Investor Presentation

July 2020

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Disclaimers

Forward-Looking Information

This document 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 project, impacts of the pandemic including changes in customer behaviour, as well as the factors identified under the heading "Risk Management" in the fiscal 2020 annual MD&A;
- The implementation and launch of the Voilà online grocery delivery service and store pick solution and the expected dilutive effect on Empire's earnings per share of approximately $0.20 per share in fiscal 2021, which may be impacted by COVID-19, future operating and capital costs, the customer response to the service and the performance of its business partner, Ocado Group plc;
- 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, and the number, location, feasibility and timing of renovations, construction and conversions, all of which may be impacted by COVID-19, construction schedules and permits, the economic environment and labour relations;
- The Company's estimates regarding future capital expenditures which includes acquisitions of property, equipment and investment properties as well as additions to intangibles, which may be impacted by operating results, impacts of the pandemic and the economic environment; and
- The Company's plans to purchase for cancellation Non-Voting Class A shares and increase dividends, which may be impacted by market and economic conditions, availability of sellers, changes in laws and regulations, and the results of operations.

By its nature, forward-looking information requires the Company to make assumptions and is subject to inherent risks, uncertainties and other factors which may cause actual results to differ materially from forward-looking statements made. For more information on risks, uncertainties and assumptions that may impact the Company's forward-looking statements, please refer to the Company's materials filed with the Canadian securities regulatory authorities, including the "Risk Management" section of the fiscal 2020 annual Management's Discussion and Analysis ("MD&A").

Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this earnings call presentation, such as adjusted EBITDA, adjusted earnings per share, same-store sales and free cash flow 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 fiscal 2020 annual MD&A.

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
Human Resources

Sandra Sanderson
Marketing

Doug Nathanson
General Counsel & Corporate Secretary

Vittoria Varalli
Sustainability, 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.
- 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*	
Share price (CAN$)**	$32.91
52-Week High **	$37.43
52-Week Low **	$23.88
30-day Average daily trading volume**	556,379
Shares outstanding (diluted)	269.7M
Quarterly dividend	$0.13
Number of Stores***	> 1,900
Number of Retail fuel locations	> 350
Employees	~127,000
Total Square footage	~39.8 M
Communities served	> 900

**As at Q4, Fiscal 2020 (May 2, 2020) unless noted otherwise*
***As of July 21, 2020*
**** See http://corporate.sobeys.com/at-a-glance/ for details of stores per banner and location; Appendix A for geographic view*

Investment Profile

- Owner of the second largest grocery retailer in Canada.
- Relevant and valuable partnerships.
  - Crombie REIT – Empire's largest landlord, respective real estate teams working closely to optimize the partnership.
  - Ocado Group plc – exclusive partnership in Canada for online grocery delivery service, through Empire's banner – Voilà *(see slide 12).*
- Significant opportunity to capture market share through expansion of FreshCo discount banner in Western Canada, expansion of Farm Boy in Ontario and acceleration of e-commerce through Voilà.
- Taking measured steps 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.
  - For fiscal 2021 – announced an NCIB allowing for the purchase for cancellation of up to 5 million Class A shares.
- Strong balance sheet and demonstrated resilience.
- 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).*
- Beginning a new three-year strategy, Project Horizon to add another $500 million of EBITDA over three years.

+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, earning Sobeys Inc. an Employer Initiative of the Year award from the Canadian Centre for Diversity and Inclusion.

Planet

Committed to reducing our 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' recently launched Online Corporate Responsibility Report for more information and details on our 2021 Corporate Responsibility Goals.

Key Achievements – Last twelve months

EMPIRE COMPANY LIMITED

Sobeys inc.

2019

July
- DBRS Upgrades Ratings on Sobeys Inc. to BBB (low) and changes trend to Stable; S&P revises outlook to Positive.

October
- Sobeys pilots Smart Cart, the first intelligent grocery shopping cart.
- Sobeys Inc. diverts 720,000 plastic bags from the landfill to make benches and tables for public spaces along Atlantic Canadian shores.

November
- Sobeys Inc. diverts plastic from landfills with cutting-edge parking lot at Timberlea store opening.

December
- Roll out of Sensory Friendly Shopping to more than 450 stores across the country.
- Farm Boy fresh-market growth accelerates with 10 new Ontario locations announced.

2020

January
- Sobeys banner removes all plastic grocery bags at the end of the month. This will remove 225 million plastic grocery bags from circulation at Sobeys' 255 locations across Canada each year.

February
- Became the first national pharmacy network in Canada to offer ScripTalk audible prescription labels in-store at more than 420 pharmacy locations.

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

April
- Announced business updates related to the impact of the novel coronavirus ("COVID-19" or "pandemic") outbreak *(see slide 17)*.
- On April 27, 2020, the Company began testing Voilà by Sobeys, its new online grocery home delivery service for the GTA *(see slide 12)*.

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).*
  - 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 first online Corporate Responsibility Report *(see slide 6).*
- **Unveiled the Company's new three-year strategy, *Project Horizon.*** (see slide 10).

Successful Completion of Project Sunrise

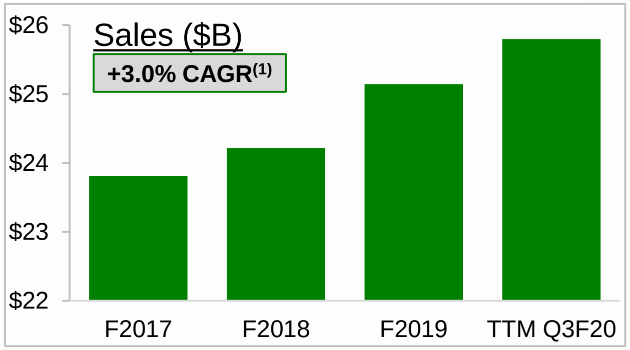
In the fourth quarter of fiscal 2017, the Company launched Project Sunrise, a three-year transformation. As of the fourth quarter of fiscal 2020, Project Sunrise was successfully completed, exceeding management's initial expectations of $500 million in net benefits, achieved through three phases:

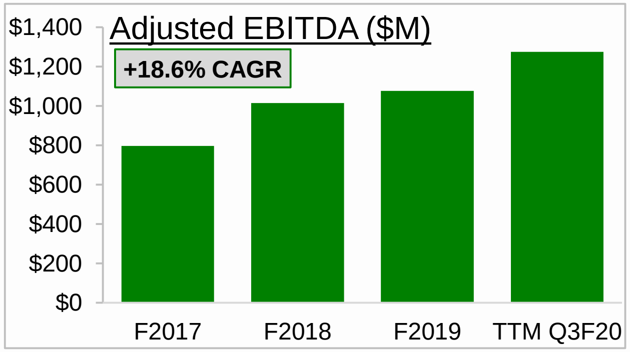
1) **Organizational realignment** – from a regional to a national structure. *Benefits impacted selling and administrative expenses.*
2) **Operational efficiencies** – store operations, labour standards and other operational process initiatives. *Benefits largely impacted selling and administrative expenses*.
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.*

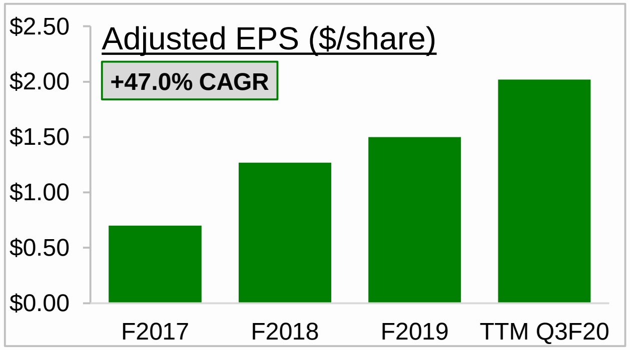
	Fiscal		
	2017	**2020** (1)	**Improvement**
All amounts exclude IFRS 16	52 weeks May 6, 2017	52 weeks trailing Feb. 1, 2020	
Sales	$23,806.2	$25,796.2	**8.4%**
Same-store sales growth (decline), excluding fuel	(2.2%)	2.1%	**430 bps**
Gross margin	24.0%	24.8%	**80 bps**
Adjusted EBITDA	$796.9	$1,274.9	**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.*

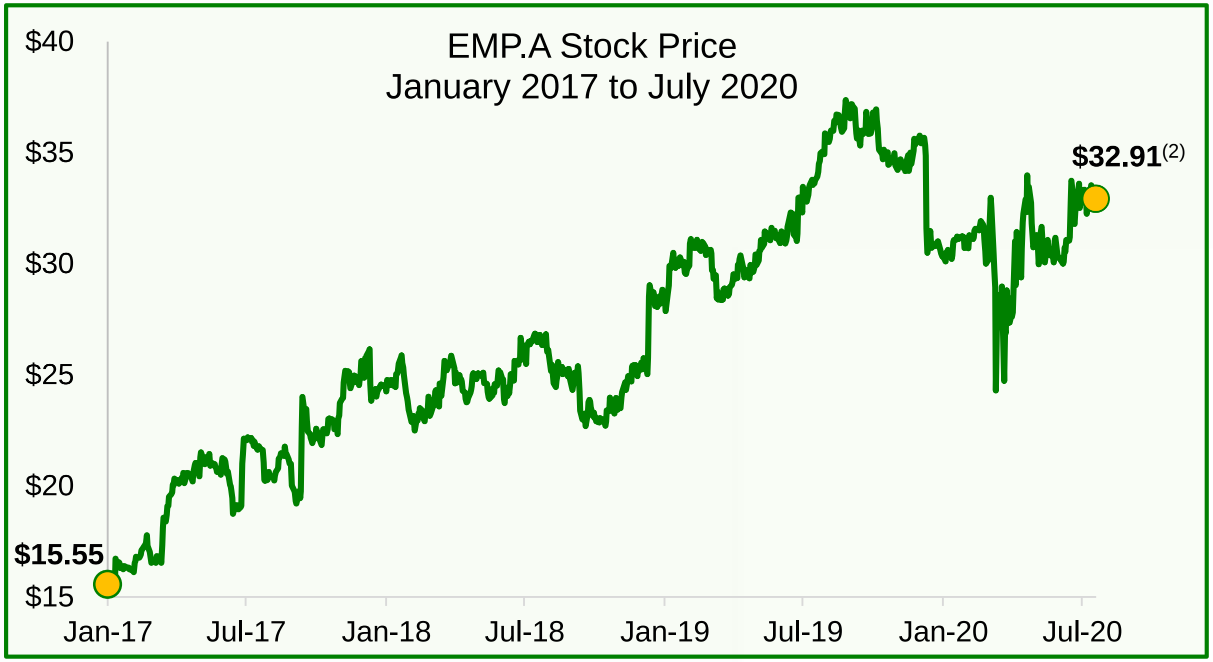
Project Sunrise – Exceeded 3 Year Target







- Increase in stock price of over 100% since January 2017, under the leadership of new CEO and management team.
  - 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) *As of market close on July 21st, 2020.*

Project Horizon

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.

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 to Build 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.

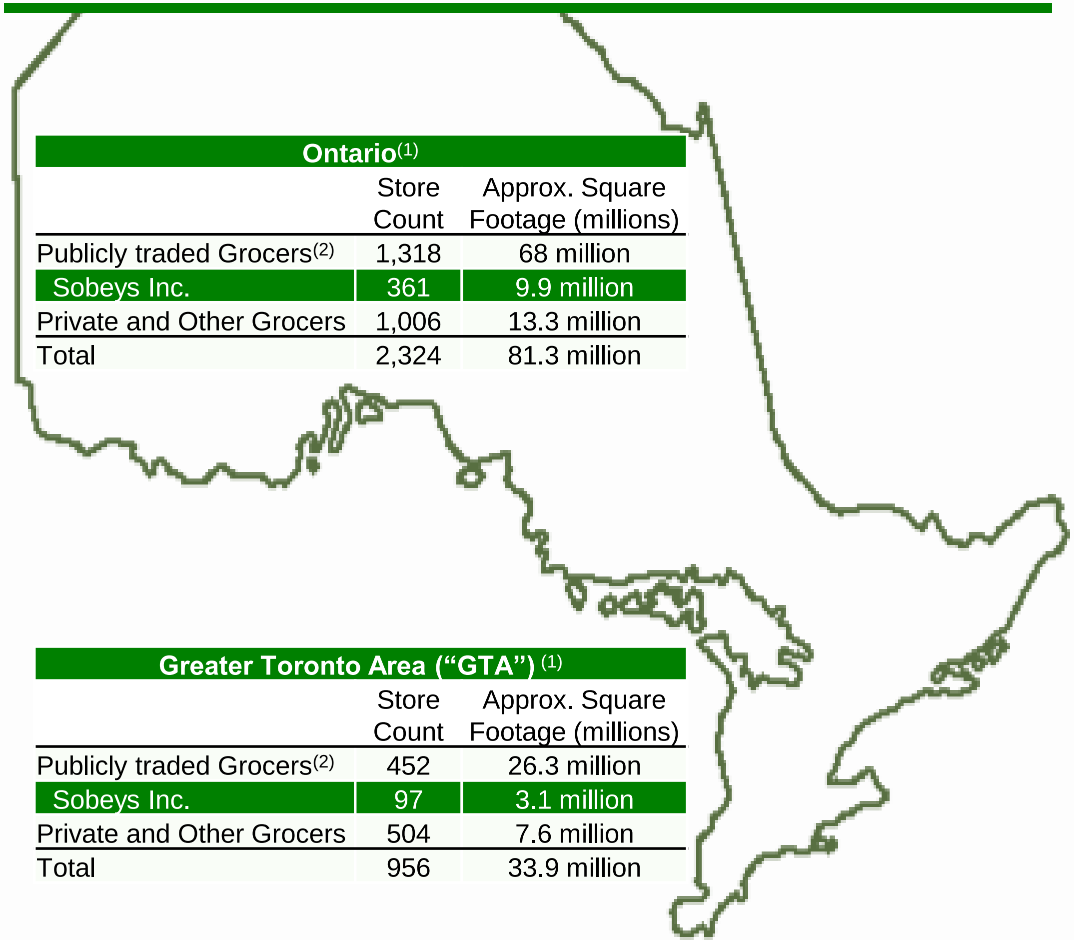
Management believes that the Company can continue to grow faster than its key competitors, improving EBITDA margin by another 100 basis points on a much higher sales base.

- Expected to generate a CAGR in EPS of at least 15%.

Capital spend is expected to average approximately $700 million annually over the next three years *(see slide 15 for additional details)*.

For additional information on the strategy, please click here to view the full news release.

Ontario Market
Significant Growth Opportunity



Ontario[1]	Store Count	Approx. Square Footage (millions)
Publicly traded Grocers[2]	1,318	68 million
Sobeys Inc.	361	9.9 million
Private and Other Grocers	1,006	13.3 million
Total	2,324	81.3 million

Greater Toronto Area ("GTA") [1]	Store Count	Approx. Square Footage (millions)
Publicly traded Grocers[2]	452	26.3 million
Sobeys Inc.	97	3.1 million
Private and Other Grocers	504	7.6 million
Total	956	33.9 million

The Company is focused on increasing its market share in urban markets through a two-pronged approach of introducing an industry leading grocery e-commerce platform to Canadians and rapidly growing the number of Farm Boy locations in Ontario.

- Empire's new online grocery delivery service is now available to customers in the GTA. *(see slide 12 for additional 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 5 new Farm Boy stores in Ontario. An additional 6 locations have been announced and over 25 stores are in different stages of development. There are currently 31 Farm Boy stores operating in Ontario.
  - Farm Boy Private Label is included in the *Voilà by Sobeys* offering launched in the GTA in June 2020.

This approach will allow the Company to 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.

Voilà
The future of online grocery shopping is here

With the launch of its new three-year strategy, Project Horizon, the Company is accelerating its plans to win Canadian grocery e-commerce.

- *Voilà by Sobeys* offers cutting-edge online grocery home delivery that is now available to customers in the GTA.
    - Voilà delivers from an automated warehouse (customer fulfillment centre, or “CFC”) where robots assemble orders and teammates safely deliver them direct to the customer’s home with minimal handling.
    - Offers grocery essentials from Sobeys, alongside customer favourites from Farm Boy and health and wellness products from *Well.ca*.
- Empire’s second CFC is under construction in Montreal. It is expected to deliver to customers in early 2022, delayed slightly due to the shutdown of non-essential construction in Quebec during the pandemic.
- The Company will accelerate the timing to build another two CFCs in Western Canada.
- At the end of the summer, Empire is planning to implement a Voilà store pick solution, powered by Ocado’s proven technology, in Nova Scotia before expanding to hundreds of stores across the country over the next few years.

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, including:

- Frequent cleaning and sanitization of warehouse and delivery vehicles;
- Hygiene standards for all teammates; and
- Equipping delivery vehicles with sanitizer and cleaning supplies.

For more information, please visit www.voila.ca.

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:

- Canadian online grocery penetration is expected to triple over the next few years, to approximately 5% of the market.
- GTA CFC is now complete and launched in June 2020.
- Montreal CFC is currently under construction, expected to begin delivering to customers in early 2022.

Ocado by the numbers*:

- 99% order accuracy
- 95% delivery punctuality
- 0.4% product waste
- > 325,000 orders a week (average)
- 795,000 active customers

Per Ocado Group's 2019 Annual Report

Voilà by Sobeys facility in Vaughan Ontario.

Visual of the robots on the grids.

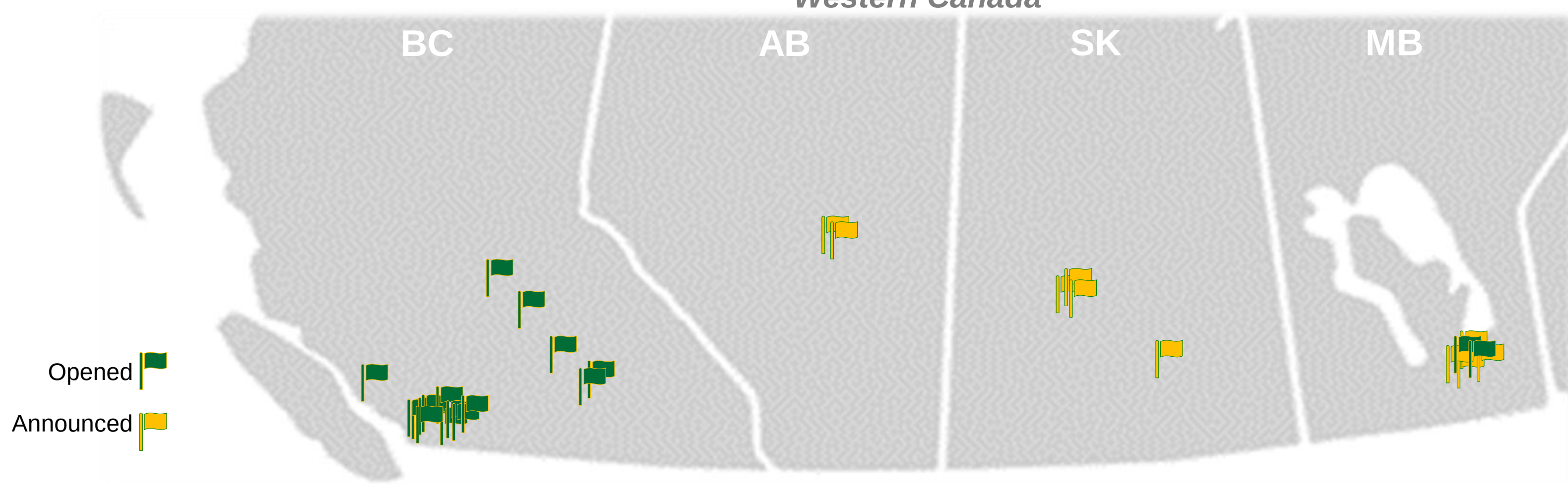
Voilà par IGA facility in currently under construction in the Montreal area.

FreshCo Progress

FreshCo Expansion to Western Canada

- Sobeys 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 continues to be on track to open approximately 65 locations within the initial five-year time frame.
- 28 FreshCo locations have been announced:
  - 18 stores are open and operating as at June 18, 2020:
    - 16 in British Columbia ("B.C.")
    - 2 in Manitoba
  - 10 additional stores are expected to open in fiscal 2021:
    - 4 in Saskatchewan
    - 4 in Manitoba
    - 2 in Alberta
- Over the next three years, the Company expects to convert approximately 30-35 conventional stores to FreshCo in Western Canada.
  - In Fiscal 2021, Empire will open approximately 10-15 FreshCo stores in Western Canada.

Western Canada



For a list of opened and announced FreshCo locations, please click here.

Capital Allocation

Capital Expenditure [(1)]

Fiscal 2020:

- Invested $575 million including renovations, construction of new stores, construction of an e-commerce fulfillment centre and construction of FreshCo locations in Western Canada.

Outlook:

- Capital spend is expected to average approximately $700 million annually over the next three years. In fiscal 2021 capital spend is expected to be $650 – $675 million.
  - Approximately half of this fiscal 2021 investment will be in renovations and new stores.
  - Total investment in Voilà for fiscal 2021, including its share of the investment in the Montreal CFC, is approximately $65 million.
- The Company will also invest approximately 15% of its estimated annual spend on advanced analytics technology and other systems.

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

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, allowing for the purchase for cancellation up to 5 million Class A shares.
- Increased F2021 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 three years.

Financial Results – Annual

	Fiscal			
	F2020	F2019	F2018	F2017
	52 weeks	52 weeks	52 weeks	52 weeks
	2-May-20[1]	4-May-19[1]	5-May-18	6-May-17
Sales	$26,588.2	$25,142.0	$24,214.6	$23,806.2
Same store sales growth, excluding fuel	*5.7%*	*2.7%*	*0.5%*	*(2.2)%*
Gross profit	$6,633.3	$6,083.6	$5,900.5	$5,707.2
Gross margin	*24.9%*	*24.2%*	*24.4%*	*24.0%*
Adjusted EBITDA	$1,892.4	$1,076.2	$1,014.7	$796.9
Adjusted EBITDA margin	*7.1%*	*4.3%*	*4.2%*	*3.3%*
Adjusted earnings per share	$2.20	$1.50	$1.27	$0.70
Free cash flow [2]	$1,130.8	$540.7	$808.9	$619.7
Capital expenditures	$574.8	$434.6	$288.0	$514.5
Dividends per share	$0.48	$0.44	$0.42	$0.41
Share price	$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] The Company revised the definition of free cash flow in Q4 F19 as cash flows from operating activities, plus proceeds on disposal of property, equipment and investment property, less acquisitions of property, equipment, investment property and intangibles. All amounts in the chart have been restated to reflect the new definition.

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

COVID-19 Update

The COVID-19 outbreak has resulted in restrictions by government authorities and the encouragement for Canadians to stay-at-home, leading to increased safety protocols in our 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.
- COVID-19 and related restrictions materially impacted the Company's operating results and financial performance in the fourth quarter of fiscal 2020.
  - Same-store sales growth excluding fuel in the fourth quarter was 18.0%, substantially driven by changing customer shopping patterns throughout the pandemic including a shift in consumption from restaurants and hospitality businesses to grocery stores.
  - Sales were significantly higher in all formats except fuel. Fuel sales for the quarter decreased by approximately 40%.
  - The Company introduced its "Hero Pay" program for frontline employees in stores and distribution centres. The Hero Pay program was extended several times and was completed on June 13, 2020. The Company also provided frontline and distribution centre employees with a one-time bonus, equal to two weeks of Hero Pay.
  - Investments in employees and communities, primarily Hero Pay, combined with additional safety and sanitization expenses, increased selling and administrative expenses by approximately $80 million.
- The Company's balance sheet continues to be strong with significant liquidity available. As of May 2, 2020, Empire had:
  - $1 billion in cash and cash equivalents.
  - Access to approximately $761 million in unutilized, aggregate credit facilities that do not expire until fiscal 2023.

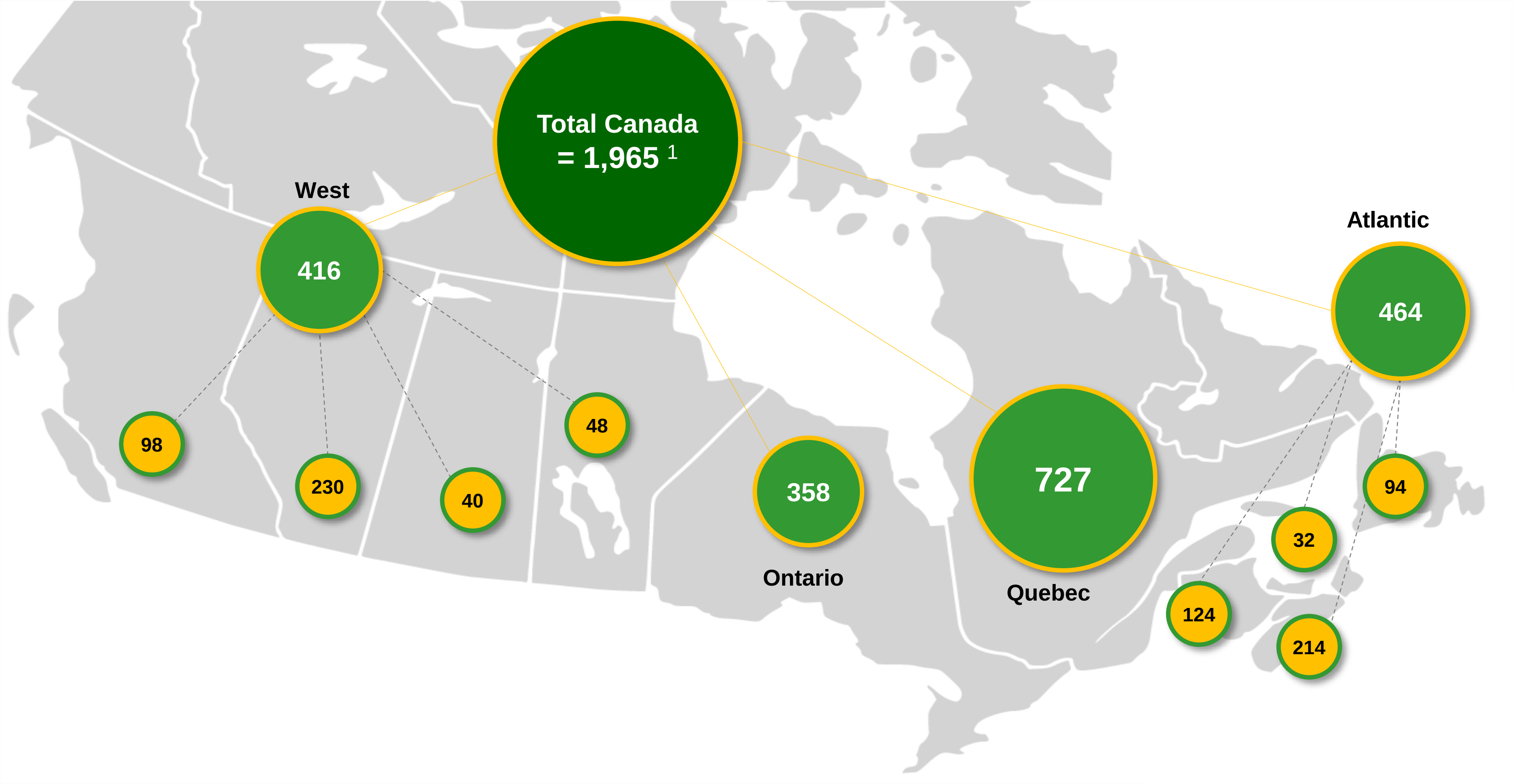
During the first six weeks of the first quarter of fiscal 2021, Empire's same-store sales growth, excluding fuel, ranged from 9% to 17%, averaging approximately 13%. Growth was slower towards the end of this six-week period.

The temporary Hero Pay program was extended several times and was completed on June 13, 2020. The Company also provided frontline and distribution centre employees with a one-time bonus, equal to two weeks of Hero Pay. **Empire estimates the investment in Hero Pay for the first part of the quarter combined with the cost of maintaining sanitization and safety measures will increase selling and administrative expenses by approximately $60 million in the first quarter of fiscal 2021.**

Appendices A – C

Appendix A
Geographic Profile

National scale and presence, operating over 1,900 stores in 10 provinces.



[1] *Please refer to Empire's Annual Information Form for the fiscal year ended May 2, 2020 for more information on Sobeys' Geographic and Banner Profile.*

Appendix B
Financial Results – 12 Quarter Review

	Fiscal 2020(2)(3)				Fiscal 2019				Fiscal 2018			
	Q4 F20 May 2 2020	Q3 F20 Feb. 1 2020	Q2 F20 Nov. 2 2019	Q1 F20 Aug. 3 2019	Q4 F19 May 4 2019	Q3 F19(4) Feb. 2 2019	Q2 F19 Nov. 3 2018	Q1 F19 Aug. 4 2018	Q4 F18 May 5, 2018	Q3 F18 Feb. 3, 2018	Q2 F18 Nov. 4, 2017	Q1 F18 Aug. 5, 2017
Sales	$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	$6,029.2	$6,026.1	$6,273.2
Same store sales, excluding fuel	*18.0%*	*0.8%*	*2.0%*	*2.4%*	*3.8%*	*3.3%*	*2.5%*	*1.3%*	*0.0%*	*1.1%*	*0.4%*	*0.5%*
Gross profit	$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	$1,444.7	$1,473.5	$1,531.0
Gross margin	*25.9%*	*24.4%*	*24.8%*	*24.6%*	*25.4%*	*24.2%*	*23.9%*	*23.4%*	*24.7%*	*24.0%*	*24.5%*	*24.4%*
Adjusted EBITDA	$527.8	$426.9	$477.7	$460.0	$300.1	$218.3	$279.1	$278.7	$240.4	$253.3	$242.2	$278.8
Adjusted EBITDA margin	*7.5%*	*6.7%*	*7.4%*	*6.8%*	*4.8%*	*3.5%*	*4.5%*	*4.3%*	*4.1%*	*4.2%*	*4.0%*	*4.4%*
Adjusted EBITDA margin (Pre-IFRS 16)	*5.5%*	*4.7%*	*5.4%*	*4.9%*	*4.8%*	*3.5%*	*4.5%*	*4.3%*	*4.1%*	*4.2%*	*4.0%*	*4.4%*
Adjusted EPS	$0.67	$0.46	$0.58	$0.49	$0.46	$0.27	$0.40	$0.37	$0.35	$0.33	$0.27	$0.32
Free cash flow (1)	$594.8	$283.1	$28.7	$224.2	$175.6	$179.2	$58.4	$127.5	$342.7	$248.4	$111.2	$106.6
Capital expenditures	$226.6	$149.1	$196.0	$91.4	$227.1	$86.5	$73.4	$47.6	$84.0	$70.9	$58.5	$74.6
Dividends per share	$0.12	$0.12	$0.12	$0.12	$0.11	$0.11	$0.11	$0.11	$0.105	$0.105	$0.105	$0.105
Share price	$31.01	$30.70	$34.42	$35.52	$29.94	$29.75	$23.43	$26.12	$25.01	$23.31	$23.73	$20.39

[1] Amounts for fiscal 2020 reflect the change in the free cash flow definition. See "Non-GAAP Financial Measures & Financial Metrics" section of Empire's News Release for the fourth quarter ended May 2, 2020.

[2] In Q1 F20, the Company expensed $21 million in closure and conversion costs. These costs relate to the announced conversion of ten Safeway locations to FreshCo stores and the conversion of two Company locations to Farm Boy stores that were announced in Q1 F20. Of the $21 million, $3.7 million was reversed in the Q2 F20.

[3] Certain financial metrics were impacted by the implementation of IFRS 16 in Q1 F20. See Appendix C for additional details.

[4] Q3 F19 results include $45 million in costs related to the B.C. labour buyouts and FreshCo conversion store closures which impacted selling and administrative costs. Of the $45 million, $6.1 million was reversed in Q2F20.

Appendix C
IFRS 16

EMPIRE COMPANY LIMITED
Sobeys inc.

IFRS 16

OVERVIEW

- IFRS 16 intends to align the presentation of leased assets more closely to owned assets.
- Impact of the standard has been reflected in the financial statements for the full fiscal 2020 year.
- This standard will not impact Empire's strategy, business operations, or cash flow generation.
- The adoption of IFRS 16 had a material impact on balance sheet classifications.

INCOME STATEMENT IMPACT

13 Weeks Ended					
($ in millions, except per share amounts)	**May. 2, 2020**	May. 4, 2019	Change	Impact of IFRS 16(1)	Change (excl. IFRS 16)
Operating income	**$324.3**	$194.2	$130.1	$47.9	$82.2
Adjusted operating income	**$328.9**	$200.3	$128.6	$47.9	$80.7
EBITDA	**$527.8**	$300.1	$227.7	$141.2	$86.5
Adjusted EBITDA	**$527.8**	$300.1	$227.7	$141.2	$86.5
EBITDA margin	**7.5%**	4.8%	2.7%	2.0%	0.7%
Adjusted EBITDA margin	**7.5%**	4.8%	2.7%	2.0%	0.7%
Finance costs, net	**$69.0**	$21.2	$47.8	$50.2	$(2.4)
Net earnings(2)	**$177.8**	$122.1	$55.7	$(1.6)	$57.3
Adjusted net earnings(2)	**$181.2**	$126.5	$54.7	$(3.2)	$57.9
Adjusted EPS (fully diluted) (2)	**$0.67**	$0.46	$0.21	$(0.01)	$0.22

52 Weeks Ended					
($ in millions, except per share amounts)	**May. 2, 2020**	May. 4, 2019	Change	Impact of IFRS 16(1)	Change (excl. IFRS 16)
Operating income	**$1,111.8**	$652.3	$459.5	$181.2	$278.3
Adjusted operating income	**$1,130.1**	$683.6	$446.5	$181.2	$265.3
EBITDA	**$1,892.4**	$1,069.5	$822.9	$531.0	$291.9
Adjusted EBITDA	**$1,892.4**	$1,076.2	$816.2	$531.0	$285.2
EBITDA margin	**7.1%**	4.3%	2.8%	2.0%	0.8%
Adjusted EBITDA margin	**7.1%**	4.3%	2.8%	2.0%	0.8%
Finance costs, net	**$279.1**	$91.6	$187.5	$189.9	$(2.4)
Net earnings(2)	**$583.5**	$387.3	$196.2	$(6.2)	$202.4
Adjusted net earnings(2)	**$596.8**	$410.0	$186.8	$(11.1)	$197.9
Adjusted EPS (fully diluted) (2)	**$2.20**	$1.50	$0.70	$(0.04)	$0.74

(1) Reflects the impact of changing accounting standards from IAS 17 to IFRS 16 in the first quarter of fiscal 2020.
(2) Attributable to owners of the Company.

BALANCE SHEET IMPACT

Adjustments to opening balances resulting from the initial adoption of IFRS 16:

As at May 2, 2019	($ in millions)
Asset increase (decrease):	
Prepaid expenses	$(43.4)
Current loans and other receivables	53.6
Non-current loans and other receivables	519.0
Other assets	(7.3)
Property and equipment	(22.3)
Right-of-use assets	3,800.7
Intangibles	(126.7)
Deferred tax assets	127.3
Total assets	**$4,300.9**
Liabilities and equity (increase) decrease:	
Current provisions	$7.4
Long-term debt due within one year	6.5
Lease liabilities due within one year	(424.4)
Long-term provisions	23.7
Long-term debt	22.6
Long-term lease liabilities	(4,569.6)
Other long-term liabilities	164.4
Deferred tax liabilities	36.5
Retained earnings	432.0
Total liabilities and equity	**$(4,300.9)**