

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; and by acquisition-related costs consisting of: (1) intangible amortization expense and (2) acquisition costs and due diligence costs related to our significant acquisitions. Our results for for the first quarter of fiscal 2022 are also impacted by the increase in reserves for uncertain tax positions. Sysco's results for the first quarter of fiscal 2022 and fiscal 2021 were also impacted by 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, by a loss on the sale of a business and by a net benefit from remeasuring net deferred tax assets due to the changes in U.K. tax rates.

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. The constant currency impact on our adjusted total Sysco and our adjusted International Foodservice Operations results are disclosed when the impact exceeds a defined threshold of greater than 1% on the growth metric. If the amount does not exceed this threshold, a disclosure will be made that the impact of the currency change was not significant.

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.

Although Sysco has a history of growth through acquisitions, certain acquisitions were significantly larger than the companies historically acquired by Sysco, with a proportionately greater impact on Sysco's consolidated financial statements. Accordingly, Sysco is excluding from its non-GAAP financial measures for the relevant periods the impact of acquisition-related intangible amortization, acquisition costs and due-diligence costs specific to our significant acquisitions. We believe this approach significantly enhances the comparability of Sysco's results for fiscal 2022 and fiscal 2021.

Our operating results in fiscal 2022 included one-time and short-term transitory expenses related to the business recovery, focused on items including marketing open positions, signing bonuses, referral bonuses and retention bonuses, and operating expense investments for our Recipe for Growth strategy. Management believes that excluding these investments provides a meaningful measurement of the company's diluted earnings per share performance. Our results in fiscal 2022 also included interest expense related to precautionary senior notes issued in fiscal 2020 in response to the COVID-19 pandemic, as the company sought to preserve its available liquidity. Management believes that adjusting interest expense further enhances the comparability of Sysco's results for 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, 1Q22 vs. 1Q21
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Oct. 2, 2021	13-Week Period Ended Sep. 26, 2020	Change in Dollars	% Change
Sales (GAAP)	\$ 16,456,546	\$ 11,777,379	\$ 4,679,167	39.7%
Impact of currency fluctuations (1)	(124,726)	-	(124,726)	-1.1%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 16,331,820</u>	<u>\$ 11,777,379</u>	<u>\$ 4,554,441</u>	<u>38.7%</u>
Gross Profit (GAAP)	\$ 2,971,708	\$ 2,219,845	\$ 751,863	33.9%
Impact of currency fluctuations (1)	(23,863)	-	(23,863)	-1.1%
Comparable gross profit using a constant currency basis (Non-GAAP)	<u>\$ 2,947,845</u>	<u>\$ 2,219,845</u>	<u>\$ 728,000</u>	<u>32.8%</u>
Gross margin (GAAP)	18.06%	18.85%		-79 bps
Impact of currency fluctuations (1)	-0.01%	0%		-1 bps
Comparable Gross margin using a Constant Dollar Basis (Non-GAAP)	<u>18.05%</u>	<u>18.85%</u>		<u>-80 bps</u>
Operating expenses (GAAP)	\$ 2,340,026	\$ 1,800,266	\$ 539,760	30.0%
Impact of restructuring and transformational project costs (2)	(24,511)	(25,964)	1,453	5.6%
Impact of acquisition-related costs (3)	(35,926)	(17,755)	(18,171)	-102.3%
Impact of bad debt reserve adjustments (4)	7,061	98,629	(91,568)	-92.8%
Operating expenses adjusted for Certain Items (Non-GAAP)	2,286,650	1,855,176	431,474	23.3%
Impact of currency fluctuations (1)	(21,751)	-	(21,751)	-1.2%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 2,264,899</u>	<u>\$ 1,855,176</u>	<u>\$ 409,723</u>	<u>22.1%</u>
Operating income (GAAP)	\$ 631,682	\$ 419,579	\$ 212,103	50.6%
Impact of restructuring and transformational project costs (2)	24,511	25,964	(1,453)	-5.6%
Impact of acquisition-related costs (3)	35,926	17,755	18,171	102.3%
Impact of bad debt reserve adjustments (4)	(7,061)	(98,629)	91,568	92.8%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 685,058	\$ 364,669	\$ 320,389	87.9%
Impact of currency fluctuations (1)	(2,112)	-	(2,112)	-0.6%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 682,946</u>	<u>\$ 364,669</u>	<u>\$ 318,277</u>	<u>87.3%</u>
Other (income) expense (GAAP)	\$ (3,252)	\$ 14,124	\$ (17,376)	123.0%
Impact of loss on sale of a business	-	(12,043)	12,043	NM
Other (income) expense adjusted for Certain Items (Non-GAAP)	<u>\$ (3,252)</u>	<u>\$ 2,081</u>	<u>\$ (5,333)</u>	<u>256.3%</u>
Net earnings (GAAP)	\$ 378,013	\$ 216,900	\$ 161,113	74.3%
Impact of restructuring and transformational project costs (2)	24,511	25,964	(1,453)	-5.6%
Impact of acquisition-related costs (3)	35,926	17,755	18,171	102.3%
Impact of bad debt reserve adjustments (4)	(7,061)	(98,629)	91,568	92.8%
Impact of loss on sale of business	-	12,043	(12,043)	NM
Tax impact of restructuring and transformational project costs (5)	(6,186)	(5,920)	(266)	-4.5%
Tax impact of acquisition-related costs (5)	(9,066)	(4,048)	(5,018)	-124.0%
Tax Impact of bad debt reserve adjustments (5)	1,782	22,488	(20,706)	-92.1%
Tax impact of loss on sale of business (5)	-	(7,553)	7,553	NM
Impact of adjustments to uncertain tax positions	12,000	-	12,000	NM
Impact of foreign tax rate change (6)	-	(5,548)	5,548	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 429,919</u>	<u>\$ 173,452</u>	<u>\$ 256,467</u>	<u>147.9%</u>
Diluted earnings per share (GAAP)	\$ 0.73	\$ 0.42	\$ 0.31	73.8%
Impact of restructuring and transformational project costs (2)	0.05	0.05	-	0.0%
Impact of acquisition-related costs (3)	0.07	0.03	0.04	133.3%
Impact of bad debt reserve adjustments (4)	(0.01)	(0.19)	0.18	94.7%
Impact of loss on sale of business	-	0.02	(0.02)	NM
Tax impact of restructuring and transformational project costs (5)	(0.01)	(0.01)	-	0.0%
Tax impact of acquisition-related costs (5)	(0.02)	(0.01)	(0.01)	-100.0%
Tax Impact of bad debt reserve adjustments (5)	-	0.04	(0.04)	NM
Tax impact of loss on sale of business (5)	-	(0.01)	0.01	NM
Impact of adjustments to uncertain tax positions	0.02	-	0.02	NM
Impact of foreign tax rate change (6)	-	(0.01)	0.01	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (7)	<u>\$ 0.83</u>	<u>\$ 0.34</u>	<u>\$ 0.49</u>	<u>144.1%</u>
Diluted shares outstanding	515,782,928	510,738,760		

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

(2) Fiscal 2022 includes \$16 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy and \$8 million related to restructuring charges. Fiscal 2021 includes \$13 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy and \$13 million of primarily consisting of restructuring charges.

(3) Fiscal 2022 includes \$22 million of intangible amortization expense and \$14 million in acquisition and due diligence costs, which are primarily included in Global Support Center expenses. Fiscal 2021 represents \$18 million related to intangible amortization expense.

(4) Fiscal 2022 and 2021 represent 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) Fiscal 2021 represents a net benefit from remeasuring Sysco's accrued income taxes, deferred tax asset and deferred tax liabilities due to changes in tax rates in the United Kingdom.

(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, Snap Back Costs, Recipe for Growth Investments and Interest Expense (1Q22 vs. 1Q19)

(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Oct. 2, 2021	13-Week Period Ended Sep. 29, 2018	Change in Dollars	% Change
Sales (GAAP)	\$ 16,456,546	\$ 15,215,279	\$ 1,241,267	8.2%
Gross Profit (GAAP)	2,971,708	2,903,785	67,923	2.3%
Gross margin (GAAP)	18.06%	19.08%		-103 bps
Operating expenses (GAAP)	\$ 2,340,026	\$ 2,275,645	\$ 64,381	2.8%
Impact of restructuring and transformational project costs (1)	(24,511)	(40,903)	16,392	40.1%
Impact of acquisition-related costs (2)	(35,926)	(22,636)	(13,290)	-58.7%
Impact of bad debt reserve adjustments (3)	7,061	-	7,061	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	2,286,650	2,212,106	74,544	3.4%
Impact of short-term transitory expenses associated with business recovery	(57,025)	-	(57,025)	NM
Impact of investments for Recipe for Growth initiatives	(24,360)	-	(24,360)	NM
Operating expense adjusted for Certain Items and business recovery and Recipe for Growth investments (Non-GAAP)	\$ 2,205,265	\$ 2,212,106	\$ (6,841)	-0.3%
Operating income (GAAP)	\$ 631,682	\$ 628,140	\$ 3,542	0.6%
Impact of restructuring and transformational project costs (1)	24,511	40,903	(16,392)	-40.1%
Impact of acquisition-related costs (2)	35,926	22,636	13,290	58.7%
Impact of bad debt reserve adjustments (3)	(7,061)	-	(7,061)	NM
Operating income adjusted for Certain Items (Non-GAAP)	685,058	691,679	(6,621)	-1.0%
Impact of short-term transitory expenses associated with business recovery	57,025	-	57,025	NM
Impact of investments for Recipe for Growth initiatives	24,360	-	24,360	NM
Operating income adjusted for Certain Items and business recovery and Recipe for Growth investments (Non-GAAP)	\$ 766,443	\$ 691,679	\$ 74,764	10.8%
Interest expense (GAAP)	\$ 128,214	\$ 146,717	\$ (18,503)	-12.6%
Impact of interest on COVID-19 related debt	(50,852)	-	(50,852)	34.7%
Interest expense adjusted for impact of interest on COVID-19 related debt (Non-GAAP)	\$ 77,362	\$ 146,717	\$ (69,355)	-47.3%
Net earnings (GAAP)	\$ 378,013	\$ 431,042	\$ (53,029)	-12.3%
Impact of restructuring and transformational project costs (1)	24,511	40,903	(16,392)	-40.1%
Impact of acquisition-related costs (2)	35,926	22,636	13,290	58.7%
Impact of bad debt reserve adjustments (3)	(7,061)	-	(7,061)	NM
Tax impact of restructuring and transformational project costs (4)	(6,186)	(10,674)	4,488	42.0%
Tax impact of acquisition-related costs (4)	(9,066)	(4,691)	(4,375)	-93.3%
Tax Impact of bad debt reserve adjustments (4)	1,782	-	1,782	NM
Impact of adjustments to uncertain tax positions	12,000	-	12,000	NM
Net earnings adjusted for Certain Items (Non-GAAP)	429,919	479,216	(49,297)	-10.3%
Impact of short-term transitory expenses associated with business recovery	57,025	-	57,025	NM
Impact of investments for Recipe for Growth initiatives	24,360	-	24,360	NM
Tax impact of short-term transitory expenses associated with business recovery	(14,391)	-	(14,391)	NM
Tax impact of investments towards Recipe for Growth initiatives	(6,148)	-	(6,148)	NM
Net earnings adjusted for Certain Items and business recovery and Recipe for Growth investments (Non-GAAP)	490,765	479,216	11,549	2.4%
Impact of interest on COVID-19 related debt	50,852	-	50,852	NM
Tax impact of interest on COVID-19 related debt	(12,833)	-	(12,833)	NM
Net earnings adjusted for Certain Items, business recovery and Recipe for Growth investments and impact of interest on COVID-19 related debt (Non-GAAP)	\$ 528,784	\$ 479,216	\$ 49,568	10.3%
Diluted earnings per share (GAAP)	\$ 0.73	\$ 0.81	\$ (0.08)	-9.9%
Impact of restructuring and transformational project costs (1)	0.05	0.08	(0.03)	-37.5%
Impact of acquisition-related costs (2)	0.07	0.04	0.03	75.0%
Impact of bad debt reserve adjustments (3)	(0.01)	-	(0.01)	NM
Tax impact of restructuring and transformational project costs (4)	(0.01)	(0.02)	0.01	50.0%
Tax impact of acquisition-related costs (4)	(0.02)	(0.01)	(0.01)	-100.0%
Impact of adjustments to uncertain tax positions	0.02	-	0.02	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (5)	0.83	0.91	(0.08)	-8.8%
Impact of short-term transitory expenses associated with business recovery	0.11	-	0.11	NM
Impact of investments for Recipe for Growth initiatives	0.05	-	0.05	NM
Tax impact of short-term transitory expenses associated with business recovery	(0.03)	-	(0.03)	NM
Tax impact of investments towards Recipe for Growth initiatives	(0.01)	-	(0.01)	NM
Earnings per share adjusted for Certain Items and business recovery and Recipe for Growth investments (Non-GAAP)	0.95	0.91	0.04	4.4%
Impact of interest on COVID-19 related debt	0.10	-	0.10	NM
Tax impact of interest on COVID-19 related debt	(0.02)	-	(0.02)	NM
Earnings per share adjusted for Certain Items, business recovery and Recipe for Growth investments and impact of interest on COVID-19 related debt (Non-GAAP)	\$ 1.03	\$ 0.91	\$ 0.12	13.2%
Diluted shares outstanding	515,782,928	529,034,470		

⁽¹⁾ Fiscal 2022 includes \$16 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy, and \$8 million primarily consisting of restructuring charges. Fiscal 2019 includes \$26 million related to various transformation initiative costs and \$15 million related to severance, restructuring and facility closure charges.

⁽²⁾ Fiscal 2022 includes \$22 million of intangible amortization expense and \$14 million of acquisition and due diligence costs, which are primarily included in Global Support Center expenses. Fiscal 2019 includes \$21 million of intangible amortization expense and \$1 million of acquisition costs.

⁽³⁾ Fiscal 2022 represents the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

⁽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
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items, Interest Expense (1Q22 vs. 1Q19)
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Oct. 2, 2021	13-Week Period Ended Sep. 29, 2018	Change in Dollars	% Change
Interest expense (GAAP)	\$ 128,214	\$ 146,717	\$ (18,503)	-12.6%
Impact of interest on COVID-19 related debt	(50,852)	-	(50,852)	34.7%
Interest expense adjusted for impact of interest on COVID-19 related debt (Non-GAAP)	<u>\$ 77,362</u>	<u>\$ 146,717</u>	<u>\$ (69,355)</u>	<u>-47.3%</u>
Net earnings (GAAP)	\$ 378,013	\$ 431,042	\$ (53,029)	-12.3%
Impact of restructuring and transformational project costs (1)	24,511	40,903	(16,392)	-40.1%
Impact of acquisition-related costs (2)	35,926	22,636	13,290	58.7%
Impact of bad debt reserve adjustments (3)	(7,061)	-	(7,061)	NM
Tax impact of restructuring and transformational project costs (4)	(6,186)	(10,674)	4,488	42.0%
Tax impact of acquisition-related costs (4)	(9,066)	(4,691)	(4,375)	-93.3%
Tax Impact of bad debt reserve adjustments (4)	1,782	-	1,782	NM
Impact of adjustments to uncertain tax positions	12,000	-	12,000	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>429,919</u>	<u>479,216</u>	<u>(49,297)</u>	<u>-10.3%</u>
Impact of interest on COVID-19 related debt	50,852	-	50,852	NM
Tax impact of interest on COVID-19 related debt	(12,833)	-	(12,833)	NM
Net earnings adjusted for Certain Items and impact of interest on COVID-19 related debt (Non-GAAP)	<u>\$ 467,938</u>	<u>\$ 479,216</u>	<u>\$ (11,278)</u>	<u>-2.4%</u>
Diluted earnings per share (GAAP)	\$ 0.73	\$ 0.81	\$ (0.08)	-9.9%
Impact of restructuring and transformational project costs (1)	0.05	0.08	(0.03)	-37.5%
Impact of acquisition-related costs (2)	0.07	0.04	0.03	75.0%
Impact of bad debt reserve adjustments (3)	(0.01)	-	(0.01)	NM
Tax impact of restructuring and transformational project costs (4)	(0.01)	(0.02)	0.01	50.0%
Tax impact of acquisition-related costs (4)	(0.02)	(0.01)	(0.01)	100.0%
Impact of adjustments to uncertain tax positions	0.02	-	0.02	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (5)	<u>0.83</u>	<u>0.91</u>	<u>(0.08)</u>	<u>-8.8%</u>
Impact of interest on COVID-19 related debt	0.10	-	0.10	NM
Tax impact of interest on COVID-19 related debt	(0.02)	-	(0.02)	NM
Earnings per share adjusted for Certain Items and impact of interest on COVID-19 related debt (Non-GAAP)	<u>\$ 0.91</u>	<u>\$ 0.93</u>	<u>\$ (0.02)</u>	<u>-2.2%</u>
Diluted shares outstanding	515,782,928	529,034,470		

⁽¹⁾ Fiscal 2022 includes \$16 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy, and \$8 million primarily consisting of restructuring charges. Fiscal 2019 includes \$26 million related to various transformation initiative costs and \$15 million related to severance, restructuring and facility closure charges.

⁽²⁾ Fiscal 2022 includes \$22 million of intangible amortization expense and \$14 million of acquisition and due diligence costs, which are primarily included in Global Support Center expenses. Fiscal 2019 includes \$21 million of intangible amortization expense and \$1 million of acquisition costs.

⁽³⁾ Fiscal 2022 represents the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

⁽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.

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Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments, 1Q22 vs. 1Q21
(Dollars in Thousands)

	13-Week Period Ended Oct. 2, 2021	13-Week Period Ended Sep. 26, 2020	Change in Dollars	%/bps Change
U.S. FOODSERVICE OPERATIONS				
Sales	\$ 11,602,963	\$ 7,921,533	\$ 3,681,430	46.5%
Gross Profit	2,185,154	1,599,707	585,447	36.6%
Gross Margin	18.83%	20.19%		-136 bps
Operating expenses (GAAP)	\$ 1,387,631	\$ 1,011,298	\$ 376,333	37.2%
Impact of restructuring and transformational project costs	(3)	(940)	937	99.7%
Impact of acquisition-related costs (1)	(4,654)	-	(4,654)	NM
Impact of bad debt reserve adjustments (2)	6,420	86,317	(79,897)	-92.6%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 1,389,394	\$ 1,096,675	\$ 292,719	26.7%
Operating income (GAAP)	\$ 797,523	\$ 588,409	\$ 209,114	35.5%
Impact of restructuring and transformational project costs	3	940	(937)	-99.7%
Impact of acquisition-related costs (1)	4,654	-	4,654	NM
Impact of bad debt reserve adjustments (2)	(6,420)	(86,317)	79,897	92.6%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 795,760	\$ 503,032	\$ 292,728	58.2%
INTERNATIONAL FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 2,895,247	\$ 2,163,693	\$ 731,554	33.8%
Impact of currency fluctuations (3)	(121,395)	-	(121,395)	-5.6%
Comparable sales using a constant currency basis (Non-GAAP)	\$ 2,773,852	\$ 2,163,693	\$ 610,159	28.2%
Gross Profit (GAAP)	\$ 589,134	\$ 450,398	\$ 138,736	30.8%
Impact of currency fluctuations (3)	(22,734)	-	(22,734)	-5.0%
Comparable gross profit using a constant currency basis (Non-GAAP)	\$ 566,400	\$ 450,398	\$ 116,002	25.8%
Gross Margin (GAAP)	20.35%	20.82%		-48 bps
Impact of currency fluctuations (3)	-0.07%	-		-7 bps
Comparable gross margin using a constant currency basis (Non-GAAP)	20.42%	20.82%		-40 bps
Operating expenses (GAAP)	\$ 552,458	\$ 450,935	\$ 101,523	22.5%
Impact of restructuring and transformational project costs (4)	(9,426)	(12,993)	3,567	27.5%
Impact of acquisition-related costs (5)	(18,656)	(17,755)	(901)	-5.1%
Impact of bad debt reserve adjustments (2)	641	11,429	(10,788)	-94.4%
Operating expenses adjusted for Certain Items (Non-GAAP)	525,017	431,616	93,401	21.6%
Impact of currency fluctuations (3)	(21,074)	-	(21,074)	-4.9%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 503,943	\$ 431,616	\$ 72,327	16.8%
Operating income (loss) (GAAP)	\$ 36,676	\$ (537)	\$ 37,213	NM
Impact of restructuring and transformational project costs (4)	9,426	12,993	(3,567)	-27.5%
Impact of acquisition-related costs (5)	18,656	17,755	901	5.1%
Impact of bad debt reserve adjustments (2)	(641)	(11,429)	10,788	94.4%
Operating income adjusted for Certain Items (Non-GAAP)	64,117	18,782	45,335	241.4%
Impact of currency fluctuations (3)	(1,660)	-	(1,660)	-8.8%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 62,457	\$ 18,782	\$ 43,675	232.5%
SYGMA				
Sales	\$ 1,704,033	\$ 1,524,148	\$ 179,885	11.8%
Gross Profit	138,157	131,541	6,616	5.0%
Gross Margin	8.11%	8.63%		-52 bps
Operating expenses (GAAP)	\$ 140,604	\$ 119,849	\$ 20,755	17.3%
Impact of restructuring and transformational project costs	-	(13)	13	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 140,604	\$ 119,836	\$ 20,768	17.3%
Operating (loss) income (GAAP)	\$ (2,447)	\$ 11,692	\$ (14,139)	-120.9%
Impact of restructuring and transformational project costs	-	13	(13)	NM
Operating (loss) income adjusted for Certain Items (Non-GAAP)	\$ (2,447)	\$ 11,705	\$ (14,152)	-120.9%
OTHER				
Sales	\$ 254,303	\$ 168,005	\$ 86,298	51.4%
Gross Profit	59,021	40,430	18,591	46.0%
Gross Margin	23.21%	24.06%		-86 bps
Operating expenses (GAAP)	\$ 52,565	\$ 40,435	\$ 12,130	30.0%
Impact of bad debt reserve adjustments (2)	-	883	(883)	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 52,565	\$ 41,318	\$ 11,247	27.2%
Operating income (loss) (GAAP)	\$ 6,456	\$ (5)	\$ 6,461	NM
Impact of bad debt reserve adjustments (2)	-	(883)	883	NM
Operating income (loss) adjusted for certain items (Non-GAAP)	\$ 6,456	\$ (888)	\$ 7,344	NM
GLOBAL SUPPORT CENTER				
Gross Profit	\$ 242	\$ (2,231)	\$ 2,473	110.8%
Operating expenses (GAAP)	\$ 206,768	\$ 177,749	\$ 29,019	16.3%
Impact of restructuring and transformational project costs (6)	(15,082)	(12,018)	(3,064)	-25.5%
Impact of acquisition related costs (7)	(12,616)	-	(12,616)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 179,070	\$ 165,731	\$ 13,339	8.0%
Operating loss (GAAP)	\$ (206,526)	\$ (179,980)	\$ (26,546)	14.7%
Impact of restructuring and transformational project costs (6)	15,082	12,018	3,064	25.5%
Impact of acquisition related costs (7)	12,616	-	12,616	NM
Operating loss adjusted for Certain Items (Non-GAAP)	\$ (178,828)	\$ (167,962)	\$ (10,866)	6.5%
TOTAL SYSCO				
Sales	\$ 16,456,546	\$ 11,777,379	\$ 4,679,167	39.7%
Gross Profit	2,971,708	2,219,845	751,863	33.9%
Gross margin	18.06%	18.85%		-79 bps
Operating expenses (GAAP)	\$ 2,340,026	\$ 1,800,266	\$ 539,760	30.0%
Impact of restructuring and transformational project costs (4) (6)	(24,511)	(25,964)	1,453	5.6%
Impact of acquisition-related costs (1) (5) (7)	(35,926)	(17,755)	(18,171)	-102.3%
Impact of bad debt reserve adjustments (2)	7,061	98,629	(91,568)	-92.8%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 2,286,650	\$ 1,855,176	\$ 431,474	23.3%
Operating income (GAAP)	\$ 631,682	\$ 419,579	\$ 212,103	50.6%
Impact of restructuring and transformational project costs (4) (6)	24,511	25,964	(1,453)	-5.6%
Impact of acquisition-related costs (1) (5) (7)	35,926	17,755	18,171	102.3%
Impact of bad debt reserve adjustments (2)	(7,061)	(98,629)	91,568	92.8%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 685,058	\$ 364,669	\$ 320,389	87.9%

(1) Fiscal 2022 includes \$3 million intangible amortization expense and acquisition costs.

(2) Fiscal 2022 and 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) 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.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Total Sysco Operating Leverage (Impact of Certain Items) 1Q22 vs. 1Q21 & 1Q22 vs. 1Q19
(In Thousands)

	13-Week Period Ended Oct. 2, 2021	13-Week Period Ended Sep. 26, 2020	13-Week Period Change in Dollars	13-Week Period % Change	13-Week Period Ended Oct. 2, 2021	13-Week Period Ended Sep. 29, 2018	13-Week Period Change in Dollars	13-Week Period % Change
Sales (GAAP)	\$ 16,456,546	\$ 11,777,379	\$ 4,679,167	39.7%	\$ 16,456,546	\$ 15,215,279	\$ 1,241,267	8.2%
Operating expenses (GAAP)	\$ 2,340,026	\$ 1,800,266	\$ 539,760	30.0%	\$ 2,340,026	\$ 2,275,645	\$ 64,381	2.8%
Impact of certain items (1)	(53,376)	54,910	(108,286)	-197.2%	(53,376)	(63,539)	10,163	-16.0%
Operating expenses adjusted for Certain Items (Non-GAAP)	2,286,650	1,855,176	431,474	23.3%	2,286,650	2,212,106	74,544	3.4%
Impact of short-term transitory expenses associated with business recovery	(57,025)	-	(57,025)	NM	(57,025)	-	(57,025)	NM
Impact of investments for Recipe for Growth initiatives	(24,360)	-	(24,360)	NM	(24,360)	-	(24,360)	NM
Operating expenses adjusted for Certain Items and business recovery and Recipe for Growth investments (Non-GAAP)	\$ 2,205,265	\$ 1,855,176	\$ 350,089	18.9%	\$ 2,205,265	\$ 2,212,106	\$ (6,841)	-0.3%
Operating expenses adjusted for Certain Items as a % of Sales (Non-GAAP)	13.9%	15.8%	-1.86%		13.9%	14.5%	-0.64%	
Operating expenses adjusted for Certain Items and business recovery and Recipe for Growth investments as a % of Sales (Non-GAAP)	13.4%	15.8%	-2.35%		13.4%	14.5%	-1.14%	

⁽¹⁾ Fiscal 2022 primarily consists of intangible amortization expense and acquisition and due diligence costs, which are primarily included in Global Support Center expenses. Fiscal 2021 primarily represents the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020. Fiscal 2022 and 2021 also include various transformation initiative costs, primarily consisting of changes to our business technology strategy, and restructuring charges. Fiscal 2019 consists of restructuring and transformational project costs including business technology transformation initiative costs and related professional fees, restructuring expenses within our Sysco Europe and Canadian operations, severance charges related to restructuring and facility closure charges.

Sysco Corporation and its Consolidated Subsidiaries
Non-GAAP Reconciliation (Unaudited)
Free Cash Flow, 1Q22 vs. 1Q21 and 1Q22 vs.1Q19
(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.

	13-Week Period Ended Oct. 2, 2021	13-Week Period Ended Sep. 26, 2020	Change in Dollars
Net cash provided by operating activities (GAAP)	\$ 110,812	\$ 930,914	\$ (820,102)
Additions to plant and equipment	(85,019)	(75,539)	(9,480)
Proceeds from sales of plant and equipment	5,627	7,064	(1,437)
Free Cash Flow (Non-GAAP)	<u>\$ 31,420</u>	<u>\$ 862,439</u>	<u>\$ (831,019)</u>

	13-Week Period Ended Oct. 2, 2021	13-Week Period Ended Sep. 29, 2018	Change in Dollars
Net cash provided by operating activities (GAAP)	\$ 110,812	\$ 271,145	\$ (160,333)
Additions to plant and equipment	(85,019)	(104,322)	19,303
Proceeds from sales of plant and equipment	5,627	3,839	1,788
Free Cash Flow (Non-GAAP)	<u>\$ 31,420</u>	<u>\$ 170,662</u>	<u>\$ (139,242)</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 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 Oct. 2, 2021	13-Week Period Ended Sep. 29, 2018	Change in Dollars	%/bps Change
Net earnings (GAAP)	\$ 378,013	\$ 431,042	\$ (53,029)	-12.3%
Interest (GAAP)	128,214	89,016	39,198	44.0%
Income taxes (GAAP)	128,707	106,950	21,757	20.3%
Depreciation and amortization (GAAP)	186,466	187,627	(1,161)	-0.6%
EBITDA (Non-GAAP)	<u>\$ 821,400</u>	<u>\$ 814,635</u>	<u>\$ 6,765</u>	<u>0.8%</u>
Certain Item adjustments:				
Impact of restructuring and transformational project costs (1)	24,247	40,903	(16,656)	-40.7%
Impact of acquisition-related costs (2)	14,221	2,056	12,165	NM
Impact of bad debt reserve adjustments (3)	(7,061)	-	(7,061)	NM
EBITDA adjusted for Certain Items (Non-GAAP) (4)	<u><u>\$ 852,807</u></u>	<u><u>\$ 857,594</u></u>	<u><u>\$ (4,787)</u></u>	<u><u>-0.6%</u></u>

(1) Fiscal 2022 includes various transformation initiative costs, primarily consisting of changes to our business technology strategy, excluding charges related to accelerated depreciation. Fiscal 2019 includes \$26 million related to various transformation initiative costs and \$15 million related to severance, restructuring and facility closure charges, excluding charges related to accelerated depreciation.

(2) Fiscal 2022 includes acquisition and due diligence costs. Fiscal 2019 represents acquisition costs.

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

(4) In arriving at adjusted EBITDA, Sysco does not adjust out interest income of \$2 million and \$1 million for fiscal 2022 and fiscal 2019, respectively, or non-cash stock compensation expense of \$29 million in both fiscal 2022 and fiscal 2019.

NM represents that the percentage change is not meaningful.

Net Debt to Adjusted EBITDA Leverage Ratio Targets

We expect to achieve our net debt to adjusted EBITDA leverage ratio forecast in the fourth quarter of fiscal 2022. 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
Impact of goodwill impairment
Impact of loss sale of businesses
Impact of loss on assets held for sale

EBITDA adjusted for Certain Items (Non-GAAP)

Net Debt to Adjusted EBITDA Ratio