

PepsiCo, Inc. and Subsidiaries Q3 2024 Prepared Management Remarks
Reconciliation of GAAP and Non-GAAP Information (unaudited)¹

In discussing financial results and guidance, the Company refers to the following measures which are not in accordance with U.S. Generally Accepted Accounting Principles (GAAP): organic revenue growth, core results and core constant currency results. We use non-GAAP financial measures internally to make operating and strategic decisions, including the preparation of our annual operating plan, evaluation of our overall business performance and as a factor in determining compensation for certain employees. We believe presenting non-GAAP financial measures provides additional information to facilitate comparison of our historical operating results and trends in our underlying operating results and provides additional transparency on how we evaluate our business. We also believe presenting these measures allows investors to view our performance using the same measures that we use in evaluating our financial and business performance and trends.

We consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Examples of items for which we may make adjustments include: amounts related to mark-to-market gains or losses (non-cash); charges related to restructuring plans; charges associated with acquisitions and divestitures; gains associated with divestitures; asset impairment charges (non-cash); product recall-related impact; pension and retiree medical-related amounts, including all settlement and curtailment gains and losses; charges or adjustments related to the enactment of new laws, rules or regulations, such as tax law changes; amounts related to the resolution of tax positions; tax benefits related to reorganizations of our operations; debt redemptions, cash tender or exchange offers; and remeasurements of net monetary assets. See below for a description of adjustments to our GAAP financial measures included herein.

Non-GAAP information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, our non-GAAP financial measures may not be the same as or comparable to similar non-GAAP measures presented by other companies.

Glossary

We use the following definitions when referring to our non-GAAP financial measures:

Acquisitions and divestitures: mergers and acquisition activity, as well as divestitures and other structural changes, including changes in ownership or control in consolidated subsidiaries and nonconsolidated equity investees.

Constant currency: Financial results assuming constant foreign currency exchange rates used for translation based on the rates in effect for the comparable prior-year period. In order to compute our constant currency results, we multiply or divide, as appropriate, our current-year U.S. dollar results by the current-year average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior-year average foreign exchange rates.

Core: Core results are non-GAAP financial measures which exclude certain items from our financial results. For further information regarding these excluded items, refer to “Items Affecting Comparability” in “Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Q3 2024 Form 10-Q and in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the fiscal years ended December 30, 2023 and December 28, 2019. For the periods presented, core results exclude the following items:

Mark-to-market net impact: Mark-to-market net gains and losses on commodity derivatives in corporate unallocated expenses. These gains and losses are subsequently reflected in division results when the divisions recognize the cost of the underlying commodity in operating profit.

Restructuring and impairment charges: Expenses related to the multi-year productivity plan publicly announced in 2019, which was expanded and extended through the end of 2028 to take advantage of additional opportunities within the initiatives of the plan.

Acquisition and divestiture-related charges: Acquisition and divestiture-related charges primarily include fair value adjustments to the acquired inventory included in the acquisition-date balance sheets, merger and integration charges including employee-related costs, and costs associated with divestitures, primarily consulting, advisory and other professional fees.

Gain associated with the Juice Transaction: In the first quarter of 2022, we sold our Tropicana, Naked and other select juice brands to PAI Partners for \$3.5 billion in cash and a 39% noncontrolling interest in a newly formed joint venture, Tropicana Brands Group (TBG), operating across North America and Europe (Juice Transaction). We recognized a gain associated with the Juice Transaction in our PepsiCo Beverages North America (PBNA) and Europe divisions. In the second and third quarters of 2022, we recorded adjustments to the gain associated with the Juice Transaction.

¹ For a full discussion of our third quarter 2024 financial results, including definitions we use in discussing our financial results, please refer to our third quarter 2024 earnings release and our quarterly report on Form 10-Q for the fiscal quarter ended September 7, 2024 (Q3 2024 Form 10-Q) both available at pepsico.com/investors.

Impairment and other charges/credits: We recognized impairment charges taken as a result of our quantitative assessments of certain of our indefinite-lived intangible assets and related to our investment in TBG. We also recognized adjustments to charges recorded in prior years from changes in estimates of previously recorded amounts.

Product recall-related impact: We recognized property, plant and equipment and inventory write-offs, product returns, employee severance costs, customer and consumer-related costs and other costs in our Quaker Foods North America (QFNA) division associated with a previously announced voluntary recall of certain bars and cereals.

Pension and retiree medical-related impact: Pension and retiree medical-related impact primarily includes settlement charges related to lump sum distributions exceeding the total of annual service and interest costs and the purchase of a group annuity contract.

Tax benefit related to the IRS audit: We recognized a non-cash tax benefit resulting from our agreement with the Internal Revenue Service (IRS) to settle one of the issues assessed in the 2014 through 2016 tax audit. The agreement covers tax years 2014 through 2019.

Tax expense related to the TCJ Act: Tax expense related to the Tax Cuts and Jobs Act (TCJ Act) reflects adjustments to the mandatory transition tax liability under the TCJ Act.

Organic revenue growth: A measure that adjusts for the impacts of foreign exchange translation, acquisitions and divestitures and every five or six years, the impact of an additional week of results. Adjusting for acquisitions and divestitures reflects mergers and acquisitions activity, including the impact in 2021 of an extra month of net revenue for our acquisitions of Pioneer Food Group Ltd. in our Africa, Middle East and South Asia division and Hangzhou Haomusi Food Co., Ltd. in our Asia Pacific, Australia and New Zealand and China Region division as we aligned the reporting calendars of these acquisitions with those of our divisions, as well as divestitures and other structural changes, including changes in ownership or control in consolidated subsidiaries and nonconsolidated equity investees. We believe organic revenue growth provides useful information in evaluating the results of our business because it excludes items that we believe are not indicative of ongoing performance or that we believe impact comparability with the prior year.

2024 guidance: Our 2024 organic revenue growth guidance excludes the impact of acquisitions, divestitures and other structural changes and foreign exchange translation. Our 2024 core effective tax rate guidance and our 2024 core constant currency EPS growth guidance exclude the mark-to-market net impact included in corporate unallocated expenses, restructuring and impairment charges and other items noted above. Our 2024 core constant currency EPS growth guidance also excludes the impact of foreign exchange translation. We are unable to reconcile our full year projected 2024 organic revenue growth to our full year projected 2024 reported net revenue growth because we are unable to predict the 2024 impact of foreign exchange due to the unpredictability of future changes in foreign exchange rates and because we are unable to predict the occurrence or impact of any acquisitions, divestitures or other structural changes. We are also not able to reconcile our full year projected 2024 core effective tax rate to our full year projected 2024 reported effective tax rate and our full year projected 2024 core constant currency EPS growth to our full year projected 2024 reported EPS growth because we are unable to predict the 2024 impact of foreign exchange or the mark-to-market net impact on commodity derivatives due to the unpredictability of future changes in foreign exchange rates and commodity prices. Therefore, we are unable to provide a reconciliation of these measures.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
(Unaudited)

PepsiCo Net Revenue Performance Reconciliation

	2-Year Compounded Growth Rate	Quarter Ended	
		9/7/2024	9/9/2023
Reported % Change, GAAP Measure	3 %	(1)%	7 %
Impact of:			
Foreign exchange translation		2	2
Acquisitions and divestitures		—	—
Organic % Change, Non-GAAP Measure ^(a)	5 %	1 %	9 %

Net Revenue Performance Reconciliation

	Quarter Ended 9/7/2024				
	Reported % Change, GAAP Measure	Impact of			Organic % Change, Non-GAAP Measure ^(a)
		Foreign exchange translation	Acquisitions and divestitures		
Frito-Lay North America (FLNA)	(1) %	—	—	(1) %	
QFNA	(13) %	—	—	(13) %	
PBNA	— %	—	—	1 %	
International convenient foods	(1) %	4	—	3 %	
International beverages	3 %	4	—	7 %	
Developing and emerging markets					
India	DD %	LSD	—	DD %	
Egypt	(DD) %	DD	—	DD %	
Turkey	DD %	—	—	DD %	
Poland	DD %	(MSD)	—	DD %	
Vietnam	DD %	LSD	—	DD %	
Colombia	HSD %	(LSD)	—	HSD %	
Brazil	(MSD) %	DD	—	MSD %	
South Africa	HSD %	(LSD)	(LSD)	MSD %	
Thailand	MSD %	LSD	—	MSD %	
Mexico	(MSD) %	HSD	—	LSD %	
Developed markets					
U.K.	LSD %	(LSD)	—	LSD %	

Net Revenue Growth Reconciliation

	Year-To-Date 9/7/2024				
	Reported % Change, GAAP Measure	Impact of			Organic % Change, Non-GAAP Measure ^(a)
		Foreign exchange translation	Acquisitions and divestitures		
International	3 %	3	—	6 %	
International convenient foods	3 %	2	—	4.5 %	
International beverages	3.5 %	5	—	9 %	

LSD — Low single digit, MSD — Mid single digit, HSD — High single digit, DD — Double digit

^(a) A financial measure that is not in accordance with GAAP. See pages 1-2 for further discussion on Non-GAAP measures.

Note — Certain amounts above may not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information
(Unaudited)

Net Revenue Growth Reconciliation

	Reported % Change, GAAP Measure	Impact of		Organic % Change, Non-GAAP Measure ^(a)
		Foreign exchange translation	Acquisitions and divestitures	
FLNA				
Quarter ended 9/9/2023	7 %	—	—	7 %
PBNA				
Quarter ended 9/9/2023	8 %	—	(2)	6 %
International				
Quarter ended 6/15/2024	3 %	2.5	—	5.5 %
Quarter ended 3/23/2024	7 %	1.5	—	9 %
Quarter ended 12/30/2023	4 %	4	0.5	8 %
Quarter ended 6/17/2023	9 %	5	1	15 %
Quarter ended 3/25/2023	7 %	7	1.5	15 %
Quarter ended 12/31/2022	6 %	7	3	16 %
Quarter ended 9/3/2022	6 %	7	2.5	16 %
Quarter ended 6/11/2022	4 %	6	5	15 %
Quarter ended 3/19/2022	9 %	4	1	15 %
Quarter ended 12/25/2021	12 %	—	(1)	11 %
Quarter ended 9/4/2021	20 %	(4)	(1.5)	14 %
Quarter ended 6/12/2021	31 %	(7)	(10)	15 %

International Divisions Net Revenue Growth Reconciliation

	2-Year Compounded Growth Rate	Quarter Ended	
		9/7/2024	9/9/2023
Reported % Change, GAAP Measure	3 %	— %	6 %
Impact of:			
Foreign exchange translation		4	5
Acquisitions and divestitures		—	1
Organic % Change, Non-GAAP Measure ^(a)	8 %	4 %	12 %

Operating Profit Performance Reconciliation

	Reported % Change, GAAP Measure	Impact of Items Affecting Comparability				Core % Change, Non- GAAP Measure ^(a)
		Restructuring and impairment charges	Acquisition and divestiture- related charges	Impairment and other charges/ credits	Product recall- related impact	
FLNA						
Quarter ended 9/7/2024	(9) %	—	—	—	—	(9) %
QFNA						
Quarter ended 9/7/2024	(28) %	—	—	—	—	(28) %
PBNA						
Quarter ended 9/7/2024	(6) %	12	—	—	—	7 %
Year-to-date 9/7/2024	DD %	MSD	—	(MSD)	—	DD %

LSD — Low single digit, MSD — Mid single digit, HSD — High single digit, DD — Double digit

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PepsiCo, Inc. and Subsidiaries
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PepsiCo Gross Margin Growth Reconciliation

	Quarter Ended 9/7/2024
Reported gross margin growth, GAAP measure	94 bps
Impact of:	
Mark-to-market net impact	15
Restructuring and impairment charges	2
Product recall-related impact	—
Core gross margin growth, Non-GAAP measure ^(a)	111 bps

PepsiCo Operating Margin Performance Reconciliation

	Quarter Ended 9/7/2024
Reported operating margin performance, GAAP measure	(51) bps
Impact of:	
Mark-to-market net impact	59
Restructuring and impairment charges	66
Acquisition and divestiture-related charges	(3)
Impairment and other charges	2
Product recall-related impact	—
Core operating margin growth, non-GAAP measure ^(a)	73 bps

PBNA Operating Margin Performance Reconciliation

	Quarter Ended 9/7/2024	Quarter Ended 6/15/2024	Quarter Ended 3/23/2024	Quarter Ended 12/30/2023	Quarter Ended 9/9/2023
Reported operating margin performance, GAAP measure	(82) bps	380 bps	35 bps	(173) bps	174 bps
Impact of:					
Restructuring and impairment charges	167	—	9	(44)	8
Acquisition and divestiture-related charges	5	(12)	—	(5)	(2)
Gain associated with the Juice Transaction	—	—	—	—	(13)
Impairment and other charges/credits	—	(168)	—	250	(14)
Core operating margin growth, Non-GAAP measure ^(a)	90 bps	201 bps	44 bps	28 bps	153 bps

PBNA Operating Margin Growth Reconciliation

	Year-To-Date 9/7/2024
Reported operating margin growth, GAAP measure	110 bps
Impact of:	
Restructuring and impairment charges	63
Acquisition and divestiture-related charges	(2)
Impairment and other charges/credits	(57)
Core operating margin growth, Non-GAAP measure ^(a)	113 bps

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International Divisions Operating Margin Growth Reconciliation

	Quarter Ended 9/7/2024	Year-To-Date 9/7/2024
Reported operating margin growth, GAAP measure	52 bps	142 bps
Impact of:		
Restructuring and impairment charges	5	(39)
Acquisition and divestiture-related charges	—	—
Impairment and other charges/credits	5	8
Core operating margin growth, Non-GAAP measure ^(a)	<u>62 bps</u>	<u>111 bps</u>

Diluted EPS Performance Reconciliation

	2-Year Compounded Growth Rate	Quarter Ended	
		9/7/2024	9/9/2023
Reported diluted EPS performance, GAAP measure	4 %	(5) %	15 %
Impact of:			
Mark-to-market net impact		3	(9)
Restructuring and impairment charges		4	1
Acquisition and divestiture-related charges		—	—
Gain associated with the Juice Transaction		—	(0.5)
Impairment and other charges/credits		—	—
Product recall-related impact		—	—
Pension and retiree medical-related impact		—	(2)
Tax benefit related to the IRS audit		—	13
Tax expense related to the TCJ Act		—	(4)
Core diluted EPS growth, Non-GAAP measure ^(a)	8 %	3 %	14 %
Impact of foreign exchange translation		2	2
Core constant currency diluted EPS growth, Non-GAAP measure ^(a)	11 %	<u>5 %</u>	<u>16 %</u>

^(a) A financial measure that is not in accordance with GAAP. See pages 1-2 for further discussion on Non-GAAP measures.

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PepsiCo, Inc. and Subsidiaries
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Diluted EPS Performance Reconciliation

	2-Year Compounded Growth Rate	Year-To-Date	
		9/7/2024	9/9/2023
Reported diluted EPS performance, GAAP measure	(2) %	4 %	(7) %
Impact of:			
Mark-to-market net impact		—	—
Restructuring and impairment charges		1	2
Acquisition and divestiture-related charges		—	(0.5)
Gain associated with the Juice Transaction		—	38
Impairment and other charges/credits		(1)	(19)
Product recall-related impact		2	—
Pension and retiree medical-related impact		—	(2)
Tax benefit related to the IRS audit		—	4
Tax expense related to the TCJ Act		—	(1)
Core diluted EPS growth, Non-GAAP measure ^(a)	10 %	6 %	14 %
Impact of foreign exchange translation		1	2
Core constant currency diluted EPS growth, Non-GAAP measure ^(a)	12 %	7 %	16 %

Diluted EPS Reconciliation

	Year Ended 12/28/2019
Reported diluted EPS, GAAP measure	\$ 5.20
Mark-to-market net impact	(0.06)
Restructuring and impairment charges	0.21
Acquisition and divestiture-related charges	0.03
Pension and retiree medical-related impact	0.15
Tax expense related to the TCJ Act	(0.01)
Core diluted EPS, Non-GAAP measure ^(a)	\$ 5.53

2023 Diluted EPS Reconciliation

	Year Ended 12/30/2023
Reported diluted EPS, GAAP measure	\$ 6.56
Mark-to-market net impact	0.02
Restructuring and impairment charges	0.25
Acquisition and divestiture-related charges	0.02
Impairment and other charges/credits	0.68
Product recall-related impact	0.07
Pension and retiree medical-related impact	0.01
Core diluted EPS, Non-GAAP measure ^(a)	\$ 7.62

^(a) A financial measure that is not in accordance with GAAP. See pages 1-2 for further discussion on Non-GAAP measures.

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