

| Three Months Ended September 30, 2020 | | | | | | | |
|--|--|--------------------|-----------------------------------|-------------------------------|--|---|-------------------------------------|
| Percentage change versus the year-ago period | | | | | | | |
| | Reported (GAAP) Net Sales Growth/ (Decrease) | Reported Volume | Acquisitions & Divestitures | Foreign Exchange Impact | Price Mix and Other ⁽¹⁾ | Organic Net Sales Growth/ (Decrease) (Non-GAAP) ⁽²⁾ | Organic Volume ⁽³⁾ |
| Health and Wellness | 28% | 26% | —% | —% | 2% | 28% | 26% |
| Household | 39 | 25 | — | — | 14 | 39 | 25 |
| Lifestyle | 17 | 17 | — | — | — | 17 | 17 |
| International | 18 | 17 | 9 | (8) | 8 | 17 | 9 |
| Total | 27% | 23% | 1% | (1%) | 5% | 27% | 22% |

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

(2) 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 to net sales growth/ (decrease), the most directly comparable GAAP financial information.

(3) Organic volume represents volume excluding the effect of any acquisitions and divestitures. In the three months ended September 30, 2020, the volume impact of acquisitions was 8% and 1% for International and Total Company, respectively.

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 September 30, 2020
Percentage change versus the year-ago period

| | Health and Wellness | Household | Lifestyle | International | Total |
|--|----------------------------|------------------|------------------|----------------------|--------------|
| Net sales growth / (decrease) (GAAP) | 28% | 39% | 17% | 18% | 27% |
| Add: Foreign Exchange | — | — | — | 8 | 1 |
| Add/(Subtract): Divestitures/Acquisitions | — | — | — | (9) | (1) |
| Organic sales growth / (decrease) (non-GAAP) | 28% | 39% | 17% | 17% | 27% |

Supplemental Unaudited Condensed Information – Cash Flow
For the quarter ended September 30, 2020

Capital expenditures for the first quarter were \$69 million versus \$54 million in the year-ago quarter.

Depreciation and amortization expense for the first quarter was \$51 million versus \$44 million in the year-ago quarter.

Net cash provided by operations in the first quarter was \$383 million, or 20.0% 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

| | Q1 Fiscal Year 2021 | Q1 Fiscal Year 2020 |
|--|------------------------------|------------------------------|
| Net cash provided by operations – GAAP | \$383 | \$271 |
| Less: Capital expenditures | \$69 | \$54 |
| Free cash flow – non-GAAP ⁽¹⁾ | \$314 | \$217 |
| <i>Free cash flow as a percentage of net sales – non-GAAP ⁽¹⁾</i> | <i>16.4%</i> | <i>14.4%</i> |
| Net sales | \$1,916 | \$1,506 |

- (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 Before Income Taxes to EBIT⁽¹⁾⁽²⁾

Dollars in Millions and percentages based on rounded numbers

| | FY 2020 | | | | | FY 2021 |
|-------------------------------------|---------------|----------------|---------------|---------------|----------------|---------------|
| | Q1 9/30/19 | Q2 12/31/19 | Q3 3/31/20 | Q4 6/30/20 | FY 6/30/20 | Q1 9/30/20 |
| Earnings before income taxes | \$258 | \$235 | \$297 | \$395 | \$1,185 | \$526 |
| Interest income | \$0 | -\$1 | \$0 | -\$1 | -\$2 | -\$1 |
| Interest expense | \$25 | \$25 | \$24 | \$25 | \$99 | \$25 |
| EBIT⁽¹⁾⁽²⁾ | \$283 | \$259 | \$321 | \$419 | \$1,282 | \$550 |
| EBIT margin⁽¹⁾⁽²⁾ | 18.8% | 17.9% | 18.0% | 21.1% | 19.1% | 28.7% |
| Net sales | \$1,506 | \$1,449 | \$1,783 | \$1,983 | \$6,721 | \$1,916 |

- (1) EBIT (a non-GAAP measure) represents earnings 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) 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 and EBIT margin provides useful additional information to investors about trends in the company's operations and is useful for period-over-period comparisons. 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.

Return on Invested Capital Reconciliation

Dollars in Millions

| | FY20 |
|--|-----------------|
| Earnings before income taxes (GAAP measure) | \$ 1,185 |
| Non-cash goodwill impairment ⁽⁴⁾ | - |
| Interest expense | 99 |
| Earnings before income taxes and interest expense | \$ 1,284 |
| Income taxes before income taxes and interest expense ⁽²⁾ | (267) |
| Adjusted after-tax profit | \$ 1,017 |
| Average invested capital ⁽³⁾ | \$ 3,437 |
| Return on invested capital ⁽¹⁾ | 30% |

(1) In accordance with SEC's Regulation G, this schedule provides the definition of a non-GAAP measure and the reconciliation to the most closely related GAAP measure. Return on invested capital (ROIC), a non-GAAP measure is calculated as earnings before income taxes and interest expense, computed on an after-tax basis as a percentage of average invested capital. Management believes ROIC provides additional information to investors about current trends in the business. ROIC is a measure of how effectively the company allocates capital. ROIC 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.

(2) The tax rate applied is the effective tax rate, which was 20.8%

(3) Average invested capital represents a five quarter average of total assets less non-interest bearing liabilities.