

EMPIRE
COMPANY LIMITED



Investor Presentation

September 2021

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Forward-Looking Information

This presentation contains forward-looking statements which are presented for the purpose of assisting the reader to contextualize the Company's financial position and understand management's expectations regarding the Company's strategic priorities, objectives and plans. These forward-looking statements may not be appropriate for other purposes. Forward-looking statements are identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", "could", "may", "plans", "predicts", "projects", "will", "would", "foresees" and other similar expressions or the negative of these terms.

These forward-looking statements include, but are not limited to, the following items:

- The Company's expectations regarding the financial impact and benefits of Project Horizon and its underlying initiatives, which could be impacted by several factors, including the time required by the Company to complete the initiatives and impacts of the COVID-19 including changes in customer behaviour;
- The FreshCo expansion in Western Canada and Farm Boy expansion in Ontario, including the Company's expectations regarding future operating results and profitability, the amount and timing of expenses, the projected number of store openings, and the location, feasibility and timing of construction, all of which may be impacted by COVID-19, construction schedules and permits, the economic environment and labour relations;
- The Company's anticipation that a percentage of food consumption that has shifted from restaurants and hospitality businesses to grocery stores will remain in grocery stores, which may be impacted by future shutdowns or eased public health restrictions due to COVID-19, the ability for restaurants and hospitality businesses to re-open and resume operations, and the ongoing demand for restaurants and hospitality services in the near term;
- The Company's expectations regarding an increase in fuel sales, which could be impacted by future shutdowns and travel restrictions implemented by government authorities;
- The Company's expectation that it will incur approximately \$10 million in the second quarter in selling and administrative expenses to respond to COVID-19, which may be impacted by future shutdowns or eased public health restrictions due to COVID-19 and safety precautions and transitions required;
- The Company's expectations that fiscal 2022 will reflect the highest net earnings dilution for the Voilà program, as the Toronto site continues to grow and is expected to begin to reflect positive results towards the end of the third year of operations, partially offset by the increasing costs of the Montreal and Calgary sites as they are built, and the plans to expand its Curbside Pickup service, all of which may be impacted by COVID-19, future operating and capital costs, customer response to the service and the performance of its technology provider, Ocado; and
- The Company's estimates regarding future capital expenditures, which may be impacted by operating results, impacts of the pandemic and the economic environment.

Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this earnings call presentation that do not have a standardized meaning under generally accepted accounting principles ("GAAP") and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. The Company includes these measures and metrics because it believes certain investors use these measures and metrics as a means of assessing financial performance.

For a more complete description of Empire's non-GAAP measures and metrics, please see Empire's Management's Discussion and Analysis for the first quarter ended July 31, 2021.

CEO's Direct Reports



Michael Medline
President &
Chief Executive Officer



Pierre St-Laurent

Chief Operating Officer, Full Service



Vivek Sood

Related Businesses



Mike Venton

Discount Format



Sarah Joyce

E-commerce



Michael Vels

Chief Financial Officer



Simon Gagné

Chief Human Resources Officer



Sandra Sanderson

Marketing



Doug Nathanson

General Counsel & Corporate Secretary



Danielle Amirault

Chief of Staff, Office of the CEO & Director, Strategy



Mohit Grover

Innovation, Sustainability & Strategy

Empire Company Limited – Who are we?



- Canadian company headquartered in Stellarton, Nova Scotia.
- Key businesses include food retailing and related real estate through wholly-owned subsidiary Sobeys Inc. and a 41.5% equity accounted interest in Crombie REIT.
- Sobeys is a national Canadian grocery retailer, serving the food shopping needs of Canadians under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy Longo's and Lawtons Drugs, and operates grocery e-commerce under banners *Voilà by Sobeys*, Grocery Gateway, IGA.net, and ThriftyFoods.com.
- In addition to food retail we are:
 - **Pharmacy** retailers with in-store pharmacy banners and free-standing locations through Lawton's Drug Stores;
 - **Wholesalers**, distributing to our corporate and franchised stores and over 5,000 convenience stores and small grocers nationally, as well as the operation of "Cash & Carry" outlets; and
 - Owner and operator of **fuel and convenience stores, and liquor** operations.

Quick Facts – Empire ⁽¹⁾	
Share price (CAN\$) ⁽²⁾	\$39.24
52-Week High ⁽²⁾	\$42.93
52-Week Low ⁽²⁾	\$34.13
30-day Average daily trading volume ⁽²⁾	507,156
Shares outstanding (diluted)	268.1M
Quarterly dividend	\$0.15
Number of Stores ⁽³⁾	> 1,500
Number of Retail fuel locations	> 350
Employees	~134,000
Square footage	~41.7 M
Communities served	> 900

(1) As at Q1 fiscal 2022 (July 31, 2021) unless noted otherwise

(2) As of September 10, 2021

(3) See Empire's [F21 AIF](#) for details of stores per banner and location; Appendix B for geographic view

Investment Profile

- Second largest grocery retailer in Canada.
- Acquisition of 51% of Longo's, a specialty grocery retailer in Ontario and their Grocery Gateway e-commerce business in May, 2021 will accelerate growing presence in the largest grocery market in Canada.
- Significant opportunity to capture market share through expansion of FreshCo discount banner in Western Canada, addition of Farm Boy and Longo's in Ontario, and the acceleration of e-commerce through Voilà.
- Committed to returning capital and value to our shareholders.
 - Completed Normal Course Issuer Bid ("NCIB") July 1, 2021 – purchased 6,063,806 Class A shares for \$230.4 million
 - Renewed NCIB on July 2, 2021, allowing for the purchase for cancellation of up to 8,468,408 Class A shares.
- Strong investment grade balance sheet and significant available liquidity.
- Relevant and valuable partnerships.
 - Crombie REIT – Empire's largest landlord, 41.5% owned.
 - Ocado Group plc – exclusive partnership in Canada for online grocery delivery and curbside pickup services, through Voilà (see slide 12 & 13).
- Consistent and solid execution over the last four years,
 - Successful completion of the Project Sunrise transformation generated over \$550 million in benefits (see slide 8); and
 - Successfully completed first year of new three-year growth plan – Project Horizon is expected to add another \$500 million of annualized EBITDA over three years (see slide 10).

+10.9%

**Dividend
CAGR**

F2019 – F2022

+38.8%

EPS CAGR
(adjusted, diluted)

F2017 to F2021⁽¹⁾

⁽¹⁾ Includes 14 months of impact related to the COVID-19 pandemic

Fiscal 2021 Sustainability Achievements

Focused on the environmental, social and governance (ESG) factors that matter most to our stakeholders

People

Grow and empower a diverse, equitable, and inclusive work environment to help our customers and communities stay healthy and strong.

- Community Investment:
 - ✓ 15 unique programs made possible across Canada in support of 13 Children's Hospital Foundations supported by our new A Family of Support: Child and Youth Mental Health initiative
 - ✓ 13.3 million meals donated across Canada
 - ✓ 140 Communities organizations supported through the Community Action Fund
- Diversity, Equity and Inclusion (DE&I):
 - ✓ 7 strategic partnerships are contributing to advancing on our diversity, equity and inclusion strategy and commitments
 - ✓ 34% women representation at the senior management level (SVP and VP)
 - ✓ 600+ teammates and leaders participated in our Conscious Inclusion sessions

Planet

Reduce our impacts, take action on climate change and do OurPart™ to protect our planet for future generations..

- Plastics & Packaging:
 - ✓ 800 million single-use plastic checkout bags removed from circulation from our stores across Canada
- Climate Action:
 - ✓ 14,000 trees planted in partnership with One Tree Planted
 - ✓ Completion of comprehensive GHG inventory; established 2019 as baseline year and plan to set bold target in 2022
- Food Waste:
 - ✓ 24% reduction in the amount of surplus food generated per square foot in our retail stores (since 2016)
- Using Energy Sustainably:
 - ✓ Implemented a range of energy efficiency initiatives (i.e. upgrades to refrigeration, lighting and HVAC systems) in over 900 stores. Over 3 years, this resulted in a **144 million kWh cumulative reduction** in electricity use, equivalent of **34,770 tCO2 e**.

Products

Do OurPart™ by delivering sustainable and ethical product choices for our customers..

- Responsible Sourcing:
 - ✓ 100% of the palm oil used in our Own Brands products is certified sustainable palm oil (CSPO)
 - ✓ 96% of our Own Brands fresh and frozen seafood, by weight, is third-party certified sustainable and/or recommended by Ocean Wise
- Supplier Partnerships:
 - ✓ 58% year over year increase in the number of women owners and/or business leads within our network of local supplier partners

Governance and Reporting

Firmly embed accountability and leadership on ESG issues within our governance approach through focused teams reporting directly to the President & CEO, Board oversight of our initiatives and reporting against ESG standards and frameworks

- Materiality assessment completed
 - ✓ Initiated a materiality assessment → Identified three of the big issues that are top of mind for our stakeholders and that matter deeply to us: DE&I, Plastics & Packaging and Community Investment.
 - ✓ For more information on our materiality assessment, please [click here](#).
- Measuring against the Sustainability Accounting and Standards Board ("SASB") Index
 - ✓ 2021 Sustainable Business Report includes our first disclosure to the Food Retailers & Distributors Standard from SASB.
 - ✓ To view our 2021 SASB Index, please [click here](#).
- Share our ESG governance structure & policies
 - ✓ For a complete view of how ESG is internally managed, please [click here](#).

CLICK HERE to view Sobeys Sustainable Business Report ("SBR") for more information, and details on our 2022 Goals.

Key Achievements – Last twelve months

2020

July – Unveiled the Company’s new three-year strategy, *Project Horizon*. (see slide 10).

August

- Reached important five-year labour agreement in Alberta.
- S&P Upgrades Sobeys Inc. Credit Rating to Investment Grade – Sobeys now has an investment grade credit rating from all of its rating agencies.

September

- Voilà by Sobeys launches new curbside pickup service in Nova Scotia

December – Announced market share gains continue in second quarter fiscal 2021

- Third Voilà home-delivery Customer Fulfilment Centre announced to serve Alberta market in 2023.

2021

January – Empire reaches half-way mark in Western Canada discount expansion plans with announcement of seven new FreshCo stores.

March

- Voilà by Sobeys, Farm Boy and Oliver & Bonacini Hospitality (“O&B”) announce exclusive deal to bring gourmet O&B dishes to customers in the GTA.
- Signed agreement to acquire 51% of Longo’s and Grocery Gateway for \$357 million (see slide 16).
- Voilà by Safeway Curbside Pickup service now available in Alberta

April

- Empire’s family of brands partners with Second Harvest with the goal of diverting 31 million pounds of food and approximately 41 million kilograms of GHG emissions annually

May

- Empire launches “Feed the Dream” movement to support and celebrate Team Canada on the road to the Tokyo Olympic Games as the Official Grocer of Canada’s Olympic Team
- Empire completes purchase of 51 per cent of Longo’s and Grocery Gateway, accelerates growing presence in Ontario

June – Empire Reports Strong Fourth Quarter and Fiscal 2021 Results

August

- Released 2021 Sustainability Business Report (see slide 6)
- Announced partnership between IGA and Ricardo Media that will fuel innovation and bring consumers together to share and enjoy meals
- Voilà by Safeway Curbside Pickup service now available in Manitoba and British Columbia (“BC”)

September

- Empire Reports Solid First Quarter Fiscal 2022 Earnings
 - Earnings per share of \$0.70 compared to \$0.71 last year
 - Same-store sales excluding fuel decreased by 2.2% compared to elevated sales last year
 - Two-year same-store sales growth of 8.1%
 - Excluding fuel, gross margin increased by 40 basis points
 - Project Horizon growth plan on track
 - \$131 million of shares purchased to date; fully offsetting shares issued as part of Longo’s acquisition

Successful Completion of Project Sunrise



In the fourth quarter of fiscal 2017, the Company launched Project Sunrise, a three-year transformation. As of the fourth quarter of fiscal 2020, Project Sunrise was successfully completed, exceeding management's initial expectations of \$500 million in net benefits, achieved through three phases:

- 1) **Organizational realignment** – from a regional to a national structure. *Benefits impacted selling and administrative expenses.*
- 2) **Operational efficiencies** – store operations, labour standards and other operational process initiatives. *Benefits largely impacted selling and administrative expenses.*
- 3) **Cost of goods sold** – harmonization of costs with suppliers; more competitive net acquisition costs achieved; category resets continue to provide an improved, simplified and in some cases, more innovative assortment for customers. *Benefits were reflected mostly in gross margin expansion.*

	Fiscal		Improvement
	2017	2020 ⁽¹⁾	
	52 weeks	52 weeks trailing	
All amounts exclude IFRS 16	May 6, 2017	Feb. 1, 2020	
Sales	\$23,806.2	\$25,796.2	8.4%
Same-store sales growth (decline), excluding fuel	(2.2%)	2.1%	430 bps
Gross margin	24.0%	24.8%	80 bps
Adjusted EBITDA	\$796.9	\$1,274.9	60.0%
Adjusted EBITDA margin	3.3%	4.9%	160 bps
Selling and Administrative margin (adjusted)⁽²⁾	22.9%	22.0%	90 bps
Adjusted EPS	\$0.70	\$2.02	188.6%

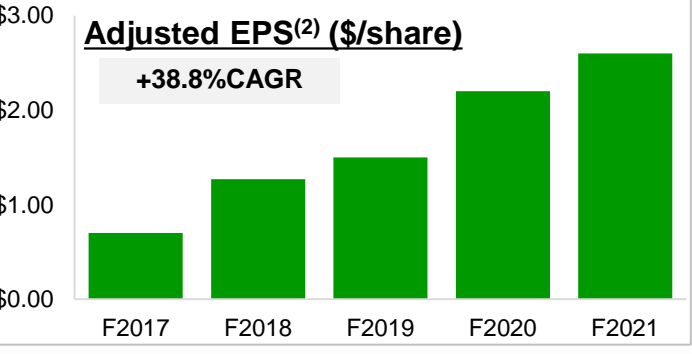
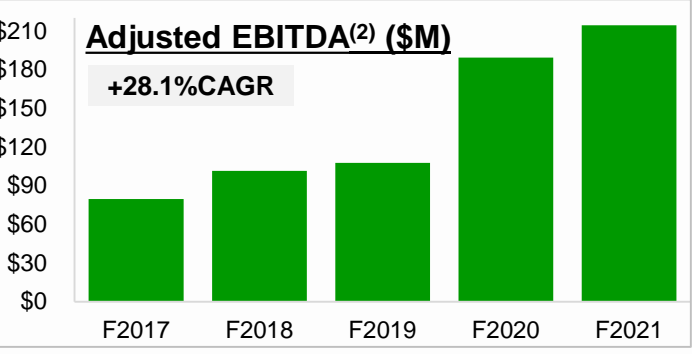
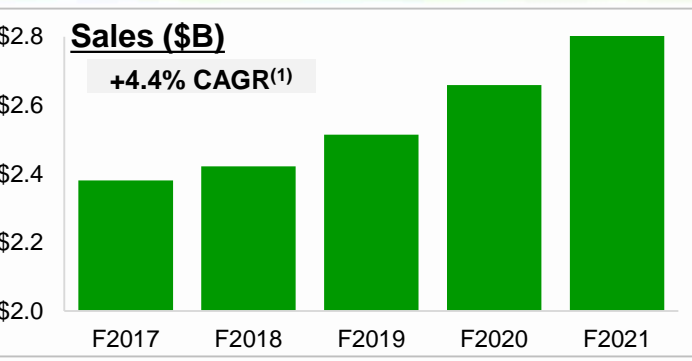
⁽¹⁾ Reflects twelve months trailing (TTM) at Q3 fiscal 2020, to reflect improvements before the COVID-19 impact. It excludes one quarter of benefits.

⁽²⁾ This excludes the adjustments made to operating income. Please see the operating income section in Empire's annual MD&As for fiscal 2018, 2019 and 2020.

Project Sunrise – Exceeded 3 Year Target



Next 3 Year Growth Plan, Project Horizon, on Track



- Increase in stock price of over 150% since January 2017.
 - February 28th 2020 – the Canadian environment began to be impacted by the COVID-19 pandemic.
- Foundation has been set with the completion of Project Sunrise, and now the Company is on track with its new growth plan, Project Horizon.



(1) Compound annual growth rate.
 (2) Excluding the adoption of IFRS 16 "Leases".
 (3) As of market close on September 10th, 2021.



Three-year growth strategy for core business expansion and e-commerce acceleration.

Management targeting an incremental \$500 million in annualized EBITDA, driving an improvement in EBITDA margin of 100 basis points by fiscal 2023.

To be achieved through:

1) Growth in market share

- Invest in Empire's Store Network
- Improve Store Space Productivity
- Win Canadian Grocery E-Commerce
- Grow Empire's Private Label Portfolio
- Provide Best in Class Customer Personalization

2) Building on cost and margin discipline

- Drive Non-Merchandising Sourcing Efficiencies
- Continue Merchandising Sourcing Efficiencies
- Invest in Best-in-Class Analytics to Improve Customer Value Proposition
- Optimize Supply Chain Productivity
- Improve System and Process



Benefits are expected to ramp up over the three-year period with the largest benefits reflected in year three.



Large portion of benefits are expected to be achieved through initiatives related to store productivity, private label, store renovations, and new stores.



Management believes that the Company can continue to grow faster than its key competitors, improving EBITDA margin by another 100 basis points on a higher sales base.

- Expected to generate a CAGR in EPS of at least 15% over the three years.

For additional information on the strategy, please click [here](#) to view Empire's Management's Discussion and Analysis for the quarter ended July 31, 2021.

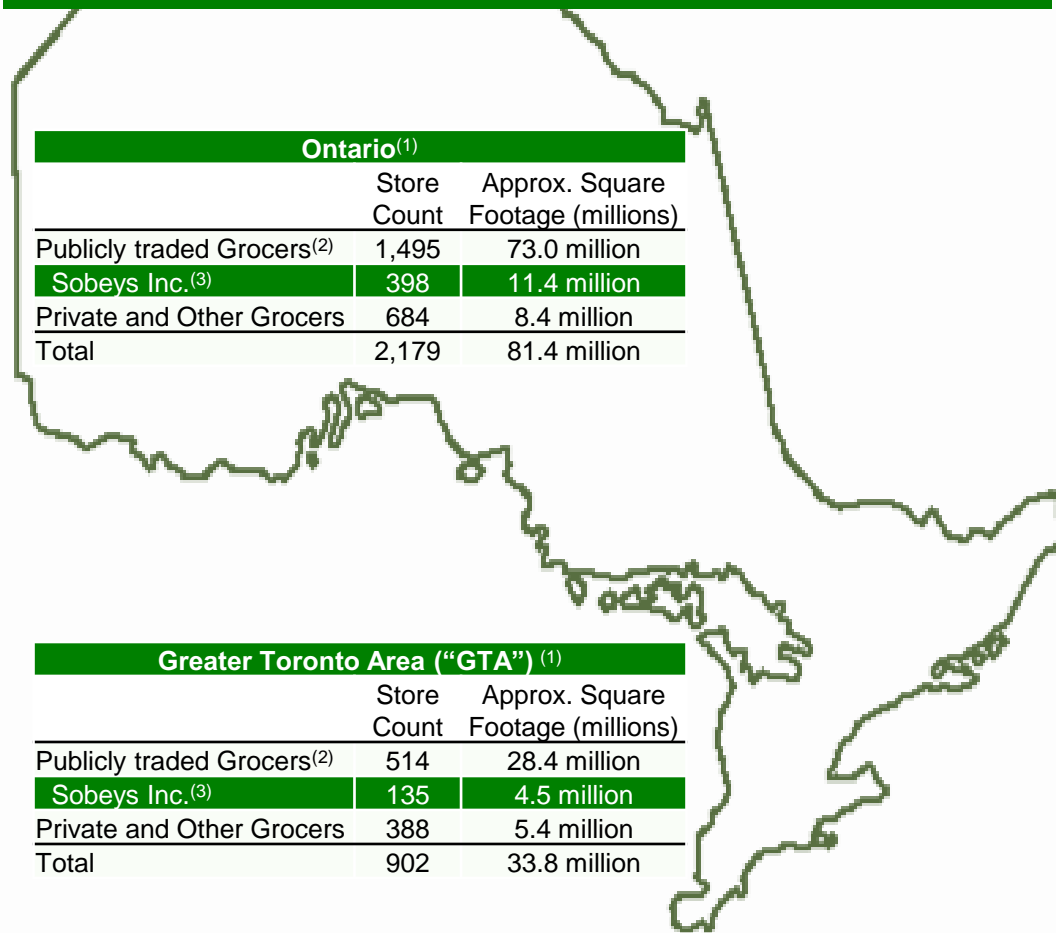
In fiscal 2021, Project Horizon benefits were achieved from the expansion and renovation of the Company's store network, improvement in store operations and merchandising from data analytics along with continued efficiencies gained through strategic sourcing initiatives. Benefits were partially offset by the investment in the Company's e-commerce network.

In the first quarter of fiscal 2022, earnings continued to be positively impacted by strategic initiatives, including the continued expansion and renovation of the store network, promotional optimization, data analytics and strategic sourcing efficiencies. Benefits were partially offset by the continued investment in the Company's e-commerce network.

Management expects these factors will continue to drive the majority of benefits through the remainder of fiscal 2022.

Ontario Market

Significant Growth Opportunity



(1) Company information.

(2) Includes Sobeys Inc.

(3) Includes Farm Boy and Longo's

The Company is focused on increasing its market share in urban markets through a three-pronged approach of introducing an industry leading grocery e-commerce platform to Canadians, rapidly growing the number of Farm Boy locations in Ontario; and recently added the Longo's and Grocery Gateway banners.

- Empire's new online grocery delivery service is now available to customers in the GTA, and curbside pickup is available to customers in Atlantic Canada, Alberta, Manitoba and British Columbia (see slide 12 for details).
- Empire acquired Farm Boy in December 2018, with plans to double the store count of 26 stores in five years, mainly in the GTA.
 - Since the acquisition, the Company has opened 14 new Farm Boy stores in Ontario. An additional 4 locations, net of 1 closure, have been announced to open in the remainder of fiscal 2022 for a total of 7 new stores. There are currently 40 Farm Boy stores open and operating at September 8, 2021 with five additional stores in different stages of development.
 - Farm Boy Private Label is included in the *Voilà by Sobeys* offering launched in the GTA in June 2020.
- On March 16, 2021 Empire signed an agreement to acquire 51% of the business of Longo's and Grocery Gateway. The acquisition closed effective May 10, 2021.
 - This added 36 Longo's stores and 70,000 long-standing Grocery Gateway online customers.

This will further accelerate growth in Canada's biggest grocery market. Ontario makes up a large portion of Canada's population, approximately 40% (approximately 14.8 million people).

Project Horizon – Voilà

Your groceries delivered. Just like that.



The Company is accelerating its plans to win Canadian grocery e-commerce.

- Powered by Ocado Group plc's ("Ocado") industry-leading technology, Voilà fills orders through its automated Customer Fulfilment Centres ("CFC").
 - ✓ Robots assemble orders efficiently and safely, resulting in minimal product handling, while Voilà teammates deliver orders directly to the customer's home.
- Voilà by Sobeys offers cutting-edge online grocery home delivery. The Vaughan CFC services the GTA, Barrie, Kitchener, Waterloo, Guelph, Hamilton, Niagara, St. Catharines and Brantford.
 - ✓ Offers grocery essentials from Sobeys, alongside customer favourites from Farm Boy and health and wellness products from Well.ca.
- Crombie REIT has completed the construction of the building for Voilà's second CFC in Montreal and turned it over to Ocado to build the internal grid.
 - ✓ CFC 2 is expected to be ready to deliver to customers in early 2022. It will support the launch of Voilà par IGA in Quebec.
- The Company intends to operate four CFCs across Canada.
 - ✓ CFC 3 will be located in Calgary and will service the majority of Alberta. It is expected to deliver to customers in the first half of calendar 2023.
 - ✓ With only four CFCs, the Company will be able to serve approximately 75% of Canadian households representing approximately 90% of Canadians' e-commerce spend.
- In fiscal 2021, the Company launched Voilà Curbside Pickup service at 30 store locations across Atlantic Canada and Alberta.
 - ✓ In the first quarter of fiscal 2022, the Company added 5 locations and expects to add up to 85 new store locations in the remainder of fiscal 2022. Service now at select stores in British Columbia.
 - ✓ The store pick solution is powered by Ocado's technology and will serve customers in areas where future CFCs will not deliver or are not yet built.



In response to the impact that COVID-19 has had on Canadians, Empire has implemented significant safety protocols to keep Voilà by Sobeys teammates and customers safe, following standards and recommendations set out by the Public Health Agency of Canada. For detail please visit www.voila.ca.

For details on key events related to Voilà as well as details on its network (Spoke facilities), please see Appendix D.

Project Horizon

Voilà and Ocado Solutions

With more than 15 years at the forefront of innovation and success in grocery e-commerce, Ocado has partnered exclusively in Canada with Empire on our end-to-end e-commerce solution, Voilà.

Key facts:

- Empire's e-commerce sales growth (compared to last year) →
- GTA CFC launched to customers in June 2020.
- Montreal CFC is currently under construction, expected to begin delivering to customers in early 2022.
- Calgary CFC announced, expected to begin delivering to customers in the first half of calendar 2023.
- Voilà Curbside Pickup service in over 40 store locations across Atlantic Canada, Alberta, Manitoba and British Columbia.

F21	
Q1 ⁽¹⁾ (Aug. 1, 2020)	370%
Q2 ⁽²⁾ (Oct. 31, 2020)	241%
Q3 ⁽²⁾ (Jan. 30, 2021)	315%
Q4 ⁽²⁾ (May 1, 2021)	15%
F22	
Q1 ^{(2) (3)} (July 31, 2021)	Flat

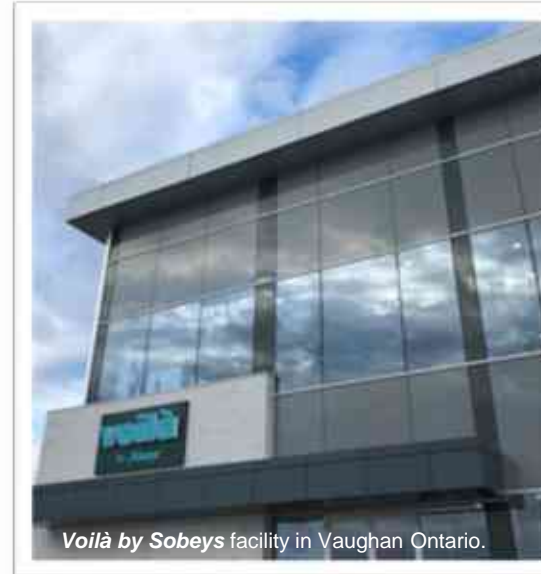
(1) Includes IGA.net, ThriftyFoods.com and 6 weeks of Voilà by Sobeys.

(2) Includes Voilà by Sobeys, IGA.net, and ThriftyFoods.com.

(3) Does not include Grocery Gateway.

Early Voilà CFC 1 operating metrics:

- 95% target weekly on-time delivery score – Q2 achieved 98.6%
- 98% target fulfilment – Q2 achieved 99.6%
- Net Promoter Score of 87 in Q2 vs industry best-in-class target of 70



Voilà by Sobeys facility in Vaughan Ontario.



Voilà par IGA facility in the Montreal area.

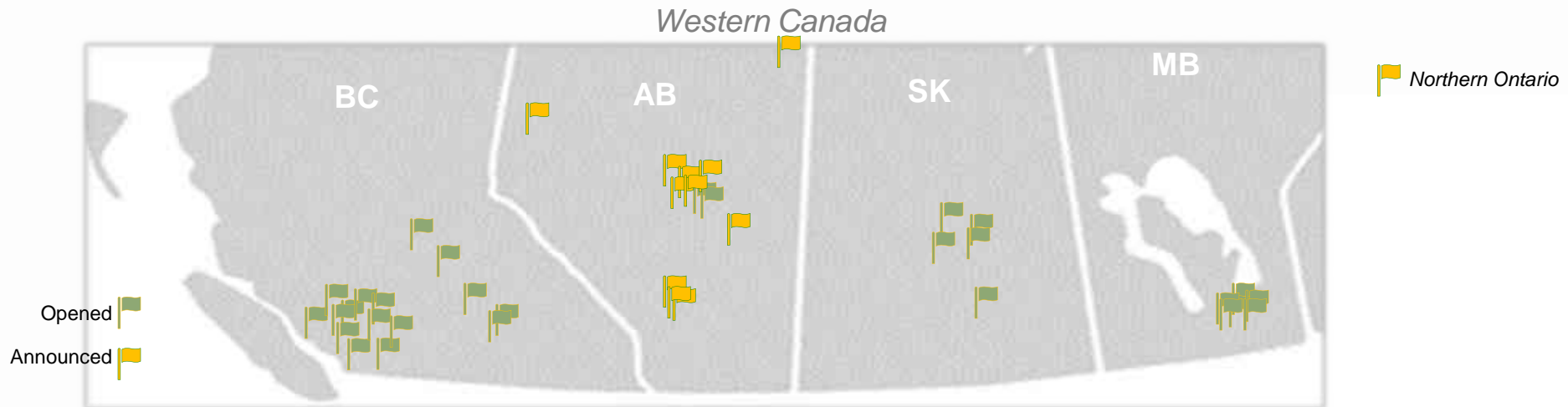
Project Horizon – FreshCo Expansion Progress

FreshCo Expansion to Western Canada

Empire expects to convert up to 25% of the 255 Safeway and Sobeys full-service format stores in Western Canada to the FreshCo discount format.

During the first quarter, the Company opened one location and expects to open eleven additional FreshCo sites in Western Canada in the remainder of fiscal 2022. The Company expects to have 40 locations open in Western Canada by the end of fiscal 2022. As at September 8, 2021:

<p>29 stores open and operating:</p>	<p>11 stores expected to open in the remainder of fiscal 2022</p>	<p>2 stores have been announced and are expected to open in Alberta in fiscal 2023</p>
<ul style="list-style-type: none"> • 16 in B.C. • 6 in Manitoba • 5 in Saskatchewan • 2 in Alberta 	<ul style="list-style-type: none"> • 10 in Alberta • 1 in Northern Ontario 	



Capital Allocation

Capital Expenditure ⁽¹⁾

- The Company invested \$147.0 million in capital expenditures⁽¹⁾ for the quarter ended July 31, 2021 (first quarter of fiscal 2021 – \$119.8 million), including renovations and construction of new stores, investments in e-commerce fulfilment centres and FreshCo locations in Western Canada, and investments in advanced analytics technology and other technology systems.
- In fiscal 2022, capital spending is expected to be approximately \$765 million, with approximately half of this investment allocated to renovations and new stores. The Company will open 10 to 15 FreshCo stores in Western Canada and expand the Farm Boy footprint by seven net new stores in Ontario.
 - The Company expects to invest approximately 15% of its capital expenditures on advanced analytics technology and other technology systems.
 - The Company’s total investment in Voilà for fiscal 2022 is expected to be approximately \$80 million, including its share of the investment in the Montreal and Calgary CFCs, up to 90 new store pickup locations, additional spokes and the associated investments in technology.

⁽¹⁾ Capital expenditure is calculated on an accrual basis and includes acquisitions of property, equipment and investment properties, and additions to intangibles.

Sobeys Albert St. (Regina, SK) – Converted to FreshCo

Before



After



Number of locations renovated/converted

		F21				F22
Q1	Q2	Q3	Q4	Fiscal	Q1	
20	21	19	28	88	25	

Dividends & Share Buybacks

Empire management continues to be committed to returning cash to its shareholders through dividends and share buybacks.

- Repurchased 4,124,260 shares in fiscal 2021 for a total consideration of \$153.6 million
- Renewed NCIB July 2, 2021, for up to 8,468,408 Class A shares
- Annual dividend per share increased 15.3% in F2022

Longo's and Grocery Gateway – Key Investment Highlights

- 1 Aligned with Project Horizon Strategic Priorities
- 2 Enhances Empire's Presence in Urban Markets in Toronto
- 3 Differentiated Specialty Grocery Retailer
- 4 Strong Online Grocery Offering in the GTA
- 5 Unique Private Label Offering
- 6 Retention of Strong and Successful Family-Led Management Team

See Appendix A for Overview and Transaction Details.

[Click here](#) to view the full Investor Presentation.

Financial Results – Annual

	Fiscal				
	F2021	F2020	F2019	F2018	F2017
	52 weeks 1-May-21	52 weeks 2-May-20 ⁽¹⁾⁽²⁾	52 weeks 4-May-19 ⁽¹⁾	52 weeks 5-May-18	52 weeks 6-May-17
Sales	\$28,268.3	\$26,588.2	\$25,142.0	\$24,214.6	\$23,806.2
<i>Same store sales growth (decline), excluding fuel</i>	5.6%	5.7%	2.7%	0.5%	(2.2)%
Gross profit	\$7,199.3	\$6,633.3	\$6,083.6	\$5,900.5	\$5,707.2
<i>Gross margin</i>	25.5%	24.9%	24.2%	24.4%	24.0%
Adjusted EBITDA	\$2,143.8	\$1,892.4	\$1,076.2	\$1,014.7	\$796.9
<i>Adjusted EBITDA margin</i>	7.6%	7.1%	4.3%	4.2%	3.3%
Adjusted earnings per share	\$2.60	\$2.20	\$1.50	\$1.27	\$0.70
Free cash flow ⁽³⁾	\$744.9	\$1,130.8	\$540.7	\$808.9	\$619.7
Capital expenditures	\$679.2	\$574.8	\$434.6	\$288.0	\$514.5
Dividends per share	\$0.52	\$0.48	\$0.44	\$0.42	\$0.41
Share price	\$38.66	\$31.01	\$29.94	\$25.01	\$21.50

(1) Empire's results for fiscal year ended May 2, 2020 include Farm Boy operations whereas prior year comparatives include 21 weeks of Farm Boy operations. All metrics, including same-store sales, include the consolidation of Farm Boy operations.

(2) Certain financial metrics were impacted by the implementation of IFRS 16 in the fiscal year ended May 2, 2020.

(3) The Company revised the definition of free cash flow in Q4 F19. All amounts in the chart have been restated to reflect the new definition.

The Company expects that fiscal 2022 will continue to be affected by COVID-19, with some normalization of business throughout the year as vaccination rates increase and COVID-19 restrictions are relaxed. Management has observed increased levels of food consumption outside of the home and related reductions in grocery industry volumes and expects to see these trends to continue. As restrictions ease, consumers are expected to shop more frequently and at more grocery stores. Grocery formats that experienced lower relative growth during the pandemic lockdowns, such as discount, should experience higher relative sales.

- **During the first quarter, the cost of maintaining safety and sanitization measures was approximately \$18 million (first quarter of fiscal 2021 – \$67 million).**
 - In the second quarter of fiscal 2022 it is expected the Company will incur approximately \$10 million (second quarter of fiscal 2021 – \$14 million) in selling and administrative expenses related to the increased cost of maintaining safety and sanitization measures, and other COVID-19 related costs.
- **The Company expects that same-store sales will continue to reduce in the remainder of fiscal 2022 as industry volumes decrease compared to the unusually high COVID-driven sales impacts in fiscal 2021.** Margins will continue to benefit from Project Horizon initiatives, other operating improvements and the addition of Longo's. These benefits will be partially offset by effects of sales mix changes between banners and the impact on sales mix of increasing fuel sales.
- The Company expects improvements in the results of its Toronto based e-commerce site as volumes continue to increase and costs reduce due to improved operational efficiencies. At the same time, Voilà total costs will increase as the Montreal and Calgary facilities begin operations and store pick e-commerce is implemented in up to 85 additional stores in the remainder of fiscal 2022.
 - In total, the combination of improving results in Toronto, increasing costs in Montreal and Calgary and additional store pick e-commerce locations is expected to reduce Empire's fiscal 2022 net earnings by approximately \$0.25 to \$0.30 per share (fiscal 2021 – \$0.18).
 - **The Company expects that fiscal 2022 will reflect the highest net earnings dilution for the Voilà program as the Toronto site is expected to begin to reflect positive EBITDA results towards the end of its third year of operations.**
- Management still expects the Company will achieve the Project Horizon strategy targets. However, due to significant positive impacts on sales and earnings related to COVID-19 in fiscal 2021, growth rates in fiscal 2022 for same-store sales and net earnings are expected to be lower.



Appendices A – E

Appendix A – Overview of Longo’s

- Founded in 1956 by three brothers, **Longo’s** is a specialty grocery retailer, **focused on providing customers with high quality fresh products**, and offers a range of **locally sourced meats and produce**.
- Longo’s operates in the **Greater Toronto Area (“GTA”)**, **Canada’s largest grocery market**.
- Longo’s is led by **Anthony Longo** (President and CEO) and a talented team of food retail executives.
- In 2004, **Longo’s became a leader in online grocery delivery** in the GTA through their acquisition of Grocery Gateway, a strong e-commerce delivery platform which has grown to over **70,000 loyal customers today**.
- With a **unique loyalty program**, **strong premium private label offering** and **highly-differentiated retail formats**, the admired Longo’s brand resonates strongly with customers.
- Over the **last 5 years**, Longo’s has **invested over \$130 million** to position their omni-channel platform for further growth and expansion.
- Longo’s has a long-standing footprint in the GTA with **36 store locations**.

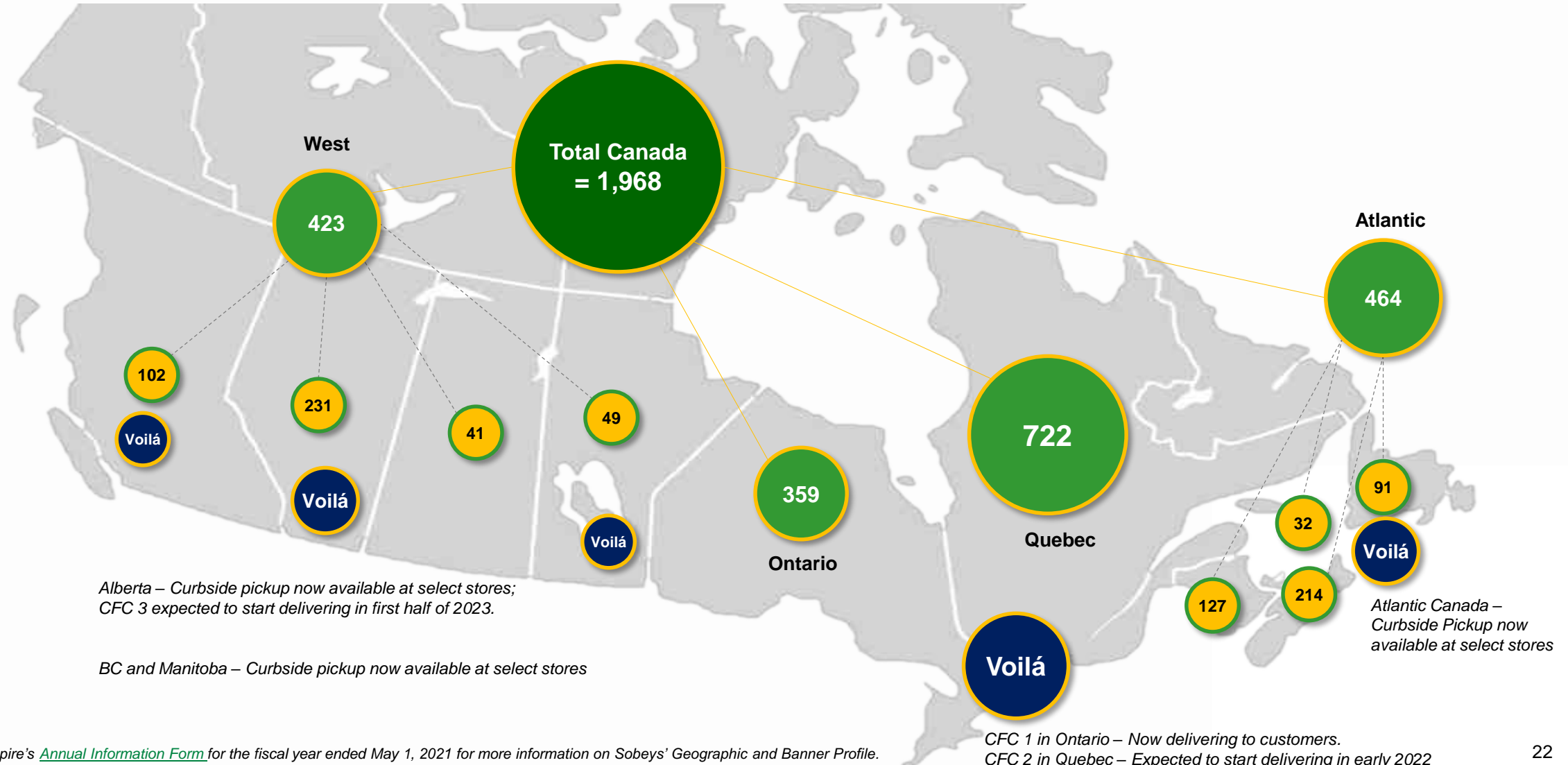


Appendix A – Longo’s Transaction Overview

<p>Purchase Price</p>	<ul style="list-style-type: none"> ■ Empire has agreed to purchase 51% of Longo’s, for \$357 million. ■ The acquisition is based on a total enterprise value of \$700 million. ■ Longo’s shareholders can receive up to \$125 million of the initial consideration in Empire non-voting Class A shares. ■ Following the completion of the current normal course issuer bid (“NCIB”), Empire intends to renew its NCIB with the TSX, for a number of shares higher than those issued through this transaction. ■ The remainder of the transaction will be financed by cash of approximately \$197 million and acquired debt of approximately \$35 million. ■ Longo’s and Grocery Gateway will continue to be operated by the successful leadership team, led by President and CEO, Anthony Longo.
<p>Longo’s Financial Profile</p>	<ul style="list-style-type: none"> ■ Annual sales of approximately \$1.1 billion for the year ended February 28, 2021. ■ Expected to be accretive to earnings per share in the first full fiscal year after closing. ■ Opened 10 new stores since 2016 with plans to open several more stores over the next 5 years. ■ Strong free cash flow generation will self-fund growth, including future capital investment. ■ Empire and Longo’s together will unlock non-customer facing synergies and other benefits, in areas such as Sourcing, Logistics, and Real Estate. ■ Voilà and Grocery Gateway will both provide a wide range of products and services to the growing online grocery channel in Ontario, while working together to generate ideas and opportunities.
<p>Put/Call Option Structure</p>	<ul style="list-style-type: none"> ■ After the fifth anniversary of the transaction, Longo’s shareholders have an option to sell up to a 12.25% interest to Empire per annum, at a multiple applied to the last twelve months EBITDA, that will vary depending on achievement of certain business results. ■ If Longo’s shareholders exercise an option to sell, Empire will have a corresponding call option for the same percentage in the following year. ■ After the tenth anniversary of the transaction, both Empire and Longo’s have mutual put and call options for any remaining minority shares outstanding. ■ The Longo’s family have expressed their intentions to remain as long-term shareholders of Longo’s.
<p>Timing & Approvals</p>	<ul style="list-style-type: none"> ■ Effective close was May 10, 2021, the first quarter of Empire’s fiscal 2022.

Appendix B – Geographic Profile

National scale and presence, operating over 1,500 stores in all 10 provinces, as well as more than 350 retail fuel locations.



Appendix C – Financial Results – 12 Quarter Review

	Fiscal 2022	Fiscal 2021				Fiscal 2020 ⁽¹⁾				Fiscal 2019		
	Q1 F22	Q4 F21	Q3 F21	Q2 F21	Q1 F21	Q4 F20	Q3 F20	Q2 F20	Q1 F20	Q4 F19	Q3 F19	Q2 F19
	Jul. 31	May 1	Jan. 30	Oct. 31	Aug 1	May 2	Feb. 1	Nov. 2	Aug. 3	May 4	Feb. 2	Nov. 3
	2021	2021	2021	2020	2020	2020	2020	2019	2019	2019	2019	2018
Sales	\$7,626.0	\$6,920.0	\$7,018.7	\$6,975.4	\$7,354.2	\$7,012.4	\$6,395.2	\$6,436.5	\$6,744.1	\$6,220.4	\$6,247.3	\$6,214.0
<i>Same store sales growth (decline), excluding fuel</i>	(2.2%)	(6.1%)	10.7%	8.7%	11.0%	18.0%	0.8%	2.0%	2.4%	3.8%	3.3%	2.5%
Gross profit	\$1,912.2	\$1,795.7	\$1,803.9	\$1,751.1	\$1,848.6	\$1,819.5	\$1,557.7	\$1,595.7	\$1,660.4	\$1,577.5	\$1,511.7	\$1,482.1
<i>Gross margin</i>	25.1%	25.9%	25.7%	25.1%	25.1%	25.9%	24.4%	24.8%	24.6%	25.4%	24.2%	23.9%
Adjusted EBITDA	581.9	514.4	\$533.5	513.4	\$582.5	\$527.8	\$426.9	\$477.7	\$460.0	\$300.1	\$218.3	\$279.1
<i>Adjusted EBITDA margin</i>	7.6%	7.4%	7.6%	7.4%	7.9%	7.5%	6.7%	7.4%	6.8%	4.8%	3.5%	4.5%
<i>Adjusted EBITDA margin (Pre-IFRS 16)</i>	n/a	n/a	n/a	n/a	n/a	5.5%	4.7%	5.4%	4.9%	4.8%	3.5%	4.5%
Adjusted EPS	\$0.70	\$0.64	\$0.66	\$0.60	\$0.71	\$0.67	\$0.46	\$0.58	\$0.49	\$0.46	\$0.27	\$0.40
Free cash flow	\$115.5	\$208.9	\$315.7	\$75.2	\$145.1	\$594.8	\$283.1	\$28.7	\$224.2	\$175.6	\$179.2	\$58.4
Capital expenditures	\$147.0	\$231.6	\$207.1	\$120.7	\$119.8	\$226.6	\$149.1	\$150.4	\$91.4	\$227.1	\$86.5	\$73.4
Dividend per share	\$0.15	\$0.13	\$0.13	\$0.13	\$0.13	\$0.12	\$0.12	\$0.12	\$0.12	\$0.11	\$0.11	\$0.11
Share price – end of period	\$40.97	\$38.66	\$36.48	\$36.69	\$34.41	\$31.01	\$30.70	\$34.42	\$35.52	\$29.94	\$29.75	\$23.43

(1) Certain financial metrics were impacted by the implementation of IFRS 16 in Q1 F20.

Project Horizon – Voilà Timeline



January 22, 2018:

- Sobeys signs agreement with Ocado to bring world's leading online grocery delivery solution to Canada.
- Central Fulfilment Centre ("CFC") #1 announced in the GTA.



December 10, 2020:

- Location of CFC #3 announced in Calgary, Alberta; will deliver to customers in the first half of 2023.
- Early Voilà operating metrics:
 - Weekly on-time delivery score 98.6%
 - Fulfilment of 99.6%
 - Net Promoter Score of 87 (vs industry best-in-class target of 70)

February 18, 2021:

Launched curbside pickup service in Alberta.

voilà

June 22, 2020:

- Voilà by Sobeys launches for GTA customers.

September 15, 2020:

- Launched curbside pickup service in Nova Scotia

August 27, 2021:

Voilà Curbside Pickup now available at select stores in B.C. and Manitoba.

May 9, 2019:

- Announced name and brand for online grocery delivery service in GTA, Ottawa and Quebec – Voilà by Sobeys and Voilà par IGA
- CFC #2 announced in Montreal; will deliver to customers in early 2022.

March 10, 2021:

- First CFC #1 spoke⁽¹⁾ location open
- Building construction for CFC #2 complete – Ocado is now building the internal grid.



(1) Spokes are cross-dock facilities that allow Voilà to get closer to customers and improve efficiencies at CFCs.

Appendix D – Voilà Network



- In early March, Voilà opened its first spoke location in Etobicoke, Ontario.
- Total investment in Voilà for fiscal 2022 is expected to be approximately \$80 million, including its share of the investment in the Montreal and Calgary CFCs, up to 90 new store pickup locations, additional spokes and the associated investments in technology.
- Spokes are cross-dock facilities that allow us to get closer to customers and improve efficiencies at the CFCs. (example: improving key efficiency metrics such as drops per van.)

For customers residing within a certain radius of each CFC,
Voilà team members will deliver orders directly from the CFC

For customers residing outside of the CFC radius...

1. Orders are put in frames on large delivery trucks and transported to spoke facilities.
2. At the spokes, the frames are unloaded from the large delivery truck and are ready to be loaded on Voilà delivery trucks.
3. From there Voilà team members will deliver the orders to the customer's homes.

