

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

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-10585



CHURCH & DWIGHT CO., INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

13-4996950  
(I.R.S. Employer  
Identification No.)

500 Charles Ewing Boulevard, Ewing, NJ 08628  
(Address of principal executive offices)

Registrant's telephone number, including area code: (609) 806-1200

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$1 par value	CHD	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 26, 2022, there were 242,771,125 shares of Common Stock outstanding.

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**PART I – FINANCIAL INFORMATION**

**ITEM 1: FINANCIAL STATEMENTS**

**CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

**(Unaudited)**

**(In millions, except per share data)**

	Three Months Ended	
	March 31, 2022	March 31, 2021
<b>Net Sales</b>	\$ 1,297.2	\$ 1,238.9
Cost of sales	744.7	688.0
<b>Gross Profit</b>	552.5	550.9
Marketing expenses	101.9	98.7
Selling, general and administrative expenses	169.9	149.6
<b>Income from Operations</b>	280.7	302.6
Equity in earnings of affiliates	2.4	2.6
Investment earnings, net	0.0	(0.1)
Other income (expense), net	(0.3)	(0.1)
Interest expense	(16.6)	(14.0)
<b>Income before Income Taxes</b>	266.2	291.0
Income taxes	61.8	70.3
<b>Net Income</b>	\$ 204.4	\$ 220.7
Weighted average shares outstanding - Basic	242.6	245.2
Weighted average shares outstanding - Diluted	246.7	249.8
<b>Net income per share - Basic</b>	\$ 0.84	\$ 0.90
<b>Net income per share - Diluted</b>	\$ 0.83	\$ 0.88
<b>Cash dividends per share</b>	\$ 0.26	\$ 0.25

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**(Unaudited)**

**(In millions)**

	Three Months Ended	
	March 31, 2022	March 31, 2021
<b>Net Income</b>	\$ 204.4	\$ 220.7
Other comprehensive income, net of tax:		
Foreign exchange translation adjustments	(2.2)	(0.6)
Defined benefit plan adjustments gain (loss)	1.9	(0.7)
Income (loss) from derivative agreements	15.3	24.3
Other comprehensive income (loss)	15.0	23.0
<b>Comprehensive income</b>	\$ 219.4	\$ 243.7

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions, except share and per share data)

	March 31, 2022	December 31, 2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 174.4	\$ 240.6
Accounts receivable, less allowances of \$4.3 and \$5.5	407.1	405.5
Inventories	598.8	535.4
Other current assets	41.5	51.9
<b>Total Current Assets</b>	<b>1,221.8</b>	<b>1,233.4</b>
<b>Property, Plant and Equipment, Net</b>	<b>653.2</b>	<b>652.7</b>
<b>Equity Investment in Affiliates</b>	<b>10.8</b>	<b>9.1</b>
<b>Trade Names and Other Intangibles, Net</b>	<b>3,464.7</b>	<b>3,494.3</b>
<b>Goodwill</b>	<b>2,273.8</b>	<b>2,274.5</b>
<b>Other Assets</b>	<b>316.9</b>	<b>332.5</b>
<b>Total Assets</b>	<b>\$ 7,941.2</b>	<b>\$ 7,996.5</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Short-term borrowings	\$ 103.0	\$ 252.8
Current portion of long-term debt	699.7	699.4
Accounts payable and accrued expenses	1,009.2	1,119.7
Income taxes payable	59.7	3.3
<b>Total Current Liabilities</b>	<b>1,871.6</b>	<b>2,075.2</b>
<b>Long-term Debt</b>	<b>1,611.2</b>	<b>1,610.7</b>
<b>Deferred Income Taxes</b>	<b>738.0</b>	<b>745.1</b>
<b>Deferred and Other Long-term Liabilities</b>	<b>283.5</b>	<b>298.3</b>
<b>Business Acquisition Liabilities</b>	<b>34.0</b>	<b>34.0</b>
<b>Total Liabilities</b>	<b>4,538.3</b>	<b>4,763.3</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity</b>		
Preferred Stock, \$1.00 par value, Authorized 2,500,000 shares; none issued	0.0	0.0
Common Stock, \$1.00 par value, Authorized 600,000,000 shares and 292,855,100 shares issued as of March 31, 2022 and December 31, 2021	292.8	292.8
Additional paid-in capital	334.2	310.3
Retained earnings	5,506.7	5,366.0
Accumulated other comprehensive loss	(53.2)	(68.2)
Common stock in treasury, at cost: 50,170,441 shares as of March 31, 2022 and 50,309,124 shares as of December 31, 2021	(2,677.6)	(2,667.7)
<b>Total Stockholders' Equity</b>	<b>3,402.9</b>	<b>3,233.2</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 7,941.2</b>	<b>\$ 7,996.5</b>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
(Unaudited)  
(In millions)

	Three Months Ended	
	March 31, 2022	March 31, 2021
<b>Cash Flow From Operating Activities</b>		
<b>Net Income</b>	\$ 204.4	\$ 220.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	16.6	16.8
Amortization expense	37.1	38.1
Change in fair value of business acquisition liabilities	0.0	(19.0)
Deferred income taxes	(1.0)	8.1
Equity in net earnings of affiliates	(2.4)	(2.6)
Distributions from unconsolidated affiliates	0.8	1.7
Non-cash compensation expense	2.9	3.1
Other	(1.5)	1.7
Change in assets and liabilities:		
Accounts receivable	(1.8)	(8.3)
Inventories	(63.7)	(46.3)
Other current assets	3.1	1.9
Accounts payable and accrued expenses	(95.2)	(168.1)
Income taxes payable	57.6	55.0
Other operating assets and liabilities, net	(4.1)	(2.6)
<b>Net Cash Provided By Operating Activities</b>	<b>152.8</b>	<b>100.2</b>
<b>Cash Flow From Investing Activities</b>		
Additions to property, plant and equipment	(15.6)	(26.3)
Other	(0.1)	(3.7)
<b>Net Cash Used In Investing Activities</b>	<b>(15.7)</b>	<b>(30.0)</b>
<b>Cash Flow From Financing Activities</b>		
Short-term debt (repayments), net of borrowings	(149.9)	(69.0)
Proceeds from stock options exercised	11.0	5.9
Payment of cash dividends	(63.7)	(61.9)
<b>Net Cash Used In Financing Activities</b>	<b>(202.6)</b>	<b>(125.0)</b>
Effect of exchange rate changes on cash and cash equivalents	(0.7)	(0.8)
<b>Net Change In Cash and Cash Equivalents</b>	<b>(66.2)</b>	<b>(55.6)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>240.6</b>	<b>183.1</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 174.4</b>	<b>\$ 127.5</b>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW-CONTINUED  
(Unaudited)  
(In millions)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 19.7	\$ 19.4
Income taxes	\$ 5.2	\$ 7.4
Supplemental disclosure of non-cash investing activities:		
Property, plant and equipment expenditures included in Accounts Payable	\$ 13.1	\$ 9.1

See Notes to Condensed Consolidated Financial Statements (Unaudited).

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(Unaudited)  
(In millions)

	Number of Shares		Amounts					
	Common Stock	Treasury Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
<b>December 31, 2020</b>	292.8	(47.4)	\$ 292.8	\$ 274.4	\$ 4,786.0	\$ (77.6)	\$ (2,255.2)	\$ 3,020.4
Net income	0.0	0.0	0.0	0.0	220.7	0.0	0.0	220.7
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	0.0	23.0	0.0	23.0
Cash dividends	0.0	0.0	0.0	0.0	(61.9)	0.0	0.0	(61.9)
Stock purchases	0.0	(0.4)	0.0	30.0	0.0	0.0	(30.0)	0.0
Stock based compensation expense and stock option plan transactions	0.0	0.1	0.0	1.8	0.0	0.0	7.2	9.0
<b>March 31, 2021</b>	<u>292.8</u>	<u>(47.7)</u>	<u>\$ 292.8</u>	<u>\$ 306.2</u>	<u>\$ 4,944.8</u>	<u>\$ (54.6)</u>	<u>\$ (2,278.0)</u>	<u>\$ 3,211.2</u>
<b>December 31, 2021</b>	292.8	(50.3)	\$ 292.8	\$ 310.3	\$ 5,366.0	\$ (68.2)	\$ (2,667.7)	\$ 3,233.2
Net income	0.0	0.0	0.0	0.0	204.4	0.0	0.0	204.4
Other comprehensive income (loss)	0.0	0.0	0.0	0.0	0.0	15.0	0.0	15.0
Cash dividends	0.0	0.0	0.0	0.0	(63.7)	0.0	0.0	(63.7)
Stock purchases	0.0	(0.2)	0.0	20.0	0.0	0.0	(20.0)	0.0
Stock based compensation expense and stock option plan transactions	0.0	0.3	0.0	3.9	0.0	0.0	10.1	14.0
<b>March 31, 2022</b>	<u>292.8</u>	<u>(50.2)</u>	<u>\$ 292.8</u>	<u>\$ 334.2</u>	<u>\$ 5,506.7</u>	<u>\$ (53.2)</u>	<u>\$ (2,677.6)</u>	<u>\$ 3,402.9</u>

See Notes to Condensed Consolidated Financial Statements (Unaudited).

**CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(In millions, except per share data)**

**1. Basis of Presentation**

These condensed consolidated financial statements have been prepared by Church & Dwight Co., Inc. (the “Company”). In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position and results of operations and cash flows for all periods presented have been made. Results of operations for interim periods may not be representative of results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “Form 10-K”).

The Company incurred research and development expenses in the first quarter of 2022 and 2021 of \$24.5 and \$24.1, respectively. These expenses are included in selling, general and administrative (“SG&A”) expenses.

**2. New Accounting Pronouncements**

*Recently Adopted Accounting Pronouncements*

In March 2020, the FASB issued new accounting guidance intended to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates. This guidance was effective beginning on March 12, 2020, and the Company may apply the amendments prospectively to contract modifications made or relationships entered into or evaluated through December 31, 2022. The adoption of this guidance did not have an impact on the Company’s consolidated financial position, results of operations or cash flows in the current period. The Company will continue to evaluate the impacts of this guidance on future contract modifications through December 31, 2022.

There have been no other accounting pronouncements issued but not yet adopted by the Company which are expected to have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

**3. Inventories**

Inventories consist of the following:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Raw materials and supplies	\$ 122.2	\$ 116.2
Work in process	41.3	40.0
Finished goods	435.3	379.2
<b>Total</b>	<b>\$ 598.8</b>	<b>\$ 535.4</b>



#### 4. Property, Plant and Equipment, Net (“PP&E”)

PP&E consists of the following:

	March 31, 2022	December 31, 2021
Land	\$ 28.3	\$ 28.3
Buildings and improvements	291.9	290.8
Machinery and equipment	837.0	828.9
Software	109.2	107.8
Office equipment and other assets	92.9	92.7
Construction in progress	109.7	104.3
Gross PP&E	<u>1,469.0</u>	<u>1,452.8</u>
Less accumulated depreciation and amortization	<u>815.8</u>	<u>800.1</u>
Net PP&E	<u>\$ 653.2</u>	<u>\$ 652.7</u>

	Three Months Ended	
	March 31, 2022	March 31, 2021
Depreciation expense on PP&E	<u>\$ 16.6</u>	<u>\$ 16.8</u>

#### 5. Earnings Per Share (“EPS”)

Basic EPS is calculated based on income available to holders of the Company’s common stock (“Common Stock”) and the weighted average number of shares outstanding during the reported period. Diluted EPS includes additional dilution from potential Common Stock issuable pursuant to the exercise of outstanding stock options.

The following table sets forth a reconciliation of the weighted average number of shares of Common Stock outstanding to the weighted average number of shares outstanding on a diluted basis:

	Three Months Ended	
	March 31, 2022	March 31, 2021
Weighted average common shares outstanding - basic	242.6	245.2
Dilutive effect of stock options	4.1	4.6
Weighted average common shares outstanding - diluted	<u>246.7</u>	<u>249.8</u>
Antidilutive stock options outstanding	<u>0.2</u>	<u>3.2</u>

#### 6. Stock Based Compensation Plans

The following table provides a summary of option activity:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2021	11.3	\$ 58.83		
Exercised	(0.3)	39.17		
Cancelled	(0.2)	78.28		
<b>Outstanding at March 31, 2022</b>	<u>10.8</u>	<u>\$ 59.08</u>	<u>5.9</u>	<u>\$ 438.4</u>
<b>Exercisable at March 31, 2022</b>	<u>6.3</u>	<u>\$ 45.03</u>	<u>4.1</u>	<u>\$ 343.7</u>

The following table provides information regarding the intrinsic value of stock options exercised and stock compensation expense related to stock option awards:

	Three Months Ended	
	March 31, 2022	March 31, 2021
Intrinsic Value of Stock Options Exercised	\$ 16.8	\$ 9.5
Stock Compensation Expense Related to Stock Option Awards	\$ 2.8	\$ 3.1

## 7. Share Repurchases

On October 28, 2021, the Board authorized a new share repurchase program, under which the Company may repurchase up to \$1,000.0 in shares of Common Stock (the "2021 Share Repurchase Program"). The 2021 Share Repurchase Program does not have an expiration and replaced the 2017 Share Repurchase Program. All remaining dollars authorized for repurchase under the 2017 Share Repurchase Plan have been cancelled. The 2021 Share Repurchase Program did not modify the Company's evergreen share repurchase program, authorized by the Board on January 29, 2014, under which the Company may repurchase, from time to time, Common Stock to reduce or eliminate dilution associated with issuances of Common Stock under its incentive plans.

In December 2021, the Company executed open market purchases of 1.8 million shares for \$170.3, inclusive of fees, of which \$100.0 was purchased under the evergreen share repurchase program and \$70.3 was purchased under the 2021 Share Repurchase Program. In December 2021, the Company also entered into an accelerated share repurchase contract ("ASR") with a commercial bank to purchase Common Stock. The Company paid \$200.0 to the bank, inclusive of fees, and received an initial delivery of shares equal to \$180.0, or 1.8 million shares. The Company used cash on hand and short-term borrowings to fund the initial purchase price. Upon the completion of the ASR, which ended in February 2022, the bank delivered an additional 0.2 million shares to the Company. The final shares delivered to the Company were determined by the average price per share paid by the bank during the purchase period. All 2.0 million shares were purchased under the 2021 Share Repurchase Program.

As a result of the Company's recent stock repurchases, there remains \$729.7 of share repurchase availability under the 2021 Share Repurchase Program as of March 31, 2022.

## 8. Fair Value Measurements

The following table presents the carrying amounts and estimated fair values of the Company's other financial instruments at March 31, 2022 and December 31, 2021:

	Input Level	March 31, 2022		December 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets:</b>					
Cash equivalents	Level 1	\$ 14.4	\$ 14.4	\$ 17.1	\$ 17.1
<b>Financial Liabilities:</b>					
Short-term borrowings	Level 2	103.0	103.0	252.8	252.8
2.45% Senior notes due August 1, 2022	Level 2	300.0	300.7	300.0	302.9
2.875% Senior notes due October 1, 2022	Level 2	400.0	402.0	399.9	406.4
Term loan due December 22, 2024	Level 2	400.0	400.0	400.0	400.0
3.15% Senior notes due August 1, 2027	Level 2	424.8	425.4	424.7	450.1
2.3% Senior notes due December 15, 2031	Level 2	399.2	364.8	399.2	403.5
3.95% Senior notes due August 1, 2047	Level 2	397.5	412.8	397.5	471.6
Interest Rate Swap Lock Agreement liability	Level 2	19.3	19.3	41.6	41.6
Business Acquisition Liabilities	Level 3	34.0	34.0	34.0	34.0

The Company recognizes transfers between input levels as of the actual date of the event. There were no transfers between input levels during the three months ended March 31, 2022.

Refer to Note 2 in the Form 10-K for a description of the methods and assumptions used to estimate the fair value of each class of financial instruments reflected in the condensed consolidated balance sheets.

The business acquisition liabilities represent the estimated fair value of additional future contingent consideration payable for acquisitions of businesses that included contingent consideration clauses. The fair value of business acquisition liabilities is evaluated on an ongoing basis and is based on management estimates and entity-specific assumptions which are considered Level 3 inputs. As

of both March 31, 2022 and December 31, 2021, the Company had a business acquisition liability of \$20.0 in connection with the Zicam Acquisition and a \$14.0 business acquisition liability in connection with the TheraBreath Acquisition (both of which are defined in Note 10). Any amount that may be due for the Zicam business acquisition liability is payable five years from the closing date. Any amount that may be due for the TheraBreath business acquisition liability is payable in installments between two and four years from the closing.

The Company has entered into interest rate swap lock agreements (“Interest Rate Swap Lock Agreements”) which are used to hedge the risk of changes in the interest payments attributable to changes in the benchmark U.S. Dollar LIBOR interest rate associated with anticipated issuances of debt in 2022. As of December 31, 2021 the balance of the swap lock agreement was \$41.6, and the liability decreased by \$22.3 during the first three months of 2022 primarily due to higher current and projected interest rates and is included in Accounts Payable and Accrued Expenses with the offset in Accumulated Other Comprehensive Loss and Deferred Taxes.

The carrying amounts of Accounts Receivable, and Accounts Payable and Accrued Expenses, approximated estimated fair values as of March 31, 2022 and December 31, 2021.

## 9. Derivative Instruments and Risk Management

Changes in interest rates, foreign exchange rates, the price of the Common Stock and commodity prices expose the Company to market risk. The Company manages these risks by the use of derivative instruments, such as cash flow and fair value hedges, diesel and commodity hedge contracts, equity derivatives and foreign exchange forward contracts. The Company does not use derivatives for trading or speculative purposes. Refer to Note 3 in the Form 10-K for a discussion of each of the Company’s derivative instruments in effect as of December 31, 2021.

The notional amount of a derivative instrument is the nominal or face amount used to calculate payments made on that instrument. Notional amounts are presented in the following table:

	Notional Amount		Notional Amount	
	March 31, 2022		December 31, 2021	
<b>Derivatives designated as hedging instruments</b>				
Foreign exchange contracts	\$	224.7	\$	216.3
Interest rate swap lock	\$	300.0	\$	300.0
Diesel fuel contracts		2.0 gallons		0.0 gallons
Commodities contracts		69.5 pounds		72.1 pounds
<b>Derivatives not designated as hedging instruments</b>				
Foreign exchange contracts	\$	5.9	\$	5.9
Equity derivatives	\$	27.3	\$	28.9

Excluding the Interest Rate Swap Lock Agreements disclosed in Note 8, the fair values and amount of gain (loss) recognized in income and Other Comprehensive Income (“OCI”) associated with the derivative instruments disclosed above did not have a material impact on the Company’s condensed consolidated financial statements during the first quarter of 2022.

## 10. Acquisitions

On December 24, 2021, the Company acquired all of the outstanding equity of Dr. Harold Katz, LLC and HK-IP International, Inc., the owners of the THERABREATH® brand of oral care products business (the “TheraBreath Acquisition”). The Company paid \$556.0, net of cash acquired, at closing and deferred an additional cash payment of \$14.0 related to certain indemnity obligations provided by the seller. The additional amount, to the extent not used in satisfaction of such indemnity obligations, is payable in installments between two and four years from the closing. THERABREATH’s annual net sales for the year ended December 31, 2021 were approximately \$100.0. The acquisition was financed by the proceeds from a \$400.0 three-year term loan and the Company’s underwritten public offering of \$400.0 aggregate principal Senior Notes due on December 15, 2031 completed on December 10, 2021. The THERABREATH business is managed in the Consumer Domestic and Consumer International segments.

The preliminary fair values of the net assets at acquisition are set forth as follows:

Accounts receivable	\$	11.3
Inventory		12.9
Trade name (indefinite lived)		487.0
Other intangible assets		30.1
Goodwill		43.7
Accounts payable and accrued expenses		(15.0)
Business acquisition liabilities - long-term		(14.0)
<b>Cash purchase price (net of cash acquired)</b>	<b>\$</b>	<b>556.0</b>

The trade names and other intangible assets were valued using a discounted cash flow model. The life of the amortizable intangible assets recognized from the TheraBreath Acquisition have a useful life which ranges from 10 - 20 years. The goodwill is a result of expected synergies from combined operations of the acquired business and the Company. Pro forma results are not presented because the impact of the acquisition is not material to the Company's consolidated financial results. The goodwill and other intangible assets associated with the TheraBreath Acquisition are deductible for U.S. tax purposes.

On December 1, 2020, the Company acquired all of the outstanding equity of Consumer Health Holdco LLC, the owner of the ZICAM® brand and cold remedy products business (the "Zicam Acquisition"). The Company paid \$512.7, net of cash acquired, at closing and deferred an additional cash payment of \$20.0 related to certain indemnifications provided by the seller. The deferred amount is recorded in Business Acquisition Liabilities on the consolidated balance sheet and any amount that may be due for the business acquisition liability is payable five years from the closing. Zicam's annual net sales for the year ended December 31, 2020 were approximately \$107.0. The acquisition was financed by the Company with a combination of cash on hand and short-term borrowings. The ZICAM business is managed in the Consumer Domestic segment.

The fair values of the net assets at acquisition are set forth as follows:

Inventory and other working capital	\$	40.2
Property, plant and equipment		0.5
Trade name		367.8
Other intangible assets		93.8
Goodwill		152.2
Current liabilities		(13.1)
Deferred income taxes		(108.0)
Long-term liabilities		(20.7)
<b>Cash purchase price (net of cash acquired)</b>	<b>\$</b>	<b>512.7</b>

The trade names and other intangible assets were valued using a discounted cash flow model. All of the intangible assets recognized from the Zicam Acquisition have a useful life which ranges from 10 - 20 years. The goodwill is a result of expected synergies from combined operations of the acquired business and the Company. Pro forma results are not presented because the impact of the acquisition is not material to the Company's consolidated financial results. The goodwill and other intangible assets associated with the Zicam Acquisition are not deductible for U.S. tax purposes.

## 11. Goodwill and Other Intangibles, Net

The following table provides information related to the carrying value of all intangible assets, other than goodwill:

	March 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
<b>Amortizable intangible assets:</b>						
Trade Names	\$1,386.4	\$(352.8)	\$1,033.6	\$1,386.7	\$(336.2)	\$1,050.5
Customer Relationships	664.0	(331.4)	332.6	664.0	(322.4)	341.6
Patents/Formulas	239.1	(103.1)	136.0	239.1	(99.4)	139.7
<b>Total</b>	<b>\$2,289.5</b>	<b>\$(787.3)</b>	<b>\$1,502.2</b>	<b>\$2,289.8</b>	<b>\$(758.0)</b>	<b>\$1,531.8</b>

### Indefinite Lived Intangible Assets - Gross Carrying Amount

	March 31, 2022	December 31, 2021
Trade Names	\$1,962.5	\$1,962.5

Intangible amortization expense was \$29.5 and \$30.5 for the first quarter of 2022 and 2021, respectively. The Company estimates that intangible amortization expense will be approximately \$117.0 in 2022 and approximately \$115.0 to \$107.0 annually over the next five years.

Fair value for indefinite lived intangible assets was estimated based on a “relief from royalty” or “excess earnings” discounted cash flow method, which contains numerous variables that are subject to change as business conditions change, and therefore could impact fair values in the future. The key assumptions used in determining fair value are sales growth, profitability margins, tax rates, discount rates and royalty rates. The Company determined that the fair value of all indefinite lived intangible assets for each of the years in the three-year period ended December 31, 2021 exceeded their respective carrying values based upon the forecasted cash flows and profitability. The Company’s indefinite lived intangible impairment review is completed in the fourth quarter of each year.

In recent years the Company’s TROJAN® business, specifically the condom category, has not grown and competition has increased. Social distancing requirements due to the COVID-19 pandemic had further negatively impacted the business. As a result, the TROJAN business had experienced stagnant sales and profits resulting in a reduction in expected future cash flows which eroded a portion of the excess between the fair and carrying value of the tradename. This indefinite-lived intangible asset may be susceptible to impairment risk and a continued decline in fair value could trigger a future impairment charge of the TROJAN tradename. The carrying value of the TROJAN tradename is \$176.4 and fair value exceeded carrying value by 70% as of December 31, 2021. The key assumptions used in the projections from the Company’s October 1, 2021 impairment analysis include discount rates of 7.0% in the U.S. and 8.5% internationally, revenue assumptions based on recent trends, and an average royalty rate of approximately 10%.

While management has implemented strategies to address the risk, including lowering our production costs, investing in new product ideas, and developing new creative advertising, significant changes in operating plans or adverse changes in the future could reduce the underlying cash flows used to estimate fair value. More recently, TROJAN has experienced a recovery in sales and profits as it is benefiting from an easing of COVID-19 social restrictions leading to an increase in sexual activity. The Company expects this trend will continue with the adoption of vaccines, the reduction of social distancing restrictions and the benefit of management strategies to improve sales and profitability.

The Company’s Passport Food Safety business has experienced sales and profit declines due to decreased demand driven by the COVID-19 pandemic and pressures from new competitive activities resulting from the loss of exclusivity on a key product line. In the fourth quarter of 2021, management’s review of the outlook for the Passport business indicated an assessment of the recoverability of the long-lived assets associated with the business was necessary. That review determined that the estimated future cash flows would not be sufficient to recover the carrying value of the assets resulting in an impairment of the associated tradename and other intangible assets of \$11.3. The charge was recorded in selling, general and administrative expenses. The assets have a current net book value of approximately \$9.2 and are being amortized over their remaining weighted average life which has been reduced to 7 years. The Company is implementing strategies to address the decline in profitability. However, if unsuccessful, this decline could trigger an additional future impairment charge.

The carrying amount of goodwill is as follows:

	<b>Consumer Domestic</b>	<b>Consumer International</b>	<b>Specialty Products</b>	<b>Total</b>
Balance at December 31, 2021	\$ 1,899.8	\$ 238.7	\$ 136.0	\$ 2,274.5
TheraBreath adjustment	\$ (0.6)	\$ (0.1)	\$ -	\$ (0.7)
<b>Balance at March 31, 2022</b>	<b>\$ 1,899.2</b>	<b>\$ 238.6</b>	<b>\$ 136.0</b>	<b>\$ 2,273.8</b>

The result of the Company's annual goodwill impairment test, performed in the beginning of the second quarter of 2021, determined that the estimated fair value substantially exceeded the carrying values of all reporting units. The determination of fair value contains numerous variables that are subject to change as business conditions change and therefore could impact fair value in the future. The Company has never incurred a goodwill impairment charge.

## 12. Leases

The Company leases certain manufacturing facilities, warehouses, office space, railcars and equipment. Leases with an initial term of twelve months or less are not recorded on the condensed consolidated balance sheet. All recorded leases are classified as operating leases and lease expense is recognized on a straight-line basis over the lease term. For leases beginning in 2019, lease components (base rental costs) are accounted for separately from the nonlease components (e.g., common-area maintenance costs). For leases that do not provide an implicit rate, the Company uses its estimated secured incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

A summary of the Company's lease information is as follows:

	Classification	March 31, 2022	December 31, 2021
<b>Assets</b>			
Right of use assets	Other Assets	\$154.4	\$159.4
<b>Liabilities</b>			
Current lease liabilities	Accounts Payable and Accrued Expenses	\$23.7	\$24.4
Long-term lease liabilities	Deferred and Other Long-term Liabilities	142.6	146.6
Total lease liabilities		<u>\$166.3</u>	<u>\$171.0</u>
<b>Other information</b>			
Weighted-average remaining lease term (years)		9.0	9.1
Weighted-average discount rate		4.3%	4.3%

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
<b>Statement of Income</b>		
Lease cost <sup>(1)</sup>	\$ 7.9	\$ 8.3
<b>Other information</b>		
Leased assets obtained in exchange for new lease liabilities net of modifications	\$ 1.5	\$ 4.4
Cash paid for amounts included in the measurement of lease liabilities	\$ 7.5	\$ 8.2

<sup>(1)</sup> Lease expense is included in cost of sales or SG&A expenses based on the nature of the leased item. Short-term lease expense is excluded from this amount and is not material. The Company also has certain variable leases which are not material. The non-cash component of lease expense for the first three months of 2022 and 2021 was \$6.2 and \$6.4, respectively, and is included in the Amortization caption in the condensed consolidated statement of cash flows.

The Company's minimum annual rentals including reasonably assured renewal options under lease agreements are as follows:

	Operating Leases
2022	\$ 23.1
2023	26.5
2024	24.4
2025	23.2
2026	15.7
2027 and thereafter	91.4
Total future minimum lease commitments	<u>204.3</u>
Less: Imputed interest	<u>(38.0)</u>
Present value of lease liabilities	<u>\$ 166.3</u>

### 13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	March 31, 2022	December 31, 2021
Trade accounts payable	\$ 655.0	\$ 663.8
Accrued marketing and promotion costs	170.5	201.6
Accrued wages and related benefit costs	46.0	87.7
Other accrued current liabilities	137.7	166.6
<b>Total</b>	<u>\$ 1,009.2</u>	<u>\$ 1,119.7</u>

#### 14. Short-Term Borrowings and Long-Term Debt

Short-term borrowings and long-term debt consist of the following:

	March 31, 2022	December 31, 2021
<b>Short-term borrowings</b>		
Commercial paper issuances	\$ 99.9	\$ 249.7
Various debt due to international banks	3.1	3.1
<b>Total short-term borrowings</b>	<b>\$ 103.0</b>	<b>\$ 252.8</b>
<b>Long-term debt</b>		
2.45% Senior notes due August 1, 2022	300.0	300.0
2.875% Senior notes due October 1, 2022	400.0	400.0
Less: Discount	0.0	(0.1)
Term loan due December 22, 2024	400.0	400.0
3.15% Senior notes due August 1, 2027	425.0	425.0
Less: Discount	(0.2)	(0.3)
2.3% Senior notes due December 15, 2031	400.0	400.0
Less: Discount	(0.8)	(0.8)
3.95% Senior notes due August 1, 2047	400.0	400.0
Less: Discount	(2.5)	(2.5)
Debt issuance costs, net	(10.6)	(11.2)
<b>Total long-term debt</b>	<b>2,310.9</b>	<b>2,310.1</b>
Less: Current maturities	(699.7)	(699.4)
<b>Net long-term debt</b>	<b>\$ 1,611.2</b>	<b>\$ 1,610.7</b>



## 15. Accumulated Other Comprehensive Income (Loss)

The components of changes in accumulated other comprehensive income (loss) are as follows:

	Foreign Currency Adjustments	Defined Benefit Plans	Derivative Agreements	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2020	\$ (26.4)	\$ 0.0	\$ (51.2)	\$ (77.6)
Other comprehensive income (loss) before reclassifications	(0.6)	(0.9)	31.6	30.1
Amounts reclassified to consolidated statement of income <sup>(a)</sup>	0.0	0.0	0.8	0.8
Tax benefit (expense)	0.0	0.2	(8.1)	(7.9)
Other comprehensive income (loss)	(0.6)	(0.7)	24.3	23.0
Balance at March 31, 2021	\$ (27.0)	\$ (0.7)	\$ (26.9)	\$ (54.6)
Balance at December 31, 2021	\$ (30.2)	\$ (0.6)	\$ (37.4)	\$ (68.2)
Other comprehensive income (loss) before reclassifications	(2.2)	2.5	20.6	20.9
Amounts reclassified to consolidated statement of income <sup>(a)</sup>	0.0	0.0	(0.4)	(0.4)
Tax benefit (expense)	0.0	(0.6)	(4.9)	(5.5)
Other comprehensive income (loss)	(2.2)	1.9	15.3	15.0
Balance at March 31, 2022	\$ (32.4)	\$ 1.3	\$ (22.1)	\$ (53.2)

(a) Amounts reclassified to cost of sales, selling, general and administrative expenses or interest expense.

## 16. Commitments, Contingencies and Guarantees

### Commitments

a. The Company has a partnership with a supplier of raw materials that mines and processes sodium-based mineral deposits. The Company purchases the majority of its sodium-based raw material requirements from the partnership. The partnership agreement terminates upon two years' written notice by either partner. Under the partnership agreement, the Company has an annual commitment to purchase 240,000 tons of sodium-based raw materials at the prevailing market price. The Company is not engaged in any other material transactions with the partnership or the partner supplier.

b. As of March 31, 2022, the Company had commitments of approximately \$367.7. These commitments include the purchase of raw materials, packaging supplies and services from its vendors at market prices to enable the Company to respond quickly to changes in customer orders or requirements, as well as costs associated with licensing and promotion agreements.

c. As of March 31, 2022, the Company had various guarantees and letters of credit totaling \$5.3.

d. In connection with the Flawless Acquisition, the Company was obligated to pay an additional amount of up to \$425.0 based on sales performance through 2021. The initial fair value of this business acquisition liability was \$182.0. That amount was established in the purchase price allocation. During the years ended December 31, 2021 and 2020, the Company decreased the fair value of the business acquisition liability by \$98.0 and by \$94.0, respectively, based on updated sales forecasts. As a result of these adjustments, the fair value of this business acquisition liability was \$0.0 as of December 31, 2021, which was the end of the earn-out period. The changes in fair value were recorded within the Consumer Domestic and Consumer International segments.

In connection with the Zicam Acquisition, the Company deferred an additional cash payment of \$20.0 related to certain indemnifications provided by the seller. Any amount that may be due is payable five years from the closing.

In connection with the TheraBreath Acquisition, the Company deferred an additional cash payment of \$14.0 related to certain indemnity obligations provided by the seller. The additional amount, to the extent not used in satisfaction of such indemnity obligations, is payable in installments between two and four years from the closing.

## Legal proceedings

e. In addition, in conjunction with the Company's acquisition and divestiture activities, the Company entered into select guarantees and indemnifications of performance with respect to the fulfillment of the Company's commitments under applicable purchase and sale agreements. The arrangements generally indemnify the buyer or seller for damages associated with breach of contract, inaccuracies in representations and warranties surviving the closing date and satisfaction of liabilities and commitments retained under the applicable contract. Representations and warranties that survive the closing date generally survive for periods up to five years or the expiration of the applicable statutes of limitations. Potential losses under the indemnifications are generally limited to a portion of the original transaction price, or to other lesser specific dollar amounts for select provisions. With respect to sale transactions, the Company also routinely enters into non-competition agreements for varying periods of time. Guarantees and indemnifications with respect to acquisition and divestiture activities, if triggered, could have a materially adverse impact on the Company's financial condition, results of operations and cash flows.

f. In addition to the matters described above, from time to time in the ordinary course of its business the Company is the subject of, or party to, various pending or threatened legal, regulatory or governmental actions or other proceedings, including, without limitation, those relating to, intellectual property, commercial transactions, product liability, purported consumer class actions, employment matters, antitrust, environmental, health, safety and other compliance related matters. Such proceedings are generally subject to considerable uncertainty and their outcomes, and any related damages, may not be reasonably predictable or estimable. Any such proceedings could result in a material adverse outcome negatively impacting the Company's business, financial condition, results of operations or cash flows.

## 17. Related Party Transactions

The following summarizes the balances and transactions between the Company and Armand Products Company ("Armand") and The ArmaKleen Company ("ArmaKleen"), in each of which the Company holds a 50% ownership interest:

	Armand		ArmaKleen	
	Three Months Ended		Three Months Ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Purchases by Company	\$ 3.0	\$ 2.9	\$ 0.0	\$ 0.0
Sales by Company	\$ 0.0	\$ 0.0	\$ 0.1	\$ 0.2
Outstanding Accounts Receivable	\$ 0.4	\$ 0.5	\$ 0.6	\$ 0.8
Outstanding Accounts Payable	\$ 1.6	\$ 1.0	\$ 0.0	\$ 0.0
Administration & Management Oversight Services <sup>(1)</sup>	\$ 0.6	\$ 0.5	\$ 0.5	\$ 0.5

<sup>(1)</sup> Billed by the Company and recorded as a reduction of SG&A expenses.

## 18. Segments

### Segment Information

The Company operates three reportable segments: Consumer Domestic, Consumer International and Specialty Products Division. These segments are determined based on differences in the nature of products and organizational structure. The Company also has a Corporate segment.

Segment revenues are derived from the sale of the following products:

<u>Segment</u>	<u>Products</u>
Consumer Domestic	Household and personal care products
Consumer International	Primarily personal care products
SPD	Specialty chemical products

The Corporate segment income consists of equity in earnings of affiliates. As of March 31, 2022, the Company held 50% ownership interests in each of Armand and ArmaKleen, respectively. The Company's equity in earnings of Armand and ArmaKleen, totaling \$2.4 and \$2.6 for the three months ended March 31, 2022 and 2021.

Certain subsidiaries that are included in the Consumer International segment manufacture and sell personal care products to the Consumer Domestic segment. These sales are eliminated from the Consumer International segment results set forth in the table below.

Segment net sales and income before income taxes are as follows:

	<b>Consumer Domestic</b>	<b>Consumer International</b>	<b>SPD</b>	<b>Corporate<sup>(3)</sup></b>	<b>Total</b>
<b>Net Sales<sup>(1)</sup></b>					
<b>First Quarter of 2022</b>	<b>\$ 995.1</b>	<b>\$ 214.6</b>	<b>\$ 87.5</b>	<b>\$ 0.0</b>	<b>\$ 1,297.2</b>
First Quarter of 2021	942.4	216.4	80.1	0.0	1,238.9
<b>Income before Income Taxes<sup>(2)</sup></b>					
<b>First Quarter of 2022</b>	<b>\$ 222.7</b>	<b>\$ 29.6</b>	<b>\$ 11.5</b>	<b>\$ 2.4</b>	<b>\$ 266.2</b>
First Quarter of 2021 <sup>(4)</sup>	240.9	38.2	9.3	2.6	291.0

- (1) Intersegment sales from Consumer International to Consumer Domestic, which are not reflected in the table, were \$4.8 and \$2.6 for the three months ended March 31, 2022 and March 31, 2021, respectively.
- (2) In determining income before income taxes, interest expense, investment earnings and certain aspects of other income and expense were allocated among segments based upon each segment's relative income from operations.
- (3) Corporate segment consists of equity in earnings of affiliates from Armand and ArmaKleen for the three months ended March 31, 2022 and March 31, 2021.
- (4) 2021 results include a \$19.0 reduction of SG&A expenses to adjust the Flawless business acquisition liability, of which \$16.1 was recorded to Consumer Domestic and \$2.9 was recorded to Consumer International.

Product line revenues from external customers are as follows:

	<b>Three Months Ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Household Products	<b>\$ 520.5</b>	<b>\$ 495.2</b>
Personal Care Products	<b>474.6</b>	<b>447.2</b>
Total Consumer Domestic	<b>995.1</b>	<b>942.4</b>
Total Consumer International	<b>214.6</b>	<b>216.4</b>
Total SPD	<b>87.5</b>	<b>80.1</b>
<b>Total Consolidated Net Sales</b>	<b>\$ 1,297.2</b>	<b>\$ 1,238.9</b>

Household Products include laundry, deodorizing and cleaning products. Personal Care Products include condoms, pregnancy kits, oral care products, skin care and hair care products, cold and remedy products, and gummy dietary supplements.

**CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES**  
(In millions, except per share data)

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*Recent Developments*

*COVID-19 and Other Related Recent Developments*

The COVID-19 pandemic continues to impact our business. During the onset of the pandemic, demand for many of our brands was impacted by "stay at home" orders and the temporary and permanent closure of certain retailers. As government restrictions were reduced or removed and stimulus actions, primarily in the US, benefitted consumers, we started to experience an increase in demand for many of our brands. More recently, the impacts to our business have been primarily supply chain related, including labor shortages and challenges with distribution and transportation, resulting in difficulty meeting customer demand and significant broad-based cost inflation. In addition, recent government restrictions in China have further exacerbated global supply chain challenges and may also have a negative impact on demand for certain of our products in China, because many Chinese consumers are restricted to their homes, thereby reducing consumer in-store foot traffic and delivery services. While it is difficult to predict with certainty when these challenges might subside, we expect shortages to continue at least through the first half of 2022 and input cost inflation to continue at least throughout 2022.

To attempt to offset some of the cost pressures we are experiencing, we have recently enacted and continue to evaluate price increases. In addition, to address challenges meeting customer demand, we have taken steps to increase our short-term manufacturing capacity for many of our products (including laundry detergent, baking soda, cleaners and vitamins) as well as our raw material and packaging capacity, and continue to work closely with our suppliers, contract manufacturers and retail partners to increase capacity and ensure sustained supply to keep pace with increased demand. We have also made investments in the expansion of long-term, in-house and third-party manufacturing capacity and are working to enlist additional suppliers that meet our quality specifications. While we expect supply availability issues to start improving in the second half of 2022 for most of our brands, there is no assurance that these challenges will abate in the foreseeable future or that our customers will accept all or a portion of any price increases, or that the other measures we have or may implement will mitigate the impact of supply disruptions or rising costs.

Looking forward, the extent that COVID-19 and other recent developments' have on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, the spread and severity of new variants, the long-term impact of vaccines, and our continued ability to obtain an adequate supply of materials and recruit and retain a workforce and engage third-parties to manufacture and distribute our products, as well as any future government actions affecting employers and employees, consumers and the economy generally, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Our priorities during the COVID-19 pandemic continue to be protecting the health and safety of our employees; maximizing the availability of products that help consumers with their health, hygiene and cleaning needs; and using our employees' talents and our resources to help society meet and overcome the current challenges.

We are monitoring the impact of both inflation and the COVID-19 pandemic, including the effect of corresponding government actions, such as raising interest rates to counteract inflation, that may negatively impact consumer spending, and how these factors will potentially influence future cash flows for the short and long term. While we expect that many of these effects will be transitory and that our value focused portfolio positions us well in an inflationary and slowing economic environments, it is impossible to predict their impact.

#### *Russia - Ukraine War*

The global economy has been negatively impacted by the military conflict between Russia and Ukraine. Furthermore, governments in the U.S., United Kingdom, and European Union have each imposed export controls on certain products as well as financial and economic sanctions on certain industry sectors and parties in Russia and Belarus. We have experienced shortages in materials and increased costs for transportation, energy, and raw material due in part to the negative impact of the Russia-Ukraine military conflict on the global economy. Further escalation of geopolitical tensions related to the conflict, including increased trade barriers or restrictions on global trade, could result in, among other things, cyber attacks, supply disruptions, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect our business and supply chain.

We have no operations in Russia or Ukraine. Sales into Russia and Belarus, which have been suspended indefinitely, are not material to the Company's consolidated net sales and earnings.

### **Results of Operations**

#### **Consolidated results**

	Three Months Ended March 31, 2022	Change vs. Prior Year	Three Months Ended March 31, 2021
<b>Net Sales</b>	\$ 1,297.2	4.7%	\$ 1,238.9
<b>Gross Profit</b>	\$ 552.5	0.3%	\$ 550.9
Gross Margin	42.6 %	-190 basis points	44.5 %
<b>Marketing Expenses</b>	\$ 101.9	3.2%	\$ 98.7
Percent of Net Sales	7.9 %	-10 basis points	8.0 %
<b>Selling, General &amp; Administrative Expenses</b>	\$ 169.9	13.6%	\$ 149.6
Percent of Net Sales	13.1 %	+100 basis points	12.1 %
<b>Income from Operations</b>	\$ 280.7	-7.2%	\$ 302.6
Operating Margin	21.6 %	-280 basis points	24.4 %
<b>Net income per share - Diluted</b>	\$ 0.83	-5.7%	\$ 0.88

Diluted Net Income per share was \$0.83 in the first quarter of 2022 as compared to \$0.88 in the first quarter of 2021.

During the first quarter of 2021 we decreased the fair value of our business acquisition liability associated with the 2019 acquisition of the FLAWLESS hair removal business (the "Flawless Acquisition") by \$19.0 (\$14.3 after tax or \$0.05 per diluted share), based on updated sales forecasts. The business acquisition liability adjustment was recorded as a reduction in SG&A expense.

## Net Sales

Net sales for the quarter ended March 31, 2022 were \$1,297.2, an increase of \$58.3 or 4.7% as compared to the same period in 2021. The components of the net sales increase are as follows:

	<b>Three Months Ended</b>
	<b>March 31,</b>
	<b>2022</b>
<b>Net Sales - Consolidated</b>	
Product volumes sold	(5.1%)
Pricing/Product mix	7.8%
Foreign exchange rate fluctuations	(0.3%)
Acquired product lines <sup>(1)</sup>	2.3%
<b>Net Sales increase</b>	<b>4.7%</b>

<sup>(1)</sup> On December 24, 2021, we acquired all of the outstanding equity of Dr. Harold Katz, LLC and HK-IP International, Inc., the owners of the THERABREATH brand of oral care products (the “TheraBreath Acquisition”). The results of this acquisition are included in our results since the date of acquisition.

For the three months ended March 31, 2022, the volume change reflects decreased product unit sales in the Consumer Domestic and Consumer International segments, partially offset by increased product unit sales in the Specialty Products (“SPD”) segments. For the three months ended March 31, 2022, price/mix was favorable in all three segments.

## Gross Profit / Gross Margin

Our gross profit was \$552.5 for the three months ended March 31, 2022, a \$1.6 increase as compared to the same period in 2021. Gross margin decreased 190 basis points (“bps”) in the first quarter of 2022 compared to the same period in 2021, due to the impact of higher manufacturing costs including labor and commodities of 450 bps, higher transportation costs of 100 bps, and unfavorable foreign exchange of 10 bps, offset by favorable price/volume/mix of 270 bps, the impact of productivity programs of 70 bps, and business acquisition benefits of 30 bps.

## Operating Expenses

Marketing expenses for the three months ended March 31, 2022 were \$101.9, an increase of \$3.2 or 3.2% as compared to the same period in 2021. Marketing expenses as a percentage of net sales in the first quarter of 2022 decreased by 10 bps to 7.9% as compared to 8.0% in the same period in 2021 due to 40 bps of leverage on higher net sales, offset by 30 bps on higher expenses.

SG&A expenses were \$169.9 in the first quarter of 2022, an increase of \$20.3 or 13.6% as compared to the same period in 2021. SG&A as a percentage of net sales increased 100 bps to 13.1% in the first quarter of 2022 as compared to 12.1% in the same period in 2021. The increase is due to 160 bps on higher expenses, offset by 60 bps of leverage associated with higher sales. The higher expenses for the three-month period ended March 31, 2022 are primarily due to the prior year reduction in the fair value of the Flawless business acquisition liability of \$19.0.

Other (income) expense, net was nominal for the three months ended March 31, 2022 and 2021.

Interest expense for the three months ended March 31, 2022 increased \$2.6 to \$16.6, as compared to the same period in 2021, primarily due to higher average debt outstanding.

## Income Taxes

The effective tax rate for the three months ended March 31, 2022 was 23.2%, compared to 24.2% in the same period in 2021. The decrease in the tax rate is primarily due to higher stock option exercises.

## Segment results

We operate three reportable segments: Consumer Domestic, Consumer International and SPD. These segments are determined based on differences in the nature of products and organizational structure. We also have a Corporate segment.

<u>Segment</u>	<u>Products</u>
Consumer Domestic	Household and personal care products
Consumer International	Primarily personal care products
SPD	Specialty chemical products

The Corporate segment income consists of equity in earnings of affiliates. As of March 31, 2022, we held 50% ownership interests in each of Armand Products Company (“Armand”) and The ArmaKleen Company (“ArmaKleen”), respectively. Our equity in earnings of Armand and ArmaKleen, totaling \$2.4 and \$2.6 for the three months ended March 31, 2022 and 2021, respectively, and are included in the Corporate segment. Certain subsidiaries that are included in the Consumer International segment manufacture and sell personal care products to the Consumer Domestic segment. These sales are eliminated from the Consumer International segment results set forth below.

Segment net sales and income before income taxes for the three months ended March 31, 2022 and March 31, 2021 are as follows:

	<b>Consumer Domestic</b>	<b>Consumer International</b>	<b>SPD</b>	<b>Corporate<sup>(3)</sup></b>	<b>Total</b>
<b>Net Sales<sup>(1)</sup></b>					
<b>First Quarter of 2022</b>	<b>\$ 995.1</b>	<b>\$ 214.6</b>	<b>\$ 87.5</b>	<b>\$ 0.0</b>	<b>\$ 1,297.2</b>
First Quarter of 2021	942.4	216.4	80.1	0.0	1,238.9
<b>Income before Income Taxes<sup>(2)</sup></b>					
<b>First Quarter of 2022</b>	<b>\$ 222.7</b>	<b>\$ 29.6</b>	<b>\$ 11.5</b>	<b>\$ 2.4</b>	<b>\$ 266.2</b>
First Quarter of 2021 <sup>(4)</sup>	240.9	38.2	9.3	2.6	291.0

<sup>(1)</sup> Intersegment sales from Consumer International to Consumer Domestic, which are not reflected in the table, were \$4.8 and \$2.6 for the three months ended March 31, 2022 and March 31, 2021, respectively.

<sup>(2)</sup> In determining income before income taxes, interest expense, investment earnings and certain aspects of other income and expense were allocated among the segments based upon each segment’s relative income from operations.

<sup>(3)</sup> Corporate segment consists of equity in earnings of affiliates from Armand and ArmaKleen for the three months ended March 31, 2022 and March 31, 2021.

<sup>(4)</sup> 2021 results include a \$19.0 reduction of SG&A expenses to reduce the Flawless business acquisition liability, of which \$16.1 was recorded to Consumer Domestic and \$2.9 was recorded to Consumer International.

Product line revenues from external customers are as follows:

	<b>Three Months Ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Household Products	<b>\$ 520.5</b>	<b>\$ 495.2</b>
Personal Care Products	<b>474.6</b>	<b>447.2</b>
Total Consumer Domestic	<b>995.1</b>	<b>942.4</b>
Total Consumer International	<b>214.6</b>	<b>216.4</b>
Total SPD	<b>87.5</b>	<b>80.1</b>
<b>Total Consolidated Net Sales</b>	<b>\$ 1,297.2</b>	<b>\$ 1,238.9</b>

Household Products include laundry, deodorizing, and cleaning products. Personal Care Products include condoms, pregnancy kits, oral care products, skin care and hair care products, cold and remedy products, and gummy dietary supplements.

## Consumer Domestic

Consumer Domestic net sales in the first quarter of 2022 were \$995.1, an increase of \$52.7 or 5.6% as compared to the same period in 2021. The components of the net sales change are the following:

	<b>Three Months Ended</b>
	<b>March 31,</b>
	<b>2022</b>
<b>Net Sales - Consumer Domestic</b>	
Product volumes sold	(6.0%)
Pricing/Product mix	8.7%
Acquired product lines <sup>(1)</sup>	2.9%
<b>Net Sales increase</b>	<b>5.6%</b>

<sup>(1)</sup> Includes the TheraBreath Acquisition since the date of acquisition.

The increase in net sales for the three months ended March 31, 2022, reflects the impact of the TheraBreath® Acquisition, and higher net sales in ZICAM™ zinc supplements, OXICLEAN® Versatile Stain Remover, BATISTE® dry shampoo, ARM & HAMMER® Cat Litter and ARM & HAMMER® Liquid Detergent, offset by declines in FLAWLESS® Hair Removal Products, WATERPIK® Shower Heads, and XTRA® Liquid Detergent.

In recent years our TROJAN business, specifically the condom category, had not grown and competition has increased. Social distancing requirements due to the COVID-19 pandemic had further negatively impacted the business. As a result, the TROJAN business had experienced stagnant sales and profits resulting in a reduction in expected future cash flows which eroded a portion of the excess between the fair and carrying value of the tradename. This indefinite-lived intangible asset may be susceptible to impairment risk and a continued decline in fair value could trigger a future impairment charge of the TROJAN tradename.

While management has implemented strategies to address the risk, including lowering our production costs, investing in new product ideas, and developing new creative advertising, significant changes in operating plans or adverse changes in the future could reduce the underlying cash flows used to estimate fair value. More recently, TROJAN has experienced a recovery in sales and profits as it is benefiting from an easing of COVID-19 social restrictions leading to an increase in sexual activity. We expect this trend will continue with the adoption of vaccines, the reduction of social distancing restrictions and the benefit of management strategies to improve sales and profitability.

Consumer Domestic income before income taxes for the first quarter of 2022 was \$222.7, an \$18.2 decrease as compared to the first quarter of 2021. The decrease is due primarily to higher manufacturing and distribution expenses of \$52.5, the impact of lower sales volumes of \$16.6, higher SG&A expenses of \$15.8 (including the prior year reduction in the fair value of the Flawless business acquisition liability of \$16.1), higher marketing expenses of \$4.9 and higher interest and other expenses of \$2.4, partially offset by a favorable price/mix of \$73.9.

## Consumer International

Consumer International net sales were \$214.6 in the first quarter of 2022, a decrease of \$1.8 or 0.8% as compared to the same period in 2021. The components of the net sales change are the following:

	<b>Three Months Ended</b>
	<b>March 31,</b>
	<b>2022</b>
<b>Net Sales - Consumer International</b>	
Product volumes sold	(3.6%)
Pricing/Product mix	3.9%
Foreign exchange rate fluctuations	(1.9%)
Acquired product lines <sup>(1)</sup>	0.8%
<b>Net Sales decrease</b>	<b>(0.8%)</b>

<sup>(1)</sup> Includes the TheraBreath Acquisition since the date of acquisition.

Excluding the impact of foreign exchange rates, sales were higher in the first quarter ended March 31, 2022 for STERIMAR®, BATISTE, OXICLEAN, and VITAFUSION and L'IL CRITTERS gummy vitamins in the Global Markets Group ("GMG") business.



The positive GMG performance was offset by volume declines in Canada, Mexico, France and UK. International Growth was also negatively impacted by international supply chain issues and laundry portfolio decisions in Canada.

Consumer International income before income taxes was \$29.6 in the first quarter of 2022, an \$8.6 decrease as compared to the first quarter of 2021. Higher manufacturing and commodity costs of \$6.0, higher SG&A expenses of \$3.4 (partially due to the prior year reduction in fair value of the Flawless business acquisition liability of \$2.9), the impact of lower sales volumes of \$3.2, unfavorable foreign exchange rates of \$1.8 and higher interest and other expenses of \$0.2, were partially offset by a favorable price/mix of \$5.0 and lower marketing expenses of \$0.8.

### Specialty Products (“SPD”)

SPD net sales were \$87.5 in the first quarter of 2022, an increase of \$7.4 or 9.2% as compared to the same period in 2021. The components of the net sales change are the following:

	<b>Three Months Ended</b>
	<b>March 31, 2022</b>
<b>Net Sales - SPD</b>	
Product volumes sold	1.1 %
Pricing/Product mix	8.1 %
<b>Net Sales increase</b>	<b>9.2 %</b>

Net sales increased in the first quarter of 2022 primarily due to higher pricing in our dairy and specialty chemicals segments in response to rising costs and higher volumes for our non-dairy segment.

SPD income before income taxes was \$11.5 in the first quarter of 2022, an increase of \$2.2 as compared to the same period in 2021, due to favorable price/product mix of \$6.5, a \$0.9 benefit from higher volumes, offset by unfavorable manufacturing costs of \$4.5, higher SG&A costs of \$0.4, and higher other expenses of \$0.3.

### Corporate

The Corporate segment includes equity in earnings of affiliates from Armand and ArmaKleen in the three months of 2022 and 2021. The Corporate segment income before income taxes was \$2.4 in the first quarter of 2022, as compared to \$2.6 in the same period in 2021.

## Liquidity and Capital Resources

On May 1, 2019, we amended the credit agreement (the "Credit Agreement") that provides for our \$1,000.0 unsecured revolving credit facility (the "Revolving Credit Facility") to extend the term of the Revolving Credit Facility from March 29, 2023 to March 29, 2024. We continue to have the ability to increase our borrowing up to an additional \$600.0, subject to lender commitments and certain conditions as described in the Credit Agreement. Borrowings under the Credit Agreement are available for general corporate purposes.

As of March 31, 2022, we had \$174.4 in cash and cash equivalents, and approximately \$896.0 available through the Revolving Credit Facility and our commercial paper program. To preserve our liquidity, we invest cash primarily in government money market funds, prime money market funds, short-term commercial paper and short-term bank deposits.

The current economic environment presents risks that could have adverse consequences for our liquidity. See "Unfavorable economic conditions could adversely affect demand for our products" under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "Form 10-K"). Although there is uncertainty related to the impact of the COVID-19 pandemic, and other recent developments on our future results, we believe our efficient business model, value focused portfolio and strong balance sheet position us to manage our business through these challenges. We continue to manage all aspects of our business including, but not limited to, monitoring the financial health of our customers, suppliers and other third-party relationships, implementing gross margin enhancement strategies and developing new opportunities for growth. We do not anticipate that current economic conditions will adversely affect our ability to comply with the financial covenant in the Credit Agreement because we currently are, and anticipate that we will continue to be, in compliance with the maximum leverage ratio requirement under the Credit Agreement.

On October 28, 2021, the Board authorized a new share repurchase program, under which we may repurchase up to \$1,000.0 in shares of Common Stock (the "2021 Share Repurchase Program"). The 2021 Share Repurchase Program does not have an expiration and replaced the 2017 Share Repurchase Program. All remaining dollars authorized for repurchase under the 2017 Share Repurchase Plan have been cancelled. The 2021 Share Repurchase Program did not modify our evergreen share repurchase program, authorized by the Board on January 29, 2014, under which we may repurchase, from time to time, Common Stock to reduce or eliminate dilution associated with issuances of Common Stock under its incentive plans.

In December 2021, we executed open market purchases of 1.8 million shares for \$170.3 million, inclusive of fees, of which \$100.0 million was purchased under the evergreen share repurchase program and \$70.3 million was purchased under the 2021 Share Repurchase Program. In December 2021, we also entered into an accelerated share repurchase ("ASR") contract with a commercial bank to purchase Common Stock. We paid \$200.0 to the bank, inclusive of fees, and received an initial delivery of shares equal to \$180.0, or 1.8 million shares. We used cash on hand and short-term borrowings to fund the initial purchase price. Upon the completion of the ASR, which ended in February 2022, the bank delivered an additional 0.2 million shares. The final shares delivered to us were determined by the average price per share paid by the bank during the purchase period. All 2.0 million shares were purchased under the 2021 Share Repurchase Program.

As a result of our recent stock repurchases, there remains \$729.7 of share repurchase availability under the 2021 Share Repurchase Program as of March 31, 2022.

On January 28, 2022, the Board declared a 4% increase in the regular quarterly dividend from \$0.2525 to \$0.2625 per share, equivalent to an annual dividend of \$1.05 per share. The increase raises the annual dividend payout from \$248.0 to approximately \$255.0.

We anticipate that our cash from operations, together with our current borrowing capacity, will be sufficient to fund our share repurchase programs to the extent implemented by management, pay debt and interest as it comes due and pay dividends at the latest approved rate, and meet our capital expenditure program costs, which are expected to be approximately \$200.0 in 2022 primarily for manufacturing capacity investments in laundry, litter and vitamins to support expected future sales growth. Cash, together with our current borrowing capacity, may be used for acquisitions that would complement our existing product lines or geographic markets.

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net cash provided by operating activities	\$ 152.8	\$ 100.2
Net cash used in investing activities	\$ (15.7)	\$ (30.0)
Net cash used in financing activities	\$ (202.6)	\$ (125.0)

**Net Cash Provided by Operating Activities** – Our primary source of liquidity is the cash flow provided by operating activities, which is dependent on net income and changes in working capital. Our net cash provided by operating activities in the first three months ended March 31, 2022 increased by \$52.6 to \$152.8 as compared to \$100.2 in the same period in 2021 due to a decrease in working capital partially offset by lower cash earnings (net income adjusted for non-cash items). The decrease in working capital is primarily related to the change in accruals related to incentive compensation partially offset by higher inventory levels to support service levels. We measure working capital effectiveness based on our cash conversion cycle. The following table presents our cash conversion cycle information for the quarters ended March 31, 2022 and 2021:

	As of		Change
	March 31, 2022	March 31, 2021	
Days of sales outstanding in accounts receivable ("DSO")	28	29	(1)
Days of inventory outstanding ("DIO")	69	68	1
Days of accounts payable outstanding ("DPO")	80	74	(6)
Cash conversion cycle	17	23	(6)

Our cash conversion cycle (defined as the sum of DSO and DIO less DPO) which is calculated using a two-period average method, decreased 6 days from the prior year due to payable term extensions. We continue to focus on reducing our working capital requirements.

**Net Cash Used in Investing Activities** – Net cash used in investing activities during the first three months of 2022 was \$15.7, primarily reflecting \$15.6 for property, plant and equipment additions. Net cash used in investing activities during the first three months of 2021 was \$30.0, primarily reflecting \$26.3 for property, plant and equipment additions.

**Net Cash Used in Financing Activities** – Net cash used in financing activities during the first three months of 2022 was \$202.6 reflecting \$149.9 of net debt payments, \$63.7 of cash dividend payments, partially offset by \$11.0 of proceeds from stock option exercises. Net cash used in financing activities during the first three months of 2021 was \$125.0, reflecting \$69.0 of net debt payments and \$61.9 of cash dividend payments, partially offset by \$5.9 of proceeds from stock option exercises.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

#### **Market risk**

For quantitative and qualitative disclosures about market risk affecting the Company, see “Quantitative and Qualitative Disclosures About Market Risk” in Item 7A of Part II in the Form 10-K.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### a) Evaluation of Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) at the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures, as of the end of the period covered by this report, are effective to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the United States Securities and Exchange Commission (the “Commission”), and (ii) accumulated and communicated to the Company’s management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding the disclosure.

## b) Change in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurring during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION**

This report contains forward-looking statements, including, among others, statements relating to net sales and earnings growth; the impact of the COVID-19 pandemic and the Company's response; gross margin changes; trade and marketing spending; marketing expense as a percentage of net sales; sufficiency of cash flows from operations; earnings per share; the impact of new accounting pronouncements; cost savings programs; consumer demand and spending; the effects of competition; the effect of product mix; volume growth, including the effects of new product launches into new and existing categories; the decline of condom usage; the Company's hedge programs; the impact of foreign exchange, tariffs, and commodity price fluctuations; impairments and other charges; the Company's investments in joint ventures; the impact of acquisitions and divestitures; capital expenditures; the Company's effective tax rate; the impact of tax audits; tax changes and the lapse of applicable statutes of limitations; the effect of the credit environment on the Company's liquidity and capital resources; the Company's fixed rate debt; compliance with covenants under the Company's debt instruments; the Company's commercial paper program; the Company's current and anticipated future borrowing capacity to meet capital expenditure program costs; and the Company's share repurchase programs; payment of dividends; environmental and regulatory matters; the availability and adequacy of raw materials, including irona reserves and the conversion of such reserves; and the customers and consumer acceptance of certain ingredients in our products. Other forward-looking statements in this report are generally identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate," "to be," "to make" or other comparable terms. These statements represent the intentions, plans, expectations and beliefs of the Company, and are based on assumptions that the Company believes are reasonable but may prove to be incorrect. In addition, these statements are subject to risks, uncertainties and other factors, many of which are outside the Company's control and could cause actual results to differ materially from such forward-looking statements. Factors that could cause such differences include a decline in market growth, retailer distribution and consumer demand (as a result of, among other things, political, economic and marketplace conditions and events), including those relating to the outbreak of contagious diseases; other impacts of the COVID-19 pandemic and its impact on the Company's operations, customers, suppliers, employees, and other constituents, and market volatility and impact on the economy (including causing recessionary conditions), resulting from global, nationwide or local or regional outbreaks or increases in infections, new variants, and the risk that the Company will not be able to successfully execute its response plans with respect to the pandemic or localized outbreaks and the corresponding uncertainty; the impact of regulatory changes or policies associated with the COVID-19 pandemic, including continuing or renewed shutdowns of retail and other businesses in various jurisdictions; the impact of the CARES Act and other governmental actions; the impact on the global economy of the military conflict between Russia and Ukraine, including the impact of export controls and other economic sanctions; the impact of continued shifts in consumer behavior, including accelerating shifts to on-line shopping; unanticipated increases in raw material and energy prices, including as a result of the military conflict between Russia and Ukraine; delays and increased costs in manufacturing and distribution; increases in transportation costs; labor shortages; the impact of price increases for our products; the impact of supply chain disruptions; the impact of inclement weather on raw material and transportation costs; adverse developments affecting the financial condition of major customers and suppliers; competition; changes in marketing and promotional spending; growth or declines in various product categories and the impact of customer actions in response to changes in consumer demand and the economy, including increasing shelf space or on-line share of private label and retailer-branded products or other changes in the retail environment; consumer and competitor reaction to, and customer acceptance of, new product introductions and features; the Company's ability to maintain product quality and characteristics at a level acceptable to our customers and consumers; disruptions in the banking system and financial markets; foreign currency exchange rate fluctuations; implications of the United Kingdom's withdrawal from the European Union; transition to, and shifting economic policies in the United States; potential changes in export/import and trade laws, regulations and policies of the United States and other countries, including any increased trade restrictions or tariffs, including the actual and potential effect of tariffs on Chinese goods imposed by the United States; increased or changing regulation regarding the Company's products in the United States and other countries where it or its suppliers operate; market volatility; issues relating to the Company's information technology and controls; the impact of natural disasters, including those related to climate change, on the Company and its customers and suppliers, including third party information technology service providers; integrations of acquisitions or divestiture of assets; the outcome of contingencies, including litigation, pending regulatory proceedings and environmental matters; and changes in the regulatory environment.

The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the United States federal securities laws. You are advised, however, to consult any further disclosures the Company makes on related subjects in its filings with the United States Securities and Exchange Commission (the "Commission").

## **PART II – OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

#### **General**

The Company, in the ordinary course of its business, is subject of, or party to, various pending or threatened legal actions, government investigations and proceedings from time to time, including, without limitation, those relating to commercial transactions, product liability, purported consumer class actions, employment matters, antitrust, environmental, health, safety and other compliance related matters. Such proceedings are subject to many uncertainties and the outcome of certain pending or threatened legal actions may not be reasonably predictable and any related damages may not be estimable. Certain legal actions could result in an adverse outcome for us, and any such adverse outcome could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

### **ITEM 1A. RISK FACTORS**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item 1A, “Risk Factors” in the Form 10-K, which could materially affect the Company’s business, financial condition or future results.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The Company repurchases shares of its Common Stock from time to time pursuant to its publicly announced share repurchase programs.

On October 28, 2021, the Board authorized a new share repurchase program under which the Company may purchase up to \$1,000.0 in shares of Common Stock (the “2021 Share Repurchase Program”). The 2021 Share Repurchase Program does not have an expiration and replaces the Company’s 2017 Share Repurchase Program. All remaining dollars authorized for repurchase under the 2017 Share Repurchase Plan have been cancelled. The 2021 Share Repurchase Program does not modify the Company’s evergreen share repurchase program, authorized by the Board on January 29, 2014, under which the Company may repurchase, from time to time, Common Stock to reduce or eliminate dilution associated with issuances of Common Stock under its incentive plans.

In December 2021, the Company executed open market purchases of 1.8 million shares for \$170.3, inclusive of fees, of which \$100.0 was purchased under the evergreen share repurchase program and \$70.3 was purchased under the 2021 Share Repurchase Program. In December 2021, the Company also entered into an accelerated share repurchase (“ASR”) contract with a commercial bank to purchase Common Stock. The Company paid \$200.0 to the bank, inclusive of fees, and received an initial delivery of shares equal to \$180.0, or 1.8 million shares. The Company used cash on hand and short-term borrowings to fund the initial purchase price. Upon the completion of the ASR, which ended in February 2022, the bank delivered an additional 0.2 million shares to the Company. The final shares delivered to the Company were determined by the average price per share paid by the bank during the purchase period. All 2.0 million shares were purchased under the 2021 Share Repurchase Program.

As a result of the Company’s recent stock repurchases, there remains \$729.7 of share repurchase availability under the 2021 Share Repurchase Program as of March 31, 2022.

<b>Period</b>	<b>Total Number of Shares Purchased<sup>(1)</sup></b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under All Programs</b>
1/1/2022 to 1/31/2022	-	\$ -	-	\$ 729,727,297
2/1/2022 to 2/28/2022	154,431	129.51	154,431	\$ 729,727,297
3/1/2022 to 3/31/2022	-	-	-	\$ 729,727,297
Total	<u>154,431</u>	<u>\$ 129.51</u>	<u>154,431</u>	

<sup>(1)</sup> There were no shares of Common Stock withheld the Company to satisfy tax withholding obligations in connection with the vesting of restricted stock.

**Exhibit Index**

- (3.1) [Amended and Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.1 to the Company's quarterly report on Form 10-Q filed on June 30, 2020.](#)
- (3.2) [Amendment to the Company's Amended and Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Company's current report on Form 8-K filed on April 30, 2021.](#)
- (3.3) [By-laws of the Company, amended and restated as of May 1, 2020, incorporated by reference to Exhibit 3.2 to the Company's current report on Form 8-K filed on May 1, 2020.](#)
- (31.1) [Certification of the Chief Executive Officer of the Company pursuant to Rule 13a-14\(a\) under the Securities Exchange Act.](#)
- (31.2) [Certification of the Chief Financial Officer of the Company pursuant to Rule 13a-14\(a\) under the Securities Exchange Act.](#)
- (32.1) [Certification of the Chief Executive Officer of the Company pursuant to Rule 13a-14\(b\) under the Exchange Act and 18 U.S.C. Section 1350.](#)
- (32.2) [Certification of the Chief Financial Officer of the Company pursuant to Rule 13a-14\(b\) under the Exchange Act and 18 U.S.C. Section 1350.](#)
- (101.INS) Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- (101.SCH) Inline XBRL Taxonomy Extension Schema Document.
- (101.CAL) Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- (101.DEF) Inline XBRL Taxonomy Extension Definition Linkbase Document.
- (101.LAB) Inline XBRL Taxonomy Extension Label Linkbase Document.
- (101.PRE) Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- (104) Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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• Indicates documents filed herewith.

**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 thereunto duly authorized.

CHURCH & DWIGHT CO., INC.  
(REGISTRANT)

DATE: April 28, 2022 /s/ Richard A. Dierker  
RICHARD A. DIERKER  
EXECUTIVE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER  
(PRINCIPAL FINANCIAL OFFICER)

DATE: April 28, 2022 /s/ Joseph J. Longo  
JOSEPH J. LONGO  
VICE PRESIDENT AND  
CONTROLLER  
(PRINCIPAL ACCOUNTING OFFICER)

CERTIFICATIONS

I, Matthew T. Farrell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Church & Dwight Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of any material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on our evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

/s/ Matthew T. Farrell

Matthew T. Farrell  
President and Chief Executive Officer

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CERTIFICATIONS

I, Richard A. Dierker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Church & Dwight Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of any material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on our evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

/s/ Richard A. Dierker

Richard A. Dierker  
Executive Vice President and Chief Financial Officer

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**CERTIFICATION PURSUANT TO  
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT AND  
18 U.S.C. SECTION 1350**

I, Matthew T. Farrell, President and Chief Executive Officer of Church & Dwight Co., Inc. (the "Company"), hereby certify that, based on my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By:

/s/ Matthew T. Farrell

Matthew T. Farrell  
President and Chief Executive Officer

Dated:

April 28, 2022

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**CERTIFICATION PURSUANT TO  
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT AND  
18 U.S.C. SECTION 1350**

I, Richard A. Dierker, Executive Vice President and Chief Financial Officer of Church & Dwight Co., Inc. (the “Company”), hereby certify that, based on my knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By:

/s/ Richard A. Dierker

Richard A. Dierker

Executive Vice President and Chief Financial Officer

Dated:

April 28, 2022

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