Third Quarter 2023

Prepared Management Remarks

October 10, 2023

Please view these remarks in conjunction with our Q3 2023 earnings release, Q3 2023 Form 10-Q and GAAP/non-GAAP reconciliations that can be found on our website at www.pepsico.com under the Investors section, or via the following link: https://www.pepsico.com/investors/financial-information/quarterly-earnings

We also invite you to listen to our live question and answer webcast with Ramon Laguarta (Chairman and Chief Executive Officer) and Hugh Johnston (Vice Chairman and Chief Financial Officer), which will begin today at 8:15 a.m. Eastern Time and will also be available on www.pepsico.com.

Cautionary Statement

These prepared remarks contain forward-looking statements, including about our business plans, guidance and outlook. Forward-looking statements inherently involve risks and uncertainties and only reflect our view as of today, October 10, 2023, and we are under no obligation to update. When discussing our results, we refer to non-GAAP measures, which exclude certain items from reported results.

Please refer to our Q3 2023 earnings release and Q3 2023 Form 10-Q, available on pepsico.com, for definitions and reconciliations of non-GAAP measures and additional information regarding our results, including a discussion of factors that could cause actual results to materially differ from forward-looking statements.

As a reminder, our financial results in the United States and Canada (North America) are reported on a 12-week basis while our international operations report on a monthly calendar basis for which the entire months of June, July and August are reflected in our results for the 12 weeks ended September 9, 2023.

Chairman and CEO and Vice Chairman and CFO Commentary

We are pleased with our performance for the third quarter as our business delivered 8.8 percent organic revenue growth – the tenth consecutive quarter in which we have delivered at least high-single-digit organic revenue growth. This compares to 16 percent organic revenue growth in the third quarter of 2022.

We also delivered 16 percent core constant currency earnings per share growth – the sixth consecutive quarter in which we have delivered double-digit core constant currency earnings per share growth.

Our performance is indicative of the strength and resilience of our categories, diversified portfolio with broad geographic reach, flexible go-to-market systems with a strong omnichannel presence, robust productivity initiatives which unlock efficiencies and provide funding for key investments in our businesses, and a relentless focus on marketplace execution.

As a result, we remain committed to our strategic framework of Winning with pep+ (PepsiCo Positive) and becoming an Even Faster, Even Stronger, and Even Better organization by:

- Expanding the depth and breadth of our product portfolio in both beverages and convenient foods to capture the evolving preferences of our consumers across a broad spectrum of occasions;
- Advancing our global presence and reach across both developed and developing and emerging markets within the at-home, away-from-home, and online channels;
- Broadening our holistic cost management initiatives to drive greater supply chain and distribution efficiencies, identify key areas of waste throughout our value chain, and accelerate our global business services model to further reduce general and administrative expenses;
- Leveraging analytics and data-driven capabilities to enable faster decision making, optimize routes, and improve in-store execution;

- Modernizing and harmonizing our IT systems across certain businesses and countries; and
- Continuing to advance our initiatives around pep+, our strategic end-to-end business transformation for how we create growth and value by operating within planetary boundaries and promoting positive change for the planet and people by focusing on three interconnected pillars which include:
  - Evolving our portfolio towards positive choices with portion-control packages, zero sugar beverages, nutritious convenient foods with lower sodium and low-or-no saturated fat content, and scaling new business models that require little or no single-use packaging, including our global SodaStream business;
  - Taking bold actions aimed to reduce our climate-related impacts, replenish watersheds and minimize water use, innovate more sustainable packaging, and recapture packaging materials; and
  - Helping farmers grow food in a way that revitalizes the earth and supports their livelihoods. By prioritizing a

sustainable food system, we are working to help mitigate environmental and social risks, while also preserving natural resources for future generations.

As we look ahead, we believe that we are well-positioned to adapt and execute in a dynamic consumer environment with trusted brands in large, growing categories that deliver variety, convenience, and a good value proposition to consumers.

As a result, we continue to expect to deliver 10 percent organic revenue growth in 2023. Given our strong organic revenue growth coupled with an increased focus on advancing our holistic cost management initiatives we now expect to deliver 13 percent core constant currency EPS growth in 2023 (previously 12 percent) – the third consecutive year in which PepsiCo will aim to deliver double-digit core constant currency EPS growth.

Before we discuss our financial results and outlook in more detail, we would like to thank our highly experienced local teams and front-line associates for their continued efforts and focus on marketplace execution.

Third Quarter PepsiCo Financial Review

Our third quarter featured strong, broad-based organic revenue growth. The benefits from our net revenue management actions moderated as planned, while organic volume for our global beverage and convenient food businesses each posted a moderate decline.

Consumer preferences have continued to evolve towards smaller packages that offer the benefits of convenience, variety, portion control, and good value and we have also taken decisive actions in certain categories and geographies to elevate our focus on selling profitable volume.

Our North America and International businesses delivered 7 percent and 12 percent organic revenue growth, respectively, and our global beverages and convenient foods businesses delivered 8 percent and 9 percent organic revenue growth, respectively.

Core gross profit increased 9 percent and core gross margin expanded 105 basis points, while core operating profit increased 12 percent and core operating margin expanded 80 basis points.

Our core margin performance was aided by our ongoing holistic cost management initiatives aimed at maximizing labor efficiencies, unlocking capacity constraints, advancing digitalization across our organization, and minimizing areas of waste throughout our value chain, and reflects a strong double-digit increase in advertising and marketing spend.

Core constant currency EPS increased 16 percent, while reported EPS increased 15 percent.

Third Quarter North America Divisions Review

Our North America business delivered high-single-digit organic revenue growth and double-digit core operating profit growth in the third quarter which reflects a double-digit increase in advertising and marketing spend and efficiencies generated within our selling, general, and administrative expenses.

Frito-Lay North America delivered 7 percent organic revenue growth which compares to a 20 percent increase in organic revenue during the prior-year quarter. Our business gained market share in the macro and savory snack categories during the third quarter.

Frito-Lay's results are indicative of its relentless focus on marketplace execution with a diversified portfolio that offers variety, convenience, and good value to consumers.

In addition, Frito-Lay continues to offer more choices to meet the changing needs and preferences of consumers in an evolving marketplace, including:

- An expansive variety of positive choice offerings with our Baked, Simply, and lightly salted options that reduce sodium and saturated fat, smaller pack sizes that aim to satisfy consumer demand for portion control, and our Popcorners brand which leverages air popping technology to produce great tasting products;

- A refreshment and extension of flavor profiles across large brands with the launch of Doritos Spicy Pineapple Jalapeno, Funyuns Spicy Queso Onion Flavored Rings, Ruffles Flamin' Hot Queso, and Smartfood Doritos Nacho Cheese Flavored Popcorn, as well as iconic flavor combinations as part of the Lay's Flavor Swap line-up with Lay's Kettle Cooked Ruffles All Dressed, Lay's Cheetos Cheese, Lay's Doritos Cool Ranch, and Lay's Wavy Funyuns Onion;
- Greater packaging diversification with multipacks, variety packs and the recent introduction of Frito-Lay Minis, which are bite-size versions of our Doritos, Cheetos and SunChips brands that are packaged in an easy-to-pour canister - with more varieties expected in the future; and
- Expanding the scope and presence of our products and packages to capture new consumer occasions across the at-home, away-from-home, and online channels.

Key trademark brands, such as Doritos, Cheetos, and Ruffles delivered strong net revenue growth, while smaller, emerging brands such as PopCorners, SunChips and Miss Vickie's each delivered double-digit net revenue growth.

From a channel perspective, our business delivered strong net revenue growth across all channels, including large format, foodservice, and convenience and gas.

Frito-Lay's core operating profit increased 5 percent and reflects planned business investments and a double-digit increase in advertising and marketing spend.

Quaker Foods North America's organic revenue grew 5 percent in the third quarter, which reflected a modest increase in volume, and compares to a very strong 16 percent increase in organic revenue during the third quarter of 2022.

Our business gained share in the pancake mix, pancake syrup, grits, and lite snacks categories, and delivered double-digit net revenue growth in the lite snacks, grains, and pancake syrups and mixes categories, and high-single-digit net revenue growth in the ready-to-eat cereal, grits, and bars categories.

In addition, we continued to tailor and extend our Quaker portfolio to focus on consumer-centric innovation within convenient foods, while also targeting new occasions.

Some examples include Fruit Fusion Instant Quaker Oatmeal, Cap’n Crunch Oops! All Berries Instant Oatmeal made with Quaker Oats, Chewy Chocolate Chip Cookie Dough Granola Bars, and continued investments behind our variety packs with the launches of Quaker On-The-Go Snack Mix and Quaker Chocolatey Favorites Snack Mix.

Quaker’s net revenue growth and ongoing holistic cost management initiatives contributed to its core operating profit growth of 10 percent.

PepsiCo Beverages North America delivered 6 percent organic revenue growth (which compares to 13 percent organic revenue growth in the prior-year quarter) and 155 basis points of core operating margin expansion during the third quarter.

Investments we have made in advertising, digitalization, and go-to-market execution have helped drive growth across the portfolio with Gatorade delivering double-digit net revenue growth, bubly delivering high-single-digit net revenue growth, and Pepsi and LifeWTR each delivering mid-single-digit net revenue growth.

Our business also continues to benefit from investments we have made in innovation as we remain focused on elevating the variety of our portfolio and delivering profitable growth. For example, we are:

- Activating our new Pepsi packaging and graphics with a 360-degree campaign with enhanced marketing and execution priorities to drive excitement in our signature brand;

- Continuing to invest in advancing positive choices across our portfolio with our zero sugar offerings and introducing sustainable packaging options with the roll out of paper-based solutions to replace plastic rings across our multipack beverage offerings;
- Relaunching the BAJA BLAST franchise in three different varieties: original Baja Blast, Baja Blast Zero Sugar and MTN DEW Energy Baja Blast, along with two new tropical flavors, Baja Blast Caribbean Splash and Baja Blast Passionfruit Punch;
- Obtaining licenses to distribute Hard Mtn Dew, a product of the Boston Beer Company, in 18 states, with plans to add additional states, and expanding the distribution of Lipton-branded hard iced tea, a product of FIFCO USA;
- Evolving our presence in the energy category by successfully executing on our strategic distribution partnership with Celsius Holdings, Inc., expanding options in the coffee category with our Starbucks partnership, extending our Rockstar brand into new varieties, and advancing Fast Twitch, Gatorade’s first-ever caffeinated

energy drink formulated specifically for athletes; and

- Continuing to broaden our presence in the sports nutrition category by:
    - Announcing the launch of Gatorade Water, an electrolyte-infused beverage for consumers who are looking for a healthier hydration offering throughout the day;
    - Investing beyond the bottle with powders, supplements, gummies, equipment, and tablets with our recent launch of Gatorade Zero and Propel Immune Support tablets; and
    - Extending our fuel solutions and accelerating positive choices for athletes with Gatorade Zero, Gatorlyte, GFit, and Propel.

From a channel perspective, we delivered solid growth across all channels, led by strong high-single-digit net revenue growth in foodservice.

Core operating profit increased 21 percent and was aided by ongoing productivity initiatives and reflects a double-digit increase in advertising and marketing spend.

We remain very committed to profitable growth for this division and are confident that we can improve its annual core operating margin. We will look to achieve this by improving our operating performance which includes stronger marketplace execution, sharpening our revenue management capabilities and elevating our focus on productivity measures such as:

- Removing inefficiencies to make, move and sell our products;
- Optimizing our advertising and marketing spend;
- Modernizing and digitizing our supply chain to become more agile and efficient across all channels; and
- Accelerating automation within our plants and distribution centers.

Third Quarter International Business Review

Our International business (which contributed nearly 40 percent to PepsiCo's total net revenue in 2022) delivered 12 percent organic revenue growth, which compares to 16 percent organic revenue growth in the third quarter of 2022. This represents our International business' tenth consecutive quarter of double-digit organic revenue growth.

Our International business' strong top-line momentum is indicative of our investments to increase the reach and presence of our products through additional manufacturing capacity, drive consumer-centric innovation with local flavors to win key snacking occasions, and leverage technology to make our go-to-market systems more flexible and productive.

These investments have enabled us to deliver broad-based organic revenue growth with our International beverages and International convenient foods businesses each delivering 12 percent organic revenue growth.

Each of our international divisions reported strong organic revenue growth, led by AMESA, which delivered double-digit organic revenue growth in both beverages and convenient foods during the quarter with Pakistan and Egypt each delivering double-digit organic revenue growth and Saudi Arabia delivering high-single-digit organic revenue growth.

Outside of AMESA, many of our other developing and emerging markets delivered strong quarterly results with the Philippines, Turkey, Mexico, Brazil, and Poland each delivering double-digit organic revenue growth, and China and Chile each delivering mid-single-digit organic revenue growth.

International developed markets also performed well with Australia, the U.K., and France each delivering double-digit organic revenue growth.

From a marketplace execution perspective, on a year-to-date basis, we have gained savory snack share in many of our international markets, including China, India, Turkey, the

Netherlands, South Africa, Belgium, Pakistan, Guatemala, and Puerto Rico, and for beverages, we have gained market share in Mexico, Brazil, Turkey, China, Thailand, Egypt, and Nigeria.

We remain optimistic about the long-term potential of our international businesses and will continue to focus on growing our presence and reach to capture growth across categories, occasions, and channels.

Outlook and Guidance

Our business continues to perform well and has displayed tremendous agility and resilience across our key geographies and categories. We will continue to diligently monitor consumer spending patterns and behaviors in this dynamic and volatile macroeconomic environment and expect:

- Our global beverage and convenient foods businesses to remain resilient and perform well for the balance of this year;

- A greater emphasis on accelerating our holistic cost management initiatives where we will look to tightly manage our costs; and
- Investments in our people, supply chain, plants, go-to-market systems, digitization, productivity initiatives, and pep+ agenda to fortify our business and build competitive advantages for the long-term.

Taking these factors into consideration, we continue to expect:

- 10 percent organic revenue growth;
- A core annual effective tax rate of 20 percent; and
- Total cash returns to shareholders of approximately $7.7 billion comprised of both $6.7 billion in dividends and $1.0 billion in share repurchases.

And given our strong year-to-date performance coupled with an increased focus on advancing our holistic cost management initiatives, we now expect to deliver 13 percent core constant currency EPS growth (previously 12 percent).

Based on current market consensus rates, we continue to expect foreign exchange translation to negatively affect our reported net revenue and core earnings per share performance by approximately 2 percentage points.

This assumption and the guidance above now imply 2023 core earnings per share of $7.54, an 11 percent increase compared to 2022 core earnings per share of $6.79.

And given the strength of our businesses and categories, we remain comfortable with our strategic framework and believe that our businesses can continue to deliver long-term sustainable growth.

Therefore, for full-year fiscal 2024, we expect to deliver results towards the upper end of our long-term target ranges for both organic revenue and core constant currency earnings per share growth. Our long-term target ranges for both organic revenue growth (4 to 6 percent increase) and core constant currency earnings per share growth (high-single-digit percentage increase) remain unchanged.

With respect to capital allocation, we remain committed to investing appropriately in our business, paying, and growing our annual dividend, selectively considering acquisitions, partnerships and divestitures that meet very strict criteria, and repurchasing shares.

To conclude, we believe we have the right people, strategies, and advantaged capabilities to build an even Faster, Stronger, and Better organization by Winning with pep+ that aims to create sustainable long-term shareholder value. We would like to thank you for the confidence you've placed in us with your investment.

Ramon Laguarta, Chairman and CEO

Hugh Johnston, Vice Chairman and CFO