



Fiscal 2022 2nd Quarter Earnings Release

August 18, 2022



General Disclaimer

Forward-Looking Statements

The matters discussed in this presentation and in the Company's website-accessible conference calls with analysts include "forward-looking statements" about the plans, strategies, objectives, goals or expectations of the Company. These forward-looking statements are identifiable by words or phrases indicating that the Company or management "expects," "anticipates," "plans," "believes," or "estimates," or that a particular occurrence or event "may," "could," "should," "will" or "will likely" result, occur or be pursued or "continue" in the future, that the "outlook", "trend", "guidance" or "target" is toward a particular result or occurrence, that a development is an "opportunity," "priority," "strategy," "focus," that the Company is "positioned" for a particular result, or similarly stated expectations. Undue reliance should not be placed on these forward-looking statements, which speak only as of the date made. There are many important factors that could cause actual results to differ materially. These risks and uncertainties include the Company's ability to compete in the highly competitive grocery distribution, retail grocery and military distribution industries; changes in economic or geopolitical conditions, including inflationary pressures and the Russia-Ukraine conflict; interest rate fluctuations; labor relations issues and rising labor costs; the ability of customers to fulfill their obligations to the Company; the Company's dependence on certain major customers, suppliers and vendors; disruptions to the Company's information security network; disruptions associated with the COVID-19 pandemic; the Company's ability to implement its growth strategy and transformation initiatives; instances of security threats, severe weather conditions and natural disasters; impairment charges for goodwill and other long-lived assets; the Company's ability to successfully manage leadership transitions; the Company's ability to service its debt and to comply with debt covenants; the Company's ability to manage its private brand program for U.S. military commissaries; changes in the military commissary system, including its supply chain, or in the level of governmental funding; product recalls and other product-related safety concerns; changes in government regulations; and other risks and uncertainties listed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's most recent Annual Report on Form 10-K and in subsequent filings with the Securities and Exchange Commission. Additional risks and uncertainties not currently known to the Company or that the Company currently believes are immaterial also may impair its business, operations, liquidity, financial condition and prospects. The Company undertakes no obligation to update or revise its forward-looking statements to reflect developments that occur or information obtained after the date of this presentation.

Non-GAAP Financial Measures

This presentation includes information regarding adjusted operating earnings, adjusted earnings from continuing operations, as well as per diluted share ("adjusted EPS"), and adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"). These are non-GAAP financial measures, as defined below, and are used by management to allocate resources, assess performance against its peers and evaluate overall performance. The Company believes these measures provide useful information for both management and its investors. The Company believes these non-GAAP measures are useful to investors because they provide additional understanding of the trends and special circumstances that affect its business. These measures provide useful supplemental information that helps investors to establish a basis for expected performance and the ability to evaluate actual results against that expectation. These measures, when considered in connection with GAAP results, can be used to assess the overall performance of the Company as well as assess the Company's performance against its peers. Certain of these measures are also used as a basis for certain compensation programs sponsored by the Company. In addition, securities analysts, fund managers and other shareholders and stakeholders that communicate with the Company request its financial results in these adjusted formats.

The Company is unable to provide a full reconciliation of the GAAP to non-GAAP measures used in the fiscal 2022 outlook and long-term targets disclosed in this presentation without unreasonable effort because it is not possible to predict certain adjustment items with a reasonable degree of certainty since they are not yet known or quantifiable, and do not relate to the Company's routine activities. These adjustments may include, among other items, restructuring and asset impairment activity, acquisition and integration costs, severance, costs related to the postretirement plan amendment and settlement, and organizational realignment costs, and the impact of adjustments to the last-in-first-out (LIFO) inventory reserve. This information is dependent upon future events, which may be outside of the Company's control and could have a significant impact on its GAAP financial results for fiscal 2022 or fiscal 2025, respectively.



Our Refreshed Winning Recipe Defines Who We Are

Mission

We Deliver the Ingredients
for a Better Life

Signature Strength

Customer-Focused Innovation

Core Capabilities

People | Operational
Excellence | Insights that Drive
Solutions

Values

We Serve |
We Create Solutions |
We Win | We Have Fun

Vision

We See a Day When Our
Customers Say, *"I Can't Live
Without Them"*



Wholesale



Retail



Delivering on Our Strategic Priorities



A Strong First Half in Fiscal 2022 – Second Quarter Results



\$2.3 Billion

Net Sales
+7.9% vs. Q2'21

+6.5%

Retail Comparable
Store Sales

+3.3%

Military Case Volume

Concluding the quarter with a
9%

Improvement in
Throughput Rate YOY

\$5.1 Million

Net Earnings

\$61.8 Million

Adjusted EBITDA*
+13.7% vs. Q2'21



**See the Appendix for reconciliation of non-GAAP measure to their most directly comparable GAAP measure.*



Raising Guidance Again for Fiscal 2022

Net Sales

\$9.3 - \$9.6 Billion

vs. Previous Guidance⁽¹⁾ of
\$9.0 - \$9.3 Billion

Adjusted EBITDA

\$227 - \$240 Million

vs. Previous Guidance⁽¹⁾⁽²⁾ of
\$224 - \$239 Million



- (1) Original fiscal 2022 guidance provided on February 24, 2022, and updated on May 12, 2022. See the Appendix for the full current guidance table.
- (2) Now includes the net incremental costs associated with the Merchandising Transformation initiative, currently estimated to be between \$11.0 million to \$14.0 million.



Reiterating Long-Term Financial Targets

2025 Outlook

**\$10+ Billion
Net Sales**

12% growth from 2021 at
3% CAGR

**\$300+ Million
Adj. EBITDA**

40% increase from 2021 at
9% CAGR

More details will be
provided at the upcoming
Investor Day
on Wednesday, November 2, 2022.





Appendix



Q2 2022 Adj. EBITDA

(In thousands)	12 Weeks Ended		28 Weeks Ended	
	July 16, 2022	July 17, 2021	July 16, 2022	July 17, 2021
Net earnings	\$ 5,115	\$ 16,814	\$ 24,404	\$ 36,330
Income tax expense	2,086	5,850	6,977	12,206
Other expenses, net	5,128	3,257	9,097	7,580
Operating earnings	12,329	25,921	40,478	56,116
Adjustments:				
LIFO expense	17,845	2,902	28,032	4,557
Depreciation and amortization	21,968	21,406	50,441	49,497
Acquisition and integration	436	121	675	180
Restructuring and asset impairment, net	2,611	3,337	2,624	3,176
Cloud computing amortization	869	478	1,769	958
Organizational realignment, net	252	(52)	1,271	589
Severance associated with cost reduction initiatives	495	13	741	138
Stock-based compensation	1,397	974	5,838	5,164
Stock warrant	481	430	1,154	1,075
Non-cash rent	(839)	(1,091)	(1,927)	(1,986)
Gain on disposal of assets	(54)	(80)	(131)	(262)
Postretirement plan amendment and settlement	133	—	133	—
Costs related to shareholder activism	3,864	—	7,335	—
Adjusted EBITDA	\$ 61,787	\$ 54,359	\$ 138,433	\$ 119,202



Updated 2022 Guidance vs. Previous 2022 Guidance

	Previous Full Year 2022 Outlook		Updated Full Year 2022 Outlook	
	Low	High	Low	High
Total net sales (millions)	\$ 9,000	\$ 9,300	\$ 9,300	\$ 9,600
Segment sales % increase (decrease)				
Retail comp sales	1.0%	3.0%	4.0%	7.0%
Food Distribution sales	3.0%	5.0%	4.0%	7.0%
Military sales	(4.0%)	0.0%	5.0%	8.0%
Adjusted EBITDA (millions)	\$ 224	\$ 239	\$ 227	\$ 240
Adjusted EPS	\$ 2.17	\$ 2.32	\$ 2.17	\$ 2.32
Capital expenditures and IT capital (thousands)	\$ 100,000	\$ 110,000	\$ 100,000	\$ 110,000
Depreciation and amortization (thousands)	\$ 90,000	\$ 100,000	\$ 90,000	\$ 100,000
Interest expense (thousands)	\$ 17,500	\$ 19,500	\$ 19,000	\$ 21,000
Income tax rate	24.0%	25.5%	24.5%	25.5%