



Fourth Quarter and Fiscal Year 2022 Earnings Release

February 23, 2023

General Disclaimer



Forward-Looking Statements

The matters discussed in this presentation, in the Company's press releases, and in the Company's website-accessible conference calls with analysts 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," "intends," 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 an extremely competitive industry; the Company's dependence on certain major customers; the Company's ability to implement its growth strategy and transformation initiatives; changes in relationships with the Company's vendor base and supply chain disruptions; vulnerability to decreases in the supply and increases in the price of raw materials and labor, manufacturing, distribution and other costs; macroeconomic uncertainty, including rising inflation, potential economic recession, and increasing interest rates; difficulty attracting and retaining well-qualified Associates and effectively managing increased labor costs; customers to whom the Company extends credit or for whom the Company guarantees loans or lease obligations may fail to repay the Company; not achieving the Company's strategy of growth through acquisitions and encountering difficulties successfully integrating acquired businesses that may not realize the anticipated benefits; the Company's ability to manage its private brand program for U.S. military commissaries, including the termination of the program or not achieving the desired results; disruptions to the Company's information security network, including security breaches and cyber-attacks; changes in the geopolitical conditions, including the Russia-Ukraine conflict; instances of security threats, severe weather conditions and natural disasters; climate change and an increased focus by stakeholders on environmental sustainability and corporate responsibility; impacts to the Company's business and reputation due to an increasing focus on environmental, social and governance matters; disruptions associated with disease outbreaks, such as the COVID-19 pandemic; impairment charges for goodwill or other long-lived assets; the Company's ability to successfully manage leadership transitions; interest rate fluctuations; the Company's ability to service its debt and to comply with debt covenants; the Company's level of indebtedness; changes in government regulations; 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; labor relations issues; cost increases related to multi-employer pension plans and other postretirement plans; 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 earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"). Adjusted EBITDA is a non-GAAP operating financial measure that the Company defines as net earnings plus interest, discontinued operations, depreciation and amortization, and other non-cash items including share-based payments (equity awards measured in accordance with ASC 718, Stock Compensation, which include both stock-based compensation to employees and stock warrants issued to non-employees) and the LIFO provision, as well as adjustments for items that do not reflect the ongoing operating activities of the Company. Adjusted EBITDA is not a measure of performance under accounting principles generally accepted in the United States of America and should not be considered as a substitute for net earnings and other income or cash flow statement data. The Company's definition of adjusted EBITDA may not be identical to similarly titled measures reported by other companies. Adjusted EBITDA is a non-GAAP financial measure used by management to allocate resources, assess performance against its peers and evaluate overall performance. The Company believes adjusted EBITDA provides useful information for both management and its investors. The Company believes adjusted EBITDA is useful to investors because it provides additional understanding of the trends and special circumstances that affect its business. Adjusted EBITDA provides useful supplemental information that helps investors to establish a basis for expected performance and the ability to evaluate actual results against that expectation. This measure, 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. Adjusted EBITDA is 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 this adjusted format.

The Company is unable to provide a full reconciliation of the GAAP to non-GAAP measures used in the Fiscal Year 2023 Guidance and Long-Term Goals: Accelerating Growth sections of 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 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 2023 or fiscal 2025, respectively.

Our 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



Fourth Quarter 2022 Results



\$2.3 Billion

Net Sales
+10.3% vs. Q4'21

+9.1%

Retail Comparable
Store Sales

\$0.7 Million

Net Earnings

\$47.2 Million

Adjusted EBITDA⁽¹⁾

Fiscal Year 2022 Results



\$9.6 Billion

Net Sales
+8% vs. FY'21

+7.7%

Retail Comparable
Store Sales

\$25+ Million

Run Rate Cost Savings
as of Year End from Supply
Chain Transformation

7%

Improvement in the Full
Year Wholesale
Throughput Rate⁽¹⁾

\$34.5 Million

Net Earnings

\$242.9 Million

Adjusted EBITDA⁽²⁾



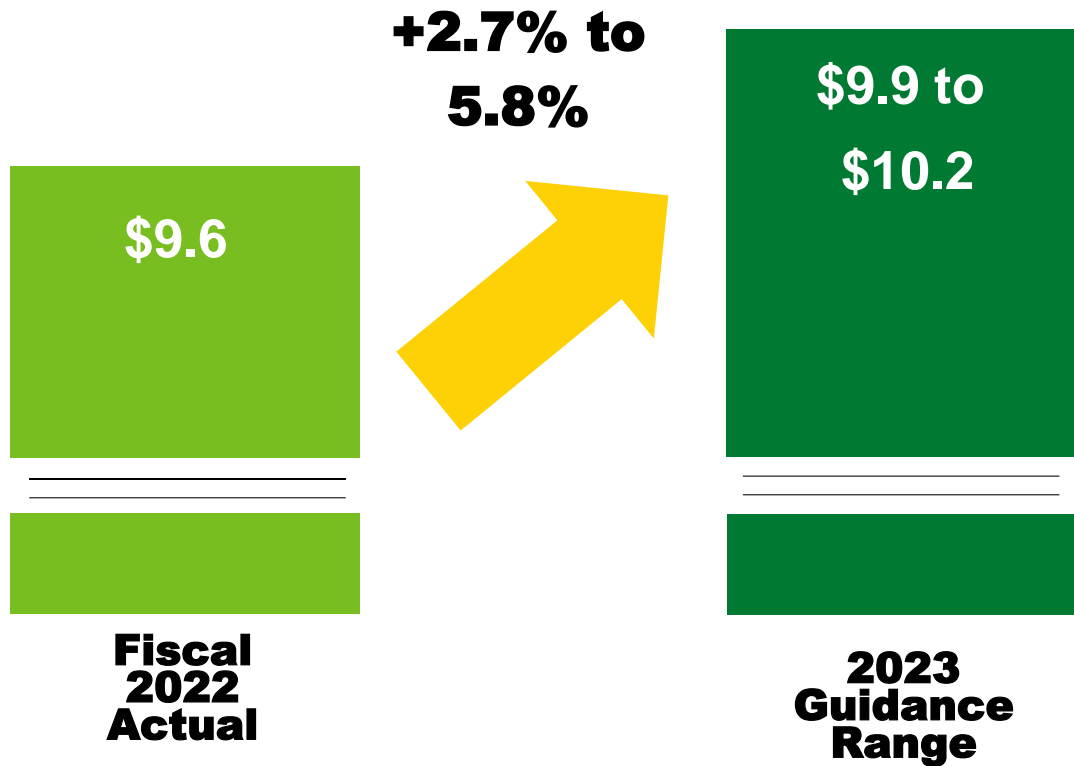
(1) Throughput rate is calculated by dividing cases shipped by labor hours worked. Management uses the throughput rate as a means of evaluating warehouse efficiency. The Company believes this metric is important to investors as supply chain efficiency is a key indicator of the Wholesale segment performance against profitability measures.

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

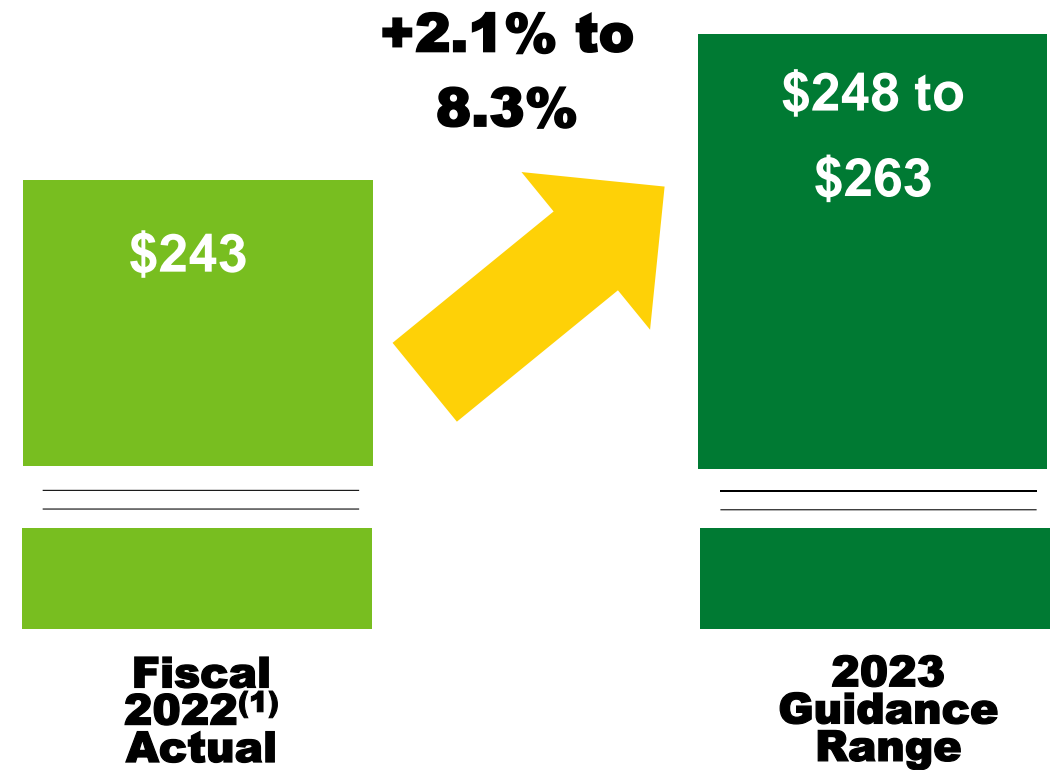
Fiscal Year 2023 Guidance



Net Sales (Billions)



Adjusted EBITDA (Millions)



Long-Term Goals: Accelerating Growth



2025 Outlook

Raised to
\$10.5B+
Net Sales

17% GROWTH FROM 2021
AT 4% CAGR

(previous target: \$10B+)

\$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)	12 Weeks Ended		52 Weeks Ended	
	December 31, 2022	January 1, 2022	December 31, 2022	January 1, 2022
Net earnings	\$ 650	\$ 22,245	\$ 34,518	\$ 73,751
Income tax expense	867	8,149	12,397	24,906
Other expenses, net	7,249	2,959	21,629	13,543
Operating earnings	8,766	33,353	68,544	112,200
Adjustments:				
LIFO expense	13,907	8,208	56,823	18,652
Depreciation and amortization	21,906	21,451	94,180	92,711
Acquisition and integration, net	245	427	343	708
Restructuring and asset impairment, net	(933)	(95)	805	2,886
Cloud computing amortization	956	612	3,650	2,140
Organizational realignment, net	—	—	1,859	589
Severance associated with cost reduction initiatives	36	46	831	423
Stock-based compensation	1,381	891	8,589	6,975
Stock warrant	499	480	2,158	1,958
Non-cash rent	(753)	(1,079)	(3,444)	(4,059)
Loss (gain) on disposal of assets	1,141	107	1,073	(106)
Postretirement plan amendment and settlement	—	—	133	—
Costs related to shareholder activism	—	—	7,335	—
Paid time off transition adjustment	—	(21,371)	—	(21,371)
Adjusted EBITDA	\$ 47,151	\$ 43,030	\$ 242,879	\$ 213,706