

**EMPIRE**  
COMPANY LIMITED



## Investor Presentation

March 2022

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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 COVID-19, including changes in customer behaviour;
- The Company's expectations regarding the timing and amount of expenses relating to the completion of any future CFCs, which may be impacted by supply of materials and equipment, construction schedules and capacity of construction contractors;
- The Company's expectations regarding the plans to expand its Voilà Curbside Pickup service, 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;
- The Company's expectations that fiscal 2022 will reflect the highest net earnings dilution for the Voilà program, expectations which may be impacted by COVID-19, future operating and capital costs, customer response and the performance of its technology provider, Ocado; and
- 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.

## 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 third quarter ended January 29, 2022.

# Empire's Executive Committee



**Michael Medline**  
President &  
Chief Executive Officer



**Pierre St-Laurent**  
Chief Operating  
Officer



**Vivek Sood**  
Related Businesses



**Matt Reindel**  
Chief Financial  
Officer



**Michael Vels**  
Chief Development  
Officer



**Simon Gagné**  
Chief Human  
Resources Officer



**Sandra Sanderson**  
Marketing



**Doug Nathanson**  
General Counsel &  
Corporate Secretary



**Mohit Grover**  
Innovation,  
Sustainability &  
Strategy



**Danielle Amirault**  
Chief of Staff &  
Strategy



**Sarah Joyce**  
E-commerce



**Mike Venton**  
Discount Format



**Bonnie Birollo**  
Retail Operations



**Luc L'Archeveque**  
Merchandising  
Grocery & Community



**Mark Holly**  
Real Estate



**Bruce Burrows**  
Chief Information  
Officer



**Jacquelin Weatherbee**  
Communications &  
Corporate Affairs

# Empire Company Limited – Who are we?



- Canadian company headquartered in Stellarton, Nova Scotia.
- Key businesses include food retailing, through wholly-owned subsidiary Sobeys Inc. (“Sobeys”), and related real estate, through a 41.5% interest in Crombie Real Estate Investment Trust (“Crombie REIT”).
- Sobeys is a national Canadian grocery retailer, serving the food shopping needs of Canadians under banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy, Longo’s, Voilà, Grocery Gateway, IGA.net and ThriftyFoods.com.
- In addition to food retail, our related businesses include:
  - **Pharmacy** 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;
  - **Fuel and convenience stores;** and
  - **Liquor stores.**

Quick Facts – Empire <sup>(1)</sup>	
Share price (CAN\$) <sup>(2)</sup>	\$43.14
52-Week High <sup>(2)</sup>	\$45.20
52-Week Low <sup>(2)</sup>	\$36.20
30-day Average daily trading volume <sup>(2)</sup>	641,543
Shares outstanding (diluted)	264.9M
Quarterly dividend	\$0.15
Number of Stores <sup>(3)</sup>	> 1,500
Number of Retail fuel locations	> 350
Employees	~134,000
Square footage	~42.1 M
Communities served	> 900

(1) As at Q3 fiscal 2022 (January 29, 2022) unless noted otherwise

(2) As of March 15, 2022

(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.**
- **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.
  - Acquisition of 51% of Longo's, a specialty grocery retailer in Ontario and their Grocery Gateway e-commerce business in May, 2021 accelerated growing presence in the largest grocery market in Canada.
  - Four Voilà Customer Fulfilment Centres ("CFCs") confirmed as of March 2022, expected to serve approximately 75% of Canadian households representing approximately 90% of Canadian's projected e-commerce spend, when open and operating.

- **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, allowing for the purchase for cancellation of up to 8,468,408 Class A shares, expiring July 1, 2022.
    - As at March 8, 2022, the Company has purchased 6,378,983 Class A shares at a weighted average price of \$39.00 for a total consideration of \$248.8 million.

- **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 ("Ocado") – exclusive partnership in Canada for online grocery delivery and curbside pickup services, through Voilà (see slides 12 & 13).

- **Consistent and solid execution over the last four and a half years.**

- Successful completion of Project Sunrise transformation, generated over \$550 million in benefits (see slide 9); and
- The Company is one quarter away from reaching the last year of its 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%

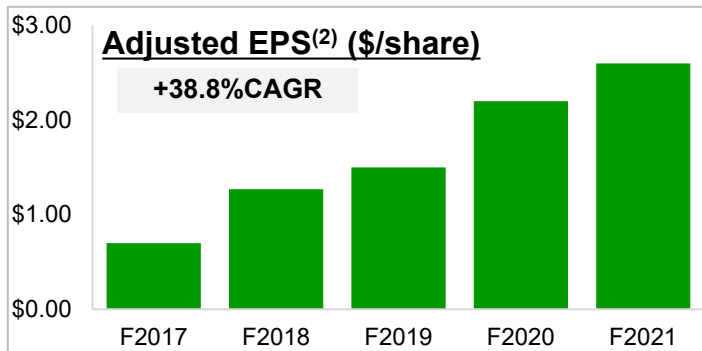
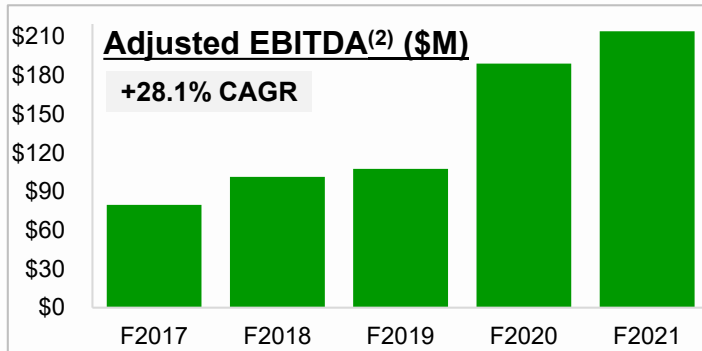
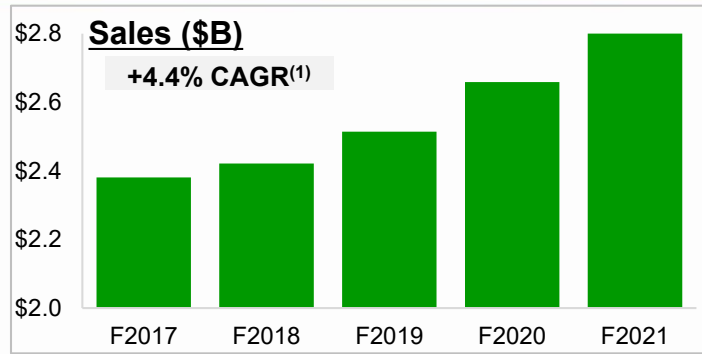
**Dividend  
CAGR**  
F2019 – F2022

+38.8%

**EPS CAGR**  
(adjusted, diluted)  
F2017 to F2021<sup>(1)</sup>

*<sup>(1)</sup> Includes 14 months of impact related to the COVID-19 pandemic*

# Consistently Strong Financial Performance



- Increase in stock price of over 160% since January 2017.
  - February 28<sup>th</sup> 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 at market close on March 15, 2022.

# 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

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

## 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](#).

# Key Announcements – Last twelve months

- Mar 2021**
  - Voilà by Sobeys, Farm Boy and Oliver & Bonacini Hospitality (“O&B”) announce exclusive deal to bring gourmet O&B dishes to customers in the Greater Toronto Area (“GTA”).
  - Signed agreement to acquire 51% of Longo’s and Grocery Gateway. Completed purchase in May 2021. (See Appendix A)
- Apr 2021**
  - 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 2021**
  - Launched “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.
- Jun 2021**
  - Empire Reports Strong Fourth Quarter and Fiscal 2021 Results
- Aug 2021**
  - Released 2021 Sustainability Business Report (see slide 7).
  - Announced partnership between IGA and Ricardo Media that will fuel innovation and bring consumers together to share and enjoy meals.
- Sep 2021**
  - Empire Delivers Strong Fiscal 2022 First Quarter Results.
- Oct 2021**
  - Matt Reindel appointed Chief Financial Officer and Michael Vels appointed Chief Development Officer.
  - Empire and Canadian Paralympic Committee announce partnership focused on celebrating inclusivity in Canadian sport.
- Nov 2021**
  - Empire now has an e-commerce option available for customers in every province.
- Dec 2021**
  - Empire Shows Continued Momentum with Strong Second Quarter Results; Project Horizon On Track
- Feb 2022**
  - Announced fourth e-commerce customer fulfilment centre will be located in the Greater Vancouver Area of British Columbia.
  - Dominion Bond Rating Service confirmed Sobeys Inc’s credit rating at BBB (low) and changed the trend from stable to positive.
- Mar 2022**
  - Continued Strength at Empire Delivers Strong Growth in Earnings and Free Cash Flow in Third Quarter Fiscal 2022.
    - Earnings per share of \$0.77, an increase of 16.7% compared to \$0.66 last year
    - Same-store sales excluding fuel decreased by 1.7% compared to elevated sales last year | Same-store sales grew 8.3% over fiscal 2020
    - Gross margin, excluding fuel, increased by 41 basis points | EBITDA margin increased by 50 basis points
    - Free cash flow of \$551 million, an increase of 75% compared to last year



# Project Sunrise – Successfully Completed



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 <sup>(1)</sup>	
	52 weeks	52 weeks trailing	
All amounts exclude IFRS 16 <sup>(2)</sup>	May 6, 2017	Feb. 1, 2020	
<b>Sales</b>	\$23,806.2	\$25,796.2	<b>8.4%</b>
<b>Same-store sales growth (decline), excluding fuel</b>	(2.2%)	2.1%	<b>430 bps</b>
<b>Gross margin</b>	24.0%	24.8%	<b>80 bps</b>
<b>Adjusted EBITDA</b>	\$796.9	\$1,274.9	<b>60.0%</b>
<b>Adjusted EBITDA margin</b>	3.3%	4.9%	<b>160 bps</b>
<b>Selling and Administrative margin (adjusted)<sup>(3)</sup></b>	22.9%	22.0%	<b>90 bps</b>
<b>Adjusted EPS</b>	\$0.70	\$2.02	<b>188.6%</b>

(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) The IFRS 16 accounting standard was adopted in Q1 F20 and prior year results were not restated. Therefore, impacts of the standard are excluded in the above chart to display numbers on a comparable basis.

(3) 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 Horizon – On Track



## **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 the Company's Own Brands Portfolio
- Provide Best in Class Customer Personalization

### **2) Building on cost and margin discipline**

- Drive Non-Merchandising Sourcing Efficiencies
- Continue to Build 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.

- The Company is on track to generate a compound average growth rate in earnings per share of 15% over Project Horizon's three-year timeframe.

For additional information on the strategy, please click [here](#) to view Empire's Management's Discussion and Analysis for the quarter ended January 29, 2022.

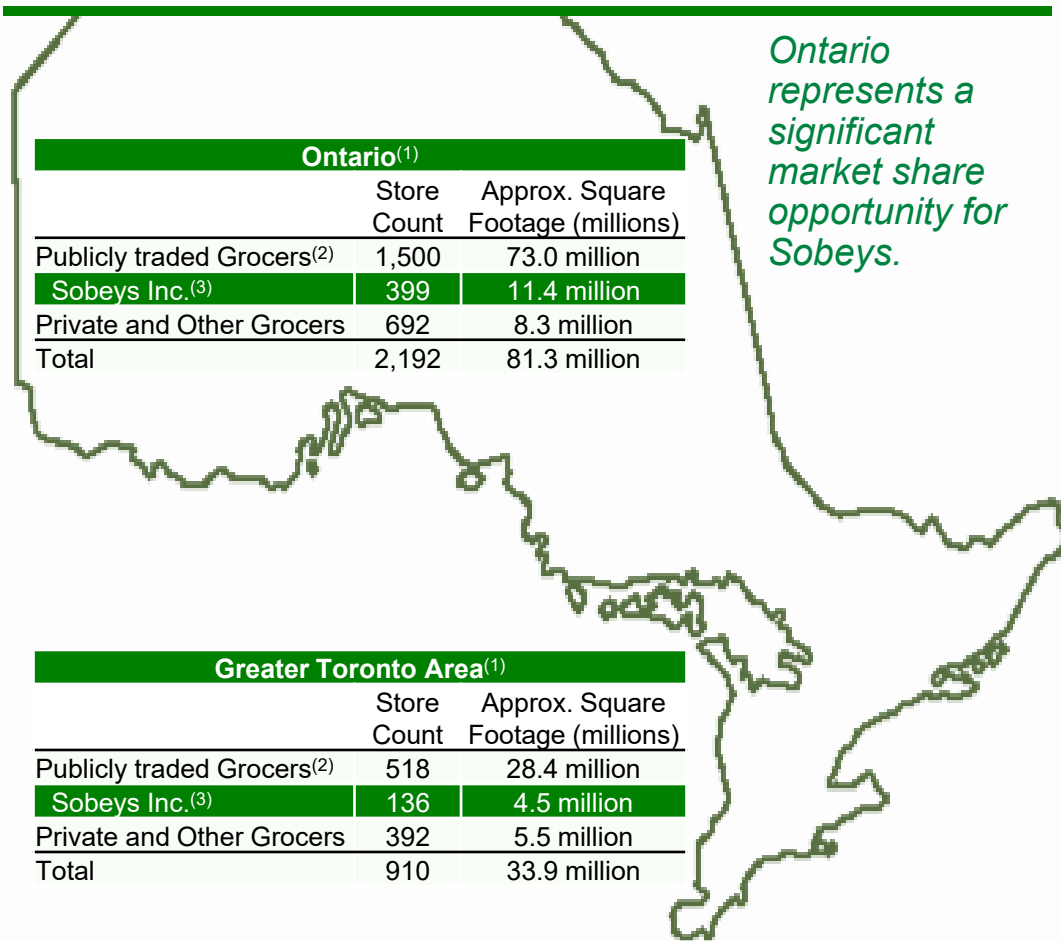
In fiscal 2021, Project Horizon benefits were achieved from the expansion and renovation of the Company's store network, the addition of new stores, improvement in store operations and merchandising from data analytics along with continued efficiencies gained through strategic sourcing initiatives. Benefits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

In the third quarter of fiscal 2022, earnings continued to be positively impacted by strategic initiatives, including the continued expansion and renovation of the store network, strategic sourcing efficiencies, promotional optimization and data analytics. Management expects these initiatives will continue to drive the majority of the benefits through the remainder of fiscal 2022.

**While Project Horizon is on track to achieve its targets by the end of fiscal 2023, the benefits will not stop then.** Certain initiatives launching in fiscal 2023 that are largely focused on store optimization and customer experience will primarily benefit fiscal 2024 and beyond. These benefits will be incremental to those realized from the ongoing program of store renovations, conversions and new builds.

# 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 the recently added the Longo's and Grocery Gateway banners.

- *Voilà by Sobeys* online grocery delivery service is now available to customers in the GTA, and the Company has started transitioning customers in smaller communities in Quebec to *Voilà par IGA* from IGA.net (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 17 new Farm Boy stores in Ontario, and one store (net of one closure) has been announced to open in the remainder of fiscal 2022 for a total of 7 net new stores. There are currently 43 Farm Boy stores open and operating at March 9, 2022.
  - Farm Boy Private Label is included in the *Voilà by Sobeys* offering.
- In May 2021, the Company acquired 51% of the business of Longo's and Grocery Gateway.
  - This added 36 Longo's stores and 70,000 long-standing Grocery Gateway online customers.
  - After the fifth anniversary of the acquisition, Longo's shareholders have the option to sell up to 12.25% of the remaining shares annually to Sobeys and can sell the remainder after the tenth anniversary.
  - The Longo family remains committed to help grow the business.

This will further accelerate growth in Canada's biggest grocery market. Ontario makes up a large portion of Canada's population, approximately 40% (approximately 14.9 million people).

(1) Company information.  
 (2) Includes Sobeys Inc.  
 (3) Includes Farm Boy and Longo's

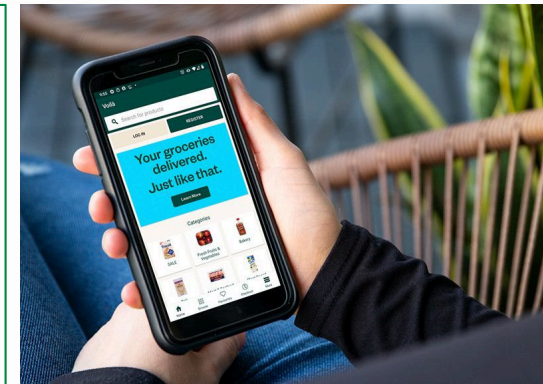
# Voilà

*Your groceries delivered. Just like that.*



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

- **Powered by Ocado's industry-leading technology, Voilà fills orders through its automated CFCs.**
  - Robots assemble orders efficiently and safely, resulting in minimal product handling, while Voilà teammates deliver orders directly to customers' homes.
  - In February 2022, Ocado announced a range of innovations, including next generation robots and grids, which offer efficiencies and a lighter environmental and carbon footprint. These innovations will be available for the Company to consider in future CFC automation and efficiency opportunities. (See Appendix D – Voilà Timeline for a link to Ocado's presentation)
- Voilà offers cutting-edge online grocery home delivery. With **four CFCs** and their supporting spokes, the Company will be able to serve approximately **75% of Canadian households** representing approximately **90% of Canadians' projected e-commerce spend**.
  - CFC 1 in Vaughan services the GTA, Barrie, Kitchener, Waterloo, Guelph, Hamilton, Niagara, St. Catharines and Brantford, and will expand to Ottawa in the fourth quarter of fiscal 2022. *Voilà by Sobeys* offers grocery essentials from Sobeys, alongside customer favourites from Farm Boy and health and wellness products from Well.ca.
  - On March 7, 2022, the Company completed its employee testing stage for CFC 2 in Montreal and began transitioning customers in smaller communities in Quebec to *Voilà par IGA* from IGA.net.
  - CFC 3 will be located in Calgary and will service the majority of Alberta. It is expected that deliveries from the CFC will start in the first quarter of fiscal 2024.
  - On February 7, 2022, the Company announced that CFC 4 will be located in the Greater Vancouver Area and will service customers in British Columbia starting in 2025.
- In fiscal 2021, the Company launched **Voilà Curbside Pickup** service at 30 store locations across Atlantic Canada and Alberta, and the service has since expanded to B.C., Manitoba, Saskatchewan and Ontario.
  - In the third quarter of fiscal 2022, the Company added 22 locations for a total of 92. The Company expects to add up to 13 further locations in the remainder of fiscal 2022.
  - The store pick solution is powered by Ocado's technology and will serve customers in areas where future CFCs will not, or are not yet, operating.



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](http://www.voila.ca).

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

# 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<sup>(1)</sup> (compared to last year) →
- GTA CFC launched to customers in June 2020.
- Montreal CFC launched to customers in March 2022.
- Calgary CFC announced, expected to begin delivering to customers in the first half of calendar 2023.
- Vancouver CFC announced, expected to service customers in British Columbia in 2025.
- Voilà Curbside Pickup service in over 90 store locations across Atlantic Canada, Alberta, B.C., Manitoba, Saskatchewan and Ontario.

F21	
Q1 <sup>(2)</sup> (Aug. 1, 2020)	370%
Q2 (Oct. 31, 2020)	241%
Q3 (Jan. 30, 2021)	315%
Q4 (May 1, 2021)	15%
F22	
Q1 <sup>(3)</sup> (July 31, 2021)	Flat
Q2 (Oct. 30, 2021)	33%
Q3 (Jan. 29, 2022)	17%

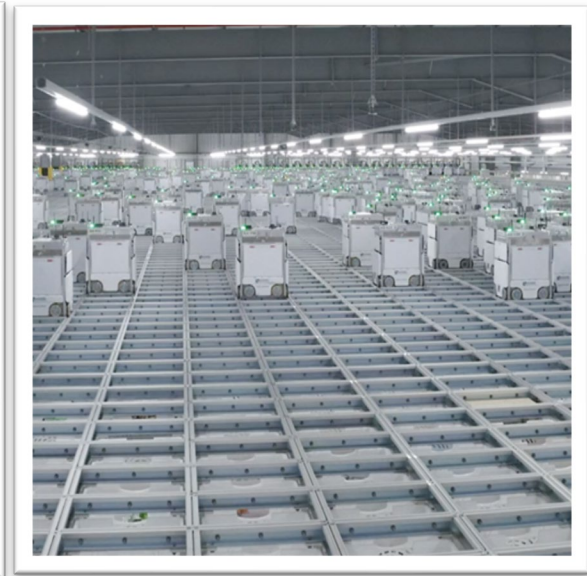
*(1) Includes Voilà by Sobeys, IGA.net, ThriftyFoods.com. In Fiscal 2022 Grocery Gateway was acquired and included in this metric .*

*(2) Includes 6 weeks of Voilà by Sobeys.*

*(3) Does not include Grocery Gateway.*

## Voilà CFC 1 operating metric targets and Q2 F21 results:

- 95% target weekly on-time delivery score – Q2 F21 achieved 98.6%
- 98% target fulfilment – Q2 F21 achieved 99.6%
- Net Promoter Score (NPS) industry best-in-class target of 70 – Q2 F21 achieved NPS of 87



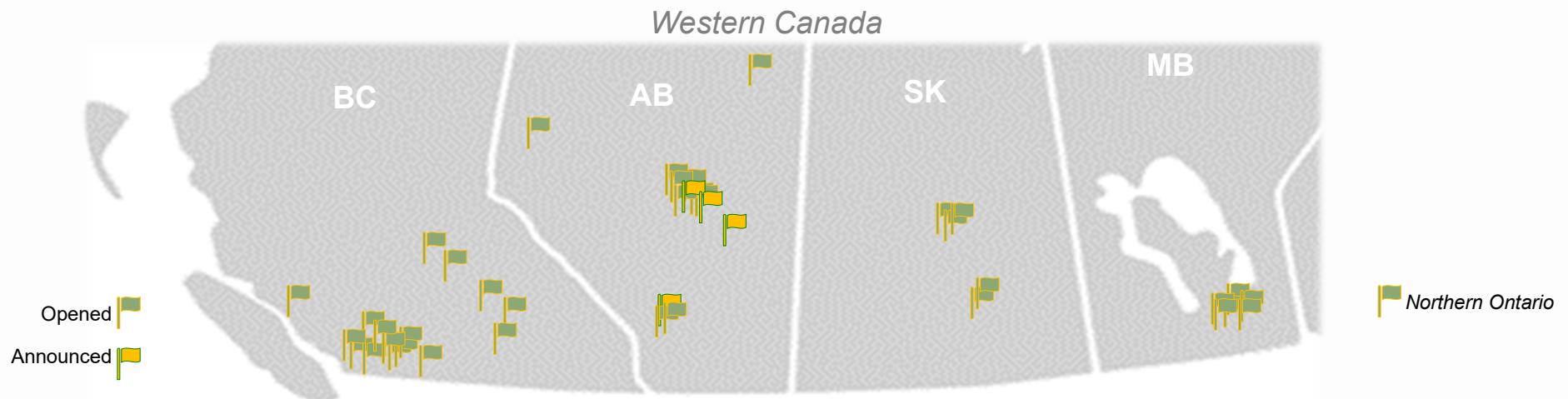
# FreshCo West Expansion

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.

The Company opened seven FreshCo locations in Alberta during the third quarter and one location subsequent to the end of the quarter. The Company expects to open another two locations in the remainder of fiscal 2022, for a total of 40 locations by the end of the fiscal year. This is in line with management’s expectations of opening 10 to 15 FreshCo stores in Western Canada during fiscal 2022.

As at March 9, 2022:

<p>38 stores open and operating:</p> <ul style="list-style-type: none"> <li>• 16 in British Columbia</li> <li>• 10 in Alberta</li> <li>• 6 in Manitoba</li> <li>• 5 in Saskatchewan</li> <li>• 1 in Northern Ontario</li> </ul>	<p>2 stores are expected to open in Alberta in the remainder of fiscal 2022</p>	<p>2 stores have been announced and are expected to open in Alberta in fiscal 2023</p>
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# Capital Allocation – Focus on Store Optimization

## Capital Expenditure

- The Company invested \$159.5 million capital expenditures<sup>(1)</sup> for the quarter ended January 29, 2022, respectively (2021 – \$207.1 million) including renovations and construction of new stores, investments in e-commerce fulfilment centres, 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's total investment in Voilà for fiscal 2022 is expected to be approximately \$80 million, including its share of the investment in the Montreal, Calgary and Vancouver CFCs, up to 70 new store pickup locations, additional spokes and the associated investments in technology.

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

### Safeway Brentwood (Calgary, AB) – Converted to FreshCo

Before



After



### Sobeys (Orangeville, ON)

Before



After



### Number of locations renovated/converted

F21					F22		
Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
20	21	19	28	88	22	45	34

### 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
  - As at March 8, 2022, purchased 6,378,983 shares
- Annual dividend per share increased 15.3% in F2022

# Financial Results

	Year-to-Date	Fiscal				
	F2022	F2021	F2020	F2019	F2018	F2017
	39 weeks	52 weeks	52 weeks	52 weeks	52 weeks	52 weeks
	29-Jan-22	1-May-21	2-May-20 <sup>(1)(2)</sup>	4-May-19 <sup>(1)</sup>	5-May-18	6-May-17
Sales	\$22,321.6	\$28,268.3	\$26,588.2	\$25,142.0	\$24,214.6	\$23,806.2
<i>Same store sales growth (decline), excluding fuel</i>	<i>(1.8%)</i>	<i>5.6%</i>	<i>5.7%</i>	<i>2.7%</i>	<i>0.5%</i>	<i>(2.2)%</i>
Gross profit	\$5,655.7	\$7,199.3	\$6,633.3	\$6,083.6	\$5,900.5	\$5,707.2
<i>Gross margin</i>	<i>25.3%</i>	<i>25.5%</i>	<i>24.9%</i>	<i>24.2%</i>	<i>24.4%</i>	<i>24.0%</i>
Adjusted EBITDA <sup>(3)</sup>	\$1,744.6	\$2,143.8	\$1,892.4	\$1,076.2	\$1,014.7	\$796.9
<i>Adjusted EBITDA margin<sup>(3)</sup></i>	<i>7.8%</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 <sup>(4)</sup>	\$2.13	\$2.60	\$2.20	\$1.50	\$1.27	\$0.70
Free cash flow <sup>(5)</sup>	\$796.5	\$744.9	\$1,130.8	\$540.7	\$808.9	\$619.7
Capital expenditures	\$493.8	\$679.2	\$574.8	\$434.6	\$288.0	\$514.5
Dividends per share	\$0.45	\$0.52	\$0.48	\$0.44	\$0.42	\$0.41
Share price	\$38.87	\$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) There have been no adjustments since Q3 F2019 (Business acquisition costs).

(4) There have been no adjustments since Q4 F2020 (Intangible amortization associated with the Canada Safeway acquisition).

(5) 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





## Appendices A – D

# Appendix A – 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

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

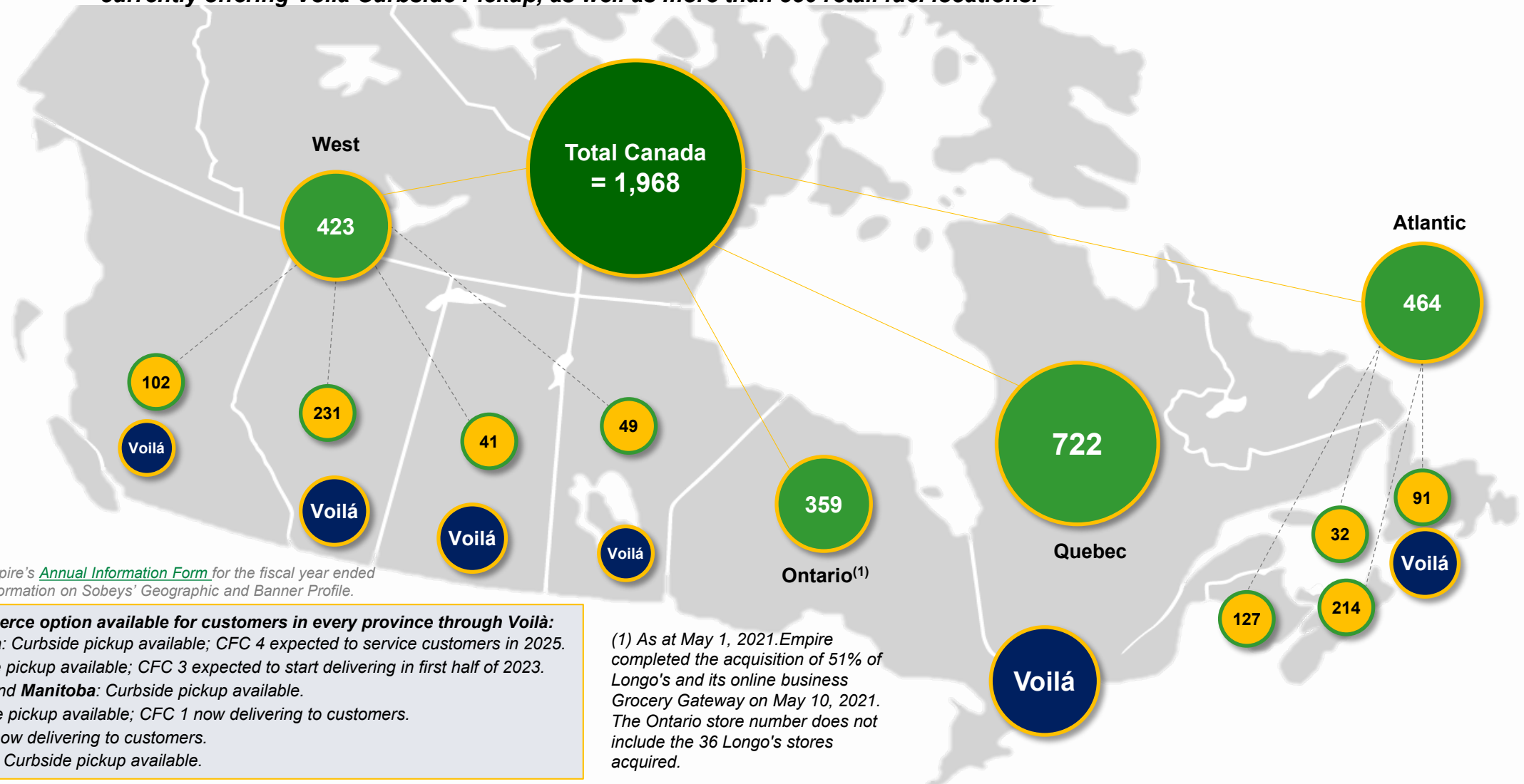
## Appendix A – Overview of Longo's

- 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, 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 B – Geographic Profile

**National scale and presence, operating close to 2,000 stores in all 10 provinces, with 92 stores currently offering Voilá Curbside Pickup, as well as more than 350 retail fuel locations.**



*Note: please refer to Empire's [Annual Information Form](#) for the fiscal year ended May 1, 2021 for more information on Sobeys' Geographic and Banner Profile.*

**There is an e-commerce option available for customers in every province through Voilá:**

- **British Columbia:** Curbside pickup available; CFC 4 expected to service customers in 2025.
- **Alberta:** Curbside pickup available; CFC 3 expected to start delivering in first half of 2023.
- **Saskatchewan and Manitoba:** Curbside pickup available.
- **Ontario:** Curbside pickup available; CFC 1 now delivering to customers.
- **Quebec:** CFC 2 now delivering to customers.
- **Atlantic Canada:** Curbside pickup available.

(1) As at May 1, 2021. Empire completed the acquisition of 51% of Longo's and its online business Grocery Gateway on May 10, 2021. The Ontario store number does not include the 36 Longo's stores acquired.

# Appendix C – Financial Results – 12 Quarter Review

	Fiscal 2022			Fiscal 2021				Fiscal 2020 <sup>(1)</sup>				F2019
	Q3 F22	Q2 F22	Q1 F22	Q4 F21	Q3 F21	Q2 F21	Q1 F21	Q4 F20	Q3 F20	Q2 F20	Q1 F20	Q4 F19
	Jan. 29	Oct. 30	Jul. 31	May 1	Jan. 30	Oct. 31	Aug 1	May 2	Feb. 1	Nov. 2	Aug. 3	May 4
	2022	2021	2021	2021	2021	2020	2020	2020	2020	2019	2019	2019
Sales	\$7,377.3	\$7,318.3	\$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
Same store sales growth (decline), excluding fuel	(1.7%)	(1.3%)	(2.2%)	(6.1%)	10.7%	8.7%	11.0%	18.0%	0.8%	2.0%	2.4%	3.8%
Gross profit	\$1,892.7	\$1,850.8	\$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
Gross margin	25.7%	25.3%	25.1%	25.9%	25.7%	25.1%	25.1%	25.9%	24.4%	24.8%	24.6%	25.4%
Adjusted EBITDA	\$597.5	565.2	581.9	514.4	\$533.5	513.4	\$582.5	\$527.8	\$426.9	\$477.7	\$460.0	\$300.1
Adjusted EBITDA margin	8.1%	7.7%	7.6%	7.4%	7.6%	7.4%	7.9%	7.5%	6.7%	7.4%	6.8%	4.8%
Adjusted EBITDA margin (Pre-IFRS 16)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.5%	4.7%	5.4%	4.9%	4.8%
Adjusted EPS	\$0.77	\$0.66	\$0.70	\$0.64	\$0.66	\$0.60	\$0.71	\$0.67	\$0.46	\$0.58	\$0.49	\$0.46
Free cash flow	\$551.5	\$129.5	\$115.5	\$208.9	\$315.7	\$75.2	\$145.1	\$594.8	\$283.1	\$28.7	\$224.2	\$175.6
Capital expenditures	\$159.5	\$188.6	\$147.0	\$231.6	\$207.1	\$120.7	\$119.8	\$226.6	\$149.1	\$150.4	\$91.4	\$227.1
Dividend per share	\$0.15	\$0.15	\$0.15	\$0.13	\$0.13	\$0.13	\$0.13	\$0.12	\$0.12	\$0.12	\$0.12	\$0.11
Share price – end of period	\$38.87	\$37.00	\$40.97	\$38.66	\$36.48	\$36.69	\$34.41	\$31.01	\$30.70	\$34.42	\$35.52	\$29.94

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

# Appendix D – Project Horizon – Voilà Timeline

## January 22, 2018:

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

**ocado**<sup>®</sup>  
GROUP



## December 10, 2020:

- Location of CFC #3 announced in Calgary, Alberta
- Early CFC 1 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)

## November 19, 2021:

- Now have an e-commerce option available for customers in every province.

# voilà

## June 22, 2020:

- Voilà by Sobeys launches for GTA customers.

## September 15, 2020:

- Launched curbside pickup service, starting in Nova Scotia.

## January 26, 2022:

- Ocado announces new innovations, including next generation robots and grids, to be considered for future CFCs<sup>(1)</sup>.

## February 7, 2022:

- Location of CFC #4 announced in Greater Vancouver Area, British Columbia.

## March 7, 2022:

- Voilà par IGA launches for Quebec customers.

## 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.



(1) For more information on Ocado's announcement and a replay of their event, please click [here](#).

# Appendix D – Project Horizon – Voilà Network

- In early March, Voilà opened its first spoke location in Etobicoke, Ontario, and will be adding a spoke in Ottawa to deliver to customers in the fourth quarter of fiscal 2022.
- Total investment in Voilà for fiscal 2022 is expected to be approximately \$80 million, including its share of the investment in the Montreal, Calgary and Vancouver CFCs, up to 70 new store pickup locations, additional spokes and the associated investments in technology.
- Spokes are cross-dock facilities that allow Voilà 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.*

