

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

Case No.

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

Plaintiff,

v.

UNITED NATURAL FOODS, INC., STEVEN  
L. SPINNER, J. ALEXANDER MILLER  
DOUGLAS, and JOHN W. HOWARD,

Defendants.

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Plaintiff individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, his counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by United Natural Foods, Inc. ("United Natural Foods" or the "Company") with the United States ("U.S.") Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and media reports issued by and disseminated by United Natural Foods; and (c) review of other publicly available information concerning United Natural Foods.

### **NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired United Natural Foods securities between March 10, 2021 and March 7, 2023, inclusive (the "Class Period"). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the "Exchange Act").

2. United Natural Foods is a distributor of natural, organic, specialty, produce and conventional grocery and non-food products. The Company has two reportable segments: Wholesale, which includes grocery, fresh, wellness, private brands, eCommerce, and food service; and Retail, which includes 73 retail grocery stores that offer groceries, general merchandise, home, health and beauty care, and pharmacy. The Wholesale segment accounts for more than 95% of United Natural Foods' net sales.

3. On March 8, 2023, before the market opened, United Natural Foods announced its second quarter 2023 financial results, revealing a \$6 million decline in gross profit, despite a 6% increase in net sales. The Company stated that its profits "were challenged as we did not repeat the

significant level of procurement gains from rapidly accelerating inflation and inventory gains, due to supply chain volatility, that we experienced in the second quarter of last year.”

4. On this news, the Company’s stock price fell \$11.49, or 28.1%, to close at \$29.47 per share on March 8, 2023, thereby injuring investors.

5. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that, despite its cost saving Value Path initiative, United Natural Foods had not invested in improving its data management and related infrastructure; (2) that, as a result, the Company could not respond adequately to cost changes, such as inflationary pressure; (3) that, as a result, the Company could not appreciate the benefits of procurement gains and inventory gains achieved during fiscal 2022; (4) that, as a result of the foregoing, the Company’s profitability would be materially adversely impacted; and (5) and that as a result of the foregoing, Defendant’s positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

### **JURISDICTION AND VENUE**

6. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

7. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

8. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein,

including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

9. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

### **PARTIES**

10. Plaintiff Dan Sills, as set forth in the accompanying certification, incorporated by reference herein, purchased United Natural Foods securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

11. Defendant United Natural Foods, Inc. is incorporated under the laws of Delaware with its principal executive offices located in Providence, Rhode Island. United Natural Foods' common stock trades on the New York Stock Exchange ("NYSE") under the symbol "UNFI."

12. Defendant Steven L. Spinner ("Spinner") was the Company's Chief Executive Officer ("CEO") from 2008 to August 9, 2021.

13. Defendant J. Alexander Miller Douglas ("Douglas") has been the Company's CEO since August 9, 2021.

14. Defendant John W. Howard ("Howard") was the Company's Chief Financial Officer ("CFO") at all relevant times.

15. Defendants Spinner, Douglas, and Howard (collectively the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The

Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

16. United Natural Foods is a distributor of natural, organic, specialty, produce and conventional grocery and non-food products. The Company has two reportable segments: Wholesale, which includes grocery, fresh, wellness, private brands, eCommerce, and food service; and Retail, which includes 73 retail grocery stores that offer groceries, general merchandise, home, health and beauty care, and pharmacy. The Wholesale segment accounts for more than 95% of United Natural Foods' net sales.

17. On December 9, 2020, during the first quarter 2021 earnings call, the Company announced its "Value Path" initiative, "a holistic approach to driving more value throughout [the] business, including across key elements of pricing, procurement, operations, and administrative functions." These initiatives would purportedly "drive an additional \$70 to \$100 million [in cost savings] by the end of fiscal 2023 and contribute to future bottom line growth, margin expansion and generate meaningfully incremental free cash flow."

**Materially False and Misleading**  
**Statements Issued During the Class Period**

18. The Class Period begins on March 10, 2021.<sup>1</sup> On that day, the Company held a conference call in connection with its second quarter 2021 financial results. During the call, Defendants Spinner and Howard touted the benefits of the Value Path initiative. Defendant Spinner stated that the Company “continue[s] to move forward on optimizing [its] distribution network, generating additional operating benefits through the Value Path initiative and investing in technologies that provide valuable insights into our future business growth and lower our cost structure.” Defendant Howard stated that the “operating expense rate declined 82 basis points[,which] was [partly] driven by our Value Path productivity initiatives and strong leverage of the fixed and semi-fixed portions of our cost structure.”

19. On June 9, 2021, United Natural Foods announced its third quarter 2021 financial results in a press release. It claimed that the “*focus on operational efficiencies and [its] ValuePath productivity initiative* keep us on track to deliver full-year results at the upper end of the range for adjusted EBITDA and adjusted EPS.”

20. On September 28, 2021, United Natural Foods held a conference call in connection with its fourth quarter and full year 2021 financial results. During the call, Defendant Howard stated that “fourth-quarter gross margin rate increased seven basis points compared to last year’s fourth quarter, driven by the benefits from our Value Path initiatives, partially offset by a higher year-over-year LIFO charge.”

21. On December 8, 2021, the Company announced its first quarter 2022 financial results in a press release that touted gross margin improvement due to the ValuePath initiative.

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<sup>1</sup> Unless otherwise stated, all emphasis in bold and italics hereinafter is added.

Specifically, it stated: “Gross margin rate in the first quarter of fiscal 2022 was 14.89% of net sales compared to 14.51% of net sales for the first quarter of fiscal 2021. The increase in gross margin rate was driven by improvements in the Wholesale segment margin rate, *including the impact of inflation and the Company’s ValuePath initiative.*”

22. On March 9, 2022, United Natural Foods announced its second quarter 2022 financial results in a press release that stated, in relevant part:

**Second Quarter Fiscal 2022 Highlights (comparisons to second quarter fiscal 2021)**

- Net sales of \$7.4 billion, an increase of 7.5% (+14.6% on a two-year stack basis)
- Net income of \$66 million, an increase of 11.9%
- Adjusted EBITDA of \$201 million, a decrease of 2.4%

\* \* \*

**Second Quarter Fiscal 2022 Summary**

**Net sales** increased 7.5% in the second quarter of fiscal 2022 compared to the same period last year, primarily driven by inflation and new business from both existing and new customers, including the benefit of cross selling, partially offset by supply chain challenges and modest market contraction.

**Gross margin rate** in the second quarter of fiscal 2022 was 14.50% of net sales compared to 14.42% of net sales for the second quarter of fiscal 2021. *The increase in gross margin rate was driven by improvements in the Wholesale segment margin rate, including the impact of inflation and the Company’s ValuePath initiative, partially offset by changes in customer mix and a higher LIFO charge.* Retail gross margin rate increased modestly compared to last year.

23. The same day, the Company filed its quarterly report on Form 10-Q with the SEC for the period ended January 29, 2022 (the “2Q22 10-Q”). It stated that United Natural Foods “experienced a mix of inflation across product categories during the second quarter of fiscal 2022” and “[i]n the aggregate across [all] businesses, including the mix of products, management

estimates [the] business experienced cost inflation of approximately five percent in the second quarter of fiscal 2022.” The report further stated, regarding cost of sales and gross profit:

Our gross profit increased \$80 million, or 8.0%, to \$1,075 million for the second quarter of fiscal 2022, from \$995 million for the second quarter of fiscal 2021. Our gross profit as a percentage of net sales increased to 14.50% for the second quarter of fiscal 2022 compared to 14.42% for the second quarter of fiscal 2021. The increase in gross profit rate was primarily driven by improvements in the Wholesale segment margin rate, including the impact of inflation and the Company’s ValuePath initiative, partially offset by changes in customer mix and a higher LIFO charge. Retail gross margin rate increased modestly compared to last year.

Our gross profit increased \$152 million, or 7.7%, to \$2,117 million for fiscal 2022 year-to-date, from \$1,965 million for fiscal 2021 year-to-date. Our gross profit as a percentage of net sales increased to 14.69% for fiscal 2022 year-to-date compared to 14.47% for fiscal 2021 year-to-date. The increase in gross profit rate was driven by improvements in the Wholesale segment margin rate, including the impact of inflation and the Company’s ValuePath initiative, partially offset by changes in customer mix and a higher LIFO charge. Retail gross margin rate declined modestly compared to last year.

24. With respect to cost savings, the 2Q22 10-Q further stated: “We also introduced our ValuePath initiative early in fiscal 2021, pursuant to which we plan to improve operating performance through various initiatives to be implemented through the end of fiscal 2023. We intend to re-invest a portion of these operating savings in the business to drive market share gains, accelerate innovation, invest in automation and maintain competitive wage scales for our frontline workers.”

25. On June 7, 2022, United Natural Foods announced its third quarter 2022 financial results in a press release that stated, in relevant part:

**Third Quarter Fiscal 2022 Highlights (comparisons to third quarter fiscal 2021)**

- Net sales of \$7.2 billion, an increase of 9.2%
- Net income of \$67 million, an increase of 39.6%
- Earnings per diluted share (EPS) of \$1.10, an increase of 37.5%



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### **Third Quarter Fiscal 2022 Summary**

**Net sales** increased 9.2% in the third quarter of fiscal 2022 compared to the same period last year, primarily driven by inflation and new business from both existing and new customers, including the benefit of cross selling, partially offset by supply chain challenges and modest market contraction.

**Gross margin rate** in the third quarter of fiscal 2022 was 14.0% of net sales and included a \$72 million, or 1.0% of net sales, LIFO charge. Excluding this non-cash charge, gross margin rate was 15.0% of net sales. Gross margin rate in the third quarter of fiscal 2021 was 14.6% of net sales and included a \$5 million, or 0.1% of net sales, LIFO charge. Excluding this non-cash charge, gross margin rate in the third quarter of fiscal 2021 was 14.7% of net sales. ***The increase in gross margin rate, excluding the LIFO charge, was driven by improvements in the Wholesale segment margin rate, including the impact of inflation and the Company's ValuePath initiative,*** partially offset by changes in customer mix.

26. The same day, the Company filed its quarterly report on Form 10-Q with the SEC for the period ended April 30, 2022 (the "3Q22 10-Q"). It stated that "[i]n the aggregate across [all] businesses, including the mix of products, management estimates [the] business experienced cost inflation of approximately seven percent in the third quarter of fiscal 2022." Regarding cost of sales and gross profit, the Company stated:

Our gross profit increased \$42 million, or 4.3%, to \$1,012 million for the third quarter of fiscal 2022, from \$970 million for the third quarter of fiscal 2021. Our gross profit as a percentage of net sales decreased to 14.0% for the third quarter of fiscal 2022 compared to 14.6% for the third quarter of fiscal 2021. The LIFO charge was \$72 million and \$5 million in the third quarter of fiscal 2022 and 2021, respectively. Excluding the non-cash LIFO charge, gross margin rate was 15.0% of net sales and 14.7% of net sales for the third quarter of fiscal 2022 and 2021, respectively. The increase in gross margin rate, excluding the LIFO charge, was driven by improvements in the Wholesale segment margin rate, including the impact of inflation and the Company's ValuePath initiative, partially offset by changes in customer mix.

Our gross profit increased \$194 million, or 6.6%, to \$3,129 million for fiscal 2022 year-to-date, from \$2,935 million for fiscal 2021 year-to-date. Our gross profit as a percentage of net sales decreased to 14.4% for fiscal 2022 year-to-date compared to 14.5% for fiscal 2021 year-to-date. The LIFO charge was \$102 million and \$19 million for fiscal 2022 year-to-date and for fiscal 2021 year-to-date, respectively. Excluding the non-cash LIFO charge, gross margin rate was 14.9% of net sales and

14.6% of net sales for fiscal 2022 year-to-date and fiscal 2021 year-to-date, respectively. The increase in gross margin rate, excluding the LIFO charge, was driven by improvements in the Wholesale segment margin rate, including the impact of inflation and the Company's ValuePath initiative, partially offset by changes in customer mix.

27. On September 27, 2022, United Natural Foods announced its fourth quarter and full year 2022 financial results in a press release that stated, in relevant part:

**Fiscal 2022 Full Year Highlights**

- **Net sales increased 7.3% to \$28.9 billion**
- **Net income increased 66.4% to \$248 million; Earnings per diluted share (EPS) increased 64.1% to \$4.07**

\* \* \*

**Fourth Quarter Fiscal 2022 Summary**

**Net sales** increased 8.0% in the fourth quarter of fiscal 2022 compared to the same period last year, primarily driven by inflation and new business from both existing and new customers, including the benefit of cross selling, partially offset by supply chain challenges and reduced unit sales growth.

**Gross margin rate** in the fourth quarter of fiscal 2022 was 14.5% of net sales and included a \$56 million LIFO charge. Excluding this non-cash charge, gross margin rate was 15.2% of net sales. Gross margin rate in the fourth quarter of fiscal 2021 was 14.9% of net sales and included a \$5 million LIFO charge. Excluding this non-cash charge, gross margin rate in the fourth quarter of fiscal 2021 was 15.0% of net sales. The increase in gross margin rate, excluding the LIFO charge, was driven by improvements in the Wholesale segment margin rate, including the impact of inflation and the Company's efficiency initiatives, partially offset by changes in customer mix.

28. The same day, the Company filed its annual report on Form 10-K for the period ended July 30, 2022 (the "2022 10-K"), affirming the previously reported financial results. It stated that United Natural Foods has "made significant investments in distribution, financial, information and warehouse management systems" and that the Company "continually evaluate[s] and upgrade[s] [its] systems to enhance efficiency, *cost-effectiveness* and responsiveness to customer

needs.” Specifically, the Company has “implemented a national planning and procurement system[.]”

29. The 2022 10-K stated that “[i]n the aggregate across [all] businesses, including the mix of products, management estimates [the] business experienced cost inflation of approximately six percent in fiscal 2022.” It also stated the following about risks affecting costs:

*Our business is characterized by low margins, which are sensitive to inflationary and deflationary pressures, and intense competition and consolidation in the grocery industry, and our inability to maintain or increase our operating margins could adversely affect our results of operations.*

\* \* \*

Further, because many of our sales are at prices that are based on our product cost plus a percentage markup, volatile food costs have a direct impact upon our profitability. *We have experienced elevated levels of inflation during the past year, which has had varying impacts on our business.* Prolonged periods of product cost inflation and periods of rapidly increasing inflation may have a negative impact on our profit margins and results of operations to the extent that we are unable to pass on all or a portion of such product cost increases to our customers, or to the extent our operating expenses increase. In addition, product cost inflation may negatively impact the consumer discretionary spending trends and reduce the demand for higher-margin natural and organic products, which could adversely affect profitability. Conversely, *our profit levels may be negatively impacted during periods of product cost deflation even though our Gross profit as a percentage of Net sales may remain relatively constant.* If we are unable to reduce our expenses as a percentage of Net sales, including our expenses related to servicing this lower gross margin business, our business, financial condition, or results of operations could be materially and adversely impacted.

30. On December 7, 2022, United Natural Foods reported its first quarter fiscal 2023 results in a press release that stated, in relevant part:

**First Quarter Fiscal 2023 Highlights (comparisons to first quarter fiscal 2022)**

- Net sales increased 7.6% to \$7.5 billion, primarily driven by inflation and new business
- Gross profit increased \$54 million, or 5.2%, to nearly \$1.1 billion; prior to LIFO, gross profit increased 6.1%

- **Net income decreased 13.2% to \$66 million; Earnings per diluted share (EPS) decreased 14.4% to \$1.07**

\* \* \*

### **First Quarter Fiscal 2023 Summary**

**Net sales** increased 7.6% in the first quarter of fiscal 2023 compared to the same period last year, primarily driven by inflation and new business. This new business resulted from selling new or expanded categories to existing customers and adding new customers from our robust pipeline. These increases were partially offset by an expected decrease in unit volume consistent with the overall industry.

**Gross profit** in the first quarter of fiscal 2023 increased \$54 million, or 5.2%, compared to the first quarter of fiscal 2022. Excluding the non-cash LIFO charge in both periods, gross profit increased \$64 million, or 6.1%. The gross profit rate in the first quarter of fiscal 2023 was 14.6% of net sales and included a \$21 million LIFO charge. Excluding this non-cash charge, gross profit rate was 14.8% of net sales. Gross profit rate in the first quarter of fiscal 2022 was 14.9% of net sales and included an \$11 million LIFO charge. Excluding this non-cash charge, gross profit rate in the first quarter of fiscal 2022 was 15.0% of net sales. The decrease in gross profit rate, excluding the LIFO charge, was driven by changes in customer mix as we continued to grow sales with larger customers.

31. On December 12, 2022 the Company filed its Form 10-Q with the SEC for the quarter ended October 29, 2022 (the “1Q23 10-Q”). It stated that “[i]n the aggregate across [all] businesses, including the mix of products, management estimates [the] business experienced cost inflation of approximately ten percent in the first quarter of fiscal 2023, as compared to the first quarter of fiscal 2022.” It also stated:

Our gross profit increased \$54 million, or 5.2%, to \$1,096 million for the first quarter of fiscal 2023, from \$1,042 million for the first quarter of fiscal 2022. Our gross profit as a percentage of Net sales decreased to 14.6% for the first quarter of fiscal 2023 compared to 14.9% for the first quarter of fiscal 2022. The LIFO charge was \$21 million and \$11 million in the first quarter of fiscal 2023 and 2022, respectively. Excluding the non-cash LIFO charge, gross profit rate was 14.8% of Net sales and 15.0% of Net sales for the first quarter of fiscal 2023 and 2022, respectively. The decrease in gross profit rate, excluding the LIFO charge, was driven by changes in customer mix as we continued to grow sales with larger customers.

32. The above statements identified in ¶¶18-31 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that, despite its cost saving Value Path initiative, United Natural Foods had not invested in improving its data management and related infrastructure; (2) that, as a result, the Company could not respond adequately to cost changes, such as inflationary pressure; (3) that, as a result, the Company could not appreciate the benefits of procurement gains and inventory gains achieved during fiscal 2022; (4) that, as a result of the foregoing, the Company's profitability would be materially adversely impacted; and (5) and that as a result of the foregoing, Defendant's positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

#### **Disclosures at the End of the Class Period**

33. On March 8, 2023, before the market opened, United Natural Foods announced its second quarter 2023 financial results, revealing a \$6 million decline in gross profit, despite a 6% increase in net sales. The Company stated that its profits "were challenged as we did not repeat the significant level of procurement gains from rapidly accelerating inflation and inventory gains, due to supply chain volatility, that we experienced in the second quarter of last year." As a result, the Company reduced its profitability outlook for fiscal 2023. Specifically, the press release stated, in relevant part:

#### **Second Quarter Fiscal 2023 Highlights (comparisons to second quarter fiscal 2022)**

- **Net sales** increased 5.4% to \$7.8 billion, primarily driven by inflation and new business
- **Gross profit** decreased \$6 million, or 0.6%, to nearly \$1.1 billion; prior to LIFO charge, gross profit rose 0.4%
- **Net income** decreased 71.2% to \$19 million; Earnings per diluted share (EPS) decreased 71.3% to \$0.31

\* \* \*

“Our second quarter sales grew over 5% compared to the prior year as more customers bought more categories, private brands, and professional services driving sales to over \$7.8 billion,” said Sandy Douglas, UNFI’s Chief Executive Officer. “While I’m pleased with our continued sales growth, profitability in the quarter was lower than recent levels and our plan. *Profits were challenged as we did not repeat the significant level of procurement gains from rapidly accelerating inflation and inventory gains, due to supply chain volatility, that we experienced in the second quarter of last year. As a result of these challenges, we are reducing our profitability expectations for fiscal 2023* and withdrawing our fiscal 2024 targets.”

\* \* \*

“Our improvement efforts are already well underway. We’ve assembled a highly skilled and motivated management team that is developing a multifaceted transformation plan to continue to drive improvements in our customer and supplier experience, and address legacy integration and capability gaps in our digital and physical infrastructure. We look forward to sharing our transformation agenda and how we expect it to generate sustained improvements to shareholder returns,” Mr. Douglas concluded.

\* \* \*

### **Second Quarter Fiscal 2023 Summary**

**Net sales** increased 5.4% in the second quarter of fiscal 2023 compared to the same period last year, primarily driven by inflation and new business. This new business resulted from selling new or expanded categories to existing customers and adding new customers from our robust pipeline. These increases were partially offset by a decrease in units sold.

**Gross profit** in the second quarter of fiscal 2023 was \$1.1 billion, a decrease of \$6 million, or 0.6%, compared to the second quarter of fiscal 2022. Excluding the non-cash LIFO charge in both periods, gross profit increased \$4 million, or 0.4%. The gross profit rate in the second quarter of fiscal 2023 was 13.7% of net sales and included a \$29 million LIFO charge. Excluding this non-cash charge, gross profit rate was 14.0% of net sales. Gross profit rate in the second quarter of fiscal 2022 was 14.5% of net sales and included a \$19 million LIFO charge. Excluding this non-cash charge, gross profit rate in the second quarter of fiscal 2022 was 14.8% of net sales. *The decrease in gross profit rate, excluding the LIFO charge, was primarily driven by lower current period procurement gains due to the decelerating rate of inflation and lower inventory gains.*

34. On this news, the Company’s share price fell \$11.49, or 28.1%, to close at \$29.47 per share on March 8, 2023, thereby injuring investors.

### **CLASS ACTION ALLEGATIONS**

35. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired United Natural Foods securities between March 10, 2021 and March 7, 2023, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

36. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, United Natural Foods’ shares actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of United Natural Foods shares were traded publicly during the Class Period on the NYSE. Record owners and other members of the Class may be identified from records maintained by United Natural Foods or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

37. Plaintiff’s claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants’ wrongful conduct in violation of federal law that is complained of herein.

38. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

39. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of United Natural Foods; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

40. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

#### **UNDISCLOSED ADVERSE FACTS**

41. The market for United Natural Foods' securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, United Natural Foods' securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired United Natural Foods' securities relying upon the integrity of the market price of the Company's securities and market information relating to United Natural Foods, and have been damaged thereby.



42. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of United Natural Foods' securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about United Natural Foods' business, operations, and prospects as alleged herein.

43. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about United Natural Foods' financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

### **LOSS CAUSATION**

44. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

45. During the Class Period, Plaintiff and the Class purchased United Natural Foods' securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the

information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

### **SCIENTER ALLEGATIONS**

46. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding United Natural Foods, their control over, and/or receipt and/or modification of United Natural Foods' allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning United Natural Foods, participated in the fraudulent scheme alleged herein.

### **APPLICABILITY OF PRESUMPTION OF RELIANCE**

#### **(FRAUD-ON-THE-MARKET DOCTRINE)**

47. The market for United Natural Foods' securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, United Natural Foods' securities traded at artificially inflated prices during the Class Period. On December 6, 2021, the Company's share price closed at a Class Period high of \$52.34 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of United Natural Foods' securities and market information relating to United Natural Foods, and have been damaged thereby.

48. During the Class Period, the artificial inflation of United Natural Foods' shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about United Natural Foods' business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of United Natural Foods and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

49. At all relevant times, the market for United Natural Foods' securities was an efficient market for the following reasons, among others:

(a) United Natural Foods shares met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, United Natural Foods filed periodic public reports with the SEC and/or the NYSE;

(c) United Natural Foods regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) United Natural Foods was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

50. As a result of the foregoing, the market for United Natural Foods' securities promptly digested current information regarding United Natural Foods from all publicly available sources and reflected such information in United Natural Foods' share price. Under these circumstances, all purchasers of United Natural Foods' securities during the Class Period suffered similar injury through their purchase of United Natural Foods' securities at artificially inflated prices and a presumption of reliance applies.

51. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

### **NO SAFE HARBOR**

52. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and

conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of United Natural Foods who knew that the statement was false when made.

### **FIRST CLAIM**

#### **Violation of Section 10(b) of The Exchange Act and**

#### **Rule 10b-5 Promulgated Thereunder**

#### **Against All Defendants**

53. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

54. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase United Natural Foods’ securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

55. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the

statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for United Natural Foods' securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

56. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about United Natural Foods' financial well-being and prospects, as specified herein.

57. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of United Natural Foods' value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about United Natural Foods and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

58. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and

activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

59. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing United Natural Foods' financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

60. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of United Natural Foods' securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or

indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired United Natural Foods' securities during the Class Period at artificially high prices and were damaged thereby.

61. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that United Natural Foods was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their United Natural Foods securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

62. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

63. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

## **SECOND CLAIM**

### **Violation of Section 20(a) of The Exchange Act**

#### **Against the Individual Defendants**

64. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.



65. Individual Defendants acted as controlling persons of United Natural Foods within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

66. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

67. As set forth above, United Natural Foods and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

Dated: March 20, 2023