



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

The following provides definitions of the non-GAAP measures used in Procter & Gamble's April 19<sup>th</sup>, 2024 earnings call, associated slides and other materials and the reconciliation to the most closely related GAAP measure. We believe that these non-GAAP measures provide useful perspective on underlying business trends (i.e., trends excluding non-recurring or unusual items) and results and provide a supplemental measure of year-on-year results.

The non-GAAP measures described below are used by Management in making operating decisions, allocating financial resources and for business strategy purposes. These measures may be useful to investors, as they provide supplemental information about business performance and provide investors a view of our business results through the eyes of Management. Certain of these measures are also used to evaluate senior management and are a factor in determining their at-risk compensation.

These non-GAAP measures are not intended to be considered by the user in place of the related GAAP measure, but rather as supplemental information to our business results. These non-GAAP measures may not be the same as similar measures used by other companies due to possible differences in method and in the items or events being adjusted.

The Company is not able to reconcile its forward-looking non-GAAP cash flow and effective tax rate measures because the Company cannot predict the timing and amounts of discrete items such as acquisition and divestitures, which could significantly impact GAAP results.

The following measures are provided:

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2. Core EPS and Currency-neutral Core EPS — page 3
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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 of approximately \$250 - \$500 million before tax. On December 5, 2023, the Company announced a limited market portfolio restructuring of its business operations, primarily in certain Enterprise Markets, including Argentina and Nigeria. The adjustment to Core earnings includes the restructuring charges that exceed the normal, recurring level of restructuring charges.
- Intangible asset impairment: The Company recognized in the three months ended December 31, 2023, a non-cash, after-tax impairment charge of \$1.0 billion (\$1.3 billion before tax) to adjust the carrying value of the Gillette intangible asset acquired as part of the Company's 2005 acquisition of The Gillette Company.

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 year-on-year results. These items are also excluded when evaluating senior management in determining their at-risk compensation.

Organic sales growth: Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of acquisitions and divestitures and foreign exchange from year-over-year comparisons. We believe this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth on a consistent basis. This measure is also used in assessing the achievement of management goals for at-risk compensation.

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 common share from continuing operations excluding items that are not judged by management to be part of the Company's sustainable results or trends. Management views this non-GAAP measure as a useful supplemental measure of Company performance over time. This measure is also used in assessing the achievement of management goals for at-risk compensation. Currency-neutral Core EPS is a measure of the Company's Core EPS excluding the incremental current year impact of foreign exchange.

Core gross margin and currency-neutral Core gross margin: Core gross margin is a measure of the Company's gross margin adjusted for items as indicated. Currency-neutral Core gross margin is a measure of the Company's Core gross margin excluding the incremental current year impact of foreign exchange.

Core operating margin and currency-neutral Core operating margin: Core operating margin is a measure of the Company's operating margin adjusted for items as indicated. Currency-neutral Core operating margin is a measure of the Company's Core operating margin excluding the incremental current year impact of foreign exchange.



**Adjusted free cash flow:** Adjusted free cash flow is defined as operating cash flow less capital spending. 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.

**Adjusted free cash flow productivity:** Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings adjusted as indicated. Management views adjusted free cash flow productivity as a useful measure to help investors understand P&G's ability to generate cash. This measure is used by management in making operating decisions, allocating financial resources and for budget planning purposes.

#### 1. Organic sales growth:

<b>Three Months Ended March 31, 2024</b>	<b>Net Sales Growth</b>	<b>Foreign Exchange Impact</b>	<b>Acquisition &amp; Divestiture Impact/Other*</b>	<b>Organic Sales Growth</b>
Beauty	2%	3%	(2)%	3%
Grooming	3%	7%	—%	10%
Health Care	2%	1%	(1)%	2%
Fabric Care & Home Care	2%	1%	—%	3%
Baby, Feminine & Family Care	(2)%	2%	—%	—%
<b>Total Company</b>	<b>1%</b>	<b>2%</b>	<b>—%</b>	<b>3%</b>

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

#### **Organic Sales Growth** Prior Quarters

<b>Total Company</b>	<b>Net Sales Growth</b>	<b>Foreign Exchange Impact</b>	<b>Acquisition/ Divestiture Impact/Other*</b>	<b>Organic Sales Growth</b>
Q1 FY 2023	1%	6%	—%	7%
Q2 FY 2023	(1)%	6%	—%	5%
Q3 FY 2023	4%	4%	(1)%	7%
Q4 FY 2023	5%	4%	(1)%	8%
Q1 FY 2024	6%	1%	—%	7%
Q2 FY 2024	3%	1%	—%	4%

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

#### **Organic Sales Growth** Guidance

<b>Total Company</b>	<b>Net Sales Growth</b>	<b>Combined Foreign Exchange &amp; Acquisition/Divestiture Impact/Other*</b>	<b>Organic Sales Growth</b>
FY 2024 (Estimate)	+2% to +4%	+1% to +2%	+4% to +5%

\* Combined Foreign Exchange & Acquisition/Divestiture Impact/Other includes foreign exchange impacts, the volume and mix impact of acquisitions and divestitures and rounding impacts necessary to reconcile net sales to organic sales.



## 2. Core EPS and Currency-neutral Core EPS:

		<b>Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
<b>Diluted EPS</b>		<b>\$1.52</b>	<b>\$1.37</b>
Incremental restructuring		—	—
Intangible asset impairment		—	—
<b>Core EPS</b>		<b>\$1.52</b>	<b>\$1.37</b>
<i>Percentage change vs. prior period Core EPS</i>		<i>11%</i>	
Currency impact to earnings		0.09	
<b>Currency-Neutral Core EPS</b>		<b>\$1.61</b>	
<i>Percentage change vs. prior period Core EPS</i>		<i>18%</i>	

  

		<b>Nine Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
<b>Diluted EPS</b>		<b>\$4.75</b>	<b>\$4.53</b>
Incremental restructuring		0.02	—
Intangible asset impairment		0.42	—
<b>Core EPS</b>		<b>\$5.19</b>	<b>\$4.53</b>
<i>Percentage change vs. prior period Core EPS</i>		<i>15%</i>	

### Core EPS and Currency-Neutral Core EPS

#### Prior Quarters

	Q1 FY23	Q1 FY22	Q2 FY23	Q2 FY22	Q3 FY23	Q3 FY22	Q4 FY23	Q4 FY22	Q1 FY24	Q1 FY23	Q2 FY24	Q2 FY23
<b>Diluted EPS</b>	<b>\$1.57</b>	<b>\$1.61</b>	<b>\$1.59</b>	<b>\$1.66</b>	<b>\$1.37</b>	<b>\$1.33</b>	<b>\$1.37</b>	<b>\$1.21</b>	<b>\$1.83</b>	<b>\$1.57</b>	<b>\$1.40</b>	<b>\$1.59</b>
Incremental restructuring	—	—	—	—	—	—	—	—	—	—	0.02	—
Intangible asset impairment	—	—	—	—	—	—	—	—	—	—	0.42	—
<b>Core EPS</b>	<b>\$1.57</b>	<b>\$1.61</b>	<b>\$1.59</b>	<b>\$1.66</b>	<b>\$1.37</b>	<b>\$1.33</b>	<b>\$1.37</b>	<b>\$1.21</b>	<b>\$1.83</b>	<b>\$1.57</b>	<b>\$1.84</b>	<b>\$1.59</b>
<i>Percentage change vs. prior period Core EPS</i>	(2)%		(4)%		3%		13%		17%		16%	
Currency Impact to Earnings	0.16		0.16		0.13		0.11		0.07		0.03	
<b>Currency-Neutral Core EPS</b>	<b>\$1.73</b>		<b>\$1.75</b>		<b>\$1.50</b>		<b>\$1.48</b>		<b>\$1.90</b>		<b>\$1.87</b>	
<i>Percentage change vs. prior period Core EPS</i>	7%		5%		13%		22%		21%		18%	

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

### Core EPS Growth and Currency-Neutral Core EPS Growth

#### Guidance

<b>Total Company</b>	<b>Diluted EPS Growth</b>	<b>Impact of Incremental Non-Core Items</b>	<b>Core EPS Growth</b>	<b>FX Impact</b>	<b>Currency-Neutral Core EPS Growth</b>
FY 2024 (Estimate)	+1% to +2%	+9%	+10% to +11%	+4%	14% to +15%



3. Core gross margin and Currency-neutral Core gross margin:

	Three Months Ended March 31	
	2024	2023
<b>Gross Margin</b>	<b>51.2%</b>	<b>48.2%</b>
Incremental restructuring	0.1%	—
<b>Core Gross Margin</b>	<b>51.3%</b>	<b>48.2%</b>
<i>Basis point change vs. prior year Core gross margin</i>	<i>310</i>	
Currency Impact to Margin	0.9%	
<b>Currency-Neutral Core Gross Margin</b>	<b>52.2%</b>	
<i>Basis point change vs. prior year Core gross margin</i>	<i>400</i>	

4. Core operating margin and Currency-neutral Core operating margin:

	Three Months Ended March 31	
	2024	2023
<b>Operating Margin</b>	<b>22.1%</b>	<b>21.2%</b>
Incremental restructuring	—	—
Intangible asset impairment charge	—	—
<b>Core Operating Margin</b>	<b>22.1%</b>	<b>21.2%</b>
<i>Basis point change vs. prior year Core operating margin</i>	<i>90</i>	
Currency Impact to Margin	1.3%	
<b>Currency-Neutral Core Operating Margin</b>	<b>23.4%</b>	
<i>Basis point change vs. prior year Core operating margin</i>	<i>220</i>	

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

Three Months Ended March 31, 2024						
Operating Cash Flow	Capital Spending	Adjusted Free Cash Flow	Net Earnings	Adjustments to Net Earnings*	Net Earnings as Adjusted	Adjusted Free Cash Flow Productivity
\$4,088	\$(797)	\$3,291	\$3,781	\$—	\$3,781	87%

\* For the three months ending March 31, 2024, there were no adjustments to Net earnings.