

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

The 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) severance charges; acquisition-related costs consisting of: (a) intangible amortization expense and (b) 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 2023 were also impacted by adjustments to a product return allowance pertaining to COVID-related personal protection equipment inventory, a pension settlement charge that resulted from the purchase of a nonparticipating single premium group annuity contract that transferred defined benefit plan obligations to an insurer, and a litigation financing agreement. Our results for fiscal 2022 were also impacted by a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory, losses on the extinguishment of long-term debt and an increase in reserves for uncertain tax positions.

The results of our operations can be impacted due to changes in exchange rates applicable in converting local currencies to U.S. dollars. We measure our 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 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 2023 and fiscal 2022.

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, Q4 FY23 vs. Q4 FY22
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Jul. 1, 2023	13-Week Period Ended Jul. 2, 2022	Change in Dollars	%/bps Change
Sales (GAAP)	\$ 19,728,216	\$ 18,957,258	\$ 770,958	4.1%
Impact of currency fluctuations (1)	47,538	-	47,538	0.2%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 19,775,754</u>	<u>\$ 18,957,258</u>	<u>\$ 818,496</u>	<u>4.3%</u>
Cost of sales (GAAP)	\$ 16,043,050	\$ 15,512,986	\$ 530,064	3.4%
Impact of inventory valuation adjustment (2)	-	(43,673)	43,673	0.3%
Cost of sales adjusted for Certain Items (Non-GAAP)	<u>\$ 16,043,050</u>	<u>\$ 15,469,313</u>	<u>\$ 573,737</u>	<u>3.7%</u>
Gross profit (GAAP)	\$ 3,685,166	\$ 3,444,272	\$ 240,894	7.0%
Impact of inventory valuation adjustment (2)	-	43,673	(43,673)	-1.3%
Gross profit adjusted for Certain Items (Non-GAAP)	3,685,166	3,487,945	197,221	5.7%
Impact of currency fluctuations (1)	6,070	-	6,070	0.1%
Comparable gross profit adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 3,691,236</u>	<u>\$ 3,487,945</u>	<u>\$ 203,291</u>	<u>5.8%</u>
Gross margin (GAAP)	18.68%	18.17%		51 bps
Impact of inventory valuation adjustment (2)	0.00%	0.23%		-23 bps
Gross margin adjusted for Certain Items (Non-GAAP)	18.68%	18.40%		28 bps
Impact of currency fluctuations (1)	-0.01%	0.00%		-1 bps
Comparable gross margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>18.67%</u>	<u>18.40%</u>		<u>27 bps</u>
Operating expenses (GAAP)	\$ 2,715,769	\$ 2,677,802	\$ 37,967	1.4%
Impact of restructuring and transformational project costs (3)	(24,678)	(37,417)	12,739	34.0%
Impact of acquisition-related costs (4)	(28,470)	(35,724)	7,254	20.3%
Impact of bad debt reserve adjustments (5)	-	8,783	(8,783)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	2,662,621	2,613,444	49,177	1.9%
Impact of currency fluctuations (1)	3,596	-	3,596	0.1%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 2,666,217</u>	<u>\$ 2,613,444</u>	<u>\$ 52,773</u>	<u>2.0%</u>
Operating expense as a percentage of sales (GAAP)	13.77%	14.13%		-36 bps
Impact of certain items adjustments	-0.27%	-0.34%		7 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>13.50%</u>	<u>13.79%</u>		<u>-29 bps</u>
Operating income (GAAP)	\$ 969,397	\$ 766,470	\$ 202,927	26.5%
Impact of inventory valuation adjustment (2)	-	43,673	(43,673)	NM
Impact of restructuring and transformational project costs (3)	24,678	37,417	(12,739)	-34.0%
Impact of acquisition-related costs (4)	28,470	35,724	(7,254)	-20.3%
Impact of bad debt reserve adjustments (5)	-	(8,783)	8,783	NM
Operating income adjusted for Certain Items (Non-GAAP)	1,022,545	874,501	148,044	16.9%
Impact of currency fluctuations (1)	2,474	-	2,474	0.3%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 1,025,019</u>	<u>\$ 874,501</u>	<u>\$ 150,518</u>	<u>17.2%</u>
Operating margin (GAAP)	4.91%	4.04%		87 bps
Operating margin adjusted for Certain Items (Non-GAAP)	5.18%	4.61%		57 bps
Operating margin adjusted for Certain Items on a constant currency basis (Non-GAAP)	5.18%	4.61%		57 bps
Interest expense (GAAP)	\$ 135,629	\$ 128,512	\$ 7,117	5.5%
Other income (GAAP)	\$ (124,172)	\$ (3,921)	\$ (120,251)	NM
Impact of other non-routine gains and losses	120,867	-	120,867	NM
Other income adjusted for Certain Items (Non-GAAP)	<u>\$ (3,305)</u>	<u>\$ (3,921)</u>	<u>\$ 616</u>	<u>15.7%</u>
Net earnings (GAAP)	\$ 733,736	\$ 509,989	\$ 223,747	43.9%
Impact of inventory valuation adjustment (2)	-	43,673	(43,673)	NM
Impact of restructuring and transformational project costs (3)	24,678	37,417	(12,739)	-34.0%
Impact of acquisition-related costs (4)	28,470	35,724	(7,254)	-20.3%
Impact of bad debt reserve adjustments (5)	-	(8,783)	8,783	NM
Impact of other non-routine gains and losses	(120,867)	-	(120,867)	NM
Tax impact of inventory valuation adjustment (6)	-	(11,452)	11,452	NM
Tax impact of restructuring and transformational project costs (6)	(6,265)	(10,082)	3,817	37.9%
Tax impact of acquisition-related costs (6)	(7,227)	(9,847)	2,620	26.6%
Tax impact of bad debt reserve adjustments (6)	-	2,383	(2,383)	NM
Tax impact of loss on extinguishment of debt (6)	-	(699)	699	NM
Tax impact of other non-routine gains and losses (6)	30,683	-	30,683	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 683,208</u>	<u>\$ 588,323</u>	<u>\$ 94,885</u>	<u>16.1%</u>
Diluted earnings per share (GAAP)	\$ 1.44	\$ 0.99	\$ 0.45	45.5%
Impact of inventory valuation adjustment (2)	-	0.09	(0.09)	NM
Impact of restructuring and transformational project costs (3)	0.05	0.07	(0.02)	-28.6%
Impact of acquisition-related costs (4)	0.06	0.07	(0.01)	-14.3%
Impact of bad debt reserve adjustments (5)	-	(0.02)	0.02	NM
Impact of other non-routine gains and losses	(0.24)	-	(0.24)	NM
Tax impact of inventory valuation adjustment (6)	-	(0.02)	0.02	NM
Tax impact of restructuring and transformational project costs (6)	(0.01)	(0.02)	0.01	50.0%
Tax impact of acquisition-related costs (6)	(0.01)	(0.02)	0.01	50.0%
Tax impact of other non-routine gains and losses (6)	0.06	-	0.06	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (7)	<u>\$ 1.34</u>	<u>\$ 1.15</u>	<u>\$ 0.19</u>	<u>16.5%</u>
Diluted shares outstanding	508,507,679	513,426,966		

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

⁽²⁾ Fiscal 2022 represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

⁽³⁾ Fiscal 2023 includes \$8 million related to restructuring and severance charges and \$17 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2022 includes \$29 million related to restructuring and severance charges and \$8 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy.

⁽⁴⁾ Fiscal 2023 includes \$27 million of intangible amortization expense and \$1 million in acquisition and due diligence costs. Fiscal 2022 includes \$31 million of intangible amortization expense and \$5 million in acquisition and due diligence costs.

⁽⁵⁾ Fiscal 2022 represents 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 Item was incurred.

⁽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 by diluted shares outstanding.

NM represents that the percentage change is not meaningful.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items, FY23 vs. FY22
(Dollars in Thousands, Except for Share and Per Share Data)

	52-Week Period Ended Jul. 1, 2023	52-Week Period Ended Jul. 2, 2022	Change in Dollars	%/bps Change
Sales (GAAP)	\$ 76,324,675	\$ 68,636,146	\$ 7,688,529	11.2%
Impact of currency fluctuations (1)	910,290	-	910,290	1.3%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 77,234,965</u>	<u>\$ 68,636,146</u>	<u>\$ 8,598,819</u>	<u>12.5%</u>
Cost of sales	\$ 62,369,678	\$ 56,315,622	\$ 6,054,056	10.8%
Impact of inventory valuation adjustment (2)	(2,571)	(73,224)	75,795	0.1%
Cost of sales adjusted for Certain Items (Non-GAAP)	<u>\$ 62,372,249</u>	<u>\$ 56,242,398</u>	<u>\$ 6,129,851</u>	<u>10.9%</u>
Gross profit (GAAP)	\$ 13,954,997	\$ 12,320,524	\$ 1,634,473	13.3%
Impact of inventory valuation adjustment (2)	(2,571)	73,224	(75,795)	-0.7%
Gross profit adjusted for Certain Items (Non-GAAP)	13,952,426	12,393,748	1,558,678	12.6%
Impact of currency fluctuations (1)	188,796	-	188,796	1.5%
Comparable gross profit adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 14,141,222</u>	<u>\$ 12,393,748</u>	<u>\$ 1,747,474</u>	<u>14.1%</u>
Gross margin (GAAP)	18.28%	17.95%		33 bps
Impact of inventory valuation adjustment (2)	0.00%	0.11%		-11 bps
Gross margin adjusted for Certain Items (Non-GAAP)	18.28%	18.06%		22 bps
Impact of currency fluctuations (1)	0.03%	0.00%		3 bps
Comparable gross margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>18.31%</u>	<u>18.06%</u>		<u>25 bps</u>
Operating expenses (GAAP)	\$ 10,916,448	\$ 9,974,024	\$ 942,424	9.4%
Impact of restructuring and transformational project costs (3)	(62,965)	(107,475)	44,510	41.4%
Impact of acquisition-related costs (4)	(115,889)	(139,173)	23,284	16.7%
Impact of bad debt reserve adjustments (5)	4,425	27,999	(23,574)	-84.2%
Operating expenses adjusted for Certain Items (Non-GAAP)	10,742,019	9,755,375	986,644	10.1%
Impact of currency fluctuations (1)	182,873	-	182,873	1.9%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 10,924,892</u>	<u>\$ 9,755,375</u>	<u>\$ 1,169,517</u>	<u>12.0%</u>
Operating expense as a percentage of sales (GAAP)	14.30%	14.53%		-23 bps
Impact of certain items adjustments	-0.23%	-0.32%		9 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>14.07%</u>	<u>14.21%</u>		<u>-14 bps</u>
Operating income (GAAP)	\$ 3,038,549	\$ 2,346,500	\$ 692,049	29.5%
Impact of inventory valuation adjustment (2)	(2,571)	73,224	(75,795)	NM
Impact of restructuring and transformational project costs (3)	62,965	107,475	(44,510)	-41.4%
Impact of acquisition-related costs (4)	115,889	139,173	(23,284)	-16.7%
Impact of bad debt reserve adjustments (5)	(4,425)	(27,999)	23,574	84.2%
Operating income adjusted for Certain Items (Non-GAAP)	3,210,407	2,638,373	572,034	21.7%
Impact of currency fluctuations (1)	5,923	-	5,923	0.2%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 3,216,330</u>	<u>\$ 2,638,373</u>	<u>\$ 577,957</u>	<u>21.9%</u>
Operating margin (GAAP)	3.98%	3.42%		56 bps
Operating margin adjusted for Certain Items (Non-GAAP)	4.21%	3.84%		37 bps
Operating margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	4.16%	3.84%		32 bps
Interest expense (GAAP)	\$ 526,752	\$ 623,643	\$ (96,891)	-15.5%
Impact of loss on extinguishment of debt	-	(115,603)	115,603	NM
Interest expense adjusted for Certain Items (Non-GAAP)	<u>\$ 526,752</u>	<u>\$ 508,040</u>	<u>\$ 18,712</u>	<u>3.7%</u>
Other expense (income) (GAAP)	\$ 226,442	\$ (23,916)	\$ 250,358	NM
Impact of other non-routine gains and losses (6)	(194,459)	-	(194,459)	NM
Other expense (income) adjusted for Certain Items (Non-GAAP)	<u>\$ 31,983</u>	<u>\$ (23,916)</u>	<u>\$ 55,899</u>	<u>NM</u>
Net earnings (GAAP)	\$ 1,770,124	\$ 1,358,768	\$ 411,356	30.3%
Impact of inventory valuation adjustment (2)	-	73,224	(75,795)	NM
Impact of restructuring and transformational project costs (3)	62,965	107,475	(44,510)	-41.4%
Impact of acquisition-related costs (4)	115,889	139,173	(23,284)	-16.7%
Impact of bad debt reserve adjustments (5)	(4,425)	(27,999)	23,574	84.2%
Impact of loss on extinguishment of debt	-	115,603	(115,603)	NM
Impact of other non-routine gains and losses (6)	194,459	-	194,459	NM
Tax impact of inventory valuation adjustment (7)	647	(18,902)	19,549	NM
Tax impact of restructuring and transformational project costs (7)	(15,847)	(27,743)	11,896	42.9%
Tax impact of acquisition-related costs (7)	(29,166)	(35,926)	6,760	18.8%
Tax impact of bad debt reserve adjustments (7)	1,114	7,228	(6,114)	-84.6%
Tax impact of loss on extinguishment of debt (7)	-	(29,841)	29,841	NM
Tax impact of other non-routine gains and losses (7)	(48,941)	-	(48,941)	NM
Impact of adjustments to uncertain tax positions	-	12,000	(12,000)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 2,044,248</u>	<u>\$ 1,673,060</u>	<u>\$ 371,188</u>	<u>22.2%</u>
Diluted earnings per share (GAAP)	\$ 3.47	\$ 2.64	\$ 0.83	31.4%
Impact of inventory valuation adjustment (2)	(0.01)	0.14	(0.15)	NM
Impact of restructuring and transformational project costs (3)	0.12	0.21	(0.09)	-42.9%
Impact of acquisition-related costs (4)	0.23	0.27	(0.04)	-14.8%
Impact of bad debt reserve adjustments (5)	(0.01)	(0.05)	0.04	80.0%
Impact of loss on extinguishment of debt	-	0.22	(0.22)	NM
Impact of other non-routine gains and losses (6)	0.38	-	0.38	NM
Tax impact of inventory valuation adjustment (7)	-	(0.04)	0.04	NM
Tax impact of restructuring and transformational project costs (7)	(0.03)	(0.05)	0.02	40.0%
Tax impact of acquisition-related costs (7)	(0.06)	(0.07)	0.01	14.3%
Tax impact of bad debt reserve adjustments (7)	-	0.01	(0.01)	NM
Tax impact of loss on extinguishment of debt (7)	-	(0.06)	0.06	NM
Tax impact of other non-routine gains and losses (7)	(0.10)	-	(0.10)	NM
Impact of adjustments to uncertain tax positions	-	0.02	(0.02)	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP)	<u>\$ 4.01</u>	<u>\$ 3.25</u>	<u>\$ 0.76</u>	<u>23.4%</u>
(8)				
Diluted shares outstanding	509,719,756	514,005,827		

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

(2) Fiscal 2023 represents an adjustment to a product return allowance, related to COVID-related personal protection equipment inventory. Fiscal 2022 represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

(3) Fiscal 2023 includes \$20 million related to restructuring and severance charges and \$43 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2022 includes \$59 million related to restructuring and severance charges and \$49 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy.

(4) Fiscal 2023 includes \$105 million of intangible amortization expense and \$10 million in acquisition and due diligence costs. Fiscal 2022 includes \$106 million of intangible amortization expense and \$33 million in acquisition and due diligence costs.

(5) Fiscal 2023 and fiscal 2022 represent the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

(6) Fiscal 2023 primarily includes a pension settlement charge of \$315 million that resulted from the purchase of a nonparticipating single premium group annuity contract that transferred defined benefit plan obligations to an insurer and \$122 million in income from a litigation financing agreement.

(7) 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.

(8) 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.

Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments, Q4 FY23 vs. Q4 FY22
(Dollars in Thousands)

	13-Week Period Ended Jul. 1, 2023	13-Week Period Ended Jul. 2, 2022	Change in Dollars	%/bps Change
U.S. FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 13,745,839	\$ 13,413,281	\$ 332,558	2.5%
Gross Profit (GAAP)	\$ 2,707,712	\$ 2,601,656	\$ 106,056	4.1%
Gross Margin (GAAP)	19.70%	19.40%		30 bps
Operating expenses (GAAP)	\$ 1,661,691	\$ 1,649,413	\$ 12,278	0.7%
Impact of restructuring and transformational project costs	(614)	(778)	164	21.1%
Impact of acquisition-related costs (1)	(10,479)	(10,825)	346	3.2%
Impact of bad debt reserve adjustments (2)	-	4,035	(4,035)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 1,650,598	\$ 1,641,845	\$ 8,753	0.5%
Operating income (GAAP)	\$ 1,046,021	\$ 952,243	\$ 93,778	9.8%
Impact of restructuring and transformational project costs	614	778	(164)	-21.1%
Impact of acquisition-related costs (1)	10,479	10,825	(346)	-3.2%
Impact of bad debt reserve adjustments (2)	-	(4,035)	4,035	NM
Operating income adjusted for Certain Items (Non-GAAP)	\$ 1,057,114	\$ 959,811	\$ 97,303	10.1%
INTERNATIONAL FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 3,649,343	\$ 3,251,841	\$ 397,502	12.2%
Impact of currency fluctuations (3)	44,130	-	44,130	1.4%
Comparable sales using a constant currency basis (Non-GAAP)	\$ 3,693,473	\$ 3,251,841	\$ 441,632	13.6%
Gross Profit (GAAP)	\$ 724,357	\$ 651,787	\$ 72,570	11.1%
Impact of currency fluctuations (3)	-4,949	-	4,949	0.8%
Comparable gross profit using a constant currency basis (Non-GAAP)	\$ 729,306	\$ 651,787	\$ 77,519	11.9%
Gross Margin (GAAP)	19.85%	20.04%		-19 bps
Impact of currency fluctuations (3)	-0.10%	0.00%		-10 bps
Comparable gross margin using a constant currency basis (Non-GAAP)	19.75%	20.04%		-29 bps
Operating expenses (GAAP)	\$ 603,853	\$ 605,391	\$ (1,538)	-0.3%
Impact of restructuring and transformational project costs (4)	(7,423)	(27,257)	19,834	72.8%
Impact of acquisition-related costs (5)	(16,977)	(22,790)	5,813	25.5%
Impact of bad debt reserve adjustments (2)	-	4,748	(4,748)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	579,453	560,092	19,361	3.5%
Impact of currency fluctuations (3)	3,351	-	3,351	0.6%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 582,804	\$ 560,092	\$ 22,712	4.1%
Operating income (GAAP)	\$ 120,504	\$ 46,396	\$ 74,108	NM
Impact of restructuring and transformational project costs (4)	7,423	27,257	(19,834)	-72.8%
Impact of acquisition-related costs (5)	16,977	22,790	(5,813)	-25.5%
Impact of bad debt reserve adjustments (2)	-	(4,748)	4,748	NM
Operating income adjusted for Certain Items (Non-GAAP)	144,904	91,695	53,209	58.0%
Impact of currency fluctuations (3)	1,598	-	1,598	1.8%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 146,502	\$ 91,695	\$ 54,807	59.8%
SYGMA				
Sales (GAAP)	\$ 2,004,060	\$ 1,975,631	\$ 28,429	1.4%
Gross Profit (GAAP)	160,677	153,926	6,751	4.4%
Gross Margin (GAAP)	8.02%	7.79%		23 bps
Operating expenses	\$ 141,866	\$ 152,674	\$ (10,808)	-7.1%
Operating income	18,811	1,252	17,559	NM
OTHER				
Sales	\$ 328,974	\$ 316,505	\$ 12,469	3.9%
Gross Profit	\$ 88,715	\$ 78,898	\$ 9,817	12.4%
Gross Margin	26.97%	24.93%		204 bps
Operating expenses	\$ 65,093	\$ 64,158	\$ 935	1.5%
Operating income (GAAP)	\$ 23,622	\$ 14,740	\$ 8,882	60.3%
GLOBAL SUPPORT CENTER				
Gross profit (loss) (GAAP)	\$ 3,705	\$ (41,995)	\$ 45,700	NM
Impact of inventory valuation adjustment (6)	-	43,673	(43,673)	NM
Gross profit adjusted for certain items (Non-GAAP)	\$ 3,705	\$ 1,678	\$ 2,027	NM
Operating expenses (GAAP)	\$ 243,266	\$ 206,166	\$ 37,100	18.0%
Impact of restructuring and transformational project costs (7)	(16,641)	(9,382)	(7,259)	-77.4%
Impact of acquisition related costs (8)	(1,014)	(2,109)	1,095	51.9%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 225,611	\$ 194,675	\$ 30,936	15.9%
Operating loss (GAAP)	\$ (239,561)	\$ (248,161)	\$ 8,600	3.5%
Impact of inventory valuation adjustment (6)	-	43,673	(43,673)	NM
Impact of restructuring and transformational project costs (7)	16,641	9,382	7,259	77.4%
Impact of acquisition related costs (8)	1,014	2,109	(1,095)	-51.9%
Operating loss adjusted for Certain Items (Non-GAAP)	\$ (221,906)	\$ (192,997)	\$ (28,909)	-15.0%
TOTAL SYSCO				
Sales	\$ 19,728,216	\$ 18,957,258	\$ 770,958	4.1%
Gross Profit	\$ 3,685,166	\$ 3,444,272	\$ 240,894	7.0%
Gross Margin	18.68%	18.17%		51 bps
Operating expenses (GAAP)	\$ 2,715,769	\$ 2,677,802	\$ 37,967	1.4%
Impact of restructuring and transformational project costs (4) (7)	(24,678)	(37,417)	12,739	34.0%
Impact of acquisition-related costs (1) (5) (8)	(28,470)	(35,724)	7,254	20.3%
Impact of bad debt reserve adjustments (2)	-	8,783	(8,783)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 2,662,621	\$ 2,613,444	\$ 49,177	1.9%
Operating income (GAAP)	\$ 969,397	\$ 766,470	\$ 202,927	26.5%
Impact of inventory valuation adjustment (6)	-	43,673	(43,673)	NM
Impact of restructuring and transformational project costs (4) (7)	24,678	37,417	(12,739)	-34.0%
Impact of acquisition-related costs (1) (5) (8)	28,470	35,724	(7,254)	-20.3%
Impact of bad debt reserve adjustments (2)	-	(8,783)	8,783	NM
Operating income adjusted for Certain Items (Non-GAAP)	\$ 1,022,545	\$ 874,501	\$ 148,044	16.9%

(1) Fiscal 2023 and fiscal 2022 include intangible amortization expense and acquisition costs.

(2) Fiscal 2022 represents 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) Fiscal 2022 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.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items, Q4 FY23 vs. Q4 FY19
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Jul. 1, 2023	13-Week Period Ended Jun. 29, 2019	Change in Dollars	%/bps Change
Sales (GAAP)	\$ 19,728,216	\$ 15,474,862	\$ 4,253,354	27.5%
Cost of sales	16,043,050	12,495,670	3,547,380	28.4%
Gross Profit (GAAP)	<u>\$ 3,685,166</u>	<u>\$ 2,979,192</u>	<u>\$ 705,974</u>	<u>23.7%</u>
Gross margin (GAAP)	18.68%	19.25%		-57 bps
Operating expenses (GAAP)	\$ 2,715,769	\$ 2,258,458	\$ 457,311	20.2%
Impact of restructuring and transformational project costs (1)	(24,678)	(77,753)	53,075	68.3%
Impact of acquisition-related costs (2)	<u>(28,470)</u>	<u>(19,789)</u>	<u>(8,681)</u>	<u>-43.9%</u>
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 2,662,621</u>	<u>\$ 2,160,916</u>	<u>\$ 501,705</u>	<u>23.2%</u>
Operating expense as a percentage of sales (GAAP)	13.77%	14.59%		-83 bps
Impact of certain items adjustments	-0.27%	-0.63%		36 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>13.50%</u>	<u>13.96%</u>		<u>-47 bps</u>
Operating income (GAAP)	\$ 969,397	\$ 720,734	\$ 248,663	34.5%
Impact of restructuring and transformational project costs (1)	24,678	77,753	(53,075)	-68.3%
Impact of acquisition-related costs (2)	<u>28,470</u>	<u>19,789</u>	<u>8,681</u>	<u>43.9%</u>
Operating income adjusted for Certain Items (Non-GAAP)	<u>\$ 1,022,545</u>	<u>\$ 818,276</u>	<u>\$ 204,269</u>	<u>25.0%</u>

⁽¹⁾ Fiscal 2023 includes \$8 million related to restructuring and severance charges and \$17 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2019 includes \$37 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy and \$41 million related to severance, restructuring and integration charges.

⁽²⁾ Fiscal 2023 includes \$27 million of intangible amortization expense and \$1 million in acquisition and due diligence costs. Fiscal 2019 includes \$19 million related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes.

NM represents that the percentage change is not meaningful.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items, FY23 vs. FY19
(Dollars in Thousands, Except for Share and Per Share Data)

	52-Week Period Ended Jul. 1, 2023	52-Week Period Ended Jun. 29, 2019	Change in Dollars	%/bps Change
Sales (GAAP)	\$ 76,324,675	\$ 60,113,922	\$ 16,210,753	27.0%
Cost of sales	\$ 62,369,678	\$ 48,704,935	\$ 13,664,743	28.1%
Impact of inventory valuation adjustment (1)	2,571	-	2,571	0.0%
Cost of sales adjusted for Certain Items (Non-GAAP)	<u>\$ 62,372,249</u>	<u>\$ 48,704,935</u>	<u>\$ 13,667,314</u>	<u>28.1%</u>
Gross Profit (GAAP)	\$ 13,954,997	\$ 11,408,987	\$ 2,546,010	22.3%
Impact of inventory valuation adjustment (1)	(2,571)	-	(2,571)	0.0%
Gross profit adjusted for certain items (Non-GAAP)	<u>\$ 13,952,426</u>	<u>\$ 11,408,987</u>	<u>\$ 2,543,439</u>	<u>22.3%</u>
Gross margin (GAAP)	18.28%	18.98%		-70 bps
Operating expenses (GAAP)	\$ 10,916,448	\$ 9,075,768	\$ 1,840,680	20.3%
Impact of restructuring and transformational project costs (2)	(62,965)	(325,300)	262,335	80.6%
Impact of acquisition-related costs (3)	(115,889)	(77,832)	(38,057)	-48.9%
Impact of bad debt reserve adjustments (4)	4,425	-	4,425	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 10,742,019</u>	<u>\$ 8,672,636</u>	<u>\$ 2,069,383</u>	<u>23.9%</u>
Operating income (GAAP)	\$ 3,038,549	\$ 2,333,219	\$ 705,330	30.2%
Impact of inventory valuation adjustment (1)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (2)	62,965	325,300	(262,335)	-80.6%
Impact of acquisition-related costs (3)	115,889	77,832	38,057	48.9%
Impact of bad debt reserve adjustments (4)	(4,425)	-	(4,425)	NM
Operating income adjusted for Certain Items (Non-GAAP)	<u>\$ 3,210,407</u>	<u>\$ 2,736,351</u>	<u>\$ 474,056</u>	<u>17.3%</u>

⁽¹⁾ Fiscal 2023 represents an adjustment to a product return allowance, related to COVID-related personal protection equipment inventory.

⁽²⁾ Fiscal 2023 includes \$20 million related to restructuring and severance charges and \$43 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2019 includes \$151 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy, of which \$18 million relates to accelerated depreciation related to software that is being replaced, and \$174 million related to severance, restructuring and integration charges in Europe, Canada and at the Global Support Center, of which \$61 million relates to our France restructuring as part of our integration of Brake France and Davigel into Sysco France.

⁽³⁾ Fiscal 2023 includes \$105 million of intangible amortization expense and \$10 million in acquisition and due diligence costs. Fiscal 2019 includes \$77 million related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes, and \$1 million related to integration costs.

⁽⁴⁾ Fiscal 2023 represents the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

NM represents that the percentage change is not meaningful.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Free Cash Flow, YTD23 vs. YTD22
(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 financial 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.

	52-Week Period Ended Jul. 1, 2023	52-Week Period Ended Jul. 2, 2022	Change in Dollars
Net cash provided by operating activities (GAAP)	\$ 2,867,602	\$ 1,791,286	\$ 1,076,316
Additions to plant and equipment	(793,325)	(632,802)	(160,523)
Proceeds from sales of plant and equipment	42,147	24,144	18,003
Free Cash Flow (Non-GAAP)	<u>\$ 2,116,424</u>	<u>\$ 1,182,628</u>	<u>\$ 933,796</u>

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 (loss) plus (i) interest expense, (ii) income tax expense and benefit, (iii) depreciation and (iv) amortization. The net earnings (loss) 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 financial 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 (Q4 FY23 vs. Q4 FY22)

(In Thousands)

	13-Week Period Ended Jul. 1, 2023	13-Week Period Ended Jul. 2, 2022	Change in Dollars	%/bps Change
Net earnings (GAAP)	\$ 733,736	\$ 509,989	\$ 223,747	43.9%
Interest (GAAP)	135,629	128,512	7,117	5.5%
Income taxes (GAAP)	224,204	131,890	92,314	70.0%
Depreciation and amortization (GAAP)	200,659	201,274	(615)	-0.3%
EBITDA (Non-GAAP)	\$ 1,294,228	\$ 971,665	\$ 322,563	33.2%
Certain Item adjustments:				
Impact of inventory valuation adjustment (1)	-	43,673	(43,673)	NM
Impact of restructuring and transformational project costs (2)	23,819	36,998	(13,179)	-35.6%
Impact of acquisition-related costs (3)	1,448	4,479	(3,031)	-67.7%
Impact of bad debt reserve adjustments (4)	-	(8,783)	8,783	NM
Impact of other non-routine gains and losses	(120,867)	-	(120,867)	NM
EBITDA adjusted for Certain Items (Non-GAAP) (5)	\$ 1,198,628	\$ 1,048,032	\$ 150,596	14.4%

⁽¹⁾ Fiscal 2022 represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

⁽²⁾ Fiscal 2023 and fiscal 2022 include charges related to restructuring and severance, as well as various transformation initiative costs, primarily consisting of changes to our business technology strategy, excluding charges related to accelerated depreciation.

⁽³⁾ Fiscal 2023 and fiscal 2022 include acquisition and due diligence costs.

⁽⁴⁾ Fiscal 2022 represents 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 \$9 million and \$2 million or non-cash stock compensation expense of \$22 million and \$32 million in fiscal 2023 and fiscal 2022, respectively.

NM represents that the percentage change is not meaningful.

Sysco Corporation and its Consolidated Subsidiaries

Non-GAAP Reconciliation (Unaudited)

Impact of Certain Items on Earnings Before Interest, Taxes, Depreciation and Amortization (FY23 vs. FY22)

(In Thousands)

	52-Week Period Ended Jul. 1, 2023	52-Week Period Ended Jul. 2, 2022	Change in Dollars	%/bps Change
Net earnings (GAAP)	\$ 1,770,124	\$ 1,358,768	\$ 411,356	30.3%
Interest (GAAP)	526,752	623,643	(96,891)	-15.5%
Income taxes (GAAP)	515,231	388,005	127,226	32.8%
Depreciation and amortization (GAAP)	775,604	772,881	2,723	0.4%
EBITDA (Non-GAAP)	\$ 3,587,711	\$ 3,143,297	\$ 444,414	14.1%
Certain Item adjustments:				
Impact of inventory valuation adjustment (1)	(2,571)	73,224	(75,795)	NM
Impact of restructuring and transformational project costs (2)	61,009	106,091	(45,082)	-42.5%
Impact of acquisition-related costs (3)	10,393	32,738	(22,345)	-68.3%
Impact of bad debt reserve adjustments (4)	(4,425)	(27,999)	23,574	84.2%
Impact of non-routine gains and losses (5)	194,459	-	194,459	NM
EBITDA adjusted for Certain Items (Non-GAAP) (6)	\$ 3,846,576	\$ 3,327,351	\$ 519,225	15.6%

⁽¹⁾ Fiscal 2023 represents an adjustment to a product return allowance, related to COVID-related personal protection equipment inventory. Fiscal 2022 represents a write-down of COVID-related personal protection equipment inventory due to the reduction in the net realizable value of inventory.

⁽²⁾ Fiscal 2023 and fiscal 2022 include charges related to restructuring and severance, as well as various transformation initiative costs, primarily consisting of changes to our business technology strategy, excluding charges related to accelerated depreciation.

⁽³⁾ Fiscal 2023 and fiscal 2022 include acquisition and due diligence costs.

⁽⁴⁾ Fiscal 2023 and fiscal 2022 represent the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

⁽⁵⁾ Fiscal 2023 primarily includes a pension settlement charge of \$315 million that resulted from the purchase of a nonparticipating single premium group annuity contract that transferred defined benefit plan obligations to an insurer and \$122 million in income from a litigation financing agreement.

⁽⁶⁾ In arriving at adjusted EBITDA, Sysco does not adjust out interest income of \$24 million and \$7 million or non-cash stock compensation expense of \$95 million and \$122 million for fiscal 2023 and fiscal 2022, respectively.

NM represents that the percentage change is not meaningful.

Projected Adjusted EBITDA Guidance

Adjusted EBITDA 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 EBITDA for future periods in the same manner as the reconciliations provided for the historical periods herein.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Net Debt to Adjusted EBITDA
(In Thousands)

Net Debt to Adjusted EBITDA is a non-GAAP financial measure frequently used by investors and credit rating agencies. Our Net Debt to Adjusted EBITDA ratio is calculated using a numerator of our debt minus cash and cash equivalents, divided by the sum of the most recent four quarters of Adjusted EBITDA. In the table that follows, we have provided the calculation of our debt and net debt as a ratio of Adjusted EBITDA.

	July 1, 2023	July 2, 2022	July 3, 2021
Current Maturities of long-term debt	\$ 62,550	\$ 580,611	\$ 494,923
Long-term debt	10,347,997	10,066,931	10,588,184
Total Debt	10,410,547	10,647,542	11,083,107
Cash & Cash Equivalents	(745,201)	(867,086)	(3,007,123)
Net Debt	\$ 9,665,346	\$ 9,780,456	\$ 8,075,984
Adjusted EBITDA for the previous 12 months	\$ 3,846,576	\$ 3,327,350	\$ 2,154,985
Debt/Adjusted EBITDA Ratio	2.7	3.2	5.1
Net Debt/Adjusted EBITDA Ratio	2.5	2.9	3.7

Adjusted EBITDA to Free Cash Flow Conversion and Adjusted EBITDA to Operating Cash Flow Conversion

Adjusted EBITDA to Free Cash Flow Conversion and Adjusted EBITDA to Operating Cash Flow Conversion are non-GAAP financial measures frequently used by investors and credit rating agencies. Our Adjusted EBITDA to Free Cash Flow Conversion is calculated using a numerator of Free Cash Flow divided by EBITDA Adjusted for Certain Items. Adjusted EBITDA to Operating Cash Flow Conversion is calculated using a numerator of net cash provided by operating activities divided by EBITDA Adjusted for Certain Items. In the table that follows, we have provided the calculation of Adjusted EBITDA to Free Cash Flow Conversion and Adjusted EBITDA to Operating Cash Flow Conversion.

	52-Week Period Ended Jul. 1, 2023
EBITDA adjusted for Certain Items (Non-GAAP)	3,846,576
Net cash provided by operating activities (GAAP)	2,867,602
Free Cash Flow (Non-GAAP)	2,116,424
Adjusted EBITDA to Free Cash Flow Conversion	55%
Adjusted EBITDA to Operating Cash Flow Conversion	75%

Net Debt to Adjusted EBITDA Leverage Ratio Targets

We expect to achieve our net debt to adjusted EBITDA leverage ratio forecast in fiscal 2024. 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:

Current maturities of long-term debt

Long term debt

Total Debt (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 certain items that would be included in the most directly comparable GAAP measure for the relevant future periods. Due to these uncertainties, we cannot provide a quantitative reconciliation of projected adjusted EPS 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.