The Procter & Gamble Company Regulation G Reconciliation of Non-GAAP Measures

In accordance with the SEC's Regulation G, the following provides definitions of the non-GAAP measures used in Procter & Gamble's November 30, 2021 Morgan Stanley conference, associated slides, and other materials. Also included here are reconciliations of each of these non-GAAP financial measures to the most closely related GAAP measure. Management believes that these non-GAAP measures provide useful perspective on underlying business trends and provide a supplemental measure of period-to-period financial results. Disclosing these non-GAAP financial measures allows investors and management to view our operating results excluding the impact of items that are not reflective of the underlying operating performance. Management uses these non-GAAP measures in making operating decisions, allocating financial resources and for business strategy purposes. Certain of these measures are also used to evaluate senior management and are a factor in determining their at-risk compensation. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the company's reported results prepared in accordance with GAAP results. Our non-GAAP financial measures do not represent a comprehensive basis of accounting. Therefore, our non-GAAP financial measures may not be comparable to similarly titled measures reported by other companies.

The measures provided are as follows:

1. Organic sales growth — page 3
2. Core EPS and currency-neutral Core EPS — page 4
3. Free cash flow productivity and Adjusted free cash flow productivity — page 5

Organic sales growth*: Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of acquisitions and divestitures, the impact from the July 1, 2018 adoption of new accounting standards for "Revenue from Contracts with Customers", the impact from India Goods and Services Tax changes (which were effective on July 1, 2017), the impact of Venezuela deconsolidation in 2016 and foreign exchange from year-over-year comparisons. Management believes this measure provides investors with a supplemental understanding of underlying sales trends and growth on a consistent basis.

The Core earnings measures included in the following reconciliation tables refer to the equivalent GAAP measures adjusted as applicable for the following items:

- Incremental restructuring: The Company has historically had an ongoing level of restructuring activities. Such activities have resulted in ongoing annual restructuring related charges of approximately $250 - $500 million before tax. From fiscal 2012 to fiscal 2020, the Company has had a strategic productivity and cost savings initiative that resulted in incremental restructuring charges. The adjustment to Core earnings includes only the restructuring costs above what we believe are the normal recurring level of restructuring costs. In fiscal 2021 and onwards, the Company expects to incur restructuring costs within our historical ongoing level.
- Transitional Impact of U.S. Tax Act: In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "U.S. Tax Act"). This resulted in a net charge of $602 million for the fiscal year 2018. The adjustment to Core earnings only includes this transitional impact. It does not include the ongoing impacts of the lower U.S. statutory rate on the respective years' earnings.
- Gain on Dissolution of the PGT Healthcare Partnership: The Company finalized the dissolution of our PGT Healthcare partnership, a venture between the Company and Teva Pharmaceuticals Industries, Ltd (Teva) in the OTC consumer healthcare business, in the quarter ended September 30, 2018. The transaction was accounted for as a sale of the Teva portion of the PGT business; the Company recognized an after-tax gain on the dissolution of $353 million.
- Shave Care Impairment: In the fourth quarter of fiscal 2019, the company recognized a one-time, non-cash, after-tax charge of $8.0 billion ($8.3 billion before tax) to adjust the carrying values of the Shave Care reporting unit. This was comprised of a before and after-tax impairment charge of $6.8 billion related to goodwill and an after-tax impairment charge of $1.2 billion ($1.6 billion before tax) to reduce the carrying value of the Gillette indefinite-lived intangible assets.
- Anti-dilutive Impacts: The Shave Care impairment charges caused certain equity instruments that are normally dilutive (and hence normally assumed converted or exercised for the purposes of determining diluted net earnings per share) to be anti-dilutive. Accordingly, for U.S. GAAP diluted earnings per share, these instruments were not assumed to be concerted or exercised. Specifically, in the fourth quarter and total fiscal 2019, the weighted average outstanding preferred shares were not included in the diluted weighted average common shares outstanding. Additionally, in the fourth quarter of fiscal 2019, none of our outstanding share-based equity awards were included in the diluted weighted average common shares outstanding. As a result of the non-GAAP Shave Care impairment adjustment, these instruments are dilutive for non-GAAP earnings per share.

- Early debt extinguishment charges: In fiscal 2021 and 2018, the company recorded after tax charges of $427 million and $243 million, respectively, due to early extinguishment of certain long-term debt. These charges represent the difference between the reacquisition price and the par value of the debt extinguished.

We do not view the above items to be part of our sustainable results, and their exclusion from core earnings measures provides a more comparable measure of period-to-period results. These items are also excluded when evaluating senior management in determining their at-risk compensation.

Management views the following non-GAAP measures as useful supplemental measures of Company performance and operating efficiency over time.

Core EPS and currency-neutral Core EPS*: Core earnings per share, or Core EPS, is a measure of the Company's diluted net earnings per share from continuing operations adjusted as indicated. Currency-neutral Core EPS is a measure of the Company's Core EPS excluding the incremental current year impact of foreign exchange.

Free cash flow: Free cash flow is defined as operating cash flow less capital spending. Free cash flow represents the cash that the Company is able to generate after taking into account planned maintenance and asset expansion. Management views free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investment.

Adjusted free cash flow: Adjusted free cash flow is defined as operating cash flow less capital spending and adjustments for items as indicated. Adjusted free cash flow represents the cash that the Company is able to generate after taking into account planned maintenance and asset expansion. Management views adjusted free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investment.

Free cash flow productivity and Adjusted free cash flow productivity*: Free cash flow productivity is defined as the ratio of free cash flow to net earnings. Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings excluding the charges for early debt extinguishment (which are not considered part of our ongoing operations). Management views free cash flow productivity and adjusted free cash flow productivity as useful measures to help investors understand P&G's ability to generate cash. These measures are used by management in making operating decisions, allocating financial resources and for budget planning purposes.

* Measure is used to evaluate senior management and is a factor in determining their at-risk compensation

P&G

1. Organic sales growth:

Organic Sales
Prior Fiscal Years

Total Company	Net Sales Growth	Foreign Exchange Impact	Acquisition/ Divestiture Impact/Other*	Organic Sales Growth
FY 2021	7%	(1)%	-%	6%
FY 2020	5%	2%	(1)%	6%
FY 2019	1%	4%	-%	5%

* Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures for all periods, the impact from the July 1, 2018 adoption of new accounting standards for "Revenue from Contracts with Customers" and rounding impacts necessary to reconcile net sales to organic sales.

Organic Sales
Prior Quarters

Total Company	Net Sales Growth	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other*	Organic Sales Growth
JAS 2021	5%	(1)%	-%	4%
AMJ 2021	7%	(3)%	-%	4%
JFM 2021	5%	(1)%	-%	4%
OND 2020	8%	1%	-%	9%
JAS 2020	9%	1%	(1)%	9%
AMJ 2020	4%	3%	(1)%	6%
JFM 2020	5%	2%	(1)%	6%
OND 2019	5%	1%	(1)%	5%
JAS 2019	7%	2%	(2)%	7%
AMJ 2019	4%	4%	(1)%	7%
JFM 2019	1%	5%	(1)%	5%
OND 2018	-%	4%	-%	4%
JAS 2018	-%	3%	1%	4%

* Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures for all periods, the impact from the July 1, 2018 adoption of new accounting standards for "Revenue from Contracts with Customers" and rounding impacts necessary to reconcile net sales to organic sales.

Organic Sales
Grooming

Total Company	Net Sales Growth	Foreign Exchange Impact	Acquisition/ Divestiture Impact/Other*	Organic Sales Growth
JAS 2021	5%	(1)%	-%	4%
FY 2021	6%	-%	-%	6%

* Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures for all periods and rounding impacts necessary to reconcile net sales to organic sales.

2. Core EPS and currency-neutral Core EPS:

	Three Months Ended September 30 2021	2020
Diluted Net EPS	**$1.61**	**$1.63**
Percentage change vs. prior period	*(1)%*	
Adjustments*	-	-
Core EPS	**$1.61**	**$1.63**
Percentage change vs. prior period Core EPS	*(1)%*	
Currency Impact to Earnings	(0.03)	
Currency-Neutral Core EPS	**$1.58**	
Percentage change vs. prior period Core EPS	*(3)%*	

*For the three months ended September 30, 2021 compared with the three months ended September 30, 2020, there are no adjustments to or reconciling items for diluted net earnings per share.

Core EPS

Prior Fiscal Years

	2021	2020	2019	2018
Diluted Net Earnings Per Share	**$5.50**	**$4.96**	**$1.43**	**$3.67**
Incremental Restructuring	-	0.16	0.13	0.23
Early Debt Extinguishment	0.16	-	-	0.09
Transitional Impact of U.S. Tax Act	-	-	-	0.23
Gain on PGT Dissolution	-	-	(0.13)	-
Shave Care Impairment	-	-	3.03	-
Anti-dilutive Impacts	-	-	0.06	-
Core EPS	**$5.66**	**$5.12**	**$4.52**	**$4.22**
Percentage change vs. prior period	*11%*	*13%*	*7%*	
Currency Impact to Earnings	0.04	0.15	0.35	
Currency-Neutral Core EPS	**$5.70**	**$5.27**	**$4.87**	
Percentage change vs. prior period Core EPS	*11%*	*17%*	*15%*	

Note – All reconciling items are presented net of tax. Tax effects are calculated consistent with the nature of the underlying transaction

3. Adjusted free cash flow productivity and Adjusted free cash flow productivity (dollar amounts in millions):

Adjusted Free Cash Flow

	Operating Cash Flow	Capital Spending	Adjustments to Operating Cash Flow*	Adjusted Free Cash Flow
JAS 2021	$4,643	$(1,091)	$225	$3,777
FY 2021	$18,371	$(2,787)	$225	$15,809
FY 2020	$17,403	$(3,073)	$543	$14,873
FY 2019	$15,242	$(3,347)	$235	$12,130

*Adjustments to Operating Cash Flow relate to tax payments related to the Merck OTC Consumer Healthcare acquisition in fiscal 2020 and for the transitional tax payments resulting from the U.S. Tax Act in fiscal 2021, 2020, and 2019.

Adjusted Free Cash Flow Productivity

	Adjusted Free Cash Flow	Net Earnings	Adjustments to Net Earnings*	Net Earnings Excluding Adjustments	Adjusted Free Cash Flow Productivity
JAS 2021	$3,777	$4,126	—	$4,126	92%
FY 2021	$15,809	$14,352	$427	$14,779	107%
FY 2020	$14,873	$13,103	—	$13,103	114%
FY 2019	$12,130	$3,966	$7,625	$11,591	105%

*Adjustments to Net Earnings relate to the loss on early extinguishment of debt in fiscal 2021 and the Shave Care impairment charges and the gain on the dissolution of the PGT Healthcare partnership in fiscal 2019.