

**PepsiCo, Inc. and Subsidiaries Q1 2025 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 performance, organic revenue performance including preliminary March international revenue, 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; 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, 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. Beginning with our first quarter of 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 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Q1 2025 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 28, 2024. 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 primarily include transaction expenses, such as consulting, advisory and other professional fees, and merger and integration charges. Merger and integration charges include employee-related costs, closing costs and other integration costs.

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<sup>1</sup> For a full discussion of our first quarter 2025 financial results, including definitions we use in discussing our financial results, please refer to our first quarter 2025 earnings release and our quarterly report on Form 10-Q for the fiscal quarter ended March 22, 2025 (Q1 2025 Form 10-Q) both available at [pepsico.com/investors](https://www.pepsico.com/investors).

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

*Indirect tax impact:* We recognized additional expenses related to an indirect tax reserve in our International Beverages Franchise segment.

*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.

*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. 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 Europe, Middle East and Africa 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. Beginning with our first quarter of 2025, on a prospective basis, we are also applying the constant currency calculation for our subsidiaries operating in highly inflationary economies. 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.

*Approximate organic revenue performance, including approximate March 2025 international business performance:* Our international operations report on a monthly calendar basis for which the months of January and February are reflected in our results for the 12 weeks ended March 22, 2025 (first quarter 2025). This metric adjusts the first quarter organic revenue performance to include the preliminary organic revenue performance for the month of March for our international operations. We believe this is useful information in evaluating our revenue in comparison to the revenue of our peers who may have quarterly calendars comprised of January, February and March.

*2025 guidance:* Our 2025 organic revenue performance guidance adjusts for the impacts of foreign exchange translation (on a constant currency basis, as defined above) and acquisitions and divestitures. Our 2025 core effective tax rate guidance and our 2025 core constant currency EPS growth guidance exclude the mark-to-market net impact included in corporate unallocated expenses, restructuring and impairment charges and other items noted above. Our 2025 core constant currency EPS growth guidance also excludes the impact of foreign exchange translation. We are unable to reconcile our full year projected 2025 organic revenue growth to our full year projected 2025 reported net revenue growth because we are unable to predict the 2025 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 2025 core effective tax rate to our full year projected 2025 reported effective tax rate and our full year projected 2025 core constant currency EPS growth to our full year projected 2025 reported EPS growth because we are unable to predict the 2025 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**  
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**(Unaudited)**

**Net Revenue Performance Reconciliation**

	Q1 2025	Approximate March 2025 International Business Impact	Q1 2025 and Approximate March 2025 International Business
Reported % change, GAAP measure	(2)%		
Impact of:			
Foreign exchange translation	3		
Acquisitions and divestitures	—		
Organic % change, non-GAAP measure <sup>(a)</sup>	1 %		1 %
Impact of adding approximate March 2025 international business revenue performance:			
Approximate March 2025 international business net revenue performance		~1	
Foreign exchange translation		~ —	
Acquisitions and divestitures		~ —	
Approximate March 2025 international business organic revenue performance		~1	~1
Approximate organic % change, non-GAAP measure <sup>(a)</sup>			~2%

**Net Revenue Performance Reconciliation**

	Reported % Change, GAAP measure	Impact of		
		Foreign exchange translation	Acquisitions and divestitures	Organic % Change, non-GAAP measure <sup>(a)</sup>
<b>International</b>				
Quarter ended 12/28/2024	1 %	5	—	6 %
Quarter ended 9/7/2024	— %	4	—	4 %
Quarter ended 6/15/2024	3 %	2.5	—	5.5 %
Quarter ended 3/23/2024	7 %	1.5	—	9 %
Quarter ended 12/30/2023	4 %	4	0.5	8 %
Quarter ended 9/9/2023	6 %	5	1	12 %
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 %

<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.

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**Net Revenue Performance Reconciliation**

	Quarter Ended 3/22/2025				
	Reported % Change, GAAP measure	Impact of			Organic % Change, non- GAAP measure <sup>(a)</sup>
		Foreign exchange translation	Acquisitions and divestitures		
PFNA	(1) %	—	(1)	(2) %	
PepsiCo Beverages North America (PBNA)	— %	—	—	1 %	
International	(4.5) %	9	—	5 %	
International convenient foods	(7) %	9	—	2 %	
International beverages	2 %	9	—	11 %	

**International Operating Profit Performance Reconciliation**

	Quarter Ended	
	3/22/2025	3/23/2024
Reported % Change, GAAP measure	(7)%	29 %
Impact of:		
Restructuring and impairment charges	—	(12)
Acquisition and divestiture-related charges	—	—
Impairment and other charges	—	2
Core % Change, non-GAAP measure <sup>(a)</sup>	(6)%	20 %
Impact of foreign exchange translation	10	—
Core constant currency % Change, non-GAAP measure <sup>(a)</sup>	<u>4 %</u>	<u>19 %</u>

**Operating Profit Performance Reconciliation**

	Reported % Change, GAAP measure	Impact of Items Affecting Comparability			Core % Change, non- GAAP measure <sup>(a)</sup>
		Restructuring and impairment charges	Acquisition and divestiture- related charges	Product recall- related impact	
PFNA					
Quarter ended 3/22/2025	2 %	—	1	(10)	(7) %
PBNA					
Quarter ended 3/22/2025	(10)%	22	2	—	14 %

**PBNA Operating Margin Performance Reconciliation**

	Quarter Ended 3/22/2025
Reported operating margin performance, GAAP measure	(85) bps
Impact of:	
Restructuring and impairment charges	193
Acquisition and divestiture-related charges	14
Core operating margin performance, non-GAAP measure <sup>(a)</sup>	<u>123 bps</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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**2024 Diluted EPS Reconciliation**

	Year Ended 12/28/2024
Reported diluted EPS, GAAP measure	\$ 6.95
Mark-to-market net impact	(0.01)
Restructuring and impairment charges	0.41
Acquisition and divestiture-related charges	0.01
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
Core diluted EPS, non-GAAP measure <sup>(a)</sup>	\$ 8.16

<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.*