

FINAL TRANSCRIPT

Empire Company Limited

Annual General Meeting

Event Date/Time: September 13, 2018 — 10:00 a.m. E.T.

Length: 38 minutes

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September 13, 2018 — 10:00 a.m. E.T.
Empire Company Limited Annual General Meeting

CORPORATE PARTICIPANTS

Jim Dickson

Empire Company Limited — Chair of Board of Directors

Michael Medline

Empire Company Limited — President and Chief Executive Officer

Sharon Bollenbach

Special Olympics Canada — Chief Executive Officer

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PRESENTATION

Jim Dickson — Chair of Board of Directors, Empire Company Limited

Good morning, ladies and gentlemen, and welcome to the Annual General Meeting of Empire Company Limited. You heard me? My name? I'm Jim Dickson. I am Chair of the Board of Empire, and I will be serving as Chair of this meeting this morning.

Before we begin today's meeting, I want to recognize two very special guests that are in the room with us here today, David Sobey, Chairman Emeritus of Sobeys, Inc. and also Donald Sobey, who is Chair Emeritus of Empire Company Limited. David and Donald, it's great to have you with us.

You all know that throughout their careers with Sobeys and Empire, David and Donald have stewarded our businesses through public offerings and privatizations, major acquisitions and divestitures, numerous transformative initiatives that were focused on the long-term growth of our companies, while at the same time building a corporate culture that was rooted in the values of their founding family. So we have an awful lot to be grateful to you two for. So thank you very much.

Also, sitting between them today is Sir Graham Day. And many of you know Sir Graham Day has been one of our past Chairs of Sobeys Inc. Took over the Chair, we were discussing it last night over dinner, on September 11, 2001 was the first annual meeting that Graham presided over here in this room, and I had the privilege of serving Graham as his corporate secretary for his years

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as Chair of the Board. And he taught me an awful lot, and he's a great friend. So, Graham, it's great to have you here.

Joining us is a special guest today. It's also my pleasure to welcome Sharon Bollenbach, who's down here in the front row. Sharon is a great friend and partner to Sobeys. She is the CEO of Special Olympics Canada, and as many of you know, we have a very special relationship between Sobeys—a partnership between Sobeys and the Special Olympics and one that we're very proud of and very pleased to be part of. And, Sharon, we thank you for that opportunity, and we look forward to hearing from Sharon later in our meeting.

I'd also like to note that somewhere here I know we have some business students from StFX and the Nova Scotia Community College in attendance. So welcome and thank you for coming.

And thanks to all of you for joining us here today as well.

To my right, here on the stage, Mr. Michael Medline, our President and CEO; Mike Vels, our Chief Financial Officer; and Doug Nathanson, our Senior Vice President, General Counsel and Secretary of our company.

So Doug will be acting as Secretary of the meeting today, and I'd like to welcome you, Doug, to your first annual general meeting of Empire. Many of you know that Doug joined us in April of this year, and he's been providing tremendous support and guidance to the board and to Michael, Mike, and their team in his capacity as General Counsel and Corporate Secretary. So welcome, Doug.

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I'd also like to take a moment to recognize and thank Karin McCaskill for the tremendous contribution that she's made to our company over her career. Karen has retired from our company and with over 35 years of dedication to Sobeys and Empire. First, through her career at Stewart McKelvey, where she was one of our external legal advisors and then more than 15 years in-house as our general counsel and corporate secretary at Empire. Karin has earned our deep and profound thanks as well as our respect for the contribution that she's made. So I wish she could be here with us today, but unfortunately, she's not.

So to get to the business portion of the meeting. I have asked Cindy Herrit and Bruno Di Genova of AST Trust Company of Canada to act as our scrutineers.

Our agenda today includes pretty much what you would expect. First the formal part of the meeting. We'll close out the formal meeting. I'll take the opportunity to make a few remarks. Michael will then come to the stage and give us an update on the Company's progress and focus on the future. And finally, as I mentioned, then Sharon Bollenbach of Special Olympics Canada will say a few words.

So I will now call the meeting to order. Our Secretary has advised me that we have 98,138,079 Class B voting common shares represented at this meeting, either in person or by proxy, which represents 100 percent of the outstanding Class B voting common shares. As such, I am able to declare this annual general meeting of the Company duly constituted.

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The first order of business is the approval of the minutes. So the minutes of the last annual general meeting, held last year on September 14, 2017, were distributed when you registered this morning. Additional copies are available if anyone wants to have a copy. And unless there are any objections, I will dispense with the reading of the minutes and ask if anyone has identified any errors or omissions in the minutes?

Hearing no comments or objections, I will take the minutes as being approved as presented.

I'd now like to introduce to you the 13 nominees who, in addition to myself, are standing for election to the Board of Directors for the ensuing year. And I'm going to ask each of our nominees to stand as I call their names. Cynthia Devine, Sharon Driscoll, Greg Josefowicz, Sue Lee, William Linton, Michael Medline, Martine Reardon, Frank Sobey, John Sobey, Karl Sobey, Paul Sobey, Rob Sobey, and Martine Turcotte. So this is your slate of directors.

As noted in the notice of annual general meeting and the management information circular, at this meeting, we are to approve the following regular items of business. First, the election of each of the directors that I've just introduced and fixing the maximum number of directors for our company at 18; the directors' remuneration as it was set out in the information circular that's been mailed and available here today; the appointment of PricewaterhouseCoopers LLP as the auditors of the Company for fiscal 2019 as well as the authorization of the directors to fix

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the remuneration of PricewaterhouseCoopers for their services. Are there any questions on any of these matters?

Hearing none, as proxies for 100 percent of the voting shares have been deposited in favour of these matters, we have the votes already deposited for the approval of each of these motions. So for the record, is there any voting shareholder at the meeting who would like to register a vote contrary to any of these matters?

Hearing none, I will declare each of these items passed as outlined in the notice of meeting and the management information circular.

I'll now turn to the advisory resolution on executive compensation. Both Class A and Class B shareholders vote on this advisory resolution, but I do note that it is an advisory vote only. It is not binding on the Board of Directors of Empire. However, our board, and in particular our Human Resources Committee, continues to be interested in receiving feedback from all of our shareholders on our approach to executive compensation.

Our compensation philosophy is based on the fundamental principle of pay for performance in order to align the interest of our executives with the interests of our shareholders. We believe this approach to compensation allows us to attract, motivate, and retain highly qualified executives who are encouraged to make the right decisions and to take the proper actions that'll create long-term sustainable growth and result in long-term sustainable value.

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Of the proxies received, 100 percent of Class B shares and 73.7 percent of the Class A shares were in favour of the advisory resolution on executive compensation. So we clearly have enough votes already to pass this resolution. But for the record, is there any shareholder in attendance here today who would like to register a vote contrary to the advisory resolution?

Seeing and hearing none, I will declare that resolution passed as well.

The audited consolidated financial statements were mailed to each registered shareholder and as well, copies were made available this morning when you signed in at the door. And while there is no formal requirement that these financial statements, these documents be approved by the shareholders, at this stage, we do like to open the floor for any discussion or questions that anyone may have with respect to our financial statements. So I will ask are there any questions related to the audited consolidated financial statements of Empire? You're making it easy for me.

Hearing none, I will thank you for that, and I can say, I guess, that that concludes the formal part of the business of this meeting.

And at this time, I will ask is there any other business that anyone would like to bring forward from the floor? Hearing none, as we have no further business, can I have a motion to terminate this formal part of the meeting.

Oh, thank you, Leslie. And a seconder? Adam. Great. Thank you.

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All in favour. Wonderful. Anyone opposed to getting me off the stage? I declare the motion carried and the formal business of the meeting terminated. But it's not quite that easy. Before I give the microphone to Michael, I am going to say a few words.

From my perspective, fiscal 2018, it was more than just a year of transformation at Sobeys. It was a year in which we built momentum and a year where we reset our path for the future.

2018 was Michael's first full year as our President and CEO, and during fiscal 2018, Michael and his team have made tremendous progress. There were many difficult decisions that needed to be made, but we're in a better place for having made those decisions. And against a backdrop of very major and broad-reaching change in our companies and the way we go to business, our company had a very good year.

Sales increased, costs were better managed, operating margins and our profits improved, and earnings per share increased by more than 80 percent year over year. It would take a very long time for me to list all of the accomplishment of Michael and our teams of employees and franchisees over the past year, but it is important, I think, to take a little time to thank the many people involved for the tremendous hard work and their contributions in this past important year for Empire. So I am going to take a minute or two just to highlight a few of these.

Any discussion about the success of our companies has to start with our stores. They are the heart of Empire and Sobeys. And from coast to coast, across all of our banners and all of our

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store formats, the passion that our employees and our franchisees demonstrate every day is the true underpinning of the improving store conditions that you experience when you visit our stores.

Store teams are continuing to work incredibly hard to earn the trust of Canadian families and to deliver a shopping experience that's worthy of their loyalty. It's that passion for the customer that extends beyond the walls of the stores and into the communities where our employees and our franchisees work and they live.

There are extraordinary examples of that commitment and they surface regularly across the country, and they reflect the values of our company, and they resonate strongly with Canadians.

Whether it's working around the clock to save homes from spring floods in New Brunswick or raising awareness and millions of dollars raised for children living with cancer in Quebec; responding on a moment's notice to ship food and supplies to crews that are fighting wildfires in Northern Ontario; or providing support when tremendous heartbreak strikes in a community like Humboldt, Saskatchewan; pioneering innovative initiatives in ways to support food banks across Canada.

Our employees and our franchisees have become well known for stepping up in the communities that they live in and making a big difference. It's hard work, and it's unflinching commitment, and it's doing what's right even when it's hard. And these are the attributes that I believe are core to the culture of our companies.

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And they're pervasive throughout our companies, throughout our team, and they're reflected in the stewardship and the extraordinary leadership of our CEO and his team.

Michael has proven to be absolutely the right choice for these times. He's a great leader. He's making tremendous progress in addressing the strategic, structural, the operational challenges that have been necessary to get us back on a path to long-term value creation for all of our stakeholders.

In addition to strong management, we have an exceptionally strong Board of Directors that I'm very proud to have the privilege to serve as Chair of. Our board's made up of highly engaged and experienced business leaders. There's extensive expertise on our board, not only in the food retail business, but in broader retail, in finance, in e-commerce, and in consumer enterprises.

And refreshment and renewal is important; fresh perspectives from industry leaders are important to good governance. So this year, we've welcomed Sharon Driscoll to our board in January. Sharon comes to us with broad-ranging financial experience at well-known Canadian retailers in grocery, pharmacy, and general merchandising, and she's currently a senior executive at a Canadian company operating innovative online marketplaces and Sharon strengthens our board with e-commerce experience and expertise at a time when online retailing is becoming increasingly important to our business.

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The governance of our company, I believe, is in very good hands, and I want to thank each of our directors for your tremendous dedication and hard work over the last year. Thank you very much.

Strong stores, strong support teams, strong leadership, and strong governance, those are the essentials for continued great success in our future. And for all of these things that I've mentioned as well as a myriad of other reasons, it is, as I said, truly a privilege for me to serve as Chair of this amazing group of companies.

So on behalf of the board, I want to extend my appreciation to all of the employees of Empire and Sobeys as well as to our franchisees and affiliates. I want to thank the Sobey family; a lot of you are here today; for your commitment to long-term value creation and to our companies. And I want to thank all of Empire's shareholders for your ongoing support and confidence.

We're entering our 112th year, and I believe we have every reason to be very optimistic for the future. Well, thank you all for coming today.

Michael, I'd now like to ask you to share some of your thoughts on how you're driving the business forward.

Michael Medline — President and Chief Executive Officer, Empire Company Limited

Thank you, Mr. Chairman, and good morning, ladies and gentlemen. Bonjour, mesdames and messieurs. On May 4th of last year, we set out to rewrite the fundamentals of our company. Fiscal 2018 has been a critical time of change for Empire, year one of three in one of the most

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important journeys of our team's professional lives and of our company's history. And we are achieving on every measure we set out at last year's AGM. We do what we say we're going to do.

Today I feel a bit like a coach after a big win that we needed badly. I'm pleased with what we have achieved, but we have a lot more to accomplish. We need to keep winning. We need to execute better. We need to seize the moment when opportunity comes our way. In short, it's time to move from defence to offence. To channel the practical advice of our founder Frank H. Sobey, nothing beats hard work. Or as the legendary NFL coach, Vince Lombardi, said, the only place success comes before work is in the dictionary.

In fiscal 2018, I can tell you that our team and our board put in the work. Part of that hard work has been our willingness to make tough, tough decisions in order to win. Saying goodbye to colleagues and teammates is one of the hardest things any company ever has to do. But when it's necessary to make the entire team viable, to remain relevant to our customers, and to serve our shareholders, make no mistake, we will bear down. We will not stop making those tough decisions, and we are starting to see the rewards.

Through hard work, we have finally broken down regional silos and transformed ourselves into a truly national company. Through hard work, we're removing extraneous costs from the business. Through hard work, we have strengthened the foundation of the Company. Against the backdrop of restructuring the Company and industry headwinds in fiscal 2018, as Jim said, we

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generated over 80 percent more adjusted EPS, and an additional 90 basis points of adjusted EBITDA margins. Tremendous progress.

And our Q1 results continue to trend. We achieved 1.3 percent same-store sales, 1.8 percent in food same-store sales, and positive tonnage. We drove increases in customer counts and basket size. Same-store tonnage was our highest in six years, and we're well on track to remove the costs identified in Sunrise. But we are not yet where we need to be. We left money on the table in Q1, which we intend to pick up with better execution as we move forward.

Execution, accountability, and velocity are constant themes all over Sobeys today. But it will not be enough to execute on Project Sunrise and be great at the blocking and tackling. That's table sticks.

Around us the world and our competitors are not standing still; nor can we. It's not enough to come out of Sunrise a stronger company. We must also be looking strategically to the future in order to compete against old world and new world competitors. We've got to thrill our customers and win.

On our new foundation, we're standing a little higher; we can see a little further. We are looking out to a horizon of new possibilities. From this new vantage point, we are now reigniting the spirit of the founders of this company, the thing that brought Frank H., his progeny, and our entire company the greatest satisfaction: growth.

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So we will do two things at once, run our business in the best way possible, while setting ourselves up for long-term growth. Focusing on both execution and growth is the path to preserving and expanding our Sobeys family, 120,000 employees and associates strong. Execution and growth allows us to do more to strengthen our communities, 900 and counting, across this great nation. Execution and growth provides the means to reinvest in serving Canadians better, no matter what part of our business now or in the future touches their lives.

And so the strategic priorities we set out for the current fiscal year don't just fix what has been wrong with our business. Our priorities include innovative plays that put us squarely on the track to growth. They set us up to win in the short term and set us up to thrive for years to come, and that means being bold.

One of our key strategic tenets is growing in key urban markets like the GTA, where our market share is too low. To win, one of our plays in this regard is bringing the world's best e-commerce solution to Canada. Our exclusive Canadian partnership with global e-commerce leader, Ocado, announced in January this year, will give us both strategic and sustainably profitable e-commerce infrastructure in Canada. It positions us to thrill our current customers and take customers away from our competition. We remain on track to launch our e-commerce solution in the GTA in the spring of 2020.

Another example is our focus on growing West market share with the compelling FreshCo discount offering. Over the next few years, we will convert up to 25 percent of our Safeway and

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Sobeys stores to FreshCos. We are very excited about bringing this format to the West. We're going to delight customers in this high-growth segment. The first two stores will open in Winnipeg in the spring of 2019.

We will also grow the top line of our conventional stores with greater focus on execution, better flyers, smart deployment of capitals on store refresh projects, revamped private label offerings, and sharper assortment as we review every single category through the eyes of our customers.

We're also laser focused on service levels from our warehouses to our stores, making sure that everything a family needs is on our shelves for their weekly big shop.

We're also prepared to be opportunistic to advance our growth. I talked earlier about being ready to act in those moments when opportunity presents itself; to strike quickly and decisively. You see, we will do everything to win, to win the right way, to win the Sobeys way.

We have forged a leadership team that is united in that commitment, and I'd like to quickly introduce you to the members of the executive committee here with us here today and ask them to stand to identify themselves.

This is the team that is leading the charge. Mike Vels, who Jim noted before, who's our CFO. Lyne Castonguay, please stand up, Executive Vice President, Store Experience. Pierre St-Laurent, Executive Vice President, Merchandising and Quebec. Vivek Sood, Executive Vice President,

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Related Businesses. That was a quick stand up there, Vivek, stand up again. There you go. You're working hard. He's from Pictou County, too. Let's give him a hand, come on.

Mike Venton, General Manager, Discount; Simon Gagné, Executive Vice President, Human Resources; Clinton Keay, Executive Vice President Technology and Transformation; and Doug Nathanson, our General Counsel and Corporate Secretary, who Jim introduced you to before; Sarah Joyce, Senior Vice President, Ecommerce; Cynthia Thompson, Vice President Communications and Corporate Affairs; and Vittoria Varalli, Chief of Staff.

My thanks to each of you, our executive team, and your hard-working teams for all the progress we're making. And as we look to the future, I want to thank our exceptional board Chair, Jim Dickson, for his undying support and guidance during this remarkable time for our company. I really couldn't do it without him. And to our outstanding board, thank you for your wise counsel, passion for our business, and demanding standards.

To all our shareholders, I am grateful for the confidence you have demonstrated in us, and to the Sobey family, which for 111 years of being a beacon for this community, this region, and our country. Thank you for entrusting us with a precious legacy and the brilliant possibilities of the future. A future that will continue to be rooted in and draw strength from Pictou County.

There are so many things about our culture that make our company great. We will continue to tap into those strengths. We will build on our foundation. We will further energize our

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team as we shift from defence to offence. We will be bold, we will move with velocity, we will have only one goal, to win and win the Sobeys way. Game on.

Thank you.

Jim Dickson

Thank you, Michael. We've now reached that part of the meeting that every Chair looks forward to and that is to ask are there any general questions from the floor? Michael and Mike would love to answer them if there are. Last chance. Going once. Gone.

Okay. So with that, Michael, I am going to ask you to come back to the podium. As we did last year, I'd like to conclude the AGM with a focus on our team and our community involvement.

Michael Medline

Thank you. This summer, we were thrilled to sponsor the Special Olympics Canada 2018 Summer Games, which took place not too far from here in Antigonish. I had the opportunity to attend the games and was inspired by the hard work and dedication of the Special Olympics athletes. It was a truly humbling experience. And Sobeys was there in such a big way. And I'd ask you to have a quick look at this recap video that captures a bit of the support and spirit that we were part of.

[Video Presentation]

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What an extraordinary testament to Special Olympics, to our culture, and the great people at our company, from the Special Olympics athletes who are our valued employees, to the Sobeys employee coaches and volunteers, to all our teammates who are so proud to cheer them on and be champions for inclusion. And on top of that, we provide much needed financial support through our Sobeys Better Food fund. In July, at our Golf Classic in Calgary for suppliers and partners, we raised more than \$800,000 for national charities, and this week we're inviting customers to donate instore to do our part to ensure the future of Special Olympics in Canada.

With us today is the steward of that bright future. I am delighted to welcome, Sharon Bollenbach, CEO of Special Olympics Canada. It has been an absolute pleasure to work with Sharon and her team in our ongoing partnership. I'd like to invite Sharon now to share a few words with us.

Sharon Bollenbach — Chief Executive Officer, Special Olympics Canada

Good morning. Thank you, Michael. Thank you, Jim. I have to tell you it is an absolute honour for me to be here. And congratulations on that video. It was spectacular. It brought back so many memories of our week here in Antigonish at the games.

We are so proud and extremely honoured to have Sobeys, such a distinguished, successful Canadian corporation, as our national partner helping us to advance our mission of enriching the lives of Canadians with intellectual disabilities through sport.

Globally, Special Olympics movement has more than 5 million athletes from 172 countries. And while we might be babies in comparison to your 120, we are celebrating our 50th anniversary

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this year. In Canada, we have more than 45,000 registered athletes supported by more than 21,000 volunteers.

And while you may know us best from our games, like your stores, what is most important and at the heart of what we do is our community programs. It is really who we are. Each day of the week, in communities large and small, our daily sport programs offer training and competitive opportunities for our athletes to develop sports skills, improve physical fitness and health, cultivate a strong network of friends, and demonstrate to themselves, to their families, and most importantly, to their communities what they can achieve when given the opportunity.

Special Olympics is a sports organization that uses the power of sport as a catalyst for social change. We know that success on the field of play translates into success in life. Our vision is that sport will open hearts and minds towards people with intellectual disabilities, and help to create inclusive communities all across Canada. The vision cannot be achieved alone. We are grateful to have national partners like Sobeys who share in our values of empowerment, respect, excellence, diversity, and inclusion, and Sobeys demonstrates these values each and every day in your providing meaningful employment opportunities to individuals with intellectual disabilities and through the many aspects of our partnership.

The Sobeys Better Food Fund's generous support is filling a very real need for our athletes. To be a great athlete, you need to be a healthy athlete. This is why access to better food, to eat better, feel better, and do better is a perfect fit and at the core of our partnership. Better Food

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nutrition sessions lead by Sobeys employees, who are volunteering their time, are launching in select communities across Canada, and we are so excited for you to share your expertise to help educate and empower our athletes, their families, and our volunteers to lead healthier lives.

These Better Food nutrition sessions are uniquely Canadian and uniquely Sobeys. You have developed them specifically for our athletes. And I have to tell you that they are viewed as a best-of-class by our Special Olympics colleagues across North America. You are leading the way and a wonderful example of Sobeys leadership and commitment to making a difference for all Canadians.

And it doesn't stop here. As you saw in the video, as copresenting sponsor of our recent Special Olympics Canada Summer Games on the beautiful St. F.X. campus, you created a Sobeys fan zone that was a highlight for our athletes and families. You provided food for meals and snacks. And as you saw, the Sobeys cheer squad came out, en masse, dressed in t-shirts with all their noisemakers to cheer on our athletes. All of which has set a new standard for our games and a benchmark for our other corporate partners to follow your lead at games.

And as Michael mentioned, launching today, Sobeys stores across the country are coming together for our first ever, national 10-day check stand campaign to raise funds and awareness for our programs. Our athletes and volunteers are ready to join your employees in-store to promote the campaign, and we cannot wait to see the results.

It goes without saying that Sobeys is an extraordinary partner. You're a winning team, and we're proud to be part of that winning team. At every turn, you have exceeded our expectations

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and have impacted our athletes in a way that is truly life changing. We are extremely grateful to have Sobeys as a national partner, but most importantly, we are extremely proud to include you as part of our Special Olympics family.

Thank you.

Jim Dickson

Sharon, thank you very much for being here today, for making the time to be with us. The Special Olympics movement provides tremendous inspiration to all of us, and we are so proud of our partnership and pleased to have the opportunity to partner with you. And to you personally, thank you for the leadership that you've provided to the organization and all that you do. Wonderful of you to be here today.

So on behalf of the all the directors of Empire Company Limited, I now want to thank all of you who are in attendance here today for making the time and effort to come out and be with us. As is our tradition, we hope to see you, our shareholders and guests, back at Crombie House for lunch. And with that, I will formally close the meeting.

Do I have a motion to terminate? It's over. Adam? Thank you.

Thank you very much.

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