Measures Not Defined by U.S. GAAP

In accordance with the SEC's Regulation G, the following provides definitions of the non-GAAP measures used in Procter & Gamble's 2022 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. Of these, certain 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.

Organic sales growth* Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of acquisitions, 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.

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

FY	Net Sales Growth	Foreign Exchange Impact	Acquisitions & Divestitures Impact/Other[1]	Organic Sales Growth
2022	5%	2%	-%	7%
2021	7%	(1)%	-%	6%
Past Two Years Stacked	12%			13%
2020	5%	2%	(1)%	6%
Past Three Years Stacked	17%			19%

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

Adjusted free cash flow and Adjusted free cash flow productivity* Adjusted free cash flow is defined as operating cash flow less capital spending and adjustments for items as indicated. 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 is defined as the ratio of adjusted free cash flow to net earnings. We view adjusted free cash flow productivity as a useful measure to help investors understand P&G's ability to generate cash.

($ millions)	Operating Cash Flow	Capital Spending	Adjustments[2]	Adjusted Free Cash Flow
FY 2022	$16,723	$(3,156)	$225	$ 13,792

(2) Adjustments relate to tax payments for the transitional tax resulting from the U.S. Tax Act.

($ millions)	Adjusted Free Cash Flow	Net Earnings	Adjusted Free Cash Flow Productivity
FY 2022	$13,792	$14,793	93%

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

Core EPS* Core EPS is a measure of the Company's diluted net earnings per share from continuing operations adjusted as indicated here. Management views this non-GAAP measure as a useful supplemental measure of Company performance over time. The table below provides a reconciliation of diluted net earnings per share to Core EPS, including the following reconciling items.

Charges for early debt extinguishment: During fiscal 2021 and 2018, the Company recorded after-tax charges due to the early extinguishment of certain long-term debt. These charges represent the difference between the reacquisition price and the par value of the debt extinguished.

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. Beginning in 2012, the Company had a strategic productivity and cost savings initiative that resulted in incremental restructuring charges through fiscal 2020. The adjustment to Core earnings includes only the restructuring costs above the normal recurring level of restructuring costs. In fiscal 2021, the Company incurred restructuring costs within our historical ongoing level.

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 the year ended June 30, 2019. 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.

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.

Transitional Impacts of the U.S. Tax Act: As discussed in Note 5 to the Consolidated Financial Statements in the Form 10-K included in this Annual Report, 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 only includes this transitional impact. It does not include the ongoing impacts of the lower U.S. statutory rate on pre-tax earnings.

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	2022	2021	2020	2019	2018
Diluted net earnings per share from continuing operations	**$5.81**	**$5.50**	**$4.96**	**$1.43**	**$3.67**
Early debt extinguishment charge	-	$0.16	-	-	$0.09
Incremental restructuring charges	-	-	$0.16	$0.13	$0.23
Gain on dissolution of PGT Healthcare partnership	-	-	-	$(0.13)	-
Shave Care impairment	-	-	-	$3.03	-
Anti-dilutive impacts	-	-	-	$0.06	-
Transitional impacts of the U.S. Tax Act	-	-	-	-	$0.23
Core EPS	**$5.81**	**$5.66**	**$5.12**	**$4.52**	**$4.22**
Core EPS growth	*3%*				
Currency Impact to Core Earnings	$0.11				
Currency neutral Core EPS	**$5.92**				
Currency neutral Core EPS growth	*5%*				

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