PepsiCo, Inc. and Subsidiaries 2023 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 growth, core results and core constant currency results. We use these 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); 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. 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 will 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 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 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Q1 2023 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 31, 2022. 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, which was expanded and extended through the end of 2028 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 and costs associated with divestitures. Divestiture-related charges reflect transaction expenses, including consulting, advisory and other professional fees. Merger and integration charges include liabilities to support socioeconomic programs in South Africa, closing costs, employee-related costs, gains associated with contingent consideration, contract termination costs and other integration costs.

[1] *For a full discussion of our full-year 2022 and our first quarter 2023 financial results, including definitions we use in discussing our financial results, please refer to our full-year 2022 and our first quarter 2023 earnings releases, our annual report on Form 10-K for the fiscal year ended December 31, 2022 (2022 Form 10-K) and our quarterly report on Form 10-Q for the fiscal quarter ended March 25, 2023 (Q1 2023 Form 10-Q) all available at pepsico.com/investors.*

Gain associated with the Juice Transaction: In the 12 weeks ended March 19, 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 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.

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 deadly 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.
>
> *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 the charges recorded in the prior year related to the sale of a non-strategic brand.
>
> *Other impairment charges*: We recognized impairment charges related to certain of our indefinite-lived intangible assets which reflected an increase in the weighted-average cost of capital as well as our estimates of future financial performance as of the fourth quarter of 2022.

Pension and retiree medical-related impact: Pension and retiree medical-related impact primarily includes settlement charges related to lump sum distributions exceeding the total of annual service and interest costs, as well as curtailment gains.

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: Tax expense related to the Tax Cuts and Jobs Act (TCJ Act) reflects adjustments to the mandatory transition tax liability under the TCJ Act.

Organic revenue growth: 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 (53^{rd} reporting week), including in our fourth quarter 2022 financial results. Adjusting for acquisitions and divestitures reflects mergers and acquisitions activity, including the impact, in the year ended December 25, 2021, of an extra month of net revenue for our acquisitions of Pioneer Food Group Ltd. in our Africa, Middle East and South Asia division and Hangzhou Haomusi Food Co., Ltd. in our Asia Pacific, Australia and New Zealand and China Region division as we aligned the reporting calendars of these acquisitions with those of our divisions, 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 growth 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.

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

Net Revenue Growth Reconciliation

	Year Ended 12/31/2022				
		Impact of			
	Reported % Change, GAAP Measure	Foreign exchange translation	Acquisitions and divestitures	53rd reporting week	Organic % Change, Non-GAAP Measure [a]
PepsiCo	**9 %**	**3**	**4**	**(1)**	**14 %**
North America	11 %	—	5	(2)	14 %
Frito-Lay North America	19 %	—	—	(2)	17 %
Quaker Foods North America	15 %	0.5	—	(2)	13 %
PBNA	4 %	—	9	(2)	11 %
International	6 %	7	3	—	16 %

Net Revenue Growth Reconciliation

		Impact of			
	Reported % Change, GAAP Measure	Foreign exchange translation	Acquisitions and divestitures	53rd reporting week	Organic % Change, Non-GAAP Measure [a]
PepsiCo					
Quarter ended 3/25/2023	10 %	2.5	2	—	14 %
Quarter ended 12/31/2022	11 %	3	4	(4)	15 %
Quarter ended 9/3/2022	9 %	3	4	—	16 %
Quarter ended 6/11/2022	5 %	3	5	—	13 %
Quarter ended 3/19/2022	9 %	1	3	—	14 %
Quarter ended 12/25/2021	12 %	—	(0.5)	—	12 %

(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)

Diluted Earnings Per Share (EPS) Performance Reconciliation

	Quarter Ended 3/25/2023	Year Ended 12/31/2022	Year Ended 12/25/2021
Reported diluted EPS performance, GAAP measure	(54) %	17 %	7 %
Impact of:			
Mark-to-market net impact	4	0.5	1
Restructuring and impairment charges	2	2	—
Acquisition and divestiture-related charges	(1)	1	(3)
Gain associated with the Juice Transaction	77	(44)	—
Impairment and other charges/credits	(12)	45	—
Pension and retiree medical-related impact	—	3.5	(2)
Charge related to cash tender offers	—	(10)	8
Tax benefit related to the IRS audit	—	(5)	—
Tax expense related to the TCJ Act	—	(2)	2
Core diluted EPS growth, Non-GAAP measure [a]	16 %	9 %	13 %
Impact of foreign exchange translation	2	2	(1.5)
Core constant currency diluted EPS growth, Non-GAAP measure [a]	18 %	11 %	12 %

PepsiCo Operating Profit Growth Reconciliation

	Year Ended 12/31/2022
Reported gross profit growth, GAAP measure	3 %
Impact of:	
Mark-to-market net impact	—
Restructuring and impairment charges	1
Acquisition and divestiture-related charges	1
Gain associated with the Juice Transaction	(29)
Impairment and other charges/credits	31
Core operating profit growth, Non-GAAP measure [a]	8 %
Impact of foreign exchange translation	2
Core constant currency operating profit growth, Non-GAAP measure [a]	10 %

PepsiCo Gross Profit Growth Reconciliation

	Year Ended 12/31/2022
Reported gross profit growth, GAAP measure	8 %
Impact of:	
Mark-to-market net impact	—
Restructuring and impairment charges	—
Impairment and other charges/credits	0.5
Core gross profit growth, Non-GAAP measure [a]	9 %

[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.