



# Kroger

## 2021 Fact Book







# Kroger At A Glance



**\$137.9B**  
TOTAL 2021 SALES



**2,252**  
PHARMACIES  
AND ALMOST  
293 MILLION  
PRESCRIPTIONS FILLED



PICK UP AND DELIVERY  
AVAILABLE TO  
**98%**  
HOUSEHOLDS

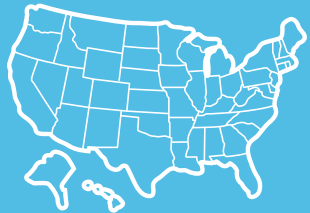
**31**

OF

**33**

FOOD  
PRODUCTION  
PLANTS ARE  
ZERO WASTE

WE COVER



**35 STATES**  
& THE DISTRICT  
OF COLUMBIA

**45**



DISTRIBUTION  
CENTERS

**420,000**  
ASSOCIATES  
COMPANY-WIDE



**546**

MILLION  
MEALS



DONATED THROUGH  
100 FEEDING AMERICA  
FOOD BANK PARTNERS



**1,613**  
SUPERMARKET  
FUEL CENTERS



MORE THAN  
**2,200**  
PICK UP  
LOCATIONS



ACHIEVED  
**79%**  
WASTE  
DIVERSION  
FROM LANDFILLS  
COMPANY WIDE



**94**

MILLION  
POUNDS OF FOOD  
RESCUED



**2,726**  
SUPERMARKETS &  
MULTI-DEPARTMENT STORES



**5.4B**

COMBINED STORE  
AND ONLINE VISITS



**\$210M**  
TO END HUNGER  
IN OUR COMMUNITIES



**3** CFCs  
POWERED BY  
OCADO



ONE OF AMERICA'S  
**MOST RESPONSIBLE**  
COMPANIES OF 2022  
AS RECOGNIZED BY NEWSWEEK





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## ABOUT THE KROGER FACT BOOK

This Fact Book provides certain financial and operating information about The Kroger Co. (Kroger®) and its consolidated subsidiaries. It is intended to provide general information about Kroger and therefore does not include the Company's consolidated financial statements and notes. On January 22, 2003, the SEC issued release No. 33-8176 that set forth new requirements relating to the disclosure of non-GAAP financial measures, as defined in the release. The release allows for presentation of certain non-GAAP financial measures provided that the measures are reconciled to the most directly comparable GAAP financial measure. Any non-GAAP financial measure discussed in this Fact Book complies with this requirement. More detailed financial information can be found in Kroger's filings with the SEC.

This Fact Book contains certain statements that constitute "forward-looking statements" about the future performance of the company. These statements are based on management's assumptions and beliefs in light of the information currently available to it. Such statements are indicated by words such as "aim," "believe," "committed," "confident," "continue," "create," "deliver," "enable," "ensure," "expect," "focus," "goal," "intend," "on track," "plan," "strategy," "vision," "well positioned," and "will," and similar words or phrases. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially. These include the specific risk factors identified in "Risk Factors" in our Annual Report on Form 10-K for our last fiscal year and any subsequent filings, as well as the following:

Kroger's ability to achieve sales, earnings and incremental FIFO operating profit goals may be affected by: COVID-19 pandemic related factors, risks and challenges, including among others, the length of time that the pandemic

continues, future variants, mutations or related strains of the virus and the effectiveness of vaccines against variants, continued efficacy of vaccines over time and availability of vaccine boosters, the extent of vaccine refusal, and global access to vaccines, as well as the effect of vaccine and/or testing mandates and related regulations, the potential for additional future spikes in infection and illness rates including breakthrough infections among the fully vaccinated, and the corresponding potential for disruptions in workforce availability and customer shopping patterns, re-imposed restrictions as a result of resurgence and the corresponding future easing of restrictions, and interruptions in domestic and global supply chains or capacity constraints; whether and when the global pandemic will become endemic, the pace of recovery when the pandemic subsides or becomes endemic, which may vary materially over time and among the different regions we serve; labor negotiations; potential work stoppages; changes in the unemployment rate; pressures in the labor market; changes in government-funded benefit programs; changes in the types and numbers of businesses that compete with us; pricing and promotional activities of existing and new competitors, including non-traditional competitors, and the aggressiveness of that competition; our response to these actions; the state of the economy, including interest rates, the current inflationary environment and future potential inflationary and/or deflationary trends and such trends in certain commodities, products and/or operating costs; the geopolitical environment including the war in Ukraine; unstable political situations and social unrest; changes in tariffs; the effect that fuel costs have on consumer spending; volatility of fuel margins; manufacturing commodity costs; diesel fuel costs related to our logistics

operations; trends in consumer spending; the extent to which our customers exercise caution in their purchasing in response to economic conditions; the uncertainty of economic growth or recession; stock repurchases; changes in the regulatory environment in which we operate; our ability to retain pharmacy sales from third party payors; consolidation in the healthcare industry, including pharmacy benefit managers; our ability to negotiate modifications to multi-employer pension plans; natural disasters or adverse weather conditions; the effect of public health crises or other significant catastrophic events; the potential costs and risks associated with potential cyber-attacks or data security breaches; the success of our future growth plans; the ability to execute our growth strategy and value creation model, including continued cost savings, growth of our alternative profit businesses, and our ability to better serve our customers and to generate customer loyalty and sustainable growth through our strategic moats of fresh, Our Brands, personalization, and seamless; and the successful integration of merged companies and new partnerships. Our ability to achieve these goals may also be affected by our ability to manage the factors identified above. Our ability to execute our financial strategy may be affected by our ability to generate cash flow.

Kroger believes that the information contained in this Fact Book is correct in all material respects as of September 2022 or such earlier date as indicated. However, such information is subject to change. Unless otherwise noted, reference to "years" is to Kroger's fiscal years.

Kroger assumes no obligation to update the information contained herein unless required by applicable law. Please refer to Kroger's reports and filings with the Securities and Exchange Commission for a further discussion of these risks and uncertainties.



## Kroger at a Glance

Headquartered in Cincinnati, Ohio, The Kroger Co. is one of the largest retailers in the United States based on annual sales, holding the #21 ranking on the Fortune 100 list published June 2022. Total company annual sales totaled \$137.9 billion for fiscal year 2021.

Kroger was founded in 1883 and incorporated in 1902. Throughout its rich history, Kroger has served as an innovator and a pioneer in the food retail industry. In the early 1900's, Barney Kroger became the first grocer in the country to establish his own bakeries. Shortly after that he was also the first to sell meats and groceries under one roof. We have demonstrated a long-standing commitment to food safety and quality. During the 1930s, Kroger was the first grocery chain to routinely monitor product quality and scientifically test food. Technology has also played a significant role in Kroger's growth. In 1972, Kroger became the first grocery retailer in America to test an electronic scanner, reducing the customer wait time for check out and improving accuracy. Kroger has continued to use technology to better serve our customers:

1. Developed Kroger Pay, a mobile payment solution that securely combines a customer's payment and loyalty card information to create a faster checkout experience.
2. Introduced the country's first Customer Fulfillment Center powered by Ocado, combining vertical integration, machine learnings, and robotics with affordable, friendly, and fast delivery service for fresh food.
3. And innovated internally and via external partnerships with industry leaders.

Mergers and acquisitions have also played a key role in Kroger's growth over the years. In 1983, Kroger merged with Dillon Companies Inc. in Kansas to become a coast-to-coast operator of food, drug and convenience stores. The biggest merger in Kroger's history came in 1999 when Kroger merged with Fred Meyer to create a supermarket chain with the broadest geographic coverage and widest variety of formats in the food retailing industry. The merger also enabled Kroger to generate significant economies of scale in purchasing, manufacturing, information systems and logistics. In 2014, Kroger finalized its merger with Harris Teeter bringing an exceptional brand and a complementary base of stores in high growth markets. Later in the year, Kroger merged with Vitacost.com, one of the largest pure e-commerce companies in the nutrition and healthy living market. This merger accelerated Kroger's entry into the e-commerce space by several years, bringing the ability to serve customers through ship-to-home orders and expanding Kroger's reach to all 50 states. In 2015, Kroger finalized a merger with Roundy's, bringing an expanded footprint and innovative store format within the Wisconsin and Chicagoland areas under multiple banners to the Kroger family of companies. In 2017, Kroger merged with Murray's Cheese to bring fresh, quality specialty items to our customer. Kroger has significantly grown the brand since the merger and today, Murray's Cheese is the number one cheese platform in our markets. And in 2018, Kroger merged with Home Chef to redefine the grocery customer experience and accelerate meal kit market growth.



## OVERVIEW

Our business today looks very different than it did over 130 years ago when Barney Kroger first opened his doors but the business principles that made the first Kroger store successful in 1883 - service, selection, value and our commitment to our customers - continue to guide the company's operations. Our growth, innovation, partnerships and evolving business are aimed at satisfying the needs of our customers. "Be particular. Never sell anything you would not want yourself" was the motto Barney Kroger ran his business with over 100 years ago and remains a guiding principle to the way we run our business today.

As of January 29, 2022, Kroger operated, either directly or through its subsidiaries, 2,726 supermarkets under a variety of local banner names, 2,252 pharmacies and 1,613 fuel centers. We offer Pickup and Harris Teeter ExpressLane™— personalized, order online, pick up at the store services — at 2, 726 of our supermarkets and provide home delivery services to substantially all of Kroger households. Approximately 50% of supermarkets were operated in company-owned facilities, including some company-owned buildings on leased land. As of January 29, 2022, we operated 33 food production plants. These plants consisted of 14 dairies, 9 deli or bakery plants, 5 grocery product plants, 2 beverage plants, 2 cheese plants, and 1 meat plant. Approximately 29% of *Our Brands* units and 41% of the grocery category *Our Brands* units sold in our supermarkets are produced in our food production plants; the remaining *Our Brands* items are produced to our strict specifications by outside manufacturers. All the company's operations are domestic. The following table presents sales revenue by type of product for the year-ended January 29, 2022.

| The Kroger Co.     | Amount           | % of Revenue |
|--------------------|------------------|--------------|
| Non Perishable (1) | \$69,648         | 50.6%        |
| Fresh (2)          | \$33,972         | 24.6%        |
| Supermarket Fuel   | \$14,678         | 10.6%        |
| Pharmacy           | \$12,401         | 9.0%         |
| Other (3)          | \$7,189          | 5.2%         |
| <b>Total Sales</b> | <b>\$137,888</b> | <b>100%</b>  |

1. Consists primarily of grocery, general merchandise, health and beauty care and natural foods.
2. Consists primarily of produce, floral, meat, seafood, deli, bakery and fresh prepared.
3. Consists primarily of sales related to food production plants to outside parties, data analytic services, third party media revenue, other consolidated entities, specialty pharmacy, in-store health clinics, digital coupon services, and other online sales not included in the categories above.

In the spring of 2021, the company launched their strategic plan, Leading with Fresh and Accelerating with Digital, at its annual Investor Conference. This strategic plan is focused on: our Fresh food leadership enabling us to win share, our Digital Growth engine, and the power of the Kroger ecosystem which is positioning us to compete and win long-term. Our focus on these key areas is enabled by an exceptional Associate Experience and a Purpose-driven culture. All of this empowers us to continue to drive shareholder value and deliver on our TSR growth algorithm of 8 - 11%.

We are evolving our business model to serve customers across an ecosystem of offerings that complement and build on our food first mentality. Our unique collection of assets allow for additional growth opportunities outside of the traditional retail grocery segment.

Our leading position in food underpins the value creation model. We continue to invest in the areas of our business that matter most to our customers to drive sales growth in our retail supermarkets. This in turn generates data and traffic that enables our fast-growing alternative profit streams.



## Letter to Shareholders

### Fellow Shareholders:

Dear Fellow Shareholders:

2021 was a year marked by new victories, new obstacles to be overcome and new milestones achieved. COVID-19 vaccines restored hope in defeating the pandemic; rising inflation presented new challenges; and momentum behind environmental, social, and governance (ESG) trends continued to motivate companies and citizens toward building a better future.

Against this backdrop, Kroger remained focused on our purpose, To Feed the Human Spirit, and our brand promise, Fresh for Everyone™, by providing America with access to fresh, affordable, high-quality food.

I'm proud of the way our associates came together to deliver for our customers during a highly dynamic year. As a team, we navigated an evolving operating environment featuring continued shifts in customer behaviors — including enthusiasm for e-commerce and a renewed excitement for at-home eating. Our competitive moats enabled us to convert these structural changes in customer behavior into lasting competitive advantages that will enable us to drive sustainable growth and profitability for the long term.

Continued execution of our overarching strategy — Leading with Fresh and Accelerating with Digital — helped us to achieve a second consecutive year of record performance in 2021. During the year, we:

- Achieved positive year-over-year identical (ID) sales excluding fuel against very strong ID sales last year, and a two-year ID sales stack of 14.3%;
- Deepened our four competitive moats: Fresh, Our Brands, Personalization and Seamless, through productivity, technology and our focus on sustainability;
- Reached \$1 billion in annual Home Chef sales, reinforcing our ability to meet the growing demand for satisfying, restaurant-quality meal options at home that we forecasted years ago;
- Achieved cost savings greater than \$1 billion for the fourth consecutive year;
- Invested in our associates to raise our average hourly wage to \$17 and our average hourly rate including comprehensive benefits to over \$22; and
- Launched our first three customer fulfillment centers powered by Ocado in Groveland, FL (Orlando), Monroe, OH (Cincinnati), and Forest Park, GA (Atlanta).

Our strong results are a testament to Kroger's proven value creation model, which enables us to invest in our associates, provide fresh, affordable food for our customers and support our communities — and all of this allows us to deliver for our shareholders.



The foundation of our value creation model is our market-leading omnichannel position in food retail, built on Kroger's unique assets, which, combined with our competitive moats, deliver an unmatched value proposition for our customers. By using our free cash flow to invest in our core retail supermarket business, we drive additional traffic into our stores and digital channels. In turn, we generate data that enables us to diversify with fast-growing alternative profit streams. This flywheel effect creates incredible long-term, sustainable value for shareholders. It gives us confidence to consistently grow earnings of 3% to 5% per year, return capital to shareholders through our dividend and share repurchases, and supports our goal to deliver total shareholder returns of between 8%-11% over time.

Our priorities today reflect our long-term focus. We make decisions on a five-to-ten-year horizon. This is true for our investments and our approach to ESG topics like responsible sourcing. Four years ago, we were dissatisfied with our average hourly wage rate for associates. We decided to take proactive steps to identify cost reductions that would allow us to invest in our associates. We've since raised associate wages by \$1.2 billion while also keeping the price of food affordable for our customers.

The sections below highlight the progress we have made across our key priorities and how we intend to continue building on this positive momentum going forward.

## Leading with Fresh

As one of our core competitive moats, fresh — and our Fresh for Everyone™ brand promise — fuels our business every day. We know that our customers love Kroger because they crave fresh foods: it is the number one determinant of store choice, with 70% of all customers deciding where to shop based on fresh products. Today, nearly 100% of our customers buy fresh products from Kroger, demonstrating just how critical this area of the business is for us and our customers.

Throughout the past year, Kroger's fresh departments have delivered tremendous success, outpacing total company identical sales excluding fuel during the fourth quarter of 2021. Our fresh sales have increased 15.6% since 2019, demonstrating our ability to lead with the freshest, highest quality products.

In 2022, we aim to widen our competitive moat in fresh. We'll leverage data-driven insights and food science to improve sourcing, ensuring products are always at the peak of their flavor and quality; reduce transit time from distribution centers; ensure optimum assortment, price, and promotion of merchandise; simplify store operations; and more effectively market the freshness of our products to Kroger customers. We'll also work to optimize our supply chain, partnering with our suppliers to improve the distribution process and launching new vendor accountability tools to keep our operations seamless.

## Creating a Seamless Customer Experience

We are focused on delivering a seamless experience that requires zero compromise by our customers. And what that means is leading with the freshest products at competitive prices and flexible lead

times. Our brick-and-mortar model leverages our existing assets to provide fresh products and meal solutions with proximity and immediacy, while our dedicated facilities can offer a wide assortment of choices alongside scale and reach to target new customers. We have intentionally structured our seamless ecosystem to leverage both of these models, forming a dynamic network encompassing our stores and automated customer fulfillment centers. This approach allows us to capture more trips — from the planned weekly shop to the unexpected and time-sensitive dinner — as we engage with more customers, on more occasions, and in both existing and new geographies.

During the year, we expanded our loyalty and personalization platform, successfully generating over two trillion relevant recommendations, resulting in 50% of items added to baskets because of personalized search. And, with partners like Ocado, we continue to innovate and bring cutting-edge and industry-leading technology to improve both the customer and associate experience.

In 2021, we set an ambitious goal of doubling digital sales by the end of 2023 and doubling our profitability pass-through rate. We're successfully on track to accomplish these goals thanks to the hard work of our technology teams and associates, alongside strategic and impactful initiatives that continue to help us deliver this seamless experience.

## Feeding the Human Spirit

There are many ways companies approach ESG matters today. At Kroger, driving sustainability and social good are not just things that happen alongside our business, they are embedded in the fabric of our business.

Nowhere is this more evident than in Zero Hunger | Zero Waste, our social and environmental impact plan established in 2017, through which we are helping create a more resilient and sustainable future food system. In 2021 alone Kroger directed nearly 500 million meals to feed hungry families across America, reaching a cumulative 2.3 billion meals toward our goal of providing 3 billion meals to people in need by 2025. We've also delivered on our core 2025 impact goals under Zero Hunger | Zero Waste, including: 93% of Kroger-operated stores actively donating surplus food (goal: 100%); 87% of stores have active food waste recycling programs (goal: 100%); and company-wide waste diversion rate of 79% (goal: 95%+).

We have also continued to prioritize fostering an environment of inclusion in the workplace, workforce and our communities where the diversity of cultures, backgrounds, experiences, perspectives, and ideas are valued and appreciated. We continue to make solid progress on our 10-point Framework for Action: Diversity, Equity & Inclusion (DEI), which reflects our desire to redefine, deepen, and advance our commitment by mobilizing our people, passion, scale, and resources. One area we are especially proud of our progress on is in supplier inclusion. We are nearly halfway toward achieving our goal in the Framework for Action to spend over \$10 billion dollars annually with diverse suppliers by 2030. We also made progress in attracting diverse talent from Historically Black Colleges and Universities and Hispanic-Serving Institutions, increasing from six to 17 our partnerships with these institutions.



Related to our DEI commitments, our Kroger Health practitioners have played an extraordinary role in administering more than 10 million COVID vaccines to communities of every race, age and economic background. We take great pride in the role we play in creating accessible healthcare and helping advance health equity and improved health outcomes for all, including our associates and customers.

## Responsible Sourcing

As the nation's largest supermarket retailer, Kroger has an extensive supply chain that is constantly evolving to meet the needs of our customers and communities. This work is guided by our Responsible Sourcing Framework, which includes 13 policies that embed responsible procurement practices throughout our value chain, including policies related to respecting human rights and advancing animal welfare. We implement comprehensive programs to not only hold our suppliers accountable for meeting Kroger's high standards, but also to support their continual improvement. We also rely on the deep knowledge of our category sourcing leaders; the latest data, insights and audit results; and input from our investors, industry groups, NGOs and subject matter experts.

Kroger's Responsible Sourcing Framework includes our Animal Welfare Policy, which expresses our belief that animals should receive proper welfare. Our policy reflects the Five Freedoms, which is the international standard for higher welfare. We are not directly involved in raising or processing any animal. Kroger requires animal protein suppliers to adopt industry-accepted animal welfare standards.

## Investing in Our Associates

I'm consistently in awe of the patience, generosity, and spirit of our associate community across the nation. As someone who started my career as an hourly Kroger store associate, I know better than anyone that providing a superior associate experience empowers us to deliver a better customer experience every time. In fact, around 70% of our store leaders start out as part time associates.

Kroger has provided an incredible number of people with their first job, new beginnings, and lifelong careers, and we're proud to play this role in our communities. When we talk about uplifting our associates, it certainly includes compensation. In the past four years, we've raised our average hourly wage by 25.9%, in addition to the comprehensive benefits we offer such as healthcare and retirement plans, customized training and advancement opportunities.

Continuing this growing investment in our associates is a priority for 2022 and beyond, and we expect continued upward movement in the hourly wages in our business model.

We're also tremendously proud of our continued improvement in workplace safety. We believe our leading safety results make our stores, manufacturing plants and distribution centers among the safest places to work in the U.S. As part of our commitment to safe workplaces and a healthy workforce, we've made considerable investments in safeguarding our associates' overall wellbeing, including increasing access to mental health resources and providing personal safety training as well as COVID-19 vaccines administered by our Kroger Health experts.

## To 2022 and Beyond

2021 was an incredible year for Kroger, characterized by impressive growth, big change, and restored hope. As we look ahead to 2022 and beyond, I want to take a moment to express my gratitude — for our associates, customers, and all of you. The community that we have built at and around Kroger is one of support, respect, innovation, and inspiration. Any victories or successes we achieve are shared by all.

I believe that one of Kroger’s greatest strengths is our focus on learning and improving every day. As we embrace a new year and resolve to “expect the unexpected,” the knowledge and wisdom we’ve gained from these past years will help us continue delivering excellence for our associates, customers, communities, and shareholders. I’m incredibly optimistic about the future of Kroger and our ability to deliver for all stakeholders, I look forward to seeing all we can accomplish together, and thank you for continuing with us on this journey.

A handwritten signature in black ink that reads "Rodney". The signature is written in a cursive, flowing style.

Rodney McMullen  
Chairman and CEO, The Kroger Co.





# Go-to-Market Strategy



## Fresh for Everyone™

Our brand ethos, “Fresh for Everyone™”, is focused on providing undeniably fresh food through innovative and sustainable solutions across all channels. A consistent Fresh Experience is our differentiator and determines a customer’s store selection. In fact, we know that 70% of customers choose their grocery store based on the quality of the fresh departments. Fresh meal concepts and innovation will provide customers new solutions to solve what’s for dinner with a seamless approach.

### Fresh Experience

Kroger is committed to delivering Fresh for Everyone™ anywhere and anytime. While Fresh is already a competitive moat, we strive to widen and deepen that moat with initiatives such as End-to-End Fresh. The End-to-End approach strengthens the moat through enhanced operational processes, getting products to customers sooner so they last longer, and utilizing technology and new ways to improve the fresh experience through all channels, from pickup, to in-store, to delivery, in order to optimize the Fresh experience for all of our customers.

**A WORLD CLASS FRESH EXPERIENCE!  
KROGER IS THE #1 RETAILER FOR FLORAL,  
DELI AND SUSHI.**

## Fresh Meal Concepts

Home Chef® allows us to ship meal kits directly to customers’ doors as well as offer a selection of “Ready to Cook” and “Ready to Eat” options within our stores. In 2021, Home Chef became our newest \$1 billion brand by expanding new fresh offerings with in-store Ready to Cook options in the meat department and an expanded Heat & Eat assortment in the Kroger deli department. A record 7 new products were launched in the deli chicken category in 2021, with flavors including Nashville Hot and Lemon Pepper, and new trendy products like a hot Crispy Chicken Sandwich and Grilled Nuggets. Quarterly rotations in the Ready to Cook program ensure that assortment remains fresh and relevant no matter the season. The Heat & Eat offerings are prepared to serve both breakfast and dinner occasions offering solutions for customers looking for convenient meal solutions at a competitive price.

## Fresh Innovation

Our partnerships with ghost kitchens like Kitchen United are providing restaurant quality food that can be delivered or purchased in-store. Innovative partnerships with eco-friendly alternative farms such as 80 Acres and Gotham Greens supply local, sustainable fresh produce in approximately 400 stores as of March 2022.

## Fresh for Everyone™ Campaign

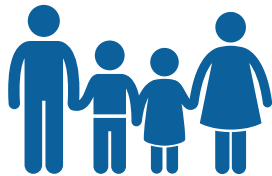
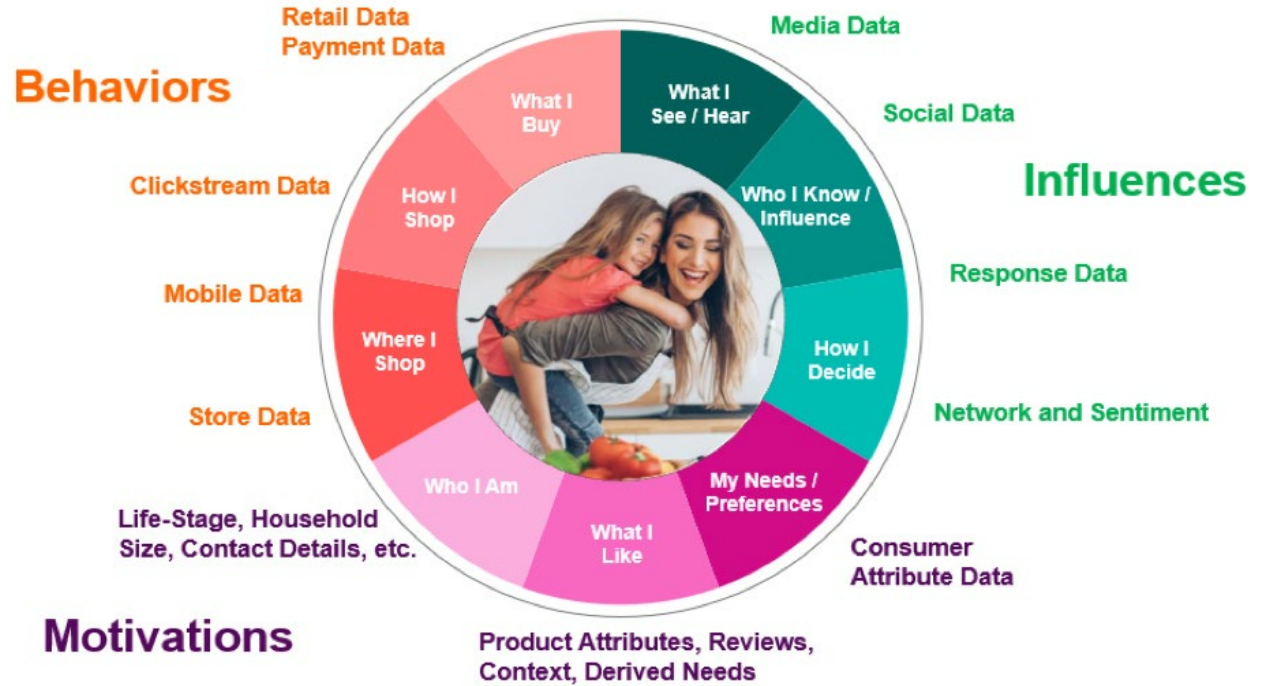
Kroger has a long-standing passion for fresh food and our Fresh for Everyone™ strategy helps us share that passion with our customers. We are over two years into our Fresh for Everyone™ customer communication campaign and have seen strong performance to date. We are breaking through the sea of sameness, creating customer engagement, and driving marketing ROI above pre-campaign levels.



## Data and Personalization

We are customer obsessed. We take the time to get to know and listen to our customers to make their shopping and eating experiences better.

Data and science are at the core of our business. We are able to capture 92% of sales on our customer loyalty card. Our ability to capture shopping behavior data and combine it with advanced data science capabilities to understand our customers better than anyone sets us apart from the competition. Using a sophisticated proprietary suite of tools and technology, we turn the customer data into actionable knowledge. We put the customer at the center of everything that we do, resulting in a more dynamic, informed, and personal approach to driving customer loyalty. We continue to see incredible effectiveness and efficiency from a focus on loyal customers and investing in their satisfaction. We also leverage our data to optimize key activities including store ordering, labor management, equipment maintenance, energy efficiency and more.



**60 Million**  
Households Analyzed



**1 Trillion**  
Personalized  
Recommendations



**10 Petabytes**  
Customer Data

## GO-TO-MARKET STRATEGY

By combining transaction data, customer-supplied information and publicly available data, we can provide personalized experiences for each customer. In fact, nearly 80% of our customers have asked to receive relevant information and offers from us, resulting in a redemption rate that is significantly higher than the national average. These personalized experiences make customers feel appreciated and inspired and allow us to gain their loyalty and trust.

Kroger cultivates a customer first relationship and activates multiple touchpoints to provide the right content and the right products, all when, where and at the value our customers want. With new science and insight, we create increasingly personalized experiences through relevant communication and meaningful rewards that make our customers' lives easier.

**APPROXIMATELY 95% OF CUSTOMER INTERACTIONS WITH PRODUCTS ON OUR WEBSITE AND APP ARE ENABLED BY PERSONALIZATION, DRIVING A SIGNIFICANTLY HIGHER LEVEL OF ENGAGEMENT IN OUR OFFERS AND NEARLY DOUBLING THE LIKELIHOOD OF A CUSTOMER ADDING AN ITEM TO THEIR CART.**



DATA



LOYALTY MARKETING



MULTI-CHANNEL ADVERTISING

## Our Brands

Kroger's *Our Brands* has a leading position in the U.S. market, outpacing competition both in quality and innovation. With 2021 sales of almost \$28 billion, *Our Brands* portfolio has achieved a size that would position it as the 9th largest CPG portfolio in the U.S. Over the years, Kroger has built and sustained a competitive advantage through Our Brands. The portfolio contains four separate >\$1 billion brands. Looking ahead, we are executing a comprehensive strategy to expand and elevate the Kroger brand as our flagship brand and national brand equivalent with better, innovative products. This elevation of the Kroger brand is enabled by a renewed emphasis on a simplified two brand opening price-point approach.

We will accelerate the growth of Private Selection and Simple Truth to drive innovation and differentiation. This will also enable us to capitalize on the premiumization and natural and organic trends we are seeing today.

The drive towards convenient premium innovation is also clear in Home Chef where we continue to expand fresh meal solution offerings and upgrade product and package quality. We added extensively to the meal solution portfolio under the Home Chef Brand, including Ready-To-Cook meals in Kroger's meat department, expanded Heat & Eat selection in the deli, and new offerings in the Home Chef deli chicken portfolio. Our expanded assortment gives customers more choice, serves more meal occasions than ever before, and was the core reason Home Chef grew into our fourth >\$1B brand in 2021.



*Our Brands* remains a strategic lever to drive customer engagement and loyalty. Our customers tell us that the quality of our portfolio is a key factor in delivering a better shopping experience and that *Our Brands* is the top national Private Brand program in terms of assortment. We manufacture approximately 29% of *Our Brands* products, which is another competitive advantage that helps us lead in this space. Manufacturing lowers our cost of goods, it gives us control over quality and the supply chain, and we sell innovative and unique products our customers can only find in our stores.

The key to driving continued growth for *Our Brands* is our focus on innovation and new product development. We introduced 664 new *Our Brands* items throughout the year

Kroger Brand continues to expand its assortment with great options for all of our customers. New items like Kroger Mercado Manzana Crisp Apple Soda and Kroger Migas Egg Bakes will appeal not only to a cohort of customers where we see household growth in America, but also to an expanding cohort of those with multicultural tastes. Kroger Brand offers great taste, convenience, and value with expanded offerings for our 90 Second Rice

Pouches and frozen breakfast sandwiches, like the new Egg & Sausage Pretzel Bun with Parmesan Spread.

Culinary-forward new items from Private Selection include Bone Broths, thick-cut shredded cheese blends like Alpine Blend and Aged Cheddar Blend, Hot Honey Deli Ham, Fire-Roasted Poblano Ranch Dressing, and Brown Butter Banana French Toast ice cream. Be sure to try our new signature Applewood Honey Maple flavor in pecans, kettle chips, and BBQ sauce. In the produce section, don't miss the seasonal rotation of our gift-worthy new Private Selection Caramel Apples.

Simple Truth continues to expand its Plant Based offering with 33 new plant-based launches in 2021, including new sweets like Cheez-cakes and chocolate chip cookie, sugar cookie, and brownie baking mixes made with upcycled okara flour. New savory items include Plant-Based Chick'n Poppers and Mac n'Cheez.

As we look to the future, *Our Brands* will continue to leverage our best-in-class trend mapping to develop innovative new products, brands and flavors that excite and entice customers, while driving Kroger's reputation as a food authority.





Umami Away!



PLANeT-based Foods



Grocery Glow Ups



Natural Health + Beauty



Good Enough to Share



#TBT Flavors



All Aboard Charcuterie



Tastes of Tequila



"Everything" is ... Everything



Hyper-Local

# 2022 Food Trends

## Top Food Trends

As a food authority, Kroger knows food! Earlier this year, Kroger unveiled its top ten food trend predictions for 2022, thoughtfully curated by its culinary experiences team and *Our Brands* product developers, chefs, and innovators. [Check them out here.](#)



## Seamless

We're focused on delivering a seamless experience that requires zero compromise by our customers. Customers want options and solutions without having to compromise on value, what they can get, when they can get it, or how they get it. To support these rapidly evolving customer needs, we continue to enhance and optimize our seamless digital ecosystem that brings together our dynamic network stores and larger automated customer fulfillment centers, as well as intermediate sized facilities and spokes, which together help to maximize our growth potential. This allows us to capture more trips and more customers through our seamless pickup and delivery ecosystem, including 18.5 million households who engaged with us online in 2021.

Our seamless ecosystem is continuously growing. We are investing in a comprehensive, personalized shopping journey that balances inspiration, simplicity, and convenience.

To fuel our growth and capture e-commerce share, we are focused on two areas: continuing to harden and accelerate our core offerings and creating offerings that attract new customers and new shopping occasions.

## Pickup

We leverage more than 2,200 pickup locations in stores as assets to further our Seamless strategy. We continue to expand capacity and create more flexibility during peak hours to capture customer demand.

In 2021, we optimized the customer experience with enhanced on-line inventory visibility, an improved digital experience, and direct communication, making it easier for customers to notify us when they are on their way and for us to have orders ready faster. As part of an app integration with Google through their Maps app, shoppers can use the Maps app to track their order status, estimate their time of arrival, and notify the store when they arrived at over 2,000 store locations.





## Kroger Delivery and Fulfillment Network

We have established a delivery network designed to meet the need for same-day and next-day grocery delivery. The delivery network relies on highly automated customer fulfillment centers that utilize artificial intelligence, advanced robotics, and automation. At the “hub” sites, more than 1,000 bots move around on giant 3D grids, orchestrated by proprietary air-traffic control systems in the unlicensed spectrum. The grid, known as The Hive, contains totes with products and ready-to-deliver customer orders.

As customers’ orders near their delivery times, the bots retrieve products from The Hive and are presented at pick stations for items to be sorted for delivery, a process governed by algorithms that ensure items are intelligently packed.

After being packed, groceries are loaded into a refrigerated delivery van, which can store up to 20 orders. Powerful machine learning algorithms optimize delivery routes, considering factors such as road conditions and optimal fuel efficiency.

To supplement our customer fulfillment centers, we have created a network of spokes which expand the coverage area. Vans may travel up to 90 miles with orders from the hub and spoke facilities to make deliveries.

## Instacart and Kroger Delivery Now

We partner with Instacart to help expand delivery reach and capacity beyond our CFCs and enable us to offer shorter lead-time delivery offerings. These orders can be placed on either Kroger’s digital platforms or Instacart and are picked by Instacart shoppers from our stores.

Kroger Delivery Now creates a first-of-its-kind virtual convenience experience that makes faster delivery possible from the Kroger Family of Stores in as little as 30 minutes nationwide. Kroger Delivery Now redefined convenience by being the first delivery service that doesn’t require customers to make a trade-off on selection, quality, price, or speed.

## Boost

Our next-generation loyalty program that is deepening our relationships with our customers. It offers incredible value for customers with unlimited free delivery on orders of \$35 or more, double the fuel points on every dollar spent at Kroger, and other exclusive member benefits. Membership is offered in 2 tiers, for the price of \$59 and \$99 for an annual subscription. The \$59 tier offers free next-day delivery and the \$99 tier offers free delivery in as little as 2 hours.

Kroger’s vision for an omnichannel experience remains unchanged. We will continue to deliver a seamless experience that requires zero compromise by our customers.





## Partnership with Ocado

Ocado is a market leader in supply chain efficiency and the value they bring is not just in their current capabilities but also how quickly they are able to innovate and serve rapidly changing consumer markets. The Ocado relationship drives value as it builds a superior end-to-end distribution network that will provide Kroger customers with a cost-effective and convenient seamless shopping experience. Through this partnership and a diverse ecosystem of fulfillment channels, Kroger will have the capability to support customer delivery and pickup fulfillment. Our long-term strategy is to support our seamless ecosystem and augment the existing Kroger distribution network to meet ever-evolving customer demand by building a flexible network of solutions including small, medium, and large facilities.

Kroger is also investing and innovating to optimize in-store fulfillment technology and processes, leveraging Ocado’s in-store fulfillment (ISF) capabilities with the best of Kroger’s technology and digital solutions to support the rapid growth of pickup demand across Kroger stores nationwide. Ocado’s in-store fulfillment solution includes proprietary software that supports associate efforts to assemble orders and makes it easier and more efficient for them to find products when fulfilling customer Pickup orders.

We have announced eleven central fulfillment centers and three additional regions (California, South Florida, and Northeast) as of March, 2022:

| Shed Location               | Area of Service  |
|-----------------------------|--|
| Monroe, Ohio                | Cincinnati/Dayton, Columbus, Indianapolis, Louisville  |
| Frederick, Maryland         | Maryland, Pennsylvania, District of Columbia           |
| Groveland, Florida          | Orlando, Jacksonville, Tampa Bay, Miami                |
| Forest Park, Georgia        | Atlanta, Birmingham                                    |
| Dallas, Texas               | Dallas, Fort Worth, Austin, San Antonio, Oklahoma City |
| Pleasant Prairie, Wisconsin | Wisconsin, Chicago, Northwest Indiana                  |
| Romulus, Michigan           | Michigan, Northern Ohio, Indiana                       |
| Phoenix, Arizona            | Phoenix  |
| Denver, Colorado            | Denver   |
| Charlotte, North Carolina   | North Carolina   |
| Cleveland, Ohio             | Cleveland, Pennsylvania                                |



## Health and Wellness

Kroger's Health & Wellness business continues to be guided by a vision of: Helping People Live Healthier Lives. COVID-19 presented Kroger Health with the opportunity to serve our communities in more ways than ever. During the pandemic, Kroger Health launched customer-facing solutions including COVID-19 testing and vaccinations, expanded prescription delivery, and health food solutions. Our teams administered nearly 11 million COVID-19 vaccines in 2021.

Clinical Services provided through our retail pharmacy, specialty pharmacy, and clinics are a pillar to achieving our vision of helping people live healthier lives. Clinical services are developed to allow our associates to practice at the top of their licensure and help patients achieve health outcomes in collaboration with our healthcare industry partners. These services drive adherence to medications, address gaps in care, and focus on disease prevention.

## Food as Medicine

The link between food and health is clear and Kroger Health has developed products and services to meet customer interest in this space. OptUP® simplifies healthier shopping by providing simple nutrition ratings on shoppers' food purchases with Kroger. With personalized dietary tags and recommendations for healthier options, customers can find foods that work for the way they like to eat. Additionally, Telenutrition appointments with Registered Dietitians are available in 48 states and focus on education, expert guidance, and resources needed to stay healthy. Kroger Health also offers dietitian-curated food boxes available as a benefit with select health plans.

## The Little Clinic®

The Little Clinic operates in nine states inside select Kroger, Dillons, Fry's Food Stores, Jay C and King Soopers stores. The Little Clinic is uniquely positioned to make routine care more convenient, accessible, and affordable. In 2021, The Little Clinic was a convenient and accessible option for COVID-19 testing and vaccination. The Little Clinic continues to maintain The Joint Commission Gold Seal of Approval™ by demonstrating continuous compliance with its nationally recognized standards. The Little Clinic is one of only two retail clinic organizations nationally that earned accreditation by The Joint Commission. In 2021, The Little Clinic operated over 220 clinics and had more than 2.25 million visits.

## Kroger Specialty Pharmacy

Kroger Specialty Pharmacy is a URAC and ACHC accredited specialty pharmacy providing medications and supplies that treat complex chronic diseases and conditions in all 50 states and Puerto Rico. Specialty medications can be delivered to patients as injectable, infused, oral and topical forms. We optimize in-patient outcomes by blending a high-touch, caring patient experience with specialized clinical knowledge, personalized total life care programs and administrative expertise. We offer unique programs designed to empower patients, including education and resources, counseling and side effect management, and financial assistance programs.





## Fuel

Fuel is another way we offer our customers additional value within the Kroger ecosystem through our 1,613 fuel centers, including the opening of 17 new fuel locations in 2021. Our loyalty program members received hundreds of millions of dollars in fuel discounts with Kroger Fuel Points, earned by shopping and filling prescriptions at Kroger. Each month over 9.7 million member households redeem Fuel Points.

## Manufacturing

Kroger Manufacturing is made up of 33 facilities. Our manufacturing plants produce breads, dairy products, meat and thousands of other grocery items. By manufacturing our own products, we lower our costs and pass the savings on to our customers. We invest in both process improvements and automation and we constantly monitor our costs versus that of third parties to ensure we are delivering high quality products at a competitive price. Additionally, we look for new products to bring in-house to lower costs to our customers.

APPROXIMATELY  
29% OF THE OUR  
BRANDS UNITS SOLD  
IN OUR STORES WERE  
PRODUCED IN OUR  
MANUFACTURING  
PLANTS

## Dairy

Kroger's 14 dairies produce all varieties of fluid milk, orange juice, cultured products such as yogurt and cottage cheese, ice cream, novelty treats and non-carbonated beverages. In all of our markets, our Banner Brand milk is the "national brand" for most customers. Kroger also operates two cheese plants, which produce a variety of natural and processed cheeses for our supermarkets.

## Deli/Bakery

Five Kroger bakeries supply bread, cakes, donuts, cookies, bagels, muffins, crackers, snacks, and rolls to Kroger retail stores and outside customers. Two frozen dough plants in Bowling Green, KY, and Salt Lake City, UT, supply frozen cakes and dough to our retail stores. Two deli plants in Greensburg, IN, and Kenosha, WI, produce a wide variety of deli salads, soups, and side dishes.

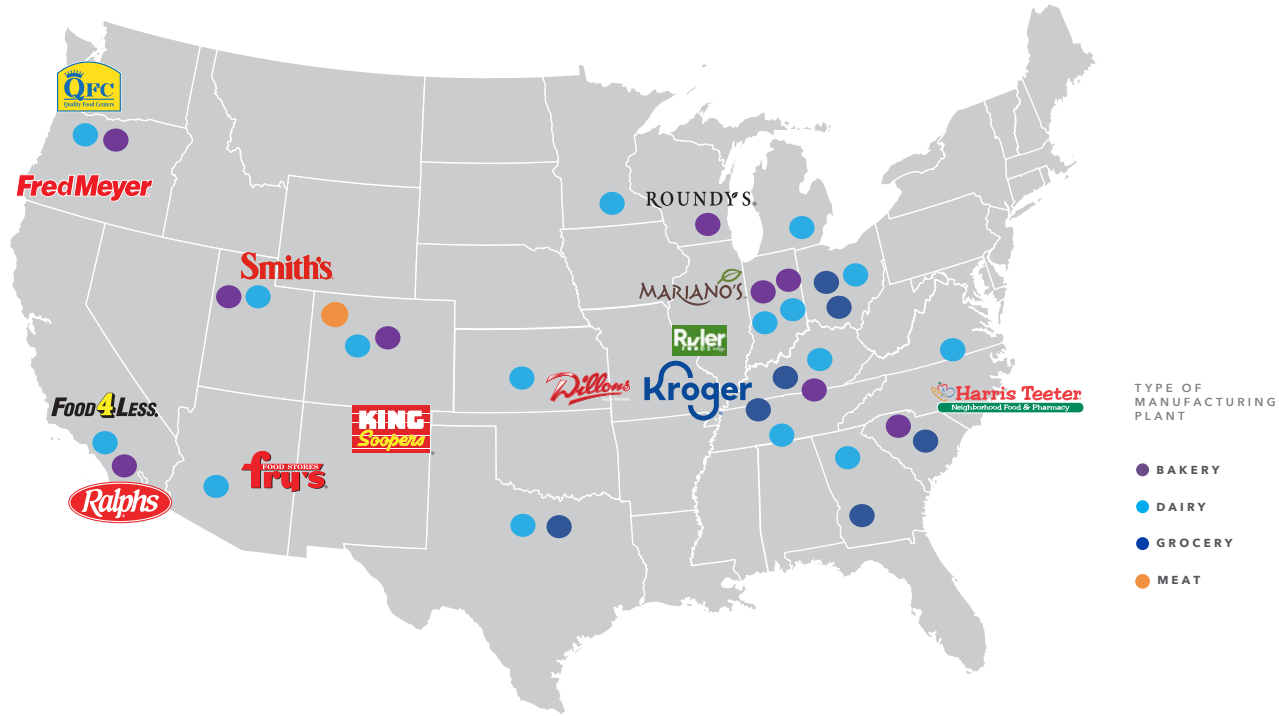




## Grocery

Grocery products, beverages, and water are produced in Kroger's five grocery and two beverage plants. Our Brands grocery items include pet foods, sugar-based products like drink mixes, hot cereal, coffee, spices, salad dressings and peanut butter. Beverages include Kroger's Big K® soft drink line.

GO-TO-MARKET STRATEGY  
**Manufacturing Facilities**



**Dairy**

- Centennial Farms Dairy, GA
- Crossroad Farms Dairy, IN
- Heritage Farms Dairy, TN
- Jackson Dairy, KS
- Layton Dairy, UT
- Michigan Dairy, MI
- Mountain View Foods, CO
- Pace Dairy, MN
- Pace Dairy of Indiana, IN
- Riverside Creamery, CA
- Swan Island Dairy, OR
- Tamarack Farms Dairy, OH

- Tolleson Dairy, AZ
- Vandervoort Dairy, TX
- Westover Dairy, VA
- Winchester Farms Dairy, KY

**Deli/Bakery**

- Anderson Bakery, SC
- Clackamas Bakery, OR
- Country Oven Bakery, KY
- Indianapolis Bakery, IN
- KB Specialty Foods, IN
- King Soopers Bakery, CO
- La Habra Bakery, CA
- Layton Dough, UT
- RCK Foods, WI

**Grocery**

- America's Beverage, TX
- Delight Products, TN
- Kenlake Foods, KY
- Pontiac Foods, SC
- Springdale Ice Cream & Beverage, OH
- State Avenue, OH
- Tara Foods, GA

**Meat**

- Ledbetter Meat, CO





## Supply Chain

At Kroger, we differentiate ourselves from big box or e-commerce pure-play competitors through our quality, freshness, and efficiency. Our distribution model was built specifically to achieve these outcomes. Fewer touches, great quality controls, partnerships, insourcing and the use of science and automation all make a real difference to Kroger shoppers, a difference they can taste.

As part of our continuing enhancement of the customer experience, we are continuing to test and build-out a flexible network of solutions through owned properties and partnerships to optimize our existing network, develop new assets, and launch incremental services.

As a result of many years of fine tuning, we built a distribution network that is a key growth driver. Today, our e-commerce supports our in-store and ecommerce network to serve our customers across modalities. Whether a customer comes into our store, visits our app or kroger.com to order groceries for delivery or chooses a convenient time to pick them up from a local store, we are providing an experience that is full and fresh, and we are doing it fast and cost effectively.

**OUR RESPONSIBLE SOURCING PROGRAMS AND RECRUITMENT OF WOMEN- AND MINORITY-OWNED SUPPLIERS HELP PROTECT THE RELIABILITY OF OUR SUPPLY CHAIN. WE PLAN TO GROW DIVERSE SUPPLIER SPEND TO \$10 BILLION BY 2030.**





## Smart Pricing

Kroger continues to make investments in price in areas that are most meaningful to our customers. Our rich customer data allows us to personalize offers to our customers.

Our goal is to take price off the table for our customers when deciding where to shop. Kroger's strategy is not to be the low-price leader. Instead, we view price as one key factor in driving Kroger's overall customer value proposition. Our pricing strategy is based on three core pillars designed to ensure that we will not lose due to price including: fair and consistent everyday pricing, great feature pricing on core items to surprise and delight, and loyal customer rewards, including fuel, best customer rewards, digital coupons and Kroger Personal Finance® rewards.





## Alternative Profit Streams

By leveraging unique Kroger assets and consumer-driven capabilities to create additional value for customers and shareholders, Kroger is creating a virtuous fly wheel built upon the rich collection of proprietary data generated by our grocery business. Data gathered from the 92% of transactions tethered to our loyalty card is a key foundation to improve the customer experience and create new margin-rich, asset-light business opportunities.

Kroger's ecosystem fuels the growth of adjacent alternative profit streams like Kroger Personal Finance, customer data insights, and our media businesses. These businesses comprise a significant portion of Kroger's overall alternative profit portfolio. They are dependent on a core supermarket business to deliver sustainable, long-term growth and profitability.

The segments within Alternative Profit include Kroger Personal Finance® (KPF), Kroger Precision Marketing (KPM), Customer Data Insights, Real Estate, Ventures, and Future Innovation. All are underpinned by our core asset of data science which includes data from 60 million households and 10 petabytes of customer data per year. Collectively Kroger's Alternative Profit Stream businesses contributed \$150 million of incremental operating profit during 2021 driven by strength in KPF and KPM.

## GO-TO-MARKET STRATEGY

### Kroger Personal Finance® (KPF)

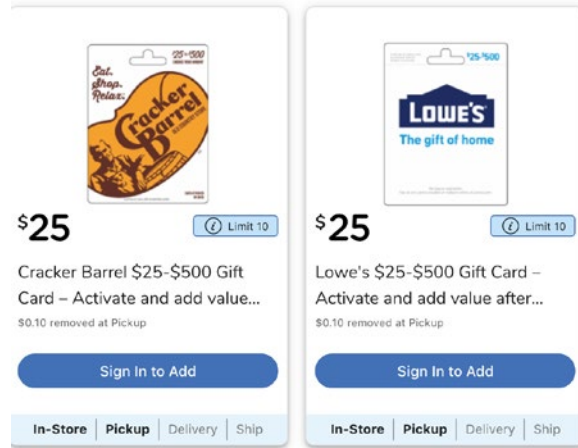
KPF gives the company a unique competitive advantage by offering money management solutions that empower and reward our customers.



### Kroger REWARDS World Elite Mastercard®

The Kroger REWARDS World Elite Mastercard® credit card offers great benefits and rewards to its cardholders, including:

- Additional discounts on fuel for one year at Kroger Family of Companies Fuel Centers (3% cashback on the first \$6,000 spent on fuel and dining purchases, then 1% thereafter in retail divisions without fuel)
- Cashback on every purchase
- 5% on mobile wallet purchases for the first \$3,000, then 1% thereafter
- 2% on everything inside our stores
- 1% everywhere else Mastercard is accepted
- The freedom to redeem rewards their way!



### Gift Cards

KPF offers a wide variety of gift cards for every occasion. Customers can purchase gift cards through in-store, curbside pick-up, and online channels for every aspect of daily life such as their favorite restaurant, local merchant, travel destination or digital gaming platform.

Kroger Family of Companies gift cards offer multiple options for customers with a variety of creative themes to meet gifting occasions. Gift cards are available in-stores, online with e-gift delivery, as well as through a business platform for bulk purchases. In addition, Kroger offers a variety of MasterCard®, and Visa® gift cards in multiple denominations and creative designs.

Customers earn 2X fuel points on most gift card purchases every day and 4X fuel points during promotional periods.





## GO-TO-MARKET STRATEGY

### Money Services

With multiple partners like Western Union and Ria, Money Services destinations, located inside most of our stores, provide customers with a variety of money management options at competitive prices, including:

- Check and debit card cashing
- Money orders
- Money transfers
- Walk-in bill payment
- Prepaid wireless products
- Prepaid debit cards



### Mobile Market

The KPF Mobile Market offers hundreds of prepaid airtime cards and dozens of phones from all the major carriers, including TracFone®, Simple Mobile®, Total Wireless, AT&T Go Phone® and more.

Whether a customer is looking for a phone for everyday use or just for emergencies, the Mobile Market has a phone and a plan for everyone.

In addition, customers save money off their monthly mobile phone bill and earn 2X fuel points in the process.

The Western Union name, logo and related trademarks and service marks, owned by Western Union Holdings, Inc., are used with permission. The Ria name, logo and related trademarks and service marks, owned by Continental Exchange Solutions, Inc., dba Ria Financial Services, are used with permission.

### Lottery

KPF offers lottery products for sale in Kroger retail stores where state regulations permit. Lottery games, both 'Draw' and 'Scratch', are available in most stores and fuel centers where applicable law permits.



### Innovation

KPF continuously focuses on new product innovation to meet the changing needs of our customers in this dynamic services industry. Our goal is to be a trusted partner who helps make lives easier in the financial services space.



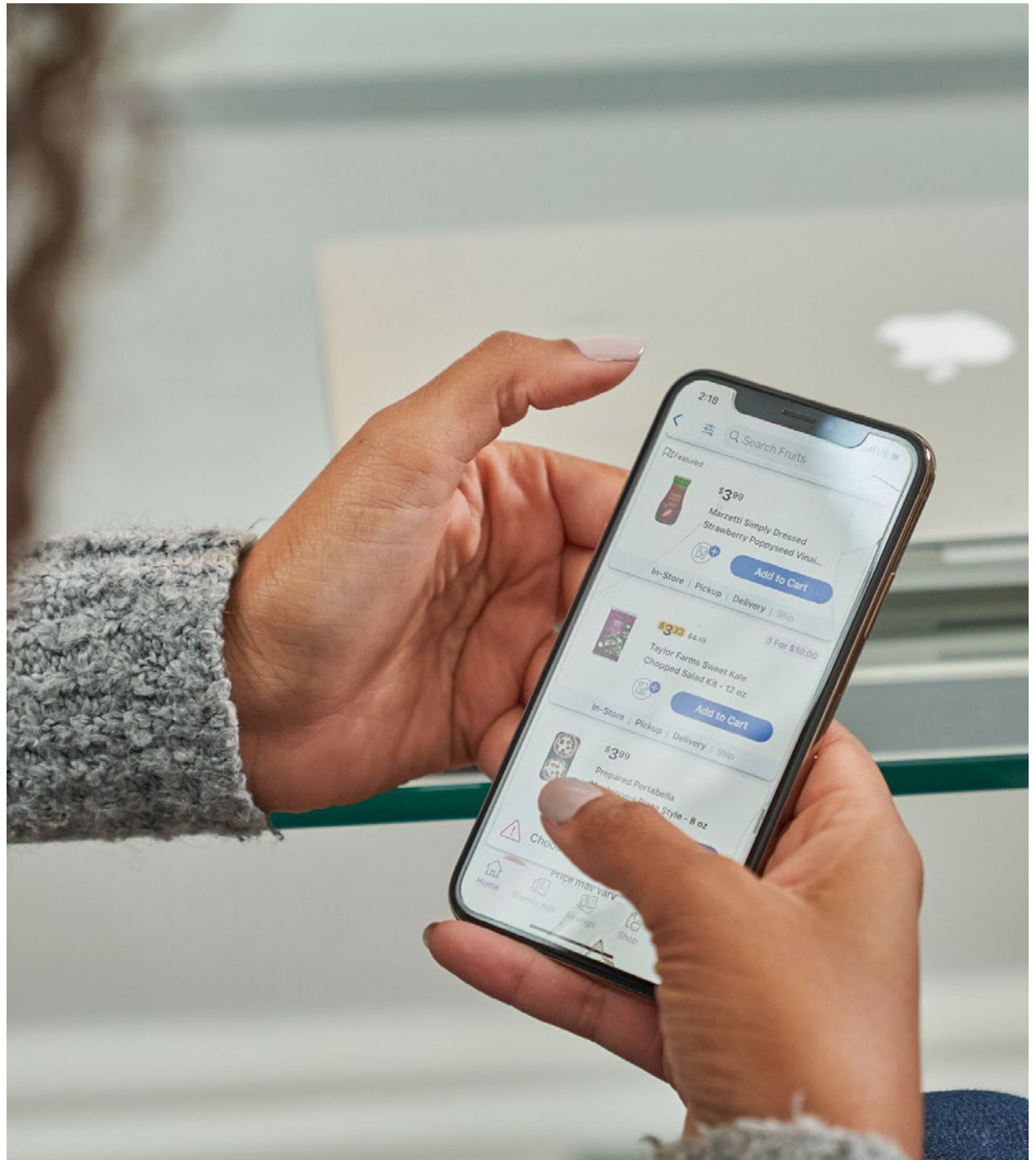
## Media

Kroger Precision Marketing (KPM) is a top-rated retail media advertising solution designed to make digital advertising more effective for CPG brands. Powered by Kroger's popular loyalty card program, we connect customers to brands through engaging moments that inspire purchasing online or in-store. KPM closes the loop between media exposure and store sales to make brand advertising more addressable, actionable, and accountable.

**We're more addressable:** Through 84.51° targeting science, we apply first-party purchase data, machine-learning tools, and a robust team of data analysts to identify the most qualified audience on every campaign. These targeting capabilities allow brands to create relevant and meaningful connections matched to customer's evolving preferences, solidifying Kroger as their preferred destination.

**We're more actionable:** KPM connects consumers into Kroger's ecommerce platform where they can be inspired, build baskets, and download relevant offers. The KPM ecosystem of offsite and onsite media touchpoints reach consumers at every stage of their shopping journey.

**We're more accountable:** We're driving greater digital marketing transparency through meaningful metrics which measure the true impact of advertising through actual sales results. In this way, KPM is positioned to raise the standard for effective digital marketing.





## The Kroger Media Ecosystem

We have four media product pillars to create demand and activate sales for brands:

### Off Property

We create business impact through advertising in display, video, advanced TV, audio, influencer and social media. Using our targeting science, we serve relevant advertisements, encouraging customers and prospects to discover their favorite products. Robust campaign reporting shows media delivery, engagement and business impact. Customer privacy is paramount; all data is anonymized throughout campaign executions.

### On Property

We influence shopping behaviors through relevant messages on our Kroger or Banner websites (Kroger.com, Ralphs.com, etc.), our mobile app, and emails we send. We engage and maintain a personalized experience with customers through decision engines that continually optimize placement selection based on performance and demand signals. Brands and agencies can manage placements through a self-service portal which also measures online and in-store return on ad spending.

### Loyalty Marketing

We build long-term engagement for consumer-packaged goods customers and fresh providers by delivering valuable personalized communications at scale for brands and products that customers love and trust. Brands can leverage our personalized approach to rewarding their best customers through both direct mail and digital channels. On average, every dollar invested in targeted loyalty marketing generates over three dollars in incremental sales.

### In-Store

With more than 60 million households coming to our stores annually we are uniquely positioned to transform the grocery shopping experience for our customers. We're identifying new opportunities to elevate the customer experience while continuing to communicate pricing and promotions, build customers' awareness of products, and assist with wayfinding.

### Industry Leader

The Path to Purchase Institute has surveyed CPG marketers on their perception of retail media networks over the last four years. In the most recent results released in January 2022, KPM has maintained a leadership position among national retail and e-commerce players for the highest-ranking retail network for targeting effectiveness and measurement. KPM is uniquely positioned to transform the media landscape. Advertisers recognize our ability to drive marketing results and media accountability more effectively than other retailers. The difference between KPM and other retail media networks is the strength of Kroger's customer relationships.

An important innovation in 2021, KPM launched a Private Marketplace to sell programmatic advertising. This allows agencies and brands to reach consumers by applying Kroger audience data to programmatic campaigns within their preferred ad-buying platform.

As a driver for Kroger's alternative revenue and digital profitability, KPM is delivering both new advertisers and new revenue. In fiscal 2021, over 2,000 brands engaged across our media portfolio, retaining 89% of the brands we worked with in 2020.

**“BRANDS ARE LOOKING FOR WAYS TO TAP FIRST-PARTY RETAIL DATA AND REDUCE AD WASTE. THE KROGER PRIVATE MARKETPLACE USES RETAIL SALES DATA TO UNLOCK NEW OPTIMIZATION LEVERS FOR PROGRAMMATIC BUYERS - WHILE STILL GIVING THEM THE FLEXIBILITY TO MANAGE THE CAMPAIGN IN OUR EXISTING TECH STACK”**  
- HELEN LIN, CHIEF DIGITAL OFFICER, PUBLICIS GROUPE





## Real Estate

The Real Estate Department is centralized at the corporate level and structured into 4 pillars: Asset Management, Alternative Profit, Corporate Real Estate, and Shared Services.

The Asset Managers work closely with their respective divisions to plan major capital projects and store closings, negotiate leases and land/building purchase agreements, obtain city and landlord approvals, and assist with Facility Engineering to address site related emergencies. Within the Asset Manager pillar, there is a team of Data Analysts who complete market models to generate store projections that assist in storing strategy.

The Alternative Profit team manages a portfolio of transactions that are ancillary to Kroger's core business including NOI from EV charging stations, cell towers, ATMs and in-store banks, shopping center investments, joint venture investments, outparcel ground leases, outparcel sales, specialty leasing, in-store kiosks, property right monetization, and rebates from 3rd party agreements.

The Corporate Real Estate team manages Kroger's non-retail assets such as offices, manufacturing facilities, and distribution centers. In addition, this group oversees the disposition of surplus properties, leasing for ATMs and in-store banks, and leasing for company-owned shopping centers.

The Shared Services team manages department databases and fields requests from 3rd parties (landlords, adjacent owners, and tenants), manages property rights monetization transactions, and assists Asset Managers with lease restructures.

## Customer Data Insights

Fueled by a rich data asset consisting of retail performance and customer engagement which is accelerated by strong data science to produce value across our partners businesses both with Kroger as well as upstream in their organization.

Our partners in this space consist of CPGs, agencies and other businesses, all with the intent to better understand shopper behavior, attitudes, and preferences through traditional retail and cross modality performance measures. In turn, the insights can be used to accelerate customer, category and brand performance. Innovation continues to advance in this space as we introduce new data science platforms designed to amplify clients' ability to unlock even greater value through insights.

## Ventures

Kroger has multiple ventures with the goal of leveraging our assets and data to drive unique strategic partnerships that generate joint value. For example, PearlRock Partners is designed to leverage our extensive data science and insights to identify, invest in, and help grow the next generation of leading consumer product brands.

PearlRock Partners leverages Kroger data, geographic coverage, and merchandising expertise to identify emerging brands that consumers love and will grow significantly in the coming years. This combination of data, coverage, and expertise gives PRP distinct insights into market dynamics unmatched by other investors.

PearlRock Partners then engages with brands as a patient capital provider, placing years of real-world consumer product expertise, unparalleled merchandising resources, and state-of-the-art consumer insights at the fingers of founders to drive intelligent growth.





**Investing in Our Associates**



## Our Associates

Our people are our most important asset. Guided by Our Purpose, we strive to help our associates feed their futures by offering the ingredients that they need to create their own recipe for success at work and in life. In return, our associates bring Our Purpose to life across our retail, manufacturing, supply chain and corporate functions.

We deliver this associate experience by focusing on the value and care we bring to our associates and the growth opportunities available to them, as well as by connecting with our talent, developing our leaders, and advocating for our associates and their well-being.

### Connecting with Talent

Winning the hearts and minds of our associates requires meaningful connections across the associate journey. We are achieving this by focusing on critical moments through the associate life cycle – from their first impression to their transition to alumni.

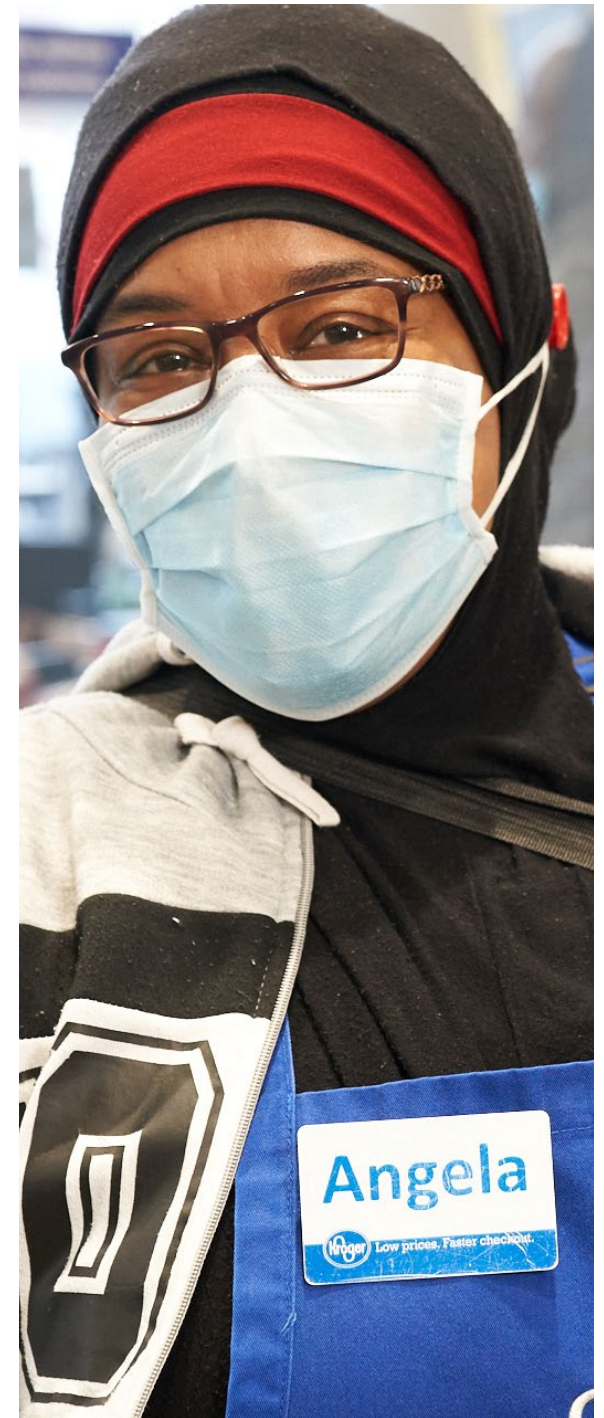
- We support associates throughout their career, by providing meaningful opportunities for them to learn and grow. This begins with a consistent and highly effective onboarding experience, which guides new associates beginning the day they're hired through their first 30 days and beyond. It gives them everything needed to get to know their team, understand what's expected, and thrive in their new role.
- We continue that support by providing resources to create connections with every associate to drive performance and development. Our tools and resources, including our role-specific development programs, best-in-class continuing education

benefit and technology-enabled training in the flow of work, all work together to ensure associates at all levels are prepared to deliver a full, fresh, and friendly experience in their current role while also preparing them for future opportunities.

- We strive to foster a culture that empowers everyone to be their truest self. As we work to create a more inclusive culture, we continue to bring our Framework for Action: Diversity, Equity & Inclusion to life with Inclusive Leader and Unconscious Bias training as well as mentorship opportunities to enable stronger relationships within the organization and accelerate associate development.

### 2021 Highlights:

- Named a Best Place to Work for LGBTQ Equality and achieved a perfect score on the Corporate Equality Index by the Human Rights Campaign for the fourth consecutive year.
- Recognized as one of the Top 100 internship programs for 2021 by WayUp.
- Earned a top score for disability inclusion on the Disability Equality Index developed by American Association of People with Disabilities and Disability:IN.
- Recognized by Computerworld as a Best Place to Work in IT for the fourth consecutive year.
- Recognized with two Brandon Hall Group - Excellence in Human Capital Management Awards: Gold for Leading through a Crisis during the COVID-19 pandemic and Silver for our onboarding program A Fresh Welcome.







## Developing Our Leaders

We believe that great leaders empower the associate experience, which in turn drives the customer experience. We accomplish this by focusing on our passion for people and our passion for results. But it takes more than passion. It takes engaged leaders who demonstrate their care, compassion and support for associates and customers alike.

We have built programs to enable leaders to support their associates' overall well-being through listening, support, care, and action. Our leadership development model focuses on equipping our leaders with the skills needed to guide our associates through the challenges of today and whatever may come next. It requires a commitment to Diversity, Equity and Inclusion, a deep sense of ownership of our business and a passion to improve every day while keeping people at the heart of everything we do. From our store leader development program and role-specific training to mental health education and DE&I courses, we provide our leaders with the skills needed to enable our associates to thrive while also expanding their own horizons and growing their careers.



## Advocating for Our Associates & Their Well-Being

We are cultivating an environment where all associates are able to thrive. This includes delivering an exceptional, simplified associate experience that supports our associates' physical, mental and financial well-being.

A key component of these efforts is the ongoing refinement of our highly competitive and highly valued Total Rewards programs, which includes compensation, health care benefits, retirement benefits, and perks available to all associates, including those represented by collective bargaining agreements. Over the past year, we have invested more than ever before in our associates by expanding our industry-leading benefits, including continuing education and tuition reimbursement, training and development, and health and wellness initiatives.

In 2021, we increased our average hourly wage to \$17. That rate increases to over \$22 with comprehensive benefits included. Over the last four years, Kroger has invested an incremental \$1.2 billion in associate wages and training. In addition, we have incrementally committed to invest over \$1.8 billion during the same time period to help address underfunding and help better secure pensions for tens of thousands of associates.

Our investments are driven by our data analytics research for specific areas to ensure our wages are competitive with the market. We will continue our efforts to rebalance pay and benefits, while also focusing on operational flexibility for our stores.

Wages, health care and pensions are included in all of the more than 350 collective bargaining agreements that cover approximately 65% of our associates. Our objective is to negotiate contracts that balance competitive wage increases and affordable healthcare for associates with keeping groceries affordable for the communities we serve.

In addition to wages, we provided more than \$5 million to support associates through unexpected hardships through our Helping Hands Fund in 2021 alone. We also continue to see associates take advantage of our continuing education program, which offers associates up to \$3,500 annually (and up to \$21,000 over the course of your career) to improve every day through education. All part-time and full-time associates are eligible after 60 days of service. More than 3,000 associates, 90% of whom are hourly, took advantage of the program in 2021 alone, totaling a \$12.11 million investment.

Mental and emotional well-being are critical priorities as we strive to deliver an exceptional associate experience. In 2021, we invested time and resources to accelerate our efforts in this space, focusing first on our leaders of others to better enable them to support their associates and create a safe and supportive environment within their teams. We continue to assess our ways of working, policies and benefit offerings to ensure we are effectively meeting the needs of our associates and helping them to prioritize their own well-being while also supporting each other.

**OVER THE LAST FOUR YEARS, WE HAVE INVESTED AN INCREMENTAL \$1.2 BILLION IN ASSOCIATE WAGES AND TRAINING AND HAVE INCREMENTALLY COMMITTED TO INVEST OVER \$1.8 BILLION DURING THE SAME TIME PERIOD TO BETTER SECURE PENSIONS FOR TENS OF THOUSANDS OF ASSOCIATES.**





## Continuing to Invest in Our Associates

We're constantly looking to improve the associate experience, the benefits we offer and the meaningful opportunities available for associates to learn and grow their career.

There are several efforts underway to accelerate our efforts to improve the associate experience. In 2022, we plan to:

- Continue to build on our progress with Historically Black Colleges & Universities and Hispanic Serving Institutions, which increased from 6 partnerships to 21 last year, to further develop diverse sources of talent. This includes key partnerships with diversity networks, military organizations, Neurodiverse partners, second-chance employment partners and other groups.
- Leverage modern technology tools to enhance the entire talent acquisition process, increasing accessibility and ease to apply as well as enabling new associates to start their journeys with us faster.
- Evolve our annual performance process to provide more ongoing connections for leaders and associates to come together to discuss career development and performance opportunities.
- Launch a well-being framework to reinforce our commitment to advocating for and supporting associate well-being while also taking action to improve the support resources available to our associates.
- Invest in modern technology to simplify daily tasks and free our associates to focus on creating a world-class customer experience.
- Enhance associate and leader development programs and increase visibility of the many fresh opportunities available to develop and grow a career with Kroger.
- Continue to leverage workforce analytics and business insights to drive positive change across the associate experience and customer experience.





Imagine a world with

**ZERO  
HUNGER  
ZERO  
WASTE**

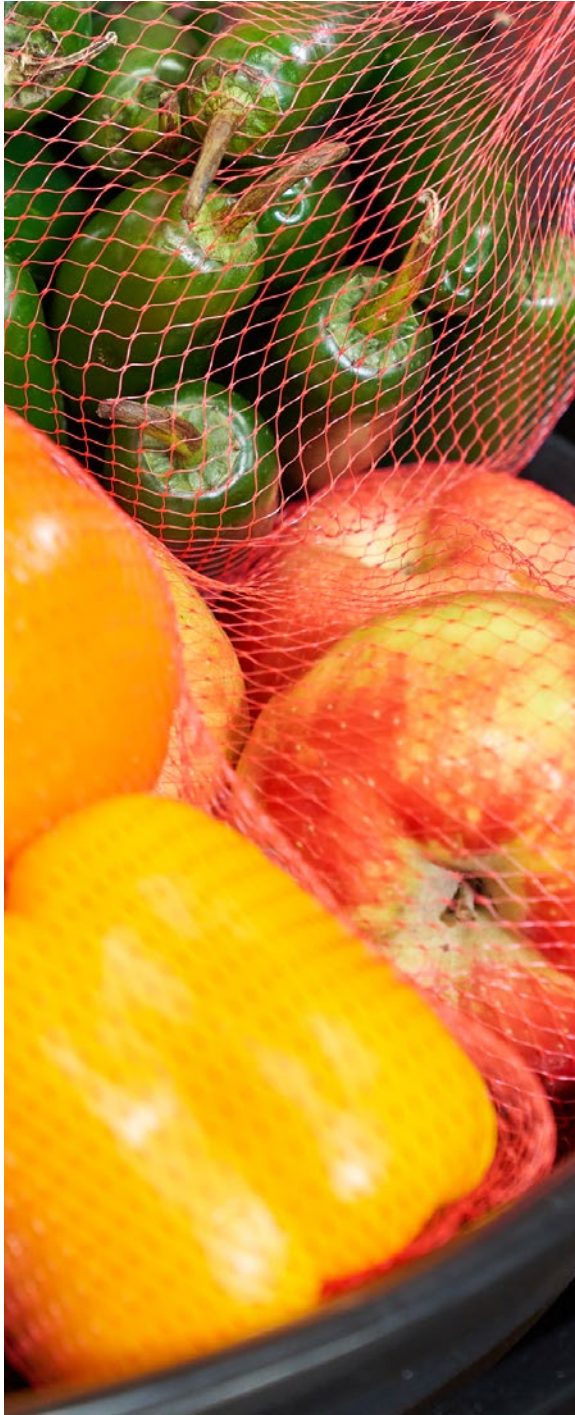
**Kroger**

We're committed to ending hunger in the communities we call home and eliminating waste across our company by 2025.

...we proudly provides meals  
... food banks year-round.

Follow our journey at  
...a.com and #ZeroHungerZeroWaste

**Live Our Purpose**



## Zero Hunger | Zero Waste

At Kroger, we know that how we do what we do matters for people and our planet and adds shareholder value, supports our communities and enhances our reputation. Our Zero Hunger | Zero Waste social and environmental impact plan is how we live Our Purpose - to Feed the Human Spirit™ - every day. Zero Hunger | Zero Waste, introduced in 2017, evolved from a strategic look at what was authentic to our past and what is needed to drive positive change in our communities today and in the future. It addresses a fundamental absurdity in our food system today: an estimated 35% of the food produced in the U.S. is thrown away, yet 1 in 8 Americans struggle with hunger, including 1 in 6 children.

The continued economic impacts of COVID-19 confirm the relevance of our Zero Hunger | Zero Waste plan. Kroger is determined to continue working with public and private partners to help build a more resilient and equitable food system and global supply chain for the future.

In 2021, we continued to deliver on Zero Hunger | Zero Waste by directing 546 million meals in food and funds to nonprofit partners helping fight hunger in our communities. So far, we've directed 2.3 billion meals to our communities since 2017, ahead of pace to achieve our 3-billion-meal goal for 2025.

Every day, Kroger associates help live our Purpose by setting aside surplus fresh food for donation through our Zero Hunger | Zero Waste Food Rescue program and managing waste responsibly.

**ZERO HUNGER | ZERO WASTE ADDRESSES A FUNDAMENTAL ABSURDITY IN OUR FOOD SYSTEM: AN ESTIMATED 35% OF THE FOOD PRODUCED IN THE U.S. IS THROWN AWAY, YET 1 IN 8 AMERICANS STRUGGLE WITH HUNGER.**



### Our 10x20x30 Commitment

Reducing food waste is also the #1 solution for reversing the effects of climate change. Kroger supports the World Resources Institute's 10x20x30 Initiative and is working with key supplier partners to accelerate progress toward the UN Champions Sustainable Development Goal Target 12.3 to halve global food waste by 2030. Our company's goal is more ambitious: to achieve zero food waste to landfill by 2025.



# 2021 Results



## ZERO HUNGER

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**\$210 million** to end hunger in our communities. Total Kroger charitable giving: **\$350 million**

A total of **546 million meals** for food insecure individuals and families

Kroger associates rescued **94 million pounds** of wholesome food from our stores, plants and DCs

## ZERO WASTE

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**79% waste diversion** from landfills company-wide, including a **4% reduction in total waste** to landfills

Food waste recycling programs expanded to **2,539 stores**

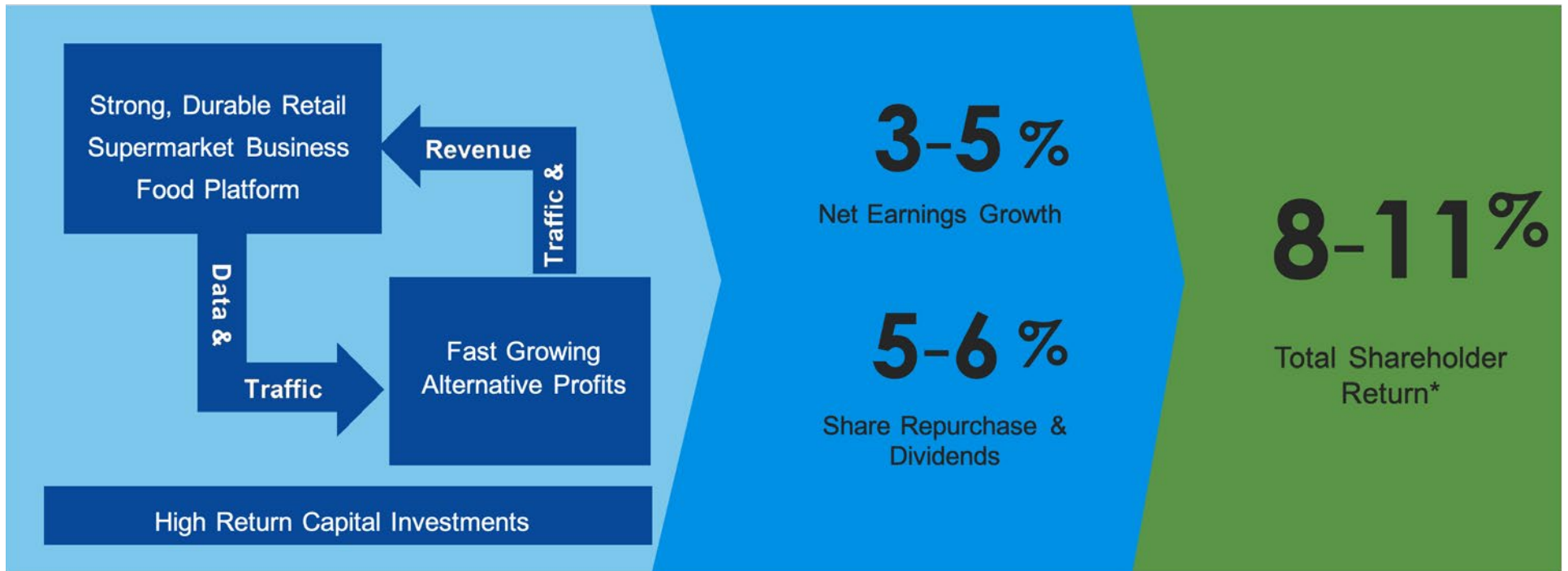
**31 of 33** Kroger-operated manufacturing plants are Zero Waste



**Driving Shareholder Value**



# Strong Value Creation Model, Delivering Sustainable TSR



\*Total shareholder return assumes no change in Kroger's PE ratio.

## Value Creation Model

The foundation of our strong and durable value creation model is our market-leading omnichannel position in food retail. This is built on Kroger's unique assets, which combined with our competitive moats, deliver an unmatched value proposition for our customers. We are committed to continuing to widen and deepen our moats and expect to grow revenue at a faster rate than the food-at-home market. We are utilizing our customer traffic and unique data capture and analytical capabilities to deliver even greater value for customers, creating a flywheel effect which in turn produces high growth, high margin alternative profit streams.

In conjunction with a disciplined approach in allocating capital, we expect our model to generate strong free cash flow which will allow us to generate consistently strong and attractive total shareholder return (TSR). This is supported through EPS growth driven by sustained net earnings growth and return of cash to shareholders via share repurchase plus a growing dividend over time.

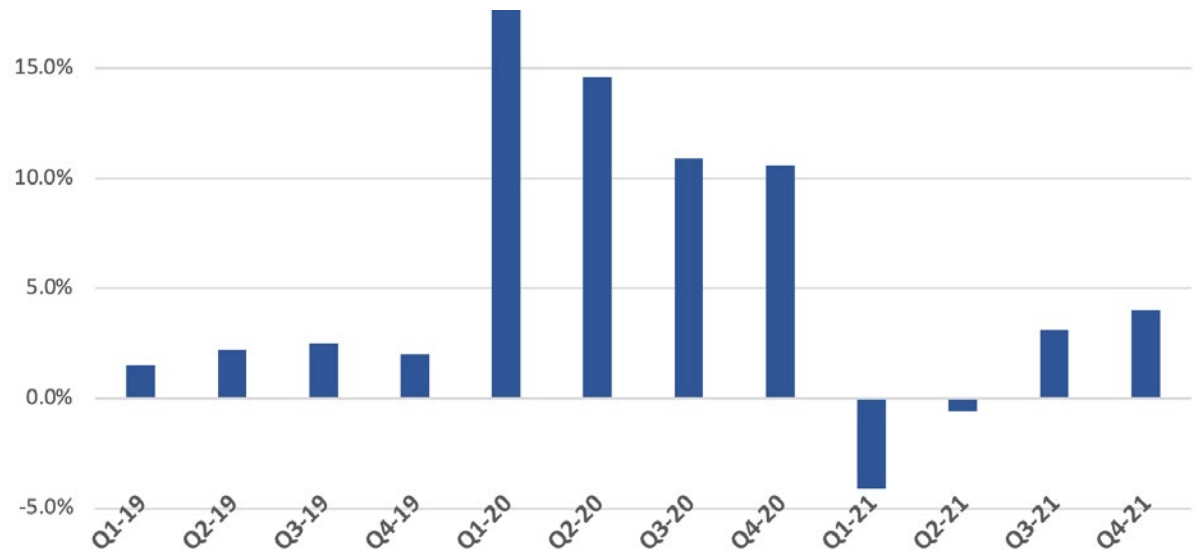


## Identical Supermarket Sales

Identical supermarket sales are a key measure of health in the retail food industry. Kroger defines identical sales, excluding fuel, as sales to retail customers, including sales from all departments at identical supermarket locations, Kroger Specialty Pharmacy businesses and ship-to-home solutions. We define a supermarket as identical when it has been in operation without expansion or relocation for five full quarters. We define Kroger Specialty Pharmacy businesses as identical when physical locations have been in operation continuously for five full quarters; discontinued patient therapies are excluded from the identical sales calculation starting in the quarter of transfer or termination. Other companies in our industry may calculate identical sales differently than Kroger does, limiting the comparability of this measure.

The chart below depicts identical supermarket sales trends excluding supermarket fuel sales, for the last three years.

IDENTICAL SUPERMARKET SALES EXCLUDING FUEL



- Note that fuel discounts used at our fuel centers (earned based on in-store purchases) reduce the identical sales for our supermarkets.
- Products and services related primarily to Kroger Personal Finance, which were historically accounted for as an offset to OG&A, are classified as a component of sales as of the beginning of fiscal year 2019. These prior-year amounts have been reclassified to conform to current-year presentation, which is consistent with our view of the products and services as part of our core business strategy. This is also more consistent with industry practice. These Kroger Personal Finance transactions represent sales to retail customers and, as such, are included in identical sales in 2019.



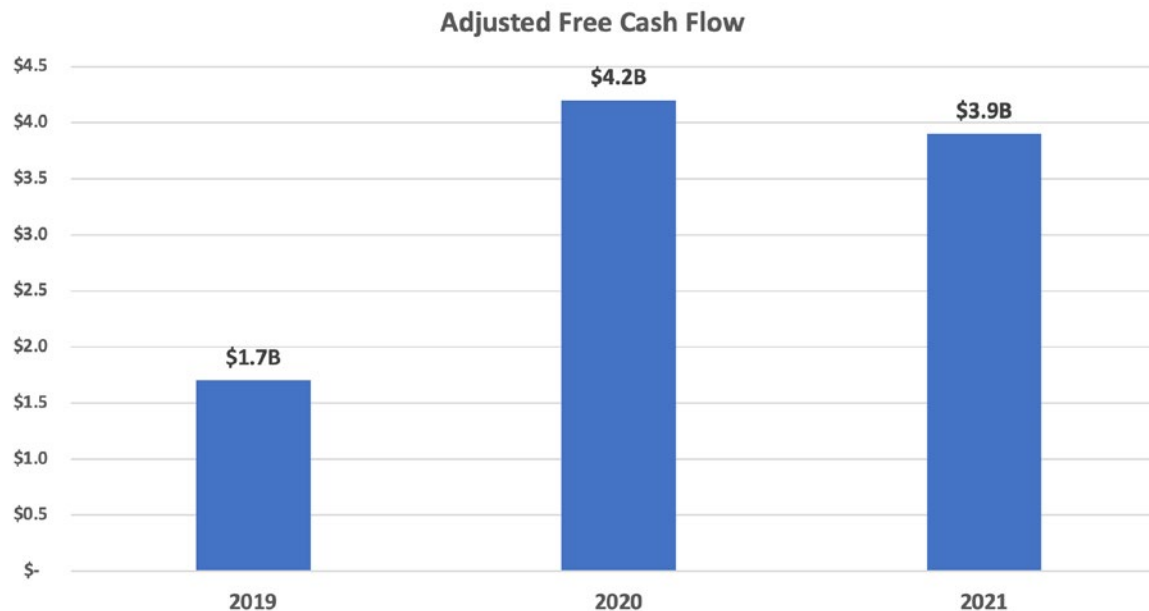
## Free Cash Flow

Our financial strategy is to continue to use our free cash flow to invest in the business to drive long-term sustainable net earnings growth, through the identification of high-return organic and inorganic projects that support our strategy. Capital allocation is a core element of our value creation model, and we will allocate capital towards driving profitable sales growth, accelerating digital, expanding margin as well as maintaining the business. We will continue to be disciplined in deploying capital towards projects that exceed our internal hurdle rate of return and prioritize the highest return opportunities to drive 3% to 5% net earnings growth.

At the same time, we are committed to maintaining our net debt to adjusted EBITDA range of 2.30 to 2.50 in order to keep our current investment grade debt rating. Our resilient cash flow will allow us to continue to grow our dividend over time and return excess cash to investors via share repurchases, resulting in consistently strong and sustainable total shareholder return of between 8% and 11%.

During 2021, Kroger reduced net total debt by \$243 million and our net total debt to adjusted EBITDA ratio was 1.63x, below our target range of 2.30x to 2.50x. In total Kroger returned \$2.2 billion to shareholders in 2021.

The following table shows Kroger's 3-year adjusted free cash flow trend:



Adjusted Free Cash Flow = Operating Cash Flow (before company sponsored pension contributions and payments related to restructuring of multi - employer pension plans) - Capital Expenditures and excluding the tax effect of the sale of strategic assets.

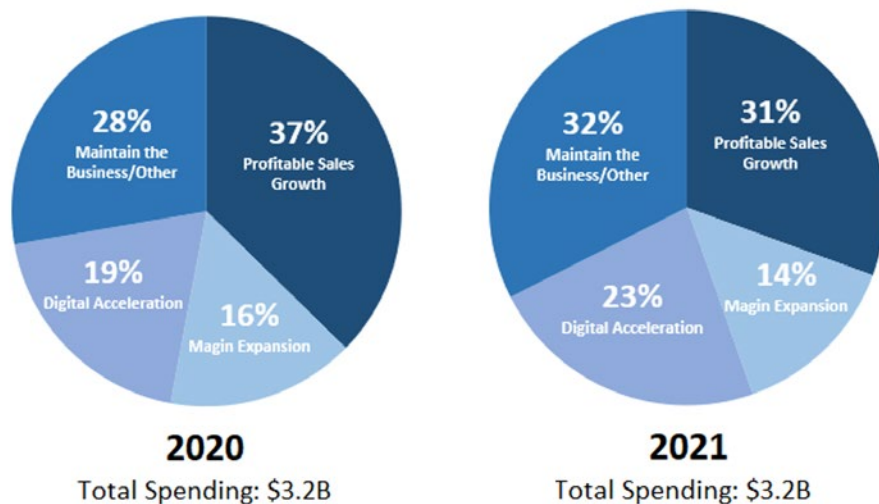
For complete reconciliation of adjusted free cash flow please reference the appendix section of this document.

## Capital Investment Plan

We allocate capital in a balanced, strategic manner that we believe creates shareholder value in both the short and long-term. Throughout our allocation process, we take into consideration expected return, payback and risk profiles of each investment request. Collectively, we intend for our portfolio of investments to drive after tax returns above our internal hurdle rate of 11.3%. Our program is funded entirely from free cash flow, requiring evaluation of all investment opportunities across the enterprise, and only allocating capital to the highest return projects.

Capital investments, including changes in construction-in-progress payables and excluding mergers and the purchase of leased facilities, remained flat at \$3.2 billion in 2020 and 2021. Capital investments for the purchase of leased facilities totaled \$462 million in 2021 and \$58 million in 2020. We allocate our capital spending priorities across 4 major buckets of investments: 1) Profitable Sales Growth, 2) Digital Acceleration, 3) Margin Expansion, and 4) Maintain the Business.

### Capital Investments



### Profitable Sales Growth

These investments include major storing and remodel projects and fuel centers that build our market share and are prioritized based on market potential and return. The primary goal of these investments is to drive incremental sales through our brick-and-mortar retail locations. These investments are specifically linked to our long-term financial model that requires annual ID sales growth of 2-4%, and they position us to best compete in the marketplace. These investments also include customer experience and corporately driven merchandising initiatives that are centered around full, friendly, and fresh to drive sales. These initiatives are driven by key sales program roll outs, strategic fresh initiatives, and in stock improvements.

### Margin Expansion

These investments are targeted at driving waste out of the business, building supply chain capabilities that allow us to optimize our distribution channels and efficiency, and accelerating monetization of our data. Benefits realized include reduction in labor, shrink, and transportation costs and defined sales impacts. We use this allocation to invest in technologies and new processes that drive our cost of doing business lower so that we can reinvest the proceeds in things that matter to our customers. These investments focus on strategic improvements in manufacturing & supply chain, retail operations, Kroger technology infrastructure, energy efficiency and associate experience.

### Digital Acceleration

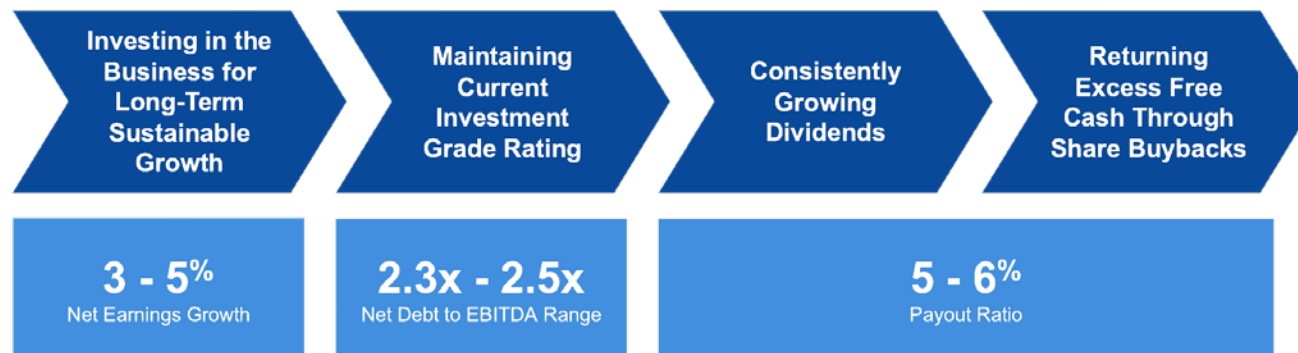
Our Digital initiatives are comprised of a portfolio of complex projects focusing on driving customer experience and personalization with a primary focus of building our ecommerce platform (including through Ocado). Our goal is to reduce friction points and drive loyalty all while driving traffic to Kroger properties creating additional alternative profit opportunities and allowing us to meet our ecommerce revenue goals. In addition, this bucket includes investments required for our standalone digital brands - Vitacost and Kroger SHIP.

### Maintain the Business

These investments represent maintenance, repairs, and assets required to support the day-to-day business including store and operational facility maintenance and technology infrastructure. Each year, our goal is to balance these investments with those that drive revenue to ensure that we continue to maintain our fleet sufficiently.



## DRIVING SHAREHOLDER VALUE



## Share Repurchase Programs

We maintain share repurchase programs that comply with Rule 10b5-1 of the Securities Exchange Act of 1934 and allow for the orderly repurchase of our common shares, from time to time. The share repurchase programs do not have an expiration date but may be suspended or terminated by our Board of Directors at any time. We made open market purchases of our common shares totaling \$1.4 billion in 2021 and \$1.2 billion in 2020.

In addition to these repurchase programs, we also repurchase common shares to reduce dilution resulting from our employee stock option plans. This program is solely funded by proceeds from stock option exercises, and the tax benefit from these exercises. We repurchased approximately \$225 million in 2021 and \$128 million in 2020 of our common shares under the stock option program.

On September 11, 2020, our Board of Directors approved a \$1.0 billion share repurchase program to reacquire shares via open market purchase or privately negotiated transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the “September 2020 Repurchase Program”). The September 2020 Repurchase Program was exhausted on June 11, 2021. On June 16, 2021, our Board of Directors approved a \$1.0 billion share repurchase program

to reacquire shares via open market purchase or privately negotiated transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the “June 2021 Repurchase Program”). On December 30, 2021, our Board of Directors approved a \$1.0 billion share repurchase program to reacquire shares via open market purchase or privately negotiated transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the “December 2021 Repurchase Program”). The December 2021 Repurchase Program authorization replaced the existing June 2021 Repurchase Program.

The shares repurchased in 2021 were reacquired under the following share repurchase programs:

- The September 2020 Repurchase Program.
- The June 2021 Repurchase Program.
- The December 2021 Repurchase Program.
- A program announced on December 6, 1999 to repurchase common shares to reduce dilution resulting from our employee stock option and long-term incentive plans, under which repurchases are limited to proceeds received from exercises of stock options and the tax benefits associated therewith (“1999 Repurchase Program”).

As of January 29, 2022, there was \$821 million remaining under the December 2021 Repurchase Program.

During the first quarter through March 23, 2022, we repurchased an additional \$92 million of our common shares under the stock option program and \$287 million additional shares under the December 2021 Repurchase Program. As of March 23, 2022, we have \$534 million remaining under the December 2021 Repurchase Program.

## Dividends

Kroger’s quarterly dividend program was reinstated by our Board in March 2006. During 2021, we paid two quarterly cash dividends of \$0.18 per share and two quarterly cash dividends of \$0.21 per share. Kroger paid a total of \$589 million, \$534 million and \$486 million in cash dividends during 2021, 2020 and 2019, respectively.

We currently expect to continue to pay comparable cash dividends on a quarterly basis, that will increase over time, depending on our earnings and other factors, including approval by our Board.

## Merger & Acquisition Strategy

Kroger's merger & acquisition strategy focuses on identifying opportunities to bring physical, intangible or human assets into the Kroger organization to enhance or accelerate progress within our corporate priorities. We apply a disciplined, multi-functional review process of both financial and non-financial attributes of potential merger/acquisition candidates to maximize shareholder value creation. With all mergers, Kroger strives to ensure both parties provide synergies to the relationship to enhance value.

Kroger's supermarket merger/acquisition strategy focuses primarily on existing markets. Such "in-market" mergers/acquisitions have lower risk and generally produce a higher incremental return because they require little investment in overhead, advertising, and distribution. The Harris Teeter® and Roundy's® mergers, while offering entry into new markets for Kroger, also provided synergy opportunities based upon each partner's areas of operating excellence applicable across our large base of existing assets. Since 2012, Kroger has become more focused on potential merger partners that enhance our ability to deliver value to our customers in expanded ways and support our strategic initiatives such as Leading with Fresh and Accelerating with Digital.



**DRIVING SHAREHOLDER VALUE**

| Mergers/Acquisitions       | Date           | # Stores (A)    | Location                | Banner Change? |
|----------------------------|----------------|-----------------|-------------------------|----------------|
| Buehler Food Markets       | April 2006     | 1               | Louisville, KY          | Yes            |
| Scott's Food Pharmacy      | April 2007     | 18              | Fort Wayne, IN          | Yes            |
| Farmer Jack                | June 2007      | 20              | Detroit, MI             | Yes            |
| Individual stores          | 2007           | 2               | Various                 | Yes            |
| Individual stores          | 2008           | 9               | Various                 | Yes            |
| AWG                        | January 2010   | 7               | Topeka & Wichita, KS    | Yes            |
| Brookshires                | March 2010     | 2               | Jackson, MS             | Yes            |
| Albertsons                 | June 2010      | 1               | Ft. Worth, TX           | Yes            |
| Individual store           | April 2011     | 1               | Bloomfield, TN          | Yes            |
| Schnuck's (supermarket)    | September 2011 | 8               | Memphis, TN             | Yes            |
| Schnuck's (c-stores)       | September 2011 | 7               | Memphis, TN             | Yes            |
| Axium Pharmacy             | December 2012  | Specialty Rx    | Lake Mary, FL           | N/A            |
| Harris Teeter              | January 2014   | 227             | Multiple                | No             |
| YOU Technology             | February 2014  | Technology      | San Francisco, CA       | N/A            |
| Vitacost.com               | August 2014    | E-Comm          | Boca Raton, FL          | N/A            |
| 84.51°                     | April 2015     | Technology      | Cincinnati, OH          | N/A            |
| Hiller's                   | July 2015      | 7               | Detroit, MI             | Yes            |
| Roundy's (various banners) | December 2015  | 151             | Wisconsin & Chicago, IL | No             |
| Minyard Sun Fresh          | January 2016   | 1               | Plano, TX               | Yes            |
| Market6                    | August 2016    | Technology      | Deerfield, IL           | N/A            |
| ModernHEALTH               | September 2016 | Specialty Rx    | Orlando, FL             | N/A            |
| Murray's Cheese            | January 2017   | 2               | New York City, NY       | No             |
| Marsh                      | July 2017      | 11              | Indianapolis, IN        | Yes            |
| Farm Fresh                 | May 2018       | 18              | Hampton Roads, VA       | Yes            |
| Home Chef                  | May 2018       | Meal Kit        | Chicago, IL             | N/A            |
| Shopko Pharmacies          | January 2019   | Rx Script Files | Green Bay, WI           | N/A            |





# Appendix

## Our Store Formats

Our stores operate under a variety of banners that have strong local ties and brand recognition. Supermarkets are generally operated under one of the following formats:

### Combo Stores

The combo store is the primary food store format. They typically draw customers from a 2-2.5 mile radius. We believe this format is successful because the stores are large enough to offer the specialty departments that customers desire for one-stop shopping, including natural food and organic sections, pharmacies, general merchandise, pet centers and high-quality perishables such as fresh seafood and organic produce.

### Multi-Department Stores

Multi-department stores are significantly larger in size than combo stores. In addition to the departments offered at a typical combo store, multi-department stores sell a wide selection of general merchandise items such as apparel, home fashion and furnishings, outdoor living, electronics, automotive products and toys.

### Marketplace

Marketplace stores are smaller in size than multi-department stores. They offer full-service grocery, pharmacy, and health and beauty care departments as well as an expanded perishable offering and general merchandise area that includes apparel, home goods and toys.

### Price Impact

Price impact warehouse stores offer a “no-frills, low cost” warehouse format and feature everyday low prices plus promotions for a wide selection of grocery and health and beauty care items. Quality meat, dairy, baked goods and fresh produce items provide a competitive advantage. The average size of a price impact warehouse store is similar to that of a combo store.

|                               | 2020         | 2021         |
|-------------------------------|--------------|--------------|
| Combo Stores                  | 2,299        | 2,283        |
| Marketplace Stores            | 182          | 182          |
| Multi-Department Stores       | 134          | 134          |
| Price-Impact Warehouse Stores | 127          | 127          |
| <b>Total Supermarkets</b>     | <b>2,742</b> | <b>2,726</b> |

|                          | 2020  | 2021  |
|--------------------------|-------|-------|
| Manufacturing Plants     | 35    | 33    |
| Jewelry Stores           | 154   | 137   |
| Supermarket Fuel Centers | 1,596 | 1,613 |
| The Little Clinic (TLC)  | 224   | 225   |
| Pharmacies               | 2,255 | 2,252 |

## Store Counts by Quarter

|   | 2020       | 2021       |
|---|------------|------------|
| Beginning of Period                     | 2,750      | 2,726      |
| Opened                                  | -          | 2          |
| Opened (Relocation)                     | 2          | 1          |
| Acquired                                | -          |            |
| Closed (Operational)                    | (8)        | (2)        |
| Closed (Relocation)                     | (4)        | (1)        |
| End of Period                           | 2,742      | 2,726      |
| <b>Total Supermarket Square Footage</b> | <b>179</b> | <b>179</b> |



## APPENDIX

### Geography & Markets

At the end of 2021, Kroger (either directly or through our subsidiaries) operated 2,726 supermarkets in 35 states and the District of Columbia under more than twenty banners listed below. Historically, Kroger has grown through organic growth and acquisitions and we believe strongly in maintaining local banners where appropriate.





| State          | Banners  | Y/E 2021 | Y/E 2020 |
|----------------|--|----------|----------|
| California     | Food 4 Less, Foodsco, Ralphs, Ralphs Fresh Fare  | 295      | 301      |
| Texas          | Kroger, Kroger Fresh Fare, Kroger Marketplace  | 209      | 209      |
| Ohio           | Kroger, Kroger Fresh Fare, Kroger Marketplace, Ruler   | 201      | 201      |
| Georgia        | Harris Teeter, Kroger, Kroger Fresh Fare, Kroger Marketplace                                 | 168      | 168      |
| Indiana        | Food 4 Less, Jay C, Jay C Food Plus, Kroger, Kroger Marketplace, Payless Super Market, Ruler | 152      | 152      |
| North Carolina | Harris Teeter  | 149      | 150      |
| Colorado       | City Market, King Soopers, King Soopers Fresh F, King Soopers Marketplace                    | 148      | 148      |
| Arizona        | Fry's Food And Drug, Fry's Marketplace, Fry's Mercado, Smith's                               | 129      | 127      |
| Virginia       | Harris Teeter, Kroger, Kroger Marketplace  | 123      | 122      |
| Michigan       | Kroger, Kroger Fresh Fare, Kroger Marketplace  | 120      | 120      |
| Tennessee      | Kroger, Kroger Marketplace, Ruler  | 117      | 117      |
| Washington     | Fred Meyer, Quality Food Center  | 114      | 116      |
| Kentucky       | Kroger, Kroger Marketplace, Ruler  | 112      | 112      |
| Wisconsin      | Metro Market, Pick N Save, Pick N Save Marketplace   | 106      | 106      |
| Illinois       | Food 4 Less, Kroger, Marianos, Ruler   | 100      | 102      |
| Kansas         | Dillons, Dillons Marketplace   | 63       | 62       |
| Oregon         | Fred Meyer, Quality Food Center  | 55       | 55       |
| Utah           | City Market, Smith's, Smith's Marketplace  | 54       | 54       |
| Nevada         | Smith's, Smith's Marketplace   | 46       | 46       |
| South Carolina | Harris Teeter, Kroger, Kroger Marketplace  | 41       | 41       |
| West Virginia  | Kroger   | 38       | 39       |
| Mississippi    | Kroger, Kroger Marketplace   | 29       | 30       |
| Arkansas       | Kroger, Kroger Marketplace   | 27       | 32       |
| New Mexico     | Smith's, Smith's Marketplace   | 24       | 25       |

APPENDIX

|                      |                                    |              |              |
|----------------------|------------------------------------|--------------|--------------|
| Maryland             | Harris Teeter                      | 18           | 18           |
| Missouri             | Gerbes, Kroger, Ruler              | 15           | 15           |
| Idaho                | Fred Meyer, Smith's                | 14           | 14           |
| Alaska               | Fred Meyer                         | 11           | 11           |
| Nebraska             | Baker's                            | 11           | 11           |
| Alabama              | Kroger                             | 10           | 10           |
| Wyoming              | City Market, King Soopers, Smith's | 9            | 9            |
| Louisiana            | Kroger, Kroger Marketplace         | 8            | 8            |
| Montana              | Smith's                            | 4            | 4            |
| District of Columbia | Harris Teeter                      | 3            | 4            |
| Delaware             | Harris Teeter                      | 2            | 2            |
| Florida              | Harris Teeter                      | 1            | 1            |
| <b>TOTAL</b>         |                                    | <b>2,726</b> | <b>2,742</b> |



## Operating Divisions

Kroger's operating structure is a balance between our corporate office in Cincinnati, Ohio, and our 22 supermarket operating divisions. This balance keeps merchandising decisions closest to the customer while achieving synergies in back office operations to maximize operating efficiencies and minimize operating costs.

In areas that directly affect the customer, Kroger's decentralized structure places substantial authority for merchandising and operating decisions in our supermarket divisions. Divisional managers are able to respond quickly to changes in competition and customer preferences within each local market.

For administrative processes that offer economies of scale or are invisible to the customer (such as procurement, accounting, treasury, operations, etc.), we leverage Kroger's size and centralize those functions to create value for customers and better returns for shareholders.



## Kroger's 22 supermarket operating divisions are:

| Division                   | Headquarters       | Y/E 2021     | Y/E 2020     |
|----------------------------|--------------------|--------------|--------------|
| Harris Teeter              | Charlotte, NC      | 257          | 259          |
| Ralphs                     | Los Angeles, CA    | 184          | 188          |
| Kroger Atlanta             | Atlanta, GA        | 183          | 183          |
| King Soopers/City Market   | Denver, CO         | 151          | 152          |
| Roundy's                   | Milwaukee, WI      | 150          | 150          |
| Smith's                    | Salt Lake City, UT | 141          | 141          |
| Fred Meyer Stores          | Portland, OR       | 132          | 132          |
| Kroger Central             | Indianapolis, IN   | 129          | 131          |
| Fry's Food and Drug        | Phoenix, AZ        | 125          | 123          |
| Food 4 Less                | Los Angeles, CA    | 124          | 126          |
| Kroger Michigan            | Novi, MI           | 119          | 119          |
| Kroger Louisville*         | Louisville, KY     | 116          | 116          |
| Kroger Columbus            | Columbus, OH       | 114          | 114          |
| Kroger Dallas              | Dallas, TX         | 109          | 109          |
| Kroger Mid-Atlantic        | Roanoke, VA        | 109          | 109          |
| Kroger Houston             | Houston, TX        | 108          | 108          |
| Kroger Cincinnati          | Cincinnati, OH     | 104          | 104          |
| Kroger Delta               | Memphis, TN        | 94           | 100          |
| Kroger Nashville           | Nashville, TN      | 90           | 90           |
| Dillons Food Stores        | Hutchinson, KS     | 80           | 79           |
| Quality Food Centers (QFC) | Seattle, WA        | 59           | 61           |
| Ruler Foods*               | Seymour, IN        | 48           | 48           |
| <b>Total</b>               |                    | <b>2,726</b> | <b>2,742</b> |

\*Jay C stores, formerly with Ruler Foods, are now included in the Louisville division

## APPENDIX

### Major Markets

At the end of 2021 Kroger operated stores in 49 major markets. A major market is one in which Kroger operates nine or more stores. Kroger holds the #1 or #2 market share position in a majority of those major markets.

41 of Kroger's 49 major markets are located among the nation's top 100 Metropolitan Statistical Areas (MSAs) ranked by population.



## Major Markets (9 or More Stores)

|    | Market                                       | # Stores | Division   | #1 or #2 | Type         | Major Competitors                   |                                      |
|----|--|----------|--|----------|--------------|-------------------------------------|--------------------------------------|
| 1  | Los Angeles-Long Beach-Anaheim, CA           | 187      | Food 4 Less, Ralphs                              | Yes      | Major Market | Albertsons Safeway/<br>South Ca Div | Trader Joes Co                       |
| 2  | Atlanta-Sandy Springs-Roswell, GA            | 126      | Kroger Atlanta                                   | Yes      | Major Market | Publix Super Mkts Inc/<br>Atlanta   | Walmart Supercenter                  |
| 3  | Houston-The Woodlands-Sugar Land, TX         | 100      | Kroger Houston                                   | No       | Major Market | HEB Grocery Co.                     | Walmart Supercenter                  |
| 4  | Phoenix-Mesa-Scottsdale, AZ                  | 98       | Fry's Food and Drug                              | Yes      | Major Market | Walmart Supercenter                 | Albertsons Safeway/<br>Southwest Div |
| 5  | Dallas-Fort Worth-Arlington, TX              | 95       | Kroger Dallas                                    | Yes      | Major Market | Walmart Supercenter                 | Albertsons Safeway/<br>Southern Div  |
| 6  | Detroit-Warren-Dearborn, MI                  | 84       | Kroger Michigan                                  | Yes      | Major Market | Meijer Inc                          | Independent                          |
| 7  | Seattle-Tacoma-Bellevue, WA                  | 84       | Fred Meyer Stores, Quality<br>Food Centers (QFC) | Yes      | Major Market | Albertsons Safeway/<br>Seattle Div  | Walmart Supercenter                  |
| 8  | Denver-Aurora-Lakewood, CO                   | 82       | King Soopers/City Market                         | Yes      | Major Market | Walmart Supercenter                 | Albertsons Safeway/<br>Denver Div    |
| 9  | Cincinnati, OH-KY-IN                         | 71       | Kroger Cincinnati, Ruler<br>Foods*               | Yes      | Major Market | Walmart Supercenter                 | Meijer Inc                           |
| 10 | Charlotte-Concord-Gastonia, NC-SC            | 61       | Harris Teeter                                    | Yes      | Major Market | Food Lion/Southern<br>Division      | Walmart Supercenter                  |
| 11 | Chicago-Naperville-Elgin, IL-IN-WI           | 60       | Food 4 Less, Roundy's,<br>Ruler Foods*           | No       | Major Market | Albertsons Safeway/<br>Jewelco Div  | Walmart Supercenter                  |
| 12 | Columbus, OH                                 | 60       | Kroger Columbus                                  | Yes      | Major Market | Walmart Supercenter                 | Giant Eagle Inc                      |
| 13 | Indianapolis-Carmel-Anderson, IN             | 51       | Kroger Central                                   | Yes      | Major Market | Walmart Supercenter                 | Meijer Inc                           |
| 14 | Milwaukee-Waukesha-West Allis, WI            | 51       | Roundy's   | Yes      | Major Market | Walmart Supercenter                 | Independent                          |
| 15 | Nashville-Davidson-Murfreesboro-Franklin, TN | 50       | Kroger Nashville                                 | Yes      | Major Market | Walmart Supercenter                 | Publix Super Mkts Inc/<br>Charlotte  |
| 16 | Washington-Arlington-Alexandria, DC-VA-MD-WV | 43       | Harris Teeter                                    | No       | Major Market | Giant Of Maryland Llc               | Albertsons Safeway/<br>Mid Atlantic  |
| 17 | Louisville/Jefferson County, KY-IN           | 43       | Kroger Louisville*, Ruler<br>Foods*              | Yes      | Major Market | Walmart Supercenter                 | Meijer Inc                           |



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|    |  |    |   |     |              |                                  |                                 |
|----|--|----|---|-----|--------------|----------------------------------|---------------------------------|
| 18 | Riverside-San Bernardino-Ontario, CA       | 41 | Food 4 Less, Ralphs                           | No  | Major Market | Stater Bros Markets              | Walmart Supercenter             |
| 19 | Portland-Vancouver-Hillsboro, OR-WA        | 41 | Fred Meyer Stores, Quality Food Centers (QFC) | Yes | Major Market | Albertsons Safeway/Portland Div  | Winco Foods/Northwest Div       |
| 20 | Virginia Beach-Norfolk-Newport News, VA-NC | 39 | Harris Teeter, Kroger Mid-Atlantic            | No  | Major Market | Food Lion/Mid Atlantic Division  | Walmart Supercenter             |
| 21 | Las Vegas-Henderson-Paradise, NV           | 37 | Smith's                                       | Yes | Major Market | Albertsons Safeway/Southwest Div | Walmart Supercenter             |
| 22 | Memphis, TN-MS-AR                          | 34 | Kroger Delta                                  | Yes | Major Market | Walmart Supercenter              | Stephersons Superlo Foods/Hq    |
| 23 | Raleigh, NC                                | 33 | Harris Teeter                                 | Yes | Major Market | Food Lion/Central Division       | Walmart Supercenter             |
| 24 | San Diego-Carlsbad, CA                     | 31 | Food 4 Less, Ralphs                           | Yes | Major Market | Albertsons Safeway/South Ca Div  | Walmart Supercenter             |
| 25 | Salt Lake City, UT                         | 25 | Smith's                                       | Yes | Major Market | Walmart Supercenter              | Associated Food Stores/Retail   |
| 26 | Wichita, KS                                | 24 | Dillons Food Stores                           | Yes | Major Market | Walmart Supercenter              | Walmart Neighborhood Market     |
| 27 | Dayton, OH                                 | 21 | Kroger Cincinnati                             | Yes | Major Market | Walmart Supercenter              | Meijer Inc                      |
| 28 | Little Rock-North Little Rock-Conway, AR   | 19 | Kroger Delta                                  | Yes | Major Market | Walmart Supercenter              | Walmart Neighborhood Market     |
| 29 | Richmond, VA                               | 18 | Kroger Mid-Atlantic                           | Yes | Major Market | Food Lion/Northern Division      | Walmart Supercenter             |
| 30 | Tucson, AZ                                 | 18 | Fry's Food and Drug                           | Yes | Major Market | Albertsons Safeway/Southwest Div | Walmart Supercenter             |
| 31 | Charleston-North Charleston, SC            | 18 | Harris Teeter                                 | Yes | Major Market | Walmart Supercenter              | Publix Super Mkts Inc/Charlotte |
| 32 | Lexington-Fayette, KY                      | 17 | Kroger Louisville*                            | Yes | Major Market | Walmart Supercenter              | Meijer Inc                      |
| 33 | Albuquerque, N                             | 16 | Smith's                                       | Yes | Major Market | Walmart Supercenter              | Albertsons Safeway/United Div   |
| 34 | Madison, WI                                | 16 | Roundy's                                      | Yes | Major Market | Walmart Supercenter              | Woodmans Food Markets Inc       |
| 35 | Knoxville, TN                              | 15 | Kroger Nashville                              | Yes | Major Market | Walmart Supercenter              | K Va T Food Stores Inc          |
| 36 | Toledo, OH                                 | 15 | Kroger Columbus                               | Yes | Major Market | Walmart Supercenter              | Meijer Inc                      |

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|    |                                  |    |                              |     |              |                                 |                                |
|----|----------------------------------|----|------------------------------|-----|--------------|---------------------------------|--------------------------------|
| 37 | Roanoke, VA                      | 14 | Kroger Mid-Atlantic          | Yes | Major Market | Walmart Supercenter             | Food Lion/Northern Division    |
| 38 | Durham-Chapel Hill, NC           | 13 | Harris Teeter                | Yes | Major Market | Food Lion/Central Division      | Walmart Supercenter            |
| 39 | Colorado Springs, CO             | 12 | King Soopers/City Market     | Yes | Major Market | Walmart Supercenter             | Albertsons Safeway/Denver Div  |
| 40 | Ogden-Clearfield, UT             | 12 | Smith's                      | Yes | Major Market | Walmart Supercenter             | Winco Foods/Inter-mountain Div |
| 41 | Jackson, MS                      | 12 | Kroger Delta                 | Yes | Major Market | Walmart Supercenter             | Independent                    |
| 42 | Fort Wayne, IN                   | 12 | Kroger Central               | Yes | Major Market | Walmart Supercenter             | Meijer Inc                     |
| 43 | St. Louis, MO-IL                 | 11 | Kroger Central, Ruler Foods* | No  | Major Market | Schnuck Markets Inc             | Walmart Supercenter            |
| 44 | Omaha-Council Bluffs, NE-IA      | 10 | Dillons Food Stores          | No  | Major Market | Hy Vee Food Stores              | Walmart Supercenter            |
| 45 | Oxnard-Thousand Oaks-Ventura, CA | 10 | Food 4 Less, Ralphs          | Yes | Major Market | Albertsons Safeway/South Ca Div | Trader Joes Co                 |
| 46 | Charleston, WV                   | 10 | Kroger Mid-Atlantic          | Yes | Major Market | Walmart Supercenter             | Independent                    |
| 47 | Greensboro-High Point, NC        | 9  | Harris Teeter                | No  | Major Market | Food Lion/Central Division      | Walmart Supercenter            |
| 48 | Flint, MI                        | 9  | Kroger Michigan              | Yes | Major Market | Walmart Supercenter             | Meijer Inc                     |
| 49 | Peoria, IL                       | 9  | Kroger Central               | Yes | Major Market | Walmart Supercenter             | Hy Vee Food Stores             |

## Secondary Markets (3-8 Stores)

| Market                         | # Stores | Division                           | #1 or #2 | Major Competitors                  |                                  |
|--------------------------------|----------|------------------------------------|----------|------------------------------------|----------------------------------|
| Winston-Salem, NC              | 8        | Harris Teeter                      | No       | Walmart Supercenter                | Food Lion/Central Division       |
| Savannah, GA                   | 8        | Kroger Atlanta                     | Yes      | Publix Super Mkts Inc/Jacksonville | Walmart Supercenter              |
| Boulder, CO                    | 8        | King Soopers/City Market           | Yes      | Albertsons Safeway/Denver Div      | Whole Foods Market/Rocky Mtn Reg |
| Wilmington, NC                 | 8        | Harris Teeter                      | Yes      | Food Lion/Central Division         | Walmart Supercenter              |
| Boise City, ID                 | 7        | Fred Meyer Stores                  | No       | Albertsons Safeway/Inter Mtn Div   | Walmart Supercenter              |
| Provo-Orem, UT                 | 7        | Smith's                            | Yes      | Walmart Supercenter                | Associated Food Stores/Retail    |
| Lansing-East Lansing, MI       | 7        | Kroger Michigan                    | Yes      | Meijer Inc                         | Walmart Supercenter              |
| Anchorage, AK                  | 7        | Fred Meyer Stores                  | Yes      | Albertsons Safeway/Seattle Div     | Walmart Supercenter              |
| Huntington-Ashland, WV-KY-OH   | 7        | Kroger Mid-Atlantic                | Yes      | Walmart Supercenter                | Forths Food Inc                  |
| Ann Arbor, MI                  | 7        | Kroger Michigan                    | Yes      | Meijer Inc                         | Buschs Inc                       |
| Fort Collins, CO               | 7        | King Soopers/City Market           | Yes      | Walmart Supercenter                | Albertsons Safeway/ Denver Div   |
| Baltimore-Columbia-Towson, MD  | 6        | Harris Teeter                      | No       | Giant of Maryland LLC              | Albertsons Safeway/Mid Atlantic  |
| Augusta-Richmond County, GA-SC | 6        | Kroger Atlanta                     | Yes      | Walmart Supercenter                | Publix Super Mkts Inc/Charlotte  |
| Greeley, CO                    | 6        | King Soopers/City Market           | Yes      | Walmart Supercenter                | Albertsons Safeway/Denver Div    |
| Topeka, KS                     | 6        | Dillons Food Stores                | Yes      | Walmart Supercenter                | Hy Vee Food Stores               |
| Macon, GA                      | 6        | Kroger Atlanta                     | Yes      | Walmart Supercenter                | Publix Super Mkts Inc/Atlanta    |
| Charlottesville, VA            | 6        | Harris Teeter, Kroger Mid-Atlantic | Yes      | Food Lion/Northern Division        | Wegmans Food Markets Inc         |



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|   |   |                               |     |                                    |                                  |
|---|---|-------------------------------|-----|------------------------------------|----------------------------------|
| Wheeling, WV-OH                               | 6 | Kroger Columbus               | Yes | Walmart Supercenter                | Riesbeck Food Markets Inc        |
| San Francisco-Oakland-Hayward, CA             | 5 | Food 4 Less                   | No  | Albertsons Safeway/North Ca Div    | Trader Joes Co                   |
| Shreveport-Bossier City, LA                   | 5 | Kroger Dallas                 | No  | Walmart Supercenter                | Brookshire Grocery Co            |
| Huntsville, AL                                | 5 | Kroger Nashville              | No  | Walmart Supercenter                | Publix Super Mkts Inc/Atlanta    |
| Myrtle Beach-Conway-North Myrtle Beach, SC-NC | 5 | Harris Teeter, Kroger Atlanta | No  | Walmart Supercenter                | Food Lion/Southern Division      |
| Evansville, IN-KY                             | 5 | Ruler Foods*                  | No  | Walmart Supercenter                | Schnuck Markets Inc              |
| Lynchburg, VA                                 | 5 | Kroger Mid-Atlantic           | No  | Walmart Supercenter                | Food Lion/Northern Division      |
| Racine, WI                                    | 5 | Roundy's                      | Yes | Walmart Supercenter                | Independent                      |
| Hilton Head Island-Bluffton-Beaufort, SC      | 5 | Harris Teeter, Kroger Atlanta | No  | Publix Super Mkts Inc/Jacksonville | Walmart Supercenter              |
| Oshkosh-Neenah, WI                            | 5 | Roundy's                      | Yes | Walmart Supercenter                | Skogens                          |
| Bloomington, IN                               | 5 | Kroger Central                | Yes | Walmart Supercenter                | Independent                      |
| Grand Junction, CO                            | 5 | King Soopers/City Market      | Yes | Walmart Supercenter                | Albertsons Safeway/Inter Mtn Div |
| Glenwood Springs, CO                          | 5 | King Soopers/City Market      | Yes | Walmart Supercenter                | Clarks Market/Hq                 |
| Sacramento--Roseville--Arden-Arcade, CA       | 4 | Food 4 Less                   | No  | Albertsons Safeway/North Ca Div    | The Raleys Operating Co          |
| Columbia, SC                                  | 4 | Kroger Atlanta                | No  | Walmart Supercenter                | Food Lion/Southern Division      |
| Santa Maria-Santa Barbara, CA                 | 4 | Food 4 Less, Ralphs           | Yes | Albertsons Safeway/South Ca Div    | Trader Joes Co                   |
| Eugene, OR                                    | 4 | Fred Meyer Stores             | Yes | Albertsons Safeway/Portland Div    | Walmart Supercenter              |
| South Bend-Mishawaka, IN-MI                   | 4 | Kroger Central                | No  | Meijer Inc                         | Martins Super Markets            |
| Clarksville, TN-KY                            | 4 | Kroger Nashville              | Yes | Walmart Supercenter                | Walmart Neighborhood Market      |

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|                                       |   |                                  |     |                                  |                                   |
|---------------------------------------|---|----------------------------------|-----|----------------------------------|-----------------------------------|
| Prescott, AZ                          | 4 | Fry's Food and Drug              | No  | Albertsons Safeway/Southwest Div | Walmart Supercenter               |
| Lafayette-West Lafayette, IN          | 4 | Kroger Central                   | Yes | Walmart Supercenter              | Meijer Inc                        |
| Lake Havasu City-Kingman, AZ          | 4 | Smith's                          | No  | Walmart Supercenter              | Albertsons Safeway/ Southwest Div |
| Athens-Clarke County, GA              | 4 | Kroger Atlanta                   | Yes | Publix Super Mkts Inc/Atlanta    | Walmart Supercenter               |
| Gainesville, GA                       | 4 | Kroger Atlanta                   | Yes | Publix Super Mkts Inc/Atlanta    | Walmart Supercenter               |
| Warner Robins, GA                     | 4 | Kroger Atlanta                   | Yes | Walmart Supercenter              | Publix Super Mkts Inc/Atlanta     |
| Blacksburg-Christiansburg-Radford, VA | 4 | Kroger Mid-Atlantic              | Yes | Walmart Supercenter              | Food Lion/Northern Division       |
| Terre Haute, IN                       | 4 | Kroger Central                   | Yes | Walmart Supercenter              | Meijer Inc                        |
| Monroe, MI                            | 4 | Kroger Columbus, Kroger Michigan | Yes | Meijer Inc                       | Walmart Supercenter               |
| Carbondale-Marion, IL                 | 4 | Kroger Louisville*               | Yes | Walmart Supercenter              | Schnuck Markets Inc               |
| London, KY                            | 4 | Kroger Louisville*               | Yes | Walmart Supercenter              | Houchens Industries Inc           |
| Beckley, WV                           | 4 | Kroger Mid-Atlantic              | Yes | Walmart Supercenter              | Food Lion/Northern Division       |
| Weirton-Steubenville, WV-OH           | 4 | Kroger Columbus                  | Yes | Walmart Supercenter              | Aldi Inc/Saxonburg Div            |
| Lawrence, KS                          | 4 | Dillons Food Stores              | Yes | Walmart Supercenter              | Independent                       |
| Hutchinson, KS                        | 4 | Dillons Food Stores              | Yes | Walmart Supercenter              | Aldi Inc/Olathe Div               |
| Edwards, CO                           | 4 | King Soopers/City Market         | Yes | Walmart Supercenter              | Whole Foods Market/Rocky Mtn Reg  |
| Fresno, CA                            | 3 | Food 4 Less                      | No  | Walmart Supercenter              | Save Mart Supermarkets            |
| Spokane-Spokane Valley, WA            | 3 | Fred Meyer Stores                | No  | Albertsons Safeway/Seattle Div   | Walmart Supercenter               |
| Reno, NV                              | 3 | Smith's                          | No  | Walmart Supercenter              | The Raleys Operating Co/Nv Div    |

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|                                  |   |   |     |                                 |                                |
|----------------------------------|---|---|-----|---------------------------------|--------------------------------|
| Salem, OR                        | 3 | Fred Meyer Stores                             | No  | Albertsons Safeway/Portland Div | Walmart Supercenter            |
| Beaumont-Port Arthur, TX         | 3 | Kroger Houston                                | No  | Walmart Supercenter             | HEB                            |
| Kingsport-Bristol-Bristol, TN-VA | 3 | Kroger Mid-Atlantic                           | No  | Walmart Supercenter             | K Va T Food Stores Inc         |
| Green Bay, WI                    | 3 | Roundy's                                      | No  | Skogens                         | Walmart Supercenter            |
| Olympia-Tumwater, WA             | 3 | Fred Meyer Stores, Quality Food Centers (QFC) | No  | Albertsons Safeway/Seattle Div  | Walmart Supercenter            |
| Appleton, WI                     | 3 | Roundy's                                      | No  | Walmart Supercenter             | Skogens                        |
| Saginaw, MI                      | 3 | Kroger Michigan                               | Yes | Meijer Inc                      | Walmart Supercenter            |
| Elkhart-Goshen, IN               | 3 | Kroger Central                                | No  | Walmart Supercenter             | Martins Super Markets          |
| Bloomington, IL                  | 3 | Kroger Central                                | No  | Walmart Supercenter             | Albertsons Safeway/Jewelco Div |
| Bowling Green, KY                | 3 | Kroger Nashville                              | Yes | Walmart Supercenter             | Meijer Inc                     |
| Ottawa-Peru, IL                  | 3 | Kroger Central                                | Yes | Walmart Supercenter             | Hy Vee Food Stores             |
| Elizabethtown-Fort Knox, KY      | 3 | Kroger Louisville*                            | Yes | Walmart Supercenter             | Deca Central Region            |
| Santa Fe, NM                     | 3 | Smith's                                       | No  | Albertsons Safeway/United Div   | Walmart Supercenter            |
| Springfield, OH                  | 3 | Kroger Cincinnati                             | Yes | Walmart Supercenter             | Meijer Inc                     |
| Wausau, WI                       | 3 | Roundy's                                      | Yes | Walmart Supercenter             | Independent                    |
| Jackson, TN                      | 3 | Kroger Delta                                  | Yes | Walmart Supercenter             | Food Rite/Hq                   |
| Morgantown, WV                   | 3 | Kroger Mid-Atlantic                           | Yes | Walmart Supercenter             | Giant Eagle Inc                |
| Mansfield, OH                    | 3 | Kroger Columbus                               | Yes | Walmart Supercenter             | Meijer Inc                     |
| Muncie, IN                       | 3 | Kroger Central, Ruler Foods*                  | No  | Walmart Supercenter             | Meijer Inc                     |



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|                              |   |                                    |     |                            |                             |
|------------------------------|---|------------------------------------|-----|----------------------------|-----------------------------|
| Owensboro, KY                | 3 | Kroger Louisville*                 | Yes | Walmart Supercenter        | Meijer Inc                  |
| Decatur, IL                  | 3 | Kroger Central                     | Yes | Walmart Supercenter        | Niemann Foods Inc           |
| Paducah, KY-IL               | 3 | Kroger Delta                       | Yes | Walmart Supercenter        | Banks Grocery Co            |
| Hot Springs, AR              | 3 | Kroger Delta                       | Yes | Walmart Supercenter        | Walmart Neighborhood Market |
| Sevierville, TN              | 3 | Kroger Nashville                   | Yes | K Va T Food Stores Inc     | Walmart Supercenter         |
| Pinehurst-Southern Pines, NC | 3 | Harris Teeter                      | Yes | Food Lion/Central Division | Walmart Supercenter         |
| Columbus, IN                 | 3 | Kroger Central, Kroger Louisville* | Yes | Walmart Supercenter        | Aldi Inc/Greenwood Div      |
| Frankfort, KY                | 3 | Kroger Louisville*                 | Yes | Walmart Supercenter        | Aldi Inc/Greenwood Div      |
| Athens, OH                   | 3 | Kroger Columbus                    | Yes | Walmart Supercenter        | Independent                 |
| Salina, KS                   | 3 | Dillons Food Stores                | Yes | Walmart Supercenter        | Independent                 |
| Bedford, IN                  | 3 | Kroger Louisville*, Ruler Foods*   | Yes | Walmart Supercenter        | Aldi Inc/Greenwood Div      |

## ADJUSTED FREE CASH FLOW RECONCILIATION

(IN MILLIONS)

(UNAUDITED)

Adjusted free cash flow is an important performance measure used by management, and management believes it is also a useful metric for investors and analysts to evaluate the Company's ability to generate additional funding from business operations available for dividends, managing debt levels, share repurchases and other strategic investments. Adjusted free cash flow is one of the key financial indicators of the Company's business performance and the Company also uses adjusted free cash flow to evaluate the Company's senior management. However, adjusted free cash flow is not a measure of financial performance or liquidity under GAAP and, therefore, should not be considered an alternative to net earnings (loss) or net cash provided by operating activities as an indicator of the Company's performance or liquidity. Although free cash flow is a relatively standard term, numerous methods exist for calculating free cash flow. As a result, the method used by the Company's management to calculate adjusted free cash flow may differ from methods other companies use to calculate free cash flow.

The following table sets forth a reconciliation of net cash provided by operating activities to adjusted free cash flow.

|  | YEAR-TO-DATE | YEAR-TO-DATE | YEAR-TO-DATE |
|--|--------------|--------------|--------------|
|  | 29-Jan-22    | 30-Jan-21    | 1-Feb-20     |
| Net cash provided by operating activities  | \$6,190      | \$6,815      | \$4,664      |
| Payments for property and equipment, including payments for lease buyouts                                      | (2,614)      | (2,865)      | (3,128)      |
| Free Cash Flow   | 3,576        | 3,950        | 1,536        |
| Adjustment for company pension plans and payments related to the restructuring of multi-employer pension plans | 366          | 263          | -            |
| Adjustment for tax effects of divestiture transactions   | -            | -            | 156          |
| Adjusted Free Cash Flow  | \$3,942      | \$4,213      | \$1,692      |



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