

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, such as 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 (A) 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; (B) acquisition-related costs consisting of: (1) intangible amortization expense and (2) acquisition costs and due diligence costs related to our acquisitions; and (C) 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 related to COVID-related personal protection equipment inventory. Our results for fiscal 2022 were also impacted by an increase in reserves for uncertain tax positions.

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

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

Sysco has a history of growth through acquisitions and excludes from its non-GAAP financial measures the impact of acquisition-related intangible amortization, acquisition costs and due-diligence costs for those acquisitions. We believe this approach significantly enhances the comparability of Sysco's results for fiscal 2023 and fiscal 2022.

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 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, 1Q23 vs. 1Q22
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Oct. 1, 2022	13-Week Period Ended Oct. 2, 2021	Change in Dollars	% Change
Sales (GAAP)	\$ 19,126,830	\$ 16,456,546	\$ 2,670,284	16.2%
Impact of currency fluctuations (1)	319,162	-	319,162	2.0%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 19,445,992</u>	<u>\$ 16,456,546</u>	<u>\$ 2,989,446</u>	<u>18.2%</u>
Cost of sales (GAAP)	\$ 15,637,975	\$ 13,484,838	\$ 2,153,137	16.0%
Impact of inventory valuation adjustment (2)	2,571	-	2,571	0.0%
Cost of sales adjusted for Certain Items (Non-GAAP)	<u>\$ 15,640,546</u>	<u>\$ 13,484,838</u>	<u>\$ 2,155,708</u>	<u>16.0%</u>
Gross Profit (GAAP)	\$ 3,488,855	\$ 2,971,708	\$ 517,147	17.4%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	-0.1%
Comparable gross profit adjusted for Certain Items (Non-GAAP)	<u>3,486,284</u>	<u>2,971,708</u>	<u>514,576</u>	<u>17.3%</u>
Impact of currency fluctuations (1)	73,035	-	73,035	2.5%
Comparable gross profit adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 3,559,319</u>	<u>\$ 2,971,708</u>	<u>\$ 587,611</u>	<u>19.8%</u>
Gross margin (GAAP)	18.24%	18.06%		18 bps
Impact of inventory valuation adjustment (2)	-0.01%	0.00%		-1 bps
Comparable Gross margin adjusted for Certain Items (Non-GAAP)	<u>18.23%</u>	<u>18.06%</u>		<u>17 bps</u>
Impact of currency fluctuations (1)	0.07%	0.00%		7 bps
Comparable Gross margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>18.30%</u>	<u>18.06%</u>		<u>24 bps</u>
Operating expenses (GAAP)	\$ 2,754,522	\$ 2,340,026	\$ 414,496	17.7%
Impact of restructuring and transformational project costs (3)	(11,645)	(24,511)	12,866	52.5%
Impact of acquisition-related costs (4)	(29,454)	(35,926)	6,472	18.0%
Impact of bad debt reserve adjustments (5)	2,592	7,061	(4,469)	-63.3%
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>2,716,015</u>	<u>2,286,650</u>	<u>429,365</u>	<u>18.8%</u>
Impact of currency fluctuations (1)	70,695	-	70,695	3.1%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 2,786,710</u>	<u>\$ 2,286,650</u>	<u>\$ 500,060</u>	<u>21.9%</u>
Operating expense as a percentage of sales (GAAP)	14.40%	14.22%		18 bps
Impact of certain items adjustments	-0.20%	-0.32%		12 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>14.20%</u>	<u>13.90%</u>		<u>30 bps</u>
Operating income (GAAP)	\$ 734,333	\$ 631,682	\$ 102,651	16.3%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (3)	11,645	24,511	(12,866)	-52.5%
Impact of acquisition-related costs (4)	29,454	35,926	(6,472)	-18.0%
Impact of bad debt reserve adjustments (5)	(2,592)	(7,061)	4,469	63.3%
Operating income adjusted for Certain Items (Non-GAAP)	<u>770,269</u>	<u>685,058</u>	<u>85,211</u>	<u>12.4%</u>
Impact of currency fluctuations (1)	2,340	-	2,340	0.4%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 772,609</u>	<u>\$ 685,058</u>	<u>\$ 87,551</u>	<u>12.8%</u>
Operating margin (GAAP)	3.84%	3.84%		0 bps
Operating margin adjusted for Certain Items (Non-GAAP)	<u>4.03%</u>	<u>4.16%</u>		<u>-13 bps</u>
Operating margin adjusted for Certain Items on a constant currency basis (Non-GAAP)	<u>3.97%</u>	<u>4.16%</u>		<u>-19 bps</u>
Net earnings (GAAP)	\$ 465,568	\$ 378,013	\$ 87,555	23.2%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (3)	11,645	24,511	(12,866)	-52.5%
Impact of acquisition-related costs (4)	29,454	35,926	(6,472)	-18.0%
Impact of bad debt reserve adjustments (5)	(2,592)	(7,061)	4,469	63.3%
Tax impact of inventory valuation adjustment (6)	637	-	637	NM
Tax impact of restructuring and transformational project costs (6)	(2,884)	(6,186)	3,302	53.4%
Tax impact of acquisition-related costs (6)	(7,295)	(9,066)	1,772	19.5%
Tax impact of bad debt reserve adjustments (6)	642	1,782	(1,140)	-64.0%
Impact of adjustments to uncertain tax positions	-	12,000	(12,000)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 492,604</u>	<u>\$ 429,919</u>	<u>\$ 62,685</u>	<u>14.6%</u>
Diluted earnings per share (GAAP)	\$ 0.91	\$ 0.73	\$ 0.18	24.7%
Impact of inventory valuation adjustment (2)	(0.01)	-	(0.01)	NM
Impact of restructuring and transformational project costs (3)	0.02	0.05	(0.03)	-60.0%
Impact of acquisition-related costs (4)	0.06	0.07	(0.01)	-14.3%
Impact of bad debt reserve adjustments (5)	(0.01)	(0.01)	-	0.0%
Tax impact of restructuring and transformational project costs (6)	(0.01)	(0.01)	-	0.0%
Tax impact of acquisition-related costs (6)	(0.01)	(0.02)	0.01	50.0%
Impact of adjustments to uncertain tax positions	-	0.02	(0.02)	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (7)	<u>\$ 0.97</u>	<u>\$ 0.83</u>	<u>\$ 0.14</u>	<u>16.9%</u>
Diluted shares outstanding	510,383,149	515,782,928		

(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.

(3) Fiscal 2023 includes \$4 million related to restructuring, severance, and facility closure charges and \$8 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. 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.

(4) Fiscal 2023 includes \$26 million of intangible amortization expense and \$4 million in acquisition and due diligence costs. 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.

(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) 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, 1Q23 vs. 1Q19
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Oct. 1, 2022	13-Week Period Ended Sep. 29, 2018	Change in Dollars	% Change
Sales (GAAP)	\$ 19,126,830	\$ 15,215,279	\$ 3,911,551	25.7%
Impact of currency fluctuations (1)	319,162	-	319,162	2.1%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 19,445,992</u>	<u>\$ 15,215,279</u>	<u>\$ 4,230,713</u>	<u>27.8%</u>
Cost of sales	\$ 15,637,975	\$ 12,311,494	\$ 3,326,481	27.0%
Impact of inventory valuation adjustment (2)	2,571	-	2,571	0.0%
Cost of sales adjusted for Certain Items (Non-GAAP)	<u>\$ 15,640,546</u>	<u>\$ 12,311,494</u>	<u>\$ 3,329,052</u>	<u>27.0%</u>
Gross Profit (GAAP)	\$ 3,488,855	\$ 2,903,785	\$ 585,070	20.1%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	0.0%
Comparable gross profit adjusted for Certain Items (Non-GAAP)	<u>\$ 3,486,284</u>	<u>\$ 2,903,785</u>	<u>\$ 582,499</u>	<u>20.1%</u>
Impact of currency fluctuations (1)	73,035	-	73,035	2.5%
Comparable gross profit adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 3,559,319</u>	<u>\$ 2,903,785</u>	<u>\$ 655,534</u>	<u>22.6%</u>
Gross margin (GAAP)	18.24%	19.08%		-84 bps
Impact of inventory valuation adjustment (2)	-0.01%	0.00%		-1 bps
Gross margin adjusted for Certain Items (Non-GAAP)	<u>18.23%</u>	<u>19.08%</u>		<u>-85 bps</u>
Impact of currency fluctuations (1)	0.07%	0.00%		7 bps
Comparable Gross margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>18.30%</u>	<u>19.08%</u>		<u>-78 bps</u>
Operating expenses (GAAP)	\$ 2,754,522	\$ 2,275,645	\$ 478,877	21.0%
Impact of restructuring and transformational project costs (3)	(11,645)	(40,903)	29,258	71.5%
Impact of acquisition-related costs (4)	(29,454)	(22,636)	(6,818)	-30.1%
Impact of bad debt reserve adjustments (5)	2,592	-	2,592	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 2,716,015</u>	<u>\$ 2,212,106</u>	<u>\$ 503,909</u>	<u>22.8%</u>
Impact of currency fluctuations (1)	70,695	-	70,695	3.2%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 2,786,710</u>	<u>\$ 2,212,106</u>	<u>\$ 574,604</u>	<u>26.0%</u>
Operating expense as a percentage of sales (GAAP)	14.40%	14.96%		-56 bps
Impact of certain items adjustments	-0.20%	-0.42%		22 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>14.20%</u>	<u>14.54%</u>		<u>-34 bps</u>
Operating income (GAAP)	\$ 734,333	\$ 628,140	\$ 106,193	16.9%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (3)	11,645	40,903	(29,258)	-71.5%
Impact of acquisition-related costs (4)	29,454	22,636	6,818	30.1%
Impact of bad debt reserve adjustments (5)	(2,592)	-	(2,592)	NM
Operating income adjusted for Certain Items (Non-GAAP)	<u>\$ 770,269</u>	<u>\$ 691,679</u>	<u>\$ 78,590</u>	<u>11.4%</u>
Impact of currency fluctuations (1)	2,340	-	2,340	109.5%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 772,609</u>	<u>\$ 691,679</u>	<u>\$ 80,930</u>	<u>11.7%</u>
Operating margin (GAAP)	3.84%	4.13%		-29 bps
Operating margin adjusted for certain items (Non-GAAP)	<u>4.03%</u>	<u>4.55%</u>		<u>-52 bps</u>
Operating margin adjust for extra week and certain items on a constant currency basis (Non-GAAP)	<u>3.97%</u>	<u>4.55%</u>		<u>-58 bps</u>
Net earnings (GAAP)	\$ 465,568	\$ 431,042	\$ 34,526	8.0%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (3)	11,645	40,903	(29,258)	-71.5%
Impact of acquisition-related costs (4)	29,454	22,636	6,818	30.1%
Impact of bad debt reserve adjustments (5)	(2,592)	-	(2,592)	NM
Tax impact of inventory valuation adjustment (6)	637	-	637	NM
Tax impact of restructuring and transformational project costs (6)	(2,884)	(10,674)	7,790	73.0%
Tax impact of acquisition-related costs (6)	(7,295)	(4,691)	(2,604)	-55.5%
Tax impact of bad debt reserve adjustments (6)	642	-	642	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 492,604</u>	<u>\$ 479,216</u>	<u>\$ 13,388</u>	<u>2.8%</u>
Diluted earnings per share (GAAP)	\$ 0.91	\$ 0.81	\$ 0.10	12.3%
Impact of inventory valuation adjustment (2)	(0.01)	-	(0.01)	NM
Impact of restructuring and transformational project costs (3)	0.02	0.08	(0.06)	-75.0%
Impact of acquisition-related costs (4)	0.06	0.04	0.02	50.0%
Impact of bad debt reserve adjustments (5)	(0.01)	-	(0.01)	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)	(0.01)	-	0.0%
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (7)	<u>\$ 0.97</u>	<u>\$ 0.91</u>	<u>\$ 0.06</u>	<u>6.6%</u>
Diluted shares outstanding	510,383,149	529,034,470		

(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.

(3) Fiscal 2023 includes \$4 million related to restructuring, severance, and facility closure charges and \$8 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2019 includes \$26 million related to various transformation initiative costs and \$15 million related to severance, restructuring and facility closure charges.

(4) Fiscal 2023 includes \$26 million of intangible amortization expense and \$4 million in acquisition and due diligence costs. Fiscal 2019 includes \$21 million related to intangible amortization expense from the Brakes Acquisition, which is included in the results of Brakes, and \$1 million in integration costs.

(5) Fiscal 2023 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
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments, 1Q23 vs. 1Q22
(Dollars in Thousands)

	13-Week Period Ended Oct. 1, 2022	13-Week Period Ended Oct. 2, 2021	Change in Dollars	%/bps Change
U.S. FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 13,602,482	\$ 11,602,963	\$ 1,999,519	17.2%
Gross Profit (GAAP)	2,612,343	2,185,154	427,189	19.5%
Gross Margin (GAAP)	19.20%	18.83%		37 bps
Operating expenses (GAAP)	\$ 1,708,515	\$ 1,387,631	\$ 320,884	23.1%
Impact of restructuring and transformational project costs	48	(3)	51	NM
Impact of acquisition-related costs (1)	(12,585)	(4,654)	(7,931)	NM
Impact of bad debt reserve adjustments (2)	2,592	6,420	(3,828)	-59.6%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 1,698,570	\$ 1,389,394	\$ 309,176	22.3%
Operating income (GAAP)	\$ 903,828	\$ 797,523	\$ 106,305	13.3%
Impact of restructuring and transformational project costs	(48)	3	(51)	NM
Impact of acquisition-related costs (1)	12,585	4,654	7,931	NM
Impact of bad debt reserve adjustments (2)	(2,592)	(6,420)	3,828	59.6%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 913,773	\$ 795,760	\$ 118,013	14.8%
INTERNATIONAL FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 3,283,735	\$ 2,895,247	\$ 388,488	13.4%
Impact of currency fluctuations (3)	315,451	-	315,451	10.9%
Comparable sales using a constant currency basis (Non-GAAP)	\$ 3,599,186	\$ 2,895,247	\$ 703,939	24.3%
Gross Profit (GAAP)	\$ 649,265	\$ 589,134	\$ 60,131	10.2%
Impact of currency fluctuations (3)	71,760	-	71,760	12.2%
Comparable gross profit using a constant currency basis (Non-GAAP)	\$ 721,025	\$ 589,134	\$ 131,891	22.4%
Gross Margin (GAAP)	19.77%	20.35%		-58 bps
Impact of currency fluctuations (3)	0.26%	0.00%		26 bps
Comparable gross margin using a constant currency basis (Non-GAAP)	20.03%	20.35%		-32 bps
Operating expenses (GAAP)	\$ 562,057	\$ 552,458	\$ 9,599	1.7%
Impact of restructuring and transformational project costs (4)	(3,907)	(9,426)	5,519	58.6%
Impact of acquisition-related costs (5)	(16,014)	(18,656)	2,642	14.2%
Impact of bad debt reserve adjustments (2)	-	641	(641)	NM
Operating expenses adjusted for Certain Items (Non-GAAP)	542,136	525,017	17,119	3.3%
Impact of currency fluctuations (3)	64,707	-	64,707	12.3%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 606,843	\$ 525,017	\$ 81,826	15.6%
Operating income (GAAP)	\$ 87,208	\$ 36,676	\$ 50,532	NM
Impact of restructuring and transformational project costs (4)	3,907	9,426	(5,519)	-58.6%
Impact of acquisition-related costs (5)	16,014	18,656	(2,642)	-14.2%
Impact of bad debt reserve adjustments (2)	-	(641)	641	NM
Operating income adjusted for Certain Items (Non-GAAP)	107,129	64,117	43,012	67.1%
Impact of currency fluctuations (3)	7,053	-	7,053	11.0%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 114,182	\$ 64,117	\$ 50,065	78.1%
SYGMA				
Sales (GAAP)	\$ 1,933,457	\$ 1,704,033	\$ 229,424	13.5%
Gross Profit (GAAP)	153,893	138,157	15,736	11.4%
Gross Margin (GAAP)	7.96%	8.11%		-15 bps
Operating expenses (GAAP)	\$ 148,422	\$ 140,604	\$ 7,818	5.6%
Operating income (loss) (GAAP)	5,471	(2,447)	7,918	NM

Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments, 1Q23 vs. 1Q22
(Dollars in Thousands)

	13-Week Period Ended Oct. 1, 2022	13-Week Period Ended Oct. 2, 2021	Change in Dollars	%/bps Change
OTHER				
Sales (GAAP)	\$ 307,156	\$ 254,303	\$ 52,853	20.8%
Gross Profit (GAAP)	80,838	59,021	21,817	37.0%
Gross Margin (GAAP)	26.32%	23.21%		311 bps
Operating expenses (GAAP)	69,300	52,565	\$ 16,735	31.8%
Operating income (GAAP)	11,538	6,456	\$ 5,082	78.7%
GLOBAL SUPPORT CENTER				
Gross (loss) profit (GAAP)	\$ (7,484)	\$ 242	\$ (7,726)	NM
Impact of inventory valuation adjustment (6)	(2,571)	-	(2,571)	NM
Comparable gross profit (loss) adjusted for certain items (Non-GAAP)	<u>\$ (10,055)</u>	<u>\$ 242</u>	<u>\$ (10,297)</u>	<u>NM</u>
Operating expenses (GAAP)	\$ 266,228	\$ 206,768	\$ 59,460	28.8%
Impact of restructuring and transformational project costs (7)	(7,786)	(15,082)	7,296	48.4%
Impact of acquisition related costs (8)	(855)	(12,616)	11,761	93.2%
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 257,587</u>	<u>\$ 179,070</u>	<u>\$ 78,517</u>	<u>43.8%</u>
Operating loss (GAAP)	\$ (273,712)	\$ (206,526)	\$ (67,186)	-32.5%
Impact of inventory valuation adjustment (6)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (7)	7,786	15,082	(7,296)	-48.4%
Impact of acquisition related costs (8)	855	12,616	(11,761)	-93.2%
Operating loss adjusted for Certain Items (Non-GAAP)	<u>\$ (267,642)</u>	<u>\$ (178,828)</u>	<u>\$ (88,814)</u>	<u>-49.7%</u>
TOTAL SYSCO				
Sales (GAAP)	\$ 19,126,830	\$ 16,456,546	\$ 2,670,284	16.2%
Gross Profit (GAAP)	3,488,855	2,971,708	517,147	17.4%
Gross margin (GAAP)	18.24%	18.06%		18 bps
Operating expenses (GAAP)	\$ 2,754,522	\$ 2,340,026	\$ 414,496	17.7%
Impact of restructuring and transformational project costs (4) (7)	(11,645)	(24,511)	12,866	52.5%
Impact of acquisition-related costs (1) (5) (8)	(29,454)	(35,926)	6,472	18.0%
Impact of bad debt reserve adjustments (2)	2,592	7,061	(4,469)	-63.3%
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 2,716,015</u>	<u>\$ 2,286,650</u>	<u>\$ 429,365</u>	<u>18.8%</u>
Operating income (GAAP)	\$ 734,333	\$ 631,682	\$ 102,651	16.3%
Impact of inventory valuation adjustment (6)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (4) (7)	11,645	24,511	(12,866)	-52.5%
Impact of acquisition-related costs (1) (5) (8)	29,454	35,926	(6,472)	-18.0%
Impact of bad debt reserve adjustments (2)	(2,592)	(7,061)	4,469	63.3%
Operating income adjusted for Certain Items (Non-GAAP)	<u>\$ 770,269</u>	<u>\$ 685,058</u>	<u>\$ 85,211</u>	<u>12.4%</u>

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

(2) Fiscal 2023 and fiscal 2022 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) Fiscal 2023 represents an adjustment to a product return allowance, related to COVID-related personal protection equipment 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)
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.

	13-Week Period Ended Oct. 1, 2022	13-Week Period Ended Oct. 2, 2021	Change in Dollars
Net cash provided by operating activities (GAAP)	\$ 158,606	\$ 110,812	\$ 47,794
Additions to plant and equipment	(167,260)	(85,019)	(82,241)
Proceeds from sales of plant and equipment	22,448	5,627	16,821
Free Cash Flow (Non-GAAP)	<u>\$ 13,794</u>	<u>\$ 31,420</u>	<u>\$ (17,626)</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 (1Q23 vs. 1Q22)

(In Thousands)

	13-Week Period Ended Oct. 1, 2022	13-Week Period Ended Oct. 2, 2021	Change in Dollars	%/bps Change
Net earnings (GAAP)	\$ 465,568	\$ 378,013	\$ 87,555	23.2%
Interest (GAAP)	124,150	128,214	(4,064)	-3.2%
Income taxes (GAAP)	129,334	128,707	627	0.5%
Depreciation and amortization (GAAP)	188,924	186,466	2,458	1.3%
EBITDA (Non-GAAP)	907,976	821,400	\$ 86,576	10.5%
Certain Item adjustments:				
Impact of inventory valuation adjustment (1)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (2)	10,509	24,247	(13,738)	-56.7%
Impact of acquisition-related costs (3)	3,546	14,221	(10,675)	-75.1%
Impact of bad debt reserve adjustments (4)	(2,592)	(7,061)	4,469	63.3%
EBITDA adjusted for Certain Items (Non-GAAP) (5)	<u>\$ 916,868</u>	<u>\$ 852,807</u>	<u>\$ 64,061</u>	<u>7.5%</u>

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

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

⁽³⁾ Fiscal 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⁾ In arriving at adjusted EBITDA, Sysco does not adjust out interest income of \$3 million and \$2 million or non-cash stock compensation expense of \$27 million and \$29 million in fiscal 2023 and fiscal 2022, respectively.

NM represents that the percentage change is not meaningful.

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.

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

	13-Week Period Ended Oct. 1, 2022
Current Maturities of long-term debt	\$ 555,829
Long-term debt	<u>10,263,331</u>
Total Debt	10,819,160
Cash & Cash Equivalents	<u>(437,670)</u>
Net Debt	10,381,490
Treasury stock purchases	<u>(267,727)</u>
Net Debt adj for treasury stock purchases	\$ 10,113,763
 Adj. EBITDA for the pervious 12 months	 \$ 3,391,410
 Debt/EBITDA Ratio	 3.2
Net Debt/EBITDA Ratio	3.1
Adj Net Debt/EBITDA Ratio	3.0