

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 and EBITDA, any non-GAAP financial measures will be denoted as adjusted measures to remove the impact of: (1) restructuring and transformational project costs consisting of: (a) restructuring charges, (b) expenses associated with our various transformation initiatives and (c) facility closure and severance charges; (2) acquisition-related costs consisting of: (a) intangible amortization expense and (b) acquisition costs and due diligence costs related to our acquisitions; and (3) 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 and 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. Our results for fiscal 2022 were also impacted by debt extinguishment costs and 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, 2Q23 vs. 2Q22
(Dollars in Thousands, Except for Share and Per Share Data)

	13-Week Period Ended Dec. 31, 2022	13-Week Period Ended Jan. 1, 2022	Change in Dollars	% Change
Sales (GAAP)	\$ 18,593,953	\$ 16,320,203	\$ 2,273,750	13.9%
Impact of currency fluctuations (1)	332,426	-	332,426	2.1%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 18,926,379</u>	<u>\$ 16,320,203</u>	<u>\$ 2,606,176</u>	<u>16.0%</u>
Cost of sales (GAAP)	\$ 15,244,337	\$ 13,429,053	\$ 1,815,284	13.5%
Gross Profit (GAAP)	\$ 3,349,616	\$ 2,891,150	\$ 458,466	15.9%
Impact of currency fluctuations (1)	67,898	-	67,898	2.3%
Comparable gross profit adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 3,417,514</u>	<u>\$ 2,891,150</u>	<u>\$ 526,364</u>	<u>18.2%</u>
Gross margin (GAAP)	18.01%	17.72%		29 bps
Impact of currency fluctuations (1)	0.05%	0.00%		5 bps
Comparable Gross margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>18.06%</u>	<u>17.72%</u>		<u>34 bps</u>
Operating expenses (GAAP)	\$ 2,708,974	\$ 2,446,241	\$ 262,733	10.7%
Impact of restructuring and transformational project costs (2)	(14,388)	(23,469)	9,081	38.7%
Impact of acquisition-related costs (3)	(28,960)	(33,732)	4,772	14.1%
Impact of bad debt reserve adjustments (4)	1,923	(6,438)	(4,515)	-70.1%
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>2,667,549</u>	<u>2,395,478</u>	<u>272,071</u>	<u>11.4%</u>
Impact of currency fluctuations (1)	66,976	-	66,976	2.8%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 2,734,525</u>	<u>\$ 2,395,478</u>	<u>\$ 339,047</u>	<u>14.2%</u>
Operating expense as a percentage of sales (GAAP)	14.57%	14.99%		-42 bps
Impact of certain items adjustments	-0.22%	-0.31%		9 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>14.35%</u>	<u>14.68%</u>		<u>-33 bps</u>
Operating income (GAAP)	\$ 640,642	\$ 444,909	\$ 195,733	44.0%
Impact of restructuring and transformational project costs (2)	14,388	23,469	(9,081)	-38.7%
Impact of acquisition-related costs (3)	28,960	33,732	(4,772)	-14.1%
Impact of bad debt reserve adjustments (4)	(1,923)	(6,438)	4,515	70.1%
Operating income adjusted for Certain Items (Non-GAAP)	<u>682,067</u>	<u>495,672</u>	<u>186,395</u>	<u>37.6%</u>
Impact of currency fluctuations (1)	922	-	922	0.2%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 682,989</u>	<u>\$ 495,672</u>	<u>\$ 187,317</u>	<u>37.8%</u>
Operating margin (GAAP)	3.45%	2.73%		72 bps
Operating margin adjusted for Certain Items (Non-GAAP)	3.67%	3.04%		63 bps
Operating margin adjusted for Certain Items on a constant currency basis (Non-GAAP)	3.61%	3.04%		57 bps
Interest expense (GAAP)	\$ 132,042	\$ 242,899	\$ (110,857)	-45.6%
Impact of loss on extinguishment of debt	-	(115,603)	115,603	NM
Interest expense adjusted for Certain Items (Non-GAAP)	<u>\$ 132,042</u>	<u>\$ 127,296</u>	<u>\$ 4,746</u>	<u>3.7%</u>
Other Expense (Income) (GAAP)	\$ 330,124	\$ (10,676)	\$ 340,800	NM
Impact of other non-routine gains and losses (5)	(314,878)	-	(314,878)	NM
Other Expense (Income) adjusted for Certain Items (Non-GAAP)	<u>\$ 15,246</u>	<u>\$ (10,676)</u>	<u>\$ 25,922</u>	<u>NM</u>
Net earnings (GAAP)	\$ 141,216	\$ 167,441	\$ (26,225)	-15.7%
Impact of restructuring and transformational project costs (2)	14,388	23,469	(9,081)	-38.7%
Impact of acquisition-related costs (3)	28,960	33,732	(4,772)	-14.1%
Impact of bad debt reserve adjustments (4)	(1,923)	(6,438)	4,515	70.1%
Impact of loss on extinguishment of debt	-	115,603	(115,603)	NM
Impact of other non-routine gains and losses (5)	314,878	-	314,878	NM
Tax impact of restructuring and transformational project costs (6)	(3,618)	(5,897)	2,279	38.6%
Tax impact of acquisition-related costs (6)	(7,283)	(8,475)	1,192	14.1%
Tax impact of bad debt reserve adjustments (6)	484	1,617	(1,133)	-70.1%
Tax impact of loss on extinguishment of debt (6)	-	(29,111)	29,111	NM
Tax impact of other non-routine gains and losses (6)	(79,185)	-	(79,185)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 407,917</u>	<u>\$ 291,941</u>	<u>\$ 115,976</u>	<u>39.7%</u>
Diluted earnings per share (GAAP)	\$ 0.28	\$ 0.33	\$ (0.05)	-15.2%
Impact of restructuring and transformational project costs (2)	0.03	0.05	(0.02)	-40.0%
Impact of acquisition-related costs (3)	0.06	0.07	(0.01)	-14.3%
Impact of bad debt reserve adjustments (4)	-	(0.01)	0.01	NM
Impact of loss on extinguishment of debt	-	0.22	(0.22)	NM
Impact of other non-routine gains and losses (5)	0.62	-	0.62	NM
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%
Tax impact of bad debt reserve adjustments (6)	-	-	-	NM
Tax impact of loss on extinguishment of debt (6)	-	(0.06)	0.06	NM
Tax impact of other non-routine gains and losses (6)	(0.16)	-	(0.16)	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (7)	<u>\$ 0.80</u>	<u>\$ 0.57</u>	<u>\$ 0.23</u>	<u>40.4%</u>
Diluted shares outstanding	510,145,794	514,574,889		

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

(2) Fiscal 2023 includes \$5 million related to restructuring, severance, and facility closure charges and \$9 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2022 includes \$12 million related to restructuring, severance, and facility closure charges and \$12 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy.

(3) Fiscal 2023 includes \$26 million of intangible amortization expense and \$3 million in acquisition and due diligence costs. Fiscal 2022 includes \$27 million of intangible amortization expense and \$7 million in acquisition and due diligence costs.

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

(5) Fiscal 2023 primarily represents a pension settlement charge of \$315.4 million that resulted from the purchase of a nonparticipating single premium group annuity contract that transferred defined benefit plan obligations to an insurer.

(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, 2Q23 vs. 2Q22
(Dollars in Thousands, Except for Share and Per Share Data)

	26-Week Period Ended Dec. 31, 2022	26-Week Period Ended Jan. 1, 2022	Change in Dollars	% Change
Sales (GAAP)	\$ 37,720,783	\$ 32,776,749	\$ 4,944,034	15.1%
Impact of currency fluctuations (1)	651,588	-	651,588	2.0%
Comparable sales using a constant currency basis (Non-GAAP)	<u>\$ 38,372,371</u>	<u>\$ 32,776,749</u>	<u>\$ 5,595,622</u>	<u>17.1%</u>
Cost of sales	\$ 30,882,312	\$ 26,913,891	\$ 3,968,421	14.7%
Impact of inventory valuation adjustment (2)	2,571	-	2,571	0.1%
Cost of sales adjusted for Certain Items (Non-GAAP)	<u>\$ 30,884,883</u>	<u>\$ 26,913,891</u>	<u>\$ 3,970,992</u>	<u>14.8%</u>
Gross Profit (GAAP)	\$ 6,838,471	\$ 5,862,858	\$ 975,613	16.6%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	0.0%
Comparable gross profit adjusted for Certain Items (Non-GAAP)	6,835,900	5,862,858	973,042	16.6%
Impact of currency fluctuations (1)	140,932	-	140,932	2.4%
Comparable gross profit adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 6,976,832</u>	<u>\$ 5,862,858</u>	<u>\$ 1,113,974</u>	<u>19.0%</u>
Gross margin (GAAP)	18.13%	17.89%		24 bps
Impact of inventory valuation adjustment (2)	-0.01%	0.00%		-1 bps
Comparable Gross margin adjusted for Certain Items (Non-GAAP)	18.12%	17.89%		23 bps
Impact of currency fluctuations (1)	0.06%	0.00%		6 bps
Comparable Gross margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>18.18%</u>	<u>17.89%</u>		<u>29 bps</u>
Operating expenses (GAAP)	\$ 5,463,496	\$ 4,786,267	\$ 677,229	14.1%
Impact of restructuring and transformational project costs (3)	(26,034)	(47,980)	21,946	45.7%
Impact of acquisition-related costs (4)	(58,415)	(69,658)	11,243	16.1%
Impact of bad debt reserve adjustments (5)	4,515	13,499	(8,984)	-66.6%
Operating expenses adjusted for Certain Items (Non-GAAP)	5,383,562	4,682,128	701,434	15.0%
Impact of currency fluctuations (1)	137,670	-	137,670	2.9%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 5,521,232</u>	<u>\$ 4,682,128</u>	<u>\$ 839,104</u>	<u>17.9%</u>
Operating expense as a percentage of sales (GAAP)	14.48%	14.60%		-12 bps
Impact of certain items adjustments	-0.21%	-0.32%		11 bps
Adjusted operating expense as a percentage of sales (Non-GAAP)	<u>14.27%</u>	<u>14.28%</u>		<u>-1 bps</u>
Operating income (GAAP)	\$ 1,374,975	\$ 1,076,591	\$ 298,384	27.7%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (3)	26,034	47,980	(21,946)	-45.7%
Impact of acquisition-related costs (4)	58,415	69,658	(11,243)	-16.1%
Impact of bad debt reserve adjustments (5)	(4,515)	(13,499)	8,984	66.6%
Operating income adjusted for Certain Items (Non-GAAP)	1,452,338	1,180,730	271,608	23.0%
Impact of currency fluctuations (1)	3,262	-	3,262	0.3%
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	<u>\$ 1,455,600</u>	<u>\$ 1,180,730</u>	<u>\$ 274,870</u>	<u>23.3%</u>
Operating margin (GAAP)	3.65%	3.28%		37 bps
Operating margin adjusted for Certain Items (Non-GAAP)	3.85%	3.60%		25 bps
Operating margin adjusted for Certain Items using a constant currency basis (Non-GAAP)	3.79%	3.60%		19 bps
Interest expense (GAAP)	\$ 256,192	\$ 371,113	\$ (114,921)	-31.0%
Impact of loss on extinguishment of debt	-	(115,603)	115,603	NM
Interest expense adjusted for Certain Items (Non-GAAP)	<u>\$ 256,192</u>	<u>\$ 255,510</u>	<u>\$ 682</u>	<u>0.3%</u>
Other Expense (Income) (GAAP)	\$ 345,405	\$ (13,928)	\$ 359,333	NM
Impact of other non-routine gains and losses (6)	(314,878)	-	(314,878)	NM
Other Expense (Income) adjusted for Certain Items (Non-GAAP)	<u>\$ 30,527</u>	<u>\$ (13,928)</u>	<u>\$ 44,455</u>	<u>NM</u>
Net earnings (GAAP)	\$ 606,784	\$ 545,454	\$ 61,330	11.2%
Impact of inventory valuation adjustment (2)	(2,571)	-	(2,571)	NM
Impact of restructuring and transformational project costs (3)	26,034	47,980	(21,946)	-45.7%
Impact of acquisition-related costs (4)	58,415	69,658	(11,243)	-16.1%
Impact of bad debt reserve adjustments (5)	(4,515)	(13,499)	8,984	66.6%
Impact of loss on extinguishment of debt	-	115,603	(115,603)	NM
Impact of other non-routine gains and losses (6)	314,878	-	314,878	NM
Tax impact of inventory valuation adjustment (7)	646	-	646	NM
Tax impact of restructuring and transformational project costs (7)	(6,538)	(12,082)	5,544	45.9%
Tax impact of acquisition-related costs (7)	(14,670)	(17,541)	2,871	16.4%
Tax impact of bad debt reserve adjustments (7)	1,134	3,399	(2,265)	-66.6%
Tax impact of loss on extinguishment of debt (7)	-	(29,111)	29,111	NM
Tax impact of other non-routine gains and losses (7)	(79,075)	-	(79,075)	NM
Impact of adjustments to uncertain tax positions	-	12,000	(12,000)	NM
Net earnings adjusted for Certain Items (Non-GAAP)	<u>\$ 900,522</u>	<u>\$ 721,861</u>	<u>\$ 178,661</u>	<u>24.8%</u>
Diluted earnings per share (GAAP)	\$ 1.19	\$ 1.06	\$ 0.13	12.3%
Impact of inventory valuation adjustment (2)	(0.01)	-	(0.01)	NM
Impact of restructuring and transformational project costs (3)	0.05	0.09	(0.04)	-44.4%
Impact of acquisition-related costs (4)	0.11	0.14	(0.03)	-21.4%
Impact of bad debt reserve adjustments (5)	(0.01)	(0.03)	0.02	66.7%
Impact of loss on extinguishment of debt	-	0.22	(0.22)	NM
Impact of other non-routine gains and losses (6)	0.62	-	0.62	NM
Tax impact of restructuring and transformational project costs (7)	(0.01)	(0.02)	0.01	50.0%
Tax impact of acquisition-related costs (7)	(0.03)	(0.03)	-	0.0%
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)	(0.15)	-	(0.15)	NM
Impact of adjustments to uncertain tax positions	-	0.02	(0.02)	NM
Diluted earnings per share adjusted for Certain Items (Non-GAAP) (8)	<u>\$ 1.76</u>	<u>\$ 1.40</u>	<u>\$ 0.36</u>	<u>25.7%</u>
Diluted shares outstanding	510,264,473	515,178,910		

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

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

(3) Fiscal 2023 includes \$10 million related to restructuring, severance, and facility closure charges and \$16 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy. Fiscal 2022 includes \$28 million related to various transformation initiative costs, primarily consisting of changes to our business technology strategy and \$20 million related to restructuring charges, severance and facility closure charges.

(4) Fiscal 2023 includes \$52 million of intangible amortization expense and \$6 million in acquisition and due diligence costs. Fiscal 2022 includes \$48 million of intangible amortization expense and \$21 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 represents a pension settlement charge of \$315.4 million that resulted from the purchase of a nonparticipating single premium group annuity contract that transferred defined benefit plan obligations to an insurer.

(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, 2Q23 vs. 2Q22
(Dollars in Thousands)

	13-Week Period Ended Dec. 31, 2022	13-Week Period Ended Jan. 1, 2022	Change in Dollars	%/bps Change
U.S. FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 13,077,054	\$ 11,498,155	\$ 1,578,899	13.7%
Gross Profit (GAAP)	2,493,089	2,139,278	353,811	16.5%
Gross Margin (GAAP)	19.06%	18.61%		45 bps
Operating expenses (GAAP)	\$ 1,712,128	\$ 1,462,456	\$ 249,672	17.1%
Impact of restructuring and transformational project costs	(92)	(16)	(76)	NM
Impact of acquisition-related costs (1)	(11,514)	(13,131)	1,617	12.3%
Impact of bad debt reserve adjustments (2)	1,658	5,249	(3,591)	-68.4%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 1,702,180	\$ 1,454,558	\$ 247,622	17.0%
Operating income (GAAP)	\$ 780,961	\$ 676,822	\$ 104,139	15.4%
Impact of restructuring and transformational project costs	92	16	76	NM
Impact of acquisition-related costs (1)	11,514	13,131	(1,617)	-12.3%
Impact of bad debt reserve adjustments (2)	(1,658)	(5,249)	3,591	68.4%
Operating income adjusted for Certain Items (Non-GAAP)	\$ 790,909	\$ 684,720	\$ 106,189	15.5%
INTERNATIONAL FOODSERVICE OPERATIONS				
Sales (GAAP)	\$ 3,282,411	\$ 2,806,272	\$ 476,139	17.0%
Impact of currency fluctuations (3)	326,054	-	326,054	11.6%
Comparable sales using a constant currency basis (Non-GAAP)	\$ 3,608,465	\$ 2,806,272	\$ 802,193	28.6%
Gross Profit (GAAP)	\$ 624,460	\$ 565,931	\$ 58,529	10.3%
Impact of currency fluctuations (3)	65,849	-	65,849	11.7%
Comparable gross profit using a constant currency basis (Non-GAAP)	\$ 690,309	\$ 565,931	\$ 124,378	22.0%
Gross Margin (GAAP)	19.02%	20.17%		-115 bps
Impact of currency fluctuations (3)	0.11%	0.00%		11 bps
Comparable gross margin using a constant currency basis (Non-GAAP)	19.13%	20.17%		-104 bps
Operating expenses (GAAP)	\$ 567,075	\$ 555,186	\$ 11,889	2.1%
Impact of restructuring and transformational project costs (4)	(5,588)	(11,621)	6,033	51.9%
Impact of acquisition-related costs (5)	(15,935)	(18,475)	2,540	13.7%
Impact of bad debt reserve adjustments (2)	265	1,191	(926)	-77.7%
Operating expenses adjusted for Certain Items (Non-GAAP)	545,817	526,281	19,536	3.7%
Impact of currency fluctuations (3)	61,228	-	61,228	11.6%
Comparable operating expenses adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 607,045	\$ 526,281	\$ 80,764	15.3%
Operating income (GAAP)	\$ 57,385	\$ 10,745	\$ 46,640	NM
Impact of restructuring and transformational project costs (4)	5,588	11,621	(6,033)	-51.9%
Impact of acquisition-related costs (5)	15,935	18,475	(2,540)	-13.7%
Impact of bad debt reserve adjustments (2)	(265)	(1,191)	926	77.7%
Operating income adjusted for Certain Items (Non-GAAP)	78,643	39,650	38,993	98.3%
Impact of currency fluctuations (3)	4,622	-	4,622	NM
Comparable operating income adjusted for Certain Items using a constant currency basis (Non-GAAP)	\$ 83,265	\$ 39,650	\$ 43,615	NM
SYGMA				
Sales (GAAP)	\$ 1,933,536	\$ 1,771,323	\$ 162,213	9.2%
Gross Profit (GAAP)	150,461	136,952	13,509	9.9%
Gross Margin (GAAP)	7.78%	7.73%		5 bps
Operating expenses (GAAP)	\$ 143,656	\$ 143,681	\$ (25)	0.0%
Operating income (loss) (GAAP)	6,805	(6,729)	13,534	NM
OTHER				
Sales (GAAP)	\$ 300,952	\$ 244,453	\$ 56,499	23.1%
Gross Profit (GAAP)	77,311	54,809	22,502	41.1%
Gross Margin (GAAP)	25.69%	22.42%		327 bps
Operating expenses (GAAP)	67,430	54,626	\$ 12,804	23.4%
Impact of bad debt reserve adjustments (2)	-	(2)	2	NM
Operating expenses adjusted for certain items (Non-GAAP)	\$ 67,430	\$ 54,624	\$ 12,806	23.4%
Operating income (GAAP)	9,881	183	\$ 9,698	NM
Impact of bad debt reserve adjustments (2)	-	2	(2)	NM
Operating income adjusted for Certain Items (Non-GAAP)	\$ 9,881	\$ 185	\$ 9,696	NM
GLOBAL SUPPORT CENTER				
Gross (loss) profit (GAAP)	\$ 4,295	\$ (5,820)	\$ 10,115	NM
Operating expenses (GAAP)	\$ 218,685	\$ 230,292	\$ (11,607)	-5.0%
Impact of restructuring and transformational project costs (6)	(8,708)	(11,832)	3,124	26.4%
Impact of acquisition related costs (7)	(1,511)	(2,126)	615	28.9%
Operating expenses adjusted for Certain Items (Non-GAAP)	\$ 208,466	\$ 216,334	\$ (7,868)	-3.6%
Operating loss (GAAP)	\$ (214,390)	\$ (236,112)	\$ 21,722	9.2%
Impact of restructuring and transformational project costs (6)	8,708	11,832	(3,124)	-26.4%
Impact of acquisition related costs (7)	1,511	2,126	(615)	-28.9%
Operating loss adjusted for Certain Items (Non-GAAP)	\$ (204,171)	\$ (222,154)	\$ 17,983	8.1%

Sysco Corporation and its Consolidated Subsidiaries
Segment Results
Non-GAAP Reconciliation (Unaudited)
Impact of Certain Items on Applicable Segments, 2Q23 vs. 2Q22
(Dollars in Thousands)

	13-Week Period Ended Dec. 31, 2022	13-Week Period Ended Jan. 1, 2022	Change in Dollars	%/bps Change
TOTAL SYSCO				
Sales (GAAP)	\$ 18,593,953	\$ 16,320,203	\$ 2,273,750	13.9%
Gross Profit (GAAP)	3,349,616	2,891,150	458,466	15.9%
Gross margin (GAAP)	18.01%	17.72%		29 bps
Operating expenses (GAAP)				
Impact of restructuring and transformational project costs (4) (6)	\$ 2,708,974	\$ 2,446,241	\$ 262,733	10.7%
Impact of acquisition-related costs (1) (5) (7)	(14,388)	(23,469)	9,081	38.7%
Impact of bad debt reserve adjustments (2)	(28,960)	(33,732)	4,772	14.1%
	1,923	6,438	(4,515)	-70.1%
Operating expenses adjusted for Certain Items (Non-GAAP)	<u>\$ 2,667,549</u>	<u>\$ 2,395,478</u>	<u>\$ 272,071</u>	<u>11.4%</u>
Operating income (GAAP)				
Impact of restructuring and transformational project costs (4) (6)	\$ 640,642	\$ 444,909	\$ 195,733	44.0%
Impact of acquisition-related costs (1) (5) (7)	14,388	23,469	(9,081)	-38.7%
Impact of bad debt reserve adjustments (2)	28,960	33,732	(4,772)	-14.1%
	(1,923)	(6,438)	4,515	70.1%
Operating income adjusted for Certain Items (Non-GAAP)	<u>\$ 682,067</u>	<u>\$ 495,672</u>	<u>\$ 186,395</u>	<u>37.6%</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) 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)

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 (2Q23 vs. 2Q22)

(In Thousands)

	13-Week Period Ended Dec. 31, 2022	13-Week Period Ended Jan. 1, 2022	Change in Dollars	%/bps Change
Net earnings (GAAP)	\$ 141,216	\$ 167,441	\$ (26,225)	-15.7%
Interest (GAAP)	132,042	242,899	(110,857)	-45.6%
Income taxes (GAAP)	37,260	45,245	(7,985)	-17.6%
Depreciation and amortization (GAAP)	190,025	191,297	(1,272)	-0.7%
EBITDA (Non-GAAP)	500,543	646,882	\$ (146,339)	-22.6%
Certain Item adjustments:				
Impact of restructuring and transformational project costs (1)	14,793	23,193	(8,400)	-36.2%
Impact of acquisition-related costs (2)	3,049	7,085	(4,036)	-57.0%
Impact of bad debt reserve adjustments (3)	(1,923)	(6,438)	4,515	70.1%
Impact of other non-routine gains and losses (4)	314,878	-	314,878	NM
EBITDA adjusted for Certain Items (Non-GAAP) (5)	<u>\$ 831,340</u>	<u>\$ 670,722</u>	<u>\$ 160,618</u>	<u>23.9%</u>

⁽¹⁾ 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.

⁽²⁾ Fiscal 2023 and fiscal 2022 include acquisition and due diligence costs.

⁽³⁾ Fiscal 2023 and fiscal 2022 represent the reduction of bad debt charges previously taken on pre-pandemic trade receivable balances in fiscal 2020.

⁽⁴⁾ Fiscal 2023 primarily represents a pension settlement charge of \$315.4 million that resulted from the purchase of a nonparticipating single premium group annuity contract that transferred

⁽⁵⁾ In arriving at adjusted EBITDA, Sysco does not adjust out interest income of \$5 million and \$1 million or non-cash stock compensation expense of \$24 million and \$31 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)

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.

	Dec. 31, 2022
Current Maturities of long-term debt	\$ 702,067
Long-term debt	10,349,913
Total Debt	11,051,980
Cash & Cash Equivalents	(500,340)
Net Debt	10,551,640
Adjusted EBITDA for the pervious 12 months	\$ 3,552,029
Debt/Adjusted EBITDA Ratio	3.1
Net Debt/Adjusted EBITDA Ratio	3.0