

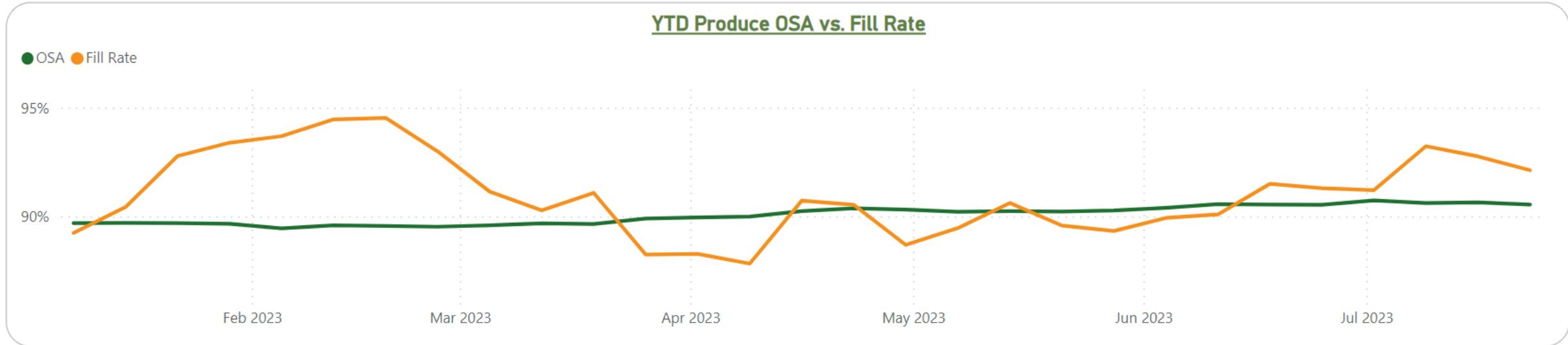
CREATING AN ADVANTAGED SUPPLY CHAIN



JOE HURLEY
Chief Supply Chain Officer

PRODUCE OPTIMIZATION

Improve Produce Fill Rate to Improve OSA/Customer Experience



Coming Soon:

- Fresh Optimization – systemically manage freshness versus manually through excel
- Visibility to store inventory position by item by store
- Allocations based on sales and store inventory positions

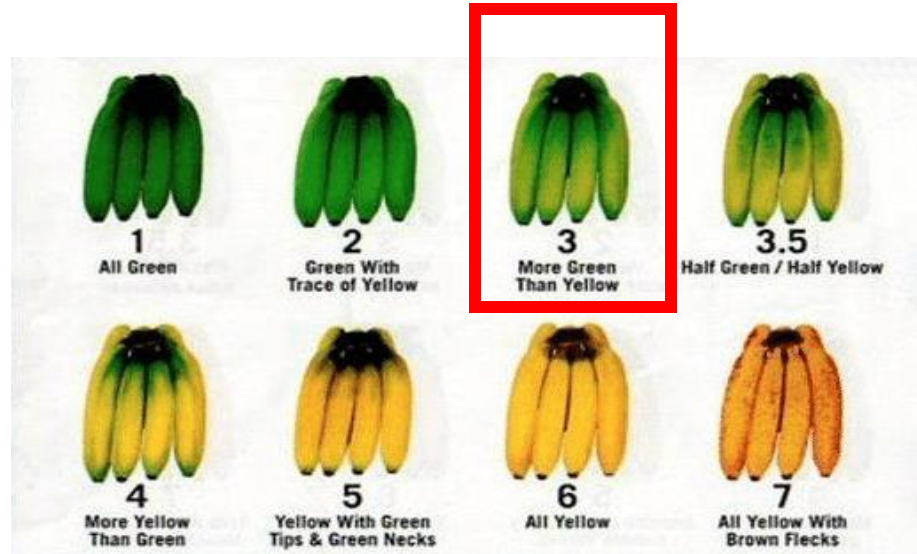
KEY TAKEAWAY: The collective Produce team FOCUS is to improve freshness and fill rates

RIPENING OPERATIONS

SoCal, AZ, and TX – Successful Start of Ripening Operations in Q2

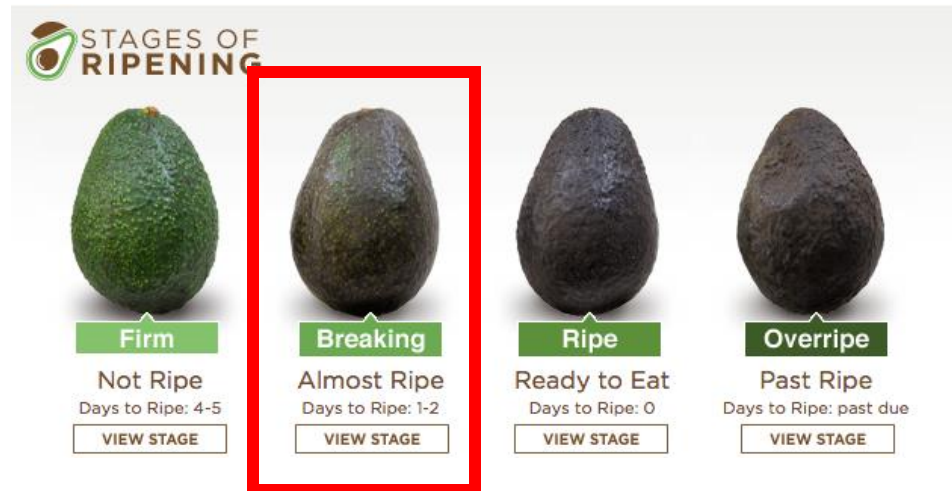


Since 2021 Sprouts has invested \$15MM+ in Ripening Rooms



THE GOAL:

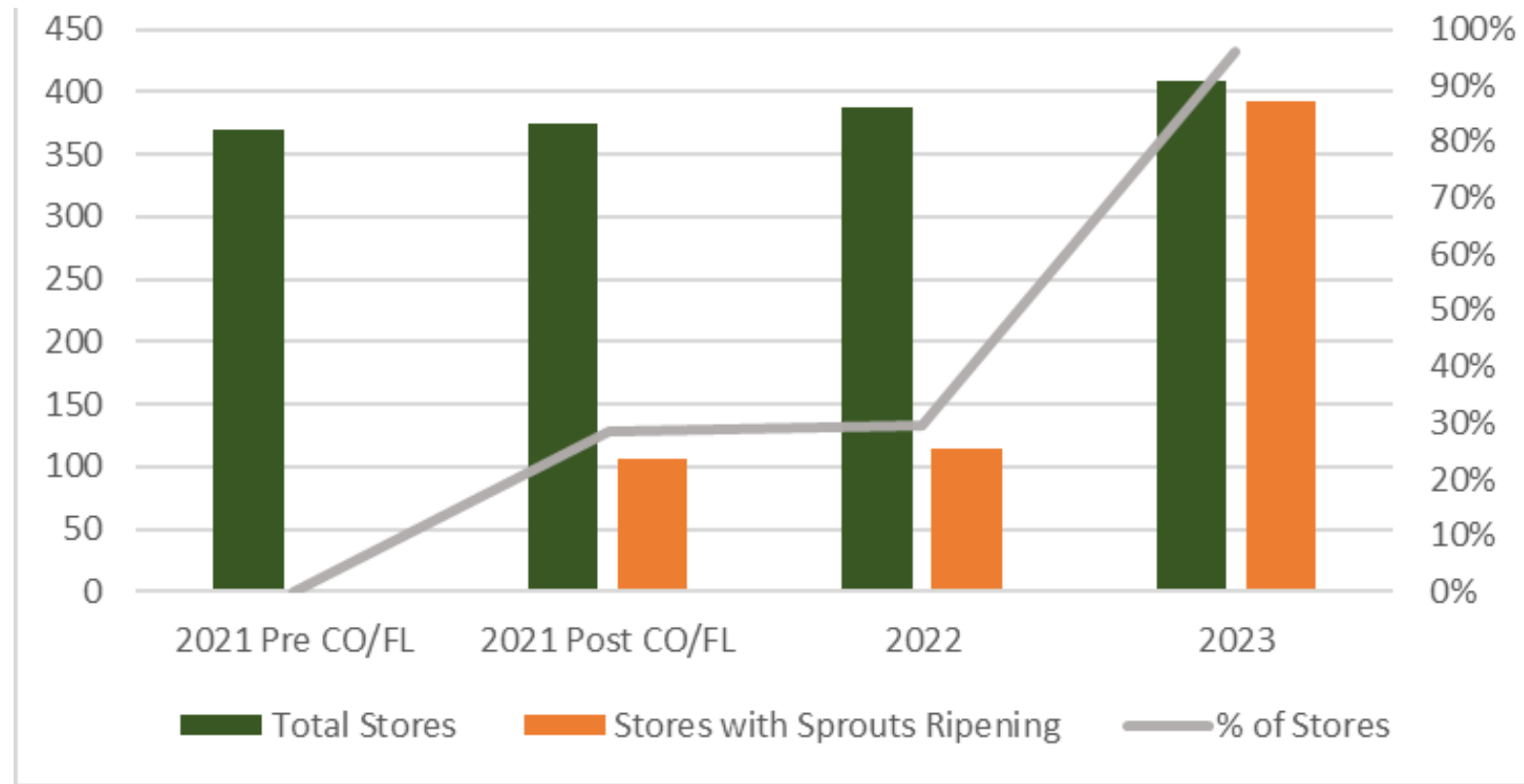
Grow Sales for Bananas by 15%



THE GOAL:

Grow Sales for Avocados by 7%

The Number of Stores Receiving Ripened Fruit from a Sprouts DC



Key Takeaways: **61% of baskets contain produce**



1. Bananas represent **3% of produce sales** for Sprouts, vs **4.6%** across the industry



2. Avocados represent **6% of produce sales** for Sprouts, vs **4.1%** for the industry

NETWORK OPTIMIZATION

Fullerton, CA - Successful Opening May 3, 2023



Key Takeaways by Opening Fullerton:

1. Terrific communications that minimized potential customer disruption
 - Sense of urgency across Teams
2. Robust Southern California Store Growth
3. Distributing Categories beyond Produce
4. Closer to our store market reducing 725,000 miles annually

DISTRIBUTOR IMPROVEMENTS

KEHE AND HARVEST / SHERWOOD

The Stores have continually asked for Leadership to improve KeHE performance



Fill Rates:

Sprouts Brand 90%+

National Brands 86%

Coming Soon:

1. KeHE piloting Sunday deliveries for AZ / Las Vegas stores on November 5, 2023
 - No store will span an entire weekend without receiving a delivery
2. Focus on inventory position by DC by item to continue to improve fill rates



HARVEST SHERWOOD
FOOD DISTRIBUTORS

Fill Rate:

88% - 91%

Coming Soon:

UT market moving from two-day service to next day service no later than October 1, 2023 by cross docking proteins with produce delivery

- Approximately a \$60 cost increase per store per delivery



THANK YOU!

