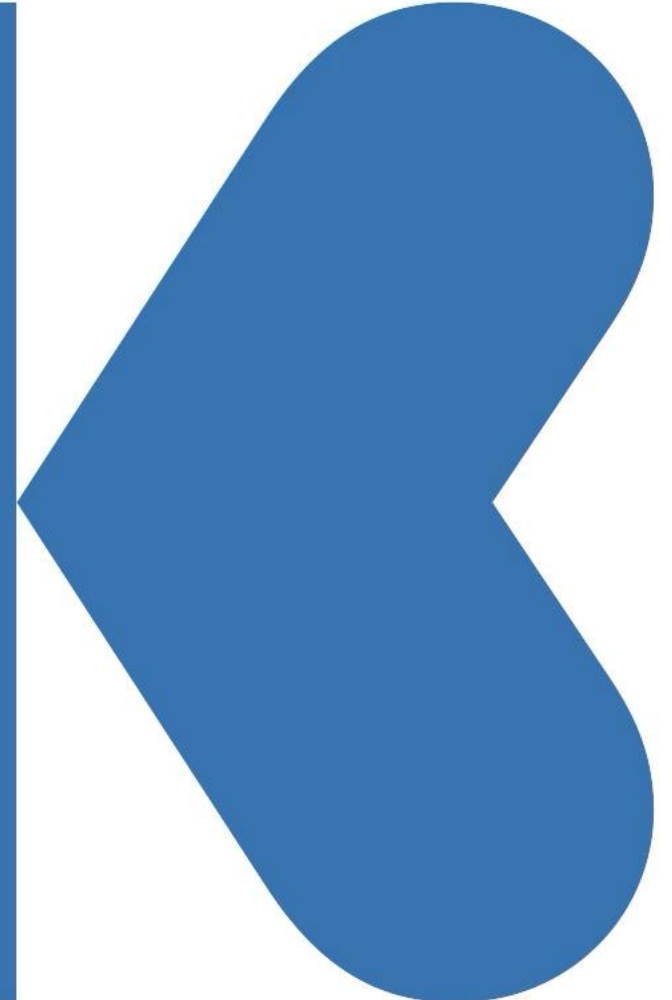


# Welcome



# Second Quarter 2024 Earnings Results

August 6, 2024



# Introduction



**Thibaut Mongon**  
Chief Executive  
Officer



**Paul Ruh**  
Chief Financial  
Officer



**Jim Giannakouros**  
Interim Head of  
Investor Relations

## Cautionary note on forward-looking statements

This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, statements about management’s expectations of Kenvue’s future operating and financial performance, product development, market position and business strategy. Forward-looking statements may be identified by the use of words such as “plans,” “expects,” “will,” “anticipates,” “estimates” and other words of similar meaning. The viewer is cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of Kenvue and its affiliates. Risks and uncertainties include, but are not limited to: the inability to execute on Kenvue’s business development strategy; economic factors, such as interest rate and currency exchange rate fluctuations; the ability to successfully manage local, regional or global economic volatility, including reduced market growth rates, and to generate sufficient income and cash flow to allow Kenvue to effect any expected share repurchases and dividend payments; Kenvue’s ability to access capital markets and maintain satisfactory credit ratings, which could adversely affect its liquidity, capital position and borrowing costs; competition, including technological advances, new products and intellectual property attained by competitors; challenges inherent in new product research and development; uncertainty of commercial success for new and existing products and digital capabilities; challenges to intellectual property protections including counterfeiting; the ability of Kenvue to successfully execute strategic plans, including Our Vue Forward and other restructuring initiatives; the impact of business combinations and divestitures, including any ongoing or future transactions; manufacturing difficulties or delays, internally or within the supply chain; product efficacy or safety concerns resulting in product recalls or regulatory action; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations and other requirements imposed by stakeholders; changes in behavior and spending patterns of consumers; natural disasters, acts of war (including the Russia-Ukraine War and conflicts in the Middle East) or terrorism, catastrophes, or epidemics, pandemics, or other disease outbreaks; financial instability of international economies and legal systems and sovereign risk; the inability to realize the benefits of the separation from Kenvue’s former parent, Johnson & Johnson; and the risk of disruption or unanticipated costs in connection with the separation. A further list and descriptions of these risks, uncertainties and other factors can be found in Kenvue’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and subsequent Quarterly Reports on Form 10-Q and other filings, available at [www.kenvue.com](http://www.kenvue.com) or on request from Kenvue. Any forward-looking statement made in this presentation speaks only as of the date of this presentation. Kenvue undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

## Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including Adjusted diluted earnings per share, Adjusted EBITDA margin, Adjusted effective tax rate, Adjusted gross profit margin, Adjusted net income, Adjusted operating income, Adjusted operating income margin, EBITDA, Free cash flow and Organic growth. Such non-GAAP financial measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A reconciliation of these measures to the most directly comparable GAAP measure is included in the Appendix to these slides and the earnings release available on the Company's website at [investors.kenvue.com](http://investors.kenvue.com).

# Q2 2024 Highlights

**+1.5%**

Organic growth<sup>1</sup>, on top of +7.7% in Q2 2023

Adjusted gross profit margin<sup>1</sup>  
increased 410 bps over PY quarter

**57.5% → 61.6%**

Increasing brand activation investment

**+~20%** vs. PY

vs. +~15% previously planned

<sup>1</sup> Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at [investors.kenvue.com](https://investors.kenvue.com)



# Kenvue in Action

→ First half results show the value of our carefully curated portfolio of iconic brands covering a full spectrum of health needs

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→ Expect to deliver approximately 150 basis points of Adjusted gross profit margin<sup>1</sup> expansion in 2024

---

→ Reducing our cost structure through rigorous expense management and the execution of 'Our Vue Forward'

→ Increasing investment in consumer and healthcare professional engagement, in-store presence and prominence, and amplification of innovation

---

→ Building a culture of performance and impact focused on agility and precision in execution

---

→ Increasingly confident delivering within our 2024 guidance ranges and long-term algorithm

**TYLENOL**



Neutrogena®




Aveeno.

**LISTERINE**

**BAND-AID**<sup>®</sup>  
BRAND ADHESIVE BANDAGES

Johnson's<sup>®</sup>

# Q2 2024 Portfolio Performance

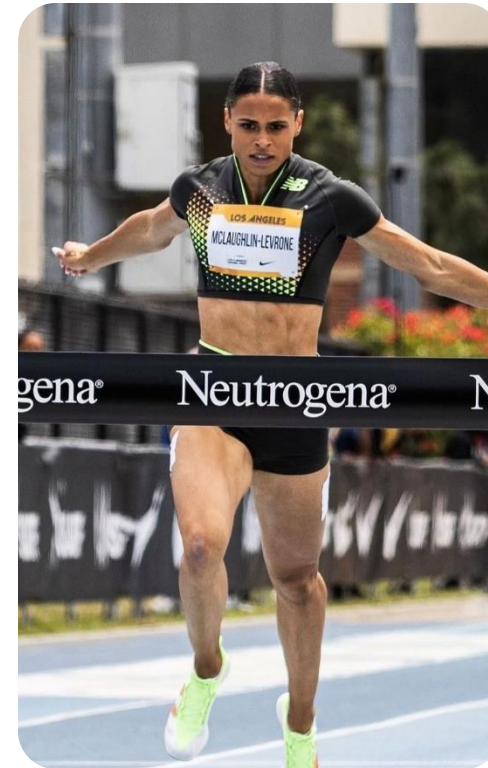
	Q2 2024 Net Sales	Q2 2023 Net Sales	Q2 2024 Organic Growth <sup>1</sup>	Highlights
<b>Total Kenvue</b>	<b>\$4.0B</b>	<b>\$4.0B</b>	<b>+1.5%</b> vs +7.7% PY	<b>Transforming to unleash the full potential of our portfolio</b>
 <b>Self Care</b>	<b>\$1.6B</b>	<b>\$1.7B</b>	<b>(0.2)%</b> vs +14.2% PY	<ul style="list-style-type: none"> <li>Continued share gains despite lower category growth vs. PY</li> <li>Allergy performance late in Q2 offset slow start to the season</li> <li>Strong performance of Nicorette</li> </ul>
 <b>Skin Health &amp; Beauty</b>	<b>\$1.1B</b>	<b>\$1.1B</b>	<b>(2.4)%</b> vs +3.4% PY	<ul style="list-style-type: none"> <li>Continued execution of our recovery plan</li> <li>Q2 y/y volume trend improvement vs. Q1 y/y</li> <li>Sun Care performance late in Q2 offset slow start to the season</li> </ul>
 <b>Essential Health</b>	<b>\$1.3B</b>	<b>\$1.2B</b>	<b>+7.6%</b> vs +3.8% PY	<ul style="list-style-type: none"> <li>Balanced growth between volume and value realization<sup>2</sup></li> <li>Growth across all categories and all regions</li> <li>Strong growth of Listerine globally</li> </ul>

<sup>1</sup> Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at [investors.kenvue.com](https://investors.kenvue.com)

<sup>2</sup> Value Realization reflects Price/Mix

# Actions to Stabilize U.S. Skin Health & Beauty

- ➔ Improving in-store presence and prominence through increased investments on promotions and displays
- ➔ Increasing detailing and sampling with dermatologists
- ➔ Increasing media investments with a strong pivot to social media influencers
- ➔ Amplifying innovation online to build in-store demand







## Our Progress as an Independent Company

➔ Inaugural Healthy Lives  
Mission report published

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➔ Two new independent  
Directors appointed  
to the Board

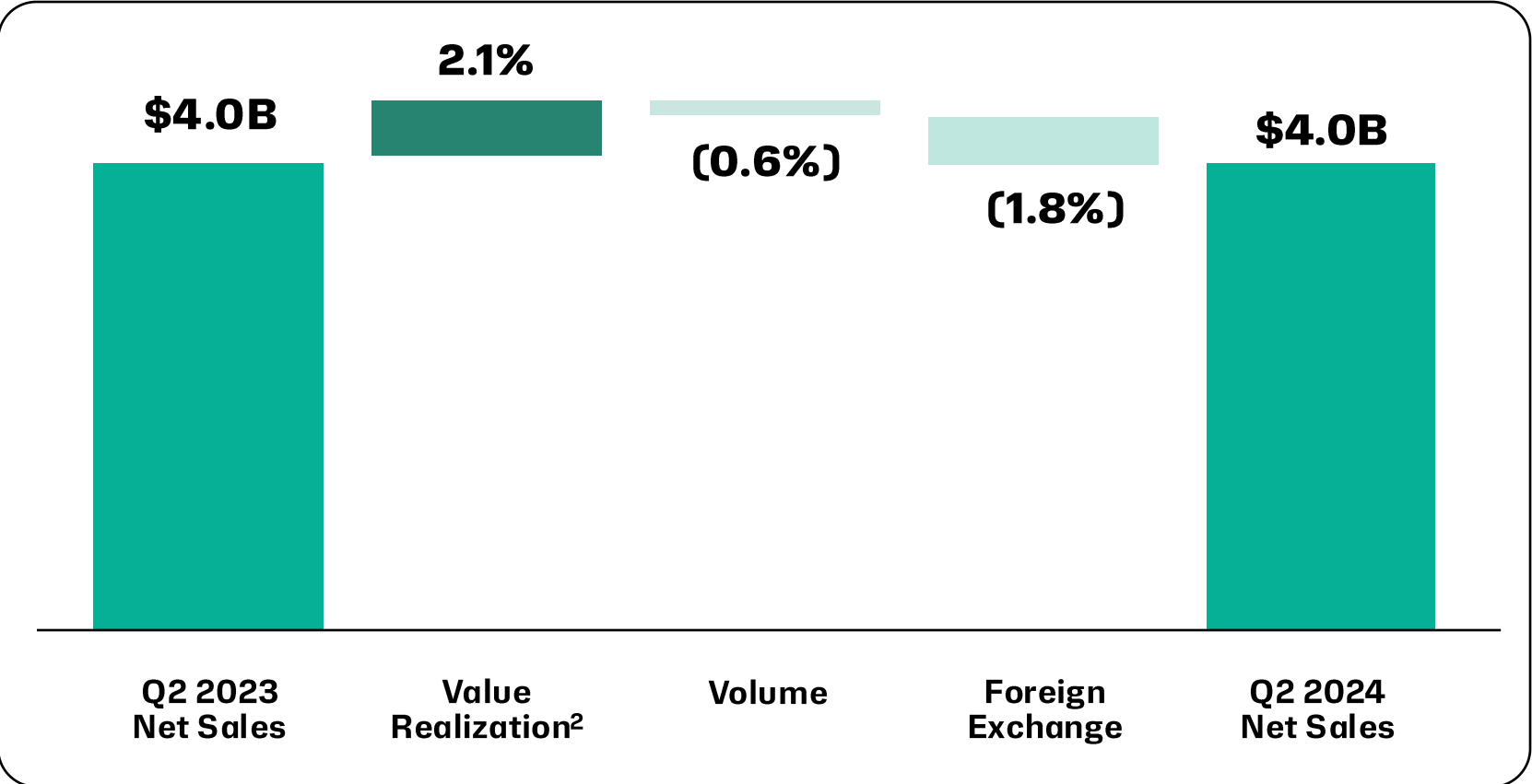
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➔ First quarterly dividend  
increase declared as an  
independent company

# Q2 2024 Financial Performance

# Q2 2024 Reported Net Sales & Organic Growth<sup>1</sup>

+1.5% Organic Growth On Top of +7.7% in Q2 2023



## Key Drivers

- ➔ Value realization across all segments
- ➔ Volume growth in Essential Health, offset by Skin Health & Beauty and Self Care
- ➔ Demand inflection late in the quarter; trade inventory stabilized



<sup>1</sup> Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at [investors.kenvue.com](https://investors.kenvue.com)  
<sup>2</sup> Value Realization reflects Price/Mix

# Self Care: Continued Share Gains



## Self Care

### \$1.6B Net Sales

Reported **(1.6)%**  
vs +12.2% PY

Organic<sup>1</sup> **(0.2)%**  
vs +14.2% PY

### Organic Drivers

Value Realization<sup>2</sup> **+1.1%**  
vs +10.6% PY

Volume **(1.3)%**  
vs +3.6% PY

### Key Highlights

- Continued share gains despite lower category growth vs. PY
- Allergy performance late in Q2 offset slow start to the season
- Strong performance of Nicorette

**TYLENOL**



**Motrin**



**Benadryl**

**ORSL**

**nicorette**



<sup>1</sup> Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at [investors.kenvue.com](https://investors.kenvue.com)  
<sup>2</sup> Value Realization reflects Price/Mix

# Skin Health & Beauty: Stabilization Plan On Track



## Skin Health & Beauty

### \$1.1B Net Sales

Reported

**(3.8)%**

vs +1.9% PY

Organic<sup>1</sup>

**(2.4)%**

vs +3.4% PY

### Organic Drivers

Value Realization<sup>2</sup>

**+1.5%**

vs +6.6% PY

Volume

**(3.9)%**

vs (3.2)% PY

### Key Highlights

- Continued execution of our stabilization plan
- Q2 y/y volume trend improvement vs. Q1 y/y
- Sun Care performance late in Q2 offset slow start to the season

Neutrogena®

Aveeno®

OgX®

DR.CI:LABO

# Essential Health: Broad Based Growth



## Essential Health

### \$1.3B Net Sales

Reported

**+4.9%**

vs +0.5% PY

Organic<sup>1</sup>

**+7.6%**

vs +3.8% PY

### Organic Drivers

Value Realization<sup>2</sup>

**+4.1%**

vs +10.7% PY

Volume

**+3.5%**

vs (6.9)% PY

### Key Highlights

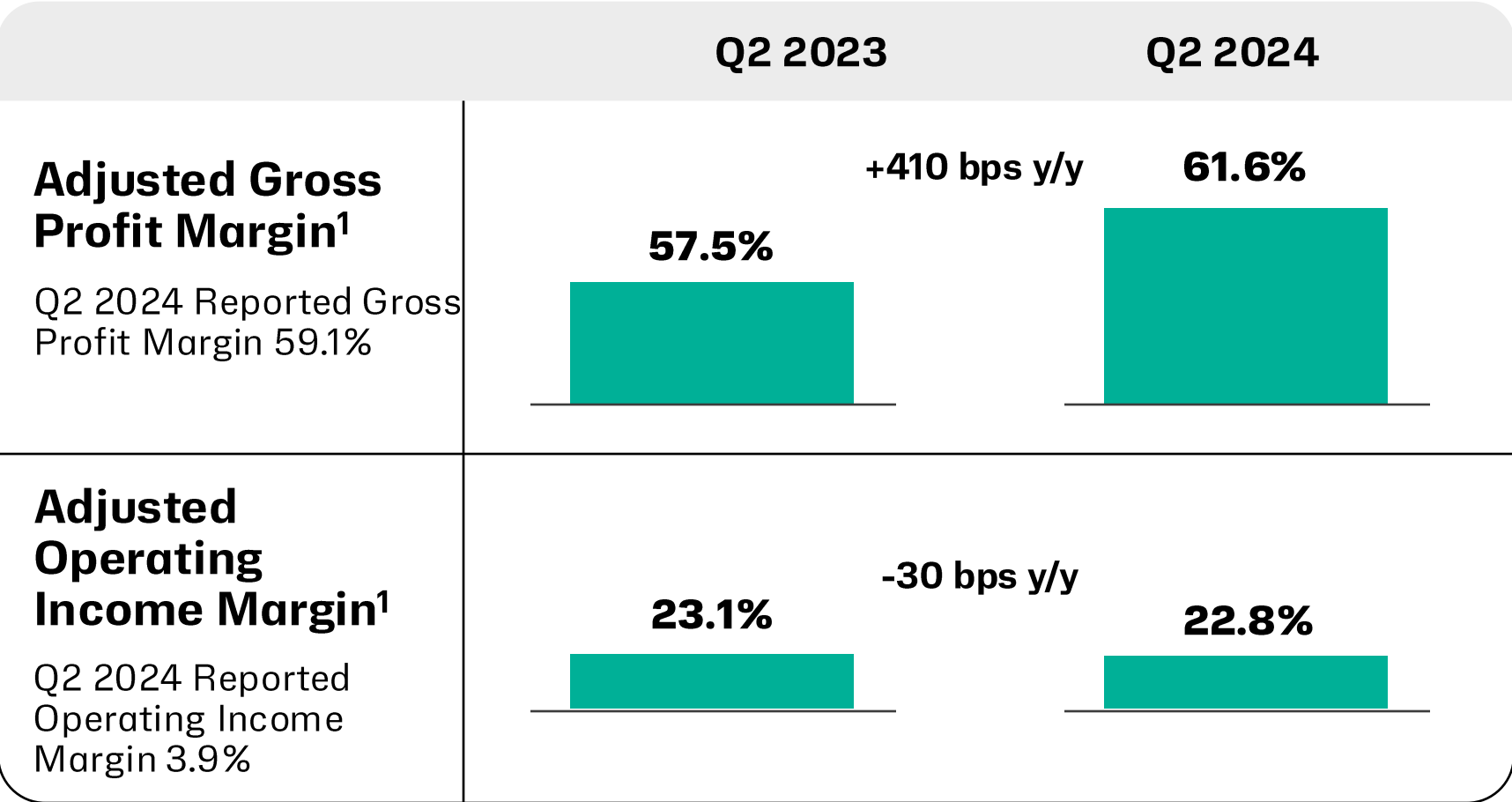
- Balanced growth between volume and value realization
- Growth across all categories and regions
- Strong growth of Listerine globally

**LISTERINE**

*Johnson's*

**BAND-AID**  
BRAND ADHESIVE BANDAGES

# Q2 2024 Adjusted Gross Profit Margin and Adjusted Operating Income Margin Performance

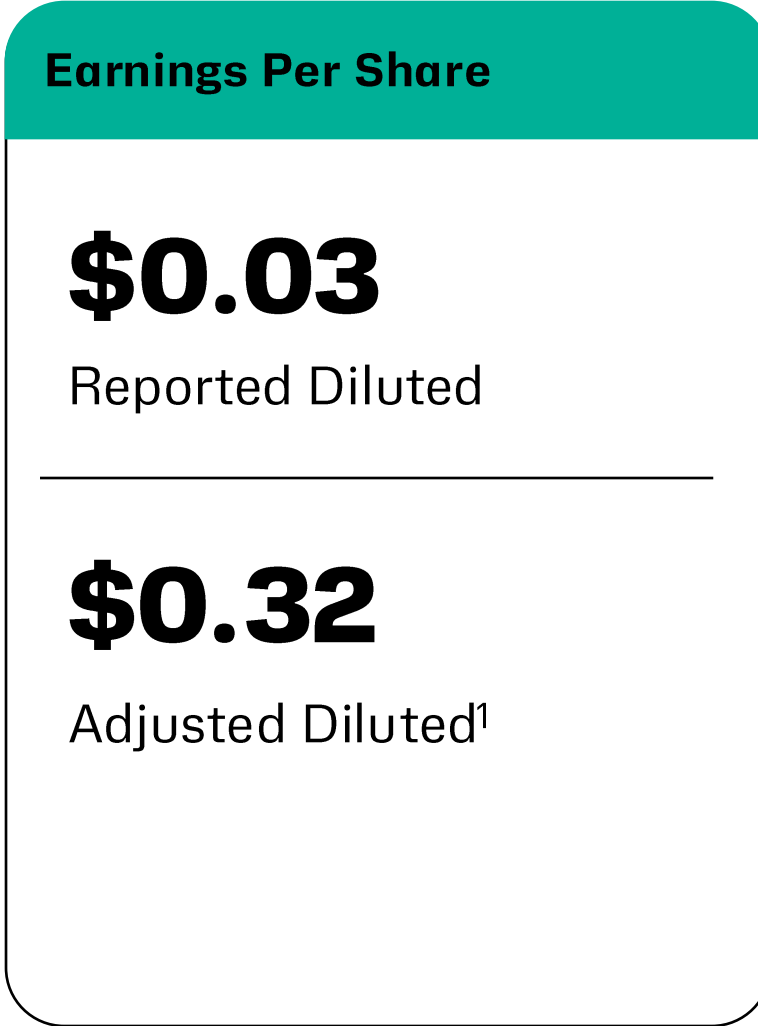
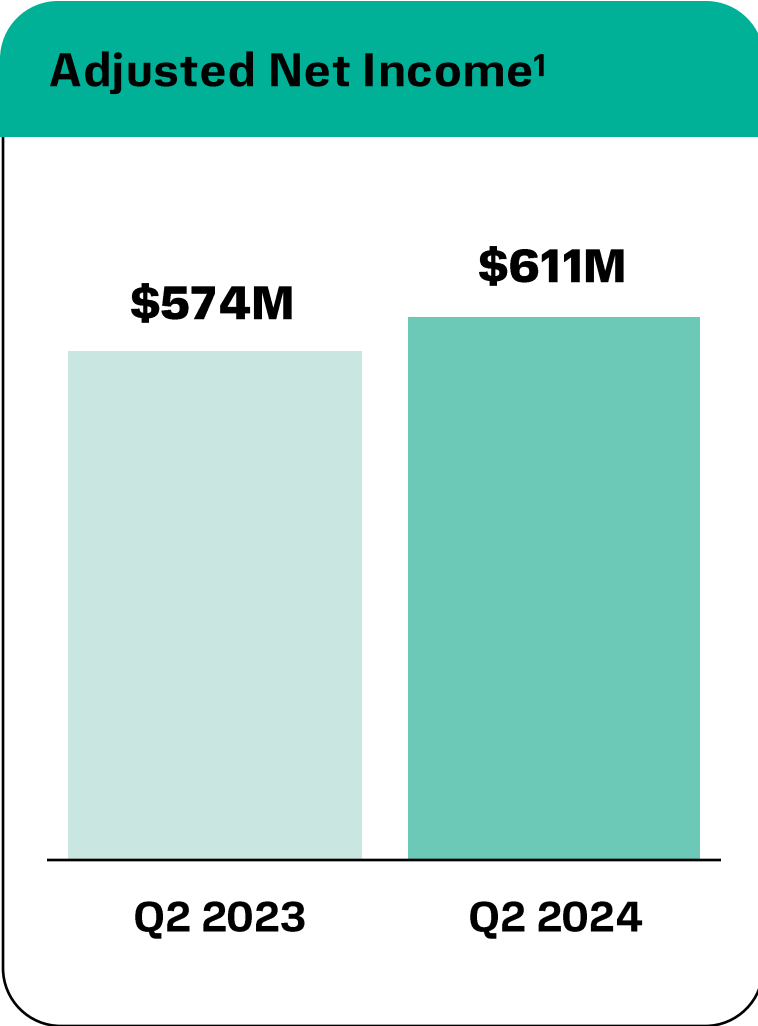
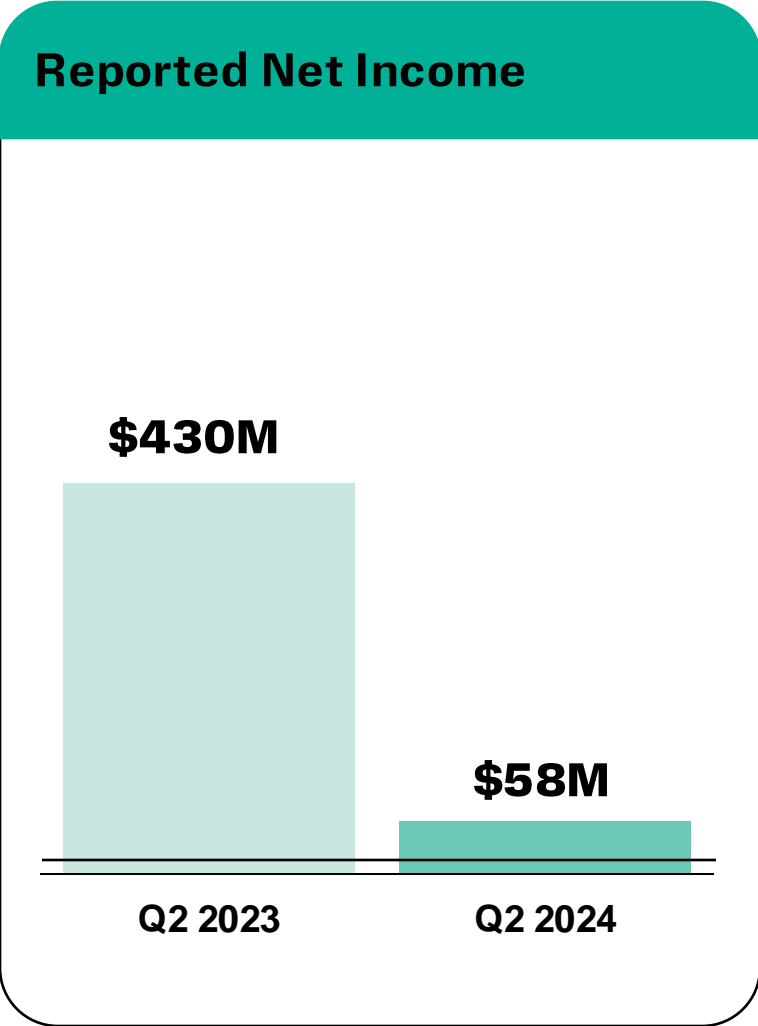


## Key Drivers

- ➔ Supply chain efficiency gains
- ➔ Value realization (price/mix)
- ➔ Cost controls and Our Vue Forward on track
- ➔ Growing brand investment +~20% y/y

<sup>1</sup> Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at [investors.kenvue.com](https://investors.kenvue.com)

# Q2 2024 Net Income and Earnings Per Share



<sup>1</sup> Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at [investors.kenvue.com](https://investors.kenvue.com)



# 2024 Guidance Summary

	Current		Prior
Reported Net Sales Growth	<b>1.0% - 3.0%</b>	• <b>Unchanged</b>	1.0% - 3.0%
Organic Growth <sup>1</sup>	<b>2.0% - 4.0%</b>	• <b>Unchanged</b>	2.0% - 4.0%
Adjusted Operating Income Margin <sup>1</sup>	<b>21% - 22%</b>	• <b>Gross margin pacing ahead of plans; accelerated brand investments offsetting</b>	Slightly below 2023
Reported Interest Expense, Net	<b>\$380 - \$400M</b>	• <b>Lower borrowings YTD</b>	~\$400M
Adjusted Effective Tax Rate <sup>1</sup>	<b>25.5% - 26.5%</b>	• <b>Unchanged</b>	25.5% - 26.5%
Adjusted Diluted Earnings per share <sup>1,2</sup>	<b>\$1.10 - \$1.20</b>	• <b>Unchanged</b>	\$1.10 - \$1.20

# Q&A



**Thibaut Mongon**  
Chief Executive  
Officer



**Paul Ruh**  
Chief Financial  
Officer






**Jim Giannakouros**  
Interim Head of  
Investor Relations



# Appendix

# 2023 Organic Growth<sup>1</sup> Considerations

	Q1'23	Q2'23	Q3'23	Q4'23
 <b>Self-Care</b>	<ul style="list-style-type: none"> <li>⊕ Higher incidences of cough, cold and flu outside the U.S.</li> <li>⊕ Retailer inventory re-build, following Q4'22 demand surge</li> </ul>	→		<ul style="list-style-type: none"> <li>⊖ Delayed season and lower incidence levels</li> </ul>
Organic Growth	<b>15.3%</b>	<b>14.2%</b>	<b>6.7%</b>	<b>(2.0%)</b>
 <b>Skin Health and Beauty</b>	<ul style="list-style-type: none"> <li>⊕ Retailer inventory re-build, following supply constraints</li> <li>⊖ Strategic portfolio rationalization</li> <li>⊖ Suspension of personal care products in Russia</li> </ul>	→	<ul style="list-style-type: none"> <li>⊖ Consumer softness in China</li> </ul>	→
Organic Growth	<b>13.2%</b>	<b>3.4%</b>	<b>(0.4%)</b>	<b>(8.0%)</b>
 <b>Essential Health</b>	<ul style="list-style-type: none"> <li>⊖ Suspension of personal care products in Russia</li> </ul>	→	<ul style="list-style-type: none"> <li>⊖ Consumer softness in China</li> </ul>	→
Organic Growth	<b>4.0%</b>	<b>3.8%</b>	<b>3.8%</b>	<b>2.5%</b>
<b>Total Organic Growth %</b>	<b>11.2%</b>	<b>7.7%</b>	<b>3.6%</b>	<b>(2.4%)</b>

# Organic Growth

Fiscal Three Months Ended June 30, 2024 vs July 2, 2023<sup>(1)</sup>

(Unaudited; Dollars in Millions)	Reported Net sales change		Impact of foreign currency		Organic growth <sup>(2)</sup>	
	Amount	Percent	Amount	Amount	Percent	
Self Care	\$ (26)	(1.6) %	\$ (22)	\$ (4)	(0.2) %	
Skin Health and Beauty	(44)	(3.8)	(17)	(27)	(2.4)	
Essential Health	59	4.9	(33)	92	7.6	
<b>Total</b>	<b>\$ (11)</b>	<b>(0.3) %</b>	<b>\$ (72)</b>	<b>\$ 61</b>	<b>1.5 %</b>	

Fiscal Three Months Ended June 30, 2024 vs July 2, 2023<sup>(1)</sup>

(Unaudited)	Reported Net sales change	Impact of foreign currency	Organic growth <sup>(2)</sup>	
			Price/Mix <sup>(3)</sup>	Volume
Self Care	(1.6) %	(1.4) %	1.1 %	(1.3) %
Skin Health and Beauty	(3.8)	(1.4)	1.5	(3.9)
Essential Health	4.9	(2.7)	4.1	3.5
<b>Total</b>	<b>(0.3) %</b>	<b>(1.8) %</b>	<b>2.1 %</b>	<b>(0.6) %</b>

<sup>(1)</sup> Acquisitions and divestitures did not materially impact the reported Net sales change.

<sup>(2)</sup> Non-GAAP financial measure. Excludes the impact of foreign currency exchange and impact of Acquisitions and divestitures.

<sup>(3)</sup> Price/Mix reflects value realization.

# Organic Growth

Fiscal Three Months Ended July 2, 2023 vs July 3, 2022<sup>(1)</sup>

(Unaudited; Dollars in Millions)	Reported Net sales change		Impact of foreign currency	Organic growth <sup>(2)</sup>	
	Amount	Percent	Amount	Amount	Percent
Self Care	\$ 180	12.2 %	\$ (30)	\$ 210	14.2 %
Skin Health and Beauty	21	1.9	(17)	38	3.4
Essential Health	6	0.5	(40)	46	3.8
<b>Total</b>	<b>\$ 207</b>	<b>5.4 %</b>	<b>\$ (87)</b>	<b>\$ 294</b>	<b>7.7 %</b>

Fiscal Three Months Ended July 2, 2023 vs July 3, 2022<sup>(1)</sup>

(Unaudited)	Reported Net sales change	Impact of foreign currency	Organic growth <sup>(2)</sup>	
			Price/Mix <sup>(3)</sup>	Volume
Self Care	12.2 %	(2.0) %	10.6 %	3.6 %
Skin Health and Beauty	1.9	(1.5)	6.6	(3.2)
Essential Health	0.5	(3.3)	10.7	(6.9)
<b>Total</b>	<b>5.4 %</b>	<b>(2.3) %</b>	<b>9.4 %</b>	<b>(1.7) %</b>

<sup>(1)</sup> Acquisitions and divestitures did not materially impact the reported Net sales change.

<sup>(2)</sup> Non-GAAP financial measure. Excludes the impact of foreign currency exchange and impact of Acquisitions and divestitures.

<sup>(3)</sup> Price/Mix reflects value realization.

# Organic Growth

Fiscal Six Months Ended June 30, 2024 vs July 2, 2023<sup>(1)</sup>

(Unaudited; Dollars in Millions)	Reported Net sales change		Impact of foreign currency	Organic growth <sup>(2)</sup>	
	Amount	Percent	Amount	Amount	Percent
Self Care	\$ 32	1.0 %	\$ (33)	\$ 65	2.0 %
Skin Health and Beauty	(101)	(4.5)	(24)	(77)	(3.4)
Essential Health	100	4.3	(46)	146	6.3 %
<b>Total</b>	<b>\$ 31</b>	<b>0.4 %</b>	<b>\$ (103)</b>	<b>\$ 134</b>	<b>1.7 %</b>

Fiscal Six Months Ended June 30, 2024 vs July 2, 2023<sup>(1)</sup>

(Unaudited)	Reported Net sales change	Impact of foreign currency	Organic growth <sup>(2)</sup>	
			Price/Mix <sup>(3)</sup>	Volume
Self Care	1.0 %	(1.0) %	3.4 %	(1.4) %
Skin Health and Beauty	(4.5)	(1.1)	1.9	(5.3)
Essential Health	4.3	(2.0)	5.4	0.9
<b>Total</b>	<b>0.4 %</b>	<b>(1.3) %</b>	<b>3.5 %</b>	<b>(1.8) %</b>

<sup>(1)</sup> Acquisitions and divestitures did not materially impact the reported Net sales change.

<sup>(2)</sup> Non-GAAP financial measure. Excludes the impact of foreign currency exchange and impact of Acquisitions and divestitures.

<sup>(3)</sup> Price/Mix reflects value realization.



# Organic Growth

Fiscal Six Months Ended July 2, 2023 vs July 3, 2022<sup>(1)</sup>

(Unaudited; Dollars in Millions)	Reported Net sales change		Impact of foreign currency	Organic growth <sup>(2)</sup>	
	Amount	Percent	Amount	Amount	Percent
Self Care	\$ 355	12.1 %	\$ (80)	\$ 435	14.8 %
Skin Health and Beauty	120	5.6	(52)	172	8.0
Essential Health	(6)	(0.3)	(97)	91	3.9
<b>Total</b>	<b>\$ 469</b>	<b>6.3 %</b>	<b>\$ (229)</b>	<b>\$ 698</b>	<b>9.4 %</b>

Fiscal Six Months Ended July 2, 2023 vs July 3, 2022<sup>(1)</sup>

(Unaudited)	Reported Net sales change	Impact of foreign currency	Organic growth <sup>(2)</sup>	
			Price/Mix <sup>(3)</sup>	Volume
Self Care	12.1 %	(2.7) %	9.4 %	5.3 %
Skin Health and Beauty	5.6	(2.4)	7.6	0.4
Essential Health	(0.3)	(4.2)	10.1	(6.1)
<b>Total</b>	<b>6.3 %</b>	<b>(3.1) %</b>	<b>9.1 %</b>	<b>0.3 %</b>

<sup>(1)</sup> Acquisitions and divestitures did not materially impact the reported Net sales change.

<sup>(2)</sup> Non-GAAP financial measure. Excludes the impact of foreign currency exchange and impact of Acquisitions and divestitures.

<sup>(3)</sup> Price/Mix reflects value realization.

# Total Segment Net Sales and Adjusted Operating Income

(Unaudited; Dollars in Millions)	Net Sales			
	Fiscal Three Months Ended		Fiscal Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Self Care	1,635	1,661	3,333	3,301
Skin Health and Beauty	1,103	1,147	2,157	2,258
Essential Health	1,262	1,203	2,404	2,304
<b>Total segment net sales</b>	<b>\$ 4,000</b>	<b>\$ 4,011</b>	<b>\$ 7,894</b>	<b>\$ 7,863</b>

(Unaudited; Dollars in Millions)	Adjusted Operating Income			
	Fiscal Three Months Ended		Fiscal Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Self Care Adjusted operating income	534	576	1,135	1,158
Skin Health and Beauty Adjusted operating income	165	201	311	350
Essential Health Adjusted operating income	359	250	623	461
<b>Total<sup>(1)</sup></b>	<b>\$ 1,058</b>	<b>\$ 1,027</b>	<b>\$ 2,069</b>	<b>\$ 1,969</b>
Depreciation	(69)	(68)	(144)	(139)
General corporate/unallocated expenses	(89)	(74)	(176)	(143)
Other operating (expense) income, net	(12)	(1)	(22)	16
Other—impact of Deferred Markets <sup>(2)</sup>	23	21	39	21
Litigation expense	—	20	—	20
<b>Adjusted operating income (non-GAAP)</b>	<b>\$ 911</b>	<b>\$ 925</b>	<b>\$ 1,766</b>	<b>\$ 1,744</b>
Reconciliation to Income before taxes:				
Amortization	72	80	146	161
Separation-related costs <sup>(3)</sup>	79	102	146	200
Restructuring and operating model optimization initiatives	58	—	108	—
Conversion of stock-based awards	6	—	28	—
Other—impact of Deferred Markets <sup>(2)</sup>	23	21	39	21
Founder Shares	9	—	17	—
Litigation expense	—	20	—	20
Impairment charges	510	—	578	—
<b>Operating income</b>	<b>\$ 154</b>	<b>\$ 702</b>	<b>\$ 704</b>	<b>\$ 1,342</b>
Other (income) expense, net	(3)	10	25	40
Interest expense, net	92	53	187	54
<b>Income before taxes</b>	<b>\$ 65</b>	<b>\$ 639</b>	<b>\$ 492</b>	<b>\$ 1,248</b>

(1) For the second fiscal quarter of 2024, the Company adjusted the allocation for certain Research & development costs within Selling, general, and administrative expenses to align with segment financial results as measured by the Company, including the chief operating decision maker (the "CODM"). Accordingly, the Company has updated its segment disclosures to reflect the updated presentation in all prior periods. Total Adjusted operating income did not change as a result of this update.

(2) Includes the provision for taxes and minority interest expense related to Deferred Markets recognized within Other operating expense (income), net, which are payable to Johnson & Johnson through interim agreements until these Deferred Markets can be transferred to the Company. Deferred Markets are local businesses in certain non-U.S. jurisdictions in which the transfer from Johnson & Johnson of certain assets and liabilities were deferred in order to ensure compliance with applicable law, to obtain necessary governmental approvals and other consents, and for other business reasons.

(3) Costs incurred in connection with our establishment as a standalone public company are defined as "Separation-related costs."

# Non-GAAP Reconciliations (Q2 2024)

(Unaudited; Dollars in Millions)	Fiscal Three Months Ended June 30, 2024			
	As Reported	Adjustments	Reference	As Adjusted
<b>Net sales</b>	\$ 4,000	—		\$ 4,000
<b>Gross profit</b>	\$ 2,365	99	(a)	\$ 2,464
<i>Gross profit margin</i>	59.1 %			61.6 %
<b>Operating income</b>	\$ 154	757	(a)-(d)	\$ 911
<i>Operating income margin</i>	3.9 %			22.8 %
<b>Net Income</b>	\$ 58	553	(a)-(e)	\$ 611
<i>Net income margin</i>	1.5 %			15.3 %
Interest expense, net	\$ 92			
Provision for taxes	\$ 7			
Depreciation and amortization	\$ 141			
<b>EBITDA (non-GAAP)</b>	\$ 298	685	(b)-(d), (f)	\$ 983
<i>EBITDA margin</i>	7.5 %			24.6 %

## Detail of Adjustments

	Cost of sales	SG&A/Restructuring expenses	Impairment charges	Other operating expense (income), net	Provision for taxes	Total
Amortization	\$ 72	\$ —	\$ —	\$ —	\$ —	\$ 72
Restructuring expenses	—	48	—	—	—	48
Operating model optimization initiatives	9	1	—	—	—	10
Separation-related costs (including conversion of stock-based awards and Founder Shares)	18	76	—	—	—	94
Impairment charges	—	—	510	—	(151)	359
Impact of Deferred Markets—minority interest expense	—	—	—	9	—	9
Impact of Deferred Markets—provision for taxes	—	—	—	14	(14)	—
Tax impact on special item adjustments	—	—	—	—	(39)	(39)
<b>Total</b>	<b>\$ 99</b>	<b>\$ 125</b>	<b>\$ 510</b>	<b>\$ 23</b>	<b>\$ (204)</b>	<b>\$ 553</b>
	(a)	(b)	(c)	(d)	(e)	
<b>Cost of sales less amortization</b>	<b>\$ 27</b>					
	(f)					

# Non-GAAP Reconciliations (Q2 2023)

Fiscal Three Months Ended July 2, 2023

(Unaudited; Dollars in Millions)

	As Reported	Adjustments	Reference	As Adjusted
<b>Net sales</b>	\$ 4,011	—		\$ 4,011
<b>Gross profit</b>	\$ 2,225	80	(a)	\$ 2,305
<i>Gross profit margin</i>	55.5 %			57.5 %
<b>Operating income</b>	\$ 702	223	(a)-(c)	\$ 925
<i>Operating income margin</i>	17.5 %			23.1 %
<b>Net income</b>	\$ 430	144	(a)-(e)	\$ 574
<i>Net income margin</i>	10.7 %			14.3 %
Interest expense, net	\$ 53			
Provision for taxes	\$ 209			
Depreciation and amortization	\$ 148			
<b>EBITDA (non-GAAP)</b>	\$ 840	143	(b)-(c)	\$ 983
<i>EBITDA margin</i>	20.9 %			24.5 %

## Detail of Adjustments

	Cost of sales	SG&A/Restructuring expenses	Other operating expense (income), net	Interest expense, net	Provision for taxes	Total
Amortization	\$ 80	\$ —	\$ —	\$ —	\$ —	\$ 80
Separation-related costs	—	102	—	—	—	102
Impact of Deferred Markets—minority interest expense	—	—	6	—	—	6
Impact of Deferred Markets—provision for taxes	—	—	15	—	(15)	—
Litigation expense	—	—	20	—	—	20
Interest income from related party note	—	—	—	(33)	—	(33)
Tax impact on special item adjustments	—	—	—	—	(31)	(31)
<b>Total</b>	<b>\$ 80</b>	<b>\$ 102</b>	<b>\$ 41</b>	<b>\$ (33)</b>	<b>\$ (46)</b>	<b>\$ 144</b>
	(a)	(b)	(c)	(d)	(e)	

# Non-GAAP Reconciliations (Q2 2024)

Fiscal Six Months Ended June 30, 2024

(Unaudited; Dollars in Millions)

	As Reported	Adjustments	Reference	As Adjusted
<b>Net sales</b>	<b>\$ 7,894</b>	<b>—</b>		<b>\$ 7,894</b>
<b>Gross profit</b>	<b>\$ 4,607</b>	<b>202</b>	<b>(a)</b>	<b>\$ 4,809</b>
<i>Gross profit margin</i>	<i>58.4 %</i>			<i>60.9 %</i>
<b>Operating income</b>	<b>\$ 704</b>	<b>1,062</b>	<b>(a)-(d)</b>	<b>\$ 1,766</b>
<i>Operating income margin</i>	<i>8.9 %</i>			<i>22.4 %</i>
<b>Net Income</b>	<b>\$ 354</b>	<b>804</b>	<b>(a)-(f)</b>	<b>\$ 1,158</b>
<i>Net income margin</i>	<i>4.5 %</i>			<i>14.7 %</i>
Interest expense, net	\$ 187			
Provision for taxes	\$ 138			
Depreciation and amortization	\$ 290			
<b>EBITDA (non-GAAP)</b>	<b>\$ 969</b>	<b>947</b>	<b>(b)-(e), (g)</b>	<b>\$ 1,916</b>
<i>EBITDA margin</i>	<i>12.3 %</i>			<i>24.3 %</i>

## Detail of Adjustments

	Cost of sales	SG&A/ Restructuring expenses	Impairment charges	Other operating expense (income), net	Other (income) expense, net	Provision for taxes	Total
Amortization	\$ 146	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 146
Restructuring expenses	—	89	—	—	—	—	89
Operating model optimization initiatives	15	4	—	—	—	—	19
Separation-related costs (including conversion of stock-based awards and Founder Shares)	41	150	—	—	—	—	191
Impairment charges	—	—	578	—	—	(151)	427
Impact of Deferred Markets—minority interest expense	—	—	—	16	—	—	16
Impact of Deferred Markets—provision for taxes	—	—	—	23	—	(23)	—
Losses on investments	—	—	—	—	31	—	31
Tax impact on special item adjustments	—	—	—	—	—	(115)	(115)
<b>Total</b>	<b>\$ 202</b>	<b>\$ 243</b>	<b>\$ 578</b>	<b>\$ 39</b>	<b>\$ 31</b>	<b>\$ (289)</b>	<b>\$ 804</b>
	(a)	(b)	(c)	(d)	(e)	(f)	
<b>Cost of sales less amortization</b>	<b>\$ 56</b>						
	(g)						

# Non-GAAP Reconciliations (Q2 2023)

Fiscal Six Months Ended July 2, 2023

(Unaudited; Dollars in Millions)

	As Reported	Adjustments	Reference	As Adjusted
<b>Net sales</b>	<b>\$ 7,863</b>	—		<b>\$ 7,863</b>
<b>Gross profit</b>	<b>\$ 4,350</b>	161	(a)	<b>\$ 4,511</b>
<i>Gross profit margin</i>	55.3 %			57.4 %
<b>Operating income</b>	<b>\$ 1,342</b>	402	(a)-(c)	<b>\$ 1,744</b>
<i>Operating income margin</i>	17.1 %			22.2 %
<b>Net Income</b>	<b>\$ 899</b>	308	(a)-(f)	<b>\$ 1,207</b>
<i>Net income margin</i>	11.4 %			15.4 %
Interest expense, net	\$ 54			
Provision for taxes	\$ 349			
Depreciation and amortization	\$ 300			
<b>EBITDA (non-GAAP)</b>	<b>\$ 1,602</b>	248	(b)-(d)	<b>\$ 1,850</b>
<i>EBITDA margin</i>	20.4 %			23.5 %

## Detail of Adjustments

	Cost of sales	SG&A/ Restructuring expenses	Other operating expense (income), net	Other (income) expense, net	Interest expense, net	Provision for taxes	Total
Amortization	\$ 161	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 161
Separation-related costs	—	200	—	—	—	—	200
Impact of Deferred Markets—minority interest expense	—	—	6	—	—	—	6
Impact of Deferred Markets—provision for taxes	—	—	15	—	—	(15)	—
Litigation expense	—	—	20	—	—	—	20
Losses on investments	—	—	—	7	—	—	7
Interest income from related party note	—	—	—	—	(33)	—	(33)
Tax impact on special item adjustments	—	—	—	—	—	(53)	(53)
<b>Total</b>	<b>\$ 161</b>	<b>\$ 200</b>	<b>\$ 41</b>	<b>\$ 7</b>	<b>\$ (33)</b>	<b>\$ (68)</b>	<b>\$ 308</b>
	(a)	(b)	(c)	(d)	(e)	(f)	

# Adjusted Effective Tax Rate

(Unaudited)	Fiscal Three Months Ended		Fiscal Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
<b>Effective tax rate</b>	<b>10.8 %</b>	<b>32.7 %</b>	<b>28.0 %</b>	<b>28.0 %</b>
Adjustments:				
Tax-effect on special item adjustments	(2.9)	(10.6)	(3.1)	(2.4)
Dr. Ci:Labo® Impairment	17.3	—	1.4	—
Removal of tax benefits from carve out methodology	—	6.8	—	3.5
Taxes related to Deferred Markets	0.5	1.8	0.5	0.9
Valuation allowance on foreign tax credits due to interest expense	—	—	—	(4.3)
Other	—	0.1	0.1	—
<b>Adjusted Effective tax rate (non-GAAP)</b>	<b>25.7 %</b>	<b>30.8 %</b>	<b>26.9 %</b>	<b>25.7 %</b>

# Adjusted Effective Tax Rate

	<u>Fiscal Year 2024</u>
<b>(Unaudited)</b>	<b>Forecast</b>
<b>Effective tax rate</b>	<b>26.5% - 27.5%</b>
Adjustments:	
Tax-effect on special item adjustments	(1.5)
Taxes related to Deferred Markets	0.5
<b>Adjusted Effective tax rate (non-GAAP)</b>	<b>25.5% - 26.5%</b>



# Adjusted Diluted Earnings Per Share

(Unaudited)	Fiscal Three Months Ended		Fiscal Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
<b>Diluted earnings per share</b>	\$ 0.03	\$ 0.23	\$ 0.18	\$ 0.51
Adjustments:				
Separation-related costs	0.04	0.06	0.08	0.11
Restructuring and operating model optimization initiatives	0.03	—	0.06	—
Impairment charges	0.27	—	0.30	—
Amortization	0.04	0.04	0.08	0.09
Losses on investments	—	—	0.02	—
Interest income from related party note	—	(0.02)	—	(0.02)
Tax impact on special item adjustments	(0.10)	(0.02)	(0.14)	(0.03)
Other	0.01	0.02	0.02	0.02
<b>Adjusted diluted earnings per share (non-GAAP)</b>	<b>\$ 0.32</b>	<b>\$ 0.31</b>	<b>\$ 0.60</b>	<b>\$ 0.68</b>

# Free Cash Flow

(Unaudited; Dollars in Billions)	Fiscal Six Months Ended	
	June 30, 2024	July 2, 2023
Net cash flows from operating activities	\$ 0.7	\$ 1.5
Purchases of property, plant, and equipment	(0.2)	(0.1)
<b>Free cash flow (non-GAAP)</b>	<b>\$ 0.5</b>	<b>\$ 1.4</b>

# 2024 Guidance Non-GAAP Reconciliations

Kenvue is not able to provide the most directly comparable GAAP measures or reconcile Adjusted diluted earnings per share, Adjusted operating income margin, or Organic growth to comparable GAAP measures on a forward-looking basis without unreasonable efforts given the unpredictability of the timing and amounts of discrete items such as foreign exchange, acquisitions, or divestitures.

# Research and Development

(Unaudited; Dollars in Millions)

	Fiscal Three Months Ended		Fiscal Six Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Research & Development	\$ 105	\$ 99	\$ 205	\$ 188

