

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items

Our discussion of our results includes certain non-GAAP financial measures, including EBITDA and adjusted EBITDA, that we believe provide important perspective with respect to underlying business trends. Other than free cash flow, any non-GAAP financial measures will be denoted as adjusted measures to remove the impact of restructuring and transformational project costs consisting of: (1) restructuring charges, (2) expenses associated with our various transformation initiatives and (3) facility closure and severance charges; acquisition-related costs consisting of: (1) intangible amortization expense and (2) acquisition costs and due diligence costs related to our acquisitions; and the reduction of bad debt expense previously recognized in fiscal 2020 due to the impact of the COVID-19 pandemic on the collectability of our pre-pandemic trade receivable balances. Our results for fiscal 2022 were also impacted by: (1) a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory, (2) debt extinguishment costs and (3) the increase in reserves for uncertain tax positions. Our results for the first 39 weeks of fiscal 2021 were also impacted by a losses on the sale of businesses.

The results of our foreign operations can be impacted due to changes in exchange rates applicable in converting local currencies to U.S. dollars. We measure our total Sysco and our International Foodservice Operations results on a constant currency basis. Constant currency operating results are calculated by translating current-period local currency operating results with the currency exchange rates used to translate the financial statements in the comparable prior-year period to determine what the current-period U.S. dollar operating results would have been if the currency exchange rate had not changed from the comparable prior-year period.

Management believes that adjusting its operating expenses, operating income, net earnings and diluted earnings per share to remove these Certain Items and presenting its International Foodservice Operations results on a constant currency basis, provides an important perspective with respect to our underlying business trends and results and provides meaningful supplemental information to both management and investors that (1) is indicative of the performance of the company's underlying operations and (2) facilitates comparisons on a year-over-year basis.

Sysco has a history of growth through acquisitions and excludes from its non-GAAP financial measures the impact of acquisition related intangible amortization, acquisition costs and due-diligence costs for those acquisitions. We believe this approach significantly enhances the comparability of Sysco's results for fiscal 2022 and fiscal 2021.

Set forth below is a reconciliation of sales, operating expenses, operating income, other (income) expense, net earnings and diluted earnings per share to adjusted results for these measures for the periods presented. Individual components of diluted earnings per share may not add up to the total presented due to rounding. Adjusted diluted earnings per share is calculated using adjusted net earnings divided by diluted shares outstanding.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items, 3Q22 vs. 3Q21
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Apr. 2, 2022	13-Week Period Ended Mar. 27, 2021	Change in Dollars	% Change
Sales (GAAP)	\$ 16,902,139	\$ 11,824,589	\$ 5,077,550	42.9%
Impact of currency fluctuations (1)	83,760	-	83,760	0.7%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 16,985,899</u>	<u>\$ 11,824,589</u>	<u>\$ 5,161,310</u>	<u>43.6%</u>
Cost of sales	\$ 13,888,745	\$ 9,701,921	\$ 4,186,824	43.2%
Impact of inventory valuation adjustment (2)	(29,550)	-	(29,550)	-0.3%
Cost of sales adjusted for Certain Items (Non-GAAP)	<u>\$ 13,859,195</u>	<u>\$ 9,701,921</u>	<u>\$ 4,157,274</u>	<u>42.9%</u>
Gross Profit (GAAP)	3,013,394	2,122,668	890,726	42.0%
Impact of inventory valuation adjustment (2)	29,550	-	29,550	1.4%
Comparable gross profit adjusted for certain items (Non-GAAP)	<u>3,042,944</u>	<u>2,122,668</u>	<u>920,276</u>	<u>43.4%</u>
Impact of currency fluctuations (1)	20,426	-	20,426	0.9%
Comparable gross profit adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 3,063,370</u>	<u>\$ 2,122,668</u>	<u>\$ 940,702</u>	<u>44.3%</u>
Gross margin (GAAP)	17.83%	17.95%		-12 bps
Impact of inventory valuation adjustment (2)	0.17%	0.00%		17 bps
Comparable Gross margin adjusted for Certain Items (Non-GAAP)	<u>18.00%</u>	<u>17.95%</u>		<u>5 bps</u>
Operating expenses (GAAP)	\$ 2,517,665	\$ 1,886,751	\$ 630,914	33.4%
Impact of restructuring and transformational project costs (3)	(19,171)	(34,953)	15,782	45.2%
Impact of acquisition-related costs (4)	(36,699)	(18,834)	(17,865)	-94.9%
Impact of bad debt reserve adjustments (5)	5,717	33,473	(27,756)	-82.9%
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>2,467,512</u>	<u>1,866,437</u>	<u>601,075</u>	<u>32.2%</u>
Impact of currency fluctuations (1)	21,006	-	21,006	1.1%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 2,488,518</u>	<u>\$ 1,866,437</u>	<u>\$ 622,081</u>	<u>33.3%</u>
Operating expense as a percentage of sales (GAAP)	14.90%	15.96%		-106 bps
Impact of certain items adjustments	-0.30%	-0.17%		0 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>14.60%</u>	<u>15.78%</u>		<u>-119 bps</u>
Operating income (GAAP)	\$ 495,729	\$ 235,917	\$ 259,812	110.1%
Impact of inventory valuation adjustment (2)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (3)	19,171	34,953	(15,782)	-45.2%
Impact of acquisition-related costs (4)	36,699	18,834	17,865	94.9%
Impact of bad debt reserve adjustments (5)	(5,717)	(33,473)	27,756	82.9%
Operating income adjusted for Certain Items (Non-GAAP)	<u>575,432</u>	<u>256,231</u>	<u>319,201</u>	<u>124.6%</u>
Impact of currency fluctuations (1)	(581)	-	(581)	-0.2%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 574,851</u>	<u>\$ 256,231</u>	<u>\$ 318,620</u>	<u>124.4%</u>
Other (income) expense (GAAP)	\$ (13,777)	\$ (12,708)	\$ (1,069)	-8.4%
Impact of loss on sale of a business	-	(10,790)	10,790	NM
Other (income) expense adjusted for Certain Items (Non-GAAP)	<u>\$ (13,777)</u>	<u>\$ (23,498)</u>	<u>\$ 9,721</u>	<u>41.4%</u>
Net earnings (GAAP)	\$ 303,325	\$ 88,927	\$ 214,398	241.1%
Impact of inventory valuation adjustment (2)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (3)	19,171	34,953	(15,782)	-45.2%
Impact of acquisition-related costs (4)	36,699	18,834	17,865	94.9%
Impact of bad debt reserve adjustments (5)	(5,717)	(33,473)	27,756	82.9%
Impact of loss on sale of a business	-	10,790	(10,790)	NM
Tax impact of inventory valuation adjustment (6)	(7,449)	-	(7,449)	NM
Tax impact of restructuring and transformational project costs (3)	(5,579)	(10,300)	4,721	45.8%
Tax impact of acquisition-related costs (6)	(8,537)	(5,573)	(2,964)	-53.2%
Tax impact of bad debt reserve adjustments (6)	1,445	10,354	(8,909)	-86.0%
Tax impact of loss on sale of business (6)	-	301	(301)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 362,908</u>	<u>\$ 114,813</u>	<u>\$ 248,095</u>	<u>216.1%</u>
Diluted earnings per share (GAAP)	\$ 0.59	\$ 0.17	\$ 0.42	247.1%
Impact of inventory valuation adjustment (2)	0.06	-	0.06	NM
Impact of restructuring and transformational project costs (3)	0.04	0.07	(0.03)	-42.9%
Impact of acquisition-related costs (4)	0.07	0.04	0.03	75.0%
Impact of bad debt reserve adjustments (5)	(0.01)	(0.07)	0.06	85.7%
Impact of loss on sale of a business	-	0.02	(0.02)	NM
Tax impact of inventory valuation adjustment (6)	(0.01)	-	(0.01)	NM
Tax impact of restructuring and transformational project costs (3)	(0.01)	(0.02)	0.01	50.0%
Tax impact of acquisition-related costs (6)	(0.02)	(0.01)	(0.01)	-100.0%
Tax impact of bad debt reserve adjustments (6)	-	0.02	(0.02)	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (7)	<u>\$ 0.71</u>	<u>\$ 0.22</u>	<u>\$ 0.49</u>	<u>222.7%</u>
Diluted shares outstanding	512,238,523	514,585,129		

(1) Represents a constant currency adjustment, which eliminates the impact of foreign currency fluctuations on the current year results.

(2) Represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

(3) Fiscal 2022 includes \$7 million related to restructuring, severance, and facility closure charges and \$12 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2021 includes \$20 million related to restructuring charges and \$15 million related to various transformation initiative costs, primarily

(4) Fiscal 2022 includes \$27 million of intangible amortization expense and \$10 million in acquisition and due diligence costs. Fiscal 2021 represents intangible amortization expense.

(5) Fiscal 2022 and fiscal 2021 represent the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

(6) The tax impact of adjustments for Certain Items is calculated by multiplying the pretax impact of each Certain Item by the statutory rates in effect for each jurisdiction where the Certain

(7) Individual components of diluted earnings per share may not add up to the total presented due to rounding. Total diluted earnings per share is calculated using adjusted net earnings divided NM represents that the percentage change is not meaningful.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items, 3Q22 vs. 3Q19
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Apr. 2, 2022	13-Week Period Ended Mar. 30, 2019	Change in Dollars	% Change
Sales (GAAP)	\$ 16,902,139	\$ 14,658,074	\$ 2,244,065	15.3%
Cost of sales	\$ 13,888,745	\$ 11,903,776	\$ 1,984,969	16.7%
Impact of inventory valuation adjustment (1)	(29,550)	-	(29,550)	-0.3%
Cost of sales adjusted for Certain Items (Non-GAAP)	<u>\$ 13,859,195</u>	<u>\$ 11,903,776</u>	<u>\$ 1,955,419</u>	<u>16.4%</u>
Gross Profit (GAAP)	\$ 3,013,394	\$ 2,754,298	\$ 259,096	9.4%
Impact of inventory valuation adjustment (1)	29,550	-	29,550	1.1%
Comparable gross profit adjusted for Certain Items (Non-GAAP)	<u>\$ 3,042,944</u>	<u>\$ 2,754,298</u>	<u>\$ 288,646</u>	<u>10.5%</u>
Gross margin (GAAP)	17.83%	18.79%		-96 bps
Impact of inventory valuation adjustment (1)	0.17%	0.00%		17 bps
Gross margin adjusted for Certain Items (Non-GAAP)	<u>18.00%</u>	<u>18.79%</u>		<u>-79 bps</u>
Operating expenses (GAAP)	\$ 2,517,665	\$ 2,224,713	\$ 292,952	13.2%
Impact of restructuring and transformational project costs (2)	(19,171)	(72,207)	53,036	73.4%
Impact of acquisition-related costs (3)	(36,699)	(18,398)	(18,301)	-99.5%
Impact of bad debt reserve adjustments (4)	5,717	-	5,717	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 2,467,512</u>	<u>\$ 2,134,108</u>	<u>\$ 333,404</u>	<u>15.6%</u>
Operating expense as a percentage of sales (GAAP)	14.90%	15.18%		-28 bps
Impact of certain items adjustments	-0.30%	-0.62%		0 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>14.60%</u>	<u>14.56%</u>		<u>4 bps</u>
Operating income (GAAP)	\$ 495,729	\$ 529,585	\$ (33,856)	-6.4%
Impact of inventory valuation adjustment (1)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (2)	19,171	72,207	(53,036)	-73.4%
Impact of acquisition-related costs (3)	36,699	18,398	18,301	99.5%
Impact of bad debt reserve adjustments (4)	(5,717)	-	(5,717)	NM
Operating income adjusted for Certain Items (Non-GAAP)	<u>\$ 575,432</u>	<u>\$ 620,190</u>	<u>\$ (44,758)</u>	<u>-7.2%</u>
Net earnings (GAAP)	\$ 303,325	\$ 440,083	\$ (136,758)	-31.1%
Impact of inventory valuation adjustment (1)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (2)	19,171	72,207	(53,036)	-73.4%
Impact of acquisition-related costs (3)	36,699	18,398	18,301	99.5%
Impact of bad debt reserve adjustments (4)	(5,717)	-	(5,717)	NM
Tax impact of inventory valuation adjustment (5)	(7,449)	-	(7,449)	NM
Tax impact of restructuring and transformational project costs (5)	(5,579)	(19,271)	13,692	71.0%
Tax impact of acquisition-related costs (5)	(8,537)	(4,899)	(3,638)	-74.3%
Tax Impact of bad debt reserve adjustments (5)	1,445	-	1,445	NM
Impact of foreign tax credit benefit	-	(95,067)	95,067	NM
Impact of US transition tax	-	(269)	269	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 362,908</u>	<u>\$ 411,182</u>	<u>\$ (48,274)</u>	<u>-11.7%</u>
Diluted earnings per share (GAAP)	\$ 0.59	\$ 0.85	\$ (0.26)	-30.6%
Impact of inventory valuation adjustment (1)	0.06	-	0.06	NM
Impact of restructuring and transformational project costs (2)	0.04	0.14	(0.10)	-71.4%
Impact of acquisition-related costs (3)	0.07	0.04	0.03	75.0%
Impact of bad debt reserve adjustments (4)	(0.01)	-	(0.01)	NM
Tax impact of inventory valuation adjustment (5)	(0.01)	-	(0.01)	NM
Tax impact of restructuring and transformational project costs (5)	(0.01)	(0.04)	0.03	75.0%
Tax impact of acquisition-related costs (5)	(0.02)	(0.01)	(0.01)	-100.0%
Impact of foreign tax credit benefit	-	(0.18)	0.18	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (6)	<u>\$ 0.71</u>	<u>\$ 0.79</u>	<u>\$ (0.08)</u>	<u>-10.1%</u>
Diluted shares outstanding	512,238,523	519,821,311		

(1) Represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

(2) Fiscal 2022 includes \$7 million related to restructuring, severance, and facility closure charges and \$12 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2019 includes \$35 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy and \$37 million related to restructuring, facility closure and severance charges.

(3) Fiscal 2022 includes \$27 million of intangible amortization expense and \$10 million in acquisition and due diligence costs. Fiscal 2019 includes intangible amortization expense.

(4) Fiscal 2022 represents the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

(5) The tax impact of adjustments for Certain Items is calculated by multiplying the pretax impact of each Certain Item by the statutory rates in effect for each jurisdiction where the Certain Item was incurred.

(6) Individual components of diluted earnings per share may not add up to the total presented due to rounding. Total diluted earnings per share is calculated using adjusted net earnings divided by diluted shares outstanding.

NM represents that the percentage change is not meaningful.

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Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments, 3Q22 vs. 3Q21
(Dollars in Thousands)

	13-Week Period Ended Apr. 2, 2022	13-Week Period Ended Mar. 27, 2021	Change in Dollars	%/bps Change
U.S. FOODSERVICE OPERATIONS				
Sales	\$ 12,006,163	\$ 8,360,241	\$ 3,645,922	43.6%
Gross Profit	2,270,045	1,634,837	635,208	38.9%
Gross Margin	18.91%	19.55%		-64 bps
Operating expenses (GAAP)	\$ 1,523,578	\$ 1,089,335	\$ 434,243	39.9%
Impact of restructuring and transformational project costs	2,543	(1,285)	3,828	297.9%
Impact of acquisition-related costs (1)	(10,505)	-	(10,505)	NM
Impact of bad debt reserve adjustments (2)	5,060	21,669	(16,609)	-76.6%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 1,520,676	\$ 1,109,719	\$ 410,957	37.0%
Operating income (GAAP)	\$ 746,467	\$ 545,502	\$ 200,965	36.8%
Impact of restructuring and transformational project costs	(2,543)	1,285	(3,828)	-297.9%
Impact of acquisition-related costs (1)	10,505	-	10,505	NM
Impact of bad debt reserve adjustments (2)	(5,060)	(21,669)	16,609	76.6%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 749,369	\$ 525,118	\$ 224,251	42.7%
INTERNATIONAL FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 2,834,089	\$ 1,723,126	\$ 1,110,963	64.5%
Impact of currency fluctuations (3)	83,678	-	83,678	4.8%
Comparable sales using a constant currency basis (Non-GAAP)	\$ 2,917,767	\$ 1,723,126	\$ 1,194,641	69.3%
Gross Profit (GAAP)	\$ 570,241	\$ 325,200	\$ 245,041	75.4%
Impact of currency fluctuations (3)	20,354	-	20,354	6.2%
Comparable gross profit using a constant currency basis (Non-GAAP)	\$ 590,595	\$ 325,200	\$ 265,395	81.6%
Gross Margin (GAAP)	20.12%	18.87%		125 bps
Impact of currency fluctuations (3)	0.12%	-		12 bps
Comparable gross margin using a constant currency basis (Non-GAAP)	20.24%	18.87%		137 bps
Operating expenses (GAAP)	\$ 562,481	\$ 446,687	\$ 115,794	25.9%
Impact of restructuring and transformational project costs (4)	(9,379)	(18,635)	9,256	49.7%
Impact of acquisition-related costs (5)	(18,142)	(18,834)	692	3.7%
Impact of bad debt reserve adjustments (2)	657	8,357	(7,700)	-92.1%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 535,617	\$ 417,575	\$ 118,042	28.3%
Impact of currency fluctuations (3)	20,104	-	20,104	4.8%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 555,721	\$ 417,575	\$ 138,146	33.1%
Operating income (loss) (GAAP)	\$ 7,760	\$ (121,487)	\$ 129,247	106.4%
Impact of restructuring and transformational project costs (4)	9,379	18,635	(9,256)	-49.7%
Impact of acquisition-related costs (5)	18,142	18,834	(692)	-3.7%
Impact of bad debt reserve adjustments (2)	(657)	(8,357)	7,700	92.1%
Operating income (loss) adjusted for Certain Items (Non-GAAP)	\$ 34,624	\$ (92,375)	\$ 126,999	137.5%
Impact of currency fluctuations (3)	250	-	250	0.3%
Comparable operating income (loss) adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 34,874	\$ (92,375)	\$ 127,249	137.8%
SYGMA				
Sales	\$ 1,794,837	\$ 1,580,695	\$ 214,142	13.5%
Gross Profit	147,245	133,478	13,767	10.3%
Operating expenses (GAAP)	142,883	120,541	22,342	18.5%
Operating income (GAAP)	4,362	12,937	(8,575)	-66.3%
OTHER				
Sales	\$ 267,050	\$ 160,527	\$ 106,523	66.4%
Gross Profit	55,397	37,911	17,486	46.1%
Gross Margin	20.74%	23.62%		-288 bps
Operating expenses (GAAP)	\$ 59,369	\$ 32,027	\$ 27,342	85.4%
Impact of bad debt reserve adjustments (2)	-	3,447	(3,447)	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 59,369	\$ 35,474	\$ 23,895	67.4%
Operating (loss) income (GAAP)	\$ (3,972)	\$ 5,884	\$ (9,856)	-167.5%
Impact of bad debt reserve adjustments (2)	-	(3,447)	3,447	NM
Operating (loss) income adjusted for Certain Items (Non-GAAP)	\$ (3,972)	\$ 2,437	\$ (6,409)	-263.0%
GLOBAL SUPPORT CENTER				
Gross Profit	\$ (29,534)	\$ (8,758)	\$ (20,776)	-237.2%
Impact of inventory valuation adjustment (6)	29,550	-	29,550	337.4%
Comparable gross profit (loss) adjusted for certain items (Non-GAAP)	\$ 16	\$ (8,758)	\$ 8,774	100.2%
Operating expenses (GAAP)	\$ 229,354	\$ 198,161	\$ 31,193	15.7%
Impact of restructuring and transformational project costs (7)	(12,335)	(15,033)	2,698	17.9%
Impact of acquisition related costs (8)	(8,052)	-	(8,052)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 208,967	\$ 183,128	\$ 25,839	14.1%
Operating loss (GAAP)	\$ (258,888)	\$ (206,919)	\$ (51,969)	-25.1%
Impact of inventory valuation adjustment (6)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (7)	12,335	15,033	(2,698)	-17.9%
Impact of acquisition related costs (8)	8,052	-	8,052	NM
Operating loss adjusted for Certain Items (Non-GAAP)	\$ (208,951)	\$ (191,886)	\$ (17,065)	-8.9%
TOTAL SYSCO				
Sales	\$ 16,902,139	\$ 11,824,589	\$ 5,077,550	42.9%
Gross Profit	3,013,394	2,122,668	890,726	42.0%
Gross margin	17.83%	17.95%		-12 bps
Operating expenses (GAAP)	\$ 2,517,665	\$ 1,886,751	\$ 630,914	33.4%
Impact of restructuring and transformational project costs (4) (7)	(19,171)	(34,953)	15,782	45.2%
Impact of acquisition-related costs (1) (5) (8)	(36,699)	(18,834)	(17,865)	-94.9%
Impact of bad debt reserve adjustments (2)	5,717	33,473	(27,756)	-82.9%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 2,467,512	\$ 1,866,437	\$ 601,075	32.2%
Operating income (GAAP)	\$ 495,729	\$ 235,917	\$ 259,812	110.1%
Impact of inventory valuation adjustment (6)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (4) (7)	19,171	34,953	(15,782)	-45.2%
Impact of acquisition-related costs (1) (5) (8)	36,699	18,834	17,865	94.9%
Impact of bad debt reserve adjustments (2)	(5,717)	(33,473)	27,756	82.9%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 575,432	\$ 256,231	\$ 319,201	124.6%

(1) Fiscal 2022 includes intangible amortization expense and acquisition costs.

(2) Fiscal 2022 and fiscal 2021 represent the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

(3) Represents a constant currency adjustment, which eliminates the impact of foreign currency fluctuations on current year results.

(4) Includes restructuring and facility closure costs primarily in Europe.

(5) Represents intangible amortization expense.

(6) Represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

(7) Includes various transformation initiative costs, primarily consisting of changes to our business technology strategy.

(8) Represents due diligence costs.

NM represents that the percentage change is not meaningful.

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Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Free Cash Flow, YTD22 vs. YTD21 and YTD22 vs. YTD19
(In Thousands)

Free cash flow represents net cash provided from operating activities less purchases of plant and equipment and includes proceeds from sales of plant and equipment. Sysco considers free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after the purchases and sales of buildings, fleet, equipment and technology, which may potentially be used to pay for, among other things, strategic uses of cash including dividend payments, share repurchases and acquisitions. However, free cash flow may not be available for discretionary expenditures, as it may be necessary that we use it to make mandatory debt service or other payments. Free cash flow should not be used as a substitute for the most comparable GAAP measure in assessing the company's liquidity for the periods presented. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. In the table that follows, free cash flow for each period presented is reconciled to net cash provided by operating activities.

	39-Week Period Ended Apr. 2, 2022	39-Week Period Ended Mar. 27, 2021	Change in Dollars	39-Week Period Ended Apr. 2, 2022	39-Week Period Ended Mar. 30, 2019	Change in Dollars
Net cash provided by operating activities (GAAP)	\$ 745,871	\$ 1,479,784	\$ (733,913)	\$ 745,871	\$ 1,365,225	\$ (619,354)
Additions to plant and equipment	(327,535)	(251,167)	(76,368)	(327,535)	(382,905)	55,370
Proceeds from sales of plant and equipment	15,946	19,308	(3,362)	15,946	16,383	(437)
Free Cash Flow (Non-GAAP)	<u>\$ 434,282</u>	<u>\$ 1,247,925</u>	<u>\$ (813,643)</u>	<u>\$ 434,282</u>	<u>\$ 998,703</u>	<u>\$ (564,421)</u>

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Sysco Corporation and its Consolidated Subsidiaries**Non-GAAP Reconciliation (Unaudited)****Impact of Certain Items on Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**

(In Thousands)

EBITDA represents net earnings plus (i) interest expense, (ii) income tax expense and benefit, (iii) depreciation and (iv) amortization. The net earnings component of our EBITDA calculation is impacted by Certain Items that we do not consider representative of our underlying performance. As a result, in the non-GAAP reconciliations below for each period presented, adjusted EBITDA is computed as EBITDA plus the impact of Certain Items, excluding Certain items related to interest expense, income taxes, depreciation and amortization. Sysco's management considers growth in this metric to be a measure of overall financial performance that provides useful information to management and investors about the profitability of the business, as it facilitates comparison of performance on a consistent basis from period to period by providing a measurement of recurring factors and trends affecting our business. Additionally, it is a commonly used component metric used to inform on capital structure decisions. Adjusted EBITDA should not be used as a substitute for the most comparable GAAP measure in assessing the company's financial performance for the periods presented. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. In the tables that follow, adjusted EBITDA for each period presented is reconciled to net earnings.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Earnings Before Interest, Taxes, Depreciation and Amortization
(In Thousands)

	13-Week Period Ended Apr. 2, 2022	13-Week Period Ended Mar. 27, 2021	Change in Dollars	%/bps Change
Net earnings (GAAP)	\$ 303,325	\$ 88,927	\$ 214,398	241.1%
Interest (GAAP)	124,018	145,773	(21,755)	-14.9%
Income taxes (GAAP)	82,163	13,925	68,238	NM
Depreciation and amortization (GAAP)	193,843	177,139	16,704	9.4%
EBITDA (Non-GAAP)	<u>\$ 703,349</u>	<u>\$ 425,764</u>	<u>\$ 277,585</u>	<u>65.2%</u>
Certain Item adjustments:				
Impact of inventory valuation adjustment (1)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (2)	18,746	34,301	(15,555)	-45.3%
Impact of acquisition-related costs (3)	9,861	-	9,861	NM
Impact of bad debt reserve adjustments (4)	(5,717)	(33,473)	27,756	82.9%
Impact of loss on sale of business	-	10,790	(10,790)	NM
EBITDA adjusted for Certain Items (Non-GAAP) (5)	<u>\$ 755,789</u>	<u>\$ 437,382</u>	<u>\$ 318,407</u>	<u>72.8%</u>

⁽¹⁾ Represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

⁽²⁾ Fiscal 2022 and fiscal 2021 include charges related to restructuring, severance, and facility closures, as well as various transformation initiative costs, primarily consisting of changes to our business technology strategy, excluding charges related to accelerated depreciation.

⁽³⁾ Fiscal 2022 includes acquisition and due diligence costs.

⁽⁴⁾ Fiscal 2022 and fiscal 2021 represent the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

⁽⁵⁾ In arriving at adjusted EBITDA, Sysco does not adjust out interest income of \$2 million and \$5 million for fiscal 2022 and fiscal 2021, respectively, or non-cash stock compensation expense of \$30 million and \$19 million in fiscal 2022 and fiscal 2021, respectively.

NM represents that the percentage change is not meaningful.

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Net Debt to Adjusted EBITDA Leverage Ratio Targets

We expect to achieve our net debt to adjusted EBITDA leverage ratio forecast in fiscal 2023. We cannot predict with certainty when we will achieve these results or whether the calculation of our EBITDA will be on an adjusted basis in future periods to exclude the effect of certain items. Due to these uncertainties, we cannot provide a quantitative reconciliation of these potentially non-GAAP measures to the most directly comparable GAAP measure without unreasonable effort. However, we expect to calculate these adjusted results, if applicable, in the same manner as the reconciliations provided for the historical periods that are presented herein.

Form of calculation:

Notes payable

Current maturities of long-term debt

Long term debt

Total Debt (GAAP)

Less finance leases and other debt

Less book value in excess of face value of senior debt

Total Debt adjusted for finance leases, other debt and excess book value (Non-GAAP)

Less cash and cash equivalents

Net debt

Net earnings (GAAP)

Interest (GAAP)

Income taxes (GAAP)

Depreciation and amortization (GAAP)

EBITDA (Non-GAAP)

Certain Item adjustments:

Impact of restructuring and transformational project costs

Impact of acquisition-related intangible amortization

Impact of bad debt reserve adjustments

EBITDA adjusted for Certain Items (Non-GAAP)

Net Debt to Adjusted EBITDA Ratio

Projected Adjusted EPS Guidance

Adjusted earnings per share is a non-GAAP financial measure; however, we cannot predict with certainty the particular certain items that would be excluded from the calculation of this measure for future periods. Due to these uncertainties, we cannot provide a quantitative reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure without unreasonable effort. However, we expect to calculate adjusted earnings per share for future periods in the same manner as the reconciliations provided for the historical periods herein.

Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments
(Dollars in Thousands)

	13-Week Period Ended Apr. 2, 2022	13-Week Period Ended Mar. 30, 2019	Change in Dollars	%/bps Change
U.S. FOODSERVICE OPERATIONS				
Sales	\$ 12,006,163	\$ 10,105,283	\$ 1,900,880	18.8%
Gross Profit	2,270,045	2,009,129	260,916	13.0%
Gross Margin	18.91%	19.88%		-97 bps
Operating expenses (GAAP)	\$ 1,523,578	\$ 1,243,704	\$ 279,874	22.5%
Impact of restructuring and transformational project costs	2,543	(2,927)	5,470	186.9%
Impact of acquisition-related costs (1)	(10,505)	-	(10,505)	NM
Impact of bad debt reserve adjustments (2)	5,060	-	5,060	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 1,520,676	\$ 1,240,777	\$ 279,899	22.6%
Operating income (GAAP)	\$ 746,467	\$ 765,425	\$ (18,958)	-2.5%
Impact of restructuring and transformational project costs	(2,543)	2,927	(5,470)	-186.9%
Impact of acquisition-related costs (1)	10,505	-	10,505	NM
Impact of bad debt reserve adjustments (2)	(5,060)	-	(5,060)	NM
Operating income adjusted for Certain Items (Non-GAAP)	\$ 749,369	\$ 768,352	\$ (18,983)	-2.5%
INTERNATIONAL FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 2,834,089	\$ 2,757,891	\$ 76,198	2.8%
Gross Profit (GAAP)	570,241	565,116	5,125	0.9%
Gross Margin (GAAP)	20.12%	20.49%		-38 bps
Operating expenses (GAAP)	\$ 562,481	\$ 554,971	\$ 7,510	1.4%
Impact of restructuring and transformational project costs (3)	(9,379)	(29,574)	20,195	68.3%
Impact of acquisition-related costs (4)	(18,142)	(18,379)	237	1.3%
Impact of bad debt reserve adjustments (2)	657	-	657	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 535,617	\$ 507,018	\$ 28,599	5.6%
Operating income (GAAP)	\$ 7,760	\$ 10,145	\$ (2,385)	-23.5%
Impact of restructuring and transformational project costs (3)	9,379	29,574	(20,195)	-68.3%
Impact of acquisition-related costs (4)	18,142	18,379	(237)	-1.3%
Impact of bad debt reserve adjustments (2)	(657)	-	(657)	NM
Operating income adjusted for Certain Items (Non-GAAP)	\$ 34,624	\$ 58,098	\$ (23,474)	-40.4%
SYGMA				
Sales	\$ 1,794,837	\$ 1,537,312	\$ 257,525	16.8%
Gross Profit	147,245	125,915	21,330	16.9%
Gross Margin	8.20%	8.19%		1 bps
Operating expenses (GAAP)	\$ 142,883	\$ 114,247	\$ 28,636	25.1%
Impact of restructuring and transformational project costs	-	(369)	369	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 142,883	\$ 113,878	\$ 29,005	25.5%
Operating income (GAAP)	\$ 4,362	\$ 11,668	\$ (7,306)	-62.6%
Impact of restructuring and transformational project costs	-	369	(369)	NM
Operating income adjusted for Certain Items (Non-GAAP)	\$ 4,362	\$ 12,037	\$ (7,675)	-63.8%
OTHER				
Sales	\$ 267,050	\$ 257,588	\$ 9,462	3.7%
Gross Profit	55,397	63,878	(8,481)	-13.3%
Operating expenses (GAAP)	\$ 59,369	\$ 57,502	\$ 1,867	3.2%
Operating income (GAAP)	(3,972)	6,376	(10,348)	-162.3%
GLOBAL SUPPORT CENTER				
Gross Loss	\$ (29,534)	\$ (9,740)	\$ (19,794)	-203.2%
Impact of inventory valuation adjustment (5)	29,550	-	29,550	NM
Comparable gross profit (loss) adjusted for Certain Items (Non-GAAP)	\$ 16	\$ (9,740)	\$ 9,756	100.2%
Operating expenses (GAAP)	\$ 229,354	\$ 254,289	\$ (24,935)	-9.8%
Impact of restructuring and transformational project costs (6)	(12,335)	(39,337)	27,002	68.6%
Impact of acquisition-related costs (7)	(8,052)	(19)	(8,033)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 208,967	\$ 214,933	\$ (5,966)	-2.8%
Operating loss (GAAP)	\$ (258,888)	\$ (264,029)	\$ 5,141	1.9%
Impact of inventory valuation adjustment (5)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (6)	12,335	39,337	(27,002)	-68.6%
Impact of acquisition-related costs (7)	8,052	19	8,033	NM
Operating loss adjusted for Certain Items (Non-GAAP)	\$ (208,951)	\$ (224,673)	\$ 15,722	7.0%
TOTAL SYSCO				
Sales	\$ 16,902,139	\$ 14,658,074	\$ 2,244,065	15.3%
Gross Profit	3,013,394	2,754,298	259,096	9.4%
Gross margin	17.83%	18.79%		-96 bps
Operating expenses (GAAP)	\$ 2,517,665	\$ 2,224,713	\$ 292,952	13.2%
Impact of restructuring and transformational project costs (3) (6)	(19,171)	(72,207)	53,036	73.4%
Impact of acquisition-related costs (1) (4) (7)	(36,699)	(18,398)	(18,301)	-99.5%
Impact of bad debt reserve adjustments (2)	5,717	-	5,717	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 2,467,512	\$ 2,134,108	\$ 333,404	15.6%
Operating income (GAAP)	\$ 495,729	\$ 529,585	\$ (33,856)	-6.4%
Impact of inventory valuation adjustment (5)	29,550	-	29,550	NM
Impact of restructuring and transformational project costs (3) (6)	19,171	72,207	(53,036)	-73.4%
Impact of acquisition-related costs (1) (4) (7)	36,699	18,398	18,301	99.5%
Impact of bad debt reserve adjustments (2)	(5,717)	-	(5,717)	NM
Operating income adjusted for Certain Items (Non-GAAP)	\$ 575,432	\$ 620,190	\$ (44,758)	-7.2%

⁽¹⁾ Fiscal 2022 includes intangible amortization expense and acquisition costs.

⁽²⁾ Fiscal 2022 represent the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

⁽³⁾ Includes restructuring and facility closure costs primarily in Europe.

⁽⁴⁾ Represents intangible amortization expense.

⁽⁵⁾ Represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

⁽⁶⁾ Includes various transformation initiative costs, primarily consisting of changes to our business technology strategy.

⁽⁷⁾ Represents due diligence costs.

NM represents that the percentage change is not meaningful.