



2020 Fact Book





Kroger At A Glance



\$132.5B
TOTAL 2020 SALES

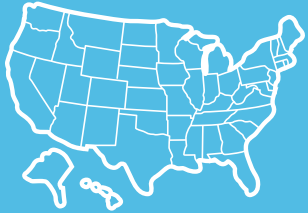


2,255
PHARMACIES
AND ALMOST
271 MILLION
PRESCRIPTIONS FILLED



PICK UP AND DELIVERY
AVAILABLE TO
98%
HOUSEHOLDS

WE COVER



35 STATES
& THE DISTRICT
OF COLUMBIA

45



DISTRIBUTION
CENTERS

NEARLY
500,000
ASSOCIATES
COMPANY-WIDE



640
MILLION
MEALS



DONATED THROUGH
100 FEEDING AMERICA
FOOD BANK PARTNERS

31
OF
34
FOOD
PRODUCTION
PLANTS ARE
ZERO WASTE



1,596
SUPERMARKET
FUEL CENTERS



2,223
PICK UP
LOCATIONS



ACHIEVED
81%
WASTE
DIVERSION
FROM LANDFILLS
COMPANY WIDE



90
MILLION
POUNDS OF FOOD
RESCUED



2,742
SUPERMARKETS &
MULTI-DEPARTMENT STORES



9M
CUSTOMERS
DAILY



\$213M
TO END HUNGER
IN OUR COMMUNITIES

2.3
BILLION kWh
AVOIDED SINCE
2000



ONE OF AMERICA'S
MOST RESPONSIBLE
COMPANIES OF 2021
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 or phrases such as "achieve," "believe," "contemplates," "continue," "deliver," "expect," "future," "guidance," "strategy," "target," "trends," and "will." Various uncertainties and other factors could cause actual results to differ materially from those contained in the forward-looking statements. 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, incremental FIFO operating profit, and

adjusted free cash flow goals may be affected by: COVID-19 pandemic related factors, risks and challenges, including among others, the length of time that the pandemic continues, new variants of the virus, the effect of the easing of restrictions, lack of access to vaccines for certain populations and the extent of vaccine aversion, the potential for future spikes in infection and illness rates and the corresponding potential for disruptions in workforce availability and customer shopping patterns, re-imposed restrictions in the event of resurgence, and interruptions in the global supply chain or capacity constraints; the pace of recovery when the pandemic subsides; labor negotiations or disputes; changes in the unemployment rate; pressures in the labor market; changes in government-funded benefit programs and the extent and effectiveness of any COVID-19 stimulus packages; changes in the types and numbers of businesses that compete with Kroger; pricing and promotional activities of existing and new competitors, including non-traditional competitors, and the aggressiveness of that competition; Kroger's response to these actions; the state of the economy, including interest rates, the inflationary and deflationary trends in certain commodities; changes in tariffs; the effect that fuel costs have on consumer spending; volatility of fuel margins; manufacturing commodity costs; diesel fuel costs related to Kroger's logistics operations; trends in consumer spending; the extent to which Kroger's customers exercise caution in their purchasing in response to economic conditions; the uncertainty of economic growth or recession;

changes in inflation or deflation in product and operating costs; stock repurchases; Kroger's ability to retain pharmacy sales from third party payors; consolidation in the healthcare industry, including pharmacy benefit managers; Kroger's 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, including the coronavirus; the potential costs and risks associated with potential cyber-attacks or data security breaches; the success of Kroger's 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 widening and deepening 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 June 2021 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 #17 ranking on the Fortune 100 list published June 2021. Total company annual sales totaled \$132.5 billion for fiscal year 2020.

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 and developed QueVision, an innovative faster checkout program that has reduced the time customers wait in line to check out. We continue to innovate 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 puree-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 and has significantly grown the brand since the merger. 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– continues 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.

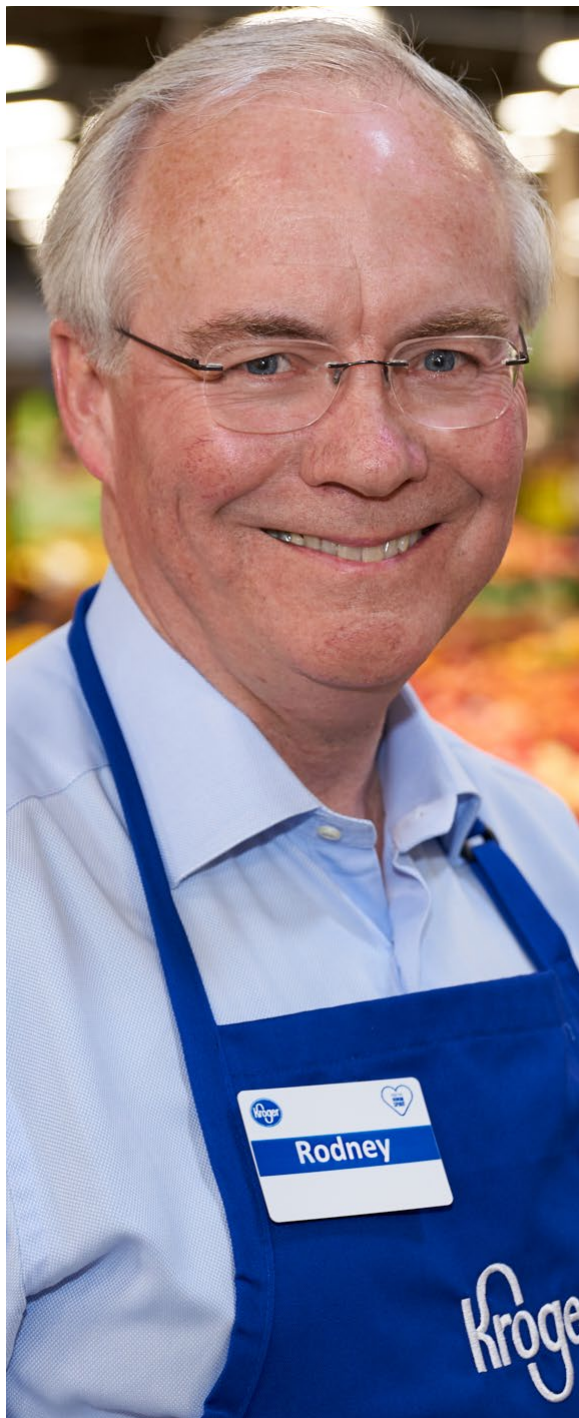
As of January 30, 2021, Kroger operated, either directly or through its subsidiaries, 2,742 supermarkets under a variety of local banner names, 2,255 pharmacies and 1,596 fuel centers. We offer Pickup (formerly referred to as ClickList®) and Harris Teeter ExpressLane®—personalized, order online, pick up at the store services — at 2,223 of our supermarkets and provide home delivery services to substantially all of Kroger households. Approximately 51% of supermarkets were operated in Company-owned facilities, including some Company-owned buildings on leased land. As of January 30, 2021, we operated 35 food production plants. These plants consisted of 16 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 40% 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 30, 2021.

| The Kroger Co. | Amount | % of Revenue |
|-------------------------------|------------------|--------------|
| Non Perishable ⁽¹⁾ | \$71,434 | 53.9% |
| Fresh ⁽²⁾ | \$33,449 | 25.2% |
| Supermarket Fuel | \$9,486 | 7.2% |
| Pharmacy | \$11,388 | 8.6% |
| Other ⁽³⁾ | \$6,741 | 5.1% |
| Total Sales | \$132,498 | 100% |

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 fall of 2017, the Company launched Restock Kroger at its annual Investor Conference, a strategic plan covering fiscal years 2018 - 2020. Through Restock Kroger, we have made significant strategic choices to evolve the business and financial model by focusing on our customers, our associates, our purpose, and our shareholders. Kroger continues to improve the customer experience by widening and deepening our competitive moats. Restock Kroger has four main pillars, which together create shareholder value and allow us to better serve America through food inspiration and uplift. These pillars are:

- **REDEFINE THE GROCERY CUSTOMER EXPERIENCE**
- **PARTNER FOR CUSTOMER VALUE**
- **DEVELOP TALENT**
- **LIVE OUR PURPOSE**



Letter to Shareholders

Fellow Shareholders:

When the pandemic hit last year, our world changed dramatically. What remained constant was people's need for food, and Kroger was there to meet that need. Through new channels and formats, we uplifted our customers, communities, and each other, with a relentless focus on quality, value, and convenience.

We not only met our customers' immediate needs, but we also used this unique period to accelerate our own transformation. Thanks to our team's response, and by leading with our purpose and our values, we converted the crisis into a catalyst for sustainable growth.

We are committed to delivering consistent and attractive Total Shareholder Return of 8 – 11%.

We will deliver this growth by Leading with Fresh and Accelerating with Digital.

- Food is a necessity— and a comfort—and we are positioned to win share of wallet by leading with fresh food.
- We also have a tremendous sales and profit growth opportunity in digital.
- And, as we look at a post-COVID world, we are confident that our strategic moats of Fresh, Seamless, Our Brands, and Personalization will position us to compete and win.

It's true that the shift to spending more time at home and eating less at restaurants was a tailwind for our industry, and we believe that retailers who can convert this short-term boost into long-term competitive advantages will emerge as winners. That is what we are doing – and we have the benefit of our transformation efforts at our backs.

Restock Kroger Transformed Us

Our primary business—food—never goes out of fashion, but in 2017 we were facing continuing challenges from low margins, new competition, and changes in buying and consuming habits, especially the increasing demand for a seamless customer experience that we forecasted. We knew we had to build the war chest to remake ourselves and turn those headwinds into tailwinds.

Through Restock Kroger, we removed more than \$3 billion in costs out of the business, freeing up resources to invest in associates, technology, and pricing. We strengthened our competitive moats. We established a flywheel to monetize the traffic and data generated by our core business and identify growth opportunities. We improved talent development at all levels of the business, placing the right people in the right roles. And, we made a series of bold commitments to advance our Zero Hunger | Zero Waste vision at the center of our Environmental, Social, and Governance portfolio.

And while not everything went according to plan, we learned and adjusted throughout, transforming our business model, and making changes that allowed us to continue to be there for our customers, associates, and communities when COVID-19 began in February 2020.

COVID-19 Changed Us

When the pandemic arrived, we acted quickly to protect our associates and customers and deploy our expertise to make sure individuals' need for food—and need to obtain it in evolving ways—were met reliably, safely, and cost-effectively. Indeed, we recognized that in the depths of the crisis, food had become not just a necessity, but a core comfort. A reminder that life would go on and get better, so we built upon that powerful sentiment to deepen our connection with customers.

The pandemic nearly doubled the number of customers using our seamless shopping experience, achieved through a focused effort to create the ability for more customers to use our online shopping services – whether by waiving the pickup fee for all orders for an extended period and accepting SNAP EBT for pickup orders or improving the user experience on Kroger.com and our mobile app. We now have almost 50,000 associates dedicated to our e-commerce services. Because of our previous investments and innovations that were part of the Restock Kroger commitment, we were able to support the increased demand for Pickup, Delivery, and Ship.

COVID-19 served as an accelerant to our e-commerce business, helping us achieve triple-digit digital sales growth last year. As we entered the pandemic and dynamics shifted rapidly, the investments we had already made in building a seamless ecosystem enabled us to respond quickly, reinforcing our competitive advantages.

Knowing that an ounce of prevention is worth a pound of cure, we took immediate steps to safeguard our associates and make sure our customers could continue to rely on us for fresh food and essentials despite rapidly changing buying patterns. Since the start of the pandemic, we've invested more than \$2.5 billion to implement dozens of safety measures nationwide, reward and uplift our associates, and better secure pensions. Our investments in these areas continue to make a difference today for our associates and our customers.

COVID-19 and its impact also shined a light on the intersection of food security, health and nutrition, and racial equity. Given the increased need in 2020, we nearly doubled our charitable giving to the Feeding America network of food banks and supported key partners like No Kid Hungry to direct meals where they were needed most. Additionally, our associates continued to rescue surplus food throughout the year despite heavy stocking-up periods early in the year.

As we look ahead to tomorrow, Kroger Health continues to play a leading role in helping America recover and heal. Our mission at Kroger Health is to help people live healthier lives. Throughout the pandemic, we've been working to do just that through testing, vaccine administration and supportive care services. Our health experts, pharmacists and clinicians have worked tirelessly to turn the tide of the pandemic and offer hope, administering 3.5 million doses of the COVID-19 vaccine as of early May, including more than 175,000 to associates. To encourage our associates to better protect themselves – and their families and communities – we're providing a one-time payment of \$100 to every associate once they have been fully vaccinated.

Throughout the pandemic, our team has never lost sight of our goals and remained focused on serving our customers when they needed us most. More than ever, our performance over this past year is owed to them.

Our Associates Guide Us

I've been in this business more than 40 years and our nearly half a million associates continue to amaze me. During the past year, we've seen associates rise to meet extraordinary challenges and keep Americans nourished during a global health crisis.

We often provide people with their first job, with many choosing to stay with the Kroger Family of Companies and make it their career. To support this choice, we are building a more connected culture of opportunity that embraces speed, agility, collaboration, and career advancement in part realized by ongoing training and education support through our tuition reimbursement program that covers everything from a GED to PhD. Since inception, this program has benefitted 6,000 associates, with hourly associates making up 87% of those who have taken advantage of the offering so far.

In addition to our \$800 million incremental investment in associate wages and training over the last three years through Restock Kroger – which raised our average national wage to more than \$15.50 per hour – in 2021, we plan to invest an additional \$350 million more that we expect will increase our average associate wage to \$16 per hour by year end.

Alongside our continuing investment in wages and benefits, we are also using technology to provide a more personalized associate experience. We want to meet our associates where they are and provide them with tools and pathways to grow as individuals and with our company because the jobs of the future will grow and evolve just like our business. Today's growth-minded associates will deliver tomorrow's solutions for our customers.

Leading with Fresh and Accelerating with Digital

Kroger is in a position of strength today because of our talent and transformation. We've deepened our connection with customers and associates. We accelerated digital sales and profitability by several years and identified new customer-centric innovations for tomorrow. As a result of the strong foundation we built, we've invested in our associates and communities, gained share, and delivered record-breaking sales, which enabled us to deliver above our Total Shareholder Return model commitments in 2020. We are committed to delivering consistent and attractive TSR of 8 – 11%, underpinned by a financial model that now includes a higher operating profit base, a clear path to delivering earnings growth of 3-5%, and strong and growing free cash flow to invest in our growth initiatives.

Last year, we more than doubled digital sales to reach and exceed the \$10 billion mark and more than doubled the number of customers using at least one of our e-commerce services and that includes delivery – which experienced a 150% increase over the last year. This change in customer behavior accelerated by COVID-19 was, of course, a major factor in our results last year, but we expect that by

the end of 2023, we will double the size of our digital business using 2020 as a baseline. Concurrently, we will continue to increase the profitability of our digital business and plan to double our pass-through profitability rate by the end of 2023.

Digital and fresh matter to our customers, and we have continued to invest in and grow our capabilities in both areas, leading to significant share of wallet gains in both digital and total food at home. The evolution of the Kroger Delivery network and expansion of our partnership with Ocado is an important part of accelerating our cost-effective seamless ecosystem underpinned by an industry-leading supply chain and our ability to consistently deliver the freshest food. We are opening two Customer Fulfillment Centers this year in Monroe, OH and Groveland, FL and each will employ more than 400 associates. We have also announced plans to open CFCs in Dallas, TX; Forest Park, GA (Atlanta); Frederick, MD; Phoenix, AZ; Pleasant Prairie, WI; and Romulus, MI (Detroit); and Pacific Northwest and West regions. As the network expands, we will announce additional locations.

Kroger's seamless ecosystem is helping us provide what customers need and want in a way that fits the context of their day – whether it's coming to our stores, picking it up, delivering to a convenient location, or directly shipping to their homes. We are providing the right product assortment through these options, the modalities that fit our customers' lives. We are also leveraging our mature personalization platform to meet customer needs. In 2020, we presented nearly 11 billion personalized recommendations every week, or more than half a trillion offered for the year.

The comprehensive and connected nature of the Kroger experience is a key differentiator. Our seamless customers – which we define as customers who are engaging with us across more than one modality – shop with us more frequently, spend more than twice as much, and are more loyal. In fact, retention rates for our seamless customers has reached 98%.

Food Innovation and Our Brands Growth

A big part of our fresh approach is helping answer the daily customer dilemma of “What’s for Dinner?” with simple, convenient, and delicious meal solutions. As customers look for food inspiration, we continue to develop new products to meet their needs, including ready-to-heat and ready-to eat food. For example, our Home Chef meal kit subscription platform – which experienced accelerated growth in 2020 and continues to show great momentum going into 2021 – is on track to become our next billion-dollar brand.

Our Brands achieved its best year ever in 2020, exceeding \$26.2 billion in sales. Our Simple Truth brand also achieved a major milestone, exceeding \$3 billion in annual sales for the first time. Truth be told, Our Brands is consumer packaged goods (CPG) tucked inside our business. But, it's anything but small – it's a business that's eight times larger than the sales of the largest CPG company selling products in our stores.

This year, we will launch more than 660 exciting, new Our Brands items. Nearly 60% of these will be under the Simple Truth or Private Selection brands. At Kroger, innovation is not limited to Our Brands;

innovation is critical to our national brand partnerships as well. We will continue working with national brands to bring innovative, first-to-market items to our shelves that grow our collective businesses.

Live Our Purpose Every Day

This past year, every action we've taken has been anchored in Our Purpose, to Feed the Human Spirit. From providing hundreds of thousands of unemployed workers with a new bridge job when the pandemic first hit and feeding our neighbors most in need, to speaking out against racism and discrimination, to uplifting our associates and communities after unimaginable natural disasters and tragedies – we strive to live Our Purpose, every day.

Earlier this year, we lost three associates from our distribution center in Oconomowoc, Wisconsin to senseless violence. And then our world was again turned upside down by another horrific act of violence in our King Soopers store in Boulder, Colorado. This tragedy resulted in the deaths of ten people, including three of our associates, six of our customers and a police officer.

Despite the darkness and uncertainty of the past year, we know there is light and hope.

I'm incredibly proud of our associates who have shown strength and resilience beyond measure. They are the heart and soul of our organization, and we will always be here to provide support and a helping hand.

Helping people and the planet is at the core of who we are as a company—and this focus has never been more relevant. Kroger is acutely focused on advancing Diversity, Equity, and Inclusion within our workplace and neighborhoods and creating communities free of hunger and waste through Zero Hunger | Zero Waste, Kroger's bold social and environmental impact plan.

Diversity and inclusion are among our longstanding core values. Last October, we introduced a 10-point Framework for Action plan to accelerate Diversity, Equity, and Inclusion and promote greater change in the workplace and in our communities. As part of this Framework, we created an internal Advisory Council – comprised of diverse leaders and associates across the company – to help set priorities and drive meaningful change. The Kroger Co. Foundation also established a \$5 million Racial Equity Fund to align philanthropy to our expanded commitment. To date, the Foundation has directed \$3 million in grants to several organizations with innovative approaches to building stronger, more equitable communities. It's also important for me to share that our nominees for your board of directors is now 40% women and 30% people of color.

The economic impact of COVID-19 has highlighted not only racial disparities but food inequities as well. We remain dedicated to building a more resilient and equitable food system and global supply chain, using our scale, resources, and platform. Last year, we continued to deliver on the principles of our Zero Hunger | Zero Waste commitment, focusing on ways to support food-insecure households and reduce waste across our organization. We have made considerable progress. In 2020 alone, we directed a record one-year total of 640 million meals to fight increased food insecurity in the U.S. At

the same time, we achieved our highest year ever for waste diversion from landfills company-wide— a record 81%, up 1% from the prior year.

We are grateful for the effort of every Zero Hero and our entire community for lifting up Zero Hunger | Zero Waste, which is driving meaningful outcomes in our communities. There are still too many people experiencing hunger in our country. We remain committed to doing our part to create a future with zero hunger and zero waste.

As We Look Ahead

It's been said that hindsight is always 20/20. But for us it is our 138 years of insight that keeps us focused on our customers, associates, and communities. During a year like no other, our team kept its eyes on the future – working, planning, and innovating to be there for our associates, communities, and customers with anything, anytime, anywhere.

With the power of our talent and transformation, Kroger is well-positioned to compete – and win – in a post-COVID world. We are stronger today than yesterday. But not as strong as we will be tomorrow. Stay tuned.

Thank you for your partnership,

A handwritten signature in black ink, appearing to read "Rodney", written in a cursive style.

Rodney McMullen
Chairman and CEO, The Kroger Co.

Restock Kroger

PURPOSE: Feed the Human Spirit

VISION: **Serving America through food inspiration and uplift**



**Redefine
Grocery CX**



**Partner for
Customer Value**



**Develop
Talent**



**Live
Our Purpose**

**Capital
Deployment**



**Create
Shareholder
Value**

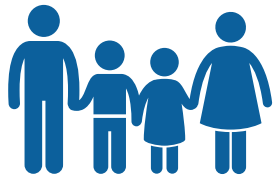
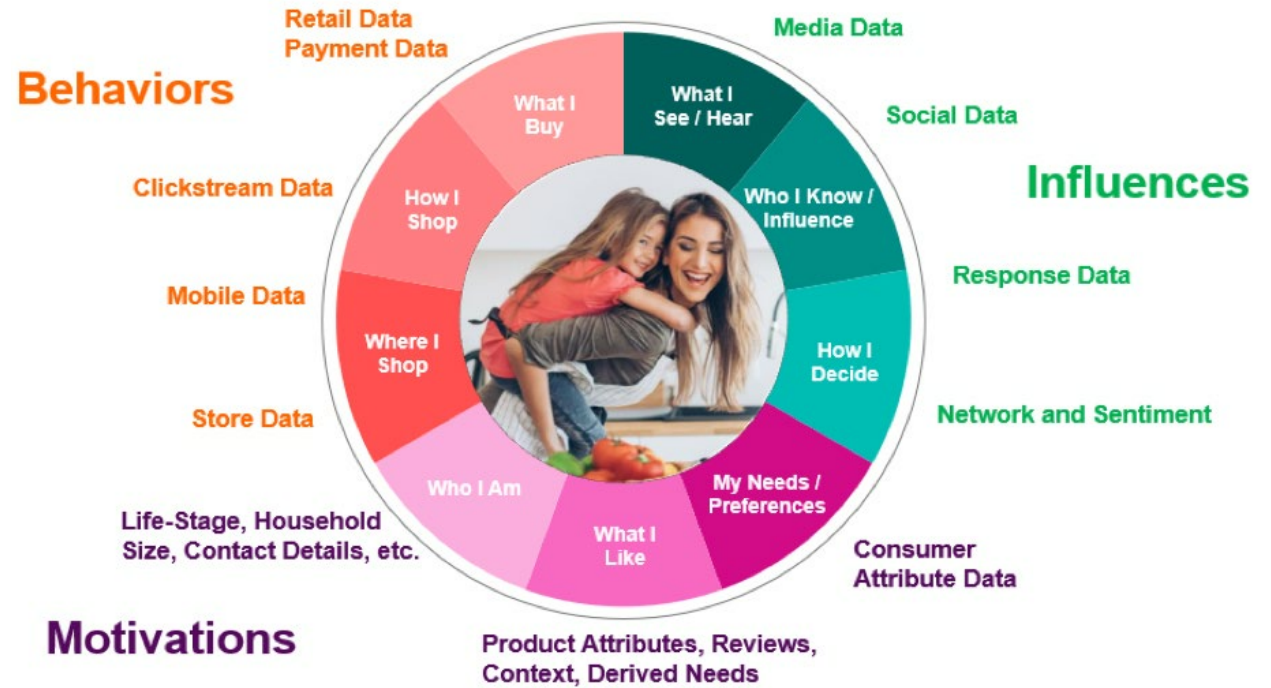


Redefine the Customer Experience

Data and Personalization

We are customer obsessed. We take the time to get to know and listen to our customers to provide, clear, relevant moments in ways that matter to them by making their shopping and eating experiences better.

Data and science are at the core of our business. We are able to capture 96% 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
Household Analyzed



500 Billion
Personalized
Recommendations



10 Petabytes
Customer Data

REDEFINE THE GROCERY CUSTOMER EXPERIENCE

By combining transaction data, customer supplied information, as well as 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 and our relevant offers result in a redemption rate significantly higher than the national average. These personalized experiences make customers feel appreciated and inspired and allow us to gain both their loyalty and trust.

Kroger cultivates a customer first relationship and activates multiple touch points 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 PRODUCT 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

Our brands products play an important role in our merchandising strategy. Our supermarkets, on average, stock over 15,000 private label items. Our Brands products are primarily produced and sold in three quality tiers, plus Natural and Organics. Private Selection® is one of our premium quality brands, offering customers a curated collection of culinary creations designed to elevate every occasion. The Kroger® brand, which represents the majority of our private label items, features a wide variety of customer favorite foods and non-foods that are designed to exceed expectations while fitting budgets. In addition, we continue to grow natural and organic Our Brands offerings with Simple Truth® and Simple Truth Organic®. Both Simple Truth and Simple Truth Organic are free from a defined list of artificial ingredients that customers have told us they do not want in their food, and the Simple Truth Organic products are USDA certified organic. Simple Truth also offers the most Fair Trade Certified™ products of any single private brand in the country, according to Fair Trade USA.



Our Brands Sales



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 they tell us that Our Brands is the top national Private Brand program in terms of assortment and value. Our portfolio of brands delivered its best year ever in 2020, exceeding \$26.2 billion in sales. Since its launch in 2013, Simple Truth has become one of the leading natural and organic brands in the country. In 2020, Simple Truth achieved a sales milestone exceeding \$3 billion in sales for the first time. Private Selection achieved record sales growth in 2020 as customers sought our premium products and elevated flavors. Kroger Brand, the largest and most loved brand sold in our stores, also delivered significant growth, growing sales by over \$2 billion.

Key to driving continued year-over-year growth for Our Brands is our focus on innovation and new product development. We introduced over 700 new Our Brands items throughout the year.

Kroger Brand expanded its assortment of mythical creature-themed products with the launches of Kroger Unicorn Kaleidos Cookies, Kroger Mermaid Sparkle Ice Cream and Kroger Dragon's Dream Ice Cream.

Culinary-forward new items from Private Selection included Private Selection Ruby Rows Cherry Tomatoes, Private Selection Charred Ends BBQ Sauce, Private Selection Premium Mac & Cheese and Private Selection Crostatas.

The Simple Truth Plant Based platform added over 50 new items, including Simple Truth Oatmilk Frozen Dessert, Simple Truth Plant Based Dips and Simple Truth Plant Based Non-Dairy Cheese Style Slices & Shreds. Simple Truth Plant Based sales increased over 30% and households purchasing grew by over 20%.

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.





Top Food Trends

As a food authority, Kroger knows food! Earlier this year, Kroger unveiled its top seven food trend predictions for 2021, thoughtfully curated by its culinary experiences team and Our Brands product developers, chefs, and innovators. [Check them out here.](#)



Fresh for Everyone

“Fresh for Everyone” is focused on providing undeniably fresh food through innovative and sustainable solutions across all channels. Providing a consistent Fresh Experience is our differentiator and determines a customer’s store selection. In fact, we know 70% of customers choose their grocery store based on the quality of fresh categories. Fresh meal concepts and innovation will assist customers in solving what’s for dinner in a seamless way.

Fresh Experience

We continue to work with partners to develop solutions to bring increased freshness to our customers. During 2020, we expanded our partnership with Apeel Science, focusing on improving the quality and shelf life of fresh produce – including avocados, limes, asparagus and organic apples. In addition, Kroger is the only retailer to guarantee a 10-day shelf life on fresh milk due to our vertically integrated dairy supply chain.

**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 for our customers within our stores. In 2020, we set record sales online and in-store by expanding the Home Chef brand into new fresh commodities.

Fresh Innovation

Two of Kroger’s leading brands, Simple Truth and Home Chef, were leveraged in 2020 to improve assortment, strengthen quality and expand natural and organic offerings. New partnerships with ClusterTruck and SaladWorks are providing restaurant quality food that can be delivered or purchased in-store. Innovative partnerships with eco-friendly alternative farms such as InFarm and 80 Acres supply local, sustainable fresh produce in over 300 stores as of March 2021.

Fresh for Everyone Campaign

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



Health and Wellness

Kroger's Health & Wellness business continues to be guided by a vision of: Helping People Live Healthier Lives. COVID-19 has presented Kroger Health with the opportunity to serve our communities in more ways than ever. In 2020 Kroger Health launched customer facing solutions in response to the pandemic including COVID-19 testing, expanded prescription delivery, and health food solutions. At the tail end of 2020 in partnership with federal, state, and local governments, we began administering COVID-19 vaccinations with plans to play a major role in administering vaccinations 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.

OptUP®

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. The Little Clinic experienced the industry wide impact of fewer primary care type visits as a result of the pandemic but shifted focus and developed and launched testing and later vaccination services. As of 2020, 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 that earned accreditation by The Joint Commission. In 2020, The Little Clinic operated over 220 clinics and had more than 1.26 million visits.



COVID-19 Response

Since the start of the COVID-19 pandemic, Kroger Health has remained committed to helping people live healthier lives by offering a variety of COVID-19 testing and vaccination solutions supported by our multi-disciplinary team of licensed, trained and experienced health care providers.

At the beginning, we were quick to offer free drive-thru testing sites to our customers and associates, free tele nutrition visits with registered dietitians, and rapid antibody testing at pharmacy locations. We have remained focused on keeping our communities safe throughout the pandemic and launched smart-phone enabled COVID-19 rapid antigen home tests through a partnership with Gauss to patients nationwide. And most recently we doubled operational capacity to administer the COVID-19 vaccine, achieving the ability to deliver one million doses per week through in-store pharmacies, clinics and mass vaccination off-site events.



Fuel

Fuel is another way we offer our customers additional value within the Kroger ecosystem via our 1,596 fuel centers, including the opening of 29 new fuel locations in 2020. 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 9.4 million member households redeem Fuel Points.

Manufacturing

Kroger Manufacturing is made up of 35 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 both, in process improvements and automation and we constantly monitor our costs versus that of third parties to assure 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 ARE
PRODUCED IN OUR 35
MANUFACTURING
PLANTS.

Dairy

Kroger's 16 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

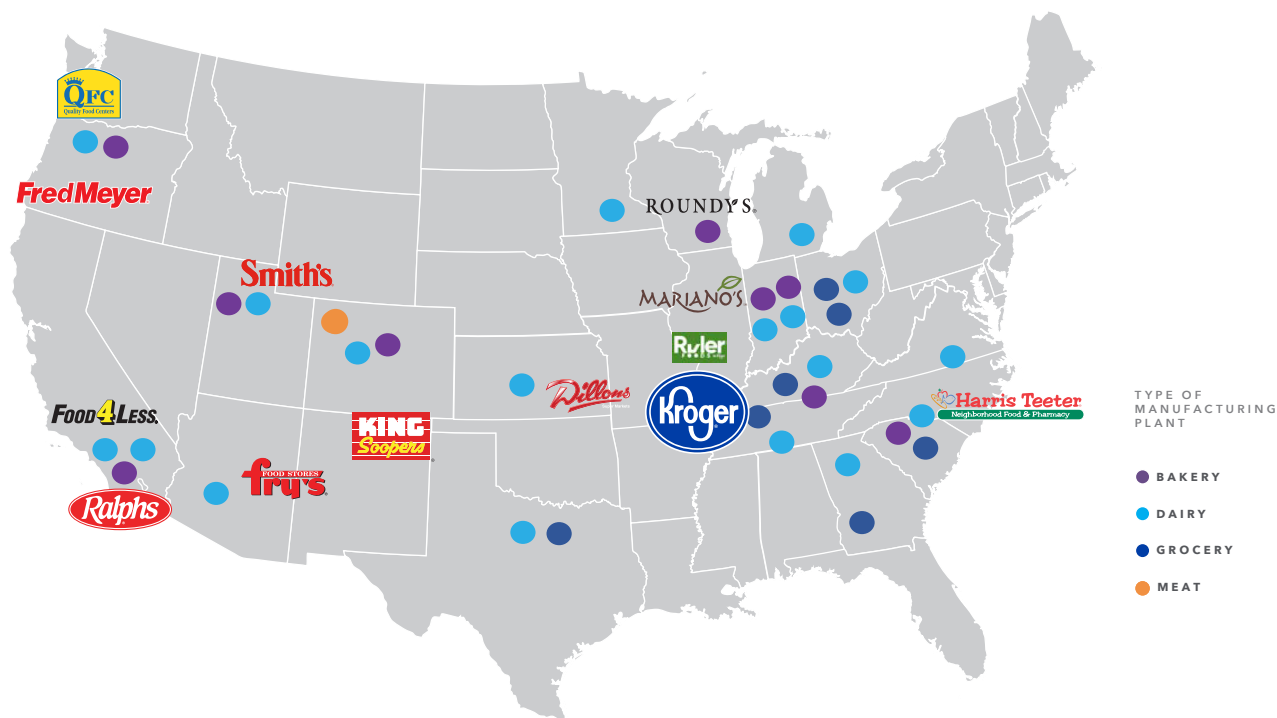
Five Kroger bakeries supply bread, cakes, donuts, cookies, bagels, muffins, crackers, snacks, and rolls to Kroger retail stores and outside customers. Two frozen dough plants in Bowling Green, KY, and Salt Lake City, UT, supply frozen cakes and dough to our retail stores. Two Deli plants in Greensburg, 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.

Manufacturing Facilities



Dairy

Centennial Farms Dairy, GA
 Compton Creamery, CA
 Crossroad Farms Dairy, IN
 Heritage Farms Dairy, TN
 Hunter Farms Dairy, NC
 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

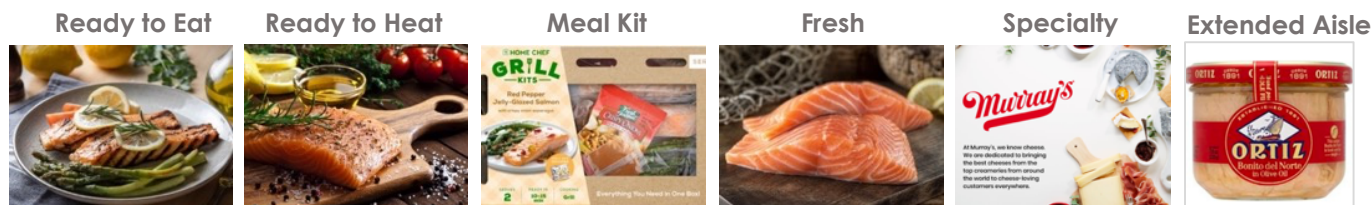
Grocery

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

Providing What Customers Need and Want...



IN-STORE

In-store shopping experience for urgent and daily needs



PICKUP

Order online pickup at a store or remote location



DELIVERY

Order online hand delivered



SHIP TO HOME

Order online boxed and shipped to you

When and How They Want It...

Digital

The expectations and needs of our customers have exponentially accelerated. Our mission is to meet those evolving needs through a seamless shopping experience that supports our customers within the context of their day and allows them to move effortlessly between physical and digital worlds. We will engage and inspire them with relevant products, content, and experiences that capture more of their share of mind, stomach, and wallet. When they think food, they will think Kroger.

IN 2020, DIGITAL SALES GREW 116% WITH THE GROCERY PICKUP AND DELIVERY GROWTH RATE OUTPACING THE OVERALL INDUSTRY DIGITAL SALES GROWTH RATE.

Today, we are seeing more and more new customers engaging in our seamless ecosystem. Since the pandemic, we have more than doubled our digital business. We also expanded our pickup to 2,223 locations and delivery to 2,472 locations, covering 98% of Kroger households while additionally expanding our ship to home experience to include third party sellers, enabling our ability to capture the endless aisle of customer demand via offerings like Kroger Marketplace™.

Our vision of a seamless, omnichannel experience is a platform designed to keep our customer promise to serve them anything, anytime, anywhere. Customer have responded to the services and capabilities we provide within our ecosystem by spending more and rewarding us with their loyalty. Our Digital platform continues to be crafted on a future-proof foundation that will enable us to evolve with our customers and create the solutions they desire at a speed that sets the pace across the industry.



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. IN FACT, WE PURCHASED \$4.1 BILLION FROM DIVERSE SUPPLIERS DURING 2020 AND WE PLAN TO GROW THAT TO \$10 BILLION BY 2030.



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, pickup fulfillment and store replenishment. 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 eight sheds and two additional regions (Pacific Northwest and West) as of January 30, 2021:

| Shed Location | Square Footage | Area of Service |
|-----------------------------|----------------|---|
| Monroe, Ohio | 375k | Cincinnati/Dayton, Columbus, Indianapolis, Louisville |
| Frederick, Maryland | 350k | Maryland, Pennsylvania, District of Columbia |
| Groveland, Florida | 375k | Orlando, Tampa, Miami |
| Forest Park, Georgia | 375k | Atlanta |
| Dallas, Texas | 350k | Dallas, Fort Worth |
| Pleasant Prairie, Wisconsin | 350k | Wisconsin, Northern Illinois, Northwest Indiana |
| Romulus, Michigan | 135k | Michigan, Northern Ohio, Indiana |
| Phoenix, Arizona | 200k | Phoenix |



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.

KROGER HAS INVESTED OVER \$5.0 BILLION IN OUR CUSTOMERS, INCLUDING INVESTMENTS IN PRICE.

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.



Partner for Customer Value

Partner for Customer Value

A big driver of Restock Kroger is partnering to create customer value. We will leverage our unique set of assets to drive the profitability through alternative profit streams while also taking costs out of the system. Since 2018, our operations and sourcing teams have delivered over \$1 billion annually in incremental savings, through improved productivity and automation, elimination of waste, improved sourcing for goods for sale and goods not for resale and administrative efficiencies.

We believe partnerships will continue to play an important role in accelerating Kroger's food ecosystem and provide further growth opportunities for Kroger. We expect these relationships to build on capabilities that deliver on important elements of our strategy.

Infrastructure & Technology Upgrades

Throughout the pandemic, we remained committed to the safety of our associates and customers while delivering a full, fresh, and friendly experience for every customer, every time. As our customers' shopping habits changed, we leveraged our data and technology to accelerate our business and improve the areas that matter most including customer safety, being in stock with fresh products, and the pick up customer experience.

To ensure a safe in-store customer experience for both our associates and customers, we quickly enhanced our current QueVision technology platform to monitor capacity. Through collaboration with merchandising, retail operations, technology, and 84.51°, we launched in

all stores a new fresh ordering system improving our freshness for produce products while simplifying the work for our associates. By fully leveraging our data through machine learning, we continue to improve our store inventory turns and provide fresher product to our customers. With the surge in our pick up business, we launched our new customer check in application featuring an "on my way" capability informing our stores of a customer's pending arrival. In addition to an improved customer experience, we reduced our labor costs. We continue to evolve our front-end checkout experience to deliver innovative technology such as KroGo carts, self-checkout enhancements and seamless scan, bag, go, for a fast and friendly checkout experience.

Our relentless focus on driving a full, fresh, and friendly customer experience is also supported through an unwavering mission to simplify the work for our associates to continue to remove unnecessary costs from the business in ways that do not impact the overall customer experience.

Technology Innovation

The Research and Development (R&D) department continues to focus on the next wave of propriety innovations that will improve customer and associate experiences while paving the way for a future-proof technology platform. This is accomplished by balancing the needs of today with the disruptive innovation required to win tomorrow.

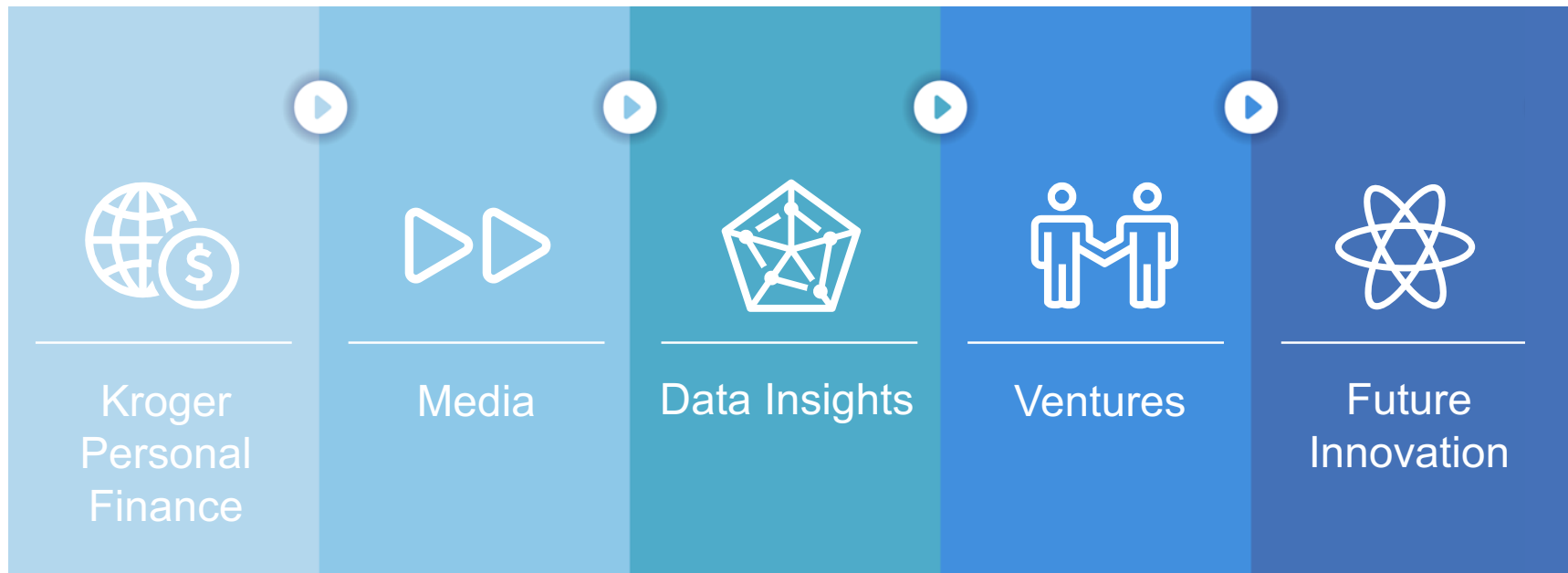
R&D is driven to defining cutting edge in-store customer experiences and associate operations which will be achieved through artificial intelligence and automated solutions. When combined, AI and

automation will transform the way we serve customers and associates in terms of guaranteeing freshness, temperature monitoring, cart and occupancy counts, and asset protection. These initiatives are supported by frameworks and tools developed by R&D that enable engineering to deliver new solutions, faster. They are further enabled by a common, consistent collaboration methodology that maximizes value creation in partnership with internal and external thought leaders.



Chefbot

Developed in partnership with integrated creative and media agency 360i, and technology partners Coffee Labs and Clarifai, Kroger's Chefbot offers an innovative and user-friendly conversational solution for breaking away from mundane mealtime routines and unwanted at-home food waste—common challenges for many as families continue to enjoy more meals together at home. Chefbot's AI analyzes photographs to recognize nearly 2,000 ingredients, unlocking 20,000 Kroger recipes for users to cook. In three easy steps customers are on their way to delicious meals at home.



Alternative Profit Streams

By leveraging unique consumer-driven capabilities to create additional value for customers and shareholders, Kroger is creating a virtuous circle built upon the rich collection of proprietary data generated by our grocery business. Data gathered from the 96% of transactions tethered to our loyalty card is used 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 that are essential components of Restock Kroger. 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 key pillars within alternative profits are Kroger Personal Finance, Kroger Precision Marketing, Customer Data Insights, Ventures, and Future Innovation. All are underpinned by our core asset of analytics which include data from 60 million households and 10 petabytes of customer data per year. Collectively Kroger's Alternative Profit Stream businesses contributed over \$250 million of incremental operating profit during 2019 and 2020 driven by strength in Kroger Personal Finance and Media.

PARTNER FOR CUSTOMER VALUE

Kroger Personal Finance®

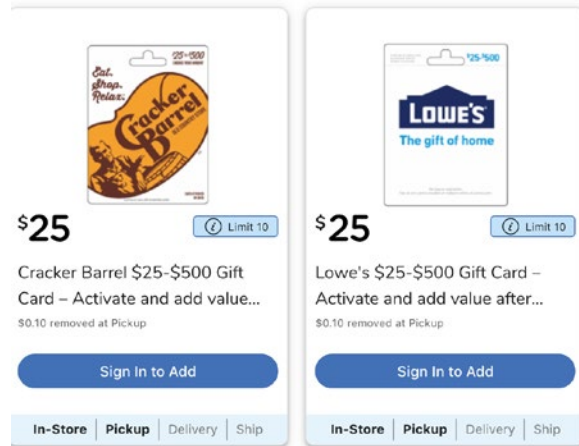
Kroger Personal Finance (KPF) gives the company a unique competitive advantage by offering money management solutions that empower and reward our customers.



Kroger REWARDS World Mastercard®

The Kroger REWARDS World 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.
- Free Groceries every three months with Rewards Certificates. In 2020, customers earned more than \$53 million in Free Groceries!



Gift Cards

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

Kroger Family of Companies gift cards offer multiple options for customers with a variety of creative themes to meet gifting occasions. Available in-stores, online with e-gift delivery, as well as 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.



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



WesternUnion WU

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.

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.



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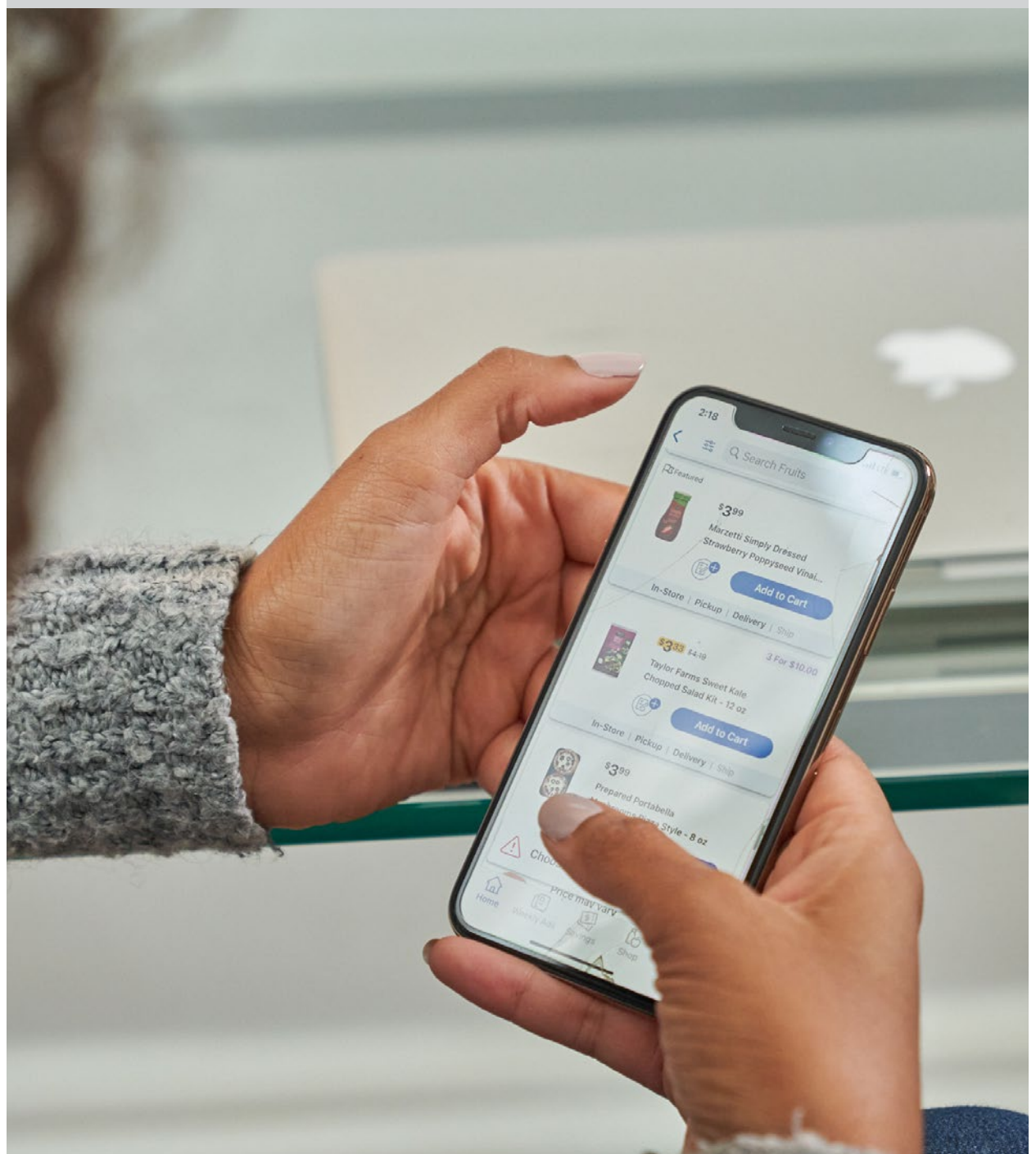
Media

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. Kroger Precision Marketing 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 make everyday moments shoppable through advertising in display, video, advanced TV, audio, influencer and social media. Using our targeting science, we serve relevant advertisement, encouraging customers and prospects to discover their favorite products at Kroger. 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 help brands connect with our customers in authentic ways and discover new product offerings. Brands can leverage our trusted customer relationships by appearing in our magazine, in loyal customer mailers, and in other direct media. 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 customer's 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 three years. In the most recent results released in January 2021, KPM has taken a leadership position overtaking national retail and e-commerce players for the highest ranking retail network in key categories like targeting effectiveness and measurement, and at the front of the pack for delivering CPG sales growth. KPM is uniquely positioned to transform the media landscape and advertisers recognize our ability to drive marketing results and media accountability more effectively than other retailers. The difference between Kroger Precision Marketing and other retail media networks is the strength of Kroger's customer relationships.

As a driver for Kroger's alternative revenue and digital profitability Kroger Precision Marketing is delivering both new advertisers and new revenue. In fiscal 2020, we experienced 135% revenue growth from over 1,300 brands engaged across our media portfolio, retaining 85% of the brands we worked with in 2019 and on average, those brands spent 200% more last year.

“KROGER’S PRECISION-LEVEL DATA AND MEDIA CAPABILITIES HAVE HELPED KRAFT HEINZ EXPAND OUR CONSUMER BASE BY SERVING UP THE RIGHT MESSAGES AT THE RIGHT TIME, UNCOVERING CONSUMER-LED INSIGHTS THAT INFORM PLATFORM SOLUTIONS AND DRIVE TRIAL PLUS REPEAT PURCHASES ACROSS OUR PORTFOLIO”

**- ELIZABETH BENNETT,
VP GLOBAL ECOMMERCE,
KRAFT HEINZ**



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 CPG, advertisers 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 category and brand performance.

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, in 2019, we launched PearlRock Partners (PRP) which is a first-of-its-kind investment vehicle. PearlRock Partners is designed 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 fingertips of founders to drive intelligent growth.



Develop Talent

Our Associates

To deliver on a full, fresh, and friendly experience that customers expect at Kroger, we need talented, experienced associates. People are our differentiator. When we create a place where associates love to work, we create a place where customers love to shop.

Our new employer brand – Feed Your Future – helps to differentiate us as an employer of choice. We bring Feed Your Future to life through our people and how the ingredients that we’ve provided have helped them to create their own recipe for success at work and in life. Feed Your Future aims to do just that with three areas of focus – improving the associate experience, developing high-performing leaders and teams, and investing in and retaining our associates.

Improving the Associate Experience

Our focus is to create an environment of continuous learning that helps our associates feel supported to be their best and grow and develop in their career. We are doing this by focusing on critical moments through the associate life cycle – what we call moments that matter.

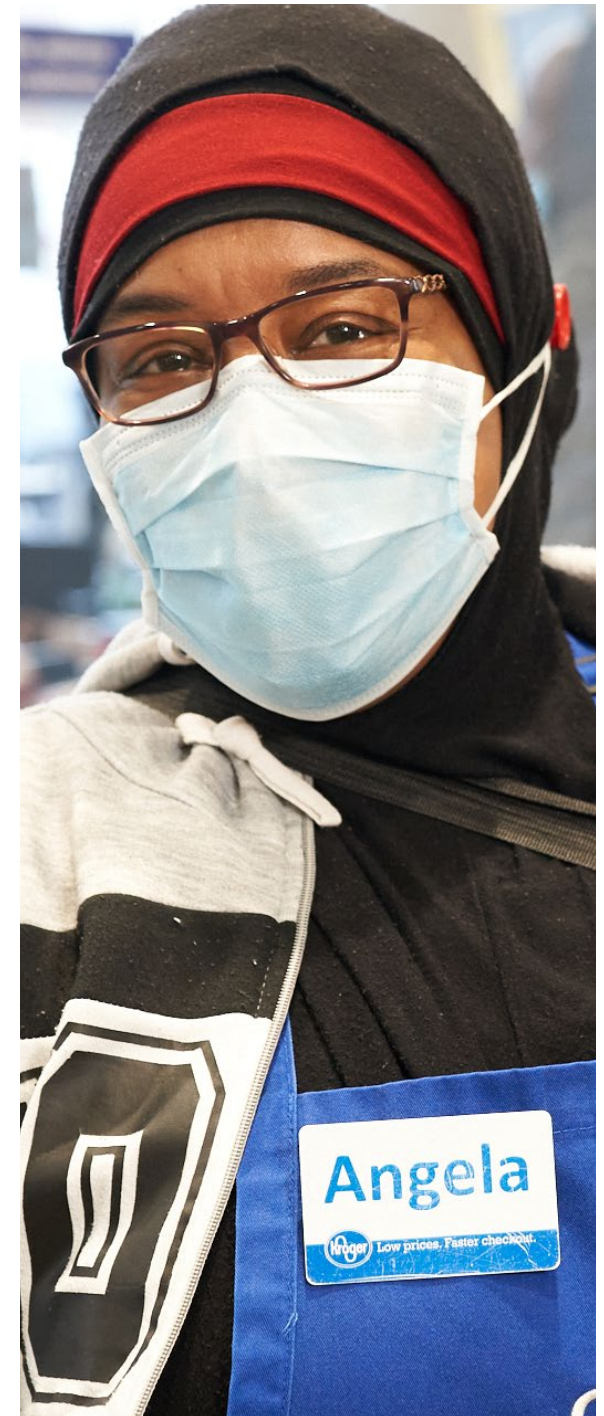
- For our newly hired or existing talent, we continue to support associates throughout their career, by providing meaningful opportunities for them to learn and grow. This begins with a consistent and highly effective onboarding experience, which guides new associates through an onboarding journey that begins the day they’re hired and continues through their first 30 days and beyond. It gives them

everything needed to get to know their team, understand what’s expected, and begin to thrive in their new role.

- As we work to meet the changing needs of the business, we continue to invest in building capabilities of our leaders, as well as defining and bringing to life the role of the leader. We strive to provide timely and relevant training to help ensure associates at all levels are prepared to deliver a full, fresh, and friendly experience in their current role as well as prepare for future opportunities.
- Leadership focused on building relationships and staying connected with associates throughout their careers is foundational to our approach and supports our commitment to help associates achieve their personal and career aspirations, that is what we mean by a Connected High-Performance Culture.

During 2020:

- Kroger ranked #9 on the 2020 Axios Harris Poll 100 noted as a top performer on two new measures “Best on COVID” – a new measure of “has taken meaningful actions to address the challenges of COVID-19” – and “Best on racial equality” – a new measure of “has taken meaningful actions in support of racial equality”.
- For the third year in a row, Kroger was named a Best Place to Work for LGBTQ Equality and achieved a perfect score on the Corporate Equality Index by the Human Rights Campaign, a national benchmarking tool for corporate policies and practices supporting lesbian, gay, bisexual, transgender and queer employees.





Developing High Performing Leaders and Teams

We believe that great leaders empower the associate experience, which drives the customer experience.

Our Kroger Leadership Model (KLM) emphasizes the importance of how we achieve results by identifying eight behaviors that deliver them. These behaviors fall within two fundamental leadership beliefs held at Kroger: to lead with our passion for people and our passion for results.

A key component of associate engagement and growth is clear expectations. Through routine check-ins leaders can address any changing business needs, communicate clear expectations, and provide feedback on results. This process not only helps our associates build their skills and confidence, which ultimately drives outcomes, but it also illustrates that the company and their leader are invested in their future. These conversations can open doors to the many diverse career opportunities that exist within Kroger.



Investing in Associates

The attraction and retention of top talent is supported by our highly competitive and highly valued Total Rewards programs comprised of compensation, health care benefits, retirement benefits, and perquisites package for all associates, including those represented by collective bargaining agreements.

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. For example, we're hiring wall-to-wall clerks that are cross-trained and empowered to help in any area of the store, as needs arise. We're also targeting our recruiting for critical roles and rewarding associates for training certifications and job performance.

We continue to rebalance our wage and benefits offering by redirecting additional money from health care and pension to wages. We participate in approximately 360 collective bargaining agreements that cover the compensation and benefits provided to the majority of our associates. Our efforts to rebalance pay and benefits have been implemented since 2018 and continued

throughout 2020. Over this period, we have achieved the desired changes in over 270 collective bargaining agreements, which encompass over 250,000 associates.

Our objective in every negotiation is to find a fair and reasonable balance between competitive costs and compensation packages that provide market competitive wages, good quality, affordable health care, and retirement benefits for our associates. We continue to strive to make our overall benefit package relevant to today's associates.

Our average hourly rate, inclusive of benefits, was more than \$20 in 2020.

We continue to see associates take advantage of our education assistance program. The program offers associates up to \$3,500 annually (and up to \$21,000 over the course of your career) to improve every day through education that works for you. All part-time and full-time associates are eligible after six months of service. More than 3,100 associates, 86% whom are hourly, have taken advantage of the program in 2020 alone.

ONE OF THE LARGEST INVESTMENTS DURING THE LAST SEVERAL YEARS HAS BEEN OUR MOST IMPORTANT RESOURCE, OUR ASSOCIATES. THIS INCLUDES WAGE INVESTMENTS, TRAINING AND DEVELOPMENT AND ADDRESSING THE UNDERFUNDING OF MULTIEMPLOYER PENSION PLANS. DURING 2020, WE COMMITTED MORE THAN \$2.5 BILLION TO SAFEGUARD THE ENVIRONMENT FOR OUR ASSOCIATES AND CUSTOMERS AND TO REWARD ASSOCIATES, INCLUDING COMMITTING NEARLY \$1 BILLION TO SECURE PENSIONS FOR OVER 30,000 ASSOCIATES.



How We'll Continue to Develop Talent

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

There are several efforts underway to set to begin in the near future:

- Strategic partnerships with universities, educational institutions, and community partners to improve how we attract candidates from all backgrounds and ethnicities
- Focus on diverse sources of talent through key partnerships with diversity networks, military organizations, Neurodiverse partners, and other groups. This includes building relationships early through campus recruiting, enhancing our internship experience, and increasing conversion and enhancing our partnerships with Historically Black Colleges and Universities and Hispanic-Serving Institutions.
- Leverage Artificial Intelligence tools throughout the entire talent acquisition process
- Create strategic talent plans and pipelines, allowing us to proactively source the best talent to meet the changing needs of the organization.
- Increasing mix of external talent, including senior operating leadership roles
- Continue to leverage workforce analytics and business insights to drive our decisions to support the associate experience, customer experience and results (e.g., store continuity, learning impact, talent readiness and diversity)

Passion for people

Communicates effectively and candidly
Achieves results through teamwork
Leads through positive influence
Coaches and develops others

&

Passion for results

Puts the customer first
Provides clear and strategic direction
Executes with excellence
Leads change and innovation



Imagine a world with

**ZERO
HUNGER
ZERO
WASTE**

by Kroger

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

...re 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 2020, we continued to deliver on Zero Hunger | Zero Waste by directing a record 640 million meals in food and funds to fight hunger in our communities, and by further reducing waste across our entire organization.

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 GO HUNGRY.

We have made considerable progress, and our momentum shows that the Kroger Family of Companies is always striving for a better tomorrow.



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.

2020 Results



ZERO HUNGER

\$213 million to end hunger in our communities. Total Kroger charitable giving: \$301 million

A record one-year total of **640 million meals** for food insecure individuals and families

Kroger associates rescued **90 million pounds** of wholesome food from our stores, plants and DCs

ZERO WASTE

81% waste diversion from landfills company-wide, including a **4% reduction in total waste** to landfills

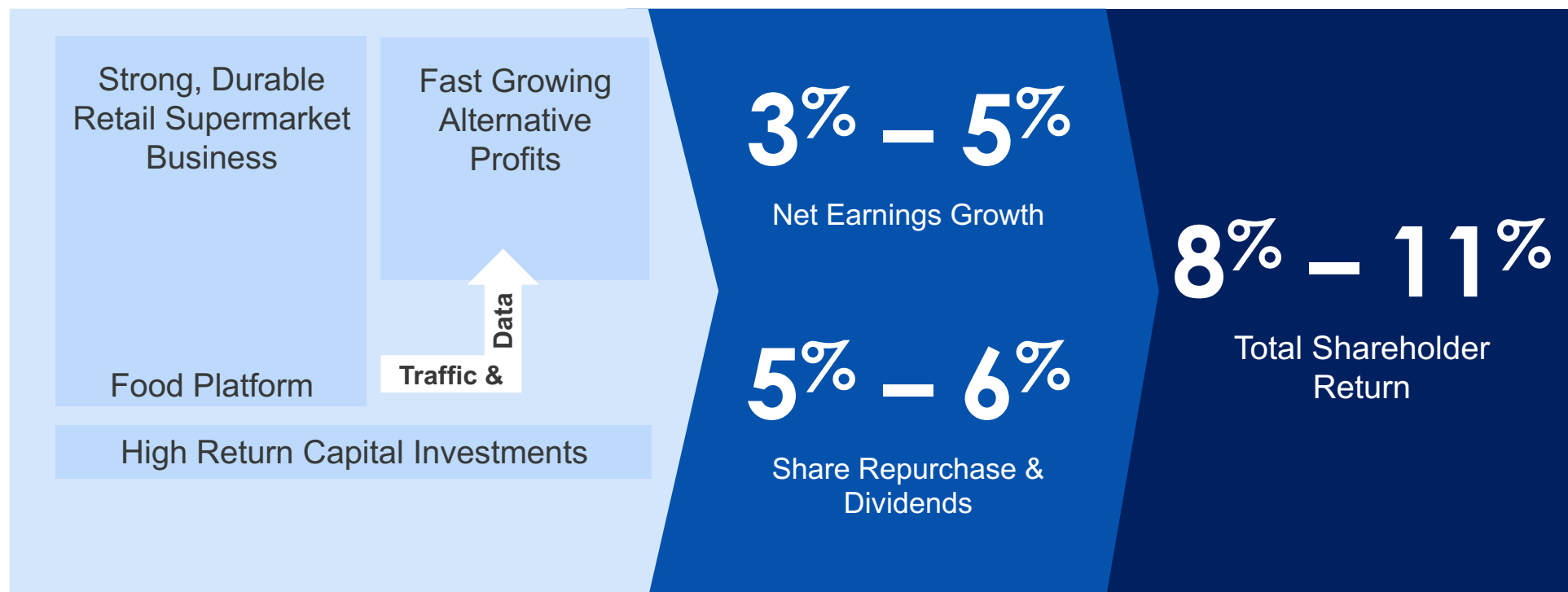
Food waste recycling programs expanded to **2,285 stores**

31 of 34 Kroger-operated manufacturing plants are Zero Waste



Create Shareholder Value

Strong Value Creation Model, Delivering Sustainable TSR



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

Value Creation Model

Our financial model starts with a strong durable core driven by our retail supermarket, fuel, and health and wellness businesses. We are making investments in the areas that matter most to our customer, and we will balance these investments with disciplined execution of cost savings that simplify our business. The model will leverage Kroger's unique assets to drive growth in our asset-light, margin-rich 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.

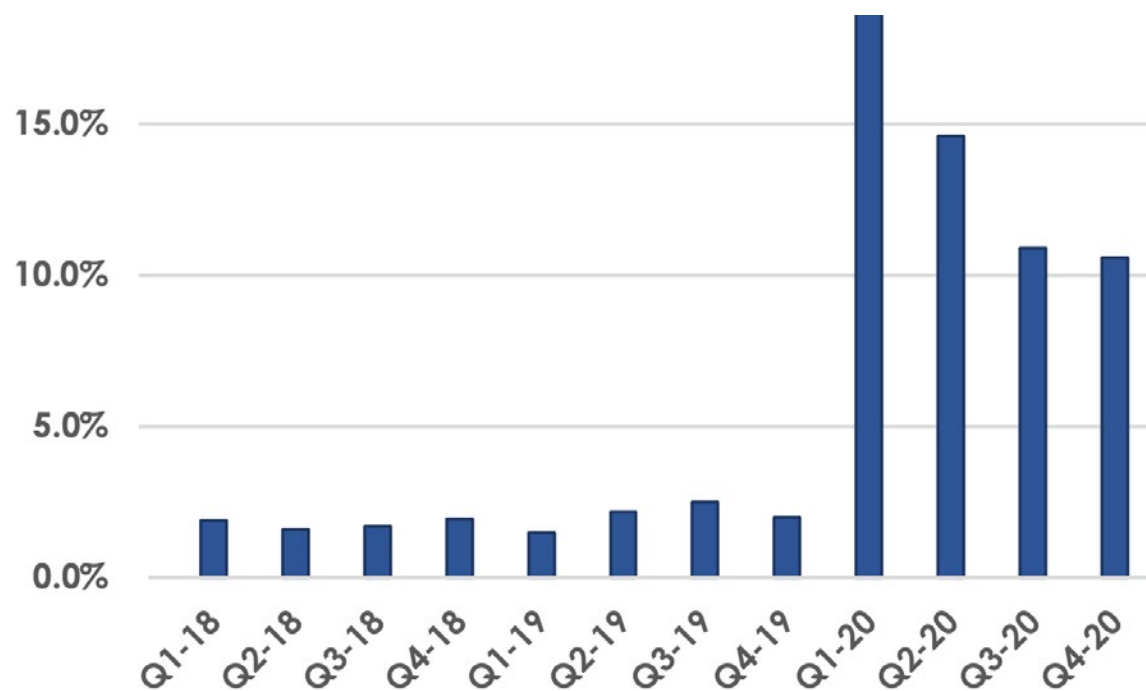


Identical Supermarket Sales

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. Additionally, sales from all acquired businesses are treated as identical as if they were part of the Company in the prior year. 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 Restock Kroger initiative and 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 and 2018. This change did not affect identical sales percentages for 2018.

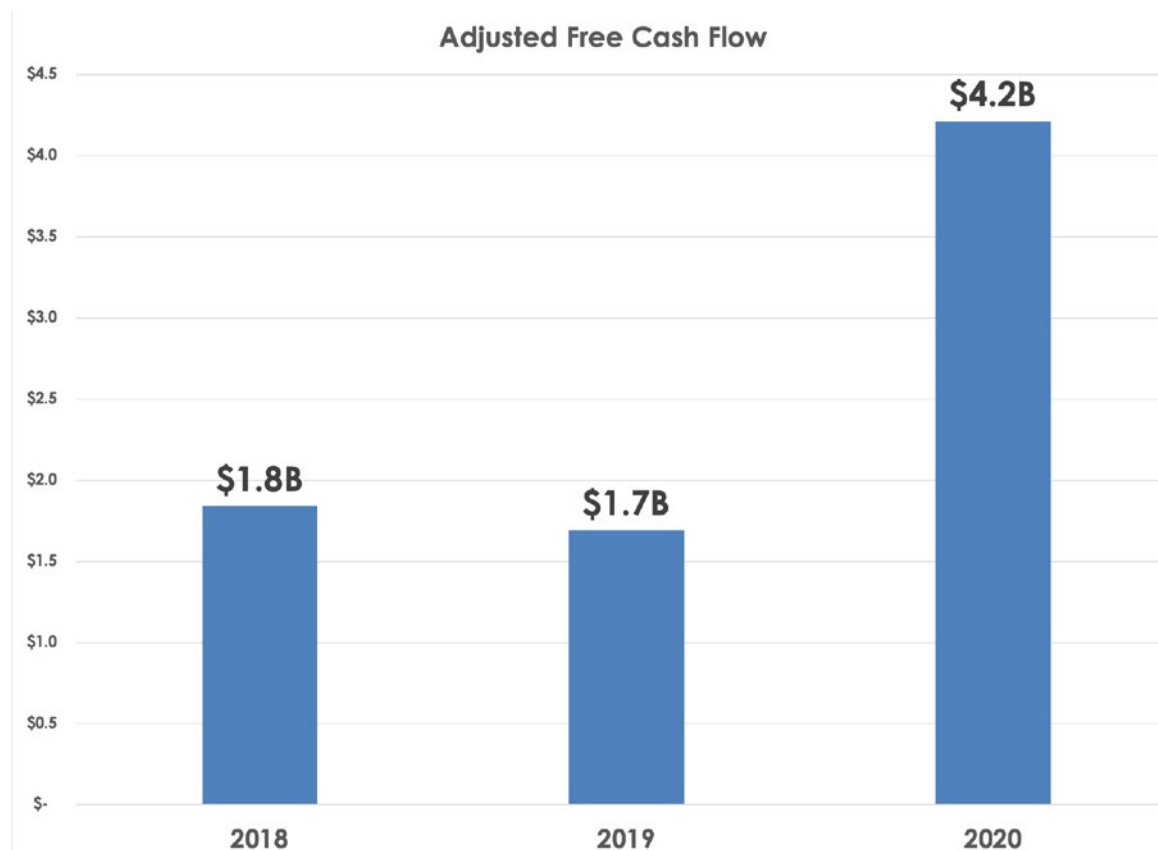
Free Cash Flow

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 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 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 continue to return excess cash to investors via share repurchases, resulting in consistently strong and sustainable total shareholder return of between 8% and 11%.

During 2020, Kroger reduced net total debt by \$2.0 billion and our net total debt to adjusted EBITDA ratio was 1.75x, below our target range of 2.30x to 2.50x. In total Kroger returned \$1.9 billion to shareholders in 2020.

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.

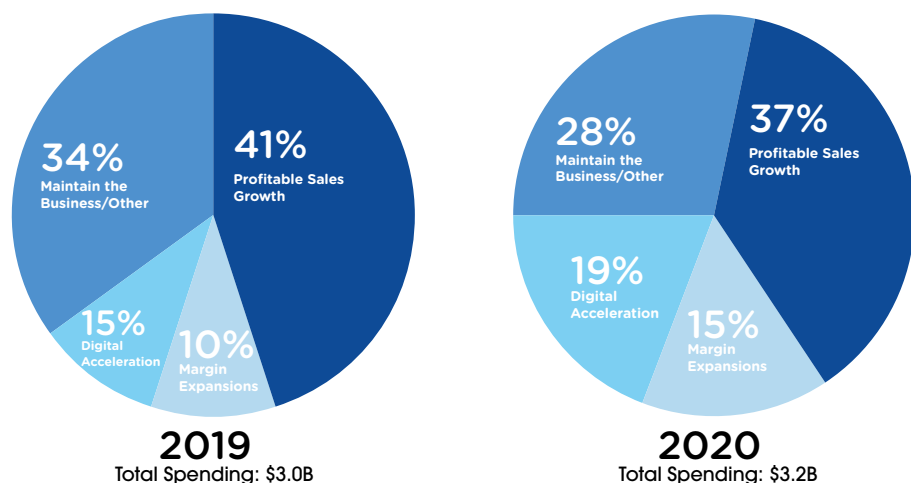
For complete reconciliation of adjusted free cash flow please reference the appendix section of this document.

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, totaled \$3.2 billion in 2020 and \$3.0 billion in 2019. Capital investments for the purchase of leased facilities totaled \$58 million in 2020 and \$82 million in 2019. We allocate our capital spending priorities across 4 major buckets of investments: 1) Sales Growth, 2) Digital Ecosystem, 3) Margin Expansion, and 4) Maintain the Business.

Capital Investments



Sales Growth

These investments include store remodels, major storing activity, fuel centers, in stock initiatives, and corporately driven merchandising initiatives. 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%.

Margin Expansion

These investments include projects that are focused on reducing the cost of doing business by eliminating waste and driving efficiencies. 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.

Digital Acceleration

These investments include Digital, Ocado, and supply chain investments that are required to build our ecommerce business. These investments have been a primary focus for us over the last few years as we have built an ecommerce platform and rolled out Pickup locations throughout the enterprise.

Maintain the Business

These investments represent maintenance, repairs, and assets required to support the day to day business.

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 \$1.2 billion in 2020 and \$400 million in 2019.

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 \$128 million in 2020 and \$65 million in 2019 of our common shares under the stock option program.

On November 5, 2019, 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 “November 2019 Repurchase 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 authorization replaced the existing November 2019 Repurchase Program.

The shares repurchased in 2020 were reacquired under the following share repurchase programs:

- The November 2019 Repurchase Program.
- The September 2020 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 30, 2021, there was \$400 million remaining under the September 2020 Repurchase Program.

During the first quarter through March 24, 2021, we repurchased an additional \$36 million of our common shares under the stock option program and \$191 million additional shares under the September 2020 Repurchase Program. As of March 24, 2021, we have \$209 million remaining under the September 2020 Repurchase Program.

Dividends

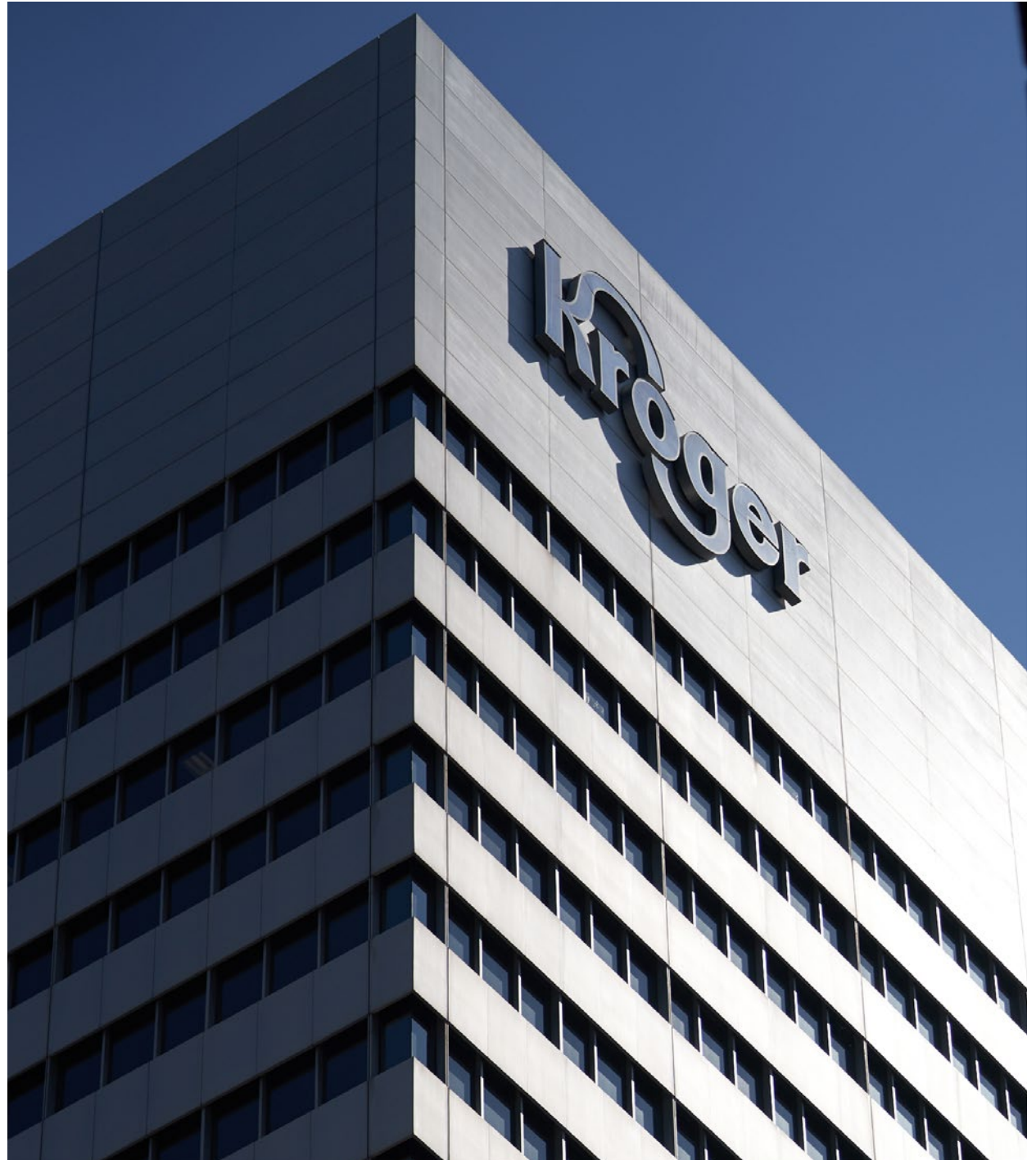
Kroger’s quarterly dividend program was reinstated by our Board in March 2006. During 2020, we paid two quarterly cash dividends of \$0.16 per share and two quarterly cash dividends of \$0.18 per share. Kroger paid a total of \$534 million, \$486 million, and \$437 million in cash dividends during 2020, 2019 and 2018, 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 and human assets into the Kroger organization to enhance or accelerate achievement of 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 the probability of 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 Restock Kroger.



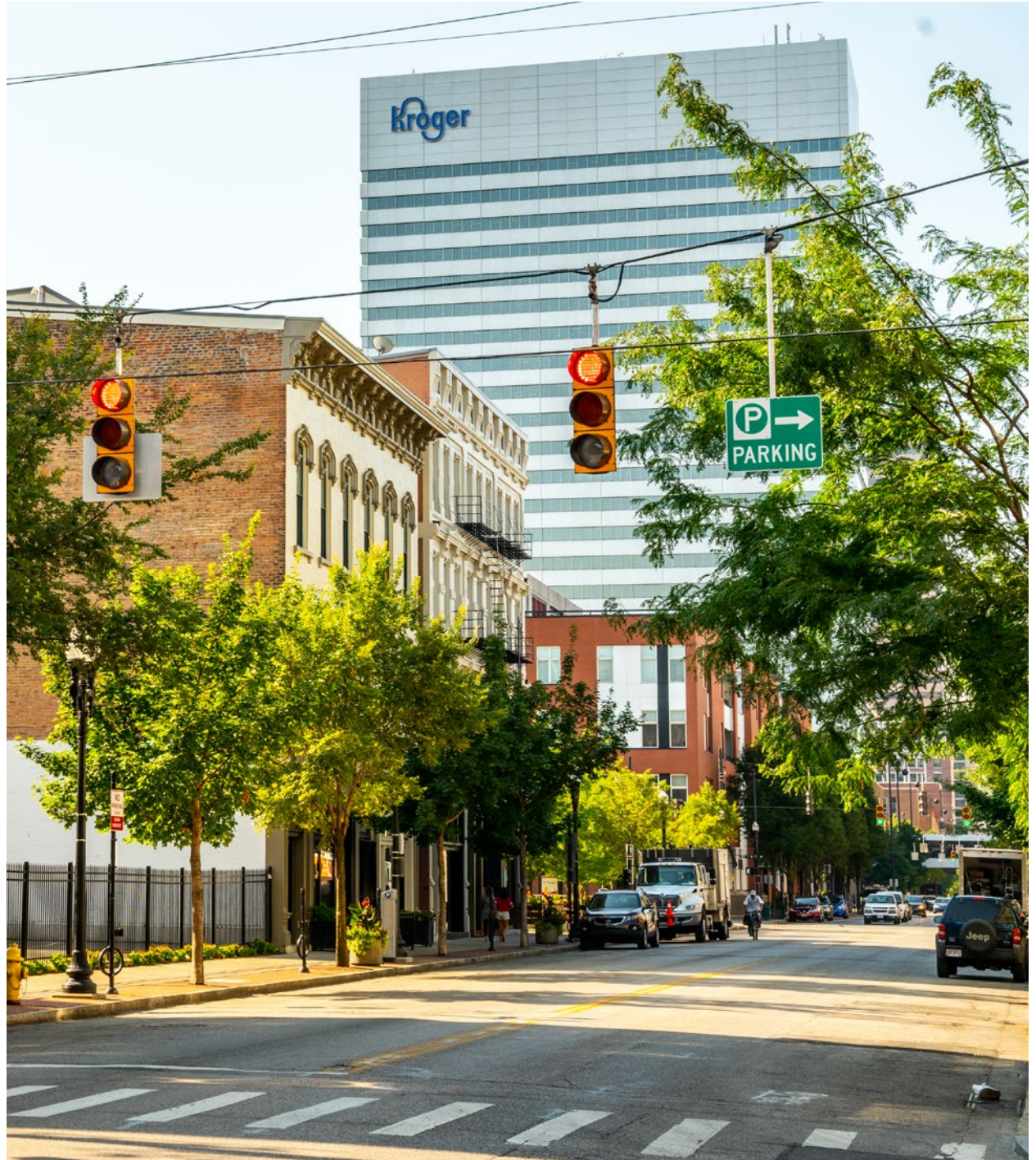
CREATE SHAREHOLDER VALUE

| Mergers/Acquisitions | Date | # Stores (A) | Location | Banner Change? |
|----------------------------|---------|-----------------|----------------------|----------------|
| Buehler Food Markets | Apr-06 | 1 | Louisville, KY | Yes |
| Scott's Food & Pharmacy | Apr-07 | 18 | Fort Wayne, IN | Yes |
| Farmer Jack | Jun-07 | 20 | Detroit, MI | Yes |
| Individual stores | 2007 | 2 | Various | Yes |
| Individual stores | 2008 | 9 | Various | Yes |
| AWG | Jan-10 | 7 | Topeka & Wichita, KS | Yes |
| Brookshires | Mar-10 | 2 | Jackson, MS | Yes |
| Albertsons | Jun-10 | 1 | Ft. Worth, TX | Yes |
| Individual store | Apr-11 | 1 | Bloomfield, IN | Yes |
| Schnuck's (supermarket) | Sept-11 | 8 | Memphis, TN | Yes |
| Schnuck's (c-stores) | Sept-11 | 7 | Memphis, TN | Yes |
| Axiom Pharmacy | Dec-12 | Specialty Rx | Lake Mary, FL | N/A |
| Harris Teeter | Jan-14 | 227 | Multiple | No |
| YOU Technology | Feb-14 | Technology | San Francisco, CA | N/A |
| Vitacost.com | Aug-14 | E-Comm | Boca Raton, FL | N/A |
| 84.51° | Apr-15 | Technology | Cincinnati, OH | N/A |
| Hiller's | Jul-15 | 7 | Detroit, MI | Yes |
| Roundy's (various banners) | Dec-15 | 151 | Wisconsin/Chicago | No |
| Minyard Sun Fresh | Jan-16 | 1 | Plano, TX | Yes |
| Market6 | Aug-16 | Technology | Deerfield, IL | N/A |
| ModernHEALTH | Sep-16 | Specialty Rx | Orlando, FL | N/A |
| Murray's Cheese | Jan-17 | 2 | New York City, NY | No |
| Marsh | Jul-17 | 11 | Indianapolis, IN | Yes |
| Farm Fresh | May-18 | 18 | Hampton Roads, VA | Yes |
| Home Chef | May-18 | Meal Kit | Chicago, IL | N/A |
| Shopko Pharmacies | Jan-19 | Rx Script Files | Green Bay, WI | N/A |

Market Share

Kroger measures market share and looks at it the way customers would look at it – where they spend their money. Since 2017, we have used IRI POS+ data to measure market share. This data includes point of sale data from several competitors and includes all departments inside our stores, except for pharmacy, fuel, supplies, gift cards and some general merchandise. The data is generated by retailers who report their sales to IRI. Top retailers who do not report: Costco, Dollar Tree, Whole Foods, Sprouts, Aldi, Trader Joes, and Food Independents. IRI projects sales for all non-reporters except for Costco and Dollar Tree.

POS+ captures roughly 96% of all sales, including UPC-coded items, PLU items, and random weight perishable items, making it a reliable and consistent source. According to IRI POS+ data, Kroger's overall market share of the products we sell in the markets where we operate increased during 2020.





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.

| | 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 |
|-------------------------------|-------|---------|---------|---------|---------|
| Combo Stores | 2,312 | 2,305 | 2,308 | 2,306 | 2,299 |
| Marketplace Stores | 183 | 183 | 183 | 183 | 182 |
| Multi-Department Stores | 134 | 134 | 134 | 134 | 134 |
| Price-Impact Warehouse Stores | 128 | 128 | 127 | 127 | 127 |
| Total Supermarkets | 2,757 | 2,750 | 2,752 | 2,750 | 2,742 |

| | 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 |
|--------------------------|-------|---------|---------|---------|---------|
| Manufacturing Plants | 35 | 35 | 35 | 35 | 35 |
| Jewelry Stores | 242 | 170 | 170 | 170 | 154 |
| Supermarket Fuel Centers | 1,567 | 1,569 | 1,575 | 1,585 | 1,596 |
| The Little Clinic (TLC) | 221 | 222 | 222 | 225 | 224 |
| Pharmacies | 2,270 | 2,257 | 2,258 | 2,256 | 2,255 |

Store Counts by Quarter

| | 2019 | 1Q 2020 | 2Q 2020 | 3Q 2020 | 4Q 2020 |
|----------------------------------|-------|---------|---------|---------|---------|
| Beginning of Period | 2,758 | 2,757 | 2,750 | 2,752 | 2,750 |
| Opened | 6 | 1 | 1 | 2 | - |
| Opened (Relocation) | 2 | 1 | 2 | 3 | 1 |
| Acquired | - | - | - | - | - |
| Closed (Operational) | (5) | (8) | (1) | (4) | (8) |
| Closed (Relocation) | (4) | (1) | - | (3) | (1) |
| End of Period | 2,757 | 2,750 | 2,752 | 2,750 | 2,742 |
| Total Supermarket Square Footage | 180 | 179 | 179 | 180 | 179 |

Geography & Markets

At the end of 2020, Kroger (either directly or through our subsidiaries) operated 2,742 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 2020 | Y/E 2019 |
|----------------|--|----------|----------|
| California | Food 4 Less, Foodsco, Ralphs, Ralphs Fresh Fare | 301 | 302 |
| Texas | Kroger, Kroger Fresh Fare, Kroger Marketplace | 209 | 211 |
| Ohio | Kroger, Kroger Fresh Fare, Kroger Marketplace, Ruler | 201 | 205 |
| Georgia | Harris Teeter, Kroger, Kroger Fresh Fare, Kroger Marketplace | 168 | 169 |
| Indiana | Food 4 Less, Jay C, Jay C Food Plus, Kroger, Kroger Marketplace, Owen's, Payless Super Market, Ruler | 152 | 154 |
| Colorado | City Market, King Soopers, King Soopers Fresh F, King Soopers Market | 148 | 148 |
| North Carolina | Harris Teeter | 150 | 149 |
| Arizona | Fry's Food And Drug, Fry's Marketplace, Fry's Mercado, Smith's | 127 | 126 |
| Michigan | Kroger, Kroger Fresh Fare, Kroger Marketplace | 120 | 121 |
| Virginia | Harris Teeter, Kroger, Kroger Marketplace | 122 | 122 |
| Tennessee | Kroger, Kroger Marketplace, Ruler | 117 | 119 |
| Washington | Fred Meyer, Quality Food Center | 116 | 117 |
| Kentucky | Kroger, Kroger Marketplace, Ruler | 112 | 112 |
| Wisconsin | Copps, Metro Market, Pick N Save, Pick N Save Marketpl | 106 | 106 |
| Illinois | Food 4 Less, Kroger, Marianos, Ruler | 102 | 103 |
| Kansas | Dillons, Dillons Marketplace | 62 | 63 |
| 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 |
| West Virginia | Kroger | 39 | 40 |
| South Carolina | Harris Teeter, Kroger, Kroger Marketplace | 41 | 40 |
| Arkansas | Kroger, Kroger Marketplace | 32 | 32 |
| Mississippi | Kroger, Kroger Marketplace | 30 | 30 |
| New Mexico | City Market, Smith's, Smith's Marketplace | 25 | 25 |

| | | | |
|----------------------|------------------------------------|--------------|--------------|
| Maryland | Harris Teeter | 18 | 18 |
| Missouri | Gerbes, Kroger, Ruler | 15 | 15 |
| Idaho | Fred Meyer, Smith's | 14 | 15 |
| Alabama | Kroger | 10 | 10 |
| Alaska | Fred Meyer | 11 | 11 |
| Nebraska | Baker's | 11 | 11 |
| Louisiana | Kroger, Kroger Marketplace | 8 | 8 |
| Wyoming | City Market, King Soopers, Smith's | 9 | 9 |
| District of Columbia | Harris Teeter | 4 | 4 |
| Montana | Smith's | 4 | 4 |
| Delaware | Harris Teeter | 2 | 2 |
| Florida | Harris Teeter | 1 | 1 |
| TOTAL | | 2,742 | 2,757 |



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 2020 | Y/E 2019 |
|----------------------------|--------------------|--------------|--------------|
| Harris Teeter | Charlotte, NC | 259 | 258 |
| Ralphs | Los Angeles, CA | 188 | 188 |
| Kroger Atlanta | Atlanta, GA | 183 | 183 |
| King Soopers/City Market | Denver, CO | 152 | 152 |
| Roundy's | Milwaukee, WI | 150 | 150 |
| Smith's | Salt Lake City, UT | 141 | 142 |
| Kroger Central | Indianapolis, IN | 131 | 134 |
| Fred Meyer Stores | Portland, OR | 132 | 132 |
| Food 4 Less | Los Angeles, CA | 126 | 127 |
| Fry's Food and Drug | Phoenix, AZ | 123 | 122 |
| Kroger Michigan | Novi, MI | 119 | 119 |
| Kroger Columbus | Columbus, OH | 114 | 116 |
| Kroger Louisville* | Louisville, KY | 116 | 116 |
| Kroger Dallas | Dallas, TX | 109 | 110 |
| Kroger Houston | Houston, TX | 108 | 109 |
| Kroger Mid-Atlantic | Roanoke, VA | 109 | 110 |
| Kroger Cincinnati | Cincinnati, OH | 104 | 107 |
| Kroger Delta | Memphis, TN | 100 | 101 |
| Kroger Nashville | Nashville, TN | 90 | 91 |
| Dillons Food Stores | Hutchinson, KS | 79 | 80 |
| Quality Food Centers (QFC) | Seattle, WA | 61 | 62 |
| Ruler Foods* | Seymour, IN | 48 | 48 |
| Total | | 2,742 | 2,757 |

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

Major Markets

At the end of 2019 Kroger operated stores in 50 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.

37 of Kroger's 50 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 | 193 | Food 4 Less, Ralphs | Yes | Major Market | Albertsons Safeway/ South Ca Div | Trader Joes Co |
| 2 | Atlanta-Sandy Springs-Roswell, GA | 126 | Kroger Atlanta | Yes | Major Market | Publix Super Mkts Inc/ Atlanta | Walmart Supercenter |
| 3 | Houston-The Woodlands-Sugar Land, TX | 100 | Kroger Houston | No | Major Market | HEB | Walmart Supercenter |
| 4 | Phoenix-Mesa-Scottsdale, AZ | 96 | Fry's Food and Drug | Yes | Major Market | Walmart Supercenter | Albertsons Safeway/ Southwest Div |
| 5 | Dallas-Fort Worth-Arlington, TX | 95 | Kroger Dallas | Yes | Major Market | Walmart Supercenter | Albertsons Safeway/ Southern Div |
| 6 | Seattle-Tacoma-Bellevue, WA | 86 | Fred Meyer Stores, Quality Food Centers (QFC) | Yes | Major Market | Albertsons Safeway/ Seattle Div | Walmart Supercenter |
| 7 | Detroit-Warren-Dearborn, MI | 84 | Kroger Michigan | Yes | Major Market | Meijer Inc | Independent |
| 8 | Denver-Aurora-Lakewood, CO | 82 | King Soopers/City Market | Yes | Major Market | Walmart Supercenter | Albertsons Safeway/ Denver Div |
| 9 | Cincinnati, OH-KY-IN | 71 | Kroger Cincinnati, Ruler Foods* | Yes | Major Market | Walmart Supercenter | Meijer Inc |
| 10 | Charlotte-Concord-Gastonia, NC-SC | 61 | Harris Teeter | Yes | Major Market | Food Lion/Southern Division | Walmart Supercenter |
| 11 | Chicago-Naperville-Elgin, IL-IN-WI | 60 | Food 4 Less, Roundy's, Ruler Foods* | No | Major Market | Albertsons Safeway/ Jewelco Div | Walmart Supercenter |
| 12 | Columbus, OH | 60 | Kroger Columbus | Yes | Major Market | Giant Eagle Inc | Walmart Supercenter |
| 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/ Charlotte |
| 16 | Washington-Arlington-Alexandria, DC-VA-MD-WV | 43 | Harris Teeter | No | Major Market | Giant Of Maryland Llc | Albertsons Safeway/ Mid Atlantic |
| 17 | Louisville/Jefferson County, KY-IN | 43 | Kroger Louisville*, Ruler 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/North-west 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 | 20 | 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 | Woodmans Food Markets Inc | Walmart Supercenter |
| 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 |

APPENDIX

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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 | Charleston, WV | 11 | Harris Teeter, Kroger Mid-Atlantic | Yes | Major Market | Walmart Supercenter | Independent |
| 45 | Omaha-Council Bluffs, NE-IA | 10 | Dillons Food Stores | No | Major Market | Hy Vee Food Stores | Walmart Supercenter |
| 46 | Oxnard-Thousand Oaks-Ventura, CA | 10 | Food 4 Less, Ralphs | Yes | Major Market | Albertsons Safeway/ South Ca Div | Trader Joes Co |
| 47 | Greensboro-High Point, NC | 9 | Harris Teeter | No | Major Market | Food Lion/Central Division | Walmart Supercenter |
| 48 | Peoria, IL | 9 | Kroger Central | Yes | Major Market | Walmart Supercenter | Hy Vee Food Stores |
| 49 | Wilmington, NC | 9 | Harris Teeter | Yes | Major Market | Food Lion/Central Division | Walmart Supercenter |
| 50 | Flint, MI | 9 | Kroger Michigan | Yes | Major Market | Walmart Supercenter | Meijer Inc |

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 | Walmart Supercenter | Publix Super Mkts Inc/Jacksonvil |
| Boulder, CO | 8 | King Soopers/City Market | Yes | Albertsons Safeway/Denver Div | Whole Foods Market/Rocky Mtn Reg |
| 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 |
| Wheeling, WV-OH | 6 | Kroger Columbus | Yes | Walmart Supercenter | Riesbeck Food Markets Inc |

APPENDIX

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| 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/Jacksonvil | Walmart Supercenter |
| Oshkosh-Neenah, WI | 5 | Roundy's | Yes | Skogens | Walmart Supercenter |
| 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 | Raleys Supermarkets |
| 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 |
| Prescott, AZ | 4 | Fry's Food and Drug | No | Albertsons Safeway/South-west Div | Walmart Supercenter |

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|---------------------------------------|---|----------------------------------|-----|---------------------------------|----------------------------------|
| 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 | Walmart Supercenter | Publix Super Mkts Inc/Atlanta |
| 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 | Duritzas Enterprises |
| 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 | Raleys Supermarkets/Nv Div | Walmart Supercenter |
| Salem, OR | 3 | Fred Meyer Stores | No | Albertsons Safeway/Portland Div | Walmart Supercenter |

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| Beaumont-Port Arthur, TX | 3 | Kroger Houston | No | Walmart Supercenter | HEB |
| Kingsport-Bristol-Bristol, TN-VA | 3 | Kroger Mid-Atlantic | No | K Va T Food Stores Inc | Walmart Supercenter |
| 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/Jewelisco 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, N | 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 |
| Owensboro, KY | 3 | Kroger Louisville* | Yes | Walmart Supercenter | Meijer Inc |

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|------------------------------|---|------------------------------------|-----|----------------------------|-----------------------------|
| 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 |
| Seymour, IN | 3 | Kroger Louisville* | 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 |
|--|------------------|------------------|------------------|
| | January 30, 2021 | February 1, 2020 | February 2, 2020 |
| Net cash provided by operating activities | \$6,815 | \$4,664 | \$4,164 |
| Payments for property and equipment, including payments for lease buyouts | (2,865) | (3,128) | (2,967) |
| Free Cash Flow | 3,950 | 1,536 | 1,197 |
| Adjustment for company pension plans and payments related to the restructuring of multi-employer pension plans | 263 | - | 185 |
| Adjustment for tax effects of divestiture transactions | - | 156 | 460 |
| Adjusted Free Cash Flow | \$4,213 | \$1,692 | \$1,842 |



KROGER FACT BOOK 2020
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