



# 2024 ANNUAL REPORT



## FINANCIAL HIGHLIGHTS (UNAUDITED)

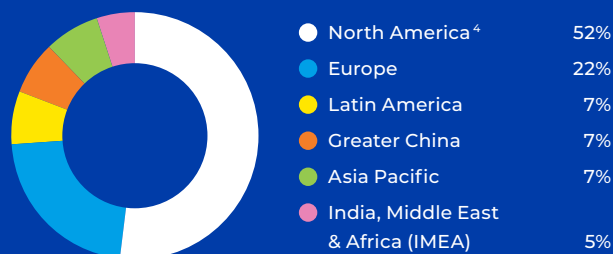
Amounts in billions, except per share amounts

	2024	2023	2022	2021	2020
Net Sales	<b>\$84.0</b>	\$82.0	\$80.2	\$76.1	\$71.0
Operating Income	<b>\$18.5</b>	\$18.1	\$17.8	\$18.0	\$15.7
Net Earnings Attributable to P&G	<b>\$14.9</b>	\$14.7	\$14.7	\$14.3	\$13.0
Net Earnings Margin	<b>17.8%</b>	18.0%	18.4%	18.9%	18.5%
Diluted Net Earnings per Common Share <sup>1</sup>	<b>\$6.02</b>	\$5.90	\$5.81	\$5.50	\$4.96
Core Earnings per Share <sup>2</sup>	<b>\$6.59</b>	\$5.90	\$5.81	\$5.66	\$5.12
Operating Cash Flow	<b>\$19.8</b>	\$16.8	\$16.7	\$18.4	\$17.4
Dividends per Common Share	<b>\$3.83</b>	\$3.68	\$3.52	\$3.24	\$3.03

## 2024 NET SALES BY BUSINESS SEGMENT<sup>3</sup>



## 2024 NET SALES BY GEOGRAPHIC REGION



## FISCAL YEAR 2024 BY THE NUMBERS



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

(2) Core EPS is a measure of the Company's diluted net earnings per common share adjusted for certain items not viewed as part of our sustainable results. Please see page 74 of the Annual Report for detail on the reconciling items.

(3) These results exclude net sales in Corporate.

(4) North America includes the United States, Canada and Puerto Rico.

VARIOUS STATEMENTS IN THIS ANNUAL REPORT, including estimates, projections, objectives and expected results, 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 and are generally identified by the words "believe," "expect," "anticipate," "intend," "opportunity," "plan," "project," "will," "should," "could," "would," "likely" and similar expressions. Forward-looking statements are based on current assumptions that are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements, including the risks and uncertainties discussed in Item 1A – Risk Factors of the Form 10-K included in this Annual Report. Such forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise publicly any forward-looking statements, except as required by law.

Certain brand names referenced in this Annual Report are trademarks of The Procter & Gamble Company or one of its subsidiaries. All other brand names are trademarks of their respective owners.

# Dear Shareowners,

Fiscal year 2024 was another strong year for P&G. Execution of our integrated strategy enabled the Company to meet or exceed our going-in guidance ranges for organic sales growth, core EPS growth, cash generation and cash return to shareowners. We accomplished all this despite the significant market-level headwinds we experienced, which were largely unknown when we gave our initial outlook for the year.

For the fiscal year, organic sales grew 4%. Core earnings per share grew 12%. On a currency-neutral basis, core earnings per share were up 16%. Adjusted free cash flow productivity was 105%.

This was our sixth consecutive year of 4% or better organic sales growth. It is worth noting that 4% organic sales growth was against a strong comparison of 7% the prior fiscal year and in more challenging market conditions.

Growth was broad-based across business units, with eight of 10 product categories growing organic sales. Home Care, Hair Care and Grooming were up high single digits. Oral Care and Feminine Care were up mid-single digits. Fabric Care, Family Care and Personal Health Care grew low single digits. Skin & Personal Care and Baby Care were down low single digits.

Focus markets grew 4% for the year, with North America up 5% and Europe Focus markets up 8%.

Enterprise markets were up 6%, led by Latin America with 15% organic sales growth.

E-commerce sales increased 9%, now representing 18% of the Company total.

Thirty of our top 50 category/country combinations held or grew share for the year. Importantly, this share growth was broad-based with six of 10 product categories growing share globally over the past year.

On the bottom line, we continued to deliver consistent earnings growth, with core earnings per share up 12% this year—recovering from a very high inflationary period the past two fiscal years.

We continued our strong track record of cash return to shareowners—returning over \$14 billion of value to shareowners through just over \$9 billion in dividends and \$5 billion in share repurchase.



**JON R. MOELLER**

Chairman of the Board,  
President and Chief Executive Officer

In April, we announced a 7% dividend increase, again reinforcing our commitment to return cash to shareowners—the 68th consecutive annual dividend increase, and the 134th consecutive year P&G has paid a dividend. Only seven U.S. publicly traded companies have paid a dividend more consecutive years than P&G, and only three U.S. companies have raised their dividend more consecutive years.

In summary, last year was another strong year for your company in a very volatile environment. To be clear, there is still more work to do to continue improving the areas in our control needed to offset the headwinds that are largely not in our control. However, we are confident that strong execution of our strategy will continue to deliver the level of balanced growth and value creation results you, and we, expect of P&G.

## P&G's Integrated Strategy

P&G people are focused on executing each element of our integrated strategy with excellence: a portfolio of daily-use products where performance drives brand choice; superiority across product, package, brand communication, retail execution, and value; productivity; constructive disruption; all enabled by an empowered, agile and accountable organization.

These strategic choices reinforce and build on each other. When executed well, they grow markets and create new business which, in turn, grows our share, sales, household penetration and profit.

Importantly, this strategy is inherently dynamic. It adapts to the changing needs of consumers, customers and society. It demands that we not sit still.

While we should expect the volatile consumer and macro dynamics we have been experiencing to continue, our job every day is to get up, put both feet on the floor, examine what is going on around us, and then work to delight consumers, customers, employees, society and shareowners in that context.

Our best path forward remains to double down on our dynamic, market-constructive strategy to deliver balanced top- and bottom-line growth and value creation.

## A Portfolio of Daily-Use Categories Where Performance Drives Brand Choice

P&G operates in 10 categories: Fabric Care, Home Care, Baby Care, Feminine Care, Family Care, Hair Care, Skin & Personal Care, Oral Care, Personal Health Care, and Grooming.

In each of these daily-use categories, where performance drives brand choice, we continue to increase the superiority of our offerings.

## Superiority to Win with Consumers and Grow Markets

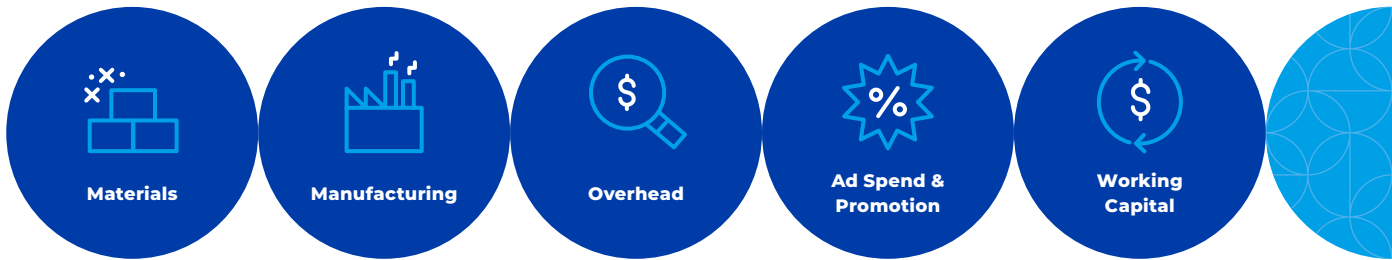
We focus on delighting consumers through irresistible superiority—across product, package, brand communication, retail execution and value. Superior performing products in superior quality packages provide noticeably better benefits to consumers, which they become aware of and learn about through superior brand communications. This comes to life in stores and online with superior retail execution and delivers superior consumer value at a price that is considered worth it across each price tier where the brand is offered.

We are focused on driving irresistible superiority across each of our categories to attract users and help them more effectively tackle their jobs to be done. When done well across all five vectors, superiority grows markets and our share in them, jointly creating value with our retail partners.



## PRODUCTIVITY INTEGRATED INTO OUR STRATEGY

Delivering the same or better output measures with lower spending or resource investment



Superiority is a never-ending challenge and opportunity. We constantly assess the superiority of our brands across each of the five vectors through a mix of tests, data, reviews, and measurements, and we invest—raising the bar on our superiority standards—in response to consumer needs and changes in our industry.

### Fueled by Productivity

This ongoing need to invest to strengthen our offerings across every aspect of superiority, the need to mitigate cost and currency challenges, and the need to expand margins and generate cash requires a commitment to productivity in everything we do.

Productivity is more than cost cutting. It is a more efficient way of operating—in service to consumers and customers—every day.

We are reaccelerating productivity back to pre-pandemic levels, with an objective for gross savings in cost of goods sold of up to \$1.5 billion before tax. Our visibility to more savings opportunities is increasing, enabled by platform programs with global application across categories, like Supply Chain 3.0.

With our Supply Chain 3.0 efforts, we are becoming more efficient in managing the delivery of our products to our retail partners, enabled by automation, data synchronization between P&G and customers, and digitization, which allows the retailer to check in the entire shipment at once. With this capability, what used to take two people two and a half days to do, now can take as little as 10 minutes—a more than 99% savings in effort—improving truck use, labor savings and cash productivity.

In brand building, we are increasingly more effective and efficient in consumer targeting, ad placement, and advertising quality—reinvesting savings and driving a higher return on investment along the way. In North America, for example, over the past five

years we have improved productivity of media and advertising as a driver for growth—accelerating value creation. We have increased the number of consumers reached through media by 14 points. Advertising return on investment has improved nearly 40%. We have delivered over \$1 billion in productivity through rate improvements, operational efficiencies and applied analytics. We are applying this approach globally.

Overall, we take a disciplined approach to productivity and cost management. We are investing in new capabilities and using more digital tools to increase speed and lower costs. We continue to invest to drive demand in our categories and our brands, while simultaneously and sustainably improving structural profitability to deliver balanced top- and bottom-line growth and strong cash generation.

### Leading Constructive Disruption

P&G operates in a highly competitive industry and in an increasingly volatile and dynamic world. Success requires a mindset of constructive disruption—a willingness to change, adapt and create new trends and technologies that will shape P&G and our industry for the future.

For example, our Fabric Care team is leveraging P&G's unique in-house perfumery and formulation expertise, disrupting the industry by replacing large volumes of bulk ingredients with materials created to deliver the same impact with less weight. The result is a nearly identical scent experience in a smaller dose that reduces water and plastic. This science-based approach is serving as a role model for the industry. Global Fabric Care has grown organic sales over 6% on average over the last three years.

We are focused on leading disruption in a constructive way that delivers better outcomes and creates value for consumers, customers, employees, society and shareowners.



**Superiority  
to Win with  
Consumers and  
Grow Markets**



Read more about  
superiority at [pg.com/  
annualreport2024](https://pg.com/annualreport2024)



### PRODUCT

Products so good, consumers recognize the difference. Superior products raise expectations for performance in the category.



### PACKAGING

Packaging that attracts consumers, conveys brand equity, helps consumers select the best product for their needs and delights consumers during use.



### BRAND COMMUNICATION

Advertising that reaches consumers and communicates the superiority of the brand's product and packaging benefits— attracting consumers to the brand and driving brand and category growth.



### RETAIL EXECUTION

In-store: with the right store coverage, product forms, sizes, price points, shelving and merchandising. Online: with the right content, assortment, ratings, reviews, search and subscription offerings.



### CONSUMER & CUSTOMER VALUE

For consumers: all these elements presented in a clear and shoppable way at a compelling price. For customers: margin, penny profit, trip generation, basket size and category growth.



Nearly 70% of women worry about their feminine protection leaking. We leverage consumer insights like this to delight consumers with superior products—such as Always FlexFoam, providing incredible protection and comfort. And importantly, superior products grow markets. In fiscal 2024, Always FlexFoam grew organic sales mid-teens, contributing more than its fair share to the mid-single-digit growth of the global menstrual care category.

The GilletteLabs with Exfoliating Bar Razor helps remove dirt and debris before the blades, for effortless shaving in one efficient stroke. With a striking design and color, the superior packaging delivers both high visibility on shelf and an improved opening experience for the consumer with cardboard packaging. In fiscal 2024, Gillette globally delivered high single-digit organic sales growth and value share improvement. The global Grooming market grew mid-single digits, adding an incremental \$1 billion of retail sales, with Gillette driving two-thirds of the increase.



Oral-B iO power toothbrushes deliver superior cleaning and a delightful user experience. Superior communication includes the insight that manual brushes leave 50% of plaque bacteria behind, but with its round head, Oral-B iO removes 100% more plaque in hard-to-reach places. This superior proposition is accelerating power brush trial and adoption, bringing new users into the category. Oral-B iO contributed to the high single-digit market growth of the power brush category, double-digit sales growth for Oral-B power, and two points of Oral-B value share growth over the past 12 months.

Native, our premium personal care brand, is delivering superiority across multiple product forms, including deodorants, body wash, shampoo and conditioners. Superior performance with fewer ingredients and irresistible scents combined with superior retail execution and strong retailer partnerships showcasing the full range of forms and scents have helped Native drive a step change in market value growth for the U.S. deodorant and personal care categories from low single digits to low teens. Native sales have grown nearly 10 times over the last five years to over \$700 million in fiscal 2024.



Cascade Platinum Plus Action Pacs are growing sales and the auto-dishwashing category by delivering superior cleaning and superior value for consumers. It provides the highest standard of clean in the dishwasher, which means consumers can skip the pre-rinse and get time back to experience moments that matter. Plus, running an ENERGY STAR® certified dishwasher\* with Cascade Platinum Plus instead of washing dishes by hand at the sink saves water, providing more value for the consumer. Cascade grew organic sales high single digits in fiscal 2024, delivering about 75% of category growth (2.5 times our fair share).

\*ENERGY STAR® certified dishwashers use <4 gallons per cycle. Running the tap for 11 minutes while handwashing uses up to 24 gallons of water.

## An Organization that is Empowered, Agile and Accountable

We have designed, and continue to refine and strengthen, P&G's organization structure so that it enables P&G people to focus on our biggest opportunities for growth—fully empowered, agile and accountable.

Five industry-based sector business units manage our 10 product categories, with full end-to-end decision rights and responsibility to create and deliver balanced top- and bottom-line growth in our largest and most profitable markets, which we call Focus markets. Enterprise markets—Latin America, Africa, the Middle East, and parts of Europe and Asia—are a separate business unit managed with the freedom to quickly react to the fast-changing dynamics of these markets and with the intent to accelerate their growth and value creation.

## Strengthening the Execution of Our Strategy

There are four areas where we are putting additional focus to strengthen the execution of our strategy—supply, environmental sustainability, digital acumen and our employee value equation.

First, we are strengthening our supply chain, which has been ranked number one for the past nine years by customers in the Advantage Survey. We are building on this strong foundation by driving improved capacity planning, greater supply agility, flexibility, data transparency, scale, and resilience all the way up and down the supply chain, inclusive of our retail partners.

We are working with retailers on the totality of the supply chain, end to end, versus simply trying to optimize each piece—extending our combined focus beyond the customer door to what the



shopper sees on shelf and online. We are seeking to drive improvements in service, cost and cash by optimizing not only P&G's cost of goods sold, but by jointly identifying with customers and distributors additional ways to drive losses out of our collective supply chains, as well as new ways to create value.

All of this is driving increased supply assurance, higher on-shelf availability of our products, and a more cost-efficient supply chain. These programs improve the superiority of our offerings for consumers and further strengthen the relationship with our customers.

Second, we are improving the environmental sustainability profile of our brands without compromising performance. Sacrificing performance for environmental sustainability does not delight consumers and does nothing to create a more sustainable business or planet. We are developing offerings that are both superior and sustainable.

Lenor Unstoppables is a good example. The plastic bottle was converted to a cardboard pack that can be recycled through local paper waste streams,



### OUR FOUR FOCUS AREAS

These are further strengthening the execution of our integrated growth strategy.

delighting consumers with an easy open cap, easy dosing and pouring, and allowing them to experience the scent even when the package is closed. This package contributed to a 40% increase in sales, while driving category growth, reducing costs and helping avoid the equivalent of 2,800 metric tons of plastic in Europe. The team then took superiority to the next level by combining a malodor product upgrade and product aeration with a new cap—further driving irresistible superiority and contributing to more sales and reduced costs.

The third focus area is digital acumen. We are leveraging relevant data and digitization to delight consumers and customers, strengthen innovation processes, streamline the supply chain, increase quality, improve decision making and drive productivity.

For example, in India we are leveraging seamless data, analytics and automation to optimize our supply chain, resulting in 60% fewer touchpoints than a few years ago. We have also moved to an artificial intelligence, machine learning ordering system for our distributors, which is helping us better predict distributor shipments and replenishment. Sales in India have grown over 8% on average over the past three years.

Examples like this have obvious cost benefits, but they are also driving product and package superiority, superior brand communication to consumers, superior retail execution in stores and online, and jobs that enable people to focus on higher-order tasks with greater business impact.

Our fourth focus area is a superior employee value equation for all employees—inclusive of all genders, races, ethnicities, sexual orientations, ages and abilities for all roles to ensure we continue to attract, develop, and retain the broadest pool of talent available to best serve an increasingly diverse set of consumers.

Our Employee Value Equation has four interdependent elements—making an impact, feeling valued and rewarded, growing skills and capabilities and being inspired to serve consumers better than competition—with all four necessary. It is a superior employee value equation for superior employees serving consumers with superior brands.

## Balancing the Needs of All Stakeholders

We see success in environmental, social and governance areas, what we call Citizenship, as an opportunity to create competitive advantage that can drive shareowner value creation. We have integrated our Citizenship work into the business and the innovation process because that is the best way to ensure consumer delight with P&G offerings. Citizenship approached this way—integrated into every aspect of our operations with all initiatives around good governance, social responsibility and environmental sustainability ultimately aimed at supporting sustainable growth—will enable us to delight all stakeholders: consumers, customers, employees, society and our shareowners.

We look at our sustainability work through three lenses: first, reducing P&G's environmental impact from our own operations; second, enabling consumers to reduce their footprint through superior products that are more sustainable; and third, innovating to create cross-industry solutions to help solve significant challenges.

We are committed to an equal, diverse and inclusive organization, culture and workplace. We support equality and inclusion efforts with our business partners and in our communities. It is not only the

### BALANCING THE NEEDS OF ALL STAKEHOLDERS

To learn more about our work, visit us at [pginvestor.com/esg](https://pginvestor.com/esg)



Consumer



Customer



Employee



Society



Shareowner

right thing to do; it has everything to do with serving and delighting consumers, which is the foundation of winning in our business as we increasingly serve a more diverse group of consumers.

The foundation of everything we do is good governance, and P&G is committed to doing what is right and to being a good corporate citizen. Our corporate governance practices are designed to promote strong board and management accountability, transparency and protection of shareowner interests.

## Belief in P&G's People and Strategy

Our team continues to execute our strategy with excellence, enabling strong results over each of the past six fiscal years—pre-COVID, during COVID, through a historic inflationary and pricing cycle and through geopolitical tensions.

During these six years, we delivered organic sales growth of 5%, 6%, 6%, 7%, 7% and 4%. We delivered strong earnings growth and gross and operating margin expansion, very strong cash generation, and returned over \$96 billion of cash to shareowners. All of this achieved in the face of significant challenges and volatility.

All credit goes to P&G people, who continually prove they are capable of incredible things and whose efforts have put us in the best possible place as we start this new fiscal year.

While our eyes are wide open to the challenges and volatility ahead, I see opportunity everywhere. Opportunity to drive market growth, to further raise the superiority bar across all five vectors, to increase the sustainability of our offerings, to further improve both innovation and execution, to increase reach and household penetration, to transform the whole of our supply chain, to become faster and more agile, more digitally enabled, more productive and more effective in everything we do.

We believe in our integrated strategy and our ability to execute it with excellence—a portfolio focused on daily-use products where performance matters; superiority across product, package, communication,



retail execution and value; productivity in everything we do; a willingness to lead disruption constructively; a lean, agile and accountable organization; and strengthening the execution of this strategy through increased focus on supply, sustainability, digital acumen and a superior employee value equation. Each component necessary. Each component integrated with the others. Combined, a strategy that can perform in any environment.

We remain focused squarely on consumers—our North Star—and understanding and serving them, an undertaking fully embraced by P&G's highly committed, creative and determined people. When we do this well, consumers are delighted, and we create value for customers, employees, society and shareowners alike.

**JON R. MOELLER**

Chairman of the Board, President  
and Chief Executive Officer

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K**

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No. 1-434

**THE PROCTER & GAMBLE COMPANY**

One Procter & Gamble Plaza, Cincinnati, Ohio 45202

Telephone (513) 983-1100

IRS Employer Identification No. 31-0411980

State of Incorporation: Ohio

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	New York Stock Exchange
0.500% Notes due 2024	PG24A	New York Stock Exchange
0.625% Notes due 2024	PG24B	New York Stock Exchange
1.375% Notes due 2025	PG25	New York Stock Exchange
0.110% Notes due 2026	PG26D	New York Stock Exchange
3.250% EUR Notes due 2026	PG26F	New York Stock Exchange
4.875% EUR Notes due May 2027	PG27A	New York Stock Exchange
1.200% Notes due 2028	PG28	New York Stock Exchange
3.150% EUR Notes due 2028	PG28B	New York Stock Exchange
1.250% Notes due 2029	PG29B	New York Stock Exchange
1.800% Notes due 2029	PG29A	New York Stock Exchange
6.250% GBP Notes due January 2030	PG30	New York Stock Exchange
0.350% Notes due 2030	PG30C	New York Stock Exchange
0.230% Notes due 2031	PG31A	New York Stock Exchange
3.250% EUR Notes due 2031	PG31B	New York Stock Exchange
5.250% GBP Notes due January 2033	PG33	New York Stock Exchange
3.200% EUR Notes due 2034	PG34C	New York Stock Exchange
1.875% Notes due 2038	PG38	New York Stock Exchange
0.900% Notes due 2041	PG41	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 and post 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  Emerging growth company   
Non-accelerated filer  Smaller reporting 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Yes  No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting stock held by non-affiliates amounted to \$345 billion on December 31, 2023.

There were 2,354,050,987 shares of Common Stock outstanding as of July 31, 2024.

Documents Incorporated by Reference

Portions of the Proxy Statement for the 2024 Annual Meeting of Shareholders, which will be filed within one hundred and twenty days of the fiscal year ended June 30, 2024 (2024 Proxy Statement), are incorporated by reference into Part III of this report to the extent described herein.

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## **PART I**

### Item 1. Business.

The Procter & Gamble Company (the Company) is a world-leading multinational consumer goods company focused on providing trusted, branded products of superior quality, performance and value to improve the lives of consumers around the world - now and for generations to come. Our products are sold in about 180 countries and territories throughout the world. The Company was incorporated in Ohio in 1905, having first been established as a New Jersey corporation in 1890, and was built from a business founded in Cincinnati in 1837 by William Procter and James Gamble.

Additional information required by this item is incorporated herein by reference to Management's Discussion and Analysis (MD&A); and Notes 1 and 2 to our Consolidated Financial Statements. Unless the context indicates otherwise, the terms "Company," "P&G," "we," "our" or "us" as used herein refer to The Procter & Gamble Company (the registrant) and its subsidiaries. Throughout this Form 10-K, we incorporate by reference information from other documents filed with the Securities and Exchange Commission (SEC).

The Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments thereto, are filed electronically with the SEC. The SEC maintains an internet site that contains these reports at: [www.sec.gov](http://www.sec.gov). Reports can also be accessed and downloaded through links from our website at: [www.pginvestor.com](http://www.pginvestor.com). P&G includes the website link solely as a textual reference and the information on our website is not incorporated by reference into this report. Copies of these reports are also available, without charge, by contacting EQ Shareowner Services, 1100 Centre Pointe Curve, Suite 101, Mendota, MN 55120-4100.

### **Financial Information about Segments**

Information about our reportable segments can be found in the MD&A and Note 2 to our Consolidated Financial Statements.

### **Narrative Description of Business**

**Business Model.** Our business model is focused on delivering sustainable value creation by driving balanced top- and bottom-line growth. We create, manufacture, market and distribute a diversified portfolio of daily-use products to delight consumers with irresistible superiority across five key vectors - product performance, packaging, brand communication, retail execution and value. We invest in research and development and consumer insights to invent new categories or products and innovate our existing products, ensuring they meet evolving consumer needs and preferences. We leverage marketing strategies including advertising, promotions and endorsements to drive brand awareness and loyalty among consumers. The Company utilizes various distribution channels, including retail stores, e-commerce platforms and direct-to-consumer platforms to deliver our products. Our business model relies on continued productivity improvements to fuel investments in R&D and marketing and deliver value creation. Our objective is to deliver sustainable and balanced top- and bottom-line growth while serving the needs of all stakeholders — consumers, customers, employees, society and shareowners.

**Key Product Categories.** Information on key product categories can be found in the MD&A and Note 2 to our Consolidated Financial Statements.

**Key Customers.** Our customers include 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 consumers. Sales to Walmart Inc. and its affiliates represent approximately 16% of our total sales in 2024 and 15% in 2023 and 2022. No other customer represents more than 10% of our total sales. Our top ten customers accounted for 42% of our total net sales in 2024, 40% in 2023 and 39% in 2022.

**Sources and Availability of Materials.** Almost all of the raw and packaging materials used by the Company are purchased from third parties, some of whom are single-source suppliers. We produce certain raw materials, primarily chemicals, for further use in the manufacturing process. In addition, fuel, natural gas and derivative products are important commodities consumed in our manufacturing processes and in the transportation of input materials and finished products. The prices we pay for materials and other commodities are subject to fluctuation. When prices for these items change, we may or may not pass the change to our customers. The Company purchases a substantial variety of other raw and packaging materials, none of which are material to our business taken as a whole.

**Trademarks and Patents.** We own or have rights to patents and trademarks, which are used in connection with our activity in all businesses. Our patents cover a range of product features, including significant product formulation and processes used to manufacture our products. The trademarks are important to the overall marketing and branding of our products. In part, our success can be attributed to the existence and continued protection of these trademarks and patents.

**Competitive Condition.** The markets in which our products are sold are highly competitive. Our products compete against similar products from a broad range of companies, both large and small, both established and new, including well-known global competitors. In many of the markets and industry segments, we compete against other branded products as well as retailers' private-label brands. In this highly competitive setting, we are well positioned in the industry segments and markets in which we operate, often holding a leadership or significant market share position. Our integrated strategy and our focus on driving superiority across product, packaging, brand communication, retail execution and value are key differentiators in the marketplace.

**Government Regulation.** Our Company is subject to a wide variety of laws and regulations across the countries in which we do business. In the United States, many of our products and manufacturing operations are subject to one or more federal or state regulatory agencies, including the U.S. Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), the Occupational Safety and Health Administration (OSHA), the Federal Trade Commission (FTC) and the Consumer Product Safety Commission (CPSC). We are also subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act, and antitrust and competition laws and regulations that govern our dealings with suppliers, customers, competitors and government officials.

In addition, many foreign jurisdictions in which we do business have regulations and regulatory bodies that govern similar aspects of our operations and products, in some cases to an even more significant degree. We are also subject to expanding laws and regulations related to environmental protection and other sustainability-related matters, non-financial reporting and diligence, labor and employment, trade, taxation and privacy and data protection, including the European Union's General Data Protection Regulation and similar regulations in states within the United States and in countries around the world.

The Company has in place compliance programs and internal and external experts to help guide our business in complying with these and other existing laws and regulations that apply to us around the globe; and we have made, and plan to continue making, necessary expenditures for compliance with these laws and regulations. We also expect that our many suppliers, consultants and other third parties working on our behalf share our commitment to compliance, and we have policies and procedures in place to manage these relationships, though they inherently involve a lesser degree of control over operations and governance. We do not expect that the Company's expenditures for compliance with current government regulations, including current environmental regulations, will have a material effect on our total capital expenditures, earnings or competitive position in fiscal year 2025 as compared to prior periods.

**Human Capital.** Our employees are a key source of competitive advantage. Their actions, guided by our Purpose, Values and Principles (PVPs), are critical to the long-term success of our business. We aim to retain our talented employees by offering competitive compensation and benefits, strong career development and a respectful and inclusive culture that provides equal opportunity for all.

Our Board of Directors, through the Compensation and Leadership Development Committee (C&LD Committee), provides oversight of the Company's policies and strategy relating to talent, including equality and inclusion, as well as the Company's compensation principles and practices. The C&LD Committee also evaluates and approves the Company's compensation plans, policies and programs applicable to our senior executives.

#### *Employees*

As of June 30, 2024, the Company had approximately 108,000 employees, unchanged versus the prior year. The total number of employees is an estimate of total Company employees excluding interns, co-ops, contractors and employees of joint ventures. 48% of our employees are in manufacturing roles and 28% of our employees are located in the United States. 42% of our global employees are women and 32% of our U.S. employees identify as multicultural.

#### *Training and Development*

We focus on attracting, developing and retaining the widest pool of talent available, both from universities and the broader market. We recruit from universities across markets in which we compete and are generally able to select from the top talent. We focus on developing our employees by providing a variety of job experiences, training programs and skill development opportunities. Given our develop-from-within model for staffing most of our senior leadership positions, it is particularly important for us to ensure holistic growth and full engagement of our employees.

#### *Diversity, Equality and Inclusion*

As a consumer products company, we believe that it is important for our workforce to reflect the diversity of our consumers worldwide. We also seek to foster an inclusive work environment where each individual can bring their authentic self, which helps drive innovation and enables us to better serve our consumers. We aspire to achieve equal gender representation globally and at key management and leadership levels. Within the U.S. workforce, our aspiration is to achieve 40% multicultural representation overall as well as at management and leadership levels.

#### *Compensation and Benefits*

Market-competitive compensation and reward programs are critical elements of our employee value equation to attract and retain the best talent. Our total rewards programs are based on the principles of paying for performance, paying competitively versus peer companies that we compete with for talent in the marketplace and focusing on long-term success through a combination of short-term and long-term incentive programs. We also offer competitive benefit programs, including retirement plans and health insurance, in line with local country practices, with flexibility to accommodate the needs of a diverse workforce.

**Sustainability.** Environmental sustainability is integrated into our business strategy. We are focused on designing and manufacturing irresistibly superior products that are more sustainable. We aim to reduce our own environmental footprint and enable our consumers to reduce their footprint without compromising on the performance of the products they use. We develop and license technologies that can be used across industries to improve environmental sustainability at a broader scale.

Combined, this approach intends to positively impact the total environmental impact of the Company while driving market growth and value creation.

In 2021, the Company announced a 2040 net zero ambition. Our Climate Transition Action Plan outlines the Company's ongoing efforts toward reducing greenhouse gas emissions across scopes 1 and 2 and elements of scope 3. The Company has also declared objectives towards purchasing renewable electricity for our operations, reducing use of virgin petroleum-based plastic in packaging, increasing the recyclability or reusability of packaging, responsible sourcing of key forest-based commodities, improving efficiency of water usage in our operations and driving a global portfolio of water restoration projects that help address water scarcity in key water basins. Our progress towards these objectives may be influenced and impacted by various stakeholders and developments beyond our control.

Sustainability related disclosures included in this Annual Report, our Proxy Statement and our sustainability reports are informed by standards and guidelines such as the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD). The "materiality" thresholds in those standards and guidelines may differ from the concept of "materiality" for purposes of the federal securities laws and disclosures required by the Commission's rules in this Annual Report. References to our sustainability reports and website are for informational purposes only and neither the sustainability reports nor the other information on our website is incorporated by reference into this Annual Report on Form 10-K. Additional detailed information on our sustainability efforts can be found on our website at <https://pginvestor.com/esg>.

#### Item 1A. Risk Factors.

We discuss our expectations regarding future performance, events and outcomes, such as our business outlook and objectives in this Form 10-K, as well as in our quarterly and annual reports, current reports on Form 8-K, press releases and other written and oral communications. All statements, except for historical and present factual information, are "forward-looking statements" and are based on financial data and business plans available only as of the time the statements are made, which may become outdated or incomplete. We assume no obligation to update any forward-looking statements as a result of new information, future events or other factors, except to the extent required by law. Forward-looking statements are inherently uncertain, and investors must recognize that events could significantly differ from our expectations.

The following discussion of "risk factors" identifies significant factors that may adversely affect our business, operations, financial position or future financial performance. This information should be read in conjunction with Management's Discussion and Analysis and the Consolidated Financial Statements and related Notes incorporated in this report. The following discussion of risks is not all inclusive but is designed to highlight what we believe are important factors to consider when evaluating our expectations. These and other factors could cause our future results to differ from those in the forward-looking statements and from historical trends, perhaps materially.

#### **MACROECONOMIC CONDITIONS AND RELATED FINANCIAL RISKS**

##### **Our business is subject to numerous risks as a result of having significant operations and sales in international markets, including foreign currency fluctuations, currency exchange or pricing controls.**

We are a global company, with operations in about 70 countries and products sold in about 180 countries and territories around the world. We hold assets, incur liabilities, generate sales and pay expenses in a variety of currencies other than the U.S. dollar, and our operations outside the U.S. generate more than 50% of our annual net sales. Fluctuations in exchange rates for foreign currencies have and could continue to reduce the U.S. dollar value of sales, earnings and cash flows we receive from non-U.S. markets, increase our supply costs (as measured in U.S. dollars) in those markets, negatively impact our competitiveness in those markets or otherwise adversely impact our business results or financial condition.

Further, we have a significant amount of foreign currency debt and derivatives as part of our capital markets activities. The maturity cash outflows of these instruments could be adversely impacted by significant appreciation of foreign currency exchange rates (particularly the Euro), which could adversely impact our overall cash flows. Moreover, discriminatory or conflicting fiscal or trade policies in different countries, including changes to tariffs and existing trade policies and agreements, could adversely affect our results. See also the Results of Operations and Cash Flow, Financial Condition and Liquidity sections of the MD&A and the Consolidated Financial Statements and related Notes.

We also have businesses and maintain local currency cash balances in a number of countries with currency exchange, import authorization, pricing or other controls or restrictions. Our results of operations, financial condition and cash flows could be adversely impacted if we are unable to successfully manage such controls and restrictions, continue existing business operations and repatriate earnings from overseas, or if new or increased tariffs, quotas, exchange or price controls, trade barriers or similar restrictions are imposed on our business.

##### **Uncertain economic or social conditions may adversely impact demand for our products or cause our customers and other business partners to suffer financial hardship, which could adversely impact our business.**

Our business could be negatively impacted by reduced demand for our products related to one or more significant local, regional or global economic or social disruptions. These disruptions have included and may in the future include: a slow-down, recession or inflationary pressures in the general economy; reduced market growth rates; tighter credit markets for our suppliers, vendors or customers; a significant shift in government policies; significant social unrest; the deterioration of economic relations between countries or regions; potential negative consumer sentiment toward non-local products or sources;

or the inability to conduct day-to-day transactions through our financial intermediaries to pay funds to or collect funds from our customers, vendors and suppliers. Additionally, these and other economic conditions may cause our suppliers, distributors, contractors or other third-party partners to suffer financial or operational difficulties that they cannot overcome, resulting in their inability to provide us with the materials and services we need, in which case our business and results of operations could be adversely affected. Customers may also suffer financial hardships due to economic conditions such that their accounts become uncollectible or are subject to longer collection cycles. In addition, if we are unable to generate sufficient sales, income and cash flow, it could affect the Company's ability to achieve expected share repurchase and dividend payments.

**Changing political and geopolitical conditions could adversely impact our business and financial results.**

Changes in the political conditions in markets in which we manufacture, sell or distribute our products, as well as changing geopolitical conditions, may be difficult to predict and may adversely affect our business and financial results. Results of elections, referendums, sanctions or other political processes and pressures in certain markets in which our products are manufactured, sold or distributed could create uncertainty regarding how existing governmental policies, laws and regulations may change, including with respect to sanctions, taxes, tariffs, import and export controls and the general movement of goods, materials, services, capital, data and people between countries. The potential implications of such uncertainty, which include, among others, exchange rate fluctuations, new or increased tariffs, trade barriers and market contraction, could adversely affect the Company's results of operations and cash flows.

The Company operates a global business with sales, manufacturing, distribution and research and development organizations globally that contribute to our overall growth. If geopolitical tensions and trade controls were to increase or disrupt our business in markets where we have significant sales or operations, including disruptions due to governmental responses to such conflicts (such as the imposition of sanctions, export controls, retaliatory tariffs, increased business licensing requirements or limitations on profits), such disruptions could adversely impact our business, financial condition, results of operations and cash flows.

Our business, operations or employees have been and could continue to be adversely affected (including by the need to de-consolidate or even exit certain businesses in particular countries) by geopolitical conflicts, political volatility, trade controls, labor market disruptions or other crises or vulnerabilities in individual countries or regions. This could include political instability, upheaval or acts of war and the related responses of governments or other entities (including, but not limited to, boycotts in certain regions), broad economic instability or sovereign risk related to a default by or deterioration in the creditworthiness of local governments, particularly in emerging markets.

For example, the ongoing war between Russia and Ukraine has negatively impacted, and the situation it generates may continue to negatively impact, our operations. 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 as to how the overall situation will evolve. We may reduce further or discontinue our operations in Russia due to sanctions and export controls and counter-sanctions, monetary, currency or payment controls, restrictions on access to financial institutions, supply and transportation challenges or other circumstances and considerations. Ultimately, these could result in loss of assets or impairments of our manufacturing plants and fixed assets or write-downs of other operating assets and working capital.

More broadly, there could be additional negative impacts to our net sales, earnings and cash flows should the situation worsen, including, among other potential impacts, economic recessions in certain neighboring countries or globally due to inflationary pressures, energy and supply chain cost increases or the geographic proximity of the war relative to the rest of Europe.

Changes in geopolitical conditions could also amplify or affect the other risk factors set forth in this Part I, Item 1A, including, but not limited to, foreign exchange volatility, disruptions to the financial and credit markets, energy supply and supply chain disruptions, increased risks of an information security or operational technology incident, cost fluctuations and commodity cost increases and increased costs to ensure compliance with global and local laws and regulations.

**Disruptions in credit markets or to our banking partners or changes to our credit ratings may reduce our access to credit or overall liquidity.**

A disruption in the credit markets or a downgrade of our current credit rating could increase our future borrowing costs and impair our ability to access capital and credit markets on terms commercially acceptable to us, which could adversely affect our liquidity and capital resources or significantly increase our cost of capital. In addition, we rely on top-tier banking partners in key markets around the world, who themselves face economic, societal, political and other risks, for access to credit and to facilitate collection, payment and supply chain finance programs. A disruption to one or more of these top-tier partners could impact our ability to draw on existing credit facilities or otherwise adversely affect our cash flows or the cash flows of our customers and vendors.

**BUSINESS OPERATIONS RISKS**

**Our business results depend on our ability to manage disruptions in our global supply chain.**

Our ability to meet our customers' needs and achieve cost targets depends on our ability to maintain key manufacturing and supply arrangements, including execution of supply chain optimizations and certain sole supplier or sole manufacturing plant arrangements. The loss or disruption of such manufacturing and supply arrangements, including for issues such as labor disputes or controversies, loss or impairment of key manufacturing sites, discontinuity or disruptions in our internal information

and data systems or those of our suppliers, cybersecurity incidents including but not limited to ransomware attacks, misuse of artificial intelligence and machine learning technologies, inability to procure sufficient raw or input materials (including water, recycled materials and materials that meet our labor standards), significant changes in trade policy, natural disasters, increasing severity or frequency of extreme weather events due to climate change or otherwise, acts of war or terrorism, disease outbreaks or other external factors over which we have no control, have at times interrupted and could, in the future, interrupt product supply and, if not effectively managed and remedied, could have an adverse impact on our business, financial condition, results of operations or cash flows.

**Our businesses face cost fluctuations and pressures that could affect our business results.**

Our costs are subject to fluctuations, particularly due to changes in the prices of commodities (including certain petroleum-derived materials like resins and paper-based materials like pulp) and raw and packaging materials and the costs of labor, transportation (including trucks and containers), energy, pension and healthcare. Inflation pressures sometimes result in increases in these input costs. Therefore, our business results depend, in part, on our continued ability to manage these fluctuations through pricing actions, cost saving projects and sourcing decisions, while maintaining and improving margins and market share. Failure to manage these fluctuations and to anticipate consumer reaction to our management of these fluctuations could adversely impact our results of operations or cash flows.

**The ability to achieve our business objectives depends on how well we can compete with our local and global competitors in new and existing markets and channels.**

The consumer products industry is highly competitive. Across all of our categories, we compete against a wide variety of global and local competitors. As a result, we experience ongoing competitive pressures in the environments in which we operate, which may result in challenges in maintaining sales and profit margins. To address these challenges, we must be able to successfully respond to competitive factors and emerging retail trends, including pricing, promotional incentives, product delivery windows and trade terms. In addition, evolving sales channels and business models may affect customer and consumer preferences as well as market dynamics, which, for example, may be seen in the growing consumer preference for shopping online, ease of competitive entry into certain categories and growth in hard discounter channels. Failure to successfully respond to competitive factors and emerging retail trends and effectively compete in growing sales channels and business models, particularly e-commerce and mobile or social commerce applications, could negatively impact our results of operations or cash flows.

**A significant change in customer relationships or in customer demand for our products could have a significant impact on our business.**

We sell most of our products via retail customers, which include 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. Our success depends on our ability to successfully manage relationships with our retail trade customers, which includes our ability to offer trade terms that are mutually acceptable and are aligned with our pricing and profitability targets. Continued concentration among our retail customers could create significant cost and margin pressure on our business, and our business performance could suffer if we cannot reach agreement with a key customer on trade terms and principles. Our business could also be negatively impacted if a key customer were to significantly reduce the inventory level of or shelf space allocated to our products as a result of increased offerings of other branded manufacturers, private label brands and generic non-branded products or for other reasons, significantly tighten product delivery windows or experience a significant business disruption.

**If the reputation of the Company or one or more of our brands erodes significantly, it could have a material impact on our financial results.**

The Company's reputation, and the reputation of our brands, form the foundation of our relationships with key stakeholders and other constituencies, including consumers, customers and suppliers. The quality and safety of our products are critical to our business. Many of our brands have worldwide recognition and our financial success directly depends on the success of our brands. The success of our brands can suffer if our marketing plans or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Our results of operations or cash flows could also be negatively impacted if the Company or one of our brands suffers substantial harm to its reputation due to a significant product recall, product-related litigation, defects or impurities in our products, product misuse, changing consumer perceptions of certain ingredients, negative perceptions of packaging (such as plastic and other petroleum-based materials), lack of recyclability or other environmental attributes, concerns about actual or alleged labor or equality and inclusion practices, privacy failures or data breaches, allegations of product tampering or the distribution and sale of counterfeit products. Additionally, negative or inaccurate postings or comments on social media or networking websites about the Company or one of its brands could generate adverse publicity that could damage the reputation of our brands or the Company. If we are unable to effectively manage real or perceived issues, including concerns about safety, quality, ingredients, efficacy, environmental or social impacts or similar matters, sentiments toward the Company or our products could be negatively impacted, and our results of operations or cash flows could suffer. Our Company also devotes time and resources to citizenship efforts that are consistent with our corporate values and are designed to strengthen our business and protect and preserve our reputation, including programs driving ethics and corporate responsibility, strong communities, equality and inclusion and environmental sustainability. While the Company

has many programs and initiatives to further these citizenship efforts, we are impacted in part by the actions and efforts of third parties including local and other governmental authorities, suppliers, vendors and customers. Consumer or broader stakeholder perceptions of these programs and initiatives widely vary and could adversely affect our business. If these programs are not executed as planned or suffer negative publicity, the Company's reputation and results of operations or cash flows could be adversely impacted.

**We rely on third parties in many aspects of our business, which creates additional risk.**

Due to the scale and scope of our business, we must rely on relationships with third parties, including our suppliers, contract manufacturers, distributors, contractors, commercial banks, joint venture partners and external business partners, for certain functions. If we are unable to effectively manage our third-party relationships and the agreements under which our third-party partners operate, our results of operations and cash flows could be adversely impacted. Further, failure of these third parties to meet their obligations to the Company, including the transparency and accuracy of the disclosures of ingredients in materials or processes, and the proper security of Company data and personal data, or substantial disruptions in the relationships between the Company and these third parties could adversely impact our operations and financial results. Additionally, while we have policies and procedures for managing these relationships, they inherently involve a lesser degree of control over business operations, governance and compliance, thereby potentially increasing our financial, legal, reputational and operational risk.

**A significant information security or operational technology incident, including a cybersecurity breach, or the failure of one or more key information or operations technology systems, networks, hardware, processes and/or associated sites involving the Company or one of its service providers could have a material adverse impact on our business or reputation.**

We rely extensively on information and operational technology (IT/OT) systems, networks and services, including internet and intranet sites, data hosting and processing facilities and technologies, physical security systems and other hardware, software and technical applications and platforms. Many of these are managed, hosted, provided and/or used by third parties or their vendors. The various uses of these IT/OT systems, networks and services include, but are not limited to, ordering and managing materials from suppliers; converting materials to finished products; shipping, marketing and selling products; collecting, transferring, storing and/or processing customer, consumer, employee, vendor, investor and other stakeholder information and personal data, summarizing and reporting results of operations, including financial reporting; managing our banking and other cash liquidity systems and platforms; hosting, processing and sharing, as appropriate, confidential and proprietary research, business plans and financial information; collaborating via an online and efficient means of global business communications; complying with regulatory, legal and tax requirements; providing data security; and handling other processes necessary to manage our business.

Numerous and evolving information security threats, including advanced persistent cybersecurity threats, pose a risk to the security of our services, systems, networks and supply chain, as well as the confidentiality, availability and integrity of our data and of our critical business operations. In addition, because the techniques, tools and tactics used in cyber-attacks frequently change and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures or fully mitigating harms after such an attack, including acquired and divested businesses.

Our IT/OT databases and systems and our third-party providers' databases and systems have been, and will likely continue to be, subject to advanced computer viruses or other malicious codes, ransomware, unauthorized access attempts, denial of service attacks, phishing, social engineering, hacking and other cyber-attacks. Such attacks may originate from outside parties, hackers, criminal organizations or other threat actors, including nation states. In addition, insider actors - malicious or otherwise - could cause technical disruptions and/or confidential data leakage. We cannot guarantee that our security efforts or the security efforts of our third-party providers will prevent material breaches, operational incidents or other breakdowns to our or our third-party providers' IT/OT databases or systems.

A breach of our data security systems or failure of our IT/OT databases and systems and those of our third-parties may have a material adverse impact on our business operations and financial results. If the IT/OT systems, networks or service providers we rely upon fail to function properly or cause operational outages or aberrations, or if we or one of our third-party providers suffer significant unavailability of key operations, or inadvertent disclosure of, lack of integrity of, or loss of our sensitive business or stakeholder information, including personal information, due to any number of causes, including catastrophic events, natural disasters, power outages, computer and telecommunications failures, improper data handling, viruses, phishing attempts, cyber-attacks, malware and ransomware attacks, security breaches, misuse or malicious use of artificial intelligence, security incidents or employee error or malfeasance, and our business continuity plans do not effectively address these failures on a timely basis, we may suffer interruptions in our ability to manage operations and be exposed to reputational, competitive, operational, financial and business harm as well as litigation and regulatory action. If our critical IT systems or back-up systems or those of our third-party vendors are damaged or cease to function properly, we may have to make a significant investment to repair or replace them.

In addition, if a ransomware attack or other cybersecurity incident occurs, either internally or at our third-party providers, we could be prevented from accessing our data or systems, which may cause interruptions or delays in our business operations, cause us to incur remediation costs, subject us to demands to pay a ransom or damage our reputation. In addition, such events could result in unauthorized disclosure or loss of confidential information or stakeholder information, including personal data

from customers, consumers, employees, vendors, investors and other stakeholders, and we may suffer financial and reputational damage as a result. Additionally, we could be exposed to potential liability, litigation, governmental inquiries, reporting requirements, investigations or regulatory enforcement actions; and we could be subject to payment of fines or other penalties, legal claims by our suppliers, customers or employees and significant remediation costs.

Periodically, we and/or our suppliers also upgrade IT/OT systems or adopt new technologies, including those enabled by machine learning or artificial intelligence. If such a new system or technology does not function properly, provides flawed or inaccurate outputs or exposes us to increased cybersecurity breaches and failures, it could affect our ability to order materials, make and ship orders and process payments in addition to other operational and information integrity and loss issues. The costs and operational consequences of responding to the above items and implementing remediation measures could be significant and could adversely impact our results of operations and cash flows and generate negative publicity affecting Company reputation and relationships among consumers, customers and other business partners.

**We must successfully manage the demand, supply and operational challenges associated with the effects of any future disease outbreak, including epidemics, pandemics or similar widespread public health concerns.**

Our business may be negatively impacted by the fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic or similar widespread public health concern. These impacts may include, but are not limited to:

- Significant reductions in demand or significant volatility in demand for one or more of our products, which may be caused by, among other things: the temporary inability of consumers to purchase our products due to illness, quarantine or other travel restrictions or financial hardship, shifts in demand away from one or more of our more discretionary or higher priced products to lower priced products or stockpiling or similar pantry-loading activity. If prolonged, such impacts can further increase the difficulty of business or operations planning and may adversely impact our results of operations and cash flows; or
- Significant changes in the political conditions in markets in which we manufacture, sell or distribute our products, including quarantines, import/export restrictions, price controls, or governmental or regulatory actions, closures or other restrictions that limit or close our operating and manufacturing facilities, restrict our employees' ability to travel or perform necessary business functions or otherwise prevent our third-party partners, suppliers or customers from sufficiently staffing operations.

Despite efforts to manage and remedy these impacts, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of any such outbreak as well as third-party actions taken to contain its spread and mitigate its public health effects.

**BUSINESS STRATEGY & ORGANIZATIONAL RISKS**

**Our ability to meet our growth targets depends on successful product, marketing and operations innovation and successful responses to competitive innovation, evolving digital marketing and selling platforms and changing consumer habits.**

We are a consumer products company that relies on continued global demand for our brands and products. Achieving our business results depends, in part, on successfully developing, introducing and marketing new products and on making significant improvements to our equipment and manufacturing processes. The success of such innovation depends on our ability to correctly anticipate customer and consumer acceptance and trends, to obtain, maintain and enforce necessary intellectual property protections and to avoid infringing upon the intellectual property rights of others and to continue to deliver efficient and effective marketing across evolving media and mobile platforms with dynamic and increasingly more restrictive privacy requirements. We must also successfully respond to technological advances made by, and intellectual property rights granted to, competitors, customers and vendors. Failure to continually innovate, improve and respond to competitive moves, changing consumer habits and platform evolution, including the timely and effective adoption of emerging technologies, could compromise our competitive position and adversely impact our financial condition, results of operations or cash flows.

**We must successfully manage ongoing acquisition, joint venture and divestiture activities.**

As a company that manages a portfolio of consumer brands, our ongoing business model includes a certain level of acquisition, joint venture and divestiture activities. We must be able to successfully manage the impacts of these activities, while at the same time delivering against our business objectives. Specifically, our financial results have been, and in the future could be, adversely impacted by the dilutive impacts from the loss of earnings associated with divested brands or dissolution of joint ventures. Our results of operations and cash flows have been, and in the future could also be, impacted by acquisitions or joint venture activities, if: 1) changes in the cash flows or other market-based assumptions cause the value of acquired assets to fall below book value, or 2) we are not able to deliver the expected cost and growth synergies associated with such acquisitions and joint ventures, including as a result of integration and collaboration challenges, which could also result in an impairment of goodwill and intangible assets.

**Our business results depend on our ability to successfully manage productivity improvements and ongoing organizational change, including attracting and retaining key talent as part of our overall succession planning.**

Our financial projections assume certain ongoing productivity improvements and cost savings, including staffing adjustments and employee departures. Failure to deliver these planned productivity improvements and cost savings, while continuing to

invest in business growth, could adversely impact our results of operations and cash flows. Additionally, successfully executing organizational change, management transitions at leadership levels of the Company and motivation and retention of key employees is critical to our business success. Factors that may affect our ability to attract and retain sufficient numbers of qualified employees include employee morale, our reputation, competition from other employers and availability of qualified individuals. Our success depends on identifying, developing and retaining key employees to provide uninterrupted leadership and direction for our business. This includes developing and retaining organizational capabilities in key growth markets where the depth of skilled or experienced employees may be limited and competition for these resources is intense as well as continuing the development and execution of robust leadership succession plans.

## **LEGAL & REGULATORY RISKS**

### **We must successfully manage compliance with current and expanding laws and regulations, as well as manage new and pending legal and regulatory matters in the U.S. and abroad.**

Our business is subject to a wide variety of laws and regulations across the countries in which we do business, including those laws and regulations involving intellectual property, product liability, product composition or formulation, manufacturing processes, packaging content or corporate responsibility for packaging and product disposal, marketing, antitrust and competition, privacy, cybersecurity and data protection, artificial intelligence, environmental (including increasing focus on the climate, nature, water and waste impacts of consumer packaged goods companies' operations and products), employment, healthcare, anti-bribery and anti-corruption (including interactions with health care professionals and government officials as well as corresponding internal controls and record-keeping requirements), trade (including tariffs, sanctions and export controls), tax, accounting and financial reporting or other matters. In addition, increasing governmental and societal attention to environmental, social and governance (ESG) matters, including expanding mandatory and voluntary reporting, diligence and disclosure on topics such as climate change, waste production, water usage, nature impacts, human capital, labor and risk oversight, could expand the nature, scope and complexity of matters that we are required to control, assess and report. These and other rapidly changing laws, regulations, policies and related interpretations as well as increased enforcement actions by various governmental and regulatory agencies, create challenges for the Company, may alter the environment in which we do business, may increase the ongoing costs and complexities of compliance including by requiring investments in technology or other compliance systems and may ultimately result in the need to cease manufacturing, sales or other business activities in certain jurisdictions, which could adversely impact our results of operations and cash flows. If we are unable to continue to meet these challenges and comply with all laws, regulations, policies and related interpretations, it could negatively impact our reputation and our business results. Additionally, we are currently, and in the future may be, subject to a number of inquiries, investigations, claims, proceedings and requests for information from governmental agencies or private parties, the adverse outcomes of which could harm our business. Failure to successfully manage these new or pending regulatory and legal matters and resolve such matters without significant liability or damage to our reputation may materially adversely impact our financial condition, results of operations and cash flows. Furthermore, if new or pending legal or regulatory matters result in fines or costs in excess of the amounts accrued to date, that may also materially impact our results of operations and financial position.

### **Changes in applicable tax laws and regulations and resolutions of tax disputes could negatively affect our financial results.**

The Company is subject to taxation in the U.S. and numerous foreign jurisdictions. Changes in the various tax laws can and do occur. For example, in December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the U.S. Tax Act). The changes included in the U.S. Tax Act were broad and complex. Under the current U.S. presidential administration, comprehensive federal income tax reform has been proposed, including an increase in the U.S. Federal corporate income tax rate, elimination of certain investment incentives and an increase in U.S. taxation of non-U.S. earnings. While these proposals are controversial, likely to change during the legislative process and may prove difficult to enact as proposed in the current closely divided U.S. Congress, their impact could nonetheless be significant.

Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are subject to potential evolution. An outgrowth of the original Base Erosion and Profit Shifting (BEPS) project is a project undertaken by the approximately 140 member countries of the expanded Organisation for Economic Co-operation and Development (OECD) Inclusive Framework focused on "Addressing the Challenges of the Digitalization of the Economy." The breadth of this project extends beyond pure digital businesses and, as proposed, would likely impact a large portion of multinational businesses by potentially redefining jurisdictional taxation rights in market countries and establishing a global minimum tax. In December 2022, the European Union (EU) approved a directive requiring member states to incorporate a 15% global minimum tax into their respective domestic laws effective for fiscal years beginning on or after December 31, 2023. Most member states complied with the directive while some were permitted a delayed implementation. In addition, several non-EU countries have proposed and/or adopted legislation consistent with the global minimum tax framework. Important details of these minimum tax developments are still to be determined and, in some cases, enactment and timing remain uncertain.

Based on current legislation and available guidance, we do not anticipate the Pillar Two global minimum tax to have a material impact to our financial condition, results of operations, cash flows or effective tax rate in the fiscal year ending June 30, 2025. The Company continues to assess the overall impact of potential changes as developments occur, consistent with our practice to monitor all changes in tax laws. As the Pillar Two global minimum tax and other tax laws and related regulations are revised,

enacted and implemented, a material impact to our financial condition, results of operations, cash flows or effective tax rate may occur.

Furthermore, we are subject to regular review and audit by both foreign and domestic tax authorities. While we believe our tax positions will be sustained, the final outcome of tax audits and related litigation, including maintaining our intended tax treatment of divestiture transactions such as the fiscal 2017 Beauty Brands transaction with Coty, may differ materially from the tax amounts recorded in our Consolidated Financial Statements, which could adversely impact our results of operations and cash flows.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

**Risk Management and Strategy**

The Company employs multiple tools and processes for assessing, identifying, and managing material risks from cybersecurity threats. A multi-functional enterprise security team reviews and assesses top cybersecurity risks. This assessment is shared with members of senior management, including the Chief Information Officer (CIO) and Chief Information Security Officer (CISO), and helps guide the Company's cybersecurity operational priorities and strategy. In addition, cybersecurity risks are integrated into the Company's broader Enterprise Risk Management program and, when identified, are reported to relevant business and governance leaders within the Company for appropriate action.

To support the ongoing identification and management of cybersecurity issues, the Company provides information security employee training, conducts global and targeted phishing simulation campaigns and conducts tabletop exercises. The Company also deploys a large library of security tools and experts to help prevent, detect, contain, eradicate and recover from potential cybersecurity issues and cyber-attacks. Further, the Company engages third-party consultants and services for cyber intelligence, insights and assessments of its cybersecurity risk posture and governance.

Cybersecurity reviews are embedded into the Company's Third-Party Risk Management program. Generally under this program, third parties that process personal data or high-risk business data on behalf of the Company complete privacy and cybersecurity assessments on a risk basis, which may require such third parties to sign data processing agreements, comply with particular security controls or complete an additional security and privacy assessment.

As a global company, we manage a variety of cybersecurity threats and cannot wholly eliminate the risk of adverse impacts from such incidents. However, as of the date of this Form 10-K, we have not identified any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of our operations or financial condition. For additional information on the risks from cybersecurity threats that we have faced in the past and expect to continue to face in the future, please refer to the "Risk Factors" in Part I, Item 1A of this Form 10-K.

**Governance**

The Company's Board of Directors oversees cybersecurity risks consistent with its general risk oversight responsibility. The Audit Committee of the Board has specific responsibility for reviewing the status of the security of the Company's electronic data processing information systems and the general security, including cybersecurity, of the Company's people, assets and information systems. In support of this general oversight, the full Board reviews at least annually the most significant enterprise risks facing the Company, including cybersecurity risks, as identified in the Company's Enterprise Risk Management program. This review, which includes key members of senior management, covers any key risks from information security that have been identified and corresponding action plans. The Audit Committee also receives regular updates from the Company's CIO and CISO about the Company's information security and systems security programs and plans, including emerging trends and progress on overall enterprise cybersecurity programs and priorities. These updates occur at least three times a year, with interim updates as needed.

The Company's management is responsible for implementing its strategic plans, including identifying, evaluating, managing and mitigating the risks inherent in them, such as cybersecurity risks. Within management, the Company's CISO has specific responsibility for cybersecurity risk management, reporting to the CIO.

The Company's CISO has over 15 years of experience in cybersecurity, information security and information risk management, including several years each in security engineering and in operations, as well as running incident response organizations. The CISO's organization includes a dedicated team of centralized information security experts and a network of security professionals embedded in each business unit and function.

The CISO also leads the design and development of the Company's cybersecurity program, relying on functional experts within the central Information Security organization as well as on information security experts within each of the Company's Organizational Units. These embedded experts are responsible for the execution of the Company's overall information security strategy and report security risks in their area of responsibility to their Organization Unit leader and to the CISO. Experts within the Company's central Information Security organization help develop the Company's cybersecurity strategies, policies and standards and similarly report security risks within the central enterprise to the CISO.

A central team within the Company leads enterprise-wide incident investigations and response, assisting and consulting on cyber security incidents impacting individual Organizational Units. Alerts of potential incidents can arise from security tool alerts, employee reports, threat intelligence sources, threat hunting activities or external entities, among other sources. The Company's Security Operations Center initially responds to incident alerts and notifies central experts to any potentially significant cybersecurity incidents. Members of the Security Operations Center and relevant response teams work to contain and eradicate potential and identified threats and support the system's recovery efforts, advised as needed by the Legal department and other Company experts. Incidents are communicated to the CISO and other members of management, including the Company's Ethics & Compliance Committee, as well as the Audit Committee of the Board, based on documented escalation criteria. The central enterprise team also regularly reviews incident reports to update the CISO.

As described above, both the CIO and CISO report information about the Company's identification and management of cybersecurity risks to the Audit Committee.

Item 2. Properties.

In the U.S., we own and operate 24 manufacturing sites located in 18 different states. In addition, we own and operate 78 manufacturing sites in 33 other countries. Many of the domestic and international sites manufacture products for multiple businesses. Beauty products are manufactured at 22 of these locations; Grooming products at 17; Health Care products at 20; Fabric & Home Care products at 35; and Baby, Feminine & Family Care products at 37. We own our Corporate headquarters in Cincinnati, Ohio. We own or lease our principal regional general offices in Switzerland, Panama, Singapore, China and the United Arab Emirates. We own or lease our principal regional shared service centers in Costa Rica, the United Kingdom and the Philippines. Management believes that the Company's sites are adequate to support the business and that the properties and equipment have been well maintained.

Item 3. 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).

On November 22, 2023, Procter & Gamble UK ("P&G UK"), a United Kingdom based wholly owned subsidiary of the Company, received notification from the U.K. Environment Agency of its intent to assess an unspecified civil penalty for P&G UK's prior inadvertent failure to secure a required permit for its London-based manufacturing site under the European Union's and United Kingdom's Emission Trading Systems. Among other requirements, these Emissions Trading Systems require registration of the site and accounting of and payment for certain past greenhouse gas emissions. The site has been properly registered since March 2021, and P&G UK proactively notified the U.K. Environment Agency after learning of the prior issue.

There are no other relevant matters to disclose under this Item for this period. See Note 13 to our Consolidated Financial Statements for information on certain legal proceedings for which there are contingencies.

This item should be read in conjunction with the Company's Risk Factors in Part I, Item 1A for additional information.

Item 4. Mine Safety Disclosure.

Not applicable.

**INFORMATION ABOUT OUR EXECUTIVE OFFICERS**

The names, ages and positions held by the Executive Officers of the Company on August 5, 2024, are:

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>First Elected to Officer Position</b>
Jon R. Moeller	Chairman of the Board, President and Chief Executive Officer	60	2009 <sup>(1)</sup>
Shailesh Jejurikar	Chief Operating Officer	57	2018 <sup>(2)</sup>
Andre Schulten	Chief Financial Officer	53	2021 <sup>(3)</sup>
Gary A. Coombe	Chief Executive Officer - Grooming	60	2014
Jennifer L. Davis	Chief Executive Officer - Health Care	53	2022 <sup>(4)</sup>
Ma. Fatima D. Francisco	Chief Executive Officer - Baby, Feminine and Family Care	56	2018 <sup>(5)</sup>
R. Alexandra Keith	Chief Executive Officer - Beauty and Executive Sponsor for Corporate Sustainability	56	2017 <sup>(6)</sup>
Sundar Raman	Chief Executive Officer - Fabric and Home Care	49	2021 <sup>(7)</sup>
Victor Aguilar	Chief Research, Development and Innovation Officer	57	2020 <sup>(8)</sup>
Marc S. Pritchard	Chief Brand Officer	64	2008
Balaji Purushothaman	Chief Human Resources Officer	55	2023 <sup>(9)</sup>
Susan Street Whaley	Chief Legal Officer and Secretary	50	2022 <sup>(10)</sup>

All the Executive Officers named above have been employed by the Company for more than the past five years.

- <sup>(1)</sup> Mr. Moeller previously served as President and Chief Executive Officer (2021 - 2022), Vice Chairman, Chief Operating Officer and Chief Financial Officer (2019 - 2021), Vice Chairman and Chief Financial Officer (2017 - 2019) and as Chief Financial Officer (2009 - 2017).
- <sup>(2)</sup> Mr. Jejurikar previously served as Chief Executive Officer - Fabric and Home Care (2019 - 2021) and President - Global Fabric, Home Care and P&G Professional (2018 - 2019).
- <sup>(3)</sup> Mr. Schulten previously served as Senior Vice President - Baby Care, North America (2018 - 2021).
- <sup>(4)</sup> Ms. Davis previously served as President - Feminine Care (2019 - 2022) and President - Global Feminine Care (2018 - 2019).
- <sup>(5)</sup> Ms. Francisco previously served as Chief Executive Officer - Baby and Feminine Care (2019 - 2021) and President - Global Baby Care and Baby & Feminine Care Sector (2018 - 2019).
- <sup>(6)</sup> Ms. Keith previously served as Chief Executive Officer - Beauty (2017 - 2022).
- <sup>(7)</sup> Mr. Raman previously served as President - Home Care and P&G Professional (2020 - 2021), President - Fabric Care, North America and P&G Professional (2019 - 2020), and Vice President - Fabric Care, North America (2015 - 2019).
- <sup>(8)</sup> Mr. Aguilar previously served as Senior Vice President - Research & Development, Corporate Function Research & Development (2020), Senior Vice President - Research & Development, Corporate Function Research & Development and Global Fabric Care (2019), and Senior Vice President - Research & Development Global Fabric Care; and Sector Leader, Research & Development Global Fabric and Home Care (2014 - 2019).
- <sup>(9)</sup> Mr. Purushothaman previously served as Senior Vice President - Human Resources, Global Total Rewards, Employee and Labor Relations and Corporate Services (2020 - 2022) and as Senior Vice President - Human Resources, Beauty, Grooming, and Family Care (2015 - 2020).
- <sup>(10)</sup> Ms. Whaley previously served as Senior Vice President and General Counsel - North America, Practice Groups and Sector Business Units (2019 - 2022), and Vice President and General Counsel - North America, Global Go-To-Market and Practice Groups, and Global Business Units (2016 - 2019).

**PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**ISSUER PURCHASES OF EQUITY SECURITIES**

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share <sup>(2)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(3)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under Our Share Repurchase Program
4/1/2024 - 4/30/2024	—	—	—	(3)
5/1/2024 - 5/31/2024	4,518,335	\$165.99	4,518,335	(3)
6/1/2024 - 6/30/2024	4,491,564	166.96	4,491,564	(3)
<b>Total</b>	<b>9,009,899</b>	<b>\$166.48</b>	<b>9,009,899</b>	<b>(3)</b>

(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.

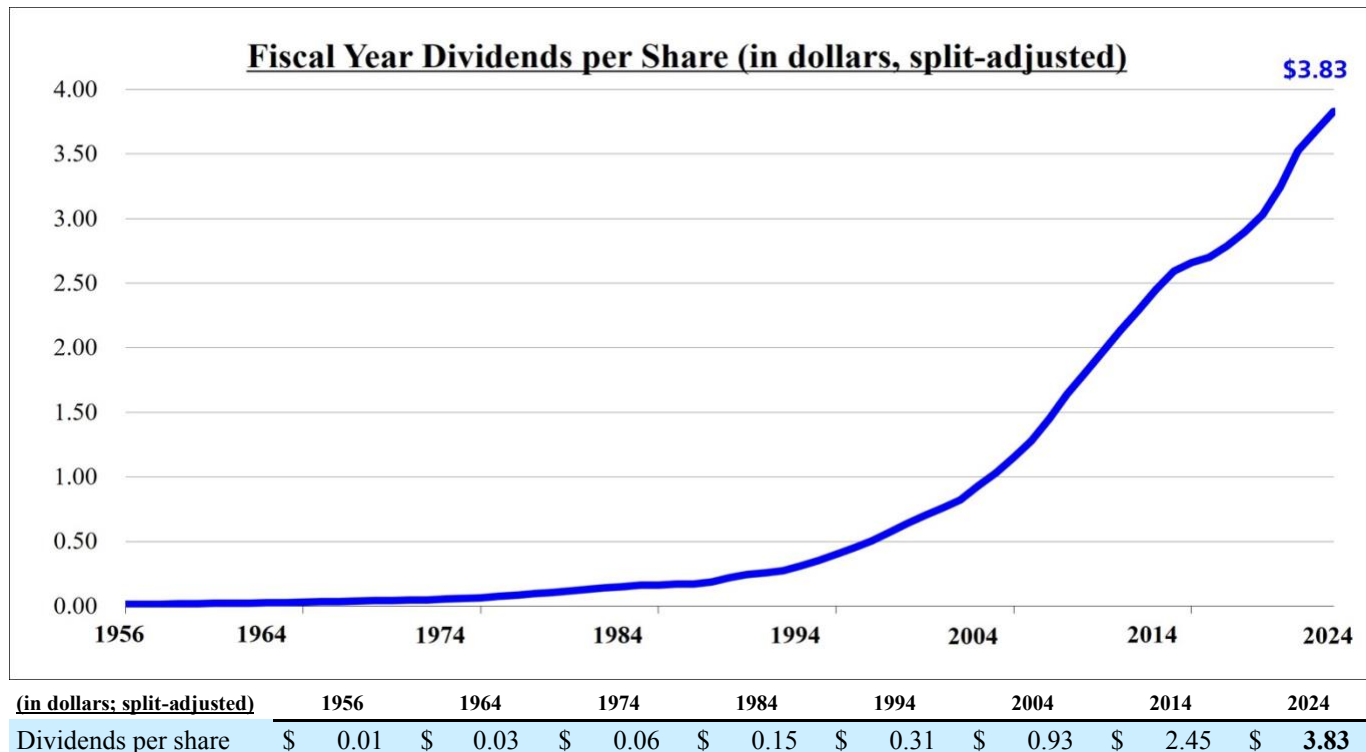
(2) Average price paid per share for open market transactions excludes commission.

(3) In accordance with the repurchase program announced on July 28, 2023, the Company reaffirmed in its earnings release on April 19, 2024, that it expected to reduce outstanding shares through direct share repurchases at a value of \$5 to \$6 billion in fiscal year 2024, notwithstanding any purchases under the Company's compensation and benefit plans. The share repurchases were authorized pursuant to a resolution issued by the Company's Board of Directors and were financed through a combination of operating cash flows and issuance of debt. The total value of the shares purchased under the share repurchase plan was \$5 billion. The share repurchase plan ended on June 30, 2024.

Additional information required by this item can be found in Part III, Item 12 of this Form 10-K.

**SHAREHOLDER RETURN PERFORMANCE GRAPHS****Market and Dividend Information**

P&G has been paying a dividend for 134 consecutive years since its incorporation in 1890 and has increased its dividend for 68 consecutive years since 1956. Over the past ten years, the dividend has increased at an annual compound average rate of 5%. Nevertheless, as in the past, further dividends will be considered after reviewing dividend yields, profitability and cash flow expectations and financing needs and will be declared at the discretion of the Company's Board of Directors.

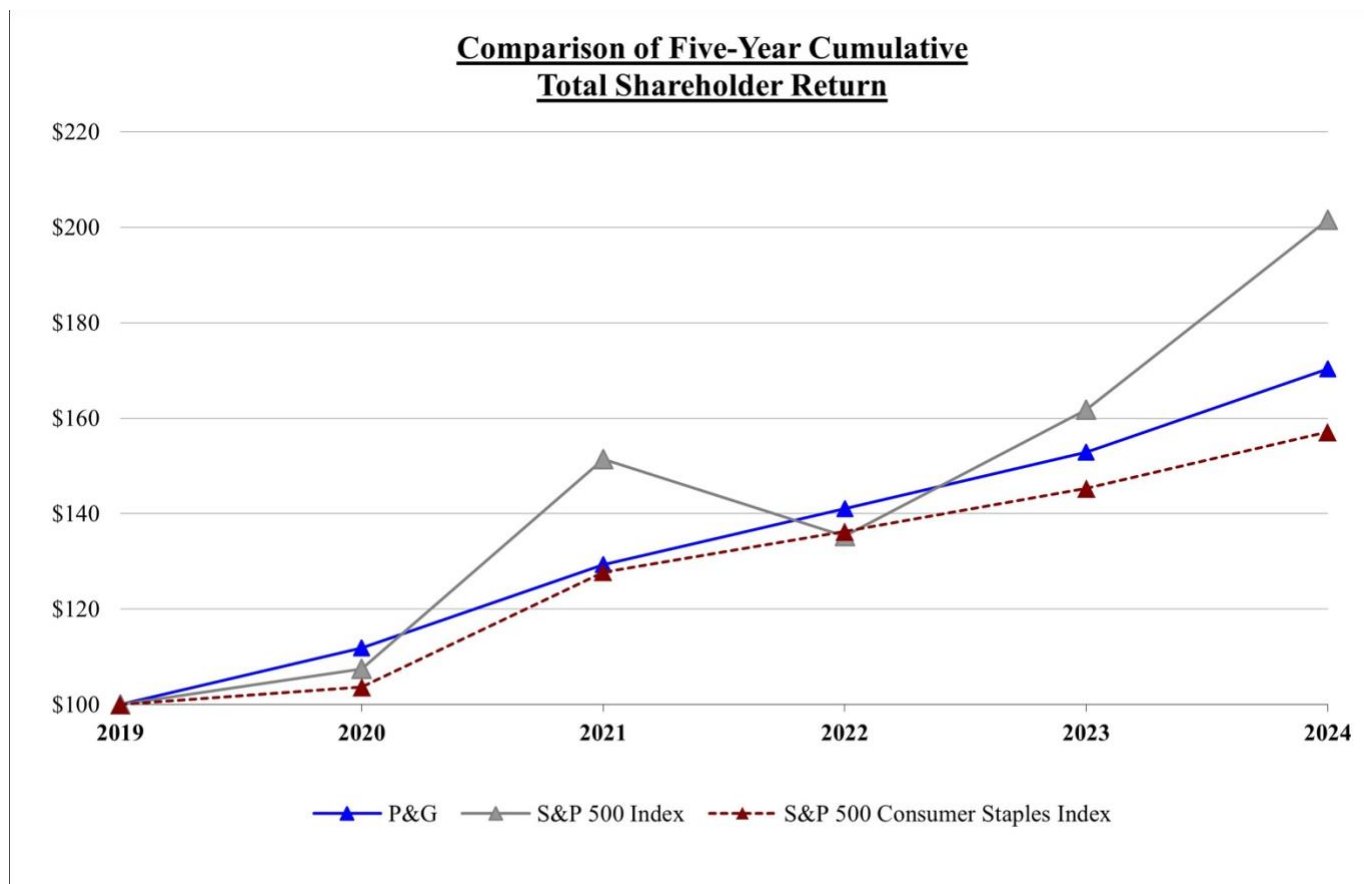


## Common Stock Information

P&G trades on the New York Stock Exchange under the stock symbol PG. As of June 30, 2024, there were approximately 6 million common stock shareowners, including shareowners of record, participants in P&G stock ownership plans and beneficial owners with accounts at banks and brokerage firms.

## Shareholder Return

The following graph compares the cumulative total return of P&G's common stock for the five-year period ended June 30, 2024, against the cumulative total return of the S&P 500 Stock Index (broad market comparison) and the S&P 500 Consumer Staples Index (line of business comparison). The graph and table assume \$100 was invested on June 30, 2019, and that all dividends were reinvested.



<u>Company Name/Index</u>	<u>Cumulative Value of \$100 Investment, through June 30</u>					
	2019	2020	2021	2022	2023	2024
P&G	\$ 100	\$ 112	\$ 129	\$ 141	\$ 153	\$ 170
S&P 500	100	108	151	135	162	202
S&P 500 Consumer Staples	100	104	128	136	145	157

Item 6. Intentionally Omitted.

Item 7. 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, 8 and 13 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; (2) the ability to successfully manage local, regional or global economic volatility, including reduced market growth rates, and to generate sufficient income and cash flow to allow the Company to effect the expected share repurchases and dividend payments; (3) the ability to successfully manage uncertainties related to changing political and geopolitical conditions and potential implications such as exchange rate fluctuations, market contraction, boycotts, sanctions or other trade controls; (4) the ability to manage disruptions in credit markets or to our banking partners or changes to our credit rating; (5) the ability to maintain key manufacturing and supply arrangements (including execution of supply chain optimizations and sole supplier and sole manufacturing plant arrangements) and to manage disruption of business due to various factors, including ones outside of our control, such as natural disasters, acts of war or terrorism or disease outbreaks; (6) the ability to successfully manage cost fluctuations and pressures, including prices of commodities and raw materials and costs of labor, transportation, energy, pension and healthcare; (7) the ability to compete with our local and global competitors in new and existing sales channels, including by successfully responding to competitive factors such as prices, promotional incentives and trade terms for products; (8) the ability to manage and maintain key customer relationships; (9) the ability to protect our reputation and brand equity by successfully managing real or perceived issues, including concerns about safety, quality, ingredients, efficacy, packaging content, supply chain practices or similar matters that may arise; (10) the ability to successfully manage the financial, legal, reputational and operational risk associated with third-party relationships, such as our suppliers, contract manufacturers, distributors, contractors and external business partners; (11) the ability to rely on and maintain key company and third-party information and operational technology systems, networks and services and maintain the security and functionality of such systems, networks and services and the data contained therein; (12) the ability to successfully manage the demand, supply and operational challenges, as well as governmental responses or mandates, associated with a disease outbreak, including epidemics, pandemics or similar widespread public health concerns; (13) the ability to stay on the leading edge of innovation, obtain necessary intellectual property protections and successfully respond to changing consumer habits, evolving digital marketing and selling platform requirements and technological advances attained by, and patents granted to, competitors; (14) the ability to successfully manage our ongoing acquisition, divestiture and joint venture activities, in each case to achieve the Company's overall business strategy and financial objectives, without impacting the delivery of base business objectives; (15) the ability to successfully achieve productivity improvements and cost savings and manage ongoing organizational changes while successfully identifying, developing and retaining key employees, including in key growth markets where the availability of skilled or experienced employees may be limited; (16) the ability to successfully manage current and expanding regulatory and legal requirements and matters (including, without limitation, those laws and regulations involving product liability, product and packaging composition, manufacturing processes, intellectual property, labor and employment, antitrust, privacy, cybersecurity and data protection, artificial intelligence, tax, the environment, due diligence, risk oversight, accounting and financial reporting) and to resolve new and pending matters within current estimates; (17) the ability to manage changes in applicable tax laws and regulations; and (18) the ability to 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 I, Item 1A) of this Form 10-K.

### **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 in the following sections:

- Overview
- Summary of 2024 Results
- Economic Conditions and Uncertainties
- Results of Operations
- Segment Results
- Cash Flow, Financial Condition and Liquidity
- Critical Accounting Policies and Estimates
- Other Information

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 common share (diluted EPS) and operating cash flow. We also refer to a number of financial measures that are not defined under U.S. GAAP, including 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 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 quarter and 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 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. In our presentation of data in tables or other charts, certain columns and rows may not add due to rounding.

## **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 about 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 about 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.

### **Organizational Structure**

Our organizational structure is comprised of Sector Business Units (SBUs), Enterprise Markets (EMs), Corporate Functions (CF) and Global Business Services (GBS).

### **Sector Business Units**

The Company's product categories are organized into five SBUs and five reportable segments (under U.S. GAAP): Beauty; Grooming; Health Care; Fabric & Home Care; and Baby, Feminine & Family Care. The SBUs are responsible for global brand strategy, product upgrades and innovation, marketing plans and supply chain. They have direct profit responsibility for markets (referred to as Focus Markets) representing the large majority of the Company's sales and earnings and are also responsible for innovation plans, supply plans and operating frameworks to drive growth and value creation in the remaining markets (referred to as Enterprise Markets). 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 provides additional detail on our reportable segments and the product categories and brand composition within each segment.

Reportable Segments	% of Net Sales <sup>(1)</sup>	% of Net Earnings <sup>(1)</sup>	Product Categories (Sub-Categories)	Major Brands
Beauty	18%	18%	Hair Care ( <i>Conditioners, Shampoos, Styling Aids, Treatments</i> ) Skin and Personal Care ( <i>Antiperspirants and Deodorants, Personal Cleansing, Skin Care</i> )	Head & Shoulders, Herbal Essences, Pantene, Rejoice Olay, Old Spice, Safeguard, Secret, SK-II, Native
Grooming	8%	9%	Grooming ( <i>Appliances, Female Blades &amp; Razors, Male Blades &amp; Razors, Pre- and Post-Shave Products, Other Grooming</i> )	Braun, Gillette, Venus
Health Care	14%	14%	Oral Care ( <i>Toothbrushes, Toothpastes, Other Oral Care</i> ) Personal Health Care ( <i>Gastrointestinal, Pain Relief, Rapid Diagnostics, Respiratory, Vitamins/Minerals/Supplements, Other Personal Health Care</i> )	Crest, Oral-B Metamucil, Neurobion, Pepto-Bismol, Vicks
Fabric & Home Care	36%	34%	Fabric Care ( <i>Fabric Enhancers, Laundry Additives, Laundry Detergents</i> ) Home Care ( <i>Air Care, Dish Care, P&amp;G Professional, Surface Care</i> )	Ariel, Downy, Gain, Tide Cascade, Dawn, Fairy, Febreze, Mr. Clean, Swiffer
Baby, Feminine & Family Care	24%	25%	Baby Care ( <i>Baby Wipes, Taped Diapers and Pants</i> ) Feminine Care ( <i>Adult Incontinence, Menstrual Care</i> ) Family Care ( <i>Paper Towels, Tissues, Toilet Paper</i> )	Luvs, Pampers Always, Always Discreet, Tampax Bounty, Charmin, Puffs

<sup>(1)</sup> Percent of Net sales and Net earnings for the fiscal year ended June 30, 2024 (excluding results held in Corporate).

### Organization Design:

#### Sector Business Units

**Beauty:** We are a global market leader amongst the beauty categories in which we compete, including hair care and skin and personal care. We are a global market leader in the retail hair care market with about 20% global market share primarily behind our Head & Shoulders and Pantene brands. In skin and personal care, we offer a wide variety of products, ranging from deodorants to personal cleansing to skin care, such as our Olay brand, which is one of the top facial skin care brands in the world with about 5% global market share.

**Grooming:** We are the global market leader in the grooming market, where we hold more than 45% share. Our global blades and razors market share is more than 60%, primarily behind our Gillette and Venus brands. Our appliances, such as electric shavers and intense pulse light devices, are sold primarily under the Braun brand. We hold over 25% of the male electric shavers market.

**Health Care:** We compete in oral care and personal health care. In oral care, there are several global competitors in the market, and we have the number two market share position with about 20% global market share behind our Crest and Oral-B brands. In personal health care, we are a global market leader among the categories in which we compete, including respiratory treatments, digestive wellness, sleep aids, vitamins and analgesics behind our Vicks, Metamucil, Pepto-Bismol and Neurobion brands.

**Fabric & Home Care:** This segment is comprised of a variety of fabric care products, including laundry detergents, additives and fabric enhancers; and home care products, including dishwashing liquids and detergents, surface cleaners and air fresheners. In fabric care, we generally have the number one or number two market share position and are the global market leader with over 35% market share in the markets in which we compete, primarily behind our Tide, Ariel and Downy brands. Our global home care market share is about 25% across the categories in which we compete, primarily behind our Cascade, Dawn, Febreze and Swiffer brands.

**Baby, Feminine & Family Care:** In baby care, we are a global market leader and compete mainly in taped diapers, pants and baby wipes, with more than 20% global market share. We generally have the number one or number two market share position in the markets in which we compete, primarily behind our Pampers brand. We are a global market leader in the feminine care category with over 20% global market share. We compete in the menstrual care sub-category primarily behind our Always and Tampax brands with over 25% global market share. We also compete in the adult incontinence sub-category behind Always Discreet, with about 15% market share in the markets in which we compete. Our family care business is predominantly a North American business comprised primarily of the Bounty paper towel and Charmin toilet paper brands. North America market shares are over 40% for Bounty and over 25% for Charmin.

## Enterprise Markets

Enterprise Markets are responsible for sales and profit delivery in specific countries, supported by SBU-agreed innovation and supply chain plans, along with scaled services like planning, distribution and customer management.

## Corporate Functions

Corporate Functions provides company-level strategy and portfolio analysis, corporate accounting, treasury, tax, external relations, governance, human resources, information technology and legal services.

## Global Business Services

Global Business Services provides scaled services in technology, process and data tools to enable the SBUs, the EMs and CF to better serve consumers and customers. The GBS organization is responsible for providing world-class services and solutions that drive value for P&G.

## Strategic Focus

Procter & Gamble aspires to serve the world's consumers better than our best competitors in every category and in every country in which we compete and, as a result, deliver total shareholder return in the top one-third of our peer group. Delivering and sustaining leadership levels of shareholder value creation requires balanced top- and bottom-line growth and strong cash generation.

Our strategy is to deliver and sustain value creation through five integrated choices: a portfolio of daily-use products where performance drives brand choice; superiority across product, package, brand communication, retail execution and value; productivity; constructive disruption of the entire value chain; and a highly efficient and effective organization structure.

The Company competes in daily-use product categories where performance plays a significant role in the consumer's choice of brands, and therefore, plays to P&G's strengths. Our focused portfolio of businesses consists of product categories where P&G has strong brands and consumer-meaningful product technologies with typically leadership market positions.

Within these categories, our strategic choices are focused on delighting and winning with consumers. Our consumers are at the center of everything we do. We win with consumers by delivering irresistible superiority across five key vectors - product performance, packaging, brand communication, retail execution and value. Winning with consumers around the world and against our best competitors requires superior innovation. Innovation has always been, and continues to be, P&G's lifeblood. Superior products delivered with superior execution drive market growth, value creation for retailers and build share growth for P&G.

Ongoing productivity improvement is strategic and crucial to delivering our balanced top- and bottom-line growth, cash generation and value creation objectives. Productivity improvement enables investments to strengthen the superiority of our brands via product and packaging innovation, more efficient and effective supply chains, equity and awareness-building brand advertising and other programs and expansion of sales coverage and R&D programs. Productivity improvements also enable us to mitigate and manage through periods of challenging cost environments (including periods of increasing commodity, inflation and negative foreign exchange impacts). Our objective is to drive productivity improvements across all elements of the statement of earnings and balance sheet, including cost of goods sold, marketing and promotional spending, overhead costs and capital spending.

We act with agility and are constructively disrupting our highly competitive industry and the way we do business, including how we innovate, communicate and leverage new technologies, to create more value.

We are improving operational effectiveness and organizational culture through enhanced clarity of roles and responsibilities, accountability and incentive compensation programs.

Additionally, to further strengthen our integrated strategy, we have declared four focus areas. These are 1) leveraging environmental sustainability as an additional driver of superior performing products and packaging innovations, 2) increasing digital acumen to drive consumer and customer preference, reduce cost and enable rapid and efficient decision making, 3) developing next-level supply chain capabilities to enable flexibility, agility, resilience and a new level of productivity and 4) delivering a superior employee value equation for all employees inclusive of all genders, races, ethnicities, sexual orientations, ages and abilities - for all roles - to ensure we continue to attract, retain and develop the best talent to better serve our diverse consumer base.

We believe this strategy is right for the long-term health of the Company and our objective of delivering total shareholder return in the top one-third of our peer group.

The Company expects the delivery of the following long-term growth algorithm will result in total shareholder returns in the top third of the competitive, fast-moving consumer goods peer group:

- Organic sales growth above market growth rates in the categories and geographies in which we compete;
- Core EPS growth of mid-to-high single digits; and
- Adjusted free cash flow productivity of 90% or greater.

While periods of significant macroeconomic pressures may cause short-term results to deviate from the long-term growth algorithm, we intend to maintain a disciplined approach to investing in our business.

**RECENT DEVELOPMENTS****Limited Market Portfolio Restructuring**

In December 2023, the Company announced a limited market portfolio restructuring of its business operations, primarily in certain Enterprise Markets, including Argentina and Nigeria, to address challenging macroeconomic and fiscal conditions. In connection with this announcement, the Company announced that it expected to record incremental restructuring charges of \$1.0 to \$1.5 billion after tax, consisting primarily of foreign currency translation losses to be recognized as non-cash charges upon the substantial liquidation of operations in the affected markets.

As of June 30, 2024, the Company has substantially liquidated its operations in certain Enterprise Markets, including Nigeria, and recorded a non-cash charge of \$216 million after tax for accumulated currency translation losses previously included in Accumulated other comprehensive income/(loss). On July 1, 2024, the Company completed the divestiture of its business in Argentina. The Company expects to record a non-cash charge of approximately \$750 million for accumulated currency translation losses in the first quarter of the fiscal year ending June 30, 2025. Consistent with our historical policies for ongoing restructuring-type activities, resulting charges were funded by and included within Corporate for segment reporting. Restructuring charges above the normal ongoing level of restructuring costs were reported as non-core charges. For more details on the restructuring program, refer to Note 3 to the Consolidated Financial Statements.

**Intangible Asset Impairment**

During the fiscal year ended June 30, 2024, the Company recorded a \$1.3 billion before tax (\$1.0 billion after tax) non-cash impairment charge on an indefinite-lived intangible asset acquired as part of the Company's 2005 acquisition of The Gillette Company. The impairment charge arose from a reduction in the estimated fair value of the Gillette indefinite-lived intangible asset due to a higher discount rate, weakening of several currencies relative to the U.S. dollar and the impact of the non-core restructuring program described above. This impairment charge adjusted the carrying value of the Gillette indefinite-lived intangible asset to fair value. For a more detailed discussion of the Gillette impairment, refer to Note 4 to the Consolidated Financial Statements.

**SUMMARY OF 2024 RESULTS**

<b>Amounts in millions, except per share amounts</b>	<b>2024</b>	<b>2023</b>	<b>Change vs. Prior Year</b>
Net sales	<b>\$ 84,039</b>	\$ 82,006	2 %
Operating income	<b>18,545</b>	18,134	2 %
Net earnings	<b>14,974</b>	14,738	2 %
Net earnings attributable to Procter & Gamble	<b>14,879</b>	14,653	2 %
Diluted net earnings per common share	<b>6.02</b>	5.90	2 %
Core earnings per share	<b>6.59</b>	5.90	12 %
Cash flow from operating activities	<b>19,846</b>	16,848	18 %

- Net sales increased 2% to \$84.0 billion versus the prior year. The net sales growth was driven by mid-single-digit increases in Health Care, Fabric & Home Care and Grooming and a low single-digit increase in Beauty. Net Sales were unchanged in Baby, Feminine & Family Care. Organic sales, which exclude the impact of acquisitions and divestitures and foreign exchange, increased 4%. Organic sales increased high single digits in Grooming, mid-single digits in Fabric & Home Care and Health Care and low single digits in Beauty and Baby, Feminine & Family Care.
- Operating income increased \$411 million, or 2%, to \$18.5 billion due to the increase in net sales, partially offset by the non-cash impairment charge of \$1.3 billion related to the Gillette intangible asset.
- Net earnings increased \$236 million, or 2%, to \$15.0 billion due to the increase in operating income, partially offset by a higher effective tax rate. Foreign exchange impacts reduced net earnings by approximately \$589 million.
- Net earnings attributable to Procter & Gamble increased \$226 million, or 2%, to \$14.9 billion.
- Diluted EPS increased 2% to \$6.02 due to the increase in net earnings. Core EPS, which excludes the charge for the Gillette intangible asset impairment and incremental restructuring charges, increased 12% to \$6.59.
- Cash flow from operating activities was \$19.8 billion.
  - Adjusted free cash flow, which is operating cash flow less capital expenditures and certain other impacts, was \$16.9 billion.
  - Adjusted free cash flow productivity, which is the ratio of adjusted free cash flow to net earnings excluding the Gillette intangible asset impairment charge and a non-cash charge for accumulated foreign currency translation losses due to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria, was 105%.

## **ECONOMIC CONDITIONS AND UNCERTAINTIES**

**Global Economic Conditions.** Our products are sold in numerous countries worldwide, with more than half our sales generated outside the United States. Our largest international markets are Greater China, the United Kingdom, Canada, Japan and Germany and collectively comprised approximately 20% of our net sales in fiscal 2024. As a result, we are exposed to global macroeconomic factors, geopolitical tensions and government policies. We are exposed to market risks from operating in challenging environments due to economic, political and social instabilities, natural disasters, debt and credit issues, currency controls, foreign exchange and interest rate changes. These risks can negatively impact our net sales, net earnings and cash flows. For example, we are exposed to risks due to the ongoing war between Russia and Ukraine. Our Russia business accounted for less than 2% of consolidated net sales, net earnings and net assets as of June 30, 2024.

**Foreign Exchange.** We have significant exposure to exchange rate fluctuations, both due to translation and transaction exposures. Translation exposures arise from measuring income statements of foreign subsidiaries with functional currencies other than the U.S. dollar. Transaction exposures involve impacts from 1) input costs that are denominated in currencies other than the local reporting currency and 2) revaluation of working capital balances denominated in currencies other than the functional currency. We have experienced significant foreign exchange impacts in the past due to the weakening of certain foreign currencies versus the US dollar, which have negatively impacted net sales, net earnings and cash flows. In response to the devaluation of foreign currencies (including those deemed highly inflationary), any lags or inability (due to government restrictions) to implement price increases or the negative impacts of such actions on product consumption may lead to a decline in our net sales, net earnings and cash flows.

**Commodities and Supply Chain.** Our costs are subject to fluctuations due to changes in commodity and input material prices, transportation costs, inflationary impacts and 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 commodities and input materials directly affects our costs. Disruptions in manufacturing, supply and distribution operations can lead to increased costs. Legal or regulatory requirements and sustainability initiatives may result in increased costs. 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 or cost increases may also offset portions of the cost impacts; however, such price increases may negatively impact product consumption. If we are unable to manage cost impacts through pricing actions and consistent productivity improvements, it may negatively impact our net sales, net earnings and cash flows.

**Government Policies.** We are exposed to changes in U.S. and foreign government legislative, regulatory or enforcement policies that can have a negative impact on net sales, net earnings and cash flows. These include tax policy changes (both U.S. and foreign), including those resulting from the current work being led by the OECD/G20 Inclusive Framework focused on "Addressing the Challenges of the Digitalization of the Economy". Government controls such as currency exchanges, pricing and import authorizations as well as government policies related to environmental and climate change matters and changes to international trade agreements can also impact our financial performance.

For additional information on risk factors that could impact our business results, please refer to Risk Factors in Part I, Item 1A of the Company's Form 10-K for the fiscal year ended June 30, 2024.

## **RESULTS OF OPERATIONS**

The key metrics included in the discussion of our consolidated results of operations include net sales, gross margin, selling, general and administrative costs (SG&A), operating margin, other non-operating items, income taxes and net earnings. The primary factors driving year-over-year changes in net sales include overall market growth in the categories in which we compete, product initiatives, competitive activities (the level of initiatives, pricing and other activities by competitors), marketing spending, retail executions (both in-store and online) and acquisition and divestiture activity, all of which drive changes in our underlying unit volume, as well as our pricing actions (which can also impact volume), changes in product and geographic mix and foreign exchange impacts on sales outside the U.S.

For most of our categories, our cost of products sold and SG&A are variable in nature to some extent. Accordingly, our discussion of these operating costs focuses primarily on relative margins rather than the absolute year-over-year changes in total costs. The primary drivers of changes in gross margin are input costs (energy and other commodities), pricing impacts, geographic mix (for example, gross margins in North America are generally higher than the Company average for similar products), product mix (for example, the Beauty segment has higher gross margins than the Company average), foreign exchange rate fluctuations (in situations where certain input costs may be tied to a different functional currency than the underlying sales), the impacts of manufacturing savings projects and reinvestments (for example, product or package improvements) and, to a lesser extent, scale impacts (for costs that are fixed or less variable in nature). The primary components of SG&A are marketing-related costs and non-manufacturing overhead costs. Marketing-related costs are primarily variable in nature, although we may achieve some level of scale benefit over time due to overall growth and other marketing efficiencies. While overhead costs are variable to some extent, we generally experience more scale-related impacts for these costs due to our ability to leverage our organization and systems' infrastructures to support business growth. The main drivers of changes in SG&A as a percentage of net sales are overhead and marketing cost savings, reinvestments (for example, increased advertising), inflation, foreign exchange fluctuations and scale impacts.

For a detailed discussion of the fiscal 2023 year-over-year changes, please refer to the MD&A in Part II, Item 7 of the Company's [Form 10-K for the fiscal year ended June 30, 2023](#).

### Net Sales

Net sales increased 2% to \$84.0 billion in fiscal 2024. The increase in net sales was driven by higher pricing of 4%, partially offset by unfavorable foreign exchange of 2%. Volume and mix were unchanged versus the prior year.

Net sales increased mid-single digits in Health Care, Fabric & Home Care and Grooming and increased low single digits in Beauty. Net sales were unchanged in Baby, Feminine & Family Care. Organic sales, which exclude the impacts of acquisitions and divestitures and foreign exchange, increased 4%. Organic sales increased high single digits in Grooming, mid-single digits in Fabric & Home Care and Health Care and low single digits in Beauty and Baby, Feminine & Family Care.

### Operating Costs

<u>Comparisons as a percentage of net sales; fiscal years ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>Basis Point Change</u>
Gross margin	51.4 %	47.9 %	350 bps
Selling, general and administrative expense	27.7 %	25.7 %	200 bps
Operating margin	22.1 %	22.1 %	0 bps
Earnings before income taxes	22.3 %	22.4 %	(10) bps
Net earnings	17.8 %	18.0 %	(20) bps
Net earnings attributable to Procter & Gamble	17.7 %	17.9 %	(20) bps

Gross margin increased 350 basis points to 51.4% of net sales. The increase in gross margin was due to:

- a 220 basis-point increase from manufacturing productivity savings,
- 160 basis points of lower commodity costs and
- a 170 basis-point increase from higher pricing.

These increases were partially offset by:

- an 80 basis-point decline from unfavorable product mix including the decline of the super-premium SK-II brand,
- a 60 basis-point decline from unfavorable foreign exchange impacts,
- 30 basis points of product and packaging investments and
- 30 basis points of one-time manufacturing related costs including capacity startup costs.

Total SG&A increased 10% to \$23.3 billion due to increased marketing spending and overhead costs. SG&A as a percentage of net sales increased 200 basis points to 27.7% due primarily to the increase in marketing spending as a percentage of net sales.

- Marketing spending as a percentage of net sales increased 170 basis points as the increase in marketing spending was partially offset by the positive scale impacts of the net sales increase and productivity savings.
- Overhead costs as a percentage of net sales increased 20 basis points due to wage inflation and other cost increases, partially offset by the positive scale impacts of the net sales increase and productivity savings.

Productivity-driven cost savings delivered 60 basis points of benefit to SG&A as a percentage of net sales.

In the fiscal year ended June 30, 2024, the Company recorded a non-cash impairment charge of \$1.3 billion (\$1.0 billion after tax) on the Gillette intangible asset. The impairment charge arose from a reduction in the estimated fair value of the Gillette indefinite-lived intangible asset due to a higher discount rate, weakening of several currencies relative to the U.S. dollar and the impact of the limited market portfolio restructuring program. For further discussion of the Gillette impairment charge, refer to Note 4 to the Consolidated Financial Statements.

Operating margin was unchanged at 22.1% as the increase in gross margin was more than fully offset by the increase in SG&A as a percentage of net sales and the non-cash impairment charge, as discussed above.

Operating income increased \$411 million, or 2%, to \$18.5 billion due to the increase in net sales, as discussed above.

### Non-Operating Items

- Interest expense was \$925 million, an increase of \$169 million versus the prior year due primarily to higher interest rates.
- Interest income was \$473 million, an increase of \$166 million versus the prior year due primarily to higher interest rates.
- Other non-operating income was unchanged at \$668 million as gains from the sale of minor brands and an increase in net non-operating benefits on postretirement plans were fully offset by a non-cash charge for accumulated foreign currency translation losses due to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria.

## Income Taxes

The effective income tax rate for fiscal year ended June 30, 2024, was 20.2%, compared to 19.7% for the fiscal year ended June 30, 2023. The increase in the effective tax rate was primarily driven by unfavorable geographic mix impacts, partially offset by decreases due to higher excess tax benefits of share-based compensation.

## Net Earnings

Earnings before income taxes increased \$408 million, or 2%, to \$18.8 billion due to the increase in operating income discussed above. Net earnings increased \$236 million, or 2%, to \$15.0 billion due to the increase in earnings before income taxes, partially offset by the increase in the effective income tax rate discussed above.

Foreign exchange impacts reduced net earnings by approximately \$589 million due to a weakening of certain currencies against the U.S. dollar. This impact includes both transactional charges and translational impacts from converting earnings from foreign subsidiaries to U.S. dollars.

Net earnings attributable to Procter & Gamble increased \$226 million, or 2%, to \$14.9 billion.

Diluted EPS increased \$0.12, or 2%, to \$6.02 due primarily to the increase in net earnings.

## SEGMENT RESULTS

Segment results reflect information on the same basis we use for internal management reporting and performance evaluation. The results of these reportable segments do not include certain non-business unit specific costs which are reported in our Corporate segment and are included as part of our Corporate segment discussion. Additionally, we apply blended statutory tax rates in the segments. Eliminations to adjust segment results to arrive at our consolidated effective tax rate are included in Corporate. See Note 2 to the Consolidated Financial Statements for additional information on items included in the Corporate segment.

Net Sales Change Drivers 2024 vs. 2023 <sup>(1)</sup>

	Volume with Acquisitions & Divestitures	Volume Excluding Acquisitions & Divestitures	Foreign Exchange	Price	Mix	Other <sup>(2)</sup>	Net Sales Growth
Beauty	— %	— %	(2) %	4 %	(1) %	— %	1 %
Grooming	1 %	1 %	(5) %	8 %	— %	— %	4 %
Health Care	(1) %	(1) %	— %	4 %	2 %	— %	5 %
Fabric & Home Care	1 %	1 %	(1) %	3 %	1 %	— %	4 %
Baby, Feminine & Family Care	(2) %	(2) %	(2) %	3 %	1 %	— %	— %
<b>TOTAL COMPANY</b>	<b>— %</b>	<b>— %</b>	<b>(2) %</b>	<b>4 %</b>	<b>— %</b>	<b>— %</b>	<b>2 %</b>

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

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

## BEAUTY

(\$ millions)	2024	2023	Change vs. 2023
Volume	N/A	N/A	—%
Net sales	\$15,220	\$15,008	1%
Net earnings	\$2,963	\$3,178	(7)%
% of net sales	19.5%	21.2%	(170) bps

Beauty net sales increased 1% to \$15.2 billion as the positive impact of higher pricing of 4% was partially offset by unfavorable foreign exchange of 2% and an unfavorable mix of 1% (due primarily to the decline of the super-premium SK-II brand, which has higher than segment-average selling prices). Unit volume was unchanged. Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales increased 3%. Global market share of the Beauty segment increased 0.1 points.

- Hair Care net sales increased mid-single digits. Positive impacts of higher pricing (driven by Latin America, Europe and North America), a net benefit from acquisitions and divestitures and favorable brand mix (due to growth of the premium Native brand) were partially offset by negative impacts of unfavorable foreign exchange. Unit volume was unchanged as growth in Latin America (due to market growth), North America and Asia Pacific (both due to innovation) was offset by a decline in Greater China (due to market contraction and distribution footprint changes). Organic sales increased high single digits due to an approximately 30% growth in Latin America, double-digit increases in North America and Europe, partially offset by a mid-single-digit decline in Greater China. Global market share of the hair care category decreased 0.2 points.
- Skin and Personal Care net sales decreased low single digits. 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

were partially offset by the positive impacts of higher pricing (across all regions) and an increase in unit volume. The unit volume increase was driven by growth in North America and Europe (both due to innovation in Personal Care), partially offset by a decline in Greater China (due to the decline of the super-premium SK-II brand and market contraction). Organic sales decreased low single digits due to mid-teen declines in Asia Pacific and Greater China, partially offset by a double-digit increase in North America. Global market share of the skin and personal care category increased 0.3 points.

Net earnings decreased 7% to \$3.0 billion as the increase in net sales was more than offset by a 170 basis-point decline in net earnings margin. Net earnings margin decreased as an increase in gross margin was more than fully offset by an increase in SG&A as a percentage of net sales and a higher effective tax rate. The gross margin improvement was driven by productivity savings and increased pricing, partially offset by negative product mix (due primarily to the decline of the super-premium SK-II brand). SG&A as a percentage of net sales increased due to an increase in marketing and overhead spending, partially offset by the positive scale effects of the net sales increase. The higher effective tax rate was driven by unfavorable geographic mix.

## GROOMING

<b>(\$ millions)</b>	<b>2024</b>	<b>2023</b>	<b>Change vs. 2023</b>
Volume	N/A	N/A	1%
Net sales	<b>\$6,654</b>	\$6,419	4%
Net earnings	<b>\$1,477</b>	\$1,461	1%
% of net sales	<b>22.2%</b>	22.8%	(60) bps

Grooming net sales increased 4% to \$6.7 billion driven by higher pricing of 8% (driven primarily by Latin America and Europe) and a 1% increase in unit volume, partially offset by unfavorable foreign exchange of 5%. Mix had a neutral impact on net sales growth. The increase in unit volume was due to growth in IMEA and Latin America (both due to innovation), partially offset by decline in Europe (due to increased pricing). Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales increased 9% driven by an approximately 40% growth in Latin America and high single-digit growth in Europe, partially offset by a low single-digit decline in North America. Global market share of the Grooming segment increased 0.5 points.

Net earnings increased 1% to \$1.5 billion due to the increase in net sales, partially offset by a 60 basis-point decrease in net earnings margin. Net earnings margin declined as an increase in gross margin was more than fully offset by an increase in SG&A as a percentage of net sales. The gross margin increase was driven by higher pricing and productivity savings, partially offset by unfavorable foreign exchange and unfavorable mix due to the growth of premium innovation that has lower than segment-average gross margins. SG&A as a percentage of net sales increased due to an increase in marketing spending, partially offset by the positive scale effects of the net sales increase.

## HEALTH CARE

<b>(\$ millions)</b>	<b>2024</b>	<b>2023</b>	<b>Change vs. 2023</b>
Volume	N/A	N/A	(1)%
Net sales	<b>\$11,793</b>	\$11,226	5%
Net earnings	<b>\$2,258</b>	\$2,125	6%
% of net sales	<b>19.1%</b>	18.9%	20 bps

Health Care net sales increased 5% to \$11.8 billion driven by higher pricing of 4% and favorable mix of 2% (due to growth in North America and Europe, both of which have higher than segment-average selling prices), partially offset by a 1% decrease in unit volume. Excluding the impact of foreign exchange and acquisitions and divestitures, organic sales also increased 5%. Global market share of the Health Care segment increased 0.6 points.

- Oral Care net sales increased mid-single digits due to the positive impacts of favorable product mix (due to growth of premium paste and power brushes, which have higher than category-average selling prices) and higher pricing (driven by Latin America, Europe and North America), partially offset by a decrease in unit volume. The unit volume decrease was due to a decline in Latin America and Greater China (both due to share losses) partially offset by growth in North America and Europe (both due to market growth). Organic sales also increased mid-single digits due to a double-digit increase in Europe and a mid-single-digit increase in North America partially offset by a low single-digit decline in Greater China. Global market share of the oral care category increased 0.1 points.
- Personal Health Care net sales increased mid-single digits due to the positive impacts of higher pricing (driven by North America, Latin America and Europe) and favorable foreign exchange, partially offset by unfavorable mix (due to the decline of respiratory products that have higher than category-average selling prices) and a decrease in unit volume. The unit volume decrease was due to declines in Latin America and IMEA (both due to market contraction including lower cough and cold incidence), partially offset by growth in North America (due to innovation). Organic sales increased low single digits due to mid-single-digit growth in Europe and North America, partially offset by a low single-digit decline in Asia Pacific. Global market share of the personal health care category increased 0.7 points.

Net earnings increased 6% to \$2.3 billion due to the increase in net sales and a 20 basis-point increase 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 and productivity savings, partially offset by unfavorable product mix (due to a decline in respiratory products, which have higher than segment-average gross margins). SG&A as a percentage of net sales increased due to increased marketing spending, partially offset by the positive scale impacts of the net sales increase.

### **FABRIC & HOME CARE**

<b>(\$ millions)</b>	<b>2024</b>	<b>2023</b>	<b>Change vs. 2023</b>
Volume	N/A	N/A	1%
Net sales	<b>\$29,495</b>	\$28,371	4%
Net earnings	<b>\$5,687</b>	\$4,828	18%
% of net sales	<b>19.3%</b>	17.0%	230 bps

Fabric & Home Care net sales increased 4% to \$29.5 billion driven by higher pricing of 3%, favorable mix of 1% and a 1% increase in unit volume, partially offset by unfavorable foreign exchange of 1%. Excluding the impact of foreign exchange and acquisitions and divestitures, organic sales increased 5%. Global market share of the Fabric & Home Care segment was unchanged.

- Fabric Care net sales increased low single digits driven by the positive impacts of higher pricing (driven by Europe, Asia Pacific and Latin America, partially offset by increased trade spending in North America) and favorable geographic mix (due to disproportionate growth in North America, which has higher than category-average selling prices). Unit volume was unchanged as growth in North America (due to increased marketing support and market growth) and Europe (due to innovation and increased marketing support) was offset by declines primarily in Asia Pacific (due to increased pricing) and Greater China (due to market contraction and portfolio rationalization). Organic sales also increased low single digits driven by a high single-digit increase in Europe and a low single-digit increase in North America, partially offset by a mid-teens decline in Greater China. Global market share of the fabric care category decreased 0.5 points.
- Home Care net sales increased high single digits. Positive impacts of higher pricing (driven primarily by Europe and North America), a unit volume increase and favorable premium product mix were partially offset by unfavorable foreign exchange. The unit volume increase was due to growth in North America and Europe (both due to innovation), partially offset by decline in Latin America (due to increased pricing). Organic sales increased high single digits driven by mid-teens growth in Europe and a high single-digit growth in North America. Global market share of the home care category increased 0.8 points.

Net earnings increased 18% to \$5.7 billion due to the increase in net sales and a 230 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 productivity savings, lower commodity costs and higher pricing. SG&A as a percentage of net sales increased due primarily to an increase in marketing spending, partially offset by the positive scale effects of the net sales increase.

### **BABY, FEMININE & FAMILY CARE**

<b>(\$ millions)</b>	<b>2024</b>	<b>2023</b>	<b>Change vs. 2023</b>
Volume	N/A	N/A	(2)%
Net sales	<b>\$20,277</b>	\$20,217	—%
Net earnings	<b>\$4,020</b>	\$3,545	13%
% of net sales	<b>19.8%</b>	17.5%	230 bps

Baby, Feminine & Family Care net sales were unchanged at \$20.3 billion as the positive impacts of higher pricing of 3% and favorable mix of 1% (due to a higher proportion of sales in North America, which has higher than segment-average selling prices) were offset by a 2% decrease in unit volume and unfavorable foreign exchange of 2%. Excluding the impact of foreign exchange and acquisitions and divestitures, organic sales increased 2%. Global market share of the Baby, Feminine & Family Care segment decreased 0.2 points.

- Baby Care net sales decreased low single digits. Negative impacts of a decrease in unit volume and unfavorable foreign exchange were partially offset by higher pricing (driven primarily by Latin America and Europe) and favorable product mix (due to a higher proportion of premium-priced diapers). Volumes decreased in all regions led by Europe, IMEA and North America, due to increased pricing and competitive activity. Organic sales decreased low single digits driven by a mid-single-digit decline in Europe partially offset by mid-teens growth in Latin America. Global market share of the baby care category decreased 0.3 points.
- Feminine Care net sales increased low single digits. Positive impacts of higher pricing (driven primarily by Europe, Latin America and IMEA) and favorable mix (due to a higher proportion of premium products) were partially offset by a decrease in unit volume and unfavorable foreign exchange. The volume decrease was driven primarily by declines in

Europe (due to increased pricing), Latin America (due to increased competitive activity) and IMEA (due to increased pricing), partially offset by growth in North America (due to increased marketing support and distribution gains). Organic sales increased mid-single digits driven by mid-single-digit increases in Europe and IMEA and a low single-digit increase in North America. Market share of the feminine care category increased 0.2 points.

- Net sales in Family Care, which is predominantly a North American business, increased low single digits driven by a unit volume increase (due to market growth and increased marketing support) and higher pricing, partially offset by unfavorable product mix (due to growth of larger pack sizes with lower than category-average selling prices). Organic sales also increased low single digits. North America's share of the family care category decreased 0.4 points.

Net earnings increased 13% to \$4.0 billion due to a 230 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 primarily due to lower commodity costs, productivity savings and increased pricing, partially offset by unfavorable foreign exchange. SG&A as a percentage of net sales increased due to an increase in marketing and overhead spending.

## **CORPORATE**

<u>(\$ millions)</u>	<u>2024</u>	<u>2023</u>	<u>Change vs. 2023</u>
Net sales	<b>\$601</b>	\$765	(21)%
Net earnings/(loss)	<b>\$(1,430)</b>	\$(399)	N/A

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.

Corporate net sales decreased \$164 million to \$601 million due to a decrease in net sales of incidental businesses managed at the corporate level. Corporate net earnings decreased \$1.0 billion due to a loss of \$1.4 billion due primarily to the impairment charge of the Gillette intangible asset and incremental restructuring charges.

### **Restructuring Program to Deliver Productivity and Cost Savings**

The Company has historically had an ongoing restructuring program with annual spending in the range of \$250 to \$500 million before tax. On December 5, 2023, the Company announced an incremental limited market portfolio restructuring of its business operations, primarily in certain Enterprise Markets, including Argentina and Nigeria.

In fiscal 2024, the Company incurred before tax restructuring costs of \$659 million, which include foreign currency translation losses recognized as a non-cash charge of approximately \$216 million due to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria. Restructuring accruals of \$166 million as of June 30, 2024, are classified as current liabilities. Excluding the non-cash charges of foreign currency translation losses for certain Enterprise Markets, including Nigeria, approximately 64% of the restructuring charges incurred in fiscal 2024 either have been or will be settled with cash. Consistent with our policies for restructuring-type activities, the resulting charges are funded by and included within Corporate for segment reporting.

Savings generated from the Company's restructuring program are difficult to estimate, given the nature of the activities, the timing of the execution and the degree of reinvestment. In addition to our restructuring programs, we have additional ongoing savings efforts in our supply chain, marketing and overhead areas that yield additional benefits to our operating margins. Refer to Note 3 to the Consolidated Financial Statements for more details on the restructuring program.

### **CASH FLOW, FINANCIAL CONDITION AND LIQUIDITY**

We believe our financial condition continues to be of high quality, as evidenced by our ability to generate substantial cash from operations and to readily access capital markets at competitive rates.

Operating cash flow provides the primary source of cash to fund operating needs and capital expenditures. Excess operating cash is used first to fund shareholder dividends. Other discretionary uses include share repurchases and acquisitions to complement our portfolio of businesses, brands and geographies. As necessary, we may supplement operating cash flow with debt to fund these activities. The overall cash position of the Company reflects our strong business results and a global cash management strategy that takes into account liquidity management, economic factors and tax considerations.

## Cash Flow Analysis

(\$ millions)	2024	2023
Net cash provided by operating activities	\$ 19,846	\$ 16,848
Net cash used in investing activities	(3,504)	(3,500)
Net cash used in financing activities	(14,855)	(12,146)
Adjusted Free Cash Flow	16,946	14,011
Adjusted Free Cash Flow Productivity	105 %	95 %

### Operating Cash Flow

Operating cash flow was \$19.8 billion in 2024, an 18% increase versus the prior year. Net earnings, adjusted for certain non-cash items (depreciation and amortization, intangible asset impairment, share-based compensation expense, deferred income taxes and gain on sale of assets) generated approximately \$19.3 billion of operating cash flow. Working capital and other impacts generated \$533 million of cash in the period primarily driven by an increase in trade payables and other non-cash add-backs, partially offset by an increase in accounts receivable and a decrease in post-retirement benefit accruals. The increase in trade payables is primarily from increased marketing support activities and extended payment terms with suppliers, partially offset by lower supply chain payables due to a decrease in commodity costs. Other non-cash add-backs include the non-cash charge for accumulated foreign currency translation losses due to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria. The increase in Accounts Receivable is primarily from sales growth. The decrease in post-retirement benefit accruals is due to payments and the net periodic credit from other retiree benefits. Days sales outstanding increased by two days. Days inventory on hand increased by two days.

**Adjusted Free Cash Flow.** We view adjusted free cash flow as an important non-GAAP measure because it is a factor impacting the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investments. It is defined as operating cash flow less capital expenditures and excluding payments for the transitional tax resulting from the U.S. Tax Act. Adjusted free cash flow is one of the measures used to evaluate senior management and determine their at-risk compensation.

Adjusted free cash flow was \$16.9 billion in 2024, an increase of 21% versus the prior year. The increase was primarily driven by the increase in operating cash flows as discussed above. Adjusted free cash flow productivity, defined as the ratio of adjusted free cash flow to net earnings excluding the Gillette intangible asset impairment charge and non-cash charge for accumulated foreign currency translation losses due to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria, was 105% in 2024.

### Investing Cash Flow

Net investing activities used \$3.5 billion of cash in 2024, primarily due to capital expenditures and the settlement of net investment hedges.

### Financing Cash Flow

Net financing activities used \$14.9 billion of cash in 2024, mainly due to dividends to shareholders, treasury stock purchases and a net debt decrease, partially offset by the impact of stock options and other.

### Liquidity

At June 30, 2024, our current liabilities exceeded current assets by \$8.9 billion, largely due to accounts payable, short-term borrowings and debt due within one year. We anticipate being able to support our short-term liquidity and operating needs largely through cash generated from operations. The Company regularly assesses its cash needs and the available sources to fund these needs. As of June 30, 2024, the Company had \$6.1 billion of cash and cash equivalents related to foreign subsidiaries, primarily in various European and Asian countries. We did not have material cash and cash equivalents related to any country subject to exchange controls that significantly restrict our ability to access or repatriate the funds. Under current law, we do not expect restrictions or taxes on repatriation of cash held outside of the U.S. to have a material effect on our overall liquidity, financial condition or the results of operations for the foreseeable future.

We utilize short- and long-term debt to fund discretionary items, such as acquisitions and share repurchases. We have strong short- and long-term debt ratings, which have enabled and should continue to enable us to refinance our debt as it becomes due in commercial paper and bond markets. In addition, we have agreements with a diverse group of financial institutions that, if needed, should provide sufficient funding to meet short-term financing requirements.

On June 30, 2024, our short-term credit ratings were P-1 (Moody's) and A-1+ (Standard & Poor's), while our long-term credit ratings were Aa3 (Moody's) and AA- (Standard & Poor's), all with a stable outlook.

We maintain bank credit facilities to support our ongoing commercial paper program. The current facility is an \$8.0 billion facility split between a \$3.2 billion five-year facility and a \$4.8 billion 364-day facility, which expire in November 2028 and October 2024, respectively. Both facilities can be extended for certain periods of time as specified in the terms of the credit agreement. These facilities are currently undrawn and we anticipate that they will remain undrawn. These credit facilities do not

have cross-default or ratings triggers, nor do they have material adverse events clauses, except at the time of signing. In addition to these credit facilities, we have an automatically effective registration statement on Form S-3 filed with the SEC that is available for registered offerings of short- or long-term debt securities. For additional details on debt, see Note 10 to the Consolidated Financial Statements.

### Guarantees and Other Off-Balance Sheet Arrangements

We do not have guarantees or other off-balance sheet financing arrangements, including variable interest entities, which we believe could have a material impact on our financial condition or liquidity.

### Contractual Commitments

The following table provides information on the amount and payable date of our contractual commitments as of June 30, 2024.

(\$ millions)	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
<b>RECORDED LIABILITIES</b>					
Total debt	\$ 32,922	\$ 7,220	\$ 7,821	\$ 4,048	\$ 13,833
Leases	1,031	244	370	227	190
U.S. Tax Act transitional charge <sup>(1)</sup>	1,154	562	592	—	—
<b>OTHER</b>					
Interest payments relating to long-term debt	5,815	796	1,363	972	2,684
Minimum pension funding <sup>(2)</sup>	506	164	342	—	—
Purchase obligations <sup>(3)</sup>	2,610	1,092	910	376	232
<b>TOTAL CONTRACTUAL COMMITMENTS</b>	<b>\$ 44,038</b>	<b>\$ 10,078</b>	<b>\$ 11,398</b>	<b>\$ 5,623</b>	<b>\$ 16,939</b>

<sup>(1)</sup> Represents the U.S. federal tax liability associated with the repatriation provisions of the U.S. Tax Act.

<sup>(2)</sup> Represents future pension payments to comply with local funding requirements. These future pension payments assume the Company continues to meet its future statutory funding requirements. Considering the current economic environment in which the Company operates, the Company believes its cash flows are adequate to meet the future statutory funding requirements. The projected payments beyond fiscal year 2027 are not currently determinable.

<sup>(3)</sup> Primarily reflects future contractual payments under various take-or-pay arrangements entered into as part of the normal course of business. Commitments made under take-or-pay obligations represent minimum commitments with suppliers and are in line with expected usage. This includes service contracts for information technology, human resources management and facilities management activities that have been outsourced. While the amounts listed represent contractual obligations, we do not believe it is likely that the full contractual amount would be paid if the underlying contracts were canceled prior to maturity. In such cases, we generally are able to negotiate new contracts or cancellation penalties, resulting in a reduced payment. The amounts do not include other contractual purchase obligations that are not take-or-pay arrangements. Such contractual purchase obligations are primarily purchase orders at fair value that are part of normal operations and are reflected in historical operating cash flow trends. We do not believe such purchase obligations will adversely affect our liquidity position.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing our financial statements in accordance with U.S. GAAP, there are certain accounting policies that may require a choice between acceptable accounting methods or may require substantial judgment or estimation in their application. These include revenue recognition, income taxes, certain employee benefits and goodwill and intangible assets. We believe these accounting policies, and others set forth in Note 1 to the Consolidated Financial Statements, should be reviewed as they are integral to understanding the results of operations and financial condition of the Company.

The Company has discussed the selection of critical accounting policies and the effect of estimates with the Audit Committee of the Company's Board of Directors.

### Revenue Recognition

Our revenue is primarily generated from the sale of finished product to customers. Those sales predominantly contain a single performance obligation and revenue is recognized at a single point in time when ownership, risks and rewards transfer, which can be on the date of shipment or the date of receipt by the customer. Trade promotions, consisting primarily of customer pricing allowances, in-store merchandising funds, advertising and other promotional activities and consumer coupons, are offered through various programs to customers and consumers. Sales are recorded net of trade promotion spending, which is recognized as incurred at the time of the sale. Amounts accrued for trade promotions at the end of a period require estimation, based on contractual terms, sales volumes and historical utilization and redemption rates. The actual amounts paid may be different from such estimates. These differences, which have historically not been significant, are recognized as a change in management estimate in a subsequent period.

### Income Taxes

Our annual tax rate is determined based on our income, statutory tax rates and the tax impacts of items treated differently for tax purposes than for financial reporting purposes. Also inherent in determining our annual tax rate are judgments and assumptions

regarding the recoverability of certain deferred tax balances, primarily net operating loss and other carryforwards, and our ability to uphold certain tax positions.

Realization of net operating losses and other carryforwards is dependent upon generating sufficient taxable income in the appropriate jurisdiction prior to the expiration of the carryforward periods, which involves business plans, planning opportunities and expectations about future outcomes. Although realization is not assured, management believes it is more likely than not that our deferred tax assets, net of valuation allowances, will be realized.

We operate in multiple jurisdictions with complex tax policy and regulatory environments. In certain of these jurisdictions, we may take tax positions that management believes are supportable but are potentially subject to successful challenge by the applicable taxing authority. These interpretational differences with the respective governmental taxing authorities can be impacted by the local economic and fiscal environment.

A core operating principle is that our tax structure is based on our business operating model, such that profits are earned in line with the business substance and functions of the various legal entities in the jurisdictions where those functions are performed. However, because of the complexity of transfer pricing concepts, we may have income tax uncertainty related to the determination of intercompany transfer prices for our various cross-border transactions. We have obtained and continue to prioritize the strategy of seeking advance rulings with tax authorities to reduce this uncertainty. We estimate that our current portfolio of advance rulings reduces this uncertainty with respect to over 70% of our global earnings. We evaluate our tax positions and establish liabilities in accordance with the applicable accounting guidance on uncertainty in income taxes. We review these tax uncertainties considering changing facts and circumstances, such as the progress of tax audits, and adjust them accordingly. We have several audits in process in various jurisdictions. Although the resolution of these tax positions is uncertain, based on currently available information, we believe that the ultimate outcomes will not have a material adverse effect on our financial position, results of operations or cash flows.

Because there are several estimates and assumptions inherent in calculating the various components of our tax provision, certain future events such as changes in tax legislation, geographic mix of earnings, completion of tax audits or earnings repatriation plans could have an impact on those estimates and our effective tax rate. See Note 5 to the Consolidated Financial Statements for additional details on the Company's income taxes.

### **Employee Benefits**

We sponsor various postretirement benefits throughout the world. These include pension plans, both defined contribution plans and defined benefit plans, and other postretirement benefit (OPRB) plans consisting primarily of health care and life insurance for retirees. For accounting purposes, the defined benefit pension and OPRB plans require assumptions to estimate the net projected and accumulated benefit obligations, including the following variables: discount rate; expected salary increases; certain employee-related factors, such as turnover, retirement age and mortality; expected return on assets; and health care cost trend rates. These and other assumptions affect the annual expense and net obligations recognized for the underlying plans. Our assumptions reflect our historical experiences and management's best judgment regarding future expectations. As permitted by U.S. GAAP, the net amount by which actual results differ from our assumptions is deferred. If this net deferred amount exceeds 10% of the greater of plan assets or liabilities, a portion of the deferred amount is included in expense for the following year. The cost or benefit of plan changes, such as increasing or decreasing benefits for prior employee service (prior service cost), is deferred and included in expense on a straight-line basis over the average remaining service period of the employees expected to receive benefits.

The expected return on plan assets assumption impacts our defined benefit expense since many of our defined benefit pension plans and our primary OPRB plan are partially funded. The process for setting the expected rates of return is described in Note 8 to the Consolidated Financial Statements. For 2024, the average return on assets assumptions for pension plan assets and OPRB assets was 6.0% and 8.5%, respectively. A change in the rate of return of 100 basis points for both pension and OPRB assets would impact annual after-tax benefit/expense by approximately \$145 million.

Since pension and OPRB liabilities are measured on a discounted basis, the discount rate impacts our plan obligations and expenses. Discount rates used for our U.S. defined benefit pension and OPRB plans are based on a yield curve constructed from a portfolio of high-quality bonds for which the timing and amount of cash outflows approximate the estimated payouts of the plan. For our international plans, the discount rates are set by benchmarking against investment grade corporate bonds rated AA or better. The average discount rate on the defined benefit pension plans of 4.2% represents a weighted average of local rates in countries where such plans exist. A 100 basis-point change in the discount rate would impact annual after-tax benefit expense by approximately \$85 million. The average discount rate on the OPRB plan of 5.8% reflects the higher interest rates generally applicable in the U.S., which is where most of the plan participants receive benefits. A 100 basis-point change in the discount rate would impact annual after-tax OPRB expense by approximately \$30 million. See Note 8 to the Consolidated Financial Statements for additional details on our defined benefit pension and OPRB plans.

### **Goodwill and Intangible Assets**

Significant judgment is required to estimate the fair value of our goodwill reporting units and intangible assets. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant goodwill reporting units and intangible assets. Determining the useful life of an intangible asset also requires judgment. Certain brand intangible assets are expected to have

indefinite lives based on their history and our plans to continue to support and build the acquired brands. Other acquired intangible assets (e.g., certain brands, customer relationships, patents and technologies) are expected to have determinable useful lives. Our assessment as to brands that have an indefinite life and those that have a determinable life is based on a number of factors including competitive environment, market share, brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the brands are sold. Determinable-lived intangible assets are amortized to expense over their estimated lives. An impairment assessment for determinable-lived intangibles is only required when an event or change in circumstances indicates that the carrying amount of the asset may not be recoverable.

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. When appropriate, the market approach, which leverages comparable company revenue and earnings multiples, is weighted with the income approach to estimate fair value. 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. Other than our Gillette indefinite-lived intangible asset, our goodwill reporting units and our indefinite-lived intangible assets have fair values that significantly exceed their underlying carrying values.

During the fiscal year ended June 30, 2024, we determined the fair value of the Gillette indefinite-lived intangible asset was less than its carrying value. As a result, we recorded a non-cash impairment charge of \$1.3 billion (\$1.0 billion after tax) to reduce the carrying amount to be equivalent to the estimated fair value. As of June 30, 2024, the carrying value of the Gillette indefinite-lived intangible asset was \$12.8 billion. The impairment charge arose due to a higher discount rate, weakening of several currencies relative to the U.S. dollar and the impact of a new restructuring program focused primarily in certain Enterprise Markets, including Argentina and Nigeria.

While we have concluded that no triggering event has occurred during the quarter ended June 30, 2024, the Gillette indefinite-lived intangible asset is susceptible to future impairment risk. Adverse changes in the business or in the macroeconomic environment including foreign currency devaluation, increasing global inflation, or market contraction from an economic recession, 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.

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 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 approximates expected long-term category market growth rates. The residual growth rates depend 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 rates 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, 2023, 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 the 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 shorter-term and residual growth rates, or a 50 basis-point decrease in our royalty rates, which may result in an additional impairment of the Gillette indefinite-lived intangible asset.

	Approximate Percent Change in Estimated Fair Value		
	+25 bps Discount Rate	-25 bps Growth Rate	-50 bps Royalty Rate
Gillette indefinite-lived intangible asset	(5)%	(5)%	(4)%

See Note 4 to the Consolidated Financial Statements for additional discussion on goodwill and intangible assets.

### New Accounting Pronouncements

Refer to Note 1 to the Consolidated Financial Statements for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of June 30, 2024.

## OTHER INFORMATION

### Hedging and Derivative Financial Instruments

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. We evaluate exposures on a centralized basis to take advantage of natural exposure correlation and netting. We leverage the Company's diversified portfolio of exposures as a natural hedge and prioritize operational hedging activities over financial market instruments. To the extent we choose to further manage volatility within our financing operations, as discussed below, we enter into various financial transactions which we account for using the applicable accounting guidance for derivative instruments and hedging activities. These financial transactions are governed by our policies covering acceptable counterparty exposure, instrument types and other hedging practices. See Note 9 to the Consolidated Financial Statements for a discussion of our accounting policies for derivative instruments.

Derivative positions are monitored using techniques including market valuation, sensitivity analysis and value-at-risk modeling. The tests for interest rate, currency rate and commodity derivative positions discussed below are based on the RiskManager™ value-at-risk model using a one-year horizon and a 95% confidence level. The model incorporates the impact of correlation (the degree to which exposures move together over time) and diversification (from holding multiple currency, commodity and interest rate instruments) and assumes that financial returns are normally distributed. Estimates of volatility and correlations of market factors are drawn from the RiskMetrics™ dataset as of June 30, 2024. In cases where data is unavailable in RiskMetrics™, a reasonable proxy is included.

Our market risk exposures relative to interest rates, currency rates and commodity prices, as discussed below, have not changed materially versus the previous reporting period. In addition, we are not aware of any facts or circumstances that would significantly impact such exposures in the near term.

**Interest Rate Exposure.** We are exposed to interest rate movements due to our long and short-term borrowing program. Interest rate swaps are used to manage exposures to interest rates on underlying debt obligations. Certain interest rate swaps denominated in foreign currencies are designated to hedge exposures to currency exchange rate movements on our investments in foreign operations. These currency interest rate swaps are designated as hedges of the Company's foreign net investments.

Based on our interest rate exposure as of and during the fiscal year ended June 30, 2024, including derivative and other instruments sensitive to interest rates, we believe a near-term change in interest rates, at a 95% confidence level based on historical interest rate movements, would not materially affect our financial statements.

**Currency Rate Exposure.** Because we manufacture and sell products and finance operations in a number of countries throughout the world, we are exposed to movements in currency exchange rates. We leverage the Company's diversified portfolio of exposures as a natural hedge. Corporate policy prescribes the range of allowable hedging activity. To manage the exchange rate risk associated with the financing of our operations, we primarily use forward contracts and currency swaps with maturities of less than 18 months.

Based on our currency rate exposure on derivative and other instruments as of and during the fiscal year ended June 30, 2024, we believe, at a 95% confidence level based on historical currency rate movements, the impact on such instruments of a near-term change in currency rates would not materially affect our financial statements.

**Commodity Price Exposure.** We use raw materials that are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. We may use futures, options and swap contracts to manage the volatility related to the above exposures. During the fiscal years ended June 30, 2024 and 2023, we did not have any financial commodity hedging activity.

### Measures Not Defined By U.S. GAAP

In accordance with the SEC's Regulation S-K Item 10(e), the following provides definitions of non-GAAP measures and a reconciliation to the most closely related GAAP measure. We believe that these measures provide useful perspective on underlying business trends (i.e., trends excluding non-recurring or unusual items) and results and provide a supplemental measure of year-on-year results. The non-GAAP measures described below are used by management in making operating decisions, allocating financial resources and for business strategy purposes. These measures may be useful to investors, as they provide supplemental information about business performance and provide investors with a view of our business results through the eyes of management. These measures are also used to evaluate senior management and are a factor in determining their at-

risk compensation. These non-GAAP measures are not intended to be considered by the user in place of the related GAAP measures but rather as supplemental information to our business results. These non-GAAP measures may not be the same as similar measures used by other companies due to possible differences in method and in the items or events being adjusted.

**Organic Sales Growth.** Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of acquisitions, divestitures and foreign exchange from year-over-year comparisons. We believe this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth on a consistent basis. This measure is used in assessing the achievement of management goals for at-risk compensation.

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

Fiscal year ended June 30, 2024	Net Sales Growth	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other <sup>(1)</sup>	Organic Sales Growth
Beauty	1 %	2 %	— %	3 %
Grooming	4 %	5 %	— %	9 %
Health Care	5 %	— %	— %	5 %
Fabric & Home Care	4 %	1 %	— %	5 %
Baby, Feminine & Family Care	— %	2 %	— %	2 %
<b>TOTAL COMPANY</b>	<b>2 %</b>	<b>2 %</b>	<b>— %</b>	<b>4 %</b>

<sup>(1)</sup> 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.** Adjusted free cash flow is defined as operating cash flow less capital spending and excluding payments for the transitional tax 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. We view adjusted free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investments.

The following table provides a numerical reconciliation of adjusted free cash flow (\$ millions):

	Operating Cash Flow	Capital Spending	U.S. Tax Act Payments	Adjusted Free Cash Flow
<b>2024</b>	<b>\$ 19,846</b>	<b>\$ (3,322)</b>	<b>\$ 422</b>	<b>\$ 16,946</b>
2023	\$ 16,848	\$ (3,062)	\$ 225	\$ 14,011

**Adjusted Free Cash Flow Productivity.** Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings excluding the Gillette intangible asset impairment charge and non-cash charge for accumulated foreign currency translation losses due to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria. We view adjusted free cash flow productivity as a useful measure to help investors understand P&G's ability to generate cash. Adjusted free cash flow productivity is used by management in making operating decisions, in allocating financial resources and for budget planning purposes. This measure is used in assessing the achievement of management goals for at-risk compensation.

The following table provides a numerical reconciliation of adjusted free cash flow productivity (\$ millions):

	Adjusted Free Cash Flow	Net Earnings	Adjustments to Net Earnings <sup>(1)</sup>	Net Earnings as Adjusted	Adjusted Free Cash Flow Productivity
<b>2024</b>	<b>\$ 16,946</b>	<b>\$ 14,974</b>	<b>\$ 1,242</b>	<b>\$ 16,216</b>	<b>105 %</b>
2023	\$ 14,011	\$ 14,738	\$ —	\$ 14,738	95 %

<sup>(1)</sup> Adjustments to Net Earnings relate to the after-tax Gillette intangible asset impairment charge (\$1.0 billion) and non-cash charge for accumulated foreign currency translation losses (\$216) due to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria.

**Core EPS.** Core EPS is a measure of the Company's diluted EPS excluding items that are not judged by management to be part of the Company's sustainable results or trends. Management views this non-GAAP measure as a useful supplemental measure of Company performance over time. This measure is also used in assessing the achievement of management goals for at-risk compensation. The Core earnings measures included in the following reconciliation tables refer to the equivalent GAAP measures adjusted as applicable for the following items:

- **Incremental restructuring:** The Company has historically had an ongoing level of restructuring activities of approximately \$250 - \$500 million before tax. On December 5, 2023, the Company announced a limited market portfolio restructuring of its business operations, primarily in certain Enterprise Markets, including Argentina and Nigeria. The adjustment to Core earnings includes the restructuring charges that exceed the normal, recurring level of restructuring charges.

- **Intangible asset impairment:** As discussed in Note 4 to the Consolidated Financial Statements, in the fiscal year ended June 30, 2024, the Company recognized a non-cash, after-tax impairment charge of \$1.0 billion (\$1.3 billion before tax) to adjust the carrying value of the Gillette intangible asset acquired as part of the Company's 2005 acquisition of The Gillette Company.

We do not view the above items to be part of our sustainable results, and their exclusion from core earnings measures provides a more comparable measure of year-on-year results. These items are also excluded when evaluating senior management in determining their at-risk compensation.

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

<u>Amounts in millions except per share amounts</u>	Fiscal Year Ended June 30, 2024				Fiscal Year Ended June 30, 2023
	As Reported (GAAP)	Incremental Restructuring	Intangible Impairment	Core (Non-GAAP)	As Reported (GAAP) <sup>(1)</sup>
Cost of products sold	\$ 40,848	\$(70)	\$ —	\$ 40,778	\$ 42,760
Selling, general and administrative expense	23,305	(33)	—	23,273	21,112
Operating income	18,545	103	1,341	19,988	18,134
Non-operating income, net	668	248	—	916	668
Income taxes	3,787	(25)	315	4,077	3,615
Net earnings attributable to P&G	14,879	376	1,026	16,281	14,653
				<b>Core EPS</b>	
Diluted net earnings per common share <sup>(2)</sup>	\$ 6.02	\$ 0.15	\$ 0.42	\$ 6.59	\$ 5.90

<sup>(1)</sup> For the fiscal year ended June 30, 2023, there were no adjustments to or reconciling items for Core EPS.

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

**CHANGE VERSUS YEAR AGO**

Net earnings attributable to P&G	2 %
Core net earnings attributable to P&G	11 %
Diluted net earnings per common share	2 %
Core EPS	12 %

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

The information required by this item is incorporated by reference to the section entitled Other Information in the MD&A and Note 9 to the Consolidated Financial Statements.

Item 8. Financial Statements and Supplementary Data.

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for establishing and maintaining adequate internal control over financial reporting of The Procter & Gamble Company (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our internal control over financial reporting is designed 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 in the United States of America.

Strong internal controls is an objective that is reinforced through our *Worldwide Business Conduct Manual*, which sets forth our commitment to conduct business with integrity, and within both the letter and the spirit of the law. Our people are deeply committed to our Purpose, Values and Principles, which unite us in doing what's right. Our system of internal controls includes written policies and procedures, segregation of duties and the careful selection and development of employees. Additional key elements of our internal control structure include our Global Leadership Council, which is actively involved in oversight of the business strategies, initiatives, results and controls, our Disclosure Committee, which is responsible for evaluating disclosure implications of significant business activities and events, our Board of Directors, which provides strong and effective corporate governance, and our Audit Committee, which reviews critical accounting policies and estimates, financial reporting and internal control matters.

Global Internal Audit performs audits of internal controls over financial reporting as well as broader financial, operational and compliance audits around the world, provides training and continually improves our internal control processes. The Company's internal control over financial reporting also includes a robust Control Self-Assessment Program that is conducted annually on critical financial reporting areas of the Company. Management takes the appropriate action to correct any identified control deficiencies.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2024, using criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that the Company maintained effective internal control over financial reporting as of June 30, 2024, based on these criteria.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting as of June 30, 2024, as stated in their report which is included herein.

/s/ Jon R. Moeller

(Jon R. Moeller)

Chairman of the Board, President and Chief Executive Officer

/s/ Andre Schulten

(Andre Schulten)

Chief Financial Officer

August 5, 2024

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of The Procter & Gamble Company

### Opinion on the Financial Statements

We have audited the accompanying Consolidated Balance Sheets of The Procter & Gamble Company and subsidiaries (the "Company") as of June 30, 2024 and 2023, the related Consolidated Statements of Earnings, Comprehensive Income, Shareholders' Equity and Cash Flows, for each of the three years in the period ended June 30, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 5, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### ***Intangible Assets — Gillette Indefinite-Lived Intangible Asset — Refer to Notes 1 and 4 to the financial statements***

##### *Critical Audit Matter Description*

The Company's evaluation of the Gillette indefinite-lived intangible asset (the "Gillette Brand") for impairment involves the comparison of the fair value to its carrying value. The Company estimates fair value using the income method, which is based on the present value of estimated future cash flows attributable to the respective asset. This requires management to make significant estimates and assumptions related to forecasts of future net sales and earnings, including growth rates beyond a 10-year time period, royalty rate and discount rate. Changes in the assumptions could have a significant impact on either the fair value, the amount of any impairment charge, or both. The Company performed their annual impairment assessment of the Gillette Brand as of October 1, 2023. During the fiscal year ended June 30, 2024, the Company determined that the fair value of the Gillette indefinite-lived intangible asset was less than its carrying amount. As a result, the Company recorded an impairment charge of \$1.3 billion (\$1.0 billion after tax) to reduce the carrying amount to be equivalent to the estimated fair value as of December 31, 2023. As of June 30, 2024, the carrying value of the Gillette Brand was \$12.8 billion.

We identified the Company's impairment evaluation of the Gillette Brand as a critical audit matter because of the significant judgments made by management to estimate the fair value of the indefinite-lived intangible asset. A high degree of auditor judgment and an increased extent of effort was required when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the forecasts of future net sales and earnings as well as the selection of royalty rate and discount rate, including the need to involve our fair value specialists.

##### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to forecasts of future net sales and earnings and the selection of the royalty rate and discount rate for the Gillette Brand included the following, among others:

- We tested the effectiveness of controls over the Gillette Brand, including those over the determination of fair value, such as controls related to management’s development of forecasts of future net sales and earnings, and the selection of royalty rate and discount rate.
- We evaluated management’s ability to accurately forecast net sales and earnings by comparing actual results to management’s historical forecasts.
- We evaluated the reasonableness of management’s forecast of net sales and earnings by comparing the forecasts to:
  - Historical net sales and earnings.
  - Underlying analysis detailing business strategies and growth plans.
  - Internal communications to management and the Board of Directors.
  - Forecasted information included in analyst and industry reports for the Company and certain of its peer companies.
- With the assistance of our fair value specialists, we evaluated the net sales and earnings growth rates, royalty rate, and discount rate by:
  - Testing the source information underlying the determination of net sales and earnings growth rates, royalty rate, and discount rate and the mathematical accuracy of the calculations.
  - Developing a range of independent estimates for the discount rate and comparing the discount rate selected by management to that range.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

August 5, 2024

We have served as the Company’s auditor since 1890.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of The Procter & Gamble Company

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of The Procter & Gamble Company and subsidiaries (the "Company") as of June 30, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2024, of the Company and our report dated August 5, 2024, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

August 5, 2024

**Consolidated Statements of Earnings**

<u>Amounts in millions except per share amounts; fiscal years ended June 30</u>	2024	2023	2022
<b>NET SALES</b>	\$ 84,039	\$ 82,006	\$ 80,187
Cost of products sold	40,848	42,760	42,157
Selling, general and administrative expense	23,305	21,112	20,217
Indefinite-lived intangible asset impairment charge	1,341	—	—
<b>OPERATING INCOME</b>	<b>18,545</b>	18,134	17,813
Interest expense	(925)	(756)	(439)
Interest income	473	307	51
Other non-operating income, net	668	668	570
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>18,761</b>	18,353	17,995
Income taxes	3,787	3,615	3,202
<b>NET EARNINGS</b>	<b>14,974</b>	14,738	14,793
Less: Net earnings attributable to noncontrolling interests	95	85	51
<b>NET EARNINGS ATTRIBUTABLE TO PROCTER &amp; GAMBLE</b>	<b>\$ 14,879</b>	\$ 14,653	\$ 14,742
<b>NET EARNINGS PER COMMON SHARE <sup>(1)</sup></b>			
Basic	\$ 6.18	\$ 6.07	\$ 6.00
Diluted	\$ 6.02	\$ 5.90	\$ 5.81

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

**Consolidated Statements of Comprehensive Income**

<u>Amounts in millions; fiscal years ended June 30</u>	2024	2023	2022
<b>NET EARNINGS</b>	\$ 14,974	\$ 14,738	\$ 14,793
<b>OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX</b>			
Foreign currency translation (net of tax (benefit)/expense of \$66, \$(197) and \$515, respectively)	(226)	(71)	(1,450)
Unrealized gains/(losses) on investment securities (net of tax (benefit)/expense of \$(1), \$(2) and \$1, respectively)	(3)	(7)	5
Unrealized gains on defined benefit postretirement plans (net of tax expense of \$230, \$9 and \$1,022, respectively)	546	40	2,992
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX</b>	<b>317</b>	(38)	1,547
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>15,291</b>	14,700	16,340
Less: Comprehensive income attributable to noncontrolling interests	92	78	43
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PROCTER &amp; GAMBLE</b>	<b>\$ 15,199</b>	\$ 14,622	\$ 16,297

**Consolidated Balance Sheets**

<u>Amounts in millions except stated values; as of June 30</u>	2024	2023
<b>Assets</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 9,482	\$ 8,246
Accounts receivable	6,118	5,471
<b>INVENTORIES</b>		
Materials and supplies	1,617	1,863
Work in process	929	956
Finished goods	4,470	4,254
Total inventories	7,016	7,073
Prepaid expenses and other current assets	2,095	1,858
<b>TOTAL CURRENT ASSETS</b>	<b>24,709</b>	<b>22,648</b>
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	<b>22,152</b>	<b>21,909</b>
<b>GOODWILL</b>	<b>40,303</b>	<b>40,659</b>
<b>TRADEMARKS AND OTHER INTANGIBLE ASSETS, NET</b>	<b>22,047</b>	<b>23,783</b>
<b>OTHER NONCURRENT ASSETS</b>	<b>13,158</b>	<b>11,830</b>
<b>TOTAL ASSETS</b>	<b>\$ 122,370</b>	<b>\$ 120,829</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,364	\$ 14,598
Accrued and other liabilities	11,073	10,929
Debt due within one year	7,191	10,229
<b>TOTAL CURRENT LIABILITIES</b>	<b>33,627</b>	<b>35,756</b>
<b>LONG-TERM DEBT</b>	<b>25,269</b>	<b>24,378</b>
<b>DEFERRED INCOME TAXES</b>	<b>6,516</b>	<b>6,478</b>
<b>OTHER NONCURRENT LIABILITIES</b>	<b>6,398</b>	<b>7,152</b>
<b>TOTAL LIABILITIES</b>	<b>71,811</b>	<b>73,764</b>
<b>SHAREHOLDERS' EQUITY</b>		
Convertible Class A preferred stock, stated value \$1 per share (600 shares authorized)	798	819
Non-Voting Class B preferred stock, stated value \$1 per share (200 shares authorized)	—	—
Common stock, stated value \$1 per share (10,000 shares authorized; shares issued: 2024 - 4,009.2, 2023 - 4,009.2)	4,009	4,009
Additional paid-in capital	67,684	66,556
Reserve for ESOP debt retirement	(737)	(821)
Accumulated other comprehensive loss	(11,900)	(12,220)
Treasury stock (shares held: 2024 - 1,652.2; 2023 - 1,647.1)	(133,379)	(129,736)
Retained earnings	123,811	118,170
Noncontrolling interest	272	288
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>50,559</b>	<b>47,065</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 122,370</b>	<b>\$ 120,829</b>

## Consolidated Statements of Shareholders' Equity

<u>Dollars in millions except per share amounts;</u> <u>shares in thousands</u>	Common Stock		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
	Shares	Amount								
<b>BALANCE JUNE 30, 2021</b>	2,429,706	\$4,009	\$870	\$64,848	(\$1,006)	(\$13,744)	(\$114,973)	\$106,374	\$276	\$46,654
Net earnings								14,742	51	14,793
Other comprehensive income/(loss)						1,555			(8)	1,547
Dividends and dividend equivalents (\$3.5227 per share):								(8,514)		(8,514)
Common								(8,514)		(8,514)
Preferred								(281)		(281)
Treasury stock purchases (67,088)	(67,088)						(10,003)			(10,003)
Employee stock plans	28,042			945			1,571			2,516
Preferred stock conversions	3,217		(27)	4			23			—
ESOP debt impacts					90			108		198
Noncontrolling interest, net				(2)					(54)	(56)
<b>BALANCE JUNE 30, 2022</b>	2,393,877	\$4,009	\$843	\$65,795	(\$916)	(\$12,189)	(\$123,382)	\$112,429	\$265	\$46,854
Net earnings								14,653	85	14,738
Other comprehensive income/(loss)						(31)			(7)	(38)
Dividends and dividend equivalents (\$3.6806 per share):								(8,742)		(8,742)
Common								(8,742)		(8,742)
Preferred								(282)		(282)
Treasury stock purchases (52,021)	(52,021)						(7,353)			(7,353)
Employee stock plans	17,424			758			978			1,736
Preferred stock conversions	2,840		(24)	3			21			—
ESOP debt impacts					95			112		207
Noncontrolling interest, net				—					(55)	(55)
<b>BALANCE JUNE 30, 2023</b>	2,362,120	\$4,009	\$819	\$66,556	(\$821)	(\$12,220)	(\$129,736)	\$118,170	\$288	\$47,065
Net earnings								14,879	95	14,974
Other comprehensive income/(loss)						320			(3)	317
Dividends and dividend equivalents (\$3.8286 per share):								(9,053)		(9,053)
Common								(9,053)		(9,053)
Preferred								(284)		(284)
Treasury stock purchases (31,877)	(31,877)						(5,014)			(5,014)
Employee stock plans	24,095			1,125			1,353			2,478
Preferred stock conversions	2,713		(21)	3			18			—
ESOP debt impacts					85			99		184
Noncontrolling interest, net				—					(108)	(108)
<b>BALANCE JUNE 30, 2024</b>	2,357,051	\$4,009	\$798	\$67,684	(\$737)	(\$11,900)	(\$133,379)	\$123,811	\$272	\$50,559

See accompanying Notes to Consolidated Financial Statements.

**Consolidated Statements of Cash Flows****Amounts in millions; fiscal years ended June 30**

	2024	2023	2022
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<b>\$ 8,246</b>	<b>\$ 7,214</b>	<b>\$ 10,288</b>
<b>OPERATING ACTIVITIES</b>			
Net earnings	14,974	14,738	14,793
Depreciation and amortization	2,896	2,714	2,807
Share-based compensation expense	562	545	528
Deferred income taxes	(244)	(453)	(402)
Loss/(gain) on sale of assets	(215)	(40)	(85)
Indefinite-lived intangible asset impairment charge	1,341	—	—
Change in accounts receivable	(766)	(307)	(694)
Change in inventories	(70)	(119)	(1,247)
Change in accounts payable and accrued and other liabilities	1,814	313	1,429
Change in other operating assets and liabilities	(1,414)	(1,107)	(635)
Other	969	564	229
<b>TOTAL OPERATING ACTIVITIES</b>	<b>19,846</b>	<b>16,848</b>	<b>16,723</b>
<b>INVESTING ACTIVITIES</b>			
Capital expenditures	(3,322)	(3,062)	(3,156)
Proceeds from asset sales	346	46	110
Acquisitions, net of cash acquired	(21)	(765)	(1,381)
Other investing activity	(507)	281	3
<b>TOTAL INVESTING ACTIVITIES</b>	<b>(3,504)</b>	<b>(3,500)</b>	<b>(4,424)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends to shareholders	(9,312)	(8,999)	(8,770)
Additions to short-term debt with original maturities of more than three months	3,528	17,168	10,411
Reductions in short-term debt with original maturities of more than three months	(7,689)	(13,031)	(11,478)
Net additions/(reductions) to other short-term debt	857	(3,319)	917
Additions to long-term debt	3,197	3,997	4,385
Reductions in long-term debt	(2,335)	(1,878)	(2,343)
Treasury stock purchases	(5,006)	(7,353)	(10,003)
Impact of stock options and other	1,905	1,269	2,005
<b>TOTAL FINANCING ACTIVITIES</b>	<b>(14,855)</b>	<b>(12,146)</b>	<b>(14,876)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(251)</b>	<b>(170)</b>	<b>(497)</b>
<b>CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>1,235</b>	<b>1,032</b>	<b>(3,074)</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>	<b>\$ 9,482</b>	<b>\$ 8,246</b>	<b>\$ 7,214</b>
<b>SUPPLEMENTAL DISCLOSURE</b>			
Cash payments for interest	\$ 878	\$ 721	\$ 451
Cash payments for income taxes	4,363	4,278	3,818

## Notes to Consolidated Financial Statements

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Operations

The Procter & Gamble Company's (the "Company," "Procter & Gamble," "we" or "us") business is focused on providing branded consumer packaged goods of superior quality and value. Our products are sold in about 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 consumers. We have on-the-ground operations in about 70 countries.

##### Basis of Presentation

The Consolidated Financial Statements include the Company and its controlled subsidiaries. Intercompany transactions are eliminated.

##### Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying disclosures. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates are used in accounting for, among other items, consumer and trade promotion accruals, restructuring reserves, pensions, postretirement benefits, stock options, valuation of acquired intangible assets, useful lives for depreciation and amortization of long-lived assets, future cash flows associated with impairment testing for goodwill, indefinite-lived intangible assets and other long-lived assets, deferred tax assets and liabilities, uncertain income tax positions and contingencies. Actual results may ultimately differ from estimates, although management does not generally believe such differences would materially affect the financial statements in any individual year. However, regarding ongoing impairment testing of goodwill and indefinite-lived intangible assets, significant deterioration in future cash flow projections or other assumptions used in estimating fair values versus those anticipated at the time of the initial valuations, could result in impairment charges that materially affect the financial statements in a given year.

##### Revenue Recognition

Our revenue is primarily generated from the sale of finished product to customers. Those sales predominantly contain a single performance obligation and revenue is recognized at a single point in time when ownership, risks and rewards transfer, which can be on the date of shipment or the date of receipt by the customer. A provision for payment discounts and product return allowances is recorded as a reduction of sales in the same period the revenue is recognized. The revenue recorded is presented net of sales and other taxes we collect on behalf of governmental authorities. The revenue includes shipping and handling costs, which generally are included in the list price to the customer.

Trade promotions, consisting primarily of customer pricing allowances, merchandising funds and consumer coupons, are offered through various programs to customers and consumers. Sales are recorded net of trade promotion spending, which is recognized as incurred at the time of the sale. Most of these arrangements have terms of approximately one year. Accruals for expected payouts under these programs are included as accrued marketing and promotion in the Accrued and other liabilities line item in the Consolidated Balance Sheets.

##### Cost of Products Sold

Cost of products sold is primarily comprised of direct materials and supplies consumed in the manufacturing of product, as well as manufacturing labor, depreciation expense and direct overhead expenses necessary to acquire and convert the purchased materials and supplies into finished products. Cost of products sold also includes the cost to distribute products to customers, inbound freight costs, internal transfer costs, warehousing costs and other shipping and handling activity.

##### Selling, General and Administrative Expense

Selling, general and administrative expense (SG&A) is primarily comprised of marketing expenses, selling expenses, research and development costs, administrative and other indirect overhead costs, depreciation and amortization expense on non-manufacturing assets and other miscellaneous operating items. Research and development costs are charged to expense as incurred and were \$2.0 billion in 2024, 2023 and 2022. Advertising costs, charged to expense as incurred, include television, print, radio, digital and in-store advertising expenses and were \$9.6 billion in 2024, \$8.0 billion in 2023 and \$7.9 billion in 2022. Non-advertising related components of the Company's total marketing spending reported in SG&A include costs associated with consumer promotions, product sampling and sales aids.

##### Other Non-Operating Income, Net

Other non-operating income, net primarily includes divestiture gains, net non-service impacts related to postretirement benefit plans, investment income, accumulated foreign currency translation losses and other non-operating items.

### **Currency Translation**

Financial statements of operating subsidiaries outside the U.S. generally are measured using the local currency as the functional currency. Adjustments to translate those statements into U.S. dollars are recorded in Other comprehensive income (OCI). For subsidiaries operating in highly inflationary economies, the U.S. dollar is the functional currency. Re-measurement adjustments for financial statements in highly inflationary economies and other transactional exchange gains and losses are reflected in earnings.

### **Cash Flow Presentation**

The Consolidated Statements of Cash Flows are prepared using the indirect method, which reconciles net earnings to cash flows from operating activities. Cash flows from foreign currency transactions and operations are translated at monthly exchange rates for each period. Cash flows from hedging activities are included in the same category as the items being hedged. Cash flows from derivative instruments designated as net investment hedges are classified as investing activities. Realized gains and losses from non-qualifying derivative instruments used to hedge currency exposures resulting from intercompany financing transactions are classified as financing activities. Cash flows from other derivative instruments used to manage interest rates, commodity or other currency exposures are classified as operating activities. Cash payments related to income taxes are classified as operating activities.

### **Investments**

The Company holds minor equity investments in certain companies over which we exert significant influence, but do not control the financial and operating decisions. These are accounted for as equity method investments. Other equity investments that are not controlled, and over which we do not have the ability to exercise significant influence, and for which there is a readily determinable market value, are recorded at fair value, with gains and losses recorded through net earnings. Equity investments without readily determinable fair values are measured at cost, less impairments, plus or minus observable price changes. Equity investments are included as Other noncurrent assets in the Consolidated Balance Sheets.

The Company also holds highly liquid investments, primarily money market funds and time deposits. Such investments are considered cash equivalents and are included within Cash and cash equivalents in the Consolidated Balance Sheets.

### **Inventory Valuation**

Inventories are valued at the lower of cost or net realizable value. Product-related inventories are maintained on the first-in, first-out method. The cost of spare part inventories is maintained using the average-cost method.

### **Property, Plant and Equipment**

Property, plant and equipment is recorded at cost reduced by accumulated depreciation. Depreciation expense is recognized over the assets' estimated useful lives using the straight-line method. Machinery and equipment includes office furniture and fixtures (15-year life), computer equipment and capitalized software (3- to 5-year lives) and manufacturing equipment (3- to 20-year lives). Buildings are depreciated over an estimated useful life of 40 years. Estimated useful lives are periodically reviewed and, when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

### **Goodwill and Other Intangible Assets**

Goodwill and indefinite-lived intangible assets are not amortized but are evaluated for impairment annually or more often if indicators of a potential impairment are present. Our annual impairment testing of goodwill is performed separately from our impairment testing of indefinite-lived intangible assets.

We have acquired brands that have been determined to have indefinite lives. We evaluate several factors to determine whether an indefinite life is appropriate, including the competitive environment, market share, brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the brands are sold. In addition, when certain events or changes in operating conditions occur, an additional impairment assessment is performed and indefinite-lived assets may be adjusted to a determinable life.

The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed, either on a straight-line or accelerated basis over the estimated periods benefited. Patents, technology and other intangible assets with contractual terms are generally amortized over their respective legal or contractual lives. Customer relationships, brands and other non-contractual intangible assets with determinable lives are amortized over periods generally ranging from 5 to 30 years. When certain events or changes in operating conditions occur, an impairment assessment is performed and remaining lives of intangible assets with determinable lives may be adjusted.

For additional details on goodwill and intangible assets see Note 4.

### **Fair Values of Financial Instruments**

Certain financial instruments are required to be recorded at fair value. Changes in assumptions or estimation methods could affect the fair value estimates; however, we do not believe any such changes would have a material impact on our financial condition, results of operations or cash flows. Other financial instruments, including cash equivalents, certain investments and certain short-term debt, are recorded at cost, which approximates fair value. The fair values of long-term debt and financial instruments are disclosed in Note 9.

### **New Accounting Pronouncements and Policies**

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, “Segment Reporting: Improvements to Reportable Segment Disclosures.” This guidance requires disclosure of incremental segment information on an annual and interim basis. This amendment is effective for our fiscal year ending June 30, 2025, and our interim periods within the fiscal year ending June 30, 2026. We are currently assessing the impact of this guidance on our disclosures.

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes: Improvements to Income Tax Disclosures.” This guidance requires consistent categories and greater disaggregation of information in the rate reconciliation and disclosures of income taxes paid by jurisdiction. This amendment is effective for our fiscal year ending June 30, 2026. We are currently assessing the impact of this guidance on our disclosures.

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.

### **NOTE 2**

#### **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, Pain Relief, Rapid Diagnostics, Respiratory, Vitamins/Minerals/Supplements, 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, Menstrual Care); Family Care (Paper Towels, Tissues, Toilet Paper).

While none of our reportable segments are highly seasonal, components within certain reportable segments, such as Appliances (Grooming) and Personal Health Care (Health), are seasonal.

The accounting policies of the segments are generally the same as those described in Note 1. Differences between these policies and U.S. GAAP primarily reflect income taxes, which are reflected in the segments using applicable blended statutory rates. Adjustments to arrive at our effective tax rate are included in Corporate. In addition, capital expenditures in the segments are on an accrual basis consistent with the balance sheet. Adjustments to move from an accrual to cash basis, for purposes of the cash flow statement, are reflected in Corporate.

Corporate includes certain operating and non-operating activities that are not reflected in the operating results used internally to measure and evaluate the businesses, as well as items to adjust management reporting principles to U.S. GAAP. Operating activities in Corporate include the results of incidental businesses managed at the corporate level. Operating elements also include certain employee benefit costs, the costs of certain restructuring-type activities to maintain a competitive cost structure, including manufacturing and workforce optimization, asset impairment charges and other general Corporate items. The non-operating elements in Corporate primarily include interest expense, certain pension and other postretirement benefit costs, certain acquisition and divestiture gains, interest and investing income and other financing costs.

Total assets for the reportable segments include those assets managed by the reportable segment, primarily inventory, fixed assets and intangible assets. Other assets, primarily cash, accounts receivable, investment securities and goodwill, are included in Corporate.

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 <sup>(1)</sup>			
<b>Fiscal years ended June 30</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Fabric Care	24%	23%	23%
Home Care	12%	12%	12%
Baby Care	9%	10%	10%
Family Care	9%	8%	9%
Hair Care	9%	9%	9%
Skin and Personal Care	9%	9%	9%
Grooming <sup>(2)</sup>	8%	8%	6%
Oral Care	8%	8%	8%
Feminine Care	6%	7%	6%
Personal Health Care	6%	6%	6%
Other <sup>(2)</sup>	—%	—%	2%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>(1)</sup> % of Net sales by operating segment excludes sales recorded in Corporate.

<sup>(2)</sup> 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 fiscal year ended June 30, 2022, Appliances was presented in Other.

Net sales and long-lived assets in the United States and internationally were as follows (in billions):

<b>Fiscal years ended June 30</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>NET SALES</b>			
United States	\$ 40.5	\$ 38.7	\$ 36.5
International	\$ 43.5	\$ 43.3	\$ 43.7
<b>LONG-LIVED ASSETS <sup>(1)</sup></b>			
United States	\$ 12.0	\$ 11.4	\$ 10.7
International	\$ 10.2	\$ 10.5	\$ 10.5

<sup>(1)</sup> Long-lived assets consists of property, plant and equipment.

No country, other than the United States, exceeds 10% of the Company's consolidated net sales or long-lived assets.

Our largest customer, Walmart Inc. and its affiliates, accounted for consolidated net sales of approximately 16% in 2024 and 15% in 2023 and 2022. No other customer represents more than 10% of our consolidated net sales.

Global Segment Results		Net Sales	Earnings/(Loss) Before Income Taxes	Net Earnings /(Loss)	Depreciation and Amortization	Total Assets	Capital Expenditures
<b>BEAUTY</b>	<b>2024</b>	<b>\$ 15,220</b>	<b>\$ 3,805</b>	<b>\$ 2,963</b>	<b>\$ 399</b>	<b>\$ 6,103</b>	<b>\$ 280</b>
	2023	15,008	4,009	3,178	376	6,196	287
	2022	14,740	3,946	3,160	348	6,055	331
<b>GROOMING</b>	<b>2024</b>	<b>6,654</b>	<b>1,845</b>	<b>1,477</b>	<b>335</b>	<b>19,082</b>	<b>337</b>
	2023	6,419	1,806	1,461	335	20,601	300
	2022	6,587	1,835	1,490	361	20,482	260
<b>HEALTH CARE</b>	<b>2024</b>	<b>11,793</b>	<b>2,941</b>	<b>2,258</b>	<b>381</b>	<b>8,416</b>	<b>524</b>
	2023	11,226	2,759	2,125	352	8,480	466
	2022	10,824	2,618	2,006	376	7,888	410
<b>FABRIC &amp; HOME CARE</b>	<b>2024</b>	<b>29,495</b>	<b>7,339</b>	<b>5,687</b>	<b>710</b>	<b>8,907</b>	<b>1,076</b>
	2023	28,371	6,303	4,828	675	8,669	979
	2022	27,556	5,729	4,386	672	8,567	988
<b>BABY, FEMININE &amp; FAMILY CARE</b>	<b>2024</b>	<b>20,277</b>	<b>5,253</b>	<b>4,020</b>	<b>824</b>	<b>8,497</b>	<b>979</b>
	2023	20,217	4,623	3,545	804	8,517	994
	2022	19,736	4,267	3,266	826	8,443	932
<b>CORPORATE</b>	<b>2024</b>	<b>601</b>	<b>(2,422)</b>	<b>(1,430)</b>	<b>247</b>	<b>71,365</b>	<b>126</b>
	2023	765	(1,147)	(399)	172	68,366	36
	2022	744	(400)	485	224	65,773	235
<b>TOTAL COMPANY</b>	<b>2024</b>	<b>\$ 84,039</b>	<b>\$ 18,761</b>	<b>\$ 14,974</b>	<b>\$ 2,896</b>	<b>\$122,370</b>	<b>\$ 3,322</b>
	2023	82,006	18,353	14,738	2,714	120,829	3,062
	2022	80,187	17,995	14,793	2,807	117,208	3,156

Amounts in millions of dollars except per share amounts or as otherwise specified.

**NOTE 3****SUPPLEMENTAL FINANCIAL INFORMATION**

The components of property, plant and equipment were as follows:

<u>As of June 30</u>	2024	2023
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Machinery and equipment	\$ 37,507	\$ 36,521
Buildings	8,534	8,277
Construction in progress	3,126	2,980
Land	895	867
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>50,063</b>	48,645
Accumulated depreciation	(27,911)	(26,736)
<b>PROPERTY, PLANT AND EQUIPMENT, NET</b>	<b>\$ 22,152</b>	<b>\$ 21,909</b>

Selected components of current and noncurrent liabilities were as follows:

<u>As of June 30</u>	2024	2023
<b>ACCRUED AND OTHER LIABILITIES - CURRENT</b>		
Accrued marketing and promotion	\$ 4,172	\$ 3,894
Accrued compensation	2,161	2,030
Taxes payable	1,042	828
Accrued interest	282	235
Lease liabilities	243	222
Restructuring reserves	166	174
Derivative liabilities	54	631
Other	2,953	2,915
<b>TOTAL</b>	<b>\$ 11,073</b>	<b>\$ 10,929</b>
<b>OTHER NONCURRENT LIABILITIES</b>		
Pension benefit obligations	\$ 2,884	\$ 3,116
Uncertain tax positions	723	622
Lease liabilities	666	595
Other retiree benefit obligations	653	690
U.S. Tax Act transitional tax payable	592	1,154
Derivative liabilities	325	445
Other	555	530
<b>TOTAL</b>	<b>\$ 6,398</b>	<b>\$ 7,152</b>

**RESTRUCTURING PROGRAM**

The Company has historically incurred an ongoing annual level of restructuring-type activities to maintain a competitive cost structure, including manufacturing and workforce optimization. Before tax costs incurred under ongoing programs have generally ranged from \$250 to \$500 annually.

In December 2023, the Company announced a limited market portfolio restructuring of its business operations, primarily in certain Enterprise Markets, including Argentina and Nigeria, to address challenging macroeconomic and fiscal conditions. In connection with this announcement, the Company expects to record incremental restructuring charges of \$1.0 to \$1.5 billion after tax, consisting primarily of foreign currency translation losses to be recognized as non-cash charges upon the substantial liquidation of operations in the affected markets.

The Company incurred total restructuring charges of \$659 and \$329 for the fiscal years ended June 30, 2024 and 2023. Of the charges incurred for fiscal year 2024, \$248 were recorded in Costs of products sold, \$155 in SG&A and \$255 in Other non-operating income, net. Of the charges incurred in fiscal year 2023, \$160 were recorded in Costs of products sold, \$160 in SG&A and \$9 in Other non-operating income, net.

The following table presents restructuring activity for the fiscal years ended June 30, 2024 and 2023:

	Separation Costs	Asset-Related Costs	Other Costs	Total
<b>RESERVE JUNE 30, 2022</b>	\$ 121	\$ —	\$ 26	\$ 147
Cost incurred	175	43	111	329
Cost paid/settled	(141)	(43)	(118)	(302)
<b>RESERVE JUNE 30, 2023</b>	155	—	19	174
Cost incurred	<b>202</b>	<b>101</b>	<b>355</b>	<b>659</b>
Cost paid/settled	<b>(224)</b>	<b>(101)</b>	<b>(342)</b>	<b>(667)</b>
<b>RESERVE JUNE 30, 2024</b>	<b>\$ 133</b>	<b>\$ —</b>	<b>\$ 32</b>	<b>\$ 166</b>

### Separation Costs

Employee separation costs relate to severance packages that are primarily voluntary and the amounts calculated are based on salary levels and past service periods.

### Asset-Related Costs

Asset-related costs consist of both asset write-downs and accelerated depreciation for manufacturing and facilities consolidations. Asset write-downs relate to the establishment of a new fair value basis for assets held-for-sale or for disposal. These assets are written down to the lower of their current carrying basis or amounts expected to be realized upon disposal, less minor disposal costs. Charges for accelerated depreciation relate to long-lived assets that will be taken out of service prior to the end of their normal service period.

### Other Costs

Other restructuring-type charges are incurred as a direct result of the restructuring plan. Such charges include accumulated foreign currency translation losses, asset removal and termination of contracts related to Enterprise Market portfolio restructuring. As of June 30, 2024, the Company has substantially liquidated its operations in certain Enterprise Markets, including Nigeria, and recorded a non-cash charge of \$216 for accumulated foreign currency translation losses previously included in Accumulated other comprehensive income/(loss).

Consistent with our historical policies for ongoing restructuring-type activities, the restructuring charges are funded by and included within Corporate for management and segment reporting. However, for information purposes, the following table summarizes the total restructuring costs related to our reportable segments:

<u>Fiscal years ended June 30</u>	2024	2023	2022
Beauty	\$ 43	\$ 15	\$ 11
Grooming	76	17	14
Health Care	33	28	32
Fabric & Home Care	84	87	42
Baby, Feminine & Family Care	50	21	83
Corporate <sup>(1)</sup>	371	161	71
<b>TOTAL</b>	<b>\$ 659</b>	<b>\$ 329</b>	<b>\$ 253</b>

<sup>(1)</sup> Corporate includes costs related to allocated overheads, including charges related to our Enterprise Markets, Global Business Services and Corporate Functions activities.

**NOTE 4****GOODWILL AND INTANGIBLE ASSETS**

The change in the net carrying amount of goodwill by reportable segment was as follows:

	Beauty	Grooming	Health Care	Fabric & Home Care	Baby, Feminine & Family Care	TOTAL
<b>BALANCE AT JUNE 30, 2022 - NET <sup>(1)</sup></b>	\$ 13,296	\$ 12,571	\$ 7,589	\$ 1,808	\$ 4,436	\$ 39,700
Acquisitions and divestitures	405	—	—	—	33	438
Translation and other	187	132	129	13	60	521
<b>BALANCE AT JUNE 30, 2023 - NET <sup>(1)</sup></b>	13,888	12,703	7,718	1,821	4,529	40,659
Acquisitions and divestitures	(61)	—	—	—	—	(61)
Translation and other	(104)	(71)	(80)	(10)	(30)	(295)
<b>BALANCE AT JUNE 30, 2024 - NET <sup>(1)</sup></b>	<b>\$ 13,723</b>	<b>\$ 12,633</b>	<b>\$ 7,638</b>	<b>\$ 1,810</b>	<b>\$ 4,499</b>	<b>\$ 40,303</b>

<sup>(1)</sup> Grooming goodwill balance is net of \$7.9 billion accumulated impairment losses.

Goodwill decreased during fiscal 2024 primarily due to currency translation across all reportable segments and a brand divestiture in the Beauty reportable segment. Goodwill increased during fiscal 2023 primarily due to an acquisition in the Beauty segment, other minor brand acquisitions in the Baby, Feminine & Family Care segment and currency translation across all reportable segments.

Goodwill and indefinite-lived intangibles are tested for impairment at least annually by comparing the estimated fair values of our reporting units and indefinite-lived intangible assets to their respective carrying values. 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. When appropriate, the market approach, which leverages comparable company revenue and earnings multiples, is weighted with the income approach to estimate fair value. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants and include the amount and timing of future cash flows (including expected growth rates and profitability). Significant judgment by management is required to estimate the impact of macroeconomic and other factors on future cash flows. Estimates utilized in the projected cash flows include consideration of macroeconomic conditions, overall category growth rates, competitive activities, cost containment and margin expansion, Company business plans, the underlying product or technology life cycles, economic barriers to entry, a brand's relative market position and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

We believe the estimates and assumptions utilized in our impairment testing are reasonable and are comparable to those that would be used by other marketplace participants. However, actual events and results could differ substantially from those used in our valuations. To the extent such factors result in a failure to achieve the level of projected cash flows initially used to estimate fair value for purposes of establishing or subsequently impairing the carrying amount of goodwill and related intangible assets, we may need to record additional non-cash impairment charges in the future.

During the fiscal year ended June 30, 2024, we determined that the fair value of the Gillette indefinite-lived intangible asset was less than its carrying amount. As a result, we recorded a non-cash impairment charge of \$1.3 billion (\$1.0 billion after tax) to reduce the carrying amount to be equivalent to the estimated fair value as of December 31, 2023. Following the impairment charge, the carrying value of the Gillette indefinite-lived intangible asset is \$12.8 billion. The impairment charge arose due to a higher discount rate, weakening of several currencies relative to the U.S. dollar and the impact of a new restructuring program focused primarily in certain Enterprise Markets, including Argentina and Nigeria.

Identifiable intangible assets were comprised of:

<u>As of June 30</u>	2024		2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>INTANGIBLE ASSETS WITH DETERMINABLE LIVES</b>				
Brands	\$ 4,318	\$ (2,725)	\$ 4,352	\$ (2,540)
Patents and technology	2,794	(2,683)	2,775	(2,649)
Customer relationships	1,834	(1,121)	1,847	(1,039)
Other	72	(29)	73	(28)
<b>TOTAL</b>	<b>\$ 9,019</b>	<b>\$ (6,558)</b>	<b>\$ 9,047</b>	<b>\$ (6,256)</b>
<b>INTANGIBLE ASSETS WITH INDEFINITE LIVES</b>				
Brands	19,587	—	20,992	—
<b>TOTAL INTANGIBLE ASSETS</b>	<b>\$ 28,605</b>	<b>\$ (6,558)</b>	<b>\$ 30,039</b>	<b>\$ (6,256)</b>

Amortization expense of intangible assets was as follows:

<u>Fiscal years ended June 30</u>	2024	2023	2022
Intangible asset amortization	\$ 338	\$ 327	\$ 312

Estimated amortization expense over the next five fiscal years is as follows:

<u>Fiscal years ending June 30</u>	2025	2026	2027	2028	2029
Estimated amortization expense	\$ 318	\$ 297	\$ 287	\$ 248	\$ 200

## NOTE 5

### INCOME TAXES

Income taxes are recognized for the amount of taxes payable for the current year and for the impact of deferred tax assets and liabilities, which represent future tax consequences of events that have been recognized differently in the financial statements than for tax purposes. Deferred tax assets and liabilities are established using the enacted statutory tax rates and are adjusted for any changes in such rates in the period of change.

We have elected to account for the tax effects of Global Intangible Low-Taxed Income (GILTI) as a current period expense when incurred.

Earnings before income taxes consisted of the following:

<u>Fiscal years ended June 30</u>	2024	2023	2022
United States	\$ 12,246	\$ 12,107	\$ 11,698
International	6,515	6,246	6,297
<b>TOTAL</b>	<b>\$ 18,761</b>	<b>\$ 18,353</b>	<b>\$ 17,995</b>

Income taxes consisted of the following:

<u>Fiscal years ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>CURRENT TAX EXPENSE</b>			
U.S. federal	\$ 1,954	\$ 2,303	\$ 1,916
International	1,708	1,412	1,333
U.S. state and local	368	353	355
<b>TOTAL</b>	<b>4,031</b>	<b>4,068</b>	<b>3,604</b>
<b>DEFERRED TAX EXPENSE/(BENEFIT)</b>			
U.S. federal	(133)	(224)	(320)
International and other	(111)	(229)	(82)
<b>TOTAL</b>	<b>(244)</b>	<b>(453)</b>	<b>(402)</b>
<b>TOTAL TAX EXPENSE</b>	<b>\$ 3,787</b>	<b>\$ 3,615</b>	<b>\$ 3,202</b>

A reconciliation of the U.S. federal statutory income tax rate to our actual effective income tax rate is provided below:

<u>Fiscal years ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
Country mix impacts of foreign operations	0.1 %	(0.5)%	(0.3)%
State income taxes, net of federal benefit	1.8 %	1.6 %	1.5 %
Excess tax benefits from the exercise of stock options	(1.5)%	(1.0)%	(2.0)%
Foreign derived intangible income deduction (FDII)	(1.1)%	(0.8)%	(1.1)%
Changes in uncertain tax positions	0.1 %	0.1 %	(0.4)%
Other	(0.2)%	(0.7)%	(0.9)%
<b>EFFECTIVE INCOME TAX RATE</b>	<b>20.2 %</b>	<b>19.7 %</b>	<b>17.8 %</b>

Country mix impacts of foreign operations includes the effects of foreign subsidiaries' earnings taxed at rates other than the U.S. statutory rate, the U.S. tax impacts of non-U.S. earnings repatriation and any net impacts of intercompany transactions. Excess tax benefits from the exercise of stock options reflect the excess of actual tax benefits received on employee exercises of stock options and other share-based payments (which generally equals the income taxable to the employee) over the amount of tax benefits that were calculated and recognized based on the grant date fair values of such instruments. Changes in uncertain tax positions represent changes in our net liability related to prior year tax positions.

Prior to the passage of the U.S. Tax Act, the Company asserted that substantially all of the undistributed earnings of its foreign subsidiaries were considered indefinitely invested and, accordingly, no deferred taxes were provided. Pursuant to the provisions of the U.S. Tax Act, these earnings were subjected to a one-time transition tax. This charge included taxes for all U.S. income taxes and for the related foreign withholding taxes for the portion of those earnings which are no longer considered indefinitely invested. We have not provided deferred taxes on approximately \$22 billion of earnings that are considered indefinitely invested.

A reconciliation of the beginning and ending liability for uncertain tax positions is as follows:

<u>Fiscal years ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>BEGINNING OF YEAR</b>	<b>\$ 515</b>	<b>\$ 583</b>	<b>\$ 627</b>
Increases in tax positions for prior years	157	113	102
Decreases in tax positions for prior years	(133)	(119)	(118)
Increases in tax positions for current year	160	60	53
Settlements with taxing authorities	(100)	(108)	(42)
Lapse in statute of limitations	(9)	(7)	(17)
Currency translation	(8)	(7)	(22)
<b>END OF YEAR</b>	<b>\$ 582</b>	<b>\$ 515</b>	<b>\$ 583</b>

Included in the total liability for uncertain tax positions at June 30, 2024, is \$488 that, depending on the ultimate resolution, could impact the effective tax rate in future periods.

The Company is present in about 70 countries and over 150 taxable jurisdictions and, at any point in time, has 30-40 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 the closing of statutes of limitation. 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 timing and ultimate settlement amounts until the close of an audit. Based on information currently available, we do not anticipate over the next 12-month period any significant audit activity concluding related to uncertain tax positions for which we have existing accrued liabilities.

We recognize the additional accrual of any possible related interest and penalties relating to the underlying uncertain tax position in income tax expense. As of June 30, 2024 and 2023, we had accrued interest of \$111 and \$143 and accrued penalties of \$15 and \$12, respectively, which are not included in the above table. During the fiscal years ended June 30, 2024, 2023 and 2022, we recognized \$18, \$23 and \$21 in interest expense and \$4, \$1 and \$2 in penalties expense, respectively.

Deferred income tax assets and liabilities were comprised of the following:

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>
<b>DEFERRED TAX ASSETS</b>		
Capitalized research & development	\$ 1,140	\$ 930
Loss and other carryforwards	892	1,014
Pension and other retiree benefits	592	737
Accrued marketing and promotion	460	421
Stock-based compensation	433	412
Fixed assets	206	223
Lease liabilities	199	197
Unrealized loss on financial and foreign exchange transactions	107	282
Other	843	874
Valuation allowances	(290)	(403)
<b>TOTAL</b>	<b>\$ 4,582</b>	<b>\$ 4,687</b>
<b>DEFERRED TAX LIABILITIES</b>		
Goodwill and other intangible assets	\$ 5,459	\$ 5,811
Fixed assets	1,573	1,556
Other retiree benefits	1,319	1,101
Unrealized gain on financial and foreign exchange transactions	263	198
Lease right-of-use assets	196	191
Foreign withholding tax on earnings to be repatriated	104	96
Other	441	381
<b>TOTAL</b>	<b>\$ 9,355</b>	<b>\$ 9,334</b>

Net operating loss carryforwards were \$2.3 billion at June 30, 2024, and \$2.9 billion at June 30, 2023. If unused, approximately \$100 will expire between 2024 and 2043. The remainder, totaling \$2.2 billion at June 30, 2024, may be carried forward indefinitely.

#### **NOTE 6**

##### **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 share-based awards based on the treasury stock method (see Note 7) and the assumed conversion of preferred stock (see Note 8).

Net earnings per common share were calculated as follows:

<u>Fiscal years ended June 30</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b><u>CONSOLIDATED AMOUNTS</u></b>			
<b>Net earnings</b>	<b>\$ 14,974</b>	<b>\$ 14,738</b>	<b>\$ 14,793</b>
Less: Net earnings attributable to noncontrolling interests	95	85	51
<b>Net earnings attributable to P&amp;G</b>	<b>14,879</b>	<b>14,653</b>	<b>14,742</b>
Less: Preferred dividends	284	282	281
<b>Net earnings attributable to P&amp;G available to common shareholders (Basic)</b>	<b>\$ 14,595</b>	<b>\$ 14,371</b>	<b>\$ 14,461</b>
<b>Net earnings attributable to P&amp;G available to common shareholders (Diluted)</b>	<b>\$ 14,879</b>	<b>\$ 14,653</b>	<b>\$ 14,742</b>
<b><u>SHARES IN MILLIONS</u></b>			
Basic weighted average common shares outstanding	2,360.1	2,368.2	2,410.3
Add effect of dilutive securities:			
Stock options and other unvested equity awards <sup>(1)</sup>	38.3	39.4	49.5
Convertible preferred shares <sup>(2)</sup>	73.6	76.3	79.3
<b>Diluted weighted average common shares outstanding</b>	<b>2,471.9</b>	<b>2,483.9</b>	<b>2,539.1</b>
<b><u>NET EARNINGS PER COMMON SHARE</u></b>			
<b>Basic</b>	<b>\$ 6.18</b>	<b>\$ 6.07</b>	<b>\$ 6.00</b>
<b>Diluted</b>	<b>\$ 6.02</b>	<b>\$ 5.90</b>	<b>\$ 5.81</b>

<sup>(1)</sup> Excludes 4 million, 19 million and 11 million in 2024, 2023 and 2022, respectively, of weighted average stock options outstanding because the exercise price of these options was greater than the average market value of the Company's stock or their effect was antidilutive.

<sup>(2)</sup> An overview of preferred shares can be found in Note 8

## **NOTE 7**

### **SHARE-BASED COMPENSATION**

The Company has two primary share-based compensation programs under which we annually grant stock option, restricted stock unit (RSU) and performance stock unit (PSU) awards to certain managers and directors.

In our main long-term incentive program, managers can elect to receive stock options or RSUs. All options vest after three years and have a 10-year life. Exercise prices on options are set equal to the market price of the underlying shares on the date of the grant. RSUs vest and settle in shares of common stock three years from the grant date.

Senior-level executives participate in an additional long-term incentive program that awards PSUs, which are paid in shares after the end of a three-year performance period subject to pre-established performance goals. The program includes a Relative Total Shareholder Return (R-TSR) modifier under which the number of shares ultimately granted is also impacted by the Company's actual shareholder return relative to our consumer products competitive peer set.

In addition to these long-term incentive programs, we award RSUs to the Company's non-employee directors and make other minor stock option and RSU grants to employees for which the terms are not substantially different from our long-term incentive awards.

The Company's share-based compensation plan was approved by shareholders in 2019. Under the 2019 plan, a maximum of 150 million shares of common stock was authorized for issuance and a total of 77 million shares remain available for grant.

The Company recognizes share-based compensation expense based on the fair value of the awards at the date of grant. The expense is recognized on a straight-line basis over the requisite service period. Awards to employees eligible for retirement prior to the award becoming fully vested are recognized as compensation expense ratably from the grant date through the date the employee first becomes eligible to retire and/or is no longer required to provide services to earn the award. Share-based compensation expense is included as part of Cost of products sold and SG&A in the Consolidated Statements of Earnings and includes an estimate of forfeitures, which is based on historical data.

Total expense and related recognized tax benefit were as follows:

<u>Fiscal years ended June 30</u>	2024	2023	2022
Stock options	\$ 270	\$ 303	\$ 271
RSUs and PSUs	292	242	257
<b>Total share-based expense</b>	<b>\$ 562</b>	<b>\$ 545</b>	<b>\$ 528</b>
<b>Income tax benefit</b>	<b>\$ 103</b>	<b>\$ 103</b>	<b>\$ 88</b>

We utilize an industry standard lattice-based valuation model to calculate the fair value for stock options granted. Assumptions utilized in the model, which are evaluated and revised to reflect market conditions and experience, were as follows:

<u>Fiscal years ended June 30</u>	2024	2023	2022
Interest rate	4.6 - 5.5 %	3.7 - 4.1 %	0.1 - 1.6 %
Weighted average interest rate	4.6 %	3.7 %	1.5 %
Dividend yield	2.5 %	2.6 %	2.4 %
Expected volatility	18 %	21 %	19 %
Expected life in years	8.8	8.8	9.1

Lattice-based option valuation models incorporate ranges of assumptions for inputs and those ranges are disclosed in the preceding table. Expected volatilities are based on a combination of historical volatility of our stock and implied volatilities of call options on our stock. We use historical data to estimate option exercise and employee termination patterns within the valuation model. The expected life of options granted is derived from the output of the option valuation model and represents the average period of time that options granted are expected to be outstanding. The interest rate for periods within the contractual life of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

We utilize a Monte-Carlo simulation model to estimate the fair value of performance stock units granted. Assumptions utilized in the model are not substantially different from those used for stock options.

A summary of options outstanding under the plans as of June 30, 2024, and activity during the year then ended is presented below:

Options	Options (in thousands)	Weighted Average Exercise Price	Weighted Average Contractual Life in Years	Aggregate Intrinsic Value
<b>OUTSTANDING AT JULY 1, 2023</b>	121,205	\$ 104.18		
Granted	8,737	147.76		
Exercised	(22,190)	85.08		
Forfeited/expired	(391)	134.69		
<b>OUTSTANDING AT JUNE 30, 2024</b>	<b>107,362</b>	<b>\$ 111.59</b>	<b>5.1</b>	<b>\$ 5,732</b>
<b>Exercisable</b>	<b>75,692</b>	<b>\$ 99.51</b>	<b>3.9</b>	<b>\$ 4,951</b>

The following table provides additional information on stock options:

<u>Fiscal years ended June 30</u>	2024	2023	2022
Weighted average grant-date fair value of options granted	\$ 34.25	\$ 29.58	\$ 21.55
Intrinsic value of options exercised	1,621	979	1,886
Grant-date fair value of options that vested	244	219	177
Cash received from options exercised	1,888	1,189	1,930
Actual tax benefit from options exercised	330	207	399

At June 30, 2024, \$171 of compensation cost had not yet been recognized related to stock option grants. That cost is expected to be recognized over a remaining weighted average period of 1.6 years.

A summary of non-vested RSUs and PSUs outstanding under the plans as of June 30, 2024, and activity during the year then ended is presented below:

RSU and PSU awards	RSUs		PSUs	
	Units (in thousands)	Weighted Average Grant Date Fair Value	Units (in thousands)	Weighted Average Grant Date Fair Value
Non-vested at July 1, 2023	3,172	\$ 134.94	1,011	\$ 142.40
Granted	1,519	147.15	524	155.86
Vested	(1,299)	136.73	(506)	152.73
Forfeited	(71)	143.02	(13)	155.36
<b>Non-vested at June 30, 2024</b>	<b>3,321</b>	<b>\$ 139.65</b>	<b>1,016</b>	<b>\$ 144.06</b>

At June 30, 2024, \$243 of compensation cost had not yet been recognized related to RSUs and PSUs. That cost is expected to be recognized over a remaining weighted average period of 1.6 years. The total grant date fair value of shares vested was \$256, \$220 and \$248 in 2024, 2023 and 2022, respectively.

The Company settles equity issuances with treasury shares. We have no specific policy to repurchase common shares to mitigate the dilutive impact of options, RSUs and PSUs. However, we have historically made adequate discretionary purchases, based on cash availability, market trends and other factors, to offset the impacts of such activity.

#### **NOTE 8**

#### **POSTRETIREMENT BENEFITS AND EMPLOYEE STOCK OWNERSHIP PLAN**

We offer various postretirement benefits to our employees.

##### **Defined Contribution Retirement Plans**

We have defined contribution plans, which cover the majority of our U.S. employees, as well as employees in certain other countries. These plans are fully funded. We generally make contributions to participants' accounts based on individual base salaries and years of service. Total global defined contribution expense was \$425, \$392 and \$366 in 2024, 2023 and 2022, respectively.

The primary U.S. defined contribution plan (the U.S. DC plan) comprises the majority of the expense for the Company's defined contribution plans. For the U.S. DC plan, the contribution rate is set annually. Total contributions for this plan approximated 13% of total participants' annual wages and salaries in 2024 and 2023 and 14% in 2022.

We maintain The Procter & Gamble Profit Sharing Trust (Trust) and Employee Stock Ownership Plan (ESOP) to provide a portion of the funding for the U.S. DC plan and other retiree benefits (described below). Operating details of the ESOP are provided at the end of this Note. The fair value of the ESOP Series A shares allocated to participants reduces our cash contribution required to fund the U.S. DC plan.

##### **Defined Benefit Retirement Plans and Other Retiree Benefits**

We offer defined benefit retirement pension plans to certain employees. These benefits relate primarily to plans outside the U.S. and, to a lesser extent, plans assumed in previous acquisitions covering U.S. employees.

We also provide certain other retiree benefits, primarily health care benefits for the majority of our U.S. employees who become eligible for these benefits when they meet minimum age and service requirements. The plans require cost sharing with retirees and the benefits are funded by ESOP Series B shares and certain other assets contributed by the Company.

**Obligation and Funded Status.** The following provides a reconciliation of benefit obligations, plan assets and funded status of these defined benefit plans:

Fiscal years ended June 30	Pension Benefits <sup>(1)</sup>		Other Retiree Benefits <sup>(2)</sup>	
	2024	2023	2024	2023
<b>CHANGE IN BENEFIT OBLIGATION</b>				
Benefit obligation at beginning of year <sup>(3)</sup>	\$ 12,499	\$ 12,608	\$ 2,933	\$ 3,070
Service cost	164	173	68	71
Interest cost	527	430	157	142
Participants' contributions	14	13	56	50
Amendments	21	8	2	—
Net actuarial loss/(gain)	(11)	(550)	(268)	(208)
Special termination benefits	4	5	3	4
Currency translation and other	(155)	363	(22)	31
Benefit payments	(707)	(551)	(242)	(227)
<b>BENEFIT OBLIGATION AT END OF YEAR <sup>(3)</sup></b>	<b>\$ 12,355</b>	<b>\$ 12,499</b>	<b>\$ 2,687</b>	<b>\$ 2,933</b>
<b>CHANGE IN PLAN ASSETS</b>				
Fair value of plan assets at beginning of year	\$ 10,374	\$ 10,173	\$ 7,324	\$ 6,889
Actual return on plan assets	1,058	37	784	482
Employer contributions	239	392	44	42
Participants' contributions	14	13	56	50
Currency translation and other	(119)	310	—	1
ESOP debt impacts <sup>(4)</sup>	—	—	77	87
Benefit payments	(707)	(551)	(242)	(227)
<b>FAIR VALUE OF PLAN ASSETS AT END OF YEAR</b>	<b>\$ 10,857</b>	<b>\$ 10,374</b>	<b>\$ 8,043</b>	<b>\$ 7,324</b>
<b>FUNDED STATUS</b>	<b>\$ (1,498)</b>	<b>\$ (2,125)</b>	<b>\$ 5,356</b>	<b>\$ 4,391</b>

(1) Primarily non-U.S.-based defined benefit retirement plans.

(2) Primarily U.S.-based other postretirement benefit plans.

(3) For the pension benefit plans, the benefit obligation is the projected benefit obligation. For other retiree benefit plans, the benefit obligation is the accumulated postretirement benefit obligation.

(4) Represents the net impact of ESOP debt service requirements, which is netted against plan assets for other retiree benefits.

The actuarial gain for pension benefits in 2024 was primarily related to updating of various assumptions in the plan, offset by updates in work experience and decreases in discount rates. The actuarial gain for other retiree benefits in 2024 was primarily related to updating various assumptions in the plan based work experience and an increase in discount rates. The actuarial gain for pension plans in 2023 was primarily related to increases in discount rates, offset by inflation-related pension benefit increases. The actuarial gain for other retiree benefits in 2023 was primarily related to increases in discount rates and a decrease in assumptions for medical claims costs.

The underfunding of pension benefits is primarily a function of the different funding incentives that exist outside of the U.S. In certain countries, there are no legal requirements or financial incentives provided to companies to pre-fund pension obligations prior to their due date. In these instances, benefit payments are typically paid directly from the Company's cash as they become due.

As of June 30	Pension Benefits		Other Retiree Benefits	
	2024	2023	2024	2023
<b>CLASSIFICATION OF NET AMOUNT RECOGNIZED</b>				
Noncurrent assets	\$ 1,458	\$ 1,085	\$ 6,047	\$ 5,119
Current liabilities	(73)	(94)	(38)	(38)
Noncurrent liabilities	(2,884)	(3,116)	(653)	(690)
<b>NET AMOUNT RECOGNIZED</b>	<b>\$ (1,498)</b>	<b>\$ (2,125)</b>	<b>\$ 5,356</b>	<b>\$ 4,391</b>
<b>AMOUNTS RECOGNIZED IN ACCUMULATED OTHER COMPREHENSIVE (INCOME)/LOSS (AOCI)</b>				
Net actuarial loss/(gain)	\$ 1,258	\$ 1,818	\$ (1,493)	\$ (1,160)
Prior service cost/(credit)	140	156	(655)	(787)
<b>NET AMOUNTS RECOGNIZED IN AOCI</b>	<b>\$ 1,398</b>	<b>\$ 1,974</b>	<b>\$ (2,148)</b>	<b>\$ (1,947)</b>

Amounts in millions of dollars except per share amounts or as otherwise specified.

The accumulated benefit obligation for all defined benefit pension plans, which differs from the projected obligation in that it excludes the assumption of future salary increases, was \$11.6 billion and \$11.8 billion as of June 30, 2024 and 2023, respectively. Information related to the funded status of selected pension and other retiree benefits at June 30 is as follows:

<u>As of June 30</u>	<u>2024</u>	<u>2023</u>
<b>PENSION PLANS WITH A PROJECTED BENEFIT OBLIGATION IN EXCESS OF PLAN ASSETS</b>		
Projected benefit obligation	\$ 7,613	\$ 7,967
Fair value of plan assets	4,656	4,758
<b>PENSION PLANS WITH AN ACCUMULATED BENEFIT OBLIGATION IN EXCESS OF PLAN ASSETS</b>		
Accumulated benefit obligation	\$ 7,103	\$ 7,442
Fair value of plan assets	4,624	4,677
<b>OTHER RETIREE BENEFIT PLANS WITH AN ACCUMULATED BENEFIT OBLIGATION IN EXCESS OF PLAN ASSETS</b>		
Accumulated benefit obligation	\$ 770	\$ 818
Fair value of plan assets	79	89

*Net Periodic Benefit Cost.* Components of the net periodic benefit cost were as follows:

<u>Fiscal years ended June 30</u>	<u>Pension Benefits</u>			<u>Other Retiree Benefits</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>AMOUNTS RECOGNIZED IN NET PERIODIC BENEFIT COST/(CREDIT)</b>						
Service cost	\$ 164	\$ 173	\$ 253	\$ 68	\$ 71	\$ 86
Interest cost	527	430	253	157	142	99
Expected return on plan assets	(610)	(591)	(684)	(687)	(611)	(564)
Amortization of net actuarial loss/(gain)	95	133	337	(38)	(7)	11
Amortization of prior service cost/(credit)	37	26	28	(127)	(125)	(107)
Amortization of net actuarial loss/(gain) due to settlements	(13)	—	(5)	—	—	—
Special termination benefits	4	5	4	3	4	1
<b>NET PERIODIC BENEFIT COST/(CREDIT)</b>	<b>\$ 203</b>	<b>\$ 176</b>	<b>\$ 186</b>	<b>\$ (623)</b>	<b>\$ (526)</b>	<b>\$ (474)</b>
<b>CHANGE IN PLAN ASSETS AND BENEFIT OBLIGATIONS RECOGNIZED IN AOCI</b>						
Net actuarial loss/(gain) - current year	\$ (458)	\$ 4		\$ (366)	\$ (79)	
Prior service cost/(credit) - current year	21	8		2	—	
Amortization of net actuarial (loss)/gain	(95)	(133)		38	7	
Amortization of prior service (cost)/credit	(37)	(26)		127	125	
Amortization of net actuarial (loss)/gain due to settlements	13	—		—	—	
Currency translation and other	(21)	45		(2)	—	
<b>TOTAL CHANGE IN AOCI</b>	<b>(576)</b>	<b>(102)</b>		<b>(201)</b>	<b>53</b>	
<b>NET AMOUNTS RECOGNIZED IN PERIODIC BENEFIT COST/(CREDIT) AND AOCI</b>	<b>\$ (373)</b>	<b>\$ 74</b>		<b>\$ (824)</b>	<b>\$ (473)</b>	

The service cost component of the net periodic benefit cost is included in the Consolidated Statements of Earnings in Cost of products sold and SG&A. All other components are included in the Consolidated Statements of Earnings in Other non-operating income, net, unless otherwise noted.

**Assumptions.** We determine our actuarial assumptions on an annual basis. These assumptions are weighted to reflect each country that may have an impact on the cost of providing retirement benefits. The weighted average assumptions used to determine benefit obligations recorded on the Consolidated Balance Sheets as of June 30, 2024 and 2023, were as follows: <sup>(1)</sup>

<u>As of June 30</u>	<u>Pension Benefits</u>		<u>Other Retiree Benefits</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Discount rate	4.2 %	4.2 %	5.8 %	5.6 %
Rate of compensation increase	2.8 %	2.9 %	N/A	N/A
Interest crediting rate for cash balance plans	4.7 %	4.3 %	N/A	N/A
Health care cost trend rates assumed for next year	N/A	N/A	6.3 %	6.1 %
Rate to which the health care cost trend rate is assumed to decline (ultimate trend rate)	N/A	N/A	4.9 %	4.5 %
Year that the rate reaches the ultimate trend rate	N/A	N/A	2029	2028

<sup>(1)</sup> Determined as of end of fiscal year.

The weighted average assumptions used to determine net benefit cost recorded on the Consolidated Statements of Earnings for the fiscal years ended June 30 were as follows: <sup>(1)</sup>

<u>Fiscal years ended June 30</u>	<u>Pension Benefits</u>			<u>Other Retiree Benefits</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Discount rate	4.2 %	3.7 %	1.7 %	5.6 %	5.0 %	3.2 %
Expected return on plan assets	6.0 %	5.9 %	5.5 %	8.5 %	8.4 %	8.4 %
Rate of compensation increase	2.9 %	2.8 %	2.7 %	N/A	N/A	N/A
Interest crediting rate for cash balance plans	4.3 %	4.3 %	4.4 %	N/A	N/A	N/A

<sup>(1)</sup> Determined as of beginning of fiscal year.

For plans that make up the majority of our obligation, the Company calculates the benefit obligation and the related impacts on service and interest costs using specific spot rates along the corporate bond yield curve. For the remaining plans, the Company determines these amounts utilizing a single weighted average discount rate derived from the corporate bond yield curve used to measure the plan obligations.

Several factors are considered in developing the estimate for the long-term expected rate of return on plan assets. For the defined benefit retirement plans, these factors include historical rates of return of broad equity and bond indices and projected long-term rates of return obtained from pension investment consultants. The expected long-term rates of return for plan assets are 8 - 9% for equities and 3 - 5% for bonds. For other retiree benefit plans, the expected long-term rate of return reflects that the assets are comprised primarily of Company stock. The expected rate of return on Company stock is based on the long-term projected return of 8.5% and reflects the historical pattern of returns.

**Plan Assets.** Our investment objective for defined benefit retirement plan assets is to meet the plans' benefit obligations and to improve plan self-sufficiency for future benefit obligations. The investment strategies focus on asset class diversification, liquidity to meet benefit payments and an appropriate balance of long-term investment return and risk. Target ranges for asset allocations are determined by assessing different investment risks and matching the actuarial projections of the plans' future liabilities and benefit payments with current as well as expected long-term rates of return on the assets, taking into account investment return volatility and correlations across asset classes. Plan assets are diversified across several investment managers and are generally invested in liquid funds that are selected to track broad market equity and bond indices. Investment risk is carefully controlled with plan assets rebalanced to target allocations on a periodic basis and with continual monitoring of investment managers' performance relative to the investment guidelines established with each investment manager.

Our target asset allocation for the fiscal year ended June 30, 2024, and actual asset allocation by asset category as of June 30, 2024 and 2023, were as follows:

<u>Asset Category</u>	<u>Target Asset Allocation</u>		<u>Actual Asset Allocation at June 30</u>			
	<u>Pension Benefits</u>	<u>Other Retiree Benefits</u>	<u>Pension Benefits</u>		<u>Other Retiree Benefits</u>	
			<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cash	1 %	2 %	2 %	1 %	2 %	2 %
Debt securities	61 %	1 %	61 %	60 %	1 %	1 %
Equity securities	38 %	97 %	37 %	39 %	97 %	97 %
<b>TOTAL</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	100 %	<b>100 %</b>	100 %

The following table sets forth the fair value of the Company's plan assets as of June 30, 2024 and 2023, segregated by level within the fair value hierarchy (refer to Note 9 for further discussion on the fair value hierarchy and fair value principles). Investments valued using net asset value as a practical expedient are not valued using the fair value hierarchy, but rather valued using the net asset value reported by the managers of the funds and as supported by the unit prices of actual purchase and sale transactions.

<u>As of June 30</u>	<u>Pension Benefits</u>			<u>Other Retiree Benefits</u>		
	<u>Fair Value Hierarchy Level</u>	<u>2024</u>	<u>2023</u>	<u>Fair Value Hierarchy Level</u>	<u>2024</u>	<u>2023</u>
<b>ASSETS AT FAIR VALUE</b>						
Cash and cash equivalents	1	\$ 267	\$ 54	1	\$ 135	\$ 148
Company common stock		—	—	1	451	368
Company preferred stock <sup>(1)</sup>		—	—	2	7,380	6,721
Fixed income securities <sup>(2)</sup>	2	1,076	1,190		—	—
Insurance contracts <sup>(3)</sup>	3	165	93		—	—
<b>TOTAL ASSETS IN THE FAIR VALUE HIERARCHY</b>		<b>1,508</b>	<b>1,337</b>		<b>7,966</b>	<b>7,237</b>
Investments valued at net asset value <sup>(4)</sup>		9,349	9,037		77	87
<b>TOTAL ASSETS AT FAIR VALUE</b>		<b>\$ 10,857</b>	<b>\$ 10,374</b>		<b>\$ 8,043</b>	<b>\$ 7,324</b>

<sup>(1)</sup> Company preferred stock is valued based on the value of Company common stock and is presented net of ESOP debt discussed below.

<sup>(2)</sup> Fixed income securities are estimated by using pricing models or quoted prices of securities with similar characteristics.

<sup>(3)</sup> Fair values of insurance contracts are valued based on either their cash equivalent value or models that project future cash flows and discount the future amounts to a present value using market-based observable inputs, including credit risk and interest rate curves. The activity for Level 3 assets is not significant for all years presented.

<sup>(4)</sup> Investments valued using net asset value as a practical expedient are primarily equity and fixed income collective funds.

**Cash Flows.** Management's best estimate of cash requirements and discretionary contributions for the defined benefit retirement plans and other retiree benefit plans for the fiscal year ending June 30, 2025, is \$180 and \$53, respectively. Expected contributions are dependent on many variables, including the variability of the market value of the plan assets as compared to the benefit obligation and other market or regulatory conditions. In addition, we take into consideration our business investment opportunities and resulting cash requirements. Accordingly, actual funding may differ significantly from current estimates.

Total benefit payments expected to be paid to participants, which include payments funded from the Company's assets and payments from the plans are as follows:

<u>Fiscal years ending June 30</u>	<u>Pension Benefits</u>	<u>Other Retiree Benefits</u>
<b>EXPECTED BENEFIT PAYMENTS</b>		
2025	\$ 635	\$ 166
2026	595	179
2027	615	176
2028	666	181
2029	684	187
2030 - 2034	3,747	1,032

### Employee Stock Ownership Plan

We maintain the ESOP to provide funding for certain employee benefits discussed in the preceding paragraphs.

The ESOP borrowed \$1.0 billion in 1989, and the proceeds were used to purchase Series A ESOP Convertible Class A Preferred Stock to fund a portion of the U.S. DC plan. Principal and interest requirements of the borrowing were paid by the Trust from dividends on the preferred shares and from advances provided by the Company. The original borrowing of \$1.0 billion has been repaid in full. No advances from the Company remain outstanding at June 30, 2024. Each share is convertible at the option of the holder into one share of the Company's common stock. The dividend for the current year was equal to the common stock dividend of \$3.83 per share. The liquidation value is \$6.82 per share.

In 1991, the ESOP borrowed an additional \$1.0 billion. The proceeds were used to purchase Series B ESOP Convertible Class A Preferred Stock to fund a portion of retiree health care benefits. These shares, net of the ESOP's debt, are considered plan assets of the other retiree benefits plan discussed above. The original borrowings of \$1.0 billion were repaid in 2021. Debt service requirements were funded by preferred stock dividends, cash contributions and advances provided by the Company, of

which \$737 are outstanding at June 30, 2024. Each share is convertible at the option of the holder into one share of the Company's common stock. The dividend for the current year was equal to the common stock dividend of \$3.83 per share. The liquidation value is \$12.96 per share.

Our ESOP accounting practices are consistent with current ESOP accounting guidance, including the permissible continuation of certain provisions from prior accounting guidance. ESOP debt, which was guaranteed by the Company, was recorded as debt with an offset to the Reserve for ESOP debt retirement, which is presented within Shareholders' equity. Advances to the ESOP by the Company are recorded as an increase in the Reserve for ESOP debt retirement. Interest incurred on the ESOP debt was recorded as Interest expense. Dividends on all preferred shares are charged to Retained earnings.

The series A and B preferred shares of the ESOP are allocated to employees based on debt service requirements. The number of preferred shares outstanding at June 30 was as follows:

<u>Shares in thousands</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Allocated	22,724	24,449	25,901
Unallocated	—	535	1,123
<b>TOTAL SERIES A</b>	<b>22,724</b>	<b>24,984</b>	<b>27,024</b>
Allocated	33,723	32,172	30,719
Unallocated	15,864	17,867	20,120
<b>TOTAL SERIES B</b>	<b>49,587</b>	<b>50,039</b>	<b>50,839</b>

For purposes of calculating diluted net earnings per common share, the preferred shares held by the ESOP are considered converted from inception.

#### **NOTE 9**

#### **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. We evaluate exposures on a centralized basis to take advantage of natural exposure correlation and netting. To the extent we choose to manage volatility associated with the net exposures, we enter into various financial transactions that we account for using the applicable accounting guidance for derivative instruments and hedging activities. These financial transactions are governed by our policies covering acceptable counterparty exposure, instrument types and other hedging practices.

If the Company elects to do so and if the instrument meets certain specified accounting criteria, management designates derivative instruments as cash flow hedges, fair value hedges or net investment hedges. We record derivative instruments at fair value and the accounting for changes in the fair value depends on the intended use of the derivative, the resulting designation and the effectiveness of the instrument in offsetting the risk exposure it is designed to hedge. We generally have a high degree of effectiveness between the exposure being hedged and the hedging instrument.

#### **Credit Risk Management**

We have counterparty credit guidelines and normally enter into transactions with investment grade financial institutions, to the extent commercially viable. Counterparty exposures are monitored daily and downgrades in counterparty credit ratings are reviewed on a timely basis. We have not incurred, and do not expect to incur, material credit losses on our risk management or other financial instruments.

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 \$307 and \$1,088 as of June 30, 2024 and 2023, respectively. The Company has not been required to post collateral as a result of these contractual features.

#### **Interest Rate Risk Management**

Our policy is to manage interest cost using a mixture of fixed-rate and variable-rate debt. To manage this risk in a cost-efficient manner, we enter into interest rate swaps whereby we agree to exchange with the counterparty, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to a notional amount.

We designate certain interest rate swaps on fixed rate debt that meet specific accounting criteria as fair value hedges. For fair value hedges, the changes in the fair value of both the hedging instruments and the underlying debt obligations are immediately recognized in earnings.

### Foreign Currency Risk Management

We manufacture and sell our products and finance our operations in a number of countries throughout the world. As a result, we are exposed to movements in foreign currency exchange rates. We leverage the Company's diversified portfolio of exposures as a natural hedge. In certain cases, we enter into non-qualifying foreign currency contracts to hedge certain balance sheet items subject to revaluation. The change in fair value of these instruments and the underlying exposure are both immediately recognized in earnings.

To manage exchange rate risk related to our intercompany financing, we primarily use forward contracts and currency swaps. The change in fair value of these non-qualifying instruments is immediately recognized in earnings, substantially offsetting the foreign currency mark-to-market impact of the related exposure.

### Net Investment Hedging

We hedge certain net investment positions in foreign subsidiaries. To accomplish this, we either borrow directly in foreign currencies and designate all or a portion of the foreign currency debt as a hedge of the applicable net investment position or we enter into foreign currency swaps that are designated as hedges of net investments. The time value component of the net investment hedge currency swaps is excluded from the assessment of hedge effectiveness. Changes in the fair value of the swap, including changes in the fair value of the excluded time value component, are recognized in OCI and offset the value of the net investment being hedged. The time value component is subsequently reported in income on a systematic basis.

### Commodity Risk Management

Certain raw materials used in our products or production processes are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. As of and during the fiscal years ended June 30, 2024 and 2023, we did not have any financial commodity hedging activity.

### Insurance

We self-insure for most insurable risks. However, we purchase insurance for Directors and Officers Liability and certain other coverage where it is required by law or by contract.

### Fair Value Hierarchy

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that financial assets and liabilities carried at fair value be classified and disclosed in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs reflecting the reporting entity's own assumptions or external inputs from inactive markets.

The Company had no significant activity with Level 3 assets and liabilities during the periods presented. Except for the impairment of the Gillette indefinite-lived intangible asset discussed in Note 4, there were no significant assets or liabilities that were re-measured at fair value on a non-recurring basis for the periods presented. When applying fair value principles in the valuation of assets and liabilities, we are required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The Company has not changed its valuation techniques used in measuring the fair value of any financial assets or liabilities during the year.

When active market quotes are not available for financial assets and liabilities, we use industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including credit risk, interest rate curves and forward and spot prices for currencies. In circumstances where market-based observable inputs are not available, management judgment is used to develop assumptions to estimate fair value.

### Assets and Liabilities Measured at Fair Value

Cash equivalents were \$8.0 billion and \$6.8 billion as of June 30, 2024 and 2023, respectively, and are classified as Level 1 within the fair value hierarchy. The Company had no other material investments in debt or equity securities during the periods presented.

The fair value of long-term debt was \$27.7 billion and \$26.9 billion as of June 30, 2024 and 2023, respectively. This includes the current portion of long-term debt instruments (\$3.8 billion as of June 30, 2024, and \$3.9 billion as of June 30, 2023). 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 June 30, 2024 and 2023, are as follows:

<u>As of June 30</u>	<u>Notional Amount</u>		<u>Fair Value Asset</u>		<u>Fair Value (Liability)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS</b>						
Interest rate contracts	\$ 2,993	\$ 4,044	\$ —	\$ —	\$ (325)	\$ (445)
<b>DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS</b>						
Foreign currency interest rate contracts	\$ 10,140	\$ 11,005	\$ 119	\$ 26	\$ (31)	\$ (631)
<b>TOTAL DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS</b>	<b>\$ 13,133</b>	<b>\$ 15,049</b>	<b>\$ 119</b>	<b>\$ 26</b>	<b>\$ (356)</b>	<b>\$ (1,076)</b>
<b>DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS</b>						
Foreign currency contracts	\$ 3,192	\$ 3,489	\$ 1	\$ 7	\$ (23)	\$ (42)
<b>TOTAL DERIVATIVES AT FAIR VALUE</b>	<b>\$ 16,325</b>	<b>\$ 18,538</b>	<b>\$ 120</b>	<b>\$ 33</b>	<b>\$ (379)</b>	<b>\$ (1,118)</b>

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 \$2.7 billion and \$3.6 billion as of June 30, 2024 and 2023, 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 \$11.9 billion and \$11.8 billion as of June 30, 2024 and 2023, respectively.

Derivative assets are presented in Prepaid expenses and other current assets or Other noncurrent assets. 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.

Before tax gains/(losses) on our financial instruments in hedging relationships are categorized as follows:

<u>Fiscal years ended June 30</u>	<u>Amount of Gain/(Loss) Recognized in OCI on Derivatives</u>	
	<u>2024</u>	<u>2023</u>
<b>DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS <sup>(1)(2)</sup></b>		
Foreign currency interest rate contracts	\$ 163	\$ (544)

(1) For the derivatives in net investment hedging relationships, the amount of gain excluded from effectiveness testing, which was recognized in earnings, was \$229 and \$238 for the fiscal years ended June 30, 2024 and 2023, 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 AOCI for such instruments was \$255 and \$(315), for the fiscal years ended June 30, 2024 and 2023, respectively.

<u>Fiscal years ended June 30</u>	<u>Amount of Gain/(Loss) Recognized in Earnings</u>	
	<u>2024</u>	<u>2023</u>
<b>DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS</b>		
Interest rate contracts	\$ 120	\$ (141)
<b>DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS</b>		
Foreign currency contracts	\$ (91)	\$ (97)

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

**NOTE 10****SHORT-TERM AND LONG-TERM DEBT**

<u>As of June 30</u>	2024	2023
<b>DEBT DUE WITHIN ONE YEAR</b>		
Current portion of long-term debt	\$ 3,838	\$ 3,951
Commercial paper	3,327	6,236
Other	26	42
<b>TOTAL</b>	<b>\$ 7,191</b>	<b>\$ 10,229</b>
Weighted average interest rate of debt due within one year <sup>(1)</sup>	3.7 %	4.2 %

<sup>(1)</sup> Weighted average interest rate of debt due within one year includes the effects of interest rate swaps discussed in Note 9.

<u>As of June 30</u>	2024	2023
<b>LONG-TERM DEBT</b>		
3.10% USD note due August 2023	\$ —	\$ 1,000
1.13% EUR note due November 2023	—	1,359
0.50% EUR note due October 2024	534	544
0.63% EUR note due October 2024	855	870
0.55% USD note due October 2025	1,000	1,000
4.10% USD note due January 2026	650	650
2.70% USD note due February 2026	600	600
1.00% USD note due April 2026	1,000	1,000
3.25% EUR note due August 2026	695	707
2.45% USD note due November 2026	875	875
1.90% USD note due February 2027	1,000	1,000
2.80% USD note due March 2027	500	500
4.88% EUR note due May 2027	1,069	1,087
2.85% USD note due August 2027	750	750
3.95% USD note due January 2028	600	600
3.15% EUR note due April 2028	695	—
1.20% EUR note due October 2028	855	870
4.35% USD note due January 2029	600	—
1.25% EUR note due October 2029	534	544
3.00% USD note due March 2030	1,500	1,500
0.35% EUR note due May 2030	534	544
1.20% USD note due October 2030	1,250	1,250
1.95% USD note due April 2031	1,000	1,000
3.25% EUR note due August 2031	695	707
2.30% USD note due February 2032	850	850
4.05% USD note due January 2033	850	850
4.55% USD note due January 2034	750	—
3.20% EUR note due April 2034	909	—
5.55% USD note due March 2037	716	716
1.88% EUR note due October 2038	534	544
3.55% USD note due March 2040	516	516
0.90% EUR note due November 2041	641	652
All other long-term debt	5,550	5,244
Current portion of long-term debt	(3,838)	(3,951)
<b>TOTAL</b>	<b>\$ 25,269</b>	<b>\$ 24,378</b>
Weighted average interest rate of long-term debt <sup>(1)</sup>	3.2%	2.9%

<sup>(1)</sup> Weighted average interest rate of long-term debt includes the effects of interest rate swaps discussed in Note 9.

Long-term debt maturities during the next five fiscal years are as follows:

<u>Fiscal years ending June 30</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Debt maturities	\$3,838	\$3,367	\$4,350	\$2,074	\$1,867

### Credit Facilities

We maintain bank credit facilities to support our ongoing commercial paper program. The current facility is an \$8.0 billion facility split between a \$3.2 billion five-year facility and a \$4.8 billion 364-day facility, which expire in November 2028 and October 2024, respectively. Both facilities can be extended for certain periods of time as specified in the terms of the credit agreement. These facilities are currently undrawn and we anticipate that they will remain undrawn. These credit facilities do not have cross-default or ratings triggers, nor do they have material adverse event clauses, except at the time of signing.

### NOTE 11

#### 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:

#### Changes in Accumulated Other Comprehensive Income/(Loss) by Component

	<u>Investment Securities</u>	<u>Post- retirement Benefit Plans</u>	<u>Foreign Currency Translation</u>	<u>Total AOCI</u>
<b>BALANCE AT JUNE 30, 2022, NET OF TAX</b>	\$ 20	\$ 27	\$ (12,236)	\$ (12,189)
Other comprehensive income/(loss), before tax:				
OCI before reclassifications	(9)	22	(268)	(255)
Amounts reclassified to the Consolidated Statement of Earnings	—	27	—	27
Total other comprehensive income/(loss), before tax	(9)	49	(268)	(228)
Tax effect	2	(9)	197	190
Total other comprehensive income/(loss), net of tax	(7)	40	(71)	(38)
Less: OCI attributable to non-controlling interests, net of tax	—	—	(7)	(7)
<b>BALANCE AT JUNE 30, 2023, NET OF TAX</b>	13	67	(12,300)	(12,220)
Other comprehensive income/(loss), before tax:				
OCI before reclassifications	(4)	823	(376)	443
Amounts reclassified to the Consolidated Statement of Earnings	—	(47)	216	169
Total other comprehensive income/(loss), before tax	(4)	776	(160)	612
Tax effect	1	(230)	(66)	(295)
Total other comprehensive income/(loss), net of tax	(3)	546	(226)	317
Less: OCI attributable to non-controlling interests, net of tax	—	—	(3)	(3)
<b>BALANCE AT JUNE 30, 2024, NET OF TAX</b>	\$ 10	\$ 613	\$ (12,522)	\$ (11,900)

The below provides additional details on amounts reclassified from AOCI into the Consolidated Statement of Earnings:

- Postretirement benefit plan amounts are reclassified from AOCI into Other non-operating income, net and included in the computation of net periodic postretirement costs (see Note 8).
- Foreign currency translation amounts are reclassified from AOCI into Other non-operating income, net. These amounts relate to accumulated foreign currency translation losses recognized due to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria (see Note 3).

### NOTE 12

#### LEASES

The Company determines whether a contract contains a lease at the inception of a contract by determining if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. We lease certain real estate, machinery, equipment, vehicles and office equipment for varying periods. Many of these leases include an option to either renew or terminate the lease. For purposes of calculating lease liabilities, these options are included within the lease term when it has become reasonably certain that the Company will exercise such options. The incremental borrowing rate utilized to calculate our lease liabilities is based on the information available at commencement date, as most of the leases do not provide an implicit borrowing rate. Our operating lease agreements do not contain any material guarantees or restrictive covenants. The Company does not have any material finance leases or sublease activities. Short-term leases, defined

as leases with initial terms of 12 months or less, are not reflected on the Consolidated Balance Sheets. Lease expense for such short-term leases is not material. The most significant assets in our leasing portfolio relate to real estate and vehicles. For purposes of calculating lease liabilities for such leases, we have combined lease and non-lease components.

The components of the Company's total operating lease cost for the fiscal years ended June 30, 2024, 2023 and 2022, were as follows:

<b>Fiscal years ended June 30</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating lease cost	\$ 252	\$ 229	\$ 220
Variable lease cost <sup>(1)</sup>	91	79	89
<b>Total lease cost</b>	<b>\$ 343</b>	<b>\$ 308</b>	<b>\$ 309</b>

<sup>(1)</sup> Includes primarily costs for utilities, common area maintenance, property taxes and other operating costs associated with operating leases that are not included in the lease liability and are recognized in the period in which they are incurred.

Supplemental balance sheet and other information related to leases is as follows:

<b>As of June 30</b>	<b>2024</b>	<b>2023</b>
<b>Operating leases:</b>		
<b>Right-of-use assets (Other noncurrent assets)</b>	<b>\$ 875</b>	<b>\$ 781</b>
Current lease liabilities (Accrued and other liabilities)	243	222
Noncurrent lease liabilities (Other noncurrent liabilities)	666	595
<b>Total operating lease liabilities</b>	<b>\$ 909</b>	<b>\$ 817</b>
<b>Weighted average remaining lease term:</b>		
Operating leases	6.0 years	6.2 years
<b>Weighted average discount rate:</b>		
Operating leases	4.5 %	3.5 %

At June 30, 2024, future payments of operating lease liabilities were as follows:

	<b>Operating Leases</b>
	<b>June 30, 2024</b>
1 year	\$ 244
2 years	206
3 years	164
4 years	122
5 years	105
Over 5 years	190
<b>Total lease payments</b>	<b>1,031</b>
Less: Interest	(122)
<b>Present value of lease liabilities</b>	<b>\$ 909</b>

Total cash paid for amounts included in the measurement of lease liabilities was \$255 and \$233 for the fiscal years ended June 30, 2024 and 2023, respectively.

The right-of-use assets obtained in exchange for lease liabilities were \$357 and \$213 for the fiscal years ended June 30, 2024 and 2023, respectively.

### **NOTE 13**

#### **COMMITMENTS AND CONTINGENCIES**

##### **Guarantees**

In conjunction with certain transactions, primarily divestitures, we may provide routine indemnifications (e.g., indemnification for representations and warranties and retention of previously existing environmental, tax and employee liabilities) for which terms range in duration and, in some circumstances, are not explicitly defined. The maximum obligation under some

indemnifications is also not explicitly stated and, as a result, the overall amount of these obligations cannot be reasonably estimated. We have not made significant payments for these indemnifications. We believe that if we were to incur a loss on any of these matters, the loss would not have a material effect on our financial position, results of operations or cash flows.

In certain situations, we guarantee loans for suppliers and customers. The total amount of guarantees issued under such arrangements is not material.

### Off-Balance Sheet Arrangements

We do not have off-balance sheet financing arrangements, including variable interest entities, that have a material impact on our financial statements.

### Purchase Commitments

We have purchase commitments for materials, supplies, services and property, plant and equipment as part of the normal course of business. Commitments made under take-or-pay obligations are as follows:

<u>Fiscal years ending June 30</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Thereafter</u>
Purchase obligations	\$ 1,092	\$ 596	\$ 314	\$ 214	\$ 162	\$ 232

Such amounts represent minimum commitments under take-or-pay agreements with suppliers and are in line with expected usage. These amounts include purchase commitments related to service contracts for information technology, human resources management and facilities management activities that have been outsourced to third-party suppliers. Due to the proprietary nature of many of our materials and processes, certain supply contracts contain penalty provisions for early termination. We do not expect to incur penalty payments under these provisions that would materially affect our financial position, results of operations or cash flows.

### 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.

### NOTE 14

#### SUPPLIER FINANCE PROGRAMS

The Company has an ongoing program to negotiate extended payment terms with its suppliers consistent with market practices. The Company also supports a Supply Chain Finance program (“SCF”) with several global financial institutions. Under SCF, the Company maintains an accounts payable system to facilitate participating suppliers' ability to sell receivables from the Company to a SCF bank. These participating suppliers negotiate their sales of receivables arrangements directly with the respective SCF bank. The Company is not party to those agreements, but the SCF banks allow the suppliers to utilize the Company's creditworthiness in establishing credit spreads and associated costs. Under this model, this arrangement generally provides the suppliers with more favorable terms than they would be able to secure on their own. The Company has no economic interest in a supplier's decision to sell a receivable. Once a qualifying supplier chooses to participate in SCF, the supplier selects which individual Company invoices to sell to the SCF bank. The Company's obligations to its suppliers, including the amounts due and scheduled payment dates, are not impacted by the supplier's decisions to finance amounts under these arrangements. The Company does not provide any form of guarantee under these financing arrangements. Our payment terms for suppliers under this program generally range from 60 to 180 days. All outstanding amounts related to suppliers participating in SCF are recorded within Accounts payable in our Consolidated Balance Sheets, and the associated payments are included in operating activities within our Consolidated Statements of Cash Flows. The amount due to suppliers participating in SCF and included in Accounts payable was approximately \$5.6 billion as of June 30, 2024 and \$5.7 billion as of June 30, 2023.

### NOTE 15

#### SUBSEQUENT EVENT

On July 1, 2024, the Company completed the divestiture of its business in Argentina. The Company expects to record a non-cash charge of approximately \$750 for accumulated foreign currency translation losses in the first quarter of the fiscal year ended June 30, 2025.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

**Item 9A. 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 SEC rules and forms, and (2) accumulated and communicated to our management, including Messrs. Moeller and Schulten, to allow their timely decisions regarding required disclosure.

**Reports on Internal Control over Financial Reporting.**

The information required by this item is incorporated by reference to "Management's Report on Internal Control over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" included in Item 8 of this Form 10-K.

**Changes in Internal Control over Financial Reporting.**

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

**Item 9B. Other Information.**

During the fiscal year ended June 30, 2024, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K.

**Insider Trading Arrangements and Policies**

The Company has insider trading policies and procedures that govern the purchase, sale and other dispositions of its securities by directors, officers and employees, as well as by the Company itself. We believe these policies and procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations and applicable listing standards.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance.**

The Board of Directors has determined that the following members of the Audit Committee are independent and are Audit Committee financial experts as defined by SEC rules: Mr. Brett Biggs, Ms. Christine McCarthy (Chair) and Ms. Patricia Woertz.

The information required by this item is incorporated by reference to the following sections of the 2024 Proxy Statement filed pursuant to Regulation 14A, which will be filed no later than 120 days after June 30, 2024: the section entitled Election of Directors; the subsection of the Corporate Governance section entitled Board Meetings and Committees of the Board; the subsection of the Corporate Governance section entitled Code of Ethics; and the subsection of the Other Matters section entitled Shareholder Recommendations or Nominations of Director Candidates. Pursuant to the Instruction to Item 401 of Regulation S-K, Executive Officers of the Registrant are reported in Part I of this report.

**Item 11. Executive Compensation.**

The information required by this item is incorporated by reference to the following sections of the 2024 Proxy Statement filed pursuant to Regulation 14A, which will be filed no later than 120 days after June 30, 2024: the subsections of the Corporate Governance section entitled Board Meetings and Committees of the Board, Compensation Committee Interlocks and Insider Participation, and Risk Oversight - Compensation-Related Risk; and the portion beginning with the section entitled Director Compensation up to but not including the section entitled Pay Versus Performance.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The following table gives information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all of the Company's equity compensation plans as of June 30, 2024. The table includes the following plans: The Procter & Gamble 1992 Stock Plan; The Procter & Gamble 2001 Stock and Incentive Compensation Plan; The Procter & Gamble 2003 Non-Employee Directors' Stock Plan; The Procter & Gamble 2009 Stock and Incentive Compensation Plan; The Procter & Gamble 2014 Stock and Incentive Compensation Plan; and The Procter & Gamble 2019 Stock and Incentive Compensation Plan.

<b>Plan Category</b>	<b>(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>(b) Weighted average exercise price of outstanding options, warrants and rights</b>	<b>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
<b>Equity compensation plans approved by security holders</b>			
Stock Options/Stock Appreciation Rights	107,379,563	\$111.5700	(1)
Restricted Stock Units (RSUs)/Performance Stock Units (PSUs)	6,696,628	N/A	(1)
<b>TOTAL</b>	<b>114,076,191</b>	<b>\$111.5700</b>	<b>(2)</b>

(1) Of the plans listed above, only The Procter & Gamble 2019 Stock and Incentive Compensation Plan (the "2019 Plan") allows for future grants of securities. The maximum number of shares that may be granted under this plan is 187 million shares. Stock options and stock appreciation rights are counted on a one-for-one basis while full value awards (such as RSUs and PSUs) are counted as five shares for each share awarded. Total shares available for future issuance under this plan is 77 million.

(2) Weighted average exercise price of outstanding options only.

Additional information required by this item is incorporated by reference to the following section of the 2024 Proxy Statement filed pursuant to Regulation 14A, which will be filed no later than 120 days after June 30, 2024: the subsection of the Beneficial Ownership section entitled Security Ownership of Management and Certain Beneficial Owners.

**Item 13. Certain Relationships and Related Transactions and Director Independence.**

The information required by this item is incorporated by reference to the following sections of the 2024 Proxy Statement filed pursuant to Regulation 14A, which will be filed no later than 120 days after June 30, 2024: the subsections of the Corporate Governance section entitled Director Independence and Review and Approval of Transactions with Related Persons.

**Item 14. Principal Accountant Fees and Services.**

The information required by this item is incorporated by reference to the following section of the 2024 Proxy Statement filed pursuant to Regulation 14A, which will be filed no later than 120 days after June 30, 2024: Report of the Audit Committee, which ends with the subsection entitled Services Provided by Deloitte.

**PART IV****Item 15. Exhibits and Financial Statement Schedules.****1. Financial Statements:**

The following Consolidated Financial Statements of The Procter & Gamble Company and subsidiaries, management's report and the reports of the independent registered public accounting firm are incorporated by reference in Part II, Item 8 of this Form 10-K.

- Management's Report on Internal Control over Financial Reporting
- Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting (PCAOB Firm ID is 34)
- Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements
- Consolidated Statements of Earnings - for fiscal years ended June 30, 2024, 2023 and 2022
- Consolidated Statements of Comprehensive Income - for fiscal years ended June 30, 2024, 2023 and 2022
- Consolidated Balance Sheets - as of June 30, 2024 and 2023
- Consolidated Statements of Shareholders' Equity - for fiscal years ended June 30, 2024, 2023 and 2022
- Consolidated Statements of Cash Flows - for fiscal years ended June 30, 2024, 2023 and 2022
- Notes to Consolidated Financial Statements

**2. Financial Statement Schedules:**

These schedules are omitted because of the absence of the conditions under which they are required or because the information is set forth in the Consolidated Financial Statements or Notes thereto.

## EXHIBITS

- Exhibit (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 Annual Report on 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\).](#)
- Exhibit (4-1) - [Indenture, dated as of September 3, 2009, between the Company and Deutsche Bank Trust Company Americas, as Trustee \(Incorporated by reference to Exhibit \(4-1\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2015\).](#)
- (4-2) - The Company agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any other instrument defining the rights of holders of the Company's long-term debt.
- (4-3) - [Description of the Company's Common Stock \(Incorporated by reference to Exhibit \(4-3\) of the Company's Annual report on Form 10-K for the year ended June 30, 2019\).](#)
- (4-4) - [Description of the Company's 0.625% Notes due 2024, 1.200% Notes due 2028, and 1.875% Notes due 2038 \(Incorporated by reference to Exhibit \(4-4\) of the Company's Annual report on Form 10-K for the year ended June 30, 2019\).](#)
- (4-5) - [Description of the Company's 4.875% EUR notes due May 2027, 6.250% GBP notes due January 2030, and 5.250% GBP notes due January 2033 \(Incorporated by reference to Exhibit \(4-5\) of the Company's Annual report on Form 10-K for the year ended June 30, 2021\).](#)
- (4-6) - [Description of the Company's 0.500% Notes due 2024 and 1.250% Notes due 2029 \(Incorporated by reference to Exhibit \(4-6\) of the Company's Annual report on Form 10-K for the year ended June 30, 2019\).](#)
- (4-7) - [Description of the Company's 1.375% Notes due 2025 and 1.800% Notes due 2029 \(Incorporated by reference to Exhibit \(4-7\) of the Company's Annual report on Form 10-K for the year ended June 30, 2019\).](#)
- (4-9) - [Description of the Company's 0.350% EUR Notes due 2030 and 0.900% EUR Notes due 2041 \(Incorporated by reference to Exhibit \(4-10\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2022\).](#)
- (4-10) - [Description of the Company's 0.110% Yen Notes due 2026 and 0.230% Yen Notes due 2031 \(Incorporated by reference to Exhibit \(4-11\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2022\).](#)
- (4-11) - [Description of the Company's 3.250% Notes due 2026 and 3.250% Notes due 2031 \(Incorporated by reference to Exhibit \(4-11\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2023\).](#)
- (4-12) - [Description of the Company's 3.150% Notes due 2028 and 3.200% Notes due 2034.](#) +
- Exhibit (10-1) - [The Procter & Gamble 2001 Stock and Incentive Compensation Plan \(as amended\), which was originally adopted by shareholders at the annual meeting on October 9, 2001 \(Incorporated by reference to Exhibit \(10-1\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2018\).](#)\*
- (10-2) - [The Procter & Gamble 2001 Stock and Incentive Compensation Plan related correspondence and terms and conditions \(Incorporated by reference to Exhibit \(10-1\) of the Company's Form 10-Q for the quarter ended December 31, 2013\).](#)\*
- (10-3) - [The Procter & Gamble 1992 Stock Plan \(as amended December 11, 2001\), which was originally adopted by the shareholders at the annual meeting on October 12, 1992 \(Incorporated by reference to Exhibit \(10-2\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2018\).](#)\*
- (10-4) - [The Procter & Gamble Executive Group Life Insurance Policy \(Incorporated by reference to Exhibit \(10-3\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2018\).](#)\*
- (10-5) - [Summary of the Company's Retirement Plan Restoration Program.](#)\* +
- (10-6) - [Retirement Plan Restoration Program - Related Correspondence and Terms and Conditions.](#)\* +
- (10-7) - [Summary of the Company's Long-Term Incentive Program \(Incorporated by reference to Exhibit \(10-3\) of the Company's Form 10-Q for the quarter ended September 30, 2020\).](#)\*
- (10-8) - [Long-Term Incentive Program related correspondence and terms and conditions \(Incorporated by reference to Exhibit \(10-5\) of the Company's Form 10-Q for the quarter ended September 30, 2023\).](#)\*
- (10-9) - [The Procter & Gamble Company Executive Deferred Compensation Plan \(Incorporated by reference to Exhibit \(10-2\) of the Company's Form 10-Q for the quarter ended March 31, 2020\).](#)\*
- (10-10) - [Summary of the Company's Short Term Achievement Reward Program \(Incorporated by reference to Exhibit \(10-1\) of the Company's Form 10-Q for the quarter ended September 30, 2023\).](#)\*

- (10-11) - [Short Term Achievement Reward Program – related correspondence and terms and conditions \(Incorporated by reference to Exhibit \(10-2\) of the Company's Form 10-Q for the quarter ended September 30, 2023\).](#)\*.
- (10-12) - [Company's Form of Separation Agreement & Release.](#)\* +
- (10-13) - [Company's Form of Separation Letter and Release \(Incorporated by reference to Exhibit \(10-1\) of the Company's Form 10-Q for the quarter ended March 31, 2023\).](#)\*
- (10-14) - [Summary of personal benefits available to certain officers and non-employee directors \(Incorporated by reference to Exhibit \(10-1\) of the Company's Form 10-Q for the quarter ended March 31, 2024\).](#)\*
- (10-15) - [The Gillette Company Deferred Compensation Plan \(Incorporated by reference to Exhibit \(10-18\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2017\).](#)\*
- (10-16) - [Senior Executive Officer Recoupment Policy.](#)\*+.
- (10-17) - [The Gillette Company Deferred Compensation Plan \(for salary deferrals prior to January 1, 2005\) as amended through August 21, 2006 \(Incorporated by reference to Exhibit \(10-20\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2017\).](#)\*
- (10-18) - [The Procter & Gamble 2009 Stock and Incentive Compensation Plan, which was originally adopted by shareholders at the annual meeting on October 13, 2009 \(Incorporated by reference to Exhibit \(10-21\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2017\).](#)\*
- (10-19) - [Regulations of the Compensation and Leadership Development Committee for The Procter & Gamble 2009 Stock and Incentive Compensation Plan, The Procter & Gamble 2001 Stock and Incentive Compensation Plan, The Procter & Gamble 1992 Stock Plan, The Procter & Gamble 1992 Stock Plan \(Belgium Version\), The Gillette Company 2004 Long-Term Incentive Plan and the Gillette Company 1971 Stock Option Plan \(Incorporated by reference to Exhibit \(10-21\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2018\).](#)\*
- (10-20) - [The Procter & Gamble 2009 Stock and Incentive Compensation Plan - Additional terms and conditions and related correspondence \(Incorporated by reference to Exhibit \(10-2\) of the Company Form 10-Q for the quarter ended December 31, 2013\).](#)\*
- (10-21) - [The Procter & Gamble Performance Stock Program Summary \(Incorporated by reference to Exhibit \(10-3\) of the Company's Form 10-Q for the quarter ended September 30, 2023\).](#)\*
- (10-22) - [Performance Stock Program related correspondence and terms and conditions \(Incorporated by reference to Exhibit \(10-4\) of the Company's Form 10-Q for the quarter ended September 30, 2023\).](#)\*
- (10-23) - [The Procter & Gamble 2013 Non-Employee Directors' Stock Plan \(Incorporated by reference to Exhibit \(10-3\) of the Company's Form 10-Q for the quarter ended December 31, 2013\).](#)\*
- (10-24) - [The Procter & Gamble 2014 Stock and Incentive Compensation Plan, which was originally adopted by shareholders at the annual meeting on October 14, 2014 \(Incorporated by reference to Exhibit \(10-25\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2016\).](#)\*
- (10-25) - [Regulations of the Compensation and Leadership Development Committee for The Procter & Gamble 2019 Stock and Incentive Compensation Plan and The Procter & Gamble 2014 Stock and Incentive Compensation Plan.](#)\* +
- (10-26) - [The Procter & Gamble 2014 Stock and Incentive Compensation Plan - Additional terms and conditions \(Incorporated by reference to Exhibit \(10-26\) of the Company's Annual Report on Form 10-K for the year ended June 30, 2017\).](#)\*
- (10-27) - [The Procter & Gamble 2019 Stock and Incentive Compensation Plan, which was originally adopted by shareholders at the annual meeting on October 8, 2019 \(Incorporated by reference to Exhibit \(10-1\) of the Company's Current Report on Form 8-K filed October 11, 2019\).](#)\*
- (10-28) - [The Procter & Gamble 2019 Stock and Incentive Compensation Plan - Additional terms and conditions.](#)\* +
- Exhibit (19-1) - [P&G Global Insider Trading Policy.](#) +
- (19-2) - [P&G Share Repurchase Policy.](#) +
- Exhibit (21) - [Subsidiaries of the Registrant.](#) +
- Exhibit (23) - [Consent of Independent Registered Public Accounting Firm.](#) +
- Exhibit (31) - [Rule 13a-14\(a\)/15d-14\(a\) Certifications.](#) +
- Exhibit (32) - [Section 1350 Certifications.](#) +
- Exhibit (97) - [P&G Dodd-Frank Recoupment Policy.](#) +
- Exhibit (99-1) - [Summary of Directors and Officers Insurance Program.](#) +

- 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)

- (1) Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

\* Compensatory plan or arrangement.

+ Filed herewith.

Item 16. Form 10-K Summary.

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 in the city of Cincinnati, State of Ohio.

## THE PROCTER &amp; GAMBLE COMPANY

By /s/ JON R. MOELLER

(Jon R. Moeller)  
Chairman of the Board, President and Chief Executive Officer  
August 05, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JON R. MOELLER</u> (Jon R. Moeller)	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	August 05, 2024
<u>/s/ ANDRE SCHULTEN</u> (Andre Schulten)	Chief Financial Officer (Principal Financial Officer)	August 05, 2024
<u>/s/ MATTHEW W. JANZARUK</u> (Matthew W. Janzaruk)	Senior Vice President - Chief Accounting Officer (Principal Accounting Officer)	August 05, 2024
<u>/s/ B. MARC ALLEN</u> (B. Marc Allen)	Director	August 05, 2024
<u>/s/ BRETT BIGGS</u> (Brett Biggs)	Director	August 05, 2024
<u>/s/ SHEILA BONINI</u> (Sheila Bonini)	Director	August 05, 2024
<u>/s/ AMY L. CHANG</u> (Amy L. Chang)	Director	August 05, 2024
<u>/s/ JOSEPH JIMENEZ</u> (Joseph Jimenez)	Director	August 05, 2024
<u>/s/ CHRISTOPHER J. KEMPCZINSKI</u> (Christopher J. Kempczinski)	Director	August 05, 2024
<u>/s/ DEBRA L. LEE</u> (Debra L. Lee)	Director	August 05, 2024
<u>/s/ TERRY J. LUNDGREN</u> (Terry J. Lundgren)	Director	August 05, 2024
<u>/s/ CHRISTINE M. MCCARTHY</u> (Christine M. McCarthy)	Director	August 05, 2024
<u>/s/ ASHLEY MCEVOY</u> (Ashley McEvoy)	Director	August 05, 2024
<u>/s/ ROBERT J. PORTMAN</u> (Robert J. Portman)	Director	August 05, 2024
<u>/s/ RAJESH SUBRAMANIAM</u> (Rajesh Subramaniam)	Director	August 05, 2024
<u>/s/ PATRICIA A. WOERTZ</u> (Patricia A. Woertz)	Director	August 05, 2024

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# Company and Shareholder Information

## P&G's Purpose

We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come. As a result, consumers will reward us with leadership sales, profit and value creation, allowing our people, our shareholders and the communities in which we live and work to prosper. To learn more, please visit [pg.com](http://pg.com).

## Brands

P&G brands are trusted to provide products of the highest quality and superior performance and value for the daily-use cleaning, health and hygiene needs of consumers around the world. For information on our portfolio of brands and our latest innovations please visit [pg.com/brands](http://pg.com/brands).

## Citizenship

We are committed to doing what's right and being a good corporate citizen. Our Citizenship efforts are focused on Community Impact, Equality & Inclusion and Environmental Sustainability, with a foundation of Ethics & Corporate Responsibility guiding everything we do.

## P&G Online

- [pg.com](http://pg.com)
- [pginvestor.com](http://pginvestor.com)
- [pg.com/newsroom](http://pg.com/newsroom)
- [linkedin.com/company/procter-and-gamble/](https://www.linkedin.com/company/procter-and-gamble/)
- [youtube.com/proctergamble](https://www.youtube.com/proctergamble)
- [instagram.com/proctergamble](https://www.instagram.com/proctergamble)

## Shareowner Services

EQ Shareowner Services serves as transfer and dividend paying agent for P&G Common Stock and Administrator of the Procter & Gamble Direct Stock Purchase Plan. Registered shareholders and Plan participants needing account assistance with share transfers, plan purchases/sales, lost stock certificates, etc., should contact EQ Shareowner Services at:

**Website** [shareowneronline.com](http://shareowneronline.com)

**Email** [shareowneronline.com](mailto:shareowneronline.com)  
Click Email under the Contact Us section.

**Phone** Mon–Fri, 7 a.m.–7 p.m., CST  
1-800-742-6253 or 1-651-450-4064

## P&G Direct Stock Purchase Plan

The Procter & Gamble Direct Stock Purchase Plan (DSPP) is a direct stock purchase and dividend reinvestment plan. The DSPP is open to current P&G shareholders as well as new investors and is designed to encourage long-term investment in P&G by providing a convenient and economical way to purchase P&G stock and reinvest dividends. Highlights of the plan include:

- Minimum initial investment—\$250
- Twice-weekly purchases
- 24/7 online account access
- Optional cash investment—minimum \$50
- Administered by EQ Shareowner Services

For complete information on the DSPP, please read the Plan Prospectus. The Prospectus and online Plan Application are available at [shareowneronline.com](http://shareowneronline.com) or by contacting EQ Shareowner Services.

P&G shares can also be purchased through any financial institution that offers stock purchase services for shares traded on the New York Stock Exchange.

## Stock Symbol

PG

## Transfer Agent

EQ Shareowner Services  
1110 Centre Pointe Curve, Suite 101  
Mendota Heights, MN 55120-4100

## Registrar

EQ Shareowner Services  
P.O. Box 64874  
St. Paul, MN 55164-0874

## Exchange Listings

New York Stock Exchange

## Corporate Headquarters

The Procter & Gamble Company  
1 P&G Plaza  
Cincinnati, OH 45202-3315

## Annual Meeting

The next annual meeting of shareholders will be held on Tuesday, October 8, 2024. A full transcript of the meeting will be available from P&G's Assistant Secretary, who can be reached at 1 P&G Plaza, Cincinnati, OH 45202-3315.

## Form 10-K

Shareholders may obtain a copy of P&G's 2024 report to the Securities and Exchange Commission on Form 10-K at no charge at [pginvestor.com](http://pginvestor.com).

The most recent certifications by our Chief Executive and Chief Financial Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to our Form 10-K for the fiscal year ended June 30, 2024. We have also filed with the New York Stock Exchange the most recent Annual CEO certification as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

## Measures Not Defined by U.S. GAAP

The following provides definitions of the non-GAAP measures used in Procter & Gamble's 2024 Annual Report and the reconciliation to the most closely related GAAP measure. We believe that these measures provide useful perspective on underlying business trends (i.e., trends excluding non-recurring or unusual items) and results and provide a supplemental measure of year-on-year results. The non-GAAP measures described below are used by management in making operating decisions, allocating financial resources and for business strategy purposes. These measures may be useful to investors, as they provide supplemental information about business performance and provide investors a view of our business results through the eyes of management. These measures are also used to evaluate senior management and are a factor in determining their at-risk compensation. These non-GAAP measures are not intended to be considered by the user in place of the related GAAP measure, but rather as supplemental information to our business results. These non-GAAP measures may not be the same as similar measures used by other companies due to possible differences in method and in the items or events being adjusted.

**Organic sales growth.** Organic sales growth is a non-GAAP measure of sales growth excluding the impacts of acquisitions and divestitures and foreign exchange from year-over-year comparisons. We believe this measure provides investors with a supplemental understanding of underlying sales trends by providing sales growth on a consistent basis. This measure is used in assessing the achievement of management goals for at-risk compensation.

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

Fiscal Year	Net Sales Growth	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other <sup>1</sup>	Organic Sales Growth
2024	2%	2%	-%	4%
2023	2%	5%	-%	7%
2022	5%	2%	-%	7%
2021	7%	(1)%	-%	6%
2020	5%	2%	(1)%	6%
2019	1%	4%	-%	5%

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

**Adjusted free cash flow.** Adjusted free cash flow is defined as operating cash flow less capital spending and excluding payments for the transitional tax resulting from the U.S. Tax Act. Adjusted free cash flow represents the cash that the Company is able to generate after taking into account planned maintenance and asset expansion. We view adjusted free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investments.

(\$ millions)	Operating Cash Flow	Capital Spending	Adjustments <sup>2</sup>	Adjusted Free Cash Flow
FY 2024	\$19,846	\$(3,322)	\$422	\$16,946

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

**Adjusted free cash flow productivity.** Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings excluding the Gillette intangible asset impairment charge and non-cash charge for accumulated foreign currency translation losses related to the substantial liquidation of operations in certain Enterprise Markets, including Nigeria. We view adjusted free cash flow productivity as a useful measure to help investors understand P&G's ability to generate cash. Adjusted free cash flow productivity is used by management in making operating decisions, in allocating financial resources and for budget planning purposes. This measure is used in assessing the achievement of management goals for at-risk compensation.

(\$ millions)	Adjusted Free Cash Flow	Net Earnings	Adjustments to Net Earnings <sup>(3)</sup>	Net Earnings as Adjusted	Adjusted Free Cash Flow Productivity
FY 2024	\$16,946	\$14,974	\$1,242	\$16,216	105%

(3) Adjustments to Net Earnings relate to the Gillette intangible asset impairment charge (\$1 billion) and non-cash charge for accumulated foreign currency translation losses (\$216 million) due to the exit of operations in certain Enterprise Markets, including Nigeria.

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

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

**Incremental Restructuring:** The Company has historically had an ongoing restructuring program with annual spending in the range of \$250 to \$500 million before tax. Starting in 2012 through fiscal 2020, the Company had a strategic productivity and cost savings initiative that resulted in incremental restructuring charges. During fiscal 2024, the Company announced a limited market portfolio restructuring of its business operations, primarily in certain Enterprise Markets, including Argentina and Nigeria. The adjustment to Core earnings includes only the restructuring costs above the normal recurring level of restructuring costs.

**Intangible asset impairment:** During fiscal 2024, the Company recognized a non-cash, after-tax impairment charge of \$1.0 billion (\$1.3 billion before tax) to adjust the carrying value of the Gillette indefinite-lived intangible asset acquired as part of the Company's 2005 acquisition of The Gillette Company.

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

Years ended June 30	2024	2023	2022	2021	2020
<b>Diluted net earnings per common share</b>	<b>\$6.02</b>	<b>\$5.90</b>	<b>\$5.81</b>	<b>\$5.50</b>	<b>\$4.96</b>
Early debt extinguishment charge	-	-	-	\$0.16	-
Incremental restructuring charges	\$0.15	-	-	-	\$0.16
Intangible asset impairment	\$0.42	-	-	-	-
<b>Core EPS</b>	<b>\$6.59</b>	<b>\$5.90</b>	<b>\$5.81</b>	<b>\$5.66</b>	<b>\$5.12</b>
Core EPS growth vs. prior year	12%				
Currency Impact to Earnings	\$0.23				
<b>Currency-neutral Core EPS</b>	<b>\$6.82</b>				
Currency neutral Core EPS growth	16%				

# Board of Directors

## **B. Marc Allen**

Former President, Boeing International and Chief Strategy Officer and Senior Vice President of Strategy and Corporate Development of The Boeing Company (aerospace, commercial jetliners, and military defense systems). Director since 2021. Age 51.

## **Brett Biggs**

Former Executive Vice President and Chief Financial Officer of Walmart, Inc. (global retailer). Director since 2023. Also a Director of Adobe Inc. and YUM! Brands, Inc. Age 56.

## **Sheila Bonini**

Senior Vice President of Private Sector Engagement at the World Wildlife Fund (nonprofit wildlife conservation organization). Director since 2023. Age 60.

## **Amy L. Chang**

Former Executive Vice President of Cisco Systems, Inc. (networking technology). Founder and former Chief Executive Officer of Accompany, Inc. (relationship intelligence). Director since 2017. Also a Director of The Walt Disney Company. Age 47.

## **Joseph Jimenez**

Co-Founder and Managing Director at Aditum Bio (a biotech venture fund). Former Chief Executive Officer of Novartis AG (global healthcare). Director since 2018. Also a Director of General Motors and Century Therapeutics, Inc. Age 64. Independent Lead Director.

## **Christopher Kempczinski**

Chairman, President and Chief Executive Officer at McDonald's Corporation (restaurant operator and franchisor). Director since 2021. Also a Director of McDonald's. Age 55.

## **Debra L. Lee**

Chair of Leading Women Defined Foundation (nonprofit education and advocacy organization). Former Chairman and Chief Executive Officer of BET Networks (media and entertainment). Director since 2020. Also a Director of Marriott International, Inc. and Warner Bros. Discovery. Age 70.

## **Terry J. Lundgren**

Former Executive Chairman, Chairman of the Board and Chief Executive Officer of Macy's, Inc. (national retailer). Director since 2013. Age 72.

## **Christine M. McCarthy**

Former Senior Executive Vice President and Chief Financial Officer of The Walt Disney Company (global entertainment). Director since 2019. Also a Director of Flutter Entertainment. Age 69.

## **Ashley McEvoy**

Former Executive Vice President, Worldwide Chairman of MedTech at Johnson & Johnson (healthcare). Director since 2023. Age 53.

## **Jon R. Moeller**

Chairman of the Board, President and Chief Executive Officer of the Company. Director since 2021. Age 60.

## **Robert J. Portman**

Former United States Senator, Director of the U.S. Office of Management and Budget, and United States Trade Representative. Director since 2023. Age 68.

## **Rajesh Subramaniam**

President and Chief Executive Officer at FedEx Corporation (transportation and business services). Director since 2022. Also a Director of FedEx. Age 58.

## **Patricia A. Woertz**

Former Chairman of the Board and Chief Executive Officer of Archer Daniels Midland Company (agricultural origination and processing). Director since 2008. Age 71.

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## **The Board of Directors Has Four Committees:**

- Audit
- Compensation & Leadership Development
- Governance & Public Responsibility
- Innovation & Technology

# Company Leadership

## Jon R. Moeller

Chairman of the Board, President and Chief Executive Officer

## Shailesh G. Jejurikar

Chief Operating Officer

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## Gary Coombe

Chief Executive Officer – Grooming  
Executive Sponsor,  
Corporate Wellbeing

## Jennifer Davis

Chief Executive Officer –  
Health Care

## Ma. Fatima D. Francisco

Chief Executive Officer – Baby,  
Feminine and Family Care

## R. Alexandra Keith

Chief Executive Officer – Beauty  
Executive Sponsor,  
Corporate Sustainability

## Sundar G. Raman

Chief Executive Officer –  
Fabric and Home Care

## Andre Schulten

Chief Financial Officer

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## Hesham Tohamy Abd El Hak

President – Feminine Care

## Victor Aguilar

Chief Research, Development  
and Innovation Officer

## Juliana Azevedo

President – Home Care  
and P&G Professional  
Executive Sponsor – Gender Equality

## Freddy Bharucha

President – Personal Care

## Eric Breissinger

President – Family Care

## April Cielica

President – Global Business Services

## Seth Cohen

Chief Information Officer

## Kristine Decker

Chief Equality and Inclusion Officer

## Philip J. Duncan

Chief Design Officer

## Christophe Duron

President – Go-To-Market,  
Greater China

## Paul Gama

President – Personal Health Care

## Franco Giannicchi

President – Latin America

## Virginie Helias

Chief Sustainability Officer

## Damon Jones

Chief Communications Officer

## Sue Kyung Lee

President – Skin Care

## Ken Patel

Chief Ethics and Compliance Officer  
and Chief Patent Counsel

## Guy Persaud

President – New Business

## Matthew S. Price

President – Home Care  
and P&G Professional  
(Retiring August 31)

## Marc S. Pritchard

Chief Brand Officer

## Bala Purushothaman

Chief Human Resources Officer

## Luc Reynaert

Chief Product Supply Officer

## Mindy Sherwood

President – Global Walmart  
and Chief Sales Officer

## Kirti Singh

Chief Analytics, Insights  
and Media Officer

## Loïc Tassel

President – Europe

## Monica Turner

President – North America

## Stanislav Vecera

President – Asia Pacific,  
Middle East and Africa

## Susan Street Whaley

Chief Legal Officer and Secretary

## Jasmine Xu

President – Greater China

# Recognitions and Awards

We're proud to be consistently recognized as a leading global company, earning a variety of awards and recognition in several key areas.



**Brands & Innovation**



**Community Impact**



**Equality & Inclusion**



**Environmental Sustainability**



**Ethics & Corporate Responsibility**



**#1** IN PERSONAL PRODUCTS



2023 Circana New Product Pacesetters:  
5 of the Top 25 non-food product launches  
and 3 Rising Stars

3BL 100 Best Corporate Citizens 2023

**AXIOS** + **The Harris Poll** | **100**

Seramount 2023 Inclusion Index

Fortune 2024 World's Most Admired Companies

Newsweek Most Trustworthy Companies in America 2024



The paper utilized in the printing of this annual report is certified to the FSC® Standards, which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

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# P&G's Portfolio

Ten Categories Organized in  
Five Operating Sectors

P&G has a focused portfolio of daily-use products in categories where performance drives brand choice. Our focus is on delivering irresistibly superior products with the best performance and value, to delight consumers at a price that is considered worth it across each price tier where the brand is offered.

## HEALTH CARE



Oral Care

## FABRIC AND HOME CARE



Fabric Care



Personal Health Care



Home Care

## GROOMING



Grooming

## BEAUTY



Skin & Personal Care

Hair Care

## BABY, FEMINE AND FAMILY CARE



Baby Care



Feminine Care



Family Care



Explore the digital version of  
the P&G 2024 Annual Report  
at [pg.com/annualreport2024](https://pg.com/annualreport2024)



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