



May 18th, 2022

To Our Valued Customers,

In this month's service level update, we will provide the latest category insights, brand/supplier performance and recovery, spring and summer fill rate expectations, and guidance on today's supply chain fluidity.

In the last quarter, we have seen service level trends continue to move in a positive direction, increased supplier optimism in fill rate guidance, and improvement in carrier capacity and ports recovery. With Easter volume behind us, our suppliers have been filling our orders at a higher rate.

Ports continue to face timing and capacity challenges; however overall delay times have improved since their October peak. Conversely, there are growing concerns that China Covid lockdowns, imbalance of available empty containers, pent up shipments, and a surge of early bookings of back to school and peak season merchandise could cause another backlog at the ports this summer. We are keeping a close eye on the situation and potential impacts on product delays and increased costs. We will communicate conditions as they change.

We recently created a customer specific report tailored to your item assortment that provides on hand inventory, on order quantities, quantities shipped, supplier out of stocks, PO estimated arrival dates, PO appointment dates, and long term out of stock status and release dates. To register for this **Weekly Sales Recovery Report**, please complete the excel Sign-Up form found on myUNFI Service Level Updates section under Publications and return to: Data_Warehouse_Alerts@unfi.com.

Please take a moment to review the Weekly Seasonal Category Insights Q2, now available on myUNFI portal. To access, from the myUNFI ordering home page, navigate to Lists and Publications > Publications > Service Level Updates. Files are updated weekly.

These reports provide expected fill rates for Spring / Summer sales lifts on essential brands and categories for the season. Highlights include a focus on Spring Cleaning, BBQ and Grilling, Sun and Bug, and Health & Wellness. Please remember to extend your planning horizons on seasonal items to accommodate longer lead times and to secure early allocations. Now is the time to ensure 4th quarter readiness by locking in orders early and taking advantage of additional savings by registering for the next UNFI show:

Natural Holiday Show in Mohegan Sun, CT, June 8-9, register here [Link](#)
Conventional Expo in Minneapolis, MN, July 20-21, register here [Link](#)

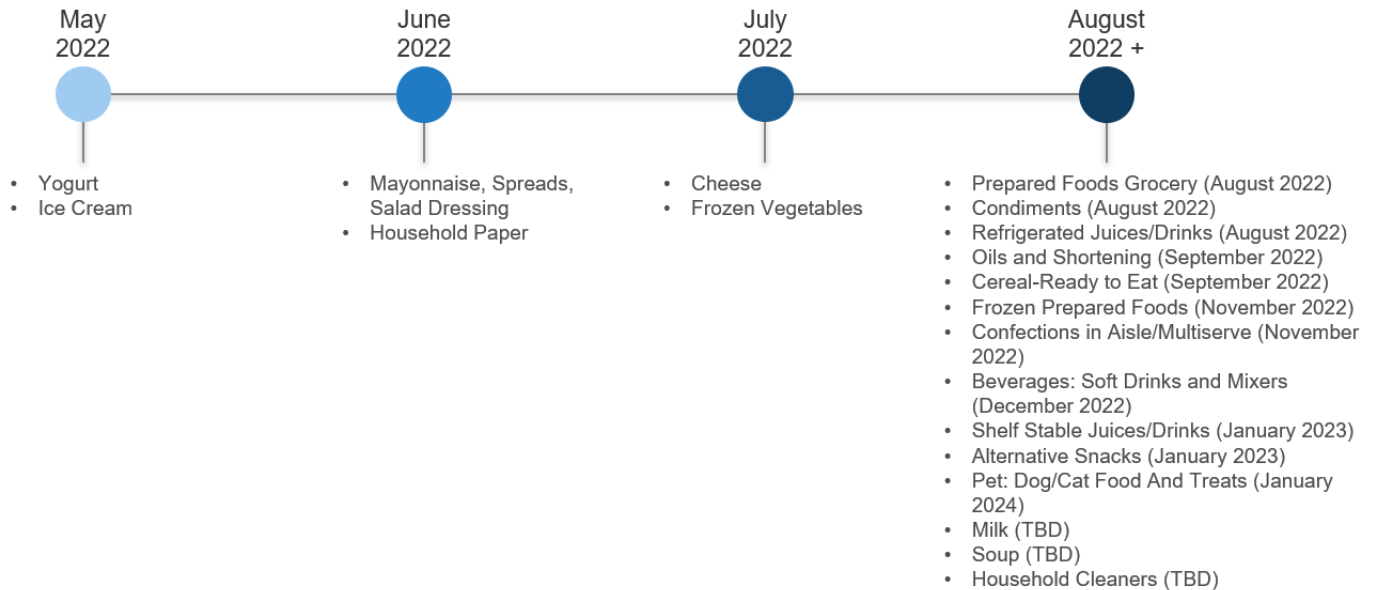
Recovery Guidance for most impacted categories overall

Here's the latest updates on recovery dates by key categories most impacted by Service Level challenges:

Natural



Conventional



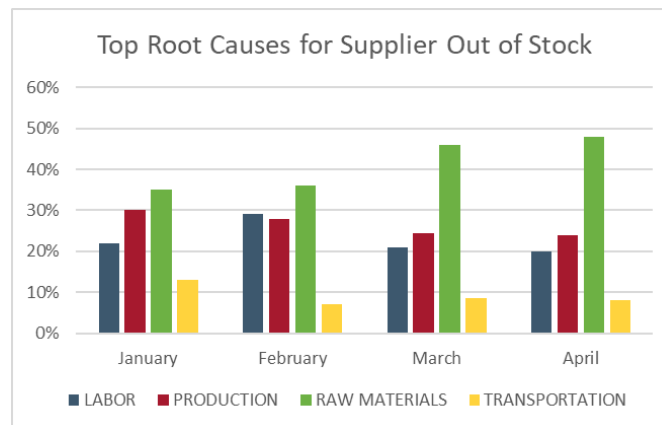
Key Natural Insights:

- 60% of the top impacted categories are communicating deferred recovery expectation by an average of 1 month
- 40% of the top impacted categories reporting no change to last update
- Please refer to the attached recaps for affected categories and details brand recovery guidance

Key Conventional Insights:

- 50% of the top impacted categories are communicating deferred recovery expectation by an average of 1 month. Wet Cat Food recovery guidance was pushed back 12 months, to January 2024
- 50% of the top impacted categories reporting no change to last update
- Please refer to the attached recaps for affected categories and details brand recovery guidance

Raw material challenges is the top root cause for supplier out of stocks, followed by Labor, Production Capacity, and Transportation



Key Upcoming Seasonal General Merchandise and Candy Update

GM Spring/Summer and Summer/Halloween Candy:

- GM Spring: 88% has been received and shipping to customers, 4% is due in May (these items are not Easter-specific and will sell throughout the summer), 8% has been cancelled from suppliers
- GM Summer: 63% has been received and shipping to customers, 32% is due in June, 5% has been cancelled from suppliers
- Summer Candy: Ship window through 7/1/2022. 85% of product is received, 6% was cancelled by suppliers. Remaining 9% of product is scheduled to arrive this month.
- Halloween Candy: Event closed on 4/16. Ship window is 7/25-9/9. Orders are scheduled to arrive starting mid-July. Suppliers expect to communicate allocations/issues by Mid-May to provide guidance on fill rates.

Next Catalogs Opening:

- GM Valentine's: Ordering open now, closing on 5/22/22
- Christmas Candy: Opens for ordering on 5/22/2022, closes on 6/18/2022



Retailer Resources

Changes to constricted items and promotional updates are received daily from our suppliers as conditions fluctuate. A list of deprioritized and allocated items is updated every Tuesday and is posted weekly on [SV Harbor](#) for conventional distribution centers. Promotions plans continue to be adjusted as supply issues continue.

Planogram Update Process

Base Planograms (POGS) and available assortment are updated on a bi-weekly basis.

- As item availability recovers, POGs are updated through our New Item Cut In (NICI) process.
- Natural Core POGs derived from our category reviews are constructed using current product availability. Core POGs can be accessed through your UNFI account manager.

Other Category Management Insights

The Category Management team continues to evaluate trends and provide guidance through the review process. Additional COVID and Category Insights can be found within the Natural and Conventional Express Lanes. These documents are available as follows:

- Natural Express Lanes are available from your UNFI sales team.
- Conventional Express Lanes and Executive Summaries are available to participating Home Store retailers in your cycle packets and posted on SV Wire, in the Executive Summary Folder. Express Lanes are available to all UNFI Conventional retailers from your UNFI sales team.

We hope you find the enclosed guidance beneficial for your business decisions and preparations as summer nears and we welcome back grilling season, celebrations, and gatherings. We will commit to keeping you informed on industry, and supply chain fluctuations most impactful to your consumers' needs.

Sincerely,

John Raiche
EVP Supplier Services