

PepsiCo, Inc. 2021 Annual Meeting of Shareholders
Reconciliation of GAAP and Non-GAAP Information (unaudited)¹

In discussing financial results, 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.

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.

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 reported results. For further information regarding these excluded items for the periods presented, refer to “Items Affecting Comparability” in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2020 Form 10-K. 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.

Inventory fair value adjustments and merger and integration charges: Charges 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).

Pension-related settlement charges: In the year ended December 26, 2020, we recorded a pension settlement charge related to lump sum distributions exceeding the total of annual service and interest cost.

Net tax related to the Tax Cuts and Jobs Act (TCJ Act): During the fourth quarter of 2017, the TCJ Act was enacted in the United States. In periods subsequent to the enactment of the TCJ Act, we recognized certain tax benefits and/or expenses associated therewith.

¹ For a full discussion of our fourth quarter and full-year 2020 financial results, including definitions we use in discussing our financial results, please refer to our fourth quarter and full-year 2020 earnings release and our annual report on Form 10-K for the fiscal year ended December 26, 2020 (2020 Form 10-K) both available at pepsico.com/investors.

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

Net Revenue Growth Reconciliation

| | Year Ended 12/26/2020 | | | |
|----------------------------|------------------------------------|------------------------------|-------------------------------|---------------------------------------|
| | Reported % Change, GAAP Measure | Impact of | | Organic % Change, Non-GAAP Measure |
| | | Foreign exchange translation | Acquisitions and divestitures | |
| PepsiCo | 5 % | 2 | (3) | 4 % |
| Quaker Foods North America | 10 % | — | — | 11 % |

Net Revenue Growth Reconciliation

| | Quarter Ended 12/26/2020 | | | |
|---|------------------------------------|------------------------------|-------------------------------|---------------------------------------|
| | Reported % Change, GAAP Measure | Impact of | | Organic % Change, Non-GAAP Measure |
| | | Foreign exchange translation | Acquisitions and divestitures | |
| PepsiCo | 9 % | 2 | (5) | 6 % |
| Global beverages | 8 % | 1 | (3) | 6 % |
| Global snacks and food | 9 % | 2 | (6) | 5 % |
| International developed markets | DD% | (MSD) | — | MSD% |
| International developing and emerging markets | DD% | HSD | (DD) | MSD% |

Diluted Earnings Per Share (EPS) Growth Reconciliation

| | Year Ended 12/26/2020 |
|---|--------------------------|
| Reported diluted EPS growth | (2) % |
| Mark-to-market net impact | — |
| Restructuring and impairment charges | (1) |
| Inventory fair value adjustments and merger and integration charges | 3 |
| Pension-related settlement charges | (1) |
| Net tax related to the TCJ Act | — |
| Core diluted EPS growth | — % |
| Impact of foreign exchange translation | 2 |
| Core constant currency diluted EPS growth | 2 % |

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