



Second Quarter Fiscal Year 2024 Results

August 8, 2024

US. WE HELP YOU
FOODS MAKE IT[®]

Disclaimer Page

Cautionary Statements Regarding Forward-Looking Information

Statements in this presentation which are not historical in nature are “forward-looking statements” within the meaning of the federal securities laws. These statements often include words such as “believe,” “expect,” “project,” “anticipate,” “intend,” “plan,” “outlook,” “estimate,” “target,” “seek,” “will,” “may,” “would,” “should,” “could,” “forecast,” “mission,” “strive,” “more,” “goal,” or similar expressions (although not all forward-looking statements may contain such words) and are based upon various assumptions and our experience in the industry, as well as historical trends, current conditions, and expected future developments. However, you should understand that these statements are not guarantees of performance or results and there are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from those expressed in the forward-looking statements, including, among others: economic factors affecting consumer confidence and discretionary spending and reducing the consumption of food prepared away from home; cost inflation/deflation and commodity volatility; competition; reliance on third party suppliers and interruption of product supply or increases in product costs; changes in our relationships with customers and group purchasing organizations; our ability to increase or maintain the highest margin portions of our business; achievement of expected benefits from cost savings initiatives; increases in fuel costs; changes in consumer eating habits; cost and pricing structures; the impact of climate change or related legal, regulatory or market measures; impairment charges for goodwill, indefinite-lived intangible assets or other long-lived assets; the impact of governmental regulations; product recalls and product liability claims; our reputation in the industry; labor relations and increased labor costs and continued access to qualified and diverse labor; indebtedness and restrictions under agreements governing our indebtedness; interest rate increases; disruption of existing technologies and implementation of new technologies; cybersecurity incidents and other technology disruptions; risks associated with intellectual property, including potential infringement; effective consummation of pending acquisitions and effective integration of acquired businesses; potential costs associated with shareholder activism; changes in tax laws and regulations and resolution of tax disputes; certain provisions in our governing documents; health and safety risks to our associates and related losses; adverse judgments or settlements resulting from litigation; extreme weather conditions, natural disasters and other catastrophic events; and management of retirement benefits and pension obligations.

For a detailed discussion of these risks, uncertainties and other factors that could cause our actual results to differ materially from those anticipated or expressed in any forward-looking statements, see the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 30, 2023. Additional risks and uncertainties are discussed from time to time in current, quarterly and annual reports filed by the Company with the SEC, which are available on the SEC’s website at www.sec.gov. Additionally, we operate in a highly competitive and rapidly changing environment; new risks and uncertainties may emerge from time to time, and it is not possible to predict all risks nor identify all uncertainties. The forward-looking statements contained in this presentation speak only as of the date of this presentation and are based on information and estimates available to us at this time. We undertake no obligation to update or revise any forward-looking statements, except as may be required by law.

Non-GAAP Financial Measures

We report our financial results in accordance with U.S. generally accepted accounting principles (“GAAP”). However, this presentation includes the following non-GAAP financial measures: Adjusted Gross profit, Adjusted Operating expenses, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net income, Adjusted Diluted Earnings Per Share (EPS), Net Debt and Net Leverage Ratio. These non-GAAP financial measures exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. We caution readers that our definition of these non-GAAP financial measures may not be calculated in the same manner as similar measures used by other companies. Reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures are included in the Appendix to this presentation.

Please note that the Company is not providing a reconciliation of certain forward-looking non-GAAP financial measures, including Adjusted EBITDA and Adjusted Diluted EPS, because the Company is unable to predict with reasonable certainty the financial impact of certain significant items, including restructuring costs and asset impairment charges, share-based compensation expenses, non-cash impacts of LIFO reserve adjustments, losses on extinguishments of debt, business transformation costs, other gains and losses, business acquisitions and integration related costs, and diluted earnings per share. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the guidance period. For the same reasons, the Company is unable to address the significance of the unavailable information, which could be material to future results.

New Long-range Financial Targets Driven by Our Ambition

~5%

Net Sales
CAGR

~10%

Adj. EBITDA
CAGR

20bps+

Annual Adj. EBITDA
Margin Expansion

~20%

Adj. Diluted EPS
CAGR

OUR AMBITION



Safest



Fastest Growing



Most Profitable



Leading Digital



Best Place to Work

Deployable Capital of \$4B+ from 2025E to 2027E

Delivered Strong Q2 Financial Results

Q2 2024

✓ Growing Volume	+5.2%
✓ Growing Net Sales	+7.7%
✓ Growing Adjusted EBITDA ⁽¹⁾	+13.2%
✓ Growing Adjusted EBITDA Margin ⁽¹⁾	+25 bps
✓ Growing Adjusted Diluted EPS ⁽¹⁾	+17.7%



(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

Drove Strong Results Through Consistent Execution of Strategic Initiatives

- 1 Delivered record Adjusted EBITDA and EBITDA margin, emphasizes the strength of our operating model and our ability to control the controllables
- 2 Continued our balanced approach to drive top-line growth and improve profitability as we captured market share in our target customer types
- 3 Maintained our disciplined approach to capital deployment; announced a \$1 billion share repurchase authorization

Reconciliations of these non-GAAP measures are provided in the Appendix.

OUR STRATEGY



CULTURE
EMBRACE THE US FOODS® CULTURE

SAFE: Always keep our people safe and embrace a path to zero accidents and injuries

SUPPORTIVE: Champion a diverse and inclusive work environment for all; foster employee engagement; attract world-class talent

RESPONSIBLE: Be environmentally and socially conscious



Embrace the US Foods Culture

- Embracing a strong safety culture; safety performance improved by 19% over prior year
- Published our 2023 Sustainability Report, highlighting progress in our three key focus areas: Products, People and Planet
 - > **Products:** Introduced new Serve Good® category focused on Climate-Conscious products designed to help reduce greenhouse gas (GHG) emissions
 - > **People** 970 associates have participated in our Leadership, Excellence & Accelerated Development (LEAD) program since inception
 - > **Planet:** Reduced Scopes 1 and 2 GHG emissions by 6% since 2019, reduced miles driven by 7% and decreased both fuel and energy intensity

OUR STRATEGY



SERVICE

DELIVER WORLD-CLASS SERVICE

RELIABLE: Ensure best-in-class delivery: on-time and in full

EFFICIENT: Drive routing transformation and logistics management; increase replenishment effectiveness

EASY-TO-USE: Create best-in-class experiences for the customer powered by digital and omni-channel capabilities



Deliver Service Excellence

- Deployed Descartes routing technology in 8 markets with 18 more planned this year; ~50% of our routed miles will be on Descartes by year-end
- Delivered a 3.7% improvement in cases per mile over prior year via routing initiatives
- Launched AI optimized delivery tracking for customers in MOXē (a.k.a. “Where’s My Truck”) which drove a 40% improvement in delivery window accuracy in pilot markets; expect to be implemented in all markets by year-end



OUR STRATEGY



GROWTH

GROW MARKET SHARE

TARGET: Grow market share with independent restaurants, health care, hospitality and targeted tuck-in acquisitions

DIFFERENTIATE: Capitalize on our food innovations, team-based selling and value added services

BE FRESH: Improve our capabilities and drive share in produce and COP



Grow Profitable Market Share

- On track to exceed our 1.5x market growth goal for restaurants for 2024, driven by faster growth with independent restaurants
- Gained market share with our target customer types; including 13 consecutive quarters with independent restaurants
- Continued Pronto expansion, our small truck delivery service, live in 40 markets; on track for ~\$700M in annualized sales
- Piloted Pronto Penetration in 2 markets with 4 additional markets planned for later this year; extends Pronto to existing independent customers



OUR STRATEGY



PROFIT

EXPAND EBITDA MARGIN

MARGIN: Expand through EB growth, strategic vendor management and pricing initiatives

PRODUCTIVITY: Embrace continuous improvement and drive 3-5% annual gains

OPTIMIZATION: Enhance indirect spend management



Further Optimize EBITDA Margin

- Grew private label penetration, including ~100 basis points year-over-year to more than 52% penetration with independent restaurants
- Now expect to achieve \$80M in expense savings in 2024 and \$120M on an annualized run-rate
- Delivered ~3% improvement in delivery and warehouse productivity, in line with our goal of 3% to 5% annual productivity gains to offset wage inflation



Second Quarter Fiscal Year 2024 Financial Review

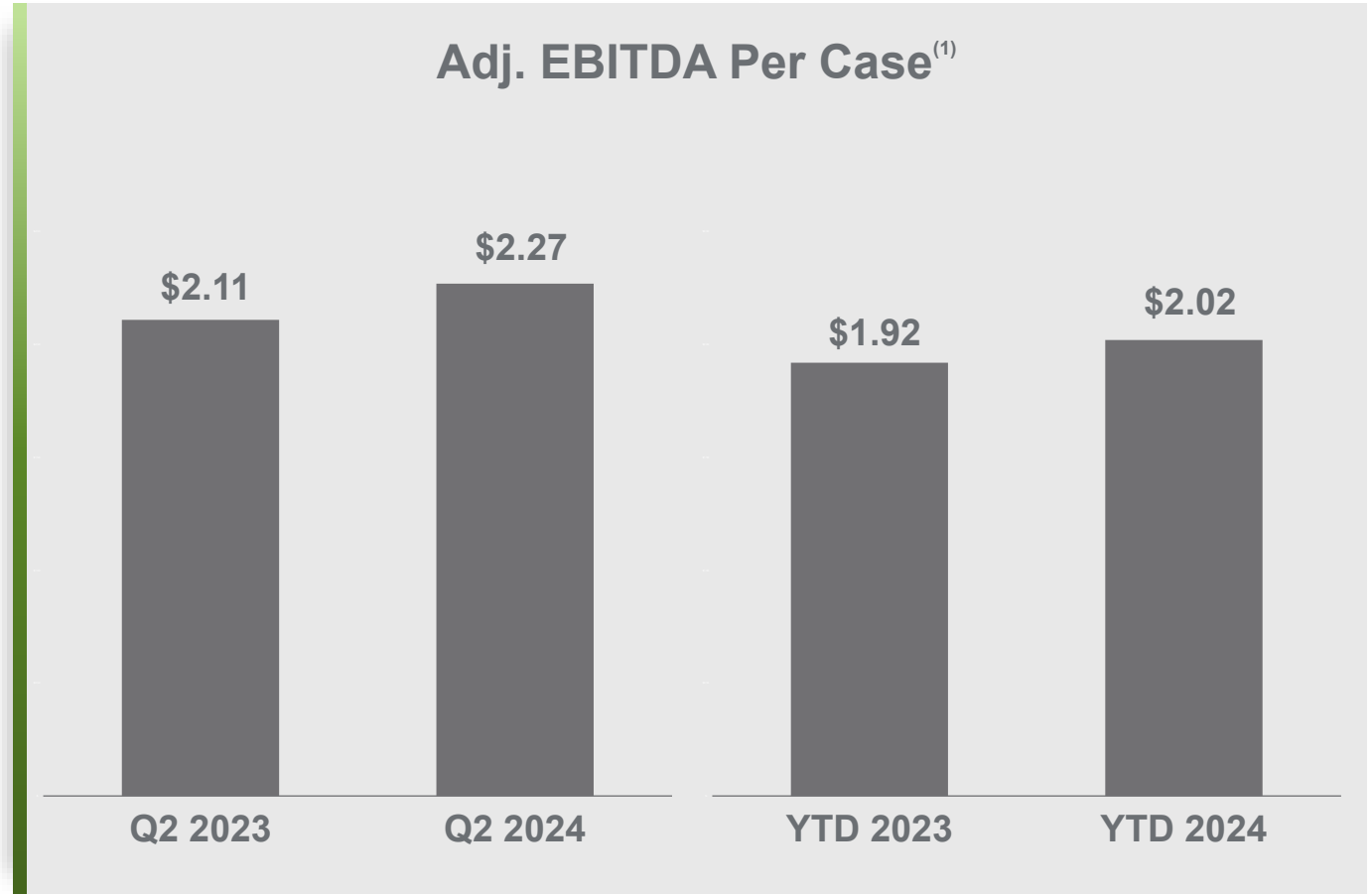
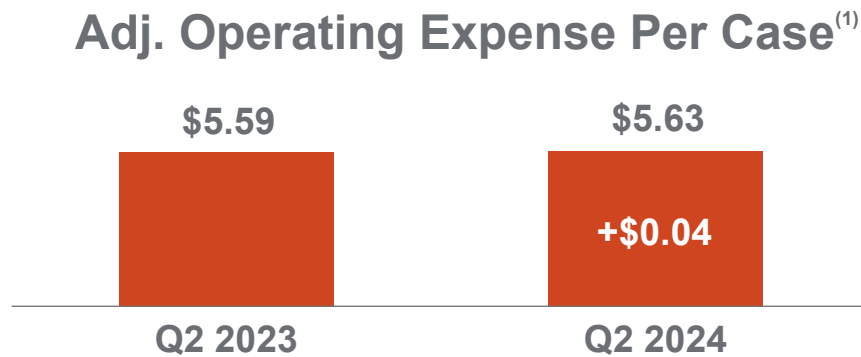
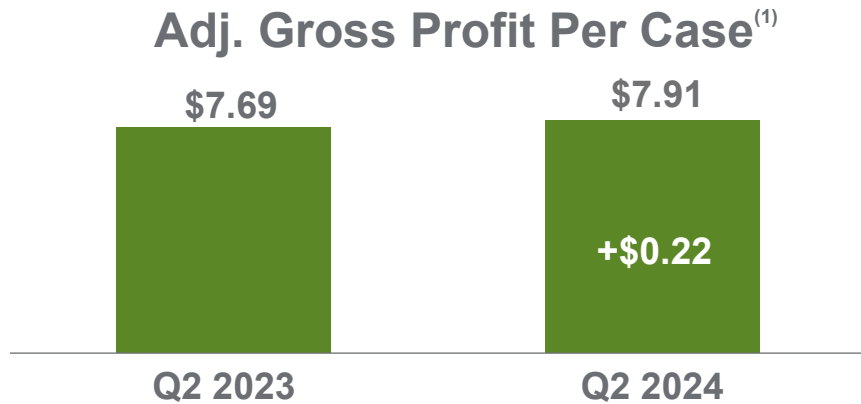
Dirk Locascio
Chief Financial Officer

Delivered Continued Sales and Earnings Growth

	Q2 2024	B/(W) vs. Q2 2023	YTD 2024	B/(W) vs. YTD 2023
Total Case Volume		+5.2%		+4.7%
Independent Restaurant Case Volume		+5.7%		+5.2%
Net Sales (\$millions)	\$9,709	+7.7%	\$18,658	+6.3%
Adjusted EBITDA ⁽¹⁾ (\$millions)	\$489	+13.2%	\$845	+9.9%
Adjusted EBITDA Margin ⁽¹⁾	5.0%	+25 bps	4.5%	+15 bps
Adjusted Diluted EPS ⁽¹⁾	\$0.93	+17.7%	\$1.47	+14.0%

(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

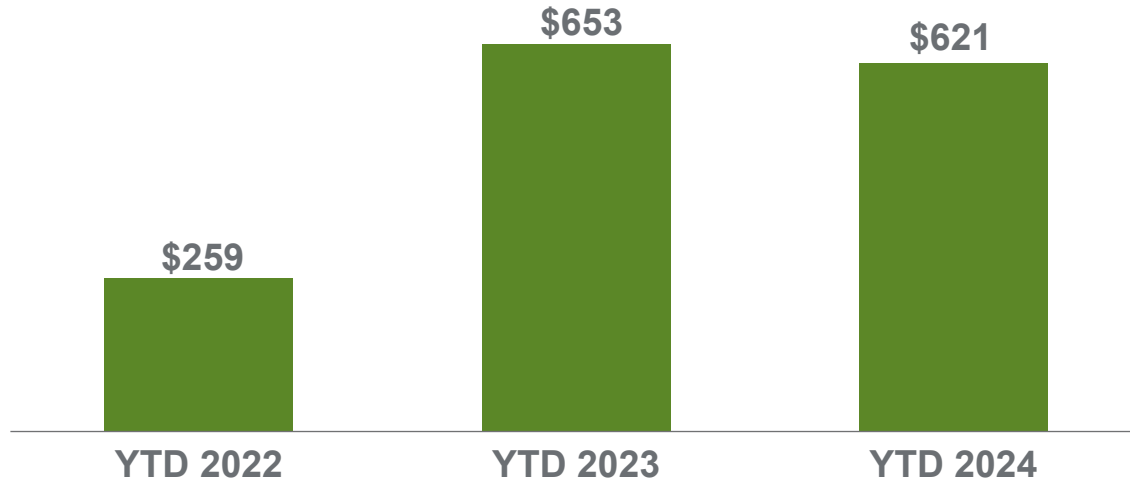
Drove Adjusted EBITDA Rate Improvement via Strong Execution



(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

Strong Operating Cash Flow Enables Execution Against Capital Allocation Priorities

Operating Cash Flow (\$M)



	YTD 2022	YTD 2023	YTD 2024
Operating Cash Flow (OCF)	\$259	\$653	\$621
Change in Net Working Capital ⁽¹⁾	(\$17)	\$143	\$90
OCF less change in NWC⁽¹⁾	\$276	\$510	\$531

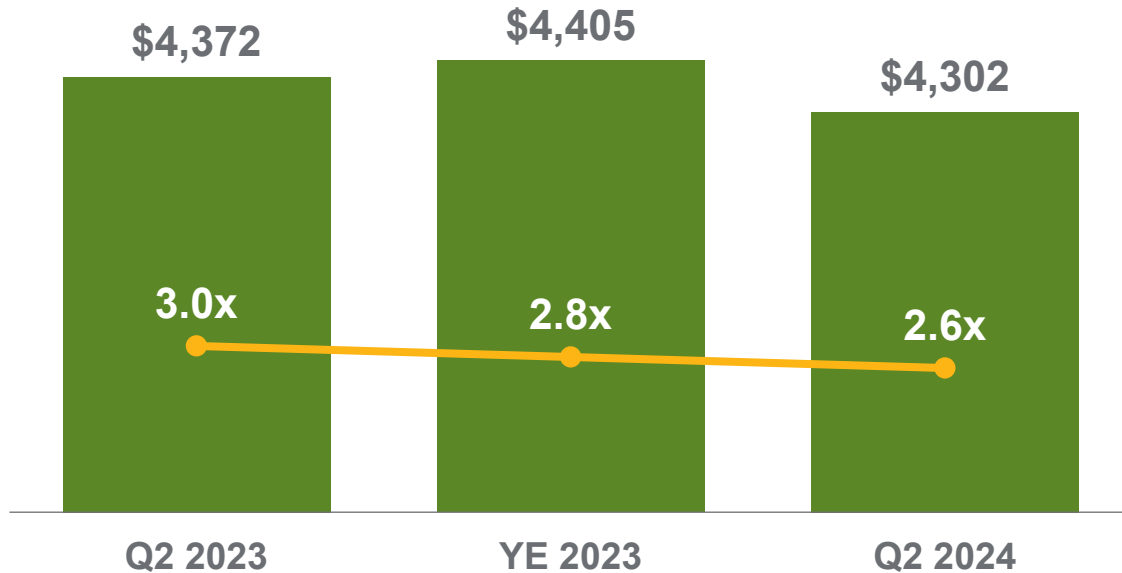
Capital Allocation Priorities

- 1 Invest in the business
- 2 Return capital to shareholders
- 3 Maintain net leverage within updated target range of 2.0 - 3.0x
- 4 Pursue accretive tuck-in M&A

(1) Net Working Capital (NWC) defined as changes in operating assets and liabilities as shown in the Consolidated Statements of Cash Flows.

Maintained Strong Balance Sheet

Net Debt (\$M) and Net Leverage⁽¹⁾



0.4x Net Leverage Ratio Reduction vs. Q2 2023

Strong Capital Structure

- Maintained net leverage within target range of 2.0 – 3.0x
- Corporate credit rating upgraded one notch by Moody's to Ba2; Outlook revised to Positive by S&P
- No debt maturities until 2026
- Paid \$220 million for previously announced IWC Foodservice acquisition, which closed in April 2024

(1) Reconciliations of these non-GAAP measures are provided in the Appendix.

Fiscal Year 2024 Guidance and Modeling Assumptions

Fiscal Year 2024 Guidance	
Net Sales	\$37.5B to \$38.5B
Adjusted EBITDA ⁽¹⁾	\$1.69B to \$1.74B
Adjusted Diluted EPS ⁽¹⁾	\$3.00 to \$3.20

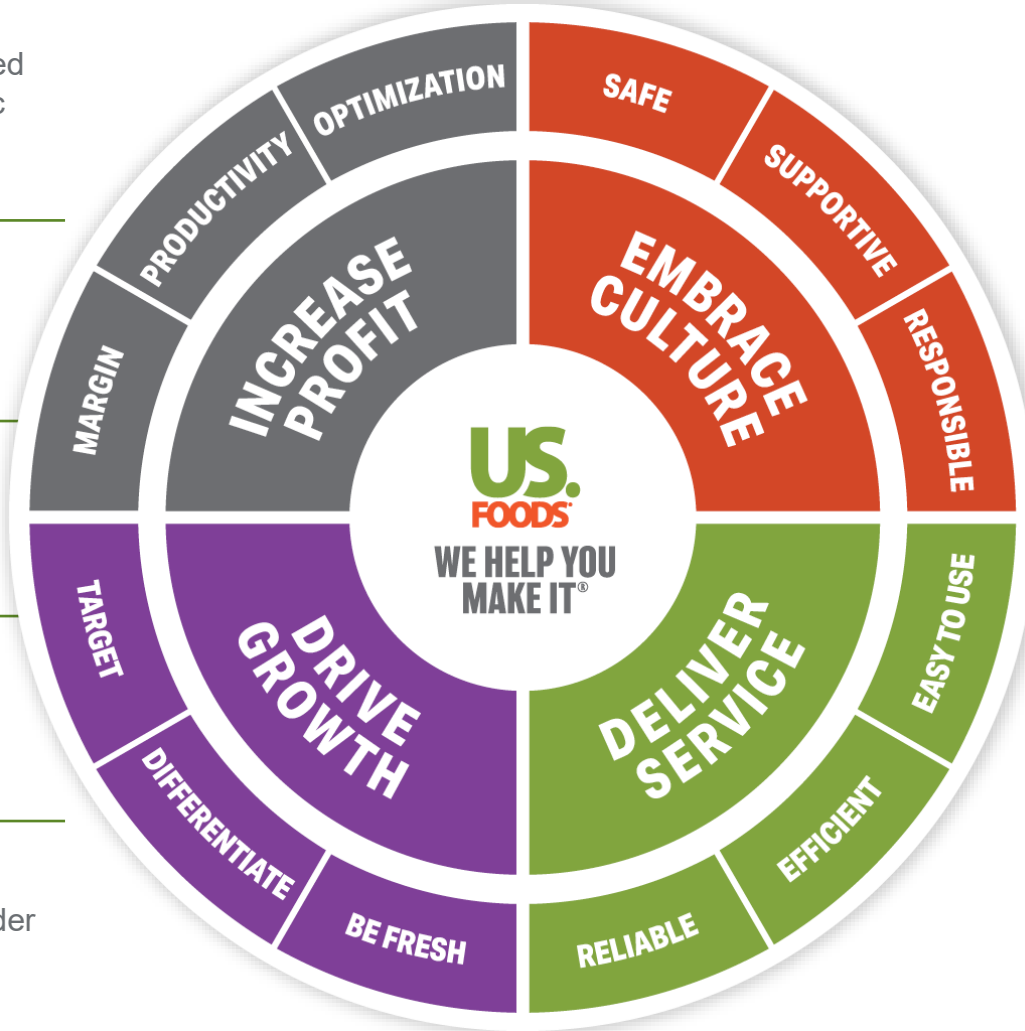
Modeling Assumptions	
Total Case Growth ⁽²⁾	4.0% to 6.0%
Sales Inflation	1.0% to 2.0%
Depreciation & Amortization	\$400M to \$440M
Interest Expense	\$320M to \$335M
Tax Rate	~26%
Cash CapEx	\$325M to \$375M

(1) Non-GAAP financial measures. Refer to the Disclaimer Page on slide 2 for information about forward-looking non-GAAP measures.

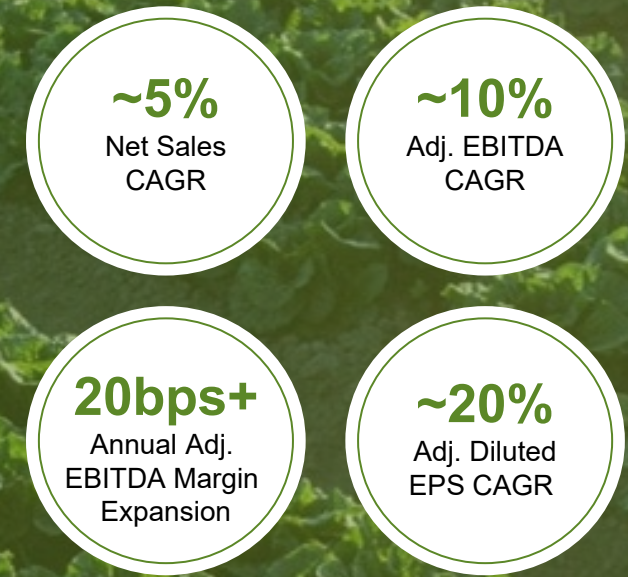
(2) Includes approximately 2 to 3 percentage points of contribution from M&A.

Invest with Us

- 1 **Transforming US Foods** with seasoned leadership focused on customer-centric solutions, operational excellence, and strong execution
- 2 **Leading in a highly fragmented and resilient industry** with national scale, targeted customer growth, and digital innovation
- 3 **Driving balanced, profitable growth** through our four-pillar strategy to further expand our market position
- 4 **Leveraging game changing digital investments** and utilizing modernized platforms to provide industry-leading solutions
- 5 **Executing to achieve new long-term financial targets** and deliver shareholder value creation with long runway ahead



2025E to 2027E Financial Targets



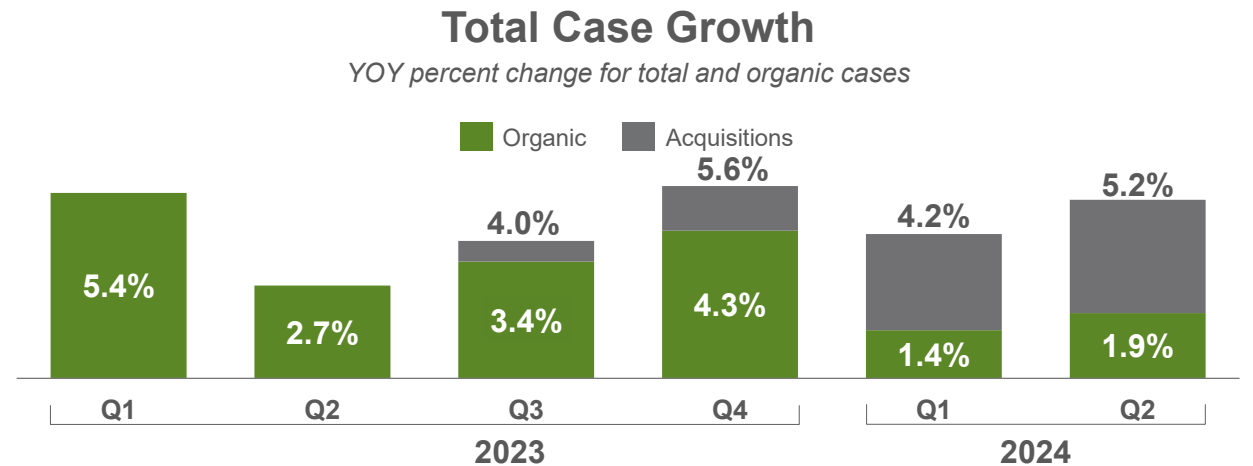
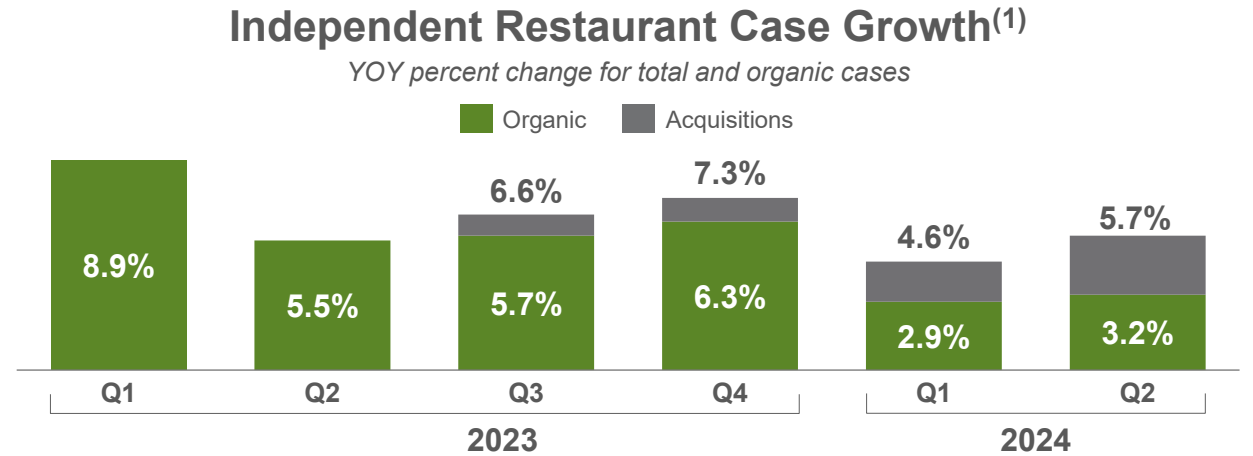
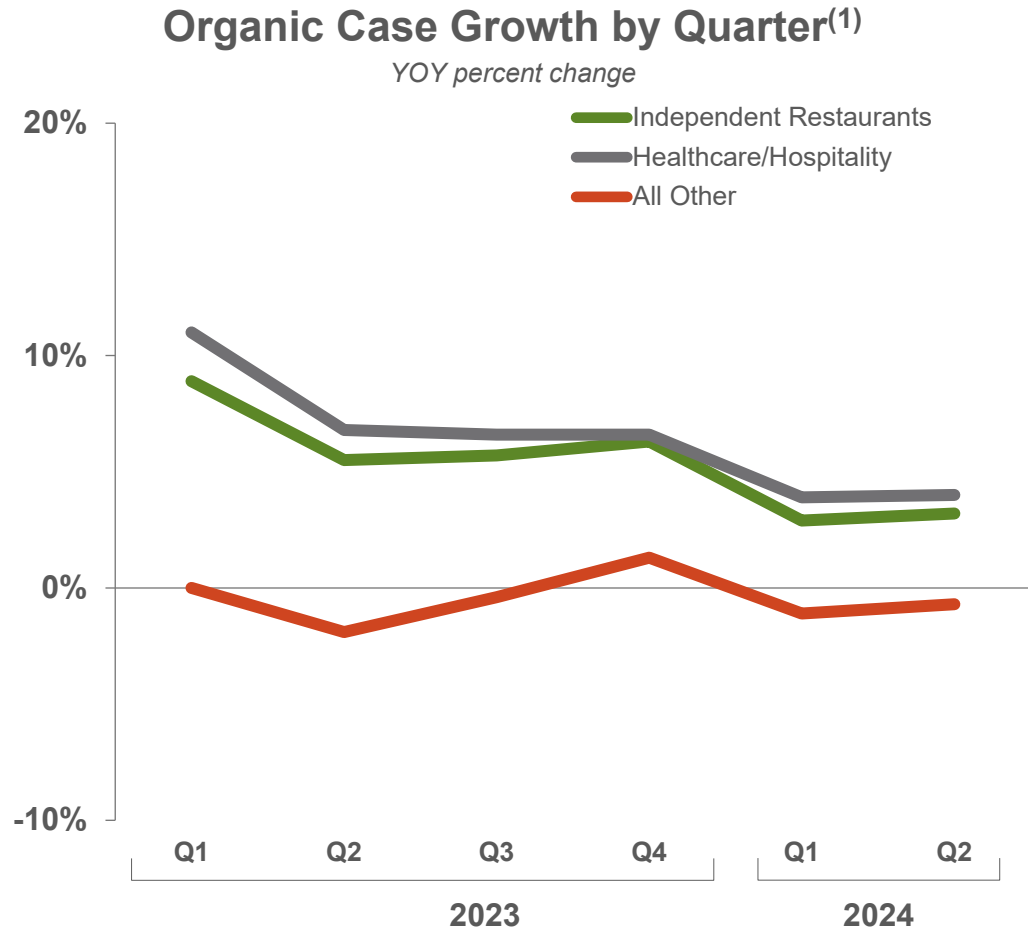
Deployable Capital of \$4B+ from 2025E to 2027E



Appendix

*Second Quarter Fiscal Year 2024
Summary Non-GAAP Reconciliations*

Quarterly Case Volume Trend vs. Prior Year



(1) Independent restaurant case volume is for the Company's broadline business and excludes impact from CHEF'STORE, which is now recorded as "All Other" case volume. Prior periods have been revised to conform with the current presentation.

Debt Summary

(\$ in millions)	Maturity	Interest Terms	Interest Rates as of June 29, 2024	Carrying Value as of June 29, 2024	Carrying Value as of December 30, 2023
ABL Facility	December 7, 2027		8.50%	-	-
2019 Incremental Term Loan Facility (net of \$9 and \$11 of unamortized deferred financing costs, respectively)	September 13, 2026	1M Term SOFR + 2.11%	7.45%	\$1,100	\$1,105
2021 Incremental Term Loan Facility (net of \$3 and \$3 of unamortized deferred financing costs, respectively)	November 22, 2028	1M Term SOFR + 2.00%	7.34%	\$718	\$718
Total Floating Rate Debt				\$1,818	\$1,823
Unsecured Senior Notes due 2028 (net of \$4 and \$5 of unamortized deferred financing costs, respectively)	September 15, 2028		6.88%	\$496	\$495
Unsecured Senior Notes due 2029 (net of \$6 and \$6 of unamortized deferred financing costs, respectively)	February 15, 2029		4.75%	\$894	\$894
Unsecured Senior Notes due 2030 (net of \$3 and \$4 of unamortized deferred financing costs, respectively)	June 1, 2030		4.63%	\$497	\$496
Unsecured Senior Notes due 2032 (net of \$4 and \$5 of unamortized deferred financing costs, respectively)	January 15, 2032		7.25%	\$496	\$495
Obligations under financing leases⁽¹⁾	2024-2037		1.26%-8.31%	\$498	\$463
Other Debt	January 1, 2031		5.75%	\$8	\$8
Total Fixed Rate⁽¹⁾				\$2,889	\$2,851
Total Debt				\$4,707	\$4,674
Less: Cash				(\$405)	(\$269)
Net Debt⁽²⁾				\$4,302	\$4,405
Net Debt Leverage Ratio⁽²⁾				2.6x	2.8x
% Floating Rate⁽³⁾				~30%	~30%

(1) Includes \$30 million and \$34 million of floating rate debt related to synthetic leases as of June 29, 2024 and December 30, 2023, respectively

(2) Reconciliations of these non-GAAP measures are provided in this Appendix

(3) Floating Rate % includes the impact of interest rate caps

(4) The Company's maximum exposure to the variable component of interest against term loans will be 5% on the notional amount covered by interest rate caps

- Maintained net leverage within target range of 2.0 - 3.0x
- Corporate credit rating upgraded one notch by Moody's to Ba2; Outlook revised to Positive by S&P
- 1-month Term SOFR was 5.34% as of June 29, 2024
- 2-year 5% interest rate caps on \$450M of notional value against term loans⁽⁴⁾
- A 100 bps increase in Term SOFR would result in ~\$14M additional interest expense and (\$0.04) reduction in Adjusted Diluted EPS⁽²⁾

Second Quarter Financial Performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	13 Weeks Ended			13 Weeks Ended		
	June 29, 2024	July 1, 2023	Change	June 29, 2024	July 1, 2023	Change
<i>(Case volume and \$ in millions, except per share data)</i>						
Case Volume	216	205	5.2%			
Net Sales	\$9,709	\$9,013	7.7%			
Gross Profit	\$1,706	\$1,591	7.2%	\$1,706	\$1,576	8.2%
% of Net Sales	17.6%	17.7%	(8 bps)	17.6%	17.5%	9 bps
Operating Expenses	\$1,353	\$1,269	6.6%	\$1,214	\$1,146	5.9%
% of Net Sales	13.9%	14.1%	(14 bps)	12.5%	12.7%	(21 bps)
Net Income	\$198	\$182	8.8%	\$231	\$199	16.1%
Diluted EPS⁽²⁾	\$0.80	\$0.73	9.6%	\$0.93	\$0.79	17.7%
Adjusted EBITDA				\$489	\$432	13.2%
Adjusted EBITDA Margin⁽³⁾				5.0%	4.8%	25 bps

(1) Reconciliations of these non-GAAP measures are provided in this Appendix.

(2) GAAP Diluted EPS calculated using net income available to common shareholders. Adjusted Diluted EPS is calculated as Adjusted net income divided by Non-GAAP weighted average diluted shares outstanding.

(3) Represents Adjusted EBITDA as a percentage of Net Sales.

Year to Date Financial Performance

	Reported (unaudited)			Adjusted ⁽¹⁾ (unaudited)		
	26 Weeks Ended			26 Weeks Ended		
	June 29, 2024	July 1, 2023	Change	June 29, 2024	July 1, 2023	Change
<i>(Case volume and \$ in millions, except per share data)</i>						
Case Volume	419	400	4.7%			
Net Sales	\$18,658	\$17,555	6.3%			
Gross Profit	\$3,201	\$3,016	6.1%	\$3,246	\$3,021	7.4%
% of Net Sales	17.2%	17.2%	(2 bps)	17.4%	17.2%	19 bps
Operating Expenses	\$2,683	\$2,507	7.0%	\$2,399	\$2,255	6.4%
% of Net Sales	14.4%	14.3%	10 bps	12.9%	12.8%	1 bps
Net Income	\$280	\$264	6.1%	\$365	\$324	12.7%
Diluted EPS⁽²⁾	\$1.13	\$1.05	7.6%	\$1.47	\$1.29	14.0%
Adjusted EBITDA				\$845	\$769	9.9%
Adjusted EBITDA Margin⁽³⁾				4.5%	4.4%	15 bps

(1) Reconciliations of these non-GAAP measures are provided in this Appendix.

(2) GAAP Diluted EPS calculated using net income available to common shareholders. Adjusted Diluted EPS is calculated as Adjusted net income divided by Non-GAAP weighted average diluted shares outstanding.

(3) Represents Adjusted EBITDA as a percentage of Net Sales.

Non-GAAP Reconciliation – Adjusted Gross Profit per Case, Adjusted Operating Expense per Case, Adjusted EBITDA per Case

	Adjusted ⁽¹⁾ (unaudited)			
	13 Weeks Ended		26 Weeks Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
<i>(Total cases and \$ in millions, except per case data)</i>				
Total Cases	216	205	419	400
Adjusted GP	\$1,706	\$1,576	\$3,246	\$3,021
Adjusted GP / Case	\$7.91	\$7.69	\$7.75	\$7.55
Adjusted OPEX	\$1,214	\$1,146	\$2,399	\$2,255
Adjusted OPEX / Case	\$5.63	\$5.59	\$5.73	\$5.64
Adjusted EBITDA	\$489	\$432	\$845	\$769
Adjusted EBITDA / Case	\$2.27	\$2.11	\$2.02	\$1.92

(1) Reconciliations of these non-GAAP measures are provided in this Appendix.

Non-GAAP Reconciliation – Adjusted Gross Profit and Adjusted Operating Expenses

(\$ in millions)	13 Weeks Ended (unaudited)		26 Weeks Ended (unaudited)	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Gross profit (GAAP)	\$1,706	\$1,591	\$3,201	\$3,016
LIFO reserve adjustment ⁽¹⁾	-	(15)	45	5
Adjusted Gross Profit (Non-GAAP)	\$1,706	\$1,576	\$3,246	\$3,021
Operating Expenses (GAAP)	\$1,353	\$1,269	\$2,683	\$2,507
Adjustments:				
Depreciation expense	(96)	(84)	(189)	(171)
Amortization expense	(12)	(11)	(24)	(22)
Restructuring activity and asset impairment charges ⁽²⁾	1	-	(12)	-
Share-based compensation expense ⁽³⁾	(15)	(14)	(30)	(28)
Business transformation costs ⁽⁴⁾	(9)	(3)	(18)	(7)
Business acquisition and integration related costs and other ⁽⁵⁾	(8)	(11)	(11)	(24)
Adjusted Operating expenses (Non-GAAP)	\$1,214	\$1,146	\$2,399	\$2,255

(1) – (5) footnotes located on next slide

Non-GAAP Reconciliation – Adjusted Gross Profit and Adjusted Operating Expenses

1. Represents the impact of LIFO reserve adjustments.
2. Consists primarily of severance and related costs associated with organizational realignment costs and other impairment charges.
3. Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
4. Transformational costs represent non-recurring expenses prior to formal launch of strategic projects with anticipated long-term benefits to the Company. These costs generally relate to third party consulting and non-capitalizable technology. For the 13 weeks and 26 weeks ended June 29, 2024, business transformation costs related to projects associated with information technology infrastructure initiatives and workforce efficiencies. For the 13 weeks and 26 weeks ended July 1, 2023, business transformation costs related to projects associated with information technology infrastructure initiatives.
5. Includes: (i) aggregate acquisition and integration related costs of \$8 million and \$11 million for the 13 weeks ended June 29, 2024 and July 1, 2023, respectively, and \$10 million and \$21 million for the 26 weeks ended June 29, 2024 and July 1, 2023, respectively; (ii) CEO sign on bonus of \$3 million for the 26 weeks ended July 1, 2023 and (iii) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.

Non-GAAP Reconciliation – Adjusted EBITDA and Adjusted Net Income

(\$ in millions)	13 Weeks Ended (unaudited)				26 Weeks Ended (unaudited)			
	June 29, 2024		July 1, 2023		June 29, 2024		July 1, 2023	
Net income available to common shareholders and net income margin (GAAP)	\$198	2.0%	\$182	2.0%	\$280	1.5%	\$257	1.5%
Series A Preferred Stock Dividends	-		-		-		(7)	
Net income and net income margin (GAAP)	198	2.0%	182	2.0%	280	1.5%	264	1.5%
Interest expense—net	81		82		160		163	
Income tax provision	71		60		76		85	
Depreciation expense	96		84		189		171	
Amortization expense	12		11		24		22	
EBITDA and EBITDA margin (Non-GAAP)	\$458	4.7%	\$419	4.6%	729	3.9%	705	4.0%
Adjustments:								
Restructuring activity and asset impairment charges ⁽¹⁾	(1)		-		12		-	
Share-based compensation expense ⁽²⁾	15		14		30		28	
LIFO reserve adjustment ⁽³⁾	-		(15)		45		5	
Business transformation costs ⁽⁴⁾	9		3		18		7	
Business acquisition and integration related costs and other ⁽⁵⁾	8		11		11		24	
Adjusted EBITDA and Adjusted EBITDA margin (Non-GAAP)	\$489	5.0%	\$432	4.8%	845	4.5%	769	4.4%
Depreciation expense	(96)		(84)		(189)		(171)	
Interest expense—net	(81)		(82)		(160)		(163)	
Income tax impact, as adjusted ⁽⁶⁾	(81)		(67)		(131)		(111)	
Adjusted Net Income (Non-GAAP)	\$231		\$199		\$365		\$324	

(1) – (6) footnotes located on next slide

Non-GAAP Reconciliation – Adjusted EBITDA and Adjusted Net Income

1. Consists primarily of severance and related costs, organizational realignment costs and asset impairment charges.
2. Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
3. Represents the impact of LIFO reserve adjustments.
4. Transformational costs represent non-recurring expenses prior to formal launch of strategic projects with anticipated long-term benefits to the Company. These costs generally relate to third party consulting and non-capitalizable technology. For the 13 weeks and 26 weeks ended June 29, 2024, business transformation costs related to projects associated with information technology infrastructure initiatives and workforce efficiencies. For the 13 weeks and 26 weeks ended July 1, 2023, business transformation costs related to projects associated with information technology infrastructure initiatives.
5. Includes: (i) aggregate acquisition and integration related costs of \$8 million and \$11 million for the 13 weeks ended June 29, 2024 and July 1, 2023, respectively, and [\$10 million] and \$21 million for the 26 weeks ended June 29, 2024 and July 1, 2023, respectively; (ii) CEO sign on bonus of \$3 million for the 26 weeks ended July 1, 2023 and (iii) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
6. Represents our income tax provision adjusted for the tax effect of pre-tax items excluded from Adjusted net income and the removal of applicable discrete tax items. Applicable discrete tax items include changes in tax laws or rates, changes related to prior year unrecognized tax benefits, discrete changes in valuation allowances, and excess tax benefits associated with share-based compensation. The tax effect of pre-tax items excluded from Adjusted net income is computed using a statutory tax rate after taking into account the impact of permanent differences and valuation allowances.

Non-GAAP Reconciliation – Adjusted Diluted Earnings Per Share (EPS)

	13 Weeks Ended (unaudited)		26 Weeks Ended (unaudited)	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Diluted EPS (GAAP)	\$0.80	\$0.73	\$1.13	\$1.05
Restructuring activity and asset impairment charges ⁽¹⁾	-	-	0.05	-
Share-based compensation expense ⁽²⁾	0.06	0.06	0.12	0.11
LIFO reserve adjustment ⁽³⁾	-	(0.06)	0.18	0.02
Business transformation costs ⁽⁴⁾	0.04	0.01	0.07	0.03
Business acquisition and integration related costs and other ⁽⁵⁾	0.03	0.04	0.04	0.10
Income tax provision, as adjusted ⁽⁶⁾	-	0.01	(0.12)	(0.02)
Adjusted Diluted EPS (Non-GAAP)⁽⁷⁾	\$0.93	\$0.79	\$1.47	\$1.29
Weighted-average diluted shares outstanding (Non-GAAP)⁽⁸⁾	248,312,117	250,991,512	248,393,517	251,389,602

(1) – (8) footnotes located on next slide

Non-GAAP Reconciliation – Adjusted Diluted Earnings Per Share (EPS)

1. Consists primarily of severance and related costs associated with organizational realignment and other impairment charges.
2. Share-based compensation expense for expected vesting of stock awards and employee stock purchase plan.
3. Represents the impact of LIFO reserve adjustments.
4. Transformational costs represent non-recurring expenses prior to formal launch of strategic projects with anticipated long-term benefits to the Company. These costs generally relate to third party consulting and non-capitalizable technology. For the 13 weeks and 26 weeks ended June 29, 2024, business transformation costs related to projects associated with information technology infrastructure initiatives and workforce efficiencies. For the 13 weeks and 26 weeks ended July 1, 2023, business transformation costs related to projects associated with information technology infrastructure initiatives.
5. Includes: (i) aggregate acquisition and integration related costs of \$8 million and \$11 million for the 13 weeks ended June 29, 2024 and July 1, 2023, respectively; (ii) CEO sign on bonus of \$3 million for the 26 weeks ended July 1, 2023 and (iii) other gains, losses or costs that we are permitted to addback for purposes of calculating Adjusted EBITDA under certain agreements governing our indebtedness.
6. Represents our income tax provision adjusted for the tax effect of pre-tax items excluded from Adjusted net income and the removal of applicable discrete tax items. Applicable discrete tax items include changes in tax laws or rates, changes related to prior year unrecognized tax benefits, discrete changes in valuation allowances, and excess tax benefits associated with share-based compensation. The tax effect of pre-tax items excluded from Adjusted net income is computed using a statutory tax rate after taking into account the impact of permanent differences and valuation allowances.
7. Adjusted Diluted EPS is calculated as Adjusted net income divided by weighted average diluted shares outstanding (Non-GAAP).
8. For purposes of the Adjusted Diluted EPS calculation (Non-GAAP), when the Company has net income (GAAP), weighted average diluted shares outstanding (Non-GAAP) is used and assumes conversion of the Series A convertible preferred stock, and, when the Company has net loss (GAAP) and assumed conversion of the Series A convertible preferred stock would be antidilutive, weighted-average diluted shares outstanding (GAAP) is used.

Non-GAAP Reconciliation – Net Debt and Net Leverage Ratios

	(unaudited)		
	June 29, 2024	December 30, 2023	July 1, 2023
<i>(\$ in millions, except ratios)</i>			
Total Debt (GAAP)	\$4,707	\$4,674	\$4,751
Cash, cash equivalents and restricted cash	(405)	(269)	(379)
Net Debt (non-GAAP)	\$4,302	\$4,405	\$4,372
Adjusted EBITDA ⁽¹⁾	\$1,635	\$1,559	\$1,470
Net Leverage Ratio⁽²⁾	2.6	2.8	3.0

(1) Trailing Twelve Months (TTM) Adjusted EBITDA.

(2) Net debt / TTM Adjusted EBITDA.

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