PepsiCo, Inc. and Subsidiaries Q2 2026 Prepared Management Remarks and Investor Q&A
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, 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 and credits 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. We also apply 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 Q2 2026 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 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, 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/credits: Acquisition and divestiture-related charges/credits include merger and integration charges, transaction expenses, such as consulting, advisory and other professional fees, as well as fair value adjustments to contingent consideration. Merger and integration charges include distribution agreement termination fees, employee-related costs, closing costs and other integration costs.

Impairment and other charges: We recognized impairment charges as a result of our quantitative assessments of certain of our indefinite-lived intangible assets, related to the Rockstar and Be & Cheery brands.

[1] *For a full discussion of our second quarter 2026 financial results, including definitions we use in discussing our financial results, please refer to our second quarter 2026 earnings release and our quarterly report on Form 10-Q for the fiscal quarter ended June 13, 2026 (Q2 2026 Form 10-Q) both available at pepsico.com/investors.*

Pension and retiree medical-related impact: Pension and retiree medical-related impact includes curtailment gains.

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 attributable to PepsiCo.

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. We also apply 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.

2026 guidance: 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 effective tax rate guidance, our 2026 core constant currency EPS growth guidance and our projected 2026 core net income attributable to PepsiCo (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 effective tax rate to our full year projected 2026 reported effective tax rate, our full year projected 2026 core constant currency EPS growth to our full year projected 2026 reported EPS growth and our full year projected 2026 core net income attributable to PepsiCo (a component of free cash flow conversion ratio) to our full year projected 2026 reported net income, because we are unable to predict the 2026 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, without unreasonable effort.

PepsiCo, Inc. and Subsidiaries
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(Unaudited)

Net Revenue Performance Reconciliation

	Reported % Change, GAAP measure	Impact of Foreign exchange translation	Impact of Acquisitions and divestitures	Organic % Change, non-GAAP measure [(a)]
PepsiCo				
Quarter ended 6/13/2026	6 %	(2)	(2)	2 %
International				
Year-to-date 6/13/2026	13 %	(7)	—	6 %
Quarter ended 6/13/2026	12 %	(5)	—	7 %
Quarter ended 3/21/2026	15 %	(10)	—	5.5 %
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 %
PepsiCo Beverages North America (PBNA)				
Quarter ended 6/13/2026	7 %	—	(6)	1 %
North America				
Quarter ended 6/13/2026	3 %	—	(3)	(0.5)%
International convenient foods				
Quarter ended 6/13/2026	13 %	(6)	—	6 %
Year-to-date 6/13/2026	14 %	(8)	—	6 %
International beverages				
Quarter ended 6/13/2026	10 %	(3)	—	7 %
Year-to-date 6/13/2026	11 %	(5)	—	6 %

[(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.

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	Quarter Ended 6/13/2026		
Operating Margin Performance Reconciliation	PepsiCo	International	PBNA
Reported operating margin performance, GAAP measure	876 bps	483 bps	2,396 bps
Impact of:			
Mark-to-market net impact	23	—	—
Restructuring and impairment charges	(74)	(30)	(93)
Acquisition and divestiture-related charges/credits	(46)	—	(145)
Impairment and other charges	(819)	(351)	(2,250)
Core operating margin performance, non-GAAP measure [(a)]	(39) bps	103 bps	(92) bps

PepsiCo Operating Profit Performance Reconciliation

	Quarter Ended 6/13/2026
Reported % Change, GAAP measure	125 %
Impact of:	
Mark-to-market net impact	3
Restructuring and impairment charges	(10)
Acquisition and divestiture-related charges/credits	(6)
Impairment and other charges	(108)
Core % Change, non-GAAP measure [(a)]	4 %

PepsiCo Diluted EPS Performance Reconciliation

	Quarter Ended 6/13/2026	Year-To-Date 6/13/2026
Reported diluted EPS performance, GAAP measure	137 %	72 %
Impact of:		
Mark-to-market net impact	3	(3)
Restructuring and impairment charges	(10)	(7)
Acquisition and divestiture-related charges/credits	(7)	(6)
Impairment and other charges	(119)	(49)
Pension and retiree medical-related impact	—	—
Core diluted EPS performance, non-GAAP measure [(a)]	4 %	6 %
Impact of foreign exchange translation	(3)	(3)
Core constant currency diluted EPS performance, non-GAAP measure [(a)]	1 %	3 %

[(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.