UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________

Commission file number 1-225

KIMBERLY-CLARK CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**39-0394230**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**

P.O. Box 619100
Dallas, TX
75261-9100
(Address of principal executive offices)
(Zip code)

(972) 281-1200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	KMB	New York Stock Exchange
0.625% Notes due 2024	KMB24	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

As of October 17, 2023, there were 337,941,021 shares of the Corporation's common stock outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(Millions of dollars, except per share amounts)	Three Months Ended September 30 2023	Three Months Ended September 30 2022	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
Net Sales	**$ 5,132**	$ 5,053	**$ 15,461**	$ 15,211
Cost of products sold	**3,294**	3,510	**10,166**	10,619
Gross Profit	**1,838**	1,543	**5,295**	4,592
Marketing, research and general expenses	**1,029**	873	**2,968**	2,665
Impairment of intangible assets	**—**	—	**658**	—
Other (income) and expense, net	**35**	15	**(5)**	(42)
Operating Profit	**774**	655	**1,674**	1,969
Nonoperating expense	**(20)**	(18)	**(78)**	(49)
Interest income	**18**	4	**34**	7
Interest expense	**(74)**	(73)	**(223)**	(206)
Income Before Income Taxes and Equity Interests	**698**	568	**1,407**	1,721
Provision for income taxes	**(157)**	(127)	**(298)**	(356)
Income Before Equity Interests	**541**	441	**1,109**	1,365
Share of net income of equity companies	**50**	29	**143**	81
Net Income	**591**	470	**1,252**	1,446
Net (income) loss attributable to noncontrolling interests	**(4)**	(3)	**3**	(19)
Net Income Attributable to Kimberly-Clark Corporation	**$ 587**	$ 467	**$ 1,255**	$ 1,427
Per Share Basis				
Net Income Attributable to Kimberly-Clark Corporation				
Basic	**$ 1.74**	$ 1.38	**$ 3.71**	$ 4.23
Diluted	**$ 1.73**	$ 1.38	**$ 3.70**	$ 4.22

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
(Millions of dollars)	**2023**	**2022**	**2023**	**2022**
Net Income	**$ 591**	$ 470	**$ 1,252**	$ 1,446
Other Comprehensive Income (Loss), Net of Tax				
Unrealized currency translation adjustments	**(144)**	(316)	**(103)**	(530)
Employee postretirement benefits	**1**	20	**17**	36
Cash flow hedges and other	**111**	45	**80**	79
Total Other Comprehensive Income (Loss), Net of Tax	**(32)**	(251)	**(6)**	(415)
Comprehensive Income	**559**	219	**1,246**	1,031
Comprehensive (income) loss attributable to noncontrolling interests	**(4)**	9	**8**	7
Comprehensive Income Attributable to Kimberly-Clark Corporation	**$ 555**	$ 228	**$ 1,254**	$ 1,038

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(2023 Data is Unaudited)

(Millions of dollars)	September 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 814**	$ 427
Accounts receivable, net	**2,298**	2,280
Inventories	**2,021**	2,269
Other current assets	**594**	753
Total Current Assets	**5,727**	5,729
Property, Plant and Equipment, Net	**7,700**	7,885
Investments in Equity Companies	**320**	238
Goodwill	**2,045**	2,074
Other Intangible Assets, Net	**197**	851
Other Assets	**1,164**	1,193
TOTAL ASSETS	**$ 17,153**	$ 17,970
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Debt payable within one year	**$ 687**	$ 844
Trade accounts payable	**3,490**	3,813
Accrued expenses and other current liabilities	**2,259**	2,289
Dividends payable	**395**	388
Total Current Liabilities	**6,831**	7,334
Long-Term Debt	**7,403**	7,578
Noncurrent Employee Benefits	**656**	654
Deferred Income Taxes	**404**	647
Other Liabilities	**809**	799
Redeemable Common and Preferred Securities of Subsidiaries	**210**	258
Stockholders' Equity		
Kimberly-Clark Corporation		
Preferred stock - no par value - authorized 20.0 million shares, none issued	**—**	—
Common stock - $1.25 par value - authorized 1.2 billion shares; issued 378.6 million shares at September 30, 2023 and December 31, 2022	**473**	473
Additional paid-in capital	**761**	679
Common stock held in treasury, at cost - 40.6 and 41.1 million shares at September 30, 2023 and December 31, 2022, respectively	**(5,101)**	(5,137)
Retained earnings	**8,217**	8,201
Accumulated other comprehensive income (loss)	**(3,670)**	(3,669)
Total Kimberly-Clark Corporation Stockholders' Equity	**680**	547
Noncontrolling Interests	**160**	153
Total Stockholders' Equity	**840**	700
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 17,153**	$ 17,970

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Three Months Ended September 30, 2023								
	Common Stock Issued		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Stockholders' Equity
(Millions of dollars, shares in thousands, except per share amounts)	Shares	Amount		Shares	Amount				
Balance at June 30, 2023	**378,597**	**$ 473**	**$ 697**	**40,382**	**$ (5,071)**	**$ 8,040**	**$ (3,639)**	**$ 151**	**$ 651**
Net income in stockholders' equity, excludes redeemable interests' share	—	—	—	—	—	**587**	—	**9**	**596**
Other comprehensive income, net of tax, excludes redeemable interests' share	—	—	—	—	—	—	**(32)**	**(1)**	**(33)**
Stock-based awards exercised or vested	—	—	**(2)**	**(23)**	**2**	—	—	—	—
Shares repurchased	—	—	—	**255**	**(32)**	—	—	—	**(32)**
Recognition of stock-based compensation	—	—	**62**	—	—	—	—	—	**62**
Dividends declared ($1.18 per share)	—	—	—	—	—	**(399)**	—	—	**(399)**
Other	—	—	**4**	—	—	**(11)**	**1**	**1**	**(5)**
Balance at September 30, 2023	**378,597**	**$ 473**	**$ 761**	**40,614**	**$ (5,101)**	**$ 8,217**	**$ (3,670)**	**$ 160**	**$ 840**

	Nine Months Ended September 30, 2023								
	Common Stock Issued		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Stockholders' Equity
(Millions of dollars, shares in thousands, except per share amounts)	Shares	Amount		Shares	Amount				
Balance at December 31, 2022	**378,597**	**$ 473**	**$ 679**	**41,135**	**$ (5,137)**	**$ 8,201**	**$ (3,669)**	**$ 153**	**$ 700**
Net income in stockholders' equity, excludes redeemable interests' share	—	—	—	—	—	**1,255**	—	**29**	**1,284**
Other comprehensive income, net of tax, excludes redeemable interests' share	—	—	—	—	—	—	**(1)**	**(7)**	**(8)**
Stock-based awards exercised or vested	—	—	**(61)**	**(1,261)**	**133**	—	—	—	**72**
Shares repurchased	—	—	—	**740**	**(97)**	—	—	—	**(97)**
Recognition of stock-based compensation	—	—	**130**	—	—	—	—	—	**130**
Dividends declared ($3.54 per share)	—	—	—	—	—	**(1,196)**	—	**(16)**	**(1,212)**
Other	—	—	**13**	—	—	**(43)**	—	**1**	**(29)**
Balance at September 30, 2023	**378,597**	**$ 473**	**$ 761**	**40,614**	**$ (5,101)**	**$ 8,217**	**$ (3,670)**	**$ 160**	**$ 840**

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(Millions of dollars, shares in thousands, except per share amounts)	Three Months Ended September 30, 2022									
	Common Stock Issued		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount		Shares	Amount				
Balance at June 30, 2022	378,597	$ 473	$ 598	40,962	$ (5,111)	$ 8,022	$ (3,389)	$ 149	$ 742
Net income in stockholders' equity, excludes redeemable interests' share	—	—	—	—	—	467	—	9	476
Other comprehensive income, net of tax, excludes redeemable interests' share	—	—	—	—	—	—	(239)	(13)	(252)
Stock-based awards exercised or vested	—	—	(2)	(84)	9	—	—	—	7
Shares repurchased	—	—	—	191	(25)	—	—	—	(25)
Recognition of stock-based compensation	—	—	31	—	—	—	—	—	31
Dividends declared ($1.16 per share)	—	—	—	—	—	(391)	—	(1)	(392)
Other	—	—	6	—	1	(12)	(1)	2	(4)
Balance at September 30, 2022	378,597	$ 473	$ 633	41,069	$ (5,126)	$ 8,086	$ (3,629)	$ 146	$ 583

(Millions of dollars, shares in thousands, except per share amounts)	Nine Months Ended September 30, 2022								
	Common Stock Issued		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount		Shares	Amount				
Balance at December 31, 2021	378,597	$ 473	$ 605	41,762	$ (5,183)	$ 7,858	$ (3,239)	$ 223	$ 737
Net income in stockholders' equity, excludes redeemable interests' share	—	—	—	—	—	1,427	—	30	1,457
Other comprehensive income, net of tax, excludes redeemable interests' share	—	—	—	—	—	—	(389)	(26)	(415)
Stock-based awards exercised or vested	—	—	(81)	(1,272)	131	—	—	—	50
Shares repurchased	—	—	—	579	(75)	—	—	—	(75)
Recognition of stock-based compensation	—	—	98	—	—	—	—	—	98
Dividends declared ($3.48 per share)	—	—	—	—	—	(1,174)	—	(82)	(1,256)
Other	—	—	11	—	1	(25)	(1)	1	(13)
Balance at September 30, 2022	378,597	$ 473	$ 633	41,069	$ (5,126)	$ 8,086	$ (3,629)	$ 146	$ 583

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
(Unaudited)

(Millions of dollars)	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
Operating Activities		
Net income	**$ 1,252**	$ 1,446
Depreciation and amortization	**566**	568
Asset impairments	**676**	—
Gain on previously held equity investment in Thinx	**—**	(85)
Stock-based compensation	**131**	101
Deferred income taxes	**(297)**	(131)
Net (gains) losses on asset and business dispositions	**(77)**	14
Equity companies' earnings (in excess of) less than dividends paid	**(74)**	(21)
Operating working capital	**111**	(166)
Postretirement benefits	**34**	6
Other	**5**	10
Cash Provided by Operations	**2,327**	1,742
Investing Activities		
Capital spending	**(549)**	(679)
Acquisition of business, net of cash acquired	**—**	(46)
Proceeds from asset and business dispositions	**219**	7
Investments in time deposits	**(545)**	(411)
Maturities of time deposits	**605**	632
Other	**4**	(20)
Cash Used for Investing	**(266)**	(517)
Financing Activities		
Cash dividends paid	**(1,189)**	(1,167)
Change in short-term debt	**(336)**	487
Debt proceeds	**357**	—
Debt repayments	**(350)**	(312)
Proceeds from exercise of stock options	**97**	84
Acquisitions of common stock for the treasury	**(95)**	(74)
Cash paid for redemption of common securities of Thinx	**(48)**	—
Cash dividends paid to noncontrolling interests	**(16)**	(82)
Other	**(40)**	(45)
Cash Used for Financing	**(1,620)**	(1,109)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(54)**	(24)
Change in Cash and Cash Equivalents	**387**	92
Cash and Cash Equivalents - Beginning of Period	**427**	270
Cash and Cash Equivalents - End of Period	**$ 814**	$ 362

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all material adjustments which are of a normal and recurring nature necessary for a fair presentation of the results for the periods presented have been reflected. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

For further information, refer to the consolidated financial statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2022. The terms "Corporation," "Kimberly-Clark," "K-C," "we," "our" and "us" refer to Kimberly-Clark Corporation and its consolidated subsidiaries.

Highly Inflationary Accounting

GAAP guidance requires the use of highly inflationary accounting for countries whose cumulative three-year inflation exceeds 100 percent. Under highly inflationary accounting, the countries’ functional currency becomes the U.S. dollar, and its income statement and balance sheet are measured in U.S. dollars using both current and historical rates of exchange. In the second quarter of 2018, published inflation indices indicated that the three-year cumulative inflation in Argentina exceeded 100 percent, and as of July 1, 2018, we elected to adopt highly inflationary accounting for our subsidiaries in Argentina (“K-C Argentina”). The effect of changes in exchange rates on peso-denominated monetary assets and liabilities has been reflected in earnings in Other (income) and expense, net and was not material. As of September 30, 2023, K-C Argentina had an immaterial net peso monetary position. Net sales of K-C Argentina were approximately 1 percent of our consolidated net sales for the nine months ended September 30, 2023 and 2022.

In the first quarter of 2022, published inflation indices indicated that the three-year cumulative inflation in Türkiye exceeded 100 percent, and as of April 1, 2022, we elected to adopt highly inflationary accounting for our subsidiary in Türkiye (“K-C Türkiye”). The effect of changes in exchange rates on lira-denominated monetary assets and liabilities has been reflected in earnings in Other (income) and expense, net and was not material. As of September 30, 2023, K-C Türkiye had an immaterial net lira monetary position. Net sales of K-C Türkiye were less than 1 percent of our consolidated net sales for the nine months ended September 30, 2023 and 2022.

Recently Adopted Accounting Standard

In September 2022, the Financial Accounting Standards Board issued Accounting Standard Update (“ASU”) No. 2022-04, *Liabilities – Supplier Finance Programs (Subtopic 405-50)*. The new guidance requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of the financial statements to understand the program’s nature, activity during the period, changes from period to period, and potential magnitude. This ASU was effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the provision on roll forward information, which is effective for fiscal years beginning after December 15, 2023. We adopted this ASU as of January 1, 2023, except for the amendment on roll forward information which will be adopted January 1, 2024. As the guidance requires only additional disclosure, there were no effects of this standard on our financial position, results of operations or cash flows. See disclosure contained in Note 9.

Note 2. Acquisition and Divestiture

Acquisition

On February 24, 2022, we completed our acquisition of a majority and controlling share of Thinx Inc. (“Thinx”), an industry leader in the reusable period and incontinence underwear category, for total consideration of $181 consisting of cash of $53, the fair value of our previously held equity investment of $127, and certain share-based award costs of $1.

We previously accounted for our ownership interest in Thinx as an equity method investment, but upon increasing our ownership to 58 percent, we began consolidating the operations of Thinx into our financial statements at the end of the first quarter of 2022. The consolidated results of operations for Thinx are reported in our Personal Care business segment on a one-month lag. The share of Thinx net income and equity attributable to the third-party minority owner of Thinx is classified in our consolidated income statement within Net income attributable to noncontrolling interests and in our consolidated balance sheet within Redeemable Common and Preferred Securities of Subsidiaries. This noncontrolling equity interest is measured at the estimated redemption value, which approximates fair value.

During the first quarter of 2022, we substantially completed an initial purchase price allocation in which we utilized several generally accepted valuation methodologies to estimate the fair value of certain acquired assets. The primary valuation methods included two forms of the Income Approach (i.e., the multi-period excess earnings method [distributor method] and the relief-from-royalty method). The purchase price allocation was finalized in the first quarter of 2023 with immaterial measurement period adjustments recorded.

The total purchase price consideration was allocated to the net assets acquired based upon their respective final estimated fair values as follows:

Current Assets	$	28
Property, Plant and Equipment, Net		2
Goodwill		298
Other Intangible Assets, Net		123
Other Assets		4
Current Liabilities		(18)
Deferred Income Taxes		(18)
Other Liabilities		(4)
Fair value of net assets acquired		415
Less fair value of non-controlling interest		(234)
Total purchase price consideration	$	181

Other Intangible Assets, Net includes brands and customer relationships which have estimated useful lives of 4 to 15 years, primarily 15 years.

Goodwill of $298 was allocated to the Personal Care business segment. The goodwill is primarily attributable to future growth opportunities and any intangible assets that did not qualify for separate recognition. For tax purposes, the acquisition of additional Thinx shares was treated as a stock acquisition, and the goodwill acquired is not tax deductible.

As a result of this transaction during the quarter ended March 31, 2022, an $85 non-recurring, non-cash gain was recognized in Other (income) expense, net as a result of the remeasurement of the carrying value of our previously held equity investment to fair value, and related transaction and integration costs of $21 were recorded in Marketing, research and general expenses. This recognition resulted in a net benefit of $64 pre-tax ($68 after tax) being included in our consolidated income statement for the quarter ended March 31, 2022. In addition, we removed the non-cash gain impact from Operating Activities in our consolidated cash flow statements for the six months ended June 30, 2022.

In the first quarter of 2023, we delivered a redemption notice to the third-party minority owner with respect to a portion of the remaining common securities of Thinx and reclassified $48 to Accrued expenses and other current liabilities from Redeemable Common and Preferred Securities. This redemption closed in the second quarter of 2023, and we acquired additional ownership of Thinx for $48, increasing our controlling ownership to 70 percent. As the purchase of additional ownership in an already controlled subsidiary represents an equity transaction, no gain or loss was recognized in consolidated net income or comprehensive income.

<u>Divestiture</u>

On June 1, 2023, we completed the sale transaction, announced on October 24, 2022, of our Neve tissue brand and related consumer and K-C Professional tissue assets in Brazil for $212, including the base purchase price of $175 and working capital and other closing adjustments of $37. This transaction also included a licensing agreement to allow the acquirer to manufacture and market in Brazil the Kleenex, Scott and Wypall brands to consumers and away-from-home customers for a period of time. The assets included in the sale agreement were reclassified to Other current assets as of December 31, 2022, and upon closure of the transaction, a gain of $74 pre-tax was recognized in Other (income) and expense, net. We incurred divestiture-related costs of $30 pre-tax during the three months ended June 30, 2023, which were recorded in Cost of products sold and Marketing, research and general expenses, resulting in a net benefit of $44 pre-tax ($26 after tax).

Note 3. **Impairment of Intangible Assets**

In the second quarter of 2023, we conducted forecasting and strategic reviews and integration assessments of our Softex Indonesia business, acquired in the fourth quarter of 2020, and with performance below expectations since acquisition, we revised internal financial projections of the business to reflect updated expectations of future financial performance. These reviews and the subsequent revisions in the projections highlighted challenges for the Softex business arising from modified consumer shopping behavior in the post-COVID-19 period, inflationary pressures and other macroeconomic factors and increased competitive activity in the region. As a result of separate management reviews, we also have revised internal financial projections associated with our acquisition of a controlling interest in Thinx as a result of performance below expectations due to the impact of modified consumer shopping behavior in the post-COVID-19 period.

These revisions were considered triggering events requiring interim impairment assessments to be performed relative to the intangible assets that had been recorded as part of these acquisitions. These intangible assets were recorded as part of the Personal Care business segment and included indefinite-lived and finite-lived brands and finite-lived distributor and customer relationships. As a result of the interim impairment assessments, we recognized impairment charges, principally arising from the impairment charge of $593 related to the Softex business, totaling $658 pre-tax ($483 after tax) to write-down these intangible assets to their respective fair values aggregating to $188 as of June 30, 2023. The valuation methods used in the assessments included the relief from royalty and distributor and customer relationships methods. This noncash charge was included in Impairment of intangible assets in our consolidated income statement and in Asset impairments within Operating Activities in our consolidated cash flow statement.

We believe our estimates and assumptions used in the valuations are reasonable and comparable to those that would be used by other market participants; however, actual events and results could differ substantially from those used in the valuation, and to the extent such factors result in a failure to achieve the projected cash flows used to estimate fair value, additional noncash impairment charges could be required in the future.

Note 4. Fair Value Information

The following fair value information is based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels in the hierarchy used to measure fair value are:

Level 1 – Unadjusted quoted prices in active markets accessible at the reporting date for identical assets and liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets and liabilities in markets that are not considered active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are significant to the valuation and are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

During the nine months ended September 30, 2023 and for the full year 2022, there were no significant transfers to or from level 3 fair value determinations.

Derivative assets and liabilities are measured on a recurring basis at fair value. At September 30, 2023 and December 31, 2022, derivative assets were $130 and $99, respectively, and derivative liabilities were $235 and $318, respectively. The fair values of derivatives used to manage interest rate risk are based on the Secured Overnight Financing Rate ("SOFR") as of September 30, 2023, and on LIBOR rates as of December 31, 2022, and interest rate swap curves. The fair values of derivatives used to manage commodity price risk are based on commodity price quotations. The fair values of hedging instruments used to manage foreign currency risk are based on published quotations of spot currency rates and forward points, which are converted into implied forward currency rates. Measurement of our derivative assets and liabilities is considered a level 2 measurement. Additional information on our classification and use of derivative instruments is contained in Note 7.

Redeemable common and preferred securities of subsidiaries are measured on a recurring basis at their estimated redemption values, which approximate fair value. As of September 30, 2023 and December 31, 2022, the securities were valued at $210 and $258, respectively. The securities are not traded in active markets, and their measurement is considered a level 3 measurement. In the first quarter of 2023, we delivered a redemption notice to the third-party minority owner with respect to a portion of the remaining common securities of Thinx, and the redemption closed in the second quarter of 2023, reducing our outstanding redeemable common securities by $48. Additional information on this transaction is contained in Note 2.

Company-owned life insurance ("COLI") assets are measured on a recurring basis at fair value. COLI assets were $65 and $63 at September 30, 2023 and December 31, 2022, respectively. The COLI policies are a source of funding primarily for our nonqualified employee benefits and are included in Other Assets. The COLI policies are measured at fair value using the net asset value per share practical expedient, and therefore, are not classified in the fair value hierarchy.

The following table includes the fair value of our financial instruments for which disclosure of fair value is required:

	Fair Value Hierarchy Level	September 30, 2023 Carrying Amount	September 30, 2023 Estimated Fair Value	December 31, 2022 Carrying Amount	December 31, 2022 Estimated Fair Value
Assets					
Cash and cash equivalents[(a)]	1	**$ 814**	**$ 814**	$ 427	$ 427
Time deposits[(b)]	1	**200**	**200**	268	268
Liabilities					
Short-term debt[(c)]	2	**37**	**37**	373	373
Long-term debt[(d)]	2	**8,053**	**7,212**	8,049	7,403

(a) Cash equivalents are composed of certificates of deposit, time deposits and other interest-bearing investments with original maturity dates of 90 days or less. Cash equivalents are recorded at cost, which approximates fair value.

(b) Time deposits are composed of deposits with original maturities of more than 90 days but less than one year and instruments with original maturities of greater than one year, included in Other current assets or Other Assets in the consolidated balance sheet, as appropriate. Time deposits are recorded at cost, which approximates fair value.

(c) Short-term debt is composed of U.S. commercial paper and/or other similar short-term debt issued by non-U.S. subsidiaries, all of which are recorded at cost, which approximates fair value.

(d) Long-term debt includes the current portion of these debt instruments. Fair values were estimated based on quoted prices for financial instruments for which all significant inputs were observable, either directly or indirectly.

Note 5. Earnings Per Share ("EPS")

There are no adjustments required to be made to net income for purposes of computing basic and diluted EPS. The average number of common shares outstanding is reconciled to those used in the basic and diluted EPS computations as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(Millions of shares)	**2023**	**2022**	**2023**	**2022**
Basic	**338.1**	337.6	**337.9**	337.3
Dilutive effect of stock options and restricted share unit awards	**0.8**	0.7	**0.9**	1.0
Diluted	**338.9**	338.3	**338.8**	338.3

The impact of options outstanding that were not included in the computation of diluted EPS because their exercise price was greater than the average market price of the common shares was insignificant. The number of common shares outstanding as of September 30, 2023 and 2022 was 338.0 million and 337.5 million, respectively.

Note 6. Stockholders' Equity

Net unrealized currency gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries, except those in highly inflationary economies, are recorded in Accumulated Other Comprehensive Income ("AOCI"). For these operations, changes in exchange rates generally do not affect cash flows; therefore, unrealized translation adjustments are recorded in AOCI rather than net income. Upon sale or substantially complete liquidation of any of these subsidiaries, the applicable unrealized translation would be removed from AOCI and reported as part of the gain or loss on the sale or liquidation.

Also included in unrealized translation amounts are the effects of foreign exchange rate changes on intercompany balances of a long-term investment nature and transactions designated as hedges of net foreign investments.

The change in net unrealized currency translation for the nine months ended September 30, 2023 was primarily due to the weakening of certain foreign currencies versus the U.S. dollar.

The changes in the components of AOCI attributable to Kimberly-Clark, net of tax, are as follows:

	Unrealized Translation	Defined Benefit Pension Plans	Other Postretirement Benefit Plans	Cash Flow Hedges and Other
Balance as of December 31, 2021	$ (2,422)	$ (803)	$ (34)	$ 20
Other comprehensive income (loss) before reclassifications	(501)	(6)	(2)	101
(Income) loss reclassified from AOCI	—	44 (a)	— (a)	(26)
Net current period other comprehensive income (loss)	(501)	38	(2)	75
Balance as of September 30, 2022	$ (2,923)	$ (765)	$ (36)	$ 95
Balance as of December 31, 2022	$ (2,769)	$ (789)	$ 52	$ (163)
Other comprehensive income (loss) before reclassifications	**(96)**	**(28)**	**—**	**(50)**
(Income) loss reclassified from AOCI	**2**	**45** (a)	**—** (a)	**126**
Net current period other comprehensive income (loss)	**(94)**	**17**	**—**	**76**
Balance as of September 30, 2023	**$ (2,863)**	**$ (772)**	**$ 52**	**$ (87)**

(a) Included in computation of net periodic benefit costs.

Note 7. Objectives and Strategies for Using Derivatives

As a multinational enterprise, we are exposed to financial risks, such as changes in foreign currency exchange rates, interest rates, and commodity prices. We employ a number of practices to manage these risks, including operating and financing activities and, where appropriate, the use of derivative instruments.

At September 30, 2023 and December 31, 2022, derivative assets were $130 and $99, respectively, and derivative liabilities were $235 and $318, respectively, primarily comprised of foreign currency exchange and commodity price contracts. Derivative assets are recorded in Other current assets or Other Assets, as appropriate, and derivative liabilities are recorded in Accrued expenses and other current liabilities or Other Liabilities, as appropriate.

Foreign Currency Exchange Rate Risk

Translation adjustments result from translating foreign entities' financial statements into U.S. dollars from their functional currencies. The risk to any particular entity's net assets is reduced to the extent that the entity is financed with local currency borrowings. A portion of our balance sheet translation exposure for certain affiliates, which results from changes in translation rates between the affiliates’ functional currencies and the U.S. dollar, is hedged with cross-currency swap contracts and certain foreign denominated debt which are designated as net investment hedges. The foreign currency exposure on certain non-functional currency denominated monetary assets and liabilities, primarily intercompany loans and accounts payable, is hedged with primarily undesignated derivative instruments.

Derivative instruments are entered into to hedge a portion of forecasted cash flows denominated in foreign currencies for non-U.S. operations' purchases of raw materials, which are priced in U.S. dollars, and imports of intercompany finished goods and work-in-process priced predominantly in U.S. dollars and euros. The derivative instruments used to manage these exposures are designated as cash flow hedges.

Interest Rate Risk

Interest rate risk is managed using a portfolio of variable and fixed-rate debt composed of short and long-term instruments. Interest rate swap contracts may be used to facilitate the maintenance of the desired ratio of variable and fixed-rate debt and are designated as fair value hedges. From time to time, we also hedge the anticipated issuance of fixed-rate debt, and these contracts are designated as cash flow hedges.

Commodity Price Risk

We use derivative instruments, such as commodity forward and price swap contracts, to hedge a portion of our exposure to market risk arising from changes in prices of certain commodities. These derivatives are designated as cash flow hedges of specific quantities of the underlying commodity expected to be purchased in future months. In addition, we utilize negotiated contracts of varying durations along with strategic pricing mechanisms to manage volatility for a portion of our commodity costs.

Fair Value Hedges

Derivative instruments that are designated and qualify as fair value hedges are predominantly used to manage interest rate risk. The fair values of these interest rate derivative instruments are recorded as an asset or liability, as appropriate, with the offset recorded in Interest expense. The offset to the change in fair values of the related debt is also recorded in Interest expense. Any realized gain or loss on the derivatives that hedge interest rate risk is amortized to Interest expense over the life of the related debt. As of September 30, 2023, the aggregate notional values and carrying values of debt subject to outstanding interest rate contracts designated as fair value hedges were $525 and $463, respectively. For the nine months ended September 30, 2023 and 2022, gains or losses recognized in Interest expense for interest rate swaps were not significant.

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is initially recorded in AOCI, net of related income taxes, and recognized in earnings in the same income statement line and period that the hedged exposure affects earnings. As of September 30, 2023, outstanding commodity forward and price swap contracts were in place to hedge a portion of our estimated requirements of the related underlying commodities in the remainder of 2023 and future periods. As of September 30, 2023, the aggregate notional value of outstanding foreign exchange derivative contracts designated as cash flow hedges was $2.9 billion. For the nine months ended September 30, 2023 and 2022, no significant gains or losses were reclassified into Interest expense, Cost of products sold or Other (income) and expense, net as a result of the discontinuance of cash flow hedges due to the original forecasted transaction no longer being probable of occurring. At September 30, 2023, amounts to be reclassified from AOCI into Interest expense, Cost of products sold or Other (income) and expense, net during the next twelve months are not expected to be material. The maximum maturity of cash flow hedges in place at September 30, 2023 is September 2026.

Net Investment Hedges

For derivative instruments that are designated and qualify as net investment hedges, the aggregate notional value was $1.7 billion at September 30, 2023. We exclude the interest accruals on cross-currency swap contracts and the forward points on foreign exchange forward contracts from the assessment and measurement of hedge effectiveness. We recognize the interest accruals on cross-currency swap contracts in earnings within Interest expense. We amortize the forward points on foreign exchange contracts into earnings within Interest expense over the life of the hedging relationship. Changes in fair value of net investment hedges are recorded in AOCI and offset the change in the value of the net investment being hedged. For the nine months ended September 30, 2023, unrealized gains of $21 related to net investment hedge fair value changes were recorded in AOCI and no significant amounts were reclassified from AOCI to Interest expense.

No significant amounts were excluded from the assessment of net investment, fair value or cash flow hedge effectiveness as of September 30, 2023.

Undesignated Hedging Instruments

Gains or losses on undesignated foreign exchange hedging instruments are immediately recognized in Other (income) and expense, net. Losses of $16 and $13 were recorded in the three months ended September 30, 2023 and 2022, respectively. Losses of $22 and $48 were recorded in the nine months ended September 30, 2023 and 2022. The effect on earnings from the use of these non-designated derivatives is substantially neutralized by the transactional gains and losses recorded on the underlying assets and liabilities. At September 30, 2023, the notional value of these undesignated derivative instruments was approximately $2.2 billion.

Note 8. Business Segment Information

We are organized into operating segments based on product groupings. These operating segments have been aggregated into three reportable global business segments: Personal Care, Consumer Tissue and K-C Professional. The reportable segments were determined in accordance with how our chief operating decision maker and our executive managers develop and execute global strategies to drive growth and profitability. These strategies include global plans for branding and product positioning, technology, research and development programs, cost reductions including supply chain management, and capacity and capital investments for each of these businesses. Segment management is evaluated on several factors, including operating profit.

Segment operating profit excludes Other (income) and expense, net and income and expense not associated with ongoing operations of the business segments.

The principal sources of revenue in each global business segment are described below:

- *Personal Care* brands offer our consumers a trusted partner in caring for themselves and their families by delivering confidence, protection and discretion through a wide variety of innovative solutions and products such as disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, reusable underwear and other related products. Products in this segment are sold under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Sweety, Kotex, U by Kotex, Intimus, Thinx, Poise, Depend, Plenitud, Softex and other brand names.
- *Consumer Tissue* offers a wide variety of innovative solutions and trusted brands that responsibly improve everyday living for families around the world. Products in this segment include facial and bathroom tissue, paper towels, napkins and related products, and are sold under the Kleenex, Scott, Cottonelle, Andrex, Viva, Scottex and other brand names.
- *K-C Professional* partners with businesses to create Exceptional Workplaces, helping to make them healthier, safer and more productive through a range of solutions and supporting products such as wipers, tissue, towels, apparel, soaps and sanitizers. Our brands, including Kleenex, Scott, WypAll, Kimtech and KleenGuard are well known for quality and trusted to help people around the world work better.

Information concerning consolidated operations by business segment is presented in the following tables:

	Three Months Ended September 30			Nine Months Ended September 30		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
NET SALES						
Personal Care	**$ 2,700**	$ 2,628	+3 %	**$ 8,089**	$ 8,067	—
Consumer Tissue	**1,567**	1,578	-1 %	**4,750**	4,683	+1 %
K-C Professional	**854**	836	+2 %	**2,588**	2,418	+7 %
Corporate & Other	**11**	11	N.M.	**34**	43	N.M.
TOTAL NET SALES	**$ 5,132**	$ 5,053	+2 %	**$ 15,461**	$ 15,211	+2 %
OPERATING PROFIT						
Personal Care	**$ 502**	$ 423	+19 %	**$ 1,461**	$ 1,364	+7 %
Consumer Tissue	**267**	218	+22 %	**707**	567	+25 %
K-C Professional	**168**	119	+41 %	**514**	294	+75 %
Corporate & Other[(a)]	**(128)**	(90)	N.M.	**(1,013)**	(298)	N.M.
Other (income) and expense, net[(a)]	**35**	15	+133 %	**(5)**	(42)	-88 %
TOTAL OPERATING PROFIT	**$ 774**	$ 655	+18 %	**$ 1,674**	$ 1,969	-15 %

(a) Corporate & Other and Other (income) and expense, net include income and expense not associated with the business segments, including in 2023 the net benefit related to the sale of our Brazil tissue and K-C Professional business and the impairment of intangible assets, and in 2022 the non-cash, non-recurring gain and transaction and integration costs related to the acquisition of a controlling interest in Thinx.

N.M. - Not Meaningful

<u>Sales of Principal Products:</u>

	Three Months Ended September 30		Nine Months Ended September 30	
(Billions of dollars)	**2023**	**2022**	**2023**	**2022**
Baby and child care products	**$ 1.8**	$ 1.7	**$ 5.3**	$ 5.5
Consumer tissue products	**1.6**	1.6	**4.8**	4.7
Away-from-home professional products	**0.9**	0.8	**2.6**	2.4
All other	**0.8**	1.0	**2.8**	2.6
Consolidated	**$ 5.1**	$ 5.1	**$ 15.5**	$ 15.2

Note 9. Supplemental Balance Sheet Data

The following schedule presents a summary of inventories by major class:

	September 30, 2023			December 31, 2022		
	LIFO	Non-LIFO	Total	LIFO	Non-LIFO	Total
Raw materials	$ 127	$ 316	$ 443	$ 147	$ 425	$ 572
Work in process	103	100	203	139	107	246
Finished goods	545	714	1,259	518	870	1,388
Supplies and other	—	313	313	—	302	302
	775	1,443	2,218	804	1,704	2,508
Excess of FIFO or weighted-average cost over LIFO cost	(197)	—	(197)	(239)	—	(239)
Total	$ 578	$ 1,443	$ 2,021	$ 565	$ 1,704	$ 2,269

Inventories are valued at the lower of cost or net realizable value, determined on the FIFO or weighted-average cost methods, and at the lower of cost or market, determined on the LIFO cost method.

The following schedule presents a summary of property, plant and equipment, net:

	September 30, 2023	December 31, 2022
Land	$ 155	$ 156
Buildings	3,014	3,062
Machinery and equipment	14,826	14,655
Construction in progress	655	676
	18,650	18,549
Less accumulated depreciation	(10,950)	(10,664)
Total	$ 7,700	$ 7,885

Supplier Finance Program

We have a supplier finance program managed through two global financial institutions under which we agree to pay the financial institutions the stated amount of confirmed invoices from our participating suppliers on the invoice due date. We, or the global financial institutions, may terminate our agreements at any time upon 30 days written notice. The global financial institutions may terminate our agreements at any time upon three days written notice in the event there are insufficient funds available for disbursement. We do not provide any forms of guarantees under these agreements. Supplier participation in the program is solely up to the supplier, and the participating suppliers negotiate their arrangements directly with the global financial institutions. We have no economic interest in a supplier’s decision to participate in the program, and their participation has no bearing on our payment terms or amounts due. The payment terms that we have with our suppliers under this program generally range from 75 to 180 days and are considered commercially reasonable. The outstanding amount related to the suppliers participating in this program was $1.0 billion as of September 30, 2023 and December 31, 2022, and was recorded within Trade accounts payable.

Note 10. Legal Matters

We are party to certain legal proceedings relating to our former health care business, Avanos Medical, Inc. ("Avanos", previously Halyard Health, Inc.), as described in our Form 10-K for the year ended December 31, 2022, including a qui tam matter and certain subpoena and document requests from the federal government. The subpoena and document requests include subpoenas from the United States Department of Justice ("DOJ") concerning allegations of potential criminal and civil violations of federal laws, including the Food, Drug, and Cosmetic Act, in connection with the manufacturing, marketing and sale of surgical gowns by our former health care business. We continue to cooperate in this investigation and are making efforts to reach a potential resolution with the DOJ.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

This management's discussion and analysis ("MD&A") of financial condition and results of operations is intended to provide investors with an understanding of our recent performance, financial condition and prospects. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted. The following will be discussed and analyzed:

- Overview of Third Quarter 2023 Results
- Results of Operations and Related Information
- Liquidity and Capital Resources
- Information Concerning Forward-Looking Statements

We describe our business outside North America in two groups – Developing and Emerging Markets ("D&E") and Developed Markets. D&E markets comprise Eastern Europe, the Middle East and Africa, Latin America and Asia-Pacific, excluding Australia and South Korea. Developed Markets consist of Western and Central Europe, Australia and South Korea. We have three reportable business segments: Personal Care, Consumer Tissue and K-C Professional. These business segments are described in greater detail in Note 8 to the unaudited interim consolidated financial statements.

On February 24, 2022, we completed our acquisition of a majority and controlling share of Thinx Inc. ("Thinx"), an industry leader in the reusable period and incontinence underwear category, for total consideration of $181 consisting of cash of $53, the fair value of our previously held equity investment of $127, and certain share-based award costs of $1. In the first quarter of 2023, we delivered a redemption notice to the third-party minority owner with respect to a portion of the remaining common securities of Thinx. This redemption closed in the second quarter of 2023, and we acquired additional ownership of Thinx for $48, increasing our ownership to 70 percent. As the purchase of additional ownership in an already controlled subsidiary represents an equity transaction, no gain or loss was recognized in consolidated net income or comprehensive income.

On June 1, 2023, we completed the sale transaction, announced on October 24, 2022, of our Neve tissue brand and related consumer and K-C Professional tissue assets in Brazil for $212, including the base purchase price of $175 and working capital and other closing adjustments of $37. This transaction also included a licensing agreement to allow the acquirer to manufacture and market in Brazil the Kleenex, Scott and Wypall brands to consumers and away-from-home customers for a period of time. The assets included in the sale agreement were reclassified to Other current assets as of December 31, 2022, and upon closure of the transaction, a gain of $74 pre-tax was recognized in Other (income) and expense, net. We incurred divestiture-related costs of $30 pre-tax during the three months ended June 30, 2023, which were recorded in Cost of products sold and Marketing, research and general expenses, resulting in a net benefit of $44 pre-tax ($26 after tax).

Beginning in March 2022, we have implemented significant adjustments to our business in Russia. We have substantially curtailed media, advertising and promotional activity and suspended capital investments in our sole manufacturing facility in Russia. Consistent with the humanitarian nature of our products, we manufacture and sell only essential items in Russia, such as baby diapers and feminine pads, which are critical to the health and hygiene of women, girls and babies. Our Russia business has represented approximately 1 to 3 percent of our net global sales, operating profit and total assets. Our ability to continue our operations in Russia may change as the situation evolves. Our business in Russia is experiencing increased input costs, supply chain complexities, reduced consumer demand and restricted access to raw materials and production assets, restricted access to financial institutions, as well as increased supply chain, monetary, currency and payment sanctions and controls. We are actively monitoring the situation, and as the business, geopolitical and regulatory environment concerning Russia evolves, we may not be able to sustain the limited manufacture and sale of our products, and our assets may be partially or fully impaired. We are also monitoring the increased risk of cyber-based attacks as a result of the war in Ukraine and have implemented additional cybersecurity measures designed to address the evolving threat landscape.

This section presents a discussion and analysis of our third quarter 2023 net sales, operating profit and other information relevant to an understanding of the results of operations. In addition, we provide commentary regarding organic sales growth, which describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates and acquisitions and exited businesses also impact the year-over-year change in net sales. Revenue growth management is used to describe our capability that drives sustainable profit growth by maximizing our brands' revenue potential with consumer-centric insights. It focuses on strategic pricing decisions, price pack architecture, managing our product mix, trade promotion activity and trading terms. Our analysis compares the three and nine months ended September 30, 2023 results to the same periods in 2022.

Throughout this MD&A, we refer to financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S., or GAAP, and are therefore referred to as non-GAAP financial measures. These measures include adjusted gross and operating profit, adjusted other (income) and expense, adjusted net income, adjusted earnings per share, and net and adjusted effective tax rate. We believe these measures provide our investors with additional information about our underlying results and trends, as well as insight into some of the financial measures used to evaluate management.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for the comparable GAAP measures, and they should be read only in conjunction with our unaudited interim consolidated financial statements prepared in accordance with GAAP. There are limitations to these non-GAAP financial 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. We compensate for these limitations by using these non-GAAP financial measures as a supplement to the GAAP measures and by providing reconciliations of the non-GAAP and comparable GAAP financial measures.

The non-GAAP financial measures exclude the following items for the relevant time periods as indicated in the reconciliations included later in this MD&A:

- Sale of Brazil tissue and K-C Professional business - In the second quarter of 2023, we recognized a net benefit related to the sale of our Brazil tissue and K-C Professional business. See Item 1, Note 2 to the unaudited interim consolidated financial statements for details.
- Impairment of intangible assets - In the second quarter of 2023, we recognized charges related to the impairment of certain intangible assets related to Softex Indonesia and Thinx. See Item 1, Note 3 to the unaudited interim consolidated financial statements for details.
- Pension settlements - In 2023 and 2022, pension settlement charges were recognized related to lump-sum distributions from pension plan assets exceeding the total of annual service and interest costs resulting in a recognition of deferred actuarial losses.
- Acquisition of controlling interest in Thinx – In the first quarter of 2022, we increased our investment in Thinx. As a result of this transaction, a net benefit was recognized primarily due to the non-recurring, non-cash gain recognized related to the remeasurement of the carrying value of our previously held equity investment to fair value partially offset by transaction and integration costs. See Item 1, Note 2 to the unaudited interim consolidated financial statements for details.

Overview of Third Quarter 2023 Results

- Net sales of $5.1 billion increased 2 percent compared to the year-ago period, including organic sales growth of 5 percent.
- Operating profit was $774 in 2023 and $655 in 2022. Net Income Attributable to Kimberly-Clark Corporation was $587 in 2023 compared to $467 in 2022, and diluted earnings per share were $1.73 in 2023 compared to $1.38 in 2022. Results in 2023 and 2022 include pension settlement charges.

Results of Operations and Related Information

This section presents a discussion and analysis of our third quarter 2023 net sales, operating profit and other information relevant to an understanding of the results of operations.

Consolidated

Selected Financial Results	**Three Months Ended September 30**			**Nine Months Ended September 30**		
	2023	**2022**	**Percent Change**	**2023**	**2022**	**Percent Change**
Net Sales:						
North America	**$ 2,848**	$ 2,682	+6 %	**$ 8,360**	$ 7,953	+5 %
Outside North America	**2,342**	2,446	-4 %	**7,288**	7,471	-2 %
Intergeographic sales	**(58)**	(75)	-23 %	**(187)**	(213)	-12 %
Total Net Sales	**5,132**	5,053	+2 %	**15,461**	15,211	+2 %
Operating Profit:						
North America	**684**	519	+32 %	**1,873**	1,475	+27 %
Outside North America	**253**	241	+5 %	**809**	750	+8 %
Corporate & Other[(a)]	**(128)**	(90)	N.M.	**(1,013)**	(298)	N.M.
Other (income) and expense, net[(a)]	**35**	15	+133 %	**(5)**	(42)	-88 %
Total Operating Profit	**774**	655	+18 %	**1,674**	1,969	-15 %
Share of net income of equity companies	**50**	29	+72 %	**143**	81	+77 %
Net Income Attributable to Kimberly-Clark Corporation	**587**	467	+26 %	**1,255**	1,427	-12 %
Diluted Earnings per Share	**1.73**	1.38	+25 %	**3.70**	4.22	-12 %

(a) Corporate & Other and Other (income) and expense, net include income and expense not associated with the business segments, including adjustments as indicated in the Non-GAAP Reconciliations.

N.M. - Not Meaningful

GAAP to Non-GAAP Reconciliations of Selected Financial Results

	Three Months Ended September 30, 2023		
	As Reported	**Pension Settlements**	**As Adjusted Non-GAAP**
Nonoperating expense	**$ (20)**	**$ (4)**	**$ (16)**
Provision for income taxes	**(157)**	**1**	**(158)**
Effective tax rate	**22.5 %**	**—**	**22.5 %**
Net Income Attributable to Kimberly-Clark Corporation	**587**	**(3)**	**590**
Diluted Earnings per Share[(a)]	**1.73**	**(0.01)**	**1.74**

	Three Months Ended September 30, 2022		
	As Reported	**Pension Settlements**	**As Adjusted Non-GAAP**
Nonoperating expense	$ (18)	$ (10)	$ (8)
Provision for income taxes	(127)	2	(129)
Effective tax rate	22.4 %	—	22.3 %
Net Income Attributable to Kimberly-Clark Corporation	467	(8)	475
Diluted Earnings per Share[(a)]	1.38	(0.02)	1.40

	Nine Months Ended September 30, 2023				
	As Reported	Sale of Brazil Tissue and K-C Professional Business	Impairment of Intangible Assets	Pension Settlements	As Adjusted Non-GAAP
Cost of products sold	**$ 10,166**	**$ 15**	**$ —**	**$ —**	**$ 10,151**
Gross Profit	**5,295**	**(15)**	**—**	**—**	**5,310**
Marketing, research and general expenses	**2,968**	**15**	**—**	**—**	**2,953**
Impairment of intangible assets	**658**	**—**	**658**	**—**	**—**
Other (income) and expense, net	**(5)**	**(74)**	**—**	**—**	**69**
Operating Profit	**1,674**	**44**	**(658)**	**—**	**2,288**
Nonoperating expense	**(78)**	**—**	**—**	**(31)**	**(47)**
Provision for income taxes	**(298)**	**(18)**	**175**	**8**	**(463)**
Effective tax rate	**21.2 %**	**—**	**—**	**—**	**22.6 %**
Net (income) loss attributable to noncontrolling interests	**3**	**—**	**20**	**—**	**(17)**
Net Income Attributable to Kimberly-Clark Corporation	**1,255**	**26**	**(463)**	**(23)**	**1,715**
Diluted Earnings per Share[(a)]	**3.70**	**0.08**	**(1.36)**	**(0.07)**	**5.06**

	Nine Months Ended September 30, 2022			
	As Reported	Acquisition of Controlling Interest in Thinx	Pension Settlements	As Adjusted Non-GAAP
Marketing, research and general expenses	$ 2,665	$ 21	$ —	$ 2,644
Other (income) and expense, net	(42)	(85)	—	43
Operating Profit	1,969	64	—	1,905
Nonoperating expense	(49)	—	(34)	(15)
Provision for income taxes	(356)	4	8	(368)
Effective tax rate	20.7 %	—	—	21.8 %
Net Income Attributable to Kimberly-Clark Corporation	1,427	68	(26)	1,385
Diluted Earnings per Share[(a)]	4.22	0.20	(0.08)	4.09

(a) "As Adjusted Non-GAAP" may not equal "As Reported" plus "Adjustments" as a result of rounding.

Analysis of Consolidated Results

Percent Change in Net Sales Three Months Ended	Volume	Net Price	Mix/Other	Exited Business[e]	Currency	Total[a]	Organic[b]
Consolidated	**(1)**	**5**	**1**	**(1)**	**(2)**	**2**	**5**
North America	**2**	**4**	**1**	**—**	**—**	**7**	**7**
Developed & Emerging	**(2)**	**5**	**1**	**(4)**	**(9)**	**(8)**	**5**
Developed Markets	**(8)**	**7**	**1**	**—**	**2**	**3**	**—**

Percent Change in Net Sales Nine Months Ended	Volume	Net Price	Mix/Other	Exited Business[e]	Currency	Total[a]	Organic[b]
Consolidated	**(3)**	**8**	**1**	**—**	**(3)**	**2**	**5**
North America	**—**	**6**	**—**	**—**	**—**	**6**	**6**
Developed & Emerging	**(6)**	**9**	**2**	**(2)**	**(8)**	**(5)**	**5**
Developed Markets	**(7)**	**11**	**1**	**—**	**(3)**	**2**	**5**

Percent Change in Operating Profit[f]	Volume	Net Price	Input Costs	Cost Savings[c]	Currency Translation	Other[d]	Total
Three months ended	**—**	**38**	**12**	**14**	**(4)**	**(42)**	**18**
Nine months ended	**(7)**	**60**	**(6)**	**14**	**(5)**	**(36)**	**20**

(a) Total may not equal the sum of volume, net price, mix/other, exited business and currency due to rounding and excludes intergeographic sales.

(b) Combined impact of changes in volume, net price and mix/other.

(c) Benefits of the FORCE (Focused On Reducing Costs Everywhere) program.

(d) Includes impact of changes in product mix, marketing, research and general expenses, foreign currency transaction effects and other manufacturing costs.

(e) Impact of the sale of Brazil tissue and K-C Professional business.

(f) Percent change calculated using adjusted operating profit for the nine months ended September 30, 2023 and 2022.

Net sales in the third quarter of $5.1 billion increased 2 percent. Organic sales increased 5 percent as changes in net selling prices and product mix increased sales by 5 percent and 1 percent, respectively, driven by ongoing revenue growth management programs, while volume decreased 1 percent. Changes in foreign currency exchange rates decreased sales by 2 percent, while the exit of our Brazil tissue and K-C Professional business decreased sales by 1 percent.

In North America, net sales increased 7 percent, with increases of 9 percent in Personal Care, 4 percent in Consumer Tissue and 7 percent in K-C Professional, with all increases driven by organic sales growth. Outside North America, net sales decreased 8 percent in D&E Markets and increased 3 percent in Developed Markets. Organic sales were up 5 percent in D&E Markets and were consistent with the prior year in Developed Markets.

Operating profit in the third quarter was $774 in 2023 and $655 in 2022. Results benefited from higher net selling prices, $90 in FORCE cost savings, and $75 of lower input costs, partially offset by higher marketing, research and general expenses, unfavorable currency effects, and higher other manufacturing costs. The increase in marketing, research and general expenses is primarily due to planned increases in spend coupled with higher incentive compensation levels.

Interest expense in the third quarter was $74 in 2023 compared to $73 in 2022.

The third quarter effective tax rate was 22.5 percent in 2023 and 22.4 percent in 2022. The third quarter adjusted effective tax rate was 22.5 percent in 2023 and 22.3 percent in 2022.

Our share of net income of equity companies in the third quarter was $50 in 2023 and $29 in 2022. The increase was primarily driven by Kimberly-Clark de Mexico, S.A.B. de C.V. results which benefited from favorable currency effects and cost savings.

Diluted net income per share for the third quarter was $1.73 in 2023 and $1.38 in 2022. Third quarter adjusted earnings per share were $1.74 in 2023, an increase of 24 percent compared to $1.40 in 2022.

Year-to-date net sales of $15.5 billion increased 2 percent compared to the year ago period. Organic sales increased 5 percent, as changes in net selling prices and product mix increased sales by approximately 8 percent and 1 percent, respectively, driven by ongoing revenue growth management programs, while volumes decreased 3 percent. Changes in foreign currency exchange rates decreased sales by 3 percent, and the exit of our Brazil tissue and K-C Professional business decreased sales slightly. Year-to-date operating profit was $1,674 in 2023 and $1,969 in 2022. Results in 2023 include the net benefit related to the sale of the Brazil tissue and K-C Professional business and charges related to the impairment of intangible assets, compared to 2022 results which include the net benefit of the acquisition of a controlling interest in Thinx. Year-to-date adjusted operating profit was $2,288 in 2023 and $1,905 in 2022. Results benefited from higher net selling prices and $275 in FORCE cost savings, partially offset by higher marketing, research and general expenses, unfavorable currency effects, higher other manufacturing cost, lower volumes, and $115 in higher input costs. Through nine months, diluted net income per share was $3.70 in 2023 and $4.22 in 2022. Year-to-date adjusted earnings per share were $5.06 in 2023 and $4.09 in 2022.

Results by Business Segments

Personal Care

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Net Sales	**$ 2,700**	$ 2,628	**$ 8,089**	$ 8,067

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	**2022**	**2023**	**2022**
Operating Profit	**$ 502**	$ 423	**$ 1,461**	$ 1,364

Percent Change in Net Sales Three Months Ended	**Volume**	**Net Price**	**Mix/Other**	**Acquisition**	**Currency**	**Total[(a)]**	**Organic[(b)]**
Total Personal Care	**2**	**4**	**1**	**—**	**(5)**	**3**	**7**
North America	**6**	**2**	**1**	**—**	**—**	**9**	**9**
D&E Markets	**—**	**5**	**2**	**—**	**(12)**	**(4)**	**7**
Developed Markets	**(5)**	**5**	**1**	**—**	**—**	**2**	**2**

Percent Change in Net Sales Nine Months Ended	**Volume**	**Net Price**	**Mix/Other**	**Acquisition[(e)]**	**Currency**	**Total[(a)]**	**Organic[(b)]**
Total Personal Care	**(2)**	**6**	**1**	**—**	**(5)**	**—**	**5**
North America	**1**	**3**	**—**	**1**	**—**	**4**	**4**
D&E Markets	**(4)**	**9**	**2**	**—**	**(10)**	**(4)**	**6**
Developed Markets	**(5)**	**7**	**1**	**—**	**(4)**	**—**	**3**

Percent Change in Operating Profit	**Volume**	**Net Price**	**Input Costs**	**Cost Savings[(c)]**	**Currency Translation**	**Other[(d)]**	**Total**
Three months ended	**9**	**23**	**3**	**15**	**(7)**	**(24)**	**19**
Nine months ended	**(2)**	**34**	**(3)**	**9**	**(6)**	**(25)**	**7**

(a) Total may not equal the sum of volume, net price, mix/other, acquisition and currency due to rounding and excludes intergeographic sales.

(b) Combined impact of changes in volume, net price and mix/other.

(c) Benefits of the FORCE program.

(d) Includes impact of changes in product mix, marketing, research and general expenses, foreign currency transaction effects and other manufacturing costs.

(e) Impact of the acquisition of Thinx Inc.

Net sales in the third quarter of $2.7 billion increased 3 percent, while organic sales increased 7 percent, driven by changes in net selling prices and product mix of 4 percent and 1 percent, respectively, and increased volume of approximately 2 percent. Innovation, solid commercial execution and supply improvements contributed to volume growth, led by a 6 percent increase in volume in North America. Changes in foreign currency exchange rates decreased sales by 5 percent.

Third quarter operating profit of $502 increased 19 percent. Results benefited from organic sales growth, cost savings and lower input costs, partially offset by higher marketing, research and general expenses and unfavorable currency effects.

Consumer Tissue

	Three Months Ended September 30		Nine Months Ended September 30			Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022		2023	2022	2023	2022
Net Sales	**$ 1,567**	$ 1,578	**$ 4,750**	$ 4,683	Operating Profit	**$ 267**	$ 218	**$ 707**	$ 567

Percent Change in Net Sales Three Months Ended	**Volume**	**Net Price**	**Mix/Other**	**Exited Business[(e)]**	**Currency**	**Total[(a)]**	**Organic[(b)]**
Total Consumer Tissue	**(4)**	**5**	**—**	**(3)**	**1**	**(1)**	**2**
North America	**(1)**	**5**	**—**	**—**	**—**	**4**	**4**
D&E Markets	**(9)**	**4**	**—**	**(14)**	**(1)**	**(21)**	**(5)**
Developed Markets	**(5)**	**6**	**—**	**—**	**3**	**5**	**2**

Percent Change in Net Sales Nine Months Ended	**Volume**	**Net Price**	**Mix/Other**	**Exited Business[(e)]**	**Currency**	**Total[(a)]**	**Organic[(b)]**
Total Consumer Tissue	**(4)**	**8**	**—**	**(1)**	**(1)**	**1**	**4**
North America	**(1)**	**6**	**—**	**—**	**—**	**5**	**5**
D&E Markets	**(10)**	**9**	**—**	**(6)**	**(3)**	**(10)**	**(1)**
Developed Markets	**(6)**	**11**	**—**	**—**	**(2)**	**3**	**5**

Percent Change in Operating Profit	**Volume**	**Net Price**	**Input Costs**	**Cost Savings[(c)]**	**Currency Translation**	**Other[(d)]**	**Total**
Three months ended	**(7)**	**37**	**11**	**8**	**—**	**(27)**	**22**
Nine months ended	**(8)**	**66**	**(17)**	**17**	**—**	**(33)**	**25**

(a) Total may not equal the sum of volume, net price, mix/other, exited business and currency due to rounding and excludes intergeographic sales.

(b) Combined impact of changes in volume, net price and mix/other.

(c) Benefits of the FORCE program.

(d) Includes impact of changes in product mix, marketing, research and general expenses, foreign currency transaction effects and other manufacturing costs.

(e) Impact of the sale of Brazil tissue and K-C Professional business.

Net sales in the third quarter of $1.6 billion decreased 1 percent, while organic sales growth increased 2 percent driven by changes in net selling prices that increased sales by 5 percent, partially offset by decreased volume of approximately 4 percent. Organic sales growth of 4 percent in North America and 2 percent in Developed Markets led the increase. Favorable revenue growth management and improving service levels contributed to the growth in net sales. Changes in foreign currency exchange rates increased sales by 1 percent, and exited business decreased sales by 3 percent.

Third quarter operating profit of $267 increased 22 percent. Results benefited from higher net selling prices, lower input costs, and cost savings, partially offset by higher other manufacturing costs and marketing, research and general expenses.

K-C Professional

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Net Sales	**$ 854**	$ 836	**$ 2,588**	$ 2,418

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Operating Profit	**$ 168**	$ 119	**$ 514**	$ 294

Percent Change in Net Sales Three Months Ended	Volume	Net Price	Mix/Other	Exited Business[e]	Currency	Total[a]	Organic[b]
Total K-C Professional	(6)	9	1	(2)	—	2	4
North America	(1)	7	1	—	—	7	7
D&E Markets	(4)	9	—	(10)	(5)	(9)	6
Developed Markets	(20)	12	3	—	3	(1)	(4)

Percent Change in Net Sales Nine Months Ended	Volume	Net Price	Mix/Other	Exited Business[e]	Currency	Total[a]	Organic[b]
Total K-C Professional	(5)	13	1	(1)	(2)	7	10
North America	(1)	12	—	—	—	11	12
D&E Markets	(5)	10	1	(4)	(6)	(3)	6
Developed Markets	(17)	19	4	—	(2)	4	6

Percent Change in Operating Profit	Volume	Net Price	Input Costs	Cost Savings[c]	Currency Translation	Other[d]	Total
Three months ended	(22)	62	32	8	(1)	(38)	41
Nine months ended	(17)	108	7	20	(4)	(39)	75

(a) Total may not equal the sum of volume, net price, mix/other, exited business and currency due to rounding and excludes intergeographic sales.

(b) Combined impact of changes in volume, net price and mix/other.

(c) Benefits of the FORCE program.

(d) Includes impact of changes in product mix, marketing, research and general expenses, foreign currency transaction effects and other manufacturing costs.

(e) Impact of the sale of Brazil tissue and K-C Professional business.

Third quarter net sales of $854 increased 2 percent, including organic sales growth of 4 percent, driven by changes in net selling prices and product mix of 9 percent and 1 percent, respectively, partially offset by decreased volume of 6 percent. Exited business decreased sales by 2 percent.

Third quarter operating profit of $168 increased 41 percent. Results benefited from higher net selling prices and lower input costs, partially offset by lower volumes and higher marketing, research and general expenses and other manufacturing costs.

Liquidity and Capital Resources

Cash Provided by Operations

Cash provided by operations was $2,327 for the first nine months of 2023 compared to $1,742 in the prior year. The increase was driven by the increase in operating profit, excluding the effect of non-cash charges, and improvements in working capital.

Investing

During the nine months ended September 30, 2023, our capital spending was $549 compared to $679 in the prior year. We anticipate that full year capital spending will be approximately $800. Proceeds from asset and business dispositions of $219 in the first nine months of 2023 primarily reflected the sale of our Brazil tissue and K-C Professional business. Acquisition of business, net of cash acquired of $46 in the first nine months of 2022 reflected the acquisition of a controlling interest of Thinx.

Financing

Our short-term debt, which consists of U.S. commercial paper with original maturities up to 90 days and/or other similar short-term debt issued by non-U.S. subsidiaries, was $37 as of September 30, 2023 (included in Debt payable within one year on the consolidated balance sheet). The average month-end balance of short-term debt for the third quarter of 2023 was $95. These short-term borrowings provide supplemental funding to support our operations. The level of short-term debt generally fluctuates depending upon the amount of operating cash flows and the timing of customer receipts and payments for items such as dividends and income taxes.

At September 30, 2023 and December 31, 2022, total debt was $8.1 billion and $8.4 billion, respectively.

In February 2023, we issued $350 aggregate principal amount of 4.50 percent notes due February 16, 2033. Proceeds from the offering were used for general corporate purposes including the repayment of a portion of our commercial paper indebtedness.

Our consolidated subsidiary, Thinx, has issued common securities to its third-party minority owner, who has certain redemption rights to sell those securities to us. During the nine months ended September 30, 2023, Cash paid for redemption of common securities of Thinx of $48 was to acquire additional ownership of Thinx. See Item 1, Note 2 to the unaudited interim consolidated financial statements for details. If the remaining redemption right is exercised, it would require us to pay approximately $98 to $197 during a second exercise period of January 1, 2024 through June 30, 2026.

We maintain a $2.0 billion revolving credit facility which expires in June 2028 and a $750 revolving credit facility which expires in May 2024. These facilities, currently unused, support our commercial paper program and would provide liquidity in the event our access to the commercial paper markets is unavailable for any reason.

The United Kingdom's Financial Conduct Authority, which regulated the London Interbank Offered Rate ("LIBOR"), has completed its phase out of LIBOR as of June 30, 2023. The effect of the elimination of LIBOR was not material.

We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During the first nine months of 2023, we repurchased 740 thousand shares of our common stock at a total cost of $97 through a broker in the open market. We are targeting full-year 2023 share repurchases of approximately $100 to $150, subject to market conditions.

We believe that our ability to generate cash from operations and our capacity to issue short-term and long-term debt are adequate to fund working capital, capital spending, pension contributions, dividends and other needs for the foreseeable future. Further, we do not expect restrictions or taxes on repatriation of cash held outside of the U.S. to have a material effect on our overall business, liquidity, financial condition or results of operations for the foreseeable future.

Information Concerning Forward-Looking Statements

Certain matters contained in this report concerning the business outlook, including raw material, energy and other input costs, the anticipated cost savings from our FORCE program, cash flow and uses of cash, growth initiatives, innovations, marketing and other spending, net sales, anticipated currency rates and exchange risks, including the impact in Argentina and Türkiye, effective tax rate, contingencies and anticipated transactions of Kimberly-Clark, including dividends, share repurchases and pension contributions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are based upon management's expectations and beliefs concerning future events impacting Kimberly-Clark. There can be no assurance that these future events will occur as anticipated or that our results will be as estimated. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to publicly update them.

The assumptions used as a basis for the forward-looking statements include many estimates that, among other things, depend on the achievement of future cost savings and projected volume increases. In addition, many factors outside our control, including the war in Ukraine (including the related responses of consumers, customers, and suppliers and sanctions issued by the U.S., the European Union, Russia or other countries), pandemics, epidemics, fluctuations in foreign currency exchange rates, the prices and availability of our raw materials, supply chain disruptions, disruptions in the capital and credit markets, counterparty defaults (including customers, suppliers and financial institutions with which we do business), failure to realize the expected benefits or synergies from our acquisition and disposition activity, impairment of goodwill and intangible assets and our projections of operating results and other factors that may affect our impairment testing, changes in customer preferences, severe weather conditions, regional instabilities and hostilities (including the war in Israel), government trade or similar regulatory actions, potential competitive pressures on selling prices for our products, energy costs, general economic and political conditions globally and in the markets in which we do business, as well as our ability to maintain key customer relationships, could affect the realization of these estimates.

The factors described under Item 1A, "Risk Factors" in our Form 10-K, or in our other SEC filings, among others, could cause our future results to differ from those expressed in any forward-looking statements made by us or on our behalf. Other factors not presently known to us or that we presently consider immaterial could also affect our business operations and financial results.

Item 4. Controls and Procedures

As of September 30, 2023, an evaluation was performed under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2023. There were no changes in our internal control over financial reporting during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Item 1, Note 10 to the unaudited interim consolidated financial statements, which is incorporated in this Item 1 by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. All our share repurchases during the third quarter of 2023 were made through a broker in the open market.

The following table contains information for shares repurchased during the third quarter of 2023. None of the shares in this table were repurchased directly from any of our officers or directors.

Period (2023)	Total Number of Shares Purchased[(a)]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs[(b)]
July 1 to July 31	73,590	$ 133.83	39,647,571	40,352,429
August 1 to August 31	89,293	128.48	39,736,864	40,263,136
September 1 to September 30	91,665	125.16	39,828,529	40,171,471
Total	254,548			

(a) Share repurchases were made pursuant to a share repurchase program authorized by our Board of Directors on November 13, 2014. This program allows for the repurchase of 40 million shares in an amount not to exceed $5 billion (the "2014 Program").

(b) Includes shares under the 2014 Program, as well as available shares under a share repurchase program authorized by our Board of Directors on January 22, 2021 that allows for the repurchase of 40 million shares in an amount not to exceed $5 billion.

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Item 5. Other Information

(c) Our directors and officers may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5–1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). During the quarter ended September 30, 2023, no such plans or other arrangements were adopted or terminated.

Item 6. Exhibits

(a) Exhibits

Exhibit No. (31)a. Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.

Exhibit No. (31)b. Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, filed herewith.

Exhibit No. (32)a. Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.

Exhibit No. (32)b. Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.

Exhibit No. (101).INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

Exhibit No. (101).SCH XBRL Taxonomy Extension Schema Document

Exhibit No. (101).CAL XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit No. (101).DEF XBRL Taxonomy Extension Definition Linkbase Document

Exhibit No. (101).LAB XBRL Taxonomy Extension Label Linkbase Document

Exhibit No. (101).PRE XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit No. 104 The cover page from this Current Report on Form 10-Q formatted as Inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KIMBERLY-CLARK CORPORATION
(Registrant)

By: /s/ Andrew S. Drexler
Andrew S. Drexler
Vice President and Controller
(principal accounting officer)

October 24, 2023

Exhibit (31)a

CERTIFICATIONS

I, Michael D. Hsu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kimberly-Clark Corporation (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Michael D. Hsu
Michael D. Hsu
Chief Executive Officer

October 24, 2023

Exhibit (31)b

CERTIFICATIONS

I, Nelson Urdaneta, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kimberly-Clark Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Nelson Urdaneta
Nelson Urdaneta
Chief Financial Officer

October 24, 2023

Exhibit (32)a

Certification of Chief Executive Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Michael D. Hsu, Chief Executive Officer of Kimberly-Clark Corporation, certify that, to my knowledge:

(1) the Form 10-Q, filed with the Securities and Exchange Commission on October 24, 2023 (“accompanied report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Michael D. Hsu
Michael D. Hsu
Chief Executive Officer

October 24, 2023

Exhibit (32)b

Certification of Chief Financial Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Nelson Urdaneta, Chief Financial Officer of Kimberly-Clark Corporation, certify that, to my knowledge:

(1) the Form 10-Q, filed with the Securities and Exchange Commission on October 24, 2023 (“accompanied report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Nelson Urdaneta
Nelson Urdaneta
Chief Financial Officer

October 24, 2023