

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 21, 2024, Investor Day, 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.

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 announced a limited market portfolio restructuring of its business operations, primarily in certain Enterprise Markets, including Argentina and Nigeria. Starting in 2012 through fiscal 2020, the Company had a strategic productivity and cost savings initiative that resulted in incremental restructuring charges. The adjustment to Core earnings includes the restructuring charges that exceed the normal, recurring level of restructuring charges.
- **Transitional impact of U.S. Tax Act:** The U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "U.S. Tax Act") in December 2017. This resulted in a net charge for the fiscal year 2018. The adjustment to core earnings includes only this transitional impact. It does not include the ongoing impacts of the lower U.S. statutory rate on pre-tax earnings.
- **Gain on dissolution of the PGT Healthcare partnership:** The Company dissolved our PGT Healthcare partnership, a venture between the Company and Teva Pharmaceuticals Industries, Ltd (Teva) in the OTC consumer healthcare business, during fiscal 2019. The transaction was accounted for as a sale of the Teva portion of the PGT business and the Company recognized an after-tax gain on the dissolution.
- **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. In fiscal 2019, the Company recognized a one-time, non-cash, after-tax charge of \$8.0 billion 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 to reduce the carrying value of the Gillette indefinite-lived intangible assets.
- **Anti-dilutive Impacts:** The Shave Care impairment charges in 2019 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 converted or exercised. Specifically, certain of our preferred shares and share-based equity awards were not 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 years 2021 and 2018, the Company recorded after tax charges 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 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, the impact from the July 1, 2018, adoption of the new accounting standard for “Revenue from Contracts with Customers” 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 diluted net earnings per share (diluted EPS) 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. We view these non-GAAP measures as useful supplemental measures of Company performance over time.

Core operating margin: Core operating margin is a measure of the Company's operating margin adjusted for items as indicated. We believe this non-GAAP measure provides a supplemental perspective to the Company’s operating efficiency over time.

Core net earnings margin: Core net earnings margin is a measure of the Company’s net earnings adjusted for items as indicated.

Adjusted free cash flow: Adjusted free cash flow is defined as operating cash flow less capital spending and adjusted for tax payments related to the Merck OTC Consumer Healthcare acquisition in 2020 and transitional tax payments resulting from the U.S. Tax Act beginning in 2019. 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 certain adjustments as indicated. 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:

	Organic Sales			
	<i>Prior Fiscal Years</i>			
Baby, Feminine & Family Care	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact/Other*	Organic Sales Growth
FY 2019	(2)%	4%	—%	2%
FY 2020	3%	2%	(1)%	4%
FY 2021	3%	(1)%	—%	2%
FY 2022	5%	1%	—%	6%
FY 2023	7%	3%	(1)%	9%
FY 2024	(3)%	2%	—%	(1)%
FY 2019 – FY 2024 Avg Growth Rate				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.

Grooming	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact/Other*	Organic Sales Growth
FY 2018	(1)%	(3)%	1%	(3)%
FY 2019	(5)%	5%	1%	1%
FY 2020	(2)%	3%	—%	1%
FY 2021	6%	—%	—%	6%
FY 2022	2%	3%	—%	5%
FY 2023	(3)%	7%	1%	5%
FY 2024	4%	5%	—%	9%
FY 2019 – FY 2024 Avg Growth Rate				4%
FY 2021 – FY 2024 Avg Growth Rate				6%

* Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures, 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.

Fabric & Home Care	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact/Other*	Organic Sales Growth
FY 2015	(5)%	6%	1%	2%
FY 2016	(7)%	6%	2%	1%
FY 2017	—%	2%	1%	3%
FY 2018	3%	(1)%	1%	3%
FY 2019	3%	3%	1%	7%
FY 2020	7%	1%	1%	9%
FY 2021	10%	(1)%	—%	9%
FY 2022	6%	2%	—%	8%
FY 2023	3%	5%	—%	8%
FY 2024	4%	1%	—%	5%
FY 2019 – FY 2024 Avg Growth Rate				8%

* Acquisition & Divestiture Impact/Other includes the volume and mix impact of acquisitions and divestitures, 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.

Beauty	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact/Other*	Organic Sales Growth
FY 2019	4%	4%	—%	8%
FY 2020	4%	2%	(1)%	5%
FY 2021	8%	(2)%	—%	6%
FY 2022	2%	—%	—%	2%
FY 2023	2%	5%	(1)%	6%
FY 2024	1%	2%	—%	3%
FY 2019 – FY 2024 Avg Growth Rate				5%

* 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.

Health Care	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact/Other*	Organic Sales Growth
FY 2019	5%	3%	(2)%	6%
FY 2020	10%	2%	(5)%	7%
FY 2021	10%	(1)%	—%	9%
FY 2022	9%	1%	—%	10%
FY 2023	4%	4%	—%	8%
FY 2024	5%	—%	—%	5%
FY 2019 – FY 2024 Avg Growth Rate				7%

* 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.

Total Company	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact/Other*	Organic Sales Growth
FY 2019	1%	4%	—%	5%
FY 2020	5%	2%	(1)%	6%
FY 2021	7%	(1)%	—%	6%
FY 2022	5%	2%	—%	7%
FY 2023	2%	5%	—%	7%
FY 2024	2%	2%	—%	4%
FY 2019 – FY 2024 Avg Growth Rate				6%

* 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

Prior Quarters

Total Company	Net Sales Growth	Foreign Exchange Impact	Acquisition/Divestiture Impact/Other*	Organic Sales Growth
Q2 FY 2024	3%	1%	—%	4%
Q3 FY 2024	1%	2%	—%	3%
Q4 FY 2024	—%	2%	—%	2%
Q1 FY 2025	(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

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%

* 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.



2. Core EPS and currency-neutral Core EPS:

	Twelve Months Ended June 30							
	6-Year Average	2024	2023	2022	2021	2020	2019	2018
Diluted Net Earnings Per Common Share from Continuing Operations Attributable to P&G		\$6.02	\$5.90	\$5.81	\$5.50	\$4.96	\$1.43	\$3.67
Incremental Restructuring		0.15				0.16	0.13	0.23
Intangible Impairment		0.42					3.03	
Early Debt Extinguishment					0.16			0.09
Transitional Impacts of the U.S. Tax Act								0.23
Gain on Dissolution of PGT Partnership							(0.13)	
Anti-Dilutive Impacts							0.06	
Core EPS		\$6.59	\$5.90	\$5.81	\$5.66	\$5.12	\$4.52	\$4.22
<i>Percentage change vs. prior period</i>	<i>8%</i>	<i>12%</i>	<i>2%</i>	<i>3%</i>	<i>11%</i>	<i>13%</i>	<i>7%</i>	
Currency Impact to Earnings		0.23	0.55	0.12	.04	0.15	0.35	
Currency-Neutral Core EPS		\$6.82	\$6.45	\$5.93	\$5.70	\$5.27	\$4.87	
<i>Percentage change vs. prior period Core EPS</i>	<i>12%</i>	<i>16%</i>	<i>11%</i>	<i>5%</i>	<i>11%</i>	<i>17%</i>	<i>15%</i>	

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

3. Core operating margin:

	Fiscal Year Ended June 30
	2024
Operating Margin	22.1%
Intangible asset impairment	1.6%
Incremental restructuring	0.1%
Core Operating Margin	23.8%

4. Core net earnings margin:

	Fiscal Year Ended June 30
	2024
Net Earnings Margin	17.7%
Intangible asset impairment	1.2%
Incremental restructuring	0.4%
Core Net Earnings Margin	19.4%



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

Twelve Months Ended June 30

Fiscal Year	Operating Cash Flow	Capital Spending	Adjustments to Operating Cash Flow*	Adjusted Free Cash Flow	Net Earnings	Adjustments to Net Earnings**	Net Earnings Excluding Adjustments	Adjusted Free Cash Flow Productivity
2019	\$15,242	\$(3,347)	\$235	\$12,130	\$3,966	\$7,625	\$11,591	105%
2020	\$17,403	\$(3,073)	\$543	\$14,873	\$13,103	—	\$13,103	114%
2021	\$18,371	\$(2,787)	\$225	\$15,809	\$14,352	\$427	\$14,779	107%
2022	\$16,723	\$(3,156)	\$225	\$13,792	\$14,793	—	\$14,793	93%
2023	\$16,848	\$(3,062)	\$225	\$14,011	\$14,738	—	\$14,738	95%
2024	\$19,846	\$(3,322)	\$422	\$16,947	\$14,974	\$1,242	\$16,216	105%
							Average	103%

* Adjustments to Operating Cash Flow include U.S. Tax Act payments for all years presented and tax payments for the Merck OTC Consumer Healthcare acquisition in fiscal year 2020.

** Adjustments to Net Earnings relate to the Gillette intangible asset impairment charge and non-cash charge for accumulated foreign currency translation losses due to the substantial liquidation of operations in certain Enterprise Markets including Nigeria in 2024, 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.