

Q2 F25 Earnings

December 12, 2024

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 plans to purchase for cancellation Class A shares under the normal course issuer bid, which may be impacted by market and macro-economic conditions, availability of sellers, changes in laws and regulations, and operating results;
- The Company's aim to increase total adjusted earnings per share through net earnings growth and share repurchases, as well as its intention to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin, all of which could be impacted by several factors including a prolonged unfavourable macro-economic environment and unforeseen business challenges, as well as the factors identified in the "Risk Management" section of the fiscal 2024 annual MD&A;
- The Company's plan to invest \$700 million capital in its network in fiscal 2025, including new store expansions and renovations and renovate approximately 20% to 25% of the network between fiscal 2024 and fiscal 2026 which could be impacted by cost of materials, availability of contractors, operating results, and other macro-economic impacts;
- The Company's expectation that the Scene+ program will accelerate engagement by focusing on scaling personalization, which may be impacted by customer response, Scene+ app usage and the pace at which personalized offers are rolled out;
- The Company's expectation that it will meet targeted growth of FreshCo, which may be impacted by customer response, availability of contractors, operating results, and other macro-economic impacts;
- The Company's expectations regarding the amount and timing of costs relating to the completion of the future CFC, which may be impacted by supply of materials and equipment, construction schedules and capacity of construction contractors;
- The Company's expectation that it will continue to focus on driving efficiency and cost effectiveness initiatives including the ability to successfully pursue other e-commerce cost saving initiatives which could be impacted by supplier relationships, labour relations, successfully implementing operational efficiencies and other macro-economic impacts;
- The Company's plans to further grow and enhance the Own Brands portfolio, which may be impacted by future operating costs and customer response;
- The Company's expectation that Other income plus Share of earnings from investments, at equity will in aggregate, be in a range of \$135 million to \$155 million in fiscal 2025, which assumes completion of pending real estate transactions by the Company and Share of earnings from investments, at equity being consistent with historical values adjusted for significant transactions and may be impacted by the timing and terms of completion of real estate-related transactions and actual results from Crombie REIT and Real estate partnerships; and
- The Company's expectation of the impacts of cost inflationary pressures, which may be impacted by supplier relationships and negotiations and the macro-economic environment.

Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this investor 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.

In addition, management adjusts measures and metrics, including operating income, EBITDA and net earnings in an effort to provide investors and analysts with a more comparable year-over-year performance metric than the basic measure by excluding certain items. These items may impact the analysis of trends in performance and affect the comparability of the Company's core financial results. By excluding these items, management is not implying they are non-recurring.

For a more complete description of Empire's non-GAAP measures and metrics, please see Empire's Management's Discussion and Analysis for the second quarter ended November 2, 2024.

Highlights: Q2-F25

Q2 F2025 Highlights

- **Same-store sales (ex. fuel) increased by 1.8%**; continued momentum.
- **Gross margin, excluding fuel, increased by 48 bps**, reflecting disciplined execution/targeted efficiencies in our stores and benefits from supply chain efficiencies.
- **EPS and adjusted EPS of \$0.73**; no adjustments in Q2 F25.
- Prior year EPS and adjusted EPS of \$0.72 and \$0.71 respectively. Adjustments included:
 - Restructuring costs: \$15.2 million, net of taxes
 - Insurance recoveries related to the Cybersecurity Event: \$12.4 million, net of taxes
- When excluding other income and share of earnings from equity investments from both years, EPS was 8.7% higher in Q2 F25 vs. Q2 F24.
- Share of earnings from Crombie were higher than expected, mainly due to a Crombie remeasurement gain on a property that occurred earlier in the year than we had anticipated.
- In Q2 F25, the Company's e-commerce platforms - Voilà (including curbside pickup), IGA.net, ThriftyFoods.com and the new partnerships with Instacart and Uber Eats generated a combined sales increase of 12.2% compared to the same quarter in the prior year.

Outlook / Business Updates

- The Company continues to be well positioned to pursue long-term growth, especially with improving consumer sentiment.
- Announced partnerships with Instacart and Uber Eats, which will complement Voilà by providing a full suite of delivery options across the Company's banners.
 - October 24, 2024 - Launched in Ontario: Sobeys, Farm Boy, Longo's, FreshCo and Foodland (December 5, 2024).
 - December 5, 2024 - Expanded to Western Canada: Sobeys, FreshCo, IGA West, Thrifty Foods, and Safeway.
 - Additional rollouts across the rest of Canada to follow.
- As of December 6, 2024, the Company has purchased 5,689,375 Class A shares in fiscal 2025 for total consideration of \$212.7million.
- For fiscal 2025, capital spend is expected to be approximately \$700 million, with approximately half of this investment allocated to renovations and new store expansion.
 - The Company is on track with its plan to renovate approximately 20% to 25% of the network between fiscal 2024 and fiscal 2026.
- For fiscal 2025, the Company expects aggregate pre-tax earnings from Other income plus Share of earnings from investments, at equity (both found in the Company's Consolidated Statements of Earnings), to be in the range of \$135 million to \$155 million.

Financial Summary: Q2-F25 and YTD F25

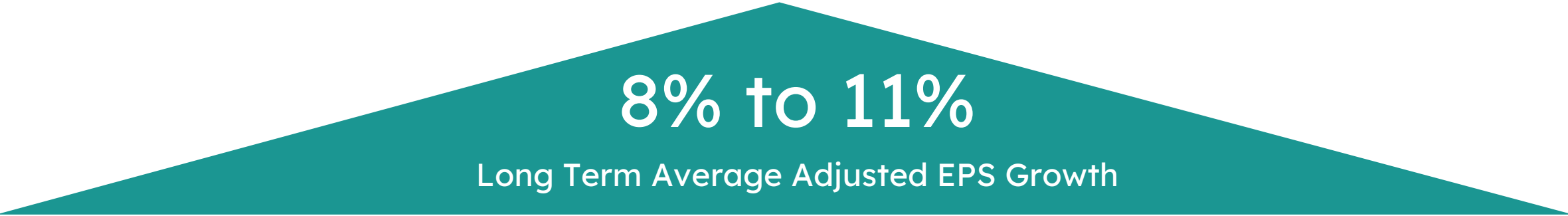
Quarterly and YTD Financial Summary				
(\$ million, unless otherwise noted)	Q2 F25 13 weeks	Q2 F24 13 weeks	YTD F25 26 weeks	YTD F24 26 weeks
Sales	\$7,778	\$7,751	\$15,915	\$15,827
Same-store sales (%), excluding fuel	1.8%	2.0%	1.5%	3.0%
Gross Profit	\$2,064	\$2,004	\$4,190	\$4,078
Gross margin % ⁽¹⁾	26.5%	25.8%	26.3%	25.8%
Other income plus Share of earnings from investments, at equity	\$50	\$58	\$107	\$90 ⁽²⁾
Selling and Administrative Costs	\$1,795	\$1,749	\$3,609	\$3,490
Selling and administrative %	23.1%	22.6%	22.7%	22.1%
Adjusted EBITDA ⁽³⁾	\$601	\$577	\$1,260	\$1,218 ⁽²⁾
Adjusted EBITDA margin % ⁽³⁾	7.7%	7.4%	7.9%	7.7%
Adjusted Earnings per Share – diluted ⁽³⁾	\$0.73	\$0.71	\$1.63	\$1.49 ⁽²⁾
Free Cash Flow	\$76	(\$62)	\$262	\$278
Capital Expenditures	\$149	\$135	\$301	\$258

(1) Gross margin rate, excluding fuel, improved by 48 basis points versus Q2 F24.

(2) YTD F24 excludes the gain associated with the Western Canada fuel sale in Q1 F24.

(3) Adjusted Metrics exclude: costs incurred to plan and implement strategies to optimize the organization and improve efficiencies and insurance recoveries related to the cybersecurity event.

Long-Term Financial Framework



Driven by our intention to improve Sales, Gross Margin (excluding fuel), and adjusted EBITDA margin

Continued Focus on Stores

We intend to invest capital in our store network and we are on track with our plan to renovate approximately 20% to 25% of our network between fiscal 2024 and fiscal 2026. This capital investment includes important sustainability initiatives such as refrigeration system upgrades and other energy efficiency initiatives.

Enhanced Focus on Digital and Data

Our focus on digital and data will include continued e-commerce expansion, personalization and loyalty through Scene+, improved space productivity and the continued improvement of promotional optimization.

Efficiency and Cost Optimization

We will continue to focus on driving efficiency and cost effectiveness through initiatives related to sourcing of goods not for resale, supply chain productivity, and the organizational structure. We have implemented several cost savings initiatives in the Voilà business, including pausing the opening of our fourth CFC and ending our mutual exclusivity with Ocado and continue to pursue other cost saving initiatives.



Continued Share Repurchases

Continued Focus on Stores

Renovations



20%–25% of network over between F24 and F26

- Sales and margin uplift
- Enhanced store productivity
- Store department optimization

Space Productivity



Improve store layouts, optimize category/product adjacencies, tailoring assortment

BETTER DATA
STORE FOCUSED SALES/SQ.FT.
Customer-Centric
SHELF PRODUCTIVITY ENABLER
Better Planograms

Discount Expansion



Continue to pursue expansion by market

West:

- 48 new FreshCo stores since F18
- Continued focus on store conversions

Ontario:

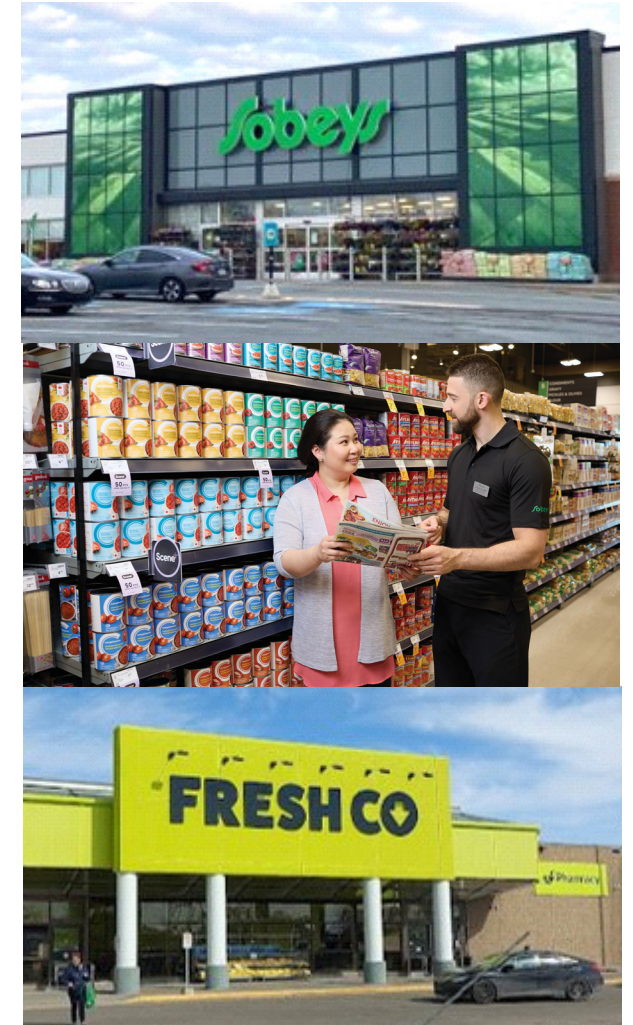
- ~100 FreshCo locations
- Additional opportunities in Canada's largest province

Own Brands



~1,250 new private label SKUs since F20

- Own Brands sales growth in excess of 25%⁽¹⁾ since F20
- ~600 new SKUs planned from F24 to F26



(1) Sales growth from F2020 to F2024.

Enhanced Focus on Digital and Data



A differentiated national loyalty platform - driving incremental sales and earnings



Co-owner



Personalization at Scale



Drive Incrementality



Data Ownership to Drive Insights



Differentiated Experience



Connected Banners to Drive Omni-Channel Strategy



New Customer Acquisitions



Enhanced Customer Loyalty



>15M
Members

Scene+ now has over 15 million members

~5M
New Members

Approximately 5 million new members have joined since Scene+ launched at Empire

55%+
Higher Spend

Scene+ members spend 55%+ more than non-members.

>2,000
Card Swipes

There are over 2,000 Scene+ card swipes every minute

Enhanced Focus on Digital and Data

voilà

Key Areas of Focus



Superior In-Stock Position
Extremely low substitution rate,
Differentiated Freshness



Best-in-Class Delivery Experience
White glove delivery



Substantial Assortment
39K SKUs at mature CFCs



Ongoing Innovation
[Ocado Re:Imagined](#)



Loyalty & Personalization
Increased engagement



Omni-Channel Focus
Voilà AOV is ~3.8x in-store AOV
Omni AOV⁽¹⁾⁽²⁾ > Voilà AOV



Target:
95%

Weekly on-time delivery score

ABOVE TARGET



Target:
98%

Fulfillment rate

ABOVE TARGET



Target:
70 NPS

Net Promoter Score (NPS) –
industry best-in-class

ABOVE TARGET



(1) AOV is average order value.

(2) Omni AOV refers to customers who shop both through Voilà and in-store.

Efficiency and Cost Optimization

Strategic Sourcing



Drive efficiency and cost effectiveness through various initiatives within goods not for resale, consisting of:

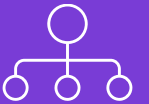
- Labour and transport
- Store services and maintenance
- Marketing
- Information technology

Supply Chain



- Drive supply chain productivity and cost effectiveness
- Focus on processes/technology to improve cost to serve and improve resiliency
- Continue to expand automation capabilities
- Enabler for outstanding store service, profitability and sustainable growth

Organization / Other









- Turnaround Era (F18 - F23): Transitioned from a regional to national organizational structure
- F24: Began implementing strategies to optimize our organization, improve efficiencies and reduce costs, including changes to the leadership team and organizational structure.
- F25: Pursuing cost savings in the Voilà business by pausing the opening of our fourth CFC and ending our mutual exclusivity with Ocado, amongst other initiatives.

ESG¹ Goals: Steady and tangible progress

Planet



We're reducing our impacts and taking action on climate change to do OurPart™ to protect our planet for future generations.

<p>FOOD WASTE</p> <p>~30M lbs of surplus food donated, gaining recognition from Second Harvest as Canada's Top Food Rescue Partner for the second consecutive year</p> 	<p>CLIMATE ACTION</p> <p>26.7%</p> <p>reduction in Scope 1 and 2 targets compared to 2019 baseline – ahead of near-term target trajectory</p>	<p>CLIMATE ACTION</p> <p>64%</p> <p>set science-based targets on their Scope 1 and 2 emissions by the end of calendar year 2027. We are over half way to our target</p>	<p>PLASTICS & PACKAGING</p> <p>Completed the removal of the 5 single-use plastic items according to the Federal single-use plastics prohibition: stir sticks, straws, checkout bags, cutlery, select foodservice</p>
<p>ETHICAL & SUSTAINABLE SOURCING</p> <p>96%</p> <p>of Own Brands seafood were sustainably sourced</p> 	<p>ETHICAL & SUSTAINABLE SOURCING</p> <p>86%</p> <p>of palm oil in products were certified sustainable</p> 	<p>SUPPLIER PARTNERSHIPS</p> <p>380+</p> <p>women entrepreneurs supported in fiscal 2024</p> 	
<p>DIVERSITY, EQUITY & INCLUSION</p> <p>91%</p> <p>of Directors and above set DE&I performance and accountability goals</p> 	<p>DIVERSITY, EQUITY & INCLUSION</p> <p>Advanced our commitment to reconciliation by completing the Aboriginal Relations Phase 2 Certification</p> <p>DIVERSITY, EQUITY & INCLUSION</p> <p>90% of People Managers and above facilitated Speak Freely discussions with teams to create safe spaces, listen actively, foster healthy debate, and build on contributions</p>	<p>COMMUNITY INVESTMENT</p> <p>~\$23M</p> <p>donated to support healthy bodies and minds in our communities (~\$7M in corporate donations and ~\$16M raised)</p> 	

Products



We're doing OurPart™ by delivering sustainable and ethical product choices for our customers.

People



We're focused on growing and empowering a diverse, equitable and inclusive workforce to enable our customers and communities to thrive.

We are proud to share our progress and some of our stories in our Sustainability Business Report at: www.SobeysSBReport.ca

(1) ESG is Environmental, Social and Governance

Executive Leadership Team



Pierre St-Laurent
Chief Operating Officer



Matt Reindel
Chief Financial Officer



Sandra Sanderson
Chief Marketing Officer



Doug Nathanson
EVP, Chief Development
Officer & General Counsel



Julia Knox
Chief Technology and
Analytics Officer



Simon Gagné
Chief Human
Resources Officer