



Fiscal 2022 3rd Quarter Earnings Release

November 9, 2022

General Disclaimer



Forward-Looking Statements

The matters discussed in this presentation and in the Company's website-accessible conference calls with analysts and investor presentations include "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 ("Exchange Act"), about the plans, strategies, objectives, goals or expectations of the Company. These forward-looking statements may be 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. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies may affect actual results and could cause actual results to differ materially. These risks and uncertainties include the Company's ability to compete in the highly competitive wholesale distribution and retail grocery 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 certain non-GAAP financial measures, which 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 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



Executing
Turnaround
2020-2022

1

Create a People First Culture to Make Us the Employer of Choice

2

Deliver on the Promise to Transform the Supply Chain

3

Elevate Execution to Win the Day

4

Act on Insights to Optimize Product Portfolios

5

Launch Customer-Centric Innovative Solutions

Driving Growth Strategy
2022 and Beyond



Operating Segment Change⁽¹⁾



WHOLESALE

RETAIL

The change in segments better reflects...

- The Company's updated organization structure
- How the Company reviews its performance and allocates resources

(1) The Company has recast certain financial information for the comparative prior-year periods within its third quarter earnings release and Form 10-Q. A reconciliation of adjusted EBITDA for fiscal years 2019 through 2021 and net sales information is included in the Appendix.

Strong 3rd Quarter Results



\$2.3 Billion

Net Sales
+10.8% vs. Q3'21

+8.0%

Retail Comparable
Store Sales

\$24 Million

in Run Rate Cost Savings
from Supply Chain
Transformation

8.5%

Improvement in Wholesale
Throughput Rate YOY

\$9.5 Million

Net Earnings

\$57.3 Million

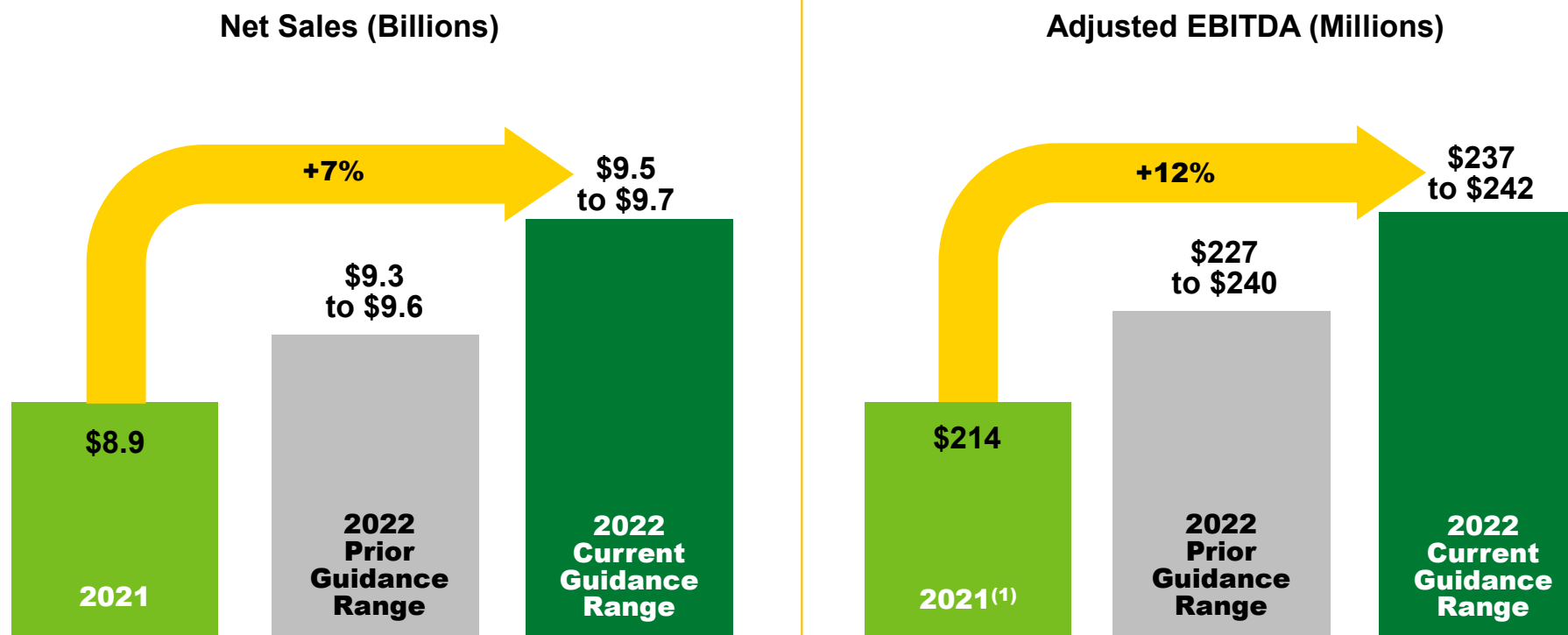
Adjusted EBITDA⁽¹⁾
+11.3% vs. Q3'21



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(1) A reconciliation of net earnings to adjusted EBITDA, a non-GAAP financial measure, is provided in the Appendix.

Fiscal 2022 Guidance Raise



(1) A reconciliation of net earnings to adjusted EBITDA, a non-GAAP financial measure, is provided in the Appendix.

Long-Term Goals: Accelerating Growth



2025 Outlook

\$10B+
Net Sales

12% GROWTH FROM 2021
AT 3% CAGR

\$300mm+
Adjusted EBITDA

40% INCREASE FROM 2021
AT 9% CAGR

- ▶ \$1B sales growth from share gains and continued expansion into value-add offerings
- ▶ Incremental adjusted EBITDA through margin-enhancing innovation, including OwnBrands execution, supply chain efficiencies, automation and retail execution
- ▶ Potential for programmatic M&A to further accelerate share gains and increase scale



Appendix

Net Earnings to Adjusted EBITDA Reconciliation



(In thousands)	Third Quarter 12 Weeks Ended		2021 52 Weeks
	October 8, 2022	October 9, 2021	January 1, 2022
Net earnings	\$ 9,464	\$ 15,176	\$ 73,751
Income tax expense	4,553	4,551	24,906
Other expenses, net	5,283	3,004	13,543
Operating earnings	19,300	22,731	112,200
Adjustments:			
LIFO expense	14,884	5,887	18,652
Depreciation and amortization	21,833	21,763	92,711
Acquisition and integration, net	(577)	101	708
Restructuring and asset impairment, net	(886)	(195)	2,886
Cloud computing amortization	925	570	2,140
Organizational realignment, net	588	—	589
Severance associated with cost reduction initiatives	54	239	423
Stock-based compensation	1,370	920	6,975
Stock warrant	505	403	1,958
Non-cash rent	(764)	(994)	(4,059)
Loss (gain) on disposal of assets	63	49	(106)
Postretirement plan amendment and settlement	—	—	(21,371)
Adjusted EBITDA	\$ 57,295	\$ 51,474	\$ 213,706

Wholesale Net Sales & Operating Earnings to Adjusted EBITDA Reconciliation



(In thousands)

Net Sales	2019	2020	2021
Food Distribution	\$ 3,982,609	\$ 4,577,178	\$ 4,456,800
Military	2,172,107	2,133,390	1,892,953
Wholesale	\$ 6,154,716	\$ 6,710,568	\$ 6,349,753

	2019 (52 weeks)			2020 (53 weeks)			2021 (52 weeks)		
Adjusted EBITDA	Food Distribution	Military	Wholesale	Food Distribution	Military	Wholesale	Food Distribution	Military	Wholesale
Operating earnings (loss)	\$ 47,416	\$ (9,316)	\$ 38,100	\$ 45,962	\$ (9,915)	\$ 36,047	\$ 59,489	\$ (14,260)	\$ 45,229
Adjustments:									
LIFO expense	3,032	1,789	4,821	855	1,020	1,875	10,872	4,883	15,755
Depreciation and amortization	32,861	11,834	44,695	31,917	12,388	44,305	33,023	13,464	46,487
Acquisition and integration	(122)	—	(122)	—	—	—	—	—	—
Restructuring and asset impairment, net	14,844	—	14,844	21,085	—	21,085	795	(368)	427
Cloud computing amortization	—	—	—	160	40	200	1,267	250	1,517
Costs associated with Project One Team	2,877	706	3,583	265	64	329	—	—	—
Organizational realignment, net	960	236	1,196	245	59	304	287	87	374
Severance associated with cost reduction initiatives	—	—	—	3,156	553	3,709	270	40	310
Stock-based compensation	3,603	1,180	4,783	3,076	1,055	4,131	3,160	1,213	4,373
Stock warrant	—	—	—	6,549	—	6,549	1,958	—	1,958
Non-cash rent	482	(374)	108	558	(376)	182	1,192	(381)	811
Fresh Cut operating losses	—	—	—	2,262	—	2,262	—	—	—
Loss (gain) on disposal of assets	—	—	—	1,482	(98)	1,384	(73)	31	(42)
Fresh Kitchen operating losses	2,894	—	2,894	—	—	—	—	—	—
Expenses associated with tax planning strategies	—	—	—	44	11	55	—	—	—
Paid time off transition adjustment	—	—	—	—	—	—	(6,917)	(3,124)	(10,041)
Other non-cash charges	394	(89)	305	—	—	—	—	—	—
Adjusted EBITDA	\$ 109,241	\$ 5,966	\$ 115,207	\$ 117,616	\$ 4,801	\$ 122,417	\$ 105,323	\$ 1,835	\$ 107,158
53rd week	—	—	—	(1,363)	(103)	(1,466)	—	—	—
Adjusted EBITDA, excluding 53rd week	\$ 109,241	\$ 5,966	\$ 115,207	\$ 116,253	\$ 4,698	\$ 120,951	\$ 105,323	\$ 1,835	\$ 107,158

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)	\$ 9,300	\$ 9,600	\$ 9,500	\$ 9,700
Segment sales % increase (decrease)				
Retail comp sales	4.0%	7.0%	6.0%	7.5%
Food Distribution sales	4.0%	7.0%	N/A	N/A
Military sales	5.0%	8.0%	N/A	N/A
Wholesale sales ⁽¹⁾	4.3%	7.3%	6.5%	8.0%
Adjusted EBITDA (millions)	\$ 227	\$ 240	\$ 237	\$ 242
Adjusted EPS	\$ 2.17	\$ 2.32	\$ 2.27	\$ 2.37
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)	\$ 19,000	\$ 21,000	\$ 21,000	\$ 23,000
Income tax rate	24.0%	25.5%	25.5%	26.5%

(1) *Prior guidance has been recast due to the combination of the previous Food Distribution and Military operating segments into the Wholesale operating segment.

Key Metrics Glossary



On-Time Delivery: Percentage of orders delivered on time

Throughput (Rate): Unit volume shipped per labor unit utilized

Fill Rate: Percentage of customer order quantities filled