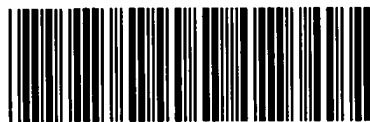


JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

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JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

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JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

COMPANY INFORMATION

Directors G Rice (appointed 1 March 2019 and resigned 16 March 2023)
 A Peirce
 C Vaughan-Read (appointed 16 March 2023)

Registered number 00603028

Registered office 50-100 Holmers Farm Way
 High Wycombe
 England
 HP12 4EG

Independent auditors PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 3 Forbury Place
 23 Forbury Road
 Reading
 Berkshire
 RG1 3JH

Bankers Royal Bank of Scotland
 PO Box 450
 5-10 Great Tower Street
 London
 EC3P 3HX

Solicitors Linklaters LLP
 One Silk Street
 London
 EC2Y 8HQ

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

STRATEGIC REPORT FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023

The directors present their Strategic report on the company for the financial year ended 1 January 2023.

Principal activities

The principal activity of the company is to act as a service provider to other Kenvue (previously Johnson & Johnson) group companies.

Business review

The directors are satisfied with the performance of the company during the year and its financial position at the year end as it is aligned with the Company strategy to reduce costs as part of their 'go to market' transformation.

The key financial and other performance indicators during the year were as follows:

	2022	Restated 2021	Change
	€000	€000	(%)
Revenue	132,323	103,147 *	28
Operating (Loss)/profit	5,797	3,708 *	56
Total equity	98,264	84,495 *	16
Average number of employees	302	284	6

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

The results and dividend section within the Directors' report and the income statement on page 14 show the full results for the financial year.

Revenue has increased 28% year on year due to a increase in service activities performed on behalf of group affiliates. Operating profit has increased by 56% affected by the movement in foreign exchange differences between 2021 and 2022.

Total equity has increased by 16% year on year. This is mainly due to gains from pension re-measurements, past service income and foreign exchange gains, which is partially offset by the charge from the parent entity for equity settled share-based payments.

The statement of financial position on page 16 of the financial statements shows the company's financial position at the end of the year.

The average number of employees has increased to 302 by 6% year on year.

Future outlook

The directors' expect that the present activities will be sustained for the foreseeable future.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

STRATEGIC REPORT (CONTINUED) FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the consumer group of companies which includes the company are considered to relate to general industry condition and competition; economic conditions; technological advances; challenges; challenges inherent in the new product development; and product efficacy or safety concerns resulting in product recalls, or regulatory action. The risks and uncertainties are managed at regular board meetings, and where applicable, actions are taken to mitigate the risks.

Section 172(1) Statement

This statement sets out how the directors of the company have complied with section 172 (1) ("section 172 (1)") of the Companies Act 2006 ("Act") in the course of the financial year subject to this report.

Decision making processes

During the year the company was part of the Johnson & Johnson sub-group of companies in the UK and was ultimately owned by Johnson & Johnson, a corporation registered in New Jersey, USA and listed on the New York Stock Exchange. It was a member of the wider Johnson & Johnson international group of companies ("Group"). In November 2021, Johnson & Johnson announced its plan to separate the company's Consumer Health operations, with the intention of creating a new, listed company. Johnson & Johnson completed the planned separation during 2023. Management believes that the new Consumer Health Company and the new Johnson & Johnson would each be better positioned to deliver to patients and consumers, pursue more targeted business strategies, and accelerate growth as separate and independent companies. On 4 May 2023, the Consumer Health business of J&J went public on NYSE as Kenvue (KVUE) with Initial Public offering, at this time Johnson & Johnson remained the majority shareholder and in overall control of the Consumer Health business. On 23 August 2023, the separation was completed and Kenvue become a fully independent company with Johnson & Johnson no longer our majority shareholder.

The company has a culture of high standards of business conduct, which the directors ensure is maintained throughout the company's operations and which is ultimately underpinned by Our Kenvue Values. These values declare the Group's responsibility to its key stakeholders. It is the Group's values and principles as set out in Our Kenvue Values, together with the duties and responsibilities which the directors are subject to by virtue of the Act and other applicable law and regulation, which guide the directors' decision-making. All employees, including the company's operational and functional managers, are required to comply with the ethical values and principles set out in Our Kenvue Values which is further supported by the company's Code of Business Conduct which sets out basic requirements for business conduct and serves as a foundation for the Company policies, procedures and guidelines, all of which provide additional guidance on expected employee behaviours in every market where Kenvue operates, including the UK.

The directors ensure that the company operates in a way consistent with the wider Kenvue and Johnson & Johnson Group strategy and governance processes. Authority for day-to-day management of the company is delegated to individual operational and functional managers who have clear processes to follow when considering decisions, including principal decisions which impact the company's key stakeholders. Common with other international groups, certain of these operational and functional managers have a wider Group remit. Responsibility for decision making on certain matters is delegated to the key operational and functional management within the Group except where they cannot be delegated under the Act.

Director meetings are held as required where the directors consider the company's activities and make and approve decisions, as appropriate. Business strategies and decisions are subject to a rigorous review process involving various levels of employees from numerous departments. As part of the company's governance framework, information submitted to the directors and operational and functional managers to support decision-making must be prepared to a high standard of accuracy and integrity and provide sufficient information to enable directors to discharge their duties effectively. This information includes data in relation to customers, supplier relationships, market developments and trends and company financial information.

**STRATEGIC REPORT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

Decision making processes (continued)

Potential legal and ethical risks which may compromise the performance of the company are monitored and discussed in senior management and risk and compliance meetings. Stakeholders from within the wider Kenvue and Johnson & Johnson Group are consulted with on key business decisions where appropriate and their input on company strategy and objectives sought.

Training relating to their statutory duties, including under section 172 of the Act, was made available to the directors during the financial year.

Key board considerations during the financial year

During the course of the financial year, the directors addressed a number of significant issues including (but not limited to):

- Review and adoption of Modern Slavery Act Statement
- Notification of JNTL (UK) Holdco Limited as a person with significant control on 22 June 2022
- Cessation of Johnson & Johnson Management Ltd as a person with significant control on 22 June 2022

Stakeholder engagement

The directors work to promote the success of the company as they implement the company strategy and day to day operational activities, by giving due consideration to the impact that any of their decisions may have on both the company and its key stakeholders. The directors acknowledge that the views of, and effects on, the company's key stakeholders in regard to key business decisions are of critical importance to the continued success of the company.

As a member of a global healthcare group, the company interacts with numerous stakeholder groups at the global, national and local levels.

The principal activity of the company is to act as a service provider to other members of the Group. The Company's key stakeholders are accordingly the other members of the Kenvue and Johnson & Johnson Group to whom it provides services, its employees who in practice provide those services and its immediate Group shareholder.

Employees

The directors recognise that the Company owes its success to its employees and those of the wider Kenvue Group. The directors are aware of their responsibility to the Company's employees and further recognise that key to providing an inclusive work environment, where individuals have a sense of fulfilment and purpose in their roles, is regular consultation on matters affecting the Company and them individually.

The Company continually communicates with its employees through a variety of formats and media leveraging Group functions and initiatives. Through these forums, the Company provides employees with information on matters that are of concern to them as well as obtaining their views on Company matters likely to affect them or in which they may be interested. The engagement forums used by the Company include formal and informal meetings, offline and online communication including newsletters, 'Town Hall' meetings, Leadership blogs, digital daily digests, quarterly business updates, TED talks and events, conferences, Our Kenvue Values survey, webcasts and seminars and through employee representative forums.

In the financial year, the company re-ran its biennial Our Voice Survey which is part of a wider Group engagement initiative, the detailed results of which are communicated to all employees and plans then developed to address the main areas of opportunity identified by employees both at a corporate Group level and within individual teams. The company has also run additional sentiment surveys, employee focus groups, comprehensive Q&A sessions, gathered detailed feedback from the leadership team and the area leaders forum and provided senior leader talking points throughout the financial year. There has been increased focus on engaging with employees as the company prepares for future changes in the corporate structure.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

Employees (continued)

The company also operates a 24/7 toll free employee hotline, run by external providers, to offer employees an alternative method of voicing their views outside of normal business channels. An Escalation Procedure is also in place by which employees can bring issues of concern to the attention of senior management. During the financial year, the company updated its Escalation Procedure and communicated it broadly to all employees, emphasising that every employee is empowered to speak up on any matter relating to ethical conduct or compliance.

During the financial year, the company has engaged with employees on a variety of key business matters including:

- the Group's refresh of its Enterprise diversity, equity and inclusion strategy and increased global representation of women and ethnic, racially diverse employees;
- the Group's implementation of J&J Flex, the Group's new hybrid working model;
- the continued development of the Group's Environmental, Social and Governance (ESG) strategy to keep pace with industry ESG best practice and ensure the strategy aligns with the priority views and needs of the Group's stakeholders;
- the company's Gender Pay Gap Report;
- employee wellness, especially in terms of energy for performance (providing "Recharge Days" as additional time off of work) and supporting people with caring responsibilities, as well as menopause awareness workshops and the introduction of parental leave across the globe;
- digital experience scores, which includes proactively reviewing and maintaining technology made available to employees, for example replacing laptops

Other matters on which the company has engaged with employees include personal development, mental health support, consumer health product launches, trends in self-care talent acquisition and career opportunities, support for family, health and well-being, ethical business practices, business performance, sustainable innovation, workplace health and safety, compensation and benefits, diversity and inclusion, human rights, community engagement and volunteering initiatives, access to and affordability of medicines and data protection and privacy,

Employees have the ability to participate in a share option plan operated by the company's ultimate parent company Johnson & Johnson. The purpose of the plan is to motivate employees to contribute towards the creation of long-term shareholder value whilst providing them with an opportunity to share in the wider Group's success. There have been no changes to the plan as part of the separation.

Kenvue Group companies

The company is a wholly owned subsidiary of another Kenvue Group entity. A key principle applied by the directors and key management personnel is to always consider whether the decision they are about to take leads to a positive long-term increase in the value of the company for the benefit of its immediate Group shareholder, and ultimately Johnson & Johnson and Johnson & Johnson stockholders. Johnson & Johnson, incorporated in the United States of America, was the company's ultimate parent undertaking until Kenvue, which was incorporated in the United States of America, became the company's ultimate parent on 23 August 2023.

In light of the company's role within the Group, a key focus of the directors is to promote successful cross-functional relationships with employees and members of the management team of other Group entities. Team briefings, which complement other forms of Group communication, ensure that the company's employees are kept up to date with matters affecting and relevant to the wider Group, which in turn ensures that the company is well placed to provide the best level of service it can. The nature of the services provided include administrative, commercial and marketing support. In practice, engagement with the company's internal customers is continual and largely achieved through day-to-day interaction. Regular feedback is sought on service levels, areas of improvement and the nature and quality of the services provided.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

Shareholder

As at the year end date, the Company was a wholly owned subsidiary of Johnson & Johnson Group entity, as indicated also above. On 4 May 2023, the Consumer Health business of J&J went public on NYSE as Kenvue (KVUE) with Initial Public offering, at this time Johnson & Johnson remained the majority shareholder and in overall control of the Consumer Health business. On 23 August 2023, the separation was completed and Kenvue become a fully independent company with Johnson & Johnson no longer our majority shareholder.

Streamlined Energy and Carbon Reporting (SECR) disclosure

We believe industry has an important role to play in responding to climate change by implementing voluntary reductions of the greenhouse gases within their control. We have made strong progress in transitioning to renewable electricity, and plan to make further investments in energy efficiency across our operations.

In 2022, various energy efficiency actions were undertaken. This includes altering the BEMS time zone to better match occupation period, optimising boiler set point controls, and altering the control regime of AHUs such that the fan speeds could be reduced during periods of low occupation.

The Scope 1 emissions are based on the vehicle fleet and facilities' gas and fuel consumption.

The Scope 2 emissions have been calculated according to the dual reporting principals of the Greenhouse Gas Protocol Scope 2 Guidance (market and location based method). In our total carbon footprint calculations, the location Scope 2 emissions are used.

Carbon emissions conversion factors have been taken from 'UK Government GHG Conversion Factors for Company Reporting 2022'.

Greenhouse gas emissions in tCO₂e

	Financial year ending 1 January 2023	<i>Financial year ending 2 January 2022</i>
Scope 1 - Direct emissions	(172)	(212)
Scope 2 - Indirect emissions	(116)	(146)
Total	<u>(288)</u>	<u>(358)</u>

Energy consumption

	Financial year ending 1 January 2023	<i>Financial year ending 2 January 2022</i>
Energy consumption in KWh	<u>1,496,607</u>	<u>1,784,703</u>

Intensity ratio for 2022 is 0.9965 TCO₂e per full time employees.

This report was approved by the board and signed on its behalf.

Adrian Peirce

15/3/24

A Peirce
Director
Date: Date

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 1 JANUARY 2023**

The directors present their annual report and the financial statements for the financial year ended 1 January 2023.

The company's reporting period ends on the Sunday closest to 31 December, being 1 January 2023 for the current year (52 weeks) and 2 January for the prior year (52 weeks).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Future outlook

The directors' expectations for the future of the business are set out in the Strategic report included within the annual report and financial statements.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 1 JANUARY 2023**

Results and dividends

The income statement for the financial year is set out on page 14.

The company's profit for the financial year amounted to €1,846,000 (*profit - 2021 restated: €10,160,000*). The aggregate dividends on the ordinary shares recognised during the year amounts to €nil (*2021: €nil*). There are no proposed dividends awaiting approval at 1 January 2023 (*2021: €nil*).

Financial risk management

The policies set by the Group are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage liquidity risk, interest rate cash flow risk and foreign exchange risk and circumstances where it would be appropriate to use financial instruments to manage these.

Liquidity risk

The company is funded within the Kenvue group of companies. The groups funding requirements are reviewed regularly by both the board of directors and the treasury department of Kenvue to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has no interest bearing liabilities or assets relating to cash balances. The company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign exchange risk

The company makes sales and purchases in foreign currencies. The company manages its foreign exchange risk by hedging its significant exposures through a group hedging scheme.

Events since the year end

In November 2021, Johnson & Johnson announced its plan to separate the company's Consumer Health operations, with the intention of creating a new, listed company. Johnson & Johnson completed the planned separation during 2023.

Management believes that the new Consumer Health Company and the new Johnson & Johnson would each be better positioned to deliver to patients and consumers, pursue more targeted business strategies, and accelerate growth as separate and independent companies.

On May 4th 2023, the Consumer Health business of J&J went public on NYSE as Kenvue (KVUE) with Initial Public offering, at this time Johnson & Johnson remained the majority shareholder and in overall control of the Consumer Health business.

On August 23rd 2023, the separation was completed and Kenvue become a fully independent company with Johnson & Johnson no longer our majority shareholder.

On February 12th 2024, Kenvue announced that it is evaluating a potential restructuring in relation to its operating model. The impact of this on the company is currently under assessment.

There have been no other significant events affecting the company since the financial year end.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 1 JANUARY 2023**

Going concern

Management have considered the implication of the separation of the consumer business and its potential restructuring on the company's ability to continue as a going concern and are satisfied with that basis having reviewed the forecasts and future cashflows.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, are given below:

A Peirce

G Rice (Resigned on 16 March 2023)

C Vaughan-Read (Appointed on 16 March 2023)

Directors' indemnity Insurance

The ultimate parent company has granted an indemnity to one or more of the Company's directors against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 2006.

Such qualifying third party indemnity provision was in force throughout the financial year and remains in force as at the date of approving the directors' report.

Employee involvement and engagement

The company is committed to the continued development of employee involvement by an effective communications and consultative framework (see the strategic report S172 reporting). Consultative committees covering broad business areas, pensions, health and safety, quality and employee services are well established and meet regularly in order to take on the views of the employees in decision-making. Team briefings, which complement other forms of management communication, ensure that all levels in the organisation are kept up-to-date on the performance of the company, thereby increasing employee engagement. In addition, surveys such as the annual Kenvue Values Survey are conducted to provide opportunities for employees to feed back to senior management on the health of the business and general working environment.

The current emphasis is on facilitating cross-functional relationships to increase awareness and to build effective teamwork.

The company is committed to the principle of employee share participation and accordingly during the year have continued the Johnson & Johnson Employee Share Incentive Plan. This scheme provides employees with the opportunity to acquire shares in the US parent company of the Johnson & Johnson group on an advantageous basis and it is operated with tax benefits under HM Revenue & Customs approved share scheme arrangements. There have been no changes to the plan as part of the separation.

The company's policies and practices are regularly reviewed and feedback is received from all staff levels.

Stakeholder involvement and engagement

The statement for the stakeholder involvement are set out in the Strategic report S172 reporting included within the annual report and financial statements.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 1 JANUARY 2023**

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Modern slavery statement

The company, as a member of Kenvue and Johnson & Johnson family of companies, is committed to ensuring that it conducts its business worldwide with respect for human rights and in compliance with all applicable laws and fair labour practices. The company has prepared a statement in accordance with the requirements of The Modern Slavery Act 2015, a copy of which is available on request or on certain of the company's websites.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place in accordance with s487 of the Companies Act 2006 for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This report was approved by the board and signed on its behalf.

Adrian Peirce

15/3/24

A Peirce
Director

Date: Date

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

Report on the audit of the financial statements

Opinion

In our opinion, Johnson & Johnson Consumer Services EAME Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 1 January 2023 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 1 January 2023; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD (CONTINUED)**

With respect to the Strategic report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' Report for the period ended 1 January 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results through posting of fraudulent journal entries as well as adjustments between the trial balance and financial statements. Audit procedures performed by the engagement team included:

- Obtaining an understanding of the legal and regulatory framework applicable to the company and how the company monitors its compliance with that framework;
- Enquiry of management and directors around known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings with the Board of Directors;
- Identifying and testing journal entries with specific risk criteria and post close journals;
- Incorporating elements of unpredictability to the nature and extent of audit procedures performed by us; and
- Reviewing accounts disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also,

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD (CONTINUED)**

the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Claire Turner

Claire Turner (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

15 March 2024

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

		Financial year ended 1 January 2023 €000	<i>Restated Financial year ended 2 January 2022 €000</i>
Revenue	4	132,323	103,147 *
Administrative expenses		(126,526)	(99,439)*
Operating profit	5	5,797	3,708 *
Interest payable and similar expenses	9	(305)	—
Other net finance (costs)/income	10	(434)	5,004
Profit before income tax		5,058	8,712 *
Income tax (expense)/credit	11	(3,212)	1,448
Profit for the financial year		1,846	10,160 *

The notes on pages 18 to 44 form part of these financial statements.

All amounts relate to continuing operations.

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

		Financial year ended 1 January 2023 €000	<i>Restated*</i> <i>Financial year ended 2 January 2022 €000</i>
	Note(s)		
Profit for the financial year		1,846	<i>10,160 *</i>
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit schemes	19, 20	16,611	<i>14,130</i>
Movement of deferred tax relating to defined benefit pension schemes	16	(4,153)	<i>(4,948)</i>
Total other comprehensive income		12,458	<i>9,182</i>
Total comprehensive income for the financial year		14,304	<i>19,342 *</i>

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD
REGISTERED NUMBER: 00603028

STATEMENT OF FINANCIAL POSITION
AS AT 1 JANUARY 2023

		1 January 2023	1 January 2023	Restated* 2 January 2022	Restated* 2 January 2022
	Note(s)	€000	€000	€000	€000
Non-current assets					
Intangible assets	12		25,527		26,367 *
Property, plant and equipment	13		322		8
			<u>25,849</u>		<u>26,375 *</u>
Current assets					
Defined benefit pension scheme asset	19, 20	45,584		30,837 *	
Trade and other receivables	14, 17	129,573		64,645 *	
Cash and cash equivalents		272		171	
		<u>175,429</u>		<u>95,653 *</u>	
Trade and other payables: amounts falling due within one year	15	(101,184)		(34,830)	
Net current assets			<u>74,245</u>		<u>60,823 *</u>
Provisions for liabilities					
Other provision	18	(1,830)		(2,703)	
			<u>(1,830)</u>		<u>(2,703)</u>
Net assets			<u><u>98,264</u></u>		<u><u>84,495 *</u></u>
Capital and reserves					
Retained earnings			98,264		84,495 *
Total Equity			<u><u>98,264</u></u>		<u><u>84,495 *</u></u>

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Adrian Peirce
A Peirce
Director
Date: Date
15/3/24

The notes on page 18 to 44 form part of these financial statements.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

	Retained earnings €000	Total equity €000
At 3 January 2021	65,215	65,215
Prior year depreciation true up reversal	(216)	(216)
At 3 January 2021 as restated	64,999 *	64,999 *
Comprehensive income/(expense) for the financial year		
Profit for the financial year	10,160 *	10,160 *
Remeasurements on defined benefit pension scheme (Note 19,20)	14,130	14,130
Deferred tax on remeasurements (Note 16)	(4,948)	(4,948)
Other comprehensive income for the financial year	9,182	9,182
Total comprehensive income for the financial year	19,342 *	19,342 *
Excess current tax credit on share-based payments	130	130
Charge from parent for equity-settled share-based payments	(3,218)	(3,218)
Credit relating to equity-settled share-based payments (Note 5,7)	1,824	1,824
Deferred tax on share-based payments in excess of fair value at grant (Note 16)	1,418	1,418
Total transactions with owners	154	154
At 2 January 2022 as restated	84,495 *	84,495 *
Comprehensive income/(expense) for the financial year		
Profit for the financial year	1,846	1,846
Remeasurements on defined benefit pension scheme (Note 19,20)	16,611	16,611
Deferred tax on remeasurements (Note 16)	(4,153)	(4,153)
Other comprehensive income for the financial year	12,458	12,458
Total comprehensive income for the financial year	14,304	14,304
Excess current tax credit on share-based payments	162	162
Charge from parent for equity-settled share-based payments	(3,871)	(3,871)
Credit relating to equity-settled share-based payments (Note 5,7)	2,049	2,049
Deferred tax on share-based payments in excess of fair value at grant (Note 16)	1,125	1,125
Total transactions with owners	(535)	(535)
At 1 January 2023	98,264	98,264

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

1. General information

Johnson & Johnson Consumer Services EAME Ltd ("the Company") is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is: 50-100 Holmers Farm Way, High Wycombe England, HP12 4EG. The company acts as a service provider to other Johnson & Johnson group companies.

JNTL (UK) HoldCo Limited, a company incorporated in the United Kingdom, is the company's immediate parent company.

Johnson & Johnson Inc., incorporated in the United States of America, was the company's ultimate parent undertaking as at the balance sheet date. Kenvue, incorporated in the United States of America, became the company's ultimate parent on 23 August 2023.

Johnson & Johnson prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which the Company is a member. Copies of the consolidated financial statements may be obtained from the Secretary, Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.

As the company was a wholly owned subsidiary of Johnson & Johnson, the group financial statements of which are publicly available, advantage is also taken of the exemption from disclosing transactions with group companies and from presenting a cash flow statement.

These financial statements are the company's separate financial statements for the financial year beginning 3 January 2022 and ending 1 January 2023.

The company's reporting period ends on the Sunday closest to 31 December, being 1 January 2023 for the current year (52 weeks) and 2 January 2022 for the prior year (52 weeks).

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the historical cost convention, unless otherwise stated in the notes to the financial statements and in accordance with the Companies Act 2006. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Management have considered the company's ability to continue as a going concern and are satisfied with that basis having reviewed forecasts and future cashflows.

As permitted by the Companies Act 2006, the directors have adapted the prescribed format of the income statement in a manner appropriate to the nature of the company's business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with FRS 101 requires the use of certain accounting estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 (critical accounting estimates and judgements).

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK IFRS.

The company is a qualifying entity for the purposes of FRS 101. Details of the company's parent and from where its consolidated financial statements prepared in accordance with a Generally Accepted Accounting Practice considered to be an equivalent to IFRS may be obtained are set out in note 1 to the financial statements.

The company has taken advantage of the following disclosure exemptions, where applicable, under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The remaining exemptions available under the framework are not applicable to the company at this time.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

2. Accounting policies (continued)**2.2 New standards, amendments and IFRIC interpretations**

The below are the amendments that are applicable for the first time for the annual reporting period commencing 1 January 2023

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous contracts – Cost of Fulfilling a contract – Amendments to IAS 37;
- Annual improvements to IFRS Standards 2018-2020;
- Reference to the Conceptual Framework – Amendments to IFRS 3;

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

There are no other amendments to accounting standards or to IFRIC interpretations that are effective for the year ending 1 January 2023 that have had a material impact on the company's financial statements.

2.3 Intangible assets

Intangible assets consist of computer software.

Costs associated with maintaining intangible assets are recognised as an expense as incurred within 'administrative expenses' in the income statement.

Intangible assets are amortised over their estimated useful lives as follows:

Computer software - 20% to 33.33%

2.4 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows

Property, plant and equipment - 20% to 33.33%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

2. Accounting policies (continued)

2.4 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

2.5 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.7 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Accruals and deferred income comprise expenses relating to the current year, which will not be invoiced until after the date of the statement of financial position, and income received in advance relating to the following year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

2. Accounting policies (continued)**2.8 Foreign currency translation***(a) Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Euros (€), which is also the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.9 Dividends distribution

Dividend distributions to the company's shareholders are recognised as a charge in the company's equity in the financial statements in the period in which the dividends are approved by the company's shareholders.

2.10 Share based payments

The company operates a number of equity-settled, share-based compensation plans, under which the company receives services from employees as consideration for equity instruments (options) of the ultimate parent company, Johnson & Johnson. The awards are granted by Johnson & Johnson, and the company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save). Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the company is recharged the options' original fair value as of the grant date from Johnson & Johnson. These intercompany charges are accounted for as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023

2. Accounting policies (continued)

2.10 Share based payments (continued)

Employer's national insurance on share options

Under unapproved share option schemes, the company is required to pay National Insurance on the difference between the exercise price and market value at the exercise date of the shares issued. The company becomes unconditionally liable to pay the National Insurance upon exercise of the options.

The company therefore calculates the provision by applying the latest enacted National Insurance rate to the difference between the market value of the underlying options at the date of the statement of the financial position and the option exercise prices. The initial provision calculated upon grant of the option follows the underlying option and the charge to the income statement is therefore spread over the vesting period. At each date of the statement of financial position until the date of exercise the provision is adjusted by using the market value of the options at that date. The amount of the National Insurance actually payable will depend on the number of employees who remain with the company and exercise their options, the market price of the ultimate parent company's shares at the time of exercise and the prevailing National Insurance rates at the time.

Employee benefits – Certificates of Long-Term Performance (CLP's)

Since 1 January 2010 CLP's may be granted by the company if it wishes to reward an employee for faithful service in the past and to encourage employees in their future work by permitting them to share in the growth and success of the company's enterprises by issuing to them Units of Agreements of Additional Remuneration ("AAR Units") and to that end receive as extra compensation sums based upon and measured by (a) the amount of cash dividends from time to time declared upon an equal number of shares of common stock of the ultimate parent company and (b) by the formula value of AAR Units as established in the AAR agreement. This award represents a deferred compensation instrument with the vested value being paid out at the tenth anniversary of the date of the grant or upon termination or retirement, whichever occurs earlier.

2.11 Pensions obligations

The company participates in the Johnson & Johnson UK Group Retirement Plan. The UK Group operates a funded defined benefit pension scheme and defined contribution scheme for all UK employees. New entrants are eligible to join the funded defined benefit scheme and the defined contribution scheme is closed to new entrants. There is also an unfunded, unapproved defined benefit pension scheme arrangement for a small number of employees who are affected by the Inland Revenue Earnings Cap.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

2. Accounting policies (continued)**2.11 Pensions obligations (continued)**

The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past service cost are recognised immediately in the income statement.

Under the defined contribution plan, the company has no further payment obligations once the contributions have been paid. Contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Past service costs/(income) is recognised immediately in the income statement.

2.12 Provisions

Provisions for restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable in respect of amounts charged to fellow group companies for services provided and expenses incurred by the company.

The company recognises revenue when performance obligations have been satisfied and when it is probable that future economic benefits will flow to the entity; and when the criteria included in the sales agreements have been met.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Financial instruments

The company classifies its financial assets in the following categories: at amortised cost; and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial liabilities are measured at amortised cost.

(a) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost if the recognition criteria is met. Subsequent to initial recognition these are measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023

2. Accounting policies (continued)

2.15 Financial instruments (continued)

(b) Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss.

The following financial assets are classified at fair value through profit or loss (FVTPL):

- Debt investments that do not qualify for measurement at amortised cost
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI

(c) Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

2.16 Impairment of financial assets

Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.17 Derivative financial instruments and hedge accounting

The company has chosen not to apply hedge accounting and all derivatives are measured at fair value through profit and loss.

2.18 Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful economic lives of intangible software assets

The annual depreciation charge for intangible software assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(b) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors based on actuarial valuation reports in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

3.2. Critical judgements in applying the entity's accounting policies

The company's management considers that there are no significant judgements impacting the financial statements.

4. Revenue

An analysis of turnover by class of business is as follows:

	Financial year ended 1 January 2023 €000	<i>Restated Financial year ended 2 January 2022 €000</i>
Services provided to group companies	132,323	<i>103,147 *</i>
	<u>132,323</u>	<i><u>103,147 *</u></i>

All revenue arose within the United Kingdom.

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

5. Operating profit

The operating loss is stated after charging/(crediting):

	Financial year ended 1 January 2023 €000	<i>Restated Financial year ended 2 January 2022 €000</i>
Depreciation of property, plant and equipment (Note 13)	72	—
Amortisation of intangible assets (Note 12)	9,273	13,365 *
Foreign exchange difference loss/(gain)	5,230	(6,650)
Staff costs (Note 7)	<u>37,259</u>	<u>31,523</u>

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

6. Auditors' remuneration

Remuneration for the statutory audit and other services carried out for the company by the company's auditors are as follows:

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Audit of entity financial statements (including expenses)	<u>25</u>	<u>34</u>
	<u>25</u>	<u>34</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Wages and salaries	30,700	25,137
Social security costs	3,069	3,848
Other pension costs (Note 19,20)	1,441	714
Share-based payments	<u>2,049</u>	<u>1,824</u>
	<u>37,259</u>	<u>31,523</u>

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

7. Employees (continued)

The average quarterly number of employees, including the directors, during the year was as follows:

	Financial year ended 1 January 2023 No.	<i>Financial year ended 2 January 2022 No.</i>
Service provider personnel	302	<i>284</i>
	302	<i>284</i>

8. Directors' remuneration

The directors during the financial years were fully employed by other companies within the Johnson & Johnson group thus not providing any qualifying services for the entity.

9. Interest payable and similar expenses

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Interest payable on UK group banking arrangements	305	<i>—</i>
	305	<i>—</i>

10. Other net finance (costs)/income

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Net interest income on net defined benefit liability (Note 19)	514	<i>260</i>
Net interest income on pension Plan 16 scheme (Note 20)	17	<i>9</i>
Fair value (costs)/gains on derivative financial instruments	(965)	<i>4,735</i>
	(434)	<i>5,004</i>

JOHNSON & JOHNSON CONSUMER SERVICES EAME LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023**

11. Income tax expense

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Corporation tax		
Current tax on profits for the financial year	2,935	749
Adjustments in respect of prior periods	1,181	(59)
Total current tax	<u><u>4,116</u></u>	<u><u>690</u></u>
Deferred tax		
Origination and reversal of timing differences	(71)	222
Impact of change in tax rate	(22)	(2,360)
Adjustments in respect of prior periods	(811)	—
Total deferred tax	<u><u>(904)</u></u>	<u><u>(2,138)</u></u>
Taxation on profit	<u><u>3,212</u></u>	<u><u>(1,448)</u></u>

Factors affecting tax charge for the year

The tax assessed for the financial year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Financial year ended 1 January 2023 €000	<i>Restated* Financial year ended 2 January 2022 €000</i>
Profit before income tax	<u><u>5,058</u></u>	<u><u>8,712 *</u></u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	961	1,655 *
Effects of:		
Expenses not deductible for tax purposes	2,003	(611)*
Adjustments in respect of prior periods	371	(59)
Share options	(95)	(73)
Remeasurement of deferred tax due to change in the UK tax rate	(22)	(2,360)
Effects of group relief/other reliefs	(6)	—
Total tax charge/(credit) for the financial year	<u><u>3,212</u></u>	<u><u>(1,448)</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Income tax expense (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new rate was substantively enacted on 24 May 2021. At 31 December 2022, the relevant UK deferred tax assets and liabilities of the company were carried at this increased 25% rate.

Tax expense included in other comprehensive (expense)/income

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Deferred tax		
Origination and reversal of temporary differences	4,153	4,948
Total tax expense included in other comprehensive income	<u><u>4,153</u></u>	<u><u>4,948</u></u>

Tax income included in equity

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Current tax		
Current tax on share-based payments in equity	(162)	(130)
Deferred tax		
Origination and reversal of temporary differences	(1,125)	(1,418)
Total deferred tax included in equity	<u><u>(1,125)</u></u>	<u><u>(1,418)</u></u>
Total tax credit included in equity	<u><u>(1,287)</u></u>	<u><u>(1,548)</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Intangible assets

	Software €000
Cost	
At 3 January 2022	273,719
Additions	9,151
Disposals	(24,851)
At 1 January 2023	<u>258,019</u>
Accumulated amortisation	
At 3 January 2022	244,108
Opening balance adjustment	3,244
At 3 January 2022 as restated	247,352 *
Charge for the year	9,273
Amortisation on disposal	(24,133)
At 1 January 2023	<u>232,492</u>
Net book value	
At 1 January 2023	<u>25,527</u>
At 2 January 2022	<u>26,367 *</u>

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

13. Property, plant and equipment

	Fixtures, fittings and equipment €000
Cost	
At 3 January 2022	32
Additions	386
At 1 January 2023	<u>418</u>
Accumulated depreciation	
At 3 January 2022	24
Charge for the year	72
At 1 January 2023	<u>96</u>
Net book value	
At 1 January 2023	<u>322</u>
At 2 January 2022	<u>8</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023

14. Trade and other receivables

	1 January 2023	Restated 2 January 2022
	€000	€000
Amounts owed by group undertakings	127,899	59,176 *
Other debtors	374	46
Prepayments and accrued income	228	—
Deferred taxation (Note 16)	1,072	3,196
Derivative financial instruments (Note 17)	—	2,227
	<u>129,573</u>	<u>64,645 *</u>

*Restatements to the prior year have been made to the financial statements. Please refer to note 24.

Amounts owed by group undertakings includes an amount receivable of €3,643,227 (2021: €4,506,143) invested with the In-House Treasury Cash Pool.

The remaining balance included within amounts owed by group undertakings are unsecured, interest bearing at a rate of 0% (2021: 0%).

The company, together with other UK based affiliate companies, participates in one or more In-House Treasury Cash Pool arrangements administrated by J.C. General Services CVBA a company incorporated under Belgian law with registered office at Turnhoutseweg 30, 2340 Beerse, Belgium. The centralised financial management provided in relation to the In-House Treasury Cash Pool is intended to, among other things, enable the Cash Pool participants, by acting collectively, to have access to the broadest range of credit options at arm's length conditions, while optimising the use and investment of the liquidities available within the In-House Treasury Cash Pool.

All investments with J.C. General Services CVBA are made on behalf of the UK group companies by Johnson & Johnson Management Limited. Transactions between Johnson & Johnson Management Limited and UK group affiliates to fund these investments are treated as separate arrangements.

As from 2023, the company, together with the other UK-based affiliate companies, participates in one or more In-House Treasury Pool arrangements administrated by JNTL Consumer Health General Services BV, a company incorporated under Belgian tax with registered office at Michel De Braeyststraat 52, 2000, Antwerpen, Belgium.

Deferred tax assets are recoverable after more than one year.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Trade and other payables: amounts falling due within one year

	1 January 2023 €000	2 January 2022 €000
Trade creditors	9,941	8,323
Amounts owed to group undertakings	79,293	18,427
Corporation tax	4,055	1,796
Other taxation and social security	791	698
Other creditors	395	—
Accruals and deferred income	6,375	5,586
Derivative financial instruments (Note 17)	334	—
	<u>101,184</u>	<u>34,830</u>

Amounts owed to group undertakings are unsecured, interest bearing at a rate of 0% (2021: 0%) and repayable on demand.

16. Deferred taxation

	Accelerated/ decelerated capital allowances €000	Retirement benefits €000	Provisions for liabilities €000	Share-based payments €000	Total €000
At 3 January 2021	4,242	(2,637)	369	2,613	4,587
Credit/(charge) to the income statement	1,409	(125)	383	472	2,139
Charge to other comprehensive income	—	(4,948)	—	—	(4,948)
Credit to equity	—	—	—	1,418	1,418
At 2 January 2022	5,651	(7,710)	752	4,503	3,196
Credit/(charge) to the income statement	547	466	(158)	49	904
Charge to other comprehensive income	—	(4,153)	—	—	(4,153)
Credit to equity	—	—	—	1,125	1,125
At 1 January 2023	<u>6,198</u>	<u>(11,397)</u>	<u>594</u>	<u>5,677</u>	<u>1,072</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Deferred taxation (continued)

	1 January 2023 €000	2 January 2022 €000
Deferred tax assets	12,469	10,906
Deferred tax liabilities	(11,397)	(7,710)
Net deferred tax reported within trade and other receivables	1,072	3,196

At 1 January 2023, the company has no unused tax losses (2021: nil).

17. Derivative financial instruments

The company has the following (liabilities)/assets held at fair value through profit or loss:

	1 January 2023 €000	2 January 2022 €000
Forward foreign exchange contract (liability)/asset	(334)	2,227
	(334)	2,227

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables and payables. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing derivatives are the exchange rates for USD:EUR. The difference in value between the current and prior period figures is derived from the fair value change which is disclosed in note 10.

18. Other Provisions

The company had the following provisions during the year:

	Employer's national insurance on share-based payments €000
At 2 January 2022	2,703
Utilised in financial year	(854)
Unused amounts reversed	(19)
At 1 January 2023	1,830

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023

19. Post-employment benefits

The company participates in three pension arrangements in conjunction with other companies in the Kenvue (previously Johnson & Johnson) Group. These are a funded, defined benefit plan called the "Johnson & Johnson UK Group Retirement Plan", a defined contribution Plan with some underlying guarantees for employees called the "Johnson & Johnson UK Group Retirement Plan 16"; and an unfunded, unapproved defined benefit arrangement. There have been no changes to the plan as part of the separation.

The company also participates in a life assurance arrangement called the "Johnson & Johnson UK Approved Life Assurance Plan".

The risks of the plans are as follows:

(a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. However, the plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term but do provide increased volatility and risk in the short-term.

(b) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(c) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

(d) Inflation risk

A significant proportion of the pension obligation is linked to inflation, and higher inflation will lead to higher liabilities.

A comprehensive actuarial valuation of the UK Group Retirement Plan was carried out at 31 March 2020. The valuation results at this date have been updated to 1 January 2023 by a qualified independent actuary. The valuation in the financial statements has been made based on the following assumptions:

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Expected rate of salary increases	4.35 %	4.45 %
Expected rate of increase of pensions in payment (with RPI capped at 5% per annum)	2.90 %	3.05 %
Discount rate	5.00 %	1.80 %
RPI inflation assumption	3.10 %	3.20 %
CPI inflation assumption	2.60 %	2.60 %

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023

19. Post-employment benefits (continued)

Assumptions regarding future mortality are set, based on actuarial advice, in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy for a pensioner retiring at age 65:

	1 January 2023 Years	2 January 2022 Years
Longevity at age 65 for current pensioners		
- Men	22.2	22.2
- Women	23.8	23.7
Longevity at age 65 for future pensioners		
- Men	23.5	23.5
- Women	25.5	25.4

The Johnson & Johnson UK Group Retirement Plan does not have any self-investments.

There is a small unfunded unapproved pension arrangement for a small number of employees who were either affected by the old "Inland Revenue Earnings Cap" – which was abolished from 6 April 2006, or whose benefits are in excess of the Lifetime Allowance. These members' benefits are paid directly by the company. In addition, following the benefit changes that were implemented with effect from 1 April 2012 (and further benefit changes that were implemented with effect from 1 April 2014), more benefits are accrued outside of the registered pension arrangement. These benefits are also provided through this unfunded arrangement.

This unfunded arrangement has been included within the Johnson & Johnson UK Group Retirement Plan in determining the total plan assets and liabilities. The financial assumptions underlying the calculation of the unfunded, unapproved liability are identical to those underlying the calculation of the funded liability.

	Fair value of plan assets €000	Defined benefit obligation €000	Total €000
At 2 January 2022	289,563	(259,673)	29,890
Benefits paid	(4,481)	4,481	—
Employer and other contributions	1,164	—	1,164
Current service cost	—	(1,441)	(1,441)
Administrative expenses paid from plan	(552)	—	(552)
Foreign exchange differences	(15,321)	13,738	(1,583)
Interest income/(expense)	4,901	(4,387)	514
Remeasurement gains/(losses)			
- Effect of changes in demographic	—	(583)	(583)
- Effect of changes in financial assumptions	—	110,548	110,548
- Effect of experience adjustments	—	(6,343)	(6,343)
- Return on plan assets	(89,431)	—	(89,431)
At 1 January 2023	185,843	(143,660)	42,183

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19. Post-employment benefits (continued)

The expected contributions to the UK Group Retirement Plan in the year ended 1 January 2023 are €809,000 (2021: €1,823,000).

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50 %	Decrease by 7.2%	Increase by 8.1%
Inflation increase rate	0.25 %	Increase by 3.2%	Decrease by 4.2%
Life expectancy	1 year	Decrease by 2.1%	Increase by 2.1%

The above sensitivity analyses are based on a change in an assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The total defined benefit cost recognised as an expense in the income statement is as follows:

	Financial year ended 1 January 2023 €000	Financial year ended 2 January 2022 €000
Current service cost	1,441	3,124
Past service income	—	(2,410)
Foreign exchange differences and administrative expenses	2,135	(388)
Net interest income	(514)	(260)
	<u>3,062</u>	<u>66</u>

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19. Post-employment benefits (continued)

The fair value of the UK Group Retirement Plan assets was:

	1 January 2023 €000	<i>2 January 2022 €000</i>
Equity instruments	37,034	71,778
Debt instruments	148,137	215,333
Cash and cash equivalents	672	1,941
Other	—	511
	<u>185,843</u>	<u>289,563</u>

The return on the UK Group Retirement plan assets was:

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Interest income	4,901	4,158
Remeasurements	(89,431)	9,066
	<u>(84,530)</u>	<u>13,224</u>

20. Post-employment benefits Plan 16

The total contributions paid by the company to Plan 16 and recognised as a defined contribution expense in the year were €105,000 (2021: €112,000). The best estimate of the company contributions expected in the year from 3 January 2022 to 1 January 2023 to be paid to Johnson & Johnson UK Group Retirement Plan 16 is €105,000. There have been no changes to the plan as part of the separation.

The valuation in the financial statements for the UK Group Retirement Plan 16 has been made based on the following assumptions:

	Financial year ended 1 January 2023	<i>Financial year ended 2 January 2022</i>
Expected rate of salary increases	4.35 %	4.45 %
Expected rate of increase of pensions in payment (with RPI capped at 5% per annum)	2.90 %	3.05 %
Discount rate	5.00 %	1.80 %
RPI inflation assumption	3.10 %	3.20 %
CPI inflation assumption	2.60 %	2.60 %

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Post-employment benefits Plan 16 (continued)

Assumptions regarding future mortality are set, based on actuarial advice, in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy for a pensioner retiring at age 65:

	Financial year ended 1 January 2023	<i>Financial year ended 2 January 2022</i>
Longevity at age 65 for current pensioners		
-Men	22.2	22.2
-Women	23.8	23.7
Longevity at age 65 for future pensioners		
-Men	23.1	23.0
-Women	25.4	25.3

Plan 16 is the Company's DC arrangement, which includes some underlying defined benefit guarantees. In particular, the benefits provided from Plan 16 must be at least equal to a 'defined benefit underpin', which arises as a result of Plan 16 having been contracted out of the State Second Pension ("S2P"), and previously the State Earnings Related Pension Scheme ("SERPS"). The benefits secured from a member's retirement account based on contributions before 6 April 1997 are subject to an underpin known as a Guaranteed Minimum Pension ("GMP"). Similarly, the benefits secured from a member's retirement account based on contributions on or after 6 April 1997 are subject to an underpin known as a Reference Scheme Test ("RST") pension.

	Fair value plan of assets €000	Defined benefit obligation €000	Total €000
At 2 January 2022	8,864	(7,917)	947
Benefits paid	(55)	55	—
Employer and other contributions	105	—	105
Foreign exchange	(469)	419	(50)
Administrative expenses paid from plan	(39)	—	(39)
Interest income/(expenses)	151	(134)	17
Remeasurement gains			
-Effect of changes in financial assumptions	—	1,411	1,411
-Effect of experience adjustments	—	643	643
-Return on plan assets	367	—	367
At 1 January 2023	8,924	(5,523)	3,401

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Post-employment benefits Plan 16 (continued)

The total defined benefit cost recognised as an (income) / expense in the income statement is as follows:

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Foreign exchange differences and administrative expenses	89	7
Net interest income	(17)	(9)
	<u>72</u>	<u>(2)</u>

The fair value of the UK Group Retirement Plan 16 assets was:

	1 January 2023 €000	<i>2 January 2022 €000</i>
Equity instruments	6,246	6,205
Debt instruments	2,678	2,659
	<u>8,924</u>	<u>8,864</u>

The return on the UK Group Retirement plan 16 assets was:

	Financial year ended 1 January 2023 €000	<i>Financial year ended 2 January 2022 €000</i>
Interest income	151	123
Remeasurements	367	574
	<u>518</u>	<u>697</u>

21. Called up share capital

	1 January 2023 €000	<i>2 January 2022 €000</i>
Allotted, called up and fully paid		
100 (2021 - 100) Ordinary shares of £1 each	<u>—</u>	<u>—</u>

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22. Share based payment

Johnson & Johnson, the company's ultimate parent undertaking as of the balance sheet date, operates a share option plan, a restricted stock unit plan (RSU), and a performance stock unit (PSU) plan, whereby options, RSUs and PSUs are granted to employees to acquire shares in Johnson & Johnson. The purpose of the plan is to motivate employees to contribute towards the creation of long-term shareholder value. The plan is an equity settled share based payment plan. Share options expire 10 years from the date of grant. Share options, RSUs and PSUs vest after three years. All options are granted at current market price on the date of grant. The company settles employee stock option exercises with treasury shares of the parent company. Subsequent to the separation, long term incentives of Johnson & Johnson were converted to Kenvue. There were no other significant changes to the program.

The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution.

On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by Johnson & Johnson. This amount is treated as a reduction of the capital contribution and is recognised directly in equity.

The weighted average share price at the date of exercise for options exercised in the financial year was \$105.62 (2021: \$107.42).

Share options outstanding at the end of the financial year have the following expiry dates and exercise prices:

Year of expiry	Number of options	Weighted average exercise price (US \$)
2022	—	119.29
2023	5,431	95.02
2024	24,794	90.44
2025	23,261	100.05
2026	37,421	101.87
2027	32,613	115.67
2028	48,288	129.51
2029	45,406	131.94
2030	51,750	151.41
2031	44,835	164.62
2032	39,988	165.89

All options are granted at the current market price on a specific grant date during each calendar year. There is therefore no weighted average exercise price as the shares granted each year are all granted at the same price, given in the table above.

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23. Events since the year end

In November 2021, Johnson & Johnson announced its plan to separate the company's Consumer Health operations, with the intention of creating a new, listed company. Johnson & Johnson completed the separation during 2023.

Management believes that the new Consumer Health Company and the new Johnson & Johnson would each be better positioned to deliver to patients and consumers, pursue more targeted business strategies, and accelerate growth as separate and independent companies.

On May 4th 2023, the Consumer Health business of J&J went public on NYSE as Kenvue (KVUE) with Initial Public offering, at this time Johnson & Johnson remained the majority shareholder and in overall control of the Consumer Health business.

On August 23rd 2023, the separation was completed and Kenvue become a fully independent company with Johnson & Johnson no longer our majority shareholder.

On February 12th 2024, Kenvue announced that it is evaluating a potential restructuring in relation to its operating model. The impact of this on the company is currently under assessment.

There have been no other significant events affecting the company since the financial year end.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 1 JANUARY 2023

24. Restatement

This note explains the impact of restatement in financial statements.

Impact on the statement of financial position

		Restated Balances at 2 January 2022 €000	Adjustment €000	Balance at 2 January 2022 €000
Non Current assets				
Intangible assets	1	26,367	(3,244)	29,611
Defined benefit pension scheme asset	19, 20	—	(30,837)	30,837
Current assets				
Defined benefit pension scheme asset	19, 20	30,837	30,837	—
Trade and other receivables	2,3	64,645	6,248	58,397
Net current assets		60,823	6,248	54,575
Net assets		84,495	3,004	81,491
Capital and reserves				
Retained earnings	1	84,495	3,004	81,491
Total equity		84,495	3,004	81,491

Impact on the Income statement

Revenue	2,3	103,147	6,248	96,899
Administrative expenses	1	(99,439)	(3,028)	(96,411)
Operating profit		3,708	3,220	488
Profit before income tax		8,712	3,220	5,492
Profit for the financial year		10,160	3,220	6,940

1. An amortization charge in 2021 for intangible assets (in both 2021 & 2018) has been corrected. These were on accounted within the management accounts and omitted in error from the statutory accounts.
2. A revenue adjustment of €3.179M related to the correction of profit due to the amortization charge described in note 1 above.
3. During the finalization of the 2021 accounts, €2.9M of interest payable was reclassified as derivative forex. This created a Transfer Pricing adjustment of €3.06M was omitted in error in the 2021 accounts and this has now been posted in 2022.
4. The defined benefit surplus has been reclassified from non-current assets to current assets to reflect the Companies Act format of presentation.