

**PepsiCo, Inc. and Subsidiaries Q4 2024 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, 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; 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.

*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, December 30, 2023 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.

*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. 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

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<sup>1</sup> For a full discussion of our fourth quarter and full-year 2024 financial results, including definitions we use in discussing our financial results, please refer to our fourth quarter and full-year 2024 earnings release and our Form 10-K for the fiscal year ended December 28, 2024 (2024 Form 10-K) both available at [pepsico.com/investors](https://www.pepsico.com/investors).

(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 divisions. In the second and third quarters of 2022, we recorded adjustments to the gain associated with the Juice Transaction.

*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.

*Product recall-related impact:* We recognized product returns, inventory write-offs and customer and consumer-related costs in our Quaker Foods North America (QFNA) 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 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, as well as curtailment gains.

*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.

*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.

#### *2025 guidance*

Our 2025 organic revenue growth guidance excludes the impact of acquisitions, divestitures and other structural changes and foreign exchange translation. 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**  
**Reconciliation of GAAP and Non-GAAP Information**  
**(unaudited)**

**PepsiCo Net Revenue Performance Reconciliation**

	Year Ended	
	12/28/2024	12/30/2023
Reported % Change, GAAP Measure	— %	6 %
Impact of:		
Foreign exchange translation	1.5	2
Acquisitions and divestitures	—	—
53 <sup>rd</sup> reporting week	—	1
Organic % Change, Non-GAAP Measure <sup>(a)</sup>	<u>2 %</u>	<u>9 %</u>

**Net Revenue Performance Reconciliation**

	Year Ended 12/28/2024			
	Reported % Change, GAAP Measure	Impact of		Organic % Change, Non-GAAP Measure <sup>(a)</sup>
		Foreign exchange translation	Acquisitions and divestitures	
Frito-Lay North America (FLNA)	(1) %	—	—	(0.5) %
QFNA	(14) %	—	—	(14) %
PBNA	0.5 %	—	—	1 %
International convenient foods	1 %	3	—	4 %
International beverages	5 %	5	—	10 %
India	HSD %	LSD	—	DD %
Egypt	(DD) %	DD	—	DD %
Poland	DD %	(MSD)	—	DD %
Turkey	DD %	—	—	DD %
South Africa	HSD %	(LSD)	(LSD)	HSD %
Brazil	(LSD) %	HSD	—	HSD %
Thailand	MSD %	LSD	—	HSD %
Mexico	LSD %	LSD	—	MSD %
Colombia	DD %	(MSD)	—	MSD %
Vietnam	LSD %	LSD	—	MSD %
U.K.	MSD %	(LSD)	—	MSD %
Philippines	LSD %	LSD	—	MSD %

LSD — Low single digit, MSD — Mid single digit, HSD — High single digit, DD — Double digit

**International Divisions Net Revenue Performance Reconciliation**

	2-Year Compounded Annual Growth Rate	Year Ended	
		12/28/2024	12/30/2023
Reported % Change, GAAP Measure	4 %	2 %	6 %
Impact of:			
Foreign exchange translation		4	5
Acquisitions and divestitures		—	1
Organic % Change, Non-GAAP Measure <sup>(a)</sup>	9 %	<u>6 %</u>	<u>12 %</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.

Note - Certain amounts above may not sum due to rounding

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

**Net Revenue Performance Reconciliation**

	Reported % Change, GAAP Measure	Foreign exchange translation	Impact of		Organic % Change, Non- GAAP Measure <sup>(a)</sup>
			Acquisitions and divestitures	53 <sup>rd</sup> reporting week	
<b>PepsiCo</b>					
Quarter ended 12/28/2024	— %	2	—	—	2 %
<b>International convenient foods</b>					
Quarter ended 12/28/2024	(2)%	5	—	—	4 %
<b>International beverages</b>					
Quarter ended 12/28/2024	8 %	5	—	—	13 %
<b>FLNA</b>					
Quarter ended 12/28/2024	(2)%	—	—	—	(2)%
Year ended 12/30/2023	7 %	—	—	2	9 %
<b>QFNA</b>					
Quarter ended 12/28/2024	(2)%	—	—	—	(2)%
<b>PBNA</b>					
Quarter ended 12/28/2024	— %	—	—	—	— %
Year ended 12/30/2023	5 %	—	—	1.5	7 %
<b>International</b>					
Quarter ended 12/28/2024	1 %	5	—	—	6 %
Quarter ended 12/30/2023	4 %	4	0.5	—	8 %

**PepsiCo Gross Margin Performance Reconciliation**

	Year Ended 12/28/2024	Quarter Ended 12/28/2024
Reported gross margin performance, GAAP measure	34 bps	(41) bps
Impact of:		
Mark-to-market net impact	(3)	(7)
Restructuring and impairment charges	13	41
Impairment and other charges	1	—
Product recall-related impact	4	(48)
Indirect tax impact	24	79
Core gross margin performance, non-GAAP measure <sup>(a)</sup>	<u>72</u> bps	<u>23</u> bps

**PepsiCo Operating Margin Performance Reconciliation**

	Year Ended 12/28/2024	Quarter Ended 12/28/2024
Reported operating margin performance, GAAP measure	93 bps	206 bps
Impact of:		
Mark-to-market net impact	(7)	(33)
Restructuring and impairment charges	27	52
Acquisition and divestiture-related charges	(2)	(2)
Impairment and other charges	(57)	(151)
Product recall-related impact	5	(48)
Indirect tax impact	24	79
Core operating margin performance, non-GAAP measure <sup>(a)</sup>	<u>83</u> bps	<u>102</u> bps

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**PepsiCo, Inc. and Subsidiaries**  
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**Operating Profit Performance Reconciliation**

	Year Ended 12/28/2024					
	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	Impairment and other charges	Product recall- related impact	
<b>FLNA</b>						
Year ended 12/28/2024	(7)%	2	—	—	—	(5)%
Quarter ended 12/28/2024	(11)%	5	0.5	—	—	(5)%
<b>QFNA</b>						
Year ended 12/28/2024	(38)%	3	—	3	14	(19)%
Quarter ended 12/28/2024	323 %	17	—	26	(360)	7 %
<b>PBNA</b>						
Year ended 12/28/2024	(11)%	7	—	9	—	5 %

**Operating Profit Reconciliation**

	Year Ended 12/28/2024							
	Reported, GAAP Measure	Impact of Items Affecting Comparability					Indirect tax impact	Core, Non- GAAP Measure <sup>(a)</sup>
		Mark-to- market net impact	Restructuring and impairment charges	Acquisition and divestiture- related charges	Impairment and other charges	Product recall- related impact		
<b>PepsiCo operating profit</b>	\$12,887	\$ (25)	\$ 698	\$ 22	\$ 714	\$ 184	\$ 218	\$ 14,698
<b>Corporate unallocated expenses</b>	1,907	25	(101)	—	—	—	—	1,831
<b>Division operating profit</b>	<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>
Latin America	\$ 2,245	\$ —	\$ 51	\$ —	\$ —	\$ —	\$ 218	\$ 2,514
Europe	2,019	—	123	—	145	—	—	2,287
Africa, Middle East and South Asia	798	—	14	5	—	—	—	817
Asia Pacific, Australia and New Zealand and China Region	811	—	10	—	4	—	—	825
<b>International divisions operating profit</b>	<u>\$ 5,873</u>	<u>\$ —</u>	<u>\$ 198</u>	<u>\$ 5</u>	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ 218</u>	<u>\$ 6,443</u>
<b>% Division operating profit</b>	40 %							39 %

<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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**PepsiCo, Inc. and Subsidiaries**  
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**PBNA Operating Margin Performance Reconciliation**

	Year Ended 12/28/2024	Year Ended 12/30/2023
Reported operating margin performance, GAAP measure	(106) bps	(1,135) bps
Impact of:		
Restructuring and impairment charges	71	(11)
Acquisition and divestiture-related charges	(3)	(14)
Gain associated with the Juice Transaction	—	1,156
Impairment and other charges	84	55
Core operating margin performance, Non-GAAP measure <sup>(a)</sup>	<u>46</u> bps	<u>51</u> bps

**International Divisions Operating Margin Performance Reconciliation**

	Year Ended 12/28/2024	Quarter Ended 12/28/2024
Reported operating margin performance, GAAP measure	336 bps	733 bps
Impact of:		
Restructuring and impairment charges	(23)	11
Acquisition and divestiture-related charges	2	4
Impairment and other charges	(213)	(676)
Indirect tax impact	60	187
Core operating margin performance, Non-GAAP measure <sup>(a)</sup>	<u>161</u> bps	<u>259</u> bps

**International Divisions Operating Margin Performance Reconciliation**

	Year Ended 12/30/2023	Quarter Ended 12/30/2023
Reported operating margin performance, GAAP measure	837 bps	1,048 bps
Impact of:		
Restructuring and impairment charges	27	(38)
Acquisition and divestiture-related charges	(5)	(1)
Gain associated with the Juice Transaction	87	—
Impairment and other charges	(746)	(683)
Core operating margin performance, Non-GAAP measure <sup>(a)</sup>	<u>200</u> bps	<u>325</u> bps

<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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**PepsiCo, Inc. and Subsidiaries**  
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**(unaudited)**

**Diluted EPS Performance Reconciliation**

	2-Year Compounded Growth Rate	Quarter Ended	
		12/28/2024	12/30/2023
Reported diluted EPS performance, GAAP measure	72 %	17 %	152 %
Impact of:			
Mark-to-market net impact		43	(8)
Restructuring and impairment charges		(73)	(26)
Acquisition and divestiture-related charges		(4)	—
Gain associated with the Juice Transaction		—	4
Impairment and other charges/credits		218	(126)
Product recall-related impact		63	24
Indirect tax impact		(136)	—
Pension and retiree medical-related impact		(119)	(21)
Tax benefit related to the IRS audit		—	8
Core diluted EPS performance, Non-GAAP measure <sup>(a)</sup>		10 %	7 %
Impact of foreign exchange translation		4	2
Core constant currency diluted EPS performance, Non-GAAP measure <sup>(a)</sup>	11 %	14 %	9 %

**Diluted EPS Performance Reconciliation**

	2-Year Compounded Growth Rate	Year Ended	
		12/28/2024	12/30/2023
Reported diluted EPS performance, GAAP measure	4 %	6 %	2 %
Impact of:			
Mark-to-market net impact		—	—
Restructuring and impairment charges		1	—
Acquisition and divestiture-related charges		—	(0.5)
Gain associated with the Juice Transaction		—	30
Impairment and other charges/credits		(2)	(21)
Product recall-related impact		—	1
Indirect tax impact		1	—
Pension and retiree medical-related impact		1	(2)
Tax benefit related to the IRS audit		—	3
Net tax related to the TCJ Act		—	(1)
Core diluted EPS performance, Non-GAAP measure <sup>(a)</sup>		7 %	12 %
Impact of foreign exchange translation		2	2
Core constant currency diluted EPS performance, Non-GAAP measure <sup>(a)</sup>	12 %	9 %	14 %

<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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**PepsiCo, Inc. and Subsidiaries**  
**Reconciliation of GAAP and Non-GAAP Information**  
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<b>Diluted EPS Reconciliation</b>	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 <sup>(a)</sup>	<u>\$ 8.16</u>	<u>\$ 5.53</u>	48 %

<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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