

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except for per share data)

	August 3, 2019	July 28, 2018
ASSETS		
Cash and cash equivalents	\$ 42,350	\$ 23,315
Accounts receivable, net	1,065,699	579,702
Inventories	2,089,416	1,135,775
Prepaid expenses and other current assets	226,727	50,122
Current assets of discontinued operations	143,729	—
Total current assets	3,567,921	1,788,914
Property and equipment, net	1,639,259	571,146
Goodwill	442,256	362,495
Intangible assets, net	1,041,058	193,209
Deferred income taxes	31,087	—
Other assets	107,319	48,708
Long-term assets of discontinued operations	352,065	—
Total assets	\$ 7,180,965	\$ 2,964,472
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 1,476,857	\$ 517,125
Accrued expenses and other current liabilities	249,426	103,526
Accrued compensation and benefits	148,296	66,132
Current portion of long-term debt and capital lease obligations	112,103	12,441
Current liabilities of discontinued operations	122,265	—
Total current liabilities	2,108,947	699,224
Long-term debt	2,819,050	308,836
Long-term capital lease obligations	108,208	31,487
Pension and other postretirement benefit obligations	237,266	—
Deferred income taxes	1,042	44,384
Other long-term liabilities	393,595	34,586
Long-term liabilities of discontinued operations	1,923	—
Total liabilities	5,670,031	1,118,517
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 5,000 shares; none issued or outstanding	—	—
Common stock, \$0.01 par value, authorized 100,000 shares; 53,501 shares issued and 52,886 shares outstanding at August 3, 2019; 51,025 issued and 50,411 shares outstanding shares at July 28, 2018	535	510
Additional paid-in capital	530,801	483,623
Treasury stock at cost	(24,231)	(24,231)
Accumulated other comprehensive loss	(108,953)	(14,179)
Retained earnings	1,115,519	1,400,232
Total United Natural Foods, Inc. stockholders' equity	1,513,671	1,845,955
Noncontrolling interests	(2,737)	—
Total stockholders' equity	1,510,934	1,845,955
Total liabilities and stockholders' equity	\$ 7,180,965	\$ 2,964,472

See accompanying Notes to Consolidated Financial Statements.

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except for per share data)

	Fiscal Year Ended		
	August 3, 2019	July 28, 2018	July 29, 2017
Net sales	\$ 21,387,068	\$ 10,226,683	\$ 9,274,471
Cost of sales	18,602,058	8,703,916	7,845,550
Gross profit	2,785,010	1,522,767	1,428,921
Operating expenses	2,629,713	1,274,562	1,196,032
Goodwill and asset impairment charges	292,770	11,242	—
Restructuring, acquisition and integration related expenses	153,539	9,738	6,864
Operating (loss) income	(291,012)	227,225	226,025
Other expense (income):			
Net periodic benefit income, excluding service cost	(34,726)	—	—
Interest expense, net	179,963	16,025	16,754
Other, net	(957)	(1,545)	(5,152)
Total other expense, net	144,280	14,480	11,602
(Loss) income from continuing operations before income taxes	(435,292)	212,745	214,423
(Benefit) provision for income taxes	(84,609)	47,075	84,268
Net (loss) income from continuing operations	(350,683)	165,670	130,155
Income from discontinued operations, net of tax	65,800	—	—
Net (loss) income including noncontrolling interests	(284,883)	165,670	130,155
Less net (income) loss attributable to noncontrolling interests	(107)	—	—
Net (loss) income attributable to United Natural Foods, Inc.	\$ (284,990)	\$ 165,670	\$ 130,155
Basic (loss) earnings per share:			
Continuing operations	\$ (6.84)	\$ 3.28	\$ 2.57
Discontinued operations	\$ 1.28	\$ —	\$ —
Basic (loss) income per share	\$ (5.56)	\$ 3.28	\$ 2.57
Diluted (loss) earnings per share:			
Continuing operations	\$ (6.84)	\$ 3.26	\$ 2.56
Discontinued operations	\$ 1.27	\$ —	\$ —
Diluted (loss) income per share	\$ (5.56)	\$ 3.26	\$ 2.56
Weighted average shares outstanding:			
Basic	51,245	50,530	50,570
Diluted	51,537	50,837	50,775

See accompanying Notes to Consolidated Financial Statements.

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Fiscal Year Ended		
	August 3, 2019 (53 weeks)	July 28, 2018 (52 weeks)	July 29, 2017 (52 weeks)
Net (loss) income including noncontrolling interests	\$ (284,883)	\$ 165,670	\$ 130,155
Other comprehensive (loss) income:			
Recognition of pension and other postretirement benefit obligations, net of tax ⁽¹⁾	(32,458)	—	—
Recognition of interest rate swap cash flow hedges, net of tax ⁽²⁾	(61,287)	3,575	4,879
Foreign currency translation adjustments	(1,029)	(3,791)	3,537
Total other comprehensive (loss) income	(94,774)	(216)	8,416
Less comprehensive (income) loss attributable to noncontrolling interests	(107)	—	—
Total comprehensive (loss) income attributable to United Natural Foods, Inc.	\$ (379,764)	\$ 165,454	\$ 138,571

(1) Amounts are net of tax (benefit) expense of \$(11.3) million, \$0 million and \$0 million for the fiscal years ended August 3, 2019, July 28, 2018 and July 29, 2017, respectively.

(2) Amounts are net of tax (benefit) expense of \$(22.5) million, \$1.5 million and 3.2 million for the fiscal years ended August 3, 2019, July 28, 2018 and July 29, 2017, respectively.

See accompanying Notes to Consolidated Financial Statements.

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total United Natural Foods, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount						
Balances at July 30, 2016	50,383	\$ 504	—	\$ —	\$ 436,167	\$ (22,379)	\$ 1,105,212	\$ 1,519,504	—	\$ 1,519,504
Restricted stock vestings and stock option exercises, net	239	2			(1,041)			(1,039)		(1,039)
Share-based compensation					26,205			26,205		26,205
Tax deficit associated with stock plans					(1,320)			(1,320)		(1,320)
Other comprehensive income						8,416		8,416		8,416
Net income							130,155	130,155		130,155
Balances at July 29, 2017	50,622	\$ 506	—	\$ —	\$ 460,011	\$ (13,963)	\$ 1,235,367	\$ 1,681,921	\$ —	\$ 1,681,921
Cumulative effect of change in accounting principle					1,314		(805)	509		509
Restricted stock vestings and stock option exercises, net	403	4			(3,592)			(3,588)		(3,588)
Share-based compensation					25,890			25,890		25,890
Repurchase of common stock			615	(24,231)				(24,231)		(24,231)
Other comprehensive loss						(216)		(216)		(216)
Net income							165,670	165,670		165,670
Balances at July 28, 2018	51,025	\$ 510	615	\$(24,231)	\$ 483,623	\$ (14,179)	\$ 1,400,232	\$ 1,845,955	\$ —	\$ 1,845,955
Cumulative effect of change in accounting principle							277	277		277
Restricted stock vestings and stock option exercises, net	471	5			(2,613)			(2,608)		(2,608)
Share-based compensation					25,954			25,954		25,954
Other comprehensive loss						(94,774)		(94,774)		(94,774)
Acquisition of noncontrolling interests								—	(1,633)	(1,633)
Distributions to noncontrolling interests								—	(1,211)	(1,211)
Proceeds from the issuance of common stock, net	2,005	20			23,837			23,857		23,857
Net (loss) income							(284,990)	(284,990)	107	(284,883)
Balances at August 3, 2019	53,501	\$ 535	615	\$(24,231)	\$ 530,801	\$ (108,953)	\$ 1,115,519	\$ 1,513,671	\$ (2,737)	\$ 1,510,934

See accompanying Notes to Consolidated Financial Statements.

UNITED NATURAL FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
	August 3, 2019 (53 weeks)	July 28, 2018 (52 weeks)	July 29, 2017 (52 weeks)
<i>(In thousands)</i>			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income including noncontrolling interests	\$ (284,883)	\$ 165,670	\$ 130,155
Income from discontinued operations, net of tax	65,800	—	—
Net (loss) income from continuing operations	(350,683)	165,670	130,155
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	246,825	87,631	86,051
Share-based compensation	25,551	25,783	25,675
Loss on disposal of assets	2,859	2,820	943
Gain associated with disposal of investment	—	(699)	(6,106)
Closed property and other restructuring charges	26,875	—	640
Goodwill and asset impairments	292,770	11,242	—
Net pension and other postretirement benefit income	(34,553)	—	—
Deferred income tax benefit	(60,798)	(14,819)	(1,891)
LIFO charge	24,120	—	—
Change in accounting estimate	—	(20,909)	—
Provision for doubtful accounts	9,749	12,006	5,728
Loss on debt extinguishment	2,903	—	—
Excess tax deficit from share-based payment arrangements	—	—	1,320
Non-cash interest expense	12,751	275	175
Changes in operating assets and liabilities, net of acquired businesses			
Accounts receivable	52,735	(67,283)	(38,757)
Inventories	177,094	(108,795)	(6,929)
Prepaid expenses and other assets	(43,167)	4,473	(6,383)
Accounts payable	(40,149)	3,961	82,772
Accrued expenses, other liabilities and other	(169,760)	7,682	(62)
Net cash provided by operating activities of continuing operations	175,122	109,038	273,331
Net cash provided by operating activities of discontinued operations	109,408	—	—
Net cash provided by operating activities	284,530	109,038	273,331
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(207,817)	(44,608)	(56,112)
Purchases of acquired businesses, net of cash acquired	(2,292,435)	(39)	(9,207)
Proceeds from dispositions of assets	173,747	283	168
Proceeds from disposal of investments	—	756	9,192
Payments for long-term investment	(110)	(3,397)	(2,000)
Payment of company owned life insurance premiums	(170)	—	(2,000)
Net cash used in investing activities of continuing operations	(2,326,785)	(47,005)	(59,959)
Net cash provided by investing activities of discontinued operations	67,998	—	—
Net cash used in investing activities	(2,258,787)	(47,005)	(59,959)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings of long-term debt	1,926,642	—	—
Proceeds from borrowings under revolving credit line	3,971,504	556,061	215,662
Proceeds from issuance of other loans	22,358	—	—
Repayments of borrowings under revolving credit line	(3,101,679)	(569,671)	(418,693)
Repayments of long-term debt and capital lease obligations	(779,909)	(12,128)	(11,546)
Repurchase of common stock	—	(24,231)	—
Proceeds from the issuance of common stock and exercise of stock options	23,975	975	274
Payment of employee restricted stock tax withholdings	(2,727)	(4,563)	(1,313)
Excess tax deficit from share-based payment arrangements	—	—	(1,320)
Payments for debt issuance costs	(62,600)	—	(180)

Net cash provided by (used in) financing activities of continuing operations	1,997,564	(53,557)	(217,116)
Net cash used in by financing activities of discontinued operations	(1,212)	—	—
Net cash provided by (used in) financing activities	1,996,352	(53,557)	(217,116)
EFFECT OF EXCHANGE RATE ON CASH	(143)	(575)	565

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,952	7,901	(3,179)
Cash and cash equivalents at beginning of period	23,315	15,414	18,593
Cash and cash equivalents at end of period	45,267	23,315	15,414
Less: cash and cash equivalents of discontinued operations	(2,917)	—	—
Cash and cash equivalents of continuing operations	<u>\$ 42,350</u>	<u>\$ 23,315</u>	<u>\$ 15,414</u>
<i>Supplemental disclosures of cash flow information:</i>			
Cash paid for interest	\$ 183,042	\$ 16,471	\$ 17,115
Cash paid for federal and state income taxes, net of refunds	\$ 77,676	\$ 64,042	\$ 78,984

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