



News Release

The Procter & Gamble Company

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P&G ANNOUNCES FISCAL YEAR 2026 SECOND QUARTER RESULTS

Net Sales +1%; Organic Sales 0%

Diluted EPS \$1.78, -5%; Core EPS \$1.88, 0%

UPDATES GAAP EPS FOR RESTRUCTURING OUTLOOK

MAINTAINS FISCAL YEAR SALES, CORE EPS GROWTH AND CASH RETURN GUIDANCE

CINCINNATI, January 22, 2026 - The Procter & Gamble Company (NYSE:PG) reported second quarter fiscal year 2026 net sales of \$22.2 billion, an increase of one percent versus the prior year. Organic sales, which excludes the impacts of foreign exchange and acquisitions and divestitures, were unchanged versus the prior year. Diluted net earnings per share were \$1.78, a decrease of five percent versus prior year, due primarily to incremental restructuring charges in the current year. Core earnings per share were \$1.88, in-line versus prior year.

Operating cash flow was \$5.0 billion, and net earnings were \$4.3 billion for the quarter. Adjusted free cash flow productivity was 88%. Adjusted free cash flow productivity is calculated as operating cash flow less capital spending, as a percentage of net earnings. The Company returned \$4.8 billion of cash to shareowners via \$2.5 billion of dividend payments and \$2.3 billion of share repurchases.

Second Quarter (\$ billions, except EPS)							
GAAP	2026	2025	% Change	Non-GAAP*	2026	2025	% Change
Net Sales	22.2	21.9	1%	Organic Sales	n/a	n/a	—%
Diluted EPS	1.78	1.88	(5)%	Core EPS	1.88	1.88	—%

*Please refer to Exhibit 1 - Non-GAAP Measures for the definition and reconciliation of these measures to the related GAAP measures.

“Our results in the second quarter keep us on track to deliver within our fiscal year guidance ranges for organic sales growth, core EPS growth and adjusted free cash flow productivity in a challenging consumer and geopolitical environment,” said Shailesh Jejurikar, President and Chief Executive Officer. “We have confidence in our plans to deliver stronger results in the second-half of the fiscal year. We remain committed to our integrated growth strategy and are excited by the opportunity ahead to reinvent P&G and create the CPG company of the future, delivering long-term balanced top- and bottom-line growth and value creation.”

October - December Quarter Discussion

Net sales in the second quarter of fiscal year 2026 were \$22.2 billion, a one percent increase versus the prior year. Organic sales, which exclude the impacts of foreign exchange and acquisitions and divestitures, were unchanged as a one percent increase from higher pricing was offset by a unit volume decline of one percent. Mix had a neutral impact on sales for the quarter.

<u>October - December 2025</u>	<u>Net Sales Drivers</u> ⁽¹⁾	<u>Volume</u>	<u>Foreign Exchange</u>	<u>Price</u>	<u>Mix</u>	<u>Other</u> ⁽²⁾	<u>Net Sales</u>	<u>Organic Volume</u>	<u>Organic Sales</u>
Beauty		3%	1%	2%	(1)%	—%	5%	3%	4%
Grooming		(2)%	2%	2%	—%	—%	2%	(2)%	—%
Health Care		(1)%	2%	1%	2%	1%	5%	(1)%	3%
Fabric & Home Care		—%	1%	1%	(1)%	—%	1%	—%	—%
Baby, Feminine & Family Care		(5)%	1%	—%	—%	1%	(3)%	(5)%	(4)%
Total P&G		(1)%	1%	1%	—%	—%	1%	(1)%	—%

⁽¹⁾ Net sales percentage changes are approximations based on quantitative formulas that are consistently applied.

⁽²⁾ Other includes the sales mix impact from acquisitions and divestitures and rounding impacts necessary to reconcile volume to net sales.

- Beauty segment organic sales increased four percent versus year ago. Hair Care organic sales increased mid-single digits driven by volume increases and innovation-driven pricing in Latin America and Europe, partially offset by unfavorable geographic mix. Personal Care organic sales increased mid-single digits due to innovation-driven volume growth and pricing in North America, partially offset by negative impacts from geographic mix. Skin Care organic sales increased low single digits due to favorable premium product mix and pricing, primarily in Greater China, partially offset by volume declines.
- Grooming segment organic sales were unchanged versus year ago as innovation-driven pricing, primarily in North America and Europe, was offset by volume declines.
- Health Care segment organic sales increased three percent versus year ago. Oral Care organic sales increased low single digits due to favorable premium product mix, partially offset by volume declines and merchandising investments. Personal Health Care organic sales also increased low single digits due to higher pricing, primarily in North America, partially offset by unfavorable product mix.
- Fabric and Home Care segment organic sales were unchanged versus year ago. Fabric Care organic sales were unchanged as an increase in volume in North America and Latin America was offset by a volume decrease in Europe and unfavorable product mix. Home Care organic sales increased low single digits driven by higher pricing, primarily in North America, partially offset by volume declines.

- Baby, Feminine and Family Care segment organic sales decreased four percent versus year ago. Baby Care organic sales decreased low single digits due to a unit volume decrease and unfavorable geographic mix, partially offset by higher pricing, primarily in North America. Feminine Care organic sales also decreased low single digits due to a decline in volume, partially offset by innovation-driven pricing, primarily in North America, and favorable product mix. Family Care organic sales decreased double digits driven by strong volume growth in the prior year.

Diluted net earnings per share decreased by five percent versus the prior year to \$1.78, driven primarily by higher restructuring charges. Core earnings per share was unchanged at \$1.88 and currency-neutral core EPS decreased two percent to \$1.85.

Reported gross margin for the quarter decreased 120 basis points versus the prior year. Core gross margin for the quarter decreased 50 basis points versus the prior year and on a currency-neutral basis decreased 30 basis points. Benefits from gross productivity savings of 160 basis points and increased pricing of 50 basis points were more than offset by 120 basis points of unfavorable mix, 60 basis points of product reinvestments and 60 basis points of higher costs from tariffs.

Reported selling, general and administrative expense (SG&A) as a percentage of sales increased 90 basis points versus year ago. Core SG&A as a percentage of sales increased 20 basis points versus year ago and increased 40 basis points on a currency-neutral basis. The increase was driven by 160 basis points of reinvestments, partially offset by 110 basis points of productivity savings and 10 basis points of rounding and other items.

Reported operating margin for the quarter decreased 200 basis points versus the prior year. Core operating margin for the quarter decreased 70 basis points versus the prior year and decreased 80 basis points on a currency-neutral basis. Core operating margin included gross productivity savings of 270 basis points.

Fiscal Year 2026 Guidance

P&G maintained its guidance range for fiscal 2026 all-in sales growth to be in the range of one to five percent versus the prior year. The net impacts of foreign exchange rates and acquisitions and divestitures are expected to be a tailwind of approximately one percentage point to all-in sales growth. The Company also maintained its outlook for organic sales growth in the range of in-line to up four percent versus the prior year.

P&G adjusted its outlook for fiscal 2026 diluted net earnings per share growth to be in the range of one percent to six percent from prior guidance of three percent to nine percent versus fiscal 2025 diluted net EPS of \$6.51, reflecting higher non-core restructuring charges in the year. P&G maintained its fiscal 2026 core earnings per share growth to be in the range of in-line to up four percent versus fiscal 2025 core EPS of \$6.83. This outlook equates to a range of \$6.83 to \$7.09 per share, with a mid-point estimate of \$6.96, or an increase of two percent.

P&G now expects commodity costs to be neutral for the year. Foreign exchange is now forecasted to be a tailwind of approximately \$200 million after tax, and higher costs from tariffs are estimated at approximately \$400 million after tax for fiscal 2026. The Company continues to expect a net headwind of roughly \$250 million after-tax from modestly higher net interest expense and a higher core effective tax rate versus the prior year. Collectively these impacts equate to a headwind of \$0.19 per share for fiscal 2026.

The Company is unable to reconcile its forward-looking non-GAAP cash flow and tax rate measures without unreasonable efforts given the unpredictability of the timing and amounts of discrete items, such as acquisitions, divestitures, or impairments, which could significantly impact GAAP results.

P&G continues to expect a core effective tax rate to be in the range of 20% to 21% in fiscal 2026.

Capital spending is estimated to be in the range of four to five percent of fiscal 2026 net sales.

P&G continues to expect adjusted free cash flow productivity of 85% to 90% and expects to pay around \$10 billion in dividends and to repurchase approximately \$5 billion of common shares in fiscal 2026.

Forward-Looking Statements

Certain statements in this release, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result" and similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise, except to the extent required by law.

Risks and uncertainties to which our forward-looking statements are subject include, without limitation: (1) the ability to successfully manage global financial risks, including foreign currency fluctuations, changes in global interest rates and rate differentials, currency exchange, pricing controls or tariffs; (2) the ability to successfully manage local, regional or global economic volatility, including reduced market growth rates, and to generate sufficient income and cash flow to allow the Company to effect the expected share repurchases and dividend payments; (3) the ability to successfully manage uncertainties related to changing political and geopolitical conditions and potential implications such as exchange rate fluctuations, market contraction, boycotts, variability and unpredictability in trade relations, sanctions, tariffs or other trade controls; (4) the ability to manage disruptions in credit markets or to our banking partners or changes to our credit rating; (5) the ability to maintain key manufacturing and supply arrangements (including execution of supply chain optimizations and sole supplier and sole manufacturing plant arrangements) and to manage disruption of business due to various factors, including ones outside of our control, such as natural disasters, acts of war or terrorism or disease outbreaks; (6) the ability to successfully manage cost fluctuations and pressures, including prices of commodities and raw materials and costs of labor, transportation, energy, pension and healthcare; (7) the ability to compete with our local and global competitors in new and existing sales channels, including by successfully responding to competitive factors such as prices, promotional incentives and trade terms for products; (8) the ability to manage and maintain key customer relationships; (9) the ability to protect our reputation and brand equity by successfully managing real or perceived issues, including concerns about safety, quality, ingredients, efficacy, packaging content, supply chain practices, social or environmental practices or similar matters that may arise; (10) the ability to successfully manage the financial, legal, reputational and operational risk associated with third-party relationships, such as our suppliers, contract manufacturers, distributors,

contractors and external business partners; (11) the ability to rely on and maintain key company and third-party information and operational technology systems, networks and services and maintain the security and functionality of such systems, networks and services and the data contained therein; (12) the ability to successfully manage the demand, supply and operational challenges, as well as governmental responses or mandates, associated with a disease outbreak, including epidemics, pandemics or similar widespread public health concerns; (13) the ability to stay on the leading edge of innovation, obtain necessary intellectual property protections and successfully respond to changing consumer habits, evolving digital marketing and selling platform requirements and technological advances attained by, and patents granted to, competitors; (14) the ability to successfully manage our ongoing acquisition, divestiture and joint venture activities, in each case to achieve the Company's overall business strategy and financial objectives, without impacting the delivery of base business objectives; (15) the ability to successfully achieve productivity improvements and cost savings and manage ongoing organizational changes while successfully identifying, developing and retaining key employees, including in key growth markets where the availability of skilled or experienced employees may be limited; (16) the ability to successfully manage current and expanding regulatory and legal requirements and matters (including, without limitation, those laws, regulations, policies and related interpretations involving product liability, product and packaging composition, manufacturing processes, intellectual property, labor and employment, antitrust, privacy, cybersecurity, data protection and data transfers, artificial intelligence, tax, the environment, due diligence, risk oversight, accounting and financial reporting) and to resolve new and pending matters within current estimates; (17) the ability to manage changes in applicable tax laws and regulations; and (18) the ability to continue delivering progress towards our environmental sustainability ambitions.

For additional information concerning factors that could cause actual results and events to differ materially from those projected herein, please refer to our most recent 10-K, 10-Q and 8-K reports.

About Procter & Gamble

P&G serves consumers around the world with one of the strongest portfolios of trusted, quality, leadership brands, including Always®, Ambi Pur®, Ariel®, Bounty®, Charmin®, Crest®, Dawn®, Downy®, Fairy®, Febreze®, Gain®, Gillette®, Head & Shoulders®, Lenor®, Olay®, Oral-B®, Pampers®, Pantene®, SK-II®, Tide®, Vicks®, and Whisper®. The P&G community includes operations in approximately 70 countries worldwide. Please visit <https://www.pg.com> for the latest news and information about P&G and its brands. For other P&G news, visit us at <https://www.pg.com/news>.

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THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

Consolidated Earnings Information

<u>Amounts in millions except per share amounts</u>	<u>Three Months Ended December 31</u>		
	<u>2025</u>	<u>2024</u>	<u>% Chg</u>
NET SALES	\$ 22,208	\$ 21,882	1%
Cost of products sold	10,834	10,418	4%
GROSS PROFIT	11,374	11,464	(1)%
Selling, general and administrative expense	6,008	5,723	5%
OPERATING INCOME	5,366	5,741	(7)%
Interest expense	(220)	(240)	(8)%
Interest income	115	119	(3)%
Other operating income, net	160	224	(29)%
EARNINGS BEFORE INCOME TAXES	5,421	5,845	(7)%
Income taxes	1,090	1,187	(8)%
NET EARNINGS	4,331	4,659	(7)%
Less: Net earnings attributable to noncontrolling interests	12	29	(59)%
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE	<u>\$ 4,319</u>	<u>\$ 4,630</u>	<u>(7)%</u>
EFFECTIVE TAX RATE	20.1 %	20.3 %	
NET EARNINGS PER COMMON SHARE ⁽¹⁾			
Basic	\$ 1.82	\$ 1.94	(6)%
Diluted	\$ 1.78	\$ 1.88	(5)%
DIVIDENDS PER COMMON SHARE	\$ 1.0568	\$ 1.0065	
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	2,424.0	2,458.1	
COMPARISONS AS A % OF NET SALES			Basis Pt Chg
Gross profit	51.2%	52.4%	(120)
Selling, general and administrative expense	27.1%	26.2%	90
Operating income	24.2%	26.2%	(200)
Earnings before income taxes	24.4%	26.7%	(230)
Net earnings	19.5%	21.3%	(180)
Net earnings attributable to Procter & Gamble	19.4%	21.2%	(180)

⁽¹⁾ Basic net earnings per common share and Diluted net earnings per common share are calculated on Net earnings attributable to Procter & Gamble.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

Consolidated Earnings Information

<u>Amounts in millions</u>	Three Months Ended December 31, 2025						<u>% Change Versus Year Ago</u>
	<u>Net Sales</u>	<u>% Change Versus Year Ago</u>	<u>Earnings/(Loss) Before Income Taxes</u>	<u>% Change Versus Year Ago</u>	<u>Net Earnings/(Loss)</u>		
Beauty	\$ 4,039	5%	\$ 992	—%	\$ 763	(2)%	
Grooming	1,794	2%	531	(7)%	417	(9)%	
Health Care	3,406	5%	1,009	4%	770	2%	
Fabric & Home Care	7,686	1%	1,961	(1)%	1,521	(3)%	
Baby, Feminine & Family Care	5,123	(3)%	1,338	(9)%	1,020	(9)%	
Corporate	160	N/A	(412)	N/A	(161)	N/A	
Total Company	\$ 22,208	1%	\$ 5,421	(7)%	\$ 4,331	(7)%	

<u>Net Sales Drivers</u> ⁽¹⁾	Three Months Ended December 31, 2025						<u>Net Sales</u>
	<u>Volume</u>	<u>Organic Volume</u>	<u>Foreign Exchange</u>	<u>Price</u>	<u>Mix</u>	<u>Other</u> ⁽²⁾	
Beauty	3%	3%	1%	2%	(1)%	—%	5%
Grooming	(2)%	(2)%	2%	2%	—%	—%	2%
Health Care	(1)%	(1)%	2%	1%	2%	1%	5%
Fabric & Home Care	—%	—%	1%	1%	(1)%	—%	1%
Baby, Feminine & Family Care	(5)%	(5)%	1%	—%	—%	1%	(3)%
Total Company	(1)%	(1)%	1%	1%	—%	—%	1%

⁽¹⁾ Net sales percentage changes are approximations based on quantitative formulas that are consistently applied.

⁽²⁾ Other includes the sales mix impact from acquisitions and divestitures and rounding impacts necessary to reconcile volume to net sales.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows

<u>Amounts in millions</u>	<u>Six Months Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	\$ 9,556	\$ 9,482
OPERATING ACTIVITIES ⁽¹⁾		
Net earnings	9,112	8,646
Depreciation and amortization	1,563	1,434
Share-based compensation expense	262	241
Deferred income taxes	196	221
(Gain)/loss on sale of assets	1	787
Change in accounts receivable	(92)	(262)
Change in inventories	(255)	(170)
Change in accounts payable	239	(286)
Other	(645)	(1,484)
TOTAL OPERATING ACTIVITIES	<u>10,380</u>	<u>9,127</u>
INVESTING ACTIVITIES		
Capital expenditures	(2,367)	(1,918)
Proceeds from asset sales	16	47
Acquisitions, net of cash acquired	(5)	(6)
Other investing activity	(408)	(153)
TOTAL INVESTING ACTIVITIES	<u>(2,763)</u>	<u>(2,029)</u>
FINANCING ACTIVITIES		
Dividends to shareholders	(5,093)	(4,886)
Additions to short-term debt with original maturities of more than three months	4,180	5,905
Reductions in short-term debt with original maturities of more than three months	(3,270)	(571)
Net additions/(reductions) to other short-term debt	(471)	(2,705)
Additions to long-term debt	2,652	995
Reductions in long-term debt	(1,005)	(1,478)
Treasury stock purchases	(3,528)	(4,449)
Impact of stock options and other	208	985
TOTAL FINANCING ACTIVITIES	<u>(6,327)</u>	<u>(6,205)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>(21)</u>	<u>(144)</u>
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>1,269</u>	<u>748</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	<u>\$ 10,825</u>	<u>\$ 10,230</u>

⁽¹⁾ Certain prior period amounts within Operating Activities have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the previously reported Total Operating Activities.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

Amounts in millions	December 31, 2025	June 30, 2025
Cash and cash equivalents	\$ 10,825	\$ 9,556
Accounts receivable	6,279	6,185
Inventories	7,817	7,551
Prepaid expenses and other current assets	1,666	2,100
TOTAL CURRENT ASSETS	26,588	25,392
Property, plant and equipment, net	24,487	23,897
Goodwill	41,665	41,650
Trademarks and other intangible assets, net	21,737	21,910
Other noncurrent assets	12,809	12,381
TOTAL ASSETS	\$ 127,286	\$ 125,231
Accounts payable	\$ 15,173	\$ 15,227
Accrued and other liabilities	10,463	11,318
Debt due within one year	11,062	9,513
TOTAL CURRENT LIABILITIES	36,699	36,058
Long-term debt	25,577	24,995
Deferred income taxes	5,974	5,774
Other noncurrent liabilities	5,719	6,120
TOTAL LIABILITIES	73,969	72,946
TOTAL SHAREHOLDERS' EQUITY	53,317	52,284
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 127,286	\$ 125,231

Certain columns and rows may not add due to rounding.

The Procter & Gamble Company

Exhibit 1: Non-GAAP Measures

The following provides definitions of the non-GAAP measures used in Procter & Gamble's January 22, 2026 earnings release and the reconciliation to the most closely related GAAP measures. 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 period-to-period 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 measures 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 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 Core earnings measures included in the following reconciliation tables refer to the equivalent GAAP measures adjusted as applicable for the following item:

- Incremental restructuring: The Company has historically had an ongoing level of restructuring activities of approximately \$250 - \$500 million before tax. On June 5, 2025, the Company announced a portfolio and productivity plan to streamline its portfolio and organization to improve its cost structure and competitiveness. 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.

We do not view the above item to be part of our sustainable results, and its exclusion from Core earnings measures provides a more comparable measure of year-on-year results. This item is 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 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 common share (diluted EPS) adjusted for items as indicated. 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.

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

Core selling, general and administrative (SG&A) expense as a percentage of sales and Currency-neutral Core SG&A expense as a percentage of sales: Core SG&A expense as a percentage of sales is a measure of the Company's selling, general and administrative expense as a percentage of net sales adjusted for items as indicated. Currency-neutral Core SG&A expense as a percentage of sales is a measure of the Company's Core selling, general and administrative expense as a percentage of net sales excluding the incremental current year impact of foreign exchange. Management believes 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. Management believes 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. 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. 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 also used in assessing the achievement of management goals for at-risk compensation.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
Reconciliation of Non-GAAP Measures

Amounts in millions except per share amounts	Three Months Ended December 31, 2025			Three Months Ended December 31, 2024
	As Reported (GAAP)	Incremental Restructuring	Core (Non-GAAP)	As Reported (GAAP)⁽¹⁾
Cost of products sold	\$ 10,834	\$ (152)	\$ 10,681	\$ 10,418
Gross profit	11,374	152	11,527	11,464
Gross margin	51.2 %	0.7 %	51.9 %	52.4 %
Currency impact to Core gross margin			0.2 %	
Currency-neutral Core gross margin			52.1 %	
Selling, general and administrative expense	6,008	(144)	5,864	5,723
Selling, general and administrative expense as a % of net sales	27.1 %	(0.6)%	26.4 %	26.2 %
Currency impact to Core selling, general and administrative expense as a % of net sales			0.2 %	
Currency-neutral Core selling, general and administrative expense as a % of net sales			26.6 %	
Operating income	5,366	296	5,662	5,741
Operating margin	24.2 %	1.3 %	25.5 %	26.2 %
Currency impact to Core operating margin			(0.1)%	
Currency-neutral Core operating margin			25.4 %	
Other non-operating income/(expense), net	160	23	183	224
Income taxes	1,090	59	1,149	1,187
Net earnings	4,331	261	4,592	4,659
Less: Net earnings attributable to noncontrolling interests	12	15	27	29
Net earnings attributable to P&G	4,319	246	4,565	4,630
			Core EPS	
Diluted net earnings per common share ⁽²⁾	\$ 1.78	\$ 0.10	\$ 1.88	\$ 1.88
Currency impact to Core EPS			\$ (0.03)	
Currency-neutral Core EPS			\$ 1.85	
Diluted weighted average common shares outstanding	2,424.0			2,458.1

⁽¹⁾ For the three months ended December 31, 2024, there were no adjustments to or reconciling items for Core EPS.

⁽²⁾ Diluted net earnings per common share are calculated on Net earnings attributable to Procter & Gamble.

CHANGE VERSUS YEAR AGO

Gross margin	(120)	BPS
Core gross margin	(50)	BPS
Currency-neutral Core gross margin	(30)	BPS
Selling, general and administrative expense as a % of net sales	90	BPS
Core selling, general and administrative expense as a % of net sales	20	BPS
Currency-neutral Core selling, general and administrative as a % of net sales	40	BPS
Operating margin	(200)	BPS
Core operating margin	(70)	BPS
Currency-neutral Core operating margin	(80)	BPS
Diluted EPS	(5)%	
Core EPS	— %	
Currency-neutral Core EPS	(2)%	

Organic sales growth:

<u>October - December 2025</u>	<u>Net Sales Growth</u>	<u>Foreign Exchange Impact</u>	<u>Acquisition & Divestiture Impact/Other⁽¹⁾</u>	<u>Organic Sales Growth</u>
Beauty	5%	(1)%	—%	4%
Grooming	2%	(2)%	—%	—%
Health Care	5%	(2)%	—%	3%
Fabric & Home Care	1%	(1)%	—%	—%
Baby, Feminine & Family Care	(3)%	(1)%	—%	(4)%
Total Company	1%	(1)%	—%	—%

⁽¹⁾ 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.

<u>Total Company</u>	<u>Net Sales Growth</u>	<u>Combined Foreign Exchange & Acquisition/Divestiture Impact/Other⁽¹⁾</u>	<u>Organic Sales Growth</u>
FY 2026 (Estimate)	+1% to +5%	-1%	-% to +4%

⁽¹⁾ 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.

Core EPS growth:

<u>Total Company</u>	<u>Diluted EPS Growth</u>	<u>Impact of Incremental Non-Core Items⁽¹⁾</u>	<u>Core EPS Growth</u>
FY 2026 (Estimate)	+1% to +6%	-1% to -2%	-% to +4%

⁽¹⁾ Includes the impact of incremental non-core restructuring charges including the limited market portfolio restructuring with the substantial liquidation of its operations in Argentina incurred in fiscal 2025 and the portfolio and productivity plan in fiscal 2026.

Adjusted free cash flow (dollar amounts in millions):

<u>Three Months Ended December 31, 2025</u>		
<u>Operating Cash Flow</u>	<u>Capital Spending</u>	<u>Adjusted Free Cash Flow</u>
\$4,972	\$(1,167)	\$3,805

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

<u>Three Months Ended December 31, 2025</u>		
<u>Adjusted Free Cash Flow</u>	<u>Net Earnings</u>	<u>Adjusted Free Cash Flow Productivity</u>
\$3,805	\$4,331	88%