



NEWS RELEASE

US Foods Reports Second Quarter Fiscal Year 2024 Earnings

2024-08-08

Grew Net Sales 7.7% to \$9.7 Billion and Gross Profit 7.2% to \$1.7 Billion

Increased Net Income 8.8% to \$198 Million

Delivered Record Adjusted EBITDA of \$489 Million and Record Adjusted EBITDA Margin of 5.0%

Repurchased \$41 Million of Shares and Reduced Net Leverage to 2.6x

ROSEMONT, Ill.--(BUSINESS WIRE)-- US Foods Holding Corp. (NYSE: USFD), one of the largest foodservice distributors in the United States, today announced results for the second quarter fiscal year 2024.

Second Quarter Fiscal Year 2024 Highlights

- Net sales increased 7.7% to \$9.7 billion
- Total case volume increased 5.2%; independent restaurant case volume increased 5.7%
- Gross profit increased 7.2% to \$1.7 billion
- Net income was \$198 million
- Adjusted EBITDA increased 13.2% to \$489 million
- Diluted EPS increased 9.6% to \$0.80; Adjusted Diluted EPS increased 17.7% to \$0.93

“During the second quarter, we delivered record Adjusted EBITDA and EBITDA margin in a softer macro environment. Our team’s success further emphasizes the strength of our operating model and ability to control the controllables,” said Dave Flitman, CEO. “Our balanced approach to drive improved profitability through the



execution of our strategic initiatives was evident again this quarter and we captured market share with independent restaurants for the 13th consecutive quarter.”

“We also held an exciting investor day on June 5 where we outlined our new long-range plan to accelerate growth, profitability and returns. We laid out our financial algorithm from 2025 through 2027 of growing sales at a 5% CAGR, increasing Adjusted EBITDA at a 10% CAGR, expanding EBITDA margin by at least 20 basis points per year and growing Adjusted Diluted EPS at a 20% CAGR. We are confident that we have the right strategy and the operational rigor in place to deliver on our 2027 financial targets, all underpinned by our 30,000 hardworking and dedicated associates.”

“We delivered record profitability in the second quarter through our balanced approach to drive top- and bottom-line gains despite the operating environment,” added Dirk Locascio, CFO. “Maintaining our disciplined approach to capital deployment and intense focus on driving long-term shareholder value creation, we closed on the IWC acquisition, repurchased \$41 million of shares and further reduced our net leverage while continuing to invest in the business. Given our strong first half of the year and outlook for the remainder of 2024, we are reiterating our net sales, Adjusted EBITDA and Adjusted Diluted EPS guidance.”

Second Quarter Fiscal Year 2024 Results

Net sales of \$9.7 billion for the quarter increased 7.7% from the prior year, driven by total case volume growth and food cost inflation of 2.9%. Total case volume increased 5.2% from the prior year driven by a 5.7% increase in independent restaurant case volume, a 6.0% increase in healthcare volume, a 2.1% increase in hospitality volume and a 4.2% increase in chain volume.

Gross profit of \$1.7 billion increased by \$115 million, or 7.2% from the prior year, primarily as a result of an increase in total case volume, improved cost of goods sold and pricing optimization, partially offset by an unfavorable year-over-year LIFO adjustment. Gross profit as a percentage of net sales was 17.6%. Adjusted Gross profit was \$1.7 billion, an increase of \$130 million or 8.2% from the prior year. Adjusted Gross profit as a percentage of net sales was 17.6%.

Operating expenses of \$1.4 billion increased by \$84 million, or 6.6% from the prior year, primarily as a result of an increase in total case volume and higher distribution costs, reflecting increased labor costs, partially offset by continued distribution productivity improvement driven by routing efficiency gains, turnover reduction and process standardization as well as actions to streamline administrative processes and costs. Operating expenses as a percentage of net sales were 13.9%. Adjusted Operating expenses were \$1.2 billion, an increase of \$68 million or 5.9% from the prior year. Adjusted Operating expenses as a percentage of net sales were 12.5%.

Net income was \$198 million, an increase of \$16 million compared to the prior year. Net income margin was 2.0%, an increase of 2 basis points compared to the prior year. Adjusted EBITDA was \$489 million, an increase of \$57 million or 13.2%, compared to the prior year. Adjusted EBITDA margin was 5.0%, an increase of 25 basis points compared to the prior year. Diluted EPS was \$0.80; Adjusted Diluted EPS was \$0.93.

Cash Flow and Debt

Cash flow provided by operating activities for the first six months of fiscal year 2024 was \$621 million, a decrease of \$32 million from the prior year due to less working capital benefit than prior year. Cash capital expenditures for the first six months of fiscal year 2024 totaled \$156 million, an increase of \$48 million from the prior year period, related to investments in information technology, property and equipment for fleet replacement and maintenance of distribution facilities.

Net Debt at the end of the second quarter of fiscal year 2024 was \$4.3 billion. The ratio of Net Debt to Adjusted EBITDA was 2.6x at the end of the second quarter of fiscal year 2024, compared to 2.8x at the end of fiscal year 2023 and 3.0x at the end of the second quarter of fiscal year 2023.

During the second quarter of fiscal year 2024, the Company repurchased 0.7 million shares of common stock at an aggregate purchase price of \$41 million.

On June 1, 2024, the Board authorized a new share repurchase program of up to \$1 billion. Under this new authorization, the Company repurchased \$21 million of shares in June 2024 and in the third quarter through August 7, 2024, the Company repurchased approximately \$61 million of shares and has approximately \$918 million in remaining funds authorized.

M&A Update

During the second quarter of fiscal year 2024, the Company acquired IWC Food Service, a broadline distributor which serves the greater Nashville area, for a purchase price of approximately \$220 million. The acquisition was funded with cash from operations and closed on April 5, 2024.

Outlook for Fiscal Year 2024 1

The Company is reiterating its Fiscal Year 2024 guidance.

- Net Sales of \$37.5 to \$38.5 billion
- Adjusted EBITDA of \$1.69 to \$1.74 billion

- Adjusted Diluted EPS of \$3.00 to \$3.20
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¹ 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 activity 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 acquisition 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 periods. For the same reasons, the Company is unable to address the significance of the unavailable information, which could be material to future results.

Conference Call and Webcast Information

US Foods will host a live webcast to discuss second quarter fiscal year 2024 results on Thursday, August 8, 2024, at 8 a.m. CDT. The call can also be accessed live over the phone by dialing (877) 344-2001; the conference ID number is 2528845. Presentation slides will be available before the webcast begins. The webcast, slides and a copy of this press release can be found in the Investor Relations section of our website at <https://ir.usfoods.com>.

About US Foods

With a promise to help its customers Make It , US Foods is one of America's great food companies and a leading foodservice distributor, partnering with approximately 250,000 restaurants and foodservice operators to help their businesses succeed. With more than 70 broadline locations and approximately 90 cash and carry stores, US Foods and its 30,000 associates provides its customers with a broad and innovative food offering and a comprehensive suite of e-commerce, technology and business solutions. US Foods is headquartered in Rosemont, Ill. Visit www.usfoods.com to learn more.

Forward-Looking Statements

Statements in this press release which are not historical in nature, including those under the heading "Outlook for Fiscal Year 2024," 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 filed with the Securities and Exchange Commission ("SEC"). 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 press release speak only as of the date of this press release 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, Adjusted Gross profit, Adjusted Operating expenses, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Net Debt, Adjusted Net income and Adjusted Diluted EPS are non-GAAP financial measures regarding our operational performance and liquidity. These non-GAAP financial measures exclude the impact of certain items and, therefore,

have not been calculated in accordance with GAAP.

We use Adjusted Gross profit and Adjusted Operating expenses as supplemental measures to GAAP measures to focus on period-over-period changes in our business and believe this information is helpful to investors. Adjusted Gross profit is Gross profit adjusted to remove the impact of the LIFO inventory reserve adjustments. Adjusted Operating expenses are Operating expenses adjusted to exclude amounts that we do not consider part of our core operating results when assessing our performance.

We believe EBITDA, Adjusted EBITDA and Adjusted EBITDA margin provide meaningful supplemental information about our operating performance because they exclude amounts that we do not consider part of our core operating results when assessing our performance. EBITDA is Net income (loss), plus Interest expense-net, Income tax provision (benefit), and Depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for (1) Restructuring activity and asset impairment charges; (2) Share-based compensation expense; (3) the non-cash impact of LIFO reserve adjustments; (4) loss on extinguishment of debt; (5) Business transformation costs; and (6) other gains, losses or costs as specified in the agreements governing our indebtedness. Adjusted EBITDA margin is Adjusted EBITDA divided by total net sales.

We use Net Debt as a supplemental measure to GAAP measures to review the liquidity of our operations. Net Debt is defined as total debt net of total Cash, cash equivalents and restricted cash remaining on the balance sheet as of the end of the most recent fiscal quarter. We believe that Net Debt is a useful financial metric to assess our ability to pursue business opportunities and investments. Net Debt is not a measure of our liquidity under GAAP and should not be considered as an alternative to Cash Flows Provided by Operations or Cash Flows Used in Financing Activities.

We believe that Adjusted Net income is a useful measure of operating performance for both management and investors because it excludes items that are not reflective of our core operating performance and provides an additional view of our operating performance including depreciation, interest expense, and Income taxes on a consistent basis from period to period. Adjusted Net income is Net income (loss) excluding such items as restructuring activity and asset impairment charges, Share-based compensation expense, the non-cash impacts of LIFO reserve adjustments, amortization expense, loss on extinguishment of debt, Business transformation costs and other items, and adjusted for the tax effect of the exclusions and discrete tax items. We believe that Adjusted Net income may be used by investors, analysts, and other interested parties to facilitate period-over-period comparisons and provides additional clarity as to how factors and trends impact our operating performance.

We use Adjusted Diluted Earnings per Share, which is calculated by adjusting the most directly comparable GAAP financial measure, Diluted Earnings per Share, by excluding the same items excluded in our calculation of Adjusted EBITDA to the extent that each such item was included in the applicable GAAP financial measure. We believe the

presentation of Adjusted Diluted Earnings per Share is useful to investors because the measurement excludes amounts that we do not consider part of our core operating results when assessing our performance. We also believe that the presentation of Adjusted EBITDA, Adjusted EBITDA margin and Adjusted Diluted Earnings per Share is useful to investors because these metrics may be used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in our industry.

Management uses these non-GAAP financial measures (a) to evaluate our historical and prospective financial performance as well as our performance relative to our competitors as they assist in highlighting trends, (b) to set internal sales targets and spending budgets, (c) to measure operational profitability and the accuracy of forecasting, (d) to assess financial discipline over operational expenditures, and (e) as an important factor in determining variable compensation for management and employees. EBITDA and Adjusted EBITDA are also used in connection with certain covenants and restricted activities under the agreements governing our indebtedness. We also believe these and similar non-GAAP financial measures are frequently used by securities analysts, investors, and other interested parties to evaluate companies in our industry.

We caution readers that our definitions of Adjusted Gross profit, Adjusted Operating expenses, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Net Debt, Adjusted Net income and Adjusted Diluted EPS may not be calculated in the same manner as similar measures used by other companies. Definitions and reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures are included in the schedules attached to this press release.

US FOODS HOLDING CORP.
Consolidated Balance Sheets
(Unaudited)

| (\$ in millions) | June 29, 2024 | December 30, 2023 |
|---|---------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 405 | \$ 269 |
| Accounts receivable, less allowances of \$20 and \$18 | 1,976 | 1,854 |
| Vendor receivables, less allowances of \$6 and \$5 | 212 | 156 |
| Inventories—net | 1,593 | 1,600 |
| Prepaid expenses | 131 | 138 |
| Other current assets | 17 | 14 |
| Total current assets | 4,334 | 4,031 |
| Property and equipment—net | 2,359 | 2,280 |
| Goodwill | 5,779 | 5,697 |
| Other intangibles—net | 867 | 803 |
| Other assets | 364 | 376 |
| Total assets | \$ 13,703 | \$ 13,187 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Cash overdraft liability | \$ 193 | \$ 220 |
| Accounts payable | 2,349 | 2,051 |
| Accrued expenses and other current liabilities | 706 | 731 |
| Current portion of long-term debt | 118 | 110 |
| Total current liabilities | 3,366 | 3,112 |
| Long-term debt | 4,589 | 4,564 |
| Deferred tax liabilities | 282 | 293 |
| Other long-term liabilities | 455 | 469 |
| Total liabilities | 8,692 | 8,438 |
| Shareholders' equity: | | |
| Common stock | 3 | 3 |
| Additional paid-in capital | 3,696 | 3,663 |
| Retained earnings | 1,789 | 1,509 |
| Accumulated other comprehensive loss | (112) | (115) |
| Treasury Stock | (365) | (311) |
| Total shareholders' equity | 5,011 | 4,749 |
| Total liabilities and shareholders' equity | \$ 13,703 | \$ 13,187 |

US FOODS HOLDING CORP.
Consolidated Statements of Operations
(Unaudited)

| (\$ in millions, except share and per share data) | 13 Weeks Ended | | 26 Weeks Ended | |
|---|----------------|--------------|----------------|--------------|
| | June 29, 2024 | July 1, 2023 | June 29, 2024 | July 1, 2023 |
| Net sales | \$ 9,709 | \$ 9,013 | \$ 18,658 | \$ 17,555 |
| Cost of goods sold | 8,003 | 7,422 | 15,457 | 14,539 |
| Gross profit | 1,706 | 1,591 | 3,201 | 3,016 |
| Distribution, selling and administrative costs | 1,354 | 1,269 | 2,671 | 2,507 |
| Restructuring activity and asset impairment charges | (1) | — | 12 | — |
| Total operating expenses | 1,353 | 1,269 | 2,683 | 2,507 |
| Operating income | 353 | 322 | 518 | 509 |
| Other expense (income)—net | 3 | (2) | 2 | (3) |
| Interest expense—net | 81 | 82 | 160 | 163 |
| Income before income taxes | 269 | 242 | 356 | 349 |
| Income tax provision | 71 | 60 | 76 | 85 |
| Net income | \$ 198 | \$ 182 | \$ 280 | \$ 264 |
| Net income | \$ 198 | \$ 182 | \$ 280 | \$ 264 |
| Series A convertible preferred stock dividends | — | — | — | (7) |
| Net income available to common shareholders | \$ 198 | \$ 182 | \$ 280 | \$ 257 |
| Net income per share | | | | |
| Basic | \$ 0.81 | \$ 0.76 | \$ 1.14 | \$ 1.11 |
| Diluted | \$ 0.80 | \$ 0.73 | \$ 1.13 | \$ 1.05 |
| Weighted-average common shares outstanding | | | | |
| Basic | 245,729,372 | 238,302,347 | 245,396,094 | 232,277,995 |
| Diluted | 248,312,117 | 250,991,512 | 248,393,517 | 251,389,602 |

US FOODS HOLDING CORP.
Consolidated Statements of Cash Flows
(Unaudited)

| (\$ in millions) | 26 Weeks Ended | |
|---|----------------|--------------|
| | June 29, 2024 | July 1, 2023 |
| Cash flows from operating activities: | | |
| Net income | \$ 280 | \$ 264 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 213 | 193 |
| Gain on disposal of property and equipment—net | (1) | (2) |
| Amortization of deferred financing costs | 5 | 10 |
| Deferred tax (benefit) provision | (11) | 1 |
| Share-based compensation expense | 30 | 28 |
| Provision for doubtful accounts | 15 | 16 |
| Changes in operating assets and liabilities: | | |
| Increase in receivables | (181) | (199) |
| Decrease in inventories | 19 | 85 |
| Decrease (increase) in prepaid expenses and other assets | 13 | (6) |
| Increase in accounts payable and cash overdraft liability | 277 | 309 |
| Decrease in accrued expenses and other liabilities | (38) | (46) |
| Net cash provided by operating activities | 621 | 653 |
| Cash flows from investing activities: | | |
| Proceeds from sales of property and equipment | 2 | 2 |
| Purchases of property and equipment | (156) | (108) |
| Acquisition of businesses—net of cash received | (214) | — |
| Net cash used in investing activities | (368) | (106) |
| Cash flows from financing activities: | | |
| Principal payments on debt and financing leases | (1,568) | (446) |
| Principal payments on debt repricing | (14) | — |
| Proceeds from debt repricing | 14 | — |
| Proceeds from debt borrowings | 1,503 | 255 |
| Dividends paid on Series A convertible preferred stock | — | (7) |
| Repurchase of common stock | (54) | (202) |
| Debt financing costs and fees | (1) | — |
| Proceeds from employee stock purchase plan | 14 | 13 |
| Proceeds from exercise of stock options | 9 | 22 |
| Purchase of interest rate caps | — | (3) |
| Tax withholding payments for net share-settled equity awards | (20) | (11) |
| Net cash used in financing activities | (117) | (379) |
| Net increase in cash, cash equivalents and restricted cash | 136 | 168 |
| Cash, cash equivalents and restricted cash—beginning of period | 269 | 211 |
| Cash, cash equivalents and restricted cash—end of period | \$ 405 | \$ 379 |
| Supplemental disclosures of cash flow information: | | |
| Conversion of Series A Convertible Preferred Stock | \$ — | \$ 534 |
| Interest paid—net of amounts capitalized | 147 | 147 |
| Income taxes paid—net | 57 | 67 |
| Property and equipment purchases included in accounts payable | 29 | 24 |
| Leased assets obtained in exchange for financing lease liabilities | 94 | 81 |

| | | |
|--|----|----|
| Leased assets obtained in exchange for operating lease liabilities | 19 | 22 |
| Cashless exercise of stock options | 5 | 1 |



US FOODS HOLDING CORP.
Non-GAAP Reconciliation
(Unaudited)

| (\$ in millions, except share and per share data) | 13 Weeks Ended | | | | | |
|---|----------------|------|--------------|------|---------|----------|
| | June 29, 2024 | | July 1, 2023 | | Change | % |
| Net income and net income margin (GAAP) | 198 | 2.0% | 182 | 2.0% | 16 | 8.8% |
| Interest expense—net | 81 | | 82 | | (1) | (1.2)% |
| Income tax provision | 71 | | 60 | | 11 | 18.3% |
| Depreciation expense | 96 | | 84 | | 12 | 14.3% |
| Amortization expense | 12 | | 11 | | 1 | 9.1% |
| EBITDA and EBITDA margin (Non-GAAP) | 458 | 4.7% | 419 | 4.6% | 39 | 9.3% |
| Adjustments: | | | | | | |
| Restructuring activity and asset impairment charges (1) | (1) | | — | | (1) | NM |
| Share-based compensation expense (2) | 15 | | 14 | | 1 | 7.1% |
| LIFO reserve adjustment (3) | — | | (15) | | 15 | (100.0)% |
| Business transformation costs (4) | 9 | | 3 | | 6 | 200.0% |
| Business acquisition and integration related costs and other (5) | 8 | | 11 | | (3) | (27.3)% |
| Adjusted EBITDA and Adjusted EBITDA margin (Non-GAAP) | 489 | 5.0% | 432 | 4.8% | 57 | 13.2% |
| Depreciation expense | (96) | | (84) | | (12) | 14.3% |
| Interest expense—net | (81) | | (82) | | 1 | (1.2)% |
| Income tax provision, as adjusted (6) | (81) | | (67) | | (14) | 20.9% |
| Adjusted Net Income (Non-GAAP) | \$ 231 | | \$ 199 | | \$ 32 | 16.1% |
| Diluted EPS (GAAP) | \$ 0.80 | | \$ 0.73 | | \$ 0.07 | 9.6% |
| Restructuring activity and asset impairment charges (1) | — | | — | | — | NM |
| Share-based compensation expense (2) | 0.06 | | 0.06 | | — | —% |
| LIFO reserve adjustment (3) | — | | (0.06) | | 0.06 | (100.0)% |
| Business transformation costs (4) | 0.04 | | 0.01 | | 0.03 | 300.0% |
| Business acquisition and integration related costs and other (5) | 0.03 | | 0.04 | | (0.01) | (25.0)% |
| Income tax provision, as adjusted (6) | — | | 0.01 | | (0.01) | NM |
| Adjusted Diluted EPS (Non-GAAP) (7) | \$ 0.93 | | \$ 0.79 | | \$ 0.14 | 17.7% |
| Weighted-average diluted shares outstanding (Non-GAAP) (8) | 248,312,117 | | 250,991,512 | | | |
| Gross profit (GAAP) | \$ 1,706 | | \$ 1,591 | | \$ 115 | 7.2% |
| LIFO reserve adjustment (3) | — | | (15) | | 15 | (100.0)% |
| Adjusted Gross profit (Non-GAAP) | \$ 1,706 | | \$ 1,576 | | \$ 130 | 8.2% |
| Operating expenses (GAAP) | \$ 1,353 | | \$ 1,269 | | \$ 84 | 6.6% |
| Depreciation expense | (96) | | (84) | | (12) | 14.3% |
| Amortization expense | (12) | | (11) | | (1) | 9.1% |
| Restructuring activity and asset impairment charges (1) | 1 | | — | | 1 | NM |
| Share-based compensation expense (2) | (15) | | (14) | | (1) | 7.1% |
| Business transformation costs (4) | (9) | | (3) | | (6) | 200.0% |

| | | | | |
|--|-----------------|-----------------|--------------|-------------|
| Business acquisition and integration related costs and other | (8) | (11) | 3 | (27.3)% |
| (5) | | | | |
| Adjusted Operating expenses (Non-GAAP) | <u>\$ 1,214</u> | <u>\$ 1,146</u> | <u>\$ 68</u> | <u>5.9%</u> |

NM - Not Meaningful

- (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) Transformation 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 ended June 29, 2024, business transformation costs related to projects associated with information technology infrastructure initiatives and workforce efficiency initiatives. For the 13 weeks ended July 1, 2023, business transformation costs related to projects associated with 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 (ii) 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.

US FOODS HOLDING CORP.
Non-GAAP Reconciliation
(Unaudited)

| (\$ in millions, except share and per share data) | 26 Weeks Ended | | | | Change | % |
|---|----------------|------|--------------|------|---------|----------|
| | June 29, 2024 | | July 1, 2023 | | | |
| Net income available to common shareholders and net income margin (GAAP) | \$ 280 | 1.5% | \$ 257 | 1.5% | \$ 23 | 8.9% |
| Series A convertible preferred stock dividends | — | | (7) | | 7 | (100.0)% |
| Net income and net income margin (GAAP) | 280 | 1.5% | 264 | 1.5% | 16 | 6.1% |
| Interest expense—net | 160 | | 163 | | (3) | (1.8)% |
| Income tax provision | 76 | | 85 | | (9) | (10.6)% |
| Depreciation expense | 189 | | 171 | | 18 | 10.5% |
| Amortization expense | 24 | | 22 | | 2 | 9.1% |
| EBITDA and EBITDA margin (Non-GAAP) | 729 | 3.9% | 705 | 4.0% | 24 | 3.4% |
| Adjustments: | | | | | | |
| Restructuring costs and asset impairment charges (1) | 12 | | — | | 12 | —% |
| Share-based compensation expense (2) | 30 | | 28 | | 2 | 7.1% |
| LIFO reserve adjustment (3) | 45 | | 5 | | 40 | 800.0% |
| Business transformation costs (4) | 18 | | 7 | | 11 | 157.1% |
| Business acquisition and integration related costs and other (5) | 11 | | 24 | | (13) | (54.2)% |
| Adjusted EBITDA and Adjusted EBITDA margin (Non-GAAP) | 845 | 4.5% | 769 | 4.4% | 76 | 9.9% |
| Depreciation expense | (189) | | (171) | | (18) | 10.5% |
| Interest expense—net | (160) | | (163) | | 3 | (1.8)% |
| Income tax provision, as adjusted (6) | (131) | | (111) | | (20) | 18.0% |
| Adjusted Net Income (Non-GAAP) | \$ 365 | | \$ 324 | | \$ 41 | 12.7% |
| Diluted EPS (GAAP) | \$ 1.13 | | \$ 1.05 | | \$ 0.08 | 7.6% |
| Restructuring costs and asset impairment charges (1) | 0.05 | | — | | 0.05 | —% |
| Share-based compensation expense (2) | 0.12 | | 0.11 | | 0.01 | 9.1% |
| LIFO reserve adjustment (3) | 0.18 | | 0.02 | | 0.16 | 800.0% |
| Business transformation costs (4) | 0.07 | | 0.03 | | 0.04 | 133.3% |
| Business acquisition and integration related costs and other (5) | 0.04 | | 0.10 | | (0.06) | (60.0)% |
| Income tax provision, as adjusted (6) | (0.12) | | (0.02) | | (0.10) | 500.0% |
| Adjusted Diluted EPS (Non-GAAP) (7) | \$ 1.47 | | \$ 1.29 | | \$ 0.18 | 14.0% |
| Weighted-average diluted shares outstanding (Non-GAAP) (8) | 248,393,517 | | 251,389,602 | | | |
| Gross profit (GAAP) | \$ 3,201 | | \$ 3,016 | | \$ 185 | 6.1% |
| LIFO reserve adjustment (3) | 45 | | 5 | | 40 | 800.0% |
| Adjusted Gross profit (Non-GAAP) | \$ 3,246 | | \$ 3,021 | | \$ 225 | 7.4% |
| Operating expenses (GAAP) | \$ 2,683 | | \$ 2,507 | | \$ 176 | 7.0% |
| Depreciation expense | (189) | | (171) | | (18) | 10.5% |
| Amortization expense | (24) | | (22) | | (2) | 9.1% |

| | | | | |
|--|-----------------|-----------------|---------------|-------------|
| Restructuring costs and asset impairment charges (1) | (12) | — | (12) | —% |
| Share-based compensation expense (2) | (30) | (28) | (2) | 7.1% |
| Business transformation costs (5) | (18) | (7) | (11) | 157.1% |
| Business acquisition and integration related costs and other (6) | (11) | (24) | 13 | (54.2)% |
| Adjusted Operating expenses (Non-GAAP) | <u>\$ 2,399</u> | <u>\$ 2,255</u> | <u>\$ 144</u> | <u>6.4%</u> |

NM - Not Meaningful

- (1) Consists primarily of severance and related costs, organizational realignment costs and other 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 26 weeks ended June 29, 2024, business transformation costs related to projects associated with information technology infrastructure initiatives and workforce efficiency initiatives. For the 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 \$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.
- (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.

US FOODS HOLDING CORP.
Non-GAAP Reconciliation
Net Debt and Net Leverage Ratios

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

(1) Trailing Twelve Months (TTM) Adjusted EBITDA

(2) Net Debt/TTM Adjusted EBITDA

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Source: US Foods