Q3 Fiscal Year 2026 Prepared Management Remarks

April 30, 2026

Lisah Burhan, Vice President, Investor Relations
Linda Rendle, Chair and Chief Executive Officer
Luc Bellet, Executive Vice President and Chief Financial Officer

Please review the following prepared management remarks in conjunction with the company's third-quarter fiscal year 2026 earnings release. These materials can be found on TheCloroxCompany.com in the quarterly results section or directly here.

Clorox will also host a live Q&A audio webcast at 5 p.m. ET, today, with Chair and CEO Linda Rendle and Chief Financial Officer Luc Bellet to address the company's results as shared in the earnings release and these management remarks.

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Lisah Burhan, Vice President – Investor Relations

Thank you for your interest in our quarterly earnings results. In conjunction with these comments, please review our earnings release, which can be found on TheCloroxCompany.com in the investor quarterly results section.

Joining me today are Chair and CEO Linda Rendle and CFO Luc Bellet. The following remarks include forward-looking statements that are based on management's current expectations but may differ from actual results or outcomes. In addition, these remarks refer to certain non-GAAP financial measures. Please refer to today's earnings release, which identifies various factors that could affect forward-looking statements and provides information that reconciles non-GAAP financial measures to the most directly comparable GAAP measures. The risk factors section of the company's Form 10-K also includes further discussion of forward-looking statements.

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Management Commentary

As we entered fiscal year 2026, we were clear that success would require a disciplined, phased approach. The front half of the year was intentionally focused on implementing and stabilizing our new ERP, knowing that this work was foundational and would create some near-term disruption. As we moved into the back half, our focus shifted to regaining momentum, getting innovation to the shelf, and sharpening execution across the business, with our number one priority being to deliver value superiority across our brands to support category and share growth That sequencing remains central to our plan as we work to translate a stronger operating foundation into improved performance.

While that overall trajectory remains intact, the pace of improvement has been slower than we expected in some businesses, and as a result, our third-quarter performance fell short of our expectations.

In the quarter, we delivered mixed results, reflecting both areas of continued momentum and areas of ongoing challenges as we navigated a volatile operating environment. While we are continuing to improve our market shares, it is progressing slower than expected in some parts of our portfolio. Gross margin also came in below expectations due to higher-than-expected supply chain costs and delayed cost savings as we prioritized ERP stabilization.

Our biggest growth driver continues to be Cleaning, our biggest business, where we are seeing consistent consumer engagement and innovation-led strength, despite a more competitive and promotional environment. After launching the Clorox PURE platform in January, we've seen strong early consumer adoption as the brand is gaining traction across major retailers, securing favorable shelf placement and broad distribution. Initial sales performance has been encouraging and is tracking ahead of expectations, which reinforces our confidence in the platform's long-term growth potential. Our Scentiva line continues to meet consumers' desire for more joyful cleaning experiences, with our Cherry Blossom scent being our top performing item for the brand.

We are also seeing a meaningful contribution from our International and Professional businesses, which lays a path for continued outsized growth contribution.

And in Glad, we are encouraged by the progress underway, with share trends improving. Given continued exposure to commodities and resin costs, we are closely monitoring margins and remain prepared to adjust our plans as needed to balance growth and profitability.

We're also clear about where we need sharper execution. We have embarked on a multi-year plan to rebuild our superiority in Litter. The foundation of the relaunch is now largely in place, and our focus is on improving on-shelf execution and getting velocity back on track, leading to share recovery over time. In Food, the category continued to be impacted by GLP-1 headwinds and elevated promotion. Despite these challenges, we grew share in the shelf-stable dressing category by pivoting our plans to drive a stronger focus on value with price-pack architecture. We also expanded our innovation pipeline, including more protein-forward offerings and the launch of Hidden Valley Original Ranch with Avocado Oil, an on-trend better-for-you option.

That said, we continue to see positive momentum building across our portfolio. We are executing a robust slate of innovation, supported by improving service levels and supply stability. Distribution gains are tracking largely in line with our plan, and most shelf resets are happening now. As trial and repeat build, we expect the benefits of that innovation to strengthen into the fourth quarter and beyond, reinforcing our confidence in our brands and our long-term strategy.

From a consumer standpoint, value-seeking behavior remained elevated throughout the quarter, alongside heightened promotional intensity across the vast majority of our businesses. As the quarter progressed, consumer confidence weakened further as consumers faced rising gas prices and a weaker jobs outlook. As a result, consumers became even more selective in their spending, making it more competitive to capture incremental share of wallet. We continue to see a bifurcated consumer environment, with higher-income households demonstrating resilience by purchasing larger pack sizes and increasingly shopping in the Club channel, while lower-income consumers remain under pressure and are gravitating toward smaller sizes and more affordable options. Value remains top of mind across the spectrum, but purchasing behaviors vary meaningfully by income level. We're meeting consumers where they are, focusing on value superiority by offering the right mix of pack sizes, price points, and forms, allowing us to serve both value-seeking and premium-oriented shoppers while working to capture share of wallet across our portfolio.

While the macro environment remains uncertain, our focus remains on the revenue growth management actions within our control. This includes sharpening price pack architecture and assortment plans, driving a robust level of advertising and promotional support, which has been ramping up month-over-month in line with our distribution build and shelf reset timing. Our demand creation support will continue to build into the fourth quarter, when we expect our innovation pipeline to reach its full distribution and shelf resets will be completed.

Looking ahead, we expect the environment to remain challenging as consumers continue to face pressures and are being more choiceful in their spending. We have adjusted our fiscal year 2026 outlook appropriately to reflect the latest consumption trends and assumptions on input costs and spending.

We are staying close to consumers as they navigate higher everyday costs and increasingly value-driven purchasing decisions. As category leaders, we believe we have both the opportunity and the responsibility to help drive recovery through innovation, disciplined revenue growth management, and stronger execution.

Our immediate priority is a strong finish to the fourth quarter. Teams are focused on delivering the fundamentals—on-shelf availability, pricing and promotional effectiveness, and sharper in-market support—to ensure we are well positioned to capitalize on key consumer moments, including Amazon Prime Day, America's 250th birthday, and the Back to School season.

We remain disciplined on costs and focused on rebuilding margin momentum over the coming quarters. Cost savings initiatives that were delayed earlier in the year are now progressing, and we remain confident in the strength of our margin improvement pipeline. While energy prices and their

downstream effects bear close monitoring, we believe we are well positioned to manage through these pressures.

Turning to our ERP, we just completed the third and final phase of the U.S. ERP implementation. Service levels have stabilized and complexity and costs are coming down. Beyond enabling more consistent execution, this foundation positions us to unlock productivity across supply chain, working capital, and SG&A over time while also improving decision-making speed and commercial effectiveness.

Third-Quarter Fiscal Year 2026 Results

- Net sales and volume were essentially flat. Organic sales decreased 1%, driven by unfavorable price mix. This result includes the negative impact from shipment ahead of consumption in the prior quarter of about 1 point.

- Gross margin for the quarter was 43.2%, down 140 basis points versus the year-ago quarter due primarily to 210 basis points of higher manufacturing and logistics costs, partially offset by 170 basis points of cost savings.

- Selling and administrative expenses as a percentage of net sales were 13.7%, lower than in the year-ago period due both to lower spending related to our strategic investments to enhance our digital capabilities as well as lower incentive compensation. This included $17 million, or about 100 basis points, of strategic investments to enhance our digital capabilities and GOJO integration costs.

- Advertising as a percentage of net sales was 10.6%.

- Effective tax rate was 25.4%.

- Net of all these factors, adjusted earnings per share for the third quarter was $1.64 versus $1.45 in the year-ago quarter, reflecting a 13% increase.

- Fiscal year to date net cash provided by operations was $282 million, compared to $687 million in the prior period, a decrease of 59% primarily driven by the Glad joint venture agreement termination payment.

GOJO Acquisition

We closed on our acquisition of GOJO Industries on April 1, 2026. This acquisition expands Clorox's position in health and hygiene and will deliver both near- and long-term strategic benefits for Clorox. We also expect this transaction to accelerate the financial performance of Clorox and create long-term shareholder value.

- GOJO is about $800 million in sales and has a long history of delivering mid-single-digit sales growth. We expect GOJO to contribute outsized growth to the company and support our long-term growth aspiration.
- The acquisition is expected to be neutral to Adjusted EBITDA in the first year.
    - It has a different gross margin and operating expense profile than Clorox's existing business.
    - We are confident about generating at least $50 million in run-rate cost synergies, which will drive margin accretion over time.
    - We expect the transaction to be Adjusted EBITDA accretive in the second year.
- The acquisition is expected to be neutral to Adjusted EPS in the first year, including the impact of higher interest expense from the related incremental debt financing.
    - We expect Adjusted EPS to be accretive in the second year.
- We will prioritize integration during the first year and expect to start delivering both revenue and cost synergies in the second year of acquisition. We have retained the management team and have separate resources and a dedicated integration partner to help lead us through the execution, which is already off to a strong start.
- As previously mentioned, we are funding this transaction with debt financing and expect the debt leverage ratio to increase temporarily to 3.6x. We expect to reduce this to about 2.5x within two years.

Fiscal Year 2026 Outlook

We are updating our full-year outlook to reflect the impact of the GOJO acquisition, third-quarter results, as well as our latest assumptions on consumption trends and input costs. The impact of the acquisition in fiscal year 2026 is expected to be as follows:

- About $200 million of net sales or slightly less than 3 points of sales growth.
- About 60 basis points of negative impact to gross margin, including about 50 basis points of transaction-related costs, associated mainly with inventory step-up.
- GOJO has higher selling and administrative expenses as a percentage of sales, and lower advertising and sales promotion as a percentage of sales. However, given its closing date, the impact on total company percentages on those two items are expected to be minimal.
- About 2 to 4 cents of negative impact to adjusted EPS, which reflects one quarter of sales and profit contribution, as well as the impact of higher interest expense from debt financing for the transaction.
- About 30 cents of transaction-related costs including inventory step-up are included in diluted EPS.

Putting the impact of GOJO acquisition aside, here are the main changes versus our prior outlook:

- We are essentially confirming the low end of our previous sales outlook range, reflecting third-quarter sales performance as well as the latest consumption trends.
- We have adjusted our gross margin expectations to reflect the latest cost assumptions including cost headwinds from the Middle East conflict, which impact mostly the fourth quarter, higher-

than-expected costs to stabilize service levels after our ERP transition in the third quarter and to a smaller extent, the impact of delayed cost savings.

The other assumptions of our fiscal year outlook remain largely unchanged. Our outlook assumes the external environment will continue to be dynamic, volatile and uncertain. We expect consumers will continue to display heightened value-seeking behaviors, and overall category consumption will remain sluggish for the year with variability business-to-business and period-to-period. We expect elevated competitive activities will continue, and the input cost environment will continue to be uncertain. Our outlook also reflects the impact from the divestiture of our Better Health VMS business.

As a reminder, the most significant driver of our fiscal year 2026 outlook is a transitory one. We shipped about two weeks of inventory ahead of consumption at the end of the fourth quarter last year as our retailers built inventory in advance of our ERP transition. We expected retailers to draw down on these inventories during our transition period, resulting in year-over-year shipments decline. From a year-over-year sales growth perspective, the reduction in sales from this inventory draw down translates to about 7.5 points of decline as compared to the higher base in fiscal year 2025. Similarly, this inventory draw down reduces fiscal year 2026 earnings per share by about 90 cents. In comparison to the higher base in fiscal year 2025, this results in a year-over-year reduction of about 30% to fiscal year 2026 diluted earnings per share and about 23% to fiscal year 2026 adjusted earnings per share.

- We now expect net sales to be down about 6%. This includes slightly less than 3 points of positive impact from the GOJO acquisition. It also includes less than 1 point of negative impact from the divestiture of our VMS business, offset by less than 1 point positive impact from foreign exchange rates. Organic sales are now expected to decline about 9%. This compares to our previous expectation of organic sales decline which was at the low end of the 5% to 9% range. The negative impact related to the ERP transition is about 7.5 points.
    - The fourth-quarter net sales are expected to decline about 3% to 4%, including about 10 points of positive impact from the GOJO acquisition. Organic sales are expected to be down about 13%, including about 13.5 points of impact from ERP transition.

- We now expect gross margin to be down about 250 to 300 basis points. This includes about 60 basis points of negative impact from the GOJO acquisition, 50 basis points of which is transaction-related costs associated with inventory step-up. Our gross margin outlook also includes headwinds resulting from the Middle East conflict, and about 100 basis points of negative impact related to the incremental shipments for our ERP transition in the prior fiscal year.
    - Fourth-quarter gross margin is expected to be about 41% to 42%. This includes more than 200 basis points of negative impact from the GOJO acquisition, the vast majority of which is transaction-related costs mainly associated with inventory step-up. It also includes about 100 to 150 basis points of headwinds from higher costs resulting from the Middle East conflict. As a reminder, we are lapping strong operating leverage in the year-ago quarter related to ERP transition.

- We continue to expect selling and administrative expenses to be about 16% of net sales. This includes about 90 basis points of impact related to our investments to enhance our digital capabilities.

- We continue to expect advertising investments to be about 11% of net sales, reflecting the company's ongoing commitment to invest behind its brands.

- We continue to expect the effective tax rate to be about 24%.

- Net of these factors, we now expect our fiscal year diluted EPS outlook to be between $4.78 and $4.98, a year-over-year decline of 24% to 27% respectively. This includes about 30 cents of transaction-related costs from the GOJO acquisition and 37 cents of expense from our long-term strategic investments in digital capabilities and productivity enhancement. This diluted EPS outlook range also reflects about 90 cents of headwinds related to the ERP transition, which represents about 30% of negative impact on the higher EPS base last fiscal year.

- Adjusted EPS is now expected to be between $5.45 to $5.65, a year-over-year decrease of 27% to 29%, respectively. This includes about 2 to 4 cents of expected dilution from the GOJO acquisition. For reference, this compares our previous expectation, which was at the low end of the $5.95 and $6.30 range. This also reflects about 90 cents of headwinds related to the ERP transition, which represents about 23% of negative impact on the higher EPS base last fiscal year.

Conclusion

While the operating environment remains dynamic, we are entering the fourth quarter with a stronger foundation, improving execution, and clearer line of sight to sequential improvement. Looking beyond this year, we are strengthening our plans and investments to drive value superiority to accelerate share gains in parts of the portfolio where there’s more work to do, and to fuel momentum behind our areas of strength. We have also made some targeted investments this quarter to strengthen our future cost savings pipeline, which will help mitigate cost pressures. We are confident that these actions position us well to navigate through near-term challenges, as we have many times before, while positioning the company well for long-term value creation.

That confidence is further supported by the completion of our acquisition of GOJO Industries. With the addition of Purell, we are expanding our leadership in health and hygiene with a business that we believe will structurally enhance our competitive advantage and financial performance. GOJO brings a trusted, iconic brand, attractive category tailwinds, and a complementary B2B business model that aligns well with Clorox’s capabilities, culture, and purpose. We are encouraged by early integration progress and remain focused on thoughtful execution that balances near-term delivery with long-term value creation. With a clear plan, a strong innovation pipeline, and Purell strengthening momentum across our trusted brands, we believe we are well positioned to deliver sustainable, profitable growth. While external volatility will persist, we are prepared to manage through those pressures with the discipline required to deliver on our commitments.

Finally, we want to thank our teammates for their focus, resilience, and commitment during a period of significant transformation. We also thank our customers for their partnership and trust, and for the opportunity to serve consumers every day with brands they rely on.

Thank you, and we look forward to the Q&A session later today.

Linda Rendle, Chair and CEO
Luc Bellet, Executive Vice President and CFO