Kimberly-Clark

Second Quarter 2026 Earnings Pre-Recorded Management Discussion
August 4, 2026

Please view these remarks in conjunction with our Q2 2026 earnings release, which is furnished on Form 8-K, and additional information regarding our non-GAAP financial measures, including GAAP to non-GAAP reconciliations, available on our website investor.kimberly-clark.com under SEC Filings, or via the following link: www.investor.kimberly-clark.com/sec-filings

We also invite you to listen to our live question-and-answer webcast with Kimberly-Clark management which will begin at 8:00 a.m. Eastern Daylight Time on August 4 and will also be available on investor.kimberly-clark.com under Events & Presentations.

Q2 2026 Earnings Pre-Recorded Management Discussion

Slide 1 | Cover Page

CHRIS JAKUBIK, HEAD OF INVESTOR RELATIONS, KIMBERLY-CLARK CORPORATION

Hello. This is Chris Jakubik, Head of Investor Relations at Kimberly-Clark. Welcome to our second quarter 2026 business update.

Today, our Chairman and CEO Mike Hsu will provide an update on our overall business performance. Russ Torres, our Chief Operating Officer, will provide an overview of segment results and key market highlights. And Nelson Urdaneta, our Chief Financial Officer, will review our second quarter consolidated results and update our full year outlook.

We have also scheduled a separate live question-and-answer session with analysts.

You can access our earnings release, supplemental materials, and audio of our Q&A session at investor.kimberly-clark.com. A replay of the Q&A session will be available following the event through the same website.

Slide 2 | Forward-Looking Statements

During our review, we will make some forward-looking statements that are based on how we see things today.

Actual results may differ due to risks and uncertainties, and these are discussed in our earnings release and our filings with the SEC.

We will discuss some non-GAAP financial measures during these remarks. These non-GAAP financial measures should not be considered a replacement for and should be read together with the GAAP results. And you can find the GAAP to non-GAAP reconciliations within our earnings release and the supplemental materials posted at investor.kimberly-clark.com.

With that, I will turn it over to Mike.

<u>MIKE HSU, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, KIMBERLY-CLARK CORPORATION</u>

Thank you Chris, and thanks to everyone for joining us.

Slide 3 | Our Durable Growth Engine Is Powering Our Transformation

Our second quarter results reflect the durability of the growth engine we've built through Powering Care.

This quarter was characterized by a pressurized consumer environment, moderating category growth, and a few discrete but significant one-off impacts. In the face of those headwinds, our teams around the world executed with speed and agility to manage the business with discipline and navigate externalities. We delivered our tenth consecutive quarter of volume-plus-mix led performance, held global weighted share, posted another quarter of industry-leading gross productivity, and continued to invest for impact.

We also completed a major step forward in our transformation with the successful close of our strategic partnership with Suzano. We unveiled our proprietary Alternative Natural Fiber Innovation Program that has the potential to shape the future of our industry, and further advanced integration plans for our pending acquisition of Kenvue. We will be ready to hit the ground running at close.

We're excited and ready for what's next. We have a generational opportunity to create a new kind of health and wellness company, to reimagine care for billions of consumers around the world, and to create lasting value for shareholders.

With that, let's turn to the quarter.

Slide 4 | Sustaining Underlying Momentum by Executing with Discipline & Agility

The second quarter reinforced that the operating model we've implemented can build our brands and business in almost any environment. With new challenges continually emerging, our teams have demonstrated the ability to adapt and execute.

Despite discrete headwinds, which we'll discuss, the fundamentals of our business remain strong, driven by our disciplined approach.

First, we out-innovate, out-market and out-activate to deliver superior value propositions across the good-better-best ladder. This enabled us to hold global weighted share on a trailing twelve-month basis against a strong baseline.

Second, our cost discipline is a source of resilience that compounds over time. We delivered another strong quarter of productivity, advancing supply chain and AI capabilities to help us deliver the best product at the lowest cost around the world.

Third, our fast and agile operating model is fueling our ability to navigate new, discrete headwinds while continuing to move the business forward.

In the second quarter, we experienced a significant one-time external impact in China that has had a meaningful effect on the diaper business. As a result, we're adjusting our full year outlook, primarily to reflect our anticipated recovery timeline. Russ and Nelson will provide further details.

We're disappointed but remain confident in the underlying quality of our global innovation and commercial plans. We're working hard to correct the situation in China and expect to drive continued momentum on our brands around the world.

Slide 5 | Delivering Superior Innovation and Value Propositions Around the World

Last quarter, we told you that 2026 would feature one of our most active new product innovation agendas in recent history. We're delivering on that commitment with an onslaught of growth initiatives that are well underway.

In North America, we're delivering superior value propositions across our categories.

New skin health innovation and upgrades are moving through the Huggies® portfolio, reinforcing our commitment to delivering meaningful performance improvements that consumers value.

Viva® is the #1 cloth-like towel in the U.S. and it's a standout example of how out-innovate and out-market strategies come together to drive household penetration and share gains.

As a purpose-driven company, we're working hard to reduce the stigma associated with some of our categories and take pride in helping consumers live better lives. Ahead of the world's biggest soccer tournament, Goodnites® partnered with U.S. men's professional team captain Tim Ream to help destigmatize bedwetting among children.

In International Personal Care Focus Markets, we have innovation-powered momentum. In Australia, our adult care innovation focused on delivering better fit, comfort, and discretion, resulting in meaningful share gains.

In IPC Enterprise Markets, Vietnam and India continue to grow double-digits and exemplify how we scale and tailor our proven playbook at speed. We're delivering winning innovation and reaching consumers with the right solutions, in the right channels, where social commerce is driving premium growth. The results we're generating in these markets are evidence of the durability of our Powering Care growth engine.

Slide 6 | Sustaining Industry-Leading Gross Productivity Savings

Our focus on productivity is deeply embedded in our culture. For us, productivity is an operating muscle that is only getting stronger. It funds our investments in innovation, brand building, and activation while helping us navigate volatility from a position of strength.

We remain on-pace for another year of industry-leading gross productivity of 5 to 6% of Adjusted Cost of Goods Sold. Across our three productivity pillars, Value Stream Simplification, Network Optimization, and Scalable Automation, we continue to build a robust pipeline of digital and AI-enabled initiatives.

Together, these efforts support our commitment to delivering the best products at the lowest cost to consumers around the world.

Slide 7 | Digital Transformation Driving Supply Chain Efficiency

Three key initiatives are unlocking structural enhancements in cost efficiency.

Having launched Coupa across the enterprise, we're leveraging a single global AI-powered solution that makes procurement smarter, faster, and more connected while providing enhanced visibility into global spend.

We deployed an AI-powered manufacturing agent that puts more than 15 years of institutional knowledge at employees' fingertips. We're rapidly scaling this solution across our manufacturing network. Pilot results show the agent is making our workforce approximately 40 to 50 percent more productive on knowledge search tasks. It's also accelerating decision-making and training and driving more consistent execution of manufacturing best practices globally.

As we continue our digital transformation, we're also equipping our technologists with the capabilities needed to run the supply chain of the future. We launched an academy-based learning program spanning

17 critical skill areas, including Agile, Artificial Intelligence, and data visualization. To date, the program has increased skill growth by 60 percent for more than 650 participants—and we're just getting started.

Slide 8 | Achieving Key Milestones in Our Transformation Journey

We remain focused on performing while transforming. We're navigating a choppy external environment while driving disciplined performance on our base business. Through all this, we're making excellent progress executing three major strategic transformation initiatives.

On July 1st, we successfully launched Arbex, our joint venture with Suzano, as an independent operating company. Comprising substantially all assets of our former International Family Care and Professional business, Arbex launches as a global tissue and hygiene leader with strong capabilities to grow and expand margins over time. The launch of the joint venture sharpens our focus on our highest-value opportunities in Personal Care, meaningfully enhances our financial profile, and will further reduce future earnings volatility.

We're also making excellent progress toward closing our acquisition of Kenvue. The regulatory process is on-track, and integration planning is progressing well across all workstreams. The closer we look, the better it gets. Having announced the future leadership team, we're finding the culture and capability fit is stronger than we had hoped. As we've engaged deeper in the planning process, we're gaining more clarity and conviction in our ability to capture this generational value creation opportunity.

Third, we unveiled a proprietary Alternative Natural Fiber Innovation Platform. This exciting moonshot is brought to life by our Powering Care growth engine after decades of research. This initiative is the result of Kimberly-Clark's commitment to make bold, disciplined bets on category-transforming innovation that could reshape the future of care, our business and our industry over the long term.

Through this program, we are positioning Kimberly-Clark to sharpen our focus on proprietary right to win spaces that improve our growth trajectory, reduce exposure to natural forest fiber cost volatility, make meaningful progress against our company's Natural Forest Fiber-Free Ambition, and build on our strong track record of U.S. manufacturing investment. Our pilot plant in Yuma, Arizona marks our first facility in the region. We're honored to be part of the community as we become a new kind of global health and wellness leader.

Now, I'll hand it over to Russ to discuss the progress of our transformation in greater detail.

RUSS TORRES, PRESIDENT AND CHIEF OPERATING OFFICER, KIMBERLY-CLARK CORPORATION

Slide 9 | Segment Results and Highlights

Thanks, Mike.

Despite what remains a challenging operating environment, we continue to make meaningful progress.

Importantly, across our key priority cells, we are holding or gaining share across approximately 70% of our net sales base on a trailing twelve-month basis and 62% in the second quarter.

However, we did experience several discrete one-off factors that impacted our second quarter, and some that will likely impact our full year.

Our teams have proven time and again they are very resilient and agile. They've remained focused on better innovation, stronger value propositions, and sharper execution. We remain energized and focused on executing our repeatable playbook and positioning the business for long-term success.

Slide 10 | North America

In North America, our science-backed innovation and insight-driven marketing continue to resonate with consumers, strengthening our value propositions across the good-better-best ladder.

While consumers remain under pressure and month-to-month consumption patterns are choppy, demand across our categories has remained relatively stable.

On the top line, organic growth declined 0.7% in the quarter, impacted by several temporary factors. These include about a 100 basis point impact year-on-year from changes in retailer inventories and an additional 80 basis point impact from the distribution center fire. As a reminder, this was set against a difficult comparison against our strongest quarter of 2025, when North America volume growth was approximately 5%, in Q2 2025.

Our tissue business is performing well. We saw strong volume-plus-mix-led growth in Consumer Tissue and our seventh consecutive quarter of volume growth in North America Professional. In fact, our Consumer Tissue business gained 10 basis points of weighted value share versus prior year and improved volume share by 70 basis points sequentially. We have the best slate of innovation and marketing we've had in my tenure.

In our personal care business, we have been coming off 6 consecutive quarters of volume-plus-mix led organic growth and two consecutive years of share growth. In Q2, we saw the full impact of the Club distribution loss we noted in the last two calls in our diapers and training pants business, largely as planned. This was approximately a 240 basis points drag on our diapers share and a 290 basis points drag on share in our training pants business in the quarter. We saw increased competitive activity in some segments of personal care as well.

As a result, share momentum was muted during the quarter with weighted share down 40 basis points versus prior year. The club distribution loss in diapers and training pants accounted for substantially all of the weighted share decline. Overall, we held or gained share in 4 of 8 categories. On a trailing twelve-month basis, we continued to hold or gain share in approximately 70% of net sales across our key cells in North America.

Importantly, we remain on track for another strong year in North America. Through the first six months of the year, volume-plus-mix is up 0.8% versus prior year. And we have delivered positive volume-plus-mix growth in 8 of the last 10 quarters with relatively flat pricing.

On the bottom line, we continue to create fuel for growth through productivity and disciplined cost management. Operating Profit increased approximately 11% in Q2 and approximately 1% in the first half. This was driven by strong productivity savings, targeted revenue growth management actions, as well as a one-time refund benefit that more than offset headwinds from business exits and increased brand investments. As a result, North America Operating Profit Margin increased 50 basis points in the first half despite a volatile operating environment, up against our most difficult comparisons for the year.

Looking ahead, we remain confident in our momentum entering the second half and into 2027. Our innovation pipeline remains robust with some exciting new launches expected to provide an incremental tailwind to growth. Combined with continued brand investment and strong commercial execution, we expect to build on the progress we've made.

Let me share a few highlights from the quarter that underscore our confidence.

Slide 11 | U.S.: Scaling Science-backed Innovation Across Our Huggies® Portfolio

We've continued to strengthen our position across the good-better-best ladder by cascading innovation across our U.S. diaper portfolio.

In the second quarter, we launched the next-generation Skin Essentials diaper, the first and only zinc-oxide enriched liner available in the U.S. This premium innovation for sensitive skin is clinically proven to help reduce irritation and is receiving strong early ratings and reviews from parents.

We're also energized by the launch of our upgraded Little Snugglers line. Leveraging new FastAbsorb™ system and the luxury softness of our Snug & Dry diaper, this product now has some of our most innovative features, including all around blowout blocking, leak protection, and gentle protection for the most delicate skin.

Slide 12 | U.S.: Building Brand Love at the Speed of Culture

We have also been building brand love by authentically engaging in timely, cultural moments.

Before the championship match of the world's biggest soccer tournament, a 2007 photo resurfaced featuring one of the sport's greatest players bathing a baby who would grow up to become one of today's brightest young stars. And nearly 20 years later, these two athletes were set to face off in the much anticipated, final match of the tournament.

As this story gained traction on social media, our Huggies marketing team identified the connection to a universal parenting truth: "they grow up so fast". In under an hour, we created and published a simple Huggies social post inviting consumers into the moment, and they responded immediately, right before the big game. It garnered nearly 1.5 million views without paid spending and is the most-engaged-with Huggies U.S. organic post of all time and our second-most shared.

That is the speed, creativity, and cultural fluency we've developed across our marketing organization. It's part of the same creative strength that earned Kimberly-Clark eight Cannes Lions in June.

Our social acumen, paired with winning products, will become a key asset for us in creating authentic brand connections with new parents that result in driving volume and mix-led growth.

Let me give you another example of the power of unifying our Out-Innovate and Out-Market strategies.

Slide 13 | U.S.: Delivering Share Gains with Viva® Signature Cloth

In Family Care, Viva is a hidden gem in our portfolio with a differentiated cloth-like feel. When consumers try it, they love it. So in the third quarter of 2025, we launched the bold "Messmakers" campaign, which celebrates Viva as the go-to solution for the biggest messes. With a superior product and compelling creative storytelling, we've grown market share for five consecutive quarters, up 80 basis points year-over-year for Viva Signature Cloth in Q2 alone.

Slide 14 | "To My Younger Self": Crushing the Stigma with Goodnites®

The same consumer-first mindset shows up in our recent campaign for Goodnites.

The Youth Pants category is an area where the functional need is clear, but the stigma is real. We launched an extension of our successful Never Stop Dreaming campaign with U.S. pro soccer captain Tim Ream who shares his childhood experience of bedwetting. It's an inspiring, authentic story. With his strong partnership, we're reminding kids that nighttime accidents do not define who they are or what they can achieve.

Our approach to storytelling is driving growth and expanding the category. Year-to-date, Goodnites share is up over 200 basis points versus a year ago.

Slide 15 | International Personal Care

In International Personal Care, we continued to see strong evidence that the Powering Care playbook is working and is highly repeatable, particularly across our Focus Markets.

We are focused on delivering strong volume-plus-mix growth and consistent margin expansion by scaling our winning playbook across markets.

Our second quarter and year-to-date results remain consistent with this strategy.

Across our Focus Markets, our top-line momentum continued, fueled by innovation, strong in-market execution, and differentiated social commerce capabilities. These strengths continue to drive meaningful share gains across the portfolio, particularly in Diapers and Pants. We are also seeing momentum build across several Enterprise Markets, including Vietnam and India, as they adapt our playbook.

Mike referenced the unfortunate issue we faced in China. In June, just before the critical 618 Shopping Festival, one of the two notable annual consumer events in that market, false and misleading allegations regarding the quality of multiple diaper brands in the China market emerged and quickly went viral across social media channels. There is no scientific evidence backing the claims and multiple independent tests conducted by certified third-party labs confirmed the safety of our products. We continue to cooperate with the Chinese authorities managing this issue. This incident impacted our Q2 results and will impact our full year potential. The China team continues to do an excellent job navigating this unfortunate situation and remains focused on serving customers and executing its very successful business strategy.

On the top line, while we delivered solid organic growth of 1.0%, this was held back by approximately 140 basis points from the China social media disruption. Excluding this impact, solid volume-plus mix gains were driven by innovation, brand investment, and disciplined execution with share gains across several key countries and categories. Within Diapers and Pants, we continued to see strong momentum in our Focus Markets, with share gains of 390 basis points in Indonesia, 80 basis points in China, and 70 basis points in Brazil. We also delivered share gains of 240 basis points in Indonesia Feminine Care and 260 basis points in Australia Adult Care.

At Operating Profit, we delivered more than 2 points of growth despite a roughly 440 basis point headwind from the China social media disruption. And year-to-date growth was double digits driven by strong gross productivity savings and favorable volume plus mix. Our productivity savings continue to fund investments in our brands, strengthen our consumer value proposition, and build brand equity across our markets.

For the full year, the China social media impact has the potential to temper our IPC segment's organic growth by 3 to 4 percentage points and hold back Operating Profit Growth by 10 to 12 percentage points as we invest aggressively to defend our franchise. Our IPC team continues to focus on building sustainable top-and bottom-line momentum by adhering to our proven playbook of bold and scalable innovation, creative that strengthens brand love, and excellent marketing and activation across markets. This will sustain our momentum and set us up for further gains, consistent with our long-term algorithm in 2027.

Slide 16 | Australia: Pioneering Innovation with Global First-of-a-Kind Poise Pants

As another example, in Australia's Adult Care category, we're tapping into an unmet need and driving share gains among women.

Poise Intimates is designed to look and feel even more like regular underwear while delivering leak and odor protection. Purchase intent among new users is over 80% significantly higher than the category benchmark and Poise market share in Australia is up 210 basis points versus prior year in the last three months.

Slide 17 | Out-Performing in Enterprise Markets: Leveraging Our Proven Playbook in Vietnam & India

Vietnam and India are two of our strongest growth stories with strong potential. Both are tangible examples of how we're taking the best of what we've learned in one market and injecting that into important emerging, high potential enterprise markets to rapidly deliver results.

Our team in Vietnam is leveraging a highly sophisticated, dynamic social commerce model that is winning in China and adapting it to the Vietnam market with speed and agility to make it even more powerful.

We are winning by bringing the right portfolio to the right strategic channels, deploying the right message at the right time. As a result, organic growth is up high double digits year-to-date. In e-commerce, Huggies growth doubled year-over-year with market share up 430 basis points. And on TikTok, where we know discovery is a powerful driver of purchase decisions, our market share has nearly doubled in 2025 vs 2024.

In India, we are proving that when we solve real consumer needs, people are willing to pay for superior products.

This is particularly true within the Huggies portfolio. The key has been bringing the right innovations to the right consumer need states and building brand love. Organic growth also up high double digits over the first half of the year.

Our focus on e-commerce has emerged as a powerful growth engine, increasing more than 50% year to date versus last year. Premium segments are growing significantly faster than the category, up 67% over the same period. Together, these gains underscore the strength of our premiumization strategy and have contributed to 80 basis points of market share growth year to date.

What's playing out in these markets is that this is not one launch or one campaign, it is scaling our model across geographies. We are getting down the curve. That is out-innovating, out-marketing and out-activating, powered by our re-wired organization.

With Kenvue, we see an enormous opportunity to supercharge our performance with the same playbook broadly. We are especially excited about markets like India, where Kenvue has the potential to quadruple our distribution. In Vietnam, we have a proven model for digital engagement, social commerce, and premiumization that we believe can travel across a broader combined portfolio.

Slide 18 | Kenvue Integration Planning on Track, Building Visibility

Our pending acquisition of Kenvue and the integration planning we've been carrying out is on track and we're building greater visibility to the tremendous potential of this combination.

We plan to close immediately after regulatory clearance, and we're currently tracking to Q4 of this year.

We now have roughly 50 teams and 600 people involved in building our integration plans from the ground up.

Our employees are excited about the future together as we're gaining greater visibility into what we can accomplish as a combined company. In fact, employee engagement scores are rising at both companies. On the Kenvue side, an April Pulse survey showed improvement versus a Q4 2025 baseline, across all six categories measured, and with significant improvement in key segments and markets.

And for Kimberly-Clark, our June employee engagement scores remained above benchmark, with a further uptick versus October, and a big jump in our Prospects score that speaks to employee excitement about our future.

On the cost synergy front, we're tracking ahead of our expectations on the 3-year pipeline of specific actions that will deliver our $1.9B goal. I want to take a moment to highlight our approach as it is a bit different from some integrations you might have seen. For several months, our operating teams and best-in-class advisors used detailed cost analysis, benchmarking, and assessment of the operations of both companies to identify sources of inefficiency and opportunities to create value in the future combined company. From this work, we asked our 50 integration teams to identify and quantify the specific discrete initiatives required to deliver the full $1.9B in cost reduction. Then we asked them to build integrated, well-resourced plans to execute those initiatives over time. So, it's a rigorous process designed to gain high degrees of visibility and confidence in delivery by year.

The Integration Management Office and key future leaders review the pipeline and major initiatives every 30 days. The pipelines we saw in July are very strong and well ahead of expectations at this stage, giving us high confidence in line of sight to achieving the $1.9B.

The biggest contributor will be straight integration activity, eliminating duplication, leveraging scale, and consolidating activities. This will come in years one and two and we have very clear plans forming in these areas. In fact, some of the actions that Kenvue has taken on its own this year give us a running start to achieving overhead and SG&A efficiency levels we envisioned as part of our acquisition model. Beyond the actions Kenvue is taking on their own, we've identified more than $600 million of savings, with half of this coming in year one, from implementing our operating model, leveraging our combined scale in procurement, as well as optimizing overlapping non-people spend in areas like service providers, media, IT, data, and many other big-ticket areas.

The second biggest contributor will be the integration of our supply chains and commercial operations. We will be able to leverage our combined scale, along with the best assets and capabilities from both companies to create new value. We expect to see these savings unfold primarily in years 2 and 3. For example, we will be able to build much more efficient and effective distribution and logistics platforms through integration in markets like the U.S. Canada, Australia, Brazil, China, and India. This will reduce costs, reduce inefficiencies, and improve our ability to serve customers better. We will be able to integrate sales and merchandising organizations to expand coverage, increase sales, and drive more efficiency. In IT, which is a major expense for both companies, we will consolidate and simplify our systems and IT infrastructure to gain scale and lower costs. For instance, between the two companies, we're currently operating 6,000 different applications and 15 ERP instances. Standardizing, simplifying, and consolidating this onto one platform will be a huge driver of efficiency in terms of people hours, run costs, and license fees over time.

In supply chain, we will leverage the combined company infrastructure and proven playbooks in value stream, planning, procurement, distribution, logistics, and digital technology to drive costs out and improve execution. We have many exciting opportunity areas teed up to implement.

The third piece will come from continuing to transform both businesses, involving process simplification, application of new technology, and strengthening capabilities, and we see the bulk of the benefits from these actions contributing more to year three and beyond. The opportunity is tremendous. We are taking the opportunity to re-imagine how work will be done in the future and apply the state-of-the-art tools in areas like Global Business Services and AI to our core activities to increase speed, reduce costs, and improve effectiveness.

In each of these areas, we're taking a balanced approach, with a strong focus on risk mitigation in the near term, while targeting world-class capabilities over time.

We're equally excited about the opportunities to accelerate growth.

Only a few months after naming them, our future segment leaders are organizing efforts across roughly 20 future accountable business unit teams around the world to identify, validate, and prioritize the best ideas ready to action post-close.

It's already resulted in a 4-year opportunity pipeline of specific initiatives that is more than $1B versus our $1.4B goal, and it's ramping fast. We expect to flesh out further potential actions in the months prior to close. We'll then overlay our global strategies to determine how we can accelerate the most promising plans even further.

To summarize, we're building a highly motived team that continues to build greater visibility to the tremendous opportunity we have ahead.

With that, I'll hand it to Nelson to discuss our consolidated financial results and outlook for the balance of the year.

NELSON URDANETA, CHIEF FINANCIAL OFFICER, KIMBERLY-CLARK CORPORATION

Slide 19 | Financial Results & Outlook

Thank you, Russ.

Together with Mike and Russ, I would like to start by recognizing the responsiveness and agility of our teams, delivering strong operating performance, quickly and effectively addressing multiple headwinds as they have materialized, and advancing our strategic initiatives to truly transform our company in ways that promise to deliver sustained value to all our stakeholders.

The risk- mitigating actions we've taken in the past through Integrated Margin Management are enabling us to maneuver more effectively through a complex operating environment, and we're positioning ourselves to hit the ground running on both the newly formed Arbex joint venture and the Kenvue acquisition.

Slide 20 | Q2 2026: Consistent Execution in a Challenging Environment

Q2 organic net sales were broadly flat, including a roughly 50 basis point negative impact from the China social media disruption Russ highlighted, and reflecting the more challenging consumer environment, retailer inventory reductions versus the prior year, and the impact of the LA Distribution Center fire in North America. For the first half, organic net sales grew 1.2%, driven by continued momentum in several international markets, including South Korea, Indonesia, Vietnam, India, and Brazil.

Adjusted Operating Profit increased 6.2% in the second quarter and 4.9% in the first half. Results benefited from one-time tariff refunds and strong productivity savings, partially offset by discrete headwinds related to business exits and disruptions in our China diaper business.

Underlying operating performance remained healthy. Continued productivity gains were partially offset by unfavorable pricing net of input costs, driven by higher inflation stemming from the Middle East conflict, as well as targeted investments to strengthen our value propositions in key markets.

As noted, we generated gross productivity at more than 6% of Adjusted Cost of Goods Sold in the second quarter, building on our strong first-quarter performance. These savings continue to fund strategic investments behind our innovation-led growth model and support efforts to enhance our value proposition for consumers.

Second quarter Adjusted Earnings per Share from Continuing Operations and Adjusted Earnings per Share both increased 10.4% versus the prior year, driven by adjusted operating profit growth, as well as benefits from lower net interest expense and higher income from equity companies.

Finally, we delivered Adjusted Free Cash Flow of approximately $1.1 billion through the first six months, putting us on pace to deliver approximately $2 billion for the full year.

Slide 21 | 2026 Outlook

Turning to our outlook, for 2026, our focus remains on delivering sustainable growth and strategic progress as we navigate an increasingly dynamic and challenging operating environment.

On the top line, weighted average category growth is now pacing at 2% versus 2.5% previously. This reflects a more cautious consumer environment, particularly in North America, compared to our outlook in April. In addition, we expect disruptions in our China diaper business to represent an approximately 100 basis point headwind to full year growth. As a result, we now expect full year organic growth to be roughly 100 basis points below weighted average category growth for the year.

At Adjusted Operating Profit, given the significant disruption in our China diaper business and our intention to invest aggressively to defend our franchise, we now expect mid-single digit growth on a constant-currency basis, compared to our outlook in April of mid-to-high single digit growth.

As a reminder, when we provided our April outlook, we included approximately $50 million of expected second-quarter cost headwinds, primarily related to higher energy and other operating costs. Those impacts materialized largely as expected and are reflected in our first-half results.

Looking ahead, and considering where energy prices are now, we anticipate incremental second-half gross input cost headwinds of approximately $150 million, consistent with the range of risk we outlined in April. We have incorporated these costs into our current outlook. Through mitigating actions already largely underway, together with the benefit of the tariff refund, we expect to offset these impacts and maintain pricing net of cost inflation at roughly neutral levels as it relates to previously mentioned gross input cost headwinds. While some risk remains, we are approximately 90% covered across our total input cost basket for the year and are diligently working to manage through the remaining exposure.

For adjusted EPS growth from Continuing Operations, we are similarly lowering our outlook to high-single-digit growth on a constant-currency basis, down from our prior expectation for double-digit growth. Included in this outlook is an approximately 30% increase in income from equity companies, reflecting the addition of equity income from the International Family Care & Professional transaction in the second half.

Our outlook continues to assume an adjusted effective tax rate of approximately 23%, and relatively flat net interest expense and shares outstanding versus the prior year, as we expect to hold the proceeds from the International Family Care & Professional transaction in cash to help fund the cash portion of the Kenvue acquisition.

For Adjusted EPS attributable to Kimberly-Clark, we now expect a low single-digit decline on a constant-currency basis, compared with our prior outlook for results to be in line with 2025 levels, reflecting the impact of recent disruptions in our China diaper business.

As a reminder, with the formation of the Joint Venture with Suzano on July 1st, the contribution from Discontinued Operations will now be zero and Adjusted EPS from Continuing Operations and Adjusted EPS attributable to Kimberly-Clark should be the same in the second half of the year.

On free cash flow, we remain well positioned to deliver approximately $2 billion of Adjusted Free Cash Flow consistent with 2025 levels, even as we accelerate capital investments in our growth and transformation plans to approximately $1.3 billion up from $1.1 billion last year.

Finally, please note that our outlook excludes anything related to the closure of the Kenvue acquisition prior to December 31st.

With that, I'll turn it back to Mike.

<u>MIKE HSU, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, KIMBERLY-CLARK CORPORATION</u>

Slide 22 | Generational Value Creation Opportunity

Thanks, Nelson.

Our durable Powering Care growth engine is driving our performance around the world. Even as the environment remains dynamic, we're effectively navigating several discrete impacts. We remain rooted in our purpose, we're executing our proven, repeatable playbook, and we're managing the business with discipline. Every day, we're building on our track record of resilience and fueling our underlying business momentum.

We are in the early innings of creating a new kind of global health and wellness company. I'm proud of our teams not only for the results they deliver, but also for how they deliver them, with dedication, integrity, and great care.

Thank you for your time and interest in Kimberly-Clark.