



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 October 18, 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. Note that certain columns and rows may not add due to rounding.

The following measures are provided:

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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. In the fiscal year ended June 30, 2024, the Company started a limited market portfolio restructuring of its business operations, primarily in certain Enterprise Markets, including Argentina and Nigeria, to address challenging macroeconomic and fiscal conditions. During the period ended September 30, 2024, the Company completed this limited market portfolio restructuring with the substantial liquidation of its operations in Argentina. The adjustment to Core earnings includes the restructuring charges that exceed the normal, recurring level of restructuring charges.
- **Intangible asset impairment:** In the fiscal year ended June 30, 2024, the Company recognized 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 net earnings per share, or Core EPS, is a measure of diluted net earnings per common share (diluted EPS) adjusted for items as indicated. Currency-neutral EPS is a measure of the Company's Core EPS excluding the incremental current year impact of foreign exchange. We view these non-GAAP measures as useful supplemental measures of Company performance over time.

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. We believe these non-GAAP measures provide a supplemental perspective to the Company's operating efficiency over time.

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. We believe these non-GAAP measures provide a supplemental perspective to the Company's operating efficiency over time.

Adjusted free cash flow: Adjusted free cash flow is defined as operating cash flow less capital spending and excluding payments for the transitional tax resulting from the U.S. Tax Act. Adjusted free cash flow represents the cash that the Company is able to generate after taking into account planned maintenance and asset expansion. We view 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 investments.

Adjusted free cash flow productivity: Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings excluding a non-cash charge for accumulated foreign currency translation losses related to the substantial liquidation of operations in Argentina. We view 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. This measure is also used in assessing the achievement of management goals for at-risk compensation.

1. Organic sales growth:

Three Months Ended September 30, 2024	Net Sales Growth	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other*	Organic Sales Growth
Beauty	(5)%	1%	2%	(2)%
Grooming	—%	2%	1%	3%
Health Care	2%	1%	1%	4%
Fabric Care & Home Care	1%	1%	1%	3%
Baby, Feminine & Family Care	(2)%	1%	1%	—%
Total Company	(1)%	1%	2%	2%

* 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

Total Company	Net Sales Growth	Foreign Exchange Impact	Acquisition/ Divestiture Impact/Other*	Organic Sales Growth
Q1 FY 2024	6%	1%	—%	7%
Q2 FY 2024	3%	1%	—%	4%
Q3 FY 2024	1%	2%	—%	3%
Q4 FY 2024	—%	2%	—%	2%

* 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

Total Company	Net Sales Growth	Combined Foreign Exchange & Acquisition/Divestiture Impact/Other*	Organic Sales Growth
FY 2025 (Estimate)	+2% to +4%	+1%	+3% 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:

	Three Months Ended September 30	
	2024	2023
Diluted EPS	\$1.61	\$1.83
Incremental restructuring	0.32	—
Core EPS	\$1.93	\$1.83
<i>Percentage change vs. prior period Core EPS</i>	5%	
Currency impact to earnings	(0.02)	
Currency-Neutral Core EPS	\$1.91	
<i>Percentage change vs. prior period Core EPS</i>	4%	

Prior Quarters

	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23
Diluted EPS	\$1.83	\$1.57	\$1.40	\$1.59	\$1.52	\$1.37	\$1.27	\$1.37
Incremental restructuring	—	—	0.02	—	—	—	0.13	—
Intangible asset impairment	—	—	0.42	—	—	—	—	—
Core EPS	\$1.83	\$1.57	\$1.84	\$1.59	\$1.52	\$1.37	\$1.40	\$1.37
<i>Percentage change vs. prior period Core EPS</i>	17%		16%		11%		2%	
Currency Impact to Earnings	0.07		0.03		0.09		0.05	
Currency-Neutral Core EPS	\$1.90		\$1.87		\$1.61		\$1.45	
<i>Percentage change vs. prior period Core EPS</i>	21%		18%		18%		6%	

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 EPS

Guidance

Total Company	Diluted EPS Growth	Impact of Incremental Non-Core Items	Core EPS Growth	Impact of FX	Currency-neutral EPS Growth
FY 2025 (Estimate)	+10% to +12%	(5)%	+5% to +7%	(1)%	+4% to +6%

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

	Three Months Ended September 30	
	2024	2023
Gross Margin	52.1%	52.0%
Incremental restructuring	(0.1)%	—
Core Gross Margin	52.0%	
<i>Basis point change vs. prior year Core gross margin</i>	—	
Currency Impact to Margin	0.2%	
Currency-Neutral Core Gross Margin	52.1%	
<i>Basis point change vs prior year Core gross margin</i>	10	



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

	Three Months Ended September 30	
	2024	2023
Operating Margin	26.7%	26.4%
Incremental restructuring	—	—
Core Operating Margin	26.7%	26.4%
<i>Basis point change vs. prior year Core operating margin</i>	30	
Currency Impact to Margin	(0.4)%	
Currency-Neutral Core Operating Margin	26.3%	
<i>Basis point change vs. prior year Core operating margin</i>	(10)	

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

Three Months Ended September 30, 2024							
Operating Cash Flow	Capital Spending	U.S. Tax Act Payments	Adjusted Free Cash Flow	Net Earnings	Adjustments to Net Earnings⁽¹⁾	Net Earnings as Adjusted	Adjusted Free Cash Flow Productivity
\$4,302	\$(993)	\$562	\$3,871	\$3,987	\$752	\$4,739	82%

⁽¹⁾ Adjustments to Net earnings relate to a non-cash charge for accumulated foreign currency translation losses due to the substantial liquidation of operations in Argentina.