



SpartanNash®

# Fiscal 2022 1<sup>st</sup> Quarter Earnings Release

June 2, 2022



# General Disclaimer

## Forward-Looking Statements

The matters discussed in this presentation include "forward-looking statements" about the plans, strategies, objectives, goals or expectations of the Company. These forward-looking statements are identifiable by words or phrases indicating that the Company or management "expects," "anticipates," "plans," "believes," 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. There are many important factors that could cause actual results to differ materially. These risks and uncertainties include the Company's ability to compete in the highly competitive grocery distribution, retail grocery and military distribution industries; disruptions associated with the COVID-19 pandemic; the Company's ability to manage its private brand program for U.S. military commissaries; the Company's ability to implement its growth strategy; the ability of customers to fulfill their obligations to the Company; the Company's dependence on certain major customers, suppliers and vendors; disruptions to the Company's information security network; instances of security threats, severe weather conditions and natural disasters; impairment charges for goodwill and other long-lived assets; the Company's ability to successfully manage leadership transitions; the Company's ability to service its debt and to comply with debt covenants; interest rate fluctuations; 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 and rising labor costs; changes in government regulations; 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 earnings per share ("adjusted EPS"), adjusted EBITDA margin, adjusted earnings from continuing operations, and military adjusted EBITDA margin. These are non-GAAP financial measures, as defined below, and are used by management to allocate resources, assess performance against its peers and evaluate overall performance. The Company believes these measures provide useful information for both management and its investors. The Company believes these non-GAAP measures are useful to investors because they provide additional understanding of the trends and special circumstances that affect its business. These measures provide useful supplemental information that helps investors to establish a basis for expected performance and the ability to evaluate actual results against that expectation. These measures, 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. Certain of these measures are 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 these adjusted formats. Reconciliations of all non-GAAP measures to the most directly comparable GAAP measures are included in the appendix of this presentation.

The Company is unable to provide a full reconciliation of the GAAP to non-GAAP measures used in the fiscal 2022 outlook and long-term targets disclosed 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 and organizational realignment costs, and the impact of adjustments to the last-in-first-out (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 2022 or fiscal 2025, respectively.



# A Fast Start to Fiscal 2022 – First Quarter Results

**\$2.8 Billion**

Net Sales  
*+4.0% vs. Q1'21*

**+7.2%**

Retail Comparable  
Store Sales

**16.3%**

Gross Margin  
*+60bps vs. Q1'21*

**\$30.3 Million**

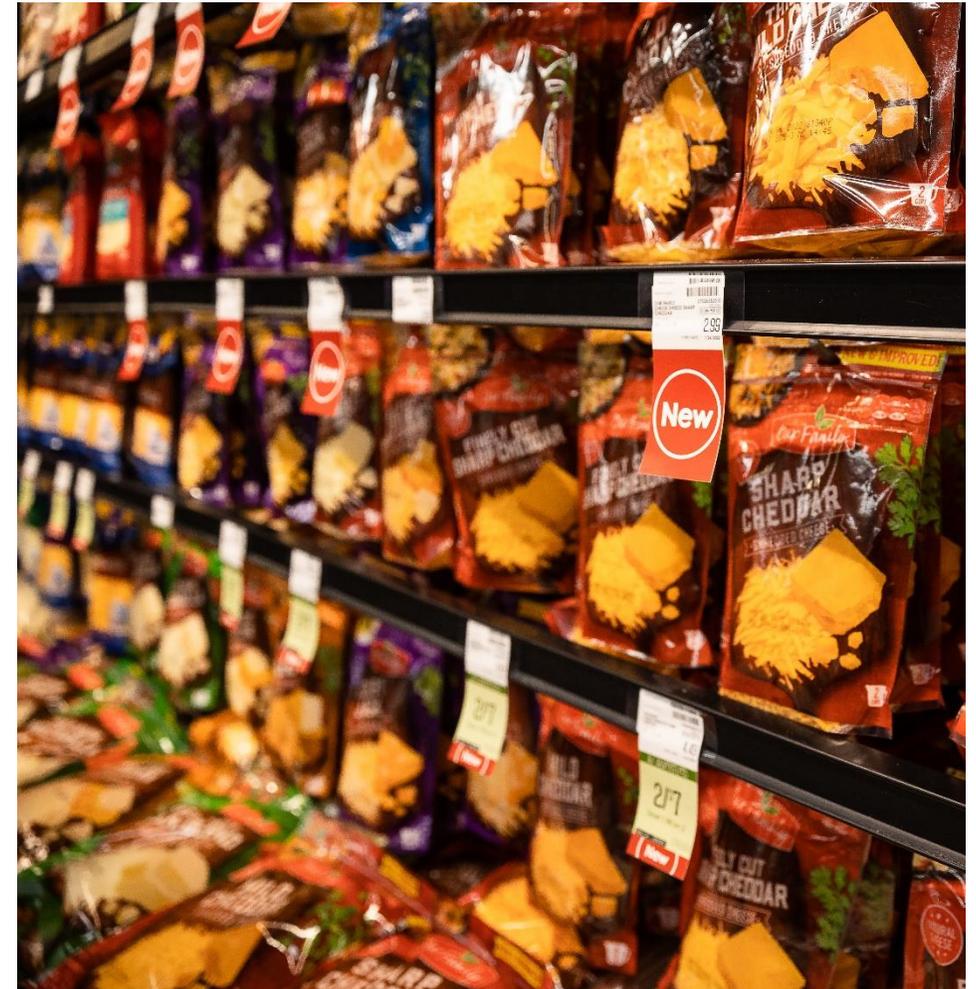
Adj. Earnings from Cont. Ops  
**\$0.83 per Diluted Share\***

**\$19.3 Million**

Net Earnings  
**\$0.53 per Diluted Share**

**\$76.6 Million**

Adjusted EBITDA\*  
*+18.2% vs. Q1'21*





# Our Refreshed Winning Recipe Defines Who We Are

<b>Mission</b>	We Deliver the Ingredients for a Better Life
<b>Signature Strength</b>	Customer-Focused Innovation
<b>Core Capabilities</b>	People   Operational Excellence   Insights that Drive Solutions
<b>Values</b>	We Serve   We Create Solutions   We Win   We Have Fun
<b>Vision</b>	We See a Day When Our Customers Say, " <u>I Can't Live Without Them</u> "



**Wholesale**



**Retail**



# Delivering on Our Strategic Priorities...

**Executing Turnaround 2020-2022**



**1**

***Create a People First Culture to Make Us the Employer of Choice***

**2**

***Deliver on the Promise to Transform the Supply Chain***

**Driving Growth Strategy 2022 and Beyond**



**3**

***Elevate Execution to Win the Day***

**4**

***Act on Insights to Optimize Product Portfolios***

**5**

***Launch Customer-Centric Innovative Solutions***



# ... And Driving Meaningful Improvements in KPI's



**~7%**  
Throughput Achieved

**~\$15mm**  
Realized Run-Rate Cost Savings in Q1  
  
Leading to an Increase in FY22 Est. Savings of **\$25-35mm**



**+301bps**  
Q1 2022 Military Segment Gross Margin vs. 2019

**1.6%**  
Q1 2022 Military Segment Adj. EBITDA Margin\* vs. Target Turnaround of 1.00%

**+206bps**  
Gross Margin Expansion since 2019

**+68bps**  
Adj. EBITDA Margin Expansion since 2019\*





# Raised Guidance for Fiscal 2022

## Net Sales

**\$9.0 - \$9.3 Billion**

vs. Previous Guidance<sup>(1)</sup> of  
**\$8.9 - \$9.1 Billion**

## Adjusted EBITDA

**\$224 - \$239 Million**

vs. Previous Guidance<sup>(1)</sup> of  
**\$214 - \$229 Million**

## Adjusted EPS

**\$2.17 - \$2.32**

vs. Previous Guidance<sup>(1)</sup> of  
**\$2.10 - \$2.25**





# Long-Term Financial Targets

## 2025 Outlook

***\$10bn+***  
***Net Sales***

*12% growth from 2021 at 3% CAGR*

***\$300mm+***  
***Adj. EBITDA***

*40% increase from 2021 at 9% CAGR\**

***3%***  
***Adj. EBITDA Margin***

*25% increase from 2021\**



# Appendix



# Q1 2022 Adj. EBITDA

(In thousands, except per share amounts)	16 Weeks Ended			
	April 23, 2022		April 24, 2021	
	Earnings	per diluted share	Earnings	per diluted share
Net earnings	\$ 19,289	\$ 0.53	\$ 19,516	\$ 0.54
Adjustments:				
LIFO expense	10,187		1,655	
Acquisition and integration	239		59	
Restructuring and asset impairment, net	13		(161)	
Organizational realignment, net	1,019		641	
Severance associated with cost reduction initiatives	246		125	
Pension refund from annuity provider	(200)		—	
Costs related to shareholder activism	3,471		—	
Total adjustments	14,975		2,319	
Income tax effect on adjustments <sup>(1)</sup>	(3,933)		(565)	
Total adjustments, net of taxes	11,042	0.30	1,754	0.05
Adjusted earnings from continuing operations	\$ 30,331	\$ 0.83	\$ 21,270	\$ 0.59



# 2019 – 2021 Adj. EBITDA

<b>(In thousands)</b>	<b>2021 (52 Weeks)</b>	<b>2020 (53 Weeks)</b>	<b>2019 (52 Weeks)</b>
Net earnings	\$ 73,751	\$ 75,914	\$ 5,742
Loss from discontinued operations, net of tax	—	—	175
Income tax expense (benefit)	24,906	9,450	(2,342)
Other expenses, net	13,543	17,042	53,367
Operating earnings (loss)	112,200	102,406	56,942
Adjustments:			
LIFO expense	18,652	2,176	5,892
Depreciation and amortization	92,711	89,504	87,866
Acquisition and integration	708	421	1,437
Restructuring and goodwill / asset impairment, net	2,886	24,398	13,050
Cloud computing amortization	2,140	297	—
Costs associated with Project One Team	—	493	5,428
Organizational realignment, net	589	455	1,812
Severance associated with cost reduction initiatives	423	5,154	509
Stock-based compensation	6,975	6,265	7,313
Stock warrant	1,958	6,549	—
Non-cash rent	(4,059 )	(4,733 )	(5,622)
Fresh Cut operating losses	—	2,262	—
(Gain) loss on disposal of assets	(106 )	3,330	—
Fresh Kitchen operating losses	—	—	2,894
Fresh Kitchen start-up costs	—	—	—
Expenses associated with tax planning strategies	—	82	—
Paid time off transition adjustment	(21,371 )	—	—
Other non-cash charges (gains)	—	—	424
Adjusted EBITDA	213,706	239,059	177,945
53rd week	—	(4,246 )	—
Adjusted EBITDA, excluding 53rd week	\$ 213,706	\$ 234,813	\$ 177,945



# Q1 2022 Adj. Earnings from Continuing Operations

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# Updated 2022 Guidance vs. Previous 2022 Guidance

	Previous Full Year 2022 Outlook		Updated Full Year 2022 Outlook	
	Low	High	Low	High
Total net sales (millions)	\$ 8,900	\$ 9,100	\$ 9,000	\$ 9,300
Segment sales % increase (decrease)				
Retail comp sales	0.0%	2.0%	1.0%	3.0%
Food Distribution sales	2.0%	4.0%	3.0%	5.0%
Military sales	(7.0%)	(3.0%)	(4.0%)	0.0%
Adjusted EBITDA (millions)	\$ 214	\$ 229	\$ 224	\$ 239
Adjusted EPS	\$ 2.10	\$ 2.25	\$ 2.17	\$ 2.32
Capital expenditures and IT capital (thousands)	\$ 100,000	\$ 110,000	\$ 100,000	\$ 110,000
Depreciation and amortization (thousands)	\$ 90,000	\$ 100,000	\$ 90,000	\$ 100,000
Interest expense (thousands)	\$ 15,000	\$ 17,000	\$ 17,500	\$ 19,500
Income tax rate	24.0%	25.5%	24.0%	25.5%