



April 18, 2022

To Our Valued Customers,

This month's service level update includes category insights, supplier and brand performance and detailed recovery expectations with the Spring / Summer selling season, and the fluctuations of today's supply chain.

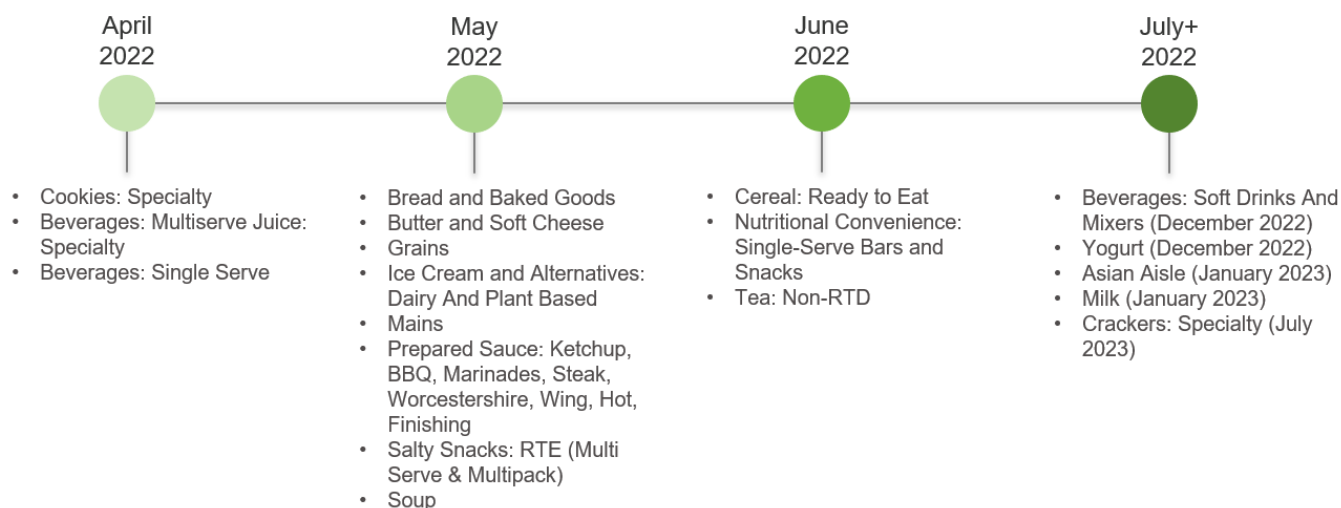
Recovery efforts reflect an overall improvement in fill rates from suppliers during the last several weeks. The number of items on supplier allocations have declined, while we've seen increased product made available on remaining allocation items. Late supplier deliveries are down, further supporting improved fill rates. And while some suppliers are guiding us to slightly longer full category recovery dates, they are also signaling much higher confidence than in their previous recovery outlook.

In this time of unprecedented cost pressures, we are processing a record number of price increases from the supplier community to keep pace with the market's rising energy, transportation, raw materials, and labor costs. Suppliers expect further cost increases are likely through the remainder of this year. The USDA is predicting a 4.5%-5% rise in grocery store food prices this year. We continue to enforce our standard advanced notification on price changes, as well as strongly advocating for promotional support on items with strong supply. In conjunction with our supplier partners, we are exploring all facets of supply chain, scrutinizing order management, logistics, and sourcing for cost efficiencies.

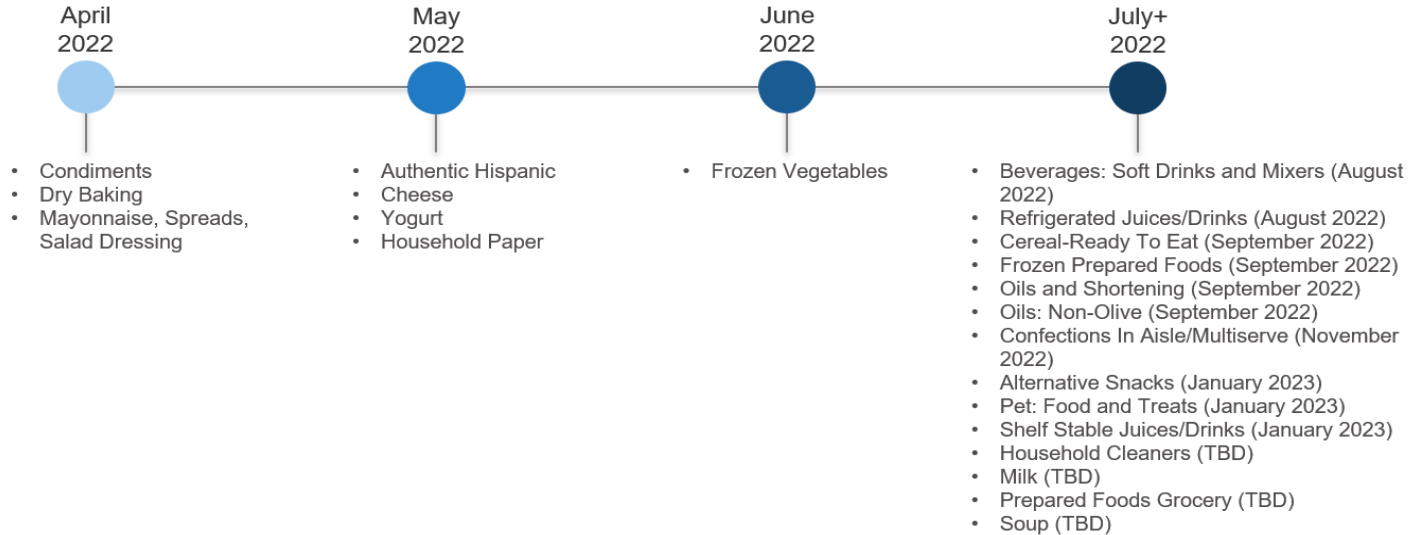
Recovery Guidance for most impacted categories overall

Here's the latest updates on recovery dates by key categories most impacted by Service Level challenges:

Natural



Conventional



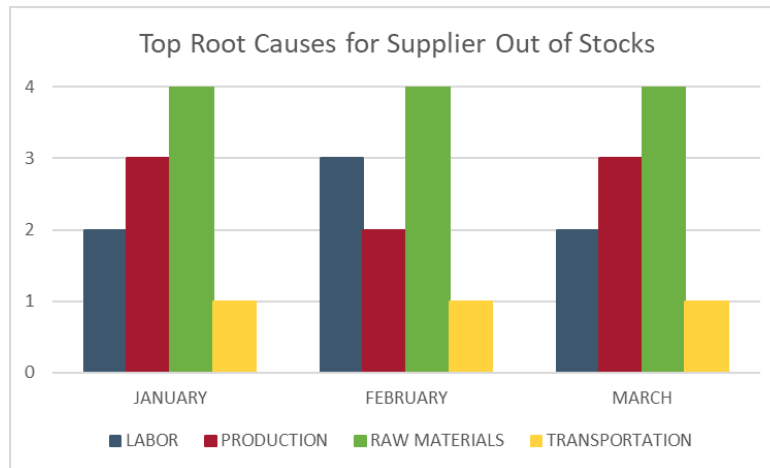
Key Natural Insights:

- 60% of the top 10 impacted categories are communicating deferred recovery expectation
- 10% of the top 10 impacted categories are indicating slight improvement to recovery guidance
- 30% of the top 10 impacted categories reporting no change to last update
- Please refer to the attached recaps for affected categories and details brand recovery guidance

Key Conventional Insights:

- 40% of the top impacted categories are communicating deferred recovery expectation
- 30% of the top impacted categories are indicating slight improvement to recovery guidance
- 30% of the top impacted categories reporting no change to last update
- Please refer to the attached recaps for affected categories and details brand recovery guidance

Raw materials continue to be the consistently top reported root cause of supplier out of stocks. In March, we saw a slight improvement in labor, while production capacity became the second highest impediment to suppliers' recovery:



Key Upcoming Seasonal General Merchandise and Candy Update

GM Easter/Spring/Summer and Easter/Summer Candy:

- GM Spring/Easter- 87% has been received and is shipping to customers, 6% is due in April (these items are not Easter-specific and will sell throughout the summer), and 7% has been cancelled from suppliers
- GM Summer- 56% has been received and is shipping to customers, 40% is due by mid-June, and 4% has been cancelled from suppliers
- Easter Candy: 74% is shipped, 26% has been cancelled by suppliers
- Summer Candy: PO's are due to be delivered by June 17th, with store shipments scheduled now through July 1st. 7/1/2022

Next catalogs opening:

- GM Valentine's: Opens for ordering on 4/25/22; closes on 5/22/22
- Halloween Candy: Opens for ordering on 3/20/2022; closes on 4/16/2022

Retailer Resources

Changes to constricted items and promotional updates are received daily from our suppliers as conditions fluctuate. A list of deprioritized and allocated items is updated every Tuesday and is posted weekly on SV Harbor for conventional distribution centers. Promotions plans continue to be adjusted as supply issues continue.



Planogram Update Process

- Base Planograms (POGS) continue to be updated with available assortment on a bi-weekly basis.
- As items become available again, we are updating the POGs through our New Item Cut In (NICI) process.
- Natural Core POGs derived from our category reviews are constructed using current product availability. Core POGs can be accessed through your UNFI account manager.

Other Category Management Insights

The Category Management team continues to evaluate trends and provide guidance through the review process. Additional COVID and Category Insights specific to categories can be found within the Natural and Conventional Express Lanes. These documents are available as follows:

- Natural Express Lanes are available from your UNFI sales team.
- Conventional Category Executive Summaries are available to participating Home Store retailers in your cycle packets and posted on SV Wire, in the Executive Summary Folder. Beginning with this month Executive Summaries will become Conventional Express Lanes.

We are pleased to share the progress made to overall service level in the last several weeks, as more categories and brands start to recover. We will continue to keep you up to date on key supply chain elements most impactful to your business.

Sincerely,

John Raiche
EVP Supplier Services