

Non-GAAP Financial Measures Used in Kimberly-Clark Corporation's Consumer Analyst Group of New York Conference Presentation (February 2022)

In Kimberly-Clark Corporation's presentation at the Consumer Analyst Group of New York Conference in February 2022, the following financial measures have not been calculated in accordance with generally accepted accounting principles in the U.S., or GAAP, and are therefore referred to as non-GAAP financial measures ("non-GAAP measures"):

- adjusted operating margin
- adjusted earnings per share

These non-GAAP measures exclude certain items that are included in the company's operating margin and earnings per share (including from continuing operations) calculated in accordance with GAAP. A detailed explanation of each of the adjustments to the comparable GAAP financial measures is given below.

Kimberly-Clark provides these non-GAAP measures as supplemental information to our GAAP financial measures. Management and the company's Board of Directors use these non-GAAP measures to (a) evaluate the company's historical and prospective financial performance and its performance relative to its competitors, (b) allocate resources and (c) measure the operational performance of the company's business units and their managers. Additionally, the Management Development and Compensation Committee of the company's Board of Directors uses certain of these non-GAAP measures when setting and assessing achievement of incentive compensation goals. These goals are based, in part, on the company's adjusted earnings per share determined by excluding certain charges and benefits that are used in calculating these non-GAAP measures.

We calculate the non-GAAP measures by excluding from the comparable GAAP measure some or all of the following:

- *2018 Global Restructuring Program.* In 2018, the company initiated a restructuring program to reduce our structural cost base by streamlining and simplifying our manufacturing supply chain and overhead organization. Restructuring charges were incurred in 2018, 2019, 2020 and 2021. The restructuring actions were substantially completed by the end of 2021.
- *Softex Indonesia acquisition-related costs.* The company incurred transaction and integration costs in 2020 associated with the acquisition of Softex Indonesia.

- *Brazil business tax credits.* In 2020, we received a favorable legal ruling that resolved certain matters related to prior years' business taxes in Brazil.
- *Property sale gain.* In 2019, the company recognized a gain on the sale of property associated with a former manufacturing facility that was closed in 2012 as part of a past restructuring.
- *U.S. tax reform related matters.* The company recognized a net charge in 2018 and a net benefit in 2017 associated with U.S. tax reform related matters.
- *Charges related to Venezuelan Operations.* In 2016 and 2015, the company recorded adjustments for the deconsolidation of its Venezuelan operations.
- *2014 organization restructuring and related charges.* In 2014, the company initiated a restructuring program in order to improve organization efficiency and offset the impact of stranded overhead costs resulting from the spin-off of the company's health care business. The restructuring was completed by the end of 2016.
- *Pension settlement charges.* In 2015, the company recorded settlement related charges from certain actions taken for its U.S. pension plan.
- *Uncertain tax positions adjustment.* In 2015, the company updated its assessment of uncertain tax positions for certain international operations, and recorded a charge related to prior years in provision for income taxes.
- *Disposed of health care business (Halyard Health).* In 2014, the company incurred incremental costs to evaluate, plan and execute the spin-off of the company's health care business. These costs are included in discontinued operations. In addition, certain measures from 2010 through 2014 exclude the operations of the health care business, which is presented as discontinued operations.
- *Western and Central Europe strategic changes and related restructuring charges.* In 2012, the company initiated strategic changes related to its Western and Central European consumer and professional businesses to focus its resources on stronger market positions and growth opportunities. The restructuring was completed at the end of 2014.
- *Charge related to regulatory dispute in the Middle East.* In 2014, the company recorded a non-deductible charge as a result of an adverse court ruling regarding the treatment of capital contributions in prior years to a majority-owned affiliate in the Middle East.
- *Pulp and tissue restructuring charges.* In 2011 and 2012, the company executed pulp and tissue restructuring actions to exit its remaining integrated pulp manufacturing operations and improve the underlying profitability and return on invested capital of its consumer tissue and K-C Professional businesses. The restructuring actions were substantially completed by the end of 2012.

The presentation also contains organic net sales which describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses also impact the year-over-year change in net sales.

These non-GAAP measures are not meant to be considered in isolation or as a substitute for the comparable GAAP measures. There are limitations to these non-GAAP measures because they are not prepared in accordance with GAAP and may not be comparable to similarly titled measures of other companies due to potential differences in methods of calculation and items being excluded. The company compensates for these limitations by using these non-GAAP measures as a supplement to the GAAP measures and by providing the reconciliations of the non-GAAP and comparable GAAP measures. The non-GAAP measures should be read only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP.