



NEWS RELEASE

For Immediate Release

Investors:
William S. Marshall
VP, Investor Relations
(804) 287-8108
Bill.Marshall@pfgc.com

Media:
Scott Golden
Director, Communications & Engagement
(804) 484-7873
Scott.Golden@pfgc.com

Performance Food Group Company Reports Third-Quarter and First-Nine Months Fiscal 2024 Results

Solid Independent Foodservice Case Growth & Strong Cash Flow Generation

Third-Quarter Fiscal 2024 Highlights

- Total case volume decreased 0.2%
- Organic Independent Foodservice case volume increased 4.3%
- Net sales increased 0.6% to \$13.9 billion
- Gross profit improved 3.8% to \$1.6 billion
- Net income decreased 12.3% to \$70.4 million
- Adjusted EBITDA increased 1.9% to \$320.7 million¹
- Diluted Earnings Per Share (“EPS”) decreased 11.8% to \$0.45
- Adjusted Diluted EPS decreased 3.6% to \$0.80¹

First-Nine Months Fiscal 2024 Highlights

- Total case volume grew 1.7%
- Organic Independent Foodservice case volume increased 6.9%
- Net sales increased 1.7% to \$43.1 billion
- Gross profit improved 5.3% to \$4.8 billion
- Net income increased 9.0% to \$269.4 million
- Adjusted EBITDA increased 7.3% to \$1,049.9 million¹
- Diluted EPS increased 8.9% to \$1.72
- Adjusted Diluted EPS increased 4.4% to \$2.85¹
- Operating Cash Flow of \$956.7 million
- Free cash flow of \$712.3 million¹

RICHMOND, Va. – May 8, 2024 – Performance Food Group Company (“PFG” or the “Company”) (NYSE: PFGC) today announced its third quarter and first nine months fiscal 2024 business results.

“Despite a difficult operating environment in the fiscal third quarter, we are confident in our long-term outlook and I am proud of our organization’s resiliency,” said George Holm, PFG’s Chairman & Chief Executive Officer. “After a challenging January due to tough weather conditions, our business saw sequential improvement in February and March. Our independent restaurant case growth recovered nicely, increasing nearly 6% in the final two months of the quarter as we continue to gain market share. Solid execution drove Adjusted EBITDA to the midpoint of our guidance, and we are very pleased with our strong cash flow. Given our confidence, we are raising the bottom-end of our full year 2024 Adjusted EBITDA guidance to a \$1.48 billion to \$1.5 billion range.”

1 This earnings release includes several metrics, including Adjusted EBITDA, Adjusted Diluted Earnings per Share, and Free Cash Flow, that are not calculated in accordance with Generally Accepted Accounting Principles in the U.S. (“GAAP”). Please see “Statement Regarding Non-GAAP Financial Measures” at the end of this release for the definitions of such non-GAAP financial measures and reconciliations of such non-GAAP financial measures to their respective most comparable financial measures calculated in accordance with GAAP.

Third-Quarter Fiscal 2024 Financial Summary

Total case volume decreased 0.2% for the third quarter of fiscal 2024 compared to the prior year period. Total case volume growth was impacted by bad weather during the third quarter of fiscal 2024. Total organic case volume decreased 0.6% for the third quarter of fiscal 2024 compared to the prior year period. Total organic case volume benefited from a 4.3% increase in organic independent cases, including growth in Performance Brands cases.

Net sales for the third quarter of fiscal 2024 grew 0.6% to \$13.9 billion compared to the prior year period. The increase in net sales was primarily attributable to case volume growth in our independent Foodservice business, as well as recent acquisitions, partially offset by case declines in our Convenience business. Overall product cost inflation for the Company was approximately 3.6%.

Gross profit for the third quarter of fiscal 2024 grew 3.8% to \$1.6 billion compared to the prior year period. The gross profit increase was primarily attributable to a favorable shift in the mix of cases sold, including growth in the independent channel and Performance Brands, as well as cost of goods sold optimization through procurement efficiencies, and recent acquisitions.

Operating expenses rose 5.3% to \$1.4 billion in the third quarter of fiscal 2024 compared to the prior year period. The increase in operating expenses were primarily due to increases in personnel expense, primarily related to wages, commissions, and benefits, insurance expense, and repairs and maintenance expense.

Net income for the third quarter of fiscal 2024 decreased \$9.9 million year-over-year to \$70.4 million. The decrease was primarily a result of the \$13.9 million decrease in operating profit, partially offset by a decrease in income tax expense. The effective tax rate in the third quarter of fiscal 2024 was approximately 27.3% compared to 28.1% in the third quarter of fiscal 2023. The effective tax rate for the third quarter of fiscal 2024 differed from the prior year period primarily due to a decrease in foreign taxes as a percentage of income, partially offset by an increase in non-deductible expenses and state taxes as a percentage of income.

For the quarter, Adjusted EBITDA rose 1.9% to \$320.7 million compared to the prior year period.

Diluted EPS decreased 11.8% to \$0.45 per share in the third quarter of fiscal 2024 compared to the prior year period. Adjusted Diluted EPS decreased 3.6% to \$0.80 per share in the third quarter of fiscal 2024 compared to the prior year period.

First-Nine Months Fiscal 2024 Financial Summary

Total case volume increased 1.7% for the first nine months of fiscal 2024 compared to the prior year period. Total organic case volume increased 1.4% compared to the prior year period. Total organic case volume benefited from an 6.9% increase in organic independent cases, growth in Performance Brands cases, and case growth in vending and value store channels in Vistar.

Net sales for the first nine months of fiscal 2024 grew 1.7% to \$43.1 billion compared to the prior year period. The increase in net sales was primarily attributable to an increase in cases sold.

Gross profit for the first nine months of fiscal 2024 grew 5.3% to \$4.8 billion compared to the prior year period. The gross profit increase was primarily attributable to cost of goods sold optimization through procurement efficiencies, as well as growth in cases sold, including growth in the independent channel and recent acquisitions.

Operating expenses rose 5.0% to \$4.3 billion in the first nine months of fiscal 2024 compared to the prior year period. The increase in operating expenses was primarily due to increases in personnel expense, insurance expense, and repairs and maintenance expense. Depreciation and amortization increased \$42.7 million primarily as a result of recent acquisitions, amortization of certain customer relationships and trade names, and an increase in transportation equipment under finance leases.

Net income for the first nine months of fiscal 2024 increased \$22.3 million year-over-year to \$269.4 million. The increase was primarily a result of the \$41.0 million increase in operating profit, partially offset by a \$12.6 million increase in interest expense and a \$11.6 million increase in income tax expense. The effective tax rate in the first nine months of fiscal 2024 was approximately 27.5% compared to 26.9% in the first nine months of fiscal 2023. The effective tax rate for the first nine months of fiscal 2024 differed from the prior year period primarily due to an increase in non-deductible expenses and state and foreign taxes as a percentage of income, partially offset by an increase in deductible discrete items related to stock-based compensation.

For the first nine-months of fiscal 2024, Adjusted EBITDA rose 7.3% to \$1,049.9 million compared to the prior year period.

Diluted EPS increased 8.9% to \$1.72 per share in the first nine months of fiscal 2024 compared to the prior year period. Adjusted Diluted EPS increased 4.4% to \$2.85 per share in the first nine months of fiscal 2024 compared to the prior year period.

Cash Flow and Capital Spending

In the first nine months of 2024, PFG provided \$956.7 million in cash flow from operating activities compared to \$657.2 million of cash flow provided by operating activities in the prior year period. The increase in cash flow provided by operating activities in the first nine months of fiscal 2024 was largely driven by improvements in working capital and higher operating income compared to the prior year period.

In the first nine months of fiscal 2024, PFG invested \$244.4 million in capital expenditures, an increase of \$67.2 million versus the prior year period. In the first nine months of fiscal 2024, PFG delivered free cash flow of \$712.3 million compared to free cash flow of \$480.0 million in the prior year.¹

Share Repurchase Program

The Company did not repurchase any shares of common stock during the three months ended March 30, 2024. During the nine months ended March 30, 2024, the Company repurchased and subsequently retired 1.3 million shares of common stock, for a total of \$78.1 million or an average cost of \$58.83 per share. As of March 30, 2024, approximately \$210.6 million remained available for additional share repurchases.

Third-Quarter Fiscal 2024 Segment Results

Foodservice

Third-quarter fiscal 2024 net sales for Foodservice increased 1.0% to \$7.0 billion compared to the prior year period. This increase in net sales were driven by case volume growth in our independent business. Chain and other Foodservice business case volume was flat for the third quarter of fiscal 2024 compared to the prior year period. Total Foodservice case volume growth was impacted by bad weather in January. Overall product cost inflation for Foodservice was approximately 0.6% for the third quarter of fiscal 2024. Securing new and expanding business with independent customers resulted in organic independent case growth of 4.3% for the third quarter of fiscal 2024 compared to the prior year period. For the third quarter of fiscal 2024, independent sales as a percentage of total segment sales were 38.8%.

Third-quarter fiscal 2024 Adjusted EBITDA for Foodservice decreased 0.3% to \$219.3 million compared to the prior year period. The decrease was the result of an increase in operating expenses for the third quarter of fiscal 2024 compared to the prior year period, partially offset by an increase in gross profit. Gross profit contributing to Foodservice's Adjusted EBITDA increased 3.0% driven by a favorable shift in the mix of cases sold to independent customers and growth in cases sold, including more Performance Brands products sold to our independent customers. Operating expenses impacting Foodservice's Adjusted EBITDA increased 4.0% primarily as a result of an increase in personnel and insurance expenses as compared to the prior year period.

Vistar

For the third quarter of fiscal 2024, net sales for Vistar increased 1.7% to \$1.1 billion compared to the prior year period. This increase was driven primarily by a recent acquisition.

Third-quarter fiscal 2024 Adjusted EBITDA for Vistar decreased 0.3% to \$72.9 million versus the prior year period. The decrease was the result of an 8.5% increase in operating expenses for the third quarter of fiscal 2024 compared to the prior year period, partially offset by a 5.4% increase in gross profit. The increase in gross profit contributing to Vistar's Adjusted EBITDA was driven by a recent acquisition and pricing improvement from procurement efficiencies, partially offset by expected decreases in inventory holding gains. Operating expenses impacting Vistar's Adjusted EBITDA increased primarily as a result of a recent acquisition and an increase in building rent expense.

Convenience

Third-quarter fiscal 2024 net sales for Convenience decreased 0.7% to \$5.6 billion compared to the prior year period. The decrease in net sales was driven primarily by a decline in cigarette carton sales and food and foodservice related cases sold, partially offset by an increase in selling price per case as a result of cigarette manufacturers' price increases and continued inflation for food and foodservice related products.

Third-quarter fiscal 2024 Adjusted EBITDA for Convenience decreased 3.1% to \$70.9 million compared to the prior year period. Gross profit contributing to Convenience's Adjusted EBITDA decreased 2.1% in the third quarter of fiscal 2024 compared to the prior year period driven by expected decreases in inventory holding gains, partially offset by pricing improvement from procurement efficiencies. Operating expenses impacting Convenience's Adjusted EBITDA decreased \$7.6 million in the third quarter of fiscal 2024 compared to the prior year, primarily as a result of decreases in lease expense and personnel expenses from reduced contract labor and overtime, compared to the prior year period.

Fiscal 2024 & Long-Term Outlook

For the fourth quarter of fiscal 2024, PFG expects net sales to be in a range of \$15 billion to \$15.4 billion. For the fourth quarter of fiscal 2024, PFG expects Adjusted EBITDA to be in a range of \$430 million to \$450 million.

For the full fiscal year 2024, PFG now expects net sales to be in a range of approximately \$58.1 billion to \$58.5 billion compared to the prior expectation of a \$59 billion to \$60 billion range. For the full fiscal year 2024, PFG now expects Adjusted EBITDA to be in a \$1.48 billion to \$1.5 billion range compared to the previously announced \$1.45 billion to \$1.5 billion range.

PFG is currently reviewing and updating its 3-year, fiscal 2025 net sales and Adjusted EBITDA targets. Given the updated 2024 Adjusted EBITDA range, the Company is on pace to be comfortably within the \$1.5 billion to \$1.7 billion range and will provide additional color on fiscal 2025 net sales and Adjusted EBITDA targets in August along with fiscal fourth quarter 2024 earnings results.

PFG's Adjusted EBITDA outlook excludes the impact of certain income and expense items that management believes are not part of underlying operations. These items may include, but are not limited to, loss on early extinguishment of debt, restructuring charges, certain tax items, and charges associated with non-recurring professional and legal fees associated with acquisitions. PFG's management cannot estimate on a forward-looking basis the impact of these income and expense items on its reported net income, which could be significant, are difficult to predict, and may be highly variable. As a result, PFG does not provide a reconciliation to the closest corresponding GAAP financial measure for its Adjusted EBITDA outlook. Please see the "Forward-Looking Statements" section of this release for a discussion of certain risks to PFG's outlook.

Conference Call

As previously announced, a conference call with the investment community and news media will be webcast today, May 8, 2024, at 9:00 a.m. Eastern Time. Access to the webcast is available at www.pfgc.com.

About Performance Food Group Company

Performance Food Group is an industry leader and one of the largest food and foodservice distribution companies in North America with more than 150 locations. Founded and headquartered in Richmond, Virginia, PFG and our family of companies market and deliver quality food and related products to over 300,000 locations including independent and chain restaurants; businesses, schools and healthcare facilities; vending and office coffee service distributors; and big box retailers, theaters and convenience stores. PFG's success as a Fortune 100 company is achieved through our more than 35,000 dedicated associates committed to building strong relationships with the valued customers, suppliers and communities we serve. To learn more about PFG, visit pfgc.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, and other non-historical statements. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “projects,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words.

Such forward-looking statements are subject to various risks and uncertainties. The following factors, in addition to those discussed under the section entitled Item 1A. Risk Factors in PFG’s Annual Report on Form 10-K for the fiscal year ended July 1, 2023 filed with the Securities and Exchange Commission (the “SEC”) on August 16, 2023, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov, could cause actual future results to differ materially from those expressed in any forward-looking statements:

- *economic factors, including inflation or other adverse changes such as a downturn in economic conditions or a public health crisis, negatively affecting consumer confidence and discretionary spending;*
- *our reliance on third-party suppliers;*
- *labor relations and cost risks and availability of qualified labor;*
- *costs and risks associated with a potential cybersecurity incident or other technology disruption;*
- *our reliance on technology and risks associated with disruption or delay in implementation of new technology;*
- *competition in our industry is intense, and we may not be able to compete successfully;*
- *we operate in a low margin industry, which could increase the volatility of our results of operations;*
- *we may not realize anticipated benefits from our operating cost reduction and productivity improvement efforts;*
- *our profitability is directly affected by cost inflation and deflation and other factors;*
- *we do not have long-term contracts with certain customers;*
- *group purchasing organizations may become more active in our industry and increase their efforts to add our customers as members of these organizations;*
- *changes in eating habits of consumers;*
- *extreme weather conditions, including hurricane, earthquake and natural disaster damage;*
- *volatility of fuel and other transportation costs;*
- *our inability to adjust cost structure where one or more of our competitors successfully implement lower costs;*
- *our inability to increase our sales in the highest margin portion of our business;*
- *changes in pricing practices of our suppliers;*
- *our growth strategy may not achieve the anticipated results;*
- *risks relating to acquisitions, including the risk that we are not able to realize benefits of acquisitions or successfully integrate the businesses we acquire;*
- *environmental, health, and safety costs, including compliance with current and future environmental laws and regulations relating to carbon emissions and climate change and related legal or market measures;*
- *our inability to comply with requirements imposed by applicable law or government regulations, including increased regulation of electronic cigarette and other alternative nicotine products;*
- *a portion of our sales volume is dependent upon the distribution of cigarettes and other tobacco products, sales of which are generally declining;*
- *the potential impact of product recalls and product liability claims relating to the products we distribute and other litigation;*
- *adverse judgments or settlements or unexpected outcomes in legal proceedings;*
- *negative media exposure and other events that damage our reputation;*

- *decrease in earnings from amortization charges associated with acquisitions;*
- *impact of uncollectibility of accounts receivable;*
- *increase in excise taxes or reduction in credit terms by taxing jurisdictions;*
- *the cost and adequacy of insurance coverage and increases in the number or severity of insurance and claims expenses;*
- *risks relating to our substantial outstanding indebtedness, including the impact of interest rate increases on our variable rate debt; and*
- *our ability to raise additional capital on commercially reasonable terms or at all.*

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. Any forward-looking statement, including any contained herein, speaks only as of the time of this release or as of the date they were made and we do not undertake to update or revise them as more information becomes available or to disclose any facts, events, or circumstances after the date of this release or our statement, as applicable, that may affect the accuracy of any forward-looking statement, except as required by law.

PERFORMANCE FOOD GROUP COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except per share data)	Three Months Ended March 30, 2024	Three Months Ended April 1, 2023	Nine Months Ended March 30, 2024	Nine Months Ended April 1, 2023
Net sales	\$ 13,857.7	\$ 13,771.3	\$ 43,092.0	\$ 42,389.5
Cost of goods sold	12,288.8	12,259.4	38,262.1	37,802.9
Gross profit	1,568.9	1,511.9	4,829.9	4,586.6
Operating expenses	1,414.0	1,343.1	4,284.9	4,082.6
Operating profit	154.9	168.8	545.0	504.0
Other expense, net:				
Interest expense, net	57.1	55.9	174.6	162.0
Other, net	1.0	1.1	(1.4)	4.1
Other expense, net	58.1	57.0	173.2	166.1
Income before taxes	96.8	111.8	371.8	337.9
Income tax expense	26.4	31.5	102.4	90.8
Net income	\$ 70.4	\$ 80.3	\$ 269.4	\$ 247.1
Weighted-average common shares outstanding:				
Basic	154.3	154.5	154.4	154.1
Diluted	156.1	156.5	156.2	156.1
Earnings per common share:				
Basic	\$ 0.46	\$ 0.52	\$ 1.74	\$ 1.60
Diluted	\$ 0.45	\$ 0.51	\$ 1.72	\$ 1.58

PERFORMANCE FOOD GROUP COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(\$ in millions)	As of March 30, 2024	As of July 1, 2023
ASSETS		
Current assets:		
Cash	\$ 16.5	\$ 12.7
Accounts receivable, less allowances of \$60.2 and \$56.3	2,365.0	2,399.3
Inventories, net	3,107.0	3,390.0
Income taxes receivable	74.2	41.7
Prepaid expenses and other current assets	260.1	227.8
Total current assets	5,822.8	6,071.5
Goodwill	2,418.7	2,301.0
Other intangible assets, net	1,022.7	1,028.4
Property, plant and equipment, net	2,571.4	2,264.0
Operating lease right-of-use assets	861.0	703.6
Other assets	177.3	130.5
Total assets	<u>\$ 12,873.9</u>	<u>\$ 12,499.0</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable and outstanding checks in excess of deposits	\$ 2,508.4	\$ 2,453.5
Accrued expenses and other current liabilities	794.7	891.5
Finance lease obligations-current installments	128.8	102.6
Operating lease obligations-current installments	108.6	105.5
Total current liabilities	3,540.5	3,553.1
Long-term debt	3,215.4	3,460.1
Deferred income tax liability, net	483.1	446.2
Finance lease obligations, excluding current installments	589.3	447.3
Operating lease obligations, excluding current installments	801.7	628.9
Other long-term liabilities	290.5	217.9
Total liabilities	8,920.5	8,753.5
Total shareholders' equity	3,953.4	3,745.5
Total liabilities and shareholders' equity	<u>\$ 12,873.9</u>	<u>\$ 12,499.0</u>

PERFORMANCE FOOD GROUP COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(\$ in millions)	Nine Months Ended March 30, 2024	Nine Months Ended April 1, 2023
Cash flows from operating activities:		
Net income	\$ 269.4	\$ 247.1
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and intangible asset amortization	411.9	369.2
Provision for losses on accounts receivables	15.6	9.5
Change in LIFO Reserve	50.5	68.3
Other non-cash activities	25.5	63.4
Changes in operating assets and liabilities, net:		
Accounts receivable	37.1	18.0
Inventories	257.2	170.5
Income taxes receivable	(32.5)	(31.4)
Prepaid expenses and other assets	(71.2)	(2.1)
Trade accounts payable and outstanding checks in excess of deposits	27.8	(141.2)
Accrued expenses and other liabilities	(34.6)	(114.1)
Net cash provided by operating activities	956.7	657.2
Cash flows from investing activities:		
Purchases of property, plant and equipment	(244.4)	(177.2)
Net cash paid for acquisitions	(307.9)	(63.9)
Proceeds from sale of property, plant and equipment and other	19.3	21.6
Net cash used in investing activities	(533.0)	(219.5)
Cash flows from financing activities:		
Net payments under ABL Facility	(249.1)	(380.6)
Payments under finance lease obligations	(87.8)	(64.7)
Proceeds from exercise of stock options and employee stock purchase plan	17.2	17.2
Cash paid for shares withheld to cover taxes	(21.5)	(12.6)
Repurchases of common stock	(78.1)	—
Other financing activities	(0.3)	(0.3)
Net cash used in financing activities	(419.6)	(441.0)
Net increase (decrease) in cash and restricted cash	4.1	(3.3)
Cash and restricted cash, beginning of period	20.0	18.7
Cash and restricted cash, end of period	\$ 24.1	\$ 15.4

The following table provides a reconciliation of cash and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows:

(In millions)	As of March 30, 2024	As of July 1, 2023
Cash	\$ 16.5	\$ 12.7
Restricted cash ⁽¹⁾	7.6	7.3
Total cash and restricted cash	\$ 24.1	\$ 20.0

- (1) Restricted cash is reported within Other assets and represents the amounts required by insurers to collateralize a part of the deductibles for the Company's workers' compensation and liability claims.

Supplemental disclosures of cash flow information:

(\$ in millions)	Nine Months Ended March 30, 2024	Nine Months Ended April 1, 2023
Cash paid during the year for:		
Interest	\$ 173.4	\$ 152.8
Income tax payments net of refunds	137.0	112.6

Statement Regarding Non-GAAP Financial Measures

This earnings release and the accompanying financial statement tables include several financial measures that are not calculated in accordance with GAAP, including Adjusted EBITDA, Adjusted Diluted EPS, and Free Cash Flow. Such measures are not recognized terms under GAAP, should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP, and are not indicative of net income as determined under GAAP. Adjusted EBITDA, Adjusted Diluted EPS, Free Cash Flow, and other non-GAAP financial measures have limitations that should be considered before using these measures to evaluate PFG's liquidity or financial performance. Adjusted EBITDA, Adjusted Diluted EPS, and Free Cash Flow, as presented, may not be comparable to similarly titled measures of other companies because of varying methods of calculation.

PFG uses Adjusted EBITDA to evaluate the performance of its business on a consistent basis over time and for business planning purposes. In addition, targets based on Adjusted EBITDA are among the measures we use to evaluate our management's performance for purposes of determining their compensation under our incentive plans. PFG believes that the presentation of Adjusted EBITDA enhances an investor's understanding of PFG's performance. PFG believes this measure is a useful metric to assess PFG's operating performance from period to period by excluding certain items that PFG believes are not representative of PFG's core business.

Management measures operating performance based on our Adjusted EBITDA, defined as net income before interest expense, interest income, income and franchise taxes, and depreciation and amortization, further adjusted to exclude certain items we do not consider part of our core operating results. Such adjustments include certain unusual, non-cash, non-recurring, cost reduction and other adjustment items permitted in calculating covenant compliance under PFG's \$4.0 billion secured credit facility (the "ABL Facility") and indentures governing its outstanding notes (other than certain pro forma adjustments permitted under our ABL Facility and indentures relating to the Adjusted EBITDA contribution of acquired entities or businesses prior to the acquisition date). Under our ABL Facility and indentures, PFG's ability to engage in certain activities such as incurring certain additional indebtedness, making certain investments, and making restricted payments is tied to ratios based on Adjusted EBITDA (as defined in the ABL Facility and indentures).

Management also uses Adjusted Diluted EPS, which is calculated by adjusting the most directly comparable GAAP financial measure by excluding the same items excluded in PFG's calculation of Adjusted EBITDA, as well as amortization of intangible assets, to the extent that each such item was included in the applicable GAAP financial measure. For business combinations, the Company generally allocates a portion of the purchase price to intangible assets and such intangible assets contribute to revenue generation. The amount of the allocation is based on estimates and assumptions made by management and is subject to amortization over the useful lives of the intangible assets. The amount of the purchase price from an acquisition allocated to intangible assets and the term of its related amortization can vary significantly and are unique to each acquisition, and thus the Company does not believe it is reflective of ongoing operations. Intangible asset amortization excluded from Adjusted Diluted EPS represents the entire amount recorded within the Company's GAAP financial statements; whereas, the revenue generated by the associated intangible assets has not been excluded from Adjusted Diluted EPS. Intangible asset amortization is excluded from Adjusted Diluted EPS because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired, or the estimated useful life of an intangible asset is revised.

Management also uses Free Cash Flow, which is defined as net cash provided by operating activities less capital expenditures (purchases of property, plant, and equipment). PFG also believes that the presentation of Free Cash Flow enhances an investor's understanding of PFG's ability to make strategic investments and manage debt levels.

PFG believes that the presentation of Adjusted EBITDA, Adjusted Diluted EPS, and Free Cash Flow is useful to investors because these metrics provide insight into underlying business trends and year-over-year results and are frequently used by securities analysts, investors, and other interested parties in their evaluation of the operating performance of companies in PFG's industry.

The following tables include a reconciliation of non-GAAP financial measures to the applicable most comparable GAAP financial measures.

PERFORMANCE FOOD GROUP COMPANY
Non-GAAP Reconciliation (Unaudited)

(\$ in millions, except share and per share data)	Three Months Ended			
	March 30, 2024	April 1, 2023	Change	%
Net income (GAAP)	\$ 70.4	\$ 80.3	\$ (9.9)	(12.3)
Interest expense, net	57.1	55.9	1.2	2.1
Income tax expense	26.4	31.5	(5.1)	(16.2)
Depreciation	90.7	78.7	12.0	15.2
Amortization of intangible assets	48.6	46.1	2.5	5.4
Change in LIFO reserve (A)	9.5	16.5	(7.0)	(42.4)
Stock-based compensation expense	10.0	10.2	(0.2)	(2.0)
(Gain) loss on fuel derivatives	(0.6)	2.7	(3.3)	(122.2)
Acquisition, integration & reorganization expenses (B)	5.4	1.4	4.0	285.7
Other adjustments (C)	3.2	(8.6)	11.8	137.2
Adjusted EBITDA (Non-GAAP)	<u>\$ 320.7</u>	<u>\$ 314.7</u>	<u>\$ 6.0</u>	<u>1.9</u>
Diluted earnings per share (GAAP)	\$ 0.45	\$ 0.51	\$ (0.06)	(11.8)
Impact of amortization of intangible assets	0.31	0.29	0.02	6.9
Impact of change in LIFO reserve	0.06	0.11	(0.05)	(45.5)
Impact of stock-based compensation expense	0.06	0.06	—	-
Impact of loss on fuel derivatives	—	0.02	(0.02)	(100.0)
Impact of acquisition, integration & reorganization charges	0.04	0.01	0.03	300.0
Impact of other adjustment items	0.02	(0.05)	0.07	140.0
Tax impact of above adjustments	(0.14)	(0.12)	(0.02)	(16.7)
Adjusted Diluted Earnings per Share (Non-GAAP)	<u>\$ 0.80</u>	<u>\$ 0.83</u>	<u>\$ (0.03)</u>	<u>(3.6)</u>

- A. Includes a decrease in the LIFO inventory reserve of \$1.2 million for Foodservice and an increase of \$10.7 million for Convenience for the third quarter of fiscal 2024 compared to a decrease of \$13.1 million for Foodservice and an increase of \$29.6 million for Convenience for the third quarter of fiscal 2023.
- B. Includes professional fees and other costs related to completed and abandoned acquisitions, costs of integrating certain of our facilities, and facility closing costs.
- C. Includes a \$10.8 million gain on the sale of a Vistar warehouse facility for the third quarter ended April 1, 2023, as well as asset impairments, insurance proceeds due to hurricane and other weather related events, amounts related to favorable and unfavorable leases, foreign currency transaction gains and losses, franchise tax expense, and other adjustments permitted by our ABL Facility.

PERFORMANCE FOOD GROUP COMPANY
Non-GAAP Reconciliation (Unaudited)

(\$ in millions, except share and per share data)	Nine Months Ended			
	March 30, 2024	April 1, 2023	Change	%
Net income (GAAP)	\$ 269.4	\$ 247.1	\$ 22.3	9.0
Interest expense, net	174.6	162.0	12.6	7.8
Income tax expense	102.4	90.8	11.6	12.8
Depreciation	260.8	232.2	28.6	12.3
Amortization of intangible assets	151.1	137.0	14.1	10.3
Change in LIFO reserve (A)	50.5	68.3	(17.8)	(26.1)
Stock-based compensation expense	31.7	33.1	(1.4)	(4.2)
(Gain) loss on fuel derivatives	(2.3)	5.2	(7.5)	(144.2)
Acquisition, integration & reorganization expenses (B)	19.1	7.2	11.9	165.3
Other adjustments (C)	(7.4)	(4.7)	(2.7)	(57.4)
Adjusted EBITDA (Non-GAAP)	<u>\$ 1,049.9</u>	<u>\$ 978.2</u>	<u>\$ 71.7</u>	<u>7.3</u>
Diluted earnings per share (GAAP)	\$ 1.72	\$ 1.58	\$ 0.14	8.9
Impact of amortization of intangible assets	0.97	0.88	0.09	10.2
Impact of change in LIFO reserve	0.32	0.44	(0.12)	(27.3)
Impact of stock-based compensation	0.20	0.21	(0.01)	(4.8)
Impact of (gain) loss on fuel derivatives	(0.01)	0.03	(0.04)	(133.3)
Impact of acquisition, integration & reorganization charges	0.12	0.05	0.07	140.0
Impact of other adjustment items	(0.05)	(0.03)	(0.02)	(66.7)
Tax impact of above adjustments	(0.42)	(0.43)	0.01	2.3
Adjusted Diluted Earnings per Share (Non-GAAP)	<u>\$ 2.85</u>	<u>\$ 2.73</u>	<u>\$ 0.12</u>	<u>4.4</u>

- A. Includes a decrease in the LIFO inventory reserve of \$0.6 million for Foodservice and an increase of \$51.1 million for Convenience for the first nine months of fiscal 2024 compared to a decrease of \$15.1 million for Foodservice and an increase of \$83.4 million for Convenience for the first nine months of fiscal 2023.
- B. Includes professional fees and other costs related to completed and abandoned acquisitions, costs of integrating certain of our facilities, and facility closing costs.
- C. Includes an \$8.1 million gain on the sale of a Foodservice warehouse facility for the nine months ended March 30, 2024, a \$10.8 million gain on the sale of a Vistar warehouse facility for the nine months ended April 1, 2023, as well as asset impairments, insurance proceeds due to hurricane and other weather related events, amounts related to favorable and unfavorable leases, foreign currency transaction gains and losses, franchise tax expense, and other adjustments permitted by our ABL Facility.

(In millions)	Nine Months Ended March 30, 2024	Nine Months Ended April 1, 2023
Net cash provided by operating activities (GAAP)	\$ 956.7	\$ 657.2
Purchases of property, plant and equipment	(244.4)	(177.2)
Free cash flow (Non-GAAP)	<u>\$ 712.3</u>	<u>\$ 480.0</u>

Segment Results

The Company has three reportable segments: Foodservice, Vistar, and Convenience. Management evaluates the performance of these segments based on various operating and financial metrics, including their respective sales growth and Adjusted EBITDA. Adjusted EBITDA is defined as net income before interest expense, interest income, income taxes, and depreciation and amortization, and excludes certain items that the Company does not consider part of its segments' core operating results, including stock-based compensation expense, changes in the LIFO reserve, acquisition, integration and reorganization expenses, and gains and losses related to fuel derivatives.

Corporate & All Other is comprised of corporate overhead and certain operations that are not considered separate reportable segments based on their size. This includes the operations of our internal logistics unit responsible for managing and allocating inbound logistics revenue and expense.

The following tables set forth net sales and Adjusted EBITDA by segment for the periods indicated (dollars in millions):

Net Sales

	Three Months Ended			
	March 30, 2024	April 1, 2023	Change	%
Foodservice	\$ 7,015.5	\$ 6,946.2	\$ 69.3	1.0
Vistar	1,133.8	1,114.8	19.0	1.7
Convenience	5,640.1	5,681.3	(41.2)	(0.7)
Corporate & All Other	231.6	184.1	47.5	25.8
Intersegment Eliminations	(163.3)	(155.1)	(8.2)	(5.3)
Total net sales	\$ 13,857.7	\$ 13,771.3	\$ 86.4	0.6

	Nine Months Ended			
	March 30, 2024	April 1, 2023	Change	%
Foodservice	\$ 21,371.8	\$ 21,172.8	\$ 199.0	0.9
Vistar	3,586.1	3,323.8	262.3	7.9
Convenience	17,918.5	17,832.3	86.2	0.5
Corporate & All Other	699.7	490.4	209.3	42.7
Intersegment Eliminations	(484.1)	(429.8)	(54.3)	(12.6)
Total net sales	\$ 43,092.0	\$ 42,389.5	\$ 702.5	1.7

Adjusted EBITDA

	Three Months Ended			
	March 30, 2024	April 1, 2023	Change	%
Foodservice	\$ 219.3	\$ 220.0	\$ (0.7)	(0.3)
Vistar	72.9	73.1	(0.2)	(0.3)
Convenience	70.9	73.2	(2.3)	(3.1)
Corporate & All Other	(42.4)	(51.6)	9.2	17.8
Total Adjusted EBITDA	\$ 320.7	\$ 314.7	\$ 6.0	1.9

	Nine Months Ended			
	March 30, 2024	April 1, 2023	Change	%
Foodservice	\$ 689.4	\$ 670.3	\$ 19.1	2.8
Vistar	255.1	239.7	15.4	6.4
Convenience	249.1	248.1	1.0	0.4
Corporate & All Other	(143.7)	(179.9)	36.2	20.1
Total Adjusted EBITDA	\$ 1,049.9	\$ 978.2	\$ 71.7	7.3