

EMPIRE
COMPANY LIMITED



Investor Presentation

March 2021

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Disclaimers

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 of Project Horizon and its underlying initiatives, including expected growth in market share, cost and margin savings resulting from this strategy, and the expected timing of the realization of incremental benefits, which could be impacted by several factors, including the time required by the Company to complete the initiatives and impacts of COVID-19 including changes in customer behaviour;
- The Company's plans to purchase for cancellation Class A shares under, and to renew, its normal course issuer bid which may be impacted by market and economic conditions, changes in laws and regulations, and the results of operations;
- The Company's expectations regarding the implementation of its online grocery home delivery service, its plans to expand its Voilà Curbside Pickup service, and the expected dilutive effect on Empire's earnings per share of approximately \$0.18 per share in fiscal 2021, which may be impacted by COVID-19, future operating and capital costs, customer response to the service and the performance of its business partner, Ocado
- 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 the duration of shutdowns 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 same-store sales disclosure for the first five weeks of the fourth quarter of fiscal 2021 is not necessarily indicative of future performance;
- The Company's expectation that it will continue to incur approximately \$15 million to \$20 million per quarter in selling and administrative expenses, including up to \$4 million in fourth quarter fiscal 2021 costs related to its temporary Lockdown Bonus for frontline employees in impacted regions, and additional spending required to respond to COVID-19, which may be impacted by the duration of the shutdown due to COVID-19 and safety precautions required;
- The Company's expectation that it will incur increased selling and administrative expenses in the fourth quarter of fiscal 2021 related to compensation accruals, right-of use asset depreciation and marketing spend timing;
- The Company's plans to further grow sales and profitability of its private label brands, which may be impacted by future operating and capital costs, and customer response;
- 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 expectations regarding the timing and amount of expenses relating to the completion of the second CFC in Montreal and the third CFC in Calgary, which may be impacted by supply of materials and equipment, construction schedules and performance of construction contractors; and
- The Company's estimates regarding future capital expenditures which includes renovations and new stores, spending on advanced analytics technology and other technology systems, acquisitions of property, equipment and investment properties, and additions to intangibles, 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.

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



Mohit Grover

Innovation & 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 and Lawtons Drugs, and operates grocery e-commerce under banners Voilà by Sobeys, 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 8,000 retail stores and independent wholesale accounts; and
 - Owner and operator of **fuel and convenience stores, and liquor** operations.

Quick Facts – Empire ⁽¹⁾	
Share price (CAN\$) ⁽²⁾	\$38.49
52-Week High ⁽²⁾	\$40.87
52-Week Low ⁽²⁾	\$24.30
30-day Average daily trading volume ⁽²⁾	989,520
Shares outstanding (diluted)	269.1M
Quarterly dividend	\$0.13
Number of Stores***	> 1,500
Number of Retail fuel locations	> 350
Employees	~127,000
Square footage	~40.2 M
Communities served	> 900

(1) As at Q3, Fiscal 2021 (January 30, 2021) unless noted otherwise
 (2) As of March 16, 2021
 (3) See Empire’s [F20 AIF](#) for details of stores per banner and location; Appendix B for geographic view

Investment Profile

- Second largest grocery retailer in Canada.
- 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 11).
- Significant opportunity to capture market share through expansion of FreshCo discount banner in Western Canada, expansion of Farm Boy in Ontario, and the acceleration of e-commerce through Voilà.
- Acquisition of 51% of Longo’s, a specialty grocery retailer in Ontario and their Grocery Gateway e-commerce business will accelerate growing presence in the largest grocery market in Canada; expected to close in early fiscal 2022.
- Continuing to address the current environment to keep teammates and customers safe.
- Committed to returning capital and value to our shareholders.
 - Completed \$100 million Normal Course Issuer Bid (“NCIB”) in fiscal 2020.
 - Announced an NCIB in fiscal 2021, allowing for the purchase for cancellation of up to 5 million Class A shares. The Company intends to complete this NCIB.
 - Following completion of this NCIB, management intends to apply to renew its NCIB with the TSX, at a higher level of share purchases.
- Strong investment grade balance sheet and significant available liquidity.
- Consistent and solid execution over the last three years, with the successful completion of the Project Sunrise transformation initiative, bringing over \$550 million in savings (see slide 8).
- New three-year growth plan underway – Project Horizon to add another \$500 million of EBITDA over three years (see slide 10).

+7%

Annual
Dividend Growth
(average)
2018-2020

+214%

EPS growth
(adjusted, diluted)
F2017 to F2020⁽¹⁾

+180
bps

EBITDA Margin
F2017 to F2020⁽¹⁾

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

Corporate Responsibility Fiscal 2020 Achievements

Taking actions guided by our commitment to positively impact People and the Planet, and to serve Products that nurture the diverse needs of Canadian families, both today and in the future.

People

Strive to create a more diverse and inclusive workforce and help build healthy communities.

- Together with our customers, Sobeys Inc. made more than 10.5 million meals possible for food banks, local programs and food networks.
- Increased women's representation at the VP and SVP level by 10%.
- Offered a Sensory Friendly Shopping initiative in 450 stores across Canada to give those with sensory sensitivities a better shopping experience.



Planet

Committed to reducing environmental impact, fighting climate change, and protecting the planet for future generations through reducing waste and emissions and conserving energy use.

- Eliminated 225 million plastic checkout bags from our Sobeys banner.
- Saved more than 57 million kilowatt hours in our stores and warehouses through our energy efficiency initiative. The energy saved could power 5,200 average Canadian homes for one year.



Products

Serve the needs of our customers by providing them with sustainable, ethical product choices through sustainable sourcing and forging partnerships with local suppliers.

- Signed 374 new partnerships with local suppliers to introduce 2,900 new local products into our stores.
- Today, 94% of our private label fresh and frozen seafood is third-party certified sustainable.



[CLICK HERE](#) to view Sobeys' Online Corporate Responsibility Report for more information and details on our 2021 Corporate Responsibility Goals.

Key Achievements – Last twelve months

2020

March – Announced partnership with Infarm to grow and harvest a range of fresh produce in select Sobeys, Safeway and Thrifty Foods stores.

June

- Announced full year results reflecting growth in market share and profits.
 - **Successfully completed Project Sunrise**, exceeding management's initial expectations of \$500 million in net benefits (*see slide 8 & 9*).
 - Annual dividend per share increased 8.3% to \$0.52.
 - Renewed NCIB, allowing for the purchase for cancellation up to 5 million Class A shares.
- On June 22nd, *Voilà by Sobeys* online grocery delivery service launched to customers in the GTA.

July

- Released online Corporate Responsibility Report (*see slide 6*).
- **Unveiled the Company's new three-year strategy, Project Horizon.** (*see slide 10*).
- Continued Farm Boy expansion, announced three new Ontario locations.

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.
- Partnership focused on early interventions in Child and Youth Mental Health unveiled by Empire and Canada's Children's Hospital Foundations.

September – Announced strong first quarter fiscal 2021 earnings, with continued market share growth.

- *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 announce exclusive deal to bring gourmet O&B dishes to customers in the GTA.
- Empire's Project Horizon Strategy Benefits Take Hold in Strong Third Quarter Fiscal 2021 Results
 - Same-store sales excluding fuel increased by 10.7%.
 - Earnings per share of \$0.66 compared to \$0.45 last year.
 - E-commerce sales growth of 315%.
 - \$100 million of shares purchased to date.
- Signed agreement to acquire 51% of Longo's and Grocery Gateway for \$357 million (*see slide 16*).

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%

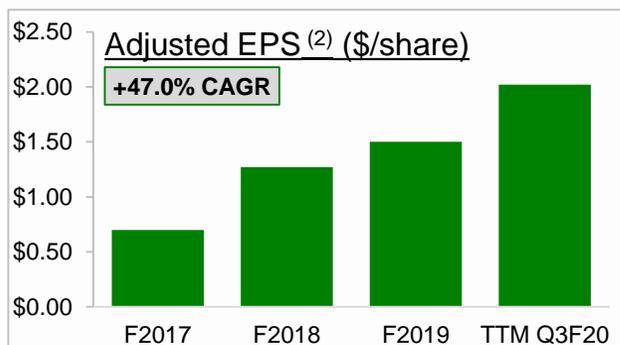
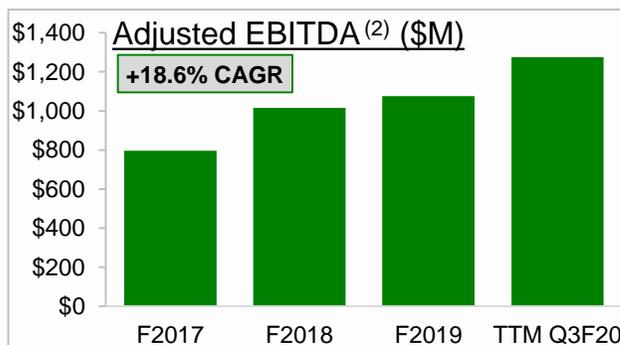
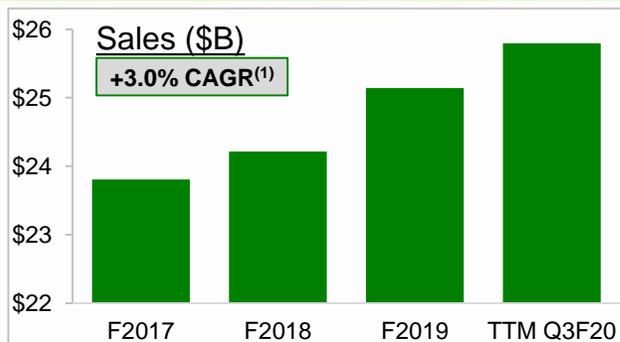
⁽¹⁾ Reflects twelve months trailing (TTM) at Q3 fiscal 2020, to reflect improvements before the COVID-19 impact. It excludes one quarter of benefits.

⁽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.

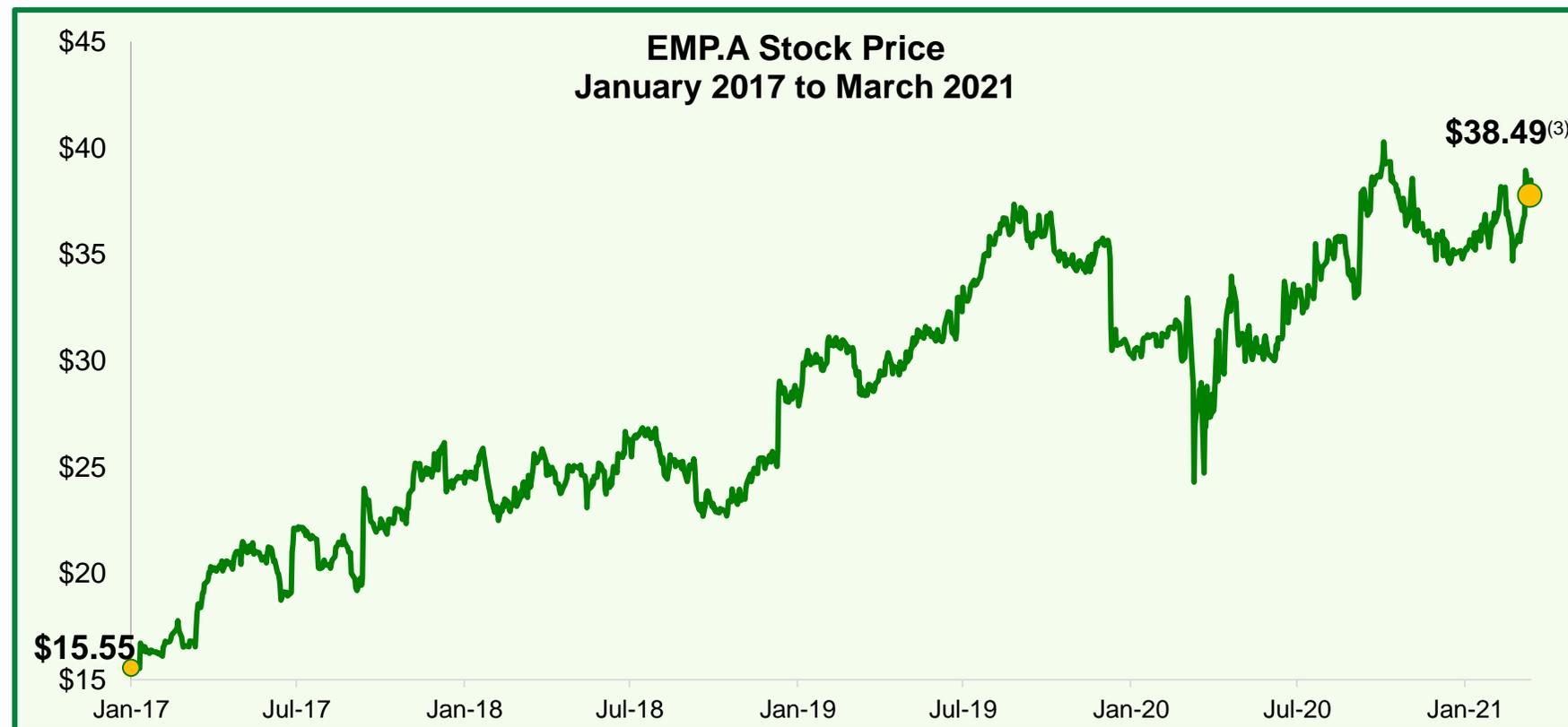


Project Sunrise – Exceeded 3 Year Target

Significant Shareholder Returns



- Increase in stock price of over 100% 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 well positioned to accelerate the new growth plan, Project Horizon.



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

New 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 Enable Effective Promotions
- 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.

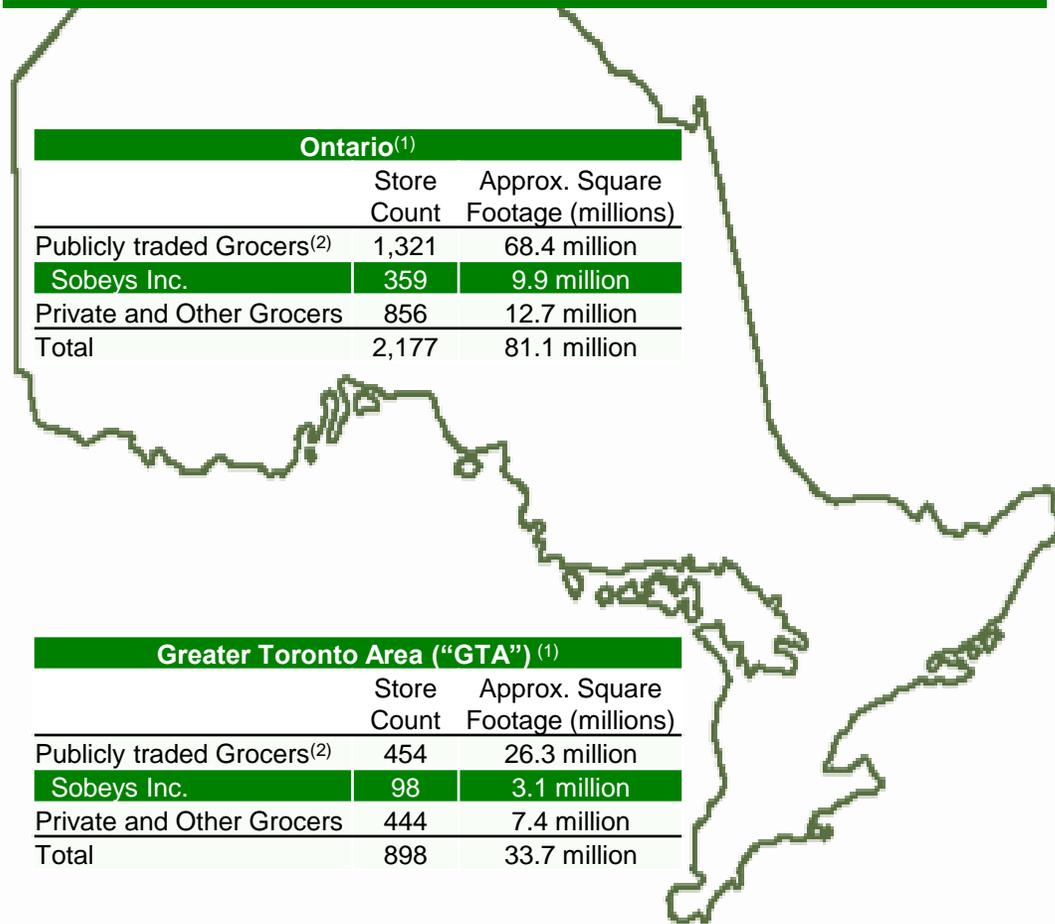
- Expected to generate a CAGR in EPS of at least 15% over the three years.



Capital spend is expected to average approximately \$700 million annually over the next three years.

Ontario Market

Significant Growth Opportunity



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 soon adding 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 Nova Scotia and Alberta (*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 10 new Farm Boy stores in Ontario. An additional 6 locations, net of 1 closure, have been announced to open in the remainder of calendar 2021. There are currently 36 Farm Boy stores open and operating at March 9, 2021, in Ontario.
 - Farm Boy Private Label is included in the *Voilà by Sobeys* offering launched in the GTA in June 2020.
- In March 2021, Empire announced that it has signed an agreement to acquire 51% of Longo's and Grocery Gateway.
 - This will add 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).

(1) Company information.

(2) Includes Sobeys Inc.

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 first CFC is delivering to customers in the GTA and Hamilton area and has extended its service area to include Barrie, Kitchener, Waterloo and Guelph.
 - ✓ 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 is accelerating its plans for the remaining two Voilà e-commerce CFCs – for a total of 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.
- Voilà Curbside Pickup service is now serving customers in select stores in Nova Scotia and Alberta.
 - ✓ The Company plans to expand to hundreds of stores across the country over the next few years. 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.

F21	Growth
Q1⁽¹⁾ (Aug. 1, 2020)	370%
Q2⁽²⁾ (Oct. 31, 2020)	241%
Q3⁽²⁾ (Jan. 30, 2021)	315%

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

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

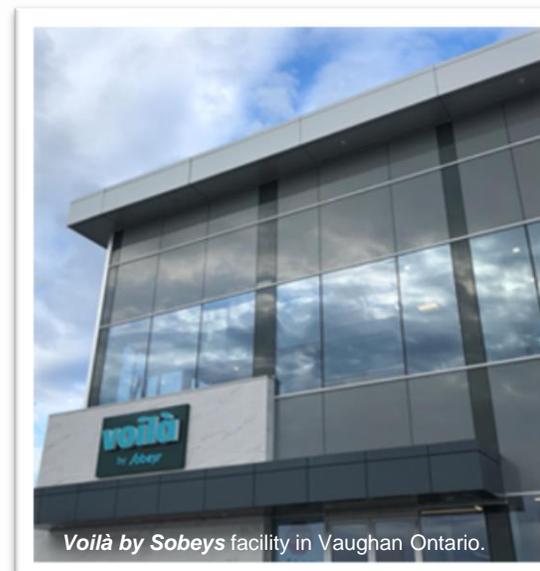
Ocado Statistics*:

- 99% order accuracy
- 95% delivery punctuality
- 0.4% product waste
- > 334,000 orders a week (average)
- 680,000 active customers

*Per [Ocado Group's 2020 Annual Report](#)

Early Voilà 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.

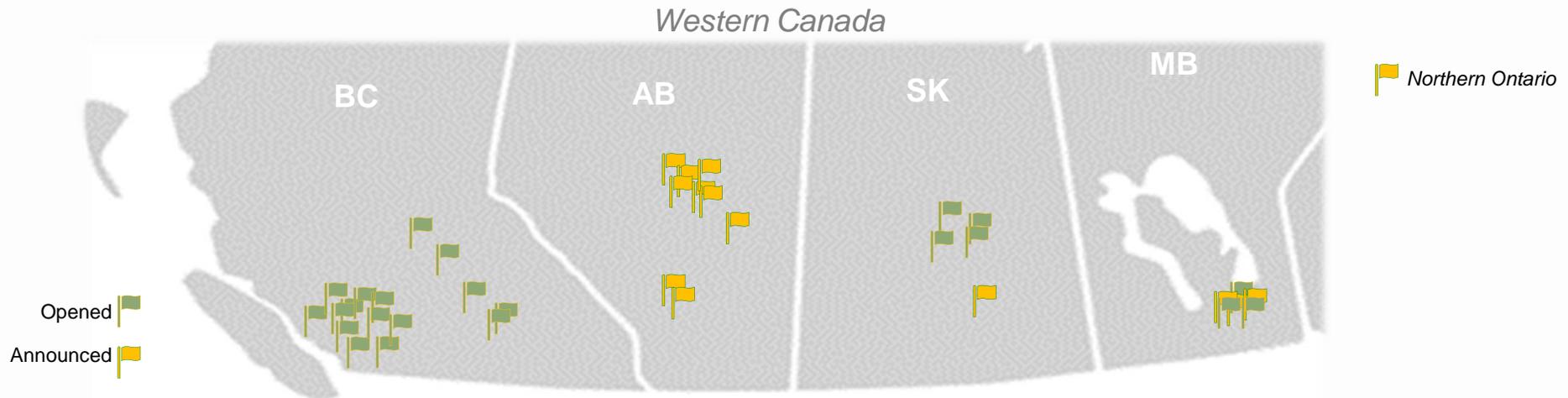
Project Horizon – FreshCo Expansion Progress

FreshCo Expansion to Western Canada

Empire expects to convert up to 25% of its 255 Safeway and Sobeys full-service format stores in Western Canada to its FreshCo discount format. The Company has now confirmed 37 of 65 locations in Western Canada – over half of the original target – and is on track to open 10 to 15 FreshCo stores in fiscal 2021 as planned.

Of the 37 confirmed FreshCo locations:

23 stores open and operating at March 9, 2021	5 stores to open in the remainder of fiscal 2021	9 stores to open in fiscal 2022
<ul style="list-style-type: none"> • 16 in B.C. • 4 in Saskatchewan • 3 in Manitoba 	<ul style="list-style-type: none"> • 3 in Manitoba • 2 in Alberta 	<ul style="list-style-type: none"> • 7 in Alberta • 1 in Saskatchewan • 1 in Northern Ontario



Capital Expenditure

Capital Expenditure ⁽¹⁾

Fiscal 2020:

- Invested \$575 million including renovations, construction of new stores, construction of e-commerce fulfillment centre & construction of FreshCo locations in Western Canada.
- Outlook:** In fiscal 2021, capital spending expected to be between \$650 million & \$675 million with approximately half of this investment allocated to renovations and new stores.
 - Will open 10 to 15 FreshCo stores in Western Canada and expand the Farm Boy footprint by eight stores in Ontario.
 - Will also invest approximately 15% of its estimated annual spend on advanced analytics technology and other systems.
 - Total investment in Voilà for fiscal 2021, including its share of the investment in the Montreal CFC, is approximately \$65 million.

Number of locations renovated

Q1 F21	Q2 F21	Q3 F21	F21 YTD
21	18	17	56

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

Sobeys Mumford Road (Halifax, Nova Scotia)



Dividends & Share Buybacks

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

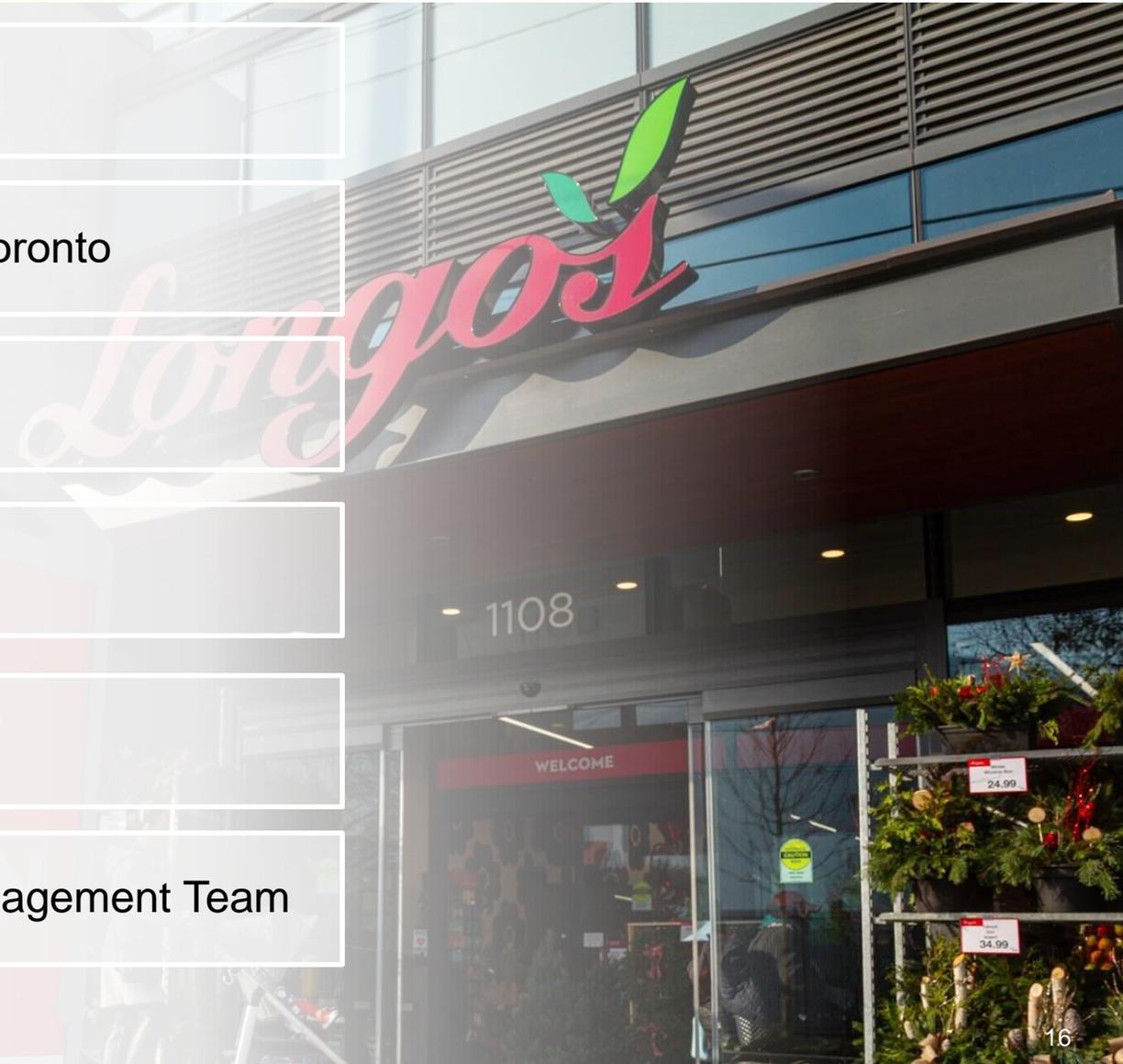
- Average dividend growth rate of 7% over the last three years.
- Share buybacks of \$100 million in fiscal 2020.
- Renewed its NCIB in fiscal 2021, allowing for the purchase for cancellation up to 5 million Class A shares. Intend to complete this NCIB.
- Intend to renew NCIB after completion, at a higher level of share purchases.
- Increased fiscal 2021 dividend by 8.3%.

The Company plans to continue to increase its dividends and re-purchase shares on a disciplined basis, taking into account liquidity expectations, market conditions and the outlook for the next three years.

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



Financial Results – Annual

	Trailing 12 Months		Fiscal		
	F2021	F2020	F2019	F2018	F2017
	52 weeks 30-January-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	\$28,360.7	\$26,588.2	\$25,142.0	\$24,214.6	\$23,806.2
<i>Same store sales growth, excluding fuel</i>	<i>N/A</i>	<i>5.7%</i>	<i>2.7%</i>	<i>0.5%</i>	<i>(2.2)%</i>
Gross profit	\$7,223.1	\$6,633.3	\$6,083.6	\$5,900.5	\$5,707.2
<i>Gross margin</i>	<i>25.5%</i>	<i>24.9%</i>	<i>24.2%</i>	<i>24.4%</i>	<i>24.0%</i>
Adjusted EBITDA	\$2,157.2	\$1,892.4	\$1,076.2	\$1,014.7	\$796.9
<i>Adjusted EBITDA margin</i>	<i>7.6%</i>	<i>7.1%</i>	<i>4.3%</i>	<i>4.2%</i>	<i>3.3%</i>
Adjusted earnings per share	\$2.63	\$2.20	\$1.50	\$1.27	\$0.70
Free cash flow ⁽³⁾	\$1,130.8	\$1,130.8	\$540.7	\$808.9	\$619.7
Capital expenditures	\$674.2	\$574.8	\$434.6	\$288.0	\$514.5
Dividends per share	\$0.51	\$0.48	\$0.44	\$0.42	\$0.41
Share price	\$36.48	\$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.

Note: Please see Appendix C for Empire's 12-Quarter Review

COVID-19 Update

The novel coronavirus (“COVID-19” or “pandemic”) began to impact the Company in February 2020 and has resulted in restrictions by government authorities, and the encouragement for Canadians to practice public health measures. This has continued to lead to increased safety protocols in stores and distribution centres, shifts in consumer demand and consumption, and volatile financial markets.

- Management’s top priorities remain the health and safety of employees, customers and communities while maintaining a resilient supply chain to meet the needs of Canadians and supporting charitable organizations.
- The Company continues to invest in increased safety and sanitization products and procedures to ensure customers and employees are protected while shopping and working in stores.
- In Canada, online grocery sales have continued to grow, although at a slower pace than when COVID-19 began. The Company’s e-commerce businesses experienced **sales growth of 315% in the third quarter** compared to the prior year.
- In the second quarter, the Company introduced a temporary Lockdown Bonus for frontline employees in stores and distribution centres in the impacted regions. The Lockdown Bonus could also be introduced in additional geographies as government-mandated lockdowns are put in place.
- During **the third quarter**, the cost of the Lockdown Bonus and maintaining sanitization and safety measures increased selling and administrative expenses by approximately **\$19 million**, including **\$9 million for the Lockdown Bonus**.
- The cost of the Lockdown Bonus for the fourth quarter is estimated to be up to \$4 million. In the fourth quarter, it is expected that the Company will incur approximately \$15 million to \$20 million (2020 – \$80 million) in selling and administrative expenses related to the increased cost of maintaining sanitization and safety measures, the Lockdown Bonus and other COVID-19 related costs.
- The Company has begun to lap the period when significant stock up activity was experienced in stores. As such, sales in the fourth quarter compared to last year will be less meaningful as they will not provide a full indication of underlying performance.
 - Over the first five weeks of the fourth quarter, the Company’s same-store sales growth, excluding fuel, was 9% compared to last year, an increase that is unlikely to be sustained through the fourth quarter as a result of the significant COVID-19 driven sales last year.
- In the fourth quarter of fiscal 2021, the Company also expects to incur increased marketing costs related to the timing of ongoing initiatives, including its sponsorship of the Canadian Olympic team. With the delay of the Summer Olympics in 2020 due to COVID-19, both the Summer and Winter games will occur in fiscal 2022.
- **The Company’s balance sheet and cash flow remain strong.** As of January 30, 2021, Empire had:
 - \$784 million in cash and cash equivalents.
 - Access to approximately \$742 million in unutilized, aggregate credit facilities that do not expire until 2023.



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**.

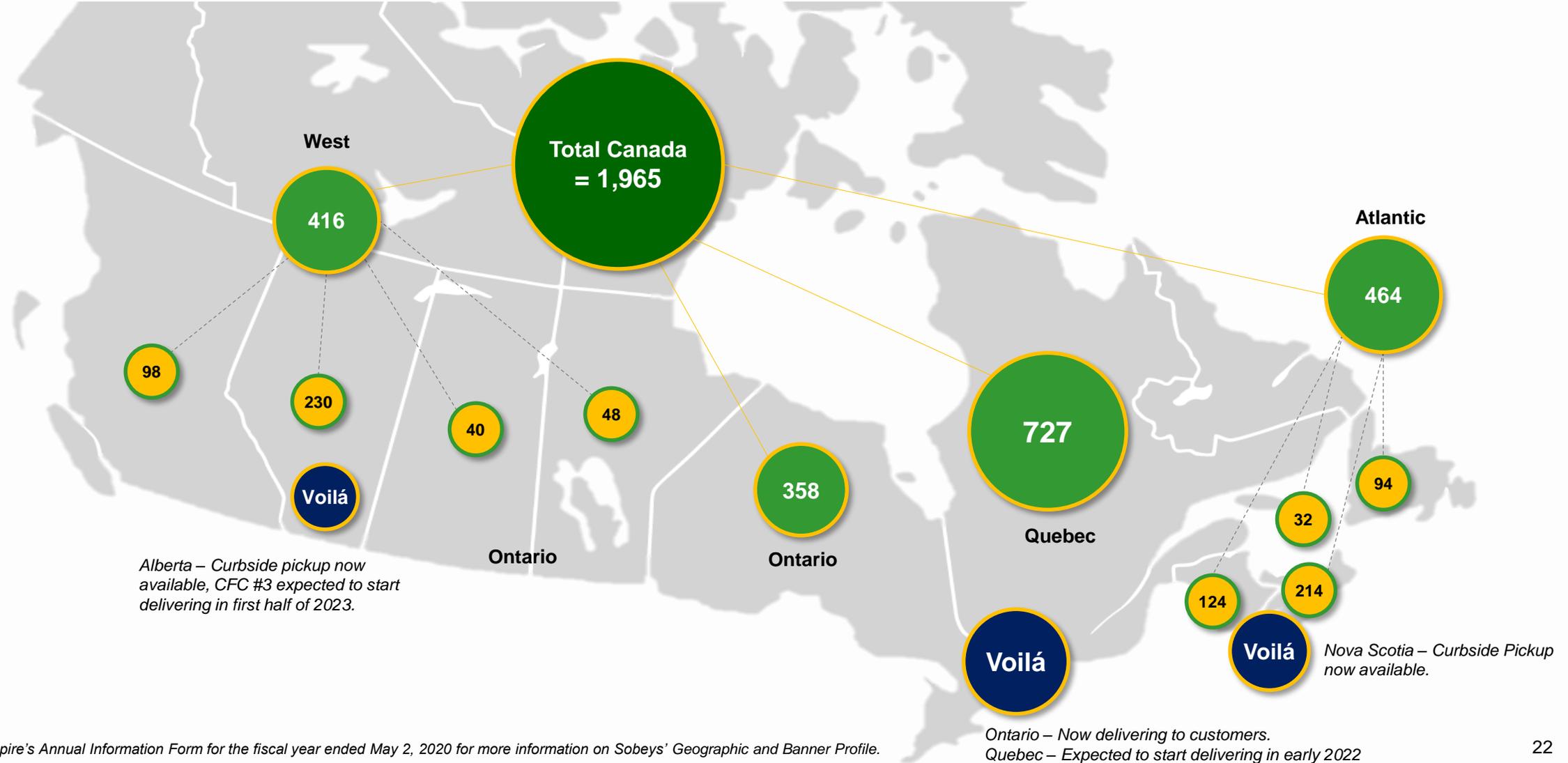


Appendix A – Longo’s Transaction Overview

<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"> ■ The transaction is subject to customary closing conditions. ■ Expected to close in 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 2021			Fiscal 2020 ⁽¹⁾				Fiscal 2019				Fiscal 2018
	Q3 F21	Q2 F21	Q1 F21	Q4 F20	Q3 F20	Q2 F20	Q1 F20	Q4 F19	Q3 F19	Q2 F19	Q1 F19	Q4 F18
	Jan. 30	Oct. 31	Aug 1	May 2	Feb. 1	Nov. 2	Aug. 3	May 4	Feb. 2	Nov. 3	Aug. 4	May 5,
	2021	2020	2020	2020	2020	2019	2019	2019	2019	2018	2018	2018
Sales	\$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	\$6,460.3	\$5,886.1
<i>Same store sales, excluding fuel</i>	10.7%	8.7%	11.0%	18.0%	0.8%	2.0%	2.4%	3.8%	3.3%	2.5%	1.3%	0.0%
Gross profit	\$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	\$1,512.3	\$1,451.3
<i>Gross margin</i>	25.7%	25.1%	25.1%	25.9%	24.4%	24.8%	24.6%	25.4%	24.2%	23.9%	23.4%	24.7%
Adjusted EBITDA	\$533.5	513.4	\$582.5	\$527.8	\$426.9	\$477.7	\$460.0	\$300.1	\$218.3	\$279.1	\$278.7	\$240.4
<i>Adjusted EBITDA margin</i>	7.6%	7.4%	7.9%	7.5%	6.7%	7.4%	6.8%	4.8%	3.5%	4.5%	4.3%	4.1%
<i>Adjusted EBITDA margin (Pre-IFRS 16)</i>	n/a	n/a	n/a	5.5%	4.7%	5.4%	4.9%	4.8%	3.5%	4.5%	4.3%	4.1%
Adjusted EPS	\$0.66	\$0.60	\$0.71	\$0.67	\$0.46	\$0.58	\$0.49	\$0.46	\$0.27	\$0.40	\$0.37	\$0.35
Free cash flow	\$315.7	\$75.2	\$145.1	\$594.8	\$283.1	\$28.7	\$224.2	\$175.6	\$179.2	\$58.4	\$127.5	\$342.7
Capital expenditures	\$207.1	\$120.7	\$119.8	\$226.6	\$149.1	\$150.4	\$91.4	\$227.1	\$86.5	\$73.4	\$47.6	\$84.0
Dividends per share	\$0.13	\$0.13	\$0.13	\$0.12	\$0.12	\$0.12	\$0.12	\$0.11	\$0.11	\$0.11	\$0.11	\$0.105
Share price – end of period	36.48	\$36.69	\$34.41	\$31.01	\$30.70	\$34.42	\$35.52	\$29.94	\$29.75	\$23.43	\$26.12	\$25.01

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

Appendix D – 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.
- Curbside expansion announced in Alberta.
- 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:

Launch of curbside pickup service in Alberta.

voilà

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.

June 22, 2020:

- *Voilà by Sobeys* launches for GTA customers.

September 15, 2020:

- Launched curbside pickup service in Nova Scotia

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.
- 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.)

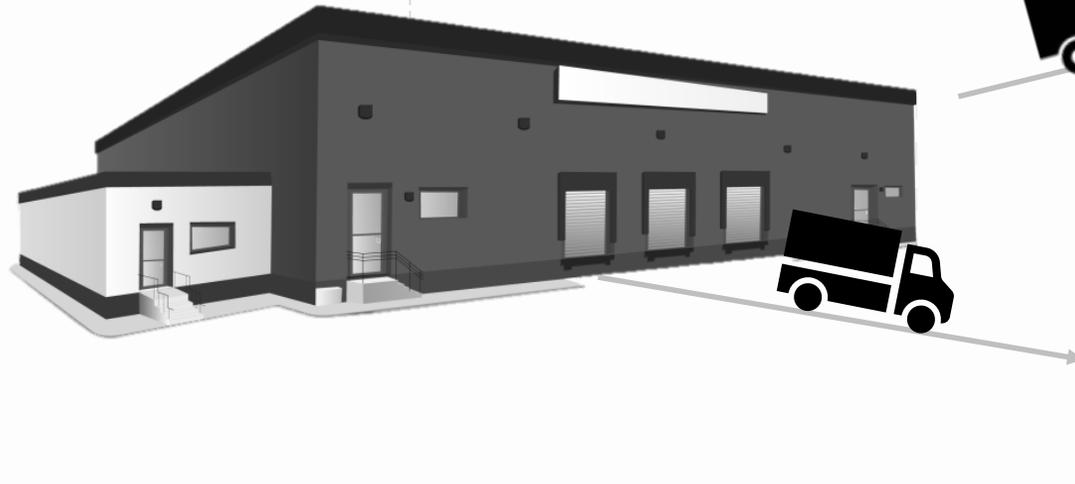
For customers residing within a certain radius of each CFC, Voilà team members will deliver orders directly from the CFC

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.



The spoke reduces the distance to customers and increases the amount of deliveries drivers can make.