

PepsiCo, Inc. Q1 2021 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 these 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; amounts associated with mergers, acquisitions, divestitures and other structural changes; pension and retiree medical related items; charges or adjustments related to the enactment of new laws, rules or regulations, such as significant 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; asset impairments (non-cash); and remeasurements of net monetary assets. See below for a description of adjustments to our U.S. 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 U.S. 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: All mergers and acquisitions activity, including the impact of acquisitions, divestitures and 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 results: Core results are non-GAAP financial measures which exclude certain items from our historical results. For further information regarding these excluded items for the 12 weeks ended March 20, 2021 and March 21, 2020, refer to “Items Affecting Comparability” in “Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Q1 2021 Form 10-Q. 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.

Merger and integration charges/(credits): Charges/(credits) related to our acquisitions of BFY Brands, Inc. (BFY Brands), Rockstar Energy Beverages (Rockstar), Pioneer Food Group Ltd. (Pioneer Foods) and Hangzhou Haomusi Food Co., Ltd. (Be & Cheery).

Organic revenue growth: A measure that adjusts for impacts of acquisitions, divestitures and other structural changes, foreign exchange translation and, where applicable, the impact of the 53rd reporting week. The two-year organic revenue growth rate is the sum of organic revenue growth rates for Q1 2021 and Q1 2020.

¹ For a full discussion of our first quarter 2021 financial results, including definitions we use in discussing our financial results, please refer to our first quarter 2021 earnings release and our quarterly report on Form 10-Q for the fiscal quarter ended March 20, 2021 (Q1 2021 Form 10-Q) both available at pepsico.com/investors.

2021 guidance: Our 2021 organic revenue growth guidance excludes the impact of acquisitions, divestitures and other structural changes and foreign exchange translation. Our 2021 core effective tax rate guidance and 2021 core constant currency EPS guidance exclude the mark-to-market net impact included in corporate unallocated expenses and restructuring and impairment charges. Our 2021 core constant currency EPS growth guidance also excludes the impact of foreign exchange translation. We are unable to reconcile our full year projected 2021 organic revenue growth to our full year projected 2021 reported net revenue growth because we are unable to predict the 2021 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 2021 core effective tax rate to our full year projected 2021 reported effective tax rate and our full year projected 2021 core constant currency EPS growth to our full year projected 2021 reported EPS because we are unable to predict the 2021 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)

Diluted Earnings Per Share (EPS) Growth Reconciliation	12 Weeks Ended 3/20/2021
Reported diluted EPS growth, GAAP measure	29 %
Mark-to-market net impact	(14)
Restructuring and impairment charges	—
Merger and integrations charges/(credits)	(2.5)
Core diluted EPS growth	13 %
Impact of foreign exchange translation	—
Core constant currency diluted EPS growth, Non-GAAP measure	14 %

PepsiCo Net Revenue Growth Reconciliation	12 Weeks Ended		Two-year revenue growth
	3/20/2021	3/21/2020	
Reported net revenue growth, GAAP measure	7 %	8 %	15 %
Impact of:			
Foreign exchange translation	0.5	—	1
Acquisitions and divestitures	(5)	—	(5)
Organic revenue growth, Non-GAAP measure	2 %	8 %	10 %

Frito-Lay North America Net Revenue Growth Reconciliation	12 Weeks Ended		Two-year revenue growth
	3/20/2021	3/21/2020	
Reported net revenue growth, GAAP measure	4 %	7 %	11 %
Impact of:			
Foreign exchange translation	—	—	—
Acquisitions and divestitures	(0.5)	—	(0.5)
Organic revenue growth, Non-GAAP measure	3 %	7 %	10 %

Quaker Foods North America Net Revenue Growth Reconciliation	12 Weeks Ended		Two-year revenue growth
	3/20/2021	3/21/2020	
Reported net revenue growth, GAAP measure	2 %	7 %	9 %
Impact of:			
Foreign exchange translation	(0.5)	—	(0.5)
Organic revenue growth, Non-GAAP measure	1 %	7 %	8 %

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

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

PepsiCo Beverages North America (PBNA) Net Revenue Growth Reconciliation

	12 Weeks Ended		Two-year revenue growth
	3/20/2021	3/21/2020	
Reported net revenue growth, GAAP measure	5 %	7 %	12 %
Impact of:			
Foreign exchange translation	—	—	—
Acquisitions and divestitures	(3)	(1)	(4)
Organic revenue growth, Non-GAAP measure	<u>2 %</u>	<u>6 %</u>	<u>8 %</u>

International Net Revenue Growth Reconciliation

	12 Weeks Ended		Two-year revenue growth
	3/20/2021	3/21/2020	
Reported net revenue growth, GAAP measure	12 %	9 %	22 %
Impact of:			
Foreign exchange translation	2	1	3
Acquisitions and divestitures	(12)	1	(11)
Organic revenue growth, Non-GAAP measure	<u>3 %</u>	<u>11 %</u>	<u>14 %</u>

Net Revenue Growth Reconciliation

	12 Weeks Ended 3/20/2021			
	Reported % Change, GAAP Measure	Impact of		Organic % Change, Non-GAAP Measure
Foreign exchange translation		Acquisitions and divestitures		
Global snacks and food	DD %	LSD	(HSD)	MSD %
Global beverages	LSD %	—	(LSD)	LSD %
Developing and emerging markets	DD %	MSD	(DD)	MSD %
Latin America:				
Brazil	(DD) %	DD	—	DD %
Mexico	(MSD) %	MSD	—	LSD %
Europe:				
Russia	(MSD) %	DD	—	DD %
Africa, Middle East and South Asia:				
India	LSD %	LSD	—	MSD %
Asia Pacific, Australia and New Zealand and China Region:				
China	DD %	(HSD)	(DD)	DD %

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

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

Operating Profit Growth Reconciliation

	12 Weeks Ended 3/20/2021						
	Reported % Change, GAAP Measure	Impact of Items Affecting Comparability			Core % Change, Non- GAAP Measure	Impact of	Core Constant Currency % Change, Non-GAAP Measure
		Mark- to- market net impact	Restructuring and impairment charges	Merger and integration charges/ (credits)		Foreign exchange translation	
PepsiCo	20 %	(12)	—	(2)	7 %	—	7 %
PBNA	23 %	—	—	—	24 %	(0.5)	23 %

Gross Profit Growth Reconciliation

	12 Weeks Ended 3/20/2021
Reported gross profit growth, GAAP measure	5 %
Mark-to-market net impact	(1)
Restructuring and impairment charges	—
Merger and integrations charges/(credits)	—
Core gross profit growth, Non-GAAP measure	4 %

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