



May 19, 2023

To Our Valued Customers,

In this month's supply update, we will share the latest service level insights, supplier guidance, and future observations for product availability.

Service level improved +0.7% last month and +10.2% year over year. We saw stronger fill rates in Baby Formula, Eggs and Preserves last month, however, fill rate challenges remain in Baby Formula, Pet Food and Cold and Cough.

In late April, Americold Cold Storage, a third-party cold storage facility, was impacted by a cyber security attack affecting about 30% of their 243 facilities, causing operations to move offline and halting throughput in affected facilities. We are seeing service disruptions across frozen prepared foods and frozen vegetable categories from suppliers utilizing these facilities. While this did not impact product integrity (power, utilities, or refrigeration) it has caused unexpected interruptions to service over the last several weeks. UNFI is staying closely connected to Americold and escalating impacts to fill rates.

Egg suppliers are not reporting any new Avian Flu cases and we are moving out of the critical Spring migration period. The outlook is optimistic that the egg category is now recovered.

Our Summer plan is in full motion. We are well positioned with all your summer inventory needs and we anticipate a strong kick off for the Memorial Day weekend.

The UNFI Merchandising team has been working with the Procurement and Operations teams and our Supplier community to identify key holiday items in preparation for the 2023 seasonal inventory build. Highlights includes:

- Communication of our order strategy with suppliers to ensure alignment and support
- Review of seasonal lift index for pre-book and open stock items in line with supplier lead times
- Staged 2-3 month receiving plan (landing product in Aug for Oct, Sept for Nov, and Oct for Dec) based on code date parameters.
- Activating items starting in early June accompanied by first purchase orders in late June

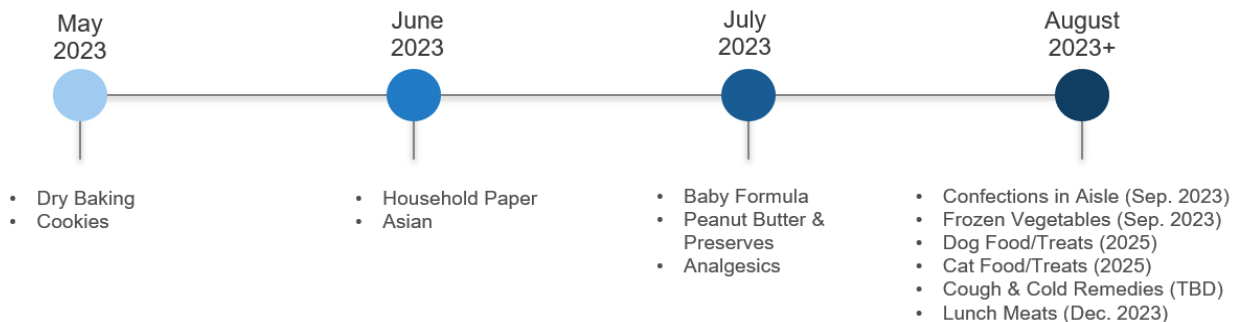
We hope to see you at the Mohegan Sun Show next month, June 7-8, to lock in your early orders and take advantage of some great supplier deals. The ship dates are Aug 26 - Dec 29. Register here: [Link](#)

Recovery Guidance for the most challenged categories to service level:

Natural



Conventional



Key Natural Insights since last month:

- 42% deferred recovery an average of 1 month
- 58% reporting improved or no change in recovery guidance

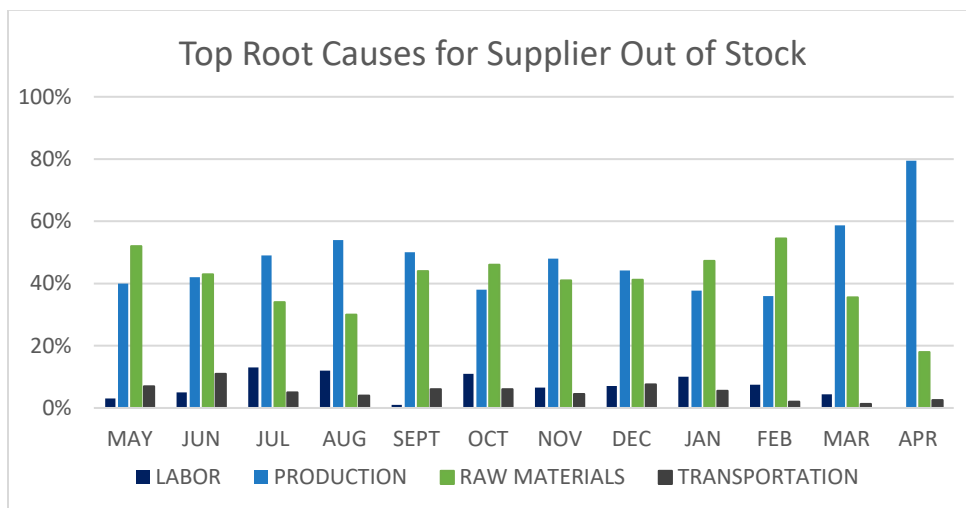
Key Conventional Insights since last month:

- 23% deferred recovery an average of 1 month
- 77% 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:

The top root cause reported by suppliers for out of stocks last month was due to production delays. Reasons include increased demand causing short production delays, pack change transitions, warehouse transitions and co-manufacturing delays.



Key Upcoming Seasonal General Merchandise and Candy Update

Cough/Cold:

Major brands are slowly closing service level gaps as the demand for cold and flu remedies starts to slow, and raw ingredient and production issues begin to stabilize. Ongoing supply issues remain on the following:

- Dayquil / Nyquil Liquicaps – Recovery has begun, full recovery expected early June
- Robitussin / Theraflu / Advil/ - full recovery expected early June, Children's Advil will be later.
- Tylenol - recovering with increased allocations. Full recovery expected late July.
- Mucinex - higher allocations being received. Recovery mid-June on Fast Max LiquiGels.

Summer Candy:

- Retailer ship window: 3/27-6/23
- 95% product has arrived in UNFI warehouses
- 3% is due in May
- 2% cancelled by vendors

Halloween Candy:

- Event is now closed
- Retailer ship window: 7/24-9/8
- POs are placed to arrive in July to UNFI warehouses

**Christmas Candy:**

- Opens for ordering: 5/21/2023
- Closes for orders: 6/17/2023

GM Summer

- 92% has been received and has shipped or will ship to customers as requested
- 1% is due into DCs in May
- 7% was cancelled by suppliers

Next catalog open for ordering:

- GM Valentine's: Opens for ordering 4/24/23; closes on 5/21/23

Planogram Update Process

- Conventional Base Planograms (POGS) are available on SV Wire and are updated quarterly
- Natural POGs are available 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 insights for inflation, Brands +, and Category Insights can be found within the Natural and Conventional Express Lanes and Trends Reports. These documents are available as follows:

- Natural Express Lanes are available from your UNFI sales team and 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.

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