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

FORM 10-Q

(Mark one)

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

For the Quarterly Period Ended December 31, 2021

OR

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

For the transition period from _____ to _____

THE PROCTER & GAMBLE COMPANY

(Exact name of registrant as specified in its charter)

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

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

(513) 983-1100

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, without Par Value	PG	NYSE
2.000% Notes due 2022	PG22B	NYSE
1.125% Notes due 2023	PG23A	NYSE
0.500% Notes due 2024	PG24A	NYSE
0.625% Notes due 2024	PG24B	NYSE
1.375% Notes due 2025	PG25	NYSE
0.110% Notes due 2026	PG26D	NYSE
4.875% EUR notes due May 2027	PG27A	NYSE
1.200% Notes due 2028	PG28	NYSE
1.250% Notes due 2029	PG29B	NYSE
1.800% Notes due 2029	PG29A	NYSE
6.250% GBP notes due January 2030	PG30	NYSE
0.350% Notes due 2030	PG30C	NYSE
0.230% Notes due 2031	PG31A	NYSE
5.250% GBP notes due January 2033	PG33	NYSE
1.875% Notes due 2038	PG38	NYSE
0.900% Notes due 2041	PG41	NYSE

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

Yes ☑ No ☐

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

Yes ☑ No ☐

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

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

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

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

Yes ☐ No ☑

There were 2,397,065,706 shares of Common Stock outstanding as of December 31, 2021.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

Amounts in millions except per share amounts	Three Months Ended December 31		Six Months Ended December 31	
	2021	2020	2021	2020
NET SALES	**$ 20,953**	$ 19,745	**$ 41,291**	$ 39,063
Cost of products sold	**10,664**	9,253	**21,029**	18,395
Selling, general and administrative expense	**5,121**	5,112	**10,071**	10,007
OPERATING INCOME	**5,168**	5,380	**10,191**	10,661
Interest expense	**(106)**	(143)	**(215)**	(279)
Interest income	**10**	9	**21**	19
Other non-operating income/(expense), net	**167**	(369)	**277**	(227)
EARNINGS BEFORE INCOME TAXES	**5,239**	4,877	**10,274**	10,174
Income taxes	**997**	990	**1,906**	1,979
NET EARNINGS	**4,242**	3,887	**8,368**	8,195
Less: Net earnings attributable to noncontrolling interests	**19**	33	**33**	64
NET EARNINGS ATTRIBUTABLE TO PROCTER & GAMBLE	**$ 4,223**	$ 3,854	**$ 8,335**	$ 8,131
NET EARNINGS PER SHARE [(1)]				
Basic	**$ 1.72**	$ 1.53	**$ 3.39**	$ 3.22
Diluted	**$ 1.66**	$ 1.47	**$ 3.27**	$ 3.10
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	**2,544.2**	2,615.4	**2,551.6**	2,620.4

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

See accompanying Notes to Consolidated Financial Statements.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in millions	Three Months Ended December 31		Six Months Ended December 31	
	2021	2020	2021	2020
NET EARNINGS	**$ 4,242**	$ 3,887	**$ 8,368**	$ 8,195
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX				
Foreign currency translation	**(241)**	885	**(706)**	1,237
Unrealized gains on investment securities	**2**	8	**7**	14
Unrealized gains/(losses) on defined benefit retirement plans	**737**	(101)	**879**	(170)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX	**498**	792	**180**	1,081
TOTAL COMPREHENSIVE INCOME	**4,740**	4,679	**8,548**	9,276
Less: Total comprehensive income attributable to noncontrolling interests	**19**	35	**33**	71
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO PROCTER & GAMBLE	**$ 4,721**	$ 4,644	**$ 8,515**	$ 9,205

See accompanying Notes to Consolidated Financial Statements.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Amounts in millions			December 31, 2021	June 30, 2021
Assets				
CURRENT ASSETS				
Cash and cash equivalents			**$ 11,544**	$ 10,288
Accounts receivable			**5,241**	4,725
INVENTORIES				
Materials and supplies			**2,061**	1,645
Work in process			**766**	719
Finished goods			**3,846**	3,619
Total inventories			**6,673**	5,983
Prepaid expenses and other current assets			**2,087**	2,095
TOTAL CURRENT ASSETS			**25,545**	23,091
PROPERTY, PLANT AND EQUIPMENT, NET			**21,357**	21,686
GOODWILL			**40,315**	40,924
TRADEMARKS AND OTHER INTANGIBLE ASSETS, NET			**23,538**	23,642
OTHER NONCURRENT ASSETS			**10,661**	9,964
TOTAL ASSETS			**$ 121,416**	$ 119,307
Liabilities and Shareholders' Equity				
CURRENT LIABILITIES				
Accounts payable			**$ 14,154**	$ 13,720
Accrued and other liabilities			**10,542**	10,523
Debt due within one year			**13,331**	8,889
TOTAL CURRENT LIABILITIES			**38,027**	33,132
LONG-TERM DEBT			**22,322**	23,099
DEFERRED INCOME TAXES			**6,506**	6,153
OTHER NONCURRENT LIABILITIES			**9,668**	10,269
TOTAL LIABILITIES			**76,523**	72,653
SHAREHOLDERS' EQUITY				
Preferred stock			**856**	870
Common stock – shares issued –	December 2021	4,009.2		
	June 2021	4,009.2	**4,009**	4,009
Additional paid-in capital			**65,432**	64,848
Reserve for ESOP debt retirement			**(965)**	(1,006)
Accumulated other comprehensive loss			**(13,564)**	(13,744)
Treasury stock			**(121,543)**	(114,973)
Retained earnings			**110,393**	106,374
Noncontrolling interest			**275**	276
TOTAL SHAREHOLDERS' EQUITY			**44,893**	46,654
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**$ 121,416**	$ 119,307

See accompanying Notes to Consolidated Financial Statements.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Months Ended December 31, 2021

Dollars in millions; shares in thousands	Common Stock Shares	Common Stock Amount	Preferred Stock	Add-itional Paid-In Capital	Reserve for ESOP Debt Retirement	Accumulated Other Comp-rehensive Income/(Loss)	Treasury Stock	Retained Earnings	Non-controlling Interest	Total Share-holders' Equity
BALANCE SEPTEMBER 30, 2021	2,419,948	$4,009	$859	$65,148	($964)	($14,062)	($117,240)	$108,361	$297	$46,408
Net earnings								4,223	19	4,242
Other comprehensive income/(loss)						498			—	498
Dividends and dividend equivalents ($0.8698 per share):										
Common								(2,108)		(2,108)
Preferred								(70)		(70)
Treasury stock purchases	(31,433)						(4,754)			(4,754)
Employee stock plans	7,986			284			448			732
Preferred stock conversions	565		(3)	—			3			—
ESOP debt impacts					(1)			(13)		(14)
Noncontrolling interest, net				—					(41)	(41)
BALANCE DECEMBER 31, 2021	2,397,066	$4,009	$856	$65,432	($965)	($13,564)	($121,543)	$110,393	$275	$44,893

Six Months Ended December 31, 2021

Dollars in millions; shares in thousands	Common Stock Shares	Common Stock Amount	Preferred Stock	Add-itional Paid-In Capital	Reserve for ESOP Debt Retirement	Accumulated Other Comp-rehensive Income/(Loss)	Treasury Stock	Retained Earnings	Non-controlling Interest	Total Share-holders' Equity
BALANCE JUNE 30, 2021	2,429,706	$4,009	$870	$64,848	($1,006)	($13,744)	($114,973)	$106,374	$276	$46,654
Net earnings								8,335	33	8,368
Other comprehensive income/(loss)						180			—	180
Dividends and dividend equivalents ($1.7396 per share):										
Common								(4,226)		(4,226)
Preferred								(140)		(140)
Treasury stock purchases	(50,786)						(7,504)			(7,504)
Employee stock plans	16,423			584			922			1,506
Preferred stock conversions	1,723		(14)	2			12			—
ESOP debt impacts					41			50		91
Noncontrolling interest, net				(2)					(34)	(36)
BALANCE DECEMBER 31, 2021	2,397,066	$4,009	$856	$65,432	($965)	($13,564)	($121,543)	$110,393	$275	$44,893

See accompanying Notes to Consolidated Financial Statements.

Three Months Ended December 31, 2020

Dollars in millions; shares in thousands	Common Stock Shares	Common Stock Amount	Preferred Stock	Add-itional Paid-In Capital	Reserve for ESOP Debt Retirement	Accumulated Other Comp-rehensive Income/(Loss)	Treasury Stock	Retained Earnings	Non-controlling Interest	Total Share-holders' Equity
BALANCE SEPTEMBER 30, 2020	2,479,606	$4,009	$888	$64,467	($1,046)	($15,881)	($106,794)	$102,539	$394	$48,576
Net earnings								3,854	33	3,887
Other comprehensive income/(loss)						790			2	792
Dividends and dividend equivalents ($0.7907 per share):										
Common								(1,966)		(1,966)
Preferred								(66)		(66)
Treasury stock purchases	(21,485)						(3,008)			(3,008)
Employee stock plans	3,836			205			216			421
Preferred stock conversions	519		(3)	—			3			—
ESOP debt impacts					(26)			—		(26)
Noncontrolling interest, net									(70)	(70)
BALANCE DECEMBER 31, 2020	2,462,476	$4,009	$885	$64,672	($1,072)	($15,091)	($109,583)	$104,361	$359	$48,540

Six Months Ended December 31, 2020

Dollars in millions; shares in thousands	Common Stock Shares	Common Stock Amount	Preferred Stock	Add-itional Paid-In Capital	Reserve for ESOP Debt Retirement	Accumulated Other Comp-rehensive Income/(Loss)	Treasury Stock	Retained Earnings	Non-controlling Interest	Total Share-holders' Equity
BALANCE JUNE 30, 2020	2,479,746	$4,009	$897	$64,194	($1,080)	($16,165)	($105,573)	$100,239	$357	$46,878
Net earnings								8,131	64	8,195
Other comprehensive income/(loss)						1,074			7	1,081
Dividends and dividend equivalents ($1.5814 per share):										
Common								(3,935)		(3,935)
Preferred								(132)		(132)
Treasury stock purchases	(36,127)						(5,008)			(5,008)
Employee stock plans	17,340			476			988			1,464
Preferred stock conversions	1,517		(12)	2			10			—
ESOP debt impacts					8			58		66
Noncontrolling interest, net									(69)	(69)
BALANCE DECEMBER 31, 2020	2,462,476	$4,009	$885	$64,672	($1,072)	($15,091)	($109,583)	$104,361	$359	$48,540

See accompanying Notes to Consolidated Financial Statements.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in millions	Six Months Ended December 31 2021	2020
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	**$ 10,288**	$ 16,181
OPERATING ACTIVITIES		
Net earnings	**8,368**	8,195
Depreciation and amortization	**1,395**	1,342
Loss on early extinguishment of debt	**—**	512
Share-based compensation expense	**268**	254
Deferred income taxes	**(101)**	145
Gain on sale of assets	**(82)**	(14)
Changes in:		
Accounts receivable	**(644)**	(462)
Inventories	**(840)**	(217)
Accounts payable, accrued and other liabilities	**1,431**	312
Other operating assets and liabilities	**(84)**	(14)
Other	**53**	110
TOTAL OPERATING ACTIVITIES	**9,764**	10,163
INVESTING ACTIVITIES		
Capital expenditures	**(1,717)**	(1,417)
Proceeds from asset sales	**97**	39
Acquisitions, net of cash acquired	**(349)**	—
Change in other investments	**3**	—
TOTAL INVESTING ACTIVITIES	**(1,966)**	(1,378)
FINANCING ACTIVITIES		
Dividends to shareholders	**(4,353)**	(4,055)
Increases in short-term debt with original maturities of more than three months	**6,747**	5,267
Reductions in short-term debt with original maturities of more than three months	**(1,730)**	(2,602)
Increases/(reductions) in other short-term debt	**(1,124)**	(6,083)
Additions to long-term debt	**2,136**	2,429
Reductions to long-term debt [(1)]	**(1,673)**	(4,220)
Treasury stock purchases	**(7,504)**	(5,008)
Impact of stock options and other	**1,215**	1,101
TOTAL FINANCING ACTIVITIES	**(6,286)**	(13,171)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(256)**	146
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**1,256**	(4,240)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	**$ 11,544**	$ 11,941

[(1)] Includes early extinguishment of debt costs of $512 during the six months ended December 31, 2020.

See accompanying Notes to Consolidated Financial Statements.

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

These statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021. In the opinion of management, the accompanying unaudited Consolidated Financial Statements of The Procter & Gamble Company and subsidiaries (the "Company," "Procter & Gamble," "P&G," "we" or "our") contain all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods reported. However, the results of operations included in such financial statements may not necessarily be indicative of annual results.

Beginning in fiscal year 2022, the Company began to present increases and reductions in short-term debt with maturities of more than three months separately within the Consolidated Statements of Cash Flows. The presentation for the six months ended December 31, 2020 has been revised to align with the current period presentation. This change had no impact on total financing activities and we have concluded the change is not material.

2. New Accounting Pronouncements and Policies

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting". The amendments provide optional expedients and exceptions for applying generally accepted accounting principles ("GAAP") to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. In January 2021, the FASB issued ASU No. 2021-01, "Reference Rate Reform (Topic 848): Scope", which clarified that certain optional expedients and exceptions in Topic 848 apply to derivative instruments that are affected by the discounting transition due to reference rate reform. These ASUs were effective upon issuance and may be applied prospectively to contract modifications and hedging relationships entered into or evaluated through December 31, 2022. We have completed our evaluation of significant contracts and the guidance has not had, and is not expected to have, a material impact on the Company's Consolidated Financial Statements. Specific elections of expedients and exceptions provided under the ASUs will be made when contract modifications in response to reference rate reform commence.

In November 2021, the FASB issued ASU 2021-10, "Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance". This guidance requires annual disclosures for transactions with a government authority that are accounted for by applying a grant or contribution model. These amendments are effective for annual periods beginning after December 15, 2021, with early adoption permitted. We plan to adopt the standard for the fiscal year ending June 30, 2023. We are currently assessing the impact of this guidance on our Consolidated Financial Statements and 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.

3. Segment Information

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

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

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

	% of Net sales by operating segment [1]			
	Three Months Ended December 31		Six Months Ended December 31	
	2021	2020	2021	2020
Fabric Care	**22%**	22%	**23%**	22%
Home Care	**11%**	11%	**11%**	12%
Baby Care	**11%**	10%	**10%**	10%
Skin and Personal Care	**10%**	10%	**10%**	10%
Hair Care	**9%**	9%	**9%**	9%
Family Care	**8%**	9%	**8%**	9%
Oral Care	**8%**	9%	**8%**	8%
Shave Care	**7%**	7%	**7%**	7%
Feminine Care	**6%**	6%	**6%**	6%
Personal Health Care	**6%**	5%	**6%**	5%
Other	**2%**	2%	**2%**	2%
Total	**100%**	100%	**100%**	100%

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

The following is a summary of reportable segment results:

		Three Months Ended December 31			Six Months Ended December 31		
		Net Sales	Earnings/(Loss) Before Income Taxes	Net Earnings	Net Sales	Earnings/(Loss) Before Income Taxes	Net Earnings
Beauty	**2021**	**$ 3,926**	**$ 1,179**	**$ 947**	**$ 7,890**	**$ 2,421**	**$ 1,938**
	2020	3,806	1,196	955	7,591	2,424	1,931
Grooming	**2021**	**1,811**	**576**	**476**	**3,498**	**1,094**	**893**
	2020	1,735	537	452	3,336	963	807
Health Care	**2021**	**2,976**	**905**	**701**	**5,652**	**1,600**	**1,230**
	2020	2,746	830	655	5,217	1,509	1,180
Fabric & Home Care	**2021**	**6,972**	**1,463**	**1,137**	**13,981**	**3,009**	**2,328**
	2020	6,498	1,599	1,250	13,142	3,341	2,599
Baby, Feminine & Family Care	**2021**	**5,116**	**1,187**	**914**	**9,980**	**2,262**	**1,740**
	2020	4,858	1,352	1,044	9,581	2,670	2,053
Corporate	**2021**	**152**	**(71)**	**67**	**290**	**(112)**	**239**
	2020	102	(637)	(469)	196	(733)	(375)
Total Company	**2021**	**$ 20,953**	**$ 5,239**	**$ 4,242**	**$ 41,291**	**$ 10,274**	**$ 8,368**
	2020	19,745	4,877	3,887	39,063	10,174	8,195

4. Goodwill and Other Intangible Assets

Goodwill is allocated by reportable segment as follows:

	Beauty	Grooming	Health Care	Fabric & Home Care	Baby, Feminine & Family Care	Total Company
Goodwill at June 30, 2021	$ 13,257	$ 13,095	$ 8,046	$ 1,873	$ 4,653	$ 40,924
Acquisitions and divestitures	188	—	1	—	—	189
Translation and other	(288)	(200)	(194)	(26)	(90)	(798)
Goodwill at December 31, 2021	**$ 13,157**	**$ 12,895**	**$ 7,853**	**$ 1,847**	**$ 4,563**	**$ 40,315**

Goodwill decreased from June 30, 2021 due to currency translation, partially offset by acquisitions in Beauty and Health Care.

Identifiable intangible assets at December 31, 2021 were comprised of:

	Gross Carrying Amount	Accumulated Amortization
Intangible assets with determinable lives	$ 8,688	$ (6,198)
Intangible assets with indefinite lives	21,048	—
Total identifiable intangible assets	**$ 29,736**	**$ (6,198)**

Intangible assets with determinable lives consist of brands, patents, technology and customer relationships. The intangible assets with indefinite lives primarily consist of brands. The amortization expense of determinable-lived intangible assets for the three months ended December 31, 2021 and 2020 was $74 million and $79 million, respectively. For the six months ended December 31, 2021 and 2020, the amortization expense was $151 million and $163 million, respectively.

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

The business unit valuations used to test goodwill and intangible assets for impairment depend on a number of significant estimates and assumptions, including macroeconomic conditions, overall category growth rates, competitive activities, cost containment, margin expansion and Company business plans. We believe these estimates and assumptions are reasonable. However, future changes in the judgments, assumptions and estimates that are used in our impairment testing for goodwill and indefinite-lived intangible assets, including discount rates, tax rates or future cash flow projections, could result in significantly different estimates of the fair values. To the extent changes in 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 non-cash impairment charges in the future.

Most of our goodwill reporting units are comprised of a combination of legacy and acquired businesses and as a result have fair value cushions that, at a minimum, exceed three times their underlying carrying values. Certain of our goodwill reporting units, in particular Shave Care and Appliances, are comprised entirely of acquired businesses and as a result, have historically had fair value cushions that are not as high. The Appliances reporting unit has a fair value that significantly exceeds the underlying carrying value. As previously disclosed, the carrying values of the Shave Care reporting unit and the related Gillette indefinite-lived intangible asset were impaired during the quarter ended June 30, 2019. Based on our impairment testing during the three months ended December 31, 2021, the Shave Care reporting unit fair value exceeded its carrying value by more than 30% and the Gillette indefinite-lived intangible asset fair value exceeded its carrying value by approximately 5%.

The most significant assumptions utilized in the determination of the estimated fair values of the Shave Care reporting unit and the Gillette indefinite-lived intangible asset are the net sales and earnings growth rates (including residual growth rates), the discount rate and the royalty rate. The residual growth rate represents the expected rate at which the Shave Care reporting unit and Gillette brand are expected to grow beyond the shorter-term business planning period. The residual growth rate utilized in our fair value estimates is consistent with the reporting unit and brand operating plans and approximates expected long-term category market growth rates. The residual growth rate depends on overall market growth rates, the competitive environment, inflation, relative currency exchange rates and business activities that impact market share. As a result, the residual growth rate could be adversely impacted by a sustained deceleration in category growth, grooming habit changes, devaluation of currencies against the U.S. dollar or an increased competitive environment. The discount rate, which is consistent with a weighted average cost of capital that is likely to be expected by a market participant, is based upon industry required rates of return, including

consideration of both debt and equity components of the capital structure. Our discount rate may be impacted by adverse changes in the macroeconomic environment, volatility in the equity and debt markets or other country specific factors, such as further devaluation of currencies against the U.S. dollar. Spot rates as of the fair value measurement date are utilized in our fair value estimates for cash flows outside the U.S. The royalty rate used to determine the estimated fair value for the Gillette indefinite-lived intangible asset is driven by historical and estimated future profitability of the underlying Gillette business. The royalty rate may be impacted by significant adverse changes in long-term operating margins.

While management has implemented strategies to address these events, changes in operating plans or adverse changes in the business or in the macroeconomic environment in the future could reduce the underlying cash flows used to estimate fair values and could result in a decline in fair value that would trigger future impairment charges of the Shave Care reporting unit's goodwill and indefinite-lived intangibles. The duration and severity of the pandemic could also result in future impairment charges for the Shave Care reporting unit goodwill and the Gillette indefinite-lived intangible asset. While we have concluded that no impairment exists based on our annual testing during the quarter ended December 31, 2021, the Gillette indefinite-lived intangible asset is most susceptible to future impairment risk. Our assessment of the Gillette intangible asset assumes the net sales growth rates will continue to recover from the impact of the COVID-19 pandemic during the current fiscal year. There continues to be a high level of uncertainty relating to how the pandemic will evolve, how governments and consumers will react, progress on the distribution of vaccines and whether the pandemic will have a longer-term effect on consumer habits. Accordingly, there continues to be risk related to this key assumption. A more prolonged pandemic recovery period could impact the assumptions utilized in the determination of the estimated fair values of the Shave Care reporting unit and the Gillette indefinite-lived intangible asset that are significant enough to trigger an impairment. Net sales and earnings growth rates could be negatively impacted by reductions or changes in demand for our Shave Care 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, changes in the use and frequency of grooming products, by shifts in demand away from one or more of our higher priced products to lower priced products, or by impacts of 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. Finally, the discount rate utilized in our valuation model could be impacted by changes in the underlying interest rates and risk premiums included in the determination of the cost of capital. As of December 31, 2021, the carrying values of the Shave Care goodwill and the Gillette indefinite-lived intangible asset were $12.6 billion and $14.1 billion, respectively.

We performed a sensitivity analysis for the Shave Care reporting unit and the Gillette indefinite-lived intangible asset as part of our annual impairment testing during the three months ended December 31, 2021, utilizing reasonably possible changes in the assumptions for the shorter-term and residual growth rates, discount rate and royalty rate to demonstrate the potential impacts to estimated fair values. The table below provides, in isolation, the estimated fair value impacts related to a 25 basis-point increase in the discount rate, a 25 basis-point decrease in our shorter-term and residual growth rates or a 50 basis-point decrease in our royalty rate, some of which would result in an impairment of the Gillette indefinite-lived intangible asset.

	Approximate Percent Change in Estimated Fair Value		
	+25 bps Discount Rate	-25 bps Growth Rates	-50 bps Royalty Rate
Shave Care goodwill reporting unit	(6)%	(6)%	N/A
Gillette indefinite-lived intangible asset	(6)%	(6)%	(3)%

5. Earnings Per Share

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

Net earnings per share were calculated as follows:

CONSOLIDATED AMOUNTS	Three Months Ended December 31		Six Months Ended December 31	
	2021	2020	2021	2020
Net earnings	**$ 4,242**	$ 3,887	**$ 8,368**	$ 8,195
Less: Net earnings attributable to noncontrolling interests	**19**	33	**33**	64
Net earnings attributable to P&G (Diluted)	**4,223**	3,854	**8,335**	8,131
Less: Preferred dividends	**70**	66	**140**	132
Net earnings attributable to P&G available to common shareholders (Basic)	**$ 4,153**	$ 3,788	**$ 8,195**	$ 7,999
SHARES IN MILLIONS				
Basic weighted average common shares outstanding	**2,413.4**	2,475.8	**2,420.7**	2,481.0
Add: Effect of dilutive securities				
Convertible preferred shares [1]	**79.6**	83.1	**80.1**	83.5
Stock options and other unvested equity awards [2]	**51.2**	56.5	**50.8**	55.9
Diluted weighted average common shares outstanding	**2,544.2**	2,615.4	**2,551.6**	2,620.4
NET EARNINGS PER SHARE [3]				
Basic	**$ 1.72**	$ 1.53	**$ 3.39**	$ 3.22
Diluted	**$ 1.66**	$ 1.47	**$ 3.27**	$ 3.10

[1] An overview of preferred shares can be found in our Annual Report on Form 10-K for the year ended June 30, 2021.

[2] Excludes 14 million and 8 million for the three months ended December 31, 2021 and 2020, respectively, and 13 million and 6 million for the six months ended December 31, 2021 and 2020, respectively, of weighted average stock options outstanding because the exercise price of these options was greater than their average market value or their effect was antidilutive.

[3] Net earnings per share are calculated on Net earnings attributable to Procter & Gamble.

6. Share-Based Compensation and Postretirement Benefits

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

	Three Months Ended December 31		Six Months Ended December 31	
	2021	2020	2021	2020
Share-based compensation expense	**$ 152**	$ 165	**$ 268**	$ 254
Net periodic benefit cost for pension benefits	**47**	46	**95**	93
Net periodic benefit credit for other retiree benefits	**(119)**	(80)	**(222)**	(160)

7. Risk Management Activities and Fair Value Measurements

As a multinational company with diverse product offerings, we are exposed to market risks, such as changes in interest rates, currency exchange rates and commodity prices. There have been no significant changes in our risk management policies or activities during the six months ended December 31, 2021.

The Company has not changed its valuation techniques used in measuring the fair value of any financial assets and liabilities during the period. The Company recognizes transfers between levels within the fair value hierarchy, if any, at the end of each quarter. There were no transfers between levels during the periods presented. Also, there was no significant activity within the Level 3 assets and liabilities during the periods presented. There were no significant assets or liabilities that were remeasured at fair value on a non-recurring basis for the six months ended December 31, 2021.

Cash equivalents were $9.9 billion and $9.1 billion as of December 31, 2021 and June 30, 2021, respectively, and are classified as Level 1 within the fair value hierarchy. Other investments had a fair value of $154 and $192 as of December 31, 2021 and June 30, 2021, respectively, including equity securities of $126 and $163 as of December 31, 2021 and June 30, 2021, respectively, and are presented in Other noncurrent assets. Investments are measured at fair value and primarily classified as Level 1 and Level 2 within the fair value hierarchy. Level 1 are based on quoted market prices in active markets for identical assets, and Level 2 are based on quoted market prices for similar instruments. There are no material investment balances classified as Level 3 within the fair value hierarchy or using net asset value as a practical expedient. Unrealized losses on equity securities were $2 during the three months ended December 31, 2021 and $31 during the six months ended December 31, 2021. Unrealized losses on equity securities were not significant for the three and six months ended December 31, 2020. These unrealized losses are recognized in the Consolidated Statements of Earnings in Other non-operating income/(expense), net.

The fair value of long-term debt was $28.3 billion and $28.8 billion as of December 31, 2021 and June 30, 2021, respectively. This includes the current portion of long-term debt instruments ($4.3 billion and $3.6 billion as of December 31, 2021 and June 30, 2021, respectively). Certain long-term debt (debt designated as a fair value hedge) is recorded at fair value. All other long-term debt is recorded at amortized cost but is measured at fair value for disclosure purposes. We consider our debt to be Level 2 in the fair value hierarchy. Fair values are generally estimated based on quoted market prices for identical or similar instruments.

Disclosures about Financial Instruments

The notional amounts and fair values of financial instruments used in hedging transactions as of December 31, 2021 and June 30, 2021 are as follows:

	Notional Amount		Fair Value Asset		Fair Value (Liability)	
	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021
DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS						
Interest rate contracts	**$ 6,302**	$ 7,415	**$ 52**	$ 146	**$ (3)**	$ —
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS						
Foreign currency interest rate contracts	**$ 8,530**	$ 8,484	**$ 348**	$ 89	**$ (2)**	$ (94)
TOTAL DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS	**$ 14,832**	$ 15,899	**$ 400**	$ 235	**$ (5)**	$ (94)
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS						
Foreign currency contracts	**$ 6,881**	$ 5,060	**$ 46**	$ 20	**$ (10)**	$ (22)
TOTAL DERIVATIVES AT FAIR VALUE	**$ 21,713**	$ 20,959	**$ 446**	$ 255	**$ (15)**	$ (116)

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 $6.3 billion and $7.5 billion as of December 31, 2021 and June 30, 2021, 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 $12.6 billion and $12.0 billion as of December 31, 2021 and June 30, 2021, respectively. The increase in the notional balance of foreign currency contracts not designated as hedging instruments primarily reflects changes in the level of intercompany financing activity during the period.

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

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

	Amount of Gain/(Loss) Recognized in OCI on Derivatives			
	Three Months Ended December 31		Six Months Ended December 31	
	2021	2020	2021	2020
DERIVATIVES IN NET INVESTMENT HEDGING RELATIONSHIPS [1] [2]				
Foreign exchange contracts	**$ 218**	$ (352)	**$ 426**	$ (538)

[1] For the derivatives in net investment hedging relationships, the amount of gain excluded from effectiveness testing, which was recognized in earnings, was $17 and $16 for the three months ended December 31, 2021 and 2020, respectively. The amount of gain excluded from effectiveness testing was $32 and $30 for the six months ended December 31, 2021 and 2020, 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 recognized in Accumulated other comprehensive income/(loss) (AOCI) for such instruments was $264 and $(595) for the three months ended December 31, 2021 and 2020, respectively. The amount of gain/(loss) recognized in AOCI for such instruments was $567 and $(1,241) for the six months ended December 31, 2021 and 2020, respectively.

	Amount of Gain/(Loss) Recognized in Earnings			
	Three Months Ended December 31		Six Months Ended December 31	
	2021	2020	2021	2020
DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS				
Interest rate contracts	**$ (61)**	$ (2)	**$ (97)**	$ 5
DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS				
Foreign currency contracts	**$ 54**	$ 202	**$ 30**	$ 308

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

8. Accumulated Other Comprehensive Income/(Loss)

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

	Investment Securities	Post-retirement Benefits	Foreign Currency Translation	Total AOCI
Balance at June 30, 2021	$ 15	$ (2,963)	$ (10,796)	$ (13,744)
OCI before reclassifications [1]	6	768	(706)	68
Amounts reclassified from AOCI into the Consolidated Statements of Earnings [2]	1	111	—	112
Net current period OCI	7	879	(706)	180
Less: Other comprehensive income/(loss) attributable to non-controlling interests	—	—	—	—
Balance at December 31, 2021	**$ 22**	**$ (2,084)**	**$ (11,502)**	**$ (13,564)**

[1] Net of tax expense of $2, $243 and $234 for gains/losses on investment securities, postretirement benefit items and foreign currency translation, respectively. Income tax effects within foreign currency translation include impacts from items such as net investment hedge transactions. Foreign cumulative translation is not adjusted for income taxes related to permanent investments in international subsidiaries.

[2] Net of tax expense of $0, $39 and $0 for gains/losses on investment securities, postretirement benefit items and foreign currency translation, respectively.

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

- Investment securities: amounts reclassified from AOCI into Other non-operating income, net.
- Postretirement benefits: amounts reclassified from AOCI into Other non-operating income, net and included in the computation of net periodic postretirement costs.

9. Commitments and Contingencies

Litigation

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

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

Income Tax Uncertainties

The Company is present in approximately 70 countries and over 150 taxable jurisdictions and, at any point in time, has 40–50 jurisdictional audits underway at various stages of completion. We evaluate our tax positions and establish liabilities for uncertain tax positions that may be challenged by local authorities and may not be fully sustained, despite our belief that the underlying tax positions are fully supportable. Uncertain tax positions are reviewed on an ongoing basis and are adjusted in light of changing facts and circumstances, including progress of tax audits, developments in case law and closing of statutes of limitations. Such adjustments are reflected in the tax provision as appropriate. We have tax years open ranging from 2008 and forward. We are generally not able to reliably estimate the ultimate settlement amounts until the close of an audit. Based on information currently available, we anticipate that over the next 12 month period, audit activity could be completed related to uncertain tax positions in multiple jurisdictions for which we have accrued existing liabilities of less than $10, including interest and penalties.

Additional information on the Commitments and Contingencies of the Company can be found in our Annual Report on Form 10-K for the year ended June 30, 2021.

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

Forward-Looking Statements

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including without limitation, the following sections: “Management's Discussion and Analysis,” “Risk Factors” and "Notes 4 and 9 to the Consolidated Financial Statements." These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result” and similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise, except to the extent required by law.

Risks and uncertainties to which our forward-looking statements are subject include, without limitation: (1) the ability to successfully manage global financial risks, including foreign currency fluctuations, currency exchange or pricing controls and localized volatility; (2) the ability to successfully manage local, regional or global economic volatility, including reduced market growth rates, and to generate sufficient income and cash flow to allow the Company to affect the expected share repurchases and dividend payments; (3) the ability to manage disruptions in credit markets or to our banking partners or changes to our credit rating; (4) the ability to maintain key manufacturing and supply arrangements (including execution of supply chain optimizations and sole supplier and sole manufacturing plant arrangements) and to manage disruption of business due to various factors, including ones outside of our control, such as natural disasters, acts of war or terrorism or disease outbreaks; (5) the ability to successfully manage cost fluctuations and pressures, including prices of commodities and raw materials, and costs of labor, transportation, energy, pension and healthcare; (6) the ability to stay on the leading edge of innovation, obtain necessary intellectual property protections and successfully respond to changing consumer habits, evolving digital marketing and selling platform requirements and technological advances attained by, and patents granted to, competitors; (7) the ability to compete with our local and global competitors in new and existing sales channels, including by successfully responding to competitive factors such as prices, promotional incentives and trade terms for products; (8) the ability to manage and maintain key customer relationships; (9) the ability to protect our reputation and brand equity by successfully managing real or perceived issues, including concerns about safety, quality, ingredients, efficacy, packaging content, supply chain practices or similar matters that may arise; (10) the ability to successfully manage the financial, legal, reputational and operational risks associated with third-party relationships, such as our suppliers, contract manufacturers, distributors, contractors and external business partners; (11) the ability to rely on and maintain key company and third party information and operational technology systems, networks and services, and maintain the security and functionality of such systems, networks and services and the data contained therein; (12) the ability to successfully manage uncertainties related to changing political conditions and potential implications such as exchange rate fluctuations and market contractions; (13) the ability to successfully manage current and expanding regulatory and legal requirements and matters (including, without limitation, those laws and regulations involving product liability, product and packaging composition, intellectual property, labor and employment, antitrust, privacy and data protection, tax, environmental, due diligence, risk oversight and accounting and financial reporting) and to resolve new and pending matters within current estimates; (14) the ability to manage changes in applicable tax laws and regulations including maintaining our intended tax treatment of divestiture transactions; (15) the ability to successfully manage our ongoing acquisition, divestiture and joint venture activities, in each case to achieve the Company’s overall business strategy and financial objectives, without impacting the delivery of base business objectives; (16) the ability to successfully achieve productivity improvements and cost savings and manage ongoing organizational changes, while successfully identifying, developing and retaining key employees, including in key growth markets where the availability of skilled or experienced employees may be limited; and (17) the ability to successfully manage the demand, supply and operational challenges associated with a disease outbreak, including epidemics, pandemics or similar widespread public health concerns (including the COVID-19 outbreak). 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-Q.

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

The MD&A is organized into the following sections:

- Overview
- Summary of Results – Six months ended December 31, 2021
- Economic Conditions and Uncertainties
- Results of Operations – Three and Six Months ended December 31, 2021
- Business Segment Discussion – Three and Six Months ended December 31, 2021
- Liquidity and Capital Resources
- Reconciliation of Measures Not Defined by U.S. GAAP

Throughout the MD&A, we refer to measures used by management to evaluate performance, including unit volume growth, net sales and net earnings. We also refer to a number of financial measures that are not defined under accounting principles generally accepted in the United States of America (U.S. GAAP), that include organic sales growth, core net earnings per share (Core EPS), adjusted free cash flow and adjusted free cash flow productivity. The explanation at the end of the MD&A provides the definition of these non-GAAP measures, details on the use and the derivation of these measures, as well as reconciliations to the most directly comparable U.S. GAAP measure.

Management also uses certain market share and market consumption estimates to evaluate performance relative to competition, despite some limitations on the availability and comparability of share and consumption information. References to market share and market consumption in the MD&A are based on a combination of vendor purchased traditional brick-and-mortar and online data in key markets as well as internal estimates. All market share references represent the percentage of sales of our products in dollar terms on a constant currency basis relative to all product sales in the category. The Company measures fiscal year

to date market shares through the most recent period for which market share data is available, which typically reflects a lag time of one or two months as compared to the end of the reporting period. Management also uses unit volume growth to evaluate and explain drivers of changes in net sales. Organic volume growth reflects year-over-year changes in unit volume excluding the impacts of acquisitions and divestitures and certain one-time items, if applicable, and is used to explain changes in organic sales.

OVERVIEW

P&G is a global leader in the fast-moving consumer goods industry, focused on providing branded consumer packaged goods of superior quality and value to our consumers around the world. Our products are sold in more than 180 countries and territories, primarily through mass merchandisers, e-commerce, grocery stores, membership club stores, drug stores, department stores, distributors, wholesalers, baby stores, 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 approximately 70 countries.

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

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

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

(1) The Grooming product category is comprised of the Shave Care and Appliances operating segments.

The following table provides the percentage of net sales and net earnings by reportable business segment for the three and six months ended December 31, 2021 (excluding net sales and net earnings in Corporate):

	Three Months Ended December 31, 2021		Six Months Ended December 31, 2021	
	Net Sales	Net Earnings	Net Sales	Net Earnings
Beauty	19%	23%	19%	24%
Grooming	9%	11%	9%	11%
Health Care	14%	17%	14%	15%
Fabric & Home Care	33%	27%	34%	29%
Baby, Feminine & Family Care	25%	22%	24%	21%
Total Company	**100%**	**100%**	**100%**	**100%**

SUMMARY OF RESULTS

The following are highlights of results for the six months ended December 31, 2021 versus the six months ended December 31, 2020:

- Net sales increased 6% to $41.3 billion, due to a high single digit increase in Health Care and mid-single digit increases in Beauty, Grooming, Fabric & Home Care and Baby, Feminine & Family Care. Organic sales, which exclude the impacts of acquisitions and divestitures and foreign exchange, increased 5%. Overall, organic sales increased high single digits in Health Care, increased mid-single digits in Fabric & Home Care, Grooming and Baby, Feminine & Family Care and increased low single digits in Beauty.
- Net earnings were $8.4 billion, an increase of $0.2 billion, or 2%, versus the prior year period due to the increase in net sales and a base period loss on early debt extinguishment, partially offset by a decrease in operating margin.
- Net earnings attributable to Procter & Gamble were $8.3 billion, an increase of $0.2 billion, or 3%, versus the prior year.
- Diluted net earnings per share (EPS) increased 5% to $3.27 due primarily to the increase in net earnings and a reduction in the weighted average shares outstanding. Net earnings per share were flat versus the prior year period core net earnings per share due to the prior period loss on early debt extinguishment.
- Operating cash flow was $9.8 billion. Adjusted free cash flow, which is operating cash flow less capital expenditures and certain other impacts, was $8.3

billion. Adjusted free cash flow productivity was 99%.

ECONOMIC CONDITIONS AND UNCERTAINTIES

Global Economic Conditions. Our products are sold in numerous countries across North America, Europe, Latin America, Asia and Africa, with more than half our sales generated outside the United States. As such, we are exposed to, and impacted by global macroeconomic factors, U.S. and foreign government policies and foreign exchange fluctuations. Global economic conditions continue to be highly volatile due to the COVID-19 pandemic, resulting in market size contractions in certain countries due to economic slowdowns and government restrictions on movement. Other macroeconomic factors also remain dynamic, and any causes of market size contraction, such as greater political unrest or instability in the Middle East, Central & Eastern Europe, certain Latin American markets, the Hong Kong market in Greater China and the Korean peninsula could reduce our sales or erode our operating margin, and consequently reduce our net earnings and cash flows.

Changes in Costs. Our costs are subject to fluctuations, particularly due to changes in commodity prices, transportation costs and our own productivity efforts. We have significant exposures to certain commodities, in particular certain oil-derived materials like resins and paper-based materials like pulp. Volatility in the market price of these commodity input materials has a direct impact on our costs. Disruptions in our manufacturing, supply and distribution operations, including energy shortages, port congestions, labor constraints and freight container and truck shortages have impacted our costs and could do so in the future. If we are unable to manage these impacts through pricing actions, cost savings projects and sourcing decisions, as well as through consistent productivity improvements, it may adversely impact our gross margin, operating margin, net earnings and cash flows. Net sales could also be adversely impacted following pricing actions if there is a negative impact on the consumption of our products. We strive to implement, achieve and sustain cost improvement plans, including outsourcing projects, supply chain optimization and general overhead and workforce optimization. If we are not successful in executing and sustaining these changes, there could be a negative impact on our gross margin, operating margin, net earnings and cash flows.

Foreign Exchange. We have both translation and transaction exposure to the fluctuation of exchange rates. Translation exposures relate to exchange rate impacts of measuring income statements of foreign subsidiaries that do not use the U.S. dollar as their functional currency. Transaction exposures relate to 1) the impact from input costs that are denominated in a currency other than the local reporting currency and 2) the revaluation of transaction-related working capital balances denominated in currencies other than the functional currency. In three out of the past four years a number of foreign currencies have weakened versus the U.S. dollar, leading to lower sales and earnings from these foreign exchange impacts. Certain countries that recently had and are currently experiencing significant exchange rate fluctuations include Argentina, Turkey, Brazil and Russia. These fluctuations have significantly impacted our historical net sales, costs and net earnings and could do so in the future. Increased pricing in response to certain fluctuations in foreign currency exchange rates may offset portions of the currency impacts but could also have a negative impact on the consumption of our products, which would negatively affect our net sales, gross margin, operating margin, net earnings and cash flows.

Government Policies. Our net earnings and cash flows could be affected by changes in U.S. or foreign government legislative, regulatory or enforcement policies. For example, our net earnings and cash flows could be affected by any future legislative or regulatory changes in U.S. or non-U.S. tax policy, or any significant change in global tax policy adopted under the current work

being led by the Organisation for Economic Co-operation and Development ("OECD") for the G20 focused on "Addressing the Challenges of the Digitalization of the Economy." The breadth of the OECD project extends beyond pure digital businesses and if agreed and enacted by most countries is likely to impact most large multinational businesses by both redefining jurisdictional taxation rights and broadly establishing a 15% minimum tax on their foreign operations. Our net sales, gross margin, operating margin, net earnings and cash flows may also be impacted by changes in U.S. and foreign government policies related to environmental and climate change matters. Additionally, we attempt to carefully manage our debt, currency and other exposures in certain countries with currency exchange, import authorization and pricing controls, such as Nigeria, Algeria, Egypt, Argentina and Turkey. Further, our net sales, gross margin, operating margin, net earnings and cash flows could be affected by changes to international trade agreements in North America and elsewhere. Changes in government policies in these areas might cause an increase or decrease in our net sales, gross margin, operating margin, net earnings and cash flows.

COVID-19 Disclosures. Our priorities during the COVID-19 pandemic continue to be in protecting the health and safety of our employees; maximizing the availability of products that help consumers with their health, hygiene and cleaning needs; and using our employees' talents and our resources to help society meet and overcome the current challenges.

Because we sell products that are essential to the daily lives of consumers, the pandemic has not had a materially negative impact to our consolidated net sales, as positive and negative impacts continue to largely offset each other. We further describe these impacts for the period covered by this report in the Business Segment Discussion of the MD&A.

The continued evolution of the pandemic and emergence of new variants may result in economic recessions or a slowdown of economic growth in certain countries or globally. This may result in reduced demand for our products that would have a negative impact on our net sales, net earnings and cash flows. It could also lead to volatility in consumer access to our products (due to government actions or key material, transportation and labor shortages impacting our ability to produce and ship products) or could impact consumers' movements and access to our products. The resumption towards normalcy in economic activity as governmental restrictions are relaxed and economies gradually, partially, or fully reopen in certain regions and markets, could also result in reduced demand due to consumption decreases and consumer pantry destocking (particularly, in home cleaning and hygiene products). Our retail customers are also impacted by the pandemic and their success in addressing issues and maintaining their operations could impact consumer access to and, as a result, sales of our products.

We believe that in the long term, there will continue to be strong demand for categories in which we operate, particularly our products that deliver essential health, hygiene and cleaning benefits. However, the uncertainty in the timing and extent of demand volatility, the relaxation and reimplementation of movement restrictions, the timing and impact of potential consumer pantry destocking, and future economic trends due to a resurgence of positive cases, the emergence of new variants of the virus, the speed at which treatments and vaccines are administered and governmental actions in response to the pandemic may result in heightened volatility of net sales, net earnings and cash flows during and subsequent to the pandemic.

Business Continuity. Our ability to continue to operate without any significant negative impacts will, in part, depend on our ability to protect our employees and our supply chain. The Company has endeavored to follow the recommendations from governments and health authorities, including on vaccine administration, with specific measures in place for those working in our plants and distribution facilities. We have also worked closely with local and national officials to keep our manufacturing facilities open due to the essential nature of the majority of our products.

While we have been able to broadly maintain our operations, we experienced some disruption in our supply chain in certain markets due primarily to the restriction of employee movements, key material and labor shortages, and transportation constraints. We intend to continue to work with our suppliers and government authorities to implement employee safety measures to minimize disruption to the manufacturing and distribution of our products. However, uncertainty in the duration and scope of the pandemic, the emergence of new variants of the virus, the likelihood of a resurgence of positive cases, the speed at which treatments and

vaccines are administered and governmental actions in response to the pandemic could result in an unforeseen disruption to our supply chain and impact our operations (for example, the closure of a key manufacturing or distribution facility or the inability of a key material or transportation supplier to source and transport materials).

Liquidity. Because the pandemic, thus far, has not had a material negative impact on our operations, on the demand for our products or the resulting net sales and net earnings, it has not negatively impacted the Company's liquidity position. We continue to generate operating cash flows to meet our short-term liquidity needs and continue to maintain access to capital markets enabled by our strong short- and long-term credit ratings.

Impairments. We have not observed any material impairments or other significant reductions in the fair value of our recorded assets due to the COVID-19 pandemic.

For additional information on risk factors that could impact our 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, 2021.

RESULTS OF OPERATIONS – Three Months Ended December 31, 2021

The following discussion provides a review of results for the three months ended December 31, 2021 versus the three months ended December 31, 2020.

	Three Months Ended December 31		
Amounts in millions, except per share amounts	2021	2020	% Chg
Net sales	**$20,953**	$19,745	6%
Operating income	**5,168**	5,380	(4)%
Net earnings	**4,242**	3,887	9%
Net earnings attributable to Procter & Gamble	**4,223**	3,854	10%
Diluted net earnings per common share	**1.66**	1.47	13%
Core net earnings per common share	**1.66**	1.64	1%

	Three Months Ended December 31		
COMPARISONS AS A PERCENTAGE OF NET SALES	2021	2020	Basis Pt Chg
Gross margin	**49.1%**	53.1%	(400)
Selling, general & administrative expense	**24.4%**	25.9%	(150)
Operating income	**24.7%**	27.2%	(250)
Earnings before income taxes	**25.0%**	24.7%	30
Net earnings	**20.2%**	19.7%	50
Net earnings attributable to Procter & Gamble	**20.2%**	19.5%	70

Net Sales

Net sales for the quarter increased 6% to $21.0 billion on a 3% increase in unit volume. Higher pricing increased net sales by 3%. Mix was neutral to net sales, as positive mix from the disproportionate growth of the North America region and the Personal Health Care business, both of which have higher than Company-average selling prices, was offset by the disproportionate growth of Fabric Care, which has lower than Company-average selling price. Foreign exchange had no net impact on net sales. Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales also increased 6% on a 3% increase in organic volume.

Net sales increased high single digits in Health Care and Fabric & Home Care, increased mid-single digits in Grooming and Baby, Family & Feminine Care and increased low single digits in Beauty. On a regional basis, volume increased mid-single digits in North America and Latin America, and increased low single digits in Europe and Asia Pacific. This increase was partially offset by low single digit decreases in Greater China and IMEA.

	Net Sales Change Drivers 2021 vs. 2020 (Three Months Ended December 31, 2021) [1]						
	Volume with Acquisitions & Divestitures	Volume Excluding Acquisitions & Divestitures	Foreign Exchange	Price	Mix	Other [2]	Net Sales Growth
Beauty	1%	1%	1%	2%	(1)%	—%	3%
Grooming	1%	1%	(1)%	4%	1%	(1)%	4%
Health Care	4%	4%	—%	1%	3%	—%	8%
Fabric & Home Care	7%	7%	(1)%	2%	(1)%	—%	7%
Baby, Feminine & Family Care	1%	1%	—%	3%	1%	—%	5%
Total Company	**3%**	**3%**	**—%**	**3%**	**—%**	**—%**	**6%**

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

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

Operating Costs

Gross margin decreased 400 basis points to 49.1% of net sales for the quarter. The decrease in gross margin was due to:

- 400 basis points of increased commodity costs and
- a 140 basis-point decline from unfavorable mix, primarily due to negative product mix resulting from the launch and growth of premium-priced products that are profit-accretive but have lower than Company-average gross margin.

These impacts were partially offset by:

- a 130 basis-point increase due to higher pricing and
- 10 basis points of benefit from favorable foreign exchange impacts.

Net manufacturing productivity savings had no impact on gross margin as 80 basis points of gross savings were fully offset by 60 basis points of increased transportation costs and 20 basis points of product and packaging investments.

Total SG&A was unchanged at $5.1 billion, as a decline in overhead costs was offset by an increase in other operating costs. SG&A as a percentage of net sales decreased 150 basis points to 24.4% due primarily to decreases in both marketing and overhead costs as a percentage of sales. Overhead costs as a percentage of net sales decreased 80 basis points primarily due to the positive scale impacts of the net sales increase and productivity savings, partially offset by inflation and other cost increases. Marketing spending as a percentage of net sales decreased 80 basis points due to the positive scale impacts of the net sales increase. Other operating expenses as a percentage of net sales increased 10 basis points due to increased foreign exchange transactional charges. Productivity-driven cost savings delivered 70 basis points of benefit to SG&A as a percentage of net sales.

Non-Operating Expenses and Income

Interest expense was $106 million for the quarter, a $37 million decrease versus the prior year period, driven by lower average interest rates. Interest income was $10 million for the quarter, a $1 million increase versus the prior year period. Other non-operating income was $167 million, an improvement of $536 million due to a prior period loss on early-debt extinguishment, a current period gain on the divestiture of minor brands and a current period increase in net non-operating benefits on defined benefit retirement plans, partially offset by current period unrealized losses on equity investments.

Income Taxes

For the three months ended December 31, 2021, the effective tax rate decreased 125 basis points versus the prior year period to 19.0% due to:

- a 105 basis-point decrease from higher excess tax benefits of share-based compensation (a 195 basis-point benefit in the current period versus a 90 basis-point benefit in the prior year period),
- a 35 basis-point decrease from the impact of the early extinguishment of debt in the prior period and
- a 25 basis-point decrease from favorable impacts from the geographic mix of current year earnings.

These decreases were partially offset by a 40 basis-point increase from discrete impacts related to uncertain tax positions (a 10 basis-point unfavorable impact in the current year versus a 30 basis-point favorable impact in the prior year period).

Net Earnings

Operating income decreased $0.2 billion, or 4%, to $5.2 billion for the quarter, as the increase in net sales was more than offset by the decrease in operating margin, the components of which are described above. Net earnings increased $0.4 billion, or 9%, to $4.2 billion as the increase in other non-operating income and decrease in effective income tax rate more than offset the decrease in operating income. Foreign exchange had a negative impact of approximately $43 million on net earnings for the quarter, including both transactional and translational impacts from converting earnings from foreign subsidiaries to U.S. dollars. Net earnings attributable to Procter & Gamble increased $0.4 billion or, 10%, to $4.2 billion for the quarter. Diluted net earnings per share of $1.66 increased by 13% versus the base period due to the increase in net earnings and a reduction in the weighted average number of shares outstanding.

RESULTS OF OPERATIONS – Six Months Ended December 31, 2021

The following discussion provides a review of results for the six months ended December 31, 2021 versus the six months ended December 31, 2020.

	Six Months Ended December 31		
Amounts in millions, except per share amounts	**2021**	**2020**	**% Chg**
Net sales	**$41,291**	$39,063	6%
Operating income	**10,191**	10,661	(4)%
Net earnings	**8,368**	8,195	2%
Net earnings attributable to Procter & Gamble	**8,335**	8,131	3%
Diluted net earnings per common share	**3.27**	3.10	5%
Core net earnings per common share	**3.27**	3.27	—

	Six Months Ended December 31		
COMPARISONS AS A PERCENTAGE OF NET SALES	**2021**	**2020**	**Basis Pt Chg**
Gross margin	**49.1%**	52.9%	(380)
Selling, general & administrative expense	**24.4%**	25.6%	(120)
Operating income	**24.7%**	27.3%	(260)
Earnings before income taxes	**24.9%**	26.0%	(110)
Net earnings	**20.3%**	21.0%	(70)
Net earnings attributable to Procter & Gamble	**20.2%**	20.8%	(60)

Net Sales

Net sales for the period increased 6% to $41.3 billion on a 2% increase in unit volume. Higher pricing increased net sales by 2%. Positive mix increased net sales by 1% driven by the disproportionate growth of the North America region and the Personal Health Care business, both of which have higher than Company-average selling prices. This was partially offset by the disproportionate growth of the Fabric Care business, which has lower than Company-average selling price. Favorable foreign exchange had a 1% positive impact on net sales. Excluding the impact of acquisitions and divestitures and foreign exchange, organic sales increased 5%.

Net sales increased high single digits in Health Care and increased mid-single digits in Beauty, Grooming, Fabric & Home Care and Baby, Feminine & Family Care. On a regional basis, volume increased mid-single digits in North America and Latin America and low single digits in Europe, partially offset by low single digit decreases in Greater China and IMEA.

	Net Sales Change Drivers 2021 vs. 2020 (Six Months Ended December 31) [1]						
	Volume with Acquisitions & Divestitures	**Volume Excluding Acquisitions & Divestitures**	**Foreign Exchange**	**Price**	**Mix**	**Other [2]**	**Net Sales Growth**
Beauty	—%	—%	2%	2%	—%	—%	4%

Grooming	1%	1%	—%	3%	1%	—%	5%
Health Care	4%	3%	1%	1%	3%	(1)%	8%
Fabric & Home Care	4%	4%	—%	2%	—%	—%	6%
Baby, Feminine & Family Care	1%	1%	—%	1%	2%	—%	4%
Total Company	**2%**	**2%**	**1%**	**2%**	**1%**	**—%**	**6%**

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

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

Operating Costs

Gross margin decreased 380 basis points to 49.1% of net sales for the period. The decrease in gross margin was due to:

- 370 basis points of increased commodity costs and
- a 120 basis-point decline from unfavorable mix, primarily due to negative product mix caused by the launch and disproportionate growth of premium-priced products that are profit-accretive but have lower than Company-average gross margin.

These impacts were offset by:

- an 80 basis-point increase due to higher pricing,
- 20 basis points of benefit from favorable foreign exchange impacts and
- 10 basis points of net manufacturing productivity savings (80 basis points of gross savings, partially offset by 50 basis points of increased transportation impacts and 20 basis points of product and packaging investments and other impacts).

Total SG&A spending increased 1% to $10.1 billion due to increased marketing spending, partially offset by decreases in other operating costs and overhead costs. SG&A as a percentage of net sales decreased 120 basis points to 24.4% primarily due to decreases in both overhead costs and marketing spending as a percentage of net sales. Overhead costs as a percentage of net sales decreased 70 basis points primarily due to the positive scale impacts of the net sales increase and productivity savings, partially offset by inflation and other cost increases. Marketing spending as a percentage of net sales decreased 40 basis points due to the positive scale impacts of the net sales increase and savings in agency compensation, production costs and advertising spending, partially offset by increased media spending. Other operating expenses as a percentage of net sales remained flat as a gain on the sale of operating real estate was offset by increased foreign exchange transactional charges. Productivity-driven cost savings delivered 80 basis points of benefit to SG&A as a percentage of net sales.

Non-Operating Expenses and Income

Interest expense was $215 million for the period, a $64 million decrease versus the prior year period driven by lower average interest rates. Interest income was $21 million for the quarter, a $2 million increase versus the prior year period. Net other non-operating income was $277 million, an improvement of $504 million due to a prior period loss on early-debt extinguishment, a current period gain on the sale of minor brands and a current period increase in net non-operating benefits on defined benefit retirement plans, partially offset by current period unrealized losses on equity investments.

Income Taxes

For the six months ended December 31, 2021, the effective tax rate decreased 90 basis points versus the prior year period to 18.6% due to:

- a 40 basis-point decrease from favorable impacts from the geographic mix of current year earnings,
- a 20 basis-point decrease from higher excess tax benefits of share-based compensation (a 195 basis-point benefit in the current period versus a 175 basis-point benefit in the prior year period),
- a 15 basis-point decrease from discrete impacts related to uncertain tax positions (a 20 basis-point favorable impact in the current year versus a 5 basis-point favorable impact in the prior year period) and
- a 15 basis-point decrease from the impact of the early extinguishment of debt in the prior period.

Net Earnings

Operating income decreased $0.5 billion, or 4%, to $10.2 billion for the fiscal year to date period, as the increase in net sales was more than offset by the decrease in operating margin, the components of which are described above. Net earnings increased $0.2 billion, or 2%, to $8.4 billion for the fiscal year to date period as the decrease in operating income was more than offset by the increase in other non-operating income and the decrease in the effective income tax rate. Foreign exchange had a positive impact of approximately $18 million on net earnings for the period, including both transactional and translational impacts from converting earnings from foreign subsidiaries to U.S. dollars. Net earnings attributable to Procter & Gamble increased $0.2 billion, or 3%, to $8.3 billion for the fiscal year to date period. Diluted net earnings per share increased 5% to $3.27 versus the base period due to the increase in net earnings and a reduction in the weighted average number of shares outstanding.

BUSINESS SEGMENT DISCUSSION – Three and Six Months ended December 31, 2021

The following discussion provides a review of results by reportable business segment. Analysis of the results for the three and six month periods ended December 31, 2021 is provided based on a comparison to the three and six month periods ended December 31, 2020. The primary financial measures used to evaluate segment performance are net sales and net earnings. The table below provides supplemental information on net sales, earnings before income taxes and net earnings by reportable business segment for the three and six months ended December 31, 2021 versus the comparable prior year period (dollar amounts in millions):

	Three Months Ended December 31, 2021					
	Net Sales	% Change Versus Year Ago	Earnings/(Loss) Before Income Taxes	% Change Versus Year Ago	Net Earnings	% Change Versus Year Ago
Beauty	$ 3,926	3 %	$ 1,179	(1) %	$ 947	(1) %
Grooming	1,811	4 %	576	7 %	476	5 %
Health Care	2,976	8 %	905	9 %	701	7 %
Fabric & Home Care	6,972	7 %	1,463	(9) %	1,137	(9) %
Baby, Feminine & Family Care	5,116	5 %	1,187	(12) %	914	(12) %
Corporate	152	N/A	(71)	N/A	67	N/A
Total Company	**$ 20,953**	**6 %**	**$ 5,239**	**7 %**	**$ 4,242**	**9 %**

	Six Months Ended December 31, 2021					
	Net Sales	% Change Versus Year Ago	Earnings/(Loss) Before Income Taxes	% Change Versus Year Ago	Net Earnings	% Change Versus Year Ago
Beauty	$ 7,890	4 %	$ 2,421	— %	$ 1,938	— %
Grooming	3,498	5 %	1,094	14 %	893	11 %
Health Care	5,652	8 %	1,600	6 %	1,230	4 %
Fabric & Home Care	13,981	6 %	3,009	(10) %	2,328	(10) %
Baby, Feminine & Family Care	9,980	4 %	2,262	(15) %	1,740	(15) %
Corporate	290	N/A	(112)	N/A	239	N/A
Total Company	**$ 41,291**	**6 %**	**$ 10,274**	**1 %**	**$ 8,368**	**2 %**

Beauty

Three months ended December 31, 2021 compared with three months ended December 31, 2020

Beauty net sales increased 3% to $3.9 billion on a 1% increase in unit volume. Higher pricing increased net sales by 2%. Foreign exchange impacts increased net sales by 1%. Organic sales increased 2%. Global market share of the Beauty segment was unchanged.

- Hair Care net sales increased low single digits on flat volume due to increased pricing. Organic sales also increased low single digits. Volume increased low single digits in North America (due to market growth in shampoos and conditioners, partially offset by external supply constraints in stylers), in Europe (due to market growth, partially offset by increased competitive activity in certain markets), in Latin America (due to market growth) and in Asia Pacific (due to innovation, partially offset by increased competitive activity in certain markets). This volume increase was offset by a mid-teens decline in IMEA (due primarily to market slowdown). Global market share of the Hair Care category decreased less than a point.
- Skin and Personal Care net sales increased mid-single digits due to a low single digit increase in volume, increased pricing and favorable foreign exchange impacts, partially offset by negative category mix due to disproportionate growth of personal care (which has lower than category-average selling price) and disproportionate growth of SKII brand in travel retail (which has lower than brand-average selling price) caused by pandemic-related lockdowns impacting other channels in Asia. Organic sales increased low single digits. Volume increased mid-single digits in North America (due primarily to innovation and growth in skin care and deodorants) and low single digits in Greater China (due primarily to slower market growth in channels where our market shares are higher, versus other faster-growing online channels). Global market share of the Skin and Personal Care category increased slightly.

Net earnings decreased 1% to $947 million as the increase in net sales was more than offset by a 100 basis-point decrease in net earnings margin. The net earnings margin decreased due to a reduction in gross margin, partially offset by a reduction in SG&A

as a percentage of net sales. The gross margin reduction was driven by increased commodity and freight costs, negative product mix caused by a higher proportion of sales of personal care products (which have lower than segment-average gross margins) and a lower proportion of sales of SKII products (which have higher than segment-average gross margins), partially offset by increased pricing and manufacturing cost savings. SG&A as a percentage of net sales decreased due to the positive scale impacts of the net sales increase and a reduction in overhead spending.

Six months ended December 31, 2021 compared with six months ended December 31, 2020

Beauty net sales increased 4% to $7.9 billion on unit volume that was unchanged. Higher pricing increased net sales by 2%. Foreign exchange impacts increased net sales by 2%. Organic sales increased 2%. Global market share of the Beauty segment was unchanged.

- Hair Care net sales increased mid-single digits on flat volume due to increased pricing, favorable foreign exchange impacts and favorable mix caused by a higher proportion of sales of premium tier products including treatments and conditioners, all of which have higher than category-average selling prices. Organic sales increased low single digits. Volume increased low single digits in North America (due to market growth in shampoos and conditioners, partially offset by external supply constraints in stylers) and Europe (due to market recovery versus pandemic-related consumption declines in the base period). This volume increase was offset by a mid-single digit decline in IMEA (due to increased competitive activity) and low single digit declines in Greater China (due to trade inventory reductions and slower market growth in channels where our market shares are higher, versus other faster-growing online channels) and Latin America (due to reduced shipments following increased pricing, partially offset by innovation). Global market share of the Hair Care category decreased more than half a point.
- Skin and Personal Care net sales increased mid-single digits due to a low single digit increase in volume, increased pricing and favorable foreign exchange impacts, partially offset by negative category mix due to disproportionate growth of personal care (which has lower than category-average selling prices) and disproportionate growth of SKII brand in travel retail (which has lower than brand-average selling prices) caused by pandemic-related lockdowns impacting other channels in Asia. Organic sales increased low single digits. Volume increased double digits in Latin America (due to market recovery following pandemic-related consumption declines in the base period) and increased mid-single digits in Greater China (due primarily to slower market growth in channels where our market shares are higher, versus other faster-growing online channels). This increase was partially offset by a mid-single digit decline in Asia Pacific due to a pandemic-related consumption decrease in the current period. Global market share of the Skin and Personal Care category increased slightly.

Net earnings were unchanged at $1.9 billion as the increase in net sales was fully offset by an 80 basis-point decrease in net earnings margin. Net earnings margin decreased due to a reduction in gross margin, partially offset by a reduction in SG&A as a percentage of sales. The gross margin reduction was driven by increased commodity and freight costs, and negative product mix caused by a higher proportion of sales of personal care products (which have lower than segment-average gross margins) and a lower proportion of sales of SKII products (which have higher than segment-average gross margins), partially offset by increased pricing and manufacturing cost savings. SG&A as a percentage of net sales decreased as the positive scale benefits of the net sales increase was partially offset by an increase in media spending.

Grooming

Three months ended December 31, 2021 compared with three months ended December 31, 2020

Grooming net sales increased 4% to $1.8 billion on a 1% increase in unit volume. Increased pricing had a positive 4% impact on net sales. Favorable mix had a positive 1% impact on net sales due to the disproportionate growth of the Shave Care business in developed markets (due to pandemic-related consumption decreases in the prior period), which have higher than segment-average selling prices. Unfavorable foreign exchange decreased net sales by 1%. Organic sales increased 5%. Global market share of the Grooming segment increased 1 point.

- Shave Care net sales increased mid-single digits due to a low single digit volume increase, increased pricing and favorable mix (due to growth in North America and the disproportionate growth of premium shave systems products, both of which have higher than category-average selling prices), partially offset by unfavorable foreign exchange impacts. Organic sales increased mid-single digits. Volume increased mid-single digits in North America and Europe (due to innovation and market size increases versus a base period that was negatively impacted by the pandemic) and increased low single digits in IMEA (due to innovation) and Asia Pacific (due to retailer inventory increases to support innovation launch). This was partially offset by a mid-teens decrease in Greater China (due primarily to market size decline in offline channels, where our market shares are higher than e-commerce and other emerging online channels) and a mid-single digit decline in Latin America (due to distribution losses in certain markets). Global market share of the Shave Care category increased nearly half a point.
- Appliances net sales increased low single digits as a low single digit decrease in volume and unfavorable foreign exchange impacts were more than offset by increased pricing and favorable mix (due to the disproportionate growth of premium

shavers and stylers, which have higher than category-average selling prices). Organic sales increased mid-single digits. Volume decreased mid-teens in IMEA, mid-single digits in Asia Pacific and low single digits in North America, all due to a pandemic-related consumption increase of at-home grooming and styling products in the base period. This was partially offset by a high teens increase in Greater China due to innovation on shavers. Global market share of the Appliances category increased half a point.

Net earnings increased 5% to $476 million due to the increase in net sales and a 20 basis-point increase in net earnings margin. Net earnings margin increased due to a reduction in SG&A as a percentage of net sales, partially offset by a decrease in gross margin and a higher effective tax rate. The gross margin decrease was driven by negative mix caused by the launch of premium-priced, profit-accretive products that have lower than segment-average gross margins, partially offset by the positive impact of increased pricing. SG&A as a percentage of net sales decreased primarily due to the positive scale impacts of the net sales increase. The higher effective tax rate was driven by disproportionate growth in North America, which has higher than Company-average tax rates.

Six months ended December 31, 2021 compared with six months ended December 31, 2020

Grooming net sales increased 5% to $3.5 billion on a 1% increase in unit volume. Increased pricing had a positive 3% impact on net sales. Favorable mix had a positive 1% impact on net sales due to growth in North America and the disproportionate growth of premium shave systems products, both of which have higher than segment-average selling prices. This was partially offset by the decline of the Appliances business (due to a pandemic-related consumption increase in the base period) which has higher than segment-average selling prices. Foreign exchange had a neutral impact on net sales. Organic sales increased 5%. Global market share of the Grooming segment increased 1 point.

- Shave Care net sales increased mid-single digits due to a low single digit volume increase, increased pricing and favorable mix (due to growth in North America and the disproportionate growth of premium shave systems products, both of which have higher than category-average selling prices). Organic sales increased mid-single digits. Volume increased high single digits in North America and low single digits in Europe due to innovation and market size increases versus a base period that was negatively impacted by the pandemic. This was partially offset by a double digit decline in Greater China (due primarily to market size decline in offline channels, where our market shares are higher than e-commerce and other emerging online channels) and a low single digit decline in IMEA (due to reduced promotional activity of lower tier shave products). Global market share of the Shave Care category increased half a point.
- Appliances net sales were unchanged as a mid-single digit decline in volume and unfavorable foreign exchange impacts were offset by favorable mix (due to a higher proportion of sales of premium shavers and epilators, which have higher than category-average selling prices) and increased pricing. Organic sales were unchanged. Volume declined double digits in North America, high single digits in Asia Pacific and mid-single digits in Europe, all due to a pandemic-related consumption increase of at-home grooming and styling products in the base period. Global market share of the Appliances category increased more than half a point.

Net earnings increased 11% to $893 million due to the increase in net sales and a 130 basis-point increase in net earnings margin. The net earnings margin increased due to an increase in gross margin and a reduction in SG&A as a percentage of net sales, partially offset by a higher effective tax rate. The gross margin increase was driven by manufacturing cost savings and increased pricing, partially offset by negative mix caused by the launch of premium-priced, profit-accretive products that have lower than segment-average gross margins. SG&A as a percentage of net sales decreased primarily due to the positive scale impacts of the net sales increase. The higher effective tax rate was driven by disproportionate growth in North America, which has higher than Company-average tax rates.

Health Care

Three months ended December 31, 2021 compared with three months ended December 31, 2020

Health Care net sales increased 8% to $3.0 billion on a 4% increase in unit volume. Favorable mix increased net sales by 3% due to the disproportionate growth of the North America region and the Personal Health Care category, both of which have higher than segment-average selling prices. Increased pricing had a positive 1% impact on net sales. Foreign exchange had a neutral impact on net sales. Organic sales increased 8%. Global market share of the Health Care segment was unchanged.

- Oral Care net sales increased low single digits as a low single digit decrease in volume was more than offset by positive mix impacts from the higher proportion of premium paste and power brush products and increased pricing. Organic sales increased low single digits. The volume decrease was driven by high single digit declines in Europe (due primarily to power brush related supply constraints resulting from the global chip shortage) and Greater China (due to decline of the power brush market). These volume decreases were partially offset by a high single digit increase in Asia Pacific, mid-single digit increases in North America and Latin America and a low single digit increase in IMEA, all due to market growth and innovation. Global market share of the Oral Care category increased half a point.

- Personal Health Care net sales increased about 20% due primarily to a mid-teens increase in volume, along with positive mix impacts from the disproportionate growth of North America and respiratory products, both of which have higher than category-average selling prices, and inflation-related price increases. Organic sales also increased about 20%. Volume increased more than 30% in APAC (due to increased marketing spending, innovation and distribution gains), high teens in North America and double digits in Europe (both due to market growth of respiratory products versus the base period that was negatively impacted by the pandemic) and double digits in Latin America and IMEA (due to increased marketing spending, distribution gains and innovation). Global market share of the Personal Health Care category increased half a point.

Net earnings increased 7% to $701 million due to the increase in net sales, partially offset by a 30 basis-point decrease in net earnings margin. Net earnings margin decreased due to a decrease in gross margin and a higher effective tax rate, partially offset by a decrease in SG&A as a percentage of net sales. The decrease in gross margin was driven by increased commodity and transportation costs and unfavorable mix caused by the growth of premium-priced, profit-accretive products that have lower than segment-average gross margins, partially offset by increased pricing. SG&A as a percentage of net sales decreased primarily due to the positive scale impacts of the net sales increase, partially offset by an increase in media spending behind innovation support. The higher effective tax rate was driven by disproportionate growth in North America, which has higher than Company-average tax rates.

Six months ended December 31, 2021 compared with six months ended December 31, 2020

Health Care net sales increased 8% to $5.7 billion on a 4% increase in unit volume. Favorable mix increased net sales by 3% due to the disproportionate growth of the North America region and the Personal Health Care category, both of which have higher than segment-average selling prices. Pricing increased net sales by 1%. Foreign exchange had a positive 1% impact on net sales. Organic sales also increased 8%. Global market share of the Health Care segment increased 0.2 points.

- Oral Care net sales increased low single digits as a low single digit decrease in volume was more than offset by positive mix impacts from the higher proportion of sales of premium power brush and paste products, both of which have higher than category-average selling prices, increased pricing and favorable foreign exchange impacts. Organic sales increased low single digits. The volume decrease was driven by a double digit decline in Greater China (due to a decline of the power brush market) and a mid-single digit decline in Europe (due primarily to power brush related supply constraints resulting from the global chip shortage). This decrease was partially offset by a high single digit increase in IMEA and a low single digit increase in North America, both due to market growth and innovation. Global market share of the Oral Care category increased less than a point.
- Personal Health Care net sales increased high-teens due primarily to a double digit increase in volume, inflation-related price increases and positive mix impacts from the disproportionate growth of the North America region and respiratory products, both of which have higher than category-average selling prices. Organic sales increased mid-teens. Volume increased about 40% in APAC (due to increased marketing spending, innovation and distribution gains), increased high teens in North America and increased double digits in Europe (both due primarily to market growth of respiratory products versus the base period, which was impacted by the pandemic) and increased high single digits in Latin America and IMEA (due to increased marketing spending, distribution gains and innovation). Global market share of the Personal Health Care category increased half a point.

Net earnings increased 4% to $1.2 billion due to the increase in net sales, partially offset by an 80 basis-point decrease in net earnings margin. Net earnings margin decreased due to a decrease in gross margin and a higher effective tax rate, partially offset by a decrease in SG&A as a percentage of net sales. The decrease in gross margin was driven by increased commodity and transportation costs, and unfavorable mix caused by the growth of premium-priced, profit-accretive products that have lower than segment-average gross margins, partially offset by increased pricing. SG&A as a percentage of net sales decreased primarily due to the positive scale impacts of the net sales increase, partially offset by an increase in media spending behind innovation support. The higher effective tax rate was driven by disproportionate growth in North America, which has higher than Company-average tax rates.

Fabric & Home Care

Three months ended December 31, 2021 compared with three months ended December 31, 2020

Fabric & Home Care net sales increased 7% to $7.0 billion due primarily to a 7% increase in unit volume. Higher pricing increased net sales by 2%. Unfavorable mix decreased net sales by 1% due to the relatively slower growth of Home Care (due to pandemic-related consumption increases in the base period), which has higher than segment-average selling prices. Unfavorable foreign exchange had a negative 1% impact to net sales. Organic sales increased 8%. Global market share of the Fabric & Home Care segment increased 1.9 points.

- Fabric Care net sales increased double digits due primarily to a high single digit increase in volume and increased pricing, partially offset by unfavorable foreign exchange impacts. Organic sales also increased double digits. Increased volume was

driven by a mid-teens growth in North America (due to innovation on laundry, unit dose and fabric enhancers, and market growth), double digit growth in Latin America (due to increased promotional activity), mid-single digit growth in Europe (due to innovation and increased marketing spending) and low single digit growth in Asia Pacific (due to innovation). Global market share of the Fabric Care category increased more than a point.

- Home Care net sales increased low single digits due to a low single digit increase in volume and increased pricing, partially offset by unfavorable foreign exchange impacts and unfavorable mix caused by a volume decrease in the North America region, which has a higher than category-average selling price. Organic sales also increased low single digits. The volume increase was driven by a mid-single digit increase in Europe (due to innovation and market growth), partially offset by a a high teens decline in IMEA (due to retailer inventory decreases) and a low single digit decline in North America (due to pandemic-related consumption increases in the base period). Global market share of the Home Care category increased more than two points.

Net earnings decreased 9% to $1.1 billion as the increase in net sales was more than offset by a 290 basis-point reduction in net earnings margin. Net earnings margin decreased due primarily to a reduction in gross margin, partially offset by a reduction in SG&A as a percentage of net sales. The gross margin decrease was driven by an increase in commodity and transportation costs, and unfavorable mix caused by the growth of premium-priced, profit-accretive products that have lower than segment-average gross margins, partially offset by increased selling prices. SG&A as a percentage of net sales decreased due to the positive scale benefits of the net sales increase.

Six months ended December 31, 2021 compared with six months ended December 31, 2020

Fabric & Home Care net sales increased 6% to $14.0 billion on a 4% increase in unit volume. Higher pricing increased net sales by 2%. Foreign exchange had no impact on net sales. Organic sales also increased 6%. Global market share of the Fabric & Home Care segment increased 1.6 points.

- Fabric Care net sales increased high single digits due primarily to a mid-single digit increase in volume, increased commodity-based pricing and positive mix impacts due to the disproportionate growth of North America, which has higher than category-average selling prices. Organic sales also increased high single digits. Increased volume was driven primarily by double digit increases in North America (due to innovation, including fabric enhancers and unit dose) and Latin America (due to increased promotional activity), and a mid-single digit increase in Europe (due to innovation). Global market share of the Fabric Care category increased more than a point.
- Home Care net sales increased low single digits on flat volume due primarily to increased pricing, partially offset by unfavorable mix due to a lower proportion of sales in North America, which has higher than category-average selling prices. Organic sales also increased low single digits. Volume increased low single digits in Europe due to innovation. This was offset by more than a 20% decline in IMEA (due to market decline and retailer inventory decreases) and a low single digit decline in North America (due to pandemic-related consumption increases in the base period). Global market share of the Home Care category increased more than a point.

Net earnings decreased 10% to $2.3 billion as the increase in net sales was more than offset by a 310 basis point reduction in net earnings margin. Net earnings margin decreased due primarily to a reduction in gross margin, partially offset by a reduction in SG&A as a percentage of net sales. The gross margin decrease was primarily driven by an increase in commodity and transportation costs, and unfavorable mix caused by the growth of premium-priced, profit-accretive products that have lower than segment-average gross margins, partially offset by increased selling prices. SG&A as a percentage of net sales declined due to the positive scale benefits of the net sales increase.

Baby, Feminine & Family Care

Three months ended December 31, 2021 compared with three months ended December 31, 2020

Baby, Feminine & Family Care net sales increased 5% to $5.1 billion on a 1% increase in unit volume. Higher pricing increased net sales by 3%. Favorable mix had a positive 1% impact to net sales due to the disproportionate growth of Baby Care and Feminine Care in North America and growth of premium diaper pants and taped products, all of which have higher than segment-average selling prices. Foreign exchange had no impact on net sales. Organic sales increased 5%. Global market share of the Baby, Feminine & Family Care segment increased 1 point.

- Baby Care net sales increased high single digits due to a low single digit increase in volume, commodity-driven price increases and positive mix impacts due to the disproportionate growth of North America and growth of premium pants and taped diaper products, all of which have higher than category-average selling prices. Organic sales also increased high single digits. Volume increased double digits in Latin America (due to innovation), increased mid-single digits in North America (due to market growth and innovation) and increased low single digits in Europe (due to pandemic-related consumption decreases in the base period). This was partially offset by a high teens decline in Greater China (due to

increased competitive activity) and a mid-single digit decline in Asia Pacific (due to pandemic-related market declines). Global market share of the Baby Care category increased more than half a point.

- Feminine Care net sales increased double digits due to a low single digit increase in volume, increased pricing and positive mix driven by the disproportionate growth of North America and the growth of premium adult incontinence and premium pads and tampons, all of which have higher than category-average selling prices. Organic sales also increased double digits. Volume increased double digits in North America (due to innovation and distribution gains), high single digits in Latin America (due to increased promotional activity) and low single digits in Europe (due to trade inventory increase ahead of price increases). Global market share of the Feminine Care category increased more than a point.
- Net sales in Family Care, which is predominantly a North American business, were unchanged as a low single digit decrease in volume (due to pandemic-related consumption increases in the base period) and unfavorable mix impacts (due to a higher proportion of large count packs, which have lower than category-average selling prices) were offset by increased pricing (due to commodities-based price increases, partially offset by increased promotional spending versus a pandemic-related low promotional activity in the base period). Organic sales also were unchanged. North America share of the Family Care category increased more than a point.

Net earnings decreased 12% to $914 million as the increase in net sales was more than offset by a 360 basis-point decrease in net earnings margin. Net earnings margin decreased primarily due to a decrease in gross margin, partially offset by lower SG&A as a percentage of net sales. Gross margin decreased primarily due to an increase in commodity and transportation costs, and unfavorable mix caused by the growth of Family Care large count packs and club volume that have lower than segment-average gross margins, partially offset by increased pricing. SG&A as a percentage of net sales decreased due to the positive scale benefits of net sales increase and reductions in both marketing and overhead costs.

Six months ended December 31, 2021 compared with six months ended December 31, 2020

Baby, Feminine & Family Care net sales increased 4% to $10.0 billion on a 1% increase in unit volume. Favorable mix had a 2% positive impact to net sales due to the disproportionate growth of Feminine Care in North America and growth of premium diaper pants and adult incontinence products, all of which have higher than segment-average selling prices. Higher pricing increased net sales by 1%. Foreign exchange had a neutral impact on net sales. Organic sales also increased 4%. Global market share of the Baby, Feminine & Family Care segment increased 0.9 points.

- Baby Care net sales increased high single digits due to a low single digit increase in volume, positive mix (due to the growth of premium pants and taped diaper products, both of which have higher than category-average selling prices) and commodity-based price increases. Organic sales increased mid-single digits. Volume increased double digits in Latin America (due to innovation), increased low single digits in Europe (due to increased consumption following pandemic-related slowdowns in the base period) and in North America (due to market growth and innovation). These increases were partially offset by a mid-teens decline in Greater China (due to increased competitive activity) and a mid-single digit decline in Asia Pacific (due to pandemic-related market declines). Global market share of the Baby Care category increased less than half a point.
- Feminine Care net sales increased high single digits due to a low single digit increase in volume, positive mix driven by the disproportionate growth of North America and the growth of premium adult incontinence and premium pads and tampons, all of which have higher than category-average selling prices, increased pricing and favorable foreign exchange impacts. Organic sales also increased high single digits. Volume increased double digits in North America (due to innovation, distribution gains and market growth) and low single digits in Europe (due to trade inventory build ahead of price increases). This increase was partially offset by a mid-single digit volume decrease in IMEA (due to a pandemic-related consumption increase in the base period) and a low single digit decrease in Greater China (due to market decline). Global market share of the Feminine Care category increased more than a point.
- Net Sales in Family Care, which is predominantly a North American business, decreased low single digits on flat volume (versus a base period that experienced pandemic-driven consumption increases), unfavorable mix (caused by disproportionate growth of large count packs, which have lower than category-average selling prices) and decreased pricing (due to increased promotional spending versus a pandemic-related low promotional activity in the base period, partially offset by commodity-based price increases). Organic sales also decreased low single digits. North America share of the Family Care category increased more than a point.

Net earnings decreased 15% to $1.7 billion as the increase in net sales was more than offset by a 400 basis-point decrease in net earnings margin. Net earnings margin decreased primarily due to a decrease in gross margin, partially offset by lower SG&A as a percentage of net sales. Gross margin decreased primarily due to an increase in commodity and transportation costs, and unfavorable mix caused by the growth of Family Care large count packs and club volume, both of which have lower than segment-average gross margins, partially offset by increased pricing. SG&A as a percentage of net sales decreased due to reductions in both marketing and overhead costs.

Corporate

Corporate includes certain operating and non-operating activities not allocated to specific business segments. These include: the incidental businesses managed at the corporate level; financing and investing activities; certain employee benefit costs; other general corporate items; the gains and losses related to certain divested brands and categories; and certain restructuring-type activities to maintain a competitive cost structure, including manufacturing and workforce optimization. Corporate also includes reconciling items to adjust the accounting policies used in the reportable segments to U.S. GAAP. The most significant reconciling item relates to income taxes, to adjust from blended statutory rates that are reflected in the reportable segments to the overall Company effective tax rate.

Corporate net sales improved by $50 million to $152 million for the quarter and improved by $94 million to $290 million for the fiscal year to date, both due to an increase in sales of incidental businesses managed at the corporate level. Corporate net earnings improved by $536 million to $67 million for the quarter and improved by $614 million to $239 million for the fiscal year to date, both due primarily to a base period loss on the early debt extinguishment, current period tax benefits (primarily higher excess tax benefits of share-based compensation) and lower interest expense, partially offset by higher foreign exchange transactional charges.

LIQUIDITY & CAPITAL RESOURCES

Operating Activities

We generated $9.8 billion of cash from operating activities fiscal year to date, a decrease of $399 million versus the prior year period. Net earnings, adjusted for non-cash items (depreciation and amortization, share-based compensation expense, deferred income taxes and gain on sale of assets), generated $9.9 billion of operating cash flow. Working capital and other impacts used $84 million of cash in the period. Accounts receivable increased, using $644 million of cash, primarily due to sales growth. Days sales outstanding increased by one day driven by a higher relative amount of sales towards the end of the quarter. Inventory increased, consuming $840 million of cash primarily due to increased safety stock levels in anticipation of the supply chain challenges, increased commodity costs and business growth. Days on hand were relatively flat at 58. Accounts payable, accrued and other net operating assets and liabilities increased, generating $1.4 billion of cash, primarily driven by an increase in trade payables as a result of increased inventory and transportation costs and, to a lesser extent, the impact of extended payment terms with suppliers. This was partially offset by the payment of prior fiscal year-end incentive compensation and other salary-related accruals. Days payable outstanding is at 84, a reduction of two days versus year ago.

Investing Activities

Investing activities used $2.0 billion of cash fiscal year to date primarily due to capital expenditures.

Financing Activities

Financing activities used $6.3 billion of net cash fiscal year to date. We used $7.5 billion for treasury stock purchases and $4.4 billion for dividends. We generated $4.4 billion from net debt increases and $1.2 billion from the exercise of stock options and other impacts.

As of December 31, 2021, our current liabilities exceeded current assets by $12.5 billion. We have short- and long-term debt to meet our financing needs. We anticipate being able to support our short-term liquidity and operating needs largely through cash generated from operations. We have strong short- and long-term debt ratings that have enabled and should continue to enable us to refinance our debt as it becomes due at favorable rates in commercial paper and bond markets. In addition, we have agreements with a diverse group of financial institutions that, if needed, should provide sufficient credit funding to meet short-term financing requirements.

RECONCILIATION OF MEASURES NOT DEFINED BY U.S. GAAP

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

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

Adjusted free cash flow: Adjusted free cash flow is defined as operating cash flow less capital spending and excluding payments for the transitional tax resulting from the U.S. Tax Act (the Company incurred a transitional tax liability of approximately $3.8 billion in fiscal 2018 from the U.S. Tax Act of 2017, which is payable over a period of 8 years). Adjusted free cash flow represents the cash that the Company is able to generate after taking into account planned maintenance and asset expansion. Management views adjusted free cash flow as an important measure because it is one factor used in determining the amount of cash available for dividends, share repurchases, acquisitions and other discretionary investments.

Adjusted free cash flow productivity: Adjusted free cash flow productivity is defined as the ratio of adjusted free cash flow to net earnings. Management views adjusted free cash flow productivity as a useful measure to help investors understand P&G’s ability to generate cash. Adjusted free cash flow productivity is used by management in making operating decisions, allocating financial resources and for budget planning purposes. This measure is also used in assessing the achievement of management goals for at-risk compensation. The Company's long-term target is to generate annual adjusted free cash flow productivity at or above 90 percent.

Core EPS: Core earnings per share, or Core EPS, is a measure of the Company's diluted net earnings per share excluding items that are not judged to be part of the Company's sustainable results or trends. Management views this non-GAAP measure as a useful supplemental measure of Company performance over time. This measure is also used when evaluating senior management in determining their at-risk compensation.

The Core earnings measures included in the following reconciliation tables refer to the equivalent GAAP measures adjusted as applicable for the following items:

Early debt extinguishment charges: In the three months ended December 31, 2020, the company recorded after tax charges of $427 million ($512 million before tax), due to early extinguishment of certain long-term debt. These charges represent the difference between the reacquisition price and the par value of the debt extinguished.

We do not view the above item 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.

Organic sales growth:

Three Months Ended December 31, 2021	Net Sales Growth	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other [1]	Organic Sales Growth
Beauty	3%	(1)%	—%	2%
Grooming	4%	1%	—%	5%
Health Care	8%	—%	—%	8%
Fabric & Home Care	7%	1%	—%	8%
Baby, Feminine & Family Care	5%	—%	—%	5%
Total Company	**6%**	**—%**	**—%**	**6%**

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

Six Months Ended December 31, 2021	Net Sales Growth	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other [1]	Organic Sales Growth
Beauty	4%	(2)%	—%	2%
Grooming	5%	—%	—%	5%
Health Care	8%	(1)%	1%	8%
Fabric & Home Care	6%	—%	—%	6%
Baby, Feminine & Family Care	4%	—%	—%	4%
Total Company	**6%**	**(1)%**	**—%**	**5%**

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

Adjusted free cash flow (dollar amounts in millions):

Six Months Ended December 31, 2021			
Operating Cash Flow	Capital Spending	U.S. Tax Act Payments	Adjusted Free Cash Flow
$9,764	**$(1,717)**	**$225**	**$8,272**

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

Six Months Ended December 31, 2021		
Adjusted Free Cash Flow	Net Earnings	Adjusted Free Cash Flow Productivity
$8,272	**$8,368**	**99%**

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
(Amounts in Millions Except Per Share Amounts)
Reconciliation of Non-GAAP Measures

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020			
	AS REPORTED (GAAP)	AS REPORTED (GAAP)	EARLY DEBT EXTINGUISHMENT	ROUNDING	NON-GAAP (CORE)
NET EARNINGS ATTRIBUTABLE TO P&G	4,223	3,854	427	—	4,281
					Core EPS
DILUTED NET EARNINGS PER COMMON SHARE [1]	$ 1.66	$ 1.47	$ 0.16	$ 0.01	**$ 1.64**

[1] Diluted net earnings per share are calculated on Net earnings attributable to Procter & Gamble.

CHANGE IN CURRENT YEAR REPORTED (GAAP) MEASURES VERSUS PRIOR YEAR NON-GAAP (CORE) MEASURES	
CORE NET EARNINGS ATTRIBUTABLE TO P&G	(1)%
CORE EPS	1 %

THE PROCTER & GAMBLE COMPANY AND SUBSIDIARIES
(Amounts in Millions Except Per Share Amounts)
Reconciliation of Non-GAAP Measures

	Six Months Ended December 31, 2021	Six Months Ended December 31, 2020			
	AS REPORTED (GAAP)	AS REPORTED (GAAP)	EARLY DEBT EXTINGUISHMENT	ROUNDING	NON-GAAP (CORE)
NET EARNINGS ATTRIBUTABLE TO P&G	8,335	8,131	427	—	8,558
DILUTED NET EARNINGS PER COMMON SHARE [1]	$ 3.27	$ 3.10	$ 0.16	$ 0.01	**$ 3.27**

[1] Diluted net earnings per share are calculated on Net earnings attributable to Procter & Gamble.

CHANGE IN CURRENT YEAR REPORTED (GAAP) MEASURES VERSUS PRIOR YEAR NON-GAAP (CORE) MEASURES	
CORE NET EARNINGS ATTRIBUTABLE TO P&G	(3)%
CORE EPS	— %

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the Company's exposure to market risk since June 30, 2021. Additional information can be found in Note 7 - Risk Management Activities and Fair Value Measurements of the Consolidated Financial Statements.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the Company's fiscal quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

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

Item 1A. Risk Factors

For information on risk factors, please refer to "Risk Factors" in Part I, Item 1A of the Company's Form 10-K for the year ended June 30, 2021.

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

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [3]	Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Share Repurchase Program
10/01/2021 - 10/31/2021	6,361,029	$141.49	6,361,029	[3]
11/01/2021 - 11/30/2021	6,146,804	$146.42	6,146,804	[3]
12/01/2021 - 12/31/2021	18,902,351	$156.07	18,902,351	[3]
Total	**31,410,184**	**$151.23**	**31,410,184**	

[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 minimum tax withholding requirements on option exercises and other equity-based transactions. The Company administers cashless exercises through an independent third party and does not repurchase stock in connection with cashless exercises.

[2] Average price paid per share for open market transactions excludes commission.

[3] On January 19, 2022, the Company stated that in fiscal year 2022 the Company expects to reduce outstanding shares through direct share repurchases at a value of $9 to $10 billion, notwithstanding any purchases under the Company's compensation and benefit plans. Purchases may be made in the open market and/or private transactions and purchases may be increased, decreased or discontinued at any time without prior notice. The share repurchases are authorized pursuant to a resolution issued by the Company's Board of Directors and are expected to be financed by a combination of operating cash flows and issuance of long-term and short-term debt.

Item 6. Exhibits

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

* Compensatory plan or arrangement

+ Filed herewith

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

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

THE PROCTER & GAMBLE COMPANY

January 19, 2022	/s/ MICHAEL G. HOMAN
Date	(Michael G. Homan) Senior Vice President - Chief Accounting Officer (Principal Accounting Officer)

EXHIBIT INDEX

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 Form 10-K for the year ended June 30, 2016)
3-2	Regulations (as approved by the Board of Directors on April 8, 2016, 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 Form 10-K for the year ended June 30, 2016)
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)
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EXHIBIT (10-1)

Company’s Form of Separation Agreement & Release

SEPARATION AGREEMENT AND RELEASE

To: «Employee_Name»
Date: «Actual_Offer_Date»

«Company» ("P&G") is willing to provide you with certain assistance in connection with your employment separation from the Company. The following describes the terms under which you are separating from employment. Your receipt of the benefits described below is conditioned upon your accepting and abiding by the terms of this Agreement.

Last Day of Employment:	Your last day of employment will be **«Exit_Date»,** referred to as your "Last Day of Employment." You understand and agree that if P&G determines that you engaged in misconduct during your employment, or if you fail to perform your work and responsibilities in a satisfactory manner up to and including your Last Day of Employment, P&G may terminate your employment immediately and will not provide, nor be obligated to provide, the payment(s) and other benefits described in this Agreement. Otherwise, unless noted below, your pay and benefits will cease as of your Last Day of Employment.
Separation Payment:	As soon as administratively practical after your Last Day of Employment, P&G will provide you with a Separation Payment of **«Total_Amount»,** less legally required withholdings and deductions. In no event will payment be made before expiration of the seven-day revocation period discussed below or later than the March 15th of the year following the year which includes your last day of employment Amounts you owe to P&G as of your Last Day of Employment, including, but not limited to, wage and/or benefit overpayments and unpaid loans, will also be deducted from the Separation Payment.
Payment for Unvested PST:	If you are not fully-vested in the Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan ("PST") as of your Last Day of Employment, as soon as administratively practical after your Last Day of Employment, but no later than the March 15th of the year following the year which includes your Last Day of Employment, you will receive a lump sum payment in an amount substantially equivalent to the non-vested credits in your account in the PST.
STAR Awards:	As of your Last Day of Employment, if you worked at least 28 days (4 calendar weeks) during that fiscal year, you will receive a pro-rated STAR award for that fiscal year. Your STAR award will be pro-rated by dividing the number of calendar days during the fiscal year from July 1 through your Last Day of Employment by 365. Your STAR award will be paid in cash in the September (but no later than September 15th) immediately following the end of the fiscal year in which you terminate.

Equity Awards	Your separation will be treated as a Special Separation for purposes of any outstanding equity awards granted under the Procter & Gamble 2009 Stock and Incentive Compensation Plan, the Procter & Gamble 2001 Stock and Incentive Compensation Plan, the Procter & Gamble 1992 Stock Plan, or the Gillette Company 2004 Long-Term Incentive Plan and, as a result, you will retain the awards subject to the original terms and conditions of the awards. You will also retain awards granted under the Procter & Gamble 2014 Stock and Incentive Compensation Plan and the Procter & Gamble 2019 Stock and Incentive Compensation Plan subject to the terms and conditions of those Awards. For awards granted on or after October 1, 2020, pursuant to the Long-Term Incentive Program (LTIP) and/or Performance Stock Program (PSP), awards will be prorated based on the number of days worked in the 12 months following the October 1 grant date, with a minimum requirement of 28 days worked beyond October 1. This agreement does not alter the rights and obligations that you may have under the Procter & Gamble 2019 Stock and Incentive Compensation Plan, the Procter & Gamble 2014 Stock and Incentive Compensation Plan, the Procter & Gamble 2009 Stock and Incentive Compensation Plan, the Procter & Gamble 2001 Stock and Incentive Compensation Plan, the Procter & Gamble 1992 Stock Plan, and the Gillette Company 2004 Long-Term Incentive Plan.
Current Medical, Dental, and Life Insurance Benefits:	If you are enrolled in P&G's active health (including medical, prescription drug, and EAP coverage), active dental, and company-paid life insurance coverage, that coverage will continue under the same terms until **«Benefits_End_Date»**. If you continue to receive P&G active health coverage during the extension of benefits period, that coverage will be impacted if you (or your eligible dependents, including but not limited to your spouse or domestic partner) are or become eligible for Medicare. For more information on this impact, see the C*oordination With Medicare s*ection in the Summary Plan Description for your P&G active health coverage. If you continue to receive P&G active health coverage during the extension of benefits period, you may be entitled to continue your health and dental coverage under COBRA when the extension of benefits period ends. If you are entitled to COBRA continuation coverage, you will receive a notice of your right to elect COBRA. Any life insurance coverage other than company-paid life insurance coverage will not continue during this time.

Retiree Medical and Dental Benefits:	If you were eligible for P&G retiree healthcare coverage on your Last Day of Employment, you will be eligible to enroll in P&G's retiree medical and dental insurance coverage. You are eligible for P&G retiree healthcare coverage if you satisfy the regular retiree eligibility rules (i.e., you are a Regular Retiree) as of your Last Day of Employment. Under the terms of this Agreement, you also are eligible for P&G retiree healthcare coverage as a Special Retiree by satisfying the Rule of 70 as of your Last Day of Employment. You satisfy the Rule of 70 when your full years of age plus your full years of service equal 70.[1] If you are eligible for P&G's retiree healthcare coverage as either a Regular Retiree or a Special Retiree as of your Last Day of Employment, you should contact P&G Employee Care before your extension of coverage ends to request retiree healthcare enrollment information. For details regarding the terms and conditions of your retiree health coverage, please refer to and review the summary plan descriptions, available at Benefits Onl **Important Note:** If you become employed by a direct competitor of P&G (as determined by P&G's Chief Human Resources Officer) in any capacity, you will not be eligible for coverage under P&G's retiree healthcare coverage as long as you remain employed by such competitor. If you have questions, please contact the P&G Employee Care at [phone].
Outplacement Services:	P&G's outplacement supplier, Right Management Consultants, will provide services to assist you in managing your transition to a new future, based on your interest. Services include pre-decision counseling, career transition programs, and job development opportunities. Right Management Consultants will also assist you in preparing for your job search, including résumé preparation, cover letters, other written materials and interview and networking training. After you accept this Agreement, you may begin utilizing outplacement services on a limited basis prior to your Last Day of Employment, consistent with the needs of the business and your responsibilities to complete and/or transition your work. Note that you must begin utilizing outplacement services within 45 days of your Last Day of Employment to be eligible for this benefit.

[1] Special rules apply to Gillette Heritage Employees with regard to retiree medical eligibility and the retiree medical cost sharing under the retiree medical plan. If you are a Gillette Heritage Employee, you will receive a separate handout on your retiree medical eligibility.

No Consideration Without Executing this Agreement:	You affirm that you understand and agree that you would not receive the separation payment and/or benefits specified in this Agreement without executing this Agreement and fulfilling the promises contained in it. Except as provided in this Agreement or under the terms and conditions of an applicable benefit plan or policy sponsored by P&G, you shall not be due any payments or benefits from P&G in connection with the termination of your employment.
Continued Employment Through Your Last Day of Employment:	You agree to perform your work and responsibilities as an employee in a satisfactory manner up to and including your Last Day of Employment, including compliance with all provisions of this "Separation Agreement and Release." If P&G determines that you have engaged in serious misconduct during your employment, you understand and agree that P&G may terminate your employment immediately and will not provide, nor will it be obligated to provide, you with the Separation Payment, medical benefits, outplacement and other benefits described above. If you have already received any such pay or benefits, you agree to repay them to P&G upon demand.
Nonadmission of Wrongdoing:	You affirm that you understand and agree that neither this Agreement nor the furnishing of the consideration for this Agreement, including the Separation Payment, shall be deemed or construed at any time for any purpose as an admission by P&G of wrongdoing or evidence of any liability or unlawful conduct of any kind.
Release of Claims – Including Age Discrimination and Employment Claims:	In consideration of the Separation Payment and other benefits provided above to which you would not have been entitled under any existing P&G Policy, you release P&G from any and all claims you have against P&G. The term "P&G" includes «Company» and any of its present, former and future owners, parents, affiliates and subsidiaries, and its and their directors, officers, shareholders, employees, agents, servants, representatives, predecessors, successors and assigns and their employee benefit plans and programs and their administrators and fiduciaries.

	This release applies to claims about which you now know or may later discover, and includes but is not limited to: (1) claims arising under the Age Discrimination in Employment Act, 29 U.S.C. § 621, et seq.; (2) claims arising out of or relating in any way to your employment with P&G or the conclusion of that employment; (3) claims arising under any federal, state and local employment discrimination laws, regulations or ordinances or other orders that relate to the employment relationship and/or employee benefits; and (4) any other federal, state or local law, rule, regulation or ordinance, public policy, contract, tort or common law. This release does not apply to claims that may arise after the date you accept this Agreement or that may not be released under applicable law. You are not waiving any rights you may have to: (a) your own vested accrued employee benefits under the P&G health, welfare, or retirement benefit plans as of the Last Day of Employment; (b) benefits and/or the right to seek benefits under applicable workers' compensation and/or unemployment compensation statutes; (c) pursue claims which by law cannot be waived by signing this Agreement; (d) enforce this Agreement; and/or (e) challenge the validity of this Agreement. You agree that the decision as to what would be your Last Day of Employment was made prior to your accepting and executing this Agreement, and you agree that you are releasing any claim in connection with the separation of your employment. If any claim is not subject to release, to the extent permitted by law, you agree that you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which P&G is a party.

	Governmental Agencies: Nothing in this Separation Letter & Release prohibits or prevents you from filing a charge with or participating, testifying, or assisting in any investigation, hearing, or other proceeding before the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board or a similar agency enforcing federal, state or local anti-discrimination laws. However, to the maximum extent permitted by law, you agree that if such an administrative claim is made to such an anti-discrimination agency, you shall not be entitled to recover any individual monetary relief or other individual remedies. Nothing in this Separation Letter & Release, including but not limited to the "*Release of Claims – Including Age Discrimination and Employment Claims"* and the "*Confidential, Proprietary, Trade Secret Information & Period of Non-Competition"* sections of this Separation Letter & Release, prohibits you from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, or any agency Inspector General; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange Commission and/or the Occupational Safety and Health Administration. You understand you do not need the prior authorization from the Company to make any such reports or disclosures, and you are not required to notify the Company that you have made such reports or disclosures. Moreover, nothing in this Separation Letter & Release prohibits or prevents you from receiving individual monetary awards or other individual relief by virtue of participating in such federal whistleblower programs.
Confidential, Proprietary, Trade Secret Information & Period of Non-Competition:	Subject to the "Governmental Agencies" portion of the "Release of Claims – Including Age Discrimination and Employment Claims" above, you agree that you will not use or share any confidential, proprietary or trade secret information about any aspect of P&G's business with any non-P&G employee or business entity at any time in the future. You further agree that you will not obtain, transfer or have in your possession any confidential, proprietary or trade secret information on or after your last day of employment, even information you may have created yourself or to which you may have contributed as a P&G employee. Confidential, proprietary or trade secret information includes, but is not limited to, marketing and advertising plans, pricing information, upstream plans, specific areas of research and development, project work, product formulation, processing methods, assignments of individual employees, testing and evaluation procedures, cost figures, construction plans, and special techniques or methods of any kind.

	Notwithstanding the requirements of confidentiality contained in this section, the federal Defend Trade Secrets Act of 2016 immunizes you against criminal and civil liability under federal or state trade secret laws for your disclosure of trade secrets that is made i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or iii) to your attorney for use in a lawsuit alleging retaliation for reporting a suspected violation of law, provided that any document containing the trade secret is filed under seal and you do not otherwise disclose the trade secret, except pursuant to court order. You further understand and agree that, unless you have prior written consent from P&G, you will not engage in any activity or provide any services for a period of three (3) years following your Last Day of Employment in connection with the manufacture, development, advertising, promotion or sale of any product which is the same as, similar to, or competitive with any products of P&G or its subsidiaries (including both existing products as well as products in development which are known to you, as a consequence of your employment with P&G): 1. With respect to which your work has been directly concerned at any time during the two (2) years preceding your Last Day of Employment; or 2. With respect to which during that period of time you, as a consequence of your job performance and duties, acquired knowledge of trade secrets or other confidential information of P&G. For the purposes of this section, it shall be conclusively presumed that you have knowledge or information to which you were directly exposed through the actual receipt of memos or documents containing such information or through actual attendance at meetings at which such information was discussed or disclosed. The provisions of this section are not in lieu of, but are in addition to, your continuing obligation to not use or disclose P&G's trade secrets and confidential information known to you until any particular trade secret or confidential information becomes generally known (through no fault of yours). Information regarding products in

	development, in test market or being marketed or promoted in a discrete geographic region, which information P&G is considering for a broader use, shall not be deemed generally known until such broader use is actually commercially implemented. Also, "generally known" means known throughout the domestic United States industry or, if you have job responsibilities outside of the United States, the appropriate foreign country or countries' industry. If any restriction in this section is found by any court of competent jurisdiction or arbitrator to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it will be modified and interpreted to extend only over the maximum period of time, range of activities or geographic area so that it may be enforceable. As a participant in the 2009 Stock and Incentive Compensation Plan, the 2001 Stock and Incentive Compensation Plan, or the 1992 Stock Plan, you are also bound by the terms of Article F – Restrictions & Covenants of those plans, which are incorporated herein by reference. If you are a participant in the Procter & Gamble 2019 Stock and Incentive Compensation Plan and the Procter & Gamble 2014 Stock and Incentive Compensation Plan, you are also bound by the terms of Article 6 – Restrictions and Covenants of this plan which are incorporated herein by reference.
Non-Solicitation	You acknowledge, as a participant in the Procter & Gamble 2019 Stock and Incentive Compensation Plan, the Procter & Gamble 2014 Stock & Incentive Compensation Plan, the Procter & Gamble 2009 Stock and Incentive Compensation Plan, the Procter & Gamble 2001 Stock and Incentive Plan, the Procter & Gamble 1992 Stock Plan, and/or the Gillette Company 2004 Long-Term Incentive Plan that you are bound to comply with the Plans' non-solicitation obligations. Specifically, you agree that you will not, at any time following your Employment Separation Date, attempt to directly or indirectly induce any employee of P&G or its affiliates or subsidiaries to be employed or perform services elsewhere or attempt directly or indirectly to solicit the trade or business of any current or prospective customer, supplier or partner of P&G or its affiliates or subsidiaries.

Acknowledgements and Affirmations:	Subject to the "Governmental Agencies" portion of the "*Release of Claims – Including Age Discrimination and Employment Claims"* above, you affirm that you have not filed, caused to be filed, or presently are a party to any claim against P&G. You affirm that you have been paid and/or have received all compensation, wages, bonuses, commissions, and/or benefits which are due and payable as of the date you sign this Agreement. To the extent that you are required to report hours worked, you affirm that you have reported all hours worked as of the date you sign this Agreement. You affirm that you have been granted any leave to which you were entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws. You further affirm that you have no known workplace injuries or occupational diseases that have not been reported.
Assignment of Intellectual Property:	You will promptly and fully disclose, transfer and assign to P&G all inventions and any other intellectual property (collectively "Intellectual Property") made or conceived by you during your employment with P&G. You agree to fully cooperate in executing any papers required for establishing or protecting the Intellectual Property and for establishing P&G's ownership, even if such cooperation is necessary after your Last Day of Employment.

Return of P&G Property:	You agree that on or before your Last Day of Employment, you will return to P&G in good condition all of its equipment, materials and information that were in your possession, custody or control (including, but not limited to, computers, files, documents, credit cards, keys and identification badges). You further agree that you will provide your manager with all passwords to P&G electronic communication and data systems before your Last Day of Employment. You further agree that on or before your Last Day of Employment, you will return or if directed to do so by your immediate manager, delete (i.e., destroy all copies of) any and all P&G confidential, proprietary or trade secret information you have maintained in your possession, custody, or control in paper, electronic and/or digital formats, including but not limited to, any such confidential, proprietary, or trade secret information (e.g., files, documents, etc.) that you may have electronically or digitally processed or stored on P&G-issued or on personally-owned or maintained digital devices and/or service accounts. Such digital devices and/or service accounts may include, but are not limited to desktop and laptop computers, notebooks, tablets, iPads, mobile phones, smartphones, personal digital assistants (PDAs), USB and flash drives, external hard drives, CDs, DVDs, and/or external file processing or storage provided by cloud service providers such as box.net, dropbox, Google docs, etc.
Ethics Compliance:	Subject to the "Governmental Agencies" portion of the "*Release of Claims – Including Age Discrimination and Employment Claims"* above, you agree that you provided P&G all information known to you regarding any violations of the Procter & Gamble Worldwide Business Conduct Manual and/or any other violations of P&G policy or the law.

Agreement to Arbitrate Disputes:	Resolving any future differences we may have in the courts can take a long time and be expensive. You and P&G therefore agree that the only remedy for all disputes that are not released by this Agreement or that arise out of your employment with or separation from P&G, or any aspect of this Agreement, will be to submit any such disputes (with the exception noted at the end of this section) to final and binding arbitration in accordance with the National Rules for Resolution of Employment Disputes of the American Arbitration Association then in effect. You and P&G agree that the aggrieved party must send written notice of any claim to the other party by certified mail, return receipt requested. Written notice for P&G will be sent to: Secretary, One Procter & Gamble Plaza, Cincinnati, OH 45202, and to you at the most current address shown for you in P&G's records. The arbitrator will apply Ohio law. At your written request, P&G will reimburse you for all fees and costs charged by the American Arbitration Association and its arbitrator to the extent they exceed the applicable fees and costs that would have been charged by a court of competent jurisdiction had your claim been filed in court. There is one exception to this section. P&G may seek injunctive relief in any court of competent jurisdiction if it has reason to believe that you have violated or are about to violate (1) the terms of the "Confidential, Proprietary, Trade Secret Information & Period of Non-Competition" section above, or (2) if you are a participant in the 2009 Stock and Incentive Compensation Plan, the 2001 Stock and Incentive Compensation Plan, or the 1992 Stock Plan, the terms of Article F – Restrictions & Covenants of those plans or (3) if you are a participant in the 2014 Stock and Incentive Compensation Plan, the terms of Article 6 – Restrictions & Covenants of those plans.
Severability:	If any court of competent jurisdiction or arbitrator should later find that any portion of this Agreement is invalid, that invalidity will not affect the enforceability of any other portion of this Agreement.

Employment References:	You understand that P&G's historical policy is to not provide employment references to prospective employers. However, P&G is willing to waive that policy in your case on the following basis: You authorize your manager or human resources representative to provide an employment reference upon written or verbal request. In return, you release any claim against P&G and will not bring a lawsuit in court against P&G based upon that employment reference (or lack thereof). You agree that you will refer all reference inquiries to your manager or human resources representative only. You further understand that all disputes regarding employment references or the lack thereof must be resolved through the arbitration process described above.
No Reliance:	This Agreement sets forth the entire agreement between you and P&G and fully supersedes any prior agreements or understanding between the parties except that if you are a participant in the 2009 Stock and Incentive Compensation Plan, the 2001 Stock and Incentive Compensation Plan, or the 1992 Stock Plan, the terms of Article F – Restrictions & Covenants of those plans remain in full force and effect and are incorporated herein by reference and if you are a participant in the Procter & Gamble 2019 Stock and Incentive Compensation Plan or the Procter & Gamble 2014 Stock and Incentive Compensation Plan, the terms of Article 6 – Restrictions & Covenants of those plans remain in full force and are in effect and are incorporated herein by reference. In deciding to accept this Agreement, you agree that you have not relied upon any statements or promises by P&G, its managers, agents or employees, other than those set forth in this Agreement. No other promises or agreements concerning the matters described in this Agreement shall be binding unless in a subsequent document signed by these parties

Your Attorney:	You acknowledge that you have been and hereby are advised to consult with legal counsel before accepting this Agreement and have either done so or have voluntarily declined to do so.
Timing for Acceptance or Revocation:	You have forty-five (45) calendar days in which to consider this Agreement in which you waive important rights, including those under the Age Discrimination in Employment Act of 1967. If you choose to sign this Agreement, please do so by indicating your acceptance of this Agreement with your electronic signature in P&G's electronic system. We advise you to consult with an attorney of your choosing prior to signing this Agreement. Further, you may within seven (7) calendar days following the date you sign this Agreement, cancel and terminate it by giving written notice of your intention to revoke the Agreement to your immediate manager, and by returning to P&G any remuneration or benefits that have been advanced to you in anticipation of your not revoking your agreement and to which you are not entitled. If notice of your revocation is mailed, it must be postmarked within seven (7) calendar days after you sign this Agreement. You agree that any modifications, material or otherwise, made to this Agreement, do not restart or affect in any manner the original up to forty-five (45) calendar day consideration period.

The benefits described in this Agreement and pursuant to the summary plan description for the Procter & Gamble Basic Separation Program for U.S. Employees, are the special benefits you will receive by signing this Agreement. To the extent this Agreement describes benefits under other benefit plans and policies sponsored by P&G, these special benefits are also described in the summary plan descriptions for those plans. As such, nothing in this Agreement amends or changes the terms of any P&G-sponsored employee benefit plan or policy.

After your Last Day of Employment, you will no longer be an active P&G employee, which may affect your coverage under those plans and policies. For example, plans may require that you enroll in Medicare to be eligible for coverage. For more information on how not being an active P&G employee may affect your coverage, please refer to and review the summary plan descriptions for each plan, available at Benefits Online.

EXHIBIT (10-2)

Company’s Form of Separation Letter & Release

[On P&G Letterhead]

[INSERT DATE]

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

RE: Separation Agreement & Release

Dear [INSERT EMPLOYEE NAME]:

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

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

Separation Payment (use this paragraph only if a separation payment will be provided):	P&G will, within thirty (30) calendar days after your Employment Separation Date, provide you with a separation payment in the amount of $[INSERT AMOUNT] ("Separation Payment") (representing [INSERT #] weeks of pay at your current salary), less applicable state and federal withholdings and deductions, which sum will be paid in one lump sum payment. The Separation Payment will be the only assistance P&G provides upon your separation. Other resources may be available to you as a participant in general compensation and benefit plans, which it will be your responsibility to identify and make any necessary arrangements upon separation. Amounts you owe to P&G as of your Employment Separation Date, including, but not limited to, wage and/or benefit overpayments and unpaid loans, will also be deducted from the Separation Payment.
Unemployment Compensation Benefits (use this paragraph only if a separation payment is being provided):	Your Separation Payment will be allocated to the [INSERT #] week period following your Employment Separation Date.

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

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

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

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

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

Your separation will be treated as a Special Separation for purposes of any outstanding equity awards granted under the Procter & Gamble 2009 Stock and Incentive Compensation Plan, the Procter & Gamble 2001 Stock and Incentive Compensation Plan, the Procter & Gamble 1992 Stock Plan, or the Gillette Company 2004 Long-Term Incentive Plan and, as a result, you will retain the awards subject to the original terms and conditions of the awards. You will also retain awards granted under the Procter & Gamble 2014 Stock & Incentive Compensation Plan and the Procter & Gamble 2019 Stock & Incentive Compensation Plan subject to the terms and conditions of those Awards. For awards granted on or after October 1, 2020 pursuant to the Long-Term Incentive Program (LTIP) and/or Performance Stock Program (PSP), awards will be prorated based on the number of days worked in the 12 months following the October 1 grant date, with a minimum of 28 days worked beyond October 1.

This Separation Agreement & Release does not alter the rights and obligations that you may have under the Procter & Gamble 2019 Stock & Incentive Compensation Plan, the Procter & Gamble 2014 Stock & Incentive Compensation Plan, the Procter & Gamble 2009 Stock and Incentive Compensation Plan, the Procter & Gamble 2001 Stock and Incentive Plan, the Procter & Gamble 1992 Stock Plan, and the Gillette Company 2004 Long-Term Incentive Plan.

Release of Claims - Including Employment Claims:

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

Governmental Agencies: Nothing in this Separation Agreement & Release prohibits or prevents you from filing a charge with or participating, testifying, or assisting in any investigation, hearing, or other proceeding before the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board or a similar agency enforcing federal, state or local anti-discrimination laws. However, to the maximum extent permitted by law, you agree that if such an administrative claim is made to such an anti-discrimination agency, you shall not be entitled to recover any individual monetary relief or other individual remedies. Nothing in this Separation Agreement & Release prohibits you from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, or any agency Inspector General; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange Commission and/or the Occupational Safety and Health Administration. You understand you do not need the prior authorization from the Company to make any such reports or disclosures, and you are not required to notify the Company that you have made such reports or disclosures. Moreover, nothing in this Separation Agreement & Release prohibits or prevents you from receiving individual monetary awards or other individual relief by virtue of participating in such federal whistleblower programs.

Return of P&G Property:	You agree that by your Employment Separation Date, you will return to P&G in good condition all of its equipment, materials and information that were in your possession, custody or control (including, but not limited to, computers, phones, iPads, tablets files, documents, credit cards, keys and identification badges). You further agree that you will provide your manager with all passwords to P&G electronic communication and data systems before your Employment Separation Date.
Confidential Business Information:	Consistent with the "Information for the Departing Employee" document reviewed with you prior to your Employment Separation Date, you agree to protect P&G business information. Subject to the "Government Agencies" paragraph in the above Release of Claims, you agree not to disclose or transfer to yourself or others any P&G business information, even information you may have created yourself or to which you may have contributed as a P&G employee. Please refer to the "Information for the Departing Employee" document for more information.
Continuing Cooperation (this paragraph should be used for R&D employees)	Regardless of whether you sign this Agreement and in the event it becomes necessary, following your Employment Separation Date, you are required to cooperate in executing any and all papers required for filing and prosecuting any patent applications and establishing P&G's ownership of all inventions relating to its business which are made by employees hired to invent or create. You understand that you will not receive any additional compensation for such cooperation.
No Other Agreements:	Except as specifically set forth in this Paragraph ("No Other Agreements"), this agreement supersedes any prior written or oral agreements between P&G and you concerning the termination of your employment and any benefits you might receive following that event. This agreement is neither a Negotiated Separation Agreement under the Procter & Gamble Basic Separation Program nor an agreement under any other separation program or plan sponsored by The Procter & Gamble Company or any of its subsidiaries. This agreement does not alter your rights and obligations under the terms of the P&G Profit Sharing and Employee Stock Ownership Plan, other retirement plans, the P&G Stock and Incentive Compensation Plan, and other compensation plans.

To accept the terms set forth in this agreement, you can do so by following one of the two options below:

1. To accept electronically via the Global Separation System ("GSS") according to the terms of the above agreement: Go back to the e-mail and electronic link you received from GSS and click on the "Accept" button to accept the electronic signature process. Then you will be taken to the page that you can provide your decision to the above agreement. By clicking "Accept," you acknowledge that you have read the entire agreement, that you understand it, and that you voluntarily accept its terms. You further agree that you understand that it is a legally binding agreement, that you have been advised to consult with an attorney, that you

have been given 21 days to consider this Separation Agreement & Release, and that you can revoke your acceptance within seven days of accepting the agreement by providing written notification to your immediate manager. **Finally, you understand that (1) this Separation Agreement & Release includes the release of all claims and (2) you are waiving unknown claims and are doing so intentionally and voluntarily.** If you do not wish to accept the terms of this agreement, click on the "Decline" button.

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

Sincerely,
The Procter & Gamble Company
By: _____

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

_____
[INSERT EMPLOYEE NAME]

EXHIBIT 31.1

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

I, Jon R. Moeller, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ JON R. MOELLER

(Jon R. Moeller)

President and Chief Executive Officer

January 19, 2022

Date

EXHIBIT 31.2

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

I, Andre Schulten, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ ANDRE SCHULTEN

(Andre Schulten)
Chief Financial Officer

January 19, 2022

Date

EXHIBIT 32.1

Section 1350 Certifications

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

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ JON R. MOELLER

(Jon R. Moeller)

President and Chief Executive Officer

January 19, 2022

Date

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

EXHIBIT 32.2

Section 1350 Certifications

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

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ ANDRE SCHULTEN

(Andre Schulten)
Chief Financial Officer

January 19, 2022

Date

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