



September 15, 2023

To Our Valued Customers,

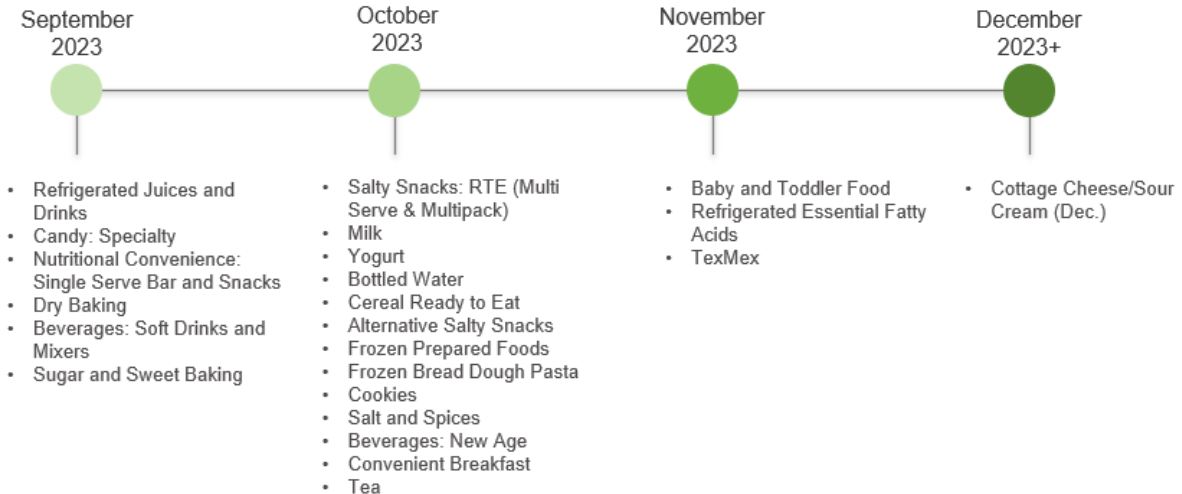
As summer ends and autumn approaches, we pivot our attention to seasonal necessities. In this month's supply update, we'll provide the latest service level insights, supplier guidance, and future observations for product availability to ensure you have the details you need to be prepared this holiday season.

Supplier fill rates improved 8.8% year over year, while declining 0.5% since last month. 56% of the top 25 most impactful categories based on sales and out of stocks have fill rates below 84%. 76% of the Natural challenged brands are reporting short term recovery guidance due to production delays, co-manufacturer transitions, brand consolidation and pack changes. 52% of Conventional constrained brands are reporting longer recovery ETA's due to raw material and production capacity delays.

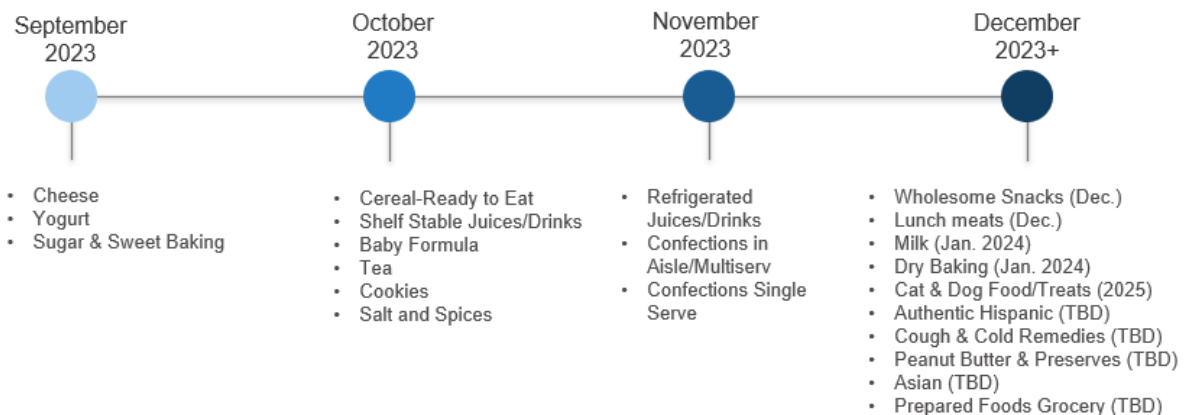
We are executing our seasonal strategy mirroring last year's plan, making early preparations to land product in our facilities while taking a phased approach to build inventory with a strong emphasis on high velocity and in/out items. Today we are 95% ready to support October volume, with exceptions on shorter shelf life and supply constraint items. November and December are executing to plan with moderate supply disruptions expected at this point.

Recovery Guidance for the most challenged categories to service level:

Natural



Conventional



Key Natural Insights since last month:

- 40% deferred recovery an average of 1 month
- 60% reporting improved or no change in recovery guidance

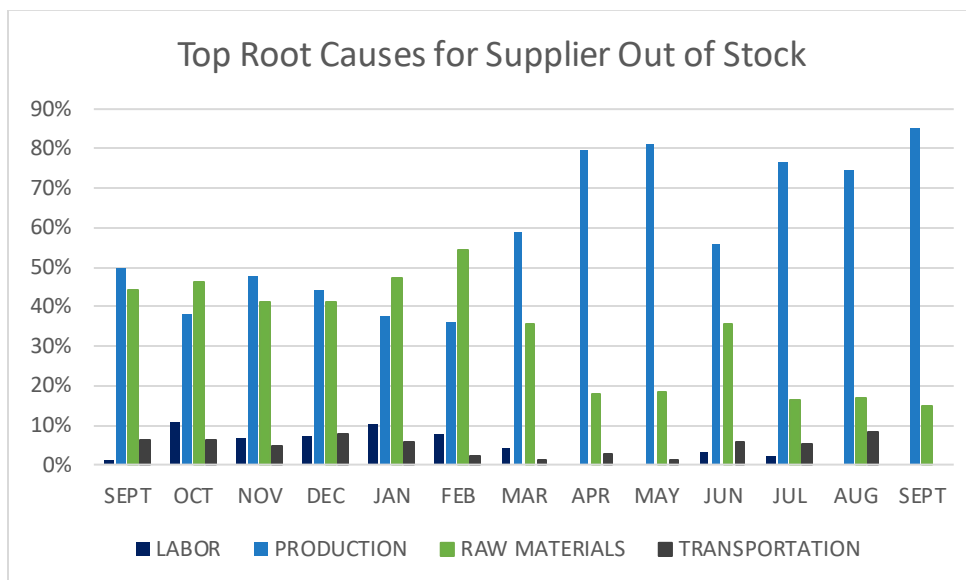
Key Conventional Insights since last month:

- 20% deferred recovery an average of 1 months
- 80% reporting improved or no change in recovery guidance

Please remember to review [Critical Category Insights on myUNFI portal under Lists and Publications > Publications > Service Level Updates](#) for specific brand, category, and seasonal updates.

Service Level Challenges broken down into four major root causes:

Supplier production delays are the top root cause reported last month, increasing 35% year over year and 11% month over month. Raw Material delays were the second highest root cause down 29% from same time last year and down 2% last month.



Key Upcoming Seasonal General Merchandise and Candy Update

Cough/Cold Update:

Major brands are beginning to close service level gaps, however we are seeing ongoing service challenges with the below brands:

- Dayquil / Nyquil Liquicaps – Steady improvement expected through September on LiquiGels with full recovery expected in Mid-October
- Robitussin- Continued demand spike and shortages on materials delaying recovery from Q2 to Q4, exploring alternative sources.
- Theraflu - Powders and Base Liquids - Fully recovered. FluMax Liquids - Full recovery delayed to January 2024 due to ongoing supply disruptions of sucrose.
- Advil Adult - fully recovered. Children's delayed to late October due to cap and ingredient shortages.
- Adult Tylenol -Recovering with increased allocations. Pediatrics on allocation through Q4.
- Mucinex - Higher allocations being received through October to ensure supply remains stable. Will not be at 100% recovery until later in Q3.

Halloween Candy:

- Retailer ship window: 7/24-9/8
- 97% product arrived
- 3% Supplier Cancellations

**Christmas Candy:**

- Retailers ship window: 10/16-11/4
- Supplier PO's arrive in mid- September

GM Fall/Halloween:

- 96% has been received and has shipped or will ship to customers as requested
- 4% was cancelled by suppliers

Next catalog open for ordering:

- GM Back to School 2024: open for ordering 10/9 – 11/5
- Easter Candy: Opens for ordering 8/27; closes on 9/23
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Planogram Update Process

- Conventional Base Planograms (POGS) are available on MyUNFI and are updated quarterly
- Natural POGs are available through your UNFI Account Manager

Other Category Management Insights

The Category Management Team evaluates trends, provides guidance on inflation, Brands+, and Category Insights found within the Natural and Conventional Express Lanes and Trends Reports.

- Natural Express Lanes are available from the UNFI sales team or on myUNFI under What's New.
- Conventional Express Lanes and Executive Summaries are available on myUNFI, retailers cycle packets (Home Store retailers), posted on SV Wire, in the Executive Summary Folder. Express Lanes are also available to all UNFI Conventional retailers from your UNFI sales team.
- Upcoming Trends Reports will cover Passover Purim, Allergens, New Product Innovation, Top Attributes in Grocery, Frozen, Dairy and Lifestyle & Wellness. Sign up for Trend calls by scanning the QR code below:



Thank you for your business and trust in UNFI. We're committed to keeping you informed on industry and supply chain fluctuations that matter most to your consumers' needs, as market conditions evolve.

Sincerely,

John Raiche
EVP Supplier Services

Our Winter selling show is in Las Vegas, September 27-28; please join us by registering here [Link](#)