

**PepsiCo, Inc. and Subsidiaries Q3 2023 Prepared Management Remarks**  
**Reconciliation of GAAP and Non-GAAP Information (unaudited)**<sup>1</sup>

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); 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 2023 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 year ended December 31, 2022. 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 include fair value adjustments to the acquired inventory included in the acquisition-date balance sheets, merger and integration charges and costs associated with divestitures. Merger and integration charges and costs associated with divestitures reflect transaction expenses, including consulting, advisory and other professional fees. Merger and integration charges also include liabilities to support socioeconomic programs in South Africa, gains associated with contingent consideration, employee-related costs, contract termination costs, closing costs and other integration costs.

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<sup>1</sup> For a full discussion of our third quarter 2023 financial results, including definitions we use in discussing our financial results, please refer to our third quarter 2023 earnings release and our quarterly report on Form 10-Q for the fiscal quarter ended September 9, 2023 (Q3 2023 Form 10-Q) both available at [pepsico.com/investors](https://pepsico.com/investors).

*Gain associated with the Juice Transaction:* In the 36 weeks ended September 3, 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.

*Impairment and other charges/credits:* We recognized Russia-Ukraine conflict charges, brand portfolio impairment charges and other impairment charges as described below.

*Russia-Ukraine conflict charges:* In connection with the deadly conflict in Ukraine, we recognized charges related to indefinite-lived intangible assets and property, plant and equipment impairment, allowance for expected credit losses, inventory write-downs and other costs. We also recognized adjustments to the charges recorded in 2022.

*Brand portfolio impairment charges:* We recognized intangible asset, investment and property, plant and equipment impairments and other charges as a result of management's decision to reposition or discontinue the sale/distribution of certain brands and to sell an investment. We also recognized adjustments to the charges recorded in 2022.

*Other impairment charges:* We recognized impairment charges related to certain of our indefinite-lived intangible assets which reflected an increase in the weighted-average cost of capital as well as our estimates of future financial performance as of the fourth quarter of 2022. In 2023, we recognized impairment charges primarily related to our investment in TBG.

*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, as well as curtailment gains.

*Charge related to cash tender offers:* Charges primarily representing the tender price over the carrying value of the tendered notes and loss on treasury rate locks used to mitigate the interest rate risk on the cash tender offers.

*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 (53<sup>rd</sup> reporting week), including in our fourth quarter 2022 financial 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 (AMESA) division and Hangzhou Haomusi Food Co., Ltd. in our Asia Pacific, Australia and New Zealand and China Region (APAC) 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.

*2023 and 2024 guidance and long-term financial performance targets:* Our 2023 organic revenue growth guidance, 2024 organic revenue growth guidance and our long-term organic revenue growth target exclude the impact of acquisitions and divestitures, foreign exchange translation and the impact of a 53<sup>rd</sup> reporting week in 2022. Our 2023 core effective tax rate guidance, 2023 core constant currency earnings per share (EPS) growth guidance, 2024 core constant currency EPS growth guidance and our long-term core constant currency EPS growth target exclude the mark-to-market net impact included in corporate unallocated expenses, restructuring and impairment charges, and other items noted above. Our 2023 core constant currency EPS growth guidance, 2024 core constant currency EPS growth guidance and our long-term core constant currency EPS growth target also exclude the impact of foreign exchange translation. We are unable to reconcile our full year projected 2023 organic revenue growth, full year projected 2024 organic revenue growth or our long-term organic revenue growth target to our full year projected 2023 reported net revenue growth, full year projected 2024 reported net revenue growth and long-term reported net revenue growth because we are unable to predict the 2023, 2024 and long-term 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 and divestitures. We are also not able to reconcile our full year projected 2023 core effective tax rate to our full year projected 2023 reported effective tax rate, our full year projected 2023 core constant currency EPS growth to our full year projected 2023 reported EPS growth, our full year projected 2024 core constant currency EPS growth to our full year projected 2024 reported EPS growth or our long-term core constant currency EPS growth target to our long-term reported EPS growth because we are unable to predict the 2023, 2024 and long-term 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)**

**Net Revenue Performance Reconciliation**

	12 Weeks Ended 9/9/2023			
	Reported % Change, GAAP Measure	Impact of		Organic % Change, Non-GAAP Measure <sup>(a)</sup>
		Foreign exchange translation	Acquisitions and divestitures	
<b>PepsiCo</b>	<b>7 %</b>	<b>2</b>	<b>—</b>	<b>9 %</b>
North America	7 %	—	(1)	7 %
International	6 %	5	1	12 %
Global beverages	5 %	4	(1)	8 %
Global convenient foods	8 %	1	0.5	9 %
Frito-Lay North America (FLNA)	7 %	—	—	7 %
Quaker Foods North America (QFNA)	5 %	—	—	5 %
PBNA	8 %	—	(2)	6 %
International beverages	(2) %	14	—	12 %
International convenient foods	10 %	1	1	12 %
AMESA beverages	(DD) %	DD	—	DD %
AMESA convenient foods	(MSD) %	DD	LSD	DD %
<b>Latin America:</b>				
Mexico	DD %	(DD)	—	DD %
Brazil	DD %	(HSD)	MSD	DD %
Chile	DD %	(DD)	—	MSD %
<b>Europe:</b>				
Turkey	DD %	—	—	DD %
Poland	DD %	(DD)	MSD	DD %
U.K.	DD %	(MSD)	—	DD %
France	DD %	(HSD)	—	DD %
<b>AMESA:</b>				
Pakistan	(HSD) %	DD	—	DD %
Egypt	(HSD) %	DD	—	DD %
Saudi Arabia	HSD %	—	—	HSD %
<b>APAC:</b>				
Philippines	DD %	LSD	—	DD %
China	(LSD) %	HSD	—	MSD %
Australia	DD %	MSD	—	DD %

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

<sup>(a)</sup> 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 <sup>(a)</sup>
		Foreign exchange translation	Acquisitions and divestitures	53 <sup>rd</sup> reporting week	
<b>PepsiCo</b>					
Quarter ended 6/17/2023	10 %	2.5	—	—	13 %
Quarter ended 3/25/2023	10 %	2.5	2	—	14 %
Quarter ended 12/31/2022	11 %	3	4	(4)	15 %
Quarter ended 9/3/2022	9 %	3	4	—	16 %
Quarter ended 6/11/2022	5 %	3	5	—	13 %
Quarter ended 3/19/2022	9 %	1	3	—	14 %
Quarter ended 12/25/2021	12 %	—	(0.5)	—	12 %
Quarter ended 9/4/2021	12 %	(2)	(1)	—	9 %
Quarter ended 6/12/2021	21 %	(3)	(4)	—	13 %
<b>FLNA</b>					
Quarter ended 9/3/2022	20 %	—	—	—	20 %
<b>QFNA</b>					
Quarter ended 9/3/2022	15 %	—	—	—	16 %
<b>PBNA</b>					
Quarter ended 9/3/2022	4 %	—	9	—	13 %
<b>International</b>					
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 %

**Operating Profit Growth Reconciliation**

	12 Weeks Ended 9/9/2023						
	Reported % Change, GAAP Measure	Impact of Items Affecting Comparability					Core % Change, Non- GAAP Measure <sup>(a)</sup>
		Mark-to- market net impact	Restructuring and impairment charges	Acquisition and divestiture- related charges	Gain associated with the Juice Transaction	Impairment and other charges/ credits	
<b>PepsiCo</b>	<b>20 %</b>	<b>(8)</b>	<b>1</b>	<b>—</b>	<b>(0.5)</b>	<b>—</b>	<b>12 %</b>
FLNA	5 %	—	—	—	—	—	5 %
QFNA	11 %	—	—	—	—	—	10 %
PBNA	24 %	—	1	—	(1.5)	(2)	21 %
North America	DD %	—	LSD	—	(LSD)	(LSD)	DD %

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

<sup>(a)</sup> 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)**

**PepsiCo Operating Margin Growth Reconciliation**

	12 Weeks Ended 9/9/2023	
Reported operating margin growth, GAAP measure	186	bps
Impact of:		
Mark-to-market net impact	(112)	
Restructuring and impairment charges	12	
Acquisition and divestiture-related charges	3	
Gain associated with the Juice Transaction	(7)	
Impairment and other charges/credits	—	
Core operating margin growth, Non-GAAP measure <sup>(a)</sup>	82	bps

**PBNA Operating Margin Growth Reconciliation**

	12 Weeks Ended 9/9/2023	
Reported operating margin growth, GAAP measure	174	bps
Impact of:		
Restructuring and impairment charges	8	
Acquisition and divestiture-related charges	(2)	
Gain associated with the Juice Transaction	(13)	
Impairment and other charges/credits	(14)	
Core operating margin growth, Non-GAAP measure <sup>(a)</sup>	153	bps

**PepsiCo Gross Profit Growth Reconciliation**

	12 Weeks Ended 9/9/2023	
Reported gross profit growth, GAAP measure	10	%
Impact of:		
Mark-to-market net impact	(1)	
Restructuring and impairment charges	—	
Impairment and other charges/credits	—	
Core gross profit growth, Non-GAAP measure <sup>(a)</sup>	9	%

**PepsiCo Gross Margin Growth Reconciliation**

	12 Weeks Ended 9/9/2023	
Reported gross margin growth, GAAP measure	140	bps
Impact of:		
Mark-to-market net impact	(32)	
Restructuring and impairment charges	1	
Impairment and other charges/credits	(5)	
Core gross margin growth, Non-GAAP measure <sup>(a)</sup>	104	bps

<sup>(a)</sup> 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)**

**Diluted EPS Performance Reconciliation**

	Quarter Ended					
	9/9/2023	6/17/2023	3/25/2023	12/31/2022	9/3/2022	6/11/2022
Reported diluted EPS performance, GAAP measure	15 %	93 %	(54) %	(61) %	22 %	(39) %
Impact of:						
Mark-to-market net impact	(9)	5	4	1	5	(2)
Restructuring and impairment charges	1	2	2	10	—	—
Acquisition and divestiture-related charges	—	—	(1)	3	—	(1)
Gain associated with the Juice Transaction	(0.5)	1	77	(1)	1	—
Impairment and other charges/credits	—	(81)	(12)	100	—	46
Pension and retiree medical-related impact	(2)	(8)	—	6	2	4
Charge related to cash tender offers	—	—	—	(48)	—	—
Tax benefit related to the IRS audit	13	—	—	(2)	(14)	—
Tax expense related to the TCJ Act	(4)	—	—	—	(5)	—
Core diluted EPS growth, Non-GAAP measure <sup>(a)</sup>	14 %	12 %	16 %	9 %	10 %	8 %
Impact of foreign exchange translation	2	2	2	1	3	2
Core constant currency diluted EPS growth, Non-GAAP measure <sup>(a)</sup>	<u>16 %</u>	<u>15 %</u>	<u>18 %</u>	<u>10 %</u>	<u>14 %</u>	<u>10 %</u>

**Diluted EPS Growth Reconciliation**

	Year Ended	
	12/31/2022	12/25/2021
Reported diluted EPS growth, GAAP measure	17 %	7 %
Impact of:		
Mark-to-market net impact	0.5	1
Restructuring and impairment charges	2	—
Acquisition and divestiture-related charges	1	(3)
Gain associated with the Juice Transaction	(44)	—
Impairment and other charges/credits	45	—
Pension and retiree medical-related impact	3.5	(2)
Charge related to cash tender offers	(10)	8
Tax benefit related to the IRS audit	(5)	—
Tax expense related to the TCJ Act	(2)	2
Core diluted EPS growth, Non-GAAP measure <sup>(a)</sup>	<u>9 %</u>	<u>13 %</u>
Impact of foreign exchange translation	2	(1.5)
Core constant currency diluted EPS growth, Non-GAAP measure <sup>(a)</sup>	<u>11 %</u>	<u>12 %</u>

<sup>(a)</sup> 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**  
**Reconciliation of GAAP and Non-GAAP Information**  
**(Unaudited)**

**2022 Diluted EPS Reconciliation**

	Year Ended 12/31/2022
Reported diluted EPS, GAAP measure	\$ 6.42
Mark-to-market net impact	0.03
Restructuring and impairment charges	0.24
Acquisition and divestiture-related charges	0.05
Gain associated with the Juice Transaction	(2.08)
Impairment and other charges/credits	2.12
Pension and retiree medical-related impact	0.17
Tax benefit related to the IRS audit	(0.23)
Tax expense related to the TCJ Act	0.06
Core diluted EPS, Non-GAAP measure <sup>(a)</sup>	\$ 6.79

<sup>(a)</sup> 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.