reflected in the Condensed Consolidated Statements of Equity	\$ (620)	\$ (308)	\$ (1,568)

⁽¹⁾ Stock-based compensation expense is separately shown within the Condensed Consolidated Statements of Equity in fiscal year 2023, and therefore no longer a reconciling item between the Condensed Consolidated Statements of Equity and the Condensed Consolidated Statements of Cash Flows.

⁽²⁾ Other primarily relates to the impact of the change in accounting principle for GILTI in the fiscal nine months ended October 2, 2022. Please see Note 1, “Description of the Company and Summary of Significant Accounting Policies—Change in Accounting Principle” for more information.

Related Party Transactions, including Separation Agreement, with J&J

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 the pre-Separation balance sheet were retained by J&J and certain assets and liabilities not included in the pre-Separation balance sheet were transferred to Kenvue. Separation related adjustments have been recognized in Net investment from Johnson & Johnson, net impact of which resulted in an increase in net assets and total equity by \$91 million. The impact on net assets primarily represent (i) recognition of balances with J&J including indemnification matters, (ii) changes to income tax assets and liabilities as a result of change in the basis of presentation, (iii) contribution of certain liabilities including pension and employee related obligations from J&J, (iv) 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”), and (v) 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.

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 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;

- 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 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 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, J&J and Kenvue also entered into various related party lease agreements, in which the Company subleased properties from J&J. See Note 1, “Description of the Company and Summary of Significant Accounting Policies—Leases” for more information.

Related Party Transactions

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 on the Company’s Condensed Consolidated Financial Statements:

(Dollars in Millions)	October 1, 2023
Accounts payable and accrued liabilities	\$ 483
Prepaid expenses and other receivables	\$ 324
Other assets	\$ 80
Other liabilities	\$ 190

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Cost of sales	\$ 56	\$ —	\$ 95	\$ —
Selling, general, and administrative expenses	\$ 47	\$ —	\$ 94	\$ —

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.

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, covenants will be 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 recorded approximately \$186 million of income tax payables and refunds, unrecognized tax benefits and associated interest due to the Company's Former Parent as indemnifications to Prepaid expenses and other receivables and Accounts payable for current assets and current liabilities, respectively, and to Other assets and Other liabilities for noncurrent assets and noncurrent liabilities, respectively, in the Condensed Consolidated Balance Sheet as of October 1, 2023.

Debt Financing Transactions and IPO Consideration

During the second quarter of 2023, the Company received debt proceeds of \$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 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.

9. Other Operating Expense (Income), Net and Other Expense, Net

Other operating expense (income), net for the fiscal three and nine months ended October 1, 2023 and October 2, 2022 consisted of:

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Litigation expense	\$ —	\$ (6)	\$ 20	\$ 1
Royalty income	(15)	(7)	(23)	(27)
(Gain)/loss on disposal of fixed assets	—	(1)	(9)	1
Impact of Deferred Markets ⁽¹⁾ (Note 1)	10	—	34	—
Contingent liability reversal ⁽²⁾	(2)	—	(45)	—
Other ⁽³⁾	16	—	16	19
Total Other operating expense (income), net	\$ 9	\$ (14)	\$ (7)	\$ (6)

⁽¹⁾ Includes income taxes and service fees to be paid to J&J under the net economic benefit arrangements.

⁽²⁾ Includes the reversal of a contingent liability that was no longer considered to be probable.

⁽³⁾ Includes intangible asset impairment, pension related and other miscellaneous operating (income) expenses.

Other expense, net for the fiscal three and nine months ended October 1, 2023 and October 2, 2022 consisted of:

(Dollars in Millions)	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Currency losses on transactions	\$ 23	\$ 25	\$ 51	\$ 23
Other ⁽¹⁾	2	—	14	(4)
Total Other expense, net	\$ 25	\$ 25	\$ 65	\$ 19

⁽¹⁾ Other consists primarily of gains and losses on investments, other than service cost components of net periodic benefit costs, and miscellaneous non-operating (income) expenses.

10. Income Taxes

For interim financial statement purposes, U.S. GAAP income tax expense/benefit related to ordinary income is determined by applying an estimated annual effective income tax rate against a company's ordinary income, subject to certain limitations on the benefit of losses. Income tax expense/benefit related to items not characterized as ordinary income is recognized as a discrete item when incurred. The estimation of the Company's income tax provision requires the use of management forecasts and other estimates, application of statutory income tax rates, and an evaluation of valuation allowances. The Company's estimated annual effective income tax rate may be revised, if necessary, in each interim period. Effective as of the fiscal three and nine 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."

During the periods presented in the Condensed Consolidated Financial Statements, the Company operated as part of J&J until the completion of the Exchange Offer and therefore will be included in J&J's U.S. Federal income tax return until that date. The Company will then file a standalone U.S. Federal income tax return for the remainder of 2023. The Company expects to file income tax returns on a standalone basis in most other jurisdictions in which it operates for 2023. However, for the purposes of the Condensed Consolidated Financial Statements, the 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 all of 2023. Prior to the Kenvue IPO, the Company's operations were calculated on a carve-out basis and included certain hypothetical foreign tax credit benefits. Post-Kenvue IPO, these hypothetical foreign tax credit benefits are not available for future utilization by the Company and were removed from the tax provision. Now as a standalone independent company, the income taxes and related income tax accounts of the Company may differ from the Condensed Consolidated Financial Statements which include year-to-date results prior to the Exchange Offer.

The worldwide effective income tax rates for the fiscal three months ended October 1, 2023 and October 2, 2022 were 25.1% and 20.6%, respectively, and for the fiscal nine months ended October 1, 2023 and October 2, 2022 were 27.1% and 19.9%, respectively. The increase for the fiscal three months ended October 1, 2023 as compared to the fiscal three months ended October 2, 2022 was primarily the result of higher U.S. taxes on foreign income, reduced benefits for foreign tax credits and higher tax expense related to prior year return to provision adjustments offset by windfall benefit on stock option exercises and tax benefits related to the completion of the Exchange Offer with J&J. The increase for the fiscal nine months ended October 1, 2023 as compared to the fiscal nine months ended October 2, 2022 was primarily the result of higher U.S. taxes on foreign income and less favorable return to provision adjustments offset by discrete foreign tax benefits. With the issuance of debt in the first quarter of 2023, the resulting increase in annual interest reduced the Company's capacity to utilize foreign tax credits against U.S. foreign source income. As a result, the Company recorded a \$51 million valuation allowance against a deferred tax asset related to future foreign tax credit benefits thus increasing the reported rate for the fiscal nine months ended October 1, 2023 as compared to the fiscal nine months ended October 2, 2022.

As of October 1, 2023, the Company had approximately \$226 million of liabilities from unrecognized tax benefits. The Company conducts business and will file tax returns in numerous countries. The Company and J&J currently have tax audits in progress in several jurisdictions. With respect to the United States, the Internal Revenue Services is currently auditing the 2013-2016 fiscal periods of J&J. We currently expect J&J to complete this audit and settlement of the related tax liabilities in the next 12 months. Per the Tax Matters Agreement between J&J and the Company, J&J remains liable for all liabilities related to the final settlement of this audit and any U.S. federal income tax audits in which the Company is part of J&J's federal consolidated tax return. During the fiscal nine months ended October 1, 2023, J&J made a payment to the U.S. Treasury for the estimated liability related to the 2013-2016 IRS Audit, which included \$200 million related to the Consumer Health Business. In other major jurisdictions where the Company conducts business, the years that remain open to tax audit go back to the year 2008. The Company believes it is possible that tax audits may be completed over the next 12 months by taxing authorities in some jurisdictions outside of the United States. 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 Condensed Consolidated Balance Sheets. Interest expense and penalties related to unrecognized tax benefits are classified as income tax expense on the Company's Condensed Consolidated Statements of Operations.

On August 16, 2022, the United States enacted the Inflation Reduction Act of 2022 ("IRA"), which, among other things, introduces a 15% corporate alternative minimum tax based on adjusted financial statement income of certain large corporations with a three-year average adjusted financial statement income in excess of \$1.0 billion, an excise tax on corporate stock buybacks, and several tax incentives to promote clean energy. Based on the Company's preliminary analysis, the IRA is not

expected to have a material impact on the Company's Condensed Consolidated Financial Statements. The Company will continue to evaluate the impact of this law as additional guidance and clarification becomes available.

11. Earnings Per Share

Prior to the completion of the Kenvue IPO, the Company had 1,716,160,000 of common stock outstanding, of which 1,716,159,990 shares were issued to Johnson & Johnson 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 October 1, 2023, the Company had 1,914,909,765 shares of common stock issued and outstanding. For the purposes of the Company's earnings per share calculations, 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 earnings per share is computed by giving effect to all potentially dilutive equity instruments or equity awards that are outstanding during the period. There were no equity 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 both the three and nine ended October 1, 2023, 38,386,962 shares were determined to be anti-dilutive under the treasury stock method and therefore were excluded from the diluted earnings per share calculation.

Net income per share for the fiscal three and nine months ended October 1, 2023 and October 2, 2022 was calculated as follows:

(In Millions, Except Per Share Data)	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Net income	\$ 438	\$ 586	\$ 1,337	\$ 1,703
Basic weighted average number of shares outstanding	1,916	1,716	1,823	1,716
Diluted effects of stock based awards	4	—	4	—
Diluted weighted average number of shares outstanding	1,920	1,716	1,827	1,716
EPS:				
Basic	\$ 0.23	\$ 0.34	\$ 0.73	\$ 0.99
Diluted	\$ 0.23	\$ 0.34	\$ 0.73	\$ 0.99

Share Repurchase Program

The Company's Board of Directors has authorized a share repurchase program, under which the Company is authorized to repurchase up to 27 million 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 awards under Kenvue's equity incentive plan.

12. Fair Value Measurements

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

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:

(Dollars in Millions)	October 1, 2023				January 1, 2023			
	Carrying Value	Level 1	Level 2	Level 3	Carrying Value	Level 1	Level 2	Level 3
Assets:								
Forward foreign exchange contracts	\$ 82	\$ —	\$ 82	\$ —	\$ 39	\$ —	\$ 39	\$ —
Interest rate swaps	—	—	—	—	29	—	29	—
Total	\$ 82	\$ —	\$ 82	\$ —	\$ 68	\$ —	\$ 68	\$ —
Liabilities:								
Forward foreign exchange contracts	\$ (73)	\$ —	\$ (73)	\$ —	\$ (15)	\$ —	\$ (15)	\$ —
Interest rate swaps	—	—	—	—	(39)	—	(39)	—
Total	\$ (73)	\$ —	\$ (73)	\$ —	\$ (54)	\$ —	\$ (54)	\$ —
Net amount presented in Prepaid expenses and other receivables:	\$ 33	\$ —	\$ 33	\$ —	\$ 14	\$ —	\$ 14	\$ —
Net amount presented in Accounts payable	\$ (23)	\$ —	\$ (23)	\$ —	\$ —	\$ —	\$ —	\$ —

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 October 1, 2023 and January 1, 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 are recorded at fair value that is derived from observable market data, including yield curves. All derivative instruments are classified as Level 2 securities.

There were no transfers between Level 1, Level 2, or Level 3 during the fiscal three and nine months ended October 1, 2023 and fiscal year ended January 1, 2023.

The following table sets forth the notional amounts of the Company's outstanding derivative instruments:

(Dollars in Millions)	October 1, 2023			January 1, 2023		
	Forward foreign exchange contracts	Interest rate swaps	Total	Forward foreign exchange contracts	Interest rate swaps	Total
Cash flow hedges	\$ 3,810	\$ —	\$ 3,810	\$ 1,768	\$ 2,400	\$ 4,168
Undesignated forward foreign exchange contracts	\$ 586	\$ —	\$ 586	\$ —	\$ —	\$ —
Net investment hedges	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

For the three and nine months ended October 1, 2023, the Company recorded a total after-tax change in Accumulated other comprehensive loss of \$(4) million and \$27 million, respectively, related to its cash flow hedge portfolio. For the three and nine months ended October 2, 2022, the Company recorded a total after-tax change in Accumulated other comprehensive loss of \$11 million and \$8 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, 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 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 loss. 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 on the Company's Condensed Consolidated Statements of Operations, as applicable.

The following table is a summary of gains and losses on forward foreign exchange contracts designated as cash flow hedges within Other comprehensive loss and amount reclassified into earnings:

	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Gain recognized in Other comprehensive loss	\$ 7	\$ 11	\$ 7	\$ 9
Gain (loss) reclassified from Other comprehensive loss to earnings	\$ 11	\$ (2)	\$ 16	\$ (2)

The following tables are a summary of the reclassifications to Net Income related to the Company's forward foreign exchange contracts for the fiscal three and nine months ended October 1, 2023 and October 2, 2022:

(Dollars in Millions)	Fiscal Three Months Ended					
	October 1, 2023			October 2, 2022		
	Net Sales	Cost of Sales	Other expense, net	Net Sales	Cost of Sales	Other expense, net
Gain on cash flow hedges	\$ —	\$ 11	\$ —	\$ 7	\$ 2	\$ 4
Gain (loss) on forward currency exchange contracts not designated as hedges	\$ —	\$ —	\$ (3)	\$ —	\$ —	\$ 7

(Dollars in Millions)	Fiscal Nine Months Ended					
	October 1, 2023			October 2, 2022		
	Net Sales	Cost of Sales	Other expense, net	Net Sales	Cost of Sales	Other expense, net
Gain (loss) on cash flow hedges	\$ —	\$ 18	\$ (2)	\$ 18	\$ 5	\$ 14
Gain on forward currency exchange contracts not designated as hedges	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 14

The fair value of the Company's foreign currency exchange contracts as of October 1, 2023 was included in Prepaid expenses and other receivables on the Company's Condensed Consolidated Balance Sheets.

Since 2022, the Company has entered into forward currency 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, net on the Company's Condensed Consolidated Statements of Operations. As of October 1, 2023 and January 1, 2023, respectively, the Company held forward foreign exchange contracts that were not designated in cash flow hedging relationships of \$(2) million and \$0 million, respectively.

Forward Starting Interest Rate Swaps

Beginning in the fourth quarter of 2022, 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 nine months ended October 1, 2023, the Company recorded a gain of approximately \$48 million in Accumulated other comprehensive loss. Upon the issuance of the forecasted debt, the Company settled its forward starting interest rate swaps and received \$38 million in cash. The gain in Accumulated other comprehensive loss will be amortized and recorded in Other expense, net on the Company's Condensed Consolidated Statements of Operations over the life of the 5-year, 10-year, and 30-year bonds. For the fiscal three and nine months ended October 1, 2023, we reclassified \$1 million and \$3 million, respectively, from Other comprehensive loss to the Condensed Consolidated Statements of Operations.

Net Investment Hedges

The Company designated certain forward currency exchange 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 fiscal three and nine months ended October 1, 2023 and October 2, 2022, the Company designated as a net investment hedge a forward currency exchange contract 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 attributable to changes in spot rates recorded in Other comprehensive loss (CTA). Changes in the fair value attributable to time value ("excluded components") were initially recorded to Other comprehensive loss (CTA) and were recognized within Other expense, net on the Company's Condensed Consolidated Statements of Operations ratably over the life of the contract. The forward currency exchange contracts designated as net investment hedges were settled during the fiscal three months ended October 1, 2023.

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 Condensed 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. As of October 1, 2023 and January 1, 2023, such investments totaled \$76 million and \$56 million, respectively, and were included in Other assets on the Condensed Consolidated Balance Sheets.

13. 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, antitrust and trade

regulation, labor and employment, indemnification, data privacy and security, environmental, health and safety, and 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 October 1, 2023, 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. Accrued liabilities related to litigation matters are included in Accrued liabilities and Other liabilities on the Condensed 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 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 in the Company's Condensed 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 subsidiary Johnson & Johnson Consumer Inc. ("JJCI"), along with other sellers of acetaminophen-containing products, in federal court alleging that in utero exposure to acetaminophen (the active ingredient in Tylenol, an over-the-counter 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. No trial dates have been set in these actions. 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, a lawsuit has been filed in state court against JJCI, the Company and J&J, and lawsuits have been filed in Canada against our subsidiary Johnson & Johnson Inc. (Canadian affiliate) ("JJJ") 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.

General Litigation

In 2006, J&J acquired Pfizer's over-the-counter ("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 ("GSK"), 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 Zantac (ranitidine) products. Plaintiffs in the underlying actions allege that Zantac and other over-the-counter 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 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 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 Zantac (ranitidine) products.

J&J and/or JJI have also been named in four of the seven putative class actions filed in Canada with similar allegations regarding Zantac or ranitidine use. Of the four putative class actions naming J&J and/or JJI, the British Columbia action has been stayed, the Alberta action has been discontinued, and the Quebec action has been stayed. The Ontario 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 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.

In September 2023, the Nonprescription Drugs Advisory Committee (the “NDAC”) of the U.S. Food and Drug Administration (“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 FDA nor the NDAC raised concerns about safety issues with use of oral PE at the recommended dose. FDA has stated it will consider the input of the NDAC, and the evidence, before taking any action on the status of oral PE. Beginning in September 2023, following the NDAC vote, putative class actions were filed against the Company and its affiliates, along with other 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. A petition for a multi-district litigation has been filed. Separately, putative Canadian class actions were filed in September 2023 against the Company’s 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, in October 2023, a putative securities class action was 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 complaint alleges that the Company made false or misleading statements, and omitted material facts, about PE and the efficacy of certain PE-containing products, and seeks damages for all shareholders who acquired shares pursuant to the registration statement and the IPO Prospectus for the Kenvue IPO. 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 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 confirmed through a judicial Consent Decree. The case has been administratively closed but can be re-opened upon request, following a decision on the Consent Decree.

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 remediation activities at designated hazardous waste sites or to reimburse the government or third parties for the costs they have incurred in performing 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. 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.

14. Segments of Business

The Company historically operated as part of J&J, reported under J&J's segment structure and historically the Chief Operating Decision Maker ("CODM") was J&J's Consumer Health Segment Operating Committee. As the Company transitioned into an independent, publicly traded company, the Company's CODM was determined to be the Kenvue Leadership Team as they are responsible for allocating resources and assessing performance. Based on how the CODM assesses operating performance on a regular basis, makes resource allocation decisions, and designates responsibilities of their direct reports, the Company is organized as three operating segments, which are also its reportable segments: (i) Self Care, (ii) Skin Health and Beauty, and (iii) Essential Health. Prior period presentations conform to the current segment reporting structure.

Segment profit is based on Operating income, excluding depreciation and amortization, non-recurring Separation-related costs, restructuring expense, the impact of the conversion of share-based awards, Other operating expense (income), net, and unallocated general corporate administrative expenses (referred to herein as "Segment adjusted operating income"), as management excludes these items in assessing segment financial performance. General corporate/unallocated expenses, which include treasury and legal operations and certain expenses, 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 does not review segment assets.

The Company operates the business through the following three reportable business segments:

Reportable Segments	Product Categories
Self Care	Cough, Cold, and Allergy
	Pain Care
	Other Self Care (Digestive Health, Smoking Cessation, and Other)
Skin Health and Beauty	Face and Body Care
	Hair, Sun, and Other
Essential Health	Oral Care
	Baby Care
	Other Essential Health (Women's Health and Wound Care)

The Company's product categories as a percentage of Net sales for the fiscal three and nine months ended October 1, 2023 and October 2, 2022 were as follows:

Product Categories	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Cough, Cold and Allergy	13 %	13 %	14 %	13 %
Pain Care	14	14	13	12
Other Self Care	14	14	15	15
Face and Body Care	21	21	20	21
Hair, Sun and Other	8	8	9	8
Oral Care	10	10	10	10
Baby Care	9	10	9	10
Other Essential Health	11	10	10	11
Total	100 %	100 %	100 %	100 %

Segment Net Sales and Segment Adjusted Operating Income

Segment net sales and Segment adjusted operating income for the fiscal three and nine months ended October 1, 2023 and October 2, 2022 were as follows:

(Dollars in Millions)	Segment Net Sales			
	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Self Care	\$ 1,613	\$ 1,516	\$ 4,914	\$ 4,462
Skin Health and Beauty	1,119	1,124	3,377	3,262
Essential Health	1,183	1,149	3,487	3,459
Total segment net sales	\$ 3,915	\$ 3,789	\$ 11,778	\$ 11,183

(Dollars in Millions)	Segment Adjusted Operating Income			
	Fiscal Three Months Ended		Fiscal Nine Months Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Self Care	\$ 583	\$ 556	\$ 1,741	\$ 1,554
Skin Health and Beauty	167	246	517	616
Essential Health	309	261	770	821
Total segment adjusted operating income⁽¹⁾⁽²⁾	\$ 1,059	\$ 1,063	\$ 3,028	\$ 2,991
Reconciliation to Income before taxes:				
Depreciation	72	69	211	213
Amortization	81	83	242	265
Separation-related costs	133	50	333	109
Restructuring expense ⁽³⁾	3	31	3	69
Conversion of share-based awards ⁽⁴⁾	(25)	—	(25)	—
Other operating expense (income), net	9	(14)	(7)	(6)
General corporate/unallocated expenses	76	81	219	197
Total operating income	\$ 710	\$ 763	\$ 2,052	\$ 2,144
Other expense, net	25	25	65	19
Interest expense, net	100	—	154	—
Income before taxes	\$ 585	\$ 738	\$ 1,833	\$ 2,125

⁽¹⁾ In the first quarter of 2023, the Company adjusted the allocation for certain intangible asset amortization costs within 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. Segment adjusted operating income did not change as a result of this update.

⁽²⁾ The Company defines Segment adjusted operating income as U.S. GAAP Operating income excluding depreciation and amortization, Separation-related costs, restructuring expense, the impact of the conversion of share-based awards, Other operating expense (income), net, and general corporate unallocated expenses that are not part of our measurement of segment performance. Management uses Segment adjusted operating income to assess segment financial performance.

⁽³⁾ Exclusive of the restructuring expense included in Other operating expense (income), net on the Company's Condensed Consolidated Statements of Operations.

⁽⁴⁾ As noted above, Segment adjusted operating income excludes the impact of the conversion of share-based awards (see Note 7, Stock-Based Compensation). This 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 three months ended October 1, 2023 relating to employee services provided prior to the Separation of \$123 million.

15. Accrued and Other Liabilities

Accrued liabilities consisted of:

(Dollars in Millions)	October 1, 2023	January 1, 2023
Accrued expenses	\$ 545	\$ 447
Accrued compensation and benefits	326	272
Lease liability	46	35
Other accrued liabilities ⁽¹⁾	371	152
Accrued liabilities	\$ 1,288	\$ 906

Other liabilities consisted of:

(Dollars in Millions)	October 1, 2023	January 1, 2023
Accrued income taxes - noncurrent	\$ 226	\$ 584
Noncurrent lease liability	106	81
Other noncurrent accrued liabilities ⁽¹⁾	237	62
Other liabilities	\$ 569	\$ 727

⁽¹⁾ 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 2023. See Note 8, "Related Parties" for more information.

16. Subsequent Events

Dividend Declaration

On October 26, 2023, the Company announced that its Board of Directors declared a \$0.20 cash dividend for the fourth quarter of 2023 to shareholders. The fourth quarter dividend of \$0.20 per share on the outstanding common stock will be payable on November 22, 2023 to shareholders of record as of the close of business on November 8, 2023.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions, and projections about our industry, business, and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in the section of our Split-Off Prospectus entitled "Risk Factors" and the section entitled "Cautionary Note Regarding Forward-Looking Statements" included herein.

Our accompanying Condensed Consolidated Financial Statements as of October 1, 2023 and for the fiscal three and nine months ended October 1, 2023 and October 2, 2022 have been prepared in accordance with U.S. GAAP and the rules and regulations of the SEC for interim financial statements, and should be read in conjunction with our audited combined financial

statements for the year ended January 1, 2023, which are included in the Split-Off Prospectus, and in conjunction with our unaudited Condensed Consolidated Financial Statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q. In our opinion, the Condensed Consolidated Financial Statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of the financial condition, results of operations and cash flows for the periods indicated. All currency amounts are expressed in U.S. dollars unless otherwise noted.

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 \$15.0 billion in Net sales in 2022. By combining the power of science with meaningful human insights and digital-first approach, we empower consumers to live healthier lives every day. Trusted by generations, our differentiated portfolio of iconic brands—including Tylenol[®], Neutrogena[®], Listerine[®], Johnson's[®], BAND-AID[®], 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 well-known portfolio represents a combination of global and regional brands, many of which hold leading positions in their respective categories. In 2022, we held seven #1 brand positions across major categories globally, in addition to many #1 brand positions locally across our four regions. Our global footprint is also well balanced geographically with approximately half of our Net sales generated outside North America in 2022.

Our global scale and the breadth of our brand portfolio are complemented by our well-developed capabilities and accelerated through our digital-first approach, 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: Cough, Cold and Allergy; Pain Care; and Other Self Care (Digestive Health, Smoking Cessation, and Other). Major brands in the segment include Tylenol[®], Nicorette[®], and Zyrtec[®].
- *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[®], and OGX[®].
- *Essential Health.* Our Essential Health product categories include: Oral Care, Baby Care, and Other Essential Health (Women's Health and Wound Care). Major brands in the segment include Listerine[®], Johnson's[®], BAND-AID[®], and Stayfree[®].

For additional information about our three reportable business segments, see “—Key Factors Affecting Our Results—Our Brands and Product Portfolio” and Note 14, “Segments of Business,” to our Condensed Consolidated Financial Statements included herein.

Separation from Johnson & Johnson

In November 2021, Johnson & Johnson (“J&J”), our former parent company, announced its intention to separate its Consumer Health segment (the “Consumer Health Business”) into a new, publicly traded company (the “Separation”). We were incorporated in Delaware on February 23, 2022 in connection with the Separation and were formed to ultimately hold, directly

or indirectly, and conducted certain operational activities in anticipation of the planned separation of, the Consumer Health Business. Prior to the Kenvue IPO (as defined below), we were wholly owned by J&J and primarily represented the Consumer Health Business. We 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 us and our subsidiaries, other than the transfer of assets and liabilities in certain jurisdictions where we and J&J will defer the transfer of such assets and assumption of liabilities and other immaterial assets (such transfer, the “Consumer Health Business Transfer”).

The registration statement related to the initial public offering of Kenvue’s common stock was declared effective on May 3, 2023, and our common stock began trading on the New York Stock Exchange under the ticker symbol “KVUE” on May 4, 2023 (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, we distributed \$13.8 billion to J&J from the (1) net proceeds received from the sale of the common stock in the Kenvue IPO and (2) net proceeds received from the Debt Financing Transactions as defined in Note 4, “Borrowings” to our Condensed 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 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 initiated 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 announced the results of 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 J&J now owns 9.5% of the outstanding shares of Kenvue common stock following the completion of the Exchange Offer.

We are incurring certain 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 fiscal year 2024. For additional information about the Separation, see “Agreements between Johnson & Johnson and Kenvue and Other Related Person Transactions—Relationship between Johnson & Johnson and Kenvue” and “Agreements between Johnson & Johnson and Kenvue and Other Related Person Transactions—Agreements Entered into in Connection with the Separation” in the Split-Off Prospectus.

Relationship with J&J

In connection with the Separation, 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 follows the completion of the Kenvue IPO. These agreements with J&J are described in Note 8, “Related Parties,” to our Condensed Consolidated Financial Statements included herein.

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 the section of our Split-Off Prospectus entitled “Risk Factors”.

Our Brands and Product Portfolio

We have a world class, global portfolio of iconic and modern brands that has been built over the last 135 years and is 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 represents 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 creates deep bonds between consumers and our brands.

Our ability to compete successfully depends on the strength of these brands. The vast majority of our 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, and other individuals with whom we have relationships. We recognize that our reputation and our brands could be damaged by negative publicity, whether or not valid, related to our company, our brands, our products, our supply chain, our ingredients, our packaging, our environmental, social, and governance practices, our employees, or any other aspect of our business.

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, people’s 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 since the start 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. Our success is dependent on our ability to anticipate, understand, and respond appropriately to market trends and changing consumer preferences more quickly than our competitors. Accordingly, we increasingly leverage our digital capabilities and data analytics to gain new commercial insights and develop targeted marketing and advertising initiatives to reach consumers. 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.

We have a successful track record of driving innovation across our categories with a science-based approach centered around human empathy and leveraging our long-standing relationships with healthcare professionals and academic institutions. Nonetheless, developing new products and technologies is a complex, time-consuming and costly process, and a new product may not achieve a successful launch or may not generate sufficient consumer interest and sales to become a profitable product. In order to remain competitive within the product markets we currently service, enter new product markets, and expand into adjacent categories, channels of distribution or geographies, we must continue to invest in innovation and develop, promote, and bring to market new high-quality products.

Expansion of e-Commerce and Digital Capabilities

Our digital-first mindset cuts across all we do. Over the last several years, our digital acceleration has transformed our ability to deliver better consumer health experiences. Today, we apply a digital-first mindset to all aspects of our operations, including research and development, supply chain, go-to-market, and marketing, by prioritizing digital investments, and we intend to continue to accelerate our implementation of this strategy in the future. Effective implementation of our digital-first approach, including effective integration of our digital and physical channels, is integral to the continued growth of our business but involves significant operational changes. We have gradually increased our investment focus into enhancing our digital capabilities, including data science, data analytics, artificial intelligence, machine learning, and natural language processing.

Our pursuit of this strategy has led us in recent years to promote new services, including e-commerce and direct-to-consumer (“DTC”) services, and introduce innovative new products and connected health offerings beyond the traditional services and products we have historically provided to our consumers and customers. Our investments in our digital capabilities are improving data quality and access, fostering innovation, driving e-commerce success, and enabling us to manage our supply chain more effectively while enhancing our marketing and commercial capabilities. However, expanding our service and product offerings through digital initiatives will also create 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.

Geographic Expansion

We have a global footprint through which we sold and distributed our broad product portfolio in more than 165 countries across our four regions in 2022. In recent years, we have grown, and we intend to continue to grow, our business by expanding our global operations. Given our global scale, including in the United States and China, we are well positioned to work with our retail partners to meet increasing consumer health demands and develop new product adjacencies for evolving consumer needs globally. In addition to prioritizing expansion in our existing markets where we have identified the most attractive opportunities, we also intend to invest in other sizable, growing, and underpenetrated geographic markets throughout the world.

We expect competition 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. Meanwhile, some of our multinational competitors may develop and grow in certain geographic markets more quickly than we will. Our ability to successfully expand our business globally will depend on a number of factors, including our marketing efforts and consumer acceptance of our products.

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% and 13% of our total Net sales for the fiscal three and nine months ended October 1, 2023, respectively, and 13% and 14% of our total Net sales for the fiscal three and nine months ended October 2, 2022, respectively. Our top 10 customers represented approximately 40% and 42% of our total Net sales for the fiscal three and nine months ended October 1, 2023, respectively, and 42% and 44% of our total Net sales for the fiscal three and nine months ended October 2, 2022, respectively. Nonetheless, as a result of these trends, we are increasingly dependent on certain large-format retail trade customers in each of our business segments and some of these retail trade customers have significant bargaining strength.

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 DTC 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 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. Nonetheless, 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. For example, since 2021 we have experienced, and we continue to experience, higher than expected inflation, including escalating transportation, commodity and other supply-chain costs and disruptions that have adversely affected, and continue to adversely affect, our results of operations. Although certain costs have moderated to an extent, we continue to experience higher energy and labor costs. Manufacturing or supplier disruptions could result in product shortages, declining sales, reputational damage or significant costs.

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. A series of different initiatives were deployed including (1) improving inter-region agility through end-to-end collaboration and shipping optimization, (2) distribution network redesign to manage the surge of e-commerce volume and mitigate constraints, (3) product offering optimization that eliminated a significant number of small external manufacturers and discontinued unprofitable SKUs, and (4) investments in technology, automation, and digital capabilities that modernized our supply chain operations and enabled inventory optimization, which improved profitability, quality control, and shipping container loading and utilization while reducing consumer complaints. As a result, our historical results of operations reflect savings delivered through these end-to-end supply chain optimization initiatives.

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 remains 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.

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 operations in numerous jurisdictions primarily in the European Union, the United Kingdom, Japan, China, Canada, Brazil, and India. 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. During 2022, in anticipation of operating as a standalone entity, we started to use derivative financial instruments to mitigate our foreign currency exposure and not for trading or speculative purposes. For example, we hedged a portion of forecasted foreign currency revenue and forecasted inventory purchases. 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 actively refine our portfolio through acquisitions towards high growth, high margin 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. We did not complete any significant acquisitions or divestitures during the fiscal three and nine months ended October 1, 2023 and October 2, 2022.

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. However, the pursuit of acquisitions and divestitures of businesses, brands, assets, and technologies involves numerous potential risks.

Impacts of the COVID-19 Pandemic

The COVID-19 pandemic and government steps to reduce the spread and address the impact of COVID-19 have had and may continue to have an impact on the way people live, work, interact, travel and shop. During the COVID-19 pandemic, many of the communities in which we manufacture, market and sell our products experienced and may in the future experience “stay at home” orders, travel or movement restrictions and other government actions to address the pandemic.

Our Net sales in our Self Care segment and within certain product categories in our Essential Health segment were accelerated by changes in consumer behavior during the COVID-19 pandemic, which helped to offset the adverse impact on our Net sales from the remainder of the business, primarily Skin Health and Beauty products and the Baby Care and Women’s Health products within our Essential Health segment, due to lockdown-driven lost usage occasions, including 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. However, as governments began lifting restrictions, this negative trend began to level off and stabilize in the fourth quarter of 2021 while momentum in Self Care and Essential Health products continued due to a rising focus on consumer health. Although the impact of the COVID-19 pandemic on our business has largely subsided, the extent to which the COVID-19 pandemic will continue to impact our business and financial results will depend on many factors that cannot be predicted with certainty, including the duration of the outbreak and the impact of new variants.

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, antitrust and trade regulation, labor and employment, indemnification, data privacy and security, environmental, health and safety, and tax matters, governmental investigations, and other legal proceedings that arise in the ordinary course of our business. See Note 13, “Commitments and Contingencies,” to our Condensed 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 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 us for the Talc-Related Liabilities 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.

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 will be 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 be material.

Russia-Ukraine War

Although the long-term implications of the ongoing military conflict between Russia and Ukraine (the “Russia-Ukraine War”) are difficult to predict at this time, the financial impact of the conflict to us during the fiscal nine months ended October 1, 2023 and October 2, 2022 was not material. For both the fiscal three and nine months ended October 1, 2023 and 2022, our Ukrainian business represented 0.2% of our Net sales. As of October 1, 2023 and January 1, 2023, our Ukrainian business represented less than 0.1% and 0.1% of our net assets, respectively. For both the fiscal three and nine months ended October 1, 2023, our

Russian business represented 1.0% of our Net sales. For the fiscal three and nine months ended October 2, 2022, our Russian business represented 1.3% and 1.4% of our Net sales, respectively.

In the first quarter of 2022, we announced our decision to suspend supply of all of our products into Russia other than our over-the-counter 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 2022. We also suspended all 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.

Deferred Markets

In order to ensure compliance with applicable law, to obtain necessary governmental approvals and other consents and for other business reasons, we deferred the transfer of certain assets and 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 to the Company that previously had been consolidated as VIEs in the Company's Condensed Consolidated Financial Statements. The Condensed 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 "Agreements between Johnson & Johnson and Kenvue and Other Related Person Transactions—Agreements Entered into in Connection with the Separation—Separation Agreement—Deferred Markets" in the Split-Off Prospectus). For more information regarding Deferred Local Businesses, see "Risk Factors—Risks Related to Kenvue's Relationship with Johnson & Johnson—The transfer of certain assets and liabilities from Johnson & Johnson to Kenvue contemplated by the Separation will not be completed prior to the completion of the Exchange Offer." and "Agreements between Johnson & Johnson and Kenvue and Other Related Person Transactions—Agreements Entered into in Connection with the Separation—Separation Agreement—Deferred Markets" in the Split-Off Prospectus.

Provision For Taxes

On December 15, 2022, the European Union ("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 Framework that was supported by over 130 countries worldwide. The EU's Pillar Two Directive 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. EU Member States still need to adopt the OECD Administrative Guidance in their local Pillar Two legislation for such safe harbor rules to apply. A significant number of other countries are also considering implementing similar legislation. We are continuing to evaluate the potential impact on future periods of the Pillar Two Framework, pending legislative adoption by additional individual countries, including those within the European Union. The global implementation of the minimum tax could have a material impact on our Condensed Consolidated Financial Statements in future periods.

Results of Operations

Fiscal Three Months Ended October 1, 2023 Compared with Fiscal Three Months Ended October 2, 2022

Our results for the fiscal three months ended October 1, 2023 and October 2, 2022 were as follows:

(Dollars in Millions)	Fiscal Three Months Ended		Change 2022 to 2023	
	October 1, 2023	October 2, 2022	Amount	Percent
Net sales	\$ 3,915	\$ 3,789	\$ 126	3.3 %
Cost of sales	1,665	1,664	1	0.1 %
Gross profit	2,250	2,125	125	5.9 %
Selling, general, and administrative expenses	1,531	1,376	155	11.3 %
Other operating expense (income), net	9	(14)	23	*
Operating income	710	763	(53)	(6.9)%
Other expense, net	25	25	—	— %
Interest expense, net	100	—	100	*
Income before taxes	585	738	(153)	(20.7)%
Provision for taxes	147	152	(5)	(3.3)%
Net income	\$ 438	\$ 586	\$ (148)	(25.3)%

* Calculation not meaningful.

Net Sales

Net sales were \$3.9 billion and \$3.8 billion for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$126 million, or 3.3%. Net sales growth was primarily driven by value realization (also referred to as Price/Mix), partially offset by lower volume. Excluding the impact of unfavorable changes in currency rates of \$13 million, Organic growth, a non-GAAP financial measure as defined below, was \$139 million, primarily attributable to Self Care, where successful brand activation and innovation continue to expand usage occasions, driving volume growth and strength across all product categories, despite a slow start to the cold, cough, and flu season. Momentum in Essential Health continued as value realization and premiumization initiatives took hold.

Cost of Sales

Cost of sales were \$1.7 billion for both the fiscal three months ended October 1, 2023 and October 2, 2022, an increase of \$1 million, or 0.1% primarily attributable to the impact of higher costs of key ingredients and packaging materials due to the impact of inflation. The increase was partially offset by the realization of benefits associated with our supply chain optimization initiatives. Cost of sales as a percentage of Net sales decreased 140 basis points to 42.5% as compared to the prior year, due primarily to Net sales growth, which was primarily driven by value realization and non-recurring separation-related benefits, partially offset by the impact of inflation on costs and the negative impact of transactional foreign currency fluctuations. Gross profit margin was 57.5% and 56.1% for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses (“SG&A expenses”) were \$1.5 billion and \$1.4 billion for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$155 million, or 11.3%. SG&A as a percentage of Net sales increased 280 basis points to 39.1%, as compared to the prior year, primarily attributable to higher costs in enterprise functions from operating on a standalone basis, transition services agreement costs with J&J and an \$83 million increase in non-recurring Separation-related costs.

Other Operating Expense (Income), Net

Other operating expense (income), net was \$9 million and \$(14) million for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, resulting in an increase in Other operating expense of \$23 million. The increase was primarily

driven by the impact of net economic benefit arrangements with J&J in connection with the Deferred Local Businesses during the fiscal three months ended October 1, 2023, partially offset by royalty income. For additional information on the Deferred Local Businesses, see Note 1, “Description of the Company and Summary of Significant Accounting Policies,” to our Condensed Consolidated Financial Statements included herein.

Other Expense, Net

Other expense, net was \$25 million compared to Other expense, net of \$25 million for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, which consisted primarily of the impact of changes in foreign currency rates.

Interest Expense, Net

Interest expense, net was \$100 million in the fiscal three months ended October 1, 2023 as compared to \$0 million in the fiscal three months ended October 2, 2022. The increase was driven by interest expense recognized on senior unsecured notes (the “Senior Notes”) and notes issued under the commercial paper program. See Note 4, “Borrowings,” to our Condensed Consolidated Financial Statements included herein for additional information.

Provision For Taxes

Provision for taxes was \$147 million and \$152 million for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, a decrease in income tax expense of \$5 million. The decrease was primarily due to lower quarter to date income in comparison to prior year, windfall benefit on stock option exercises and tax benefits related to the completion of the Exchange Offer with J&J offset by higher U.S. tax on foreign income after foreign tax credits.

Segment Results

Segment profit is based on Operating income, excluding depreciation and amortization, non-recurring Separation-related costs, restructuring expense, the impact of the conversion of share-based awards, Other income, net, operating, and unallocated general corporate administrative expenses (referred to herein as “Segment adjusted operating income”) as management excludes these items in assessing segment financial performance. General corporate/unallocated expenses, which includes treasury and legal operations and certain expenses, gains and losses related to the overall management of our company, are not allocated to the segments. In assessing segment performance and managing operations, management does not review segment assets.

For the first quarter of 2023, we adjusted the allocation for certain intangible asset amortization costs within Cost of sales to align with segment financial results as measured by us, including the CODM. Accordingly, we updated our segment disclosures to reflect the updated presentation in all prior periods. Segment adjusted operating income did not change as a result of this update.

See Note 14, “Segments of Business,” to our Condensed Consolidated Financial Statements included herein for additional information.

Fiscal Three Months Ended October 1, 2023 Compared with Fiscal Three Months Ended October 2, 2022

The following table presents Segment net sales and Segment adjusted operating income and the period-over-period changes in Segment adjusted operating income for the fiscal three months ended October 1, 2023 and October 2, 2022. See Note 14, “Segments of Business,” to our Condensed Consolidated Financial Statements included herein for further details regarding Segment net sales and Segment adjusted operating income.

(Dollars in Millions)	Fiscal Three Months Ended				Change 2022 to 2023	
	October 1, 2023		October 2, 2022			
	Amount	Percent	Amount	Percent	Amount	Percent
Segment Net Sales						
Self Care	\$ 1,613	41.2 %	\$ 1,516	40.0 %	\$ 97	6.4 %
Skin Health and Beauty	1,119	28.6	1,124	29.7	(5)	(0.4)
Essential Health	1,183	30.2	1,149	30.3	34	3.0
Total segment net sales	\$ 3,915	100.0 %	\$ 3,789	100.0 %	\$ 126	3.3 %
Self Care	\$ 583		\$ 556		\$ 27	4.9 %
Skin Health and Beauty	167		246		(79)	(32.1)
Essential Health	309		261		48	18.4
Total segment adjusted operating income	\$ 1,059		\$ 1,063		\$ (4)	(0.4)%
Reconciliation to Income before taxes:						
Depreciation	72		69			
Amortization	81		83			
Separation-related costs	133		50			
Restructuring expense ⁽¹⁾	3		31			
Conversion of share-based awards ⁽²⁾	(25)		—			
Other operating expense (income), net	9		(14)			
General corporate/unallocated expenses	76		81			
Total operating income	\$ 710		\$ 763			
Other expense, net	25		25			
Interest expense, net	100		—			
Income before taxes	\$ 585		\$ 738			

⁽¹⁾ Exclusive of the restructuring expense included in Other operating expense (income), net on the Company’s Condensed Consolidated Statements of Operations.

⁽²⁾ As noted above, Segment adjusted operating income excludes the impact of the conversion of share-based awards (see Note 7, Stock-Based Compensation). This adjustment primarily represents 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 third quarter of 2023 relating to employee services provided prior to the Separation of \$123 million.

Organic Growth

We assess our Net 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. Management believes Organic growth provides investors with additional, supplemental information that they may find 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 Organic growth for the fiscal three months ended October 1, 2023 compared to the fiscal three months ended October 2, 2022:

Fiscal Three Months Ended October 1, 2023 vs October 2, 2022 ⁽¹⁾					
(Dollars in Millions)	Reported Net sales change		Impact of foreign currency	Organic growth	
	Amount	Percent	Amount	Amount	Percent
Self Care	\$ 97	6.4 %	\$ (4)	\$ 101	6.7 %
Skin Health and Beauty	(5)	(0.4)	—	(5)	(0.4)
Essential Health	34	3.0	(9)	43	3.8
Total	\$ 126	3.3 %	\$ (13)	\$ 139	3.6 %

Fiscal Three Months Ended October 1, 2023 vs October 2, 2022 ⁽¹⁾				
	Reported Net sales change	Impact of foreign currency	Organic growth	
			Price/Mix ⁽²⁾	Volume
Self Care	6.4 %	(0.3) %	5.5 %	1.2 %
Skin Health and Beauty	(0.4)	—	6.4	(6.8)
Essential Health	3.0	(0.8)	10.0	(6.2)
Total	3.3 %	(0.3)%	7.1 %	(3.5)%

⁽¹⁾ Acquisitions and divestitures did not materially impact Net sales for the fiscal three months ended October 1, 2023 or October 2, 2022.

⁽²⁾ Also referred to as value realization.

Self Care Segment

Self Care Segment Net Sales

The Self Care Segment Net sales were \$1.6 billion and \$1.5 billion for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$97 million, or 6.4%. Excluding the unfavorable impact of foreign currency translation, Organic growth was \$101 million or 6.7%, primarily driven by value realization of 5.5% and volume related increases of 1.2% driven by innovation-based volume growth, with Organic growth in all Self Care product categories growing mid to high single digits.

Self Care Segment Adjusted Operating Income

The Self Care Segment adjusted operating income increased by \$27 million, or 4.9% to \$583 million for the fiscal three months ended October 1, 2023, primarily driven by value realization and the realization of benefits associated with our supply chain optimization initiatives, partially offset by the negative impact of transactional foreign currency fluctuation, higher costs of key ingredients and packaging materials due to the impact of inflation, and increased SG&A expenses.

Skin Health and Beauty Segment

Skin Health and Beauty Segment Net Sales

The Skin Health and Beauty Segment Net sales were \$1.1 billion for both the fiscal three months ended October 1, 2023 and October 2, 2022, a decrease of \$5 million, or 0.4%. Excluding the unfavorable impact of foreign currency translation, Organic growth decreased \$5 million, or 0.4%, primarily driven by volume-related declines of 6.8%, offset by value realization of 6.4%. The decrease was driven by the impact of 2022 product discontinuations in the United States and market softness in China. The decrease was partially offset by the impact of a strong finish to the sun season in the United States, and strength across Latin America (“LATAM”) and Europe, Middle East, and Africa (“EMEA”) led by pricing and premiumization supported growth as supply recovery continued in the United States.

Skin Health and Beauty Segment Adjusted Operating Income

The Skin Health and Beauty Segment adjusted operating income decreased by \$79 million, or 32.1% to \$167 million for the fiscal three months ended October 1, 2023, primarily driven by the phasing and segment mix of marketing expense recognized in the quarter, the negative impact of transactional foreign currency fluctuations, and higher costs of key ingredients and packaging materials due to the impact of inflation. This decrease was partially offset by value realization and the realization of benefits associated with our supply chain optimization initiatives.

Essential Health Segment

Essential Health Segment Net Sales

The Essential Health Segment Net sales were \$1.2 billion and \$1.1 billion for the fiscal three months ended October 1, 2023 and October 2, 2022, respectively, with an increase of \$34 million, or 3.0%. Excluding the unfavorable impact of foreign currency translation, Organic growth was \$43 million, or 3.8%, primarily driven by value realization of 10.0%, partially offset by volume declines of 6.2%. Value realization was led by product innovation and premiumization throughout product categories.

Essential Health Segment Adjusted Operating Income

The Essential Health Segment adjusted operating income increased by \$48 million, or 18.4% to \$309 million for the fiscal three months ended October 1, 2023. The increase was primarily driven by the phasing and segment mix of marketing expense recognized in the quarter, value realization, and the realization of benefits associated with our supply chain optimization initiatives. This increase was partially offset by the higher costs of key ingredients and packaging materials due to the impact of inflation and the negative impact of transactional foreign currency fluctuations.

Results of Operations

Fiscal Nine Months Ended October 1, 2023 Compared with Fiscal Nine Months Ended October 2, 2022

Our results for the fiscal nine months ended October 1, 2023 and October 2, 2022 were as follows:

(Dollars in Millions)	Fiscal Nine Months Ended		Change 2022 to 2023	
	October 1, 2023	October 2, 2022		
			Amount	Percent
Net sales	\$ 11,778	\$ 11,183	\$ 595	5.3 %
Cost of sales	5,178	4,944	234	4.7 %
Gross profit	6,600	6,239	361	5.8 %
Selling, general, and administrative expenses	4,555	4,101	454	11.1 %
Other operating income, net	(7)	(6)	(1)	(16.7)%
Operating income	2,052	2,144	(92)	(4.3)%
Other expense, net	65	19	46	*
Interest expense, net	154	—	154	*
Income before taxes	1,833	2,125	(292)	(13.7)%
Provision for taxes	496	422	74	17.5 %
Net income	\$ 1,337	\$ 1,703	\$ (366)	(21.5)%

* Calculation not meaningful.

Net Sales

Net sales were \$11.8 billion and \$11.2 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$595 million, or 5.3%. Excluding the impact of unfavorable changes in currency rates of \$242 million, Organic growth was \$837 million, primarily attributable to value realization, increased demand across our Self Care segment, including Pain Care and Cough, Cold and Allergy product categories, resulting from higher cold and flu incidences

and successful brand activation and innovation. In Skin Health & Beauty, sequential share gains in sun care were fueled by a strong sun season care, strong e-commerce and club channel performance. Momentum in Essential Health continued as value realization and premiumization initiatives took hold.

Cost of Sales

Cost of sales were \$5.2 billion and \$4.9 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$234 million, or 4.7% 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 the realization of benefits associated with our supply chain optimization initiatives and \$106 million favorable translational currency impacts. Cost of sales as a percentage of Net sales decreased 20 basis points to 44.0% as compared to the prior year due to Net sales growth, which was primarily driven by value realization, partially offset by negative transactional foreign currency fluctuations. Gross profit margin was 56.0% and 55.8% for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses were \$4.6 billion and \$4.1 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$454 million, or 11.1%. SG&A as a percentage of Net sales increased 200 basis points to 38.7%, as compared to the prior year, primarily attributable to higher costs in enterprise functions as we prepared to operate on a standalone basis, transition services agreement costs with J&J, and an \$224 million increase in non-recurring Separation-related costs. These cost increases were partially offset by favorable currency impacts of \$65 million.

Other Operating Income, Net

Other operating income, net was \$7 million compared to other operating income, net of \$6 million for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$1 million. The increase was primarily driven by the reversal of a contingent liability that was no longer considered to be probable and the gain recognized on the sale of a manufacturing facility in Lancaster, Pennsylvania of \$9 million, partially offset by litigation expense and the impact of net economic benefit arrangements with J&J in connection with the Deferred Local Business in the fiscal nine months ended October 1, 2023, see Note 1, "Description of the Company and Summary of Significant Accounting Policies," to our Condensed Consolidated Financial Statements included herein for additional information.

Other Expense, Net

Other expense, net was \$65 million compared to other expense, net of \$19 million for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase in expense of \$46 million, primarily driven by higher foreign currency losses and losses on equity securities.

Interest Expense, Net

Interest expense, net was \$154 million in the fiscal nine months ended October 1, 2023 as compared to \$0 million in the fiscal nine months ended October 2, 2022. The increase was driven by interest expense recognized on the Senior Notes and notes issued under the commercial paper program, offset by interest income earned on the debt proceeds in escrow and the Facility Agreement, resulting in interest income of \$33 million. See Note 4, "Borrowings," to our Condensed Consolidated Financial Statements included herein for additional information.

Provision For Taxes

Provision for taxes was \$496 million and \$422 million for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase income tax expense of \$74 million. The issuance of debt in the first quarter of 2023 resulted in an increase in annual interest and reduced our capacity to utilize foreign tax credits against U.S. foreign source income. As a result, we recorded a valuation allowance against a deferred tax asset related to future foreign tax credit benefits thus increasing the reported tax expense in the fiscal nine months ended October 1, 2023 as compared to the fiscal nine months ended October 2, 2022. In addition, the effective tax rate increased as a result of return to provision adjustments, offset by favorable foreign tax benefits.

Segment Results

Fiscal Nine Months Ended October 1, 2023 Compared with Fiscal Nine Months Ended October 2, 2022

The following table presents Segment net sales and Segment adjusted operating income and the period-over-period changes in Segment adjusted operating income for the fiscal nine months ended October 1, 2023 and October 2, 2022. See Note 14, "Segments of Business," to our Condensed Consolidated Financial Statements included herein for further details regarding Segment net sales and Segment adjusted operating income.

(Dollars in Millions)	Fiscal Nine Months Ended				Change 2022 to 2023	
	October 1, 2023		October 2, 2022			
	Amount	Percent	Amount	Percent	Amount	Percent
Segment Net Sales						
Self Care	\$ 4,914	41.7 %	\$ 4,462	39.9 %	452	10.1 %
Skin Health and Beauty	3,377	28.7	3,262	29.2	115	3.5
Essential Health	3,487	29.6	3,459	30.9	28	0.8

Total segment net sales	\$ 11,778	100.0 %	\$ 11,183	100.0 %	\$ 595	5.3 %
Self Care	\$ 1,741		\$ 1,554		\$ 187	12.0 %
Skin Health and Beauty	517		616		(99)	(16.1)
Essential Health	770		821		(51)	(6.2)
Total segment adjusted operating income	\$ 3,028		\$ 2,991		\$ 37	1.2 %
Reconciliation to Income before taxes:						
Depreciation	211		213			
Amortization	242		265			
Separation-related costs	333		109			
Restructuring expense ⁽¹⁾	3		69			
Conversion of share-based awards ⁽²⁾	(25)		—			
Other operating expense, net	(7)		(6)			
General corporate/unallocated expenses	219		197			
Total operating income	\$ 2,052		\$ 2,144			
Other expense, net	65		19			
Interest expense	154		—			
Income before taxes	\$ 1,833		\$ 2,125			

⁽¹⁾ Exclusive of the restructuring expense included in Other operating expense, net on the Company's Condensed Consolidated Statements of Operations.

⁽²⁾ As noted above, Segment adjusted operating income excludes the impact of the conversion of share-based awards (see Note 7, Stock-Based Compensation). This adjustment primarily represents 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 third quarter of 2023 relating to employee services provided prior to the Separation of \$123 million.

The following tables present a reconciliation of the change in U.S. GAAP Net sales to Organic growth for the fiscal nine months ended October 1, 2023 compared to the fiscal nine months ended October 2, 2022:

Fiscal Nine Months Ended October 1, 2023 vs October 2, 2022 ⁽¹⁾						
(Dollars in Millions)	Reported Net sales change		Impact of foreign currency		Organic growth	
	Amount	Percent	Amount		Amount	Percent
Self Care	\$ 452	10.1 %	\$ (84)		\$ 536	12.0 %
Skin Health and Beauty	115	3.5	(52)		167	5.1
Essential Health	28	0.8	(106)		134	3.9
Total	\$ 595	5.3 %	\$ (242)		\$ 837	7.5 %

	Fiscal Nine Months Ended October 1, 2023 vs October 2, 2022 ⁽¹⁾			
	Reported Net sales change	Impact of foreign currency	Organic growth	
			Price/Mix ⁽²⁾	Volume
Self Care	10.1 %	(1.9) %	8.1 %	3.9 %
Skin Health and Beauty	3.5	(1.6)	7.2	(2.1)
Essential Health	0.8	(3.1)	10.0	(6.1)
Total	5.3 %	(2.2) %	8.4 %	(0.9) %

⁽¹⁾ Acquisitions and divestitures did not materially impact Net sales for the fiscal nine months ended October 1, 2023 or October 2, 2022.

⁽²⁾ Also referred to as value realization.

Self Care Segment

Self Care Segment Net Sales

The Self Care Segment Net sales were \$4.9 billion and \$4.5 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$452 million, or 10.1%. Excluding the unfavorable impact of foreign currency translation, Organic growth was \$536 million or 12.0%, primarily driven by value realization of 8.1% and volume-related increases of 3.9% driven by increased demand for Cough, Cold, and Allergy products due to greater instances of respiratory illness, primarily in Europe and China, one-time supply replenishment, primarily in the United States related to low inventory levels at the start of the year, growth in Digestive Health, and innovation-based volume growth.

Self Care Segment Adjusted Operating Income

The Self Care Segment adjusted operating income increased by \$187 million, or 12.0% to \$1.7 billion for the fiscal nine months ended October 1, 2023, primarily driven by value realization and volume-related increases, portfolio optimization, and the realization of benefits associated with our supply chain optimization initiatives, partially offset by the negative impact of transactional foreign currency fluctuations, higher costs of key ingredients and packaging materials due to the impact of inflation, and increased SG&A expenses.

Skin Health and Beauty Segment

Skin Health and Beauty Segment Net Sales

The Skin Health and Beauty Segment Net sales were \$3.4 billion and \$3.3 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$115 million, or 3.5%. Excluding the unfavorable impact of foreign currency translation, Organic growth was \$167 million, or 5.1%, primarily driven by value realization of 7.2%, offset by volume-related decreases of 2.1%. The increase was driven by strong e-commerce and club channel performance, easing of supply chain constraints, one-time supply replenishment, and the impact of a strong sun season, partially offset by portfolio rationalization initiatives in 2022 coupled with market softness in China.

Skin Health and Beauty Segment Adjusted Operating Income

The Skin Health and Beauty Segment adjusted operating income decreased by \$99 million, or 16.1% to \$517 million for the fiscal nine months ended October 1, 2023, driven by increased SG&A expenses, higher costs of key ingredients and packaging materials due to the impact of inflation, and the negative impact of transactional foreign currency fluctuations, partially offset by value realization and the realization of benefits associated with our supply chain optimization initiatives.

Essential Health Segment

Essential Health Segment Net Sales

The Essential Health Segment Net sales were \$3.5 billion and \$3.5 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$28 million, or 0.8%. Excluding the unfavorable impact of foreign currency translation, Organic growth was \$134 million, or 3.9%, primarily driven by value realization of 10.0%, most notably in Women's Health and strong momentum in Oral Care globally, partially offset by volume declines of 6.1%. Overall volume declines were driven by 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 by \$51 million, or 6.2% to \$770 million for the fiscal nine months ended October 1, 2023. The decrease was primarily attributable to higher costs of key ingredients and packaging materials due to the impact of inflation on costs, the negative impact of transactional foreign currency fluctuations, and increased SG&A expenses, partially offset by value realization and the realization of benefits associated with our supply chain optimization initiatives.

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, 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 nine months ended October 1, 2023 and October 2, 2022 were as follows:

(Dollars in Millions)	Fiscal Nine Months Ended		Change	
	October 1, 2023	October 2, 2022	Amount	Percent
Net income	\$ 1,337	\$ 1,703	\$ (366)	(21.5)%
Net changes in assets and liabilities	\$ 492	\$ (542)	\$ 1,034	*
Net cash flows from operating activities	\$ 2,218	\$ 1,881	\$ 337	17.9 %
Net cash flows used in investing activities	\$ (223)	\$ (223)	\$ —	— %
Net cash flows used in financing activities	\$ (2,144)	\$ (1,520)	\$ (624)	41.1 %

*Calculation not meaningful.

Operating Activities

Net cash flows from operating activities were \$2.2 billion and \$1.9 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively, an increase of \$337 million. The increase was primarily attributable to changes in working capital balances driven by increases accounts payable and accrued liabilities due to the timing of payments and a decrease in inventory balances compared to the prior year period due to increased demand and the rebuilding of

inventory levels by customers following supply shortages in the prior year.

Investing Activities

Net cash flows used in investing activities were \$223 million and \$223 million for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively. Cash used in investing activities in both the fiscal nine months ended October 1, 2023 and October 2, 2022 was primarily driven by purchases of property, plant, and equipment, partially offset by the proceeds from the sale of assets.

Financing Activities

Net cash flows used in financing activities were \$2.1 billion and \$1.5 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively. Cash flows used in financing activities for the fiscal nine months ended October 1, 2023 primarily reflect \$13.8 billion in distribution to J&J in connection with the Separation, partially offset by \$7.7 billion of net proceeds from Senior Notes (as defined below), \$0.5 billion of net proceeds from the issuance of commercial paper under the Commercial Paper Program (as defined below), and \$4.2 billion of proceeds from the sale of common stock in connection with the Kenvue IPO. In addition, we recognized Net transfers to J&J of \$274 million and \$1.5 billion for the fiscal nine months ended October 1, 2023 and October 2, 2022, respectively. 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 to J&J, see Note 8, “Related Parties,” to our Condensed Consolidated Financial Statements included herein.

Sources of Liquidity

In connection with the Separation, our capital structure and sources of liquidity have changed from our historical capital structure because of our issuances of shares, the Kenvue IPO, and the Debt Financing Transactions. As of April 4, 2023, we no longer participate in J&J’s corporate-wide cash management and centralized funding programs. Our ability to fund our operating needs will depend on our ability to continue to generate positive cash flow 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 expected 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.

On March 22, 2023, we 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 us from the Senior Notes offering was \$7.7 billion after deductions of discounts and issuance costs of \$77 million. The net proceeds were reflected as Restricted cash on our Condensed Consolidated Balance Sheets 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 dated April 5, 2023. For further details on the Senior Notes and Facility Agreement, see Note 4. “Borrowings,” to our Condensed Consolidated Financial Statements included herein. The unamortized debt issuance costs related to the Senior Notes as of October 1, 2023 were approximately \$73 million. The interest payments are due on March 22 and September 22 of each year, commencing September 22, 2023.

Our Senior Notes are governed by an indenture and supplemental indenture between us and a trustee (collectively, the “indenture”). The indenture contains certain covenants, including limitations on us and certain of our subsidiaries’ ability to incur liens or engage in sale-leaseback transactions. The indenture also contains restrictions on our ability to consolidate, merge or sell substantially all of our 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.

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 three and nine months ended October 1, 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, 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.

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. As of October 1, 2023, we had no outstanding balances under its Revolving Credit Facility.

On March 3, 2023, we entered into a commercial paper program (the “Commercial Paper Program”). Our Board of Directors 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 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. Prior to the Kenvue IPO, we issued \$1.25 billion under the Commercial Paper Program which, collectively with the Senior Notes, are referred to as the “Debt Financing Transactions”. Inclusive of amounts issued as a part of the Debt Financing Transactions, the Company issued \$3.8 billion of commercial paper notes and repaid \$3.3 billion in connection with its stated maturities during the fiscal nine months ended October 1, 2023. As of October 1, 2023, the Company had \$513 million of outstanding balances under its Commercial Paper Program, net of a related discount of \$2 million.

On May 8, 2023, in conjunction with the Consumer Health Business Transfer, we distributed \$13.8 billion to J&J from the (1) net proceeds received from the sale of the common stock in the Kenvue IPO and (2) net proceeds received from the Debt Financing Transactions as defined in Note 4, “Borrowings” of our Condensed 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 the Company immediately following the Kenvue IPO.

We accrued interest expenses of \$115 million and \$244 million for the fiscal three and nine months ended October 1, 2023, respectively and interest income of \$15 million and \$90 million for the fiscal three and nine months ended October 1, 2023, respectively. The net amount was included in Interest expense, net on our Condensed Consolidated Statements of Operations.

On July 20, 2023, the Company’s Board of Directors declared a \$0.20 cash dividend for the third quarter of 2023 to shareholders. The third quarter dividend of \$0.20 per share on the outstanding common stock of the Company was paid on September 7, 2023 to shareholders of record as of the close of business on August 28, 2023.

As of October 1, 2023, we were in compliance with all financial covenants and no default or event of default has occurred.

We expect to utilize our cash flows to continue to invest in our brands, digital capabilities, talent and growth strategies, to repay our indebtedness over time, and for general corporate purposes.

Future Cash Requirements

We expect our future cash requirements will relate to working capital, capital expenditures, restructuring and integration, benefit obligations, interest expense and debt service obligations, litigation costs, and the return of capital to shareholders, including through the payment of any dividend. On October 26, 2023, the Company announced that its Board of Directors declared a \$0.20 cash dividend for the fourth quarter of 2023 to shareholders. The fourth quarter dividend of \$0.20 per share on the outstanding common stock will be payable on November 22, 2023 to shareholders of record as of the close of business on November 8, 2023. In addition, we may use cash to enter into business development transactions, such as licensing arrangements or strategic acquisitions.

In addition to our working capital requirements, as of October 1, 2023, we expect our primary cash requirements for 2023 to include capital expenditures. We have made payments of \$246 million for property, plant, and equipment for the fiscal nine months ended October 1, 2023.

Kenvue’s Board of Directors has authorized a share repurchase program, under which we are authorized to repurchase up to 27 million 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 awards under Kenvue’s equity incentive plan.

Future Litigation

In the ordinary course of business, we are involved in litigation, claims, government inquiries, investigations, charges, and proceedings. See Note 13, “Commitments and Contingencies,” to our Condensed 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 sales or expenses, results of operations, liquidity, cash requirements, or capital resources.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We operate on a global basis and are exposed to the risk that our business, results of operations or financial condition could be adversely affected by changes in foreign 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, and India. We are primarily exposed to foreign exchange risk with respect to future intercompany products sales and purchases and third-party purchases of materials denominated in a foreign currency. We manage the impact of foreign exchange rate movements on our earnings, cash flows and fair values of assets and liabilities through operational means and through the use of various financial instruments, including derivative instruments such as forward foreign exchange contracts. Gains or losses on these contracts are generally offset by the gains or losses on the underlying transactions.

Inflation Risk

Inflationary pressures have recently increased, and may continue to increase, the costs of raw materials, packaging components, and other inputs for our products. Since 2021 and continuing throughout the fiscal nine months ended October 1, 2023, we have experienced, and we continue to experience, higher than expected inflation, including escalating transportation, commodity, and other supply chain costs and disruptions that have affected, and continue to affect, our results of operations. We have partially offset the impact of inflation largely 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 higher costs through price increases, which could adversely affect our business, results of operations, or financial condition.

Interest Rate Risk

Our cash equivalents and marketable securities are subject to market risk due to changes in interest rates. 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. Holding other estimates constant, a hypothetical 1% increase or decrease in interest rates would not have had a material impact on the value of our cash and cash equivalents as of October 1, 2023 and January 1, 2023.

In connection with the Separation, we incurred approximately \$9.0 billion of new debt pursuant to the Debt Financing Transactions. This new debt includes \$7.75 billion of debt that we incurred in connection with the Senior Notes offering, which we completed on March 22, 2023, and \$1.25 billion of commercial paper issued under the Commercial Paper Program. Our interest expense for these borrowings and for any new 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, 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 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 12, “Fair Value Measurements,” to our Condensed Consolidated Financial Statements included herein.

During the first quarter of 2023, we settled the forward starting interest rate swaps and received approximately \$38 million upon settlement, resulting in a gain in Accumulated other comprehensive loss. The gain in Accumulated other comprehensive loss will be amortized and recorded in Other expense, net on our Condensed Consolidated Statements of Operations over the life of the 5-year, 10-year and 30-year bonds.

Commodity Price Risk

We are exposed to commodity and other price risk, including from essential oils, resins, pulp, tropical oils, lubricants, tallow, corn, poultry, soybeans and silicon; packaging components, including corrugate; and other inputs, including energy, labor, transportation (such as trucks, containers and ocean freight), and logistics services. We use various strategies to manage cost exposures on certain material purchases with the objective of obtaining more predictable 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.

Item 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures. At the end of the period covered by this report, management of the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures. 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 Securities Exchange Act of 1934, as amended (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. Thibaut Mongon, Chief Executive Officer, and Paul Ruh, Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Mongon and Ruh concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

Internal control. During the period covered by this report, 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.

Part II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The information called for by this item is incorporated herein by reference to Note 13, "Commitments and Contingencies," included in Part I, Item 1, Financial Statements (unaudited) — Notes to Condensed Consolidated Financial Statements included herein.

Item 1A. RISK FACTORS

The information called for by this item is incorporated herein by reference to the section entitled "Risk Factors" in our Split-Off Prospectus. Any of these factors could result in a significant or material adverse effect on our result of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no sales of equity securities by the Company during the fiscal three months ended October 1, 2023.

Item 5. OTHER INFORMATION

During the fiscal quarter ended October 1, 2023, 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 Company 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.

Executive Severance Pay Plan of Kenvue Inc. and U.S. Affiliated Companies

On October 30, 2023, the Compensation and Human Capital Committee of the Board of Directors adopted the Executive Severance Pay Plan of Kenvue Inc. and U.S. Affiliated Companies (the “Severance Plan”) effective August 23, 2023.

The Severance Plan provides for the payment of severance and other benefits to certain eligible employees, including the Company’s executive officers. The Severance Plan provides that in the event of an involuntary termination by the Company without “cause”, or termination by an executive officer for “good reason” (each as defined in the Severance Plan) (each, a “Severance Event”), the Company will provide:

- in the case of the Chief Executive Officer, cash severance equal to two times the sum of the CEO’s annual base salary and target bonus, payable in equal installments over 24 months; and
- in the case of each other executive officer, cash severance equal to one and a half times the sum of his or her annual base salary and target bonus, payable in equal installments over 18 months.

In addition, if an executive officer experiences a Severance Event in the 24-month period following a “change of control” (as defined in the Kenvue Long-Term Incentive Plan), the Company will provide:

- in the case of the CEO, cash severance equal to two and a half times the sum of the CEO’s annual base salary and target bonus, payable in a lump sum; and
- in the case of each other executive officer, cash severance equal to two times the sum of his or her annual base salary and target bonus, payable in a lump sum.

The Severance Plan also provides for the continuation of health insurance coverage for all executive officers (at active employee rates) for 52 weeks and eligibility for outplacement assistance benefits. Additionally, the Severance Plan provides for a “best-net cutback” if any executive officer would be subject to the excise tax imposed by Section 280G of the Internal Revenue Code.

As a condition to receiving the severance compensation and benefits described above, a participant will be required to sign, and not revoke, a customary release of claims in favor of the Company and its affiliates and remain in compliance with any restrictive covenant obligations.

The above description is a summary of the terms of the Severance Plan and is subject to and qualified in its entirety by the terms of the Severance Plan, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 6. EXHIBITS

Exhibit Number	Exhibit Description
3.1	<u>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</u>
3.2	<u>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</u>
10.1	<u>Kenvue Inc. Executive Severance Pay Plan, dated as of August 23, 2023</u> *†
10.2	<u>Kenvue Inc. Amended & Restated Deferred Fee Plan for Directors, dated as of September 19, 2023</u> *†
10.3	<u>Form of Founder Global Performance Share Unit Award Agreement</u> *†
10.4	<u>Form of Founder Global Nonqualified Stock Option Award Agreement</u> *†
18	<u>Preferability Letter of PricewaterhouseCoopers LLP, dated November 3, 2023, relating to Change in Accounting Principle</u> *
31.1	<u>Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u> *
31.2	<u>Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u> *
32.1	<u>Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> **
32.2	<u>Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> **
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

SIGNATURES

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

Date: November 3, 2023

Kenvue Inc.

/s/ PAUL RUH

Paul Ruh

Chief Financial Officer
(Principal Financial Officer)

Date: November 3, 2023

/s/ HEATHER HOWLETT

Heather Howlett

Chief Accounting Officer
(Principal Accounting Officer)

**EXECUTIVE
SEVERANCE PAY PLAN
OF
KENVUE INC. AND U.S. AFFILIATED COMPANIES**

Effective as of August 23, 2023 (“Effective Date”)

ARTICLE 1

General

Purpose – The Executive Severance Pay Plan of Kenvue Inc. and U.S. Affiliated Companies was established by Kenvue to provide severance pay and other benefits under certain circumstances to Eligible Employees whose employment with a U.S. Affiliated Company terminates as a result of a Severance Event described in Article 4.1a.

1.2 Funding – Plan benefits shall be paid from the general assets of Kenvue.

Effective Date – The Plan shall be effective as of August 23, 2023. The Plan shall supersede and replace all prior severance pay plans and any other policies or practices pertaining to severance pay in effect for Eligible Employees prior to the Effective Date. The Plan in effect as of an Eligible Employee's Termination Date shall govern their eligibility to become a Participant and any benefits payable under the Plan.

ARTICLE 2

Definitions

Acquisition Position - A position with a purchaser or surviving business or a corporation, company or individual to which the business or a portion of the business (in whole or in part) is merged, divested, transferred, outsourced or otherwise sold or disposed in which, when compared to the individual's position with a U.S. Affiliated Company immediately prior to the date of a sale (whether through asset or stock), merger, divestiture, transfer, consolidation, or outsourcing, of the business or a portion of the business (in whole or in part) to another corporation, company or individual, and as determined in the sole discretion of the Administrator:

The annual base pay (exclusive of bonus and/or Long-Term Incentive) is not reduced by more than 10%; and
For an office-based or remote employee, the assigned primary work address is not changed leading to the individual's commute increasing by more than fifty (50) miles each way. Distance is determined by comparing the distance (using Google Maps as a general Directions methodology) from the individual's primary residence to the new assigned primary work address v. the original assigned primary work address location.

For a field-based employee, the individual's home is either:

- Inside their new assigned territory, or
- Less than fifty (50) linear miles from the workload epicenter of their new assigned territory.

"Acquisition Position" includes only these factors, and specifically does not require the position to have the same job title, job duties, manager, schedule (e.g., shift or number of hours), commute time, or benefits, or any other factors not specifically enumerated herein.

Administrator – The "Administrator" of the Plan is the Kenvue Administrative Committee.

Appeal – An "Appeal" is a request filed with the Administrator seeking review of the Claims Administrator's denial of a Claim.

Base Pay – "Base Pay" is an Eligible Employee's regular weekly base rate of pay in effect on the Eligible Employee's Termination Date.

Cause – "Cause" shall be determined in the sole discretion of the Administrator and shall include, but not be limited to, one or more of the following reasons for an employee's involuntary termination:

any act or omission by the employee resulting or intended to result in personal gain at the expense of a Kenvue Company;
the employee's failure to satisfactorily perform the function of his or her job;
unacceptable conduct by the employee, including, but not limited to, fraud, breach of fiduciary duty, failure to abide by the policies, rules and procedures of a Kenvue Company (including, for example, the Kenvue Code of Conduct, and those policies relating to Kenvue Company benefits), insubordination, theft, dishonesty, breach of trust, violent acts or threats of violence, unauthorized possession of alcohol or controlled substances on the property of a Kenvue Company;
the use of a Kenvue Company's property, facilities or services for unauthorized or illegal purposes;

deliberate acts contrary to the interests of a Kenvue Company, including, but not limited to, improper disclosure of confidential or proprietary or trade secrets of a Kenvue Company, or intellectual property that a Kenvue Company is under a duty to protect; the employee's violation of law or commission of an act of moral turpitude, whether or not performed in the workplace, which if generally known, would subject a Kenvue Company to ridicule or embarrassment; job abandonment, or excessive tardiness or absenteeism; or conduct considered by the Administrator to be detrimental to a Kenvue Company, or other circumstances as determined in the sole discretion of the Administrator.

If an employee is terminated from employment and it is subsequently determined that, by virtue of conduct or circumstances, arising either before or after the termination, the employee or former employee engaged in Cause or what would have constituted Cause, he or she shall be treated as having engaged in Cause, and the individual will be ineligible for benefits under the Plan. In such circumstances, in the event that Plan benefits have already been paid by Kenvue, Kenvue shall be entitled to recover any such benefits.

Change in Control Termination – A “Change in Control Termination” occurs when an Executive Officer experiences a Severance Event within twenty-four (24) months after a “change of control” (within the meaning of Kenvue’s Long-Term Incentive Plan, as it may be amended from time to time, or any successor plan).

Claim – A “Claim” is an application for benefits filed with the Claims Administrator by an individual who feels that they have not received benefits (in whole or in part) that they are allegedly entitled to under the Plan.

Claims Administrator – The “Claims Administrator” is the Global Head Health & Wellbeing, Mobility and Regional Total Rewards, Kenvue (or a successor to such role), or any other person, organization, or entity that has been designated by the Administrator to determine Claims under Article 7 hereto.

Comparable Position - A “Comparable Position” is a position in which, when compared to the individual’s position with a Kenvue Company immediately prior to the date of the offer of the position (or, if earlier, immediately prior to the Termination Date) and as determined in the sole discretion of the Administrator:

The annual base salary is not reduced by greater than 10%, or the pay grade is not lower; and

For an office-based or remote employee, the assigned primary work address is not changed (or fully remote alternate work arrangement is terminated) leading to the individual’s commute increasing by more than fifty (50) miles each way. Distance is determined by comparing the distance (using Google Maps as a general Directions methodology) from the individual’s primary residence to the new assigned primary work address v. the original assigned primary work address.

For a field-based employee, the individual’s home is either:

- Inside their new assigned territory, or
- Less than fifty (50) linear miles from the workload epicenter of their new assigned territory.

“Comparable Position” includes only these factors, and specifically does not require the position to have the same job title, job duties, manager, schedule (e.g., shift or number of hours), commute time, or benefits, or any other factors not specifically enumerated herein.

Eligible Employee – An “Eligible Employee” is a regular, full-time or part-time salaried, commissioned, or hourly employee of a U.S. Affiliated Company who is in a pay grade 41 or above. An employee’s full-time or part-time status shall be determined by the personnel practices and policies of the U.S. Affiliated Company employing the person. A “regular” employee shall mean an employee who is hired for an indefinite duration and who is on the regular payroll of a U.S. Affiliated Company. “Eligible Employee” shall in no event include an individual whose period of employment with a U.S. Affiliated Company is intended to be for a limited duration, including but not limited to, contractors, consultants, and project-specific positions.

A person retained to perform services for a Kenvue Company (whether for a definite or indefinite duration) who is classified by that company as a contingent worker, leased employee, fee-for-service worker, an independent contractor or a similar type of worker (rather than an employee) shall not be an Eligible Employee under the Plan, regardless of such person’s status under common law and regardless of whether the person is or has been determined by a government agency or board or a court or arbitrator or other third party to be an employee for any other purpose, including, but not limited to, for purposes of any employee benefit plan of a Kenvue Company (including the Plan) or for purposes of federal, state or local tax withholding, employment taxes or employment law, and regardless of whether such person is later retroactively reclassified as a common-law or other type of employee of a Kenvue Company during all or any part of such period pursuant to applicable law or otherwise. A person shall also not be an Eligible Employee under the Plan if that person is eligible for benefits, related to termination of employment, under a Related Company Severance Plan, or is a party to a written agreement or understanding with a Kenvue Company that either provides for severance or other payments in the event of the individual’s termination of employment or any other separation from service with a Kenvue Company or states that no such payments will be made in that event.

Employee Benefits Committee – The “Employee Benefits Committee” is a committee established by the Board of Directors of Kenvue and constituted to, among other tasks, amend and terminate the Plan in accordance with Article 9. The Employee Benefits Committee shall be governed by the terms of the Employee Benefits Committee Charter.

Executive Officers – “Executive Officers” are the employees designated as executive officers of Kenvue by its Board of Directors.

Good Reason – “Good Reason” means the occurrence of one or more of the following, without an Eligible Employee’s consent, whether or not tied to a change of control:

A greater than 10% decrease in the Eligible Employee’s base salary, other than where such reduction is part of a broad-based compensation reduction applicable to similarly situated employees;

A 50% or greater reduction (as determined by the Administrator’s sole discretion) in the Eligible Employee’s authorities, responsibilities and duties; or

The Eligible Employee’s assigned primary work address is changed (or company designated fully remote alternate work arrangement is terminated) leading to the individual’s commute increasing by more than fifty (50) miles each way. Distance is determined by comparing the distance (using Google Maps as a general Directions

methodology) from the individual's primary residence to the new assigned primary work address v. the original assigned primary work address.

For each of the events listed in this Article 2.13, such event(s) shall not constitute Good Reason unless an Eligible Employee provides written notice to the applicable Kenvue Company of the occurrence of such event within 30 days of the occurrence and the Kenvue Company does not cure such event within 30 days after receipt of such notice, and the Eligible Employee terminates employment within 30 days after the end of such cure period.

Kenvue Company – A “Kenvue Company” is (i) Kenvue or (ii) any other entity that is a direct or indirect subsidiary, related entity, or affiliate of Kenvue. A Kenvue Company shall also include any predecessor to such entity.

Kenvue – Kenvue Inc., a Delaware corporation.

Participant – A “Participant” is an Eligible Employee whose employment with a U.S. Affiliated Company is terminated as a result of a Severance Event and who meets the other eligibility conditions for the receipt of benefits under the Plan.

Plan – The “Plan” means the Executive Severance Pay Plan of Kenvue Inc. and U.S. Affiliated Companies as set forth herein and as amended from time to time.

Plan Sponsor – The “Plan Sponsor” is Kenvue.

Plan Year – A “Plan Year” is the calendar year.

Pre-Acquisition Employer – “Pre-Acquisition Employer” is the entity that employed a person immediately before such individual became an employee of a Kenvue Company as a result of an acquisition, merger, or other transaction between a Kenvue Company and such entity. In addition, for the purposes of Plan, the Johnson & Johnson family of companies are considered a Pre-Acquisition Employer for periods prior to August 23, 2023.

Proceeding – A “Proceeding” is any action under which an Eligible Employee or other person claims the right to receive Plan benefits, other than a Claim or an Appeal.

Related Company Severance Plan – A “Related Company Severance Plan” is any other plan, program, policy, employment agreement, or arrangement providing severance benefits that is maintained by or otherwise involves a Kenvue Company or a Pre-Acquisition Employer (or an affiliate thereof).

Separation Agreement and Release – A “Separation Agreement and Release” is a separation agreement that contains a general release of claims in favor of all Kenvue Companies and all related entities, affiliates, and persons, and such other terms and conditions as may be contained in a separation agreement required on a general basis or in a particular case by the U.S. Affiliated Company employing a particular Eligible Employee at the time his or her employment is terminated. A Separation Agreement and Release may consist of one or more separate documents and may require the execution of one or more supplemental releases. A Separation Agreement and Release shall not be effective under the Plan unless each component document has been properly executed and each document has become effective. The content of any particular Separation Agreement and Release and its terms and conditions shall be determined by and be subject to Article 4 and the business judgment of the U.S. Affiliated Company employing the Eligible Employee at the time his or her employment is terminated.

Severance Event – A “Severance Event” is an event which results in eligibility for benefits under the Plan, as defined in Article 4.1.a

Termination Date – The “Termination Date” is the date (i) designated by a U.S. Affiliated Company for an Eligible Employee on which such Eligible Employee will experience a termination of employment with the U.S. Affiliated Company as a result of a Severance Event, or (ii) on which an Eligible Employee’s employment is terminated for Good Reason. Notwithstanding the foregoing, with respect to any Eligible Employee, the U.S. Affiliated Company reserves the right, in its sole and absolute discretion, to change a previously designated Termination Date under (i) above, in which case the new date will be the Termination Date. An Eligible Employee’s Termination Date shall occur on the last day of his or her employment with the U.S. Affiliated Company.

U.S. Affiliated Company – A “U.S. Affiliated Company” is a Kenvue Company that is organized under the laws of any State of the United States and has its principal place of business in the United States (including Puerto Rico and other U.S. territories), and either (i) is on the Kenvue benefits platform, or (ii) has adopted the Plan with the Administrator’s approval, as reflected in the Plan’s Records.

Years of Service – Subject to the exclusions in this Article 2.27, “Years of Service” means the whole number of service anniversaries achieved as of an Eligible Employee’s Termination Date since his or her date of hire with a Kenvue Company, and any Pre-Acquisition Employers, as adjusted by the Kenvue Company to reflect any applicable breaks in service rules of each respective U.S. Affiliated Company. Years of Service shall be measured in full years, and partial years shall be disregarded.

Years of Service shall in no event include the following:

Periods of employment for which an Eligible Employee has received severance payments under the Plan or a Related Company Severance Plan; and

Periods of employment that precede the date on which an Eligible Employee previously terminated employment with a Kenvue Company or a Pre-Acquisition Employer, provided the Eligible Employee was not eligible to receive severance pay under the Plan or a Related Company Severance Plan at the time of such termination.

Periods of service with a Pre-Acquisition Employer shall be included in an Eligible Employee’s Years of Service only if, and to the extent, approved by the applicable Kenvue Company and the Administrator. Notwithstanding anything contained herein to the contrary, an Eligible Employee’s Years of Service shall include his or her periods of continuous employment, if any, with Johnson & Johnson (or any of its subsidiaries or affiliates) immediately prior to the Effective Date, as determined by the Administrator. Pursuant to Article 6.4, the Administrator, or its representative, shall have the sole and binding authority to determine all questions regarding an Eligible Employee’s Years of Service, and such determination shall be final and binding for all purposes under the Plan.

ARTICLE 3

Eligibility for Participation

Eligibility Requirements – Eligibility for participation in the Plan is available to all Eligible Employees as defined in Article 2.10 on and after the Effective Date.

Cessation of Eligibility – Eligibility for participation in the Plan shall cease on the earliest to occur of: (i) the date on which an Eligible Employee ceases to be eligible to receive benefits pursuant to Articles 4.1b, 4.1c, or 5.6; (ii) the date on which the Plan terminates; or (iii) the date on which the Eligible Employee has received the full benefit payable under Article 5.

ARTICLE 4

Eligibility for Benefits

4.1 Conditions of Benefits Eligibility

An Eligible Employee may be eligible for the benefits provided in Article 5 if their employment is (i) involuntarily terminated by a Kenvue Company, or (ii) terminated by the Eligible Employee for Good Reason, in each case other than for the reasons outlined in subparagraph 4.1.b.

An Eligible Employee is not eligible for the benefits provided in Article 5 as a result of any one of the following events:

- i. voluntary termination of employment by resignation (other than for Good Reason), retirement or otherwise (unless the Administrator in its sole discretion deems that severance benefits shall be payable under a voluntary workforce reduction program sponsored by a U.S. Affiliated Company that qualifies as a window program under Treasury Regulations Section 1.409A-1(B));
- ii. the merger, divestiture, outsourcing or other sale (whether through asset or stock) or disposition of all or part of a business unit or the transfer of all or part of a business function to an unaffiliated entity if the Eligible Employee is offered an Acquisition Position with the unaffiliated entity;
- iii. they receive a notice of termination of employment, but receive a subsequent offer of a Comparable Position with a Kenvue Company, or accept an offer of any position with a Kenvue Company, regardless of whether it is a Comparable Position;
- iv. layoff with recall rights;
- v. discharge for Cause; or
- vi. for such other reasons as the Administrator, in its sole discretion, determines to be cause for denying or discontinuing benefits under the Plan.

a condition of eligibility for both the commencement and the continuation of the receipt of benefits under the Plan:

- i. an Eligible Employee must not be conducting any work for a Kenvue Company, whether as an employee or non-employee worker (except for any assistance that may be requested by a Kenvue Company);
- ii. it must not be determined that the Eligible Employee, or Participant (if benefits have commenced), engaged in Cause (in the Administrator's sole determination) prior to his or her Termination Date, or violated the terms of their executed Separation Agreement and Release;
- iii. an Eligible Employee must have fulfilled and be in compliance with all of his or her obligations to the Kenvue Companies, including but not limited to: (a) having returned all documents and other property related to any Kenvue Company, (b) being and remaining in full compliance with the confidentiality obligations and any non-solicitation and non-competition obligations that the Eligible Employee has with any Kenvue Company, and (c) not having any outstanding monetary obligation to any Kenvue Company (unless, in States in which such deductions are permissible, an agreement has been reached between the U.S. Affiliated

- Company employing the Eligible Employee at the time of termination and the Eligible Employee for sufficient deductions to be taken from the benefits to pay the obligation in full); and
- iv. with respect to the receipt of benefits under the Plan, an Eligible Employee must execute, and comply with all terms in, a Separation Agreement and Release containing a general release of claims in favor of all Kenvue Companies and related entities, affiliates, and persons, in an unaltered form satisfactory to the U.S. Affiliated Company employing the Eligible Employee at the time his or her employment is terminated, and the Separation Agreement and Release must become effective. In the exercise of its business judgment, the management of the U.S. Affiliated Company employing the Eligible Employee at the time of termination may also require in the Separation Agreement and Release that the Eligible Employee:
1. consult at reasonable times upon reasonable notice and to cooperate fully with any Kenvue Company in connection with any business matter, investigation or legal matter as to which the Eligible Employee may have relevant information and to do so without further compensation if Plan benefits are being paid at the time the assistance is provided;
 2. not disparage any Kenvue Company or any related entity or person and/or not apply for future work with any Kenvue Company and waive any right to conduct such work; and
 3. agree to such other terms and conditions as the management of the U.S. Affiliated Company employing the Eligible Employee at the time of termination, in the exercise of its business judgment, decides should be included in the Separation Agreement and Release it provides to the Eligible Employee.

individual shall be eligible for benefits under the Plan with respect to any period for which he or she is eligible to receive benefits under a Related Company Severance Plan. No provision of the Plan shall be interpreted to provide benefits under more than one severance plan for any period.

4.2 Determination of Eligibility

The Administrator shall, in its sole discretion, determine any factual questions concerning an Eligible Employee's eligibility for or entitlement to benefits and shall have absolute discretion in interpreting and applying the terms of the Plan. The Administrator may also impose such other eligibility conditions on payment of benefits hereunder as it may deem advisable.

ARTICLE 5

Amount and Payment of Benefits

5.1 Severance Pay

Subject to the limitations outlined in the Plan, a Participant shall be eligible to receive severance pay benefits in accordance with the following Severance Pay Schedule:

<u>SEVERANCE PAY SCHEDULE</u>		
	<u>Non-Change of Control Termination</u>	<u>Change of Control Termination</u>
CEO	2x annual Base Pay, plus 2x target cash bonus	2.5x annual Base Pay, plus 2.5x target cash bonus
Other Executive Officer	1.5x annual Base Pay, plus 1.5x target cash bonus	2x annual Base Pay, plus 2x target cash bonus
Pay Grades 41-	Two (2) weeks of Base Pay per Year of Service, subject to the below Minimums	
Minimum Benefit:	<u>Employee Typ</u>	<u>Weeks of Base</u>
	<i>Employees in Pay Grades 5</i>	<i>52 weeks</i>
	<i>Employees in Pay Grade 4</i>	<i>26 weeks</i>

Each Participant shall be provided with, and must sign, a Separation Agreement and Release by the U.S. Affiliated Company employing him or her at the time of termination. The Separation Agreement and Release will become effective if it is executed and returned by the Participant within the time period specified therein and not revoked by the Participant within the period for revocation stated therein.

Severance pay to a Participant hereunder will be reduced by the amount of any payment that the Participant is entitled to receive for the period during which severance pay would otherwise be payable to the Participant under the Plan: (i) under any confidentiality, non-solicitation and/or non-competition agreement the Participant has signed, (ii) as unemployment compensation, (iii) under any statutory pay-in-leu-of notice or severance requirement, or (iv) as any other type of wage replacement benefit to which the Participant is entitled by law, pursuant to the terms of a benefit plan or contract, or from a source to which a Kenvue Company contributes.

If a Participant ceases to meet the applicable requirements for eligibility for or entitlement to the receipt of benefits under the Plan, no further payments will be made.

twiststanding the above, the Plan recognizes Law 80 covering Participants in Puerto Rico whose employment is not terminated for “just cause” (as defined by Law 80), and all benefits under the Plan with respect to such terminations (if any) shall be in accordance with Puerto Rico Law 80. For the avoidance of confusion, Participants in Puerto Rico shall not be entitled to benefits in excess of what is provided for pursuant to Law 80.

continued Health and Welfare Benefit Coverage

If a Participant is covered by a U.S. Affiliated Company’s medical, dental, or vision plan(s) (collectively referred to as the “Health Plan”) (i) as of the date the Participant is notified that their employment is being terminated as a result of a Severance Event, or (ii) as of the date an Eligible Employee gives notice of their intent to terminate their employment with Good Reason, the Participant and his or her eligible dependents who are covered under any such plan as of such notification will be entitled to continued participation, at the same contribution rate as paid by active employees of the U.S. Affiliated Company for such coverage, during the period over which severance payments are made, up to 52 weeks of continuing coverage.¹ Participants’ contribution for any continuing benefit coverage (e.g., medical) will be deducted from the severance pay. Coverage will be on the same terms and conditions as in effect for similarly situated active employees of the U.S. Affiliated Company during such period of extended participation (including any applicable co-payments, deductibles and other out-of-pocket expenses). Notwithstanding the preceding, this coverage will terminate if the Participant becomes covered under another employer’s group health plan. Each Participant has an obligation to immediately notify the Administrator of his or her becoming eligible for any group health coverage with another employer during the period for which the Participant is receiving continuing benefit coverage hereunder.

The coverage described in the preceding paragraph will not be treated as continuation coverage under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) for purposes of determining the maximum period of continuation coverage required under COBRA or other applicable law. Following the period of extended coverage, the Participant may be able to continue his or her medical, dental, or vision coverage in accordance with COBRA and the terms of the applicable plan.

5.3 Outplacement Benefits

A Participant may be eligible to receive outplacement assistance benefits at a level determined by any Kenvue outplacement benefit contract it has in place from time to time.

5.4 Other Benefits

A Participant’s eligibility, if any, for other benefits while severance pay is being received will be determined in accordance with the terms of the official plan documents concerning those benefits.

¹ Participants who receive a lump severance payment in connection with a Change in Control Termination will receive 52 weeks of continuing coverage.

Schedule and Timing of Severance Pay Payments

Except as otherwise provided below, severance pay shall be paid in installments at the Participant's last regular base pay rate per payroll period, until all benefits have been paid, and, to the extent practicable, shall be paid on Kenvue's normal payroll dates commencing as soon as practicable after Kenvue receives an effective Separation Agreement and Release.

For Executive Officers, severance pay shall be paid in equal installments over the period of time corresponding to their severance pay eligibility, and, to the extent practicable, shall be paid on Kenvue's normal payroll dates commencing as soon as practicable after Kenvue receives an effective Separation Agreement and Release.

If a Participant experiences a Change in Control Termination, severance pay shall be paid in a lump sum as soon as practicable after Kenvue receives an effective Separation Agreement and Release. Notwithstanding the foregoing, any amounts payable hereunder that are not exempt from Section 409A shall be paid in installments in accordance with the preceding paragraph if the change of control does not qualify as a "change in control event" within the meaning of Section 409A.

5.6 Cessation of Benefits

Cessation of benefits shall occur on the earliest of (i) the date on which a Participant has received the full benefit payable under Article 5.1; (ii) the date on which benefit payments have been discontinued due to failure to abide by a condition imposed by Article 4.1 or payments have otherwise ceased or been offset under the terms of the Plan; or (iii) the date on which the Plan terminates.

5.7 No Vested Rights

Nothing in the Plan shall be construed as giving any Eligible Employee, Participant or beneficiary a nonforfeitable or vested right to any benefits hereunder.

5.8 Time Limits Affecting Benefit Entitlement

Prior to commencing a Proceeding asserting a claim of entitlement to Plan benefits, an Eligible Employee must file with the appropriate decision maker both a Claim and an Appeal that are timely under Article 7.1. Any Proceeding asserting a claim of entitlement to Plan benefits must be commenced within 180 days after the date on which the Administrator issues its decision on the Eligible Employee's Appeal. The failure either (i) to submit both a timely Claim and a timely Appeal, or (ii) to commence a Proceeding within the time period provided for in this Article 5.8 will result in the loss of any otherwise existing right to contested Plan benefits.

5.9 Death of Participant

If a Participant dies prior to payment of all severance pay due under the Plan, the Participant's surviving spouse, domestic or civil union partner, or estate (if the Participant is unmarried or does not have a surviving spouse or domestic or civil union partner) shall be entitled to receive the balance of the severance pay (payable in a lump sum), but all other benefits under Articles 5.2, 5.3, and 5.4 shall cease upon the Participant's death, except to the extent otherwise provided in the applicable plan or as required by law.

ARTICLE 6

Administration

6.1 The Employee Retirement Income Security Act of 1974

The Plan is a welfare plan as defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Participants in the Plan are entitled to certain rights and protections under ERISA. ERISA provides that all Participants shall be entitled to:

Receive Information About the Plan and Benefits

Examine, without charge, at the Administrator's office and at other specified locations, such as worksites, all documents governing the Plan, including insurance contracts, and a copy of the latest annual report (Form 5500 Series), if any, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Administrator, copies of documents governing the operation of the Plan, including insurance contracts, and copies of the latest annual report (Form 5500 Series), if any, and updated summary plan description. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report (if any). The Administrator is required by law to furnish each participant with a copy of this summary annual report (if any).

Ident Actions by Plan Fiduciaries

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of Participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforcement of Rights

If a Claim for a welfare benefit is denied or ignored, in whole or in part, the claimant has a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if an individual requests a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, they may file suit in a federal court. In such a case, the court may require the Administrator to provide materials and pay up to \$110 a day until the individual receives the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If a Claim is denied or ignored, in whole or in part, after exhausting all administrative steps outlined in the Plan, individuals may

file suit in a state or federal court. If an individual is discriminated against for asserting their rights, they may seek assistance from the U.S. Department of Labor or may file suit in a federal court. The court will decide who should pay court costs and legal fees. If an individual is successful, the court may order the entity sued to pay these costs and fees. If an individual loses, the court may order them to pay these costs and fees, for example, if it finds the claim is frivolous.

assistance with Questions

Questions about the Plan should be directed to the Administrator. Questions about this statement or about rights under ERISA, or if assistance is needed in obtaining documents from the Administrator, contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. Additional information about rights and responsibilities under ERISA can also be obtained by calling the publications hotline of the Employee Benefits Security Administration.

6.2 Plan Sponsor

Sponsor: Kenvue Inc. is the Plan's Sponsor

Address:

199 Grandview Road
Skillman, New Jersey 08558

Telephone: (908) 874-1200

EIN: 88-1032011

Plan Number: 520

6.3 Named Fiduciary and Plan Administrator

The Administrator shall be the "Named Fiduciary" within the meaning of Section 402(a) of the Employee Retirement Income Security Act of 1974, as amended, and shall carry out the duties of the "Administrator" of the Plan as required by ERISA. The Administrator shall have the responsibilities and powers set forth in this Article 6.

Address: 199 Grandview Road
Skillman, New Jersey 08558
Telephone: (908) 874-1200

6.4 Powers and Duties of the Administrator

The Administrator, or its duly authorized representatives, shall have the authority to control and manage the operation and administration of the Plan, including all rights and powers necessary or convenient to carry out its functions hereunder, whether or not such rights and powers are specifically enumerated herein. Without limiting the generality of the foregoing, and in addition

to other powers set forth in the Plan, the Administrator shall have the following express authority:

To have the sole and complete discretion to construe and interpret the Plan, to resolve ambiguities and inconsistencies, to decide all questions concerning Base Pay, Years of Service, eligibility for participation and entitlement to benefits, and to decide any other questions concerning the interpretation or application of Plan terms;

To prescribe procedures to be followed by Eligible Employees for applying for benefits hereunder;

To prepare and distribute, in such manner as it determines to be necessary or appropriate, information relating to the Plan;

To receive from any Kenvue Company and from Eligible Employees such information as shall be necessary for proper administration of the Plan;

To consult with counsel, accountants, actuaries, or other advisors (who may also be advisors for any Kenvue Company in the discharge of its responsibilities); and

To delegate its authorities and discretion hereunder.

All determinations made by the Administrator (or, where applicable, the Claims Administrator, or any duly authorized delegate of the Administrator) with respect to any matter arising under the Plan shall be final and binding on the Eligible Employee, Participant, beneficiary, and all other parties affected thereby. Neither the Plan Sponsor, the Claims Administrator, nor the Administrator, nor any individual serving in such capacity, shall be liable to anyone in making a determination of facts hereunder, with respect to any such matters as may arise, in the administration of the Plan.

6.5 Administrator as Eligible Employee and Participant

The Administrator may be an Eligible Employee and Participant but it shall not make any discretionary decision or take any actions affecting themselves as an Eligible Employee or Participant, unless such decision or action is upon a matter that affects all other similarly situated Eligible Employees or Participants, and confers no special right, benefit, or privilege on the Administrator not simultaneously conferred upon all other similarly situated Eligible Employees or Participants.

Records and Reports

The Administrator shall take any actions it deems necessary or appropriate to comply with laws and regulations relating to maintenance of records, notification to Participants and Eligible Employees, reports to the United States Department of Labor, and all other requirements applicable to the Plan. The records of the applicable Kenvue Company with respect to Years of Service, employment history, Base Pay, and all other relevant matters shall be conclusive for all purposes of the Plan.

ARTICLE 7

Claims and Appeals

7.1 Claim and Appeal Procedures

An individual who becomes a Participant will automatically receive benefits to which they are entitled under the Plan. If an individual (or his or her duly authorized representative) feels they have not been provided with all benefits to which they are eligible under the Plan, they may assert a claim for eligibility under the Plan, or for Plan benefits by filing with the Claims Administrator a signed written Claim that is timely (as described in this Article 7.1a), that specifically identifies the basis for eligibility, or Plan benefits claimed, and that describes all facts and circumstances entitling the individual to eligibility, or Eligible Employee to payment of those benefits. In the event an individual or Eligible Employee has not received a Separation Agreement and Release providing for the payment of Plan benefits (or has received a Separation Agreement and Release that provides for the payment of Plan benefits in an amount that is less than the amount he or she believes to be due) and believes that they are eligible to participate in the Plan and for such benefits, the individual or Eligible Employee must file a Claim with the Claims Administrator within one hundred-eighty (180) days after the alleged Severance Event. In all other cases, the Eligible Employee must file a Claim with the Claims Administrator no later than one hundred-eighty (180) days after the date on which payments under the Plan were discontinued or reduced.

The Claims Administrator shall notify the individual or Eligible Employee of its decision within ninety (90) days after receipt of a Claim or, if special circumstances exist, within one hundred-eighty (180) days of receipt of the Claim. If the Claim is denied in whole or in part, the Claims Administrator's notice of denial shall be in writing and shall give:

- i. the specific reasons for denial with specific reference to pertinent Plan provisions upon which the denial was based;
- ii. a description of any additional materials or information necessary for the individual or Eligible Employee to perfect the Claim and an explanation of why the materials or information are necessary; and
- iii. an explanation of the Plan's Appeal procedure.

a period of sixty (60) days after receiving the Claims Administrator's notice of denial, an individual or Eligible Employee or his or her duly authorized representative may:

- i. obtain and review pertinent documents; and
- ii. submit a written Appeal to the Administrator for review of the denial.

individual or Eligible Employee submitting an Appeal shall be allowed to submit issues and comments in writing to the Administrator.

Administrator shall afford any individual or Eligible Employee requesting an Appeal a full and fair review of the decision denying the individual or Eligible Employee's

Claim; and the Administrator in its sole discretion, may hold a hearing to review any or all issues raised by the individual or Eligible Employee on Appeal. The Administrator shall issue a written decision to the individual or Eligible Employee on the Appeal within sixty (60) days after receipt of the Appeal (unless special circumstances, such as the need to hold a hearing, require an extension of time, in which case a decision shall be rendered as soon as possible but no later than one hundred-twenty (120) days after the filing of the Appeal). In the event of an adverse decision, the Administrator's decision shall give specific reasons for the decision, written in a manner calculated to be understood by the individual or Eligible Employee and shall include specific references to the pertinent Plan provisions upon which the decision is based.

ARTICLE 8

Miscellaneous

8.1 No Guarantee of Employment, Etc.

Neither the creation of the Plan nor anything contained herein shall be construed as giving any employee any right to remain in the employ of any Kenvue Company (or otherwise alter the employment at will relationship), any equitable or other interest in the assets, business, or affairs of any Kenvue Company, or any right to challenge any action taken or policy adopted or pursued by any Kenvue Company.

8.2 Controlling Law

The terms of the Plan and the rights and duties of all parties hereto or persons affected hereby shall be construed and determined according to ERISA to the extent applicable. It is intended that the Plan shall be an employee welfare benefit plan as described in Section 3(1) of ERISA. In the event of any ambiguity in the Plan, the interpretation of the Plan shall be within the sole discretion of the Administrator, and its interpretation shall be binding for all purposes.

8.3 Severability

If any provision of the Plan is held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal and invalid provision were not included.

8.4 Plan Document

This document shall constitute both the plan document and summary plan description and shall be distributed to all Eligible Employees in this form.

ARTICLE 9

Amendment and/or Termination

9.1 Right to Amend or Terminate

The Employee Benefits Committee reserves the absolute right to amend or terminate the Plan, at any time and in whole or in part, without prior consultation or notice to Eligible Employees and Participants of the Plan. Except as provided in this Article 9, no employee, officer, or director of a Kenvue Company has the authority to alter, vary, or modify the terms of the Plan. No verbal or written representations contrary to the terms of the Plan (including any written amendments) shall be binding upon the Plan, the Plan Sponsor, or any other Kenvue Company.

9.2 Termination or Amendment Procedure

The right to amend or terminate the Plan may be exercised by resolution, amendment or other approval adopted by the Employee Benefits Committee or by its duly authorized representatives.

ARTICLE 10

Internal Revenue Code Section 409A

General. This Article 10 is intended to ensure that the terms of the Plan comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance issued thereunder ("Section 409A"). The provisions of this Article 10 and any other section of the Plan that applies to the payment of benefits, shall be limited to those terms permitted under Section 409A. Any terms of the Plan that are not permitted under Section 409A shall be automatically modified and limited to the extent necessary to comply with Section 409A, but only to the extent such modification or limitation is permitted under Section 409A.

Payment of Plan Benefits. In addition to the conditions for benefit eligibility set forth in Article 4.1, an Eligible Employee shall not be entitled to a payment of benefits under the Plan unless the termination of employment with a U.S. Kenvue Company constitutes a "Separation from Service" within the meaning of Treasury Regulations Section 1.409A-1(h) and other applicable rules under Section 409A. Subject to the limitations applicable to Specified Employees set forth in this Article 10, a Participant's benefit under the Plan shall be paid on the Participant's normal payroll dates commencing as soon as practicable within the 60-day period beginning after the Participant's Separation from Service. In no event shall the Participant (or the Participant's beneficiary in the event of the Participant's death) have any influence on any determination as to the tax year in which the benefit is paid. Without limiting the generality of the foregoing, if a Separation Agreement and Release could become effective in a calendar year subsequent to a Participant's Termination Date (depending on when the Participant executes a Separation Agreement and Release), then no amounts payable under the Plan that are subject to Section 409A shall be paid prior to January 1 of the subsequent calendar year.

Right to Separate Payments – Short-Term Deferrals. Each installment of a Participant's severance pay under the Plan shall be treated as a separate payment for purposes of Section 409A. Consequently, a Participant's severance pay under the Plan shall be treated as a series of separate payments and not a single payment of the aggregate amount. Each separate payment that is required to be paid and is actually paid during the Short-Term Deferral Period is intended to be exempt from the requirements of Section 409A under the exemption applicable to short-term deferrals. For purposes of the Plan, the Short-Term Deferral Period shall be the period beginning on the date of the Participant's Separation from Service and ending on the date that is 2-1/2 months after the end of the taxable year in which the Participant's Separation from Service occurred.

Severance Pay Exemption. It is intended that payments under the Plan that must be paid and that are actually paid after the Short-Term Deferral Period shall be exempt from Section 409A to the extent that such payments (i) do not exceed two times the lesser of (A) the Participant's total annual compensation based on the Participant's annual rate of pay for the prior taxable year (adjusted for any increases that were expected to continue indefinitely); or (B) the limitation under Code Section 401(a)(17) for the year of the Participant's Separation from Service within the meaning of Section 409A, and (ii) are paid in full no later than December 31 of the second year following the year of the Participant's Separation from Service.

Limitation for Specified Employees. No portion of any payment under the Plan that is not exempt from Section 409A under Section 10.3 or 10.4, above, shall be made to a Specified Employee (as defined in Section 409A) before the expiration of the six-month period specified in Code Section 409A(a)(2) and the regulations thereunder. Any payment that would have been paid to a Specified Employee but for the six-month delay imposed by this Section 10.5 shall be

paid during the seventh month after the Specified Employee's Separation from Service, or if earlier, the date of the Specified Employee's death.

ARTICLE 11

Internal Revenue Code Section 280G

Benefit Limitations. Any severance payments or benefits to which a Participant becomes entitled under the Plan, together with any other payments or benefits in the nature of compensation to which he or she may become entitled pursuant to any other plan, agreement or arrangement of Kenvue or its affiliates that would constitute a “parachute payment” under Section 280G of the Code (such payments and benefits, the “Payments”), shall be subject to the following limitation (the “Benefit Limitation”):

he parachute value of the Payments, as calculated in accordance with the parachute payment determination and valuation provisions of Section 280G of the Code and the applicable Treasury Regulations thereunder, exceeds the greatest amount of Payments that could be paid to the Participant or for the Participant’s 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 Payments payable to the Participant or for the Participant’s benefit shall not exceed the amount which produces the greatest after-tax benefit to the Participant after taking into account any Excise Tax to be payable by the Participant. For the avoidance of doubt, this provision shall reduce the amount of Payments otherwise payable to the Participant or for the Participant’s benefit, if doing so would place the Participant in a more favorable net after-tax economic position as compared with not reducing the amount of Payments (taking into account the Excise Tax payable in respect of such Payments).

calculations required under this Article 11 shall be made by an independent nationally recognized certified public accounting firm (the “Auditor”) selected by Kenvue prior to the applicable change of control, and the fees of such Auditor shall be paid by Kenvue. Unless the Participant agrees otherwise in writing, the Auditor selected by Kenvue shall be a nationally recognized United States certified public accounting firm that has not during the two years preceding the date of its selection, acted in any way on behalf of Kenvue. The required calculations shall be provided to the Participant and Kenvue within ten (10) business days following the Participant’s Termination Date under circumstances entitling the Participant to severance benefits under the Plan and within ten (10) days following the occurrence of any event triggering a parachute payment for the Participant.

. reduction in the Payments is required pursuant to the Benefit Limitation imposed under this Article 11, then such reduction shall be effected in the following order: first, the Participant’s cash severance payments under Article 5 of the Plan shall be reduced (with such reduction to be applied pro-rata to each such payment and without any change to the payment dates), then the amount of Kenvue’s contribution to the Participant’s continued Health Plan coverage shall be reduced, and finally any accelerated vesting of the Participant’s equity awards under one or more of Kenvue’s stock compensation plans, including (without limitation) the Long Term Incentive Plan, shall be reduced (based on the amount of the parachute payment calculated for each such award in accordance with the Treasury Regulations under Code Section 280G), with such reduction to occur in the same chronological order in which those awards were made; provided, that, in no event may the Payments be reduced in a manner that would subject the Participant to additional taxation under Section 409A of the Code.

KENVUE INC.

AMENDED & RESTATED

DEFERRED FEE PLAN FOR DIRECTORS

1. Purpose. The purpose of the Kenvue Inc. Deferred Fee Plan for Directors (the "Plan") is to provide certain members of the Board of Directors (the "Board") of Kenvue Inc. (the "Company", and such members, the "Directors") the opportunity to defer receipt of compensation earned as a Director to a date following termination of such service and to receive deferred stock units. These opportunities are designed to aid the Company in attracting and retaining Directors whose abilities, experience and judgment can contribute to the well-being of the Company and to further align the interests of Directors with those of shareholders.

2. Effective Date. The effective date of the Plan is September 19, 2023.

3. Eligibility. Any Director who is not an employee of the Company or any of the Company's subsidiaries or affiliates shall be eligible to participate in the Plan.

4. Deferred Compensation Account. A deferred compensation account (the "Account") shall be established for each Director who is eligible to participate in the Plan as provided in Section 3 hereof (a "Participant"). Amounts credited to each Participant's Account shall be identified in the Plan's records as comprised of two sub-accounts as follows: (a) the "Elective Deferral Sub-Account" for amounts credited with respect to a Participant's Elective Deferrals (as defined in Section 5 hereof); and (b) the "Mandatory Deferral Sub-Account" for amounts credited with respect to a Participant's Mandatory Deferrals (as defined in Section 5 hereof).

5. Amount of Deferral.

(a) Elective Deferrals. Each Participant may elect to defer receipt of all or a specified part of any cash compensation payable to the Participant for serving on the Board or for serving on committees of the Board that is not required to be deferred pursuant to Section 5(b) hereof (the "Elective Deferrals"). An amount will be credited to the Participant's Elective Deferral Sub-Account on a quarterly basis, equal to the compensation deferred as Elective Deferrals in respect of such quarter as of the dividend payment date in each quarter (the "Elective Deferral Crediting Date"). In the event that there shall not be a dividend payment date in any quarter, then the Elective Deferral Payment Date shall be deemed to be the last business day of such quarter.

(b) Mandatory Deferrals. From time to time the Board may require that a portion of the compensation payable to the Participant for serving on the Board, whether denominated in stock units or cash, be deferred under the Plan (the "Mandatory Deferrals"). The amount of compensation identified as Mandatory Deferrals may vary from Participant to Participant and will be determined by the Board and credited to the Participant's Mandatory Deferral Sub-Account as of the date identified by the Board (the "Mandatory Deferral Crediting Date" and the Elective Deferral Crediting Date, each a "Crediting Date").

6. Deferred Compensation Account-Hypothetical Investment Options.

(a) Amounts of Elective Deferrals and Mandatory Deferrals shall be credited to the Participant's Elective Deferral Sub-Account or Mandatory Deferral Sub-Account, as applicable, and, in the case of Elective Deferrals and Mandatory Deferrals denominated in cash, converted into equivalent units of Company common stock ("Company Stock") as of the Crediting Date ("Company Stock Equivalent Units"). The number of Company Stock Equivalent Units in respect of such cash deferrals shall be determined by dividing the amount of compensation payable by the closing sales price of the Company Stock as traded on the New York Stock Exchange on the Crediting Date (or based on such other methodology as the Compensation & Human Capital Committee (the "Committee") may determine in its sole discretion), as reported by Bloomberg (or another financial reporting service selected by the Company in its sole discretion). Mandatory Deferrals denominated in stock units shall be credited to the Participant's Mandatory Deferral Sub Account as an equivalent number of Company Stock Equivalent Units. The number of Company Stock Equivalent Units included in a Participant's Account shall be adjusted to reflect dividends in accordance with the terms of paragraph (b) of this Section 6, and the value of such Account shall reflect increases or decreases in market value which would have resulted had funds credited to the Participant's Account on each Crediting Date been invested in Company Stock on such Crediting Date in accordance with the foregoing. Nothing herein obligates the Company to purchase any such Company Stock; if such Company Stock is purchased, it shall remain the sole property of the Company.

(b) With respect to Company Stock Equivalent Units in a Participant's Account, the Company shall credit such Account on each dividend payment date declared with respect to the Company Stock, an additional number of Company Stock Equivalent Units equal to: (i) (y) the dividend per share of the Company Stock which is payable as of the dividend payment date, multiplied by (z) the number of Company Stock Equivalent Units credited to such Account as of the applicable dividend record date, divided by (ii) the closing sales price of the Company Stock as traded on the New York Stock Exchange on the dividend payment date (or based on such other methodology as the Committee may determine in its sole discretion), as reported by Bloomberg (or another financial reporting service selected by the Company in its sole discretion). Fractional Company Stock Equivalent Units shall be carried forward, and fractional dividend equivalent units shall be payable thereon.

7. Time of Election for Elective Deferrals. An individual who first becomes eligible to participate in the Plan during any calendar year shall have the right to make an initial deferral election with respect to Elective Deferrals and an election as to the timing under Section 9 hereof for payment of their Mandatory Deferral for such calendar year, if any, by filing a written deferral election with the Company no later than 30 days after the date on which they first become eligible to participate in the Plan; provided that, notwithstanding the foregoing, no Elective Deferrals shall be permitted with respect to calendar year 2023. Such election shall apply to fees earned after the date such election is filed. Except as provided above with respect to initial deferral elections, a Participant may make a deferral election with respect to Elective Deferrals and an election as to the timing under Section 9 hereof for payment of their Mandatory Deferral for the following calendar year, if any, once annually in December by completing forms provided by the Company for such purpose. Any such annual election shall apply solely to fees earned in the immediately following calendar year. Any such annual election shall become effective and irrevocable as of January 1 of the immediately following calendar year.

8. Value of Deferred Compensation Account. The value of each Participant's Account shall include Elective Deferrals and Mandatory Deferrals, adjustments for dividends, and increases or decreases in the market value of Company Stock. If the Company Stock does not trade on any date a calculation of Company Stock Equivalent Units is to be made under the Plan, the next preceding date on which the Company Stock was traded shall be utilized.

9. Payment of Deferred Compensation. Upon a Participant's "separation from service" (within the meaning of Section 409A) as a member of the Board (the "Completion Date"), such Participant (or in the event of the Participant's death, the named beneficiary or their estate) shall be entitled to receive one or more payments in shares of Company Stock issued under a shareholder-approved equity compensation plan. Payments with respect to any particular Elective Deferral or Mandatory Deferral may be one of the following, as elected by the applicable Director in accordance with Section 7 hereof, (i) a single lump sum as of the Completion Date, (ii) five annual installments commencing on the Completion Date and (iii) ten annual installments commencing on the Completion Date (the Completion Date or the applicable anniversary of the Completion Date, each a "Payment Date"); provided that, if no election is made with respect to an Elective Deferral or Mandatory Deferral, payment shall be in a lump sum pursuant to clause (i). With respect to Elective Deferrals and Mandatory Deferrals that are payable in installments, the number of shares that shall be payable in connection with each installment payment shall be computed by dividing the number of Company Stock Equivalent Units that are subject to the Mandatory or Elective Deferral on the relevant Payment Date by the number of payments remaining in the applicable installment period, rounded down to the nearest whole unit, and any fractional unit that remains as of the last Payment Date of the applicable installment period shall be paid in cash. Company Stock Equivalent Units shall be valued at the closing sales price of the Company Stock as traded on the New York Stock Exchange on the applicable Payment Date (or, if there are no sales on such date, then the closing sales price of the Company Stock on the last preceding date for which there was a sale of Company Stock on the New York Stock Exchange), as reported by Bloomberg (or another financial reporting service selected by the Company in its sole discretion). No withdrawal may be made from the Participant's Account prior to the Completion Date and no advance on any payment may be made prior to the applicable Payment Date. The applicable payment shall be paid as soon as practicable following the applicable Payment Date, but in no event later than 75 days following the applicable Payment Date; provided that, notwithstanding anything in the Plan to the contrary, in the event of the Participant's death, the date of death shall be considered the Payment Date for all amounts then remaining in such Participant's Account.

10. Section 409A Requirements. Notwithstanding any other provision of the Plan to the contrary, the terms of this Section 10 shall apply to the payment of a Participant's Account under the Plan. This Section 10 is intended to ensure that the terms of the Plan comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance issued thereunder ("Section 409A").

(a) Payment of Accounts. A Participant shall have no influence on any determination as to the tax year in which the payment is made. Notwithstanding anything in the Plan to the contrary, if necessary to avoid additional taxes or penalties under Section 409A, the portion of a Participant's Account that would have been payable upon the Completion Date shall be delayed until the date that is six months following the Completion Date.

(b) No Deferral of Payment. A Participant may not elect to defer or accelerate receipt of any portion of their Account. A Participant's election to defer or accelerate receipt of any portion of their Account shall be null and void.

(c) No Offsets. No Participant nor any creditors or beneficiaries of a Participant shall have the right to subject any portion of any Account to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment.

(d) Provisions Intended to Ensure Compliance with Section 409A. This Section 10 and any other provision of this Plan that applies to deferrals, including the rights of the Company or a Participant with respect to the deferrals, shall be limited to those terms permitted under Section 409A. Any terms not permitted under Section 409A shall be automatically modified and limited to the extent necessary to comply with Section 409A, but only to the extent such modification or limitation is permitted under Section 409A.

(e) Payment Upon Termination of the Plan. Upon termination of the Plan pursuant to this Section 10 with respect to all Participants and the termination of all other arrangements sponsored by the Company that would be aggregated with the Plan under Section 409A, the Company shall have the right, in its sole discretion, to pay to each Participant the value of their Account in a lump sum to the extent permitted under Section 409A. All payments made under this Section 10 upon termination of the Plan shall be made no earlier than the 13th month and no later than the 24th month after the termination of the Plan. The Company may not accelerate payments pursuant to this Section 10 if the termination of the Plan is proximate to a downturn in the Company's financial health. If the Company exercises its discretion to accelerate payments under this Section 10, the Company shall not adopt any new arrangement that would have been aggregated with the Plan under Section 409A within three years following the date of the Plan's termination.

11. Adjustment. In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Company Stock other than a regular cash dividend, each Account shall be appropriately adjusted by the Committee, in its sole and absolute discretion, including, but not limited to, adjusting the number of Company Stock Equivalent Units credited to each Account under this Plan.

12. Designation of Beneficiary. Each Participant may, from time to time, by writing filed with the Secretary of the Company, designate any legal or natural person or persons (who may be designated contingently or successively) to whom payments of a Participant's Account are to be made if a Participant dies prior to the receipt of payment of such Account. A beneficiary designation will be effective only if the signed form is filed with the Secretary of the Company while the Participant is alive and will cancel all beneficiary designation forms filed earlier. If a Participant fails to designate a beneficiary as provided above, or if all designated beneficiaries die before the Participant or before complete payment of the Account, such Account shall be paid to the estate of the last to die of the Participant and designated beneficiaries as soon as practicable after such death.

13. Participant's Rights Unsecured. The right of any Participant to receive payment under the provisions of the Plan shall be an unsecured claim against the general assets of the Company, and no provisions contained in the Plan shall be construed to give any

Participant or beneficiary at any time a security interest in any Account or any other asset in trust with the Company for the benefit of any Participant or beneficiary.

14. Statement of Account. A statement will be sent to each Participant as soon as practical following the end of each year as to the value of their Account as of December 31 of such year.

15. Assignability. No right to receive payments hereunder shall be transferable or assignable by a Participant or a beneficiary, except by will or by the laws of descent and distribution.

16. Administration of the Plan. The Plan shall be administered by the Committee or, in the absence of the Committee, the Board. The Committee may designate one or more of its members or employees of the Company to execute documents on its behalf or take such other actions that may be necessary or proper to assist the Committee in its administration and operation of the Plan. All decisions, determinations, interpretations and actions taken by the Committee regarding the Plan shall be conclusive and binding on all parties concerned, including the Company, its shareholders, all Participants, beneficiaries, heirs, assigns or other persons holding or claiming rights under the Plan.

17. Amendment or Termination of Plan. This Plan may at any time or from time to time be amended, modified or terminated by the Committee or the Board. No amendment, modification or termination shall, without the consent of a Participant, adversely affect such Participant's accruals in their Account.

18. Succession. This Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participants and their heirs, executors, administrators, and legal representatives.

19. Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

**KENVUE INC. LONG-TERM INCENTIVE PLAN
GLOBAL PERFORMANCE SHARE UNIT AWARD AGREEMENT**

Granted To: [●]

WWID #:	[●]	Target Number of PSUs:	[●]
Grant Date:	[●]	Performance Period:	September 30, 2023 – September 30, 2026
Vesting Commencement Date:	[●]	Scheduled Vesting Date:	The third anniversary of the Grant Date (the “ <u>Scheduled Vesting Date</u> ”)
Certification Date:	The date on which the Committee certifies the level of achievement of the performance-based vesting criteria set forth in <u>Appendix A</u> hereto during the Performance Period (the “ <u>Performance Goals</u> ”), 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. Grant of PSUs.

(a) *Award.* 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 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, (A) your Employment is terminated (I) by the Corporation Group as a result of a Divestiture in which the then unvested PSUs are forfeited and are not replaced with an award of equivalent value to the PSUs so forfeited (which may be a cash- or equity-based award), as determined by the Corporation in its sole discretion or a Reduction in Force, (II) pursuant to a mandatory retirement provision under an applicable Corporation Group policy or applicable legal requirement, as determined by the Corporation in its sole discretion, or (III) by you for Good Reason and (B) the Grant Date occurred more than six months prior to the Date of Termination, 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) Death Following Certain Terminations. Notwithstanding the foregoing, if you die following a termination of Employment pursuant to Section 2(c)(iii) (Certain Involuntary Terminations), 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.

(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 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.

(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 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.

(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 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) *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 15th 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 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. Special 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.

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) “Divestiture” means the disposition of an organizational unit or business unit by the Corporation or one of its subsidiaries, whether pursuant to merger, reorganization, consolidation, splitoff, spinoff, sale of assets, sale of stock, outsourcing arrangement, or asset transfer, in each case that (i) the Corporation determines constitutes a Divestiture and (ii) directly

results in (A) the termination of your Employment and the employment of a group of employees of the Corporation Group and (B) you and such other employees become employed by, or continue employment with, an acquiring company or staffing firm.

(k) “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).

(v) “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 Administrator’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) “Reduction in Force” means a termination of Employment due to a position elimination or (ii) in connection with a site closing or plant closing; provided that, a relocation as a result of a site closing or plant closing shall not constitute a Reduction in Force. The determination of whether there has been a position elimination for purposes of this Agreement, or whether a termination of Employment is otherwise in connection with a Reduction in Force, shall be made by the Corporation in its sole discretion and without regard to whether you are eligible to receive severance or other separation benefits from any member of the Corporation Group in connection with your termination of Employment.

(o) “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.

(p) “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)(iv) (Death following Certain Terminations), with respect to the Pro Rata Number of PSUs, the date of death and (iv) the date the PSUs vest pursuant to any applicable provision of the Plan, including the Certification Date in the case of a termination of Employment pursuant to Section 2(c)(iii) (Certain Involuntary Terminations) (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, 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 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.

KENVUE INC.

By:

Anil Agarwal
Head of Total Rewards
Kenvue Inc.
199 Grandview Road
Skillman, NJ 08558 USA

KENVUE INC. LONG-TERM INCENTIVE PLAN
GLOBAL NONQUALIFIED STOCK OPTION AWARD AGREEMENT

Granted To:	[●]	Grant Date:	[●]
WWID #:	[●]	Total Shares:	[●]
Vesting Commencement Date:	[●]	Purchase Price Per Share:	\$(●)
Scheduled Vesting Date:	One-hundred percent (100%) of the Option shall vest on [●] (the " <u>Scheduled Vesting Date</u> ").		

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 Nonqualified Stock Option.

(a) *Award.* Subject to the terms 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, Kenvue Inc., a Delaware corporation (the "Corporation"), hereby grants you a non-qualified stock option (this "Option") to purchase from it the above-stated number of shares of common stock of the Corporation, par value \$0.01 per share ("Common Stock"), at the above-stated price per share (such per share price, the "Purchase Price"), which will become vested subject to the terms and conditions of this Agreement. This Option, and the exercise of this Option, is subject to all of the terms and conditions of the Plan, and the terms of the Plan are hereby incorporated herein by reference. 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.

(b) *Conditions.* 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) and you must do so prior to being able to exercise any portion of this Option. By accepting this Option grant, you will 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 Date, 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) *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 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 (A) your Employment is terminated (I) by the Corporation Group as a result of a Divestiture in which the then unvested portion of the Option is forfeited and is not replaced with an award of equivalent value to the portion so forfeited (which may be a cash- or equity-based award), as determined by the Corporation in its sole discretion or a Reduction in Force, (II) pursuant to a mandatory retirement provision under an applicable Corporation Group policy or applicable legal requirement, as determined by the Corporation in its sole discretion, or (III) by you for Good Reason, and (B) if

the Grant Date occurred more than six months prior to the Date of Termination, then you shall vest in a Pro Rata Portion of the Option on the Scheduled Vesting Date and 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 6 months after the later of (x) the Scheduled Vesting Date 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 (x) the number of shares of Common Stock subject to the Option, 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 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 Scheduled Vesting Date, 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) *Death Following Certain Terminations.* Notwithstanding the foregoing, if you die following a termination of Employment pursuant to Section 3(d)(i) (Certain Involuntary Terminations), then, to the extent the Option (or portion thereof) remains outstanding as of the date 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 of the Option until the Expiration Date.

(iii) *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, as a result of your voluntary resignation) 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.

(iv) *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).

(v) *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 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 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 under the Securities Exchange Act of 1934, as amended, then, unless otherwise determined by the Committee, if 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 any Tax-Related Items shall be satisfied in cash 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, 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 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.

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.

7. 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 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 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 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 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) 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 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:

(a) "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 4(c) 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 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 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) “Divestiture” means the disposition of an organizational unit or business unit by the Corporation or one of its subsidiaries, whether pursuant to merger, reorganization, consolidation, spinoff, splitoff, sale of assets, sale of stock, outsourcing arrangement, or asset transfer, in each case that (i) the Corporation determines constitutes a Divestiture and (ii) directly results in (A) the termination of your Employment and the employment of a group of employees

of the Corporation Group and (B) you and such other employees become employed by, or continue employment with, an acquiring company or staffing firm.

(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) “Expiration Date” means the tenth anniversary of the Grant Date.

(l) “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 Administrator’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.

(m) “Grant Date” means the date on which the Option is granted, as identified on the first page of this Agreement.

(n) “Reduction in Force” means a termination of Employment (i) due to a position elimination or (ii) in connection with a site closing or plant closing; provided that, a relocation as a result of a site closing or plant closing shall not constitute a Reduction in Force. The determination of whether there has been a position elimination for purposes of this Agreement, or whether a termination of Employment is otherwise in connection with a Reduction in Force, shall be made by the Corporation in its sole discretion and without regard to whether you are eligible to receive severance or other separation benefits from any member of the Corporation Group in connection with your termination of Employment.

(o) “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 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 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 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 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.

(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

Board of Directors
Kenvue Inc.
199 Grandview Road
Skillman, NJ 08558

Dear Directors:

We are providing this letter to you for inclusion as an exhibit to Kenvue Inc.'s (the "Company's") Quarterly Report on Form 10-Q for the period ended October 1, 2023, (the "Form 10-Q") pursuant to Item 601 of Regulation S-K.

We have been provided a copy of the Company's Form 10-Q. Footnote X therein describes the change in accounting principle from treating the impacts of the Global Intangible Low-Taxed Income ("GILTI") regime enacted as part of the Tax Cuts and Jobs Act of 2017 from the deferred method to the period cost method. It should be understood that the preferability of one acceptable method of accounting over another for determining the treatment of GILTI has not been addressed in any authoritative accounting literature, and in expressing our concurrence below we have relied on management's determination that this change in accounting principle is preferable. Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-Q, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that such change represents, in the Company's circumstances, a change to a preferable accounting principle in conformity with Accounting Standards Codification 250, *Accounting Changes and Error Corrections*.

We have not audited any financial statements of the Company as of any date or for any period subsequent to January 2, 2023. Accordingly, our comments are subject to change upon completion of an audit of the financial statements covering the period of the accounting change.

Very truly yours,

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Thibaut Mongon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended October 1, 2023 (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)) 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];
 - 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

Date: November 3, 2023

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Paul Ruh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended October 1, 2023 (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)) 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];
 - 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: November 3, 2023

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT**

The undersigned, Thibaut Mongon, the Chief Executive 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 Quarterly Report on Form 10-Q for the quarterly period ended October 1, 2023 (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

Dated: November 3, 2023

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.

**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 Quarterly Report on Form 10-Q for the quarterly period ended October 1, 2023 (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: November 3, 2023

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.