Clorox Reports Q2 Fiscal Year 2023 Results, Updates Outlook

OAKLAND, Calif., Feb. 2, 2023 /PRNewswire/ -- The Clorox Company (NYSE: CLX) today reported results for the second quarter of fiscal year 2023, which ended Dec. 31, 2022.

Second-Quarter Fiscal Year 2023 Summary

Following is a summary of key second-quarter results. All comparisons are with the second quarter of fiscal year 2022 unless otherwise stated.

- Net sales increased 1% to $1.72 billion compared to an 8% net sales decrease in the year-ago quarter. The net sales increase was driven largely by favorable price mix, partially offset by lower volume. Organic sales[1] were up 4%. The three-year average growth rate for net sales was 7%.
- Gross margin increased 320 basis points to 36.2% from 33% in the year-ago quarter, due to the benefits of pricing and cost savings initiatives, partially offset by unfavorable commodity costs and mix, and higher manufacturing and logistics costs.
- Diluted net earnings per share (diluted EPS) increased 43% to 80 cents from 56 cents in the year-ago quarter. This includes 16 cents related to investments in the company's long-term strategic digital capabilities and productivity enhancements as well as 2 cents related to implementation of its streamlined operating model.
- Adjusted EPS[1] increased 48% to 98 cents from 66 cents in the year-ago quarter, due in part to the net benefits of pricing and cost savings, partially offset by lower volume, unfavorable commodity costs, and higher selling and administrative expenses.
- Year-to-date net cash provided by operations was $387 million compared to $222 million in the year-ago period, representing a 74% increase.

"We delivered better-than-expected results this quarter, with strong execution and the benefit of continued brand relevance as well as our ongoing pricing and cost savings efforts," said CEO Linda Rendle. "The actions we are taking to rebuild margin are working, and we are relentlessly driving additional improvements while investing in our brands, categories and capabilities. Going forward, we are confident that our leading product portfolio in essential categories coupled with our proactive actions will enable us to navigate current macroeconomic challenges and return to more consistent profitable growth over time."

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

---

1 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 ESG achievements:

- Generated organic sales growth in three of four segments.
- Sustained record-high consumer value superiority (76%) across the portfolio while rebuilding margins.
- Continued to implement cost-justified pricing actions.
- Achieved highest cost savings in the past 10 years.
- Reduced inventory by nearly 10% from the year-ago quarter.
- Introduced an eco-friendly product line with refillable options that will save plastic and reduce waste with Clorox Free & Clear Disinfecting Mist and Bathroom Ultra Foamer Cleaner.
- Recognized for the fifth time as an EPA Safer Choice Partner of the Year for manufacturing products with ingredients the U.S. Environmental Protection Agency designates as safer for families, pets, workplaces, communities and the environment.
- Ranked No. 2 on Forbes' 2022 list of The World's Top Female-Friendly Companies.

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 2022, unless otherwise stated.

<u>Health and Wellness</u> (Cleaning; Professional Products; Vitamins, Minerals and Supplements)

- Net sales decreased 2%, with 17 points of favorable price mix more than offset by 19 points of lower volume.
  - Cleaning sales were flat, benefiting from an early start of the cold and flu season in the United States offset by ongoing normalization of consumer demand.
  - Professional Products sales decreased, driven by lower shipments of certain Pine-Sol scented products associated with the recent voluntary recall as well as continued softness in office occupancy.
  - Vitamins, Minerals and Supplements sales decreased, primarily due to the business's ongoing shift away from noncore brands as well as distribution loss with a few retailers.
- Segment pretax earnings increased 84%, primarily behind the net impact of pricing, partially offset by lower volume.

<u>Household</u> (Bags and Wraps; Grilling; Cat Litter)

- Net sales increased 9%, driven by 6 points of benefit from favorable price mix and 3 points of volume growth.
  - Bags and Wraps sales were up as a result of strong consumption supported by product innovation and distribution growth.
  - Grilling sales decreased due to ongoing normalization of consumer demand after the business saw a surge during the peak of the pandemic.
  - Cat Litter sales increased, driven mainly by distribution growth, continued strong consumption and strong merchandising activities, particularly in the Club channel.
- Segment pretax earnings increased 340%, primarily due to higher net sales behind pricing as well as the benefit of cost savings, partially offset by

higher commodity costs.

Lifestyle (Food, Natural Personal Care, Water Filtration)

- Net sales increased 2% behind 8 points of favorable price mix, partially offset by 6 points of lower volume.
  - Food sales were up, benefiting from continued strong consumption supported by merchandising activities for bottled Hidden Valley Ranch.
  - Natural Personal Care sales increased behind distribution gains on holiday product innovations, partially offset by lower shipments caused by continued supply chain disruptions.
  - Water Filtration sales were down mainly due to retailer inventory adjustments.
- Segment pretax earnings decreased 8%, mainly due to unfavorable commodity costs and higher advertising spending, partially offset by higher net sales behind pricing as well as the benefit of cost savings.

International (Sales Outside the U.S.)

- Net sales decreased 3%, with 8 points of lower volume and 12 points of unfavorable foreign exchange rates, partially offset by 17 points of favorable price mix. Organic sales1 growth was 9%.
- Segment pretax earnings increased 26% largely behind the net impact of pricing and lower advertising spending, which was partially offset by higher manufacturing and logistics costs and unfavorable foreign exchange rates.

Fiscal Year 2023 Outlook

The company is **updating** the following elements of its fiscal year 2023 outlook:

- Net sales are now expected to be between a 2% decrease to a 1% increase (organic sales from flat to a 3% increase). This compares previously to a 4% decrease to a 2% increase (organic sales from a 3% decrease to a 3% increase).
- Diluted EPS is now expected to be between $3.20 and $3.45, or a 14% to 8% decrease, respectively. This compares previously to between $3.10 and $3.47, or a 17% to 7% decrease, respectively.
- Adjusted EPS is now expected to be between $4.05 and $4.30, or a 1% decrease to a 5% increase, respectively. This compares previously to between $3.85 and $4.22, or a 6% decrease to a 3% increase, respectively. To provide greater visibility into the underlying operating performance of the business, adjusted EPS outlook excludes the long-term strategic investment in digital capabilities and productivity enhancements, estimated to be about 55 cents, as well as the company's streamlined operating model, which is now estimated to increase from 20 cents to approximately 30 cents. While overall expectations for the program remain unchanged, with $75 to $100 million in ongoing annual savings and $75 to $100 million in one-time costs over fiscal years 2023 and 2024, the timing of charges has been adjusted as plans continue to be refined.

The company is **confirming** the following elements of its fiscal year 2023 outlook:

- Foreign exchange headwinds continue to represent about a 2-point reduction in sales.
- Gross margin increase of about 200 basis points, primarily due to the combined benefit of pricing, cost savings and supply chain optimization, more than offsetting continued cost inflation.
- Selling and administrative expenses between 15% and 16% of net sales, including about 1.5 points of impact from the company's strategic investments in digital capabilities and productivity enhancements.
- Advertising and sales promotion spending of about 10% of net sales, reflecting the company's ongoing commitment to invest in its brands.
- Effective tax rate of about 24%, with year-over-year increase primarily reflecting lower excess tax benefits from equity compensation.

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 2023 results.

At 5 p.m. ET today, the company will host a live Q&A audio webcast with 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 before interest and taxes (EBIT) and adjusted EBIT
- Supplemental unaudited reconciliation of adjusted earnings per share

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 Rainbow Light®, can be found in about nine of 10 U.S. homes and internationally with brands such as Ajudin®, 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, with commitments in three areas: Healthy Lives, Clean World and Thriving Communities. Visit **thecloroxcompany.com** to learn more.

CLX-F

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 related to the expected or potential impact of the novel coronavirus (COVID-19) pandemic, and the related responses of governments, consumers, customers, suppliers, employees and the company, on our business, operations, employees, financial condition and results of operations, and any such forward-looking statements, whether concerning the COVID-19 pandemic or otherwise, 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, 2022, as updated from time to time in the company's Securities and Exchange Commission filings. These factors include, but are not limited to: the impact of the changing retail environment, including the growth of alternative retail channels and business models, and changing consumer preferences; volatility and increases in the costs of raw materials, energy, transportation, labor and other necessary supplies or services; 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; the ongoing 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; intense competition in the company's markets; unfavorable general economic and political conditions beyond our control, including recent 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 the conflict in Ukraine; risks related to the company's use of and reliance on information technology systems, including potential security breaches, cyber-attacks, privacy breaches or data breaches that result in the unauthorized disclosure of consumer, customer, employee or company information, or service interruptions, especially at a time when a large number of the company's employees are working remotely and accessing its technology infrastructure remotely; the ability of the company to implement and generate cost savings and efficiencies, and successfully implement its business strategies, including achieving anticipated results and cost savings from the implementation of the streamlined operating model; 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; 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 disruption from wars and military conflicts, including the conflict in Ukraine; 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; risks relating to acquisitions, new ventures and divestitures, and associated costs; 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 additional increases in the estimated fair value of The Procter & Gamble Company's interest in the Glad business; risk of reductions in the estimated valuation of the Vitamins, Minerals and Supplements business and additional goodwill impairments; 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) and adjusted EPS for the second quarter of fiscal year 2023, as well as organic sales growth/(decrease) and adjusted EPS outlook for fiscal year 2023.
- 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.
- Organic sales growth/(decrease) outlook for fiscal year 2023 and for the third quarter of fiscal year 2023 exclude the impact of foreign currency exchange rate changes, which the company currently expects to reduce GAAP net sales growth/(decrease) by about 2 percentage points for fiscal year 2023 and 2 to 3 percentage points for the third quarter of fiscal year 2023.
- 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 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.
- The reconciliation tables below refer to the equivalent GAAP measures adjusted as applicable for the following items:

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 55% 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 over the course of the next five years. About 70% of these incremental 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.

Streamlined Operating Model

As announced in August 2022, Clorox began to implement a streamlined operating model in the first quarter of fiscal year 2023. The streamlined operating model is expected to enhance the company's ability to respond more quickly to changing consumer behaviors, innovate faster, and increase future cash flow 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. Once fully implemented, the company expects cost savings of approximately $75 million to $100 million annually, with benefits of approximately $25 million anticipated in fiscal year 2023.

This fiscal year, the company began recognizing costs related to implementation of this model to meet its objectives of driving growth and productivity. The company anticipates that the implementation of this new model will be completed in fiscal year 2024, with different phases occurring throughout the implementation period. As a result, the company expects to incur costs of approximately $75 million to $100 million over fiscal years 2023 and 2024. Of that amount, approximately $40 million to $60 million, or an estimated midpoint impact of $0.30 cents on diluted EPS, will be recognized in fiscal year 2023, primarily within other income and expense. Over the course of the implementation, 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.

The following tables provide reconciliations of organic sales growth/(decrease) (non-GAAP) to net sales growth/(decrease), the most comparable GAAP measure:

	Three Months Ended December 31, 2022				
	Percentage change versus the year-ago period				
	Health and Wellness	Household	Lifestyle	International	Total
Net sales growth / (decrease) (GAAP)	(2) %	9 %	2 %	(3) %	1 %
Add: Foreign Exchange	—	—	—	12	3

Add/(Subtract): Divestitures/Acquisitions	—	—	—	—	—
Organic sales growth / (decrease) (non-GAAP)	(2) %	9 %	2 %	9 %	4 %

	Six Months Ended December 31, 2022				
	Percentage change versus the year-ago period				
	Health and Wellness	Household	Lifestyle	International	Total
Net sales growth / (decrease) (GAAP)	(3) %	2 %	— %	(2) %	(1) %
Add: Foreign Exchange	—	—	—	11	2
Add/(Subtract): Divestitures/Acquisitions	—	—	—	—	—
Organic sales growth / (decrease) (non-GAAP)	(3) %	2 %	— %	9 %	1 %

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 December 31		
	2022	2021	% Change
As reported (GAAP)	$ 0.80	$ 0.56	43 %
Streamlined operating model (1)	0.02	—	
Digital capabilities and productivity enhancements investment (2)	0.16	0.10	
As adjusted (Non-GAAP)	$ 0.98	$ 0.66	48 %

	Diluted Earnings Per Share		
	Six Months Ended December 31		
	2022	2021	% Change
As reported (GAAP)	$ 1.49	$ 1.70	(12) %
Streamlined operating model (1)	0.14	—	
Digital capabilities and productivity enhancements investment (2)	0.28	0.17	
As adjusted (Non-GAAP)	$ 1.91	$ 1.87	2 %

(1) During the three and six months ended December 31, 2022, the company incurred approximately $4 ($3 after tax) and $23 ($17 after tax), respectively, of restructuring and related implementation costs, net related to implementation of the streamlined operating model.
(2) During the three and six months ended December 31, 2022, the company incurred approximately $25 ($20 after tax) and $45 ($35 after tax), respectively, and during the three and six months ended December 31, 2021 the company incurred approximately $15 ($12 after tax) and $27 ($21 after tax), respectively, of operating expenses related to its digital capabilities and productivity enhancements investment. The expenses relate to the following:

	Three Months Ended December 31	
	2022	2021
External consulting fees (a)	$ 21	$ 10
IT project personnel costs (b)	1	3
Other (c)	4	2
Total	$ 26	$ 15

	Six Months Ended December 31	
	2022	2021
External consulting fees (a)	$ 36	$ 19
IT project personnel costs (b)	3	6
Other (c)	7	2
Total	$ 46	$ 27

(a) 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.
(b) 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.
(c) 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 2023 Outlook (Estimated Range)	
	Diluted Earnings Per Share	
	Low	High
As estimated (GAAP)	$ 3.20	$ 3.45
Streamlined operating model (3)	0.30	0.30
Digital capabilities and productivity enhancements investment (4)	0.55	0.55
As adjusted (Non-GAAP)	$ 4.05	$ 4.30

(3) In FY23, the company expects to incur approximately $40-$60 ($30-$46 after tax) of restructuring and related implementation costs, net related to implementation of the streamlined operating model.
(4) In FY23, the company expects to incur approximately $75-$105 ($57-$80 after tax) of operating expenses related to its digital capabilities and

productivity enhancements investment.

Condensed Consolidated Statements of Earnings (Unaudited)
Dollars in millions, except per share data

	Three Months Ended		Six Months Ended	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net sales	$ 1,715	$ 1,691	3,455	$ 3,497
Cost of products sold	1,095	1,133	2,209	2,269
Gross profit	620	558	1,246	1,228
Selling and administrative expenses	282	241	543	477
Advertising costs	156	167	317	349
Research and development costs	33	34	65	67
Interest expense	23	23	45	48
Other (income) expense, net	(4)	—	30	9
Earnings before income taxes	130	93	246	278
Income taxes	28	21	57	63
Net earnings	102	72	189	215
Less: Net earnings attributable to noncontrolling interests	3	3	5	4
Net earnings attributable to Clorox	$ 99	$ 69	$ 184	$ 211
Net earnings per share attributable to Clorox				
Basic net earnings per share	$ 0.81	$ 0.56	$ 1.49	$ 1.71
Diluted net earnings per share	$ 0.80	$ 0.56	1.49	$ 1.70
Weighted average shares outstanding (in thousands)				
Basic	123,546	123,064	123,443	123,022
Diluted	123,988	123,910	123,951	123,976

Reportable Segment Information
(Unaudited)
Dollars in millions

	Net sales			Earnings (losses) before income taxes		
	Three Months Ended			Three Months Ended		
	12/31/2022	12/31/2021	% Change(1)	12/31/2022	12/31/2021	% Change(1)
Health and Wellness	$ 635	$ 648	(2) %	$ 103	$ 56	84 %
Household	462	423	9 %	44	10	340 %
Lifestyle	332	324	2 %	74	80	(8) %
International	286	296	(3) %	24	19	26 %
Corporate	—	—	—	(115)	(72)	60 %
Total	$ 1,715	$ 1,691	1 %	$ 130	$ 93	40 %

	Net sales			Earnings (losses) before income taxes		
	Six Months Ended			Six Months Ended		
	12/31/2022	12/31/2021	% Change(1)	12/31/2022	12/31/2021	% Change(1)
Health and Wellness	$ 1,347	$ 1,393	(3) %	$ 218	$ 161	35 %
Household	885	865	2 %	66	46	43 %
Lifestyle	652	655	— %	134	173	(23) %
International	571	584	(2) %	47	49	(4) %
Corporate	—	—	—	(219)	(151)	45
Total	$ 3,455	$ 3,497	(1) %	$ 246	$ 278	(12) %

(1) Percentages based on rounded numbers.

Condensed Consolidated Balance Sheets
Dollars in millions

	12/31/2022 (Unaudited)	6/30/2022	12/31/2021 (Unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	$ 168	$ 183	$ 192
Receivables, net	600	681	569
Inventories, net	741	755	818
Prepaid expenses and other current assets	113	106	162
Total current assets	1,622	1,725	1,741
Property, plant and equipment, net	1,322	1,334	1,298
Operating lease right-of-use assets	349	342	310
Goodwill	1,553	1,558	1,565
Trademarks, net	685	687	690
Other intangible assets, net	183	197	210
Other assets	331	315	376
Total assets	$ 6,045	$ 6,158	$ 6,190
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Notes and loans payable	$ 209	$ 237	$ 383
Current maturities of long-term debt	—	—	600
Current operating lease liabilities	80	78	73
Accounts payable and accrued liabilities	1,589	1,469	1,540
Total current liabilities	1,878	1,784	2,596
Long-term debt	2,476	2,474	1,886
Long-term operating lease liabilities	318	314	286
Other liabilities	826	791	861
Deferred income taxes	56	66	70
Total liabilities	5,554	5,429	5,699
Stockholders' equity			
Preferred stock	—	—	—
Common stock	131	131	131
Additional paid-in capital	1,207	1,202	1,180
Retained earnings	782	1,048	949
Treasury stock	(1,297)	(1,346)	(1,373)
Accumulated other comprehensive net (loss) income	(502)	(479)	(574)
Total Clorox stockholders' equity	321	556	313
Noncontrolling interests	170	173	178
Total stockholders' equity	491	729	491
Total liabilities and stockholders' equity	$ 6,045	$ 6,158	$ 6,190