

BUY:
SFM

Current Price:
\$ 43.92

Target Price:
\$ 59.48

Upside:
35.47%

BUY: Sprouts Farmers Market, Inc.

Consumer Defensive (Grocery Stores)

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Company Overview



Industry Overview



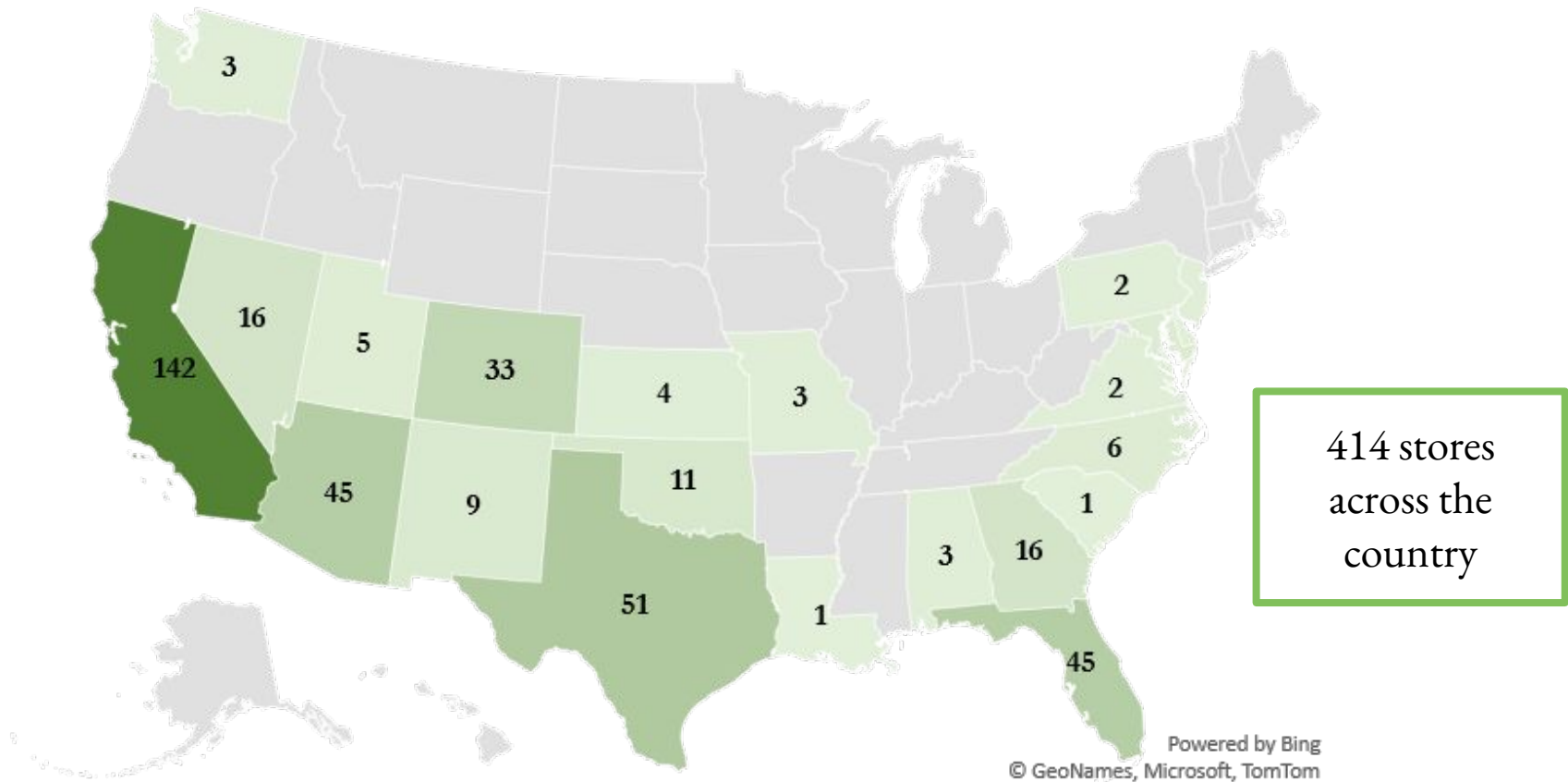
Investment Thesis



Valuation



Investment Analysis





Company Overview

Company Description

Sprouts Farmers Market is a United States grocery store chain specializing in healthy and affordable food and goods

Owning 414 stores, Sprouts Farmers Market is located primarily in the urban areas of the United States

All store are in the same design for efficiency of sales, with an open floor plan and lowered shelves for quick and easy access and viewing for customers.

Business Breakdown

Constant 5.67% YOY growth in revenue since 2011

Sprouts Farmers Market sources from over 850 different suppliers and vendors

Released over 8,400 new products over the course of 2022

SWOT: S & W

S: - Strong selling point of almost entirely organic/minimally processed goods

- Strong supplier relationships with diverse products, directly managing the quality of produce throughout the whole process

W: - Little-to-no presence in the northern United States and no market share outside of the United States

- Heavy total debt on the balance sheet as of June 2023 of \$1.65 B

SWOT: O & T

O: - More opportunity for expansion online and in terms of store location compared to competitors, in the midwestern and eastern states

T: - Potential for competitors to lower prices and cut off a large consumer base in certain locations

- Has minor market share in some states, potential to be pushed out by competitors.



Industry Overview

Company's Industry

Consumer Defensive Sector and Grocery Stores Industry

- Sprouts Farmers Market also operates under the natural/organic foods market

U.S. Organic Food Sales and Incremental Growth 2013-2022

Projected to 2027:
Organic Market- 8.7% annual growth
Grocery Market- 3.8% annual growth
BlueWeave Consulting



Source: Organic Trade Association's 2023 Organic Industry Survey conducted 1/13/2023-4/1/2023 (\$mil, consumer sales).

■ Sales ■ Incremental Growth

Competitors



2022:
~ \$61.7 billion in revenue and a growth rate of 4%



1

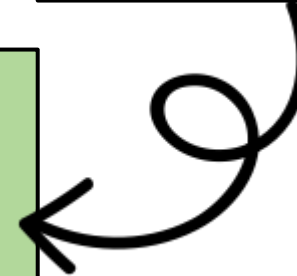
With the majority of consumers favoring sustainability and brands that support or promote such actions, especially of the younger generation Sprouts Farmers Market will attract a growing number of consumers.

3

Sprouts' high and growing Free Cash Flow, higher than competitors' operating margin, and its inelastic target market helps pull the company through recessionary and inflationary periods with stable sales and the cash helps sustain through inventory build up.

2

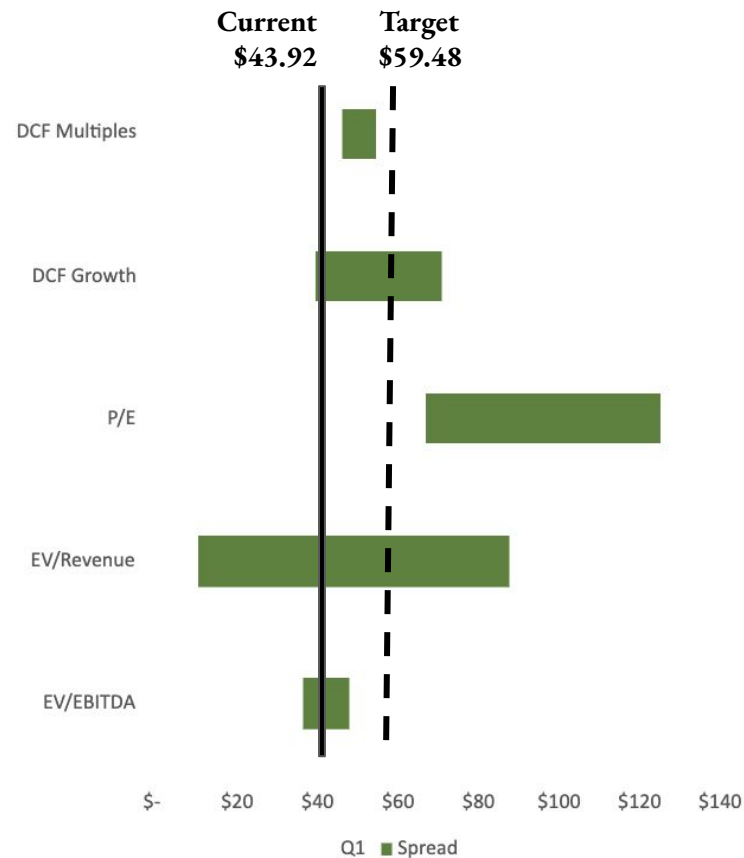
By creating their own products, Sprouts Farmers Market creates a larger incentive for consumers to continue purchasing with Sprouts and be more inclined to shop at Sprouts out of convenience to purchase their unique products.



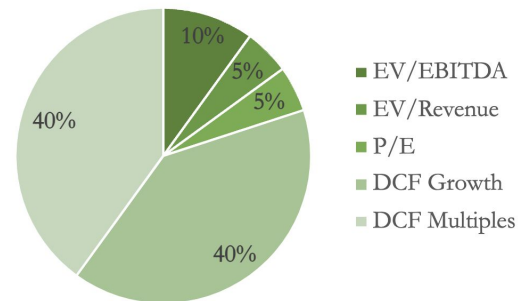


Valuation

Football Field



Weighted Valuation



Sensitivity Analysis

		WACC					
Growth Rate	\$	42.33	5.01%	5.51%	6.01%	6.51%	7.01%
	1.70%		51.45	44.58	39.30	35.12	31.73
	1.85%		53.95	46.46	40.76	36.29	32.69
	2.00%		56.71	48.50	42.34	37.54	33.71
	2.15%		59.75	50.72	44.03	38.88	34.79
	2.30%		63.13	53.15	45.87	40.31	35.94

EV/EBITDA	WACC					
	46.04	5.01%	5.51%	6.01%	6.51%	7.01%
	10.48x	42.37	42.21	42.06	41.90	41.75
	10.98x	44.37	44.21	44.05	43.89	43.73
	11.48x	46.38	46.21	46.04	45.87	45.70
	11.98x	48.38	48.20	48.03	47.85	47.68
	12.48x	50.39	50.20	50.02	49.84	49.66



Investment Analysis



Upside/Downside Analysis

Bear Case - \$35.51

Merchandise turnaround is unsuccessful, and consumers spend solely on necessities

Interest decreases in healthier, alternative dietary products

SFM fails to capture target market in expanded geographical areas in the east

Base Case - \$44.03

Loyal customers continue to shop at SFM, despite decreases in buying power

Increases in prices act as a driver for customers to increase home cooking

Customers shift away from large, wholesale retailers to more day-to-day retailers

Bull Case - \$59.48

SFM successfully expands and captures target market in eastern hemisphere

Private label products become household staples, attracting new customers

Increases in customer preferences for local, fresh, healthy, homemade products

BUY:
SFM

Current Price:
\$ 43.92

Target Price:
\$ 59.48

Upside:
35.47%

Thank you!
Questions?



Income Statement

Sprouts Farmers Markets Inc										
Projections										
Dollars in thousands										
Income Statement	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue:										
Perishables	3,251,300	3,700,130	3,519,624	3,714,449	4,078,465	4,458,171	4,823,419	5,171,172	5,499,257	5,806,290
% Growth		13.80%	-4.88%	5.54%	9.80%	9.31%	8.19%	7.21%	6.34%	5.58%
Non-perishables	2,383,535	2,768,629	2,580,245	2,689,774	2,947,992	3,216,849	3,475,020	3,720,444	3,951,671	4,167,797
% Growth		16.16%	-6.80%	4.24%	9.60%	9.12%	8.03%	7.06%	6.22%	5.47%
Net Sales	\$5,634,835	\$6,468,759	\$6,099,869	\$6,404,223	\$7,026,457	\$7,675,019	\$8,298,440	\$8,891,616	\$9,450,928	\$9,974,086
% Growth		14.80%	-5.70%	4.99%	9.72%	9.23%	8.12%	7.15%	6.29%	5.54%
Cost of Sales	3,740,017	4,089,470	3,890,657	4,055,659	4,457,802	4,869,270	5,264,787	5,641,117	5,995,961	6,327,869
% of Revenue		63.22%	63.78%	63.33%	63.44%	63.44%	63.44%	63.44%	63.44%	63.44%
Gross profit	1,894,818	2,379,289	2,209,212	2,348,564	2,568,655	2,805,749	3,033,653	3,250,500	3,454,967	3,646,217
Operating expenses:										
SG&A	1,549,707	1,863,869	1,748,205	1,855,649	2,001,675	2,186,436	2,364,034	2,533,016	2,692,351	2,841,387
% of Revenue	27.50%	28.81%	28.66%	28.98%	28.49%	28.49%	28.49%	28.49%	28.49%	28.49%
Depreciation and amortization	120,491	124,124	122,258	123,530	163,060	215,239	284,115	375,032	495,042	653,456
% of CapEx	55.43%	31.69%	36.60%	34.47%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%
Other expenses	7,260	(369)	4,673	11,025	11,035	11,045	11,056	11,069	11,080	11,091
% of Revenue	0.13%	-0.01%	0.08%	0.17%	0.09%	0.08%	0.11%	0.11%	0.10%	0.10%
Income from operations	217,360	391,665	334,076	358,360	392,885	393,030	374,447	331,383	256,494	140,284
Interest expense, net	21,192	14,787	11,684	9,047	16,576	17,563	18,420	19,145	19,739	20,206
% of Revenue	0.38%	0.23%	0.19%	0.14%	0.24%	0.23%	0.22%	0.22%	0.21%	0.20%
Interest Coverage Ratio	10.26	26.49	28.59	39.61	23.70	22.38	20.33	17.31	12.99	6.94
Income before income taxes	196,168	376,878	322,392	349,313	376,308	375,467	356,027	312,238	236,755	120,077
Income tax provision	46,539	89,428	78,235	88,149	109,515	136,060	169,039	210,012	260,916	324,159
Effective Tax Rate	23.72%	23.73%	24.27%	25.23%	24.24%	24.24%	24.24%	24.24%	24.24%	24.24%
Net income	\$ 149,629	\$ 287,450	\$ 244,157	\$ 261,164	\$ 82,970	\$ 103,081	\$ 128,066	\$ 159,108	\$ 197,674	\$ 245,587
Net income per share:										
Basic	\$ 1.25	\$ 2.44	\$ 2.12	\$ 2.41	\$ 0.77	\$ 0.95	\$ 1.18	\$ 1.47	\$ 1.83	\$ 2.27
Diluted	\$ 1.25	\$ 2.43	\$ 2.10	\$ 2.39	\$ 0.76	\$ 0.94	\$ 1.17	\$ 1.46	\$ 1.81	\$ 2.25
Weighted average shares outstanding:										
Basic	119,368	117,821	115,377	108,232	108,232	108,232	108,232	108,232	108,232	108,232
Diluted	119,742	118,224	116,077	109,139	109,139	109,139	109,139	109,139	109,139	109,139



Balance Sheet

Balance Sheet	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Assets										
Current assets:										
Cash and cash equivalents	\$ 85,314	\$ 169,697	\$ 245,287	\$ 293,233						
Accounts receivable, net	15,713	14,815	21,574	16,108						
Inventories	275,979	254,224	265,387	310,545						
Prepaid expenses and other current assets	10,833	27,224	35,468	53,918						
Total current assets	387,839	465,960	567,716	673,804	-	-	-	-	-	-
Property and equipment, net of accumulated depreciation	741,508	726,500	716,029	722,241						
Operating lease assets, net	1,028,436	1,045,408	1,072,019	1,106,524						
Intangible assets, net of accumulated amortization	185,395	184,960	184,960	184,960						
Goodwill	368,078	368,878	368,878	368,878						
Other assets	11,727	14,698	12,513	13,973						
Total assets	\$2,722,983	\$2,806,404	\$2,922,115	\$3,070,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities and stockholders' equity										
Current liabilities:										
Accounts payable	\$ 122,839	\$ 139,337	\$ 145,901	\$ 172,904						
Accounts liabilities	136,482	143,402	155,996	151,306						
Accrued salaries and benefits	48,579	76,695	58,743	61,574						
Accrued income tax	2,005	-	-	-						
Current portion of operating lease liabilities	106,153	135,739	151,755	135,584						
Current portion of finance lease liabilities	754	959	1,078	1,012						
Total current liabilities	416,812	496,132	513,473	522,380	-	-	-	-	-	-
Long-term operating lease liabilities	1,078,927	1,069,535	1,095,909	1,145,173						
Long-term debt and finance lease liabilities	549,419	260,459	259,656	258,902						
Other long-term liabilities	41,517	40,912	36,306	36,340						
Deferred income tax liability	54,356	58,073	57,895	61,123						
Total liabilities	\$ 2,141,031	\$ 1,925,111	\$1,963,239	\$2,023,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stockholders' equity:										
Preferred stock	-	-	-	-						
Common stock	117	118	111	105						
Additional paid-in-capital	670,966	686,648	704,701	726,345						
Accumulated other comprehensive loss	(4,682)	(8,474)	(3,758)	-						
Retained earnings (Accumulated deficit)	(84,449)	203,001	258,822	320,012						
Total stockholders' equity	581,952	881,293	959,876	1,046,462	-	-	-	-	-	-
Total liabilities and stockholders' equity	\$2,722,983	\$2,806,404	\$2,923,115	\$3,070,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Cash Flow Statement



Sprouts Farmers Market Inc				
Cash Flow Statement				
	2019	2020	2021	2022
Cash flows from operating activities				
Net incomes	\$ 149,629	\$ 287,450	\$ 244,157	\$ 261,164
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense	122,804	126,507	125,541	127,067
Operating lease asset amortization	81,842	99,276	108,517	117,315
Store closure and other costs, net	4,113	(321)	4,762	8,066
Share-based compensation	8,949	14,339	15,883	16,603
Deferred income taxes	(216)	3,717	(178)	3,228
Other non-cash items	4,136	3,683	1,167	672
Changes in operating assets and liabilities:				
Accounts receivable	36,062	25,977	16,928	13,381
Inventories	(11,612)	21,754	(11,417)	(45,158)
Prepaid expense and other current assets	19,208	(14,970)	(5,879)	(18,467)
Other assets	(1,275)	(5,461)	(1,782)	2,039
Accounts payable	9,420	20,184	4,523	13,362
Accrued liabilities	17,274	4,296	610	5,416
Accrued salaries and benefits	295	28,116	(17,951)	2,831
Accrued income tax	2,005	(2,005)	-	-
Operating lease liabilities	(88,002)	(120,085)	(120,483)	(132,889)
Other long-term liabilities	578	1,578	401	(3,301)
Cash flows from operating activities	355,210	494,035	364,799	371,329
Cash flows from investing activities				
Purchases of property and equipment	(183,232)	(121,968)	(102,378)	(124,010)
Cash flows used in investing activities	(183,232)	(121,968)	(102,378)	(124,010)
Cash flows from financing activities				
Proceeds from revolving credit facilities	265,405	-	-	62,500
Payments on revolving credit facilities	(180,405)	(288,000)	-	(62,500)
Payments on finance lease liabilities	(690)	(754)	(685)	(819)
Payments of deferred financing costs	-	-	-	(3,373)
Repurchase of common stock	(176,310)	-	(188,343)	(199,980)
Proceeds from exercise of stock options	4,878	1,343	2,170	5,041
Other	(319)	-	-	-
Cash flows used in financing activities	(87,441)	(287,411)	(186,858)	(199,131)
Increase / (Decrease) in cash, cash equivalents, and restricted cash	84,537	84,656	75,563	48,188
Cash, cash equivalents, and restricted cash at beginning of the period	2,248	86,785	171,441	247,004
Cash, cash equivalents, and restricted cash at the end of the period	\$ 86,785	\$ 171,441	\$ 247,004	\$ 295,192
Supplemental disclosure of cash flow information				
Cash paid for interest	20,293	14,786	11,431	11,132
Cash paid for income taxes	44,637	94,767	82,888	93,419
Leased assets obtained in exchange for new operating lease liabilities	160,134	118,075	139,349	157,269
Supplemental disclosure of non-cash investing and financing activities				
Property and equipment in accounts payable	18,515	10,869	25,166	36,177



NWC	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Current Assets:										
Accounts Receivable	15,713	14,815	21,574	16,108	19,553	21,346	24,099	24,414	26,495	28,013
<i>DSO</i>	1.02	0.84	1.29	0.92	1.02	1.02	1.06	1.00	1.02	1.03
Inventory	275,979	254,224	265,387	310,545	312,869	341,748	369,507	395,920	420,824	444,119
<i>DIO</i>	26.93	22.69	24.90	27.95	25.62	25.62	25.62	25.62	25.62	25.62
Prepaid expenses	10,833	27,224	35,468	53,918	35,500	38,777	41,927	44,924	47,749	50,393
<i>% of SG&A</i>	0.01	0.01	0.02	0.03	0.02	0.02	0.02	0.02	0.02	0.02
Total Current Assets	291,692	269,039	286,961	326,653	332,422	363,094	393,606	420,334	447,319	472,132
Current Liabilities:										
Accounts Payable	122,839	139,337	145,901	172,904	167,377	182,826	197,677	211,807	225,130	237,592
<i>DPO</i>	11.82	12.27	13.50	15.35	13.70	13.70	13.70	13.70	13.70	13.70
Accrued Liabilities	136,482	143,402	155,996	151,306	146,797	149,375	150,868	149,587	149,157	149,747
<i>% of Sales</i>	2.42%	2.22%	2.56%	2.36%	2.39%	2.39%	2.39%	2.39%	2.39%	2.39%
Total Current Liabilities	259,321	282,739	301,897	324,210	314,173	332,201	348,545	361,393	374,287	387,339
NWC	32,371	(13,700)	(14,936)	2,443	18,248	30,893	45,061	58,941	73,033	84,794
Change in NWC		(46,071)	(1,236)	17,379	15,805	12,644	14,168	13,880	14,092	11,761



Cash Flow Adjustments	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CapEx	183,232	121,968	102,378	124,010	153,739	147,518	160,260	177,335	189,861	195,906
% of Sales	3.25%	1.89%	1.68%	1.94%	2.19%	1.92%	1.93%	1.99%	2.01%	1.96%
Depreciation & Amortization	122,804	126,507	125,541	127,067	152,137	157,760	172,676	184,479	198,252	207,238
% of CapEx	67.02%	103.72%	122.62%	102.47%	99%	107%	108%	104%	104%	106%
Total D&A	122,804	126,507	125,541	127,067	152,137	157,760	172,676	184,479	198,252	207,238



WACC & Beta

Sprouts Farmers Market Inc

WACC Calculation

Market Risk Premium	5.00%
Risk Free Rate	4.37%
Beta	0.48
Cost of Equity	6.78%

Pre-Tax Cost of Debt	4.62%
Tax Rate	24.24%
After-Tax Cost of Debt	3.50%

Stock Price	\$	43.91
Shares Outstanding		103,827,000
Equity	\$	4,559,044
Debt	\$	1,404,075
Weight of Equity		76%
Weight of Debt		24%

WACC	6.01%
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Current SFM Price	\$	43.91
Shares Outstanding	\$	103,827,000
Market Capitalization	\$	4,559,043,570

Beta (5yr)	0.48
Beta (4yr)	0.50
Beta (3yr)	0.51
Beta (2yr)	0.60
Beta (1yr)	0.48

FCF Calculation



Sprouts Farmers Market Inc

Discounted Cash Flow Analysis

Dollars in thousands

FCF Calculation	2023	2024	2025	2026	2027	2028
Revenue	7,026,457	7,675,019	8,298,440	8,891,616	9,450,928	9,974,086
<i>% Growth</i>		9.23%	8.12%	7.15%	6.29%	5.54%
EBIT	392,885	393,030	374,447	331,383	256,494	140,284
<i>EBIT Margin</i>	5.59%	5.12%	4.51%	3.73%	2.71%	1.41%
NOPAT	297,655	297,765	283,686	251,060	194,323	106,281
<i>Tax Rate</i>	24.24%	24.24%	24.24%	24.24%	24.24%	24.24%
Plus: D&A	152,137	157,760	172,676	184,479	198,252	207,238
Less: CapEx	153,739	147,518	160,260	177,335	189,861	195,906
Less: Change in NWC	15,805	12,644	14,168	13,880	14,092	11,761
FCFF	280,248	295,362	281,935	244,323	188,621	105,852
<i>% Growth</i>		5.39%	-4.55%	-13.34%	-22.80%	-43.88%
Discount Period	0.25	1.25	2.25	3.25	4.25	5.25
Discount Factor	0.99	0.93	0.88	0.83	0.78	0.74
PV of Cash Flows	276,188	274,579	247,235	202,105	147,181	77,913



Gordon Growth & Multiples Method

Gordon Growth Method

Terminal CF	188,621
WACC	6.01%
Terminal Growth Rate	2.00%
Terminal Value	4,796,824
PV of Terminal Value	4,583,243
Enterprise Value	5,730,531
Less: Debt	1,404,075
Plus: Cash	293,233
Equity Value	4,619,689
Diluted Shares Outstanding	109,139
Price Per Share	42.33

WACC	6.01%
Terminal Growth Rate	2.00%
EV/EBITDA Multiple	11.48x

Multiples Method

Terminal EBITDA	454,745
EV/EBITDA Multiple	11.48x
Terminal Value	5,221,275
PV of Terminal Value	4,988,795
Enterprise Value	6,136,083
Less: Debt	1,404,075
Plus: Cash	293,233
Equity Value	5,025,241
Diluted Shares Outstanding	109,139
Price Per Share	46.04



		WACC					
Growth Rate	\$	42.33	5.01%	5.51%	6.01%	6.51%	7.01%
		1.70%	51.45	44.58	39.30	35.12	31.73
		1.85%	53.95	46.46	40.76	36.29	32.69
		2.00%	56.71	48.50	42.34	37.54	33.71
		2.15%	59.75	50.72	44.03	38.88	34.79
		2.30%	63.13	53.15	45.87	40.31	35.94

EV/EBITDA	WACC					
	46.04	5.01%	5.51%	6.01%	6.51%	7.01%
	10.48x	42.37	42.21	42.06	41.90	41.75
	10.98x	44.37	44.21	44.05	43.89	43.73
	11.48x	46.38	46.21	46.04	45.87	45.70
	11.98x	48.38	48.20	48.03	47.85	47.68
	12.48x	50.39	50.20	50.02	49.84	49.66



Comps Set

Ticker	Name	Share Price	Diluted Shares Outstanding	Market Capitalization	Debt	Cash	Enterprise Value	EBITDA	Revenue	EPS	EV/EBITDA	EV/Revenue	P/E
KR	Kroger Co	\$ 44.60	727,000,000	32,424,200,000	12,068,000,000	1,015,000,000	43,477,200,000	4,126,000,000	148,258,000,000	\$ 3.10	10.54x	0.29x	14.39x
GO	Grocery Outlet Holding Corp	\$ 28.47	100,162,000	2,851,612,140	379,650,000	102,728,000	3,128,534,140	214,050,000	3,578,101,000	\$ 0.67	14.62x	0.02x	42.49x
ACI	Albertsons Companies Inc	\$ 21.98	534,000,000	11,737,320,000	7,834,400,000	455,800,000	19,115,920,000	2,307,100,000	77,649,700,000	\$ 2.29	8.29x	0.13x	9.60x
TGT	Target Corp	\$ 134.78	464,700,000	62,632,266,000	16,009,000,000	2,229,000,000	76,412,266,000	7,082,000,000	107,588,000,000	\$ 6.02	10.79x	0.52x	22.39x
WMT	Walmart Inc	\$ 154.34	2,734,000,000	421,965,560,000	47,477,000,000	8,625,000,000	460,817,560,000	37,853,000,000	611,289,000,000	\$ 4.29	12.17x	3.11x	35.98x
COST	Costco Wholesale Corporation	\$ 596.25	444,452,000	265,004,505,000	5,377,000,000	13,700,000,000	256,681,505,000	10,580,000,000	242,290,000,000	\$ 14.18	24.26x	1.73x	42.05x
Median											11.48x	0.40x	29.18x



Min	214050000	3578101000	\$	0.67	8.29x	0.02x	9.60x
Q1	2761825000	85134275000	\$	2.49	10.60x	0.17x	16.39x
Median	5604000000	127923000000	\$	3.70	11.48x	0.40x	29.18x
Q3	9705500000	218782000000	\$	5.59	14.01x	1.43x	40.53x
Max	37853000000	611289000000	\$	14.18	24.26x	3.11x	42.49x
Mean	10360358333	198442133500	\$	5.09	13.44x	0.97x	27.82x

Min				28.30	1.00	\$	23.13
Q1				36.29	10.19	\$	39.49
Median				39.33	24.64	\$	70.33
Q3				48.04	87.74	\$	97.68
Max				83.44	191.42	\$	102.41
Mean				46.10	59.31	\$	67.03



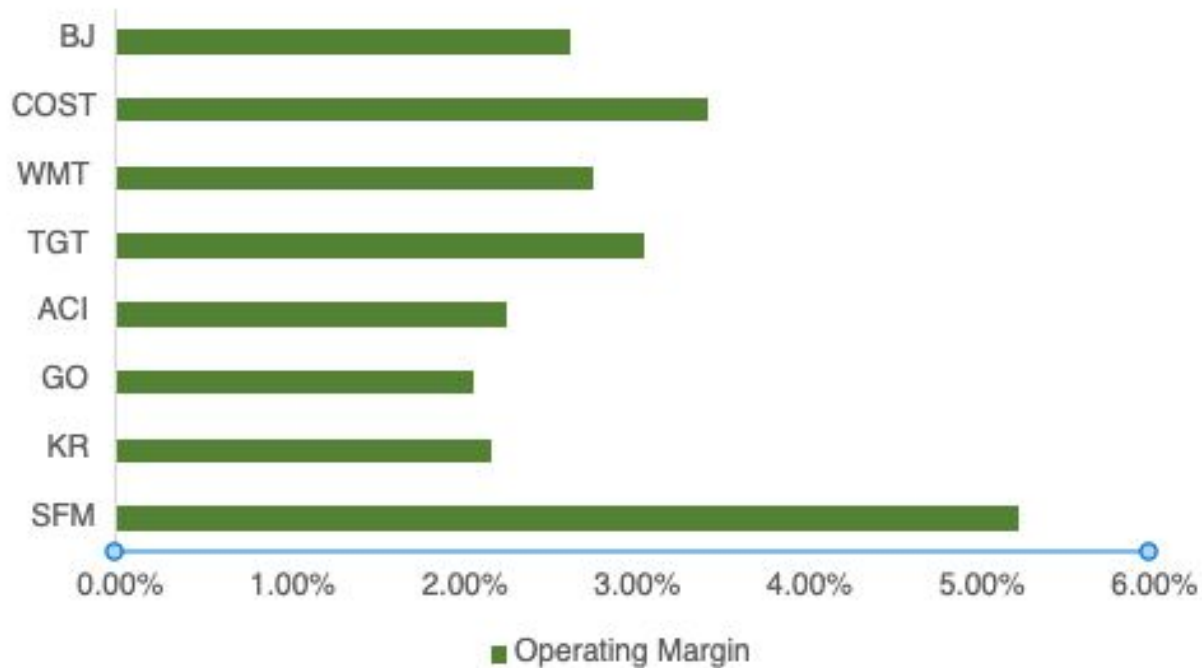
Sprouts Farmers Market Inc					
Valuation	Weight		Bear	Base	Bull
EV/EBITDA	10%		36.29	39.33	48.04
EV/Revenue	5%		10.19	24.64	87.74
P/E	5%		39.49	70.33	97.68
DCF Growth	40%		31.73	42.34	63.13
DCF Multiples	40%		41.75	46.04	50.39
Price Target			35.51	44.03	59.48



September

EPS: Beat 3.17%

Revenue: Beat 1.96%

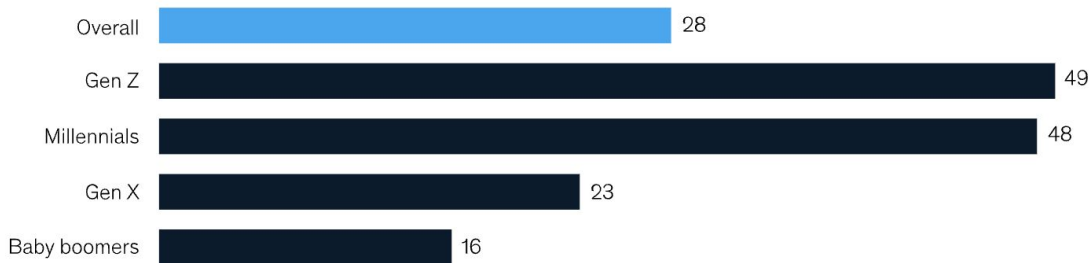




<https://www.mckinsey.com/industries/retail/our-insights/the-state-of-grocery-in-north-america-2023>

Consumers, especially younger ones, continue to place a premium on sustainability.

Attitude toward premiumization and sustainability,¹ % of respondents who are willing to pay more for environmentally friendly products (eg, zero pollution, recyclable materials, or minimized packaging)

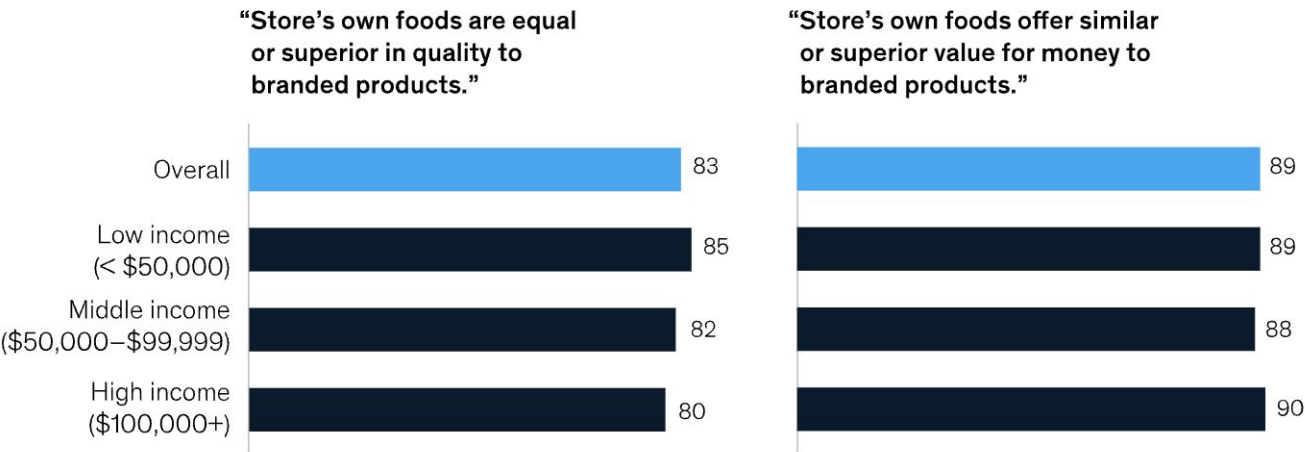


¹Question: Think about the following types of food/services. Which statement best describes your attitude?
Source: McKinsey State of Grocery Consumer Survey July 7–15, 2023 (n = 2,011, sampled and weighted to match the US general population aged 18 years and older)



Most consumers across income groups perceive private brands as equal or superior in quality and value to national brands.

Attitude toward store's own brands compared to national brands,¹ % of respondents



¹Question: We would like to ask you a few questions about store's own brand foods (ie, food products sold under the label of the grocery retailer). In each line, please select which statement you agree with the most.

Source: McKinsey State of Grocery Consumer Survey, July 7-15, 2023 (n = 2,011, sampled and weighted to match the US general population aged 18 years and older)



Sprouts recognizes the impact that climate has within our supply chain and effects on our stores in terms of the occurrence and intensity of climate related weather events. We continually monitor and evaluate risks to our business stemming from climate change and are in the process of developing plans to mitigate some of these effects. Over the next year, we expect to commit to setting a science-based target for carbon reduction, along with aligning our climate goals with the framework of the Task Force on Climate Financial Disclosure (“TCFD”).

Within our operations, we have invested in green building practices and efficiency efforts to minimize the resources used in our stores and supply chain. Each store is connected to a centralized environmental management system which tracks performance and ensures they are running efficiently.

- 10% reduction in scope 1 and 2 carbon emissions per square foot from 2019
- 28% of our grid energy was from renewable sources
- 23% smaller store footprint reducing energy consumption onsite

CARBON EMISSIONS

	2020 Emissions (metric tons CO ₂ e)	2021 Emissions (metric tons CO ₂ e)
Waste	33,318	0,947
Upstream T&D	53,393	53,150
Natural Gas	28,601	29,878
Refrigerant (stationary)	61,509	68,930
Electricity	121,693	1177,668
Totals	298,514	300,573
Scope 1	90,110	98,808
Scope 2	121,693	117,668
Scope 3	87,711	84,097