Second Quarter 2023

Prepared Management Remarks

July 13, 2023

Please view these remarks in conjunction with our Q2 2023 earnings release, Q2 2023 Form 10-Q and GAAP/non-GAAP reconciliations that can be found on our website at www.pepsico.com under the Investors section, or via the following link: https://www.pepsico.com/investors/financial-information/quarterly-earnings

We also invite you to listen to our live question and answer webcast with Ramon Laguarta (Chairman and Chief Executive Officer) and Hugh Johnston (Vice Chairman and Chief Financial Officer), which will begin today at 8:15 a.m. Eastern Time and will also be available on www.pepsico.com.

Cautionary Statement

These prepared remarks contain forward-looking statements, including about our business plans and updated 2023 guidance. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, July 13, 2023, and we are under no obligation to update. When discussing our results, we refer to non-GAAP measures, which exclude certain items from reported results.

Please refer to our Q2 2023 earnings release and Q2 2023 Form 10-Q, available on pepsico.com, for definitions and reconciliations of non-GAAP measures and additional information regarding our results, including a discussion of factors that could cause actual results to materially differ from forward-looking statements.

As a reminder, our financial results in the United States and Canada (North America) are reported on a 12-week basis while our international operations report on a monthly calendar basis for which the entire months of March, April and May are reflected in our results for the 12 weeks ended June 17, 2023.

Chairman and CEO and Vice Chairman and CFO Commentary

We are very pleased with our performance for the second quarter as our business delivered 13 percent organic revenue growth – the seventh consecutive quarter in which we have delivered double-digit organic revenue growth – and 15 percent core constant currency earnings per share growth.

Given the strength of our business performance, we now expect our full-year 2023 organic revenue to increase 10 percent (previously 8 percent) and our core constant currency earnings per share to increase 12 percent (previously 9 percent).

Our results are indicative of our strong positions in growing categories with expandable consumption occasions, a diversified portfolio that continuously evolves to satisfy consumer tastes, an agile supply chain with strong local sourcing networks, and highly motivated and dedicated employees who are focused on winning in the marketplace.

Our quarterly performance gives us added confidence that our strategy to invest across our value chain and become an even Faster, even Stronger, and even Better company is working.

With investments spanning across our supply chain, innovation pipeline, brands, and go-to-market systems we have been able to elevate and extend the presence and variety across our portfolio to meet the changing needs and preferences of consumers. As a result, our businesses have displayed a high level of resilience in dynamic operating and macroeconomic environments.

We also continued to advance our initiatives around pep+ (PepsiCo Positive), our strategic end-to-end transformation designed to drive long-term sustainable performance and promote positive change for the planet and people and published our 2022 ESG Summary. Our latest ESG Summary highlights the progress we have made on our pep+ goals, including:

- More than doubling our regenerative farming footprint in 2022 by establishing groundbreaking partnerships, adopting new technologies and collaborating with trusted farmer-facing organizations;
- Improving our operational water-use efficiency by 22 percent in 2022 (compared to a 2015 baseline) in high water-risk locations, drawing closer to our goal of 25 percent by 2025; and
- Building on our progress in offering Positive Choices to the consumer by reducing added sugars and sodium levels across our portfolio while achieving our saturated fat reduction goal four years ahead of schedule in 2021.

To conclude, we believe we have the right strategy in place with strong positions in growing global categories that will continue to create long-term value for our shareholders.

Before we discuss our financial results and outlook in more detail, we would like to thank our highly experienced local teams and front-line employees who continue to drive superior marketplace execution. We thank you and appreciate your efforts.

Second Quarter PepsiCo Financial Review

Organic revenue increased 13 percent with our North America and International businesses delivering 11 percent and 15 percent organic revenue growth, respectively.

Our performance also highlights the strength of our diversified portfolio and the resilience of our categories and consumer demand trends as our global beverages and convenient foods businesses delivered 11 percent and 15 percent organic revenue growth, respectively.

Core gross profit increased 13 percent and core gross margin expanded 130 basis points while core operating profit increased 13 percent and core operating margin expanded 45 basis points.

Our core margin performance reflects a strong double-digit increase in our advertising and marketing spend and was aided by our ongoing holistic cost management initiatives aimed at maximizing labor efficiencies, unlocking capacity constraints, advancing digitalization across our organization, and minimizing areas of waste throughout our value chain.

Core constant currency EPS increased 15 percent. Reported EPS increased 93 percent as the second quarter of 2022 was impacted by certain impairment charges, which were primarily concentrated in our Europe division.

Second Quarter North America Divisions Review

Our North America business delivered double-digit organic revenue and core operating profit growth in the second quarter. Core operating margin was similar to the prior year and reflects a strong double-digit increase in advertising and marketing spend.

Frito-Lay North America delivered 14 percent organic revenue growth which represents its seventh consecutive quarter of double-digit organic revenue growth.

Frito's diversified portfolio, marketplace execution, and net revenue management capabilities have led to continued top-line momentum with market share gains in the macro, savory, and salty snack categories.

Popular brands such as Lay's, Doritos, Cheetos, and Ruffles each delivered double-digit net revenue growth, while smaller, emerging brands geared towards more positive choices such as PopCorners, SunChips, Bare, and Off The Eaten Path also each delivered double-digit net revenue growth.

From a channel perspective, our business delivered strong net revenue growth across all channels, including large format, foodservice, and convenience and gas.

In addition, Frito-Lay continues to elevate the presence and variety of its portfolio to meet the changing needs and taste preferences of consumers by:

- Advancing positive product choices with its Baked, Simply, and lightly salted options, and utilizing smaller pack sizes to satisfy consumer demand for portion control;
- Offering more diversification with our packaging options, such as our multipacks and variety packs and the recent introduction of Frito-Lay Minis, which are bite-size versions of our Doritos, Cheetos and Sun Chips brands that are packaged in an easy-to-pour canister - with more varieties expected in the future;
- Innovating across its portfolio by introducing bolder and spicier flavor combinations of existing brands to address societal preferences, such as extending our Flamin' Hot flavor variety across Doritos, Cheetos, Funyuns, Fritos, and Chester's; and
- Leveraging our large, trusted brands to deliver convenient consumer centric innovation, such as the Doritos and Fritos

Walking Taco, a new way to eat on the go inspired by street food, and extending our brands into different dayparts and occasions such as Doritos After Dark, a late-night culinary experience with unique menu items from Doritos-inspired recipes.

Frito-Lay's core operating profit increased 14 percent and reflects a significant increase in advertising and marketing spend and planned business investments.

Quaker Foods North America's organic revenue grew 2 percent in the second quarter which compares to 18 percent organic revenue growth in the second quarter of 2022.

We gained share in the pancake mix, pancake syrup, grits, rice and pasta and lite snacks categories, and delivered double-digit net revenue growth in the lite snacks, grits, cookies, and pancake syrups and mixes categories.

In addition, the business continues to innovate and extend its brands to serve multiple dayparts and occasions with recent launches of: Quaker Chewy Granola, Marias Gamesa cereal, Cap'n Crunch Instant Oatmeal made with Quaker Oats, Fruit Fusion Instant Quaker Oatmeal, Cap'n Crunch Original Crunch Treats Cereal Bars, and Near East Heat & Eat Rice Pilaf and Long Grain & Wild Rice.

Quaker's core operating profit declined and reflects a strong double-digit increase in advertising and marketing spend.

PepsiCo Beverages North America sustained its strong business momentum and delivered 10 percent organic revenue growth as category growth remained robust.

From a channel perspective, the large format, small format, and foodservice channels each delivered strong net revenue growth.

Investments we have made in our brands, technology, consumer insights, manufacturing, and go-to-market execution are fueling growth across the portfolio with double-digit net revenue growth in Gatorade and high-single-digit net revenue growth in Pepsi, Starbucks, and Rockstar.

We have also continued to direct investments towards innovation to target more occasions and offer more choices that meet the rapidly evolving needs of our consumers. For example, we:

- Continue to advance our zero sugar offerings across our iconic brands such as Pepsi, Mountain Dew and Gatorade, and refresh our lineup of ready-to-drink teas, sparkling and enhanced waters to offer more positive product choices to the consumer;
- Are broadening our presence in the sports nutrition category with Gatorade Zero, Gatorlyte, GFit, and Propel, while also going beyond the bottle with powders, supplements, tablets, gummies, and equipment including our recent launch of Gatorade Zero and Propel Immune Support tablets;

- Recently announced the opening of the newest Gatorade Sports Science Institute Research & Development lab, which will provide unparalleled opportunity for innovation and discovery to meet the ever-changing needs of the consumer;
- Expanded our presence in the carbonated soft drink category with the launch of STARRY, a great-tasting lemon-lime soda;
- Have evolved our presence in the energy category by successfully executing on our strategic distribution partnership with Celsius Holdings, Inc., expanding options in the coffee category with our Starbucks partnership, extending our Rockstar and MTN DEW energy lines into new flavor varieties, and launching Fast Twitch, Gatorade's first-ever caffeinated energy drink formulated specifically for athletes; and
- Have obtained licenses to distribute Hard Mtn Dew, a product of the Boston Beer Company, in 18 states, with plans to add additional states, and commenced the distribution of Lipton-branded hard iced tea, a product of

FIFCO USA.

Core operating profit increased 8 percent and was aided by ongoing productivity initiatives and reflects an increase in advertising and marketing spend.

We remain very committed to profitable growth for this division and are confident that we can improve its annual core operating margin. We will look to achieve this by improving our operating performance which includes stronger marketplace execution, sharpening our revenue management capabilities and elevating our focus on productivity measures such as:

- Removing inefficiencies to make, move and sell our products;
- Optimizing our advertising and marketing spend;
- Modernizing and digitizing our supply chain to become more agile and efficient across all channels; and
- Accelerating automation within our plants and distribution centers.

Second Quarter International Business Review

Our International business delivered 15 percent organic revenue growth, its ninth consecutive quarter of double-digit organic revenue growth.

Our organic revenue growth was broad-based across our portfolio as our International convenient foods business delivered 17 percent organic revenue growth, while our International beverages business delivered 13 percent organic revenue growth.

Our strong results reflect the benefits of our increased investments as we leverage our global capabilities to drive higher per capita consumption, build scale and market share, and expand portfolio breadth with a focus on variety that spans across dayparts and occasions – all while executing in locally relevant ways.

We are also investing in building more capabilities in the away-from-home channel by utilizing our products with a mixture of other diverse ingredients to enable personalized on-the-go meal occasions, and by delivering delicious convenient foods to consumers at events around the world in PepsiCo's version of a food truck.

Through these and numerous other efforts and investments, we have expanded our presence in many markets and channels and delivered strong organic revenue growth with Latin America, Europe, and AMESA each delivering double-digit organic revenue growth and APAC delivering high-single-digit organic revenue growth for the second quarter.

Our developing and emerging markets remained resilient and delivered double-digit organic revenue growth. Mexico, Turkey, Pakistan, Egypt, Poland, and Vietnam delivered double-digit organic revenue growth, India and China delivered high-single-digit organic revenue growth, and Brazil, South Africa, and Colombia delivered mid-single-digit organic revenue growth.

International developed markets also performed well with Australia, the U.K., and Spain each delivering double-digit organic revenue growth.

Year-to-date, we gained savory snack share in many of our international markets, including China, India, Saudi Arabia, Turkey, the Netherlands, South Africa, Belgium, and Pakistan, and for beverages, we gained market share in Mexico, Brazil, Turkey, India, Egypt, and Nigeria.

In summary, we are very pleased with the performance of our International business and remain encouraged by the long runway for growth in many markets and categories.

2023 Outlook and Guidance

Our business momentum remains strong, and we are benefiting from the investments made and strategic actions taken towards becoming an even Faster, Stronger, and Better company.

As we look ahead, we continue to monitor spending patterns and behaviors in this dynamic and volatile macroeconomic environment and expect:

- Our global beverage and convenient foods businesses to remain resilient and perform well despite continued geopolitical and economic volatility and uncertainty;
- An even greater focus on accelerating our holistic cost management initiatives where we will look to tightly manage our costs. For example, we will continue to:
  - Expand the scope of our global business services model to deliver labor productivity, unlock efficiencies, and boost effectiveness in key processes;
  - Redesign and optimize route efficiencies by leveraging analytics and artificial intelligence capabilities to drive efficiencies for our frontline workers and improve execution; and

- Simplify and harmonize our technology systems to connect and integrate various components of our global business to help enhance our trade promotional management, forecast accuracy, and financial planning.

Elevating our focus on these productivity measures will help support prioritized investments into consumer-centric innovation, brand building activity, advancing our pep+ agenda and technology and digitalization initiatives to modernize and fortify our business for the long-term. Examples include:

- Advancing Positive Choices within our portfolio through our portion-control packages, zero sugar beverages, and nutritious convenient foods with lower sodium and low-or-no saturated fat content, while also ensuring we diversify our portfolio of offerings to target new consumer occasions;

- Increasing the portion of our working media spend to support the growth of our brands and optimize the return on investment of our advertising and marketing spend;
- Accelerating packaging optionality by working to increase the scale of reusable packaging with SodaStream and Gatorade reusable bottles, powders, and pods as well as canisters and other forms of convenient packaging with consumer-centricity and the environment as guiding principles; and
- Responsibly implementing and utilizing artificial intelligence for predictive analytics which can benefit our forecasting and planning processes, advance our consumer communication activities with more precise marketing activity and enhance our maintenance and safety measures to limit disruptions at our worksites.

Taking these factors into consideration, for fiscal 2023, we now expect:

- 10 percent organic revenue growth (previously 8 percent);

- 12 percent core constant currency EPS growth (previously 9 percent).

We continue to expect:

- A core annual effective tax rate of 20 percent; and
- Total cash returns to shareholders of approximately $7.7 billion comprised of both $6.7 billion in dividends and $1.0 billion in share repurchases.

Based on current market consensus rates, we continue to expect foreign exchange translation to negatively affect our reported net revenue and core earnings per share performance by approximately 2 percentage points.

This assumption and the guidance above imply 2023 core earnings per share of $7.47, a 10 percent increase compared to 2022 core earnings per share of $6.79.

With respect to capital allocation, we remain committed to investing appropriately in our business, paying, and growing our annual dividend, selectively considering acquisitions, partnerships and divestitures that meet very strict strategic and financial criteria, and repurchasing shares.

To conclude, we believe we have the right people, strategies, and advantaged capabilities to build an even Faster, even Stronger, and even Better organization by Winning with pep+ that aims to create sustainable long-term value for our shareholders.

We would like to thank you for the confidence you've placed in us with your investment.

Ramon Laguarta, Chairman and CEO

Hugh Johnston, Vice Chairman and CFO