

PepsiCo, Inc. and Subsidiaries Presentation to Consumer Analyst Group of New York

February 18, 2026

Reconciliation of GAAP and Non-GAAP Information (unaudited)

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, segment operating profit, core results, core constant currency results, free cash flow and free cash flow conversion. 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; and debt redemptions, cash tender or exchange offers. 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.

Glossary

We use the following definitions when referring to our non-GAAP financial measures:

Acquisitions and divestitures: 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.

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. Beginning in 2025, on a prospective basis, we are also applying the constant currency calculation for our subsidiaries operating in highly inflationary economies.

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 27, 2025, December 28, 2024, December 30, 2023, December 31, 2022, December 25, 2021, December 26, 2020 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 segment results when the segments 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.

Acquisition and divestiture-related charges: Acquisition and divestiture-related charges include merger and integration charges, transaction expenses, such as consulting, advisory and other professional fees, fair value adjustments to contingent consideration and acquired inventory included in the acquisition-date balance sheets, as well as costs

associated with divestitures. Merger and integration charges include liabilities to support socioeconomic programs in South Africa, gains associated with contingent consideration, distribution agreement termination fees, impairment of certain acquisition-related intangible assets, employee-related costs, closing costs and other integration costs. Divestiture-related charges reflect transaction expenses, including consulting, advisory and other professional fees.

Gain associated with the Juice Transaction: In the first quarter of 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, Middle East and Africa (EMEA) segments.

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 ongoing 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 in 2022. We also recognized adjustments to these charges in 2023.

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 these charges in 2023.

Other impairment charges: We recognized impairment charges taken as a result of our quantitative assessments of certain of our indefinite-lived intangible assets and related to our investment in TBG. In addition, we recorded allowance for expected credit losses related to outstanding receivables from TBG associated with the Juice Transaction.

Indirect and income tax impact: We recognized additional expenses related to an indirect and income tax audit settlement in our Latin America Foods (LatAm Foods) segment and an indirect tax reserve in our International Beverages Franchise (IB Franchise) segment.

Product recall-related impact: We recognized property, plant and equipment and inventory write-offs, product returns, customer and consumer-related costs, employee severance costs and other costs in our PepsiCo Foods North America (PFNA) segment associated with a previously announced voluntary recall of certain bars and cereals.

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 purchases of group annuity contracts whereby a third-party insurance company assumed the obligation to pay and administer future benefit payments for certain retirees. The settlement charges were 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, as well as curtailment gains. We also recorded pre-tax income in our PBNA segment associated with pension-related liabilities from previous acquisitions.

Charge related to cash tender offers: As a result of the cash tender offers for some of our long-term debt, we recorded a charge primarily representing the tender price paid 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: 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.

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

Organic revenue performance: A measure that adjusts for the impacts of foreign exchange translation (on a constant currency basis, as defined above), acquisitions and divestitures, and every five or six years, the impact of an additional week of results (53rd reporting week), including in our 2022 financial results. Beginning in 2025, on a prospective basis, we are also applying the constant currency calculation for our subsidiaries operating in highly inflationary economies. 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 EMEA segment and Hangzhou Haomusi Food Co., Ltd. in our Asia Pacific Foods segment as we aligned the reporting calendars of these acquisitions with those of our segments, 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 adjusts for items that we believe are not indicative of ongoing performance or that we believe impact comparability with the prior year.

Free cash flow: Net cash from operating activities less capital spending, plus sales of property, plant and equipment. Since net capital spending (capital spending less cash proceeds from sales of property, plant and equipment) is essential to our product innovation initiatives and maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider net capital spending when evaluating our cash from operating activities. Free cash flow is used by us primarily for acquisitions and financing activities, including debt repayments, dividends and share repurchases. Free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations such as debt service that are not deducted from the measure.

Free cash flow conversion: Free cash flow divided by core net income.

Guidance and financial outlook: Our long-term organic revenue performance target adjusts for the impacts of foreign exchange translation (on a constant currency basis, as defined above), acquisitions and divestitures, and the 53rd reporting week, where applicable. Our long-term core constant currency earnings per share (EPS) growth target, three year (2026-2028) core operating margin expansion guidance and 2027 core net income (a component of free cash flow conversion ratio) exclude the mark-to-market net impact included in corporate unallocated expenses, restructuring and impairment charges and other items noted above. Our long-term core constant currency EPS growth target also excludes the impact of foreign exchange translation. We are unable to reconcile our long-term organic revenue growth to our long-term reported net revenue growth because we are unable to predict the 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 long-term core constant currency EPS growth to our long-term reported EPS growth, our three year (2026-2028) projected core operating margin expansion to our three year (2026-2028) projected reported operating margin expansion, and our full year projected 2027 core net income (a component of free cash flow conversion ratio) to our full year projected 2027 reported net income because we are unable to predict the 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.

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Operating Profit Reconciliation

	Year Ended 12/27/2025							
	Items Affecting Comparability							
	Reported, GAAP measure	Mark-to- market net impact	Restructuring and impairment charges	Acquisition and divestiture- related charges	Impairment and other charges	Indirect and income tax impact	Pension and retiree medical- related impact	Core, non- GAAP measure ^(a)
PepsiCo operating profit	\$ 11,498	\$ (1)	\$ 964	\$ 453	\$ 1,946	\$ 82	\$ (30)	\$ 14,912
Corporate unallocated expenses	2,018	1	(66)	—	—	—	—	1,953
Segment operating profit	\$ 13,516	\$ —	\$ 898	\$ 453	\$ 1,946	\$ 82	\$ (30)	\$ 16,865
PFNA	\$ 6,173	\$ —	\$ 344	\$ 28	\$ —	\$ —	\$ —	\$ 6,545
PBNA	1,089	—	281	422	1,523	—	(30)	3,285
North America segments operating profit	\$ 7,262	\$ —	\$ 625	\$ 450	\$ 1,523	\$ —	\$ (30)	\$ 9,830
IB Franchise	\$ 1,769	\$ —	\$ 14	\$ —	\$ 73	\$ —	\$ —	\$ 1,856
EMEA	2,106	—	195	—	270	—	—	2,571
LatAm Foods	2,010	—	52	—	—	82	—	2,144
Asia Pacific Foods	369	—	12	3	80	—	—	464
International segments operating profit	\$ 6,254	\$ —	\$ 273	\$ 3	\$ 423	\$ 82	\$ —	\$ 7,035

Operating Margin Reconciliation

	Year Ended 12/27/2025	
	North America	International
Reported operating margin, GAAP measure	13 %	16 %
Impact of:		
Restructuring and impairment charges	1	1
Acquisition and divestiture-related charges	1	—
Impairment and other charges	3	1
Indirect and income tax impact	—	—
Pension and retiree medical-related impact	—	—
Core operating margin, non-GAAP measure ^(a)	18 %	18 %

PepsiCo Net Revenue Performance Reconciliation

	2020-2025 Compound Annual Growth Rate	Year Ended					
		12/27/2025	12/28/2024	12/30/2023	12/31/2022	12/25/2021	12/26/2020
Reported net revenue performance, GAAP measure	6 %	2 %	— %	6 %	9 %	13 %	5 %
Impact of:							
Foreign exchange translation		—	1.5	2	3	(1)	2
Acquisitions and divestitures		(1)	—	—	4	(2)	(3)
53 rd reporting week		—	—	1	(1)	—	—
Organic revenue performance, non-GAAP measure ^(a)	7 %	2 %	2 %	9 %	14 %	10 %	4 %

^(a) A financial measure that is not in accordance with GAAP. See pages 1-3 for further discussion on non-GAAP measures.

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PepsiCo Net Revenue Performance Reconciliation

	Quarter Ended	
	12/27/2025	3/22/2025
Reported % change, GAAP measure	6 %	(2)%
Impact of:		
Foreign exchange translation	(2)	3
Acquisitions and divestitures	(1)	—
Organic % change, non-GAAP measure ^(a)	<u>2 %</u>	<u>1 %</u>

Diluted EPS Reconciliation

	Year Ended		Change
	12/27/2025	12/28/2019	
Reported diluted EPS, GAAP measure	\$ 6.00	\$ 5.20	15 %
Mark-to-market net impact	—	(0.06)	
Restructuring and impairment charges	0.58	0.21	
Acquisition and divestiture-related charges	0.25	0.03	
Impairment and other charges	1.09	—	
Indirect and income tax impact	0.08	—	
Pension and retiree medical-related impact	0.14	0.15	
Tax expense related to the TCJ Act	—	(0.01)	
Core diluted EPS, Non-GAAP measure ^(a)	<u>\$ 8.14</u>	<u>\$ 5.53</u>	47 %

PepsiCo Operating Margin Performance Reconciliation

	Quarter Ended
	12/27/2025
Reported operating margin performance, GAAP measure	402 bps
Impact of:	
Mark-to-market net impact	14
Restructuring and impairment charges	30
Acquisition and divestiture-related charges	44
Impairment and other charges	(258)
Indirect and income tax impact	(79)
Product recall-related impact	(1)
Pension and retiree medical-related impact	(10)
Core operating margin performance, non-GAAP measure ^(a)	143
Impact of foreign exchange translation	(23)
Core constant currency operating margin performance, non-GAAP measure ^(a)	<u>120 bps</u>

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Diluted EPS Performance Reconciliation

	2020-2025 Compound Annual Growth Rate	Year Ended					
		12/27/2025	12/28/2024	12/30/2023	12/31/2022	12/25/2021	12/26/2020
Reported diluted EPS performance, GAAP measure	2 %	(14)%	6 %	2 %	17 %	7 %	(2)%
Impact of:							
Mark-to-market net impact		—	—	—	0.5	1	—
Restructuring and impairment charges		2	1	—	2	—	(1)
Acquisition and divestiture-related charges		3.5	—	(0.5)	1	(3)	3
Gain associated with the Juice Transaction		—	—	30	(44)	—	—
Impairment and other charges		10	(2)	(21)	45	—	—
Indirect and income tax impact		(1)	1	—	—	—	—
Product recall-related impact		(1.5)	—	1	—	—	—
Pension and retiree medical-related impact		—	1	(2)	3.5	(2)	(1)
Charge related to cash tender offers		—	—	—	(10)	8	—
Tax benefit related to the IRS audit		—	—	3	(5)	—	—
Tax expense related to the TCJ Act		—	—	(1)	(2)	2	—
Core diluted EPS performance, non-GAAP measure ^(a)		—	7	12	9	13	—
Impact of foreign exchange translation		—	2	2	2	(1.5)	2
Core constant currency diluted EPS performance, non-GAAP measure ^(a)	8 %	— %	9 %	14 %	11 %	12 %	2 %

	Quarter Ended 12/27/2025
Reported diluted EPS performance, GAAP measure	68 %
Impact of:	
Mark-to-market net impact	2.5
Restructuring and impairment charges	8
Acquisition and divestiture-related charges	8
Impairment and other charges	(49)
Indirect and income tax impact	(20)
Product recall-related impact	—
Pension and retiree medical-related impact	(1)
Core diluted EPS performance, non-GAAP measure ^(a)	16
Impact of foreign exchange translation	(5)
Core constant currency diluted EPS performance, non-GAAP measure ^(a)	11 %

^(a) A financial measure that is not in accordance with GAAP. See pages 1-3 for further discussion on non-GAAP measures.