

PepsiCo, Inc. and Subsidiaries 2025 Annual Meeting of Shareholders
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 performance, division operating profit, 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; indirect tax expenses related to an international audit; debt redemptions, cash tender or exchange offers; and remeasurements of net monetary assets. Prior to the fourth quarter of 2021, certain immaterial pension and retiree medical-related settlement and curtailment gains and losses were not considered items affecting comparability. Pension and retiree medical-related service cost, interest cost, expected return on plan assets, and other net periodic pension costs continue to be reflected in our core results. 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.

As disclosed in our 2024 Form 10-K, effective beginning with our first quarter of 2025, we realigned certain of our reportable segments to conform with changes to our organizational structure and how our Chief Executive Officer regularly reviews the performance of, and allocates resources to, these segments. The reconciliations contained herein reflect our legacy division reporting in years 2024 and prior.

Glossary

We use the following definitions when referring to our non-GAAP financial measures, which may not be the same as or comparable to similar measures presented by other companies:

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 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Forms 10-K for the fiscal years ended December 28, 2024 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 (2019 Productivity Plan), which was expanded and extended through the end of 2030 to take advantage of additional opportunities within the initiatives of the plan.

¹ For a full discussion of our full-year 2024 and 2019 financial results, including definitions we use in discussing our financial results, please refer to our full-year 2024 and 2019 earnings releases and our annual report on Form 10-K for the fiscal years ended December 28, 2024 (2024 Form 10-K) and December 28, 2019 (2019 Form 10-K), all available at [pepsico.com/investors](https://www.pepsico.com/investors).

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, transaction expenses, such as consulting, advisory and other professional fees, and merger and integration charges. Merger and integration charges include employee-related costs, contract termination costs, closing costs and other integration costs.

Impairment and other charges: We recognized impairment charges primarily related to our investment in Tropicana Brands Group (TBG) and as a result of our quantitative assessments of certain of our indefinite-lived intangible assets. In addition, we recorded allowance for expected credit losses related to outstanding receivables from TBG associated with the sale of Tropicana, Naked and other select juice brands.

Product recall-related impact: We recognized product returns, inventory write-offs and customer and consumer-related costs in our Quaker Foods North America division associated with a voluntary recall of certain bars and cereals.

Indirect tax impact: We recognized additional expenses related to an indirect tax reserve in our Latin America (LatAm) division.

Pension and retiree medical-related impact: Pension and retiree medical-related impact includes settlement charges due to lump sum distributions to retired or terminated employees and the purchase of a group annuity contract whereby a third-party insurance company assumed the obligation to pay and administer future benefit payments for certain retirees. The settlement charge was triggered when the aggregate of the cumulative lump sum distributions and the annuity contract premium exceeded the total annual service and interest costs. Pension and retiree medical-related impact also includes curtailment losses due to restructuring actions as part of our 2019 Productivity Plan.

Net tax related to the TCJ Act: During the fourth quarter of 2017, the Tax Cuts and Jobs Act (TCJ Act) was enacted in the United States. In periods subsequent to the enactment of the TCJ Act, we recognized adjustments to the mandatory transition tax liability associated therewith.

Division operating profit: The aggregation of the operating profit for each of our reportable segments, which excludes the impact of corporate unallocated expenses.

Organic revenue performance: 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, including in our fourth quarter 2022 financial results. Adjusting for acquisitions and divestitures reflects mergers and acquisitions activity, 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 performance 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.

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PepsiCo Net Revenue Performance Reconciliation

	Year Ended 12/28/2024
Reported % Change, GAAP Measure	— %
Impact of:	
Foreign exchange translation	1.5
Acquisitions and divestitures	—
Organic % Change, Non-GAAP Measure ^(a)	<u>2 %</u>

Diluted EPS Performance Reconciliation

	Year Ended 12/28/2024
Reported diluted EPS performance, GAAP measure	6 %
Impact of:	
Mark-to-market net impact	—
Restructuring and impairment charges	1
Acquisition and divestiture-related charges	—
Impairment and other charges	(2)
Product recall-related impact	—
Indirect tax impact	1
Pension and retiree medical-related impact	1
Core diluted EPS performance, Non-GAAP measure ^(a)	7 %
Impact of foreign exchange translation	2
Core constant currency diluted EPS performance, Non-GAAP measure ^(a)	<u>9 %</u>

Diluted EPS Reconciliation

	Year Ended 12/28/2024	Year Ended 12/28/2019	Change
Reported diluted EPS, GAAP measure	\$ 6.95	\$ 5.20	34 %
Mark-to-market net impact	(0.01)	(0.06)	
Restructuring and impairment charges	0.41	0.21	
Acquisition and divestiture-related charges	0.01	0.03	
Impairment and other charges	0.38	—	
Product recall-related impact	0.10	—	
Indirect tax impact	0.16	—	
Pension and retiree medical-related impact	0.16	0.15	
Net tax related to the TCJ Act	—	(0.01)	
Core diluted EPS, Non-GAAP measure ^(a)	<u>\$ 8.16</u>	<u>\$ 5.53</u>	48 %

^(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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Operating Profit Reconciliation

	Year Ended 12/28/2019			
	Impact of Items Affecting Comparability			Core, Non-GAAP Measure ^(a)
	Reported, GAAP Measure	Restructuring and impairment charges	Acquisition and divestiture-related charges	
LatAm	\$ 1,141	\$ 62	\$ —	\$ 1,203
Europe	1,327	99	46	1,472
Africa, Middle East and South Asia (AMESA)	671	38	7	716
Asia Pacific, Australia and New Zealand and China Region (APAC)	477	47	—	524
International operating profit	<u>\$ 3,616</u>	<u>\$ 246</u>	<u>\$ 53</u>	<u>\$ 3,915</u>

	Year Ended 12/28/2024							
	Impact of Items Affecting Comparability							Core, Non-GAAP Measure ^(a)
	Reported, GAAP Measure	Mark-to-market net impact	Restructuring and impairment charges	Acquisition and divestiture-related charges	Impairment and other charges	Product recall-related impact	Indirect tax impact	
PepsiCo operating profit	\$ 12,887	\$ (25)	\$ 698	\$ 22	\$ 714	\$ 184	\$ 218	\$ 14,698
Corporate unallocated expenses	1,907	25	(101)	—	—	—	—	1,831
Division operating profit	<u>\$ 14,794</u>	<u>\$ —</u>	<u>\$ 597</u>	<u>\$ 22</u>	<u>\$ 714</u>	<u>\$ 184</u>	<u>\$ 218</u>	<u>\$ 16,529</u>
LatAm	\$ 2,245	\$ —	\$ 51	\$ —	\$ —	\$ —	\$ 218	\$ 2,514
Europe	2,019	—	123	—	145	—	—	2,287
AMESA	798	—	14	5	—	—	—	817
APAC	811	—	10	—	4	—	—	825
International operating profit	<u>\$ 5,873</u>	<u>\$ —</u>	<u>\$ 198</u>	<u>\$ 5</u>	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ 218</u>	<u>\$ 6,443</u>
International % of division operating profit	40 %							39 %
2020-2024 International compound annual growth rate	10 %							10 %

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