

Keurig Dr Pepper Reports Q1 2025 Results and Reaffirms Guidance for 2025

Strong Q1 Results Driven by Top-Line Momentum and Operational Discipline

Double-Digit Net Sales Growth in U.S. Refreshment Beverages

Company Reaffirms 2025 Constant Currency Net Sales and Adjusted EPS Outlook

BURLINGTON, Mass. and FRISCO, Texas, April 24, 2025 /PRNewswire/ -- Keurig Dr Pepper Inc. (NASDAQ: KDP) today reported results for the first quarter of 2025 and reaffirmed its full year guidance.

| | Reported GAAP Basis | Adjusted Basis ¹ |
|--------------------|---------------------|-----------------------------|
| | Q1 | Q1 |
| Net Sales | \$3.64 bn | \$3.64 bn |
| % vs prior year | 4.8 % | 6.4 % |
| Diluted EPS | \$0.38 | \$0.42 |
| % vs prior year | 15.2 % | 10.5 % |

Commenting on the results, CEO Tim Cofer stated, "Our first quarter performance represented a strong start to the year. We delivered healthy top- and bottom-line growth, driven by momentum in key categories and brands, high-quality commercial execution, and disciplined expense management. We also advanced our strategic initiatives and evolved KDP's leadership and governance, which continued with today's addition of two new independent directors to our Board of Directors. Our reaffirmed full year outlook incorporates our latest view of changing market conditions and we expect another solid year of growth in 2025."

First Quarter Consolidated Results

Net sales for the first quarter increased 4.8% to \$3.6 billion. On a constant currency basis, net sales advanced 6.4%, driven by volume/mix growth of 3.6% and favorable net price realization of 2.8%. The acquisition of GHOST contributed 2.9 percentage points to volume/mix growth.

GAAP operating income increased 4.7% to \$801 million, aided by a favorable year-over-year impact of items affecting comparability. Adjusted operating income increased 3.9% to \$847 million and totaled 23.3% of net sales. GAAP and Adjusted operating income growth was driven by net sales growth, productivity savings, and overhead efficiencies, partially offset by the impact of inflationary pressures.

GAAP net income increased 13.9% to \$517 million, or \$0.38 per diluted share, aided by a favorable year-over-year impact of items affecting comparability. Adjusted net income increased 8.5% to \$568 million and Adjusted diluted EPS increased 10.5% to \$0.42. Adjusted diluted EPS growth was driven by the Adjusted operating income growth and a realized gain on the sale of our investment inVita Coco.

Operating cash flow for the first quarter was \$209 million and free cash flow totaled \$102 million.

¹ Adjusted financial metrics presented in this release are non-GAAP, excluding items affecting comparability. Adjusted growth rates are non-GAAP, excluding items affecting comparability and presented on a constant currency basis. See reconciliations of GAAP results to Adjusted results on a constant currency basis in the accompanying tables.

First Quarter Segment Results

U.S. Refreshment Beverages

Net sales for the first quarter increased 11.0% to \$2.3 billion, driven by volume/mix growth of 8.0% and favorable net price realization of 3.0%. Segment growth reflected market share gains in carbonated soft drinks, energy, and sports hydration, as well as the acquisition of GHOST.

GAAP operating income increased 6.3% to \$654 million, which included an unfavorable year-over-year impact of items affecting comparability. Adjusted operating income increased 8.7% to \$676 million and totaled 29.1% of net sales. GAAP and Adjusted operating income growth was driven by net sales growth and productivity savings, partially offset by the impact of inflationary pressures and lapping a larger earned C4 performance incentive in the year-ago period.

U.S. Coffee

Net sales for the first quarter decreased 3.7% to \$0.9 billion. Favorable net price realization of 1.5% was more than offset by a volume/mix decline of 5.2%. The timing of category pricing actions implemented in reaction to escalating green coffee costs weighed on volume/mix trends in the quarter.

GAAP operating income decreased 18.5% to \$202 million, which included an unfavorable year-over-year impact of items affecting comparability. Adjusted operating income decreased 12.5% to \$253 million and totaled 28.8% of net sales. GAAP and Adjusted operating income reflected the net sales decline and the impact of inflationary pressures, which more than offset productivity savings.

International

Net sales for the first quarter decreased 6.3% to \$0.4 billion. On a constant currency basis, net sales increased 5.4%, driven by favorable net price realization of 4.1% and volume/mix growth of 1.3%. Refreshment beverages momentum, including in mineral water and carbonated soft drinks, was strong across Canada and Mexico.

GAAP operating income decreased 19.6% to \$90 million, including an unfavorable impact from foreign exchange translation and an unfavorable year-over-year impact of items affecting comparability. Adjusted operating income decreased 4.6% to \$93 million and totaled 21.4% of net sales. GAAP and Adjusted operating income reflected the impact of inflationary pressures and higher SG&A costs, which more than offset net sales growth and productivity savings.

2025 Guidance

The 2025 guidance provided below is presented on a constant currency, non-GAAP basis. The Company does not provide reconciliations of such forward-looking non-GAAP measures to GAAP measures, due to the inability to predict the amount and timing of impacts outside of the Company's control on certain items, such as non-cash gains or losses resulting from mark-to-market adjustments of derivative instruments, among others, which could be material. Reconciling such items would require unreasonable efforts.

KDP reaffirmed its fiscal 2025 guidance for constant currency net sales growth in a mid-single-digit range and Adjusted diluted EPS growth in a high-single-digit range. At current rates, foreign currency translation is forecasted to approximate a one percentage point headwind to full year top- and bottom-line growth.

Board Appointments

In a separate press release today, the Company announced the appointment of two new independent directors to its Board of Directors effective April 24, 2025.

Investor Contact:

Investor Relations

T: 888-340-5287 / IR@kdp.com

Media Contact:

Katie Gilroy

T: 781-418-3345 / katie.gilroy@kdp.com

ABOUT KEURIG DR PEPPER

Keurig Dr Pepper (Nasdaq: KDP) is a leading beverage company in North America, with a portfolio of more than 125 owned, licensed and partner brands and powerful distribution capabilities to provide

a beverage for every need, anytime, anywhere. With annual revenue of more than \$15 billion, we hold leadership positions in beverage categories including carbonated soft drinks, coffee, tea, water, juice and mixers, and have the #1 single serve coffee brewing system in the U.S. and Canada. Our innovative partnership model builds emerging growth platforms in categories such as premium coffee, energy, sports hydration and ready-to-drink coffee. Our brands include Keurig®, Dr Pepper®, Canada Dry®, Mott's®, A&W®, Peñafiel®, Snapple®, 7UP®, Green Mountain Coffee Roasters®, GHOST®, Clamato®, Core Hydration® and The Original Donut Shop®. Driven by a purpose to Drink Well. Do Good., our 29,000 employees aim to enhance the experience of every beverage occasion and to make a positive impact for people, communities and the planet. For more information, visit www.keurigdrpepper.com and follow us @KeurigDrPepper on LinkedIn and Instagram.

FORWARD LOOKING STATEMENTS

Certain statements contained herein are "forward-looking statements" within the meaning of applicable securities laws and regulations. These forward-looking statements can generally be identified by the use of words such as "outlook," "guidance," "anticipate," "enable," "expect," "believe," "could," "estimate," "feel," "forecast," "intend," "may," "on track," "plan," "positioned," "potential," "project," "should," "target," "will," "would," and similar words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These statements are based on the current expectations of our management, are not predictions of actual performance, and actual results may differ materially.

Forward-looking statements are subject to a number of risks and uncertainties, including the factors disclosed in our Annual Report on Form 10-K and subsequent filings with the SEC. Our actual financial performance could differ materially from those projected in the forward-looking statements due to a variety of factors, including the inherent uncertainty of estimates, forecasts and projections, global economic uncertainty or economic downturns, tariffs or the imposition of new tariffs, trade wars, barriers or restrictions, or threats of such actions, and the possibility that we are unable to successfully integrate GHOST Lifestyle LLC ("GHOST") into our business, and our financial performance may be better or worse than anticipated. We are under no obligation to update, modify or withdraw any forward-looking statements, except as required by applicable law.

NON-GAAP FINANCIAL MEASURES

This release includes certain non-GAAP financial measures, which differ from results using U.S. Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures should be considered as supplements to and should not be considered replacements for, or superior to, the GAAP measures. These measures may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define the non-GAAP financial measure in the same way. Non-GAAP financial measures typically exclude certain charges, including one-time costs that are not expected to occur routinely in future periods, described by the Company as "items affecting comparability". Refer to page A-5 for the Company's description of items affecting comparability for each period presented. The Company uses non-GAAP financial measures to evaluate our operating and financial performance and to compare such performance to that of prior periods and to the performance of our competitors. Additionally, we use non-GAAP financial measures in making operational and financial decisions and in our budgeting and planning process. We believe that providing non-GAAP financial measures to investors helps investors evaluate our operating performance, profitability and business trends in a way that is consistent with how management evaluates such performance.

Adjusted gross profit. Adjusted gross profit is defined as Net sales less Cost of sales, as adjusted for items affecting comparability as described on page A-5. Management believes that Adjusted gross profit is useful for investors in evaluating the Company's operating results and understanding the Company's operating trends by adjusting certain items that can vary significantly depending on specific underlying transactions or events, thereby affecting comparability.

Adjusted operating income. Adjusted operating income is defined as Income from operations, as adjusted for items affecting comparability as described on page A-5. Management believes that Adjusted operating income is useful for investors in evaluating the Company's operating results and understanding the Company's operating trends by adjusting certain items that can vary significantly depending on specific underlying transactions or events, thereby affecting comparability.

Adjusted net income. Adjusted net income is defined as Net income, as adjusted for items affecting comparability as described on page A-5. Management believes that Adjusted net income is useful for investors in evaluating the Company's operating results and understanding the Company's operating trends by adjusting certain items that can vary significantly depending on specific underlying transactions or events, thereby affecting comparability.

Adjusted diluted EPS. Adjusted diluted EPS is defined as Diluted EPS, as adjusted for items affecting comparability as described on page A-5. Management believes that Adjusted diluted EPS is useful for investors in providing period-to-period comparisons of the results of our operations since it adjusts for certain items affecting overall comparability.

Adjusted gross margin. Adjusted gross margin is defined as Adjusted gross profit divided by Net sales. Management believes that Adjusted gross margin is useful for investors as supplemental measures to evaluate our operating performance and ability to manage ongoing costs.

Adjusted operating margin. Adjusted operating margin is defined as Adjusted Income from operations divided by Net sales. Management believes that Adjusted operating margin is useful for investors as supplemental measures to evaluate our operating performance and ability to manage ongoing costs.

Adjusted interest expense. Adjusted interest expense is defined as Interest expense, net, as adjusted for items affecting comparability as described on page A-5. Management believes that Adjusted interest expense is useful for investors in evaluating our performance and establishing expectations for the impacts of interest expenses.

Adjusted EBITDA. Adjusted EBITDA is defined as EBITDA, as adjusted for items affecting comparability as described on page A-5. EBITDA is defined as Net income as adjusted for interest expense, net; provision for income taxes; depreciation expense; amortization of intangibles; and other amortization. Management believes that Adjusted EBITDA is useful for investors in evaluating the Company's operating results and understanding the Company's operating trends by adjusting certain items that can vary significantly depending on specific underlying transactions or events, thereby affecting comparability.

Management leverage ratio. Management leverage ratio is defined as KDP's total principal amounts of debt less cash and cash equivalents, divided by Adjusted EBITDA. Management believes that the Management leverage ratio is useful for investors in evaluating the Company's liquidity and assessing the Company's ability to meet its financial obligations.

Free cash flow. Free cash flow is defined as net cash provided by operating activities adjusted for purchases of property, plant and equipment, proceeds from sales of property, plant and equipment, and certain items excluded for comparison to prior year periods. Management uses this measure to evaluate the company's performance and make resource allocation decisions.

Financial measures presented on a constant currency basis. Defined as certain financial statement captions and metrics adjusted for certain items affecting comparability, calculated on a constant currency basis by converting our current period local currency financial results using the prior period foreign currency exchange rates. Because our reporting currency is the U.S. Dollar, the value of financial measures presented in U.S. Dollar will be affected by changes in currency exchange rates. Therefore, we present certain financial measures on a constant currency basis for greater comparability.

KEURIG DR PEPPER INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| (in millions, except per share data) | First Quarter | |
|---|-----------------|-----------------|
| | 2025 | 2024 |
| Net sales | \$ 3,635 | \$ 3,468 |
| Cost of sales | 1,650 | 1,528 |
| Gross profit | 1,985 | 1,940 |
| Selling, general, and administrative expenses | 1,192 | 1,176 |
| Other operating income, net | (8) | (1) |
| Income from operations | 801 | 765 |
| Interest expense, net | 148 | 178 |
| Other income, net | (7) | (7) |
| Income before provision for income taxes | 660 | 594 |
| Provision for income taxes | 143 | 140 |
| Net income | \$ 517 | \$ 454 |

Earnings per common share:

| | | |
|---------|---------|---------|
| Basic | \$ 0.38 | \$ 0.33 |
| Diluted | 0.38 | 0.33 |

Weighted average common shares outstanding:

| | | |
|---------|---------|---------|
| Basic | 1,357.1 | 1,380.7 |
| Diluted | 1,362.2 | 1,387.7 |

KEURIG DR PEPPER INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

| <i>(in millions, except share and per share data)</i> | | |
|---|-------------------|----------------------|
| | March 31, 2025 | December 31, 2024 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 653 | \$ 510 |
| Restricted cash and restricted cash equivalents | 80 | 80 |
| Trade accounts receivable, net | 1,329 | 1,502 |
| Inventories | 1,539 | 1,299 |
| Prepaid expenses and other current assets | 745 | 606 |
| Total current assets | 4,346 | 3,997 |
| Property, plant, and equipment, net | 2,951 | 2,964 |
| Investments in unconsolidated affiliates | 1,568 | 1,543 |
| Goodwill | 20,062 | 20,053 |
| Other intangible assets, net | 23,616 | 23,634 |
| Other non-current assets | 1,116 | 1,200 |
| Deferred tax assets | 40 | 39 |
| Total assets | \$ 53,699 | \$ 53,430 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,154 | \$ 2,985 |
| Accrued expenses | 1,201 | 1,584 |
| Structured payables | 31 | 41 |
| Short-term borrowings and current portion of long-term obligations | 3,999 | 2,642 |
| Other current liabilities | 786 | 835 |
| Total current liabilities | 9,171 | 8,087 |
| Long-term obligations | 11,927 | 12,912 |
| Deferred tax liabilities | 5,430 | 5,435 |
| Other non-current liabilities | 2,724 | 2,753 |
| Total liabilities | 29,252 | 29,187 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.01 par value, 15,000,000 shares authorized, no shares issued | — | — |
| Common stock, \$0.01 par value, 2,000,000,000 shares authorized, 1,358,162,801 and 1,356,664,609 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively | 14 | 14 |
| Additional paid-in capital | 19,711 | 19,712 |
| Retained earnings | 4,997 | 4,793 |
| Accumulated other comprehensive loss | (275) | (276) |
| Total stockholders' equity | 24,447 | 24,243 |
| Total liabilities and stockholders' equity | \$ 53,699 | \$ 53,430 |

KEURIG DR PEPPER INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| <i>(in millions)</i> | First Quarter | |
|--|---------------|--------|
| | 2025 | 2024 |
| Operating activities: | | |
| Net income | \$ 517 | \$ 454 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation expense | 106 | 101 |
| Amortization of intangibles | 34 | 33 |
| Other amortization expense | 23 | 36 |
| Provision for sales returns | 11 | 14 |
| Deferred income taxes | (6) | 21 |
| Employee stock-based compensation expense | 22 | 28 |
| (Gain) loss on disposal of property, plant, and equipment | (6) | 1 |
| Unrealized loss on foreign currency | — | 8 |
| Unrealized (gain) loss on derivatives | (62) | 10 |
| Equity in earnings of unconsolidated affiliates | (10) | (7) |
| Earned equity from distribution arrangements | (10) | (45) |
| Other, net | (2) | 3 |
| Changes in assets and liabilities, excluding the effects of business acquisitions: | | |
| Trade accounts receivable | 164 | 42 |
| Inventories | (239) | (65) |
| Income taxes receivable and payables, net | (27) | (10) |
| Other current and non-current assets | (110) | (136) |
| Accounts payable and accrued expenses | (173) | (398) |
| Other current and non-current liabilities | (23) | (5) |
| Net change in operating assets and liabilities | (408) | (572) |
| Net cash provided by operating activities | 209 | 85 |
| Investing activities: | | |
| Purchases of property, plant, and equipment | (120) | (158) |
| Proceeds from sales of property, plant, and equipment | 13 | — |
| Purchases of intangibles | (14) | (31) |
| Investments in unconsolidated affiliates | — | (6) |
| Other, net | 64 | 2 |
| Net cash used in investing activities | (57) | (193) |

| | | |
|--|---------------|---------------|
| Financing activities: | | |
| Proceeds from issuance of Notes | — | 3,000 |
| Repayments of Notes | — | (1,150) |
| Net issuance (repayment) of commercial paper | 1,356 | (188) |
| Repayment of term loan | (990) | — |
| Proceeds from structured payables | 8 | 23 |
| Repayments of structured payables | (18) | (30) |
| Cash dividends paid | (312) | (299) |
| Repurchases of common stock | — | (1,105) |
| Tax withholdings related to net share settlements | (23) | (41) |
| Payments on finance leases | (25) | (31) |
| Other, net | (3) | (21) |
| Net cash (used in) provided by financing activities | (7) | 158 |
| Cash, cash equivalents, restricted cash, and restricted cash equivalents: | | |
| Net change from operating, investing, and financing activities | 145 | 50 |
| Effect of exchange rate changes | (2) | — |
| Beginning balance | 608 | 267 |
| Ending balance | <u>\$ 751</u> | <u>\$ 317</u> |

KEURIG DR PEPPER INC.
RECONCILIATION OF SEGMENT INFORMATION
(UNAUDITED)

| (in millions) | First Quarter | |
|-------------------------------------|-----------------|-----------------|
| | 2025 | 2024 |
| Net Sales | | |
| U.S. Refreshment Beverages | \$ 2,323 | \$ 2,093 |
| U.S. Coffee | 877 | 911 |
| International | 435 | 464 |
| Total net sales | <u>\$ 3,635</u> | <u>\$ 3,468</u> |
| Income from Operations | | |
| U.S. Refreshment Beverages | \$ 654 | \$ 615 |
| U.S. Coffee | 202 | 248 |
| International | 90 | 112 |
| Unallocated corporate costs | (145) | (210) |
| Total income from operations | <u>\$ 801</u> | <u>\$ 765</u> |

KEURIG DR PEPPER INC.
RECONCILIATION OF GAAP TO NON-GAAP INFORMATION
(UNAUDITED)

The Company reports its financial results in accordance with U.S. GAAP. However, management believes that certain non-GAAP financial measures that reflect the way management evaluates the business may provide investors with additional information regarding the Company's results, trends and ongoing performance on a comparable basis.

Specifically, investors should consider the following with respect to our financial results:

Adjusted: Defined as certain financial statement captions and metrics adjusted for certain items affecting comparability.

Items affecting comparability: Defined as certain items that are excluded for comparison to prior year periods, adjusted for the tax impact as applicable. Tax impact is determined based upon an approximate rate for each item. For each period, management adjusts for (i) the unrealized mark-to-market impact of derivative instruments not designated as hedges in accordance with U.S. GAAP that do not have an offsetting risk reflected within the financial results, as well as the unrealized mark-to-market impact of our Vita Coco investment prior to its sale in the first quarter of 2025; (ii) the amortization associated with definite-lived intangible assets; (iii) the amortization of the deferred financing costs associated with the DPS Merger; (iv) the amortization of the fair value adjustment of the senior unsecured notes obtained as a result of the DPS Merger; (v) stock compensation expense and the associated windfall tax benefit attributable to the matching awards made to employees who made an initial investment in KDP; (vi) transaction costs for significant business combinations (completed or abandoned); and (vii) other certain items that are excluded for comparison purposes to prior year periods.

For the first quarter of 2025, the other certain items excluded for comparison purposes include (i) productivity expenses; (ii) restructuring adjustments associated with the 2023 CEO Succession and Associated Realignment; (iii) costs related to significant non-routine legal matters, including the antitrust litigation; (iv) restructuring expenses associated with the 2024 Network Optimization; (v) the impact of the step-up of acquired inventory associated with the GHOST acquisition; (vi) integration expenses associated with the GHOST transactions; (vii) the change in our mandatory redemption liability for GHOST; and (viii) non-cash changes in deferred tax liabilities related to goodwill and other intangible assets as a result of tax rate or apportionment changes.

For the first quarter of 2024, the other certain items excluded for comparison purposes include (i) productivity expenses; (ii) restructuring expenses associated with the 2023 CEO Succession and Associated Realignment; (iii) costs related to significant non-routine legal matters, including the antitrust litigation; and (iv) restructuring expenses associated with the 2024 Network Optimization.

Constant currency adjusted: Defined as certain financial statement captions and metrics adjusted for certain items affecting comparability, calculated on a constant currency basis by converting our current period local currency financial results using the prior period foreign currency exchange rates.

For the first quarter of 2025 and 2024, the supplemental financial data set forth below includes reconciliations of adjusted and constant currency adjusted financial measures to the applicable financial measure presented in the unaudited condensed consolidated financial statements for the same period.

KEURIG DR PEPPER INC.
RECONCILIATION OF GAAP TO NON-GAAP INFORMATION
CERTAIN LINE ITEMS - CONSOLIDATED
(UNAUDITED)

| (in millions, except %) | Gross profit | Gross margin | Income from operations | Operating margin |
|--|--------------|--------------|------------------------|------------------|
| For the First Quarter of 2025 | | | | |
| Reported | \$ 1,985 | 54.6 % | \$ 801 | 22.0 % |
| Items Affecting Comparability: | | | | |
| Productivity | 25 | | 32 | |
| Mark to market | (39) | | (43) | |
| Amortization of intangibles | — | | 34 | |
| Stock compensation | — | | 2 | |
| Non-routine legal matters | — | | 3 | |
| Transaction costs | — | | (1) | |
| Restructuring - 2023 CEO Succession and Associated Realignment | — | | (1) | |
| Restructuring - 2024 Network Optimization | 1 | | 2 | |
| GHOST integration | — | | 3 | |

| | | | | |
|--|-----------------|---------------|---------------|---------------|
| Inventory step-up | 15 | | 15 | |
| Adjusted | <u>\$ 1,987</u> | <u>54.7 %</u> | <u>\$ 847</u> | <u>23.3 %</u> |
| Impact of foreign currency | | (0.1) % | | (0.1) % |
| Constant currency adjusted | | <u>54.6 %</u> | | <u>23.2 %</u> |
| For the First Quarter of 2024 | | | | |
| Reported | \$ 1,940 | 55.9 % | \$ 765 | 22.1 % |
| Items Affecting Comparability: | | | | |
| Productivity | 14 | | 36 | |
| Mark to market | (3) | | (19) | |
| Amortization of intangibles | — | | 33 | |
| Stock compensation | — | | 4 | |
| Non-routine legal matters | — | | 1 | |
| Transaction costs | — | | 1 | |
| Restructuring - 2023 CEO Succession and Associated Realignment | — | | 2 | |
| Restructuring - 2024 Network Optimization | — | | 2 | |
| Adjusted | <u>\$ 1,951</u> | <u>56.3 %</u> | <u>\$ 825</u> | <u>23.8 %</u> |

Refer to pages A-8 and A-9 for reconciliations of reported net sales to constant currency net sales and adjusted income from operations to constant currency adjusted income from operations.

KEURIG DR PEPPER INC.
RECONCILIATION OF GAAP TO NON-GAAP INFORMATION
CERTAIN LINE ITEMS - CONSOLIDATED
(UNAUDITED)

| <i>(in millions, except % and per share data)</i> | Interest expense, net | Income before provision for income taxes | Provision for income taxes | Effective tax rate | Net income | Diluted earnings per share |
|--|--------------------------|--|-------------------------------|-----------------------|---------------|----------------------------------|
| For the First Quarter of 2025 | | | | | | |
| Reported | \$ 148 | \$ 660 | \$ 143 | 21.7 % | \$ 517 | \$ 0.38 |
| Items Affecting Comparability: | | | | | | |
| Productivity | — | 32 | 6 | | 26 | 0.02 |
| Mark to market | 23 | (34) | (1) | | (33) | (0.02) |
| Amortization of intangibles | — | 34 | 6 | | 28 | 0.02 |
| Stock compensation | — | 2 | — | | 2 | — |
| Amortization of fair value debt adjustment | (4) | 4 | 1 | | 3 | — |
| Non-routine legal matters | — | 3 | — | | 3 | — |
| Transaction costs | — | (1) | — | | (1) | — |
| Restructuring - 2023 CEO Succession and Associated Realignment | — | (1) | — | | (1) | — |
| Restructuring - 2024 Network Optimization | — | 2 | — | | 2 | — |
| GHOST integration | — | 3 | 1 | | 2 | — |
| Change in mandatory redemption liability for GHOST | — | 11 | 2 | | 9 | 0.01 |
| Inventory step-up | — | 15 | 2 | | 13 | 0.01 |
| Change in deferred tax liabilities related to goodwill and other intangible assets | — | — | 2 | | (2) | — |
| Adjusted | <u>\$ 167</u> | <u>\$ 730</u> | <u>\$ 162</u> | <u>22.2 %</u> | <u>\$ 568</u> | <u>\$ 0.42</u> |
| Impact of foreign currency | | | | — % | | |
| Constant currency adjusted | | | | <u>22.2 %</u> | | |
| For the First Quarter of 2024 | | | | | | |
| Reported | \$ 178 | \$ 594 | \$ 140 | 23.6 % | \$ 454 | \$ 0.33 |
| Items Affecting Comparability: | | | | | | |
| Productivity | — | 36 | 10 | | 26 | 0.02 |
| Mark to market | (35) | 18 | 2 | | 16 | 0.01 |
| Amortization of intangibles | — | 33 | 9 | | 24 | 0.02 |
| Stock compensation | — | 4 | 1 | | 3 | — |
| Amortization of fair value of debt adjustment | (4) | 4 | 1 | | 3 | — |
| Non-routine legal matters | — | 1 | — | | 1 | — |
| Transaction costs | — | 1 | — | | 1 | — |
| Restructuring - 2023 CEO Succession and Associated Realignment | — | 2 | 1 | | 1 | — |
| Restructuring - 2024 Network Optimization | — | 2 | 1 | | 1 | — |
| Adjusted | <u>\$ 139</u> | <u>\$ 695</u> | <u>\$ 165</u> | <u>23.7 %</u> | <u>\$ 530</u> | <u>\$ 0.38</u> |
| Change - adjusted | 20.1 % | | | | 7.2 % | 10.5 % |
| Impact of foreign currency | — % | | | | 1.3 % | — % |
| Change - Constant currency adjusted | 20.1 % | | | | 8.5 % | 10.5 % |

Diluted earnings per common share may not foot due to rounding.

KEURIG DR PEPPER INC.
RECONCILIATION OF GAAP TO NON-GAAP INFORMATION
INCOME FROM OPERATIONS - CONSOLIDATED AND SEGMENTS
(UNAUDITED)

| <i>(in millions, except %)</i> | U.S. Refreshment Beverages | U.S. Coffee | International | Unallocated corporate costs | Total |
|--------------------------------------|----------------------------------|-------------|---------------|--------------------------------|--------|
| For the First Quarter of 2025 | | | | | |
| Reported - Income from Operations | \$ 654 | \$ 202 | \$ 90 | \$ (145) | \$ 801 |
| Items Affecting Comparability: | | | | | |
| Productivity | — | 25 | — | 7 | 32 |
| Mark to market | — | — | — | (43) | (43) |
| Amortization of intangibles | 7 | 24 | 3 | — | 34 |

| | | | | | |
|--|---------------|-----------------|----------------|-----------------|---------------|
| Stock compensation | — | — | — | 2 | 2 |
| Non-routine legal matters | — | — | — | 3 | 3 |
| Transaction costs | — | — | — | (1) | (1) |
| Restructuring - 2023 CEO Succession and Associated Realignment | — | — | — | (1) | (1) |
| Restructuring - 2024 Network Optimization | — | 2 | — | — | 2 |
| GHOST integration | — | — | — | 3 | 3 |
| Inventory step-up | 15 | — | — | — | 15 |
| Adjusted - Income from Operations | <u>\$ 676</u> | <u>\$ 253</u> | <u>\$ 93</u> | <u>\$ (175)</u> | <u>\$ 847</u> |
| Change - adjusted | 8.7 % | (12.5) % | (14.7) % | (10.3) % | 2.7 % |
| Impact of foreign currency | — % | — % | 10.1 % | 0.6 % | 1.2 % |
| Change - constant currency adjusted | <u>8.7 %</u> | <u>(12.5) %</u> | <u>(4.6) %</u> | <u>(9.7) %</u> | <u>3.9 %</u> |

For the First Quarter of 2024

| | | | | | |
|--|---------------|---------------|---------------|-----------------|---------------|
| Reported - Income from Operations | \$ 615 | \$ 248 | \$ 112 | \$ (210) | \$ 765 |
| Items Affecting Comparability: | | | | | |
| Productivity | 2 | 14 | — | 20 | 36 |
| Mark to market | — | — | (6) | (13) | (19) |
| Amortization of intangibles | 5 | 25 | 3 | — | 33 |
| Stock compensation | — | — | — | 4 | 4 |
| Non-routine legal matters | — | — | — | 1 | 1 |
| Transaction costs | — | — | — | 1 | 1 |
| Restructuring - 2023 CEO Succession and Associated Realignment | — | — | — | 2 | 2 |
| Restructuring - 2024 Network Optimization | — | 2 | — | — | 2 |
| Adjusted - Income from Operations | <u>\$ 622</u> | <u>\$ 289</u> | <u>\$ 109</u> | <u>\$ (195)</u> | <u>\$ 825</u> |

**KEURIG DR PEPPER INC.
RECONCILIATION OF GAAP TO NON-GAAP INFORMATION
CHANGE IN NET SALES AND OPERATING MARGIN - CONSOLIDATED AND SEGMENTS
(UNAUDITED)**

| | Reported | Impact of Foreign Currency | Constant Currency |
|---------------------------------------|------------|-------------------------------|-------------------|
| For the first quarter of 2025: | | | |
| Change in net sales | | | |
| U.S. Refreshment Beverages | 11.0 % | — % | 11.0 % |
| U.S. Coffee | (3.7) | — | (3.7) |
| International | (6.3) | 11.7 | 5.4 |
| Total change in net sales | 4.8 | 1.6 | 6.4 |

| | Reported | Items Affecting Comparability | Adjusted | Impact of Foreign Currency | Constant Currency Adjusted |
|---------------------------------------|-------------|-------------------------------------|-------------|----------------------------------|----------------------------------|
| For the first quarter of 2025: | | | | | |
| Operating margin | | | | | |
| U.S. Refreshment Beverages | 28.2 % | 0.9 % | 29.1 % | — % | 29.1 % |
| U.S. Coffee | 23.0 | 5.8 | 28.8 | — | 28.8 |
| International | 20.7 | 0.7 | 21.4 | (0.1) | 21.3 |
| Total operating margin | 22.0 | 1.3 | 23.3 | (0.1) | 23.2 |

| | Reported | Items Affecting Comparability | Adjusted |
|---------------------------------------|-------------|----------------------------------|-------------|
| For the first quarter of 2024: | | | |
| Operating margin | | | |
| U.S. Refreshment Beverages | 29.4 % | 0.3 % | 29.7 % |
| U.S. Coffee | 27.2 | 4.5 | 31.7 |
| International | 24.1 | (0.6) | 23.5 |
| Total operating margin | 22.1 | 1.7 | 23.8 |

**KEURIG DR PEPPER INC.
RECONCILIATION OF GAAP TO NON-GAAP INFORMATION
ADJUSTED EBITDA AND MANAGEMENT LEVERAGE RATIO
(UNAUDITED)**

| | LAST TWELVE MONTHS |
|--|-----------------------|
| <i>(in millions, except for ratio)</i> | |
| Net income | <u>\$ 1,504</u> |
| Interest expense, net | 705 |
| Provision for income taxes | 476 |
| Depreciation expense | 427 |
| Other amortization | 165 |
| Amortization of intangibles | 134 |
| EBITDA | <u>\$ 3,411</u> |
| Items affecting comparability: | |
| Productivity | \$ 109 |
| Mark to market | (11) |
| Stock compensation | 12 |
| Non-routine legal matters | 12 |
| Transaction costs | 38 |
| Restructuring - 2023 CEO Succession and Associated Realignment | 37 |
| Restructuring - 2024 Network Optimization | 51 |
| GHOST integration | 4 |
| Change in mandatory redemption liability for GHOST | 11 |
| Termination fees for distribution rights related to GHOST | 225 |

| | |
|--|-----------------|
| Inventory step-up | 19 |
| Impairment of goodwill and other intangible assets | 718 |
| Impairment of investments and note receivable | 2 |
| Adjusted EBITDA | \$ 4,638 |

March 31,
2025

Principal amounts of:

| | |
|---|------------------|
| Commercial paper notes | \$ 2,972 |
| Senior unsecured notes | 13,093 |
| Total principal amounts | 16,065 |
| Less: Cash and cash equivalents | 653 |
| Total principal amounts less cash and cash equivalents | \$ 15,412 |

March 31, 2025 Management Leverage Ratio 3.3

KEURIG DR PEPPER INC.
RECONCILIATION OF GAAP TO NON-GAAP INFORMATION
ADJUSTED EBITDA - LAST TWELVE MONTHS
(UNAUDITED)

| (in millions) | SECOND QUARTER OF 2024 | THIRD QUARTER OF 2024 | FOURTH QUARTER OF 2024 | FIRST QUARTER OF 2025 | LAST TWELVE MONTHS |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|--------------------------|
| Net income (loss) | \$ 515 | \$ 616 | \$ (144) | \$ 517 | \$ 1,504 |
| Interest expense, net | 204 | 106 | 247 | 148 | 705 |
| Provision (benefit) for income taxes | 157 | 186 | (10) | 143 | 476 |
| Depreciation expense | 106 | 103 | 112 | 106 | 427 |
| Other amortization | 65 | 39 | 38 | 23 | 165 |
| Amortization of intangibles | 34 | 33 | 33 | 34 | 134 |
| EBITDA | \$ 1,081 | \$ 1,083 | \$ 276 | \$ 971 | \$ 3,411 |
| Items affecting comparability: | | | | | |
| Productivity | \$ 35 | \$ 23 | \$ 26 | \$ 25 | \$ 109 |
| Mark to market | (10) | 33 | (23) | (11) | (11) |
| Stock compensation | 3 | 4 | 3 | 2 | 12 |
| Non-routine legal matters | 1 | 3 | 5 | 3 | 12 |
| Transaction costs | 1 | 13 | 25 | (1) | 38 |
| Restructuring - 2023 CEO Succession and Associated Realignment | 11 | 3 | 24 | (1) | 37 |
| Restructuring - 2024 Network Optimization | 19 | 24 | 6 | 2 | 51 |
| GHOST integration | — | — | 1 | 3 | 4 |
| Change in mandatory redemption liability for GHOST | — | — | — | 11 | 11 |
| Termination fees for distribution rights related to GHOST | — | — | 225 | — | 225 |
| Inventory step-up | — | 4 | — | 15 | 19 |
| Impairment of goodwill and other intangible assets | — | — | 718 | — | 718 |
| Impairment of investments and note receivable | — | — | 2 | — | 2 |
| Adjusted EBITDA | \$ 1,141 | \$ 1,190 | \$ 1,288 | \$ 1,019 | \$ 4,638 |

KEURIG DR PEPPER INC.
RECONCILIATION OF GAAP TO NON-GAAP INFORMATION
FREE CASH FLOW
(UNAUDITED)

Free cash flow is defined as net cash provided by operating activities adjusted for purchases of property, plant, and equipment, proceeds from sales of property, plant, and equipment, and certain items excluded for comparison to prior year periods. For the first quarter of 2025 and 2024, there were no certain items excluded for comparison to prior year periods.

| (in millions) | First Quarter | |
|---|---------------|----------------|
| | 2025 | 2024 |
| Net cash provided by operating activities | \$ 209 | \$ 85 |
| Purchases of property, plant, and equipment | (120) | (158) |
| Proceeds from sales of property, plant, and equipment | 13 | — |
| Free Cash Flow | \$ 102 | \$ (73) |

SOURCE Keurig Dr Pepper

<https://news.keurigdrpepper.com/2025-04-24-Keurig-Dr-Pepper-Reports-Q1-2025-Results-and-Reaffirms-Guidance-for-2025>