# Second Quarter Fiscal 2023 Earnings Conference Call


March 8, 2023

# Disclaimer

Certain information in this presentation and discussed on the conference call which this presentation accompanies constitutes forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this presentation regarding the Company's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties and are based on current expectations and management estimates; actual results may differ materially. The risks and uncertainties which could impact these statements are described in the Company's filings under the Securities Exchange Act of 1934, as amended, including its annual report on Form 10-K for the year ended July 30, 2022 filed with the Securities and Exchange Commission (the "SEC") on September 27, 2022 and other filings the Company makes with the SEC, and include, but are not limited to, our dependence on principal customers; the relatively low margins of our business, which are sensitive to inflationary and deflationary pressures; our ability to operate, and rely on third parties to operate, reliable and secure technology systems; our ability to realize anticipated benefits of our strategic initiatives, including any acquisitions; labor and other workforce shortages and challenges; the addition or loss of significant customers or material changes to our relationships with these customers; our sensitivity to general economic conditions including inflation, changes in disposable income levels and consumer spending trends; the impact and duration of any pandemics or disease outbreaks; our ability to continue to grow sales, including of our higher margin natural and organic foods and non-food products, and to manage that growth; increased competition in our industry, including as a result of continuing consolidation of retailers and the growth of chains, direct distribution by large retailers and the growth of online distributors; our ability to timely and successfully deploy our warehouse management system throughout our distribution centers and our transportation management system across the Company and to achieve efficiencies and cost savings from these efforts; the potential for disruptions in our supply chain or our distribution capabilities from circumstances beyond our control, including due to lack of long-term contracts, severe weather, labor shortage or work stoppages or otherwise; moderated supplier promotional activity, including decreased forward buying opportunities; union-organizing activities that could cause labor relations difficulties and increased costs; the potential for additional asset impairment charges; our ability to maintain food quality and safety; volatility in fuel costs; volatility in foreign exchange rates; and our ability to identify and successfully complete asset or business acquisitions. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. The Company is not undertaking to update any information in the foregoing reports until the effective date of its future reports required by applicable laws. Any estimates of future results of operations are based on a number of assumptions, many of which are outside the Company's control and should not be construed in any manner as a guarantee that such results will in fact occur. These estimates are subject to change and could differ materially from final reported results. The Company may from time to time update these publicly announced estimates, but it is not obligated to do so.

This presentation also contains the non-GAAP financial measures Adjusted EBITDA, Adjusted EPS, Adjusted EBITDA leverage ratio, Adjusted EBITDA margin rate, free cash flow, and adjusted effective tax rate. The reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure is presented in the appendix to this presentation. The presentation of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for any measure prepared in accordance with GAAP. The Company believes that presenting non-GAAP financial measures aids in making period-to-period comparisons, assessing the performance of our business and understanding the underlying operating performance and core business trends, and is a meaningful indication of its actual and estimated operating performance. The Company's management utilizes and plans to utilize this non-GAAP financial information to compare the Company's operating performance during certain fiscal periods to the comparable periods in the other fiscal years and, in certain cases, to internally prepared projections.

# Agenda

| | |
|---|---|
| **Introduction** | Steve Bloomquist<br>*Vice President, Investor Relations* |
| **Opening Remarks** | Sandy Douglas<br>*Chief Executive Officer* |
| **Financial Results** | John Howard<br>*Chief Financial Officer* |

**Q&A**

# Results Summary

*$ Millions, except for per share data.*

| | Q2 FY23 | Q2 FY22 | % Change |
|---|---|---|---|
| Net Sales | $7,816 | $7,416 | ▲ 5.4% |
| Gross Profit | $1,069 | $1,075 | ▼ (0.6)% |
| Adjusted EBITDA[1] | $181 | $220 | ▼ (17.7)% |
| Adjusted EPS[1] | $0.78 | $1.36 | ▼ (42.6)% |

- Net sales growth primarily driven by inflation, new customers wins, and deeper sales penetration with existing customers, partially offset by a decline in units.
- Adjusted EBITDA decline reflects lower gross profit rate.
- Adjusted EPS decline primarily reflects lower Adjusted EBITDA growth, higher D&A and lower non-cash pension income.

*1) During fiscal 2022 the Company revised its definition of Adjusted EBITDA and Adjusted EPS to exclude the impact of the non-cash LIFO charge. Prior periods have been recast to reflect the new definition. Definitions and reconciliations are provided at the end of the presentation.*

# Opening Remarks

Sandy Douglas

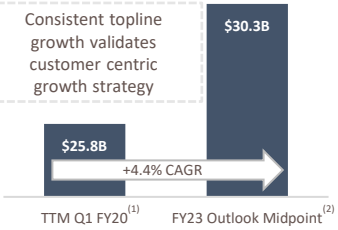
*Chief Executive Officer*

UNFI

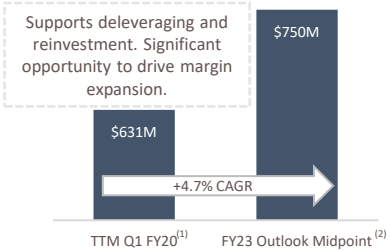
# Combining Growth with Commitment to Operational Excellence

## Solid Financial Performance from Pre-Pandemic

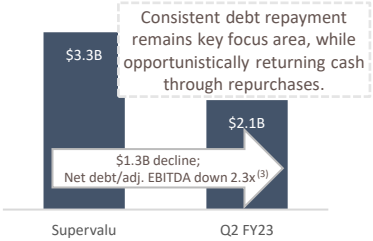
***Net Revenue Growth >$1B Annually***




***Growing Adjusted EBITDA*** (3)



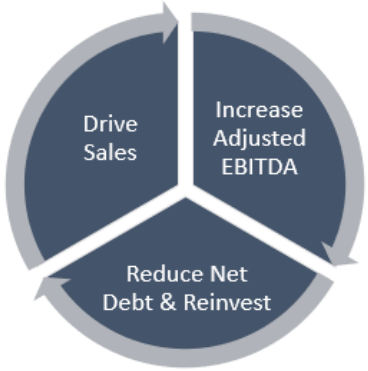

***Steady Debt Reduction***




## Committed to Growth & Shareholder Value

***Flywheel Effect Driving Growth…***


***…Converts to Long-term Financial Strengthening***




## Transformation for Operational Excellence

***Multifaceted Plan Underway…***

*Seeking to combine proven topline growth strategy with structurally higher margins*

**Network Automation & Optimization**

- Working to enhance efficiency
- Expected to drive increased network capacity and scalability
- Improving customer experience

**Commercial Value Creation**

- Seeking to maximize profitable revenue growth
- Simplifying pricing structure and enhancing analytical insights
- Making it easier to do business with UNFI

**Digital Offering Enhancement**

- Fully integrating the digital platforms we offer
- Includes MyUNFI, iUNFI and our third-party marketplace
- Expanding actionable intelligence we provide from these platforms

**Infrastructure Unification & Modernization**

- Adressing legacy integration issues and underinvestment in digital infrastructure
- Expect these investments will streamline operations, provide greater visibility and enhance our scale

(1) Reflects the four quarters following the Company's acquisition of Supervalu.
(2) The outlook provided above is for fiscal 2023. This outlook is forward-looking, is based on management's current estimates and expectations and is subject to several risks, including many that are outside of management's control. See cautionary language on slide 2 and the risk factors contained in the Company's Annual Report on Form 10-K for th year ended July 30, 2022 and other filings the Company makes with the SEC.
(3) Please refer to the appendix for definitions and reconciliations of Adjusted EBITDA and Net Debt to Adjusted EBITDA to the most directly comparable financial measures calculated in accordance with GAAP.

# Financial Results

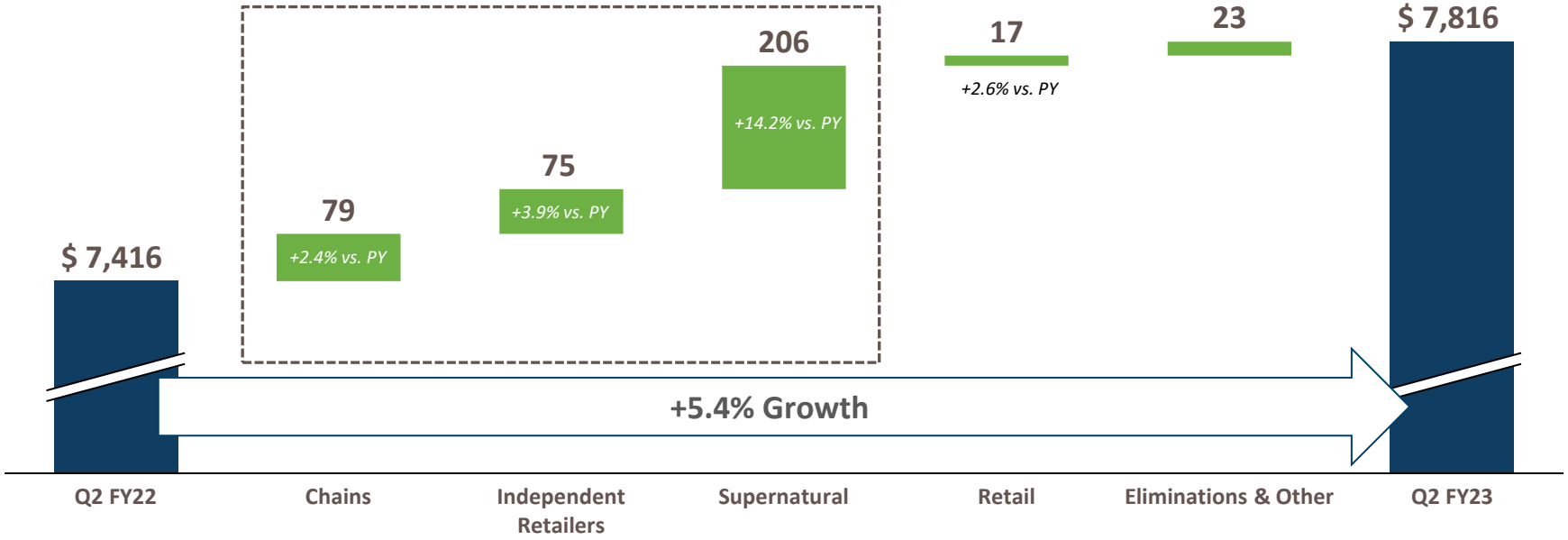
John Howard

*Chief Financial Officer*

UNFI

# Q2 FY23 Revenue Performance

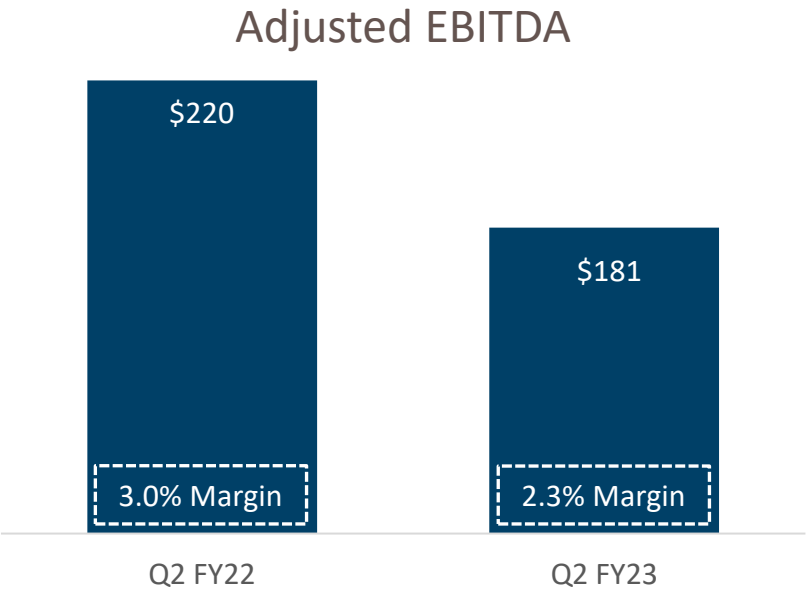
*$ in Millions.*

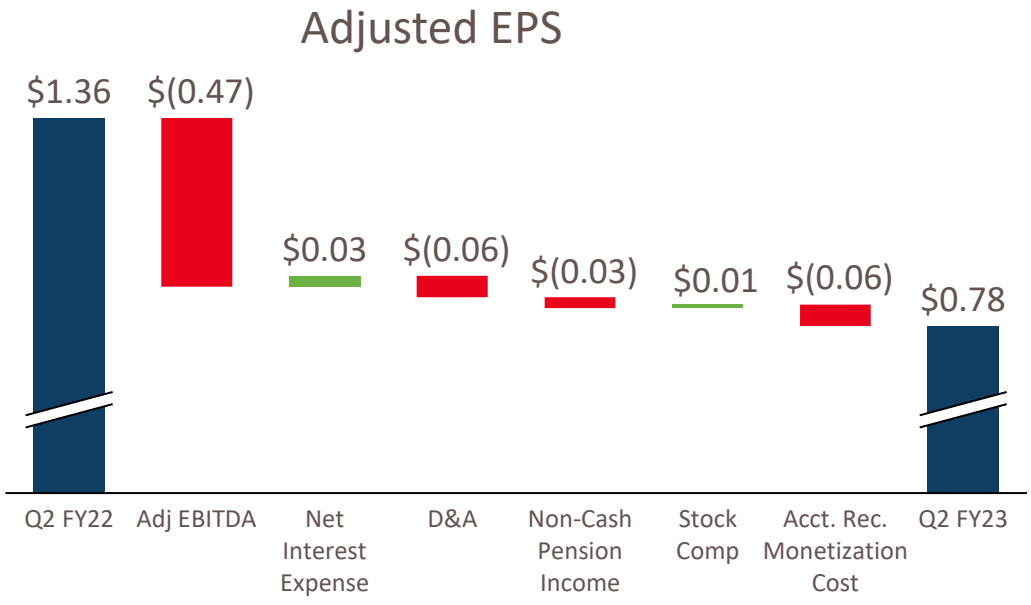



- Wholesale growth includes net inflation as well as new customers and new categories with existing customers, partially offset by a decline in unit volumes.
- New business pipeline remains strong and well diversified across all channels.

# Q2 FY23 Adjusted EBITDA and Adjusted EPS Performance

*$ in Millions, except per share data.*



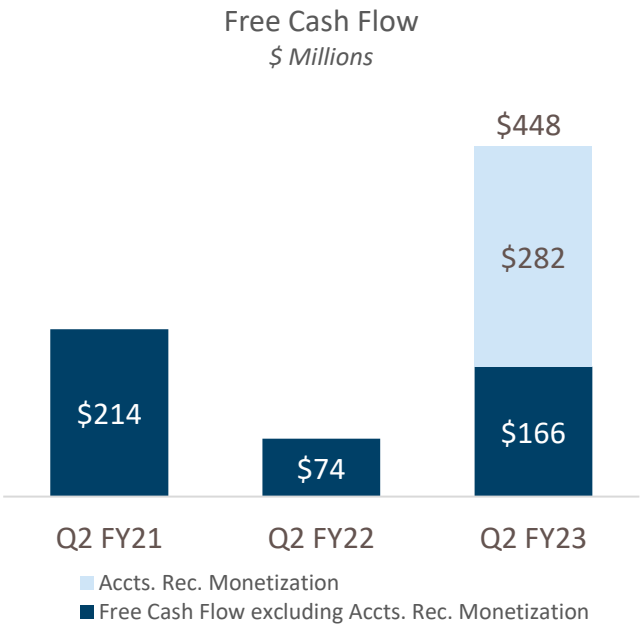



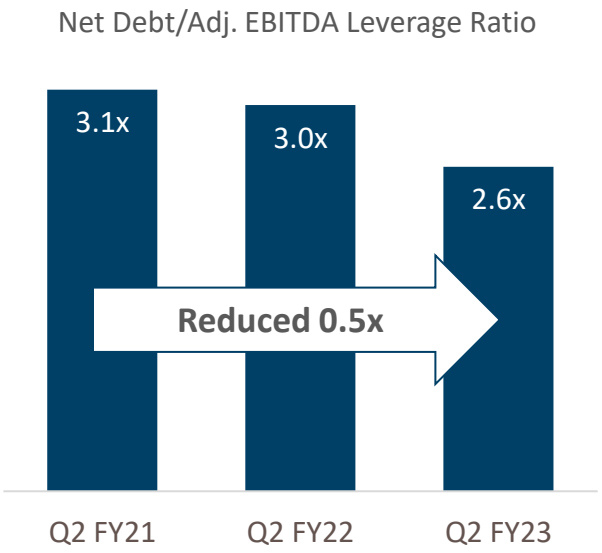

- Adjusted EBITDA decline driven by lower gross margin rate.
- Lower Adjusted EPS primarily reflects decrease in Adjusted EBITDA as well as higher D&A associated with increased capex.

*Definitions and reconciliations are provided at the end of this presentation.*

# Free Cash Flow and Comparative Leverage

## Retain significant capacity to help fund transformation initiatives and strengthen balance sheet




- Strong free cash flow generation benefitted from strategic accounts receivable monetization; strengthened balance sheet while enhancing capacity for tactical capital allocation.
- Ended quarter at 2.6x net debt to Adjusted EBITDA leverage ratio, continuing steady decline since Supervalu acquisition.

*Definitions and reconciliations are provided at the end of this presentation.*

# Revising Fiscal 2023 Outlook [1]

**Raising revenue growth, reducing profitability and maintaining projected capital expenditures vs prior outlook**

| Net Sales | Adjusted EBITDA | Adjusted EPS | Capex |
|---|---|---|---|
| **$30.1-$30.5B** | **$715-$785M** | **$3.05-$3.90** | **~$350M** |
| *(+1% vs. previous midpoint)* | *(-13% vs. previous midpoint)* | *(-31% vs. previous midpoint)* | *(unchanged)* |
| *(+5% vs. last year)* | *(-10% vs. last year)* | *(-28% vs. last year)* | |

- Expect Q3 and Q4 profitability to be roughly in-line to slightly above Q2 level
- Important profitability drivers include procurement gains and efficiency benefits related to opex
- Net debt to adjusted EBITDA leverage ratio projected to be roughly level with FY22 year-end level
- Withdrawing long-term fiscal 2024 targets

(1) The outlook provided above is for fiscal 2023. This outlook is forward-looking, is based on management's current estimates and expectations and is subject to several risks, including many that are outside of management's control. See cautionary language on slide 2 and the risk factors contained in the Company's Annual Report on Form 10-K for the year ended July 30, 2022 and other filings the Company makes with the SEC.

(2) Please refer to the appendix for definitions and reconciliations of Adjusted EPS and Adjusted EBITDA to the most directly comparable financial measures calculated in accordance with GAAP.

# In Summary

- Seeking to combine proven topline growth strategy with transformational improvement program to enhance long-term profitability and shareholder returns.
- Strong customer pipeline expected to drive sales strength for second half of fiscal 2023.
- Expect continued profitability volatility during remainder of the fiscal year.
- Plan to provide regular updates on transformational improvement progress.

Remain confident in ability to drive long-term profitability and shareholder returns through strategic, transformational improvement program.

# Appendix

# Capital structure

## Q2 decrease in net debt includes benefit of accounts receivable monetization

| ($'s in Millions) | Maturity | Rate [2] | Q2 FY22 | Q3 FY22 | Q4 FY22 | Q1 FY23 | Q2 FY23 |
|---|---|---|---|---|---|---|---|
| Secured term loan B-1 [1] | October 2025 | S + 3.25% | $ 844 | $ 800 | $ 800 | $ 800 | $ 670 |
| $2.6B ABL revolver [1][3] | June 2027 | S + 1.0% / Prime + 0.0% | 990 | 1,101 | 840 | 1,217 | 923 |
| Senior unsecured notes | October 2028 | 6.75% | 500 | 500 | 500 | 500 | 500 |
| Finance leases | Various | Various | 138 | 39 | 36 | 33 | 29 |
| Equipment loans | Various | Various | 30 | 27 | 23 | 20 | 16 |
| Original issue discount / deferred finance fees | | | (41) | (37) | (40) | (38) | (32) |
| **Total Debt and Finance Leases (GAAP)** | | | **$ 2,461** | **$ 2,430** | **$ 2,159** | **$ 2,532** | **$ 2,106** |
| Balance sheet cash | | | (45) | (48) | (44) | (39) | (40) |
| **Net Debt (GAAP)** | | | **$ 2,416** | **$ 2,382** | **$ 2,115** | **$ 2,493** | **$ 2,066** |
| **LTM Adjusted EBITDA** | | | **$ 811** | **$ 822** | **$ 829** | **$ 836** | **$ 797** |
| **Net Debt / Adjusted EBITDA [4]** | | | **3.0x** | **2.9x** | **2.6x** | **3.0x** | **2.6x** |
| **Available Liquidity [5]** | | | **$ 1,036** | **$ 909** | **$ 1,671** | **$ 1,289** | **$ 1,573** |

(1) Paid $150M in Q2 FY22 with borrowings on the ABL revolver and paid $125M in Q2 FY23 with proceeds from monetizing certain accounts receivable.

(2) Converted the secured term loan B-1 and ABL revolver benchmark rates from LIBOR to SOFR in Q4 FY22. Reduced the SOFR margin on the ABL revolver from 1.25% to 1.0% in Q4 FY22.

(3) Refinanced and upsized the ABL revolver from $2.1B to $2.6B in Q4 FY22.

(4) Net debt, as shown, divided by Adjusted EBITDA for the preceding four quarters.

(5) Balance sheet cash plus unused capacity under the revolving ABL facility.

*Definitions and reconciliations are provided at the end of this presentation.*

# Non-GAAP Metric Definitions

**Adjusted earnings per share**: The non-GAAP adjusted earnings per diluted common share measure is a consolidated measure, which the Company reconciles by adding Net income attributable to UNFI plus goodwill impairment benefits and charges, restructuring, acquisition, and integration related expenses, gains and losses on sales of assets, the LIFO charge or benefit, certain legal charges and gains, surplus property depreciation and interest expense, losses on debt extinguishment, discontinued operations store closures and other charges, net, certain other non-cash charges or other items, as determined by management, the impact of diluted shares when GAAP earnings is presented as a loss and non-GAAP earnings represent income, and the tax impact of adjustments and the adjusted effective tax rate, which tax impact is calculated using the adjusted effective tax rate.

During the third quarter of fiscal 2022, the Company revised its definition of Adjusted EPS to exclude the impact of the LIFO charge or benefit. The Company believes that this change provides a better indicator of its underlying operating performance and permits better comparability between periods.

**Adjusted EBITDA:** The non-GAAP adjusted EBITDA is a consolidated measure which we reconcile by adding Net income (loss) including noncontrolling interests, less Net income attributable to noncontrolling interests, plus non-operating income and expenses, including Net periodic benefit income, excluding service cost, Interest expense, net and Other (income) expense, net, plus Provision (benefit) for income taxes and Depreciation and amortization all calculated in accordance with GAAP, plus adjustments for Share-based compensation, non-cash LIFO charge or benefit, Restructuring, acquisition and integration related expenses, Goodwill impairment charges, (Gain) loss on sale of assets, certain legal charges and gains, and certain other non-cash charges or other items, as determined by management.

During the third quarter of fiscal 2022, the Company revised its definition of Adjusted EBITDA and Adjusted EPS to exclude the impact of the LIFO charge. The Company believes that this change provides a better indicator of its underlying operating performance and permits better comparability between periods.

**Adjusted EBITDA margin**: The percentage that results from dividing adjusted EBITDA by net sales.

**Adjusted EBITDA leverage ratio**: The non-GAAP adjusted EBITDA leverage ratio is defined as the carrying (GAAP) value of outstanding debt less cash and cash equivalents divided by the trailing four quarters adjusted EBITDA.

**Free cash flow:** The non-GAAP free cash flow measure is defined as net cash provided by operating activities less payments for capital expenditures.

# Reconciliation – Adjusted EBITDA

| (in millions) | 13-Week Period Ended January 28, 2023 | 13-Week Period Ended January 29, 2022 | 26-Week Period Ended January 28, 2023 | 26-Week Period Ended January 29, 2022 |
|---|---|---|---|---|
| Net income including noncontrolling interests | $ 22 | $ 68 | $ 89 | $ 145 |
| Adjustments to net income including noncontrolling interests: | | | | |
| Less net income attributable to noncontrolling interests | (3) | (2) | (4) | (3) |
| Net periodic benefit income, excluding service cost | (7) | (10) | (14) | (20) |
| Interest expense, net | 39 | 44 | 74 | 84 |
| Other income, net | — | (2) | (1) | (1) |
| Provision for income taxes | 9 | 25 | 14 | 24 |
| Depreciation and amortization | 73 | 69 | 147 | 138 |
| Share-based compensation | 11 | 12 | 23 | 23 |
| LIFO charge[1] | 29 | 19 | 50 | 30 |
| Restructuring, acquisition and integration related expenses | 3 | 5 | 5 | 8 |
| Loss (gain) on sale of assets | 1 | 1 | (4) | 1 |
| Multiemployer pension plan withdrawal benefit[2] | — | (8) | — | (8) |
| Other retail benefit[3] | — | (1) | — | (1) |
| Business transformation costs[4] | 4 | — | 9 | — |
| Adjusted EBITDA | $ 181 | $ 220 | $ 388 | $ 420 |

(1) During fiscal 2022, the Company revised its definition of Adjusted EBITDA to exclude the impact of the non-cash LIFO charge or benefit. The following illustrates the impact of the revised definition on previously reported periods to show the effect of this change:

| (in millions) | 13-Week Period Ended January 29, 2022 | 26-Week Period Ended January 29, 2022 |
|---|---|---|
| Adjusted EBITDA (previously reported definition) | $ 201 | $ 390 |
| LIFO charge | 19 | 30 |
| Adjusted EBITDA (current definition) | $ 220 | $ 420 |

(2) Reflects an adjustment to multiemployer pension plan withdrawal charge estimates.

(3) Reflects an insurance recovery associated with event-specific damages to certain retail stores and store closure costs.

(4) Reflects third-party professional consulting costs for certain business transformation initiatives including network automation and optimization, commercial value creation, digital offering enhancement and infrastructure unification and modernization.

# Reconciliation – Adjusted EPS

| *(in millions, except per share amounts)* | 13-Week Period Ended | | 26-Week Period Ended | |
|---|---|---|---|---|
| | January 28, 2023 | January 29, 2022 | January 28, 2023 | January 29, 2022 |
| Net income attributable to United Natural Foods, Inc. | $ 19 | $ 66 | $ 85 | $ 142 |
| Restructuring, acquisition and integration related expenses | 3 | 5 | 5 | 8 |
| (Gain) loss on sale of assets other than losses on sales of receivables [1] | (4) | 1 | (9) | 1 |
| LIFO charge | 29 | 19 | 50 | 30 |
| Surplus property depreciation and interest expense[2] | — | 1 | 1 | 2 |
| Multiemployer pension plan withdrawal benefit | — | (8) | — | (8) |
| Loss on debt extinguishment | 3 | 5 | 3 | 5 |
| Other retail benefit[3] | — | (1) | — | (1) |
| Business transformation costs[4] | 4 | — | 9 | — |
| Tax impact of adjustments and adjusted effective tax rate[5] | (7) | (5) | (27) | (29) |
| Adjusted net income | $ 47 | $ 83 | $ 117 | $ 150 |
| | | | | |
| Diluted weighted average shares outstanding | 61.0 | 61.0 | 61.3 | 61.0 |
| Adjusted EPS[6][7] | $ 0.78 | $ 1.36 | $ 1.92 | $ 2.47 |

(1) Gain on sale of assets, as reflected here, does not include losses on sales of receivables under the accounts receivable monetization program, which are included in Loss (gain) on sale of assets on the Condensed Consolidated Statements of Operations and are not adjusted from Adjusted EPS.

(2) Reflects surplus, non-operating property depreciation and interest expense.

(3) Reflects an insurance recovery associated with event-specific damages to certain retail stores and store closure costs.

(4) Reflects third-party professional consulting costs for business transformation initiatives, including network automation and optimization, commercial value creation, digital offering enhancement and infrastructure unification and modernization.

(5) Represents the tax effect of the pre-tax adjustments using an adjusted effective tax rate. The adjusted effective tax rate is calculated based on adjusted net income before tax, and its impact reflects the exclusion of changes to uncertain tax positions, valuation allowances, tax impacts related to the exercise of share-based compensation awards and discrete GAAP tax items which could impact the comparability of the operational effective tax rate. The reconciliation of the adjusted effective tax rate used in calculating Adjusted EPS is provided in the table below. The Company believes using this adjusted effective tax rate provides better consistency across the interim reporting periods since each of these discrete items can cause volatility in the GAAP tax rate that is not indicative of the underlying ongoing operations of the Company. By providing this non-GAAP measure, management intends to provide investors with a meaningful, consistent comparison of the Company's effective tax rate on ongoing operations.

(6) Earnings per share amounts are calculated using actual unrounded figures.

(7) During the third quarter of fiscal 2022, the Company revised its definition of Adjusted EPS to exclude the impact of the non-cash LIFO charge. The following illustrates the impact of the revised definition on previously reported periods to show the effect of this change:

| | 13-Week Period Ended | 26-Week Period Ended |
|---|---|---|
| | January 29, 2022 | January 29, 2022 |
| Adjusted EPS (previously reported definition) | $ 1.13 | $ 2.10 |
| LIFO charge | 0.31 | 0.49 |
| Tax impact of adjustment | (0.08) | (0.12) |
| Adjusted EPS (current definition) | $ 1.36 | $ 2.47 |

# Reconciliation – Last Four Quarters Adjusted EBITDA

| (in millions) | Last Four Quarters Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | November 2, 2019 (52 weeks) | January 30, 2021 (52 weeks) | May 1, 2021 (52 weeks) | July 31, 2021 (52 weeks) | October 30, 2021 (52 weeks) | January 29, 2022 (52 weeks) | April 30, 2022 (52 weeks) | July 30, 2022 (52 weeks) | October 29, 2022 (52 weeks) | January 28, 2023 (52 weeks) |
| Net (loss) income from continuing operations | $ (650) | $ 208 | $ 163 | $ 149 | $ 226 | $ 236 | $ 254 | $ 254 | $ 244 | $ 198 |
| Adjustments to continuing operations net (loss) income: | | | | | | | | | | |
| Less net income attributable to noncontrolling interests | (1) | (7) | (7) | (6) | (6) | (6) | (5) | (6) | (6) | (7) |
| Net periodic benefit income, excluding service cost | (45) | (58) | (63) | (85) | (78) | (71) | (64) | (40) | (37) | (34) |
| Interest expense, net | 223 | 213 | 210 | 204 | 175 | 168 | 161 | 155 | 150 | 145 |
| Other (income) expense, net | (2) | (6) | (4) | (8) | (6) | (6) | (6) | (2) | (4) | (2) |
| (Benefit) provision for income taxes | (122) | 5 | 23 | 34 | 34 | 42 | 55 | 56 | 62 | 46 |
| Depreciation and amortization | 298 | 282 | 278 | 285 | 277 | 279 | 285 | 285 | 290 | 294 |
| Share-based compensation | 36 | 52 | 50 | 49 | 46 | 45 | 44 | 43 | 44 | 43 |
| LIFO charge | 32 | 18 | 17 | 24 | 28 | 40 | 107 | 158 | 168 | 178 |
| Restructuring, acquisition and integration related expenses | 95 | 69 | 64 | 56 | 43 | 30 | 28 | 21 | 20 | 18 |
| Goodwill impairment charges | 718 | — | — | — | — | — | — | | | |
| Loss (gain) on sale of assets | — | 18 | 17 | (4) | (4) | (3) | (91) | (87) | (92) | (92) |
| Multiemployer pension plan withdrawal charges (benefit) | — | — | — | 63 | 63 | 55 | 55 | (8) | (8) | — |
| Notes receivable charges | 13 | — | — | — | — | — | — | — | — | — |
| Inventory fair value adjustment | 8 | — | — | — | — | — | — | — | — | — |
| Legal reserve charge, net of settlement income | 1 | — | — | — | — | — | — | — | — | — |
| Other retail expense (benefit) | — | 4 | 6 | 5 | 3 | 1 | (1) | — | — | 1 |
| Business transformation costs | — | — | — | — | — | — | — | — | 5 | 9 |
| Adjusted EBITDA of continuing operations | 604 | 798 | 754 | 766 | 801 | 810 | 822 | 829 | 836 | 797 |
| Adjusted EBITDA of discontinued operations | 27 | 5 | 6 | 4 | 3 | 1 | — | — | — | — |
| Adjusted EBITDA | $ 631 | $ 803 | $ 760 | $ 770 | $ 804 | $ 811 | $ 822 | $ 829 | $ 836 | $ 797 |

# Calculation – Net Debt to Adjusted EBITDA Leverage Ratio

| *(in millions, except ratios)* | Q2 FY2021 | Q3 FY2021 | Q4 FY2021 | Q1 FY2022 | Q2 FY2022 | Q3 FY2022 | Q4 FY2022 | Q1 FY2023 | Q2 FY2023 |
|---|---|---|---|---|---|---|---|---|---|
| Long-term debt | $ 2,374 | $ 2,314 | $ 2,175 | $ 2,376 | $ 2,309 | $ 2,377 | $ 2,109 | $ 2,485 | $ 2,065 |
| Long-term finance lease liabilities | 135 | 133 | 35 | 32 | 30 | 27 | 23 | 20 | 18 |
| Current portion of long-term debt and finance lease liabilities | 25 | 24 | 120 | 121 | 122 | 26 | 27 | 27 | 23 |
| Less: Cash and cash equivalents | (41) | (40) | (41) | (46) | (45) | (48) | (44) | (39) | (40) |
| Net carrying value of debt and finance lease liabilities | 2,493 | 2,431 | 2,289 | 2,483 | 2,416 | 2,382 | 2,115 | 2,493 | 2,066 |
| Adjusted EBITDA[(1)(2)] | $ 803 | $ 760 | $ 770 | $ 804 | $ 811 | $ 822 | $ 829 | $ 836 | $ 797 |
| Adjusted EBITDA leverage ratio | 3.1x | 3.2x | 3.0x | 3.1x | 3.0x | 2.9x | 2.6x | 3.0x | 2.6x |

(1) Periods prior to the third quarter of fiscal 2022 have been revised to exclude the impact of the non-cash LIFO charge to conform to current year presentation.

(2) Adjusted EBITDA reflects the summation of the trailing four quarters.

# Reconciliation – Free Cash Flow

| | Q2 FY2021 | Q2 FY2022 | Q2 FY2023 |
|---|---|---|---|
| Net cash provided by operating activities | $ 265 | $ 124 | $ 532 |
| Payments for capital expenditures | (51) | (50) | (84) |
| Free cash flow | $ 214 | $ 74 | $ 448 |

# Adjusted EBITDA By Segment [1]

| *(in millions)* | FY2021 | Q1 FY2022 | Q2 FY2022 | Q3 FY2022 | Q4 FY2022 | FY2022 | Q1 FY2023 | Q2 FY2023 |
|---|---|---|---|---|---|---|---|---|
| Wholesale | $ 677 | $ 175 | $ 176 | $ 171 | $ 174 | $ 696 | $ 171 | $ 137 |
| Retail | 98 | 22 | 32 | 14 | 30 | 98 | 20 | 28 |
| Other | (10) | 4 | 12 | 11 | 17 | 44 | 19 | 15 |
| Eliminations | 1 | (1) | — | — | (8) | (9) | (3) | 1 |
| Adjusted EBITDA of continuing operations[1] | 766 | 200 | 220 | 196 | 213 | 829 | 207 | 181 |
| Adjusted EBITDA of discontinued operations | 4 | — | — | — | — | — | — | — |
| Adjusted EBITDA[1] | $ 770 | $ 200 | $ 220 | $ 196 | $ 213 | $ 829 | $ 207 | $ 181 |
| | | | | | | | | |
| Total net sales | 26,950 | 6,997 | 7,416 | 7,242 | 7,273 | 28,928 | 7,532 | 7,816 |
| Adjusted EBITDA margin rate | 2.86 % | 2.86 % | 2.97 % | 2.71 % | 2.93 % | 2.87 % | 2.75 % | 2.32 % |

(1) Periods prior to the third quarter of fiscal 2022 have been revised to exclude the impact of the non-cash LIFO charge to conform to current year presentation.

# Reconciliation – FY23 Outlook

| *(in millions, except per share amounts)* | Fiscal Year Ending July 29, 2023 Low Range | Estimate | High Range |
|---|---|---|---|
| Net income attributable to United Natural Foods, Inc. | $ 90 | | $ 142 |
| Restructuring, acquisition and integration related expenses | | 10 | |
| LIFO charge | | 100 | |
| Business transformation costs | | 20 | |
| Tax impact of adjustments and adjusted effective tax rate[1] | | (35) | |
| Adjusted net income | $ 185 | | $ 237 |
| | | | |
| Diluted weighted average shares outstanding | 61 | | 61 |
| Adjusted EPS[2] | $ 3.05 | | $ 3.90 |

(1) The estimated adjusted effective tax rate excludes the potential impact of changes in uncertain tax positions, tax impacts related to ASU 2016-09 regarding stock compensation and valuation allowances. Refer to the reconciliation for adjusted effective tax rate

(2) Adjusted EPS amounts as presented include rounding.

**Reconciliation of 2023 guidance for Net income attributable to United Natural Foods, Inc. to Adjusted EBITDA (unaudited)**

| *(in millions)* | Fiscal Year Ending July 29, 2023 Low Range | Estimate | High Range |
|---|---|---|---|
| Net income attributable to United Natural Foods, Inc. | $ 90 | | $ 142 |
| Provision for income taxes | 32 | | 50 |
| LIFO charge | | 100 | |
| Interest expense, net | | 140 | |
| Other expense, net | | 11 | |
| Depreciation and amortization | | 297 | |
| Share-based compensation | | 44 | |
| Net periodic benefit income, excluding service costs | | (29) | |
| Business transformation costs | | 20 | |
| Restructuring, acquisition and integration related expenses | | 10 | |
| Adjusted EBITDA | $ 715 | | $ 785 |