

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 10, 2021**

**Performance Food Group Company**

(Exact name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-37578**  
(Commission File Number)

**43-1983182**  
(IRS Employer  
Identification No.)

**12500 West Creek Parkway**  
**Richmond, Virginia**  
(Address of Principal Executive Offices)

**23238**  
(Zip Code)

**Registrant's Telephone Number, Including Area Code: (804) 484-7700**

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	PFGC	New York Stock Exchange

**Item 2.02 Results of Operations.**

On November 10, 2021, Performance Food Group Company (the “Company”) issued a press release announcing the results of the Company’s operations for the fiscal quarter ended October 2, 2021. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference in this Item 2.02.

The information in this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press Release of Performance Food Group Company, dated November 10, 2021, announcing results for the fiscal quarter ended October 2, 2021.</a>
104	Cover page Interactive Data File (embedded within Inline XBRL document).

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 10, 2021

PERFORMANCE FOOD GROUP COMPANY

By: /s/ A. Brent King

**A. Brent King**

**Senior Vice President, General Counsel and Secretary**

**NEWS RELEASE**

For Immediate Release

November 10, 2021

**Investors:**

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**Performance Food Group Company Reports First-Quarter Fiscal 2022 Results**  
**Double-Digit Net Sales and Gross Profit Growth Driven by the Core-Mark Acquisition;**

**First-Quarter Fiscal 2022 Highlights**

- Total case volume grew approximately 27%
- Net sales increased 47.4% to \$10.4 billion
- Gross profit improved 40.1% to \$1.1 billion
- Net income of \$4.7 million compared to net loss of \$0.7 million for the prior year period
- Adjusted EBITDA increased 35.9% to \$183.7 million<sup>1</sup>
- Diluted earnings per share (“EPS”) of \$0.03
- Adjusted Diluted EPS increased 72.0% to \$0.43<sup>1</sup>

RICHMOND, Va. – Performance Food Group Company (“PFG” or the “Company”) (NYSE: PFGC) today announced its first-quarter fiscal 2022 business results.

“Performance Food Group is off to a great start to fiscal 2022, with a record level of sales and strong underlying business trends,” said George Holm, Performance Food Group’s Chairman, President & Chief Executive Officer. “Our Foodservice segment’s independent restaurant business maintained strong momentum. We are very pleased that our independent volume continues to build upon our outperformance last year. Independent cases are well above levels two years ago which would not be possible without the acceleration at Reinhart and strong contribution from the rest of our Foodservice business. We are also very pleased to see Vistar experience consistent sequential improvement as their key channels, including theater and offices, continue to recover.

“In addition to the strong operating results in the fiscal first quarter, we closed the Core-Mark acquisition and welcomed their 8,000 associates to the PFG family of companies. The integration of that business is already ahead of schedule, and we had several important strategic wins within the first few weeks of owning the business. We have high expectations for Core-Mark and the value the transaction can create for PFG. The early results are very encouraging. Our business is operating from a position of strength and we believe we have the footprint and scale to be successful in the years ahead.”

<sup>1</sup> This earnings release includes several metrics, including EBITDA, Adjusted EBITDA, Adjusted Diluted EPS 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.

## **First-Quarter Fiscal 2022 Financial Summary**

Total case volume increased approximately 27% for the first quarter of fiscal 2022 compared to the prior year period. Total case volume included Core-Mark Holding Company, Inc. (“Core-Mark”) and a 21.1% increase in independent cases. Excluding the impact of the Core-Mark acquisition, organic case volume increased 17.8% in the first quarter of fiscal 2022 compared to the prior year period.

Net sales for the first quarter of fiscal 2022 grew 47.4% to \$10.4 billion compared to the prior year period. Included in net sales for the first three months of fiscal 2022 was \$586.0 million related to tobacco excise taxes, compared to \$305.3 million of tobacco excise taxes for the prior year period. Net sales for the first three months of fiscal 2022 includes \$2,081.5 million of sales of cigarettes as compared to \$1,056.4 million for the prior year period. The increase in net sales was primarily attributable to the acquisition of Core-Mark, an increase in selling price per case as a result of inflation, and the declining adverse effects of the novel coronavirus (“COVID-19”) pandemic, which had a more significant adverse impact in the first quarter of the prior year. The acquisition of Core-Mark contributed \$1,572.3 million to net sales since the acquisition date of September 1, 2021, for the first three months of fiscal 2022. Overall food cost inflation was approximately 11.1%.

Gross profit for the first quarter of fiscal 2022 increased 40.1% to \$1.1 billion as compared to the prior year period. The gross profit increase was led by the acquisition of Core-Mark and an increase in gross profit per case in Foodservice driven by growth in the independent channel. The Core-Mark acquisition contributed gross profit of \$89.1 million since the acquisition date, which included \$8.8 million of amortization for the step up in fair value of inventory acquired. Gross margin as a percentage of net sales was 11.0% for the first quarter of fiscal 2022 compared to 11.6% for the prior year period.

Operating expenses rose by 40.3% to \$1.1 billion in the first quarter of fiscal 2022 compared to the prior year period. The increase in operating expenses was primarily due to the acquisition of Core-Mark. Core-Mark contributed \$78.4 million of operating expenses since the acquisition date. Operating expenses also increased as a result of an increase in case volume and the resulting impact on variable operational and selling expenses. In the first three months of fiscal 2022, the Company experienced a \$52.3 million increase in temporary contract labor costs, including travel expenses associated with contract workers, compared to the prior year period as a result of the current labor market’s impact on the Company’s ability to hire and retain qualified labor. Additionally, the Company had increases in professional fees and fuel expenses due to higher fuel prices compared to the prior year period.

The first quarter of fiscal 2022 resulted in net income of \$4.7 million compared to a net loss of \$0.7 million in the prior year period. The increase was primarily a result of the \$12.4 million increase in operating profit, partially offset by increases in interest expense and income tax expense. The effective tax rate in the first quarter of fiscal 2022 was approximately 14.7% compared to 64.7% in the first quarter of fiscal 2021. The decrease from the prior year period was primarily due to state taxes, stock compensation, and discrete items as a percentage of book income, which was higher than the book income for the prior year period.

EBITDA increased 24.6% to \$148.2 million in the first quarter of fiscal 2022 compared to the prior year period. For the quarter, Adjusted EBITDA rose 35.9% to \$183.7 million compared to the prior year period.

Diluted EPS was \$0.03 in the first quarter of fiscal 2022 compared to diluted loss per share of \$0.01 in the prior year period. Adjusted Diluted EPS increased 72.0% to \$0.43 per share in the first quarter of fiscal 2022 compared to Adjusted Diluted EPS of \$0.25 per share in the prior year period.

## **Cash Flow and Capital Spending**

In the first quarter of fiscal 2022, PFG provided \$31.8 million in cash flow from operating activities compared to \$132.0 million of cash flow used by operating activities in the prior year period. The increase in cash flow from operating activities was largely driven by the prior year payment of \$117.3 million of contingent consideration related to the acquisition of Eby-Brown Company LLC (“Eby-Brown”) and improvements in working capital. For the first quarter of fiscal 2022, PFG invested \$24.4 million in capital expenditures, a decrease of \$16.4 million versus the prior year period. PFG delivered positive free cash flow of \$7.4 million<sup>1</sup> compared to negative free cash flow of \$172.8 million in the prior year period.

### *First-Quarter Fiscal 2022 Segment Results*

#### **Foodservice**

First-quarter of fiscal 2022 net sales for Foodservice increased 26.3% to \$6.4 billion compared to the prior year period. This increase in net sales was driven by growth in cases sold due to the declining adverse effects of the COVID-19 pandemic on the restaurant industry, and an increase in selling price per case as a result of inflation. Securing new and expanding business with independent

customers resulted in independent case growth of approximately 21.2% in the first three months of fiscal 2022 compared to the prior year period. For the first quarter of fiscal 2022, independent sales as a percentage of total segment sales were 39.2%.

First-quarter of fiscal 2022 EBITDA for Foodservice increased 2.4% to \$159.9 million compared to the prior year period. Gross profit increased 22.7% in the first quarter of fiscal 2022 compared to the prior year period, driven by an increase in gross profit per case, as well as an increase in cases sold. The increase in gross profit per case was driven by a favorable shift in the mix of cases sold to independent customers, including more Performance Brands products sold to our independent customers. Operating expenses, excluding depreciation and amortization, for Foodservice increased 28.9% for the first three months of fiscal 2022 compared to the prior year period as a result of an increase in case volume and the resulting impact on variable operational and selling expenses, as well as an increase in personnel expenses, including temporary contract labor costs and the associated travel expenses. The increase in operating expenses was also driven by increases in fuel expense due to higher fuel prices as compared to the prior year period.

### **Vistar**

For the first quarter of fiscal 2022, net sales for Vistar increased 100.4% to \$4.0 billion compared to the prior year period. Included in net sales for the first three months of fiscal 2022 was \$586.0 million related to tobacco excise taxes, compared to \$305.3 million of tobacco excise taxes for the prior year period. Net sales for the first three months of fiscal 2022 includes \$2,081.5 million of sales of cigarettes as compared to \$1,056.4 million for the prior year period. The increase in net sales was driven by the acquisition of Core-Mark as well as the improving economic conditions due to the declining adverse effects of the COVID-19 pandemic. The Core-Mark acquisition contributed \$1,572.3 million of net sales since the acquisition date of September 1, 2021, which includes \$283.1 million related to tobacco excise taxes.

First-quarter of fiscal 2022 EBITDA for Vistar increased 484.6% to \$68.4 million versus the prior year period. Gross profit growth of 120.3% for the first quarter of fiscal 2022 compared to the prior year period was fueled by the Core-Mark acquisition and the declining adverse effects of the COVID-19 pandemic on the economy. Core-Mark contributed gross profit of \$89.1 million since the acquisition date, which included \$8.8 million of amortization for the step up in fair value of inventory acquired. Additionally, there was an increase in procurement gains, as well as a favorable shift in the channel mix that impacted this segment. The increase in gross profit was partially offset by increase of operating expenses primarily as a result of the Core-Mark acquisition, which contributed an additional \$77.3 million of operating expenses since the acquisition date, and the increase in case volume and the resulting impact on variable operational and selling expenses, along with increases in personnel and fuel expenses.

### **Core-Mark Transaction**

On September 1, 2021, PFG announced the completion of the acquisition of Core-Mark. We believe the transaction creates a best-in-class convenience business within PFG's Vistar segment that includes the Core-Mark and Eby-Brown businesses. The expanded convenience business will continue to operate under the Core-Mark name and will be headquartered in Westlake, Texas with Eby-Brown maintaining ongoing operations in Naperville, Illinois.

### **Fiscal 2022 Outlook**

For the fiscal second quarter of 2022, PFG expects net sales to be in a range of \$12.7 billion to \$12.9 billion and Adjusted EBITDA to be in a range of \$210 million to \$225 million.

For the full fiscal year 2022, PFG expects net sales to be in a range of \$49.5 billion to \$50.5 billion and Adjusted EBITDA to be in a range of \$940 million to \$960 million. This outlook includes the impact of 10 months of Core-Mark's business 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 on November 10, 2021 at 9:00 a.m. Eastern Time. Access to the webcast is available at [www.pfgc.com](http://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 in the U.S. and parts of Canada. Founded and headquartered in Richmond, Virginia, PFG and our family

of companies market and deliver quality food and related products to 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 500 company is achieved through our more than 30,000 dedicated associates committed to building strong relationships with the valued customers, suppliers and communities we serve. To learn more about PFG, visit [pfgc.com](http://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, integration of our acquisition of Core-Mark 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 the PFG's Annual Report on Form 10-K for the fiscal year ended July 3, 2021 filed with the Securities and Exchange Commission (the "SEC") on August 24, 2021, 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](http://www.sec.gov), could cause actual future results to differ materially from those expressed in any forward-looking statements:*

- *the material adverse impact of the COVID-19 pandemic has had and is expected to continue to have on the global markets, the restaurant industry, and our business specifically, including the effects on vehicle miles drive, on the financial health of our business partners, on supply chains, and on financial and capital markets;*
- *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 of our 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 earthquake and natural disaster damage;*
- *our reliance on third-party suppliers;*
- *labor relations and cost risks and availability of qualified labor;*
- *volatility of fuel and other transportation costs;*
- *inability to adjust cost structure where one or more of our competitors successfully implement lower costs;*
- *we may be unable 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;*
- *the risk that we fail 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;*
- *if the products we distribute are alleged to cause injury or illness or fail to comply with governmental regulations, we may need to recall our products and may experience product liability claims;*
- *our reliance on technology and risks associated with disruption or delay in implementation of new technology;*

- *costs and risks associated with a potential cybersecurity incident or other technology disruption;*
- *product liability claims relating to the products we distribute and other litigation;*
- *adverse judgements 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;*
- *difficult economic conditions affecting consumer confidence;*
- *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 outstanding indebtedness;*
- *our ability to raise additional capital;*
- *the following risks related to the acquisition of Core-Mark:*
  - *the possibility that the expected synergies and value creation from the acquisition will not be realized or will not be realized within the expected time period;*
  - *the risk that unexpected costs will be incurred in connection with the integration of the acquisition or that the integration of Core-Mark will be more difficult or time consuming than expected;*
  - *the inability to retain key personnel;*
  - *disruption from the acquisition including potential adverse reactions or changes to business relationships with customers, employees, suppliers or regulators, making it more difficult to maintain business and operational relationships; and*
  - *the risk that the combined company may not be able to effectively manage its expanded operations.*

*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)**

<b>(In millions, except per share data)</b>	<b>Three Months Ended October 2, 2021</b>		<b>Three Months Ended September 26, 2020</b>	
Net sales	\$	10,386.3	\$	7,046.8
Cost of goods sold		9,244.0		6,231.3
Gross profit		1,142.3		815.5
Operating expenses		1,094.1		779.7
Operating profit		48.2		35.8
Other expense, net:				
Interest expense, net		44.0		38.8
Other, net		(1.3)		(1.0)
Other expense, net		42.7		37.8
Income (loss) before taxes		5.5		(2.0)
Income tax expense (benefit)		0.8		(1.3)
Net income (loss)	\$	4.7	\$	(0.7)
Weighted-average common shares outstanding:				
Basic		139.7		131.7
Diluted		141.2		131.7
Earnings (loss) per common share:				
Basic	\$	0.03	\$	(0.01)
Diluted	\$	0.03	\$	(0.01)

**PERFORMANCE FOOD GROUP COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**

(\$ in millions)	As of October 2, 2021	As of July 3, 2021
<b>ASSETS</b>		
Current assets:		
Cash	\$ 35.1	\$ 11.1
Accounts receivable, less allowances of \$48.8 and \$42.6	2,164.9	1,580.0
Inventories, net	2,864.0	1,839.4
Income taxes receivable	73.1	49.6
Prepaid expenses and other current assets	211.7	100.3
Total current assets	5,348.8	3,580.4
Goodwill	2,220.5	1,354.7
Other intangible assets, net	1,280.1	796.4
Property, plant and equipment, net	1,978.5	1,589.6
Operating lease right-of-use assets	650.8	438.7
Restricted cash and other assets	103.0	85.9
Total assets	\$ 11,581.7	\$ 7,845.7
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable and outstanding checks in excess of deposits	\$ 2,374.1	\$ 1,776.5
Accrued expenses and other current liabilities	709.9	625.0
Finance lease obligations-current installments	71.5	48.7
Operating lease obligations-current installments	105.8	77.0
Total current liabilities	3,261.3	2,527.2
Long-term debt	3,669.7	2,240.5
Deferred income tax liability, net	376.1	140.4
Finance lease obligations, excluding current installments	355.0	255.0
Operating lease obligations, excluding current installments	560.5	378.0
Other long-term liabilities	235.6	198.5
Total liabilities	8,458.2	5,739.6
Total shareholders' equity	3,123.5	2,106.1
Total liabilities and shareholders' equity	\$ 11,581.7	\$ 7,845.7

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

(\$ in millions)	Three Months Ended October 2, 2021	Three Months Ended September 26, 2020
Cash flows from operating activities:		
Net income (loss)	\$ 4.7	\$ (0.7)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and intangible asset amortization	98.7	82.1
Provision for losses on accounts receivables	0.2	(2.0)
Change in LIFO Reserve	11.3	(8.7)
Non-cash activities	14.6	10.7
Changes in operating assets and liabilities, net:		
Accounts receivable	(77.3)	(23.6)
Inventories	26.1	34.2
Income taxes receivable	0.5	(7.5)
Prepaid expenses and other assets	10.2	(15.1)
Trade accounts payable and outstanding checks in excess of deposits	21.2	(155.3)
Accrued expenses and other liabilities	(78.4)	(46.1)
Net cash provided by (used in) operating activities	<u>31.8</u>	<u>(132.0)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(24.4)	(40.8)
Net cash paid for acquisitions	(1,382.6)	—
Other	0.4	6.1
Net cash used in investing activities	<u>(1,406.6)</u>	<u>(34.7)</u>
Cash flows from financing activities:		
Net borrowings under ABL Facility	786.9	301.0
Borrowing of Notes due 2029	1,000.0	—
Repayment of Notes due 2024	(350.0)	—
Cash paid for debt issuance, extinguishment and modifications	(21.5)	—
Payments under finance lease obligations	(15.0)	(8.0)
Cash paid for acquisitions	(0.6)	(135.6)
Proceeds from exercise of stock options and employee stock purchase plan	1.5	10.3
Cash paid for shares withheld to cover taxes	(6.4)	(4.2)
Other	(0.1)	(0.3)
Net cash provided by financing activities	<u>1,394.8</u>	<u>163.2</u>
Net increase (decrease) in cash and restricted cash	20.0	(3.5)
Cash and restricted cash, beginning of period	22.2	431.8
Cash and restricted cash, end of period	<u>\$ 42.2</u>	<u>\$ 428.3</u>

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 October 2, 2021	As of July 3, 2021
Cash	\$ 35.1	\$ 11.1
Restricted cash <sup>(1)</sup>	7.1	11.1
Total cash and restricted cash	<u>\$ 42.2</u>	<u>\$ 22.2</u>

(1) Restricted cash 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:

<b>(\$ in millions)</b>	<b>Three Months Ended October 2, 2021</b>	<b>Three Months Ended September 26, 2020</b>
<b>Cash paid during the year for:</b>		
Interest	\$ 11.8	\$ 10.8
Income tax payments, net	0.6	0.7

## 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 EBITDA, Adjusted EBITDA, Free Cash Flow and Adjusted Diluted EPS. 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. EBITDA, Adjusted EBITDA, Free Cash Flow, Adjusted Diluted EPS and other non-GAAP financial measures have limitations that should be considered before using these measures to evaluate PFG's liquidity or financial performance. EBITDA, Adjusted EBITDA, Free Cash Flow and Adjusted Diluted EPS, as presented, may not be comparable to similarly titled measures of other companies because of varying methods of calculation.

Management measures operating performance based on PFG's EBITDA, defined as net income before interest expense, interest income, income taxes, and depreciation and amortization.

PFG believes that the presentation of 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. PFG also uses this measure to evaluate the performance of its segments and for business planning purposes.

In addition, management uses 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 the PFG's credit agreement and indenture (other than certain pro forma adjustments permitted under our credit agreement and indenture relating to the Adjusted EBITDA contribution of acquired entities or businesses prior to the acquisition date). Under PFG's credit agreement and indenture, 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 credit agreement and indenture).

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 and 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, Free Cash Flow and Adjusted Diluted EPS 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			
	October 2, 2021	September 26, 2020	Change	%
<b>Net income (loss) (GAAP)</b>	\$ 4.7	\$ (0.7)	\$ 5.4	771.4
Interest expense, net (A)	44.0	38.8	5.2	13.4
Income tax expense (benefit)	0.8	(1.3)	2.1	161.5
Depreciation	57.0	52.8	4.2	8.0
Amortization of intangible assets	41.7	29.3	12.4	42.3
<b>EBITDA (Non-GAAP)</b>	148.2	118.9	29.3	24.6
Non-cash items (B)	(0.3)	11.0	(11.3)	(102.7)
Acquisition, integration & reorganization charges (C)	32.8	4.5	28.3	628.9
Productivity initiatives and other adjustment items (D)	3.0	0.8	2.2	275.0
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 183.7</u>	<u>\$ 135.2</u>	<u>\$ 48.5</u>	<u>35.9</u>
<b>Diluted earnings (loss) per share (GAAP)</b>	\$ 0.03	\$ (0.01)	\$ 0.04	400.0
Impact of amortization of intangible assets	0.30	0.22	0.08	36.4
Impact of non-cash items	—	0.08	(0.08)	(100.0)
Impact of acquisition, integration & reorganization charges	0.23	0.04	0.19	475.0
Impact of productivity initiatives and other adjustment items	0.02	0.01	0.01	100.0
Tax impact of above adjustments	(0.15)	(0.09)	(0.06)	(66.7)
<b>Adjusted Diluted Earnings per Share (Non-GAAP)</b>	<u>\$ 0.43</u>	<u>\$ 0.25</u>	<u>\$ 0.18</u>	<u>(72.0)</u>

- A. Includes a \$3.2 million loss on extinguishment of debt for the first quarter of fiscal 2022 related to the early redemption of the Notes due 2024.
- B. Includes adjustments for non-cash charges arising from stock-based compensation and gain/loss on disposal of assets. Stock-based compensation expense was \$10.0 million for the first quarter of fiscal 2022 and \$4.7 million in the first quarter of fiscal 2021. In addition, this includes an increase in the last-in-first-out (“LIFO”) reserve of \$5.7 million for Foodservice and a decrease of \$17.0 million for Vistar for the first quarter of fiscal 2022 compared to increases of \$5.1 million for Foodservice and \$3.6 for Vistar for the first quarter of fiscal 2021.
- C. Includes professional fees and other costs related to completed and abandoned acquisitions, costs of integrating certain of our facilities, and facility closing costs.
- D. Consists primarily of amounts related to fuel collar derivatives, certain financing transactions, lease amendments, legal settlements, franchise tax expense, insurance proceeds, and other adjustments permitted by our ABL Facility.

(In millions)	Three Months Ended October 2, 2021	Three Months Ended September 26, 2020
<b>Net cash provided by operating activities (GAAP)</b>	\$ 31.8	\$ (132.0)
Purchases of property, plant and equipment	(24.4)	(40.8)
<b>Free cash flow (Non-GAAP)</b>	<u>\$ 7.4</u>	<u>\$ (172.8)</u>

## Segment Results

The Company has two reportable segments: Foodservice and Vistar. Management evaluates the performance of these segments based on their respective sales growth and EBITDA. 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 EBITDA by segment for the periods indicated (dollars in millions):

### *Net Sales*

	Three Months Ended			
	October 2, 2021	September 26, 2020	Change	%
Foodservice	\$ 6,362.0	\$ 5,036.4	\$ 1,325.6	26.3
Vistar	4,021.5	2,006.3	2,015.2	100.4
Corporate & All Other	116.8	100.9	15.9	15.8
Intersegment Eliminations	(114.0)	(96.8)	(17.2)	(17.8)
Total net sales	\$ 10,386.3	\$ 7,046.8	\$ 3,339.5	47.4

### *EBITDA*

	Three Months Ended			
	October 2, 2021	September 26, 2020	Change	%
Foodservice	\$ 159.9	\$ 156.2	\$ 3.7	2.4
Vistar	68.4	11.7	56.7	484.6
Corporate & All Other	(80.1)	(49.0)	(31.1)	(63.5)
Total EBITDA	\$ 148.2	\$ 118.9	\$ 29.3	24.6