

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 EBITDA and free cash flow, any non-GAAP financial measures will be denoted as adjusted measures to remove (1) restructuring charges; (2) expenses associated with our various transformation initiatives; (3) severance charges; and (4) acquisition-related costs consisting of: (a) intangible amortization expense and (b) acquisition costs and due diligence costs related to our acquisitions.

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, operating margin, 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. It 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 2025 and fiscal 2024.

Set forth below is a reconciliation of sales, operating expenses, operating income, 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 be equal to the total presented when added 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, 1Q25 vs. 1Q24
(Dollars in Millions, Except for Share and Per Share Data)

	13-Week Period Ended Sep. 28, 2024	13-Week Period Ended Sep. 30, 2023	Change in Dollars	%/bps Change
Sales (GAAP)	\$ 20,484	\$ 19,620	\$ 864	4.4%
Impact of currency fluctuations (1)	(5)		(5)	0.0%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 20,479</u>	<u>\$ 19,620</u>	<u>\$ 859</u>	<u>4.4%</u>
Cost of sales (GAAP)	\$ 16,731	\$ 15,972	\$ 759	4.8%
Gross profit (GAAP)	\$ 3,753	\$ 3,648	\$ 105	2.9%
Impact of currency fluctuations (1)	(5)		(5)	-0.2%
Comparable gross profit adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 3,748</u>	<u>\$ 3,648</u>	<u>\$ 100</u>	<u>2.7%</u>
Gross margin (GAAP)	18.32%	18.59%		-27 bps
Impact of currency fluctuations (1)	-0.02%			-2 bps
Comparable gross margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>18.30%</u>	<u>18.59%</u>		<u>-29 bps</u>
Operating expenses (GAAP)	\$ 2,945	\$ 2,844	\$ 101	3.6%
Impact of restructuring and transformational project costs (2)	(27)	(19)	(8)	-42.1%
Impact of acquisition-related costs (3)	(38)	(31)	(7)	-22.6%
Operating expenses adjusted for Certain Items (Non-GAAP)	2,880	2,794	86	3.1%
Impact of currency fluctuations (1)	(5)		(5)	-0.2%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 2,875</u>	<u>\$ 2,794</u>	<u>\$ 81</u>	<u>2.9%</u>
Operating expense as a percentage of sales (GAAP)	14.38%	14.50%		-12 bps
Impact of certain items adjustments	-0.32%	-0.26%		-6 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>14.06%</u>	<u>14.24%</u>		<u>-18 bps</u>
Operating income (GAAP)	\$ 808	\$ 804	\$ 4	0.5%
Impact of restructuring and transformational project costs (2)	27	19	8	42.1%
Impact of acquisition-related costs (3)	38	31	7	22.6%
Operating income adjusted for Certain Items (Non-GAAP)	873	854	19	2.2%
Impact of currency fluctuations (1)	-		-	0.0%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 873</u>	<u>\$ 854</u>	<u>\$ 19</u>	<u>2.2%</u>
Operating margin (GAAP)	3.94%	4.10%		-16 bps
Operating margin adjusted for Certain Items (Non-GAAP)	4.26%	4.35%		-9 bps
Operating margin adjusted for Certain Items on a constant currency basis (Non-GAAP)	4.26%	4.35%		-9 bps
Net earnings (GAAP)	\$ 490	\$ 503	\$ (13)	-2.6%
Impact of restructuring and transformational project costs (2)	27	19	8	42.1%
Impact of acquisition-related costs (3)	38	31	7	22.6%
Tax impact of restructuring and transformational project costs (4)	(6)	(4)	(2)	-50.0%
Tax impact of acquisition-related costs (4)	(9)	(7)	(2)	-28.6%
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 540</u>	<u>\$ 542</u>	<u>\$ (2)</u>	<u>-0.4%</u>
Diluted earnings per share (GAAP)	\$ 0.99	\$ 0.99	\$ -	0.0%
Impact of restructuring and transformational project costs (2)	0.05	0.04	0.01	25.0%
Impact of acquisition-related costs (3)	0.08	0.06	0.02	33.3%
Tax impact of restructuring and transformational project costs (4)	(0.01)	(0.01)	-	0.0%
Tax impact of acquisition-related costs (4)	(0.02)	(0.01)	(0.01)	-100.0%
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (5)	<u>\$ 1.09</u>	<u>\$ 1.07</u>	<u>\$ 0.02</u>	<u>1.9%</u>
Diluted shares outstanding	493,785,973	507,069,435		

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

(2) Fiscal 2025 includes \$4 million related to restructuring and severance charges and \$23 million related to various transformation initiative costs, primarily consisting of supply chain transformation costs and changes to our business technology strategy. Fiscal 2024 includes \$6 million related to restructuring and severance charges and \$13 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy.

(3) Fiscal 2025 includes \$32 million of intangible amortization expense and \$6 million in acquisition and due diligence costs. Fiscal 2024 includes \$28 million of intangible amortization expense and \$3 million in acquisition and due diligence costs.

(4) 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.

(5) 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, 1Q25 vs. 1Q24
(Dollars in Millions)

	13-Week Period Ended Sep. 28, 2024	13-Week Period Ended Sep. 30, 2023	Change in Dollars	%/bps Change
U.S. FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 14,362	\$ 13,724	\$ 638	4.6%
Gross Profit (GAAP)	\$ 2,747	\$ 2,685	\$ 62	2.3%
Gross Margin (GAAP)	19.13%	19.56%		-43 bps
Operating expenses (GAAP)	\$ 1,839	\$ 1,744	\$ 95	5.4%
Impact of restructuring and transformational project costs (1)	(5)	-	(5)	NM
Impact of acquisition-related costs (2)	(12)	(13)	1	7.7%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 1,822	\$ 1,731	\$ 91	5.3%
Operating income (GAAP)	\$ 908	\$ 941	\$ (33)	-3.5%
Impact of restructuring and transformational project costs (1)	5	-	5	NM
Impact of acquisition-related costs (2)	12	13	(1)	-7.7%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 925	\$ 954	\$ (29)	-3.0%
INTERNATIONAL FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 3,794	\$ 3,683	\$ 111	3.0%
Impact of currency fluctuations (3)	(5)		(5)	-0.1%
Comparable sales using a constant currency basis (Non-GAAP)	\$ 3,789	\$ 3,683	\$ 106	2.9%
Gross Profit (GAAP)	\$ 774	\$ 732	\$ 42	5.7%
Impact of currency fluctuations (3)	(5)		(5)	-0.6%
Comparable gross profit using a constant currency basis (Non-GAAP)	\$ 769	\$ 732	\$ 37	5.1%
Gross Margin (GAAP)	20.40%	19.88%		52 bps
Impact of currency fluctuations (3)	-0.10%	0.00%		-10 bps
Comparable gross margin using a constant currency basis (Non-GAAP)	20.30%	19.88%		42 bps
Operating expenses (GAAP)	\$ 673	\$ 639	\$ 34	5.3%
Impact of restructuring and transformational project costs (4)	(12)	(6)	(6)	-100.0%
Impact of acquisition-related costs (5)	(17)	(17)	-	0.0%
Operating expenses adjusted for Certain Items (Non-GAAP)	644	616	28	4.5%
Impact of currency fluctuations (3)	(5)		(5)	-0.8%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 639	\$ 616	\$ 23	3.7%
Operating income (GAAP)	\$ 101	\$ 93	\$ 8	8.6%
Impact of restructuring and transformational project costs (4)	12	6	6	100.0%
Impact of acquisition-related costs (5)	17	17	-	0.0%
Operating income adjusted for Certain Items (Non-GAAP)	130	116	14	12.1%
Impact of currency fluctuations (3)	-		-	0.0%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 130	\$ 116	\$ 14	12.1%
SYGMA				
Sales (GAAP)	\$ 2,046	\$ 1,906	\$ 140	7.3%
Gross Profit (GAAP)	163	153	10	6.5%
Gross Margin (GAAP)	7.97%	8.03%		-6 bps
Operating expenses (GAAP)	\$ 145	\$ 140	\$ 5	3.6%
Operating income (GAAP)	18	13	5	38.5%

Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments, 1Q25 vs. 1Q24
(Dollars in Millions)

	13-Week Period Ended Sep. 28, 2024	13-Week Period Ended Sep. 30, 2023	Change in Dollars	%/bps Change
OTHER				
Sales (GAAP)	\$ 282	\$ 307	\$ (25)	-8.1%
Gross Profit (GAAP)	\$ 72	\$ 78	\$ (6)	-7.7%
Gross Margin (GAAP)	25.53%	25.41%		12 bps
Operating expenses (GAAP)	\$ 63	\$ 66	\$ (3)	-4.5%
Operating income (GAAP)	\$ 9	\$ 12	\$ (3)	-25.0%
GLOBAL SUPPORT CENTER				
Gross loss (GAAP)	\$ (3)	\$ -	\$ (3)	NM
Operating expenses (GAAP)	\$ 225	\$ 255	\$ (30)	-11.8%
Impact of restructuring and transformational project costs (6)	(10)	(13)	3	23.1%
Impact of acquisition related costs (7)	(9)	(1)	(8)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 206</u>	<u>\$ 241</u>	<u>\$ (35)</u>	<u>-14.5%</u>
Operating loss (GAAP)	\$ (228)	\$ (255)	\$ 27	10.6%
Impact of restructuring and transformational project costs (6)	10	13	(3)	-23.1%
Impact of acquisition related costs (7)	9	1	8	NM
Operating loss adjusted for Certain Items (Non-GAAP)	<u>\$ (209)</u>	<u>\$ (241)</u>	<u>\$ 32</u>	<u>13.3%</u>
TOTAL SYSCO				
Sales	\$ 20,484	\$ 19,620	\$ 864	4.4%
Gross Profit	\$ 3,753	\$ 3,648	\$ 105	2.9%
Gross Margin	18.32%	18.59%		-27 bp
Operating expenses (GAAP)	\$ 2,945	\$ 2,844	\$ 101	3.6%
Impact of restructuring and transformational project costs (1)(4)(6)	(27)	(19)	(8)	-42.1%
Impact of acquisition-related costs (2)(5)(7)	(38)	(31)	(7)	-22.6%
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 2,880</u>	<u>\$ 2,794</u>	<u>\$ 86</u>	<u>3.1%</u>
Operating income (GAAP)	\$ 808	\$ 804	\$ 4	0.5%
Impact of restructuring and transformational project costs (1)(4)(6)	27	19	8	42.1%
Impact of acquisition-related costs (2)(5)(7)	38	31	7	22.6%
Operating income adjusted for Certain Items (Non-GAAP)	<u>\$ 873</u>	<u>\$ 854</u>	<u>\$ 19</u>	<u>2.2%</u>

(1) Primarily represents severance and transformation initiative costs.

(2) Includes intangible amortization expense and acquisition costs.

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

(4) Includes restructuring and transformation costs primarily in Europe.

(5) Represents intangible amortization expense.

(6) Includes severance costs and 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.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Free Cash Flow, YTD25 vs. YTD24
(In Millions)

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.

	13-Week Period Ended Sept. 28, 2024	13-Week Period Ended Sept. 30, 2023	Change in Dollars
Net cash provided by operating activities (GAAP)	\$ 53	\$ 87	\$ (34)
Additions to plant and equipment	(122)	(171)	49
Proceeds from sales of plant and equipment	77	11	66
Free Cash Flow (Non-GAAP)	<u>\$ 8</u>	<u>\$ (73)</u>	<u>\$ 81</u>

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

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 (1Q25 vs. 1Q24)

(In Millions)

	13-Week Period Ended Sep. 28, 2024	13-Week Period Ended Sep. 30, 2023	Change in Dollars	%/bps Change
Net earnings (GAAP)	\$ 490	\$ 503	\$ (13)	-2.6%
Interest (GAAP)	160	134	26	19.4%
Income taxes (GAAP)	152	160	(8)	-5.0%
Depreciation and amortization (GAAP)	235	206	29	14.1%
EBITDA (Non-GAAP)	\$ 1,037	\$ 1,003	\$ 34	3.4%
Certain Item adjustments:				
Impact of restructuring and transformational project costs (1)	26	19	7	36.8%
Impact of acquisition-related costs (2)	6	2	4	NM
EBITDA adjusted for Certain Items (Non-GAAP) (3)	\$ 1,069	\$ 1,024	\$ 45	4.4%
Other expense (income), net (4)	6	7	(1)	-14.3%
Depreciation and amortization, as adjusted (Non-GAAP) (5)	(202)	(177)	(25)	-14.1%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 873	\$ 854	\$ 19	2.2%

⁽¹⁾ Fiscal 2025 and fiscal 2024 include charges related to restructuring and severance, as well as various transformation initiative costs, primarily consisting of supply chain transformation costs and changes to our business technology strategy, excluding charges related to accelerated depreciation.

⁽²⁾ Fiscal 2025 and fiscal 2024 include acquisition and due diligence costs.

⁽³⁾ In arriving at adjusted EBITDA, Sysco does not adjust out interest income of \$7 million and \$12 million or non-cash stock compensation expense of \$30 million and \$24 million in fiscal 2025 and fiscal 2024, respectively.

⁽⁴⁾ Fiscal 2025 represents \$6 million in GAAP other expense (income), net. Fiscal 2024 primarily represents \$7 million in GAAP other expense (income), net.

⁽⁵⁾ Fiscal 2025 includes \$235 million in GAAP depreciation and amortization expense, less \$33 million of Non-GAAP depreciation and amortization expense primarily related to acquisitions. Fiscal 2024 includes \$206 million in GAAP depreciation and amortization expense, less \$29 million of Non-GAAP depreciation and amortization expense primarily related to acquisitions.

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 Millions)

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.

	September 28, 2024
Current Maturities of long-term debt	\$ 487
Long-term debt	11,869
Total Debt	12,356
Cash & Cash Equivalents	(733)
Net Debt	\$ 11,623
Adjusted EBITDA for the previous 12 months	\$ 4,236
Debt/Adjusted EBITDA Ratio	2.92
Net Debt/Adjusted EBITDA Ratio	2.74

Sysco Corporation and its Consolidated Subsidiaries

Non-GAAP Reconciliation (Unaudited)

Impact of Certain Items on Earnings Before Interest, Taxes, Depreciation and Amortization (Trailing Twelve Months)

(In Millions)

	13-Week Period Ended Sep. 28, 2024	13-Week Period Ended Jun. 29, 2024	13-Week Period Ended Mar. 30, 2024	13-Week Period Ended Dec. 30, 2023	Total
Net earnings (GAAP)	\$ 490	\$ 612	\$ 425	\$ 415	\$ 1,942
Interest (GAAP)	160	165	158	150	633
Income taxes (GAAP)	152	192	129	130	603
Depreciation and amortization (GAAP)	235	226	221	219	901
EBITDA (Non-GAAP)	\$ 1,037	\$ 1,195	\$ 933	\$ 914	\$ 4,079
Certain Item adjustments:					
Impact of restructuring and transformational project costs (1)	26	60	27	11	124
Impact of acquisition-related costs (2)	6	8	17	2	33
EBITDA adjusted for Certain Items (Non-GAAP) (3)	\$ 1,069	\$ 1,263	\$ 977	\$ 927	\$ 4,236

⁽¹⁾ Includes charges related to restructuring and severance, as well as various transformation initiative costs, primarily consisting of supply chain transformation costs and changes to our business technology strategy, excluding charges related to accelerated depreciation.

⁽²⁾ Includes acquisition and due diligence costs.

⁽³⁾ In arriving at adjusted EBITDA, Sysco does not adjust out interest income of \$7 million or non-cash stock compensation expense of \$30 million in Q1 fiscal 2025, interest income of \$10 million or non-cash stock compensation expense of \$27 million in Q4 fiscal 2024, interest income of \$7 million or non-cash stock compensation expense of \$24 million in Q3 fiscal 2024, interest income of \$9 million or non-cash stock compensation expense of \$29 million in Q2 fiscal 2024.

Net Debt to Adjusted EBITDA Leverage Ratio Targets

We expect to achieve our net debt to adjusted EBITDA leverage ratio forecast in fiscal 2025. 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

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.