

PepsiCo, Inc. and Subsidiaries Q4 2025 Prepared Management Remarks
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, 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. 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 Form 10-K for the fiscal year ended December 27, 2025. 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, as well as fair value adjustments to contingent consideration and acquired inventory included in the acquisition-date balance sheets. Merger and integration charges include distribution agreement termination fees, impairment of certain acquisition-related intangible assets, employee-related costs, closing costs and other integration costs.

¹ For a full discussion of our fourth quarter and full-year 2025 financial results, including definitions we use in discussing our financial results, please refer to our fourth quarter and full-year 2025 earnings release and our Form 10-K for the fiscal year ended December 27, 2025 (2025 Form 10-K) both available at [pepsico.com/investors](https://www.pepsico.com/investors).

Impairment and other charges/credits: We recognized impairment charges taken primarily as a result of our quantitative assessments of certain of our indefinite-lived intangible assets and related to our investment in Tropicana Brands Group (TBG). 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.

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 expenses in our PepsiCo Foods North America 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. We also recorded pre-tax income in our PepsiCo Beverages North America (PBNA) segment associated with pension-related liabilities from previous acquisitions.

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

Free cash flow: Net cash provided by 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 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.

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. Beginning in 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.

Guidance and financial outlook

Our 2026 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 2026 core constant currency EPS growth guidance, 2026 core effective tax rate guidance, three year (2026-2028) core operating margin expansion guidance and 2026 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 2026 core constant currency EPS growth guidance also excludes the impact of foreign exchange translation. We are unable to reconcile our full year projected 2026 organic revenue growth to our full year projected 2026 reported net revenue growth because we are unable to predict the 2026 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 full year projected 2026 core constant currency EPS growth to our full year projected 2026 reported EPS growth, our full year projected 2026 core effective tax rate to our full year projected 2026 reported effective tax rate, our full year projected 2026 and 2027 core net income (a component of free cash flow conversion ratio) to our full year projected 2026 and 2027 reported net income, respectively, and our three year (2026-2028) projected core operating margin expansion to our three year (2026-2028) projected reported operating margin expansion, because we are unable to predict the 2026, 2027 and 2028 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)

Net Revenue Performance Reconciliation

	Reported % Change, GAAP measure	Impact of		Organic % Change, non- GAAP measure ^(a)
		Foreign exchange translation	Acquisitions and divestitures	
International convenient foods				
Year ended 12/27/2025	2.5 %	1	—	3.5 %
Quarter ended 12/27/2025	10 %	(5)	—	4.5 %
International beverages				
Year ended 12/27/2025	8 %	(2)	—	7 %
Quarter ended 12/27/2025	10 %	(6)	—	4 %
PBNA				
Year ended 12/27/2025	1.5 %	—	—	1 %
Quarter ended 12/27/2025	4 %	—	(2)	2 %
International				
Year ended 12/27/2025	4 %	—	—	4.5 %
Quarter ended 12/27/2025	10 %	(5)	—	4 %
Quarter ended 9/6/2025	5 %	(1)	—	4 %
Quarter ended 6/14/2025	2 %	3.5	—	6 %
Quarter ended 3/22/2025	(4.5)%	9	—	5 %
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 %

PBNA Operating Margin Performance Reconciliation

	Year Ended 12/27/2025	Quarter Ended 12/27/2025
Reported operating margin performance, GAAP measure	(443) bps	794 bps
Impact of:		
Restructuring and impairment charges	14	(12)
Acquisition and divestiture-related charges	147	168
Impairment and other charges	340	(720)
Pension and retiree medical-related impact	(11)	(36)
Core operating margin performance, non-GAAP measure ^(a)	47 bps	194 bps

^(a) 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)

PBNA Operating Margin Reconciliation

	Year Ended 12/27/2025
Reported operating margin, GAAP measure	4 %
Impact of:	
Restructuring and impairment charges	1
Acquisition and divestiture-related charges	1.5
Impairment and other charges	5
Pension and retiree medical-related impact	—
Core operating margin, Non-GAAP measure ^(a)	<u>12 %</u>

Operating Profit Performance Reconciliation

	Impact of Items Affecting Comparability								
	Reported % Change, 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	Product recall- related impact	Pension and retiree medical- related impact	Core % Change, non- GAAP measure ^(a)
PepsiCo									
Quarter ended 12/27/2025	58 %	2	6	8	(42)	(13)	—	(2)	18 %
International									
Quarter ended 12/27/2025	61 %	—	3.5	—	(15)	(23)	—	—	27 %

Operating Profit Reconciliation

	Year Ended 12/27/2025							
	Impact of 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	<u>\$13,516</u>	<u>\$ —</u>	<u>\$ 898</u>	<u>\$ 453</u>	<u>\$ 1,946</u>	<u>\$ 82</u>	<u>\$ (30)</u>	<u>\$ 16,865</u>
IB Franchise	\$ 1,769	\$ —	\$ 14	\$ —	\$ 73	\$ —	\$ —	\$ 1,856
Europe, Middle East and Africa	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	<u>\$ 6,254</u>	<u>\$ —</u>	<u>\$ 273</u>	<u>\$ 3</u>	<u>\$ 423</u>	<u>\$ 82</u>	<u>\$ —</u>	<u>\$ 7,035</u>
% Segment operating profit	46 %							42 %

^(a) 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)

International Segments Operating Margin Performance Reconciliation

	Year Ended 12/27/2025	Year Ended 12/28/2024	Quarter Ended 12/27/2025	Quarter Ended 12/28/2024
Reported operating margin performance, GAAP measure	38 bps	335 bps	513 bps	728 bps
Impact of:				
Restructuring and impairment charges	18	(23)	21	11
Acquisition and divestiture-related charges	(1)	2	(3)	4
Impairment and other charges/credits	70	(213)	(119)	(676)
Indirect and income tax impact	(38)	60	(187)	187
Core operating margin performance, non-GAAP measure ^(a)	<u>87 bps</u>	<u>160 bps</u>	<u>225 bps</u>	<u>255 bps</u>

Diluted EPS Performance Reconciliation

	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)	<u>16 %</u>

^(a) 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