Measures Not Defined by U.S. GAAP

The following provides definitions of the non-GAAP measures used in Procter & Gamble's 2026 Annual Report and the reconciliation to the most closely related GAAP measure. We believe that these 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. 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.

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 used in assessing the achievement of management goals for at-risk compensation.

The following tables provide a numerical reconciliation of organic sales growth to reported net sales growth:

Type	Net Sales Growth	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other[1]	Organic Sales Growth
FY 2026	3%	(2)%	–%	1%
Grooming	4%	(3)%	–%	1%

(1) Acquisitions & Divestitures Impact/Other includes the volume and mix impact of acquisitions and divestitures and rounding impacts necessary to reconcile net sales to organic sales.

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 2017 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.

The following table provides a numerical reconciliation of adjusted free cash flow:

($ millions)	Operating Cash Flow	Capital Spending	2017 U.S. Tax Act Payments	Adjusted Free Cash Flow
FY 2026	$19,556	$(4,409)	$688	$15,835

Adjusted free cash flow productivity. Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings excluding the gain from the dissolution of the Glad joint venture business. We view adjusted free cash flow productivity as a useful measure to help investors understand P&G's ability to generate cash. Adjusted free cash flow productivity is used by management in making operating decisions, in allocating financial resources and for budget planning purposes. This measure is used in assessing the achievement of management goals for at-risk compensation.

The following table provides a numerical reconciliation of adjusted free cash flow productivity:

($ millions)	Adjusted Free Cash Flow	Net Earnings	Adjustments to Net Earnings[1]	Net Earnings as Adjusted	Adjusted Free Cash Flow Productivity
FY 2026	$15,835	$16,144	$(261)	$15,883	100%

(1) Adjustments to Net Earnings relate to the gain from the dissolution of the Glad joint venture business.

Core EPS and currency-neutral Core EPS. Core net earnings per share, or Core EPS, is a measure of the Company's diluted net earnings per common share (diluted EPS) excluding items that are not judged by management to be part of the Company's sustainable results or trends. Currency-neutral Core EPS is a measure of the Company's Core EPS excluding the incremental current year impact of foreign exchange. Management views these non-GAAP measures as useful supplemental measures of Company performance over time.

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 to $500 million before tax. During fiscal 2025, the Company completed its limited market portfolio restructuring with the substantial liquidation of its operations in Argentina. In June 2025, the Company announced a portfolio and productivity plan to streamline its portfolio and organization to improve its cost structure and competitiveness. The Company incurred over half of the costs under this plan in fiscal 2026, with the remainder expected to be incurred in fiscal 2027. The adjustments to Core earnings include the restructuring charges that exceed the normal, recurring level of restructuring charges.

Glad joint venture agreement: In January 2026, the Glad joint venture agreement between the Company and Clorox expired. Under the terms of the agreement, Clorox purchased the Company's minority interest in the venture at fair market value for $476 million. This transaction was accounted for as a dissolution of the Glad joint venture business and the Company recorded an after-tax gain of $261 million.

Intangible asset impairment: During fiscal 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 indefinite-lived intangible asset acquired as part of the Company's 2005 acquisition of The Gillette Company.

We do not view these items to be part of our sustainable results and their exclusion from Core earnings per share provides a more comparable measure of year-on-year results.

Years ended June 30	2026	2025	2024	2023	2022
Diluted Net Earnings Per Common Share from Continuing Operations, attributable to P&G	**$6.62**	**$6.51**	**$6.02**	**$5.90**	**$5.81**
Incremental restructuring	$0.37	$0.33	$0.15	–	–
Glad joint venture agreement	$(0.11)	–	–	–	–
Intangible asset impairment	–	–	$0.42	–	–
Core EPS	**$6.89**	**$6.83**	**$6.59**	**$5.90**	**$5.81**
Core EPS growth vs. prior year	*1%*	–	–	–	–
Currency Impact to Earnings	$(0.09)	–	–	–	–
Currency-neutral Core EPS	**$6.80**	–	–	–	–
Currency neutral Core EPS growth	*–%*	–	–	–	–