

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 1, 2024



**The Clorox Company**

**THE CLOROX COMPANY**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation)

1-07151  
(Commission File Number)

31-0595760  
(I.R.S. Employer  
Identification No.)

**1221 Broadway, Oakland, California 94612-1888**  
(Address of principal executive offices) (Zip code)

**(510) 271-7000**  
(Registrant's telephone number, including area code)

**Not applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 Under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class             | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------------------|-------------------|---|
| Common Stock - \$1.00 par value | CLX               | New York Stock Exchange                   |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

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

**Item 2.02 Results of Operations and Financial Condition**

On February 1, 2024, The Clorox Company issued a press release announcing its financial results for its second quarter ended December 31, 2023. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure**

Attached hereto as Exhibit 99.2 and incorporated herein by reference is supplemental financial information.

**Item 9.01 Financial Statements and Exhibits****(d) Exhibits**

See the Exhibit Index below.

**EXHIBIT INDEX**

| <b>Exhibit</b> | <b>Description</b>  |
|----------------|---|
| 99.1           | <a href="#">Press Release dated February 1, 2024 of The Clorox Company</a>  |
| 99.2           | <a href="#">Supplemental information regarding financial results</a>        |
| 104            | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

## SIGNATURES

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

THE CLOROX COMPANY

Date: February 1, 2024

By: /s/ Angela Hilt

Angela Hilt

Executive Vice President – Chief Legal Officer

## PRESS RELEASE



## Clorox Reports Q2 Fiscal Year 2024 Results, Updates Outlook

OAKLAND, Calif., Feb. 1, 2024 — The Clorox Company (NYSE: CLX) today reported results for the second quarter of fiscal year 2024, which ended Dec. 31, 2023.

### Second-Quarter Fiscal Year 2024 Summary

Following is a summary of key results for the second quarter, which reflect operational recovery from the previously announced cyberattack. All comparisons are with the second quarter of fiscal year 2023 unless otherwise stated.

- **Net sales** increased 16% to \$1.99 billion compared to a 1% net sales increase in the year-ago quarter. The increase was driven largely by higher volume as the company rebuilt customer inventories following the August cyberattack as well as favorable price mix, partially offset by unfavorable foreign exchange rates. Organic sales<sup>1</sup> were up 20%.
- **Gross margin** increased 730 basis points to 43.5% from 36.2% in the year-ago quarter, due to the benefits of pricing and cost-savings initiatives, more than offsetting unfavorable foreign exchange rates. Gross margin also reflects the benefit of better cost absorption from strong shipment growth.
- **Diluted net earnings per share (diluted EPS)** decreased 6% to 75 cents from 80 cents in the year-ago quarter. This decrease includes a noncash pension plan settlement charge (\$1.04), investments in the company's long-term strategic digital capabilities and productivity enhancements (19 cents) and incremental expenses resulting from the cyberattack (16 cents).
- **Adjusted EPS<sup>1</sup>** increased 120% to \$2.16 from 98 cents in the year-ago quarter, due to higher net sales and gross margin expansion, partially offset by unfavorable foreign exchange rates, higher selling and administrative expenses and advertising investments.
- **Year-to-date net cash** provided by operations was \$173 million compared to \$387 million in the year-ago period, representing a 55% decrease.

"Our second quarter results reflect strong execution on our recovery plan from the August cyberattack," said Chair and CEO Linda Rendle. "We are rebuilding retailer inventories ahead of schedule, enabling us to return to merchandising and restore distribution. While there is still more work to do, we're focused on executing with excellence in what remains a challenging environment to drive top-line growth and rebuild margin. We're confident we have the right plans in place to win with consumers given the strength and superior value of our brands and our ongoing investments in innovation and brand-building throughout our advantaged portfolio."

*This press release includes certain non-GAAP financial measures. See "Non-GAAP Financial Information" at the end of this press release for more details.*

<sup>1</sup>Organic sales growth / (decrease) and adjusted EPS are non-GAAP measures. See Non-GAAP Financial Information at the end of this press release for reconciliations to the most comparable GAAP measures.

## Strategic and Operational Highlights

The following are recent highlights of business and environmental, social and governance achievements:

- Made strong progress recovering from the August cyberattack-related operational disruptions, including progress recovering market shares and distribution losses by rebuilding the vast majority of retailer inventory ahead of expectations.
- Delivered another strong quarter of cost savings as part of the company's ongoing effort to rebuild margin.
- Delivered double-digit organic sales growth in International, enabled by the company swiftly and successfully executing incremental pricing actions to fully offset inflation as well as impacts from Argentina's currency devaluation.
- Introduced new product innovations to meet the needs of consumers, including Kingsford High Heat and Low and Slow charcoal briquettes, Clorox Toilet Bomb Foaming Toilet Bowl Cleaner and the Brita Refillable Water Filtration System.
- Received the EPA's 2023 Green Chemistry Awards and named to *Wall Street Journal's* 250 Best Managed Companies, 3BL's 100 Best Corporate Citizens, and *Newsweek's* America's Most Responsible Companies and America's Greenest Companies lists.

## Key Segment Results

The following is a summary of key second-quarter results by reportable segment. All comparisons are with the second quarter of fiscal year 2023, unless otherwise stated. Prior periods presented have been recast to reflect the reportable segment changes effective in the fourth quarter of fiscal year 2023.

### Health and Wellness (Cleaning; Professional Products)

- Net sales increased 25%, driven by 22 points of higher volume and 3 points of favorable price mix.
  - Cleaning sales increased, driven by shipments to rebuild retailer inventory and lapping the voluntary recall of certain Pine-Sol scented products.
  - Professional Products sales increased, driven by shipments to rebuild retailer inventory and lapping the voluntary recall of certain Pine-Sol scented products.
- Segment adjusted EBIT<sup>2</sup> increased 109%, primarily behind increased net sales and lower manufacturing and logistics costs.

### Household (Bags and Wraps; Cat Litter; Grilling)

- Net sales increased 9%, driven by 4 points of higher volume and 5 points of favorable price mix.
  - Bags and Wraps sales increased, driven by shipments to rebuild retailer inventory, partially offset by lower merchandising and consumption losses due to supply chain constraints.
  - Cat Litter sales increased, driven by shipments to rebuild retailer inventory and continued strong consumer demand, partially offset by consumption losses due to supply chain constraints.
  - Grilling sales increased, driven by shipments to rebuild retailer inventory.
- Segment adjusted EBIT increased 109%, primarily due to net sales growth and cost savings.

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<sup>2</sup> Adjusted EBIT is a non-GAAP measure. See Non-GAAP Financial Information at the end of this press release for reconciliations to the most comparable GAAP measures.

#### Lifestyle (Food; Natural Personal Care; Water Filtration)

- Net sales increased 21%, driven by 24 points of higher volume partially offset by 3 points of unfavorable price mix.
  - Food sales increased, driven by shipments to rebuild retailer inventory.
  - Natural Personal Care sales increased, driven by shipments to rebuild retailer inventory.
  - Water Filtration sales increased, driven by shipments to rebuild retailer inventory and strong merchandising activities, partially offset by consumption losses from early quarter out-of-stocks.
- Segment adjusted EBIT increased 47%, due to net sales growth partially offset by higher manufacturing and logistics costs.

#### International (Sales Outside the U.S.)

- Net sales increased 9%, with 25 points of favorable price mix and 6 points of higher volume more than offsetting 22 points of unfavorable foreign exchange rates. Organic sales grew 31%.
- Segment adjusted EBIT increased 33%, due to net sales growth behind pricing partially offset by unfavorable foreign exchange rates.

#### **Fiscal Year 2024 Outlook**

The company is *updating* the following elements of its fiscal year 2024 outlook:

- Net sales are now expected to be down low single digits, updated to reflect the progress the company has made in the second quarter as well as the raise in expectations for the second half of the fiscal year, partially offset by 5 points of unfavorable foreign exchange rates primarily due to the devaluation of the Argentine Peso. This compares to the previous expectation of net sales that are down mid- to high single digits.
- Gross margin is now expected to be up about 200 basis points, reflecting the combined benefit of pricing actions, cost savings and supply chain optimization, partially offset by supply chain inflation and the impact from the cyberattack. This compares to the previous expectation of about flat.
- Selling and administrative expenses are now expected to be between 16% to 17% of net sales, including about 2.5 points of impact related to investments to enhance the company's digital capabilities, implementation of the streamlined operating model and expenses resulting from the cyberattack. This compares to the previous expectation of about 16% of net sales.
- The company's effective tax rate is now expected to be between 22% and 23%, compared to the previous expectation of about 23% to 24%.
- Net of these factors, fiscal year diluted EPS is now expected to be between \$3.06 and \$3.26, or an increase of 155% to 172%, respectively. This compares to previous expectations between \$2.10 and \$2.60, or an increase of 75% to 117%, respectively, and includes the lapping of a noncash impairment charge in our Vitamins, Minerals and Supplements business. Adjusted EPS is now expected to be between \$5.30 and \$5.50, or an increase of 4% to 8%. This compares to previous expectations of between \$4.30 and \$4.80, or a decrease of 16% to 6%, respectively. The adjusted EPS outlook excludes the long-term strategic investments in digital capabilities and productivity enhancements, which continue to be estimated at about 70 cents; a charge related to the streamlined operating model, now estimated to be 20 cents; and incremental charges resulting from the cyberattack of about 30 cents. It also excludes a noncash charge of \$1.04 related to settlement of the company's domestic qualified pension plan.

The company is *confirming* the following elements of its fiscal year 2024 outlook:

- Advertising and sales promotion spending is expected to be about 11% of net sales. This continues to reflect the company's stepped-up efforts to emphasize the superior value of its brands at a time when consumers are increasingly becoming more value focused as well as to support efforts to rebuild market share.

### **Clorox Earnings Conference Call Schedule**

At approximately 4:15 p.m. ET today, Clorox will post prepared management remarks regarding its second-quarter fiscal year 2024 results.

At 5 p.m. ET today, the company will host a live Q&A audio webcast with Chair and CEO Linda Rendle and Chief Financial Officer Kevin Jacobsen to discuss the results.

Links to the live (and archived) webcast, press release and prepared remarks can be found at [Clorox Quarterly Results](#).

### **For More Detailed Financial Information**

Visit the company's Quarterly Results for the following:

- Supplemental unaudited volume and sales growth information
- Supplemental unaudited gross margin drivers information
- Supplemental unaudited cash flow information and free cash flow reconciliation
- Supplemental unaudited reconciliation of earnings (losses) before interest and taxes (EBIT) and adjusted EBIT
- Supplemental unaudited reconciliation of adjusted earnings per share (EPS)

Note: Percentage and basis-point, or point, changes noted in this press release are calculated based on rounded numbers, except for per-share data and the effective tax rate.

### **About The Clorox Company**

The Clorox Company (NYSE: CLX) champions people to be well and thrive every single day. Its trusted brands, which include Brita®, Burt's Bees®, Clorox®, Fresh Step®, Glad®, Hidden Valley®, Kingsford®, Liquid-Plumr®, Pine-Sol® and Natural Vitality®, can be found in about nine of 10 U.S. homes and internationally with brands such as Ayudin®, Clorinda®, Chux® and Poett®. Headquartered in Oakland, California, since 1913, Clorox was one of the first U.S. companies to integrate ESG into its business reporting. In 2023 the company was ranked No. 1 on Barron's 100 Most Sustainable Companies list. Visit [thecloroxcompany.com](https://thecloroxcompany.com) to learn more.

## **Forward-Looking Statements**

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, among others, statements regarding the expected or potential impact of the company’s operational disruption stemming from a cyberattack, and any such forward-looking statements involve risks, assumptions and uncertainties. Except for historical information, statements about future volumes, sales, organic sales growth, foreign currencies, costs, cost savings, margins, earnings, earnings per share, diluted earnings per share, foreign currency exchange rates, tax rates, cash flows, plans, objectives, expectations, growth or profitability are forward-looking statements based on management’s estimates, beliefs, assumptions and projections. Words such as “could,” “may,” “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “predicts,” and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic and financial performance are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed. Important factors that could affect performance and cause results to differ materially from management’s expectations, are described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023, and in the company’s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023, and as updated from time to time in the company’s Securities and Exchange Commission filings. These factors include, but are not limited to: our recovery from the cyberattack, unfavorable general economic and geopolitical conditions beyond our control, including supply chain disruptions, labor shortages, wage pressures, rising inflation, the interest rate environment, fuel and energy costs, foreign currency exchange rate fluctuations, weather events or natural disasters, disease outbreaks or pandemics, such as COVID-19, terrorism, and unstable geopolitical conditions, including ongoing conflicts in the Middle East and Ukraine and rising tensions between China and Taiwan, as well as macroeconomic and geopolitical volatility and uncertainty as a result of a number of these and other factors, including actual and potential shifts between the U.S. and its trading partners, especially China; volatility and increases in the costs of raw materials, energy, transportation, labor and other necessary supplies or services; the impact of the changing retail environment, including the growth of alternative retail channels and business models, and changing consumer preferences; the ability of the company to drive sales growth, increase prices and market share, grow its product categories and manage favorable product and geographic mix; risks related to supply chain issues, product shortages and disruptions to the business, as a result of increased supply chain dependencies due to an expanded supplier network and a reliance on certain single-source suppliers; intense competition in the company’s markets; risks related to the company’s use of and reliance on information technology systems, including potential and actual security breaches, cyberattacks, privacy breaches or data breaches that result in the unauthorized disclosure of consumer, customer, employee or company information, business, service or operational disruptions, or that impact the company’s financial results or financial reporting, or any resulting unfavorable outcomes, increased costs or legal proceedings; the ability of the company to implement and generate cost savings and efficiencies, and successfully implement its transformational initiatives or strategies, including achieving anticipated benefits and cost savings from the implementation of the streamlined operating model and digital capabilities and productivity enhancements; dependence on key customers and risks related to customer consolidation and ordering patterns; the company’s ability to attract and retain key personnel, which may continue to be impacted by challenges in the labor market, such as wage inflation and sustained labor shortages; the company’s ability to maintain its business reputation and the reputation of its brands and products; lower revenue, increased costs or reputational harm resulting from government actions and compliance with regulations, or any material costs imposed by changes in regulation; changes to our processes and procedures as a result of our digital capabilities and productivity enhancements investment that may result in changes to the company’s internal controls over financial reporting; the ability of the company to successfully manage global political, legal, tax and regulatory risks, including changes in regulatory or administrative activity; risks related to international operations and international trade, including changing macroeconomic conditions as a result of inflation, volatile commodity prices and increases in raw and packaging materials prices, labor, energy and logistics; global economic or political instability; foreign currency fluctuations, such as devaluations, and foreign currency exchange rate controls; changes in governmental policies, including trade, travel or immigration restrictions, new or additional tariffs, and price or other controls; labor claims and civil unrest; continued high levels of inflation in Argentina; potential operational or supply chain disruptions from wars and military conflicts, including ongoing conflicts in the Middle East and Ukraine and rising tensions between China and Taiwan; impact of the United Kingdom’s exit from the European Union; potential negative impact and liabilities from the use,



storage and transportation of chlorine in certain international markets where chlorine is used in the production of bleach; widespread health emergencies, such as COVID-19; and the possibility of nationalization, expropriation of assets or other government action; the impact of Environmental, Social, and Governance (ESG) issues, including those related to climate change and sustainability on our sales, operating costs or reputation; the ability of the company to innovate and to develop and introduce commercially successful products, or expand into adjacent categories and countries; the impact of product liability claims, labor claims and other legal, governmental or tax proceedings, including in foreign jurisdictions and in connection with any product recalls; the COVID-19 pandemic and related impacts, including on the availability of, and efficiency of the supply, manufacturing and distribution systems for, the company's products, including any significant disruption to such systems; on the demand for and sales of the company's products; and on worldwide, regional and local adverse economic conditions; risks relating to acquisitions, new ventures and divestitures, and associated costs, including for asset impairment charges related to, among others, intangible assets, including trademarks and goodwill, in particular the impairment charges related to the carrying value of the company's Vitamins, Minerals and Supplements business; and the ability to complete announced transactions and, if completed, integration costs and potential contingent liabilities related to those transactions; the accuracy of the company's estimates and assumptions on which its financial projections, including any sales or earnings guidance or outlook it may provide from time to time, are based; risks related to increases in the estimated fair value of The Procter & Gamble Company's interest in the Glad business; environmental matters, including costs associated with the remediation and monitoring of past contamination, and possible increases in costs resulting from actions by relevant regulators, and the handling and/or transportation of hazardous substances; the company's ability to effectively utilize, assert and defend its intellectual property rights, and any infringement or claimed infringement by the company of third-party intellectual property rights; the performance of strategic alliances and other business relationships; the effect of the company's indebtedness and credit rating on its business operations and financial results and the company's ability to access capital markets and other funding sources, as well as the cost of capital to the company; the company's ability to pay and declare dividends or repurchase its stock in the future; the impacts of potential stockholder activism; and risks related to any litigation associated with the exclusive forum provision in the company's bylaws.

The company's forward-looking statements in this press release are based on management's current views, beliefs, assumptions and expectations regarding future events and speak only as of the date of this press release. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws.

#### **Non-GAAP Financial Information**

- This press release contains non-GAAP financial information related to organic sales growth / (decrease), adjusted EPS and segment adjusted EBIT for the second quarter of fiscal year 2024, as well as adjusted EPS outlook for fiscal year 2024.
- Clorox defines organic sales growth / (decrease) as GAAP net sales growth / (decrease) excluding the effect of foreign exchange rate changes and any acquisitions or divestitures.
- Management believes that the presentation of organic sales growth / (decrease) is useful to investors because it excludes sales from any acquisitions and divestitures, which results in a comparison of sales only from the businesses that the company was operating and expects to continue to operate throughout the relevant periods, and the company's estimate of the impact of foreign exchange rate changes, which are difficult to predict and out of the control of the company and management. However, organic sales growth / (decrease) may not be the same as similar measures provided by other companies due to potential differences in methods of calculation or differences in which items are incorporated into these adjustments.
- Adjusted EPS is defined as diluted earnings per share that excludes or has otherwise been adjusted for significant items that are nonrecurring or unusual. The income tax effect on non-GAAP items is calculated based upon the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.
- Adjusted EPS is supplemental information that management uses to help evaluate the company's historical and prospective financial performance on a consistent basis over time. Management believes that by adjusting for certain items affecting comparability of performance over time, such as the pension

settlement charge, incremental costs related to the cyberattack, asset impairments, charges related to the streamlined operating model, charges related to the digital capabilities and productivity enhancements investment, significant losses/(gains) related to acquisitions, and other nonrecurring or unusual items, investors and management are able to gain additional insight into the company's underlying operating performance on a consistent basis over time. However, adjusted EPS may not be the same as similar measures provided by other companies due to potential differences in methods of calculation or differences in which items are incorporated into these adjustments.

- Adjusted EBIT represents earnings (losses) before income taxes excluding interest income, interest expense and other significant items that are nonrecurring or unusual (such as the pension settlement charge, incremental costs related to the cyberattack, asset impairments, charges related to the streamlined operating model, charges related to the digital capabilities and productivity enhancements investment, significant losses/(gains) related to acquisitions and other nonrecurring or unusual items impacting comparability during the period. The company uses this measure to assess the operating results and performance of its segments, perform analytical comparisons, identify strategies to improve performance, and allocate resources to each segment. Management believes that the presentation of adjusted EBIT excluding these items is useful to investors to assess operating performance on a consistent basis by removing the impact of the items that management believes do not directly reflect the performance of each segment's underlying operations. However, adjusted EBIT may not be the same as similar measures provided by other companies due to potential differences in methods of calculation or differences in which items are incorporated into these adjustments.
- The reconciliation tables below refer to the equivalent GAAP measures adjusted as applicable for the following items:

### **Pension Settlement Charge**

In the second quarter of fiscal year 2024, the Company settled plan benefits related to its domestic qualified pension plan through a combination of an annuity contract purchase with a third-party insurance provider and lump sum payouts. These payments were made using plan assets. In conjunction with this settlement, a one-time noncash charge of \$171 million (\$130 million after tax) was recorded.

Due to the nature, scope and magnitude of these costs, the Company's management believes presenting these costs as an adjustment in the non-GAAP results provides additional information to investors about trends in the Company's operations and is useful for period over period comparisons. It also allows investors to view underlying operating results in the same manner as they are viewed by Company management.

### **Cyberattack Costs**

As previously disclosed, incremental costs were incurred by the company as the result of a cyberattack. These costs relate primarily to third-party consulting services, including IT recovery and forensic experts and other professional services incurred to investigate and remediate the attack, as well as incremental operating costs from the resulting disruption to the company's business operations.

In the three and six months ended Dec. 31, 2023, the company has not recognized any insurance proceeds related to the cyberattack. The timing of recognizing insurance recoveries may differ from the timing of recognizing the associated expenses. Costs associated with ongoing cybersecurity monitoring and prevention as well as enhancement to the company's cybersecurity program are not included within this adjustment. The company expects to incur lessening costs related to the cyberattack in future periods.

Due to the nature, scope and magnitude of these costs, the company's management believes presenting these costs as an adjustment in the non-GAAP results provides additional information to investors about trends in the company's operations and is useful for period over period comparisons. It also allows investors to view underlying operating results in the same manner as they are viewed by company management.

### **Streamlined Operating Model**

In the first quarter of fiscal year 2023, Clorox began recognizing costs related to a plan that involves streamlining its operating model to meet its objectives of driving growth and productivity. The streamlined operating model is expected to enhance the company's ability to respond more quickly to changing consumer behaviors and innovate faster. The company anticipates the implementation of this new model will be completed in fiscal year 2024, with different phases occurring throughout the implementation period.

Once fully implemented, the company expects annual cost savings of approximately \$75 million to \$100 million, with benefits of approximately \$35 million realized in fiscal year 2023. The benefits of the streamlined operating model are currently expected to increase future cash flows as a result of cost savings that will be generated primarily in the areas of selling and administration, supply chain, marketing and research and development. The company incurred \$60 million of costs in fiscal year 2023 and anticipates incurring approximately \$30 million to \$40 million in fiscal year 2024 related to this initiative. Related costs are primarily expected to include employee-related costs to reduce certain staffing levels, such as severance payments, as well as for consulting and other costs. Due to the nonrecurring and unusual nature of these costs, the company's management believes presenting these costs as an adjustment in the non-GAAP results provides additional information to investors about trends in the company's operations and is useful for period over period comparisons. It also allows investors to view underlying operating results in the same manner as they are viewed by company management.

### **Digital Capabilities and Productivity Enhancements Investment**

As announced in August 2021, the company plans to invest approximately \$500 million over a five-year period in transformative technologies and processes. This investment, which began in the first quarter of fiscal year 2022, includes replacement of the company's enterprise resource planning system and transitioning to a cloud-based platform as well as the implementation of a suite of other digital technologies. Together it is expected that these implementations will generate efficiencies and transform the company's operations in the areas of supply chain, digital commerce, innovation, brand building and more over the long term.

Of the total \$500 million investment, approximately 65% is expected to represent incremental operating costs primarily recorded within selling and administrative expenses to be adjusted from reported EPS for purposes of disclosing adjusted EPS through fiscal year 2026. About 70% of these operating costs are expected to be related to the implementation of the ERP, with the remaining costs primarily related to the implementation of complementary technologies.

Due to the nature, scope and magnitude of this investment, these costs are considered by management to represent incremental transformational costs above the historical normal level of spending for information technology to support operations. Since these strategic investments, including incremental operating costs, will cease at the end of the investment period, are not expected to recur in the foreseeable future and are not considered representative of the company's underlying operating performance, the company's management believes presenting these costs as an adjustment in the non-GAAP results provides additional information to investors about trends in the company's operations and is useful for period-over-period comparisons. It also allows investors to view underlying operating results in the same manner as they are viewed by company management.

The following table provides reconciliation of organic sales growth / (decrease) (non-GAAP) to net sales growth / (decrease), the most comparable GAAP measure:

| Three months ended Dec. 31, 2023             |                     |           |           |               |                              |
|--|---------------------|-----------|-----------|---------------|------------------------------|
| Percentage change versus the year-ago period |                     |           |           |               |                              |
|  | Health and Wellness | Household | Lifestyle | International | Total Company <sup>(1)</sup> |
| Net sales growth / (decrease) (GAAP)         | 25 %                | 9 %       | 21 %      | 9 %           | 16 %                         |
| Add: Foreign exchange                        | —                   | —         | —         | 22            | 4                            |
| Add/(Subtract): Divestitures/acquisitions    | —                   | —         | —         | —             | —                            |
| Organic sales growth / (decrease) (non-GAAP) | 25 %                | 9 %       | 21 %      | 31%           | 20 %                         |

| Six months ended Dec. 31, 2023               |                     |           |           |               |       |
|--|---------------------|-----------|-----------|---------------|-------|
| Percentage change versus the year-ago period |                     |           |           |               |       |
|  | Health and Wellness | Household | Lifestyle | International | Total |
| Net sales growth / (decrease) (GAAP)         | (1)%                | (7)%      | (3)%      | 2 %           | (2)%  |
| Add: Foreign Exchange                        | —                   | —         | —         | 18            | 3     |
| Add/(Subtract): Divestitures/Acquisitions    | —                   | —         | —         | —             | —     |
| Organic sales growth / (decrease) (non-GAAP) | (1)%                | (7)%      | (3)%      | 20 %          | 1 %   |

<sup>(1)</sup> Total Company includes Corporate and Other.

The following tables provide reconciliations of adjusted diluted earnings per share (non-GAAP) to diluted earnings per share, the most comparable GAAP measure:

**Adjusted Diluted Earnings Per Share (EPS)**

(Dollars in millions except per share data)

|  | Diluted earnings per share |            |          |
|--|----------------------------|------------|----------|
|  | Three months ended         |            |          |
|  | 12/31/2023                 | 12/31/2022 | % Change |
| As reported (GAAP)   | \$ 0.75                    | \$ 0.80    | (6)%     |
| Pension settlement charge <sup>(1)</sup>                                     | 1.04                       | —          |          |
| Cyberattack costs <sup>(2)</sup>   | 0.16                       | —          |          |
| Streamlined operating model <sup>(3)</sup>                                   | 0.02                       | 0.02       |          |
| Digital capabilities and productivity enhancements investment <sup>(4)</sup> | 0.19                       | 0.16       |          |
| As adjusted (Non-GAAP)   | \$ 2.16                    | \$ 0.98    | 120 %    |

  

|  | Diluted earnings per share |            |          |
|--|----------------------------|------------|----------|
|  | Six months ended           |            |          |
|  | 12/31/2023                 | 12/31/2022 | % Change |
| As reported (GAAP)   | \$ 0.92                    | \$ 1.49    | (38)%    |
| Pension settlement charge <sup>(1)</sup>                                     | 1.04                       | —          |          |
| Cyberattack costs <sup>(2)</sup>   | 0.30                       | —          |          |
| Streamlined operating model <sup>(3)</sup>                                   | 0.02                       | 0.14       |          |
| Digital capabilities and productivity enhancements investment <sup>(4)</sup> | 0.36                       | 0.28       |          |
| As adjusted (Non-GAAP)   | \$ 2.64                    | \$ 1.91    | 38 %     |

<sup>(1)</sup> During the three and six months ended Dec. 31, 2023, the company incurred approximately \$171 (\$130 after tax) of costs related to the settlement of the domestic qualified pension plan.

<sup>(2)</sup> During the three and six months ended Dec. 31, 2023, the company incurred approximately \$25 (\$19 after tax) and \$49 (\$37 after tax), respectively, of costs related to the cyberattack. These costs relate primarily to third-party consulting services, including IT recovery and forensic experts and other professional services incurred to investigate and remediate the attack, as well as incremental operating costs from the resulting disruption to the company's business operations.

<sup>(3)</sup> During both the three and six months ended Dec. 31, 2023, the company incurred \$3 (\$2 after tax), and during the three and six months ended Dec. 31, 2022, the company incurred approximately \$4 (\$3 after tax) and \$23 (\$17 after tax), respectively, of restructuring and related costs, net related to implementation of the streamlined operating model.

<sup>(4)</sup> During the three and six months ended Dec. 31, 2023, the company incurred approximately \$32 (\$24 after tax) and \$59 (\$45 after tax), respectively, and during the three and six months ended Dec. 31, 2022, the company incurred approximately \$25 (\$20 after tax) and \$45 (\$35 after tax), respectively, of operating expenses related to its digital capabilities and productivity enhancements investment. The expenses relate to the following:

|   | Three months ended |            | Six months ended |            |
|---|--------------------|------------|------------------|------------|
|   | 12/31/2023         | 12/31/2022 | 12/31/2023       | 12/31/2022 |
| External consulting fees <sup>(a)</sup>   | \$ 25              | \$ 20      | \$ 46            | \$ 36      |
| IT project personnel costs <sup>(b)</sup> | 2                  | 1          | 4                | 2          |
| Other <sup>(c)</sup>                      | 5                  | 4          | 9                | 7          |
| Total                                     | \$ 32              | \$ 25      | \$ 59            | \$ 45      |

<sup>(a)</sup> Comprised of third-party consulting fees incurred to assist in the project management and the preliminary project stage of this transformative investment. The company relies on consultants for certain capabilities required for these programs that the company does not maintain internally. These costs support the implementation of these programs incremental to the company's normal IT costs and will not be incurred following implementation.

<sup>(b)</sup> Comprised of labor costs associated with internal IT project management teams that are utilized to oversee the new system implementations. Given the magnitude and transformative nature of the implementations planned, the necessary project management costs are incremental to the historical levels of spend and will no longer be incurred subsequent to implementation. As a result of this long-term strategic investment, the company considers these costs not reflective of the ongoing costs to operate its business.

<sup>(c)</sup> Comprised of various other expenses associated with the company's new system implementations, including company personnel dedicated to the project that have been backfilled with either permanent or temporary resources in positions that are considered part of normal operating expenses.

|  | Full year 2024 outlook (estimated range) |      |      |      |
|--|--|------|------|------|
|  | Diluted earnings per share               |      |      |      |
|  | Low                                      |      | High |      |
| As estimated (GAAP)  | \$                                       | 3.06 | \$   | 3.26 |
| Pension settlement charge  |  | 1.04 |      | 1.04 |
| Cyberattack costs <sup>(5)</sup>   |  | 0.30 |      | 0.30 |
| Streamlined operating model <sup>(6)</sup>                                   |  | 0.20 |      | 0.20 |
| Digital capabilities and productivity enhancements investment <sup>(7)</sup> |  | 0.70 |      | 0.70 |
| As adjusted (Non-GAAP)   | \$                                       | 5.30 | \$   | 5.50 |

<sup>(5)</sup> In FY24, the company expects to incur approximately \$50-\$60 (\$38-\$46 after tax) of costs related to the cyberattack. These costs relate primarily to third-party consulting services, including IT recovery and forensic experts and other professional services incurred to investigate and remediate the attack, as well as incremental operating costs from the resulting disruption to the company's business operations.

<sup>(6)</sup> In FY24, the company expects to incur approximately \$30-\$40 (\$23-\$30 after tax) of restructuring and related costs, net related to implementation of the streamlined operating model.

<sup>(7)</sup> In FY24, the company expects to incur approximately \$115-\$135 (\$87-\$102 after tax) of operating expenses related to its digital capabilities and productivity enhancements investment.

The following table provides reconciliation of adjusted EBIT (non-GAAP) to earnings (losses) before income taxes, the most comparable GAAP measure:

|   | Reconciliation of earnings (losses) before income taxes to adjusted EBIT |            |                  |            |
|---|--|------------|------------------|------------|
|   | Three months ended   |            | Six months ended |            |
|   | 12/31/2023   | 12/31/2022 | 12/31/2023       | 12/31/2022 |
| Earnings (losses) before income taxes                         | \$ 136   | \$ 130     | \$ 165           | \$ 246     |
| Interest income   | (7)  | (3)        | (17)             | (5)        |
| Interest expense  | 26   | 23         | 47               | 45         |
| Pension settlement charge                                     | 171  | —          | 171              | —          |
| Cyberattack costs   | 25   | —          | 49               | —          |
| Streamlined operating model                                   | 3  | 4          | 3                | 23         |
| Digital capabilities and productivity enhancements investment | 32   | 25         | 59               | 45         |
| Adjusted EBIT   | \$ 386   | \$ 179     | \$ 477           | \$ 354     |

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CLX-F

**Condensed Consolidated Statements of Earnings (Unaudited)**

Dollars in millions, except per share data

|   | Three months ended |            | Six months ended |            |
|---|--------------------|------------|------------------|------------|
|   | 12/31/2023         | 12/31/2022 | 12/31/2023       | 12/31/2022 |
| Net sales   | \$ 1,990           | \$ 1,715   | \$ 3,376         | \$ 3,455   |
| Cost of products sold                                       | 1,124              | 1,095      | 1,978            | 2,209      |
| Gross profit  | 866                | 620        | 1,398            | 1,246      |
| Selling and administrative expenses                         | 322                | 282        | 598              | 543        |
| Advertising costs   | 186                | 156        | 351              | 317        |
| Research and development costs                              | 32                 | 33         | 61               | 65         |
| Pension settlement charge                                   | 171                | —          | 171              | —          |
| Interest expense  | 26                 | 23         | 47               | 45         |
| Other (income) expense, net                                 | (7)                | (4)        | 5                | 30         |
| Earnings before income taxes                                | 136                | 130        | 165              | 246        |
| Income tax expense  | 40                 | 28         | 44               | 57         |
| Net earnings  | 96                 | 102        | 121              | 189        |
| Less: Net earnings attributable to noncontrolling interests | 3                  | 3          | 6                | 5          |
| Net earnings attributable to Clorox                         | \$ 93              | \$ 99      | \$ 115           | \$ 184     |
| Net earnings per share attributable to Clorox               |                    |            |                  |            |
| Basic net earnings per share                                | \$ 0.75            | \$ 0.81    | \$ 0.93          | \$ 1.49    |
| Diluted net earnings per share                              | \$ 0.75            | \$ 0.80    | \$ 0.92          | \$ 1.49    |
| Weighted average shares outstanding (in thousands)          |                    |            |                  |            |
| Basic   | 124,176            | 123,546    | 124,075          | 123,443    |
| Diluted   | 124,620            | 123,988    | 124,635          | 123,951    |

**Reportable Segment Information**  
(Unaudited)

Dollars in millions

|                                    | Net sales          |            |                         | Net sales        |            |                         |
|------------------------------------|--------------------|------------|-------------------------|------------------|------------|-------------------------|
|                                    | Three months ended |            |                         | Six months ended |            |                         |
|                                    | 12/31/2023         | 12/31/2022 | % Change <sup>(1)</sup> | 12/31/2023       | 12/31/2022 | % Change <sup>(1)</sup> |
| Health and Wellness                | \$ 720             | \$ 577     | 25 %                    | \$ 1,224         | \$ 1,234   | (1) %                   |
| Household                          | 502                | 462        | 9                       | 827              | 885        | (7)                     |
| Lifestyle                          | 403                | 332        | 21                      | 632              | 652        | (3)                     |
| International                      | 311                | 286        | 9                       | 581              | 571        | 2                       |
| Corporate and Other <sup>(2)</sup> | 54                 | 58         | (7)                     | 112              | 113        | (1)                     |
| Total                              | \$ 1,990           | \$ 1,715   | 16 %                    | \$ 3,376         | \$ 3,455   | (2) %                   |

  

|   | Segment adjusted EBIT |            |                         | Segment adjusted EBIT |            |                         |
|---|-----------------------|------------|-------------------------|-----------------------|------------|-------------------------|
|   | Three months ended    |            |                         | Six months ended      |            |                         |
|   | 12/31/2023            | 12/31/2022 | % Change <sup>(1)</sup> | 12/31/2023            | 12/31/2022 | % Change <sup>(1)</sup> |
| Health and Wellness   | \$ 259                | \$ 124     | 109 %                   | \$ 363                | \$ 257     | 41 %                    |
| Household   | 92                    | 44         | 109                     | 88                    | 66         | 33                      |
| Lifestyle   | 109                   | 74         | 47                      | 128                   | 134        | (4)                     |
| International   | 32                    | 24         | 33                      | 66                    | 47         | 40                      |
| Corporate and Other   | (106)                 | (87)       | 22                      | (168)                 | (150)      | 12                      |
| Total   | \$ 386                | \$ 179     | 116 %                   | \$ 477                | \$ 354     | 35 %                    |
| Interest income   | 7                     | 3          |                         | 17                    | 5          |                         |
| Interest expense  | (26)                  | (23)       |                         | (47)                  | (45)       |                         |
| Pension settlement <sup>(3)</sup>                             | (171)                 | —          |                         | (171)                 | —          |                         |
| Cyberattack costs <sup>(4)</sup>                              | (25)                  | —          |                         | (49)                  | —          |                         |
| Streamlined operating model <sup>(5)</sup>                    | (3)                   | (4)        |                         | (3)                   | (23)       |                         |
| Digital capabilities and productivity enhancements investment | (32)                  | (25)       |                         | (59)                  | (45)       |                         |
| Earnings before income taxes                                  | \$ 136                | \$ 130     | 5 %                     | \$ 165                | \$ 246     | (33) %                  |

<sup>(1)</sup> Percentages based on rounded numbers.

<sup>(2)</sup> Corporate and Other includes the Vitamin, Minerals and Supplements business.

<sup>(3)</sup> Represents the pension settlement charge of \$171 (\$130 after tax) for the three and six months ended Dec. 31, 2023.

<sup>(4)</sup> Represents costs related to the cyberattack of \$25 (\$19 after tax) and \$49 (\$37 after tax) for the three and six months ended Dec. 31, 2023, respectively.

<sup>(5)</sup> Represents restructuring and related costs, net for implementation of the streamlined operating model of \$3 (\$2 after tax) for both the three and six months ended Dec. 31, 2023, and \$4 (\$3 after tax) and \$23 (\$17 after tax) for the three and six months ended Dec. 31, 2022, respectively.

<sup>(6)</sup> Represents expenses related to the company's digital capabilities and productivity enhancements investment of \$32 (\$24 after tax) and \$59 (\$45 after tax) for the three and six months ended Dec. 31, 2023, and \$25 (\$20 after tax) and \$45 (\$35 after tax) for the three and six months ended Dec. 31, 2022, respectively.



**Condensed Consolidated Balance Sheets**

Dollars in millions

|   | 12/31/2023<br>(Unaudited) | 6/30/2023 | 12/31/2022<br>(Unaudited) |
|---|---------------------------|-----------|---------------------------|
| <b>ASSETS</b>                                     |                           |           |                           |
| Current assets                                    |                           |           |                           |
| Cash and cash equivalents                         | \$ 355                    | \$ 367    | \$ 168                    |
| Receivables, net                                  | 679                       | 688       | 600                       |
| Inventories, net                                  | 655                       | 696       | 741                       |
| Prepaid expenses and other current assets         | 115                       | 77        | 113                       |
| Total current assets                              | 1,804                     | 1,828     | 1,622                     |
| Property, plant and equipment, net                | 1,314                     | 1,345     | 1,322                     |
| Operating lease right-of-use assets               | 354                       | 346       | 349                       |
| Goodwill  | 1,252                     | 1,252     | 1,553                     |
| Trademarks, net                                   | 542                       | 543       | 685                       |
| Other intangible assets, net                      | 156                       | 169       | 183                       |
| Other assets                                      | 486                       | 462       | 331                       |
| Total assets                                      | \$ 5,908                  | \$ 5,945  | \$ 6,045                  |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                           |           |                           |
| Current liabilities                               |                           |           |                           |
| Notes and loans payable                           | \$ 247                    | \$ 50     | \$ 209                    |
| Current operating lease liabilities               | 92                        | 87        | 80                        |
| Accounts payable and accrued liabilities          | 1,649                     | 1,659     | 1,589                     |
| Income Taxes Payable                              | 34                        | 121       | —                         |
| Total current liabilities                         | 2,022                     | 1,917     | 1,878                     |
| Long-term debt                                    | 2,479                     | 2,477     | 2,476                     |
| Long-term operating lease liabilities             | 311                       | 310       | 318                       |
| Other liabilities                                 | 852                       | 825       | 826                       |
| Deferred income taxes                             | 26                        | 28        | 56                        |
| Total liabilities                                 | 5,690                     | 5,557     | 5,554                     |
| Commitments and contingencies                     |                           |           |                           |
| Stockholders' equity                              |                           |           |                           |
| Preferred stock                                   | —                         | —         | —                         |
| Common stock                                      | 131                       | 131       | 131                       |
| Additional paid-in capital                        | 1,245                     | 1,245     | 1,207                     |
| Retained earnings                                 | 241                       | 583       | 782                       |
| Treasury stock                                    | (1,205)                   | (1,246)   | (1,297)                   |
| Accumulated other comprehensive net (loss) income | (359)                     | (493)     | (502)                     |
| Total Clorox stockholders' equity                 | 53                        | 220       | 321                       |
| Noncontrolling interests                          | 165                       | 168       | 170                       |
| Total stockholders' equity                        | 218                       | 388       | 491                       |
| Total liabilities and stockholders' equity        | \$ 5,908                  | \$ 5,945  | \$ 6,045                  |

| Three months ended Dec. 31, 2023             |  |                    |                                |                               |  |  |                                  |
|--|--|--------------------|--------------------------------|-------------------------------|--|--|----------------------------------|
| Percentage change versus the year-ago period |  |                    |                                |                               |  |  |                                  |
|  | Reported<br>(GAAP)<br>Net Sales<br>Growth/<br>(Decrease) | Reported<br>Volume | Acquisitions &<br>Divestitures | Foreign<br>Exchange<br>Impact | Price<br>Mix and<br>Other <sup>(1)</sup> | Organic<br>Sales<br>Growth/<br>(Decrease)<br>(Non-GAAP) <sup>(2)</sup> | Organic<br>Volume <sup>(3)</sup> |
| Health and Wellness                          | 25%  | 22%                | —%                             | —%                            | 3%                                       | 25%  | 22%                              |
| Household                                    | 9  | 4                  | —                              | —                             | 5  | 9  | 4                                |
| Lifestyle                                    | 21   | 24                 | —                              | —                             | (3)                                      | 21   | 24                               |
| International                                | 9  | 6                  | —                              | (22)                          | 25                                       | 31   | 6                                |
| <b>Total Company <sup>(4)</sup></b>          | <b>16%</b>   | <b>13%</b>         | <b>—%</b>                      | <b>(4)%</b>                   | <b>7%</b>                                | <b>20%</b>   | <b>13%</b>                       |

| Six months ended Dec. 31, 2023               |  |                    |                                |                               |  |  |                                  |
|--|--|--------------------|--------------------------------|-------------------------------|--|--|----------------------------------|
| Percentage change versus the year-ago period |  |                    |                                |                               |  |  |                                  |
|  | Reported<br>(GAAP)<br>Net Sales<br>Growth/<br>(Decrease) | Reported<br>Volume | Acquisitions &<br>Divestitures | Foreign<br>Exchange<br>Impact | Price<br>Mix and<br>Other <sup>(1)</sup> | Organic<br>Sales<br>Growth/<br>(Decrease)<br>(Non-GAAP) <sup>(2)</sup> | Organic<br>Volume <sup>(3)</sup> |
| Health and Wellness                          | (1)%   | (6)%               | —%                             | —%                            | 5%                                       | (1)%   | (6)%                             |
| Household                                    | (7)  | (12)               | —                              | —                             | 5  | (7)  | (12)                             |
| Lifestyle                                    | (3)  | (7)                | —                              | —                             | 4  | (3)  | (7)                              |
| International                                | 2  | (4)                | —                              | (18)                          | 24                                       | 20   | (4)                              |
| <b>Total Company <sup>(4)</sup></b>          | <b>(2)%</b>  | <b>(7)%</b>        | <b>—%</b>                      | <b>(3)%</b>                   | <b>8%</b>                                | <b>1%</b>  | <b>(7)%</b>                      |

<sup>(1)</sup> This represents the net impact on net sales growth / (decrease) from pricing actions, mix and other factors.

<sup>(2)</sup> Organic sales growth / (decrease) is defined as net sales growth / (decrease) excluding the effect of any acquisitions and divestitures and foreign exchange rate changes. See "Non-GAAP Financial Information" below for reconciliation of organic sales growth / (decrease) to net sales growth / (decrease), the most directly comparable GAAP financial information.

<sup>(3)</sup> Organic volume represents volume excluding the effect of any acquisitions and divestitures.

<sup>(4)</sup> Total company includes Corporate and Other.

## Non-GAAP Financial Information

Management believes that the presentation of organic sales growth / (decrease) is useful to investors because it excludes sales from any acquisitions and divestitures, which results in a comparison of sales only from the businesses that the company was operating throughout the relevant periods, and the impact of foreign exchange rate changes, which are out of the control of the company and management. However, organic sales growth / (decrease) may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded.

The following table provides a reconciliation of organic sales growth / (decrease) (non-GAAP) to net sales growth / (decrease) (GAAP), the most comparable GAAP measure:

**Three months ended Dec. 31, 2023**  
**Percentage change versus the year-ago period**

|  | Health and Wellness | Household | Lifestyle | International | Total Company <sup>(1)</sup> |
|--|---------------------|-----------|-----------|---------------|------------------------------|
| Net sales growth / (decrease) (GAAP)         | 25%                 | 9%        | 21%       | 9%            | 16%                          |
| Add: Foreign exchange                        | —                   | —         | —         | 22            | 4                            |
| Add/(Subtract): Divestitures/acquisitions    | —                   | —         | —         | —             | —                            |
| Organic sales growth / (decrease) (non-GAAP) | 25%                 | 9%        | 21%       | 31%           | 20%                          |

**Six months ended Dec. 31, 2023**  
**Percentage change versus the year-ago period**

|  | Health and Wellness | Household | Lifestyle | International | Total Company <sup>(1)</sup> |
|--|---------------------|-----------|-----------|---------------|------------------------------|
| Net sales growth / (decrease) (GAAP)         | (1)%                | (7)%      | (3)%      | 2%            | (2)%                         |
| Add: Foreign Exchange                        | —                   | —         | —         | 18            | 3                            |
| Add/(Subtract): Divestitures/Acquisitions    | —                   | —         | —         | —             | —                            |
| Organic sales growth / (decrease) (non-GAAP) | (1)%                | (7)%      | (3)%      | 20%           | 1%                           |

<sup>(1)</sup> Total Company includes Corporate and Other.

The table below provides details on the drivers of gross margin change versus the year-ago period.

| Driver   | Gross Margin Change vs. Prior Year (basis points) |      |      |      |      |      |      |
|--|---|------|------|------|------|------|------|
|  | FY23  |      |      |      |      | FY24 |      |
|  | Q1  | Q2   | Q3   | Q4   | FY   | Q1   | Q2   |
| Cost Savings   | +180  | +170 | +150 | +210 | +180 | +220 | +170 |
| Price Changes  | +530  | +680 | +750 | +670 | +660 | +470 | +380 |
| Market Movement (commodities)                          | -330  | -240 | -230 | -230 | -260 | -20  | 0    |
| Manufacturing & Logistics                              | -350  | -100 | -120 | -140 | -180 | 0    | +10  |
| All other <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> | -140  | -190 | +40  | +50  | -40  | -430 | +170 |
| Change vs prior year                                   | -110  | +320 | +590 | +560 | +360 | +240 | +730 |

|                         |       |       |       |       |       |       |       |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| <i>Gross Margin (%)</i> | 36.0% | 36.2% | 41.8% | 42.7% | 39.4% | 38.4% | 43.5% |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|

(1) In Q1 of fiscal year 2023, "All other" includes the negative impact from lower shipment volumes.

(2) In Q2 of fiscal year 2023, "All other" includes the negative impact from mix and assortment.

(3) In Q1 of fiscal year 2024, "All other" includes the impact from lower shipment volumes and mix and assortment.

(4) In Q2 of fiscal year 2024, "All other" includes the positive impact from higher shipment volumes and the negative impact from foreign exchange.

## Supplemental Unaudited Condensed Information – Cash Flow

*For the quarter ended December 31, 2023*

**Capital expenditures for the second quarter were \$52 million versus \$42 million in the year-ago quarter.**

Depreciation and amortization expense for the second quarter was \$57 million versus \$58 million in the year-ago quarter.

**Net cash provided by operations in the second quarter was \$153 million, or 7.7% of net sales.**

## Supplemental Unaudited Condensed Information – Free Cash Flow

### Fiscal Year Free Cash Flow Reconciliation

*Dollars in millions and percentages based on rounded numbers*

|  | Q2<br>Fiscal<br>YTD<br>2024 | Q2<br>Fiscal<br>YTD<br>2023 |
|--|-----------------------------|-----------------------------|
| <b>Net cash provided by operations – GAAP</b>                                | <b>\$173</b>                | <b>\$387</b>                |
| Less: Capital expenditures   | \$76                        | \$88                        |
| <b>Free cash flow – non-GAAP <sup>(1)</sup></b>                              | <b>\$97</b>                 | <b>\$299</b>                |
| <i>Free cash flow as a percentage of net sales – non-GAAP <sup>(1)</sup></i> | <i>2.9%</i>                 | <i>8.7%</i>                 |
| <b>Net sales</b>   | <b>\$3,376</b>              | <b>\$3,455</b>              |

- (1) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management uses free cash flow and free cash flow as a percentage of net sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and stock repurchases. Free cash flow does not represent cash available only for discretionary expenditures since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. In addition, free cash flow may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures and should be read in connection with the company's consolidated financial statements presented in accordance with GAAP.

## Supplemental Unaudited Reconciliation of Earnings (Losses) Before Income Taxes to EBIT<sup>(1)(3)</sup> and Adjusted EBIT<sup>(2)(3)</sup>

Dollars in millions and percentages based on rounded numbers

|  | FY 2023         |                  |                 |                 |                 | FY 2024         |                  |
|--|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|
|  | Q1<br>9/30/2022 | Q2<br>12/31/2022 | Q3<br>3/31/2023 | Q4<br>6/30/2023 | FY<br>6/30/2023 | Q1<br>9/30/2023 | Q2<br>12/31/2023 |
| Earnings before income taxes   | \$116           | \$130            | (\$245)         | \$237           | \$238           | \$29            | \$136            |
| Interest income  | (2)             | (3)              | (4)             | (7)             | (16)            | (10)            | (7)              |
| Interest expense   | 22              | 23               | 24              | 21              | 90              | 21              | 26               |
| <b>EBIT<sup>(1)(3)</sup></b>   | <b>\$136</b>    | <b>\$150</b>     | <b>(\$225)</b>  | <b>\$251</b>    | <b>\$312</b>    | <b>\$40</b>     | <b>\$155</b>     |
| <b>EBIT margin<sup>(1)(3)</sup></b>  | <b>7.8%</b>     | <b>8.7%</b>      | <b>-11.7 %</b>  | <b>12.4%</b>    | <b>4.2%</b>     | <b>2.9%</b>     | <b>7.8%</b>      |
| Pension settlement charge <sup>(4)</sup>                                     | —               | —                | —               | —               | —               | —               | 171              |
| Cyberattack costs <sup>(5)</sup>   | —               | —                | —               | —               | —               | 24              | 25               |
| VMS impairment <sup>(6)</sup>  | —               | —                | 445             | —               | 445             | —               | —                |
| Streamlined operating model <sup>(7)</sup>                                   | 19              | 4                | 21              | 16              | 60              | —               | 3                |
| Digital capabilities and productivity enhancements investment <sup>(8)</sup> | 20              | 25               | 28              | 27              | 100             | 27              | 32               |
| <b>Adjusted EBIT – non-GAAP<sup>(2)(3)</sup></b>                             | <b>\$175</b>    | <b>\$179</b>     | <b>\$269</b>    | <b>\$294</b>    | <b>\$917</b>    | <b>\$91</b>     | <b>\$386</b>     |
| <b>Adjusted EBIT margin<sup>(2)(3)</sup></b>                                 | <b>10.1%</b>    | <b>10.4%</b>     | <b>14.0%</b>    | <b>14.6%</b>    | <b>12.4%</b>    | <b>6.6%</b>     | <b>19.4%</b>     |
| Net sales  | \$1,740         | \$1,715          | \$1,915         | \$2,019         | \$7,389         | \$1,386         | \$1,990          |

- (1) EBIT (a non-GAAP measure) represents earnings (losses) before income taxes (a GAAP measure), excluding interest income and interest expense, as reported above. EBIT margin is the ratio of EBIT to net sales.
- (2) Adjusted EBIT (a non-GAAP measure) represents earnings (losses) before income taxes (a GAAP measure), excluding interest income, interest expense and other significant items that are nonrecurring or unusual (such as the pension settlement charge, incremental costs related to the cyberattack, asset impairments, charges related to the streamlined operating model, charges related to the digital capabilities and productivity enhancements investment, significant losses/(gains) related to acquisitions and other nonrecurring or unusual items as reported above). Adjusted EBIT margin is the ratio of adjusted EBIT to net sales. Refer to the Non-GAAP Financial Information within the earnings release for further discussion on the adjustments presented.
- (3) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management believes the presentation of EBIT, EBIT margin, adjusted EBIT and adjusted EBIT margin provides useful additional information to investors about trends in the company's operations and is useful for comparability of performance over time. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP financial measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. They should be read in connection with the company's consolidated financial statements presented in accordance with GAAP.
- (4) Represents costs related to the settlement of the domestic qualified pension plan.
- (5) Reflects charges related to the cyberattack incurred during fiscal year 2024. These costs relate primarily to third-party consulting services, including IT recovery and forensic experts and other professional services incurred to investigate and remediate the attack, as well as incremental operating costs from the resulting disruption to the company's business operations.
- (6) Reflects goodwill and trademarks impairment charges related to the VMS business.
- (7) Reflects the restructuring and related implementation costs, net incurred by the company as part of the streamlined operating model. These expenses were primarily attributable to employee-related costs, as well as implementation and other associated costs.
- (8) Reflects the operating expenses incurred by the company related to its digital capabilities and productivity enhancements investment. The majority of these expenses relate to external consulting fees. The remaining expenses relate to internal IT project management and supporting personnel costs and other costs.

Supplemental Unaudited Reconciliation of Adjusted Earnings per Share <sup>(8)(9)</sup>

(Dollars in millions except per share data)

|  | Diluted earnings per share               |            |          |
|--|--|------------|----------|
|  | Three months ended                       |            |          |
|  | 12/31/2023                               | 12/31/2022 | % Change |
| As reported (GAAP)   | \$ 0.75                                  | \$ 0.80    | (6)%     |
| Pension settlement charge <sup>(1)</sup>                                     | 1.04                                     | —          |          |
| Cyberattack costs <sup>(2)</sup>   | 0.16                                     | —          |          |
| Streamlined operating model <sup>(3)</sup>                                   | 0.02                                     | 0.02       |          |
| Digital capabilities and productivity enhancements investment <sup>(4)</sup> | 0.19                                     | 0.16       |          |
| As adjusted (Non-GAAP) <sup>(8)(9)</sup>                                     | \$ 2.16                                  | \$ 0.98    | 120%     |
|  | Diluted earnings per share               |            |          |
|  | Six months ended                         |            |          |
|  | 12/31/2023                               | 12/31/2022 | % Change |
| As reported (GAAP)   | \$ 0.92                                  | \$ 1.49    | (38)%    |
| Pension settlement charge <sup>(1)</sup>                                     | 1.04                                     | —          |          |
| Cyberattack <sup>(2)</sup>   | 0.30                                     | —          |          |
| Streamlined operating model <sup>(3)</sup>                                   | 0.02                                     | 0.14       |          |
| Digital capabilities and productivity enhancements investment <sup>(4)</sup> | 0.36                                     | 0.28       |          |
| As adjusted (Non-GAAP) <sup>(8)(9)</sup>                                     | \$ 2.64                                  | \$ 1.91    | 38%      |
|  | Full year 2024 outlook (estimated range) |            |          |
|  | Diluted earnings per share               |            |          |
|  | Low                                      | High       |          |
| As estimated (GAAP)  | \$ 3.06                                  | \$ 3.26    |          |
| Pension settlement charge  | 1.04                                     | 1.04       |          |
| Cyberattack costs <sup>(5)</sup>   | 0.30                                     | 0.30       |          |
| Streamlined operating model <sup>(6)</sup>                                   | 0.20                                     | 0.20       |          |
| Digital capabilities and productivity enhancements investment <sup>(7)</sup> | 0.70                                     | 0.70       |          |
| As adjusted (Non-GAAP) <sup>(8)(9)</sup>                                     | \$ 5.30                                  | \$ 5.50    |          |

(1) During both the three and six months ended Dec. 31, 2023, the company incurred approximately \$171 (\$130 after tax) of costs related to the settlement of the domestic qualified pension plan.

(2) During the three and six months ended Dec. 31, 2023, the company incurred approximately \$25 (\$19 after tax), and \$49 (\$37 after tax), respectively, of costs related to the cyberattack.

(3) During both the three and six months ended Dec. 31, 2023, the company incurred approximately \$3 (\$2 after tax), and during the three and six months ended Dec. 31, 2022, the company incurred approximately \$4 (\$3 after tax) and \$23 (\$17 after tax), respectively, of restructuring and related costs, net related to implementation of the streamlined operating model.

(4) During the three and six months ended Dec. 31, 2023, the company incurred approximately \$32 (\$24 after tax) and \$59 (\$45 after tax), respectively, and during the three and six months ended Dec. 31, 2022, the company incurred approximately \$25 (\$20 after tax) and \$45 (\$35 after tax), respectively, of operating expenses related to its digital capabilities and productivity enhancements investment.

(5) In FY24, the company expects to incur approximately \$50-\$60 (\$38-\$46 after tax) of costs related to the cyberattack.

(6) In FY24, the company expects to incur approximately \$30-\$40 (\$23-\$30 after tax) of restructuring and related costs, net related to implementation of the streamlined operating model.

(7) In FY24, the company expects to incur approximately \$115-\$135 (\$87-\$102 after tax) of operating expenses related to its digital capabilities and productivity enhancements investment.

(8) Adjusted EPS is defined as diluted earnings per share that excludes or has otherwise been adjusted for significant items that are nonrecurring or unusual. The income tax effect on non-GAAP items is calculated based upon the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

(9) Adjusted EPS is supplemental information that management uses to help evaluate the company's historical and prospective financial performance on a consistent basis over time. Management believes that by adjusting for certain items affecting comparability of performance over time, such as the pension settlement charge, incremental costs related to the cyberattack, asset impairments, charges related to the streamlined operating model, charges related to the digital capabilities and productivity enhancements investment, significant losses/(gains) related to acquisitions, and other nonrecurring or unusual items, investors and management are able to gain additional insight into the company's underlying operating performance on a consistent basis over time. However, adjusted EPS may not be the same as similar measures provided by other companies due to potential differences in methods of calculation or differences in which items are incorporated into these adjustments. Refer to the Non-GAAP Financial Information within the second quarter of fiscal year 2024 earnings release for further discussion on the adjustments presented.