**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# FORM 10-Q

**(Mark one)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended March 31, 2023**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____ to _____**

## THE PROCTER & GAMBLE COMPANY

***(Exact name of registrant as specified in its charter)***

| **Ohio** | **1-434** | **31-0411980** |
|---|---|---|
| ***(State of Incorporation)*** | ***(Commission File Number)*** | ***(I.R.S. Employer Identification Number)*** |

| **One Procter & Gamble Plaza, Cincinnati, Ohio** | **45202** |
|---|---|
| ***(Address of principal executive offices)*** | ***(Zip Code)*** |

(513) 983-1100
***(Registrant's telephone number, including area code)***

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| Common Stock, without Par Value | PG | NYSE |
| 1.125% Notes due 2023 | PG23A | NYSE |
| 0.500% Notes due 2024 | PG24A | NYSE |
| 0.625% Notes due 2024 | PG24B | NYSE |
| 1.375% Notes due 2025 | PG25 | NYSE |
| 0.110% Notes due 2026 | PG26D | NYSE |
| 4.875% EUR notes due May 2027 | PG27A | NYSE |
| 1.200% Notes due 2028 | PG28 | NYSE |
| 1.250% Notes due 2029 | PG29B | NYSE |
| 1.800% Notes due 2029 | PG29A | NYSE |
| 6.250% GBP notes due January 2030 | PG30 | NYSE |
| 0.350% Notes due 2030 | PG30C | NYSE |
| 0.230% Notes due 2031 | PG31A | NYSE |
| 5.250% GBP notes due January 2033 | PG33 | NYSE |
| 1.875% Notes due 2038 | PG38 | NYSE |
| 0.900% Notes due 2041 | PG41 | NYSE |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

There were 2,356,969,322 shares of Common Stock outstanding as of March 31, 2023.

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF EARNINGS**

| Amounts in millions except per share amounts | Three Months Ended March 31 | | Nine Months Ended March 31 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **NET SALES** | **$ 20,068** | $ 19,381 | **$ 61,453** | $ 60,672 |
| Cost of products sold | **10,404** | 10,326 | **32,147** | 31,355 |
| Selling, general and administrative expense | **5,416** | 5,031 | **15,334** | 15,102 |
| **OPERATING INCOME** | **4,248** | 4,024 | **13,972** | 14,215 |
| Interest expense | **(222)** | (109) | **(516)** | (324) |
| Interest income | **83** | 9 | **191** | 30 |
| Other non-operating income, net | **179** | 147 | **473** | 424 |
| **EARNINGS BEFORE INCOME TAXES** | **4,288** | 4,071 | **14,120** | 14,345 |
| Income taxes | **864** | 704 | **2,774** | 2,610 |
| **NET EARNINGS** | **3,424** | 3,367 | **11,346** | 11,735 |
| Less: Net earnings attributable to noncontrolling interests | **27** | 12 | **77** | 45 |
| **NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE** | **$ 3,397** | $ 3,355 | **$ 11,269** | $ 11,690 |
| | | | | |
| **NET EARNINGS PER SHARE** [1] | | | | |
| Basic | **$ 1.41** | $ 1.37 | **$ 4.67** | $ 4.76 |
| Diluted | **$ 1.37** | $ 1.33 | **$ 4.53** | $ 4.59 |
| | | | | |
| **DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING** | **2,473.2** | 2,530.2 | **2,486.0** | 2,544.4 |

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

See accompanying Notes to Consolidated Financial Statements.

**THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| Amounts in millions | Three Months Ended March 31 | | Nine Months Ended March 31 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **NET EARNINGS** | **$ 3,424** | $ 3,367 | **$ 11,346** | $ 11,735 |
| **OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX** | | | | |
| Foreign currency translation | **259** | 23 | **(74)** | (683) |
| Unrealized gains/(losses) on investment securities | **1** | — | **(2)** | 7 |
| Unrealized gains/(losses) on defined benefit retirement plans | **(19)** | 89 | **(8)** | 968 |
| **TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX** | **241** | 112 | **(84)** | 292 |
| **TOTAL COMPREHENSIVE INCOME** | **3,665** | 3,479 | **11,262** | 12,027 |
| Less: Total comprehensive income attributable to noncontrolling interests | **28** | 8 | **70** | 41 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PROCTER & GAMBLE** | **$ 3,637** | $ 3,471 | **$ 11,192** | $ 11,986 |

See accompanying Notes to Consolidated Financial Statements.

**THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

| Amounts in millions | | | March 31, 2023 | June 30, 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| **CURRENT ASSETS** | | | | |
| Cash and cash equivalents | | | **$ 7,596** | $ 7,214 |
| Accounts receivable | | | **5,471** | 5,143 |
| **INVENTORIES** | | | | |
| Materials and supplies | | | **2,010** | 2,168 |
| Work in process | | | **966** | 856 |
| Finished goods | | | **4,507** | 3,900 |
| Total inventories | | | **7,483** | 6,924 |
| Prepaid expenses and other current assets | | | **1,755** | 2,372 |
| **TOTAL CURRENT ASSETS** | | | **22,305** | 21,653 |
| **PROPERTY, PLANT AND EQUIPMENT, NET** | | | **21,564** | 21,195 |
| **GOODWILL** | | | **40,718** | 39,700 |
| **TRADEMARKS AND OTHER INTANGIBLE ASSETS, NET** | | | **23,832** | 23,679 |
| **OTHER NONCURRENT ASSETS** | | | **11,432** | 10,981 |
| **TOTAL ASSETS** | | | **$ 119,851** | $ 117,208 |
| | | | | |
| **Liabilities and Shareholders' Equity** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Accounts payable | | | **$ 13,790** | $ 14,882 |
| Accrued and other liabilities | | | **10,523** | 9,554 |
| Debt due within one year | | | **13,717** | 8,645 |
| **TOTAL CURRENT LIABILITIES** | | | **38,030** | 33,081 |
| **LONG-TERM DEBT** | | | **22,874** | 22,848 |
| **DEFERRED INCOME TAXES** | | | **6,422** | 6,809 |
| **OTHER NONCURRENT LIABILITIES** | | | **7,104** | 7,616 |
| **TOTAL LIABILITIES** | | | **74,430** | 70,354 |
| **SHAREHOLDERS' EQUITY** | | | | |
| Preferred stock | | | **822** | 843 |
| Common stock – shares issued – | March 2023 | 4,009.2 | | |
| | June 2022 | 4,009.2 | **4,009** | 4,009 |
| Additional paid-in capital | | | **66,316** | 65,795 |
| Reserve for ESOP debt retirement | | | **(821)** | (916) |
| Accumulated other comprehensive loss | | | **(12,266)** | (12,189) |
| Treasury stock | | | **(130,002)** | (123,382) |
| Retained earnings | | | **117,082** | 112,429 |
| Noncontrolling interest | | | **281** | 265 |
| **TOTAL SHAREHOLDERS' EQUITY** | | | **45,421** | 46,854 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | | **$ 119,851** | $ 117,208 |

See accompanying Notes to Consolidated Financial Statements.

## THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

**Three Months Ended March 31, 2023**

| Dollars in millions; shares in thousands | Common Stock Shares | Common Stock Amount | Preferred Stock | Additional Paid-In Capital | Reserve for ESOP Debt Retirement | Accumulated Other Comprehensive Income/(Loss) | Treasury Stock | Retained Earnings | Noncontrolling Interest | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE DECEMBER 31, 2022** | 2,359,144 | $4,009 | $831 | $66,145 | ($870) | ($12,506) | ($129,012) | $115,858 | $270 | $44,725 |
| Net earnings | | | | | | | | 3,397 | 27 | 3,424 |
| Other comprehensive income/(loss) | | | | | | 240 | | | 1 | 241 |
| Dividends and dividend equivalents ($0.9133 per share): | | | | | | | | | | |
| Common | | | | | | | | (2,160) | | (2,160) |
| Preferred | | | | | | | | (69) | | (69) |
| Treasury stock purchases | (9,406) | | | | | | (1,351) | | | (1,351) |
| Employee stock plans | 6,290 | | | 170 | | | 353 | | | 523 |
| Preferred stock conversions | 941 | | (9) | 1 | | | 8 | | | — |
| ESOP debt impacts | | | | | 49 | | | 56 | | 105 |
| Noncontrolling interest, net | | | | — | | | | | (17) | (17) |
| **BALANCE MARCH 31, 2023** | **2,356,969** | **$4,009** | **$822** | **$66,316** | **($821)** | **($12,266)** | **($130,002)** | **$117,082** | **$281** | **$45,421** |

**Nine Months Ended March 31, 2023**

| Dollars in millions; shares in thousands | Common Stock Shares | Common Stock Amount | Preferred Stock | Additional Paid-In Capital | Reserve for ESOP Debt Retirement | Accumulated Other Comprehensive Income/(Loss) | Treasury Stock | Retained Earnings | Noncontrolling Interest | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE JUNE 30, 2022** | 2,393,877 | $4,009 | $843 | $65,795 | ($916) | ($12,189) | ($123,382) | $112,429 | $265 | $46,854 |
| Net earnings | | | | | | | | 11,269 | 77 | 11,346 |
| Other comprehensive income/(loss) | | | | | | (77) | | | (7) | (84) |
| Dividends and dividend equivalents ($2.7399 per share): | | | | | | | | | | |
| Common | | | | | | | | (6,517) | | (6,517) |
| Preferred | | | | | | | | (210) | | (210) |
| Treasury stock purchases | (52,021) | | | | | | (7,353) | | | (7,353) |
| Employee stock plans | 12,742 | | | 518 | | | 715 | | | 1,233 |
| Preferred stock conversions | 2,371 | | (21) | 3 | | | 18 | | | — |
| ESOP debt impacts | | | | | 95 | | | 111 | | 206 |
| Noncontrolling interest, net | | | | — | | | | | (54) | (54) |
| **BALANCE MARCH 31, 2023** | **2,356,969** | **$4,009** | **$822** | **$66,316** | **($821)** | **($12,266)** | **($130,002)** | **$117,082** | **$281** | **$45,421** |

See accompanying Notes to Consolidated Financial Statements.

**Three Months Ended March 31, 2022**

| Dollars in millions; shares in thousands | Common Stock Shares | Common Stock Amount | Preferred Stock | Additional Paid-In Capital | Reserve for ESOP Debt Retirement | Accumulated Other Comprehensive Income/(Loss) | Treasury Stock | Retained Earnings | Noncontrolling Interest | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE DECEMBER 31, 2021** | 2,397,066 | $4,009 | $856 | $65,432 | ($965) | ($13,564) | ($121,543) | $110,393 | $275 | $44,893 |
| Net earnings | | | | | | | | 3,355 | 12 | 3,367 |
| Other comprehensive income/(loss) | | | | | | 116 | | | (4) | 112 |
| Dividends and dividend equivalents ($0.8698 per share): | | | | | | | | | | |
| Common | | | | | | | | (2,092) | | (2,092) |
| Preferred | | | | | | | | (68) | | (68) |
| Treasury stock purchases | (7,909) | | | | | | (1,249) | | | (1,249) |
| Employee stock plans | 9,108 | | | 180 | | | 512 | | | 692 |
| Preferred stock conversions | 1,032 | | (10) | 2 | | | 8 | | | — |
| ESOP debt impacts | | | | | 49 | | | 57 | | 106 |
| Noncontrolling interest, net | | | | — | | | | | (15) | (15) |
| **BALANCE MARCH 31, 2022** | 2,399,297 | $4,009 | $846 | $65,614 | ($916) | ($13,448) | ($122,272) | $111,645 | $268 | $45,746 |

**Nine Months Ended March 31, 2022**

| Dollars in millions; shares in thousands | Common Stock Shares | Common Stock Amount | Preferred Stock | Additional Paid-In Capital | Reserve for ESOP Debt Retirement | Accumulated Other Comprehensive Income/(Loss) | Treasury Stock | Retained Earnings | Noncontrolling Interest | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE JUNE 30, 2021** | 2,429,706 | $4,009 | $870 | $64,848 | ($1,006) | ($13,744) | ($114,973) | $106,374 | $276 | $46,654 |
| Net earnings | | | | | | | | 11,690 | 45 | 11,735 |
| Other comprehensive income/(loss) | | | | | | 296 | | | (4) | 292 |
| Dividends and dividend equivalents ($2.6094 per share): | | | | | | | | | | |
| Common | | | | | | | | (6,318) | | (6,318) |
| Preferred | | | | | | | | (208) | | (208) |
| Treasury stock purchases | (58,695) | | | | | | (8,753) | | | (8,753) |
| Employee stock plans | 25,531 | | | 764 | | | 1,434 | | | 2,198 |
| Preferred stock conversions | 2,755 | | (24) | 4 | | | 20 | | | — |
| ESOP debt impacts | | | | | 90 | | | 107 | | 197 |
| Noncontrolling interest, net | | | | (2) | | | | | (49) | (51) |
| **BALANCE MARCH 31, 2022** | 2,399,297 | $4,009 | $846 | $65,614 | ($916) | ($13,448) | ($122,272) | $111,645 | $268 | $45,746 |

See accompanying Notes to Consolidated Financial Statements.

**THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| Amounts in millions | Nine Months Ended March 31 2023 | 2022 |
|---|---|---|
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD** | **$ 7,214** | $ 10,288 |
| **OPERATING ACTIVITIES** | | |
| Net earnings | **11,346** | 11,735 |
| Depreciation and amortization | **2,008** | 2,085 |
| Share-based compensation expense | **406** | 398 |
| Deferred income taxes | **(360)** | (259) |
| Gain on sale of assets | **(4)** | (84) |
| Changes in: | | |
| Accounts receivable | **(301)** | (916) |
| Inventories | **(503)** | (1,252) |
| Accounts payable, accrued and other liabilities | **(609)** | 1,347 |
| Other operating assets and liabilities | **(839)** | (131) |
| Other | **363** | 87 |
| **TOTAL OPERATING ACTIVITIES** | **11,507** | 13,010 |
| **INVESTING ACTIVITIES** | | |
| Capital expenditures | **(2,328)** | (2,464) |
| Proceeds from asset sales | **9** | 99 |
| Acquisitions, net of cash acquired | **(714)** | (1,381) |
| Other investing activity | **331** | 4 |
| **TOTAL INVESTING ACTIVITIES** | **(2,702)** | (3,742) |
| **FINANCING ACTIVITIES** | | |
| Dividends to shareholders | **(6,710)** | (6,508) |
| Additions to short-term debt with original maturities of more than three months | **13,778** | 10,146 |
| Reductions in short-term debt with original maturities of more than three months | **(9,134)** | (8,163) |
| Net reductions to other short-term debt | **(387)** | (849) |
| Additions to long-term debt | **2,569** | 4,385 |
| Reductions in long-term debt | **(1,877)** | (2,776) |
| Treasury stock purchases | **(7,353)** | (8,753) |
| Impact of stock options and other | **861** | 1,800 |
| **TOTAL FINANCING ACTIVITIES** | **(8,253)** | (10,718) |
| **EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | **(170)** | (312) |
| **CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | **382** | (1,762) |
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD** | **$ 7,596** | $ 8,526 |

See accompanying Notes to Consolidated Financial Statements.

**THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of Presentation**

These statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2022. In the opinion of management, the accompanying unaudited Consolidated Financial Statements of The Procter & Gamble Company and subsidiaries (the "Company," "Procter & Gamble," "P&G," "we" or "our") contain all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods reported. However, the results of operations included in such financial statements may not necessarily be indicative of annual results.

**2. New Accounting Pronouncements and Policies**

In November 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-10, "Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance". This guidance requires annual disclosures for transactions with a government authority that are accounted for by applying a grant or contribution model. These amendments are effective for annual periods beginning after December 15, 2021, with early adoption permitted. We have completed our evaluation of significant transactions. The guidance has not had, and is not expected to have, a material impact on the Company's Consolidated Financial Statements.

In September 2022, the FASB issued ASU No. 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations". This guidance requires annual and interim disclosures for entities that use supplier finance programs in connection with the purchase of goods and services. These amendments are effective for fiscal years beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. We are currently assessing the impact of this guidance on our Consolidated Financial Statements.

No other new accounting pronouncement issued or effective during the fiscal year had, or is expected to have, a material impact on our Consolidated Financial Statements.

**3. Segment Information**

Under U.S. GAAP, our operating segments are aggregated into five reportable segments: 1) Beauty, 2) Grooming, 3) Health Care, 4) Fabric & Home Care and 5) Baby, Feminine & Family Care. Our five reportable segments are comprised of:

- *Beauty*: Hair Care (Conditioners, Shampoos, Styling Aids, Treatments); Skin and Personal Care (Antiperspirants and Deodorants, Personal Cleansing, Skin Care);
- *Grooming*: Grooming (Appliances, Female Blades & Razors, Male Blades & Razors, Pre- and Post-Shave Products, Other Grooming);
- *Health Care*: Oral Care (Toothbrushes, Toothpaste, Other Oral Care); Personal Health Care (Gastrointestinal, Rapid Diagnostics, Respiratory, Vitamins/Minerals/Supplements, Pain Relief, Other Personal Health Care);
- *Fabric & Home Care*: Fabric Care (Fabric Enhancers, Laundry Additives, Laundry Detergents); Home Care (Air Care, Dish Care, P&G Professional, Surface Care); and
- *Baby, Feminine & Family Care*: Baby Care (Baby Wipes, Taped Diapers and Pants); Feminine Care (Adult Incontinence, Feminine Care); Family Care (Paper Towels, Tissues, Toilet Paper).

Our operating segments are comprised of similar product categories. Operating segments that individually accounted for 5% or more of consolidated net sales are as follows:

| | % of Net sales by operating segment [1] | | | |
|---|---|---|---|---|
| | Three Months Ended March 31 | | Nine Months Ended March 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| Fabric Care | **23%** | 23% | **23%** | 23% |
| Home Care | **12%** | 12% | **12%** | 11% |
| Baby Care | **10%** | 11% | **10%** | 10% |
| Skin and Personal Care | **9%** | 9% | **10%** | 10% |
| Hair Care | **9%** | 8% | **9%** | 9% |
| Family Care | **9%** | 9% | **8%** | 9% |
| Oral Care | **8%** | 8% | **8%** | 8% |
| Grooming [2] | **8%** | 7% | **8%** | 6% |
| Feminine Care | **6%** | 6% | **6%** | 6% |
| Personal Health Care | **6%** | 6% | **6%** | 6% |
| Other [2] | **—%** | 1% | **—%** | 2% |
| Total | **100%** | 100% | **100%** | 100% |

[1] % of Net sales by operating segment excludes sales held in Corporate.

[2] Effective July 1, 2022, the Grooming Sector Business Unit completed the full integration of its Shave Care and Appliances categories to cohesively serve consumers' grooming needs. This transition included the integration of the management team, strategic decision-making, innovation plans, financial targets, budgets and internal management reporting. For the three and nine months ended March 31, 2022, Appliances was presented in Other.

The following is a summary of reportable segment results:

| | | Three Months Ended March 31 | | | Nine Months Ended March 31 | | |
|---|---|---|---|---|---|---|---|
| | | Net Sales | Earnings/(Loss) Before Income Taxes | Net Earnings/(Loss) | Net Sales | Earnings/(Loss) Before Income Taxes | Net Earnings/(Loss) |
| Beauty | **2023** | **$ 3,494** | **$ 763** | **$ 608** | **$ 11,262** | **$ 3,179** | **$ 2,530** |
| | 2022 | 3,389 | 792 | 644 | 11,279 | 3,213 | 2,582 |
| Grooming | **2023** | **1,495** | **382** | **308** | **4,763** | **1,381** | **1,116** |
| | 2022 | 1,481 | 353 | 290 | 4,979 | 1,447 | 1,183 |
| Health Care | **2023** | **2,828** | **667** | **523** | **8,636** | **2,354** | **1,826** |
| | 2022 | 2,662 | 625 | 485 | 8,314 | 2,225 | 1,715 |
| Fabric & Home Care | **2023** | **7,016** | **1,538** | **1,174** | **21,130** | **4,619** | **3,517** |
| | 2022 | 6,699 | 1,275 | 969 | 20,680 | 4,284 | 3,297 |
| Baby, Feminine & Family Care | **2023** | **5,062** | **1,206** | **925** | **15,061** | **3,373** | **2,578** |
| | 2022 | 4,935 | 1,091 | 836 | 14,915 | 3,353 | 2,576 |
| Corporate | **2023** | **173** | **(268)** | **(114)** | **601** | **(786)** | **(221)** |
| | 2022 | 215 | (65) | 143 | 505 | (177) | 382 |
| **Total Company** | **2023** | **$ 20,068** | **$ 4,288** | **$ 3,424** | **$ 61,453** | **$ 14,120** | **$ 11,346** |
| | 2022 | 19,381 | 4,071 | 3,367 | 60,672 | 14,345 | 11,735 |

**4. Goodwill and Other Intangible Assets**

Goodwill is allocated by reportable segment as follows:

| | Beauty | Grooming | Health Care | Fabric & Home Care | Baby, Feminine & Family Care | Total Company |
|---|---|---|---|---|---|---|
| Goodwill at June 30, 2022 | $ 13,296 | $ 12,571 | $ 7,589 | $ 1,808 | $ 4,436 | $ 39,700 |
| Acquisitions and divestitures | 404 | — | — | — | 34 | 438 |
| Translation and other | 221 | 148 | 130 | 16 | 65 | 580 |
| **Goodwill at March 31, 2023** | **$ 13,921** | **$ 12,719** | **$ 7,719** | **$ 1,824** | **$ 4,535** | **$ 40,718** |

Goodwill increased from June 30, 2022, primarily due to an acquisition in the Beauty segment, other minor brand acquisitions in the Baby, Feminine & Family Care segment and currency translation.

Identifiable intangible assets at March 31, 2023, were comprised of:

| | Gross Carrying Amount | Accumulated Amortization |
|---|---|---|
| Intangible assets with determinable lives | $ 9,170 | $ (6,335) |
| Intangible assets with indefinite lives | 20,997 | — |
| **Total identifiable intangible assets** | **$ 30,167** | **$ (6,335)** |

Intangible assets with determinable lives consist of brands, patents, technology and customer relationships. The intangible assets with indefinite lives primarily consist of brands. The amortization expense of determinable-lived intangible assets for the three months ended March 31, 2023 and 2022, was $82 and $79, respectively. For the nine months ended March 31, 2023 and 2022, amortization expense was $241 and $230, respectively.

Goodwill and indefinite-lived intangible assets are not amortized but are tested at least annually for impairment. We use the income method to estimate the fair value of these assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. If the resulting fair value is less than the asset's carrying value, that difference represents an impairment. Our annual impairment testing for goodwill and indefinite-lived intangible assets occurs during the three months ended December 31.

Most of our goodwill reporting units have fair value cushions that significantly exceed their underlying carrying values. In connection with the Grooming operating segment integration as described further in Note 3, we concluded that the Shave Care and Appliances categories are one reporting unit (Grooming) for goodwill impairment testing. Based on our annual impairment testing performed during the three months ended December 31, 2022, our Grooming goodwill reporting unit, which is comprised entirely of acquired businesses, has a fair value cushion of over 30% and the Gillette indefinite-lived intangible asset's fair value exceeded its carrying value by approximately 5%.

While we have concluded that no triggering event has occurred during the quarter ended March 31, 2023, the Gillette indefinite-lived intangible asset is most susceptible to future impairment risk. As of March 31, 2023, the carrying value of the Gillette indefinite-lived intangible asset was $14.1 billion. Adverse changes in the business or in the macroeconomic environment, including foreign currency devaluation, increasing global inflation, market contraction from an economic recession and the Russia-Ukraine War, could reduce the underlying cash flows used to estimate the fair value of the Gillette indefinite-lived intangible asset and trigger a future impairment charge. Further reduction of the Gillette business activities in Russia could reduce the estimated fair value by up to 5%.

The most significant assumptions utilized in the determination of the estimated fair value of the Gillette indefinite-lived intangible asset are the net sales growth rates (including residual growth rates), discount rate and royalty rates.

Net sales growth rates could be negatively impacted by reductions or changes in demand for our Gillette products, which may be caused by, among other things: changes in the use and frequency of grooming products, shifts in demand away from one or more of our higher priced products to lower priced products or potential supply chain constraints. In addition, relative global and country/regional macroeconomic factors, including the Russia-Ukraine War, could result in additional and prolonged devaluation of other countries' currencies relative to the U.S. dollar. The residual growth rates represent the expected rate at which the Gillette brand is expected to grow beyond the shorter-term business planning period. The residual growth rates utilized in our fair value estimates are consistent with the brand operating plans and approximate expected long-term category market growth rates. The residual growth rate depends on overall market growth rates, the competitive environment, inflation, relative currency exchange rates and business activities that impact market share. As a result, the residual growth rate could be adversely impacted by a sustained deceleration in category growth, grooming habit changes, devaluation of currencies against the U.S. dollar or an increased competitive environment.

The discount rate, which is consistent with a weighted average cost of capital that is likely to be expected by a market participant, is based upon industry required rates of return, including consideration of both debt and equity components of the capital structure. Our discount rate may be impacted by adverse changes in the macroeconomic environment, volatility in the equity and debt markets or other country specific factors, such as further devaluation of currencies against the U.S. dollar. Spot rates as of the fair value measurement date are utilized in our fair value estimates for cash flows outside the U.S.

The royalty rate used to determine the estimated fair value for the Gillette indefinite-lived intangible asset is driven by historical and estimated future profitability of the underlying Gillette business. The royalty rate may be impacted by significant adverse changes in long-term operating margins.

We performed a sensitivity analysis for the Gillette indefinite-lived intangible asset as part of our annual impairment testing during the three months ended December 31, 2022, utilizing reasonably possible changes in the assumptions for the discount rate, the short-term and residual growth rates and the royalty rates to demonstrate the potential impacts to estimated fair values. The table below provides, in isolation, the estimated fair value impacts related to a 25 basis-point increase in the discount rate, a 25 basis-point decrease in our short-term and residual growth rates or a 50 basis-point decrease in our royalty rates, which may result in an impairment of the Gillette indefinite-lived intangible asset.

| | Approximate Percent Change in Estimated Fair Value | | |
|---|---|---|---|
| | +25 bps Discount Rate | -25 bps Growth Rates | -50 bps Royalty Rate |
| Gillette indefinite-lived intangible asset | (6)% | (6)% | (4)% |

**5. Earnings Per Share**

Basic net earnings per common share are calculated by dividing Net earnings attributable to Procter & Gamble less preferred dividends by the weighted average number of common shares outstanding during the period. Diluted net earnings per common share are calculated by dividing Net earnings attributable to Procter & Gamble by the diluted weighted average number of common shares outstanding during the period. The diluted shares include the dilutive effect of stock options and other stock-based awards based on the treasury stock method and the assumed conversion of preferred stock.

Net earnings per share were calculated as follows:

| **CONSOLIDATED AMOUNTS** | Three Months Ended March 31 | | Nine Months Ended March 31 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Net earnings** | **$ 3,424** | $ 3,367 | **$ 11,346** | $ 11,735 |
| Less: Net earnings attributable to noncontrolling interests | **27** | 12 | **77** | 45 |
| **Net earnings attributable to P&G (Diluted)** | **3,397** | 3,355 | **11,269** | 11,690 |
| Less: Preferred dividends | **69** | 68 | **210** | 208 |
| **Net earnings attributable to P&G available to common shareholders (Basic)** | **$ 3,328** | $ 3,287 | **$ 11,059** | $ 11,482 |
| **SHARES IN MILLIONS** | | | | |
| Basic weighted average common shares outstanding | **2,359.1** | 2,400.5 | **2,370.2** | 2,414.0 |
| Add: Effect of dilutive securities | | | | |
| Convertible preferred shares [1] | **76.0** | 78.9 | **76.7** | 79.7 |
| Stock options and other unvested equity awards [2] | **38.1** | 50.8 | **39.1** | 50.7 |
| **Diluted weighted average common shares outstanding** | **2,473.2** | 2,530.2 | **2,486.0** | 2,544.4 |
| **NET EARNINGS PER SHARE** [3] | | | | |
| **Basic** | **$ 1.41** | $ 1.37 | **$ 4.67** | $ 4.76 |
| **Diluted** | **$ 1.37** | $ 1.33 | **$ 4.53** | $ 4.59 |

(1) An overview of preferred shares can be found in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022.

(2) Excludes 21 million and 5 million for the three months ended March 31, 2023 and 2022, respectively, and 20 million and 11 million for the nine months ended March 31, 2023 and 2022, respectively, of weighted average stock options outstanding because the exercise price of these options was greater than their average market value or their effect was antidilutive.

(3) Net earnings per share are calculated on Net earnings attributable to Procter & Gamble.

**6. Share-Based Compensation and Postretirement Benefits**

The following table provides a summary of our share-based compensation expense and postretirement benefit impacts:

| | Three Months Ended March 31 | | Nine Months Ended March 31 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Share-based compensation expense | **$ 156** | $ 130 | **$ 406** | $ 398 |
| Net periodic benefit cost for pension benefits | **45** | 47 | **132** | 143 |
| Net periodic benefit credit for other retiree benefits | **(131)** | (126) | **(395)** | (348) |

**7. Risk Management Activities and Fair Value Measurements**

As a multinational company with diverse product offerings, we are exposed to market risks, such as changes in interest rates, currency exchange rates and commodity prices. There have been no significant changes in our risk management policies or activities during the nine months ended March 31, 2023.

The Company has not changed its valuation techniques used in measuring the fair value of any financial assets and liabilities during the period. The Company recognizes transfers between levels within the fair value hierarchy, if any, at the end of each quarter. There were no transfers between levels during the periods presented. Also, there was no significant activity within the Level 3 assets and liabilities during the periods presented. There were no significant assets or liabilities that were remeasured at fair value on a non-recurring basis during the periods presented.

Cash equivalents were $6.0 billion as of March 31, 2023 and June 30, 2022, and are classified as Level 1 within the fair value hierarchy. Other investments had a fair value of $91 and $140 as of March 31, 2023 and June 30, 2022, respectively, including equity securities of $63 and $113 as of March 31, 2023 and June 30, 2022, respectively, and are presented in Other noncurrent assets. Investments measured at fair value are primarily classified as Level 1 and Level 2 within the fair value hierarchy. Level 1 are based on quoted market prices in active markets for identical assets. Level 2 are based on quoted market prices for similar instruments. There are no material investment balances classified as Level 3 within the fair value hierarchy or using net asset value as a practical expedient. Unrealized gains/(losses) on equity securities were $2 and $(4) during the three months ended March 31, 2023 and 2022, respectively. Unrealized gains/(losses) on equity securities were $10 and $(36) during the nine months ended March 31, 2023 and 2022, respectively. These unrealized gains/(losses) are recognized in Other non-operating income, net.

The fair value of long-term debt was $25.9 billion and $25.7 billion as of March 31, 2023 and June 30, 2022, respectively. This includes the current portion of long-term debt instruments ($4.1 billion and $3.6 billion as of March 31, 2023 and June 30, 2022, respectively). Certain long-term debt (debt designated as a fair value hedge) is recorded at fair value. All other long-term debt is recorded at amortized cost but is measured at fair value for disclosure purposes. We consider our debt to be Level 2 in the fair value hierarchy. Fair values are generally estimated based on quoted market prices for identical or similar instruments.

**Disclosures about Financial Instruments**

The notional amounts and fair values of financial instruments used in hedging transactions as of March 31, 2023 and June 30, 2022, are as follows:

| | Notional Amount | | Fair Value Asset | | Fair Value (Liability) | |
|---|---|---|---|---|---|---|
| | March 31, 2023 | June 30, 2022 | March 31, 2023 | June 30, 2022 | March 31, 2023 | June 30, 2022 |
| **DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS** | | | | | | |
| Interest rate contracts | **$ 4,054** | $ 4,972 | **$ —** | $ 3 | **$ (445)** | $ (307) |
| **DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS** | | | | | | |
| Foreign currency interest rate contracts | **$ 10,349** | $ 7,943 | **$ 4** | $ 561 | **$ (685)** | $ (1) |
| **TOTAL DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS** | **$ 14,403** | $ 12,915 | **$ 4** | $ 564 | **$ (1,130)** | $ (308) |
| **DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS** | | | | | | |
| Foreign currency contracts | **$ 5,698** | $ 5,625 | **$ 39** | $ 6 | **$ (18)** | $ (61) |
| **TOTAL DERIVATIVES AT FAIR VALUE** | **$ 20,101** | $ 18,540 | **$ 43** | $ 570 | **$ (1,148)** | $ (369) |

The fair value of the interest rate derivative asset/(liability) directly offsets the cumulative amount of the fair value hedging adjustment included in the carrying amount of the underlying debt obligation. The carrying amount of the underlying debt obligation, which includes the unamortized discount or premium and the fair value adjustment, was $3.6 billion and $4.7 billion as of March 31, 2023 and June 30, 2022, respectively. In addition to the foreign currency derivative contracts designated as net investment hedges, certain of our foreign currency denominated debt instruments are designated as net investment hedges. The carrying value of those debt instruments designated as net investment hedges, which includes the adjustment for the foreign currency transaction gain or loss on those instruments, was $10.5 billion and $11.2 billion as of March 31, 2023 and June 30, 2022, respectively. The increase in the notional balance of derivative instruments designated as net investment hedges is partially offset by the decrease in debt designated as a net investment hedge due to maturities. The net increase in the total amount of instruments designated as net investment hedges is primarily driven by the Company's decision to leverage favorable interest rate spreads in the foreign currency swap market.

All derivative assets are presented in Prepaid expenses and other current assets or Other noncurrent assets. All derivative liabilities are presented in Accrued and other liabilities or Other noncurrent liabilities. Changes in the fair value of net investment hedges are recognized in the Foreign currency translation component of Other comprehensive income (OCI). All of the Company's derivative assets and liabilities measured at fair value are classified as Level 2 within the fair value hierarchy.

Substantially all of the Company's financial instruments used in hedging transactions are governed by industry standard netting and collateral agreements with counterparties. If the Company's credit rating were to fall below the levels stipulated in the agreements, the counterparties could demand either collateralization or termination of the arrangements. The aggregate fair value of the instruments covered by these contractual features that are in a net liability position was $1,131 and $219 as of March 31, 2023 and June 30, 2022, respectively. The Company has not been required to post collateral as a result of these contractual features.

Before tax gains on our financial instruments in hedging relationships are categorized as follows:

| | Amount of Gain/(Loss) Recognized in OCI on Derivatives | | | |
|---|---|---|---|---|
| | Three Months Ended March 31 | | Nine Months Ended March 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| **DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS** [1] [2] | | | | |
| Foreign exchange contracts | **$ (266)** | $ 104 | **$ (571)** | $ 530 |

[1] For the derivatives in net investment hedging relationships, the amount of gain excluded from effectiveness testing, which was recognized in earnings, was $64 and $18 for the three months ended March 31, 2023 and 2022, respectively. The amount of gain excluded from effectiveness testing was $179 and $50 for the nine months ended March 31, 2023 and 2022, respectively.

[2] In addition to the foreign currency derivative contracts designated as net investment hedges, certain of our foreign currency denominated debt instruments are designated as net investment hedges. The amount of gain/(loss) recognized in Accumulated other comprehensive income (AOCI) for such instruments was $(242) and $237 for the three months ended March 31, 2023 and 2022, respectively. The amount of gain/(loss) recognized in Accumulated other comprehensive income (AOCI) for such instruments was $(406) and $804 for the nine months ended March 31, 2023 and 2022, respectively.

| | Amount of Gain/(Loss) Recognized in Earnings | | | |
|---|---|---|---|---|
| | Three Months Ended March 31 | | Nine Months Ended March 31 | |
| | 2023 | 2022 | 2023 | 2022 |
| **DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS** | | | | |
| Interest rate contracts | **$ 39** | $ (216) | **$ (141)** | $ (313) |
| **DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS** | | | | |
| Foreign currency contracts | **$ 38** | $ (2) | **$ (13)** | $ 28 |

The loss on the derivatives in fair value hedging relationships is fully offset by the mark-to-market impact of the related exposure. These are both recognized in Interest expense. The loss on derivatives not designated as hedging instruments is substantially offset by the currency mark-to-market of the related exposure. These are both recognized in Selling, general and administrative expense (SG&A).

**8. Accumulated Other Comprehensive Income/(Loss)**

The table below presents the changes in Accumulated other comprehensive income/(loss) attributable to Procter & Gamble (AOCI), including the reclassifications out of AOCI by component:

| | Investment Securities | Postretirement Benefit Plans | Foreign Currency Translation | Total AOCI |
|---|---|---|---|---|
| Balance at June 30, 2022 | $ 20 | $ 27 | $ (12,236) | $ (12,189) |
| OCI before reclassifications [1] | (2) | (22) | (74) | (98) |
| Amounts reclassified to the Consolidated Statement of Earnings [2] | — | 14 | — | 14 |
| Net current period OCI | (2) | (8) | (74) | (84) |
| Less: OCI attributable to noncontrolling interests | | — | (7) | (7) |
| **Balance at March 31, 2023** | **$ 18** | **$ 19** | **$ (12,303)** | **$ (12,266)** |

[1] Net of tax (benefit)/expense of $(1), $(13) and $(230) for gains/losses on investment securities, postretirement benefit plans and foreign currency translation, respectively. Income tax effects within foreign currency translation include impacts from items such as net investment hedge transactions.

[2] Net of tax (benefit)/expense of $0, $7 and $0 for gains/losses on investment securities, postretirement benefit plans and foreign currency translation, respectively.

Postretirement benefit plan amounts are reclassified from AOCI into Other non-operating income, net and included in the computation of net periodic postretirement costs.

**9. Commitments and Contingencies**

**Litigation**

We are subject, from time to time, to certain legal proceedings and claims arising out of our business, which cover a wide range of matters, including antitrust and trade regulation, product liability, advertising, contracts, environmental, patent and trademark matters, labor and employment matters and tax. While considerable uncertainty exists, in the opinion of management and our counsel, the ultimate resolution of the various lawsuits and claims will not materially affect our financial position, results of operations or cash flows.

We are also subject to contingencies pursuant to environmental laws and regulations that in the future may require us to take action to correct the effects on the environment of prior manufacturing and waste disposal practices. Based on currently available information, we do not believe the ultimate resolution of environmental remediation will materially affect our financial position, results of operations or cash flows.

**Income Tax Uncertainties**

The Company is present in approximately 70 countries and over 150 taxable jurisdictions and, at any point in time, has 40–50 jurisdictional audits underway at various stages of completion. We evaluate our tax positions and establish liabilities for uncertain tax positions that may be challenged by local authorities and may not be fully sustained, despite our belief that the underlying tax positions are fully supportable. Uncertain tax positions are reviewed on an ongoing basis and are adjusted in light of changing facts and circumstances, including progress of tax audits, developments in case law and closing of statutes of limitations. Such adjustments are reflected in the tax provision as appropriate. We have tax years open ranging from 2010 and forward. We are generally not able to reliably estimate the ultimate settlement amounts until the close of an audit. Based on information currently available, we anticipate that over the next 12-month period, audit activity could be completed related to uncertain tax positions in multiple jurisdictions for which we have accrued existing liabilities of approximately $30, including interest and penalties.

Additional information on the Commitments and Contingencies of the Company can be found in our Annual Report on Form 10-K for the fiscal year ended June 30, 2022.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

Certain statements in this report, 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. Forward-looking statements may appear throughout this report, including without limitation, the following sections: “Management's Discussion and Analysis,” “Risk Factors” and "Notes 4 and 9 to the Consolidated Financial Statements." 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, currency exchange or pricing controls and localized volatility; (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 manage disruptions in credit markets or to our banking partners or changes to our credit rating; (4) 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 (including the Russia-Ukraine War) or terrorism or disease outbreaks; (5) 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; (6) 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; (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 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 uncertainties related to changing political conditions and potential implications such as exchange rate fluctuations and market contraction; (13) the ability to successfully manage current and expanding regulatory and legal requirements and matters (including, without limitation, those laws and regulations involving product liability, product and packaging composition, intellectual property, labor and employment, antitrust, privacy and data protection, tax, the environment, due diligence, risk oversight, accounting and financial reporting) and to resolve new and pending matters within current estimates; (14) the ability to manage changes in applicable tax laws and regulations; (15) 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; (16) 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; (17) 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; (18) the ability to manage the uncertainties, sanctions and economic effects from the war between Russia and Ukraine; and (19) the ability to successfully achieve our ambition of reducing our greenhouse gas emissions and delivering progress towards our environmental sustainability priorities. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from those projected herein is included in the section titled "Economic Conditions and Uncertainties" and the section titled "Risk Factors" (Part II, Item 1A) of this Form 10-Q.

### Purpose, Approach and Non-GAAP Measures

The purpose of Management's Discussion and Analysis (MD&A) is to provide an understanding of Procter & Gamble's financial condition, results of operations and cash flows by focusing on changes in certain key measures from year to year. The MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and accompanying Notes.

The MD&A is organized into the following sections:

- Overview
- Summary of Results – Nine Months Ended March 31, 2023
- Economic Conditions and Uncertainties
- Results of Operations – Three and Nine Months Ended March 31, 2023
- Business Segment Discussion – Three and Nine Months Ended March 31, 2023
- Liquidity and Capital Resources
- Reconciliation of Measures Not Defined by U.S. GAAP

Throughout the MD&A, we refer to measures used by management to evaluate performance, including unit volume growth, net sales, net earnings, diluted net earnings per share and operating cash flow. We also refer to a number of financial measures that are not defined under accounting principles generally accepted in the United States of America (U.S. GAAP) that include organic sales growth, core earnings per share (Core EPS), adjusted free cash flow and adjusted free

cash flow productivity. The explanation at the end of the MD&A provides the definition of these non-GAAP measures, details on the use and the derivation of these measures, as well as reconciliations to the most directly comparable U.S. GAAP measure.

Management also uses certain market share and market consumption estimates to evaluate performance relative to competition, despite some limitations on the availability and comparability of share and consumption information. References to market share and market consumption in the MD&A are based on a combination of vendor purchased traditional brick-and-mortar and online data in key markets as well as internal estimates. All market share references represent the percentage of sales of our products in dollar terms on a constant currency basis relative to all product sales in the category. The Company measures fiscal year to date market shares through the most recent period for which market share data is available, which typically reflects a lag time of one or two months as compared to the end of the reporting period. Management also uses unit volume growth to evaluate and explain drivers of changes in net sales. Organic volume growth reflects year-over-year changes in unit volume excluding the impacts of acquisitions and divestitures and certain one-time items, if applicable, and is used to explain changes in organic sales.

## OVERVIEW

P&G is a global leader in the fast-moving consumer goods industry, focused on providing branded consumer packaged goods of superior quality and value to our consumers around the world. Our products are sold in approximately 180 countries and territories, primarily through mass merchandisers, e-commerce (including social commerce) channels, grocery stores, membership club stores, drug stores, department stores, distributors, wholesalers, specialty beauty stores (including airport duty-free stores), high-frequency stores, pharmacies, electronics stores and professional channels. We also sell direct to individual consumers. We have on-the-ground operations in approximately 70 countries.

Our market environment is highly competitive with global, regional and local competitors. In many of the markets and industry segments in which we sell our products, we compete against other branded products as well as retailers' private-label brands. Additionally, many of the product segments in which we compete are differentiated by price tiers (referred to as super-premium, premium, mid-tier and value-tier products). We believe we are well positioned in the industry segments and markets in which we operate, often holding a leadership or significant market share position.

The table below lists our reportable segments, including the product categories and brand composition within each segment.

| Reportable Segments | Product Categories (Sub-Categories) | Major Brands |
|---|---|---|
| Beauty | Hair Care (*Conditioners, Shampoos, Styling Aids, Treatments*) | Head & Shoulders, Herbal Essences, Pantene, Rejoice |
| | Skin and Personal Care (*Antiperspirants and Deodorants, Personal Cleansing, Skin Care*) | Olay, Old Spice, Safeguard, Secret, SK-II |
| Grooming [(1)] | Grooming (*Appliances, Female Blades & Razors, Male Blades & Razors, Pre- and Post-Shave Products, Other Grooming*) | Braun, Gillette, Venus |
| Health Care | Oral Care (*Toothbrushes, Toothpastes, Other Oral Care*) | Crest, Oral-B |
| | Personal Health Care (*Gastrointestinal, Pain Relief, Rapid Diagnostics, Respiratory, Vitamins/Minerals/Supplements, Other Personal Health Care*) | Metamucil, Neurobion, Pepto-Bismol, Vicks |
| Fabric & Home Care | Fabric Care (*Fabric Enhancers, Laundry Additives, Laundry Detergents*) | Ariel, Downy, Gain, Tide |
| | Home Care (*Air Care, Dish Care, P&G Professional, Surface Care*) | Cascade, Dawn, Fairy, Febreze, Mr. Clean, Swiffer |
| Baby, Feminine & Family Care | Baby Care (*Baby Wipes, Taped Diapers and Pants*) | Luvs, Pampers |
| | Feminine Care (*Adult Incontinence, Feminine Care*) | Always, Always Discreet, Tampax |
| | Family Care (*Paper Towels, Tissues, Toilet Paper*) | Bounty, Charmin, Puffs |

(1) Effective July 1, 2022, the Grooming Sector Business Unit completed the full integration of its Shave Care and Appliances categories to cohesively serve consumers' grooming needs. This transition included the integration of the management team, strategic decision-making, innovation plans, financial targets, budgets and internal management reporting.

Throughout the MD&A, we reference business results by region, which are comprised of North America, Europe, Greater China, Latin America, Asia Pacific and India, Middle East and Africa (IMEA).

The following table provides the percentage of net sales and net earnings by reportable business segment (excluding Corporate) for the three and nine months ended March 31, 2023:

| | Three Months Ended March 31, 2023 | | Nine Months Ended March 31, 2023 | |
|---|---|---|---|---|
| | Net Sales | Net Earnings | Net Sales | Net Earnings |
| Beauty | 18% | 17% | 19% | 22% |
| Grooming | 8% | 9% | 8% | 10% |
| Health Care | 14% | 15% | 14% | 16% |
| Fabric & Home Care | 35% | 33% | 35% | 30% |
| Baby, Feminine & Family Care | 25% | 26% | 24% | 22% |
| **Total Company** | **100%** | **100%** | **100%** | **100%** |

## SUMMARY OF RESULTS

The following are highlights of results for the nine months ended March 31, 2023, versus the nine months ended March 31, 2022:

- Net sales increased by 1% to $61.5 billion versus the prior year period. Net sales increased mid-single digits in Health Care, low single digits in Fabric & Home Care and Baby, Feminine & Family Care and decreased mid-single digits in Grooming. Net Sales in Beauty was unchanged. Organic sales, which

exclude the impacts of acquisitions and divestitures and foreign exchange, increased 7%. Organic sales increased high single digits in Health Care and Fabric & Home Care and mid-single digits in Baby, Feminine & Family Care, Grooming and Beauty.

- Net earnings were $11.3 billion, a decrease of $389 million, or 3%, versus the prior year period due to a decrease in operating margin, partially offset by the increase in net sales.
- Net earnings attributable to Procter & Gamble were $11.3 billion, a decrease of $421 million, or 4%, versus the prior year period.
- Diluted net earnings per share (EPS) decreased 1% to $4.53 due to the decrease in net earnings, partially offset by a reduction in the weighted average shares outstanding.
- Operating cash flow was $11.5 billion. Adjusted free cash flow, which is defined as operating cash flow less capital expenditures and transitional tax payments resulting from the U.S. Tax Act, was $9.4 billion. Adjusted free cash flow productivity, which is defined as adjusted free cash flow as a percentage of net earnings, was 83%.

**ECONOMIC CONDITIONS AND UNCERTAINTIES**

**Global Economic Conditions.** Our products are sold in numerous countries across North America, Europe, Latin America, Asia and Africa, with more than half our sales generated outside the United States. As such, we are exposed to and impacted by global macroeconomic factors, U.S. and foreign government policies and foreign exchange fluctuations. Current macroeconomic factors remain very dynamic, and any causes of market size contraction, such as greater political unrest or instability in Central and Eastern Europe (including the ongoing Russia-Ukraine War), the Middle East, certain Latin American markets and the Korean peninsula could reduce our sales or erode our operating margin and consequently reduce our net earnings and cash flows.

**Changes in Costs.** Our costs are subject to fluctuations, particularly due to changes in commodity and input material prices, transportation and labor costs, broader inflationary impacts and our own productivity efforts. We have significant exposures to certain commodities and input materials, in particular certain oil-derived materials like resins and paper-based materials like pulp. Volatility in the market price of these commodities and input materials has a direct impact on our costs. Disruptions in our manufacturing, supply and distribution operations, energy shortages, port congestions, labor constraints, freight container and truck shortages and inflation have impacted our costs and could do so in the future. We strive to implement, achieve and sustain cost improvement plans, including supply chain optimization and general overhead and workforce optimization. Increased pricing in response to certain inflationary impacts or cost increases may also offset portions of the impacts, however such increases may impact product consumption. If we are unable to manage these impacts through pricing actions, cost savings projects and sourcing decisions, as well as through consistent productivity improvements, it may adversely impact our net sales, gross margin, operating margin, net earnings and cash flows.

**Foreign Exchange.** We have both translation and transaction exposure to the fluctuation of exchange rates. Translation exposures relate to exchange rate impacts of measuring income statements of foreign subsidiaries that do not use the U.S. dollar as their functional currency. Transaction exposures relate to 1) the impact from input costs that are denominated in a currency other than the local reporting currency and 2) the revaluation of transaction-related working capital balances denominated in currencies other than the functional currency. Historically, weakening of certain foreign currencies versus the U.S. dollar have resulted in significant foreign exchange impacts leading to lower net sales, net earnings and cash flows. Certain countries experiencing significant exchange rate fluctuations such as Argentina, Brazil, United Kingdom, Japan, Russia and Turkey have had, and could continue to have, a significant impact on our net sales, net earnings and cash flows. Increased pricing in response to certain fluctuations in foreign currency exchange rates may offset portions of the currency impacts but could also have a negative impact on the consumption of our products, which would negatively affect our net sales, gross margin, operating margin, net earnings and cash flows.

**Government Policies.** Our net sales, gross margin, operating margin, net earnings and cash flows could be affected by changes in U.S. or foreign government legislative, regulatory or enforcement policies. Our net earnings and cash flows could be affected by any future legislative or regulatory changes in U.S. or non-U.S. tax policy, including changes resulting from the current work being led by the OECD/G20 Inclusive Framework focused on "Addressing the Challenges of the Digitalization of the Economy". Our net sales, gross margin, operating margin, net earnings and cash flows may also be impacted by changes in U.S. and foreign government policies related to environmental and climate change matters. Additionally, we attempt to carefully

manage our debt, currency and other exposures in certain countries with currency exchange, import authorization and pricing controls, such as Argentina, Egypt and Pakistan. Our net sales, gross margin, operating margin, net earnings and cash flows could be affected by changes to international trade agreements in North America and elsewhere. Changes in government policies in the above areas might cause an increase or decrease in our net sales, gross margin, operating margin, net earnings and cash flows.

**Russia-Ukraine War.** The war between Russia and Ukraine has negatively impacted our operations in both countries. Our Ukraine business includes two manufacturing sites. We have approximately 400 employees including both manufacturing and non-manufacturing personnel. Our operations in Ukraine accounted for less than 1% of consolidated net sales and net earnings in fiscal 2022. Additionally, net assets of our Ukraine subsidiary, along with Ukraine related assets held by other subsidiaries, account for less than 1% of net assets as of March 31, 2023.

Our Russia business includes two manufacturing sites with a net book value of approximately $200 million as of March 31, 2023. We have approximately 1,800 employees, including both manufacturing and non-manufacturing personnel. In fiscal 2022, our operations in Russia accounted for less than 2% of consolidated net sales and less than 1% of net earnings. Additionally, net assets of our Russia subsidiaries, along with Russia related assets held by other subsidiaries, account for less than 2% of net assets as of March 31, 2023. Beginning in March 2022, the Company reduced its product portfolio, discontinued new capital investments and suspended media, advertising and promotional activity in Russia.

Future impacts to the Company are difficult to predict due to the high level of uncertainty related to the war's duration, evolution and resolution. Within Ukraine, there is a possibility of physical damage and destruction of our two manufacturing facilities. We may not be able to operate our manufacturing sites and source raw materials from our suppliers or ship finished products to our customers. Ultimately, these could result in impairments of our manufacturing plants and fixed assets or write-downs of other operating assets and working capital.

Within Russia, we may not be able to continue our reduced operations at current levels due to sanctions and counter-sanctions, monetary, currency or payment controls, legislative restrictions or policies, restrictions on access to financial institutions and supply and transportation challenges. Our suppliers, distributors and retail customers are also impacted by the war and their ability to successfully maintain their operations could also impact our operations or negatively impact the sales of our products.

More broadly, there could be additional negative impacts to our net sales, earnings and cash flows should the situation escalate beyond its current scope, including, among other potential impacts, economic recessions in certain neighboring countries or globally due to inflationary pressures and supply chain cost

increases or the geographic proximity of the war relative to the rest of Europe.

For a more complete discussion of the risks we encounter in our business, please refer to Risk Factors in Part I, Item 1A of the Company's Form 10-K for the fiscal year ended June 30, 2022.

## RESULTS OF OPERATIONS – Three Months Ended March 31, 2023

The following discussion provides a review of results for the three months ended March 31, 2023, versus the three months ended March 31, 2022.

| | Three Months Ended March 31 | | |
|---|---|---|---|
| **Amounts in millions, except per share amounts** | **2023** | **2022** | **% Chg** |
| Net sales | **$20,068** | $19,381 | 4% |
| Operating income | **4,248** | 4,024 | 6% |
| Net earnings | **3,424** | 3,367 | 2% |
| Net earnings attributable to Procter & Gamble | **3,397** | 3,355 | 1% |
| Diluted net earnings per common share | **1.37** | 1.33 | 3% |

| | Three Months Ended March 31 | | |
|---|---|---|---|
| **COMPARISONS AS A PERCENTAGE OF NET SALES** | **2023** | **2022** | **Basis Pt Chg** |
| Gross margin | **48.2%** | 46.7% | 150 |
| Selling, general & administrative expense | **27.0%** | 26.0% | 100 |
| Operating income | **21.2%** | 20.8% | 40 |
| Earnings before income taxes | **21.4%** | 21.0% | 40 |
| Net earnings | **17.1%** | 17.4% | (30) |
| Net earnings attributable to Procter & Gamble | **16.9%** | 17.3% | (40) |

### Net Sales

Net sales for the quarter increased by 4% to $20.1 billion. The increase in net sales was due to higher pricing of 10% and favorable mix of 1%, partially offset by unfavorable foreign exchange of 4% and a decrease in unit volume of 3%. Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales increased 7%. Favorable mix was driven by a higher proportion of sales in North America (with higher than company-average selling prices) and a lower proportion of sales in Europe (with lower than company-average selling prices).

Net Sales increased mid-single digits in Health Care and Fabric & Home Care and increased low single digits in Beauty, Baby, Feminine & Family Care and Grooming. On a regional basis, volume decreased double digits in Europe, decreased mid-single digits in Asia Pacific and IMEA, decreased low single digits in Greater China and increased mid-single digits in Latin America. Volume was unchanged in North America.

| | Net Sales Change Drivers 2023 vs. 2022 (Three Months Ended March 31, 2023) [1] | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Volume with Acquisitions & Divestitures** | **Volume Excluding Acquisitions & Divestitures** | **Foreign Exchange** | **Price** | **Mix** | **Other [2]** | **Net Sales Growth** |
| Beauty | 1% | —% | (5)% | 8% | (1)% | —% | 3% |
| Grooming | (1)% | (1)% | (6)% | 10% | (2)% | —% | 1% |
| Health Care | 1% | 1% | (3)% | 6% | 3% | (1)% | 6% |
| Fabric & Home Care | (5)% | (5)% | (4)% | 13% | 1% | —% | 5% |
| Baby, Feminine & Family Care | (4)% | (4)% | (3)% | 8% | 2% | —% | 3% |
| **Total Company** | **(3)%** | **(3)%** | **(4)%** | **10%** | **1%** | **—%** | **4%** |

[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.

### Operating Costs

Gross margin increased 150 basis points to 48.2% of net sales for the quarter. The increase in gross margin was due to:

- a 470 basis-point increase due to higher pricing and
- 210 basis points of manufacturing productivity savings.

These impacts were partially offset by

- 270 basis points of increased commodity and input material costs,
- a 140 basis-point decline from unfavorable product mix including the disproportionate decline of the super-premium SK-II brand,
- a 70 basis-point decline from unfavorable foreign exchange impacts,
- 20 basis points of increased transportation costs,
- 20 basis points of product and packaging investments and
- a 10 basis-point decline from capacity start-up and other manufacturing costs.

Total SG&A spending increased by 8% to $5.4 billion versus the prior year period due to increased marketing spending, overhead costs and other operating costs. SG&A as a percentage of net sales increased 100 basis points to 27.0% due primarily to the increase in overhead costs and other operating costs as a percentage of sales. Marketing spending as a percentage of net sales decreased 10 basis points as the positive scale impacts of the net sales increase and productivity savings were mostly offset by the increase in marketing spending. Overhead costs as a percentage of net sales increased 50 basis points due to wage inflation and other cost increases, partially offset by productivity savings and the positive scale impacts of the net sales increase. Other operating expenses as a percentage of net sales increased 60 basis points due primarily to higher foreign exchange transactional charges. Productivity-driven cost savings delivered 80 basis points of benefit to SG&A as a percentage of net sales.

**Non-Operating Expenses and Income**

Interest expense was $222 million for the quarter, an increase of $113 million versus the prior year period due to higher interest rates and an increase in short-term debt in the current fiscal year. Interest income was $83 million for the quarter, an increase of $74 million versus the prior year period due primarily to higher interest rates. Other non-operating income was $179 million, an increase of $32 million versus the prior year period, due to an increase in net non-operating benefits on postretirement benefit plans.

**Income Taxes**

For the three months ended March 31, 2023, the effective tax rate increased 280 basis points versus the prior year period to 20.1% due to:

- a 120 basis-point increase from lower excess tax benefits of share-based compensation (a 140 basis-point benefit in the current period versus a 260 basis-point benefit in the prior year period) and
- a 170 basis-point increase from unfavorable impacts from the geographic mix of current year earnings and cross-border tax impacts.

These increases were partially offset by a 10 basis-point decrease from discrete impacts related to uncertain tax positions (a 10 basis-point unfavorable impact in the current period versus a 20 basis-point unfavorable impact in the prior year period).

**Net Earnings**

Operating income increased $224 million, or 6%, to $4.2 billion for the quarter, due to the increase in net sales and the increase in operating margin, the components of which are described above. Net earnings increased $57 million, or 2%, to $3.4 billion, as the increase in operating income was partially offset by an increase in the effective tax rate. Foreign exchange had a negative impact of approximately $309 million on net earnings for the quarter, including both transactional and translational impacts from converting earnings from foreign subsidiaries to U.S. dollars. Net earnings attributable to Procter & Gamble increased $42 million, or 1%, to $3.4 billion for the quarter. Diluted net earnings per share increased 3% to $1.37 versus the prior year period due to the increase in net earnings and a reduction in the weighted average number of shares outstanding.

## RESULTS OF OPERATIONS – Nine Months Ended March 31, 2023

The following discussion provides a review of results for the nine months ended March 31, 2023, versus the nine months ended March 31, 2022.

| | Nine Months Ended March 31 | | |
|---|---|---|---|
| Amounts in millions, except per share amounts | 2023 | 2022 | % Chg |
| Net sales | **$61,453** | $60,672 | 1% |
| Operating income | **13,972** | 14,215 | (2)% |
| Net earnings | **11,346** | 11,735 | (3)% |
| Net earnings attributable to Procter & Gamble | **11,269** | 11,690 | (4)% |
| Diluted net earnings per common share | **4.53** | 4.59 | (1)% |

| | Nine Months Ended March 31 | | |
|---|---|---|---|
| COMPARISONS AS A PERCENTAGE OF NET SALES | 2023 | 2022 | Basis Pt Chg |
| Gross margin | **47.7%** | 48.3% | (60) |
| Selling, general & administrative expense | **25.0%** | 24.9% | 10 |
| Operating income | **22.7%** | 23.4% | (70) |
| Earnings before income taxes | **23.0%** | 23.6% | (60) |
| Net earnings | **18.5%** | 19.3% | (80) |
| Net earnings attributable to Procter & Gamble | **18.3%** | 19.3% | (100) |

**Net Sales**

Net sales for the period increased by 1% to $61.5 billion. The increase in net sales was driven by higher pricing of 10% and a favorable mix of 1%, mostly offset by unfavorable foreign exchange of 6% and a 4% decrease in unit volume. Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales increased 7%. Favorable mix is driven by a higher proportion of sales in North America (with higher than company-average selling prices) and decline in Europe (with lower than company-average selling prices).

Net sales increased mid-single digits in Health Care, increased low single digits in Fabric & Home Care and Baby, Feminine & Family Care and decreased mid-single digits in Grooming. Net sales were unchanged in Beauty. On a regional basis, volume decreased double digits in Europe, mid-single digits in Greater China and low single digits in North America, Asia Pacific and IMEA. Volume increased low single digits in Latin America.

| | Net Sales Change Drivers 2023 vs. 2022 (Nine Months Ended March 31, 2023) [1] | | | | | | |
|---|---|---|---|---|---|---|---|
| | Volume with Acquisitions & Divestitures | Volume Excluding Acquisitions & Divestitures | Foreign Exchange | Price | Mix | Other [2] | Net Sales Growth |
| Beauty | (1)% | (2)% | (6)% | 8% | (2)% | 1% | —% |
| Grooming | (3)% | (3)% | (8)% | 10% | (3)% | —% | (4)% |
| Health Care | (1)% | (1)% | (5)% | 6% | 4% | —% | 4% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fabric & Home Care | (5)% | (5)% | (6)% | 12% | 1% | —% | 2% |
| Baby, Feminine & Family Care | (4)% | (4)% | (4)% | 8% | 1% | —% | 1% |
| **Total Company** | **(4)%** | **(4)%** | **(6)%** | **10%** | **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.

**Operating Costs**

Gross margin decreased 60 basis points to 47.7% of net sales for the period. The decrease in gross margin was due to:

- 390 basis points of increased commodity and input material costs,
- a 140 basis-point decline from unfavorable mix due to the launch and growth of premium products (which have lower than Company-average gross margins) and the disproportionate decline of the super-premium SK-II brand,
- a 50 basis-point decline from unfavorable foreign exchange impacts,
- 30 basis points of increased transportation costs,
- 20 basis points of product and packaging investments and
- 10 basis points due to capacity start-up costs and other manufacturing impacts.

These impacts were partially offset by

- a 450 basis-point increase due to higher pricing and
- 130 basis points of manufacturing productivity savings.

Total SG&A spending increased by 2% to $15.3 billion due to increased overhead costs and other operating costs, partially offset by decreased marketing spending. SG&A as a percentage of net sales increased 10 basis points to 25.0% as the decrease in marketing spending as a percentage of net sales was more than offset by an increase in overhead and other operating costs as a percentage of net sales. Marketing spending as a percentage of net sales decreased 100 basis points due to the positive scale impacts of the net sales increase and increased savings. Overhead costs as a percentage of net sales increased 50 basis points due to wage inflation and other cost increases, partially offset by productivity savings and the positive scale impacts of the net sales increase. Other operating expenses as a percentage of net sales increased 60 basis points due to higher foreign exchange transactional charges and a prior period gain on the sale of real estate. Productivity-driven cost savings delivered 50 basis points of benefit to SG&A as a percentage of net sales.

**Non-Operating Expenses and Income**

Interest expense was $516 million for the period, an increase of $192 million versus the prior year period due to an increase in short-term debt in the current period and higher interest rates. Interest income was $191 million for the period, an increase of $161 million versus the prior year period due to higher interest rates. Other non-operating income was $473 million, an increase of $49 million versus the prior year period due primarily to a prior period unrealized loss on equity investments.

**Income Taxes**

For the nine months ended March 31, 2023, the effective tax rate increased 140 basis points versus the prior year period to 19.6% due to:

- a 130 basis-point increase from lower excess tax benefits of share-based compensation (a 90 basis-point benefit in the current period versus a 220 basis-point benefit in the prior year period) and
- a 10 basis-point increase from favorable discrete impacts related to uncertain tax positions in the prior year period.

A favorable impact primarily due to the recognition of operating loss carryforwards is fully offset by unfavorable impacts from the geographic mix of current year earnings and cross-border tax impacts.

**Net Earnings**

Operating income decreased $243 million, or 2%, to $14.0 billion for the period as the increase in net sales was more than fully offset by the decrease in operating margin, the components of which are described above. Net earnings decreased $389 million, or 3%, to $11.3 billion for the fiscal year to date period due to the decrease in operating income and an increase in the effective tax rate. Foreign exchange had a negative impact of approximately $1.1 billion on net earnings for the period, including both transactional and translational impacts from converting earnings from foreign subsidiaries to U.S. dollars. Net earnings attributable to Procter & Gamble decreased $421 million, or 4%, to $11.3 billion for the fiscal year to date period. Diluted net earnings per share decreased 1% to $4.53 versus the prior year period due to the decrease in net earnings, partially offset by a reduction in the weighted average number of shares outstanding.

**BUSINESS SEGMENT DISCUSSION – Three and Nine Months Ended March 31, 2023**

The following discussion provides a review of results by reportable business segment. Analysis of the results for the three and nine month periods ended March 31, 2023, is provided based on a comparison to the three and nine month periods ended March 31, 2022. The primary financial measures used to evaluate segment performance are net sales and net earnings. The table below provides supplemental information on net sales, earnings before income taxes and net earnings by reportable business segment for the three and nine months ended March 31, 2023, versus the comparable prior year period (dollar amounts in millions):

| | Three Months Ended March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Net Sales | % Change Versus Year Ago | Earnings/(Loss) Before Income Taxes | % Change Versus Year Ago | Net Earnings/(Loss) | % Change Versus Year Ago |
| Beauty | $ 3,494 | 3 % | $ 763 | (4) % | $ 608 | (6) % |
| Grooming | 1,495 | 1 % | 382 | 8 % | 308 | 6 % |
| Health Care | 2,828 | 6 % | 667 | 7 % | 523 | 8 % |
| Fabric & Home Care | 7,016 | 5 % | 1,538 | 21 % | 1,174 | 21 % |
| Baby, Feminine & Family Care | 5,062 | 3 % | 1,206 | 11 % | 925 | 11 % |
| Corporate | 173 | N/A | (268) | N/A | (114) | N/A |
| **Total Company** | **$ 20,068** | **4 %** | **$ 4,288** | **5 %** | **$ 3,424** | **2 %** |

| | Nine Months Ended March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Net Sales | % Change Versus Year Ago | Earnings/(Loss) Before Income Taxes | % Change Versus Year Ago | Net Earnings/(Loss) | % Change Versus Year Ago |
| Beauty | $ 11,262 | — % | $ 3,179 | (1) % | $ 2,530 | (2) % |
| Grooming | 4,763 | (4) % | 1,381 | (5) % | 1,116 | (6) % |
| Health Care | 8,636 | 4 % | 2,354 | 6 % | 1,826 | 6 % |
| Fabric & Home Care | 21,130 | 2 % | 4,619 | 8 % | 3,517 | 7 % |
| Baby, Feminine & Family Care | 15,061 | 1 % | 3,373 | 1 % | 2,578 | — % |
| Corporate | 601 | N/A | (786) | N/A | (221) | N/A |
| **Total Company** | **$ 61,453** | **1 %** | **$ 14,120** | **(2)%** | **$ 11,346** | **(3)%** |

Beauty

*Three months ended March 31, 2023, compared with three months ended March 31, 2022*

Beauty net sales increased 3% to $3.5 billion due to the positive impacts of higher pricing of 8% and an increase in unit volume of 1% (including a benefit from acquisitions), partially offset by the negative impacts of unfavorable foreign exchange of 5% and unfavorable mix of 1% (due primarily to the decline of the super-premium SK-II brand, which has higher than segment-average selling prices). Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales increased 7%. Global market share of the Beauty segment increased 0.3 points.

- Hair Care net sales increased mid-single digits. Positive impacts of higher pricing (across all regions) and acquisitions were partially offset by negative impacts of unfavorable foreign exchange. Unit volume was unchanged and mix had a neutral impact on net sales. Volume growth in North America (due to innovation and prior year acquisitions) and Latin America was fully offset by declines in Europe (due primarily to portfolio reduction in Russia) and Greater China (due to disproportionate market contraction in traditional retail channels). Organic sales increased double digits driven by a more than 20% growth in Latin America, a mid-teens increase in North America and a double digit increase in Europe. Global market share of the Hair Care category decreased more than half a point.
- Skin and Personal Care net sales increased low single digits. Positive impacts of higher pricing (across all regions), a unit volume increase and benefit from prior year acquisitions were partially offset by the negative impacts of unfavorable mix (due to the decline of the super-premium SK-II brand, which has higher than category-average selling prices) and unfavorable foreign exchange. The volume increase was primarily driven by growth in North America (due to innovation in Personal Care and prior year acquisitions) and Latin America, partially offset by a decline in Asia Pacific (due to the decline of the super-premium SKII brand in the travel retail channel). Organic sales increased low single digits as a double digit increase in North America and a high single digit increase in Greater China were partially offset by a more than 40% decline in Asia Pacific. Global market share of the Skin and Personal Care category increased more than a point.

Net earnings decreased 6% to $608 million as the increase in net sales was more than offset by a 160 basis-point decline in net earnings margin. Net earnings margin decreased due to a decline in gross margin, partially offset by a reduction in SG&A as a

percentage of net sales. The gross margin reduction was driven by negative product mix (due to the decline of the super-premium SK-II brand), increased commodity and input material costs and unfavorable foreign exchange impacts, partially offset by increased pricing. SG&A as a percentage of net sales decreased due primarily to the positive scale effects of the net sales increases, partially offset by an increase in marketing spending.

*Nine months ended March 31, 2023, compared with nine months ended March 31, 2022*

Beauty net sales were unchanged at $11.3 billion as the positive impacts of higher pricing of 8% and benefit from acquisitions of 1% were offset by unfavorable foreign exchange of 6%, unfavorable mix of 2% (due primarily to the decline of the super-premium SK-II brand, which has higher than segment-average selling prices) and a 1% decrease in unit volume. Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales increased 4% on a 2% decrease in organic volume. Global market share of the Beauty segment increased 0.3 points.

- Hair Care net sales were unchanged. Negative impacts of unfavorable foreign exchange, a decrease in unit volume and unfavorable geographic and product mix were fully offset by higher pricing (driven by all regions). The volume decrease was driven primarily by declines in Europe (due to portfolio reduction in Russia and increased pricing), Greater China (due to market contraction and pandemic-related disruptions) and Asia Pacific (due to increased pricing). Organic sales increased mid-single digits driven by a high teens growth in Latin America, a double-digit growth in Europe and a high single-digit growth in North America, partially offset by a mid-single digit decline in Greater China. Global market share of the Hair Care category decreased nearly a point.
- Skin and Personal Care net sales were unchanged. Negative impacts from unfavorable mix (due to the decline of the super-premium SK-II brand) and unfavorable foreign exchange were fully offset by higher pricing (across all regions), a unit volume increase and benefit from acquisitions. The volume increase was primarily driven by growth in North America (due to innovation), Greater China (due to innovation) and Latin America, partially offset by a decline in Asia Pacific (due to the decline of the super-premium SKII brand in the travel retail channel). Organic sales increased low single digits as a double digit increase in North America was partially offset by a low single-digit decrease in Greater China. Global market share of the Skin and Personal Care category increased more than a point.

Net earnings decreased 2% to $2.5 billion due to a 40 basis-point decrease in net earnings margin. Net earnings margin decreased due to a reduction in gross margin, partly offset by a reduction in SG&A as a percentage of net sales. The gross margin reduction was driven by negative product mix (due to the decline of the super-premium SK-II brand), increased commodity and input material costs and unfavorable foreign exchange, partly offset by increased pricing. SG&A as a percentage of net sales decreased primarily due to a decrease in marketing spending.

Grooming

*Three months ended March 31, 2023, compared with three months ended March 31, 2022*

Grooming net sales increased 1% to $1.5 billion as the benefit of higher pricing of 10% (driven by all regions) was partially offset by unfavorable foreign exchange of 6%, unfavorable product mix of 2% (primarily within Appliances, which has higher than segment-average selling prices) and a decrease in unit volume of 1%. The volume decline was driven by Europe (due primarily to increased pricing), North America (due to market contraction) and IMEA, partially offset by growth in Greater China (due to market recovery in traditional retailers). Excluding the impact of acquisitions and divestitures and foreign exchange, Grooming organic sales increased 7% driven by growth across all regions led by a more than 30% growth in Latin America, a low teens growth in Greater China, a double-digit growth in Asia Pacific and a low single-digit growth in Europe. Global market share of the Grooming segment increased 1 point.

Net earnings increased 6% to $308 million due to net sales growth and a 110 basis-point increase in net earnings margin. Net earnings margin increased due to a decrease in SG&A as a percentage of net sales, partially offset by a decrease in gross margin and a higher effective tax rate. The gross margin decrease was driven by negative product mix (due to the decline of premium products primarily within Appliances), unfavorable foreign exchange, and commodity and input material cost increases, partially offset by higher pricing and manufacturing cost savings. SG&A as a percentage of net sales decreased due primarily to productivity savings in marketing spending. The higher effective tax rate was driven by unfavorable geographic mix.

*Nine months ended March 31, 2023, compared with nine months ended March 31, 2022*

Grooming net sales decreased 4% to $4.8 billion driven by unfavorable foreign exchange of 8%, a 3% decrease in unit volume and unfavorable mix of 3% (due to decline of Appliances, which have higher than segment-average selling prices), partially offset by higher pricing of 10% (driven primarily by Europe, North America and Latin America). The volume decrease was primarily driven by decreases in Europe (due to portfolio reduction in Russia and market contraction) and North America (due to market contraction and increased pricing). Excluding the impacts of acquisitions and divestitures and foreign exchange, Grooming organic sales increased 4% driven by a more than 20% growth in Latin America and growth of high single digits in IMEA and Asia Pacific. Global market share of the Grooming segment increased 0.9 points.

Net earnings decreased 6% to $1.1 billion due to the decrease in net sales and a 30 basis-point reduction in net earnings margin. Net earnings margin declined due to a decrease in gross margin and a higher effective tax rate, partially offset by a decrease in SG&A as a percentage of net sales. The gross margin decrease was driven by unfavorable product mix, commodity and input

material cost increases and unfavorable foreign exchange, partially offset by higher pricing. SG&A as a percentage of net sales decreased due primarily to productivity savings in marketing spending. The higher effective tax rate was driven by unfavorable geographic mix.

Health Care

*Three months ended March 31, 2023, compared with three months ended March 31, 2022*

Health Care net sales increased 6% to $2.8 billion driven by higher pricing of 6%, favorable mix of 3% (due to growth in North America and the Personal Health Care category, both of which have higher than segment-average selling prices), and an increase in unit volume of 1%, partially offset by unfavorable foreign exchange of 3%. Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales increased 9%. Global market share of the Health Care segment decreased 0.5 points.

- Oral Care net sales increased mid-single digits. Positive impact of higher pricing (driven by North America, Latin America and Europe) was partially offset by unfavorable foreign exchange. Mix had a neutral impact on net sales. Unit volume was unchanged, as declines in Europe (due to portfolio reduction in Russia and increased pricing) and IMEA were offset by growth in North America (due to market growth) and Latin America. Organic sales increased high single digits driven by a more than 20% increase in Latin America and a high single digit increase in North America. Global market share of the Oral Care category decreased slightly.
- Personal Health Care net sales increased double digits. Positive impacts of higher pricing (driven by Europe, North America and Latin America), favorable mix (due to the growth of North America and respiratory products, both of which have higher than category-average selling prices) and unit volume increase were partially offset by unfavorable foreign exchange. Volume increase was driven by growth in Europe (due to a stronger respiratory season) and North America (due to innovation and a stronger respiratory season), partially offset by declines in Asia Pacific and IMEA. Organic sales increased double digits driven by a more than 20% growth in Europe, high teens growth in Latin America and a high single-digit growth in North America. Global market share of the Personal Health Care category decreased slightly.

Net earnings increased 8% to $523 million due primarily to the increase in net sales and a 30 basis-point increase in net earnings margin. Gross margin was unchanged as higher pricing was fully offset by unfavorable product mix, commodity and input material cost increases and unfavorable foreign exchange. Net earnings margin increased due to a lower effective tax rate, partially offset by a slight increase in SG&A as a percentage of net sales. SG&A as a percentage of net sales increased due to increased overhead costs and an increase in other operating costs, partially offset by the positive scale impacts of the net sales increase. The lower effective tax rate was driven by favorable geographic mix.

*Nine months ended March 31, 2023, compared with nine months ended March 31, 2022*

Health Care net sales increased 4% to $8.6 billion driven by higher pricing of 6% and favorable mix of 4% (due to growth in North America and the Personal Health Care category, both of which have higher than segment-average selling prices), partially offset by unfavorable foreign exchange of 5% and a 1% decrease in unit volume. Excluding the impact of foreign exchange and acquisitions and divestitures, organic sales increased 9%. Global market share of the Health Care segment decreased 0.3 points.

- Oral Care net sales decreased low single digits. Negative impacts of unfavorable foreign exchange and a unit volume decrease were partially offset by increased pricing (driven primarily by North America and Europe) and favorable premium product mix. Volume decline was primarily driven by Europe (due to portfolio reduction in Russia and increased pricing), North America (due to increased pricing), Greater China (due to pandemic-related disruptions) and IMEA. Organic sales increased low single digits driven by more than 20% growth in Latin America, high single-digit growth in Asia Pacific and a mid-single-digit growth in North America, partially offset by mid-single-digit decrease in Greater China. Global market share of the Oral Care category was unchanged.
- Personal Health Care net sales increased double digits. Positive impacts of favorable mix (due to the disproportionate growth of North America and respiratory products, both of which have higher than category-average selling prices), higher pricing (driven primarily by North America, Europe and Latin America) and a unit volume increase were partially offset by unfavorable foreign exchange. Volume increase was primarily driven by growth in North America (due to innovation and a stronger respiratory season) and Europe, partially offset by a decline in IMEA (versus a prior year period impacted by pandemic-related consumption increases in certain markets). Organic sales increased mid-teens driven by 20% increases in Europe and North America and a mid-teens increase in Latin America. Global market share of the Personal Health Care category was unchanged.

Net earnings increased 6% to $1.8 billion due to the increase in net sales and a 50 basis-point increase in net earnings margin. Net earnings margin increased due primarily to a decrease in SG&A as a percentage of net sales, partially offset by a decrease in gross margin. The decrease in gross margin was driven by increased commodity and input material costs and unfavorable mix (due to growth of lower tier products with lower gross margins), partially offset by increased pricing. SG&A as a percentage of net sales decreased due to higher efficiencies in marketing spending and the positive scale impacts of the net sales increase.

Fabric & Home Care

*Three months ended March 31, 2023, compared with three months ended March 31, 2022*

Fabric & Home Care net sales increased 5% to $7.0 billion driven by higher pricing of 13% and favorable geographic mix (due to a volume decline in Europe, which has lower than segment-average selling prices) of 1%, partially offset by a decrease in unit volume of 5% and unfavorable foreign exchange of 4%. Excluding the impact of foreign exchange and acquisitions and divestitures, organic sales increased 9%. Global market share of the Fabric & Home Care segment increased 0.2 points.

- Fabric Care net sales increased low single digits. The positive impact of higher pricing (driven by all regions) was partially offset by a decrease in unit volume and unfavorable foreign exchange. Mix had a neutral impact on net sales. The volume decrease was primarily driven by declines in Europe (due to increased pricing and portfolio reduction in Russia), Greater China and Asia Pacific. Organic sales increased high single digits driven by more than 20% increases in Latin America and IMEA, a double digit increase in Europe and a mid-single-digit increase in North America. Global market share of the Fabric Care category decreased nearly a point.
- Home Care net sales increased high single digits. Positive impacts of higher pricing (driven primarily by Europe and North America) and favorable premium product mix were partially offset by a decrease in unit volume and unfavorable foreign exchange. The volume decrease was driven by declines in Europe and North America, both due to market contraction. Organic sales increased double digits driven by high teens growth in Europe and high single-digit growth in North America. Global market share of the Home Care category increased more than a point.

Net earnings increased 21% to $1.2 billion due to the increase in net sales and a 220 basis-point improvement in net earnings margin. Net earnings margin increased due to an increase in gross margin partially offset by an increase in SG&A as a percentage of net sales. The gross margin increase was driven by higher pricing partially offset by an increase in commodity and input material costs and unfavorable foreign exchange. SG&A as a percentage of net sales increased due to an increase in marketing spending and overheard costs, partially offset by the positive scale effects of the net sales increase.

*Nine months ended March 31, 2023, compared with nine months ended March 31, 2022*

Fabric & Home Care net sales increased 2% to $21.1 billion driven by higher pricing of 12% and favorable mix of 1% (due to a disproportionate volume decline in Europe, which has lower than segment-average selling prices), partially offset by unfavorable foreign exchange of 6% and a 5% decrease in unit volume. Excluding the impact of foreign exchange and acquisitions and divestitures, organic sales increased 8%. Global market share of the Fabric & Home Care segment decreased 0.1 points.

- Fabric Care net sales increased low single digits. Positive impact of higher pricing (driven by all regions) was partially offset by unfavorable foreign exchange and a decrease in unit volume. Mix had a neutral impact on net sales. The volume decrease was primarily driven by declines in Europe (due to increased pricing and portfolio reduction in Russia) and North America (due to market contraction and increased pricing). Organic sales increased high single digits driven by more than 20% increases in Latin America and IMEA, a double digit increase in Asia Pacific and mid-single digit increases in North America and Europe. Global market share of the Fabric Care category decreased more than a point.
- Home Care net sales increased low single digits. Positive impacts of higher pricing (driven primarily by Europe and North America) and favorable product and geographic mix were partially offset by unfavorable foreign exchange and a decrease in unit volume. The volume decrease was driven by declines in Europe and North America, both due to market contraction. Organic sales increased high single digits driven by mid-teens growth in Europe and mid-single-digit growth in North America. Global market share of the Home Care category increased more than a point.

Net earnings increased 7% to $3.5 billion due to the increase in net sales and a 70 basis-point increase in net earnings margin. Net earnings margin increased due to an increase in gross margin and a decrease in SG&A as a percentage of sales, partially offset by a higher effective tax rate. The gross margin increase was driven by increased pricing, partially offset by an increase in commodity and input material costs, transportation costs and unfavorable foreign exchange. SG&A as a percentage of net sales decreased due to increased efficiencies in marketing spending and the positive scale effects of the net sales increase. The higher effective tax rate was driven by unfavorable geographic mix.

Baby, Feminine & Family Care

*Three months ended March 31, 2023, compared with three months ended March 31, 2022*

Baby, Feminine & Family Care net sales increased 3% to $5.1 billion driven by higher pricing of 8% and favorable mix of 2% (due to growth in North America, which has higher than segment-average selling prices), partially offset by a decrease in unit volume of 4% and unfavorable foreign exchange of 3%. Excluding the impacts of foreign exchange and acquisitions and divestitures, organic sales increased 6%. Global market share of the Baby, Feminine & Family Care segment increased 0.2 points.

- Baby Care net sales were unchanged. Negative impacts of a decrease in unit volume and unfavorable foreign exchange were fully offset by higher pricing (across all regions) and favorable mix (due to a higher proportion of sales in North America, which has higher than category-average selling prices). The volume decrease was driven primarily by declines in

Europe (due to increased pricing and portfolio reduction in Russia), Greater China and IMEA (due to increased pricing), partially offset by growth in Latin America (due to market growth and innovation). Organic sales increased mid-single digits driven by a more than 40% growth in Latin America and high single-digit growth in North America, partially offset by a mid-teens decline in Greater China. Global market share of the Baby Care category decreased nearly half a point.

- Feminine Care net sales increased double digits. Positive impacts of higher pricing (driven primarily by Europe and North America) and favorable mix (due to growth of premium products) were partially offset by unfavorable foreign exchange and a decrease in unit volume. The volume decrease was primarily driven by declines in Europe (due to increased pricing and portfolio reduction in Russia) and IMEA (due to increased pricing), partially offset by growth in North America (due to innovation and market growth). Organic sales increased low teens driven by mid-teen increases in Europe and North America. Global market share of the Feminine Care category increased slightly.
- Net sales in Family Care, which is predominantly a North America business, increased low single digits driven by higher pricing, partially offset by a decrease in unit volume (versus a prior year period impacted by restocking of retailer inventories) and unfavorable product mix (due to growth of larger pack sizes, with lower gross margins). Organic sales also increased low single digits. North America market share of the Family Care category increased nearly a point.

Net earnings increased 11% to $925 million due to the increase in net sales and a 140 basis-point increase in net earnings margin. Net earnings margin increased primarily due to an increase in gross margin, partially offset by an increase in SG&A as a percentage of net sales. Gross margin increased due to increased pricing, partially offset by an increase in commodity and input material costs. SG&A as a percentage of net sales increased due to an increase in marketing spending, overhead costs and other operating costs, partially offset by the positive scale impacts of the net sales increase.

*Nine months ended March 31, 2023, compared with nine months ended March 31, 2022*

Baby, Feminine & Family Care net sales increased 1% to $15.1 billion, as the positive impacts of higher pricing of 8% and favorable mix of 1% (due to higher proportion of sales in North America, which has higher than segment-average selling prices) were partially offset by unfavorable foreign exchange of 4% and a 4% decrease in unit volume. Excluding the impact of foreign exchange and acquisitions and divestitures, organic sales increased 5%. Global market share of the Baby, Feminine & Family Care segment decreased 0.1 points.

- Baby Care net sales decreased low single digits. Negative impacts of unfavorable foreign exchange and a decrease in unit volume were partially offset by higher pricing (across all regions) and favorable mix (due to a higher proportion of sales in North America). The volume decrease was driven primarily by declines in Europe (due to increased pricing and portfolio reduction in Russia), North America (due to increased pricing) and Greater China. Organic sales increased mid-single digits driven by a more than 30% growth in Latin America, high single-digit growth in IMEA and a mid-single-digit growth in North America, partially offset by a double-digit decline in Greater China. Global market share of the Baby Care category was unchanged.
- Feminine Care net sales increased mid-single digits. Positive impacts of higher pricing (driven primarily by North America and Europe) and favorable mix (due to growth in North America and growth of premium products) were partially offset by unfavorable foreign exchange and a decrease in unit volume. The volume decrease was driven primarily by declines in Europe (due to portfolio reduction in Russia and increased pricing) and IMEA (due to increased pricing). Organic sales increased double digits driven by growth in all regions led by a mid-teens increase in Europe and a double-digit increase in North America. Global market share of the Feminine Care category increased less than half a point.
- Net sales in Family Care, which is predominantly a North America business, increased low single digits driven by higher pricing, partially offset by a decrease in unit volume (due to increased pricing). Organic sales also increased low single digits. North America share of the Family Care category decreased more than half a point.

Net earnings were unchanged at $2.6 billion as the increase in net sales was fully offset by a 20 basis-point reduction in net earnings margin. Net earnings margin decreased primarily due to a decrease in gross margin, partially offset by lower SG&A as a percentage of net sales. Gross margin decreased primarily due to an increase in commodity and input material costs, partially offset by increased pricing. SG&A as a percentage of net sales decreased due to a reduction in marketing spending.

Corporate

Corporate includes certain operating and non-operating activities not allocated to specific business segments. These include but are not limited to incidental businesses managed at the corporate level, gains and losses related to certain divested brands or businesses, impacts from various financing and investing activities, impacts related to employee benefits, asset impairments and restructuring activities including manufacturing and workforce optimization. Corporate also includes reconciling items to adjust the accounting policies used within the reportable segments to U.S. GAAP. The most notable ongoing reconciling item is income taxes, which adjusts the blended statutory rates that are reflected in the reportable segments to the overall Company effective tax rate.

For the three months ended March 31, 2023, Corporate net sales decreased $42 million to $173 million due to a decrease in sales of incidental businesses managed at the corporate level. Corporate net earnings decreased $257 million to a loss of

$114 million for the quarter due to the decrease in net sales of incidental businesses, increased commodity costs tied to incidental businesses and higher foreign exchange transactional charges.

For the fiscal year to date period, Corporate net sales improved by $96 million to $601 million, due to an increase in sales of the incidental businesses managed at the corporate level. Corporate net earnings declined by $603 million to a loss of $221 million, as the net sales growth of incidental businesses was more than offset by increased commodity costs tied to the incidental businesses, higher foreign exchange transactional charges and prior period gain on the sale of real estate.

## LIQUIDITY & CAPITAL RESOURCES

Operating Activities

We generated $11.5 billion of cash from operating activities fiscal year to date, a decrease of $1.5 billion versus the prior year period. Net earnings, adjusted for non-cash items (depreciation and amortization, share-based compensation expense, deferred income taxes and gain on sale of assets), generated $13.4 billion of operating cash flow. Working capital and other impacts used $1.9 billion of cash in the period. Accounts receivable increased, using $301 million of cash, driven by sales growth. Days sales outstanding increased by one day. Total inventories increased, consuming $503 million of cash driven by increased safety stock levels to strengthen supply chain sufficiency. Days on hand increased by four days. Accounts payable, accrued and other net operating assets and liabilities decreased, using $1.4 billion of cash, primarily driven by postretirement benefit payments, net periodic credit from other retiree benefits, and reduced raw and packaging material purchases to adjust supply chain activities to volume trends. Days payable outstanding decreased by seven days.

Investing Activities

Investing activities used $2.7 billion of cash fiscal year to date primarily driven by capital expenditures and acquisitions.

Financing Activities

Financing activities used $8.3 billion of net cash fiscal year to date. We used $7.4 billion for treasury stock purchases and $6.7 billion for dividends. We generated $4.9 billion from net debt increases and $861 million from the exercise of stock options and other impacts.

As of March 31, 2023, our current liabilities exceeded current assets by $15.7 billion. We have short- and long-term debt to meet our financing needs. We anticipate being able to support our short-term liquidity and operating needs largely through cash generated from operations. We have strong short- and long-term debt ratings that have enabled and should continue to enable us to refinance our debt as it becomes due at favorable rates in commercial paper and bond markets. In addition, we have agreements with a diverse group of financial institutions that, if needed, should provide sufficient credit funding to meet short-term financing requirements.

## RECONCILIATION OF MEASURES NOT DEFINED BY U.S. GAAP

In accordance with the SEC's Regulation S-K Item 10(e), the following provides definitions of the non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management believes that these non-GAAP measures provide useful perspective on underlying business trends and provide a supplemental measure of period-to-period financial results. Disclosing these non-GAAP financial measures allows investors and management to view our operating results excluding the impact of items that are not reflective of the underlying operating performance. Management uses these non-GAAP measures in making operating decisions, allocating financial resources and for business strategy purposes. Certain of these measures are also used to evaluate senior management and are a factor in determining their at-risk compensation. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. Our non-GAAP financial measures do not represent a comprehensive basis of accounting. Therefore, our non-GAAP financial measures may not be comparable to similarly titled measures reported by other companies.

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 achievement of management goals for at-risk compensation.

Adjusted free cash flow: Adjusted free cash flow is defined as operating cash flow less capital spending and adjusted for transitional tax payments 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. Management views 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. Management views 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, allocating financial resources and for budget planning purposes. This measure is also used in assessing the achievement of management goals for at-risk compensation.

Core EPS: Core earnings per share, or Core EPS, is a measure of the Company's diluted net earnings per share excluding items that are not judged to be part of the Company's sustainable results or trends. For the three and nine months ended March 31, 2023, and March 31, 2022, there were no adjustments to or reconciling items for diluted net earnings per share. Management views this non-GAAP measure as a useful supplemental measure of Company performance over time. This measure is also used when evaluating senior management in determining their at-risk compensation.

Organic sales growth:

| Three Months Ended March 31, 2023 | Net Sales Growth | Foreign Exchange Impact | Acquisition & Divestiture Impact/Other [1] | Organic Sales Growth |
|---|---|---|---|---|
| Beauty | 3% | 5% | (1)% | 7% |
| Grooming | 1% | 6% | —% | 7% |
| Health Care | 6% | 3% | —% | 9% |
| Fabric & Home Care | 5% | 4% | —% | 9% |
| Baby, Feminine & Family Care | 3% | 3% | —% | 6% |
| **Total Company** | **4%** | **4%** | **(1)%** | **7%** |

[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.

| Nine Months Ended March 31, 2023 | Net Sales Growth | Foreign Exchange Impact | Acquisition & Divestiture Impact/Other [1] | Organic Sales Growth |
|---|---|---|---|---|
| Beauty | —% | 6% | (2)% | 4% |
| Grooming | (4)% | 8% | —% | 4% |
| Health Care | 4% | 5% | —% | 9% |
| Fabric & Home Care | 2% | 6% | —% | 8% |
| Baby, Feminine & Family Care | 1% | 4% | —% | 5% |
| **Total Company** | **1%** | **6%** | **—%** | **7%** |

[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.

Adjusted free cash flow (dollar amounts in millions):

| Nine Months Ended March 31, 2023 | | | |
|---|---|---|---|
| Operating Cash Flow | Capital Spending | U.S. Tax Act Payments | Adjusted Free Cash Flow |
| **$11,507** | **$(2,328)** | **$225** | **$9,404** |

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

| Nine Months Ended March 31, 2023 | | |
|---|---|---|
| Adjusted Free Cash Flow | Net Earnings | Adjusted Free Cash Flow Productivity |
| **$9,404** | **$11,346** | **83%** |

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in the Company's exposure to market risk since June 30, 2022. Additional information can be found in Note 9 - Risk Management Activities and Fair Value Measurements of the Consolidated Financial Statements.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

The Company's Chairman of the Board, President and Chief Executive Officer, Jon R. Moeller, and the Company's Chief Financial Officer, Andre Schulten, performed an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (Exchange Act)) as of the end of the period covered by this report. Messrs. Moeller and Schulten have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including Messrs. Moeller and Schulten, to allow their timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the Company's fiscal quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

The Company is subject, from time to time, to certain legal proceedings and claims arising out of our business, which cover a wide range of matters, including antitrust and trade regulation, product liability, advertising, contracts, environmental issues, patent and trademark matters, labor and employment matters and tax. In addition, SEC regulations require that we disclose certain environmental proceedings arising under Federal, State or local law when a governmental authority is a party and such proceeding involves potential monetary sanctions that the Company reasonably believes will exceed a certain threshold ($1 million or more).

There are no relevant matters to disclose under this Item for this period.

**Item 1A. Risk Factors**

For information on risk factors, please refer to "Risk Factors" in Part I, Item 1A of the Company's Form 10-K for the fiscal year ended June 30, 2022.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**ISSUER PURCHASES OF EQUITY SECURITIES**

| Period | Total Number of Shares Purchased [1] | Average Price Paid per Share [2] | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [3] | Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Share Repurchase Program |
|---|---|---|---|---|
| 1/01/2023 - 1/31/2023 | 4,751,590 | $147.32 | 4,751,590 | [3] |
| 2/01/2023 - 2/28/2023 | 4,652,753 | $139.70 | 4,652,753 | [3] |
| 3/01/2023 - 3/31/2023 | — | — | — | [3] |
| **Total** | **9,404,343** | **$143.55** | **9,404,343** | |

(1) All transactions are reported on a trade date basis and were made in the open market with large financial institutions. This table excludes shares withheld from employees to satisfy tax withholding requirements on option exercises and other equity-based transactions. The Company administers cashless exercises through an independent third party and does not repurchase stock in connection with cashless exercises.

(2) Average price paid per share for open market transactions excludes commission.

(3) On April 21, 2023, the Company stated that in fiscal year 2023 the Company expects to reduce outstanding shares through direct share repurchases at a value of $7.4 to $8 billion, notwithstanding any purchases under the Company's compensation and benefit plans. Purchases may be made in the open market and/or private transactions and purchases may be increased, decreased or discontinued at any time without prior notice. The share repurchases are authorized pursuant to a resolution issued by the Company's Board of Directors and are expected to be financed by a combination of operating cash flows and issuance of debt.

**Item 6. Exhibits**

| | |
|---|---|
| 3-1 | Amended Articles of Incorporation (as amended by shareholders at the annual meeting on October 11, 2011 and consolidated by the Board of Directors on April 8, 2016) (Incorporated by reference to Exhibit (3-1) of the Company's Form 10-K for the year ended June 30, 2016) |
| 3-2 | Regulations (as approved by the Board of Directors on December 13, 2022, pursuant to authority granted by shareholders at the annual meeting on October 13, 2009) (Incorporated by reference to Exhibit (3-2) of the Company's Current Report on Form 8-K filed December 13, 2022) |
| 10-1 | Company's Form of Separation Letter and Release* + |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification – Chief Executive Officer + |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification – Chief Financial Officer + |
| 32.1 | Section 1350 Certifications – Chief Executive Officer + |
| 32.2 | Section 1350 Certifications – Chief Financial Officer + |
| 101.SCH [(1)] | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL [(1)] | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF [(1)] | Inline XBRL Taxonomy Definition Linkbase Document |
| 101.LAB [(1)] | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE [(1)] | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101) |

* Compensatory plan or arrangement

+ Filed herewith

(1) Pursuant to Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 or 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

THE PROCTER & GAMBLE COMPANY

| | |
|---|---|
| April 21, 2023 | /s/ MATTHEW W. JANZARUK |
| Date | (Matthew W. Janzaruk)<br>Senior Vice President - Chief Accounting Officer<br>(Principal Accounting Officer) |

Exhibit (10-1)

Company's Form of Separation Letter and Release

[INSERT DATE]

[INSERT EMPLOYEE NAME]
[INSERT EMPLOYEE ADDRESS]
[INSERT EMPLOYEE ADDRESS]

**RE: Separation Letter & Release**

Dear [INSERT EMPLOYEE NAME]:

[Insert Proper legal entity] ("P&G") is willing to assist you following your employment separation from P&G in exchange for your agreement and compliance with the terms set forth below.

| | |
|---|---|
| *Employment Separation Date:* | Your last day of employment with P&G will be [INSERT DATE], which will be your "Employment Separation Date" for purposes of this letter. You understand and agree that if P&G determines that you engaged in misconduct during your employment, or if you fail to perform your work and responsibilities in a satisfactory manner up to and including your Employment Separation Date, P&G may terminate your employment immediately and will not provide, nor be obligated to provide, the payment(s) and other benefits described in this letter. |
| *Vacation:* | You will receive payment for your accrued but unused vacation as of your Employment Separation Date, which sum will be paid to you in accordance with P&G policy and applicable laws. You will not accrue any additional vacation following your Employment Separation Date. |
| *STAR Award*<br>*(use this paragraph only if the employee is eligible for STAR awards)* | As of your Employment Separation Date, if you were otherwise eligible for a STAR award and you worked at least 28 days (4 calendar weeks) during the fiscal year, you will receive a pro-rated STAR award for the fiscal year. Your STAR award will be pro-rated by dividing the number of calendar days during the fiscal year from July 1 through your Employment Separation Date by 365. However, if you are on a leave of absence prior to your Employment Separation Date, your first day out of the office will be used to calculate the pro-rated percent<br><br>Your STAR award will be paid in cash in the September (but no later than September 15th) immediately following the end of the fiscal year in which your employment terminates with P&G. |

*Separation Payment (use this paragraph only if a separation payment will be provided):*

P&G will, within sixty (60) calendar days after your Employment Separation Date, provide you with a separation payment in the amount of $[INSERT AMOUNT] ("Separation Payment") (representing [INSERT #] weeks of pay at your current salary), less applicable state and federal withholdings and deductions, which sum will be paid in one lump sum payment. The Separation Payment will be the only assistance P&G provides upon your separation. Other resources may be available to you as a participant in general compensation and benefit plans, which it will be your responsibility to identify and make any necessary arrangements upon separation.

Amounts you owe to P&G as of your Employment Separation Date, including, but not limited to, wage and/or benefit overpayments and unpaid loans, will also be deducted from the Separation Payment.

*Unemployment Compensation Benefits (use this paragraph only if a separation payment is being provided):*

Your Separation Payment will be allocated to the [INSERT #] week period following your Employment Separation Date.

*Special Retirement ("Rule of 70") (use this paragraph only if the Company has decided to give access to special retirement upon separation)*

P&G will agree to allow the "Rule of 70" to apply to you, but only for purposes of eligibility for retiree health care benefits under the Procter & Gamble Retiree Welfare Benefits Plan. The Rule of 70 is a special eligibility rule for retiree health care coverage (including medical, dental, and prescription drug benefits) under the Procter & Gamble Retiree Welfare Benefits Plan that only applies in specific circumstances. The Rule of 70 will apply to you with respect to health care coverage under the Procter & Gamble Retiree Welfare Benefits Plan as long as that Plan continues to exist and as long as the Rule of 70 continues as an eligibility rule for coverage under that Plan.

For purposes of this paragraph only, the parties agree that your employment with P&G ended on [EMPLOYMENT SEPARATION DATE], and that you were not terminated for cause. The parties also agree that at the time your employment with the Company ended, you were [##] years old and had [##] years of service with the Company, making your full years of age plus full years of service [TOTAL], which is greater than 70.

To avoid confusion, other than establishing that the Rule of 70 applies to you for purposes of retiree health care coverage under the Procter & Gamble Welfare Benefits Plan, you are subject to the same terms and conditions of the Procter & Gamble Welfare Benefits Plan, including but not limited to (1) coverage does not begin until you enrolls in the Plan, and once enrolled coverage is only prospective, (2) the monthly premiums required for coverage under the Plan must be paid on time to avoid coverage from terminating, (3) you will become ineligible for coverage under the Plan while you are employed by a direct competitor of P&G (as determined by P&G's Chief Human Resources Officer) in an officer and/or director capacity (if you were at Band 5 or below at the time your employment with the Company ended) or in any capacity (if you were at Band 6 or above at the time your employment with the Company ended), and (4) the Company's reservation of amendment and termination rights with respect to the Plan.

*Retention of Vested & Unvested Equity Awards (use this paragraph only if the Company has decided to allow the person to retain his/her equity and the proper approvals have been obtained)*

Your separation will be treated as a Special Separation for purposes of any outstanding equity awards granted under the Procter & Gamble 2009 Stock and Incentive Compensation Plan or the Gillette Company 2004 Long-Term Incentive Plan and, as a result, you will retain the awards subject to the original terms and conditions of the awards. You will also retain awards granted under the Procter & Gamble 2014 Stock & Incentive Compensation Plan and the Procter & Gamble 2019 Stock & Incentive Compensation Plan subject to the terms and conditions of those Awards. For awards granted on or after October 1, 2020 pursuant to the Long-Term Incentive Program (LTIP) and/or Performance Stock Program (PSP), awards will be prorated based on the number of days worked in the 12 months following the October 1 grant date, with a minimum of 28 days worked beyond October 1.

This Separation Letter & Release does not alter the rights and obligations that you may have under the Procter & Gamble 2019 Stock & Incentive Compensation Plan, the Procter & Gamble 2014 Stock & Incentive Compensation Plan, the Procter & Gamble 2009 Stock and Incentive Compensation Plan, and the Gillette Company 2004 Long-Term Incentive Plan.

*Release of Claims - Including Employment Claims:*

[IF THE EMPLOYEE IS A RESIDENT OF: CALIFORNIA, MASSACHUSETTS, MINNESOTA, NEW JERSEY, OR WEST VIRGINIA, REPLACE THE BELOW LANGUAGE WITH THE STATE-SPECIFIC LANGUAGE THAT CAN BE FOUND HERE: ]

You hereby release P&G from any and all claims or rights you may have against P&G. The term "P&G" includes [Legal Entity for which the employee works], The Procter & Gamble Company and any of its and their present, former and future owners, parents, affiliates and subsidiaries, and its and their directors, officers, shareholders, employees, agents, benefit plans, trustees, fiduciaries, servants, representatives, predecessors, successors and assigns. This release applies to claims about which you now know or may later discover, and includes but is not limited to: (1) claims arising under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621, et seq.; (2) claims arising under any other federal, state or local law, regulation or ordinance or other order that regulates the employment relationship and/or employee benefits; and (3) claims arising out of or relating in any way to your employment with P&G or the conclusion of that employment. This release does not apply to claims that may arise after the date you sign this letter or that may not be released under applicable law.

You are not waiving any rights you may have to: (a) your own vested accrued employee benefits under the P&G health, welfare, or retirement benefit plans as of your Employment Separation Date; (b) benefits and/or the right to seek benefits under applicable workers' compensation and/or unemployment compensation statutes; (c) pursue claims which by law cannot be waived by signing this Agreement; (d) enforce this Agreement; and/or (e) challenge the validity of this Agreement.

Governmental Agencies: Nothing in this Separation Letter & Release prohibits, prevents, or otherwise limits you from filing a charge or complaint with or participating, testifying, or assisting in any investigation, hearing, or other proceeding before any federal, state, or local government agency (e.g., EEOC, NLRB, SEC, OSHA, etc.) or in any legislative or judicial proceeding nor does anything in this Separation Letter & Release preclude, prohibit, or otherwise limit, in any way, your rights and abilities to contact, communicate with, or report unlawful conduct, or provide documents, to federal, state, or local officials for investigation or participate in any whistleblower program administered by any such agencies. In addition, nothing in this Separation Letter & Release, including, but not limited to, the release of claims nor the confidential business information, and return of company property clauses, prohibit you from: (1) reporting possible violations of federal or other law or regulations, including any possible securities laws violations, to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the Commodity Futures Trading Commission, the U.S. Congress, or any agency Inspector General; (2) making any other disclosures that are protected under the whistleblower provisions of federal or other law or regulations; or (3) filing a charge or complaint or otherwise fully participating in any governmental whistleblower programs, including but not limited to any such programs managed or administered by the U.S. Securities and Exchange Commission, the Commodity Futures Trading Commission or the Occupational Safety and Health Administration. You are not required to notify or obtain permission from P&G when filing a governmental whistleblower charge or complaint or engaging or participating in protected whistleblower activity. Moreover, nothing in this Separation Letter & Release prohibits or prevents you from receiving individual monetary awards or other individual relief by virtue of participating in such governmental whistleblower programs.

*Return of P&G Property:*

You agree that by your Employment Separation Date, you will return to P&G in good condition all of its equipment, materials and information that were in your possession, custody or control (including, but not limited to, work product, notes, files, memoranda, instructional or personnel manuals, computers, phones, iPads, tablets files, documents, credit cards, keys and identification badges). You further agree that you will provide your manager with all passwords to P&G electronic communication and data systems before your Employment Separation Date

You understand and agree that technical, product, business, financial, personnel, and other physical or personal property that you received, prepared, or helped to prepare in connection with your employment with P&G is P&G property and must be returned to P&G prior to your Employment Separation Date. You further understand and agree that if P&G later discovers that you retained and/or forwarded to yourself P&G property, you will have violated the terms of this Separation Letter & Release, P&G will not be obligated to provide the benefits described in this Letter, and you will be required to return any benefits received under this Separation Letter & Release

*Confidential Business Information:*

Consistent with the "Information for the Departing Employee" document reviewed with you prior to your Employment Separation Date, you agree to protect P&G business information. Subject to the "Government Agencies" paragraph in the above Release of Claims, you agree not to disclose or transfer to yourself or others any P&G business information, even information you may have created yourself or to which you may have contributed as a P&G employee. Please refer to the "Information for the Departing Employee" document for more informatio

*Continuing Cooperation: (this paragraph should be used for R&D employees)*

Regardless of whether you sign this Agreement and in the event it becomes necessary, following your Employment Separation Date, you are required to cooperate in executing any and all papers required for filing and prosecuting any patent applications and establishing P&G's ownership of all inventions relating to its business which are made by employees hired to invent or create. You understand that you will not receive any additional compensation for such cooperation.

*Continuing Cooperation*: *(this paragraph should be used only if the employee may be a witness in pending or threatened litigation*

You agree to make yourself reasonably available to P&G to respond to requests by P&G for information pertaining to or relating to P&G and/or its affiliates, subsidiaries, agents, officers, directors or employees that may be within your knowledge. You agree to cooperate fully with P&G in connection with any and all existing or future litigation or investigations brought by or against P&G or any of its affiliates, agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent P&G deems your cooperation necessary. P&G will reimburse you for reasonable out-of-pocket expenses incurred as a result of such cooperation. Nothing in this paragraph shall prevent you from communicating with or participating in any government investigation.

*No Other Agreements:* Except as specifically set forth in this Paragraph ("No Other Agreements"), this letter supersedes any prior written or oral agreements between P&G and you concerning the termination of your employment and any benefits you might receive following that event. This letter is neither a Negotiated Separation Agreement under the Procter & Gamble Basic Separation Program nor an agreement under any other separation program or plan sponsored by The Procter & Gamble Company or any of its subsidiaries. This letter does not alter your rights and obligations under the terms of the P&G Profit Sharing and Employee Stock Ownership Plan, other retirement plans, the P&G Stock and Incentive Compensation Plan, and other compensation plans.

*Applicable Law*: Ohio law will apply in connection with any dispute or proceeding concerning this Agreement without regard to Ohio's conflict of laws provisions.

To accept the terms set forth in this letter, please sign below. By signing below, you acknowledge that you have read the entire letter, that you understand it, and that you voluntarily accept its terms. You further agree that you understand this is a legally binding agreement, that you have been advised to consult with an attorney, that you have been given 21 days to consider this Separation Letter & Release and that you can revoke your acceptance within seven days of your acceptance by providing written notification to your human resources manager. **Finally, you understand that (1) this Separation Letter & Release includes the release of all claims and (2) you are waiving unknown claims and are doing so intentionally and voluntarily.**

Sincerely,
The Procter & Gamble Company
By: _____

Accepted and agreed to this _____ day of _____, 20___.

_____
[INSERT EMPLOYEE NAME]

**EXHIBIT 31.1**

**Rule 13a-14(a)/15d-14(a) Certifications**

I, Jon R. Moeller, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of The Procter & Gamble Company;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JON R. MOELLER

(Jon R. Moeller)
Chairman of the Board, President and Chief Executive Officer

April 21, 2023

Date

**EXHIBIT 31.2**

**Rule 13a-14(a)/15d-14(a) Certifications**

I, Andre Schulten, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of The Procter & Gamble Company;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANDRE SCHULTEN

(Andre Schulten)
Chief Financial Officer

April 21, 2023

Date

**EXHIBIT 32.1**

**Section 1350 Certifications**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of The Procter & Gamble Company (the "Company") certifies to his knowledge that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in that Form 10-Q fairly presents, in all material respects, the financial conditions and results of operations of the Company.

/s/ JON R. MOELLER

(Jon R. Moeller)

Chairman of the Board, President and Chief Executive Officer

April 21, 2023

Date

A signed original of this written statement required by Section 906 has been provided to The Procter & Gamble Company and will be retained by The Procter & Gamble Company and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.2**

**Section 1350 Certifications**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of The Procter & Gamble Company (the "Company") certifies to his knowledge that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in that Form 10-Q fairly presents, in all material respects, the financial conditions and results of operations of the Company.

/s/ ANDRE SCHULTEN
(Andre Schulten)
Chief Financial Officer

April 21, 2023
Date

A signed original of this written statement required by Section 906 has been provided to The Procter & Gamble Company and will be retained by The Procter & Gamble Company and furnished to the Securities and Exchange Commission or its staff upon request.