Risk Factors Comparison 2024-02-16 to 2023-02-16 Form: 10-K

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An investment in the Company' s common stock or debt securities involves risks and uncertainties. The Company seeks to identify, manage and mitigate risks to our business, but uncertainties and risks are difficult to predict and many are outside of the Company' s control and cannot therefore be eliminated. In addition to the other information in this report and the Company' s other filings with the SEC, investors should consider carefully the factors set forth below. Investors should be aware that it is not possible to predict or identify all such factors and that the following is not meant to be a complete discussion of all potential risks or uncertainties. If known or unknown risks or uncertainties materialize, the Company' s business, results of operations or financial condition could be adversely affected, potentially in a material way. Risks ~~Related~~ **related** to ~~Our~~ **our** ~~Business~~ **business** , ~~Industry~~ **industry** and ~~Operations~~ **operations** The Company' s businesses operate in highly competitive product markets and competitive pressures could adversely affect the Company' s earnings. The Company faces substantial competition in ~~all three~~ **its two** operating segments and in all geographic markets. The Company' s businesses compete with companies of all sizes on the basis of cost- effectiveness, technological innovations, intellectual property rights, product performance, real or perceived product advantages, pricing and availability and rate of reimbursement. The Company also competes with other market participants in securing rights to acquisitions, collaborations and licensing agreements with third parties. Competition for rights to product candidates and technologies may result in significant investment and acquisition costs and onerous agreement terms for the Company. Competitors' development of more effective or less costly products, and / or their ability to secure patent and other intellectual property rights and successfully market products ahead of the Company, could negatively impact sales of the Company' s existing products as well as its ability to bring new products to market despite significant prior investment in the related product development. **The Company may also experience operational and financial risk in connection with acquisitions if we are unable to fully identify potential risks and liabilities associated with acquired businesses or products, successfully integrate operations and employees, and successfully identify and realize synergies with existing businesses while containing acquisition- related strain on our management, operations and financial resources.** For the Company' s ~~Pharmaceutical~~ **Innovative Medicine** businesses, loss of patent exclusivity for a product often is followed by a substantial reduction in sales as competitors gain regulatory approval for generic and other competing products and enter the market. Similar competition can be triggered by the loss of exclusivity for a biological product. For the Company' s MedTech businesses, technological innovation, product quality, reputation and customer service are especially important to competitiveness. Development by other companies of new or improved products, processes and technologies could threaten to make the Company' s products or technologies less desirable, less economical or obsolete. The Company' s ~~Consumer Health businesses~~ -- **business** ~~face intense competition from other branded~~ **and operations will be negatively impacted if we are unable to introduce new** products **or technological advances that are safe, more effective, more effectively** ~~and retailers' private- label brands. If the Company fails to sufficiently differentiate and market~~ **marketed or otherwise outperform** ~~its brand name consumer products, this could adversely affect revenues and profitability of~~ those ~~products~~ **of our competitors** . Interruptions and delays in manufacturing operations could adversely affect the Company' s business, sales and reputation. The Company' s ~~manufacture~~ **manufacturing** of products requires the timely delivery of sufficient amounts of complex, high-quality components and materials. The Company' s subsidiaries operate ~~89~~ **61** manufacturing facilities as well as sourcing from thousands of suppliers around the world. The Company has in the past, and may in the future, face unanticipated interruptions and delays in manufacturing through its internal or external supply chain. Manufacturing disruptions can occur for many reasons including regulatory action, production quality deviations or safety issues, labor disputes, labor shortages, site- specific incidents (such as fires), natural disasters such as hurricanes and other severe weather events, raw material shortages, political unrest, terrorist attacks and epidemics or pandemics. Such delays and difficulties in manufacturing can result in product shortages, declines in sales and reputational impact as well as significant remediation and related costs associated with addressing the shortage. The Company relies on third parties to manufacture **and supply** certain of our products. Any failure by or loss of a third- party manufacturer **or supplier** could result in delays and increased costs, which may adversely affect our business. The Company relies on third parties to manufacture **and supply** certain of our **raw materials, component parts and** products. We depend on these third- party manufacturers to allocate to us a portion of their manufacturing capacity sufficient to meet our needs, to produce products of acceptable quality and at acceptable manufacturing yields and to deliver those products to us on a timely basis and at acceptable prices. However, we cannot guarantee that these third- party manufacturers will be able to meet our near- term or long- term manufacturing requirements, which could result in lost sales and have an adverse effect on our business. **2023 Annual Report9** Other risks associated with our reliance on third parties to manufacture these products include reliance on the third party for regulatory compliance and quality assurance, misappropriation of the Company' s intellectual property, limited ability to manage our inventory, possible breach of the manufacturing agreement by the third party and the possible termination or nonrenewal of the manufacturing agreement by the third party at a time that is costly or inconvenient for us. Moreover, if any of our third- party manufacturers suffers any damage to facilities, loses benefits under material agreements, experiences power outages, encounters financial difficulties, is unable to secure necessary raw materials from its suppliers or suffers any other reduction in efficiency, the Company may experience significant business disruption. In the event of any such disruption, the Company would need to seek and source other qualified third- party manufacturers, likely resulting in further delays and increased costs which could affect our business adversely. Counterfeit versions of our products could harm our patients and have a negative impact on our revenues, earnings, reputation and business. Our industry continues to be challenged

by the vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in a growing number of markets and over the Internet. Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet our rigorous manufacturing and testing standards. To distributors and patients, counterfeit products may be visually indistinguishable from the authentic version. Counterfeit medicines pose a risk to patient health and safety because of the conditions under which they are manufactured – often in unregulated, unlicensed, uninspected and unsanitary sites – as well as the lack of regulation of their contents. The industry' s failure to mitigate the threat of counterfeit medicines could adversely impact our business and reputation by impacting patient confidence in our authentic products, potentially resulting in lost sales, product recalls, and an increased threat of litigation. In addition, diversion of our products from their authorized market into other channels may result in reduced revenues and negatively affect our profitability. Global health crises, pandemics, epidemics, or other outbreaks could adversely disrupt or impact certain aspects of the Company' s business, results of operations and financial condition. We are subject to risks associated with global health crises, epidemics, pandemics and other outbreaks (such incident (s), a health crisis or health crises) ~~, including the global outbreak of coronavirus and its variants (COVID- 19)~~ . ~~The~~ **For example, the** COVID- 19 pandemic ~~has~~ adversely impacted ~~, and may continue to adversely impact,~~ certain aspects of the Company' s business, results of operations and financial condition, including lower sales and reduced customer demand and usage of certain of our products. The ~~continued~~ spread of **any** ~~COVID- 19 or other~~ health crises may cause the Company to modify its business practices, and take further actions as may be required by government authorities or as the Company determines are in the best interests of our patients, customers, employees and business partners **under such circumstances** . While the Company has robust business continuity plans in place across our global supply chain network **designed** to help mitigate the impact of health crises, these efforts may not completely prevent our business from being adversely affected **in** ~~and future impacts remain uncertain. While the U. S. and other~~ -- **the event of a** ~~countries have substantially reopened their economies, the extent to which COVID- 19, or other~~ health ~~crises~~ **crisis** ~~, could impact the Company' s future operations will depend on many factors which cannot be predicted with confidence, including the duration of an outbreak and impact of variants~~ . ~~A surge in COVID- 19 or other health~~ **Health** ~~crises could result in the imposition of new mandates and prolonged restrictive measures implemented in order to control the spread of disease. The global spread of COVID- 19 or other health~~ crises could adversely impact the Company' s operations, including, among other things, our manufacturing operations, supply chain, third- party suppliers, sales and marketing, and clinical trial operations. Any of these factors could adversely affect the Company' s business, financial results, and global economic conditions generally. **Risks** ~~We also face uncertainties~~ related to ~~our vaccine development programs, including uncertainties related to the risk that our continued development programs may not be successful, commercially viable or receive approval from regulatory authorities; risks associated with clinical trial and real- world data, including further analyses of its efficacy, safety and durability; the risk that continued evolution and mutation of disease and the duration of a particular outbreak may impede our ability to conduct trials within a specified time frame; the risk that data are subject to differing interpretations and assessments, including during the peer review / publication process, in the scientific community generally, and by national immunization technical advisory groups (NITAGs) and regulatory authorities; disruptions in the relationships between us, our third- party suppliers, external manufacturers, and other third parties with whom we engage; the risk that other companies may produce superior or competitive products; the risk that demand for any products we may develop may no longer exist; risks related to the availability of raw materials to manufacture any such products; the risk that we may not be able to recoup costs associated with our R & D and manufacturing efforts and risks associated with any changes in the way we approach or provide additional research funding for potential drug development; the risk that we may not be able to create or scale up manufacturing capacity on a timely basis, that we may continue to experience manufacturing delays once a manufacturing site is activated, or have access to logistics or supply channels commensurate with global demand for any potential approved vaccine or product candidate, which would negatively impact our ability to supply the estimated numbers of doses of our vaccine within the projected time periods indicated, and other challenges and risks associated with the pace of our vaccine development program; and pricing and access challenges for such products, including in the U. S. Risks Related to Government** **government** ~~Regulation~~ **regulation** and ~~Legal~~ **legal** ~~Proceedings~~ **proceedings** Global sales in the Company' s ~~Pharmaceutical~~ **Innovative Medicine** and MedTech segments may be negatively impacted by healthcare reforms and increasing pricing pressures. Sales of the Company' s ~~Pharmaceutical~~ **Innovative Medicine** and MedTech products are significantly affected by reimbursements by third- party ~~payers~~ **payors** such as government healthcare programs, private insurance plans and managed care organizations. As part of various efforts to contain healthcare costs, these ~~payers~~ **payors** are putting downward pressure on prices at which products will be reimbursed. In the U. S., increased purchasing power of entities that negotiate on behalf of Medicare, Medicaid, and private sector beneficiaries, in part due to continued consolidation among healthcare providers, could result in further pricing pressures. In addition, recent legislation and ongoing political scrutiny ~~or~~ **on** pricing, coverage and reimbursement could result in additional pricing pressures. Specifically, the Inflation Reduction Act of 2022 (IRA) may subject certain products to government- established pricing, potentially impose rebates, and subject manufacturers who fail to adhere to the government' s interpretations of the law to penalties. **Further, increased third- party utilization of the 340B Federal Drug Discount Program from expanded interpretations of the statute may have a negative impact on the Company' s financial performance.** Outside the U. S., numerous major markets, including the EU, United Kingdom, Japan and China, have pervasive government involvement in funding healthcare and, in that regard, directly or indirectly impose price controls, limit access to, or reimbursement for, the Company' s products, or reduce the value of its intellectual property protection **. We are subject to an increasing number of costly and complex governmental regulations in the countries in which operations are conducted which may materially adversely affect the Company' s financial condition and business operations. As described in Item 1. Business, the Company is subject to an increasing number of extensive government laws and regulations, investigations and legal action by national, state and local government agencies in the U. S. and other countries in which it operates. For example, changes to the U. S. FDA' s timing or**

requirements for approval or clearance of our products may have a negative impact on our ability to bring new products to market. New laws and regulations may also impose deadlines on the Company, or its third- party suppliers, manufacturers or other partners and providers, for which there may be insufficient time to implement changes to comply with such new regulations and may result in manufacturing delays or other supply chain constraints. If the Company is unable to identify ways to mitigate these delays or constraints, there may be an adverse effect on sales and access to our products . The Company is subject to significant legal proceedings that can result in significant expenses, fines and reputational damage. In the ordinary course of business, Johnson & Johnson and its subsidiaries are subject to numerous claims and lawsuits involving various issues such as product liability, patent disputes and claims that their product sales, marketing and pricing practices violate various antitrust, unfair trade practices and / or consumer protection laws. The Company' s more significant legal proceedings are described in Note 19 ~~, "~~ Legal ~~Proceedings~~ **proceedings** ~~"~~ under Notes to the Consolidated Financial Statements included in Item 8 of this Report. Litigation, in general, and securities, derivative action, class action and multi- district litigation, in particular, can be expensive and disruptive. Some of these matters may include thousands of plaintiffs, may involve parties seeking large and / or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. For example, the Company is a defendant in numerous lawsuits arising out of the use of body powders containing talc, primarily JOHNSON' S Baby Powder, and the Company' s sale, manufacturing and marketing of opioids. While the Company believes it has substantial defenses in these matters, it is not feasible to predict the ultimate outcome of litigation. The Company could in the future be required to pay significant amounts as a result of settlements or judgments in these matters, potentially in excess of accruals, including matters where the Company could be held jointly and severally liable among other defendants. The resolution of, or increase in accruals for, one or more of these matters in any reporting period could have a material adverse effect on the Company' s results of operations and cash flows for that period. The Company does not purchase third- party product liability insurance; however, the Company utilizes a wholly owned captive insurance company subject to certain limits. Product reliability, safety and effectiveness concerns can have significant negative impacts on sales and results of operations, lead to litigation and cause reputational damage. Concerns about product safety, whether raised internally or by litigants, regulators or consumer advocates, and whether or not based on scientific evidence, can result in safety alerts, product recalls, governmental investigations, regulatory action on the part of the U. S. **FDA** ~~Food and Drug Administration~~ (or its counterpart in other countries), private claims and lawsuits, payment of fines and settlements, declining sales and reputational damage. These circumstances can also result in damage to brand image, brand equity and consumer trust in the Company' s products. Product recalls have in the past, and could in the future, prompt government investigations and inspections, the shutdown of manufacturing facilities, continued product shortages and related sales declines, significant remediation costs, reputational damage, possible civil penalties and criminal prosecution. The Company faces significant regulatory scrutiny, which imposes significant compliance costs and exposes the Company to government investigations, legal actions and penalties. ~~Like other companies~~ **The rapid increase** in **new government laws and** ~~the healthcare industry, the Company is subject to extensive regulation~~ **regulations , imposes significant compliance costs to the Company and a failure of the Company to timely implement changes to comply with these new laws may expose the Company to** investigations ~~and ,~~ legal ~~action~~ **actions or penalties** ~~by national, state and local government agencies in the U. S. and other countries in which it operates~~ . Regulatory issues regarding compliance with current Good Manufacturing Practices (cGMP) (and comparable quality regulations in foreign countries) by manufacturers of drugs ~~,~~ **and** devices ~~and consumer products~~ can lead to fines and penalties, product recalls, product shortages, interruptions in production, delays in new product approvals and litigation. In addition, the marketing, pricing and sale of the Company' s products are subject to regulation, investigations and legal actions including under the Federal Food, Drug, and Cosmetic Act, the Medicaid Rebate Program, federal and state false claims acts, state unfair trade practices acts and consumer protection laws. Scrutiny of healthcare industry business practices by government agencies and state attorneys general in the U. S., and any resulting investigations and prosecutions, carry risk of significant civil and criminal penalties including, but not limited to, debarment from participation in government healthcare programs. Any such debarment could have a material adverse effect on the Company' s business and results of operations. The most significant current investigations and litigation brought by government agencies are described in Note 19 ~~, "~~ Legal ~~Proceedings~~ **proceedings** — Government ~~Proceedings~~ **proceedings** ~~"~~ under Notes to the Consolidated Financial Statements included in Item 8 of this Report. **2023 Annual Report11** Changes in tax laws or exposures to additional tax liabilities could negatively impact the Company' s operating results. Changes in tax laws or regulations around the world, including in the U. S. and as led by the Organization for Economic Cooperation and Development, such as the recent ~~adoption by the EU,~~ enactment by ~~South Korea~~ **certain EU and non- EU countries,** and the anticipated enactment by additional countries **,** of a global minimum tax, could negatively impact the Company' s effective tax rate and results of operations. A change in statutory tax rate or certain international tax provisions in any country would result in the revaluation of the Company' s deferred tax assets and liabilities related to that particular jurisdiction in the period in which the new tax law is enacted. This change would result in an expense or benefit recorded to the Company' s Consolidated Statement of Earnings. The Company closely monitors these proposals as they arise in the countries where it operates. Changes to tax laws or regulations may occur at any time, and any related expense or benefit recorded may be material to the fiscal quarter and year in which the law change is enacted. See Note 8 ~~, "~~ Income ~~Taxes~~ **taxes** ~~"~~ under Notes to the Consolidated Financial Statements included in Item 8 of this Report for additional information. The Company conducts business and files tax returns in numerous countries and is addressing tax audits and disputes with many tax authorities. In connection with various government initiatives, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of profits earned in other countries. The Company regularly assesses the likely outcomes of its tax audits and disputes to determine the appropriateness of its tax reserves. However, any tax authority could take a position on tax treatment that is contrary to the Company' s expectations, which could result in tax liabilities in excess of reserves. Risks

~~Related~~ **related** to ~~Our~~ **our** ~~Intellectual~~ **intellectual** ~~Property~~ **property** The Company faces increased challenges to intellectual property rights central to its business. The Company owns or licenses a significant number of patents and other proprietary rights relating to its products and manufacturing processes. These rights are essential to the Company' s businesses and materially important to the Company' s results of operations. Public policy, both within and outside the U. S., has become increasingly unfavorable toward intellectual property rights. The Company cannot be certain that it will obtain adequate patent protection for new products and technologies in the United States and other important markets or that such protections, once granted, will last as long as originally anticipated. Competitors routinely challenge the validity or extent of the Company' s owned or licensed patents and proprietary rights through litigation, interferences, oppositions and other proceedings, such as inter partes review (IPR) proceedings before the United States Patent & Trademark Office (USPTO). These proceedings absorb resources and can be protracted as well as unpredictable. In addition, challenges that the Company' s products infringe the patents of third parties could result in an injunction and / or the need to pay past damages and future royalties and adversely affect the competitive position and sales of the products in question. The Company has faced increasing patent challenges from third parties seeking to manufacture and market generic and biosimilar versions of the Company' s key pharmaceutical products prior to expiration of the applicable patents covering those products. In the U. S., manufacturers of generic versions of innovative human pharmaceutical products may challenge the validity, or claim non- infringement, of innovator products through the Abbreviated New Drug Application, or ANDA, process with the U. S. FDA and related ANDA litigation. The Biologics Price Competition and Innovation Act (BPCIA), enacted in 2010, which created a new regulatory pathway for the approval by the U. S. FDA of biosimilar alternatives to innovator- developed biological products, also created mechanisms for biosimilar applicants to challenge the patents on the innovator biologics. The IPR process with the USPTO is also being used by competitors to challenge patents asserted in litigation. In the event the Company is not successful in defending its patents against such challenges, or upon the " at- risk " launch by the generic or biosimilar firm of its product, the Company can lose a major portion of revenues for the referenced product in a very short period of time. Current legal proceedings involving the Company' s patents and other intellectual property rights are described in Note 19 ~~, "~~ Legal ~~Proceedings~~ **proceedings** — Intellectual ~~Property~~ **property** ~~"~~ under Notes to the Consolidated Financial Statements included in Item 8 of this Report. Risks ~~Related~~ **related** to ~~Product~~ **product** ~~Development~~ **development** , ~~Regulatory~~ **regulatory** ~~Approval~~ **approval** and ~~Commercialization~~ **commercialization** Significant challenges or delays in the Company' s innovation ~~and ,~~ development **and implementation** of new products, technologies and indications could have an adverse impact on the Company' s long- term success. The Company' s continued growth and success depends on its ability to innovate and develop new and differentiated products and services that address the evolving healthcare needs of patients, providers and consumers. Development of successful products and technologies is also necessary to offset revenue losses when the Company' s existing products lose market share due to various factors such as competition and loss of patent exclusivity. New products introduced within the past five years accounted for approximately 25 % of ~~2022~~ **2023** sales. The Company cannot be certain when or whether it will be able to develop, license or otherwise acquire companies, products and technologies, whether particular product candidates will be granted regulatory approval, and, if approved, whether the products will be commercially successful. The Company pursues product development through internal research and development as well as through collaborations, acquisitions, joint ventures and licensing or other arrangements with third parties. In all of these contexts, developing new products, particularly pharmaceutical and biotechnology products and medical devices, requires significant investment of resources over many years. Only a very few biopharmaceutical research and development programs result in commercially viable products. The process depends on many factors including the ability to: discern patients' and healthcare providers' future needs; develop promising new compounds, strategies and technologies; achieve successful clinical trial results; secure effective intellectual property protection; obtain regulatory approvals on a timely basis; and, if and when they reach the market, successfully differentiate the Company' s products from competing products and approaches to treatment. New products or enhancements to existing products may not be accepted quickly or significantly in the marketplace due to product and price competition, changes in customer preferences or healthcare purchasing patterns, resistance by healthcare providers or uncertainty over third- party reimbursement. Even following initial regulatory approval, the success of a product can be adversely impacted by safety and efficacy findings in larger real- world patient populations, as well as market entry of competitive products. **The Company leverages the use of data science, machine learning and other forms of AI and emerging technologies across varying parts of its business and operations, and the introduction and incorporation of AI may result in unintended consequences or other new or expanded risks and liabilities. AI technology is continuously evolving, and the AI technologies we develop and adopt may become obsolete earlier than planned. Our investments in these technologies may not result in the benefits we anticipate or enable us to obtain or maintain a competitive advantage. The application of machine learning and AI in our business is emerging and evolving alongside new laws and regulations that may entail significant costs or ultimately limit our ability to continue the use of these technologies. These technologies also carry inherent risks related to data privacy and security further described below.** Risks ~~Related~~ **related** to ~~Financial~~ **financial** and ~~Economic~~ **economic** ~~Market~~ **market** ~~Conditions~~ **conditions** The Company faces a variety of financial, economic, legal, social and political risks associated with conducting business internationally. The Company' s extensive operations and business activity throughout the world are accompanied by certain financial, economic, legal, social and political risks, including those listed below. Foreign ~~Currency~~ **currency** ~~Exchange~~ **exchange** : In fiscal ~~2022~~ **2023** , approximately ~~49~~ **45** % of the Company' s sales occurred outside of the U. S., with approximately ~~25~~ **24** % in Europe, ~~6~~ **5** % in the Western Hemisphere, excluding the U. S., and ~~18~~ **16** % in the Asia- Pacific and Africa region. Changes in non- U. S. currencies relative to the U. S. dollar impact the Company' s revenues and expenses. While the Company uses financial instruments to mitigate the impact of fluctuations in currency exchange rates on its cash flows, unhedged exposures continue to be subject to currency fluctuations. In addition, the weakening or strengthening of the U. S. dollar may result in significant favorable or unfavorable translation effects when the operating results of the Company'

s non- U. S. business activity are translated into U. S. dollars. Inflation and ~~Currency~~ **currency** ~~Devaluation~~ **devaluation** ~~Risks~~ **risks** : The Company faces challenges in maintaining profitability of operations in economies experiencing high inflation rates. Specifically, the Company has accounted for operations in Argentina, Turkey and Venezuela as highly inflationary, as the prior three- year cumulative inflation rate surpassed 100 %. While the Company strives to maintain profit margins in these areas through cost reduction programs, productivity improvements and periodic price increases, it might experience operating losses as a result of continued inflation. In addition, the impact of currency devaluations in **2023 Annual Report13** countries experiencing high inflation rates or significant currency exchange fluctuations could negatively impact the Company' s operating results. Illegal ~~Importation~~ **importation** of ~~Pharmaceutical~~ **pharmaceutical** ~~Products~~ **products** : The illegal importation of pharmaceutical products from countries where government price controls or other market dynamics result in lower prices may adversely affect the Company' s sales and profitability in the U. S. and other countries in which the Company operates. With the exception of limited quantities of prescription drugs for personal use, foreign imports of pharmaceutical products are illegal under current U. S. law. However, the volume of illegal imports continues to rise as the ability of patients and other customers to obtain the lower- priced imports has grown significantly. Anti- ~~Bribery~~ **bribery** and ~~Other~~ **other** ~~Regulations~~ **regulations** : The Company is subject to various federal and foreign laws that govern its international business practices with respect to payments to government officials. Those laws include the U. S. Foreign Corrupt Practices Act (FCPA), which prohibits U. S. publicly traded companies from promising, offering, or giving anything of value to foreign officials with the corrupt intent of influencing the foreign official for the purpose of helping the Company obtain or retain business or gain any improper advantage. The Company' s business is heavily regulated and therefore involves significant interaction with foreign officials. Also, in many countries outside the U. S., the healthcare providers who prescribe human pharmaceuticals are employed by the government and the purchasers of human pharmaceuticals are government entities; therefore, the Company' s interactions with these prescribers and purchasers are subject to regulation under the FCPA. In addition to the U. S. application and enforcement of the FCPA, various jurisdictions in which the Company operates have laws and regulations, including the U. K. Bribery Act 2010, aimed at preventing and penalizing corrupt and anticompetitive behavior. Enforcement activities under these laws could subject the Company to additional administrative and legal proceedings and actions, which could include claims for civil penalties, criminal sanctions, and administrative remedies, including exclusion from healthcare programs. Other ~~Financial~~ **financial** , ~~Economic~~ **economic** , ~~Legal~~ **legal** , ~~Social~~ **social** and ~~Political~~ **political** ~~Risks~~ **risks** . Other risks inherent in conducting business globally include: • local and regional economic environments and policies in the markets that we serve, including interest rates, monetary policy, inflation, economic growth, recession, commodity prices, and currency controls or other limitations on the ability to expatriate cash; • protective economic policies taken by governments, such as trade protection measures **, increased antitrust reporting requirements and enforcement activity,** and import / export licensing requirements; • compliance with local regulations and laws including, in some countries, regulatory requirements restricting the Company' s ability to manufacture or sell its products in the relevant market; • diminished protection of intellectual property and contractual rights in certain jurisdictions; • potential nationalization or expropriation of the Company' s foreign assets; • political or social upheavals, economic instability, repression, or human rights issues; and • geopolitical events, including natural disasters, disruptions to markets due to war, armed conflict, terrorism, epidemics or pandemics. **Due to the international nature of the Company' s business, geopolitical or economic changes or events, including global tensions and war, could adversely affect our business, results of operations or financial condition. As described above, the Company has extensive operations and business activity throughout the world. Global tensions, conflict and / or war among any of the countries in which we conduct business or distribute our products may result in foreign currency volatility, decreased demand for our products in affected countries, and challenges to our global supply chain related to increased costs of materials and other inputs for our products and suppliers. Most recently, we have experienced, and expect to continue to experience, impacts to the Company' s business resulting from the Russia- Ukraine war, rising conflict in the Middle East as well as increasing tensions between the U. S. and China. In response to heightened conflict, such as the Russia- Ukraine war, governments may impose export controls and broad financial and economic sanctions. Our business and operations may be further impacted by the imposition of trade protection measures or other policies adopted by any country that favor domestic companies and technologies over foreign competitors. Additional sanctions or other measures may be imposed by the global community, including but not limited to limitations on our ability to file, prosecute and maintain patents, trademarks and other intellectual property rights. Furthermore, in some countries, such as in Russia, action may be taken that allows companies and individuals to exploit inventions owned by patent holders from the United States and many other countries without consent or compensation and we may not be able to prevent third parties from practicing the Company' s inventions in Russia or from selling or importing products in and into Russia. Weak financial performance,** ~~Failure~~ **failure** to maintain a satisfactory credit rating **or disruptions in the financial markets** could adversely affect our liquidity, capital position, borrowing costs and access to capital markets. We currently maintain investment grade credit ratings with Moody' s Investors Service and Standard & Poor' s Ratings Services. Rating agencies routinely evaluate us, and their ratings of our long- term and short- term debt are based on a number of factors. Any downgrade of our credit ratings by a credit rating agency, whether as a result of our actions or factors which are beyond our control, can increase the cost of borrowing under any indebtedness we may incur, reduce market capacity for our commercial paper or require the posting of additional collateral under our derivative contracts. There can be no assurance that we will be able to maintain our credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets. ~~The Russia- Ukraine War, and actions taken in response to the Russia- Ukraine War, could adversely affect our business, results of operations or financial condition. In February 2022, Russia launched a military invasion of Ukraine. The ongoing Russia- Ukraine War has provoked strong reactions from the United States, the United Kingdom, the European Union~~

and various other countries and economic and political organizations around the world. We have been monitoring the geopolitical situation in Russia since the start of the Russia- Ukraine War and have suspended additional investment, enrollment of clinical trials, and supply of our personal care products in Russia. We continue to monitor the need for humanitarian relief in the region and continue to supply our medicines, medical devices and equipment in the region in compliance with the applicable sanctions. We will continue to monitor the geopolitical situation in Russia and to evaluate our activities and future operations in Russia. Actions taken in response to the Russia- Ukraine War include the imposition of export controls and broad financial and economic sanctions against Russia, Belarus and specific areas of Ukraine. Additional sanctions or other measures may be imposed by the global community, including but not limited to limitations on our ability to file, prosecute and maintain patents, trademarks and other intellectual property rights. Furthermore, the Russian government has already taken action allowing Russian companies and individuals to exploit inventions owned by patent holders from the United States and many other countries without consent or compensation and we may not be able to prevent third parties from practicing our inventions in Russia or from selling or importing products in and into Russia. We have experienced, and expect to continue to experience, other risks related to the broad economic consequences of the Russia- Ukraine War, including foreign currency volatility, decreased demand for our products in countries affected by the Russia- Ukraine War and challenges to our global supply chain related to increased costs of materials and other inputs for our products and suppliers operating in Russia and Ukraine. We also continue to monitor the various sanctions and export controls imposed in response to the Russia- Ukraine War. The full impact of the Russia- Ukraine War, and actions taken in response to the ongoing conflict, on the global economy and geopolitical relations, in general, and on our business in particular, remain uncertain. Any or all of the foregoing risks could have an adverse effect on our business, results of operations or financial condition, particularly as the conflict continues for an indefinite period of time. Given that developments concerning the Russia- Ukraine War are ongoing and have been constantly evolving, additional impacts and risks may arise that are not presently known to us. The Russia- Ukraine War may also have the effect of heightening many of the other risks described in this " Risk Factors " section. Risks Related to the Planned Separation of our Consumer Health Business The planned separation of the Company' s Consumer Health business may not be completed on the terms or timeline currently contemplated, if at all, and may not achieve the expected results. In November 2021, the Company announced its intention to separate the Company' s Consumer Health business, with the intention to create a standalone publicly traded company, which was subsequently named Kenvue, Inc. (" Kenvue"). The planned separation is intended to qualify as a tax- free transaction for U. S. federal income tax purposes. The Company is targeting completion of the planned separation in 2023. Completion of the planned separation will be subject to the satisfaction of certain conditions, including, among others, consultations with works councils and other employee representative bodies, as required, final approval by the Company' s Board of Directors, the continuing effectiveness and validity of the Company' s private letter ruling from the Internal Revenue Service (" IRS ") and receipt of favorable opinions of the Company' s U. S. tax advisors with respect to the tax- free nature of the transaction, and the receipt of other regulatory approvals. There can be no assurance regarding the ultimate timing of the planned separation or that such separation will be completed. Unanticipated developments could delay, prevent or otherwise adversely affect the planned separation, including but not limited to disruptions in general or financial market conditions or potential problems or delays in obtaining various regulatory and tax approvals or clearances. The costs to complete the planned separation will be significant. In addition, the Company may be unable to achieve some or all of the strategic and financial benefits that it expects to achieve from the planned separation of the Company' s Consumer Health business. The Company has incurred, and is expected to incur, significant expenses in connection with the planned separation. In addition, the Company may not be able to achieve the full strategic and financial benefits that are expected to result from the planned separation. The anticipated benefits of the planned separation are based on a number of assumptions, some of which may prove incorrect. Following the planned separation, the price of shares of the Company' s common stock may fluctuate significantly. The Company cannot predict the effect of the planned separation on the trading price of shares of its common stock, and the market value of shares of its common stock may be less than, equal to or greater than the market value of shares of its common stock prior to the planned separation. In addition, the price of the Company' s common stock may be more volatile around the time of the planned separation. The planned separation could result in substantial tax liability. The Company has received a private letter ruling from the IRS as to the tax- free nature of the planned separation under the U. S. Internal Revenue Code of 1986, as amended. The planned separation is conditioned on, among other things, the continuing effectiveness and validity of the Company' s private letter ruling from the IRS and receipt of favorable opinions of the Company' s U. S. tax advisors. The private letter ruling and opinions will be based on, among other things, various facts, assumptions, representations and undertakings from the Company and Kenvue regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not otherwise satisfied, the Company and its shareholders may not be able to rely on the ruling or the opinions of tax advisors. Notwithstanding the private letter ruling and opinions of tax advisors, if subsequent to the planned separation the IRS determines that certain steps of the transaction do not qualify for tax- free treatment for U. S. federal income tax purposes, the resulting tax liability to the Company and its shareholders could be substantial. The planned separation may also not qualify for tax- free treatment in other countries around the world, and as a result may trigger substantial tax liability to the Company. Other Risks Our business depends on our ability to recruit and retain talented, highly skilled employees and a diverse workforce. Our continued growth requires us to recruit and retain talented employees representing diverse backgrounds, experiences, and skill sets. The market for highly skilled workers and leaders in our industry is extremely competitive and our ability to compete depends on our ability to hire, develop and motivate highly skilled personnel in all areas of our organization. Maintaining our brand and reputation, as well as a diverse, equitable and inclusive work environment enables us to attract top talent. If we are less successful in our recruiting efforts, or if we cannot retain highly skilled workers and key leaders, our ability to develop and deliver successful products and services may be adversely affected. In addition, effective succession planning is important to our long- term success. Any unsuccessful

implementation of our succession plans or failure to ensure effective transfer of knowledge and smooth transitions involving key employees could adversely affect our business, financial condition, or results of operations. Climate change or legal, regulatory or market measures to address climate change may negatively affect our business and results of operations. Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations, including an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Natural disasters and extreme weather conditions, such as a hurricane, tornado, earthquake, wildfire or flooding, may pose physical risks to our facilities and disrupt the operation of our supply chain. The impacts of the changing climate on water resources may result in water scarcity, limiting our ability to access sufficient high- quality water in certain locations, which may increase operational costs. Concern over climate change may also result in new or additional legal or regulatory requirements designed to reduce greenhouse gas emissions and / or mitigate the effects of climate change on the environment. If such laws or regulations are more stringent than current legal or regulatory obligations, we may experience disruption in, or an increase in the costs associated with sourcing, manufacturing and distribution of our products, which may adversely affect our business, results of operations or financial condition. Further, the impacts of climate change have an influence on customer preferences, and failure to provide climate- friendly products could potentially result in loss of market share. An information security incident, including a cybersecurity breach, could have a negative impact ~~to~~ **on** the Company' s business or reputation. To meet business objectives, the Company relies on both internal information technology (IT) systems and networks, and those of third parties and their vendors, to process and store sensitive data, including confidential research, business plans, financial information, intellectual property, and personal data that may be subject to legal protection, and ensure the continuity of the Company' s supply chain **and operations** . The extensive information security and cybersecurity threats, which affect companies globally, pose a risk to the security and availability of these systems and networks, **including customer products that are connected to or rely on such systems and networks,** and the confidentiality, integrity, and availability of the Company' s sensitive data. The Company ~~continually~~ assesses these threats and makes investments to increase internal protection, detection, and response capabilities, as well as ensure the Company' s third- party providers have required capabilities and controls, to address this risk. ~~To date, the Company has not experienced any material impact to the business or operations resulting from information or cybersecurity attacks; however, because~~ **Because** of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for the Company to be adversely impacted. This impact could result in reputational, competitive, operational or other business harm as well as financial costs and regulatory action. **Also, increasing use of AI could increase these risks.** The Company maintains cybersecurity insurance in the event of an information security or cyber incident; however, the coverage may not be sufficient to cover all financial, legal, business or reputational losses. **2023 Annual Report15** As a result of **increased global tensions** ~~the Russia- Ukraine War~~ , ~~there~~ -- **the Company** ~~has been, and we expect~~ **expects** there will continue to be, an increased risk of information security or cybersecurity incidents, including cyberattacks perpetrated by ~~Russia or others at its direction~~ **adversaries of countries where the Company maintains operations** . **Given the potential sophistication of** ~~Although we have taken steps to enhance our protections against~~ these attacks, **the Company may not be able to address the threat of information security or cybersecurity incidents proactively or implement adequate preventative measures and** we may not be able to ~~address the threat of information security or cybersecurity incidents proactively or implement adequate preventative measures and we may not be able to~~ detect and address any such disruption or security breach promptly, or at all, which could adversely affect our business, results of operations or financial condition. Moreover, **these threats could also impact** ~~we are aware of incidents in which~~ our third- party partners ~~have been the target of information security or cybersecurity incidents as a result~~ **resulting in compromise** of the **Company' s** ~~Russia- Ukraine War. Although, to date, our~~ IT ~~Systems~~ **systems** ~~have not been compromised by these incidents~~ , **networks and data** ~~it is possible that future information security or cybersecurity incidents involving our customers, manufacturers, suppliers or other third- party partners could successfully compromise our IT Systems,~~ which could ~~adversely~~ **negatively** affect **the Company** ~~our business, results of operations or financial condition~~ . A breach of privacy laws or unauthorized access, loss or misuse of personal data could have a negative impact ~~to~~ **on** the Company' s business or reputation. The Company is subject to privacy and data protection laws across the globe that impose broad compliance obligations on the collection, use, storage, access, transfer and protection of personal data. Breach of such requirements could result in substantial fines, penalties, private right of actions, claims and damage to our reputation and business. New privacy laws are expected in other territories, together with greater privacy enforcement by governmental authorities globally, particularly on data localization requirements and international data flows. The Company has established privacy compliance programs and controls that our businesses worldwide are required to comply with, but with many technology and data- driven initiatives being prioritized across the Company and involving multiple vendors and third parties, there are potential risks of controls imposed on cross border data flows, unauthorized access, and loss of personal data through internal and external threats that could impact our business operations and research activities. ~~15~~ **The Company may be unable to achieve some or all of the anticipated strategic and financial benefits following the separation of Kenvue Inc. (Kenvue), including with respect to the Company' s remaining ownership interest. The Company incurred significant expenses in connection with the Kenvue separation (the Separation). In addition, the Company may not be able to achieve the full strategic and financial benefits that are expected to result from the Separation. The anticipated benefits of the Separation were based on a number of assumptions, some of which may prove incorrect. The Company holds a 9. 5 % ownership interest in Kenvue. The Company cannot predict the trading price of shares of Kenvue' s common stock and the market value of the Kenvue shares are subject to market volatility and other factors outside of the Company' s control. The Company intends to divest its ownership interest in Kenvue, but there can be no assurance regarding the ultimate timing of such divestiture. Unanticipated developments could delay, prevent or otherwise adversely affect the divestiture, including but not limited to financial market conditions. The Separation could result in substantial tax liability. The Company received a private**

letter ruling from the IRS as to the tax- free nature of the Separation under the U. S. Internal Revenue Code of 1986, as amended. Notwithstanding the private letter ruling and opinions of tax advisors, if the IRS determines that certain steps of the transaction did not qualify for tax- free treatment for U. S. federal income tax purposes, the resulting tax liability to the Company and its shareholders could be substantial. The Separation may also not qualify for tax- free treatment in other countries around the world, and as a result may trigger substantial tax liability to the Company.