# SpartanNash

## Second Quarter 2023 Supplemental Financial Information

August 17, 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 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," "projects," "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 projected GAAP to non-GAAP measures for fiscal 2023 or fiscal 2025 used 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 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.

# A Complementary Intersection Between Two Highly Synergistic Segments

## WHOLESALE

**$6.8B**
FY22 Net Sales

**$125B**
Addressable Market[1]


## RETAIL

**$2.8B**
FY22 Net Sales

**$20B**
Addressable Market[1]


SpartanNash

Nasdaq: SPTN

### Creating Food Solutions
with Market-Leading Capabilities Through Data and Insights

### Serving
Independent Grocers
Large National Accounts
U.S. Military Commissaries
SPTN Stores & Fuel Centers
E-Commerce Shoppers

### Optimized Network
with a Coast-to-Coast Footprint and a Best-In-Class Export Business

### Significant Value
Being Generated through Turnaround Plan

### 17+%
Projected Increase in Net Sales
FY21 - FY25E to
**$10.5bn+**

### 40+%
Projected Increase in Adj. EBITDA
FY21 - FY25E to
**$300mm+**

## Committed to Shareholder Value Creation



(1) *Refer to the Key Performance Indicator Definitions in the Appendix.*

# Second Quarter 2023 Highlights

**$2.31 Billion**
Net Sales
+1.7% vs. Q2'22

**$19.5 Million**
Net Earnings

**$66.1 Million**
Adjusted EBITDA(1)

**3.9%**
Growth in Retail Comparable Store Sales(2) vs. Q2'22

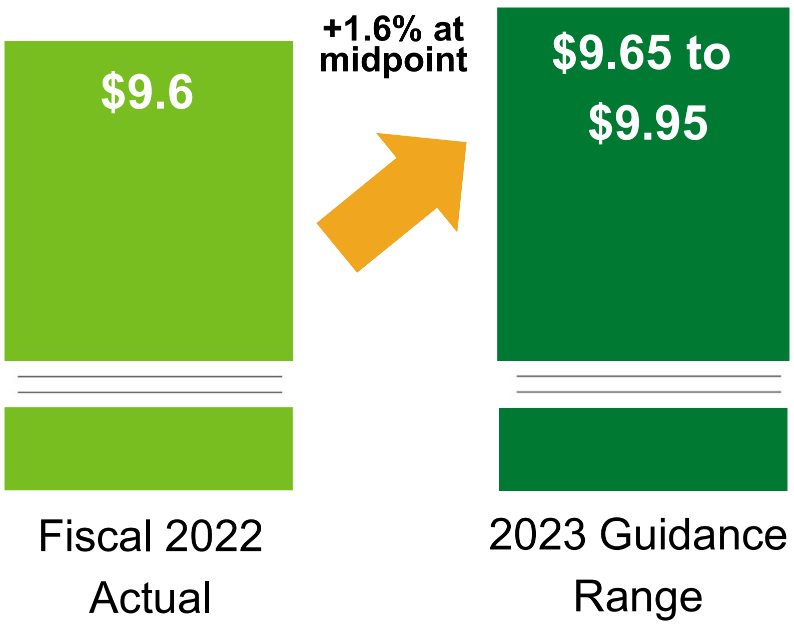
**$33.6 Million**
Returned to Shareholders(3) in First Half of Fiscal 2023

**3%**
Throughput Rate(2) Sequential Improvement vs. Q1'23

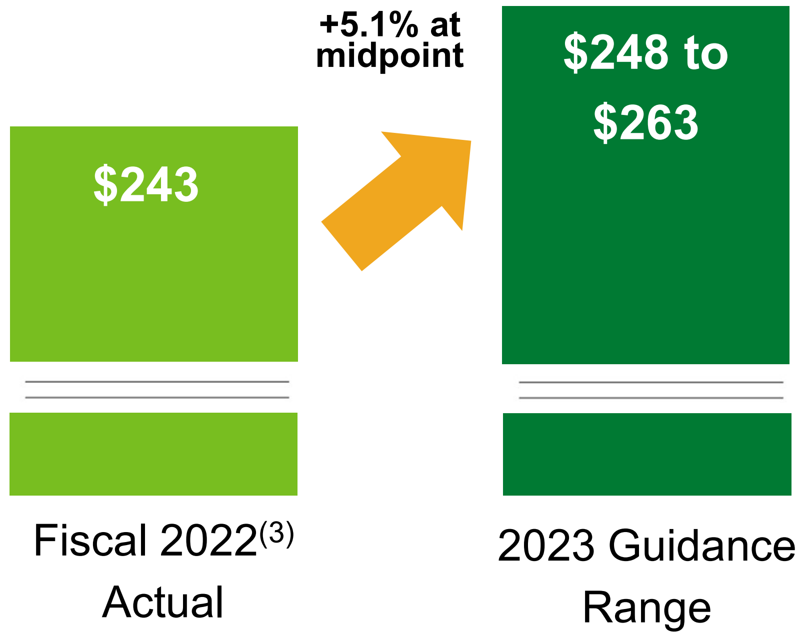

(1) *A reconciliation of net earnings to adjusted EBITDA, a non-GAAP financial measure, is provided in the Appendix.*
(2) *Refer to the Key Performance Indicator Definitions in the Appendix.*
(3) *Through $18.5 million in share repurchases and $15.1 million in dividends*

# Fiscal Year 2023 Guidance

## Net Sales[1] in Billions



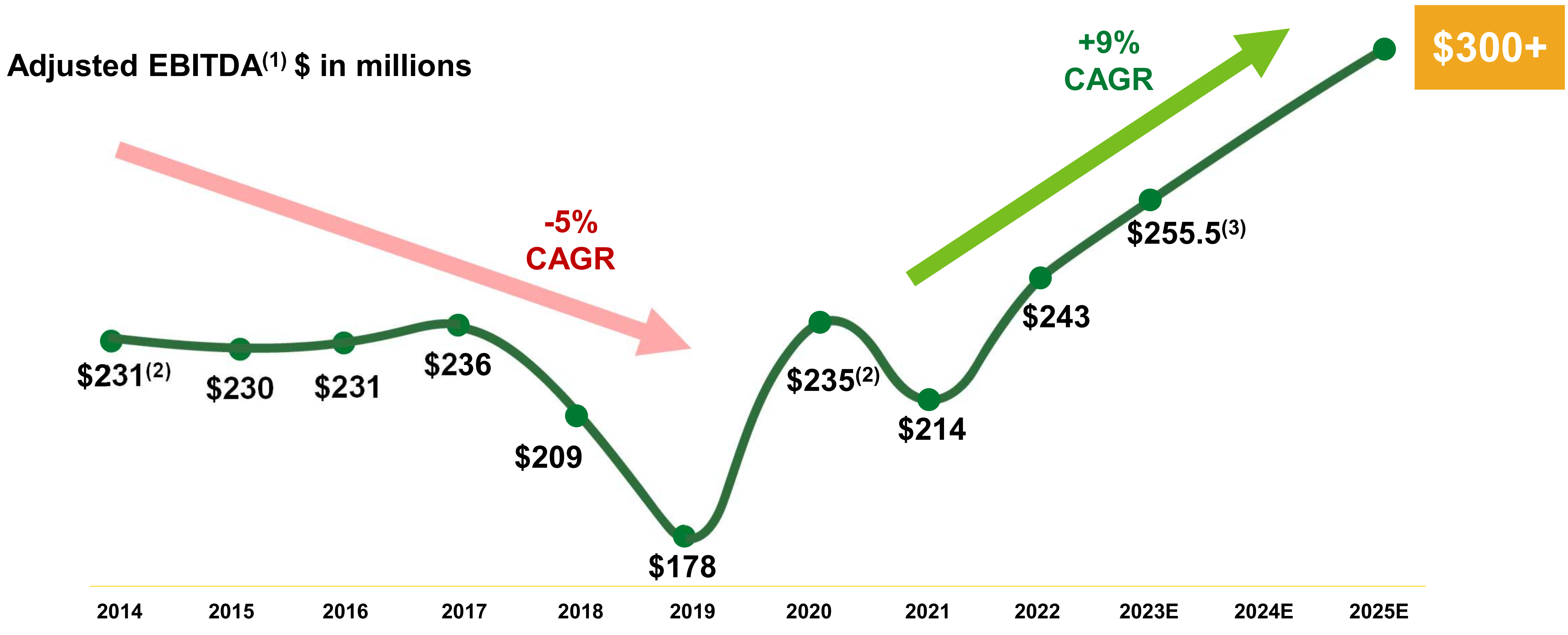

## Adjusted EBITDA[2] in Millions




(1) *Initially provided on February 23, 2023, updated on August 17, 2023.*
(2) *Initially provided on February 23, 2023, reiterated on August 17, 2023.*
(3) *A reconciliation of net earnings to adjusted EBITDA, a non-GAAP financial measure, is provided in the Appendix.*

# Progress on Long-Term Plan

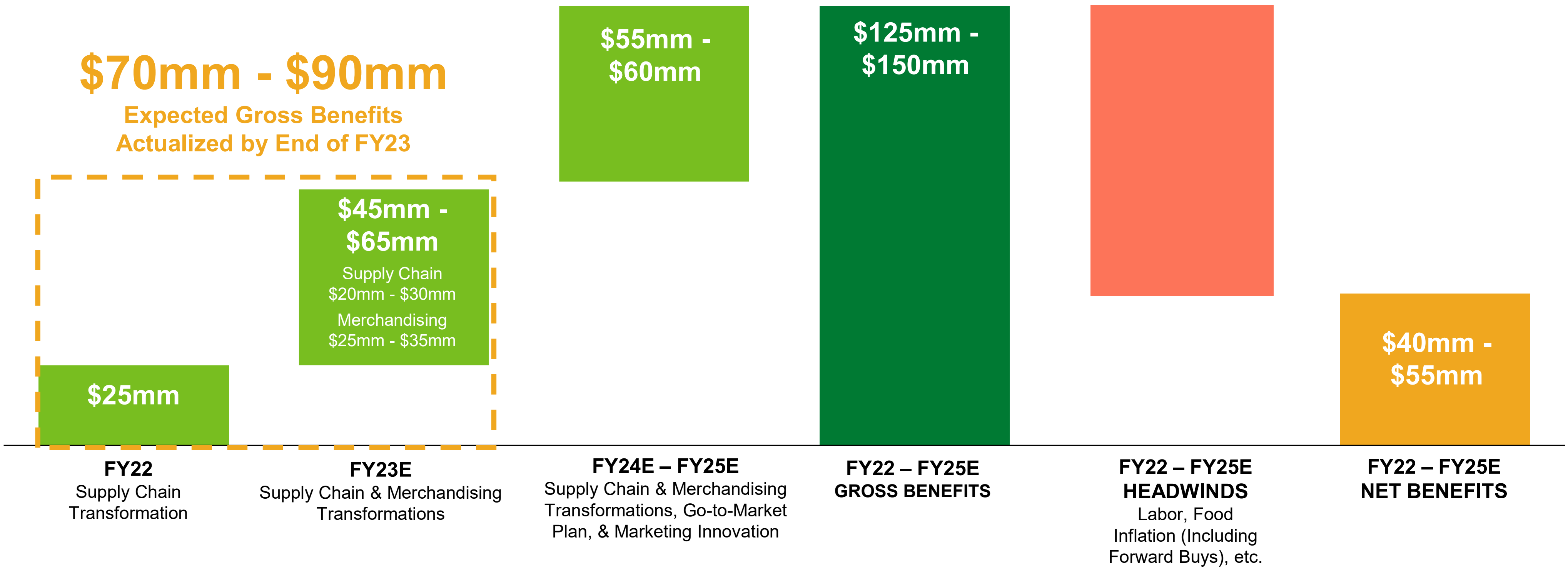
# Turnaround Plan is Driving Results




(1) See the Appendix for reconciliations of fiscal 2014 to 2022 non-GAAP measures to their most directly comparable GAAP measures.
(2) Excludes the impact of the 53rd week.
(3) Midpoint of fiscal 2023 guidance range.

# Delivering on Strategic Commitments[1]

The expected gross benefits from the merchandising transformation do **not** include the additional benefits flowing through to Wholesale customers and Retail shoppers.




*(1) The expected benefits and headwinds included in the long-term plan are based on current projections. Refer to the Key Performance Indicator Definitions in the Appendix.*

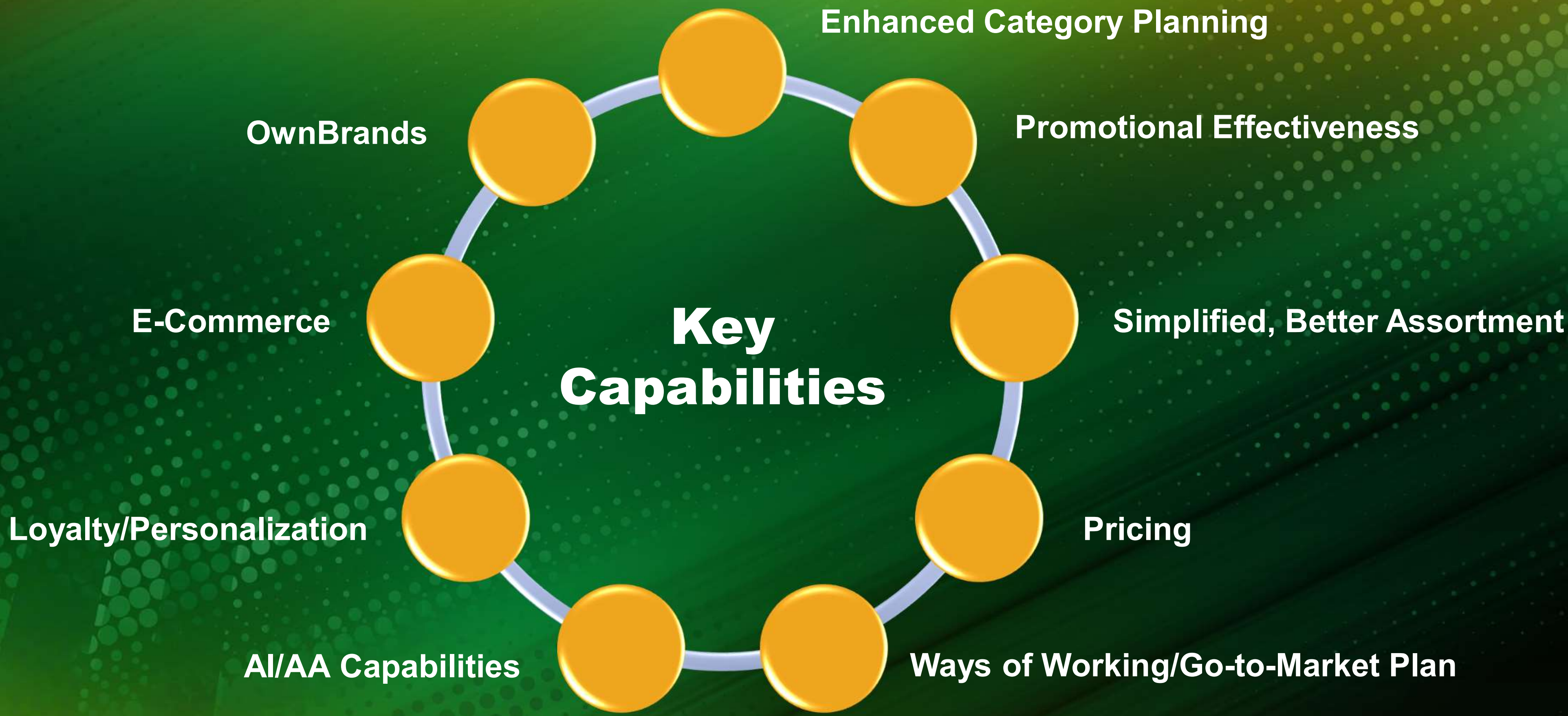
# Operational Excellence: Supply Chain Transformation

**20 DCs**[(1)]
In an Optimized Network

**3%**
Throughput Rate[(2)] Sequential Improvement vs. Q1'23

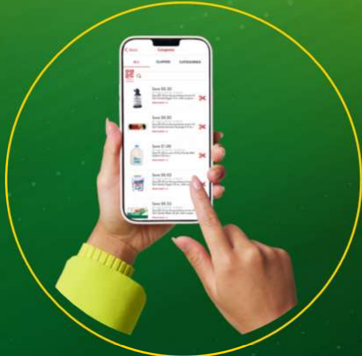
*(1) The total distribution centers ("DCs") includes a third-party facility in Stockton, CA.*
*(2) Refer to the Key Performance Indicator Definitions in the Appendix.*

# Accelerating Capabilities in Marketing and Merchandising



# Enhancing Shopper Experience, Driven by Insights

**Creating Engaging Digital Experiences**



**Partnering with Brands on Digital Promotions**

**Broadening Local Partnerships**

**Personalized Value through Loyalty Offerings**

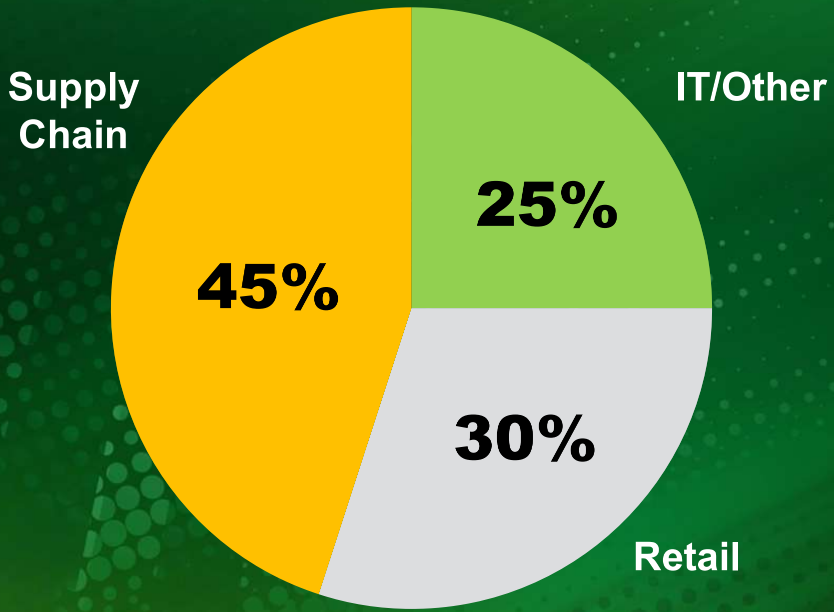
**Differentiated OwnBrands Portfolio**

**Amplifying Convenience & Indulgence**

# Appendix

# Disciplined Approach to Capital Allocation

Growth-Focused Investments
Fiscal 2022-2025E




Annual capex spending between $120mm to $165mm

- ~1.1% to ~1.6% of expected net sales through Fiscal 2025

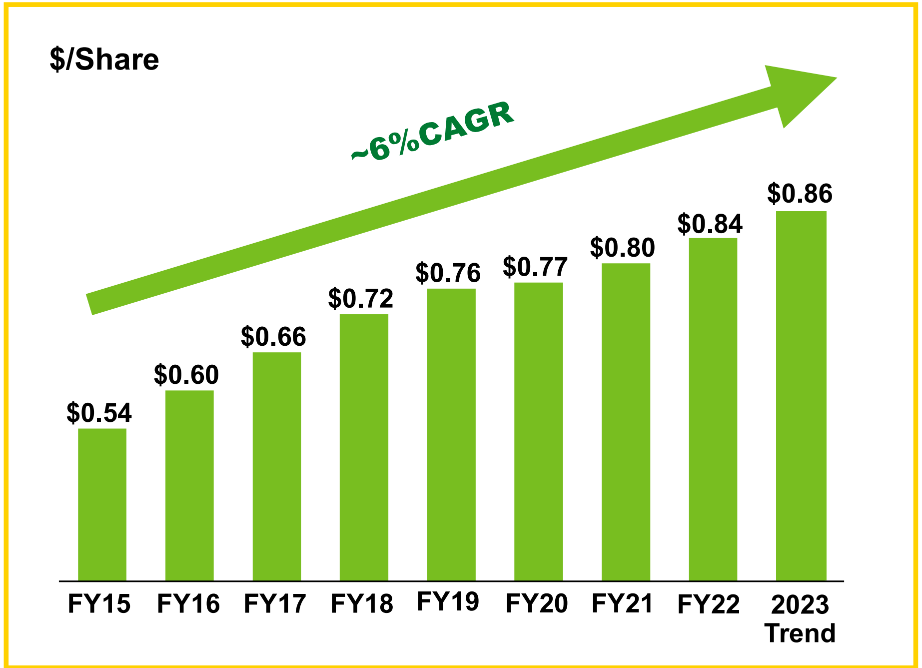
Separately consider inorganic investment through disciplined framework

Inflationary pressures contribute to higher capex

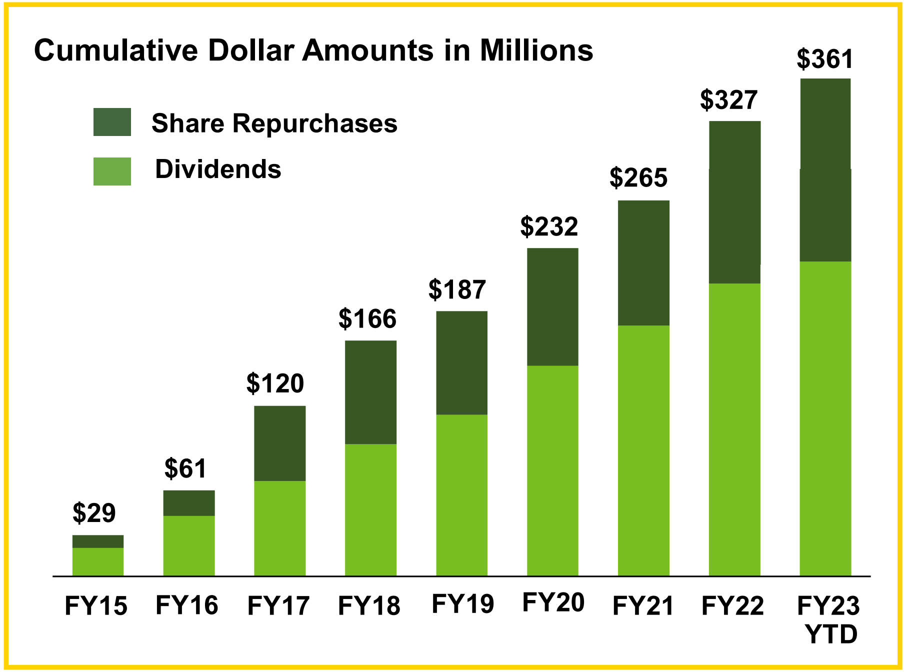
 

# Consistently Returning Value to Shareholders

## Dividend History




## Cash Returned Since 2015[1]




**$360+ Million Returned to Shareholders Since 2015**

*(1) See the Appendix for a reconciliation of cash returned since 2015.*

# Key Performance Indicator Definitions

**90-Day New Hire Retention Rate:** New hires who remain employed after 90 days from their respective start dates divided by the total new hires.

**Merchandising Transformation Benefits:** Gross benefits (before consideration of macroeconomic headwinds) generated from individual projects executed by the Company in connection with the overall initiative. The gross benefits exclude the additional benefits flowing through to Wholesale customers and Retail shoppers.

**Supply Chain Transformation Cost Savings:** Gross cost savings (before consideration of macroeconomic headwinds) generated from individual projects executed by the Company in connection with the overall initiative.

**Fill Rate:** Percentage of customer order quantities filled (cases shipped divided by cases ordered by the customer). This metric is not adjusted for vendor product availability.

**Cost per Case:** Supply Chain costs incurred for each case shipped (total Supply Chain costs divided by cases shipped).

**Throughput Rate:** Case volume shipped per labor hour utilized (cases shipped divided by warehouse labor hours worked, excluding salaried hours). Management uses the throughput rate as a means of evaluating warehouse efficiency.

**Retail Market Share ($):** Total Retail segment sales divided by the total addressable Retail market. The total addressable Retail market is determined based on first-party research around the footprints of each Retail store, which is then further validated by data from NielsenIQ and the U.S. Bureau of Labor food expenditures.

**Wholesale Market Share ($):** Total Wholesale segment sales divided by the total addressable Wholesale market. The total addressable Wholesale market was disclosed at the 2022 Investor Day on November 2, 2022, and is determined based on internal estimates and Nielsen TDLinx data of Wholesale demand within 250 miles of existing warehouses.

# Net Earnings to Adjusted EBITDA Reconciliation

| (In thousands) | 12 Weeks Ended July 15, 2023 | 12 Weeks Ended July 16, 2022 | 28 Weeks Ended July 15, 2023 | 28 Weeks Ended July 16, 2022 |
|---|---|---|---|---|
| Net earnings | $ 19,468 | $ 5,115 | $ 30,805 | $ 24,404 |
| Income tax expense | 7,654 | 2,086 | 10,080 | 6,977 |
| Other expenses, net | 8,664 | 5,128 | 19,214 | 9,097 |
| Operating earnings | 35,786 | 12,329 | 60,099 | 40,478 |
| Adjustments: | | | | |
| LIFO expense | 4,667 | 17,845 | 15,839 | 28,032 |
| Depreciation and amortization | 22,458 | 21,968 | 52,203 | 50,441 |
| Acquisition and integration | 55 | 436 | 129 | 675 |
| Restructuring and asset impairment, net | (2,254) | 2,611 | 1,829 | 2,624 |
| Cloud computing amortization | 1,076 | 869 | 2,426 | 1,769 |
| Organizational realignment, net | 2,029 | 252 | 2,029 | 1,271 |
| Severance associated with cost reduction initiatives | (12) | 495 | 272 | 741 |
| Stock-based compensation | 2,465 | 1,397 | 7,612 | 5,838 |
| Stock warrant | 353 | 481 | 960 | 1,154 |
| Non-cash rent | (635) | (839) | (1,563) | (1,927) |
| Loss (gain) on disposal of assets | 24 | (54) | 46 | (131) |
| Legal settlement | — | — | 900 | — |
| Postretirement plan amendment and settlement | 94 | 133 | 94 | 133 |
| Costs related to shareholder activism | — | 3,864 | — | 7,335 |
| Adjusted EBITDA | $ 66,106 | $ 61,787 | $ 142,875 | $ 138,433 |

# Net Earnings (Loss) to Adjusted EBITDA Reconciliation

| (In thousands) | FY2014 (53 weeks) | FY2015 (52 weeks) | FY2016 (52 weeks) | FY2017 (52 weeks) | FY2018 (52 weeks) | FY2019 (52 weeks) | FY2020 (53 weeks) | FY2021 (52 weeks) | FY2022 (52 weeks) |
|---|---|---|---|---|---|---|---|---|---|
| Net earnings (loss) | $ 58,596 | $ 62,710 | $ 56,828 | $ (52,845) | $ 33,572 | $ 5,742 | $ 75,914 | $ 73,751 | $ 34,518 |
| Loss from discontinued operations, net of tax | 524 | 456 | 228 | 228 | 219 | 175 | — | — | — |
| Income tax expense (benefit) | 31,329 | 37,093 | 32,907 | (79,027) | 6,907 | (2,342) | 9,450 | 24,906 | 12,397 |
| Other expenses, net | 24,397 | 22,616 | 18,804 | 24,969 | 29,814 | 53,367 | 17,042 | 13,543 | 21,629 |
| Operating earnings (loss) | 114,846 | 122,875 | 108,767 | (106,675) | 70,512 | 56,942 | 102,406 | 112,200 | 68,544 |
| Adjustments: | | | | | | | | | |
| LIFO expense (benefit) | 5,604 | (1,201) | (1,919) | 2,898 | 4,601 | 5,892 | 2,176 | 18,652 | 56,823 |
| Depreciation and amortization | 86,994 | 83,334 | 77,246 | 82,243 | 82,634 | 87,866 | 89,504 | 92,711 | 94,180 |
| Merger/acquisition and integration, net | 12,675 | 8,433 | 6,959 | 8,101 | 4,937 | 1,437 | 421 | 708 | 343 |
| Restructuring and asset impairment, net | 6,166 | 8,802 | 32,116 | 228,459 | 37,546 | 13,050 | 24,398 | 2,886 | 805 |
| Cloud computing amortization | — | — | — | — | — | — | 297 | 2,140 | 3,650 |
| Costs associated with Project One Team | — | — | — | — | — | 5,428 | 493 | — | — |
| Organizational realignment, net | — | — | — | — | — | 1,812 | 455 | 589 | 1,859 |
| Severance associated with cost reduction initiatives | — | — | — | — | — | — | 5,154 | 423 | 831 |
| Stock-based compensation | 6,939 | 7,240 | 7,936 | 9,611 | 7,646 | 7,313 | 6,265 | 6,975 | 8,589 |
| Stock warrant | — | — | — | — | — | — | 6,549 | 1,958 | 2,158 |
| Non-cash rent | — | — | — | (722) | (962) | (5,622) | (4,733) | (4,059) | (3,444) |
| Fresh Cut operating losses | — | — | — | — | — | — | 2,262 | — | — |
| Fresh Kitchen start-up costs | — | — | — | 8,082 | 1,366 | — | — | — | — |
| Loss (gain) on disposal of assets | — | — | — | — | — | — | 3,330 | (106) | 1,073 |
| Fresh Kitchen operating losses | — | — | — | — | — | 2,894 | — | — | — |
| Postretirement plan amendment and settlement | — | — | — | — | — | — | — | — | 133 |
| Costs related to shareholder activism | — | — | — | — | — | — | — | — | 7,335 |
| Expenses associated with tax planning strategies | 900 | 569 | — | 3,798 | 225 | — | 82 | — | — |
| Paid time off transition adjustment | — | — | — | — | — | — | — | (21,371) | — |
| Pension settlement charges | 1,578 | — | — | — | — | — | — | — | — |
| Other non-cash (gains) charges | (1,260) | (530) | (148) | 207 | 916 | 933 | — | — | — |
| Adjusted EBITDA | 234,442 | 229,522 | 230,957 | 236,002 | 209,421 | 177,945 | 239,059 | 213,706 | 242,879 |
| 53rd week | (3,673) | — | — | — | — | — | (4,246) | — | — |
| Adjusted EBITDA, excluding 53rd week | $ 230,769 | $ 229,522 | $ 230,957 | $ 236,002 | $ 209,421 | $ 177,945 | $ 234,813 | $ 213,706 | $ 242,879 |

# Cash Returned Since 2015, Inclusive of Dividends & Share Repurchases

| (In thousands) | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 YTD* |
|---|---|---|---|---|---|---|---|---|---|
| Share repurchases | $ 9,000 | $ 9,000 | $ 34,995 | $ 20,000 | $ — | $ 10,000 | $ 5,325 | $ 32,494 | $ 18,527 |
| Cumulative share repurchases | 9,000 | 18,000 | 52,995 | 72,995 | 72,995 | 82,995 | 88,320 | 120,814 | 139,341 |
| Dividends paid | 20,299 | 22,496 | 24,704 | 25,923 | 20,709 | 34,509 | 28,327 | 29,708 | 15,117 |
| Cumulative dividends | 20,299 | 42,795 | 67,499 | 93,422 | 114,131 | 148,640 | 176,967 | 206,675 | 221,792 |
| Capital Return | $ 29,299 | $ 31,496 | $ 59,699 | $ 45,923 | $ 20,709 | $ 44,509 | $ 33,652 | $ 62,202 | $ 33,644 |
| Cumulative capital return | 29,299 | 60,795 | 120,494 | 166,417 | 187,126 | 231,635 | 265,287 | 327,489 | 361,133 |

*YTD 2023 through Q2

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