



Kroger Q1 2026 Earnings Release

June 18, 2026

Safe Harbor

This presentation includes certain statements that constitute “forward-looking statements” about Kroger’s financial position and expected performance. These statements are based on management’s assumptions and beliefs in light of currently available information. Such statements are indicated by words or phrases such as “committed,” “could,” “delivering,” “guidance,” “may,” “model,” “opportunities,” “thesis,” and other similar statements. 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. 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. This presentation includes certain non-GAAP financial measures. Please refer to the supplemental information presented in the tables for reconciliations of the non-GAAP financial measures used in this presentation to the most comparable GAAP financial measure and related disclosure. This presentation also includes certain 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.

Q1 2026 Results

+1.0%

ID Sales⁽¹⁾

\$1,407M

GAAP Operating Profit

\$1.46

GAAP EPS

+19%

Adjusted eCommerce Sales⁽²⁾

\$1,544M

Adj. FIFO Operating Profit

\$1.58

Adj. EPS
+6% growth



- (1) Without fuel and adjustment items, if applicable, and includes an unfavorable 130 basis point impact from the Inflation Reduction Act
- (2) Adjusted eCommerce sales exclude the effect of fulfillment center exits in markets where Kroger does not operate stores, the sale of Vitacost, and the discontinuation of Ship Marketplace

Strengthening our Value Creation Model

Delivering Sustainable Total Shareholder Return of 8 – 11%*



Supermarket

eCommerce: Sales grew 19%** , led by under-one-hour delivery; eCommerce, including Media reached profitability for the first time

Our Brands: Grew share and outpaced national brands by 175 basis points driven by Private Selection innovation



Health and Wellness

Pharmacy: Delivered strong operating profit growth, driven by core script growth and accelerating shift from branded to generic medications

Continued market share gains



Fuel

Increased profitability, and gallons sold outpaced the industry by over 400 basis points, supported by industry-leading rewards program

+ Alternative Profits

Kroger Precision Marketing: Grew profit more than 20%, driven by strong on-site customer traffic and increased advertiser commitments



*Total shareholder return assumes no change in Kroger's P/E Ratio.

** Adjusted eCommerce sales exclude the effect of fulfillment center exits in markets where Kroger does not operate stores, the sale of Vitacost, and the discontinuation of Ship Marketplace

2026 Full-Year Guidance*

Adjusted Metric*	FY26 Guidance
Identical Sales without fuel** (%)	1.0% – 2.0%
FIFO Operating Profit (\$B)	\$5.0 – \$5.2
EPS (\$)	\$5.10 – \$5.30
Free Cash Flow (\$B)	\$2.7 – \$2.9
Cap Ex (\$B)	\$3.8 – \$4.0
Tax Rate***	23%

* Without adjusted items, if applicable. Kroger is unable to provide a full reconciliation of the GAAP and non-GAAP measures used in 2026 guidance without unreasonable effort because it is not possible to predict certain of our adjustment items with a reasonable degree of certainty. This information is dependent upon future events and may be outside of our control and its unavailability could have a significant impact on 2026 GAAP financial results.

** Includes approximately 130 basis points unfavorable impact from the Inflation Reduction Act.

*** The adjusted tax rate reflects typical tax adjustments and does not reflect changes to the rate from the completion of income tax audit examinations and changes in tax laws and policies, which cannot be predicted.



Investment Thesis

Strong Business with Exciting Growth Opportunities

- Conveniently located ~2,700 stores
- First Party Data on 63M Households
- ~\$39B *Our Brands* Business⁽¹⁾
- Significant eCommerce Business, ~\$16B⁽¹⁾
- Robust New Store Growth



(1) In FY2025, Kroger restated its sales definitions for *Our Brands* and eCommerce. These numbers reflect the total annual sales for 2025 under the new definitions.

Proven Value Creation Model

- Net Earnings Growth, 3-5%
 - ID Sales Growth (ex. Fuel), 2-4%
 - Margin Expansion (net of investments), 1-2%
 - Cost Optimization
 - 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
- Growing Dividend Subject to Board Approval
- Committed to Repurchasing Shares with Excess Cash
- Current Net Debt : EBITDA 1.75x

Appendix

Table 1.
THE KROGER CO.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(unaudited)

	FIRST QUARTER			
	2026		2025	
SALES	\$ 46,121	100.0%	\$ 45,118	100.0%
OPERATING EXPENSES				
MERCHANDISE COSTS, INCLUDING ADVERTISING, WAREHOUSING AND TRANSPORTATION (a), AND LIFO CHARGE (b)	35,493	77.0	34,551	76.6
OPERATING, GENERAL AND ADMINISTRATIVE (a)	7,963	17.3	7,923	17.6
RENT	269	0.6	271	0.6
DEPRECIATION AND AMORTIZATION	989	2.1	1,051	2.3
OPERATING PROFIT	1,407	3.1	1,322	2.9
OTHER INCOME (EXPENSE)				
NET INTEREST EXPENSE	(209)	(0.5)	(199)	(0.5)
NON-SERVICE COMPONENT OF COMPANY-SPONSORED PENSION PLAN EXPENSE	(7)	-	(1)	-
LOSS ON INVESTMENTS	(14)	-	(19)	-
NET EARNINGS BEFORE INCOME TAX EXPENSE	1,177	2.6	1,103	2.4
INCOME TAX EXPENSE	273	0.6	235	0.5
NET EARNINGS INCLUDING NONCONTROLLING INTERESTS	904	2.0	868	1.9
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1	-	2	-
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO.	<u>\$ 903</u>	2.0%	<u>\$ 866</u>	1.9%
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO. PER BASIC COMMON SHARE	<u>\$ 1.46</u>		<u>\$ 1.30</u>	
AVERAGE NUMBER OF COMMON SHARES USED IN BASIC CALCULATION	613		660	
NET EARNINGS ATTRIBUTABLE TO THE KROGER CO. PER DILUTED COMMON SHARE	<u>\$ 1.46</u>		<u>\$ 1.29</u>	
AVERAGE NUMBER OF COMMON SHARES USED IN DILUTED CALCULATION	615		664	
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.35		\$ 0.32	

Note: Certain percentages may not sum due to rounding.

Note: The Company defines First-In First-Out (FIFO) gross profit as sales minus merchandise costs, including advertising, warehousing and transportation, but excluding the Last-In First-Out (LIFO) charge, rent and depreciation and amortization.

The Company defines FIFO gross margin as FIFO gross profit divided by sales.

The Company defines FIFO operating profit as operating profit excluding the LIFO charge.

The Company defines FIFO operating margin as FIFO operating profit divided by sales.

The above FIFO financial metrics are important measures used by management to evaluate operational effectiveness. Management believes these FIFO financial metrics are useful to investors and analysts because they measure our day-to-day operational effectiveness.

- (a) Merchandise costs ("COGS") and operating, general and administrative expenses ("OG&A") exclude depreciation and amortization expense and rent expense which are included in separate expense lines.
- (b) LIFO charges of \$52 and \$40 were recorded in the first quarters of 2026 and 2025, respectively.

Table 2.
THE KROGER CO.
CONSOLIDATED BALANCE SHEETS
(in millions)
(unaudited)

	May 23, 2026	May 24, 2025
	<u> </u>	<u> </u>
ASSETS		
Current Assets		
Cash	\$ 218	\$ 340
Temporary cash investments	2,655	4,398
Store deposits in-transit	1,225	1,179
Receivables	2,101	2,131
Inventories	7,278	7,020
Prepaid and other current assets	<u>729</u>	<u>697</u>
Total current assets	14,206	15,765
Property, plant and equipment, net	24,767	25,829
Operating lease assets	6,769	6,840
Intangibles, net	851	836
Goodwill	2,624	2,674
Other assets	<u>1,075</u>	<u>1,304</u>
Total Assets	<u>\$ 50,292</u>	<u>\$ 53,248</u>
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities		
Current portion of long-term debt including obligations under finance leases	\$ 1,264	\$ 807
Current portion of operating lease liabilities	668	668
Accounts payable	11,278	10,562
Accrued salaries and wages	1,183	1,209
Other current liabilities	<u>3,577</u>	<u>3,379</u>
Total current liabilities	17,970	16,625
Long-term debt including obligations under finance leases	15,731	17,138
Noncurrent operating lease liabilities	6,529	6,595
Deferred income taxes	1,143	1,401
Pension and postretirement benefit obligations	414	381
Other long-term liabilities	<u>2,027</u>	<u>2,200</u>
Total Liabilities	43,814	44,340
Shareowners' equity	<u>6,478</u>	<u>8,908</u>
Total Liabilities and Shareowners' Equity	<u>\$ 50,292</u>	<u>\$ 53,248</u>
Total common shares outstanding at end of period	613	661
Total diluted shares year-to-date	615	664

Table 3.
THE KROGER CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	YEAR-TO-DATE	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings including noncontrolling interests	\$ 904	\$ 868
Adjustments to reconcile net earnings including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	989	1,051
Asset impairment and store closure charges	19	108
Operating lease asset amortization	179	184
LIFO charge	52	40
Share-based employee compensation	57	38
Deferred income taxes	51	(16)
Loss on investments	14	19
Other	(4)	(37)
Changes in operating assets and liabilities:		
Store deposits in-transit	19	133
Receivables	(74)	47
Inventories	(418)	(23)
Prepaid and other current assets	(93)	(52)
Accounts payable	563	288
Accrued expenses	(319)	(243)
Income taxes receivable and payable	183	41
Operating lease liabilities	(209)	(134)
Other	(139)	(163)
Net cash provided by operating activities	1,774	2,149
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property and equipment, including payments for lease buyouts	(1,293)	(1,044)
Other	38	5
Net cash used by investing activities	(1,255)	(1,039)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt including obligations under finance leases	(559)	(52)
Dividends paid	(215)	(211)
Proceeds from issuance of capital stock	30	145
Treasury stock purchases	(213)	(181)
Other	(23)	(32)
Net cash used by financing activities	(980)	(331)
NET (DECREASE) INCREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(461)	779
CASH AND TEMPORARY CASH INVESTMENTS:		
BEGINNING OF YEAR	3,334	3,959
END OF YEAR	\$ 2,873	\$ 4,738
Reconciliation of capital investments:		
Payments for property and equipment, including payments for lease buyouts	\$ (1,293)	\$ (1,044)
Payments for lease buyouts	30	11
Changes in construction-in-progress payables	(187)	(150)
Total capital investments, excluding lease buyouts	\$ (1,450)	\$ (1,183)
Disclosure of cash flow information:		
Cash paid during the year for net interest	\$ 263	\$ 269
Cash paid during the year for income taxes	\$ 39	\$ 203

Table 4. Supplemental Sales Information
(in millions, except percentages)
(unaudited)

Items identified below should not be considered as alternatives to sales or any other GAAP measure of performance. Identical sales is an industry-specific measure, and it is important to review it in conjunction with Kroger's financial results reported in accordance with GAAP. Other companies in our industry may calculate identical sales differently than Kroger does, limiting the comparability of the measure.

Kroger defines identical sales, excluding fuel, as sales to retail customers, including sales from all departments at identical supermarket locations, jewelry and ship-to-home solutions. Kroger defines a supermarket as identical when it has been in operation without expansion or relocation for five full quarters. We include Kroger Delivery sales as identical if the delivery occurs in an existing Kroger Supermarket geography or when the location has been in operation for five full quarters.

	IDENTICAL SALES			
	EXCLUDING ADJUSTMENT		FIRST QUARTER	
	FIRST QUARTER (a)		FIRST QUARTER	
	2026	2025	2026	2025
EXCLUDING FUEL	\$ 39,802	\$ 39,417	\$ 40,136	\$ 39,675
EXCLUDING FUEL	1.0%	3.2%	1.2%	3.0%

(a) Identical sales, excluding fuel, were adjusted to exclude stores involved in the labor disputes in Colorado in the first quarter of 2025. Identical sales, excluding fuel, were excluded for the first four weeks of the first quarters of 2026 and 2025 for stores involved in this labor dispute.

**Table 5. Reconciliation of Net Total Debt and
Net Earnings Attributable to The Kroger Co. to Adjusted EBITDA**
(in millions, except for ratio)
(unaudited)

The items identified below should not be considered an alternative to any GAAP measure of performance or access to liquidity. Net total debt to adjusted EBITDA is an important measure used by management to evaluate the Company's access to liquidity. The items below should be reviewed in conjunction with Kroger's financial results reported in accordance with GAAP.

The following table provides a reconciliation of net total debt.

	May 23, 2026	May 24, 2025	Change
Current portion of long-term debt including obligations under finance leases	\$ 1,264	\$ 807	\$ 457
Long-term debt including obligations under finance leases	15,731	17,138	(1,407)
Total debt	16,995	17,945	(950)
Less: Temporary cash investments	2,655	4,398	(1,743)
Net total debt	\$ 14,340	\$ 13,547	\$ 793

The following table provides a reconciliation from net earnings attributable to The Kroger Co. to adjusted EBITDA, as defined in the Company's credit agreement, on a rolling four quarter basis.

	ROLLING FOUR QUARTERS ENDED	
	May 23, 2026	May 24, 2025
Net earnings attributable to The Kroger Co.	\$ 1,053	\$ 2,584
LIFO charge	169	94
Depreciation and amortization	3,270	3,319
Net interest expense	649	526
Income tax expense	214	670
Adjustment for loss on investments	36	183
Adjustment for severance charge and related benefits	48	32
Adjustment for impairment of intangible assets	50	30
Adjustment for labor dispute charges	-	44
Adjustment for store closures	-	100
Adjustment for executive stock compensation for a former executive	-	(21)
Adjustment for merger-related costs (a)	-	509
Adjustment for merger-related litigation and settlement charges	171	15
Adjustment for property losses	-	25
Adjustment for opioid settlement charges and vendor reserves	(28)	(5)
Adjustment for gain on sale of Kroger Specialty Pharmacy	-	(79)
Adjustment for fulfillment network impairment and related charges	2,497	-
Adjustment for transformation costs (b)	62	-
Other	(8)	(11)
Adjusted EBITDA	\$ 8,183	\$ 8,015
Net total debt to adjusted EBITDA ratio	1.75	1.69

(a) Merger-related costs primarily include third-party professional fees and credit facility fees associated with the terminated merger with Albertsons Companies, Inc.

(b) Transformation costs primarily include costs related to third-party professional consulting fees associated with business transformation and cost saving initiatives.

Table 6. Net Earnings Per Diluted Share Excluding the Adjustment Items
(in millions, except per share amounts)
(unaudited)

The purpose of this table is to better illustrate comparable operating results from our ongoing business, after removing the effects on net earnings per diluted common share for certain items described below. Adjusted net earnings and adjusted net earnings per diluted share are useful metrics to investors and analysts because they present more accurately year-over-year comparisons for net earnings and net earnings per diluted share because adjusted items are not the result of normal operations. Items identified in this table should not be considered alternatives to net earnings attributable to The Kroger Co. or any other GAAP measure of performance. These items should not be reviewed in isolation or considered substitutes for the Company's financial results as reported in accordance with GAAP. Due to the nature of these items, as further described below, it is important to identify these items and to review them in conjunction with the Company's financial results reported in accordance with GAAP.

The following table summarizes items that affected the Company's financial results during the periods presented.

	FIRST QUARTER	
	2026	2025
Net earnings attributable to The Kroger Co.	\$ 903	\$ 866
Adjustment for loss on investments (a)(b)	10	15
Adjustment for labor dispute charges (a)(c)	-	33
Adjustment for store closures (a)(d)	-	77
Adjustment for executive stock compensation for a former executive (a)(e)	-	(16)
Adjustment for merger-related litigation costs (a)(f)	19	11
Adjustment for opioid settlement charges and vendor reserves (a)(g)	-	17
Adjustment for transformation costs (a)(h)	48	-
Executive stock compensation for a former executive income tax adjustment	-	(7)
2026 and 2025 Adjustment Items	<u>77</u>	<u>130</u>
Net earnings attributable to The Kroger Co. excluding the adjustment items above	<u>\$ 980</u>	<u>\$ 996</u>
Net earnings attributable to The Kroger Co. per diluted common share	\$ 1.46	\$ 1.29
Adjustment for loss on investments (i)	0.01	0.02
Adjustment for labor dispute charges (i)	-	0.05
Adjustment for store closures (i)	-	0.12
Adjustment for executive stock compensation for a former executive (i)	-	(0.03)
Adjustment for merger-related litigation costs (i)	0.03	0.02
Adjustment for opioid settlement charges and vendor reserves (i)	-	0.03
Adjustment for transformation costs (i)	0.08	-
Executive stock compensation for a former executive income tax adjustment (i)	-	(0.01)
2026 and 2025 Adjustment Items	<u>0.12</u>	<u>0.20</u>
Net earnings attributable to The Kroger Co. per diluted common share excluding the adjustment items above	<u>\$ 1.58</u>	<u>\$ 1.49</u>
Average number of common shares used in diluted calculation	615	664

Table 6. Net Earnings Per Diluted Share Excluding the Adjustment Items (continued)
(in millions, except per share amounts)
(unaudited)

- (a) The amounts presented represent the after-tax effect of each adjustment.
- (b) The pre-tax adjustments for loss on investments were \$14 and \$19 in the first quarters of 2026 and 2025, respectively.
- (c) The pre-tax adjustments to Sales, COGS and OG&A expenses for labor dispute charges were \$44.
- (d) The pre-tax adjustment to OG&A expenses for store closures was \$100.
- (e) The pre-tax adjustment to OG&A expenses for executive stock compensation for a former executive was \$(21).
- (f) The pre-tax adjustments to OG&A expenses for merger-related litigation costs were \$25 and \$15 in the first quarters of 2026 and 2025.
- (g) The pre-tax adjustment to OG&A expenses for opioid settlement charges and vendor reserves was \$22.
- (h) The pre-tax adjustment to OG&A expenses for transformation costs was \$62. Transformation costs primarily include costs related to third party professional consulting fees associated with business transformation and cost saving initiatives.
- (i) The amounts presented represent the net earnings (loss) per diluted common share effect of each adjustment.

Note: 2026 First Quarter Adjustment Items include adjustments for the loss on investments, merger-related litigation costs and transformation costs.

2025 First Quarter Adjustment Items include adjustments for the loss on investments, labor dispute charges, store closures, executive stock compensation for a former executive, merger-related litigation costs, opioid settlement charges and vendor reserves and executive stock compensation for a former executive income tax.

Table 7. Operating Profit Excluding the Adjustment Items(in millions)
(unaudited)

The purpose of this table is to better illustrate comparable operating results from our ongoing business, after removing the effects on operating profit for certain items described below. Adjusted FIFO operating profit is a useful metric to investors and analysts because it presents more accurately year-over-year comparisons for operating profit because adjusted items are not the result of normal operations. Items identified in this table should not be considered alternatives to operating profit or any other GAAP measure of performance. These items should not be reviewed in isolation or considered substitutes for the Company's financial results as reported in accordance with GAAP. Due to the nature of these items, as further described below, it is important to identify these items and to review them in conjunction with the Company's financial results reported in accordance with GAAP.

The following table summarizes items that affected the Company's financial results during the periods presented.

	FIRST QUARTER	
	2026	2025
Operating profit	\$ 1,407	\$ 1,322
LIFO charge	52	40
FIFO operating profit	1,459	1,362
Adjustment for labor dispute charges	-	44
Adjustment for store closures	-	100
Adjustment for executive stock compensation for a former executive	-	(21)
Adjustment for merger-related litigation costs	25	15
Adjustment for opioid settlement charges and vendor reserves	-	22
Adjustment for transformation costs (a)	62	-
Other	(2)	(4)
2026 and 2025 Adjustment items	85	156
Adjusted FIFO operating profit excluding the adjustment items above	\$ 1,544	\$ 1,518

- (a) Transformation costs primarily include costs related to third-party professional consulting fees associated with business transformation and cost saving initiatives.

Table 8. Gross Margin
(in millions, except percentages)
(unaudited)

In the Consolidated Statements of Operations within Table 1, the Company separately presents rent and depreciation and amortization to evaluate operational effectiveness. The table below calculates gross margin in accordance with Generally Accepted Accounting Principles ("GAAP") by including a portion of rent and depreciation and amortization related to the Company's manufacturing and warehousing and transportation activities.

The following table provides the calculation of gross profit and gross margin in accordance with GAAP.

	FIRST QUARTER	
	2026	2025
Sales	\$ 46,121	\$ 45,118
Merchandise costs, including advertising, warehousing and transportation and LIFO charge, excluding rent and depreciation and amortization	35,493	34,551
Rent	16	18
Depreciation and amortization	139	193
Gross profit	\$ 10,473	\$ 10,356
Gross margin	22.7%	23.0%