

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 11, 2024

PepsiCo, Inc.

(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction
of incorporation)

1-1183
(Commission
File Number)

13-1584302
(IRS Employer
Identification No.)

700 Anderson Hill Road, Purchase, New York 10577
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (914) 253-2000

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, par value 1-2/3 cents per share	PEP	The Nasdaq Stock Market LLC
2.625% Senior Notes Due 2026	PEP26	The Nasdaq Stock Market LLC
0.750% Senior Notes Due 2027	PEP27	The Nasdaq Stock Market LLC
0.875% Senior Notes Due 2028	PEP28	The Nasdaq Stock Market LLC
0.500% Senior Notes Due 2028	PEP28A	The Nasdaq Stock Market LLC
3.200% Senior Notes Due 2029	PEP29	The Nasdaq Stock Market LLC
1.125% Senior Notes Due 2031	PEP31	The Nasdaq Stock Market LLC
0.400% Senior Notes Due 2032	PEP32	The Nasdaq Stock Market LLC
0.750% Senior Notes Due 2033	PEP33	The Nasdaq Stock Market LLC
3.550% Senior Notes Due 2034	PEP34	The Nasdaq Stock Market LLC
0.875% Senior Notes Due 2039	PEP39	The Nasdaq Stock Market LLC
1.050% Senior Notes Due 2050	PEP50	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

The information in this Item 2.02, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), or otherwise subject to the liabilities of that Section and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise expressly stated in such filing.

Attached as Exhibit 99.1 and incorporated by reference into this Item 2.02 is a copy of the press release issued by PepsiCo, Inc. (“PepsiCo”), dated July 11, 2024, reporting PepsiCo’s financial results for the 12 and 24 weeks ended June 15, 2024.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by PepsiCo, Inc., dated July 11, 2024.
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PEPSICO, INC.

Date: July 10, 2024

By: /s/ David Flavell
Name: David Flavell
Title: Executive Vice President, General Counsel and Corporate Secretary



PepsiCo Reports Second-Quarter 2024 Results; Updates 2024 Financial Guidance
Reported (GAAP) Second-Quarter and Year-to-Date 2024 Results

	Second-Quarter	Year-to-Date
Net revenue growth	0.8%	1.5%
Foreign exchange impact on net revenue	(1)%	(1)%
Earnings per share (EPS)	\$2.23	\$3.71
EPS change	13%	10%
Foreign exchange impact on EPS	(1)%	—%

Organic/Core (non-GAAP)¹ Second-Quarter 2024 Results

	Second-Quarter	Year-to-Date
Organic revenue growth	1.9%	2.3%
Core EPS	\$2.28	\$3.89
Core constant currency EPS change	10%	9%

PURCHASE, N.Y. - July 11, 2024 - PepsiCo, Inc. (NASDAQ: PEP) today reported results for the second quarter 2024.

“During the second quarter, our business delivered net revenue growth, strong gross and operating margin expansion and double-digit EPS growth, remaining agile despite facing difficult net revenue growth comparisons versus the prior year, subdued category performance within North America convenient foods and the impacts associated with certain product recalls at Quaker Foods North America,” said Chairman and CEO Ramon Laguarta.

Laguarta continued, “For the balance of the year, we will further elevate and accelerate our productivity initiatives and make disciplined commercial investments in the marketplace to stimulate growth. These investments will focus on surgically providing optimal value propositions within certain portions of our North America convenient foods portfolio, amplifying our advertising and marketing initiatives and leveraging our go-to-market distribution capabilities to enable more precise marketplace execution. As a result, we now expect to deliver approximately 4 percent organic revenue growth (previously at least 4 percent) and have a high degree of confidence in delivering at least 8 percent core constant currency EPS growth for full-year 2024.”

¹ Please refer to the Glossary for the definitions of non-GAAP financial measures, including “Organic revenue growth,” “Core” and “Constant currency,” and to “Guidance and Outlook” for additional information regarding PepsiCo’s full-year 2024 financial guidance. PepsiCo provides guidance on a non-GAAP basis as we cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange and commodity mark-to-market net impacts. Please refer to PepsiCo’s Quarterly Report on Form 10-Q for the 12 and 24 weeks ended June 15, 2024 (Q2 2024 Form 10-Q) filed with the Securities and Exchange Commission (SEC) for additional information regarding PepsiCo’s financial results.

Summary Second-Quarter 2024 Performance

	Revenue				Volume ^(a)	
	GAAP Reported % Change	Percentage Point Impact		Organic % Change	% Change	
		Foreign Exchange Translation	Acquisitions and Divestitures		Convenient Foods	Beverages
Frito-Lay North America	(0.5)	—	—	—	(4)	
Quaker Foods North America ^(b)	(18)	—	—	(18)	(17)	
PepsiCo Beverages North America	1	—	—	1		(3)
Latin America	7	(5)	—	2	(6)	2
Europe	2.5	5	—	7	5	1
Africa, Middle East and South Asia	2	11	(1)	12	1	2
Asia Pacific, Australia and New Zealand and China Region	(2)	3	—	1	(1)	1
Total	1	1	—	2	(2)	—

	Operating Profit and EPS			
	GAAP Reported % Change	Percentage Point Impact		Core Constant Currency % Change
		Items Affecting Comparability	Foreign Exchange Translation	
Frito-Lay North America	(3)	—	—	(3)
Quaker Foods North America	(34)	11	—	(23)
PepsiCo Beverages North America	37	(20)	—	17
Latin America	8	1	(7)	2
Europe	30	(8)	6	29
Africa, Middle East and South Asia	(4)	—	6	3
Asia Pacific, Australia and New Zealand and China Region	—	1	4	4
Corporate unallocated expenses	(11)	3	—	(9)
Total	11	(4)	0.5	7
EPS	13	(3.5)	1	10

(a) Excludes the impact of acquisitions and divestitures. In certain instances, the volume change shown here differs from the impact of organic volume on net revenue performance disclosed in the Organic Revenue Growth Rates table on page A-8, due to the impacts of product mix, nonconsolidated joint venture volume, and, for our franchise-owned beverage businesses, temporary timing differences between bottler case sales (BCS) and concentrate shipments and equivalents (CSE). We report net revenue from our franchise-owned beverage businesses based on CSE. The volume sold by our nonconsolidated joint ventures has no direct impact on our net revenue.

(b) Net revenue decline was impacted by a previously announced voluntary recall of certain bars and cereals in our Quaker Foods North America division (Quaker Recall).

Note: Amounts may not sum due to rounding.

Organic revenue and core constant currency results are non-GAAP financial measures. Please refer to the reconciliation of GAAP and non-GAAP information in the attached exhibits and to the Glossary for definitions of "Organic revenue growth," "Core" and "Constant currency."

Summary Year-to-Date 2024 Performance

	Revenue				Volume ^(a)	
	GAAP Reported % Change	Percentage Point Impact		Organic % Change	% Change	
		Foreign Exchange Translation	Acquisitions and Divestitures		Convenient Foods	Beverages
Frito-Lay North America	0.5	—	—	1	(3)	
Quaker Foods North America ^(b)	(21)	—	—	(21)	(20)	
PepsiCo Beverages North America	1	—	—	1		(4)
Latin America	10	(6)	—	4	(4)	2
Europe	3	5.5	—	8	4	3
Africa, Middle East and South Asia	2	8	—	10	2	2
Asia Pacific, Australia and New Zealand and China Region	2	4	—	6	6	—
Total	1.5	1	—	2	(1.5)	—

Operating Profit and EPS

	GAAP Reported % Change	Percentage Point Impact		Core Constant Currency % Change
		Items Affecting Comparability	Foreign Exchange Translation	
Frito-Lay North America	(3)	1	—	(2)
Quaker Foods North America	(89)	59	—	(30)
PepsiCo Beverages North America	24	(11)	—	13
Latin America	17	0.5	(8)	10
Europe	50	(24)	8	34
Africa, Middle East and South Asia	(6)	2	5	1
Asia Pacific, Australia and New Zealand and China Region	1	—	4	6
Corporate unallocated expenses	(17)	10	—	(7)
Total	8	(2)	—	6
EPS	10	(1.5)	—	9

(a) Excludes the impact of acquisitions and divestitures. In certain instances, the volume change shown here differs from the impact of organic volume on net revenue performance disclosed in the Organic Revenue Growth Rates tables on page A-8, due to the impacts of product mix, nonconsolidated joint venture volume, and, for our franchise-owned beverage businesses, temporary timing differences between BCS and CSE. We report net revenue from our franchise-owned beverage businesses based on CSE. The volume sold by our nonconsolidated joint ventures has no direct impact on our net revenue.

(b) Net revenue decline was impacted by the Quaker Recall.

Note: Amounts may not sum due to rounding.

Organic revenue and core constant currency results are non-GAAP financial measures. Please refer to the reconciliation of GAAP and non-GAAP information in the attached exhibits and to the Glossary for definitions of "Organic revenue growth," "Core" and "Constant currency."

Guidance and Outlook

The Company provides guidance on a non-GAAP basis as we cannot predict certain elements which are included in reported GAAP results, including the impact of foreign exchange translation and commodity mark-to-market net impacts.

For 2024, the Company now expects:

- Approximately 4 percent organic revenue growth (previously at least 4%).

In addition, the Company continues to expect:

- At least 8 percent increase in core constant currency EPS;
- A core annual effective tax rate of 20 percent;
- Total cash returns to shareholders of approximately \$8.2 billion, comprised of dividends of \$7.2 billion and share repurchases of \$1.0 billion; and
- An approximate 1-percentage-point foreign exchange translation headwind to impact reported net revenue and core EPS growth based on current market consensus rates.

This assumption and the guidance above imply 2024 core EPS of at least \$8.15, a 7 percent increase compared to 2023 core EPS of \$7.62.

Prepared Management Remarks and Live Question and Answer Webcast

At approximately 6:30 a.m. (Eastern time) on July 11, 2024, the Company will post prepared management remarks (in pdf format) of its second quarter 2024 results and business update, including its outlook for 2024, at www.pepsico.com/investors. At 8:15 a.m. (Eastern time) on July 11, 2024, the Company will host a live question and answer session with investors and financial analysts. Further details will be accessible on the Company's website at www.pepsico.com/investors.

Contacts: Investor Relations
investor@pepsico.com

Communications
pepsicomediarelations@pepsico.com

PepsiCo, Inc. and Subsidiaries
Condensed Consolidated Statement of Income
(in millions except per share amounts, unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/15/2024	6/17/2023	6/15/2024	6/17/2023
Net Revenue	\$ 22,501	\$ 22,322	\$ 40,751	\$ 40,168
Cost of sales	9,919	10,121	18,167	18,109
Gross profit	12,582	12,201	22,584	22,059
Selling, general and administrative expenses	8,534	8,542	15,819	15,771
Operating Profit	4,048	3,659	6,765	6,288
Other pension and retiree medical benefits income	56	60	114	121
Net interest expense and other	(234)	(201)	(436)	(401)
Income before income taxes	3,870	3,518	6,443	6,008
Provision for income taxes	776	747	1,296	1,293
Net income	3,094	2,771	5,147	4,715
Less: Net income attributable to noncontrolling interests	11	23	22	35
Net Income Attributable to PepsiCo	<u>\$ 3,083</u>	<u>\$ 2,748</u>	<u>\$ 5,125</u>	<u>\$ 4,680</u>
Diluted				
Net income attributable to PepsiCo per common share	\$ 2.23	\$ 1.99	\$ 3.71	\$ 3.38
Weighted-average common shares outstanding	1,379	1,384	1,380	1,384

PepsiCo, Inc. and Subsidiaries
Supplemental Financial Information
(in millions and unaudited)

	12 Weeks Ended		24 Weeks Ended	
	6/15/2024	6/17/2023	6/15/2024	6/17/2023
Net Revenue				
Frito-Lay North America	\$ 5,874	\$ 5,904	\$ 11,550	\$ 11,487
Quaker Foods North America	561	684	1,154	1,461
PepsiCo Beverages North America	6,811	6,755	12,685	12,553
Latin America	3,045	2,856	5,112	4,633
Europe	3,515	3,428	5,451	5,314
Africa, Middle East and South Asia	1,592	1,568	2,632	2,587
Asia Pacific, Australia and New Zealand and China Region	1,103	1,127	2,167	2,133
Total	\$ 22,501	\$ 22,322	\$ 40,751	\$ 40,168
Operating Profit				
Frito-Lay North America	\$ 1,592	\$ 1,647	\$ 3,146	\$ 3,246
Quaker Foods North America	85	129	36	317
PepsiCo Beverages North America	987	723	1,497	1,206
Latin America	637	592	1,122	956
Europe	620	476	822	547
Africa, Middle East and South Asia	241	250	393	418
Asia Pacific, Australia and New Zealand and China Region	223	223	456	450
Corporate unallocated expenses	(337)	(381)	(707)	(852)
Total	\$ 4,048	\$ 3,659	\$ 6,765	\$ 6,288

PepsiCo, Inc. and Subsidiaries
Condensed Consolidated Statement of Cash Flows
(in millions, unaudited)

	24 Weeks Ended	
	6/15/2024	6/17/2023
Operating Activities		
Net income	\$ 5,147	\$ 4,715
Depreciation and amortization	1,379	1,268
Impairment and other charges	—	97
Product recall-related impact	182	—
Cash payments for product recall-related impact	(135)	—
Operating lease right-of-use asset amortization	278	248
Share-based compensation expense	183	179
Restructuring and impairment charges	170	204
Cash payments for restructuring charges	(173)	(187)
Pension and retiree medical plan expenses	67	62
Pension and retiree medical plan contributions	(263)	(209)
Deferred income taxes and other tax charges and credits	142	270
Tax payments related to the Tax Cuts and Jobs Act	(579)	(309)
Change in assets and liabilities:		
Accounts and notes receivable	(1,138)	(1,330)
Inventories	(696)	(851)
Prepaid expenses and other current assets	(365)	(271)
Accounts payable and other current liabilities	(2,968)	(1,960)
Income taxes payable	287	100
Other, net	(203)	(7)
Net Cash Provided by Operating Activities	1,315	2,019
Investing Activities		
Capital spending	(1,701)	(1,513)
Sales of property, plant and equipment	127	122
Acquisitions, net of cash acquired, investments in noncontrolled affiliates and purchases of intangible and other assets	(30)	(83)
Other divestitures, sales of investments in noncontrolled affiliates and other assets	135	75
Short-term investments, by original maturity:		
More than three months - purchases	—	(435)
More than three months - maturities	—	363
Three months or less, net	1	16
Other investing, net	14	32
Net Cash Used for Investing Activities	(1,454)	(1,423)

(Continued on following page)

PepsiCo, Inc. and Subsidiaries
Condensed Consolidated Statement of Cash Flows (continued)
(in millions, unaudited)

	24 Weeks Ended	
	6/15/2024	6/17/2023
Financing Activities		
Proceeds from issuances of long-term debt	1,765	2,986
Payments of long-term debt	(2,882)	(2,252)
Short-term borrowings, by original maturity:		
More than three months - proceeds	3,080	1,660
More than three months - payments	(2,138)	(26)
Three months or less, net	1,286	2,023
Cash dividends paid	(3,506)	(3,199)
Share repurchases	(461)	(453)
Proceeds from exercises of stock options	107	86
Withholding tax payments on restricted stock units and performance stock units converted	(131)	(119)
Other financing	(20)	(16)
Net Cash (Used for)/Provided by Financing Activities	(2,900)	690
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(304)	(144)
Net (Decrease)/Increase in Cash and Cash Equivalents and Restricted Cash	(3,343)	1,142
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	9,761	5,100
Cash and Cash Equivalents and Restricted Cash, End of Period	\$ 6,418	\$ 6,242
Supplemental Non-Cash Activity		
Right-of-use assets obtained in exchange for lease obligations	\$ 541	\$ 439
Debt discharged via legal defeasance	\$ —	\$ 94

PepsiCo, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
(in millions except per share amounts)

	<small>(unaudited)</small>	
	<u>6/15/2024</u>	<u>12/30/2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,353	\$ 9,711
Short-term investments	315	292
Accounts and notes receivable, net	11,942	10,815
Inventories:		
Raw materials and packaging	2,635	2,388
Work-in-process	121	104
Finished goods	3,131	2,842
	<u>5,887</u>	<u>5,334</u>
Prepaid expenses and other current assets	1,206	798
Total Current Assets	<u>25,703</u>	<u>26,950</u>
Property, Plant and Equipment, net	<u>27,042</u>	<u>27,039</u>
Amortizable Intangible Assets, net	<u>1,151</u>	<u>1,199</u>
Goodwill	<u>17,648</u>	<u>17,728</u>
Other Indefinite-Lived Intangible Assets	<u>13,675</u>	<u>13,730</u>
Investments in Noncontrolled Affiliates	<u>2,674</u>	<u>2,714</u>
Deferred Income Taxes	<u>4,465</u>	<u>4,474</u>
Other Assets	<u>7,175</u>	<u>6,661</u>
Total Assets	<u>\$ 99,533</u>	<u>\$ 100,495</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt obligations	\$ 8,289	\$ 6,510
Accounts payable and other current liabilities	22,859	25,137
Total Current Liabilities	<u>31,148</u>	<u>31,647</u>
Long-Term Debt Obligations	<u>36,638</u>	<u>37,595</u>
Deferred Income Taxes	<u>3,908</u>	<u>3,895</u>
Other Liabilities	<u>8,259</u>	<u>8,721</u>
Total Liabilities	<u>79,953</u>	<u>81,858</u>
Commitments and contingencies		
PepsiCo Common Shareholders' Equity		
Common stock, par value 1 ² / ₃ ¢ per share (authorized 3,600 shares; issued, net of repurchased common stock at par value: 1,374 shares)	23	23
Capital in excess of par value	4,203	4,261
Retained earnings	71,545	70,035
Accumulated other comprehensive loss	(15,786)	(15,534)
Repurchased common stock, in excess of par value (493 shares)	(40,539)	(40,282)
Total PepsiCo Common Shareholders' Equity	<u>19,446</u>	<u>18,503</u>
Noncontrolling interests	134	134
Total Equity	<u>19,580</u>	<u>18,637</u>
Total Liabilities and Equity	<u>\$ 99,533</u>	<u>\$ 100,495</u>

Non-GAAP Measures

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 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.

Bottler case sales (BCS): Measure of physical beverage volume shipped to retailers and independent distributors from both PepsiCo and our independent bottlers.

Concentrate shipments and equivalents (CSE): Measure of our physical beverage volume shipments to independent bottlers.

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 Q2 2024 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 30, 2023. 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 primarily include merger and integration charges and costs associated with divestitures, primarily consulting, advisory and other professional fees.

Impairment and other charges/credits

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 Tropicana Brands Group. We also recognized adjustments to charges recorded in prior years from changes in estimates of previously recorded amounts.

Product recall-related impact

We recognized property, plant and equipment and inventory write-offs, product returns, employee severance costs, customer and consumer-related costs and other costs in our Quaker Foods North America division 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 related to lump sum distributions exceeding the total of annual service and interest costs.

Effective net pricing: Reflects the year-over-year impact of discrete pricing actions, sales incentive activities and mix resulting from selling varying products in different package sizes and in different countries.

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. 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.

2024 guidance

Our 2024 organic revenue growth guidance excludes the impact of acquisitions, divestitures and other structural changes and foreign exchange translation. Our 2024 core effective tax rate guidance and our 2024 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 2024 core constant currency EPS growth guidance also excludes the impact of foreign exchange translation. We are unable to reconcile our full year projected 2024 organic revenue growth to our full year projected 2024 reported net revenue growth because we are unable to predict the 2024 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 2024 core effective tax rate to our full year projected 2024 reported effective tax rate and our full year projected 2024 core constant currency EPS growth to our full year projected 2024 reported EPS growth because we are unable to predict the 2024 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
Organic Revenue Growth Rates
12 and 24 Weeks Ended June 15, 2024
(unaudited)

Net Revenue Year over Year % Change	12 Weeks Ended 6/15/2024						
	Reported % Change, GAAP Measure	Impact of			Organic % Change, Non-GAAP Measure ^(a)	Impact of	
		Foreign exchange translation	Acquisitions and divestitures	Organic volume ^(b)		Effective net pricing	
Frito-Lay North America	(0.5)%	—	—	— %	(4)	3	
Quaker Foods North America ^(c)	(18)%	—	—	(18)%	(17)	(1)	
PepsiCo Beverages North America	1 %	—	—	1 %	(3.5)	5	
Latin America	7 %	(5)	—	2 %	(5)	6	
Europe	2.5 %	5	—	7 %	2	5	
Africa, Middle East and South Asia	2 %	11	(1)	12 %	1	11	
Asia Pacific, Australia and New Zealand and China Region	(2)%	3	—	1 %	—	1.5	
Total	1 %	1	—	2 %	(3)	5	

Net Revenue Year over Year % Change	24 Weeks Ended 6/15/2024						
	Reported % Change, GAAP Measure	Impact of			Organic % Change, Non-GAAP Measure ^(a)	Impact of	
		Foreign exchange translation	Acquisitions and divestitures	Organic volume ^(b)		Effective net pricing	
Frito-Lay North America	0.5 %	—	—	1 %	(3)	3	
Quaker Foods North America ^(c)	(21)%	—	—	(21)%	(20)	(1)	
PepsiCo Beverages North America	1 %	—	—	1 %	(4)	5	
Latin America	10 %	(6)	—	4 %	(3)	7	
Europe	3 %	5.5	—	8 %	2	6	
Africa, Middle East and South Asia	2 %	8	—	10 %	2	7	
Asia Pacific, Australia and New Zealand and China Region	2 %	4	—	6 %	5	0.5	
Total	1.5 %	1	—	2 %	(2)	5	

(a) A financial measure that is not in accordance with GAAP. See pages A-6 through A-7 for further discussion.

(b) Excludes the impact of acquisitions and divestitures. In certain instances, the impact of organic volume on net revenue performance differs from the unit volume disclosed in the Summary Second-Quarter 2024 Performance table and Summary Year-to-Date Performance on pages 2 and 3, respectively, due to the impacts of product mix, nonconsolidated joint venture volume, and, for our franchise-owned beverage businesses, temporary timing differences between BCS and CSE. We report net revenue from our franchise-owned beverage businesses based on CSE. The volume sold by our nonconsolidated joint ventures has no direct impact on our net revenue.

(c) Net revenue decline was impacted by the Quaker Recall.

Note – Amounts may not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (continued)
Year over Year Growth Rates
12 and 24 Weeks Ended June 15, 2024
(unaudited)

12 Weeks Ended 6/15/2024

Year over Year % Change	Impact of Items Affecting Comparability							Impact of		Core Constant Currency % Change, Non-GAAP Measure ^(a)
	Reported % Change, GAAP Measure	Mark-to-market net impact	Restructuring and impairment charges	Acquisition and divestiture-related charges	Impairment and other charges/credits	Product recall-related impact	Pension and retiree medical-related impact	Core % Change, Non-GAAP Measure ^(a)	Foreign exchange translation	
Frito-Lay North America	(3)%	—	—	—	—	—	—	(3)%	—	(3)%
Quaker Foods North America	(34)%	—	(1)	—	—	12	—	(23)%	—	(23)%
PepsiCo Beverages North America	37 %	—	—	(1)	(18)	—	—	17 %	—	17 %
Latin America	8 %	—	1	—	—	—	—	9 %	(7)	2 %
Europe	30 %	—	(9)	—	1.5	—	—	23 %	6	29 %
Africa, Middle East and South Asia	(4)%	—	1	—	—	—	—	(3)%	6	3 %
Asia Pacific, Australia and New Zealand and China Region	— %	—	1	—	—	—	—	— %	4	4 %
Corporate unallocated expenses	(11)%	—	3	—	—	—	—	(9)%	—	(9)%
Total Operating Profit	11 %	—	(1)	—	(3)	0.5	—	7 %	0.5	7 %
Net Income Attributable to PepsiCo	12 %	—	—	—	(3)	0.5	—	9 %	1	9 %
Net Income Attributable to PepsiCo per common share – diluted	13 %	—	—	—	(3)	0.5	—	9 %	1	10 %

24 Weeks Ended 6/15/2024

Year over Year % Change	Impact of Items Affecting Comparability							Impact of		Core Constant Currency % Change, Non-GAAP Measure ^(a)
	Reported % Change, GAAP Measure	Mark-to-market net impact	Restructuring and impairment charges	Acquisition and divestiture-related charges	Impairment and other charges/credits	Product recall-related impact	Pension and retiree medical-related impact	Core % Change, Non-GAAP Measure ^(a)	Foreign exchange translation	
Frito-Lay North America	(3)%	—	1	—	—	—	—	(2)%	—	(2)%
Quaker Foods North America	(89)%	—	1	—	—	58	—	(30)%	—	(30)%
PepsiCo Beverages North America	24 %	—	0.5	(1)	(11)	—	—	13 %	—	13 %
Latin America	17 %	—	1	—	—	—	—	18 %	(8)	10 %
Europe	50 %	—	(26)	—	1	—	—	26 %	8	34 %
Africa, Middle East and South Asia	(6)%	—	(0.5)	—	3	—	—	(4)%	5	1 %
Asia Pacific, Australia and New Zealand and China Region	1 %	—	—	—	—	—	—	1 %	4	6 %
Corporate unallocated expenses	(17)%	12	(2)	—	—	—	—	(7)%	—	(7)%
Total Operating Profit	8 %	(2)	(1)	—	(2)	4	—	6 %	—	6 %
Net Income Attributable to PepsiCo	10 %	(3)	(1)	—	(2)	4.5	—	8 %	—	8 %
Net Income Attributable to PepsiCo per common share – diluted	10 %	(3)	(1)	—	(2)	5	—	8 %	—	9 %

(a) A financial measure that is not in accordance with GAAP. See pages A-6 through A-7 for further discussion.

Note – Amounts may not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (continued)
Certain Line Items
12 Weeks Ended June 15, 2024 and June 17, 2023
(in millions except per share amounts, unaudited)

12 Weeks Ended 6/15/2024

	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Other pension and retiree medical benefits income	Provision for income taxes ^(a)	Net income attributable to noncontrolling interests	Net income attributable to PepsiCo	Net income attributable to PepsiCo per common share - diluted	Effective tax rate ^(b)
Reported, GAAP Measure	\$ 9,919	\$ 12,582	\$ 8,534	\$ 4,048	\$ 56	\$ 776	\$ 11	\$ 3,083	\$ 2.23	20.1 %
Items Affecting Comparability										
Mark-to-market net impact	19	(19)	(11)	(8)	—	(1)	—	(7)	—	—
Restructuring and impairment charges	—	—	(66)	66	8	20	(1)	55	0.04	0.1
Product recall-related impact	(8)	8	(7)	15	—	4	—	11	0.01	—
Pension and retiree medical-related impact	—	—	—	—	2	—	—	2	—	—
Core, Non-GAAP Measure ^(c)	\$ 9,930	\$ 12,571	\$ 8,450	\$ 4,121	\$ 66	\$ 799	\$ 10	\$ 3,144	\$ 2.28	20.2 %

12 Weeks Ended 6/17/2023

	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Provision for income taxes ^(a)	Net income attributable to PepsiCo	Net income attributable to PepsiCo per common share - diluted	Effective tax rate ^(b)
Reported, GAAP Measure	\$ 10,121	\$ 12,201	\$ 8,542	\$ 3,659	\$ 747	\$ 2,748	\$ 1.99	21.3 %
Items Affecting Comparability								
Mark-to-market net impact	1	(1)	8	(9)	(2)	(7)	—	—
Restructuring and impairment charges	(3)	3	(89)	92	29	63	0.05	0.2
Acquisition and divestiture-related charges	—	—	(7)	7	1	6	—	—
Impairment and other charges/credits	1	(1)	(111)	110	28	82	0.06	0.1
Core, Non-GAAP Measure ^(c)	\$ 10,120	\$ 12,202	\$ 8,343	\$ 3,859	\$ 803	\$ 2,892	\$ 2.09	21.6 %

(a) Provision for income taxes is the expected tax charge/benefit on the underlying item based on the tax laws and income tax rates applicable to the underlying item in its corresponding tax jurisdiction.

(b) The impact of items affecting comparability on our effective tax rate represents the difference in the effective tax rate resulting from a higher or lower tax rate as applicable to the items affecting comparability.

(c) A financial measure that is not in accordance with GAAP. See pages A-6 through A-7 for further discussion.

Note – Amounts may not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (continued)
Certain Line Items
24 Weeks Ended June 15, 2024 and June 17, 2023
(in millions except per share amounts, unaudited)

	24 Weeks Ended 6/15/2024									
	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Other pension and retiree medical benefits income	Provision for income taxes ^(a)	Net income attributable to noncontrolling interests	Net income attributable to PepsiCo	Net income attributable to PepsiCo per common share - diluted	Effective tax rate ^(b)
Reported, GAAP Measure	\$ 18,167	\$ 22,584	\$ 15,819	\$ 6,765	\$ 114	\$ 1,296	\$ 22	\$ 5,125	\$ 3.71	20.1 %
Items Affecting Comparability										
Mark-to-market net impact	32	(32)	12	(44)	—	(10)	—	(34)	(0.02)	—
Restructuring and impairment charges	(6)	6	(149)	155	15	40	(1)	131	0.09	0.1
Acquisition and divestiture-related charges	—	—	(2)	2	—	1	—	1	—	—
Product recall-related impact	(175)	175	(7)	182	—	43	—	139	0.10	0.1
Pension and retiree medical-related impact	—	—	—	—	2	—	—	2	—	—
Core, Non-GAAP Measure ^(c)	<u>\$ 18,018</u>	<u>\$ 22,733</u>	<u>\$ 15,673</u>	<u>\$ 7,060</u>	<u>\$ 131</u>	<u>\$ 1,370</u>	<u>\$ 21</u>	<u>\$ 5,364</u>	<u>\$ 3.89</u>	<u>20.3 %</u>
	24 Weeks Ended 6/17/2023									
	Cost of sales	Gross profit	Selling, general and administrative expenses	Operating profit	Other pension and retiree medical benefits income	Provision for income taxes ^(a)	Net income attributable to noncontrolling interests	Net income attributable to PepsiCo	Net income attributable to PepsiCo per common share - diluted	Effective tax rate ^(b)
Reported, GAAP Measure	\$ 18,109	\$ 22,059	\$ 15,771	\$ 6,288	\$ 121	\$ 1,293	\$ 35	\$ 4,680	\$ 3.38	21.5 %
Items Affecting Comparability										
Mark-to-market net impact	(13)	13	(49)	62	—	15	—	47	0.03	—
Restructuring and impairment charges	(6)	6	(199)	205	(1)	43	1	160	0.12	—
Acquisition and divestiture-related charges	—	—	(9)	9	—	2	—	7	—	—
Impairment and other charges/credits	5	(5)	(102)	97	—	28	—	69	0.05	0.1
Core, Non-GAAP Measure ^(c)	<u>\$ 18,095</u>	<u>\$ 22,073</u>	<u>\$ 15,412</u>	<u>\$ 6,661</u>	<u>\$ 120</u>	<u>\$ 1,381</u>	<u>\$ 36</u>	<u>\$ 4,963</u>	<u>\$ 3.59</u>	<u>21.6 %</u>

(a) Provision for income taxes is the expected tax charge/benefit on the underlying item based on the tax laws and income tax rates applicable to the underlying item in its corresponding tax jurisdiction.

(b) The impact of items affecting comparability on our effective tax rate represents the difference in the effective tax rate resulting from a higher or lower tax rate as applicable to the items affecting comparability.

(c) A financial measure that is not in accordance with GAAP. See pages A-6 through A-7 for further discussion.

Note – Amounts may not sum due to rounding.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (continued)
Operating Profit by Division
12 Weeks Ended June 15, 2024 and June 17, 2023
(in millions, unaudited)

	12 Weeks Ended 6/15/2024				
	Reported, GAAP Measure	Items Affecting Comparability			Core, Non-GAAP Measure ^(a)
Mark-to-market net impact		Restructuring and impairment charges	Product recall- related impact		
Operating Profit					
Frito-Lay North America	\$ 1,592	\$ —	\$ 13	\$ —	\$ 1,605
Quaker Foods North America	85	—	—	15	100
PepsiCo Beverages North America	987	—	5	—	992
Latin America	637	—	16	—	653
Europe	620	—	19	—	639
Africa, Middle East and South Asia	241	—	3	—	244
Asia Pacific, Australia and New Zealand and China Region	223	—	4	—	227
Corporate unallocated expenses	(337)	(8)	6	—	(339)
Total	\$ 4,048	\$ (8)	\$ 66	\$ 15	\$ 4,121

	12 Weeks Ended 6/17/2023				
	Reported, GAAP Measure	Items Affecting Comparability			Core, Non-GAAP Measure ^(a)
Mark-to-market net impact		Restructuring and impairment charges	Acquisition and divestiture-related charges	Impairment and other charges/credits	
Operating Profit					
Frito-Lay North America	\$ 1,647	\$ —	\$ 6	\$ —	\$ 1,653
Quaker Foods North America	129	—	—	—	129
PepsiCo Beverages North America	723	—	5	8	849
Latin America	592	—	6	2	600
Europe	476	—	52	(2)	521
Africa, Middle East and South Asia	250	—	—	1	251
Asia Pacific, Australia and New Zealand and China Region	223	—	4	—	227
Corporate unallocated expenses	(381)	(9)	19	—	(371)
Total	\$ 3,659	\$ (9)	\$ 92	\$ 110	\$ 3,859

(a) A financial measure that is not in accordance with GAAP. See pages A-6 through A-7 for further discussion.

PepsiCo, Inc. and Subsidiaries
Reconciliation of GAAP and Non-GAAP Information (continued)
Operating Profit by Division
24 Weeks Ended June 15, 2024 and June 17, 2023
(in millions, unaudited)

Operating Profit	24 Weeks Ended 6/15/2024					
	Reported, GAAP Measure	Items Affecting Comparability				Core, Non-GAAP Measure ^(a)
		Mark-to- market net impact	Restructuring and impairment charges	Acquisition and divestiture- related charges	Product recall- related impact	
Frito-Lay North America	\$ 3,146	\$ —	\$ 35	\$ —	\$ —	\$ 3,181
Quaker Foods North America	36	—	4	—	182	222
PepsiCo Beverages North America	1,497	—	15	2	—	1,514
Latin America	1,122	—	21	—	—	1,143
Europe	822	—	37	—	—	859
Africa, Middle East and South Asia	393	—	3	—	—	396
Asia Pacific, Australia and New Zealand and China Region	456	—	4	—	—	460
Corporate unallocated expenses	(707)	(44)	36	—	—	(715)
Total	\$ 6,765	\$ (44)	\$ 155	\$ 2	\$ 182	\$ 7,060

Operating Profit	24 Weeks Ended 6/17/2023					
	Reported, GAAP Measure	Items Affecting Comparability				Core, Non-GAAP Measure ^(a)
		Mark-to- market net impact	Restructuring and impairment charges	Acquisition and divestiture- related charges	Impairment and other charges/credits	
Frito-Lay North America	\$ 3,246	\$ —	\$ 13	\$ —	\$ —	\$ 3,259
Quaker Foods North America	317	—	—	—	—	317
PepsiCo Beverages North America	1,206	—	10	10	113	1,339
Latin America	956	—	11	—	2	969
Europe	547	—	141	(2)	(5)	681
Africa, Middle East and South Asia	418	—	5	1	(13)	411
Asia Pacific, Australia and New Zealand and China Region	450	—	5	—	—	455
Corporate unallocated expenses	(852)	62	20	—	—	(770)
Total	\$ 6,288	\$ 62	\$ 205	\$ 9	\$ 97	\$ 6,661

(a) A financial measure that is not in accordance with GAAP. See pages A-6 through A-7 for further discussion.

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

Gross Margin Growth Reconciliation

	12 Weeks Ended 6/15/2024	24 Weeks Ended 6/15/2024
Reported gross margin growth, GAAP measure	126 bps	50 bps
Impact of:		
Mark-to-market net impact	(8)	(11)
Restructuring and impairment charges	(1)	—
Impairment and other charges/credits	—	1
Product recall-related impact	3	43
Core gross margin growth, non-GAAP measure ^(a)	120 bps	83 bps

Operating Margin Growth Reconciliation

	12 Weeks Ended 6/15/2024	24 Weeks Ended 6/15/2024
Reported operating margin growth, GAAP measure	160 bps	95 bps
Impact of:		
Mark-to-market net impact	—	(26)
Restructuring and impairment charges	(11)	(13)
Acquisition and divestiture-related charges	(3)	(2)
Impairment and other charges/credits	(49)	(24)
Product recall-related impact	7	45
Core operating margin growth, non-GAAP measure ^(a)	103 bps	74 bps

Fiscal 2023 Diluted EPS Reconciliation

	Year Ended 12/30/2023
Reported diluted EPS, GAAP measure	\$ 6.56
Mark-to-market net impact	0.02
Restructuring and impairment charges	0.25
Acquisition and divestiture-related charges	0.02
Impairment and other charges/credits	0.68
Product recall-related impact	0.07
Pension and retiree medical-related impact	0.01
Core diluted EPS, non-GAAP measure ^(a)	\$ 7.62

(a) A financial measure that is not in accordance with GAAP. See pages A-6 through A-7 for further discussion.

Note – Amounts may not sum due to rounding.

Cautionary Statement

Statements in this communication that are “forward-looking statements,” including our 2024 guidance and outlook are based on currently available information, operating plans and projections about future events and trends. Terminology such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goal,” “guidance,” “intend,” “may,” “objective,” “outlook,” “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “will” or similar statements or variations of such words and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such terms. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. Such risks and uncertainties include, but are not limited to: the risks associated with the deadly conflict in Ukraine; future demand for PepsiCo’s products; damage to PepsiCo’s reputation or brand image; product recalls or other issues or concerns with respect to product quality and safety; PepsiCo’s ability to compete effectively; PepsiCo’s ability to attract, develop and maintain a highly skilled and diverse workforce or effectively manage changes in our workforce; water scarcity; changes in the retail landscape or in sales to any key customer; disruption of PepsiCo’s manufacturing operations or supply chain, including continued increased commodity, packaging, transportation, labor and other input costs; political, social or geopolitical conditions in the markets where PepsiCo’s products are made, manufactured, distributed or sold; PepsiCo’s ability to grow its business in developing and emerging markets; changes in economic conditions in the countries in which PepsiCo operates; future cyber incidents and other disruptions to our information systems; failure to successfully complete or manage strategic transactions; PepsiCo’s reliance on third-party service providers and enterprise-wide systems; climate change or measures to address climate change and other sustainability matters; strikes or work stoppages; failure to realize benefits from PepsiCo’s productivity initiatives; deterioration in estimates and underlying assumptions regarding future performance of our business or investments that can result in impairment charges; fluctuations or other changes in exchange rates; any downgrade or potential downgrade of PepsiCo’s credit ratings; imposition or proposed imposition of new or increased taxes aimed at PepsiCo’s products; imposition of limitations on the marketing or sale of PepsiCo’s products; changes in laws and regulations related to the use or disposal of plastics or other packaging materials; failure to comply with personal data protection and privacy laws; increase in income tax rates, changes in income tax laws or disagreements with tax authorities; failure to adequately protect PepsiCo’s intellectual property rights or infringement on intellectual property rights of others; failure to comply with applicable laws and regulations; and potential liabilities and costs from litigation, claims, legal or regulatory proceedings, inquiries or investigations.

For additional information on these and other factors that could cause PepsiCo’s actual results to materially differ from those set forth herein, please see PepsiCo’s filings with the SEC, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.