Kimberly-Clark Europe Limited

Annual report and financial statements

for the year ended 31 December 2022

Registered number 04060641

Kimberly-Clark Europe Limited

Annual report and financial statements
for the year ended 31 December 2022

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Directors

K S Dhillon
O V Neznal (resigned 15 January 2023)
D S Cunningham
D W Abuhl (appointed 9 February 2023, resigned 11 July 2023)
C R Burninston (appointed 11 July 2023)

Registered office

Walton Oaks,
Dorking Road,
Tadworth, Surrey
England KT20 7NS

Company number

04060641

Independent auditor

Deloitte LLP, Statutory Auditor, 2 New Street Square, London, United Kingdom

Kimberly-Clark Europe Limited

Strategic report
for the year ended 31 December 2022

The directors, in preparing the strategic report, have complied with s414C of the Companies Act 2006.

The directors present their strategic report, together with the financial statements and auditor's report, for the year ended 31 December 2022.

Review of the business and future development

The company's principal activities during the year continued to be the European based manufacture and marketing of health and hygiene products for household, commercial, institutional, and industrial uses. The company's products are distributed through a network of European limited risk distributors.

The directors expect the company to continue to trade in its current form, despite incurring losses because of global economic conditions and expect to return to normalised profit levels in the future. Sales for 2022 have increased to €1,645,098,000 (2021: €1,431,580,000) and net assets have decreased to €109,024,000 (2021: €143,303,000) due to a loss in the year of €22,143,000 (2021: loss of €68,368,000). Management still anticipates good future performance due to investments made and benefits from completion of the global restructuring program.

Key performance indicator

The directors consider sales and gross profit margin of the business to be key performance indicators. The gross profit margin for the year ended 31 December 2022 was 9.9% (2021: 12.5%) and reflects an expected level of profit given an increase in input prices due to volatile economic conditions. The company also experienced an increase in sales in the year because of the inflationary economic environment driving an increase in sales prices for our products. Sales increased by 14.9% to €1,645,098,000 (2021: €1,431,580,000).

Principal risk and uncertainties

The financial risk management, objectives and policies are managed on a Group level aiming to minimize the potential unfavourable impacts arising from the market fluctuations and to support the process of creating value for shareholders.

Currently the directors consider the principal risks and uncertainties facing the company to be as follows:

Price risk:

Under contractual agreement, the company bears the price risk relating to inventory, utilities, and other operating costs on behalf of the European limited risk distributors companies.

Cash flow risk:

The company purchases and sells in currencies other than the Euro and consequently is exposed to currency risks. The principal exposures are to the US dollar and pound sterling. The company uses foreign exchange contracts to hedge these exposures.

Liquidity risk:

To ensure sufficient funds are available for future developments, the company uses both short-term and long-term debt finance from other group companies.

Credit risk:

The company's principal financial assets are receivables from other group companies, and the company's credit risk is primarily attributable to these receivables. In addition, the company indemnifies these group companies for any third-party bad debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on the intercompany receivables is limited because the counterparties are group companies with strong credit ratings.

Commodity risk:

The company's manufacturing operations are highly energy intensive in nature therefore, changes in commodity prices are a principal risk to the business. The limited risk distributors also have their own hedging programs in place, primarily to help mitigate the risk of volatility in energy prices which is a key cost component of our manufacturing business.

Competitive risk:

The company operates in mature markets where there is fierce competition both in terms of product innovation and retail pricing. The company, and the wider Kimberly-Clark Group, is committed to significant investment in research and development in order to keep its products well positioned in the market place in terms of quality, innovation and performance.

Interest rate risk:

Interest bearing assets and liabilities are held at a variable rate, which is linked to EUR short-term rate (ESTER). This exposure is not hedged as the directors do not consider it to be cost effective and the exposure is not material.

Cost of living crisis:

The war in Ukraine which commenced in February 2022 caused global uncertainty. This conflict has led to increased energy prices and therefore, has led to higher costs of production for Kimberly Clark's manufacturing mills. As a result, Kimberly-Clark Europe Limited is currently experiencing volatility in business results. A review of future cashflows have been considered which has determined the company is expected to continue in its current form for the foreseeable future.

Streamlined Energy and Carbon Reporting
The UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019.

Full global emissions for the Kimberly-Clark Group are disclosed in the annual sustainability report https://www.kimberly-clark.com/en-us/esg/downloads

The table below represents Kimberly-Clark Limited's energy use and associated greenhouse gas (GHG) emissions from electricity and fuel in the UK for year ended 31 December 2022. The data covers 4 manufacturing and distribution sites in the UK:

GHG emissions and energy usage data				
	UK			
	31 December 2022		31 December 2021	
	Tonnes of CO_2e	**Energy consumption (MWh)**	**Tonnes of CO_2e**	**Energy consumption (MWh)**
Emissions from combustion of gas (Scope 1 – tonnes of CO_2e)	70,015	347,782	76,631	379,404
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO_2e)	69,887	199,012	63,142	199,726
Sub-total of Scope 1 and scope 2 emissions	**139,902**	**546,794**	**139,773**	**579,130**
Emissions from purchased goods & services, waste generated in operations and capital goods where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO_2e)	379,880	N/A	377,700	N/A
Total gross tonnes of CO_2e based on above	**519,782**		**517,473**	
Financial Turnover (£'000)	**£638,053**		**£560,728**	
Emissions Intensity (scope 1 and 2), tonnes of CO_2e per £'000 of turnover	**0.22 tonnes per £'000 turnover**		**0.25 tonnes per £'000 turnover**	

SECR Methodology Statement 2022

The SECR submission has been compiled using sustainability data from our operating units and tracked against sustainability targets.

Information was collected and reported in-line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Data is verified and reviewed by different groups in the year according to guidelines outlined in the ISO14064-3 greenhouse gases specification.

Scope 3 emissions have been allocated by taking a pro-rated approach on annual scope 1 and scope 2 emissions for the Kimberly-Clark group related to UK manufacturing and distribution.

For energy efficiency programs taken out during the financial year, refer to section 172 statement on pages 4, 5 and 6.

Going concern

The company is currently operating in a loss-making environment, due to the increase in input prices in the year driven by external forces. The board has concluded that the company has sufficient resources available to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. As a result, the directors believe the going concern basis continues to be appropriate in preparing the financial statements (see note 1 for further details).

The company meets its day to day working capital requirements through cash held with another group company, Kimberly-Clark Luxembourg Finance SARL.

Kimberly-Clark Luxembourg Finance SARL, as a member of the Kimberly-Clark group has confirmed via a letter of support that it will provide adequate finance for the foreseeable future and at least for the 12 months from the date on which the financial statements are signed. In addition, Kimberly-Clark Corporation, the ultimate parent company, has confirmed via a letter of support to provide finance to Kimberly-Clark Luxembourg Finance SARL to ensure it can trade in its current form, and to meet its obligation, for at least 18 months from the 11 August 2023. Kimberly-Clark Corporation continues to perform strongly with $1,400,000,000 cash provided by operations from the 2023 Q2 financial results.

Section 172 Statement

Engaging and building trust with key stakeholders that interact with, or are impacted by, our business is key to delivering our strategy and ensuring our success over the long term. The board of directors are committed to quarterly governance board meetings allowing for all departmental issues to be discussed with senior leaders within the business.

Below we summarise our key stakeholder groups, how we engage with them, and how we respond to issues that matter most to them:

Consumers and customers

Our passion for creating essentials for a better life for people everywhere has driven us to invent five of our eight major consumer product categories: facial tissue, paper towels, toilet paper on a roll, feminine pads and disposable training pants.

During the year our customers were of utmost importance. Steps taken included reintroduced promotions and campaigns. Through market research & development opportunities we have introduced a new innovation, Andrex Ultra Care products in both dry and moist toilet tissue for consumers who are seeking a soft and soothing products that cares for their skin.

In March 2022 the new and improved Your Pollen Pal 2.0 tool was introduced to help consumers better understand their allergy triggers and effectively manage their allergies.

In 2022 Andrex has donated one million toilet tissue rolls to charity In Kind Direct for distribution across the UK to counteract the hygiene poverty caused by the cost of living crisis.

Social Impact and sustainability

With regards to social and environmental compliance, we are working with our mills and key suppliers to meet our standards of performance for human rights, labour rights, employee safety, anti-corruption and environmental protection. We effectively monitor and manage risk by ensuring that the products and materials we purchase come from traceable, resilient and sustainable sources, enabling better prediction and prevention of potential business disruptions, e.g. water.

The business actively engages with climate control initiatives. During the year a UK Group company, Kimberly Clark Limited has signed an agreement with Carlton Power to supply hydrogen to manufacturing facility at Barrow. This project will initially feature a 35-megawatt electrolyser that's expected to produce approximately 3,500 tonnes of hydrogen every year, reducing 25,000 tonnes of greenhouse gas emissions. In addition, to reduce further carbon footprint in the prior year, our Group company, Kimberly-Clark Limited signed a power purchase agreement that led to the construction of a wind farm in Scotland which is currently on track to supply UK manufacturing facilities with renewable energy by 2023. Both agreements contribute to our ambition to deliver 100% renewable energy by 2030 in the UK and Ireland.

To answer consumers needs we constantly remove hundreds of tons of plastics from our core brands products and during the year we introduced Huggies Pure Biodegradable wipes which are entirely plastic free.

Employees

We bring our purpose to life through our Compass, which guides how we care for each other and our business results. Borne out of our Purpose, our Values and Ways of Working combine to create a purpose led, performance driven culture. During 2022 to support the wellbeing, productivity and mental health of employees who've been working from home, we held regular interactive events and townhalls led by senior leaders and guest speakers offer career and personal development opportunities, and actively promote a flexible working environment.

During the year we managed global all-employee myVoice surveys that gave employees the opportunity to provide feedback to the Company. Results of the surveys were shared by Team Leaders who along with their teams were working to address identified opportunity areas. This allowed us to monitor employee engagement and act on feedback to continuously improve engagement and participation.

Suppliers

Through supply chain management and being committed to becoming a customer of choice, we actively engage with suppliers to seek feedback on relationship satisfaction and opportunities for improvement. During the year we have focused on centralized functions to improve efficiencies with invoice processing and improving payment lead times. We have continually invested in our processes to ensure our external providers aligned to support proper recording of invoicing and payment procedures.

We build and maintain strong, long-term relationships with strategic suppliers, focused to growing together through joint initiatives and a shared vision. In 2022 we relaunched our supplier relationship management (SRM) program to drive a consistent approach to collaboration with our strategic suppliers.

Parent Company
Kimberly Clark European Services Limited is the parent company of Kimberly Clark Europe Limited. The main considerations in the year were on dividend policy, which were discussed during the quarterly board meetings. There were no dividends paid to the parent company in the year.

This report was approved by the board on 29 September 2023, and was signed on its behalf by:

K S Dhillon

Director

Walton Oaks,
Dorking Road,
Tadworth, Surrey
England KT20 7NS

Kimberly-Clark Europe Limited

Directors' report
for the year ended 31 December 2022

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2022.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the strategic report on pages 1 to 5 and in Note 1 (b) to the financial statement. There were no significant post balance sheet events reported.

Research and development

During 2022 the company's projects to develop product and process innovation continued according to plan. This included researching and developing the removal of plastics from our core brands products.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the strategic report on pages 1 to 5 and form part of this report by cross-reference.

Dividend

No interim dividend was paid during the year (2021: €nil). The directors do not recommend payment of a final dividend.

Energy and carbon reporting

GHG emissions and energy usage as required in The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 has been reported in the Strategic Report.

Directors

The directors, who served throughout the year and up until the signing date, were as follows:

K S Dhillon
O V Neznal (resigned 15 January 2023)
D S Cunningham
D W Abuhl (appointed 9 February 2023, resigned 11 July 2023)
C R Burninston (appointed 11 July 2023)

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The company values its employees very highly and seeks to inform and involve them in the business. Methods of communications include newsletters, bulletins, and management briefings. The company consults employees or their representatives on a regular basis, and particularly concerning decisions which are likely to affect their interests.

Engagement with suppliers, customers and others

Details of the engagement can be found in the Strategic report in the section 172 statement (page 5).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board on 29 September 2023, and was signed on its behalf by:

K S Dhillon

Director

Walton Oaks,
Dorking Road,
Tadworth, Surrey
England KT20 7NS

Kimberly-Clark Europe Limited

Directors' responsibilities statement
for the year ended 31 December 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Kimberly-Clark Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kimberly-Clark Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in posting of manual revenue journal entries and our procedures performed to address it are described below:

- testing the design and implementation of manual revenue journal entries review controls;
- reconciling the journal transactional data back to opening and closing trial balance to ensure completeness of the manual revenue journal entries;
- identifying relevant manual revenue journal postings that display characteristics of audit interest; and
- for all manual revenue journals identified, obtaining supporting evidence to validate the appropriateness of the journal entry, including obtaining an understanding of the business rationale and verifying appropriate approvals of the posting had been obtained.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

N Vinaik

Nipun Vinaik (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

29 September 2023

Kimberly-Clark Europe Limited

Profit and loss account
for the year ended 31 December 2022

	Note	Total 2022 €'000	Total 2021 €'000
Turnover	3	**1,645,098**	1,431,580
Cost of sales		**(1,482,929)**	(1,252,441)
Gross Profit		**162,169**	179,139
Non-routine administrative expenses: cost of business restructuring	4	**-**	(56,668)
Administrative expenses		**(128,009)**	(156,364)
Distribution expenses		**(60,996)**	(48,876)
Operating (Loss)		**(26,836)**	(82,769)
Net finance income/(costs)	5	**42**	(10)
(Loss) before taxation	6	**(26,794)**	(82,779)
Tax credit on (Loss)	9	**4,651**	14,411
(Loss) for the financial year		**(22,143)**	(68,368)

All results relate to continuing operations.

Kimberly-Clark Europe Limited

Statement of comprehensive income
for the year ended 31 December 2022

	Note	2022 €'000	2021 €'000
(Loss) for the financial year (continuing)		**(22,143)**	(68,368)
Total (loss) for the financial year		**(22,143)**	(68,368)
Cash flow hedges			
Gain arising during the year		**7,605**	9,499
(Loss)/Gain reclassified to profit or loss		**(23,786)**	7,427
		(16,181)	16,926
Tax relating to components of other comprehensive expense	14	**4,045**	(3,623)
Other comprehensive income/(expense)		**(12,136)**	13,303
Total comprehensive expense		**(34,279)**	(55,065)

Kimberly-Clark Europe Limited

Balance sheet
as at 31 December 2022

	Note	2022 €'000	2021 €'000
Fixed assets			
Tangible assets	11	**946**	866
Investments	12	**1**	1
		947	867
Non-current assets			
Debtors - due after one year	14	**2,025**	-
Current assets			
Stocks	13	**262,316**	179,102
Debtors	14	**608,580**	598,736
Cash at bank and in hand		**2,539**	1,514
		873,435	779,352
Creditors: amounts falling due within one year	15	**(761,888)**	(633,128)
Net current assets		**111,547**	146,224
Total assets less current liabilities		**114,519**	147,091
Creditors: Amounts falling due after more than one year	15	**(5,495)**	-
Provisions for liabilities	16	**-**	(3,788)
Net assets		**109,024**	143,303
Capital and reserves			
Called-up share capital	18	**11,100**	11,100
Capital contribution reserve	18	**15,522**	15,522
Equity reserve	18	**4,055**	4,055
Hedging reserve	18	**(9,765)**	2,371
Profit and loss account	18	**88,112**	110,255
Shareholder's funds		**109,024**	143,303

The financial statements of Kimberly-Clark Europe Limited, company registration number 04060641, were approved by the Board of Directors and authorised for issue on 29 September 2023.

K S Dhillon
Director

Kimberly-Clark Europe Limited

Statement of changes in equity
as at 31 December 2022

	Note	Called-up share capital	Capital reserve	Equity reserve	Hedging reserve	Profit and loss account	Total
		€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2021		11,100	15,522	4,055	(10,932)	178,623	**198,368**
Loss for the financial year		-	-	-	-	(68,368)	**(68,368)**
Cash flow hedges:							
Gains arising during the period		-	-	-	9,499	-	**9,499**
Gain reclassified to profit or loss		-	-	-	7,427	-	**7,427**
Tax relating to components of other comprehensive income		-	-	-	(3,623)	-	**(3,623)**
Total comprehensive income/ (expense)		-	-	-	13,303	(68,368)	**(55,065)**
At 31 December 2021		11,100	15,522	4,055	2,371	110,255	**143,303**
Loss for the financial year		-	-	-	-	(22,143)	**(22,143)**
Cash flow hedges:							
Gain arising during the period		-	-	-	7,605	-	**7,605**
(Loss) reclassified to profit or loss		-	-	-	(23,786)	-	**(23,786)**
Tax relating to components of other comprehensive income	14	-	-	-	4,045	-	**4,045**
Total comprehensive (expense)		-	-	-	(12,136)	(22,143)	**(34,279)**
At 31 December 2022		**11,100**	**15,522**	**4,055**	**(9,765)**	**88,112**	**109,024**

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Kimberly-Clark Europe Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England. The address of the registered office is given on page 5. The nature of the company's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention, with the exception of financial instruments which are valued at fair value (see note 1.d), and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Kimberly-Clark Europe Limited is considered to be the Euro because that is the currency of the primary economic environment in which the company operates. The financial statements are also presented in Euros.

Kimberly-Clark Europe Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Kimberly-Clark Europe Limited is consolidated in the financial statements of its ultimate parent company, Kimberly-Clark Corporation Inc., copies of which may be obtained from its registered office at PO Box 619100, Dallas, Texas, 75261-9100, USA. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The Company was, at the end of the current year, a wholly-owned subsidiary of another Company incorporated outside the UK and in accordance with section 401 of the Companies Act 2006 is exempt from consolidation.

b. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic' report further describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company meets its day to day working capital requirements through cash held with another group company, Kimberly-Clark Luxembourg Finance SARL.

Kimberly-Clark Luxembourg Finance SARL, as a member of the Kimberly-Clark group has confirmed via a letter of support that it will provide adequate finance for the foreseeable future and at least for the 12 months from the date on which the financial statements are signed. In addition, Kimberly-Clark Corporation, the ultimate parent company, has confirmed via a letter of support to provide finance to Kimberly-Clark Luxembourg Finance SARL to ensure it can trade in its current form, and to meet its obligation, for at least 18 months from the 11 August 2023. Kimberly-Clark Corporation continues to perform strongly with $1,400,000,000 cash flows from operations from the 2023 Q2 financial results.

Despite being in a loss making position in the current year, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	– over 40 years
Plant and machinery	– over 3 - 25 years
Assets in the course of construction	– not depreciated until capitalised

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

d. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

d. Financial instruments (*continued*)

Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment.

(iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

e. Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends, except for the hedging of inventory purchases when the amount is removed from the hedging reserve and included in the cost of inventory at initial recognition.

e. Derivative financial instruments (*continued*)

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected

to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

(ii) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line related to the hedged item in profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

g. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Group relief received from or surrendered to related companies not paid for is accounted for as a capital contribution.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

h. Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of interest income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

i. Research and development costs

The company policy is to write-off research and development costs off as they are incurred.

j. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

k. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period. They are included as part of staff costs. There is no contractual agreement or stated policy for charging the cost of the defined plan between entities, therefore the full liability is recognised on the balance sheet of Kimberly-Clark Limited, a fellow group company.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

l. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the period in which they arise.

m. Leases

The company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

n. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first in, first out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

o. Share-based payments

The ultimate parent company issues equity-settled share options to certain employees, which is settled by intercompany transactions. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

p. Non-routine administrative expenses

Non-routine and non-recurring expenses have been incurred in the financial year. These costs have been recognised as exceptional in nature due to being separately identifiable from routine business expenses. Refer to note 1.q for items disclosed as "non-routine administrative expenses".

q. Restructuring expenses

As part of the global restructuring project, announced in January 2018, severance costs are recognised at the point formalised plans have been announced to employees. For anticipated impairment of fixed assets, incremental depreciation is recognised on identifiable assets. Pension settlement and curtailment charges are recorded as incurred. The global restructuring project ended in December 2021 and no costs were recorded as non-routine administrative expenses in the period ended December 2022.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The directors were not required to make any material judgements in the preparation of these Financial Statements.

Key sources of estimation uncertainty

There are no sources of estimation uncertainty.

3. Turnover

The company's only class of business is the sale of goods.

	2022 €'000	2021 €'000
Europe	**1,522,184**	1,325,417
Middle East	**53,070**	37,181
Africa	**32,115**	48,312
Other	**37,729**	20,670
	1,645,098	1,431,580

4. Non-routine administrative expenses

Following the January 2018 global restructuring program announcement by the Kimberly-Clark group to free up funds to enable greater investment in the company's brands; GRP program has been completed in December 2021.

As a result, the company recognised costs of €Nil (2021: €56,668,000). In the prior year this included costs charged to it from its European limited risk distributors and toll manufacturers in accordance with long-standing contractual obligations.

5. Net finance income/(cost)

	2022 €'000	2021 €'000
Interest receivable from group undertakings	**59**	-
Interest payable to group undertakings	**(17)**	(10)
	42	(10)

6. (Loss) before taxation

(Loss) before taxation was charged after charging/(crediting):

	2022 €'000	2021 €'000
Depreciation of tangible fixed assets (note 11)	**77**	241
Research and development	**7,788**	8,875
Loss on disposal of fixed assets	**-**	491
Operating lease rentals – plant and machinery	**157**	309
Operating lease rentals – land and buildings	**-**	600
Cost of stock recognised as an expense	**1,482,929**	1,252,441
Obsolete stock provision movement	**(910)**	(3,369)
Foreign exchange charge	**20,959**	9,004

Auditor's remuneration for the auditing of the company's financial statement of €181,000 was borne by a group company (2021: €176,000)

No services were performed pursuant to contingent fee arrangements. There were no other non-audit fees (2021: €nil).

7. Staff numbers and costs

The average monthly number of employees was:

	2022 Number	2021 Number
Administration	**438**	433
	438	433

7. Staff numbers and costs *(continued)*

Their aggregate remuneration comprised:	2022 €'000	2021 €'000
Wages and salaries	**51,235**	43,949
Social security costs	**5,987**	4,996
Pension costs	**3,911**	3,723
Severance costs	**-**	90
	61,133	52,758

As part of the global restructuring project which ended in December 2021, severance costs of €Nil (2021: €90,000) are included in staff costs above.

8. Directors' remuneration and transactions

	2022 €'000	2021 €'000
Directors' remuneration		
Emoluments	**396**	1,558
Amounts receivable (other than shares and share options) under long-term incentive schemes	**190**	633
	586	2,191

	2022 Number	2021 Number
The number of directors who:		
Are members of a defined benefit pension scheme	**1**	1
Exercised options over shares in a group company	**1**	2
Had awards receivable in the form of shares under a long-term incentive scheme	**1**	2

	2022 €'000	2021 €'000
Remuneration of the highest paid director:		
Emoluments	**586**	1,342
	586	1,342

The highest paid director did exercise share options during the year.

9. Tax on (loss) for the year

Analysis of tax credit in the year

	2022 €'000	2021 €'000
Current tax:		
UK corporation tax on profits of the period	**(2,256)**	(11,512)
Adjustment for previous periods	**1,982**	(5)
	(274)	(11,517)
Deferred tax:		
Origination and reversal of timing differences	**(1,967)**	(1,841)
Adjustment in respect of prior periods	**(1,789)**	-
Effect of changes in tax rate	**(621)**	(1,053)
	(4,377)	(2,894)
Taxation on (loss) for the period	**(4,651)**	(14,411)

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2022 €'000	2021 €'000
(Loss) before taxation	**(26,794)**	(82,779)
Tax on (loss)/profit at standard rate of corporation tax in the UK 19.00% (2021: 19.00%)	**(5,091)**	(15,728)
Effects of:		
Expenses not deductible	**244**	1,061
Income not taxable	**(20)**	(12)
Effect of movement in reserves	**257**	1,745
Adjustment for previous years	**193**	(5)
Tax rate changes	**(621)**	(1,053)
Other	**387**	(419)
Tax credit for the year	**(4,651)**	(14,411)

9. Tax on (loss) for the year *(continued)*

Factors that may affect future tax charges

On 15 March 2023 at Spring Budget 2023 the Chancellor confirmed that the UK corporation tax rate will be increased from 19% to 25% from 1 April 2023 and as result these rates are applicable to the measurements of deferred tax balances on 31 December 2022. Deferred tax has been measured at the rate it is expected to reverse.

10. Share based payments

Equity-settled share option scheme

The company issues shares options in Kimberly-Clark Corporation Inc. to certain employees. There are three types of equity settled share option schemes as follows:

Approved Share Option Scheme

These share options vest on the third anniversary of the grant. The option must be exercised by the tenth anniversary of the grant. All outstanding options vest upon retirement which can take place no earlier than age 50. In the case of death or incapacity due to ill health outstanding shares automatically vest and must be exercised within three years. All shares that have not vested are forfeited if the employee leaves the company.

Unapproved Share Option Scheme

These share options vest over three years: 30% by the first anniversary of the grant, 60% by the second and 100% by the third. The option must be exercised by the tenth anniversary of the grant. All outstanding options vest upon retirement which can take place no earlier than the age 55. In the case of death or incapacity due to ill health outstanding shares automatically vest and must be exercised within three years. All shares that have not vested are forfeited if the employee leaves the company.

Restricted Stock Unit Plan

The company issues restricted stock unit options to certain employees, some of which have performance criteria. These vest over a five year period. All outstanding shares automatically vest at the date of retirement, which can take place no earlier than age 55. Upon death or incapacity due to ill health the shares vest automatically. All non-vested shares are forfeited if the employee leaves the company.

The fair value of the share options is calculated using the Black Scholes model, which is considered the most appropriate generally accepted valuation method of measuring fair value.

The required disclosures are included in Kimberly-Clark Corporation's consolidated financial statements. The Company measures its share- based payment expense using the Black-Scholes valuation model based on the number of shares granted over a vesting period of three years. The vesting period is accelerated for participants who are age 55+ at the grant date, or who will turn age 55 during the vesting period.

11. Tangible fixed assets

	Plant and machinery	Assets in the course of construction	Total
	€'000	€'000	€'000
Cost			
At 1 January 2022	721	443	1,164
Transfer	335	(335)	-
Additions	61	96	**157**
Disposals	(70)	-	**(70)**
At 31 December 2022	**1,047**	**204**	**1,251**
Depreciation			
At 1 January 2022	298	-	298
Charge for the year	77	-	**77**
Disposals	(70)	-	**(70)**
At 31 December 2022	**305**	**-**	**305**
Net book value			
At 31 December 2022	**742**	**204**	**946**
At 31 December 2021	**423**	**443**	**866**

12. Fixed Asset Investments

	Investments in subsidiary undertakings €'000
Cost	
At 1 January 2022 and 31 December 2022	2,850
Provisions for impairment	
At 1 January 2022 and 31 December 2022	(2,849)
Carrying value at 31 December 2021	1
Carrying value at 31 December 2022	1

Company	Shares held %	Class	Country of incorporation
Kimberly-Clark EMEA Holdings Limited, Walton Oaks, Dorking Road, Tadworth, Surrey, England, KT20 7NS	100	Ordinary	UK
Kimberly-Clark Maghreb SARL, Sidi Maarouf Business Centre, 1100 Bd El Qods, Casanearshore Shore 1, Sidi Maarouf, 20270, Casablanca, Morocco	100	Ordinary	Morocco

The addresses stated above are the registered offices of the subsidiaries.

The investment acquired in 2016 has not been able to generate sustainable profits and as a consequence, it is considered fully impaired and subsequently has been written off to the profit and loss account in 2016 and 2021. The directors of Kimberly-Clark Maghreb SARL – Morocco have initiated the liquidation process which is still ongoing and expected to be completed by the end of 2023.

13. Stocks

	2022 €'000	2021 €'000
Raw materials and consumables*	**76,587**	52,608
Finished goods and goods for resale	**185,729**	126,494
	262,316	179,102

*Includes obsolete provision €415,000 (2021: €1,325,000)

14. Debtors

	2022 €'000	2021 €'000
Amounts falling due within one year:		
Trade debtors	**13,800**	10,719
Deferred tax asset (see below)	**10,431**	2,009
Amounts owed by group undertakings*	**485,687**	420,444
Other debtors	**9,211**	7,059
Derivative financial assets	**5,378**	6,383
Prepayments and accrued income	**84,073**	152,122
	608,580	598,736
Amounts falling due after more than one year:		
Derivative financial assets	**2,025**	-
	2,025	-

* The balance of €16,872,000 (2021: €74,317,000) from total balance owed by group undertakings represents the cash held on a current account in Kimberly Luxembourg Finance S.à r.l. (the In-House Bank of Kimberly-Clark Group). The Current Account is used to facilitate funding and repayment of advances and loans under the financial service agreement between the Company and Kimberly-Clark Luxembourg Finance S.à r.l. The cash balance is repayable on demand. The interest rate for a negative balance on current account is ESTER plus 0.35% with a floor of 0%. The interest rate for a positive balance on current account is ESTER plus 0.25% with a floor of 0% Interest accrued in the year were €20,000 (2021: €nil).

Further €468,795,000 (2021: €346,127,000) represents trade related balances. These balances are recoverable under 60-day terms from the date of the invoice.

	Deferred taxation €'000
At 1 January 2022	**2,009**
Adjustment in respect of prior periods	**1,789**
Credit to other comprehensive income	**4,045**
Credit to profit and loss account	**2,588**
At 31 December 2022	**10,431**

14. Debtors *(continued)*

Deferred tax is provided as follows:

	2022	2021
	€'000	€'000
Fixed asset timing differences	547	638
Short term timing differences	3,782	(698)
Losses	6,102	2,069
	10,431	2,009

Deferred tax liability relates to a timing difference for when tax is due to be paid, which is expected after 12 months.

15. Creditors

	2022 €'000	2021 €'000
Amounts falling due within one year:		
Supply chain finance*	**185,610**	129,851
Trade creditors	**132,429**	128,924
Amounts owed to group undertakings**	**406,270**	352,749
Corporation tax payable	**3,811**	3,837
Other taxation and social security	**2,588**	867
Accruals and deferred income	**16,293**	16,900
Derivative financial liabilities***	**14,887**	-
	761,888	633,128
Creditors: Amounts falling due after more than one year		
Derivative financial liabilities***	**5,495**	-
	5,495	-

* Supply chain finance is offered through its banking group facilities. This facility allows suppliers to obtain payment from the bank ahead of commercially agreed payment terms. There is no impact on liquidity as Kimberly-Clark Europe Limited will in turn make payment to its bank on the due date of the invoice.

**The balance of €406,270,000 (2021: €352,749,000) represents trade related balances falling due within one year. These balances are payable under 60-day terms from the date of the invoice.

***Kimberly Clark Europe Limited is engaged in a currency hedging program for both EUR:USD and EUR:GBP forward contracts. This is to cover exposure to foreign exchange volatility, with a hedging profile of 12 to 36 months.

16. Provision for liabilities

	Restructuring provision
	€'000
At 1 January 2022	3,788
Charged to profit and loss	
Utilised in the year	(3,788)
At 31 December 2022	

Global restructuring Program has ended in the period ended 31 December 2021. As a result all of the remaining restructuring provisions were transferred to business accruals.

17. Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

	Due within one year		Due after one year	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Financial assets				
Measured at fair value and designated in an effective hedging relationship				
- Forward foreign currency contracts (note 14)	**5,378**	6,383	**2,025**	-
Measured at undiscounted amount				
- Trade and other debtors (note 14)	**23,011**	17,778	-	-
- Amounts due from group undertakings (note 14)	**485,687**	420,444	-	-
	514,076	444,605	**2,025**	-

17. Financial instruments *(continued)*

All financial assets and liabilities held at fair value have been determined by a quoted market price in an active market exchange.

	Due within one year		Due after one year	
	2022	**2021**	**2022**	**2021**
	€'000	**€'000**	**€'000**	**€'000**
Financial liabilities				
Measured at fair value and designated in an effective hedging relationship				
- Forward foreign currency contracts (note 14)	**14,887**	-	**5,495**	-
Measured at undiscounted amount payable				
- Supply chain finance (note 15)	**185,610**	129,851	**-**	-
- Trade creditors (note 15)	**132,429**	128,924	**-**	-
- Amounts owed to group undertakings (note 15)	**406,270**	352,749	**-**	-
- Accruals and deferred income (note 15)	**16,293**	16,900	**-**	-
	755,489	628,424	**5,495**	-

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2022	**2021**
	€'000	**€'000**
Total fair value (loss)/gain from hedge accounting recognised in profit and loss	**(16,181)**	16,926
Total interest income / (expense) for financial liabilities at amortised cost	**42**	(10)

18. Called-up share capital and reserves

	2022 €'000	2021 €'000
Allotted, called-up and fully paid		
11,100,010 ordinary shares of €1 each	**11,100**	11,100
	11,100	11,100

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments or foreign exchange risk in firm commitments or highly probable forecast transactions. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged items affects profit or loss or when the hedging relationship ends.

The equity reserve represents share-based payments in respect of share options issued by the ultimate parent company to its employees.

The capital contribution reserve relates to group relief received from and surrendered to group companies for nil consideration. During the year the company received €Nil (2021: €Nil) of such group relief.

19. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2022 €'000	Other 2022 €'000	Land and buildings 2021 €'000	Other 2021 €'000
Within one year	**-**	**87**	448	52
Between one and five years	**-**	**129**	-	46
After five years	**-**	**-**	-	-
	-	**216**	448	98

20. Employee benefits

Defined contribution schemes

A fellow group company, Kimberly Clark Limited operates a defined contribution retirement benefit scheme on behalf of the Company for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2022 was €3.9m (2021: €3.7m).

Defined benefit schemes

A subsidiary company operates a defined benefit pension scheme and the Kimberly-Clark Pension Scheme, for qualifying employees of Kimberly-Clark Europe Limited and other group companies within the UK. The disclosures below relate to the entire defined benefit pension scheme, and encompass the employees in other UK group companies. The assets of both schemes are held in separate trustee administered funds. Under the scheme the employees are entitled to retirement benefits based on employee contributions of either 3.75% or 5% of post 2012 eligible earnings. The scheme, which is a funded scheme, is closed to new members and has been curtailed.

There is no contractual agreement or stated policy for charging the cost of the defined plan between entities, therefore the full liability is recognised on the balance sheet of Kimberly-Clark Limited. As of 31 December 2018 the defined benefit scheme was curtailed therefore, no future employee contributions are to be made. All future funding requirements will be made by Kimberly-Clark Limited.

The most recent actuarial valuations of scheme assets and the present value of defined benefit obligation were carried out at 5 April 2021 by C B Rodgers, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. At the year-end the valuation was updated based on high-level groupings of membership information.

Further details of the Kimberly-Clark Pension Scheme are disclosed in the financial statements of Kimberly-Clark Limited.

21. Related party transactions

Directors have taken advantage of the exemption under FRS 102 from disclosing transactions with other wholly-owned group-members. There are no other related party transactions.

22. Controlling party

The directors regard Kimberly-Clark European Services Limited, a company with registered address Walton Oaks, Dorking Road, Tadworth, Surrey, England KT20 7NS, as the immediate parent company and Kimberly-Clark Corporation Inc., a company with registered address PO Box 619100, Dallas, Texas, 75261-9100, USA, as the ultimate parent company and controlling entity. This is the smallest and largest group in which the company is consolidated. Copies of the consolidated financial statements of Kimberly-Clark Corporation Inc. can be obtained from its registered address.

23. Off-balance sheet arrangements

Other than financial commitments for operating leases (see note 19) there no other material off-balance sheet arrangements in place.