

Leading with Fresh, Accelerating with Digital

Business Update

March 2022



Agenda

1 Kroger's Vision for the Future

Rodney McMullen | Chairman and Chief Executive Officer

2 Growing with Food, Leading with Fresh

Stuart Aitken | S.V.P. and Chief Merchant and Marketing Officer

3 Elevating the Customer Experience

Mary Ellen Adcock | S.V.P. of Operations

4 Accelerating Digital Growth & Profitability

Yael Cosset | S.V.P. and Chief Information Officer

5 Delivering Today & Investing for the Future

Gary Millerchip | S.V.P. and Chief Financial Officer

6 Q&A

7 Closing Comments

Rodney McMullen | Chairman and Chief Executive Officer



Safe Harbor

This presentation includes forward-looking non-GAAP financial measures, which management believes to be useful to investors and analysts. Kroger is unable to provide a full reconciliation of the non-GAAP measures used in our guidance, including, but not limited to, adjusted FIFO operating profit to operating profit, and adjusted free cash flow, without unreasonable effort because it is not possible to predict with a reasonable degree of certainty the information necessary to calculate such measures on a GAAP basis. It is not possible to estimate with a reasonable degree of certainty certain of our adjustment items because such information is dependent on future events that may be outside of our control. The unavailable information could have a significant impact on our GAAP financial results.



Think Food, Think Kroger

Our Vision for the Future

Rodney McMullen
Chairman & Chief Executive Officer



Key Messages



Kroger's Growth in Food is Fueled by our Competitive Moats



Our Core Assets Allow for Significant Growth Opportunities



Our Value Creation Model is Designed for Sustainable Growth



We are Driving Purpose and ESG Impact Through
Zero Hunger | Zero Waste



Kroger by the Numbers

+2,700

Stores

Within 5 miles of 82% of our customers

98%

Digital Coverage

With more than 2,200+ Pickup locations & 2,500+ Delivery locations

~\$28B

Our Brands Portfolio

With four distinct billion dollar brands & #111 on Fortune 500 listing

+60M

Households Served

Providing unmatched data, driving alternative profits

\$1B

Annual Alt Profits

Operating profits driven by KPF and KPM

15.6%

Fresh Sales Growth

Over 2019 demonstrating our ability to lead with fresh



Highly Fragmented Food Market Allows Kroger Significant Room for Growth



1st or 2nd

retailer in majority of markets



Kroger ~10%

of the Food at Home Market

52%

Food
at Home

~\$1.5T

Food Market

48%

Food
Away from
Home



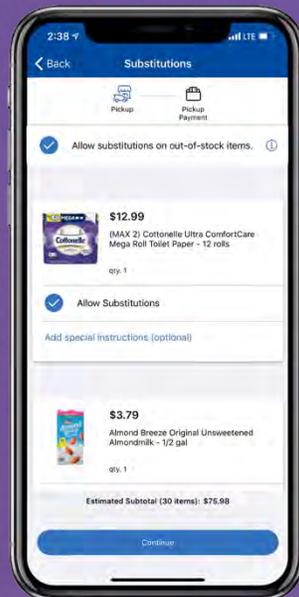
Fresh



Our Brands



Data & Personalization



Seamless Ecosystem



Kroger's Food Platform is the Foundation for Additional Growth Opportunities

Digital Media



Kroger Personal Finance



Data



Health & Wellness



Fuel



Traffic



Our Value Creation Model is Built for Sustainable Growth



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



Feeding the Human Spirit



Driving Positive Social & Environmental Change



Zero Hunger | Zero Waste

Directed **2.3 Billion meals** since 2017 to fight food insecurity in the U.S.

On-track to achieve **90% waste diversion** from landfills company-wide by 2025



2030 Sustainability Goals

Goals include carbon emissions reduction and sustainable packaging targets



Investing in Our Associates & Communities

Kroger strives to reflect the communities we serve & foster a culture that empowers everyone to be their true self, offers opportunities to grow & advance, & fulfills Our Purpose—to Feed the Human Spirit.

\$343M

Food and funds donated
to support communities
across the US

\$22/Hour

**Average rate for hourly
associates,**
including comprehensive
benefits

>\$4.1B

**Achieved in diverse
supplier spend,**
in 2020 & remain on track to
achieve \$10B in diverse
supplier spend by 2030



Kroger is Stronger Today



Entered pandemic with significant business momentum

Navigated through a dynamic operating environment to deliver for our associates and customers

By capitalizing on customer behavior changes, we are deepening our competitive moats to sustainably grow over the long-term



Today's Presenters



Stuart Aitken

S.V.P., Chief Merchant
& Marketing Officer



Mary Ellen Adcock

S.V.P. of Operations



Yael Cosset

S.V.P. & Chief Information
Officer



Gary Millerchip

S.V.P. & Chief Financial
Officer

Go-To-Market Strategy

Stuart Aitken

S.V.P. and Chief Merchant & Marketing Officer



Key Message



Our Go-To-Market strategy underpinned by our competitive moats positions Kroger for long-term sales growth and steady margin expansion.



Strong Competitive Go-to-Market Strategy

Fresh

#1 determinant of store choice

Our Brands

9th largest CPG in the US with four, \$1B brands

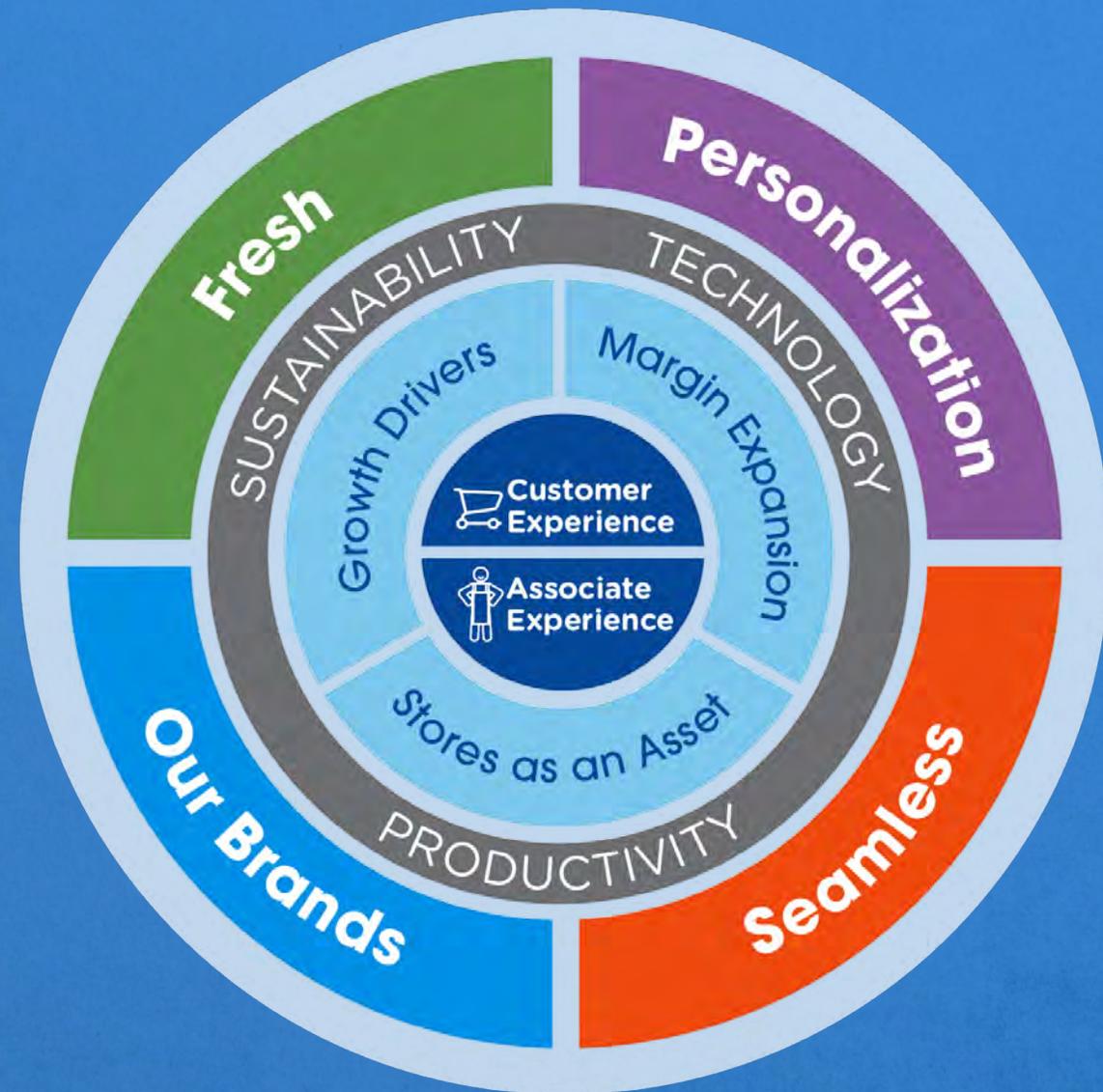


Personalization

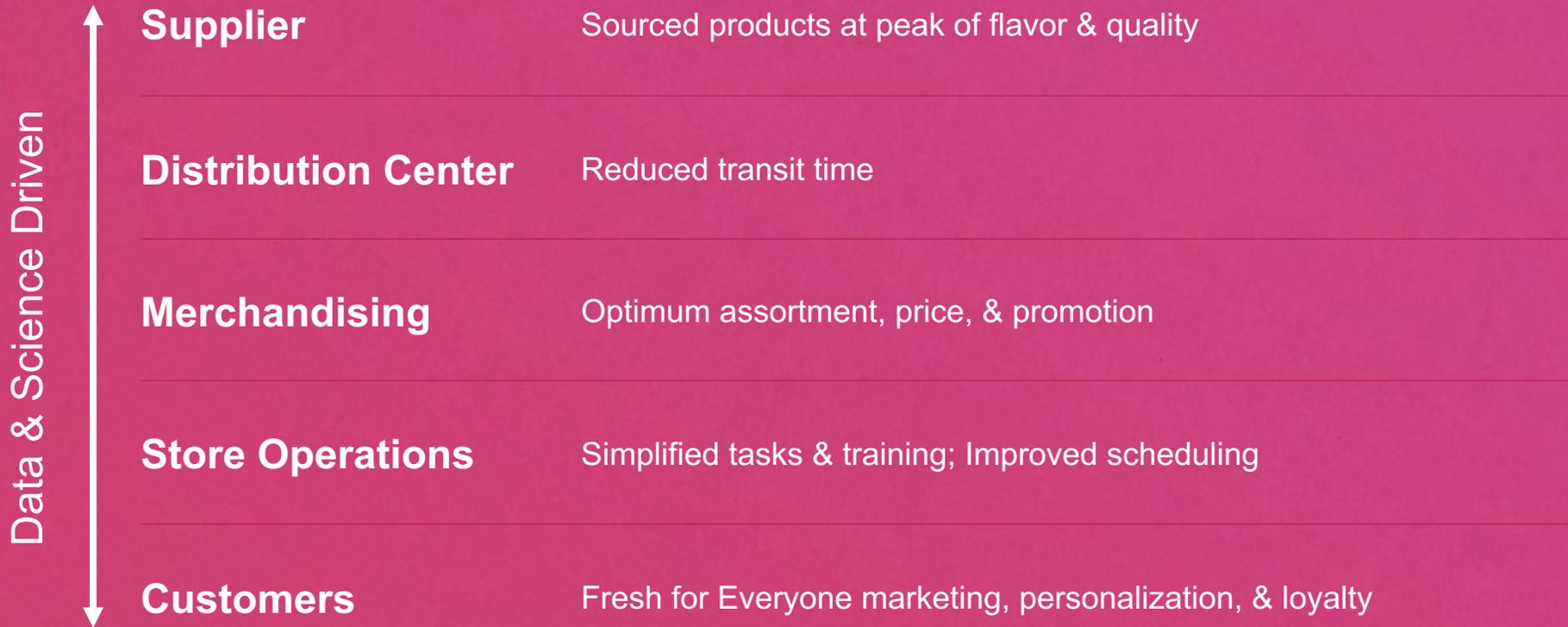
Billions of personalized recommendations, industry leading results

Seamless

Access to products when and how customers want them via Pickup & Delivery



Widening Our Competitive Moat in Fresh



Winning in Fresh through the Supply Chain



Partnering with suppliers to change distribution process



Suppliers, supply chain & operations working together



Launching a vendor accountability tool



Our Brands Are a Competitive Advantage

SCALE

~\$28B
in sales

9th largest
CPG in the U.S.

LOVE

Net promoter score is
10 pts higher
than comparable brands

100%
of new items tested to be
as good or better than
comparable national brands

MARGIN

We manufacture
~30% of
Our Brands
which drives
higher margins



Strategic Plan to Grow Sales & Expand Margin



Elevate the Kroger brand



Accelerate
Private Selection & Simple Truth



Customer
centric category
management



Marketing OB to
strengthen brand equity

Portfolio Contains Four Separate \$1B+ Brands ... and Growing!



Data & Personalization Driving Our Go-to-Market Strategy



Billions of personalized interactions



Customize digital experience



Apply personalized sciences to price, promo, and display



Boost - Next generation loyalty platform



Double-Digit Growth Drivers

Natural & Organic

Double digit CAGR last 3 years, led by Simple Truth

Multicultural

Changing flavor profiles led by cuisines from around the world

Innovation

\$2B in sales for 2021

Health & Cleaning

COVID has changed the American psyche forever

Accelerate with Seamless



Strategies to Expand Margin

While Continuing to Invest in Price

Data / Science Led

- Promotion
- Display
- Pricing

Improving Mix

- Trade up / Value add
- Personalized offers

Our Brands

- Manufacturing
- ~\$28B in sales

Reducing Costs

- Sourcing
- Lower cost to serve



Strong Competitive Go-to-Market Strategy

Fresh

#1 determinant of store choice

Our Brands

9th largest CPG in the US with four, \$1B brands

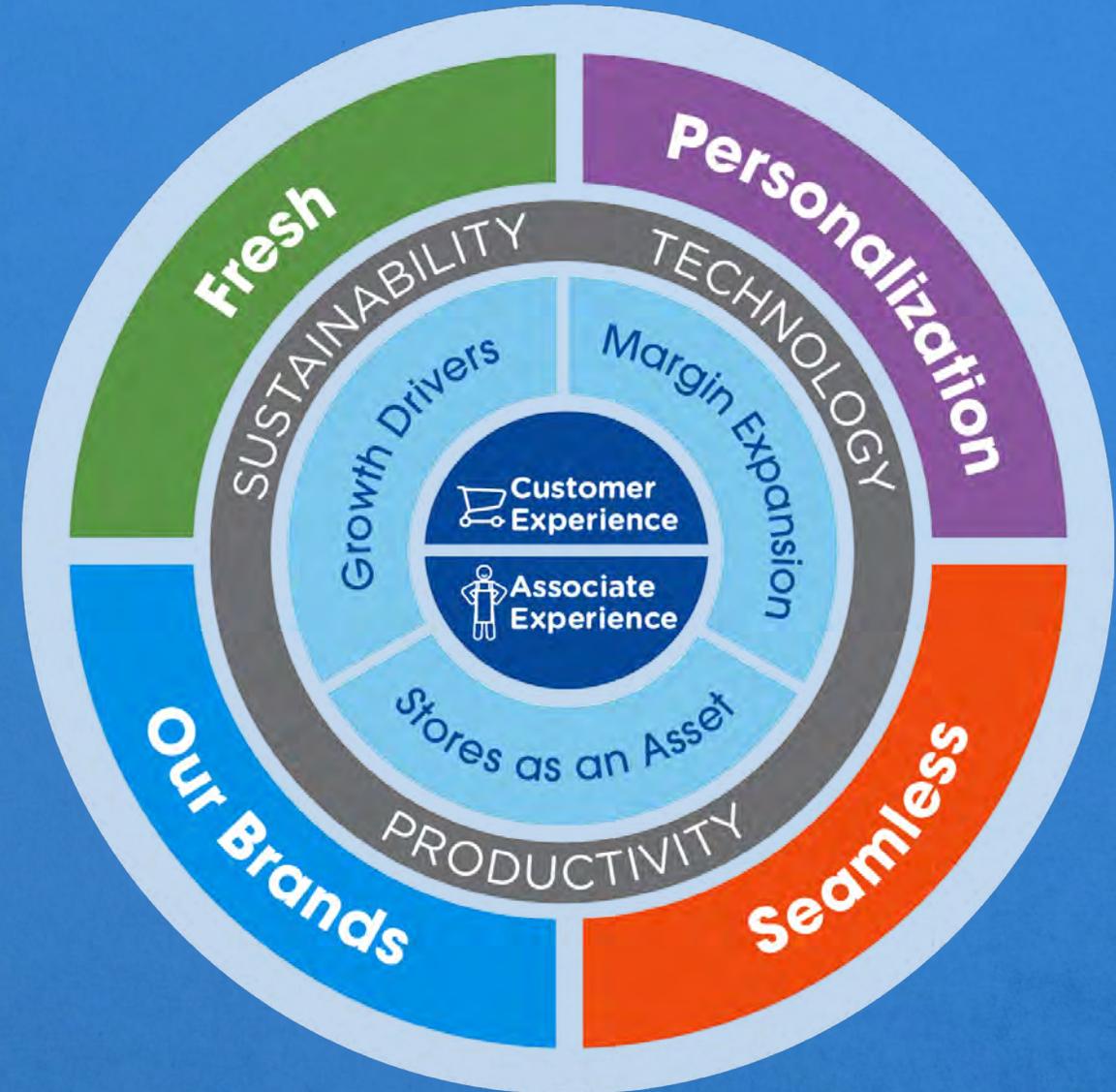


Personalization

Billions of personalized recommendations, industry leading results

Seamless

Access to products when and how customers want them via Pickup & Delivery



Elevating the Customer Experience

Mary Ellen Adcock

Senior Vice President of Operations



Key Messages



Operational Excellence

Delivering a customer experience that exceeds national retail competitors and reinforces our fresh leadership position



Associate Experience

Continuing to invest in our associates with wages and fresh opportunities to build retention and engagement



Cost Savings

Taking cost out of the business to strategically invest in our associates and fund future growth without compromising the customer experience



Strong Competitive Go-to-Market Strategy

Every Customer, Every Time!



Full

Full of the products I'm looking for



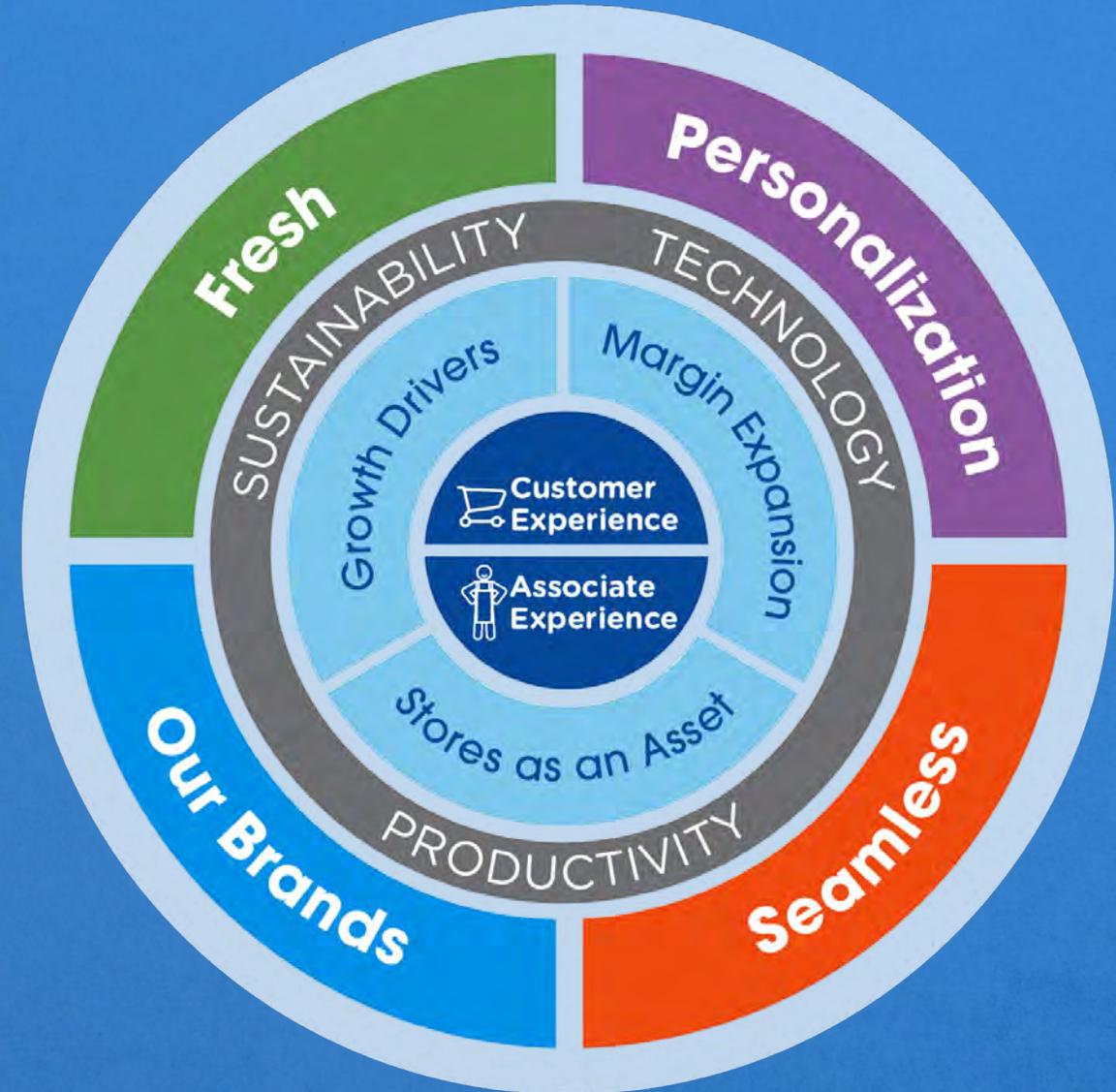
Fresh

Always fresh, no matter how I shop

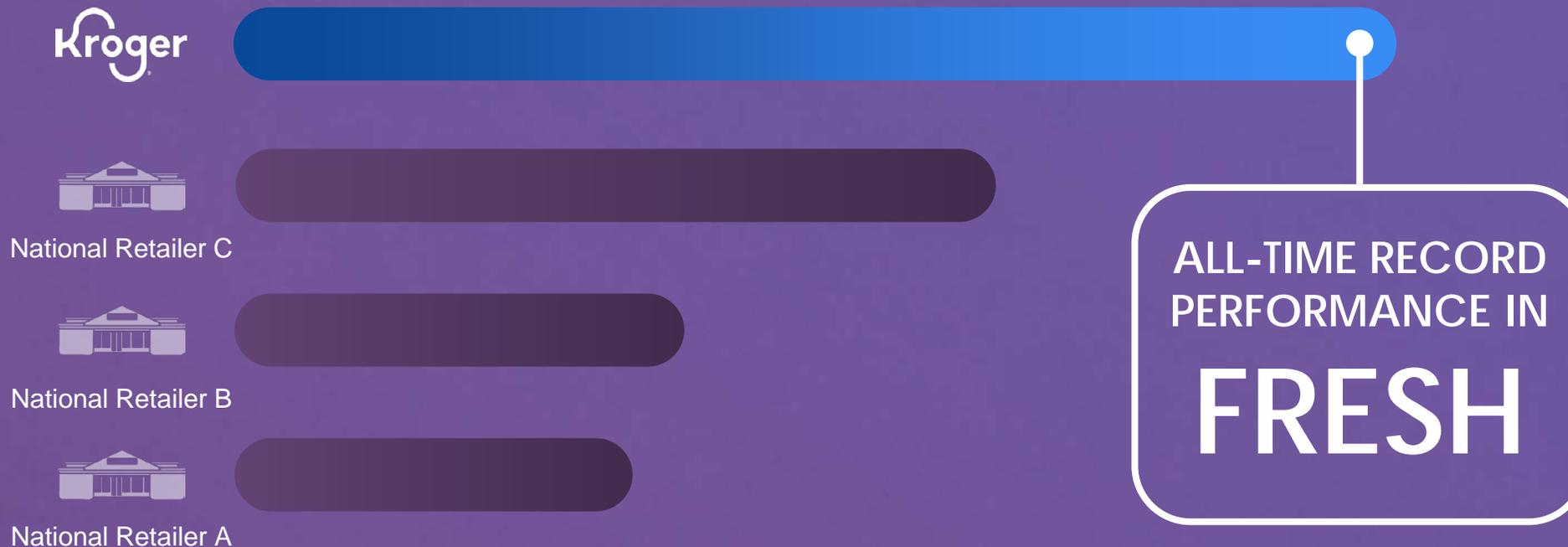


Friendly

Our associates are friendly



Kroger Leads National Retailers in FRESH



Fresh Equity Score

Our balanced measure for equity. It provides a 360 view of our performance; customer perception of us as well as how we measure up to other food retailers

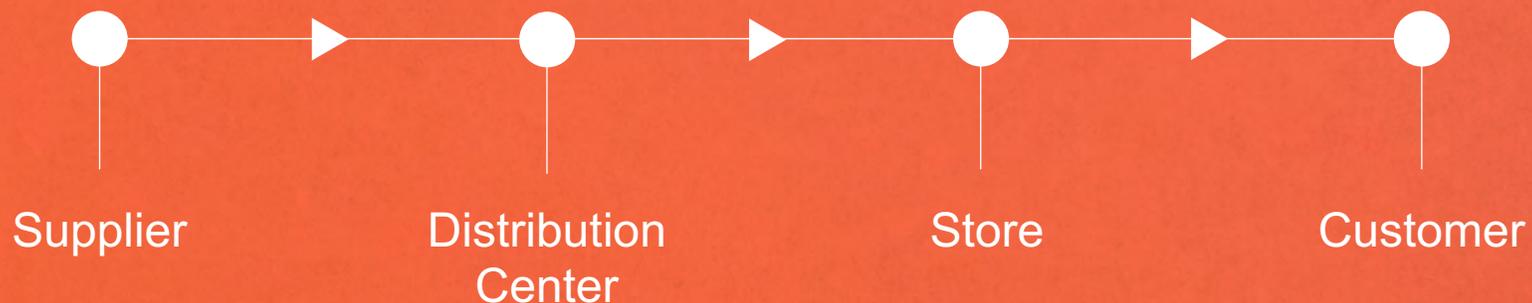


Fresh Equity Score Scaled 0-100

Competitive Moat: Next Level Fresh

70%

of customers chose grocery retailers based on quality of fresh categories



End-to-End Fresh

We get produce from our suppliers into customers' hands fresher & faster than ever



Operational Excellence in 2021

Full, Fresh & Friendly Remain Essential to the Experience



Full

New In Stock inventory system in our stores leading to more accurate inventory



Fresh

All-time record in fresh



Friendly

All-time record in friendly



Growing Sales & Elevating the Customer Experience

With Data-Driven Initiatives & Technology



Pickup Fill Rate

New streamlined inventory management process powered by mobile platforms



Produce Fresh

Fresh Production automated forecasting and ordering application



Fresh & Friendly

Real-time on-the-floor analytics to drive decisions



Checkout Wait Time

Streamlined end-to-end customer shopping experience with KroGo smart cart expansion



Executional Excellence in Pickup & Delivery

Increasing Profitability Through Superior Customer Experience & Reduced Costs

Leveraging
Store Assets

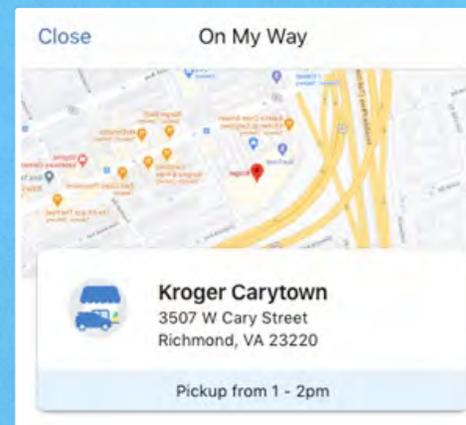
Expanded
Order Capacity

Optimized
Customer Experience

Improved
Cost to Serve



2,245+
PICK UP LOCATIONS



**RECORD LOW
COST TO SERVE**



Associate Experience

Creating an environment & culture where our associates can **THRIVE** & deliver against **Every Customer Every Time: Full, Fresh & Friendly**

Associate
Experience

EMPOWERS

Customer
Experience



Investing in Our Associates to Promote Retention & Engagement



Wages



Benefits



Well-Being



Advancement



Training



Simplify Work

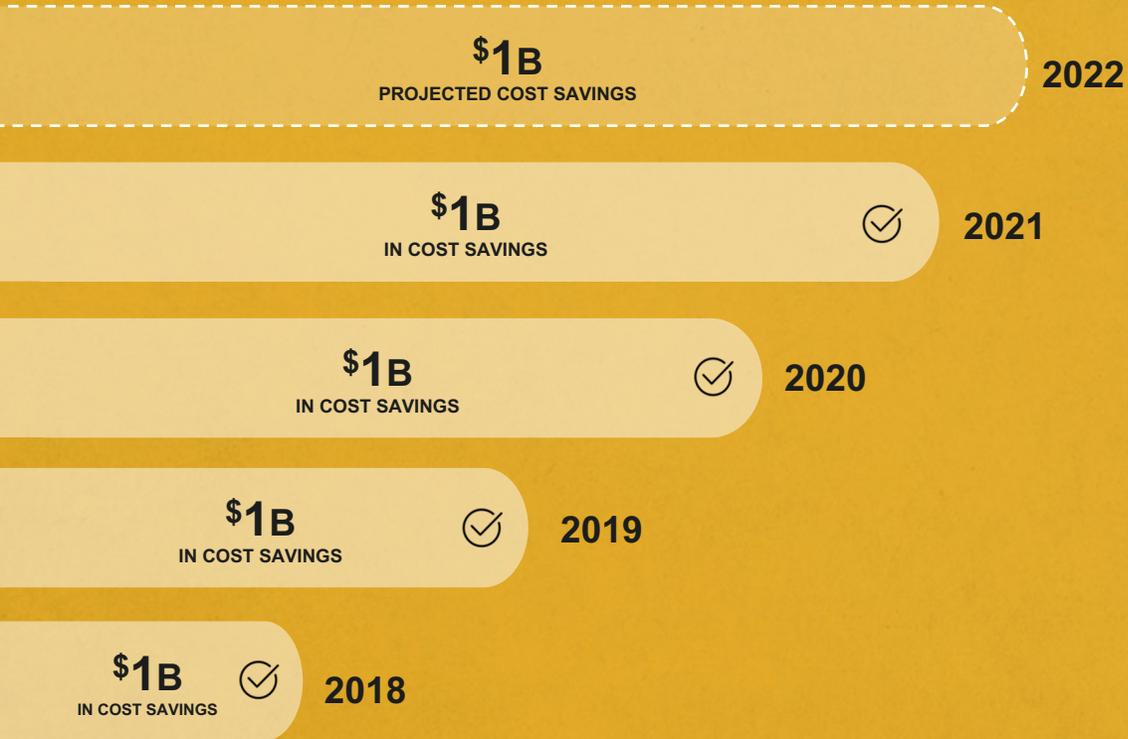


Investing in Our Associates

Average Hourly Rate Including Comprehensive Benefits



Cost Savings Deliver Value without Compromising Customer Experience



Supermarket OG&A
-1.31%
Since 2018

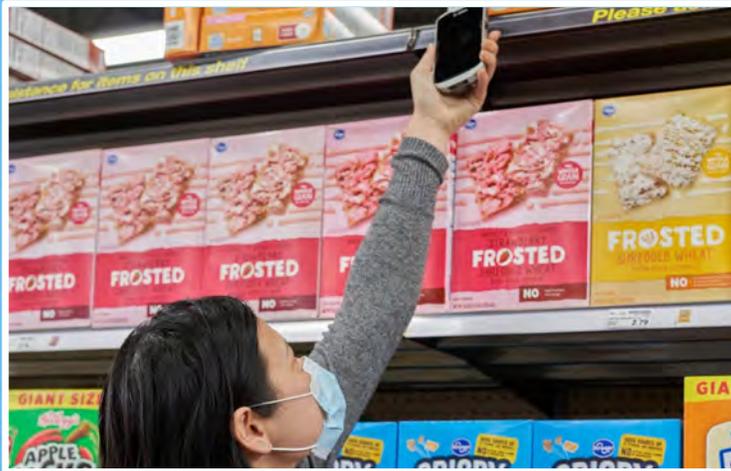


Cost Savings & Productivity: Leveraging Technology & Data Analytics

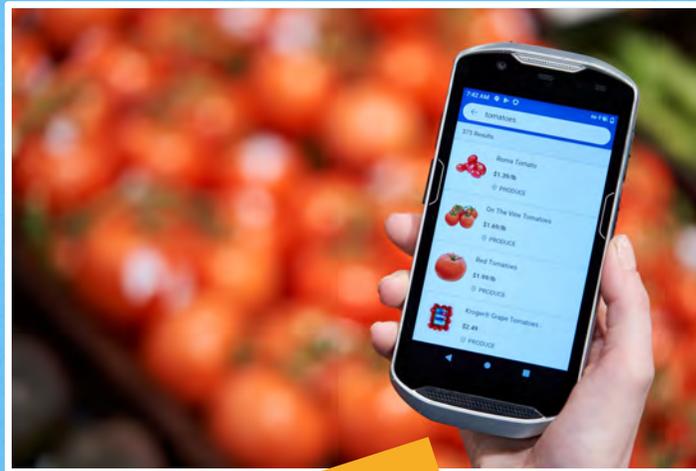
Streamlining Work

Reducing Shrink

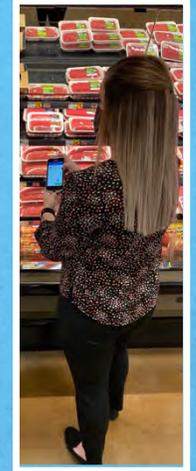
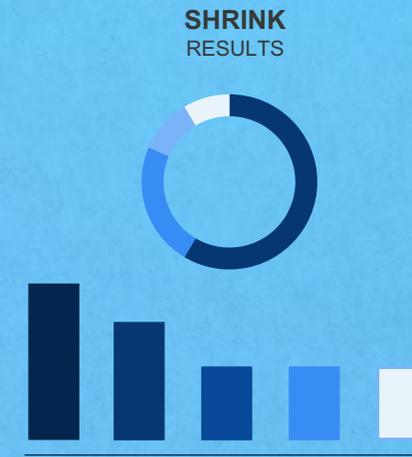
Replenishment Process Improvements



In-Store Technology



Real Time Analytics



ZERO
HUNGER
ZERO
WASTE

Operationalizing Zero Hunger | Zero Waste in Our Stores



ZERO HUNGER GOAL

Food donation in

100%

of our stores by 2022
(currently 93%)

ZERO WASTE GOAL

Food waste recycling in

95%

of stores by 2025
(currently 87%)

ZERO HUNGER | ZERO WASTE GOAL

Divert

90%

of waste from landfill by 2025
(currently 81%)



Key Messages



Operational Excellence

Delivering a customer experience that exceeds national retail competitors and reinforces our fresh leadership position



Associate Experience

Continuing to invest in our associates with wages and fresh opportunities to build retention and engagement



Cost Savings

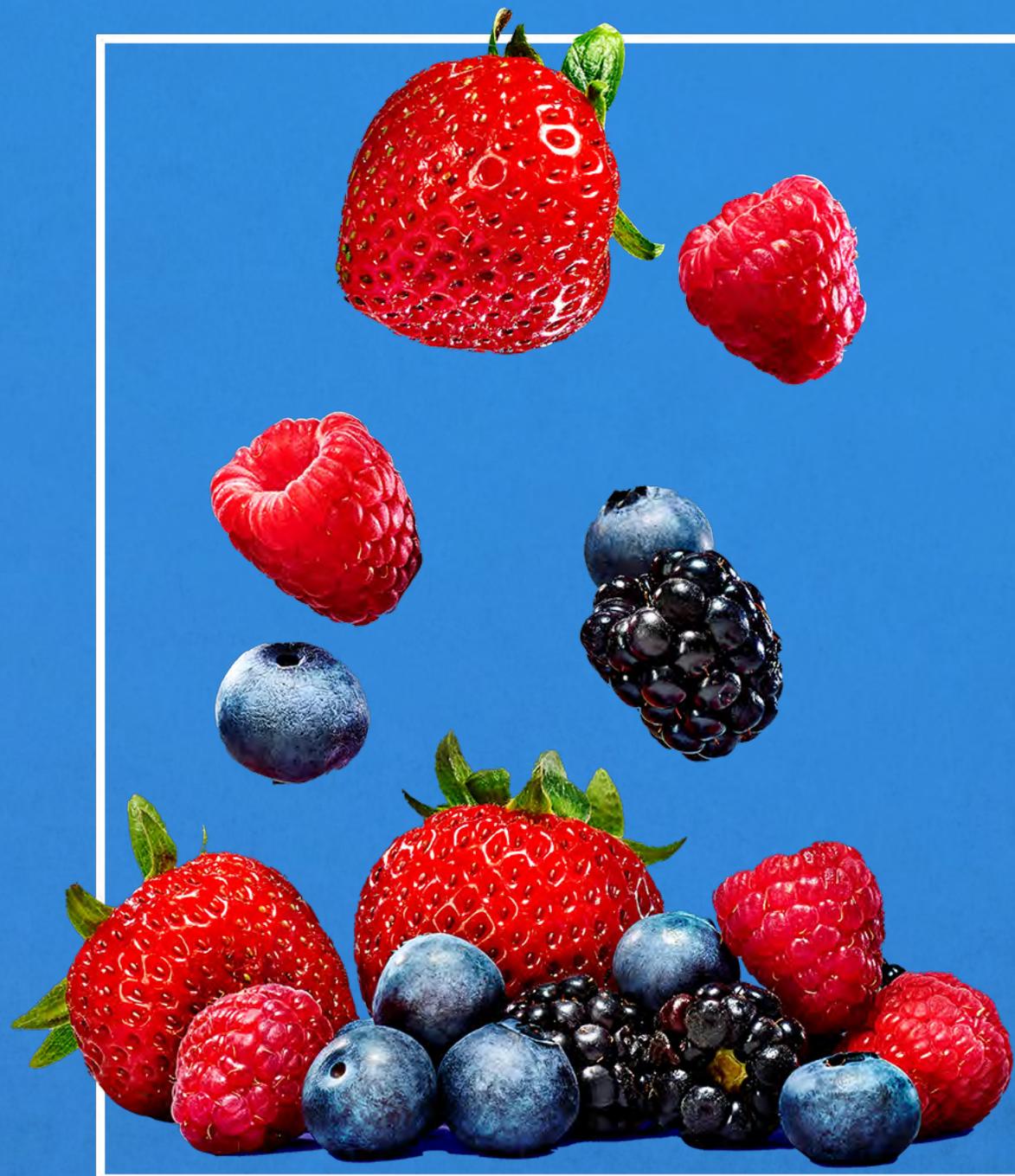
Taking cost out of the business to strategically invest in our associates and fund future growth without compromising the customer experience



Accelerating with Digital

Yael Cosset

S.V.P. and Chief Information Officer



Key Messages



Solving for customer expectations without compromise



Path to doubling digital sales by the end of 2023 leveraging our seamless experience*



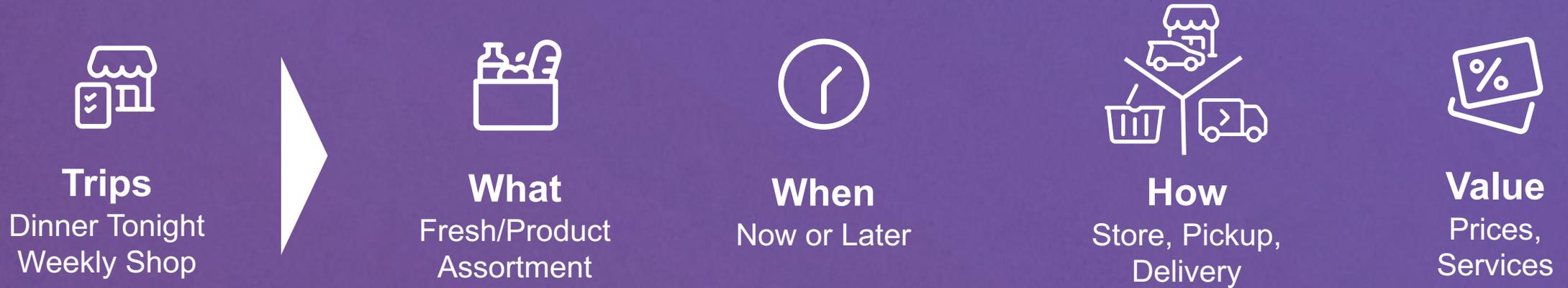
Path to doubling passthrough profitability rate by the End of 2023 leveraging our seamless ecosystem*



*Commitments to Doubling Digital Sales and Doubling Digital Passthrough Profitability rate were announced at Kroger's 2021 IR Day



Customers Expect Solutions Based On Their Mission



**Other retailers are compromising on
the customer experience or the economic model**

Two Models With Different Benefits



BRICK & MORTAR STORES



What

Fresh Products & Meals Solutions



When

Proximity & Immediacy



How

Leverage existing assets



Value

Strengths



LARGE DEDICATED FACILITIES



What

Assortment Choice



When

Scale and Reach



How

Unit Economics & Value



Value

Two Models With Different Benefits



BRICK & MORTAR STORES



What

Fresh Products & Meals Solutions



When

Proximity & Immediacy



How

Leverage existing assets



Value



LARGE DEDICATED FACILITIES



What

Assortment Choice



When

Scale and Reach



How

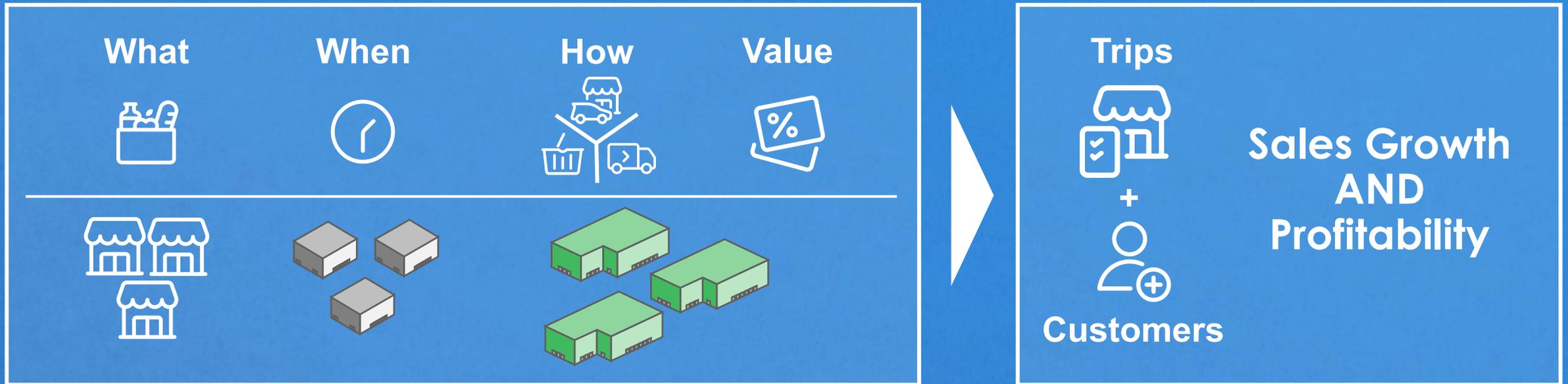
Unit Economics & Value



Value

Strengths

The Kroger Seamless Ecosystem Solves For the Customer



... and for our Shareholders

Key Achievements in 2021



**Accelerating
Share Gains**



Differentiated Fresh
Food Experience



Loyalty &
Personalization



Offering Relevant
Ways to Shop



**Increasing
Profitability**



Leveraging
Our Stores



Rolling out
Dedicated Facilities



Retail Media
Growth

Path to Doubling Sales by End of 2023



**Differentiated Fresh
Food Experience**



**Loyalty &
Personalization**



**Offering Relevant
Ways to Shop**



Grow Share of Wallet

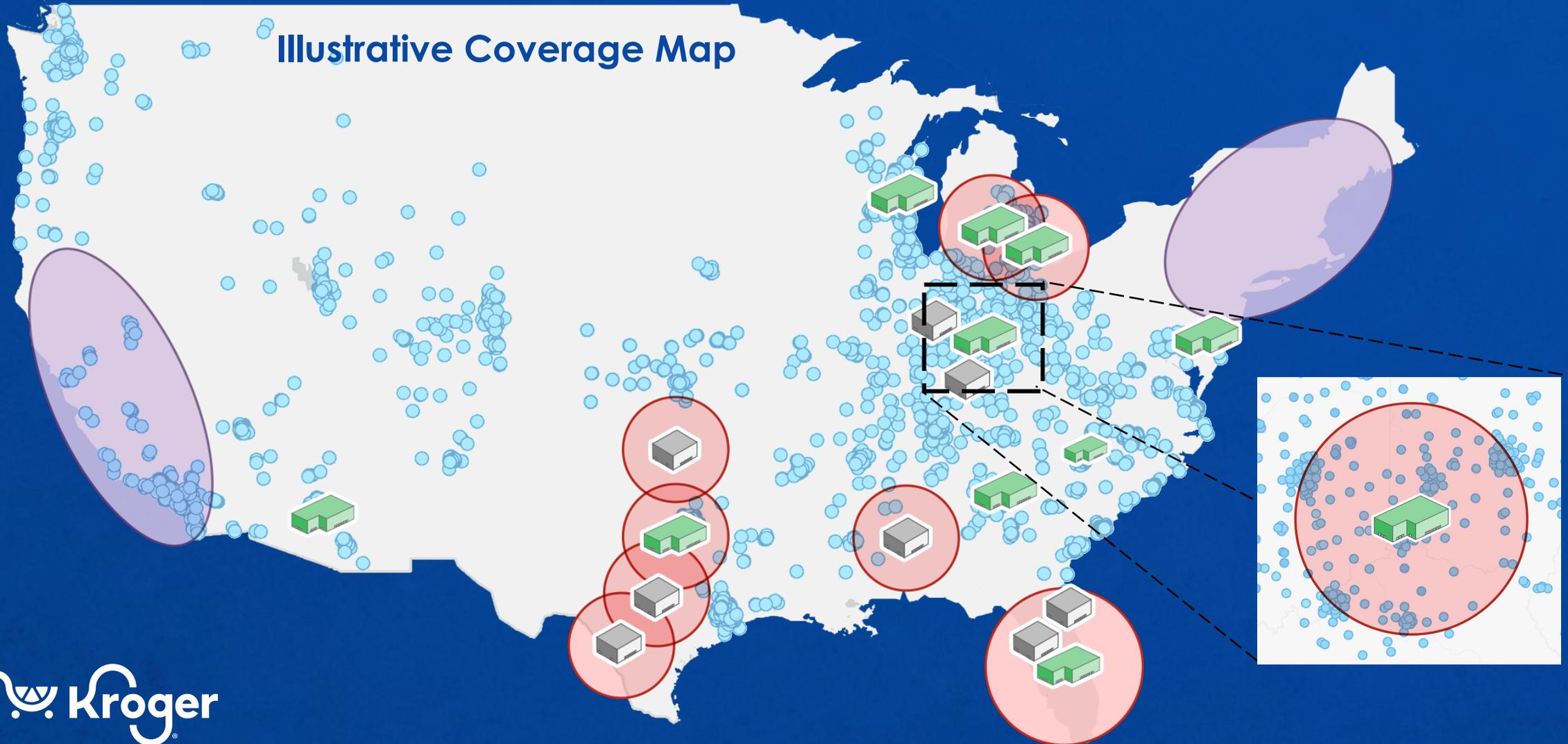


Capture New Trips



Gain New Customers

CFCs Represent Significant Opportunities for Growth



Announced Locations

Monroe	CFC
Indianapolis	Spoke
Louisville	Spoke
Groveland	CFC
Tampa	Spoke
Jacksonville	Spoke
Miami	Spoke
Atlanta	CFC
Birmingham	Spoke
Dallas	CFC
San Antonio	Spoke
Oklahoma City	Spoke
Austin	Spoke
Dallas	Spoke
Pleasant Prairie	CFC
Detroit	CFC
Frederick	CFC
Washington D.C.	Spoke
Philadelphia	Spoke
Phoenix	CFC
Cleveland	CFC
Charlotte	CFC



Path to Doubling Sales by End of 2023



Differentiated Fresh Food Experience



Loyalty & Personalization



Offering Relevant Ways to Shop



Grow Share of Wallet



Capture New Trips



Gain New Customers

Path to Doubling Passthrough Rate by End of 2023



Leveraging
Our Stores



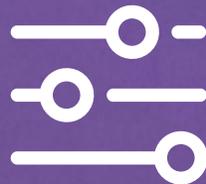
Rolling out
Dedicated Facilities



Retail Media
Growth



Cost-to-Serve
Improvement



Scale & Efficiency,
Automation, and
Customer Reach

~2000 **89%**
Brands Retention
In 2021

The Kroger Seamless Ecosystem is Solving for Our Customers and Our Shareholders

Accelerating
Share Gains

2x

Sales

By end of 2023

Increasing
Profitability

2x

Profitability Rate

By end of 2023



Delivering Today, Investing for the Future

Gary Millerchip

S.V.P. and Chief Financial Officer



Key Messages



Proven Value Creation Model



Strong & Sustainable TSR



Disciplined Approach to Capital Allocation



Delivering Against Our Commitments

	Our TSR Model	3 YR CAGR ⁽⁴⁾ 2020 – 2022E	vs. Model
Sales Growth ⁽¹⁾	2-4%	+5.3%	
Adj. FIFO Operating Profit	3-5%	+12.8%	
Adj. EPS	6-9%	+20.2%	
TSR ⁽²⁾	8-11%	+22.1%	

Beyond 2022

\$900M

Higher adjusted FIFO operating profit base ⁽³⁾



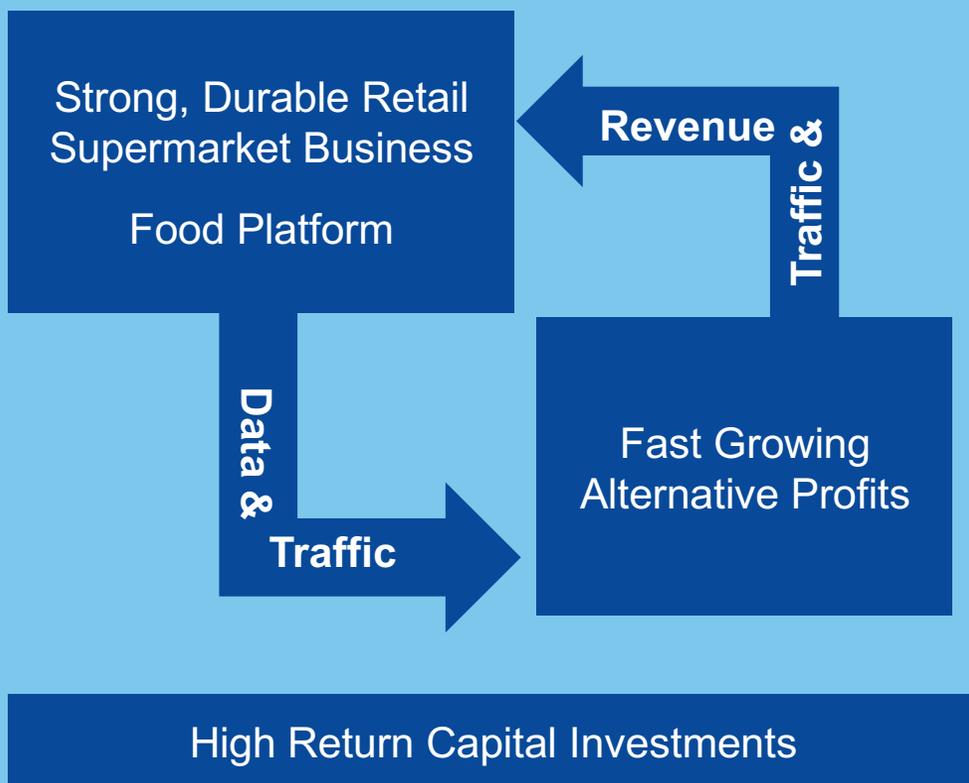
(1) Without fuel

(2) TSR calculation: (EPS projected growth + dividend yield as of 1/28/2022)

(3) Versus projected TSR model growth at the mid-point since introduction in 2019

(4) Assuming the mid-point of 2022 guidance

Strong Value Creation Model, Delivering Sustainable TSR



3-5%
Net Earnings Growth

5-6%
Share Repurchase & Dividends

8-11%
Total Shareholder Return*



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

Consistently Delivering 3 – 5% Net Earnings Growth

+2 - 4%

Sales Growth⁽¹⁾

- + Deepening Competitive Moats
- + Maximizing Growth Drivers
- + Full, Fresh and Friendly

+1 - 2%

Margin Expansion

- + Operational Excellence
- + Alternative Profit

+3 - 5%

**Sustainable
Net Earnings Growth**

Disciplined Capital Allocation

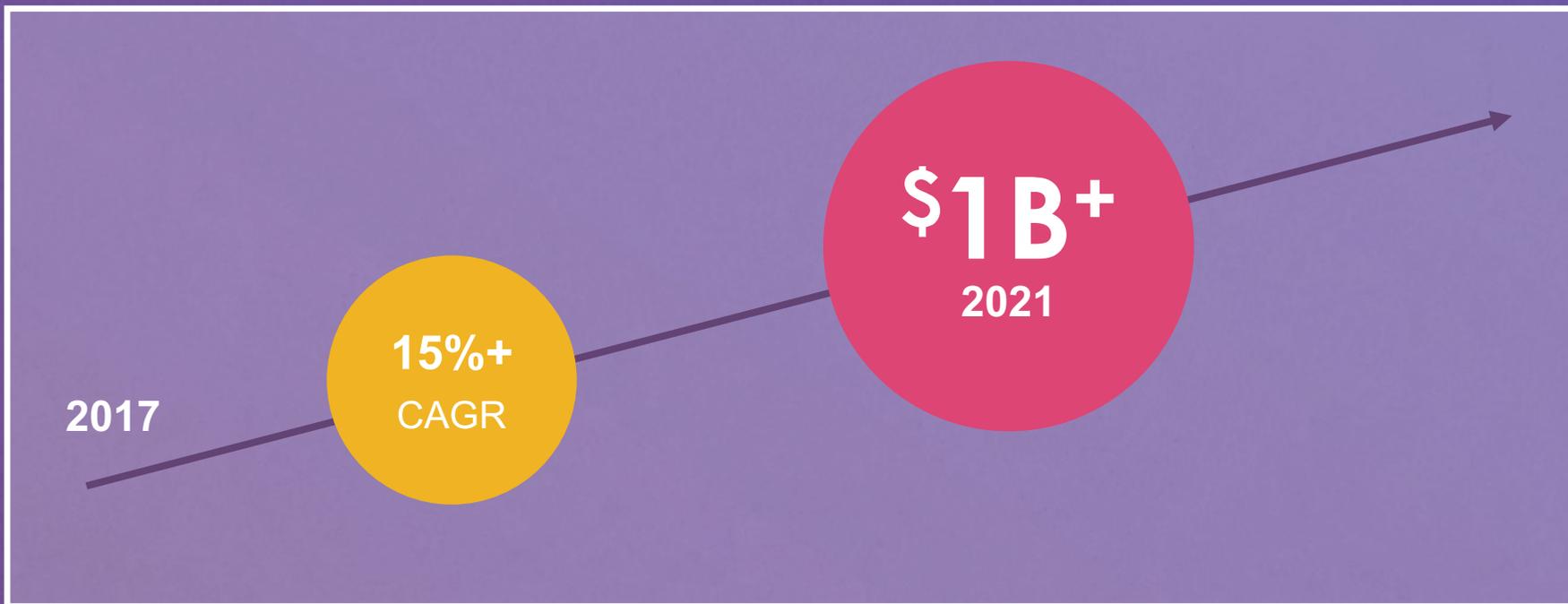


(1) Excluding Fuel



Driving Margin Expansion Through Alternative Profit Growth

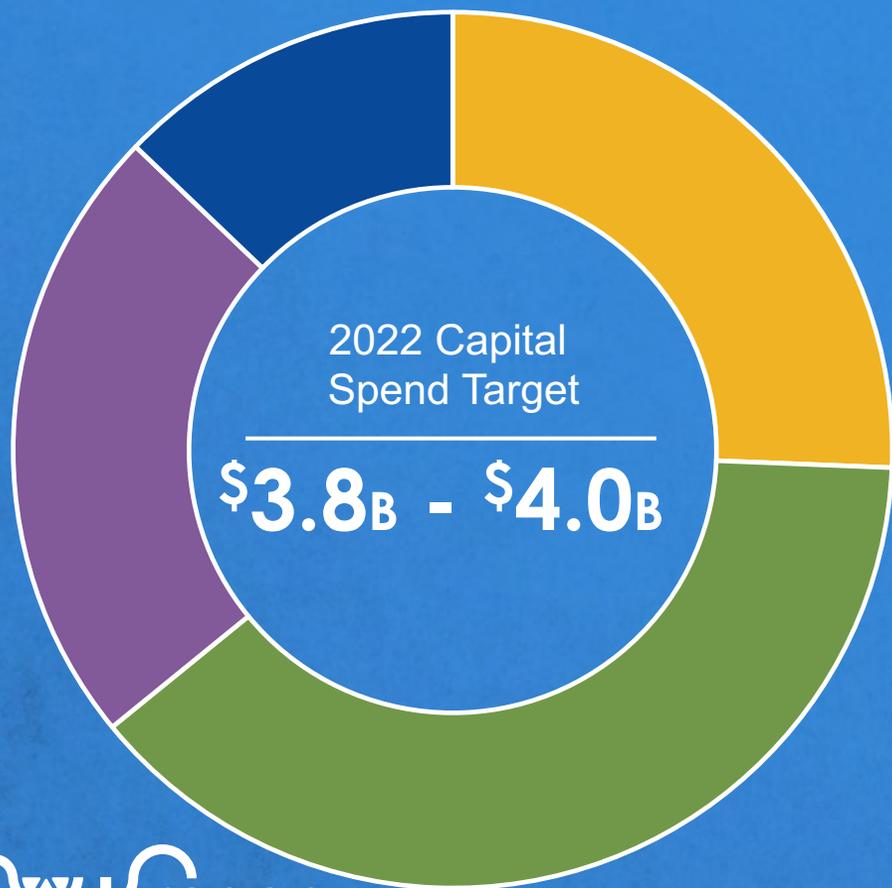
Continued Strength in Retail Media and Kroger Personal Finance



POWERED BY:



Capital Expenditure Program Driving Future Growth



- Significant shift in allocation to support transformation journey
- Prioritizing highest growth opportunities with strong financial returns
- Focused on driving sales growth & margin expansion

2022 Spend Allocation

- Sales Growth
- Digital Acceleration
- Maintain the Business
- Margin Expansion



Capital Investments Driving Sales Growth & Margin Expansion

Sales Growth of

2 - 4%



Competitive Moats



Stores



Digital

Margin Expansion of

1 - 2%



Cost Out / Waste Reduction



Supply Chain

3 - 5%

Net Earnings Growth



Disciplined Approach to Capital Allocation

Investing in the
Business for
Long-Term
Sustainable
Growth

Maintaining
Current
Investment
Grade Rating

Consistently
Growing
Dividends

Returning
Excess Free
Cash Through
Share Buybacks

3 - 5%

Net Earnings Growth

2.3x - 2.5x

Net Debt to EBITDA Range

5 - 6%

Payout Ratio



Generating Strong and Resilient Free Cash Flow*



Creating Significant Financial Flexibility



*Adjusted Free Cash Flow = operating cash flow (before company-sponsored pension contributions) – capital expenditures and excluding the cash tax-effect of the sale of strategic assets

Investment Thesis

Leading Market Position with Exciting Growth Opportunities

- No 1 or No 2 Market Share in Majority of Markets
- Unmatched Data on 60M Households
- \$28B Our Brands Business
- Significant Digital Business, >\$10B

Proven Value Creation Model

- Net Earnings Growth, 3-5%
 - ID Sales Growth (ex. Fuel), 2-4%
 - Margin Expansion (net of investments), 1-2%
 - Cost Savings, \$1B Annually
 - High Growth, Margin Accretive Alternative Profits
- Disciplined Capital Investments
- Cash Payout 5-6% (Dividends & Share Repurchases)

Strong Balance Sheet & Resilient Free Cash Flow

- Strong Free Cash Flow Yield
- Investment Grade Debt Rating
- Current Debt: EBITDA 1.63x



Leading with Fresh, Accelerating with Digital

Business Update

March 2022



This presentation 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," "committed," "confident," "contemplates," "continue," "deliver," "enable" "expect," "future," "guidance," "positioning," "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, future variants, mutations or related strains of the virus and the effectiveness of vaccines against variants, continued efficacy of vaccines over time and availability of vaccine boosters, the extent of vaccine refusal, and global access to vaccines, as well as the effect of vaccine and/or testing mandates and related regulations, the potential for additional future spikes in infection and illness rates including breakthrough infections among the fully vaccinated, and the corresponding potential for disruptions in workforce availability and customer shopping patterns, re-imposed restrictions as a result of resurgence and the corresponding future easing of restrictions, and interruptions in domestic and global supply chains or capacity constraints; whether and when the global pandemic will become endemic, the pace of recovery when the pandemic subsides or becomes endemic, which may vary materially over time and among the different regions we serve; labor negotiations; potential work stoppages; changes in the unemployment rate; pressures in the labor market; changes in government-funded benefit programs; changes in the types and numbers of businesses that compete with 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 current inflationary environment and future potential inflationary and/or deflationary trends and such trends in certain commodities, products and/or operating costs; the geopolitical environment; unstable political situations and social unrest; changes in tariffs; the effect that fuel costs have on consumer spending; volatility of fuel margins; manufacturing commodity costs; diesel fuel costs related to 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; stock repurchases; changes in the regulatory environment in which Kroger operates; 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; 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 our ability to better serve our customers and to generate customer loyalty and sustainable growth through our strategic moats of fresh, our brands, personalization, and seamless; and the successful integration of merged companies and new partnerships. Our ability to achieve these goals may also be affected by our ability to manage the factors identified above. Our ability to execute our financial strategy may be affected by our ability to generate cash flow.

Kroger's effective tax rate may differ from the expected rate due to changes in tax laws, the status of pending items with various taxing authorities, and the deductibility of certain expenses.

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.