

Welcome



Fourth Quarter and Full Year 2023 Earnings Results

February 8, 2024



Introduction



Thibaut Mongon
Chief Executive
Officer



Paul Ruh
Chief Financial
Officer



Tina Romani
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 Inc.’s (“Kenvue”) 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 or realize the benefits of the separation from Johnson & Johnson; the risk of disruption or unanticipated costs in connection with the separation; Kenvue’s ability to succeed as a standalone publicly traded company; 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 maintain satisfactory credit ratings, which could adversely affect its liquidity, capital position, borrowing costs and access to capital markets; 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 operating model optimization and 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; challenges to intellectual property; changes in behavior and spending patterns of consumers; natural disasters, acts of war or terrorism, catastrophes, or epidemics, pandemics, or other disease outbreaks; and financial instability of international economies and legal systems and sovereign risk. 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 registration statement on Form S-1 and subsequent Quarterly Reports on Form 10-Q and other filings, available at 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, Dividend payout ratio, Free cash flow, Gross leverage ratio 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.

2023

A Transformational Year

K Kenvue



A new
view
care

KVUE trades on the NYSE

Learn more at [kenvue.com](https://www.kenvue.com)

GOOD
MORNING
AMERICA

2024 Strategic Priorities



Reach more consumers with a stronger focus on our 15 priority brands



Free up resources & invest in our brands



Foster a culture of performance & impact

Our 15 Priority Brands

TYLENOL



Neutrogena®

LISTERINE

Motrin



Aveeno®

Johnson's®



ORSLTM



BAND-AID
BRAND ADHESIVE BANDAGES



Our Commitment to Long-Term Value Creation



Durable top-line growth

Organic growth¹ competitive with category growth of 3-4%²



Strong profitability

Earnings growth outpacing organic growth¹



Reliable cash flow generation

Durable cash flow generation and strong cash flow conversion



Disciplined financial policy

Disciplined capital allocation philosophy, healthy balance sheet, and attractive dividend

¹ 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
² Represents expected growth of the consumer health market through 2025

Broad Based Growth Across All Segments, Regions & Product Categories

5.0%

FY 2023 Organic growth¹



Self Care sustained momentum and delivered strong revenue growth and share gains



Essential Health grew ahead of our long-term expectations and continued to drive margin enhancement through successful value realization and premiumization initiatives



Skin Health & Beauty grew less than expected due to specific missteps around in-store execution in the U.S.

¹ 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

2023 Full Year Highlights

\$15.4B

Net Sales



58.4%

Adjusted Gross Profit Margin¹

\$1.29

Adjusted Diluted Earnings per Share¹



\$2.7B

Free Cash Flow¹



64%

Dividend Payout Ratio¹

¹ 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

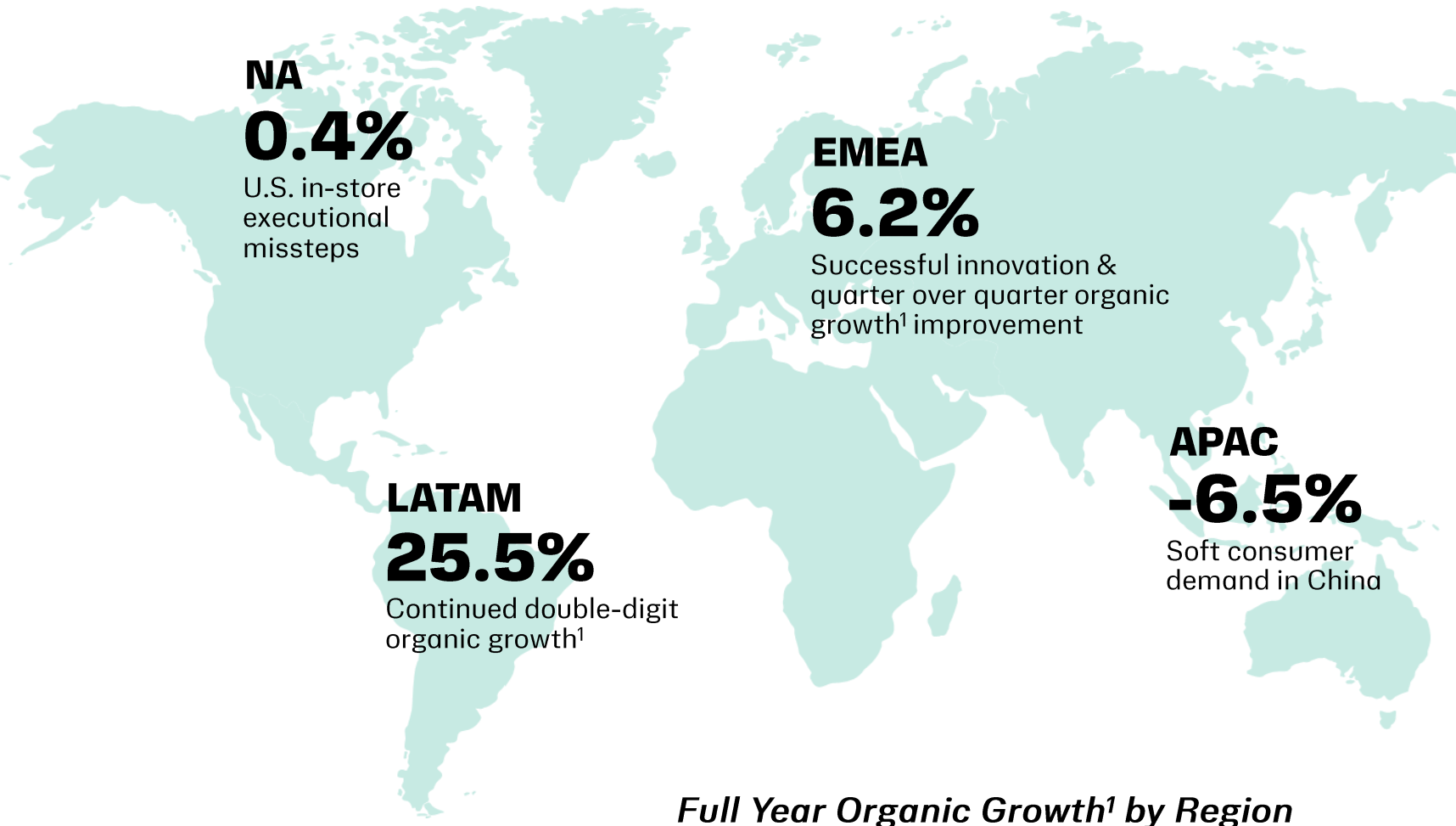
Skin Health & Beauty

Clear Strengths & Opportunities to Improve

Q4 -8.0%
Organic growth¹

FY 1.8%
Organic growth¹

Focused action plan



Full Year Organic Growth¹ by Region

¹ 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

Taking Action to Stabilize U.S. Skin Health & Beauty

- ➔ Increasing in-store presence and prominence
- ➔ Elevating consumer & healthcare professional engagement
- ➔ Amplifying innovation



Self Care

Sustained revenue growth & share gains

Q4 **-2.0%**

Organic growth¹

FY **8.4%**

Organic growth¹

Lower cough, cold & flu incidences vs. prior year



Essential Health

Executing value realization & premiumization strategies

Q4 **2.5%**
Organic growth¹

FY **3.6%**
Organic growth¹

Performance led by Oral Care
& Women's Health



2024 Strategic Priorities



Reach more consumers with a stronger focus on our 15 priority brands



Free up resources & invest in our brands



Foster a culture of performance & impact

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BAND-AID
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nicorette





Helping People Realize the Extraordinary Power of Everyday Care

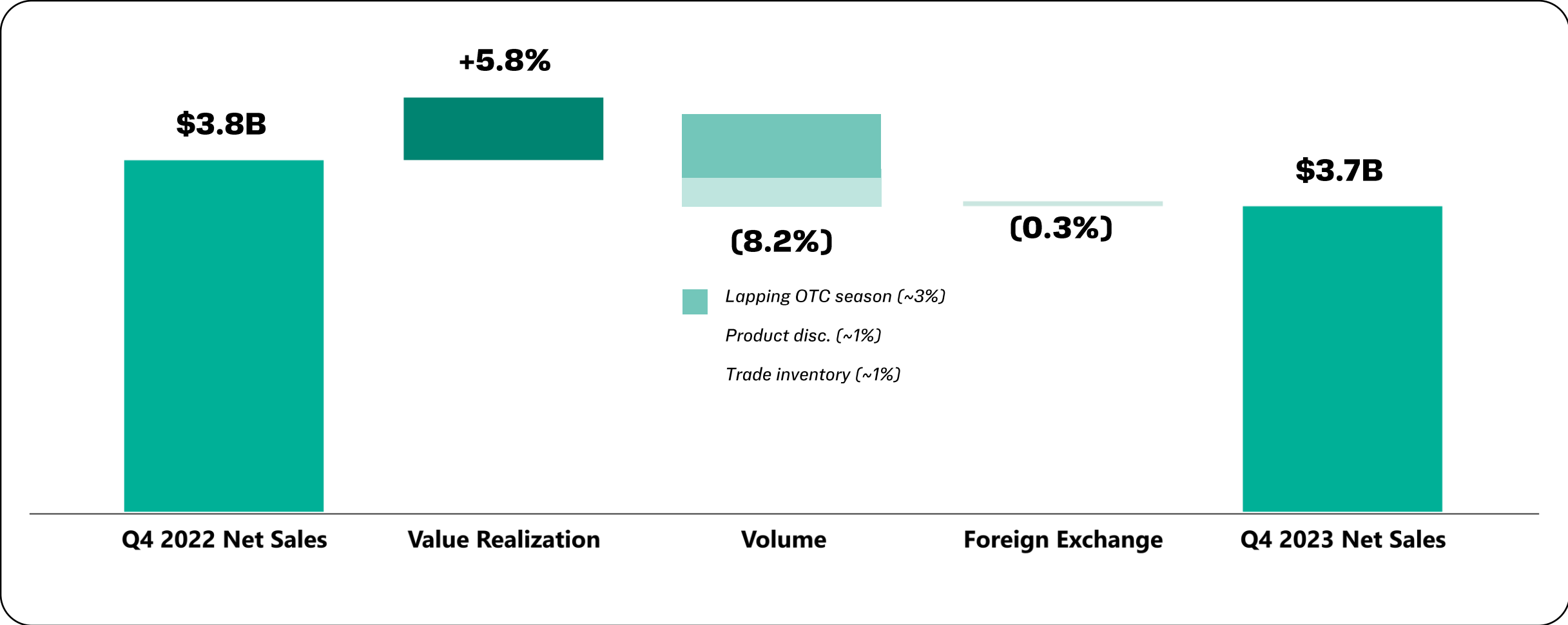


Q4 & Full Year 2023 Financial Results



Q4 2023 Reported Net Sales & Organic Growth

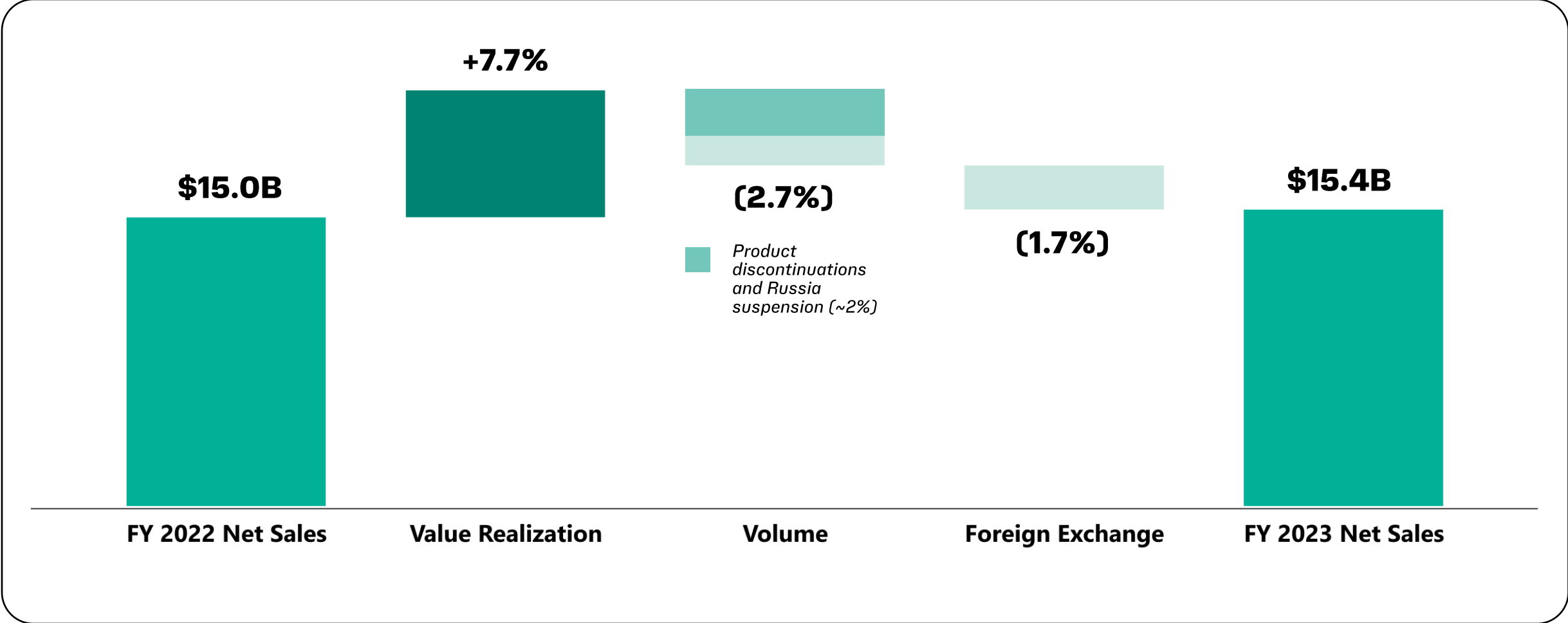
(2.4%)
Organic Growth¹



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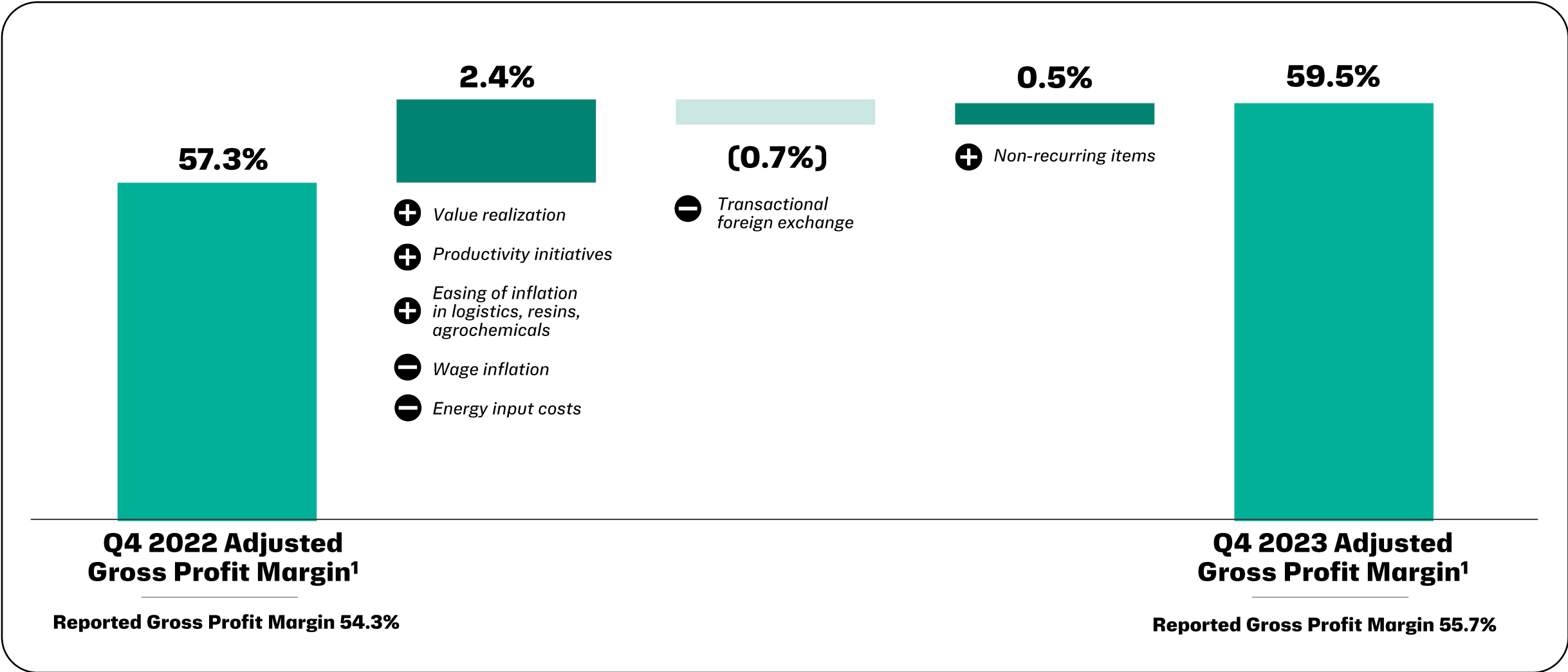
Full Year 2023 Reported Net Sales & Organic Growth

5.0%
Organic Growth¹



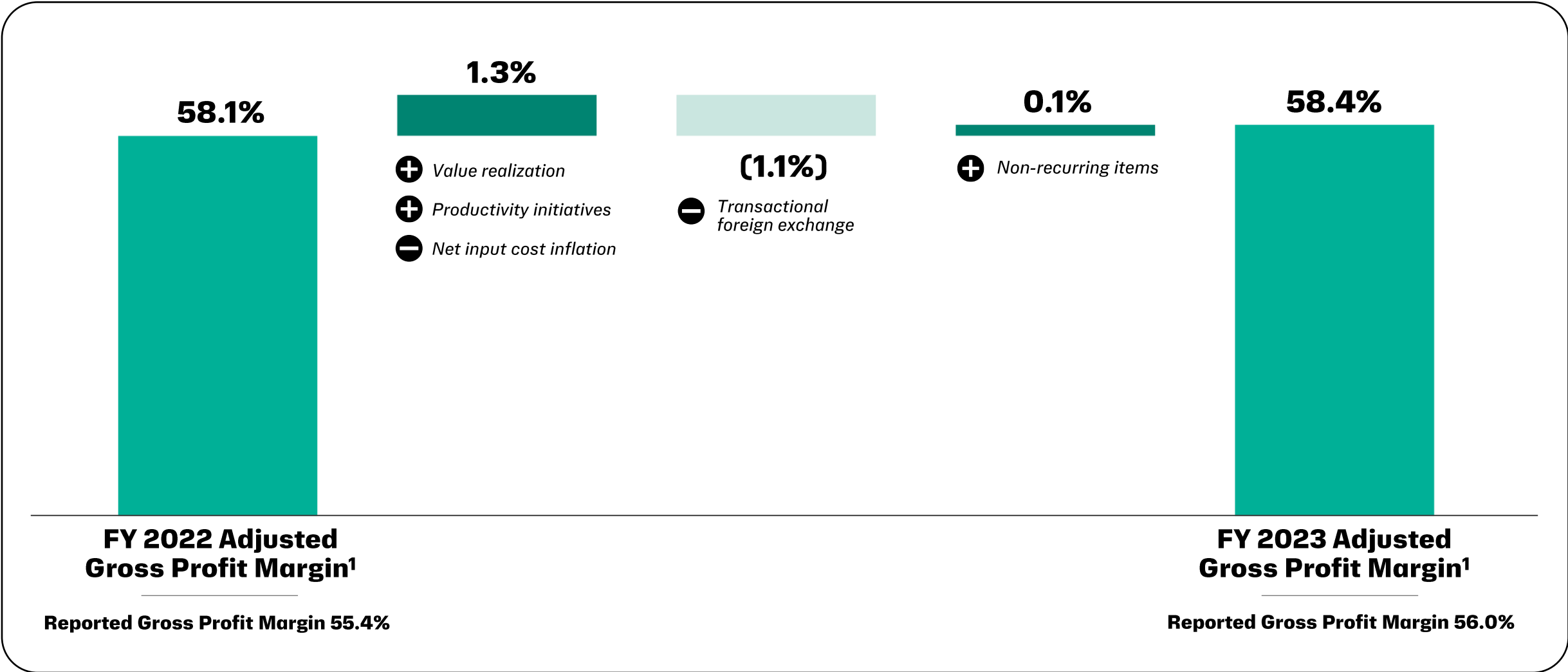
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Q4 2023 Gross Profit Margin



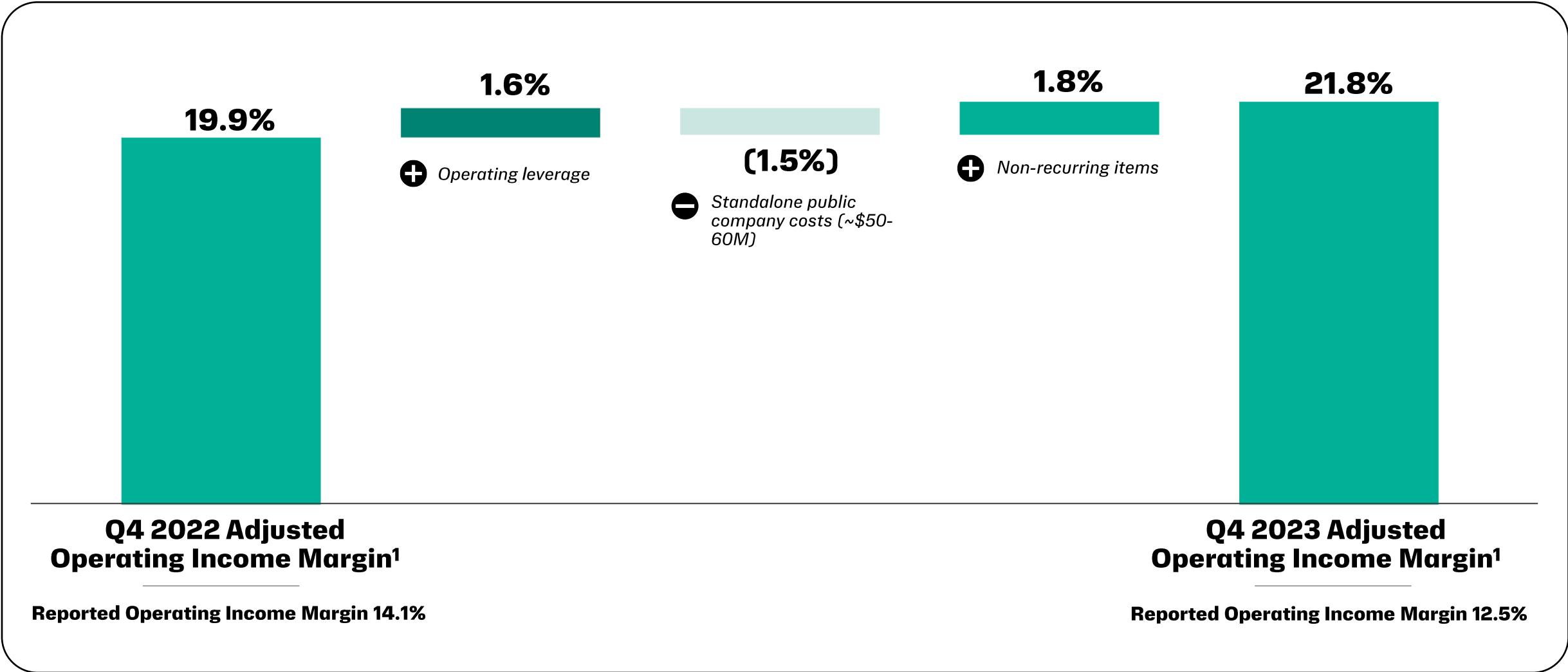
¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at investors.kenvue.com

Full Year 2023 Gross Profit Margin



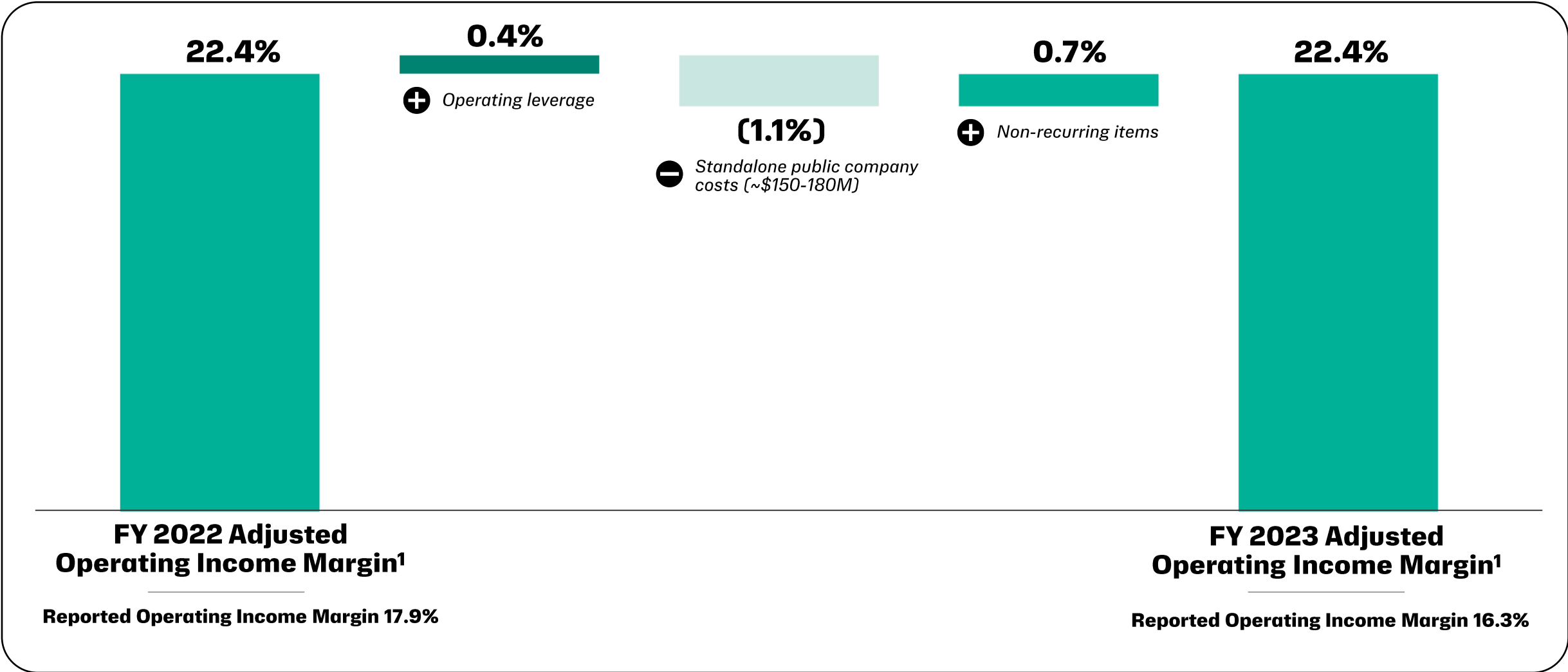
¹ Non-GAAP financial measure; refer to reconciliations of non-GAAP financial measures included in accompanying schedules to this presentation and to the earnings release available at investors.kenvue.com

Q4 2023 Operating Income Margin



¹ 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

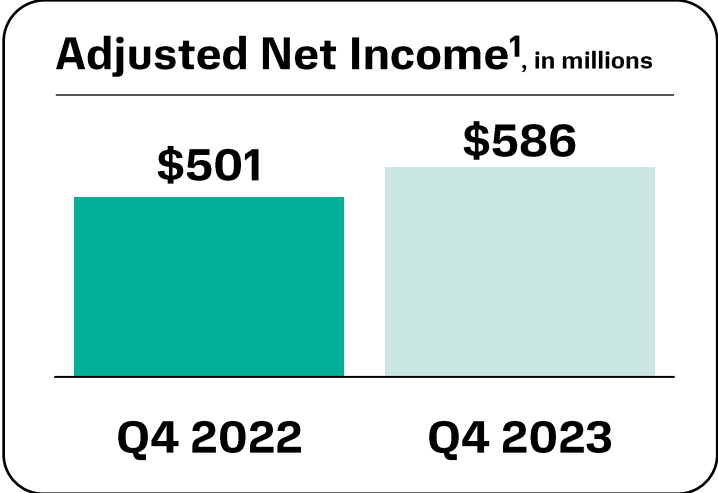
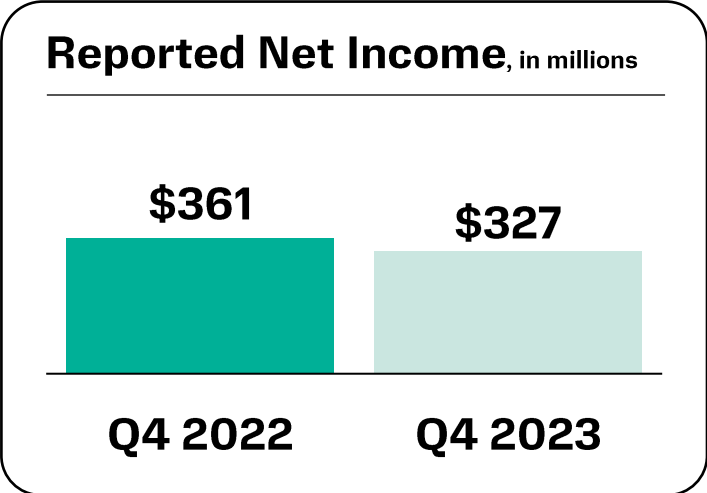
Full Year 2023 Operating Income Margin



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Q4 & Full Year Net Income and Earnings Per Share

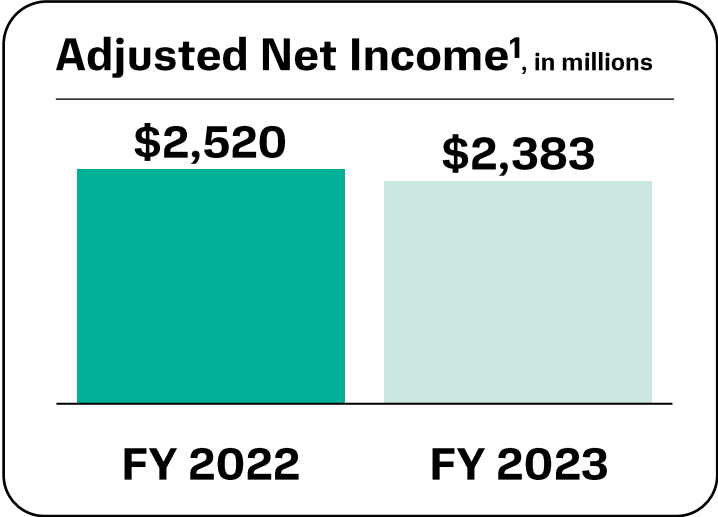
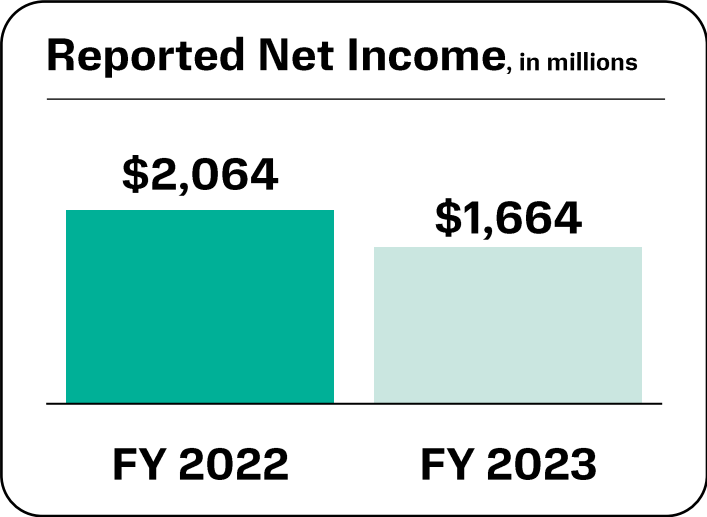
Q4



Earnings per Share

Reported Diluted	\$0.17
Adjusted Diluted ¹	\$0.31

FY



Earnings per Share

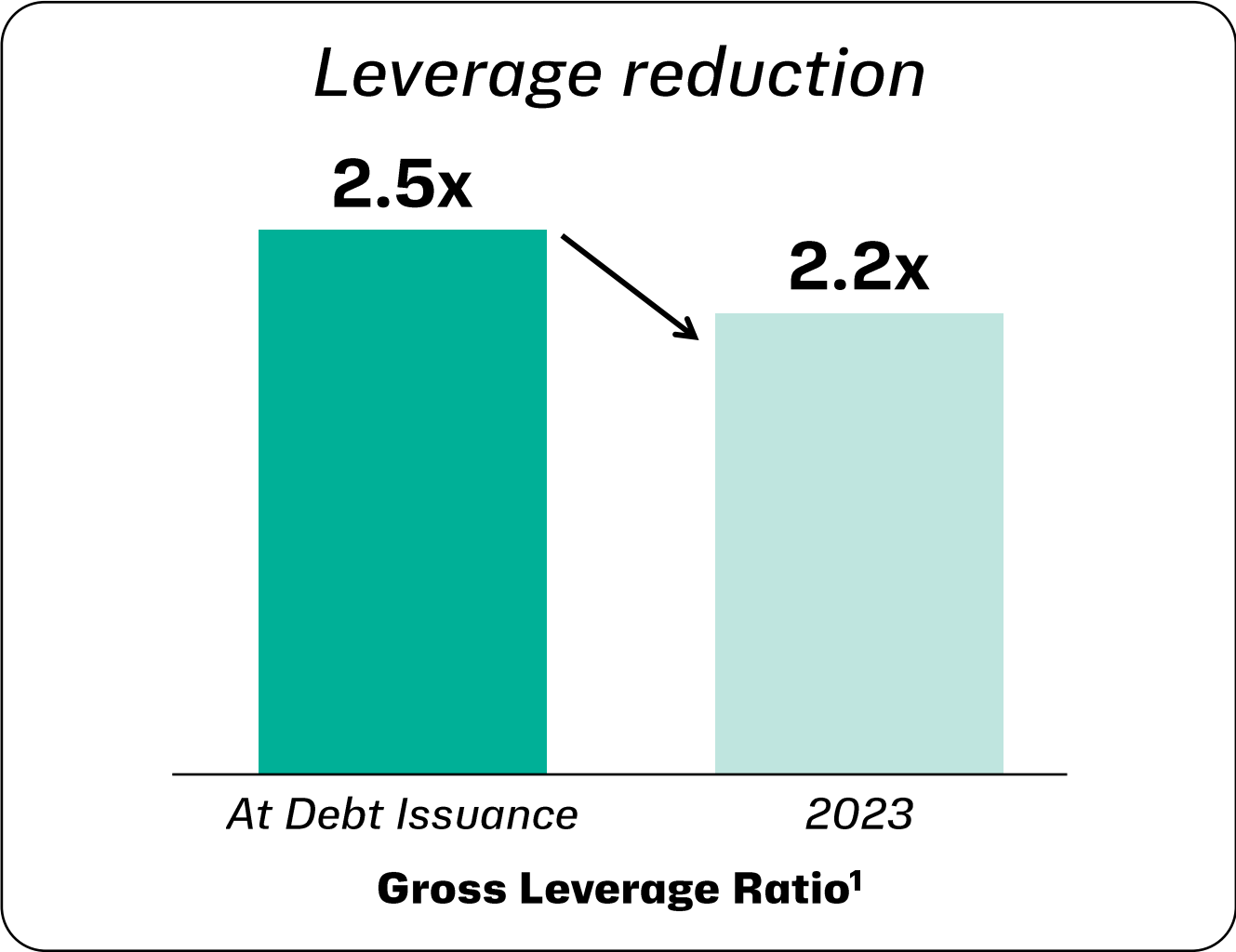
Reported Diluted	\$0.90
Adjusted Diluted ¹	\$1.29

¹ 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

2023 Capital Allocation

Strengthened balance sheet, reduced leverage, initiated dividend program

64%
Dividend payout ratio¹



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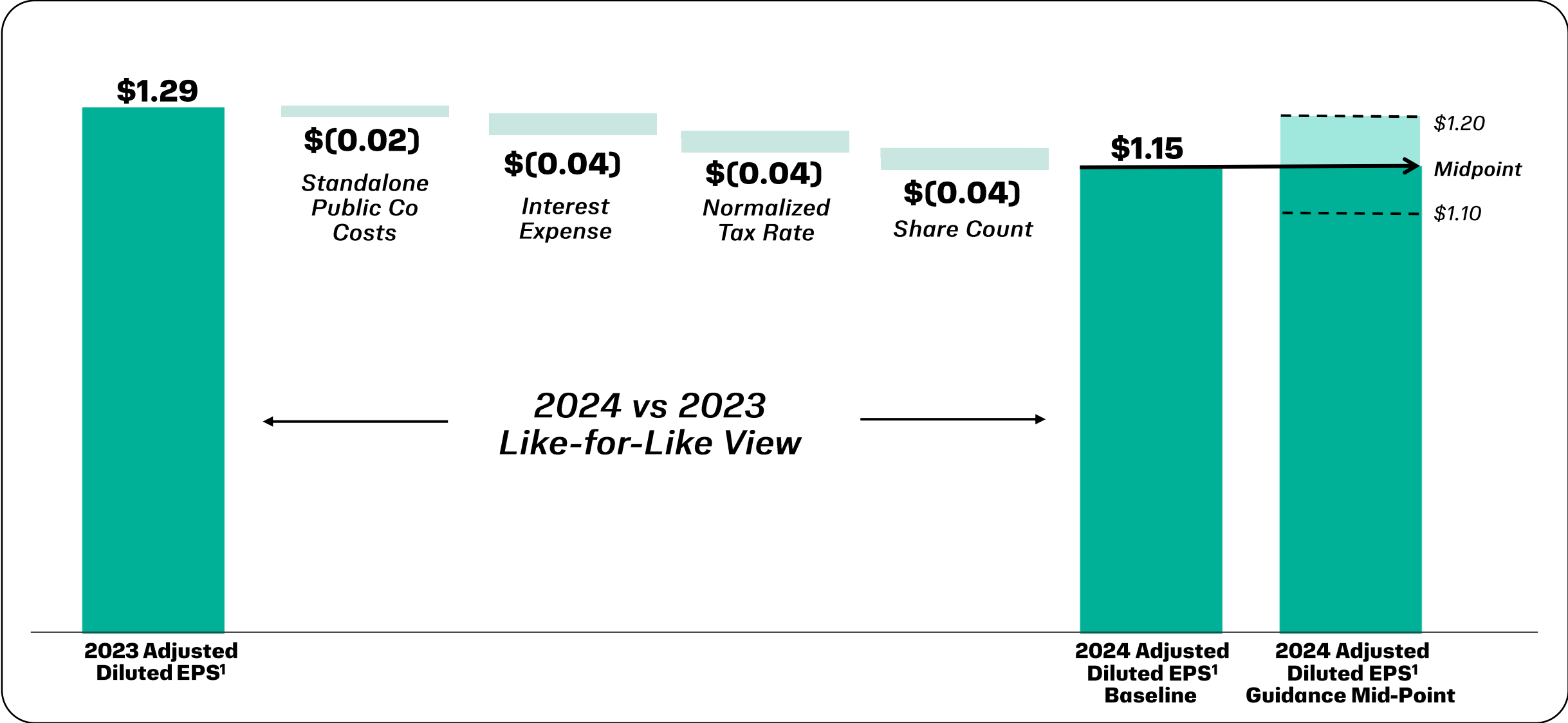
2024 Outlook



Full Year 2024 Guidance Summary

	Full Year 2024
<i>Reported Net Sales Growth</i>	1.0% - 3.0%
<i>Organic Growth¹</i>	2.0% - 4.0%
<i>Adjusted Operating Income Margin¹</i>	Slightly below 2023
<i>Reported Interest Expense, Net</i>	~\$400M
<i>Adjusted Effective Tax Rate¹</i>	25.5% - 26.5%
<i>Adjusted Diluted Earnings per share^{1,2}</i>	\$1.10 - \$1.20

2024 Adjusted Diluted EPS¹ Considerations



¹ 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

2024 Strategic Priorities



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Free up resources & invest in our brands



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Q&A



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APPENDIX

2023 Organic Growth¹ Considerations

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

Organic Growth

Fiscal Three Months Ended December 31, 2023 vs January 1, 2023⁽¹⁾

(Unaudited; Dollars in Millions)	Reported Net sales change		Impact of foreign currency	Organic growth ⁽²⁾	
	Amount	Percent	Amount	Amount	Percent
Self Care	\$ (31)	(2.0) %	\$ —	\$ (31)	(2.0) %
Skin Health and Beauty	(87)	(8.0)	—	(87)	(8.0)
Essential Health	17	1.5	(11)	28	2.5
Total	\$ (101)	(2.7) %	\$ (11)	\$ (90)	(2.4) %

Fiscal Three Months Ended December 31, 2023 vs January 1, 2023⁽¹⁾

(Unaudited)	Reported Net sales change	Impact of foreign currency	Organic growth ⁽²⁾	
			Price/Mix ⁽³⁾	Volume
Self Care	(2.0) %	— %	4.3 %	(6.3) %
Skin Health and Beauty	(8.0)	—	4.8	(12.8)
Essential Health	1.5	(1.0)	8.8	(6.3)
Total	(2.7) %	(0.3) %	5.8 %	(8.2) %

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

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

⁽³⁾ Price/Mix reflects value realization.

Organic Growth

Fiscal Three Months Ended January 1, 2023 vs January 2, 2022 ⁽¹⁾					
(Unaudited; Dollars in Millions)	Reported Net Sales change		Impact of foreign currency	Organic growth ⁽²⁾	
	Amount	Percent	Amount	Amount	Percent
Self Care	\$ 120	8.3 %	\$ (73)	\$ 193	13.3 %
Skin Health and Beauty	4	0.4	(54)	58	5.4
Essential Health	(90)	(7.5)	(71)	(19)	(1.6)
Total	\$ 34	0.9 %	\$ (198)	\$ 232	6.2 %

Fiscal Three Months Ended January 1, 2023 vs January 2, 2022 ⁽¹⁾				
(Unaudited)	Reported Net Sales change	Impact of foreign currency	Organic growth ⁽²⁾	
			Price/Mix ⁽³⁾	Volume
Self Care	8.3 %	(5.0) %	8.3 %	5.0 %
Skin Health and Beauty	0.4	(5.0)	3.7	1.7
Essential Health	(7.5)	(5.9)	7.2	(8.8)
Total	0.9 %	(5.3) %	6.6 %	(0.4) %

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

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

⁽³⁾ Price/Mix reflects value realization.

Organic Growth

Fiscal Twelve Months Ended December 31, 2023 vs January 1, 2023 ⁽¹⁾					
(Unaudited; Dollars in Millions)	Reported Net sales change		Impact of foreign currency	Organic growth ⁽²⁾	
	Amount	Percent	Amount	Amount	Percent
Self Care	\$ 421	7.0 %	\$ (84)	\$ 505	8.4 %
Skin Health and Beauty	28	0.6	(52)	80	1.8
Essential Health	45	1.0	(117)	162	3.6
Total	\$ 494	3.3 %	\$ (253)	\$ 747	5.0 %

Fiscal Twelve Months Ended December 31, 2023 vs January 1, 2023 ⁽¹⁾					
(Unaudited)	Reported Net sales change	Impact of foreign currency	Organic growth ⁽²⁾		
			Price/Mix ⁽³⁾	Volume	
Self Care	7.0 %	(1.4) %	7.1 %	1.3 %	
Skin Health and Beauty	0.6	(1.2)	6.6	(4.8)	
Essential Health	1.0	(2.6)	9.6	(6.0)	
Total	3.3 %	(1.7) %	7.7 %	(2.7) %	

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

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

⁽³⁾Price/Mix reflects value realization.

Organic Growth

Fiscal Twelve Months Ended January 1, 2023 vs January 2, 2022

(Unaudited; Dollars in Millions)	Reported Net Sales change		Impact of foreign currency	Acquisitions and divestitures	Organic growth ⁽¹⁾	
	Amount	Percent	Amount	Amount	Amount	Percent
	Self Care	\$ 387	6.9 %	\$ (226)	\$ —	\$ 613
Skin Health and Beauty	(191)	(4.2)	(173)	(39)	21	0.5
Essential Health	(300)	(6.2)	(218)	(14)	(68)	(1.4)
Total	\$ (104)	(0.7)%	\$ (617)	\$ (53)	\$ 566	3.8 %

Fiscal Twelve Months Ended January 1, 2023 vs January 2, 2022

(Unaudited)	Reported Net Sales change	Impact of foreign currency	Acquisitions and divestitures	Organic growth ⁽¹⁾	
				Price/Mix ⁽²⁾	Volume
Self Care	6.9 %	(4.0) %	— %	4.2 %	6.7 %
Skin Health and Beauty	(4.2)	(3.8)	(0.9)	2.8	(2.3)
Essential Health	(6.2)	(4.5)	(0.3)	4.8	(6.2)
Total	(0.7)%	(4.1)%	(0.4)%	4.0 %	(0.2)%

⁽¹⁾ Non-GAAP financial measure. Excludes the impact of foreign currency exchange and the impact of Acquisitions and divestitures.

⁽²⁾ Price/Mix reflects value realization.

Total Segment Net Sales and Total Adjusted Operating Income

(Unaudited; Dollars in Millions)	Net Sales		Net Sales	
	Fiscal Three Months Ended		Fiscal Twelve Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023
Self Care	1,537	1,568	6,451	6,030
Skin Health and Beauty	1,001	1,088	4,378	4,350
Essential Health	1,128	1,111	4,615	4,570
Total segment net sales	\$ 3,666	\$ 3,767	\$ 15,444	\$ 14,950

(Unaudited; Dollars in Millions)	Adjusted Operating Income		Adjusted Operating Income	
	Fiscal Three Months Ended		Fiscal Twelve Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023
Self Care Adjusted operating income	\$ 558	\$ 534	\$ 2,299	\$ 2,088
Skin Health and Beauty Adjusted operating income	162	92	679	708
Essential Health Adjusted operating income	241	290	1,011	1,111
Total	\$ 961	\$ 916	\$ 3,989	\$ 3,907
Depreciation	(94)	(83)	(305)	(296)
General corporate/unallocated expenses	(77)	(101)	(296)	(298)
Other operating income, net	3	17	10	23
Other - impact of deferred markets ⁽¹⁾	1	—	34	—
Litigation expense	5	—	25	—
Impairment of intangible assets	—	—	—	12
Adjusted operating income (non-GAAP)	\$ 799	\$ 749	\$ 3,457	\$ 3,348
Reconciliation to Income before taxes:				
Amortization	80	83	322	348
Separation-related costs ⁽²⁾	135	104	468	213
Operating model optimization initiatives and restructuring expense	29	31	32	100
Conversion of stock-based awards	80	—	55	—
Other - impact of deferred markets ⁽¹⁾	1	—	34	—
Litigation expense	5	—	25	—
Founders stock-based awards	9	—	9	—
Impairment of intangible assets	—	—	—	12
Operating income	\$ 460	\$ 531	\$ 2,512	\$ 2,675
Other expense, net	7	19	72	38
Interest expense, net	96	—	250	—
Income before taxes	\$ 357	\$ 512	\$ 2,190	\$ 2,637



⁽¹⁾ Includes tax expense and minority interest expense related to Deferred Markets recognized within Other operating income, net, which are payable to Johnson & Johnson through interim related-party 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.

⁽²⁾ Costs incurred in connection with our establishment as a standalone public company are defined as "Separation-related costs."

Non-GAAP Reconciliations (Q4'23)

(Unaudited; Dollars in Millions)	Fiscal Three Months Ended December 31, 2023			
	As Reported	Adjustments	Reference	As Adjusted
Net sales	\$ 3,666	\$ —		\$ 3,666
Gross profit	\$ 2,043	\$ 139	(a),(b),(c),(d)	\$ 2,182
<i>Gross profit margin</i>	55.7 %			59.5 %
Operating income	\$ 460	\$ 339	(a)-(j)	\$ 799
<i>Operating income margin</i>	12.5 %			21.8 %
Net Income	\$ 327	\$ 259	(a)-(h),(j-k)	\$ 586
<i>Net income margin</i>	8.9 %			16.0 %
Interest expense, net	\$ 96			
Provision for taxes	\$ 30			
Depreciation and amortization	\$ 174			
EBITDA (non-GAAP)	\$ 627	\$ 259	(b)-(j)	\$ 886
<i>EBITDA margin</i>	17.1 %			24.2 %

Detail of Adjustments

(a) Amortization (COGS)	\$ 80		
(b) Operating model optimization initiatives and restructuring expense (COGS)	\$ 20		
(c) Conversion of stock-based awards (COGS)	\$ 35		
(d) Founders stock-based awards (COGS)	\$ 4		
(e) Separation-related costs (SG&A)	\$ 135		
(f) Operating model optimization initiatives and restructuring expense (SG&A)	\$ 9		
(g) Conversion of stock-based awards (SG&A)	\$ 45		
(h) Founders stock-based awards (SG&A)	\$ 5		
(i) Other - Impact of deferred markets (tax expense) (OOI&E)	\$ 1		
(j) Litigation expense (OOI&E)	\$ 5		
(k) Tax impact on special item adjustments	\$ (79)		

Non-GAAP Reconciliations (Q4'22)

(Unaudited; Dollars in Millions)	Fiscal Three Months Ended			
	January 1, 2023			
	As Reported	Adjustments	Reference	As Adjusted
Net sales	\$ 3,767	\$ —		\$ 3,767
Gross profit	\$ 2,046	\$ 111	(a),(b)	\$ 2,157
<i>Gross profit margin</i>	54.3 %			57.3 %
Operating income	\$ 531	\$ 218	(a)-(d)	\$ 749
<i>Operating income margin</i>	14.1 %			19.9 %
Net Income	\$ 361	\$ 140	(a)-(e)	\$ 501
<i>Net income margin</i>	9.6 %			13.3 %
Provision for taxes	\$ 151			
Depreciation and amortization	\$ 166			
EBITDA (non-GAAP)	\$ 678	\$ 135	(b)-(d)	\$ 813
<i>EBITDA margin</i>	18.0 %			21.6 %
Detail of Adjustments				
(a) Amortization (COGS)	\$ 83			
(b) Operating model optimization initiatives and restructuring expense (COGS)	\$ 28			
(c) Separation-related costs (SG&A)	\$ 104			
(d) Operating model optimization initiatives and restructuring expense (SG&A)	\$ 3			
(e) Tax impact on special item adjustments	\$ (78)			

Non-GAAP Reconciliations (FY'23)

Fiscal Twelve Months Ended
December 31, 2023

(Unaudited; Dollars in Millions)	As Reported	Adjustments	Reference	As Adjusted
Net sales	\$ 15,444	—		\$ 15,444
Gross profit	\$ 8,643	\$ 375	(a),(b),(c),(d)	\$ 9,018
<i>Gross profit margin</i>	56.0 %			58.4 %
Operating income	\$ 2,512	\$ 945	(a)-(k)	\$ 3,457
<i>Operating income margin</i>	16.3 %			22.4 %
Net Income	\$ 1,664	\$ 719	(a)-(i),(k)-(n)	\$ 2,383
<i>Net income margin</i>	10.8 %			15.4 %
Interest expense, net	\$ 250			
Provision for taxes	\$ 526			
Depreciation and amortization	\$ 627			
EBITDA (non-GAAP)	\$ 3,067	\$ 630	(b)-(l)	\$ 3,697
<i>EBITDA margin</i>	19.9 %			23.9 %

Detail of Adjustments

(a) Amortization (COGS)	\$ 322		
(b) Operating model optimization initiatives and restructuring expense (COGS)	\$ 21		
(c) Conversion of stock-based awards (COGS)	\$ 28		
(d) Founders stock-based awards (COGS)	\$ 4		
(e) Separation-related costs (SG&A)	\$ 468		
(f) Operating model optimization initiatives and restructuring expense (SG&A)	\$ 11		
(g) Conversion of stock-based awards (SG&A)	\$ 27		
(h) Founders stock-based awards (SG&A)	\$ 5		
(i) Other - Impact of deferred markets (minority interest expense) (OOI&E)	\$ 10		
(j) Other - Impact of deferred markets (tax expense) (OOI&E)	\$ 24		
(k) Litigation expense (OOI&E)	\$ 25		
(l) Unrealized gain on securities (OI&E)	\$ 7		
(m) Interest income from related party note (Interest expense, net)	\$ (33)		
(n) Tax impact on special item adjustments	\$ (176)		

Non-GAAP Reconciliations (FY'22)

Fiscal Twelve Months Ended

January 1, 2023

(Unaudited; Dollars in Millions)	As Reported	Adjustments	Reference	As Adjusted
Net sales	\$ 14,950	—		\$ 14,950
Gross profit	\$ 8,285	\$ 403	(a),(b)	\$ 8,688
<i>Gross profit margin</i>	55.4 %			58.1 %
Operating income	\$ 2,675	\$ 673	(a)-(e)	\$ 3,348
<i>Operating income margin</i>	17.9 %			22.4 %
Net Income	\$ 2,064	\$ 456	(a)-(f)	\$ 2,520
<i>Net income margin</i>	13.8 %			16.9 %
Provision for taxes	\$ 573			
Depreciation and amortization	\$ 644			
EBITDA (non-GAAP)	\$ 3,281	\$ 325	(b)-(e)	\$ 3,606
<i>EBITDA margin</i>	21.9 %			24.1 %
<u>Detail of Adjustments</u>				
(a) Amortization (COGS)	\$ 348			
(b) Operating model optimization initiatives and restructuring expense (COGS)	\$ 55			
(c) Separation-related costs (SG&A)	\$ 213			
(d) Operating model optimization initiatives and restructuring expense (SG&A)	\$ 45			
(e) Impairment of intangible assets (OOI&E)	\$ 12			
(f) Tax impact on special item adjustments	\$ (217)			

Adjusted Effective Tax Rate

(Unaudited)	Fiscal Three Months Ended		Fiscal Twelve Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023
Effective tax rate	8.4 %	29.5 %	24.0 %	21.7 %
Adjustments:				
Tax-effect on special item adjustments	7.9	1.3	(1.0)	1.6
Removal of tax benefits from carve out methodology	—	—	2.0	—
Taxes related to Deferred Markets	0.5	—	0.5	—
Valuation allowance on foreign tax credits due to interest expense	(0.6)	—	(2.4)	—
Other	(0.4)	0.6	0.3	0.6
Adjusted Effective tax rate (non-GAAP)	15.8 %	31.4 %	23.4 %	23.9 %

Free Cash Flow

	<u>Fiscal Twelve Months Ended</u>	
(Unaudited; Dollars in Billions)	<u>December 31, 2023</u>	
Net cash flows from operating activities	\$	3.2
Purchases of property, plant, and equipment		(0.5)
Free cash flow (non-GAAP)	\$	2.7

Dividend Payout and Gross Leverage Ratios

(Unaudited; Dollars in Millions)

Fiscal Twelve Months Ended December 31, 2023

Dividends paid	Annualized dividends ⁽¹⁾	Adjusted net income (Non-GAAP)	Dividend payout ratio ⁽²⁾ (Non-GAAP)
\$766	\$1,532	\$2,383	64%

(Unaudited; Dollars in Millions)

2023

Total debt	Adjusted EBITDA ⁽³⁾ (Non-GAAP)	Gross leverage ratio ⁽⁴⁾ (Non-GAAP)
\$8,286	\$3,697	2.2

(Unaudited; Dollars in Millions)

At Debt Issuance

Total debt ⁽⁵⁾	Adjusted EBITDA ⁽³⁾ (Non-GAAP)	Gross leverage ratio ⁽⁴⁾ (Non-GAAP)
\$8,925	\$3,606	2.5

⁽¹⁾ Annualized Dividends is defined as dividends paid during the fiscal twelve months ended December 31, 2023 multiplied by two. Dividends were paid in two fiscal quarters during the fiscal twelve months ended December 31, 2023. Annualized Dividends reflect the estimated amount of dividends that would have been paid if dividends were distributed in each fiscal quarter during the fiscal twelve months ended December 31, 2023.

⁽²⁾ Dividend payout ratio is defined as the ratio of Annualized dividends divided by Adjusted net income.

⁽³⁾ For purposes of calculating the Gross leverage ratio for 2023 and at debt issuance, the Company used the Adjusted EBITDA for the fiscal twelve months ended December 31, 2023 and January 1, 2023, respectively.

⁽⁴⁾ Gross leverage ratio is defined as the ratio of Total debt as of period end (or at debt issuance) divided by Adjusted EBITDA.

⁽⁵⁾ For purposes of calculating the Total debt outstanding at debt issuance, the Company used the debt issued prior to the Kenvue IPO, which included \$7.7 billion of Senior Notes (net of \$75 million of debt issuance costs) issued on March 22, 2023 and \$1.25 billion issued under the Commercial Paper Program.

Adjusted Diluted Earnings Per Share

(Unaudited)	Fiscal Three Months Ended		Fiscal Twelve Months Ended	
	December 31, 2023		December 31, 2023	
Diluted earnings per share	\$	0.17	\$	0.90
Adjustments:				
Separation-related costs		0.07		0.25
Operating model optimization initiatives and restructuring expense		0.02		0.02
Amortization and impairment of intangible assets		0.04		0.17
Conversion of stock-based awards		0.04		0.03
Interest income from related party note		—		(0.02)
Tax impact on special item adjustments		(0.04)		(0.10)
Other		0.01		0.04
Adjusted diluted earnings per share (non-GAAP)	\$	0.31	\$	1.29

Kenvue is not able to provide GAAP measures or reconcile certain non-GAAP financial measures 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 acquisitions or divestitures.

