EMPIRE
COMPANY LIMITED

FOR IMMEDIATE RELEASE
March 10, 2022

Continued Strength at Empire Delivers Strong Growth in Earnings and Free Cash Flow in Third Quarter Fiscal 2022

Third Quarter Summary:

- 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
- Project Horizon strategy on track
- Free cash flow of $551 million, an increase of 75% compared to last year

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the third quarter ended January 29, 2022. For the quarter, the Company recorded net earnings of $203.4 million ($0.77 per share) compared to $176.3 million ($0.66 per share) last year.

"Our team delivered another outstanding quarter, including the highest EPS in memory, with strong increases in sales, EBITDA margin and free cash flow," said Michael Medline, President & CEO, Empire. "When you look at these results against the backdrop of the extremely volatile economic and retail environment, the strength of our team shines through. We are on track to deliver our Project Horizon targets next year, but the benefits don't stop there. Material Project Horizon value will continue to be earned in fiscal 2024 and beyond."

PROJECT HORIZON

In the first quarter of fiscal 2021, the Company launched Project Horizon, a three-year strategy focused on core business expansion and the acceleration of e-commerce. The Company remains on track to achieve an incremental $500 million in annualized EBITDA and an improvement in EBITDA margin of 100 basis points by fiscal 2023 by growing market share and building on cost and margin discipline. 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.

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.

CONSOLIDATED OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended		$	39 Weeks Ended		$
	Jan. 29, 2022	Jan. 30, 2021	Change	**Jan. 29, 2022**	Jan. 30, 2021	Change
Sales	**$ 7,377.3**	$ 7,018.7	$ 358.6	**$ 22,321.6**	$ 21,348.3	$ 973.3
Gross profit(1)	**1,892.7**	1,803.9	88.8	**5,655.7**	5,403.6	252.1
Operating income	**354.8**	320.4	34.4	**1,030.1**	1,004.5	25.6
EBITDA(1)	**597.5**	533.5	64.0	**1,744.6**	1,629.4	115.2
Net earnings(2)	**203.4**	176.3	27.1	**567.3**	529.6	37.7
Diluted earnings per share						
EPS(2)(3)	**$ 0.77**	$ 0.66	$ 0.11	**$ 2.13**	$ 1.96	$ 0.17
Diluted weighted average number of shares outstanding (in millions)	**264.9**	269.1		**266.6**	269.7	
Dividend per share	**$ 0.15**	$ 0.13		**$ 0.45**	$ 0.39	

	13 Weeks Ended		39 Weeks Ended	
	Jan. 29, 2022	Jan. 30, 2021	**Jan. 29, 2022**	Jan. 30, 2021
Gross margin(1)	**25.7%**	25.7%	**25.3%**	25.3%
EBITDA margin(1)	**8.1%**	7.6%	**7.8%**	7.6%
Same-store sales(1) growth	**0.2%**	8.9%	**0.0%**	8.2%
Same-store sales (decline) growth, excluding fuel	**(1.7)%**	10.7%	**(1.8)%**	10.1%
Effective income tax rate	**26.0%**	26.4%	**25.6%**	27.6%

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(2) Attributable to owners of the Company.
(3) Earnings per share ("EPS").

Outlook

The Company and the industry continue to be affected by the novel coronavirus ("COVID-19" or "pandemic"). During the third quarter, certain COVID-19 restrictions by government agencies were reinstated due to the highly contagious and vaccine resistant Omicron variant. Given the unpredictability of COVID-19 and related variants, the Company does not expect grocery consumer behaviour to fully return to pre-pandemic levels for the foreseeable future.

During the third quarter, the cost of maintaining safety and sanitization measures was approximately $5.0 million (2021 – $19 million). For the remainder of fiscal 2022, it is expected the Company will continue to incur selling and administrative expenses related to maintaining safety and sanitization measures, and other COVID-19 related costs, consistent with the third quarter.

The Company continues to monitor the impact of new COVID-19 variants and invest in safety and sanitization procedures to ensure customers and employees are protected while shopping and working in stores. The Company expects that same-store sales will continue to be negative for the remainder of fiscal 2022 as industry volumes decrease compared to the unusually high COVID-19 driven sales levels in fiscal 2021. Margins will continue to benefit from Project Horizon initiatives, other operating improvements and the addition of Longo's. These benefits could be partially offset by the effect of sales mix changes between banners and the impact of increasing fuel sales.

The industry is experiencing supply chain challenges primarily related to labour shortages caused by COVID-19. Although it is difficult to estimate the duration of these challenges, management remains focused on, where necessary, utilizing alternative sourcing options and does not expect significant adverse impacts to its supply chain.

The industry is experiencing cost inflationary pressures, particularly related to cost of goods sold. Although it is difficult to estimate how long these pressures will last, the Company is focused on supplier relationships and negotiations to ensure competitive pricing for consumers.

The Company expects continued improvements in the results of Voilà's Toronto based e-commerce site as volumes increase and efficiencies improve. At the same time, Voilà will also incur additional costs as the Montreal facility begins operations and the Calgary and Vancouver facilities are commissioned. The combination of improving results in Toronto, increasing costs in Montreal, Calgary and Vancouver, and additional store pick e-commerce locations is expected to reduce Empire's fiscal 2022 net earnings by approximately $0.25 to $0.30 per share (fiscal 2021 – $0.18). Future earnings will be impacted primarily by the rate of sales growth. The Company expects that fiscal 2022 will represent the highest net earnings dilution for the Voilà program as the Toronto site is expected to begin to reflect positive EBITDA towards the end of its third year of operations.

Management continues to expect the Company will achieve its three-year Project Horizon strategy targets. The Company expects that due to significant positive impacts on sales related to COVID-19 in fiscal 2021, same-store sales growth rates in fiscal 2022 are expected to be negative. Management believes that net earnings for fiscal 2022 will be higher than the prior year.

Sales

Sales for the quarter ended January 29, 2022 increased by 5.1% primarily as a result of the acquisition of Longo's, higher fuel sales, increased food inflation and benefits from Project Horizon initiatives, including the expansion of FreshCo in Western Canada and Farm Boy in Ontario. The increase is partially offset by changes in consumer buying behaviours related to varying COVID-19 measures.

Gross Profit

Gross profit for the quarter ended January 29, 2022 increased by 4.9% primarily as a result of the inclusion of Longo's and benefits from Project Horizon initiatives, including the expansion of Farm Boy and Voilà in Ontario and FreshCo in Western Canada. The increase is partially offset by reduced sales volume as a result of changes in consumer buying behaviour impacted by varying COVID-19 restrictions year over year.

Gross margin for the quarter of 25.7% remained consistent with the prior year. Gross margin was positively impacted by the inclusion of Longo's and benefits from Project Horizon initiatives, partially offset by the effect of higher fuel sales and sales mix changes between non-fuel banners. Excluding the effect of fuel mix, gross margin was 41 basis points higher than prior year.

Operating Income

Operating income from the Investments and other operations segment for the quarter ended January 29, 2022 increased primarily as a result of improved equity earnings from Crombie Real Estate Investment Trust ("Crombie REIT"), as discussed in the "Investments and Other Operations" section.

For the quarter ended January 29, 2022, operating income from the Food retailing segment increased mainly due to improved earnings as a result of higher sales and gross profit, partially offset by higher selling and administrative expenses. Selling and administrative expenses increased primarily as a result of the inclusion of Longo's, investment in Project Horizon initiatives, including the expansion of Farm Boy in Ontario, FreshCo in Western Canada and Voilà nationally, and increased right-of-use asset depreciation. The increase was partially offset by lower COVID-19 costs.

EBITDA

For the quarter ended January 29, 2022, EBITDA increased to $597.5 million from $533.5 million in the prior year mainly as a result of the same factors affecting operating income. EBITDA margin increased versus prior year to 8.1% from 7.6%.

Income Taxes

The effective income tax rate for the quarter ended January 29, 2022 was 26.0% compared to 26.4% in the same quarter last year. The effective tax rate for the quarter was lower than the statutory rate primarily due to consolidated structured entities and capital gains, both of which are taxed at lower rates, partially offset by adjustments for book and tax differences. The prior year effective tax rate was in line with the statutory rate.

Net Earnings

($ in millions, except per share amounts)	13 Weeks Ended Jan. 29, 2022	13 Weeks Ended Jan. 30, 2021	39 Weeks Ended Jan. 29, 2022	39 Weeks Ended Jan. 30, 2021
Net earnings[1]	**$ 203.4**	$ 176.3	**$ 567.3**	$ 529.6
EPS (fully diluted)	**$ 0.77**	$ 0.66	**$ 2.13**	$ 1.96
Diluted weighted average number of shares outstanding (in millions)	**264.9**	269.1	**266.6**	269.7

(1) Attributable to owners of the Company.

Capital Expenditures

The Company invested $159.5 million in capital expenditures[1] for the quarter ended January 29, 2022 (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.

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

Free Cash Flow

($ in millions)	13 Weeks Ended Jan. 29, 2022	13 Weeks Ended Jan. 30, 2021	39 Weeks Ended Jan. 29, 2022	39 Weeks Ended Jan. 30, 2021
Cash flows from operating activities	**$ 753.9**	$ 579.1	**$ 1,637.6**	$ 1,297.3
Add: proceeds on disposal of assets[1] and lease terminations	**135.3**	24.0	**150.1**	64.0
Less: payments of lease liabilities, net of payments received for finance subleases	**(156.9)**	(143.7)	**(416.8)**	(376.8)
Less: acquisitions of property, equipment, investment property and intangibles	**(180.8)**	(143.7)	**(574.4)**	(448.5)
Free cash flow[2]	**$ 551.5**	$ 315.7	**$ 796.5**	$ 536.0

(1) Proceeds on disposal of assets include property, equipment and investment property.
(2) See “Non-GAAP Financial Measures & Financial Metrics” section of this News Release.

Free cash flow for the quarter increased versus prior year primarily as a result of higher operating activities driven by favourable working capital changes, income tax recoveries, higher net earnings, and an increase in proceeds on disposal of assets and lease terminations. The increase is partially offset by higher capital investments.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended Jan. 29, 2022	13 Weeks Ended Jan. 30, 2021	$ Change	39 Weeks Ended Jan. 29, 2022	39 Weeks Ended Jan. 30, 2021	$ Change
Sales	**$ 7,377.3**	$ 7,018.7	$ 358.6	**$ 22,321.6**	$ 21,348.3	$ 973.3
Gross profit	**1,892.7**	1,803.9	88.8	**5,655.7**	5,403.6	252.1
Operating income	**313.1**	300.4	12.7	**955.8**	971.5	(15.7)
EBITDA	**555.7**	512.8	42.9	**1,669.9**	1,595.6	74.3
Net earnings(1)	**173.7**	163.5	10.2	**512.7**	515.6	(2.9)

(1) Attributable to owners of the Company.

Investments and Other Operations

($ in millions)	13 Weeks Ended Jan. 29, 2022	13 Weeks Ended Jan. 30, 2021	$ Change	39 Weeks Ended Jan. 29, 2022	39 Weeks Ended Jan. 30, 2021	$ Change
Crombie REIT	**$ 32.7**	$ 9.1	$ 23.6	**$ 50.3**	$ 20.9	$ 29.4
Genstar	**10.7**	11.7	(1.0)	**29.1**	16.9	12.2
Other operations, net of corporate expenses	**(1.7)**	(0.8)	(0.9)	**(5.1)**	(4.8)	(0.3)
	$ 41.7	$ 20.0	$ 21.7	**$ 74.3**	$ 33.0	$ 41.3

For the quarter ended January 29, 2022, income from Investments and other operations increased primarily due to higher equity earnings in the quarter from Crombie REIT. This includes the Company's portion of Crombie REIT's gain on the sale of properties of $17.7 million (2021 – $1.7 million) and gain from investments of $6.4 million (2021 – $ nil).

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)	Jan. 29, 2022	May 1, 2021	Jan. 30, 2021
Shareholders' equity, net of non-controlling interest	**$ 4,789.9**	$ 4,372.7	$ 4,280.7
Book value per common share(1)	**$ 18.14**	$ 16.30	$ 15.97
Long-term debt, including current portion	**$ 1,144.1**	$ 1,225.3	$ 1,171.3
Long-term lease liabilities, including current portion	**$ 6,349.5**	$ 5,908.1	$ 5,889.0
Net funded debt to net total capital(1)	**58.0%**	58.8%	59.5%
Funded debt to EBITDA(1)(2)	**3.3x**	3.3x	3.3x
EBITDA to interest expense(1)(3)	**8.6x**	8.0x	7.9x
Trailing four-quarter EBITDA	**$ 2,259.0**	$ 2,143.8	$ 2,157.2
Trailing four-quarter interest expense	**$ 263.3**	$ 268.8	$ 273.2
Current assets to current liabilities	**0.9x**	0.9x	0.9x
Total assets	**$ 16,433.8**	$ 15,173.9	$ 14,962.4
Total non-current financial liabilities	**$ 7,831.1**	$ 7,187.7	$ 7,169.9

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(2) Calculation uses trailing four-quarter EBITDA.
(3) Calculation uses trailing four-quarter EBITDA and interest expense.

Subsequent to the quarter ended January 29, 2022, on February 10, 2022, Dominion Bond Rating Service ("DBRS") confirmed Sobeys Inc's ("Sobeys") credit rating at BBB (low) and changed the trend from stable to positive. Standard & Poor's ("S&P") remained unchanged from the prior quarter. The following table shows Sobeys' credit ratings as at March 9, 2022:

Rating Agency	Credit Rating (Issuer rating)	Trend/Outlook
DBRS	BBB (low)	Positive
S&P	BBB-	Stable

DIVIDEND DECLARATION

The Board of Directors declared a quarterly dividend of $0.15 per share on both the Non-Voting Class A shares ("Class A Shares") and the Class B common shares that will be payable on April 29, 2022 to shareholders of record on April 14, 2022. These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation.

NORMAL COURSE ISSUER BID ("NCIB")

On June 18, 2020, the Company filed a notice of intent with the Toronto Stock Exchange ("TSX") to purchase for cancellation up to 5,000,000 Class A shares representing approximately 3.0% of Class A shares outstanding. The NCIB was amended on April 19, 2021 to purchase up to 8,548,551 Class A shares representing approximately 5.0% of the Class A shares outstanding and expired on July 1, 2021. As of July 1, 2021, under this filing, the Company purchased 6,063,806 Class A shares at a weighted average price of $38.00 for a total consideration of $230.4 million.

On June 22, 2021, the Company renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 8,468,408 Class A shares representing 5.0% of the 169,368,174 Class A shares outstanding as of June 18, 2021. The purchases will be made through the facilities of the TSX and/or any alternative trading systems to the extent they are eligible. The price that Empire will pay for any such shares will be the market price at the time of acquisition. The Company believes that repurchasing shares at the prevailing market prices from time to time is a worthwhile use of funds and is in the best interests of Empire and its shareholders. The NCIB expires on July 1, 2022.

Shares purchased under the Company's NCIB for the quarter and year-to-date ended January 29, 2022 are shown in the table below:

	13 Weeks Ended		39 Weeks Ended	
($ in millions, except per share amounts)	**Jan. 29, 2022**	Jan. 30, 2021	**Jan. 29, 2022**	Jan. 30, 2021
Number of shares	**2,115,534**	1,989,317	**5,965,883**	2,044,817
Weighted average price per share	**$ 37.91**	$ 35.64	**$ 38.98**	$ 35.69
Cash consideration paid	**$ 80.1**	$ 70.9	**$ 232.4**	$ 73.0

Including purchases made subsequent to the end of the quarter, as at March 8, 2022, the Company has purchased 6,378,983 Class A shares (March 8, 2021 – 2,777,760) at a weighted average price of $39.00 (March 8, 2021 – $36.00) for a total consideration of $248.8 million (March 8, 2021 – $100.0 million).

COMPANY STRATEGY

In the first quarter of fiscal 2021, the Company launched Project Horizon, a three-year strategy focused on core business expansion and the acceleration of e-commerce. The Company remains on track to achieve an incremental $500 million in annualized EBITDA and an improvement in EBITDA margin of 100 basis points by fiscal 2023 by growing market share and building on cost and margin discipline. 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 detail on Project Horizon, please refer to Empire's Management's Discussion and Analysis ("MD&A") for the third quarter ended January 29, 2022.

BUSINESS UPDATES

Farm Boy

The acquisition of Farm Boy on December 10, 2018 added 26 locations to the Company's Ontario store network with plans to double the store count in five years from the acquisition date, mainly in the Greater Toronto Area ("GTA"). The Company opened two locations during the third quarter of fiscal 2022 (one new and one converted site) and opened one new location subsequent to the end of the quarter. Farm Boy is on track to expand its footprint by seven net new stores in fiscal 2022. As at March 9, 2022, Farm Boy has 43 stores open.

FreshCo

In fiscal 2018, the Company announced plans to expand its FreshCo discount format to Western Canada with expectations of converting up to 25% of the 255 Safeway and Sobeys full-service format stores in Western Canada to the FreshCo banner.

The Company opened seven FreshCo locations in Alberta during the third quarter of fiscal 2022 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 open in Western Canada 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:

- 38 stores are currently open and operating in the following provinces:
  - 16 in British Columbia ("B.C.")
  - 10 in Alberta
  - 6 in Manitoba
  - 5 in Saskatchewan
  - 1 in Northern Ontario
- 2 stores are expected to open in Alberta in the remainder of fiscal 2022
- 2 stores have been announced and are expected to open in Alberta in fiscal 2023

Store Closure and Conversion Costs

During the third quarter ended January 29, 2022, the Company expensed $5.6 million (2021 – $16.4 million) in store closure and conversion costs related to Farm Boy and FreshCo conversions.

During the third quarter ended January 29, 2022, the Company engaged in lease termination transactions which resulted in $11.1 million of other income (2021 – $ nil).

Voilà

On June 22, 2020, the Company introduced the future of online grocery home delivery to GTA customers through the Company's newest e-commerce platform, Voilà. Voilà is powered by Ocado Group plc's ("Ocado") industry-leading technology and fills orders through its automated Customer Fulfilment Centres ("CFC"). Robots assemble orders efficiently and safely, resulting in minimal product handling, while Voilà teammates deliver orders directly to 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.

The Company intends to operate four CFCs across Canada. The Vaughan CFC 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. The platform is exceeding all internal operational metrics, with strong on-time delivery, fulfilment, and customer satisfaction and retention results. On March 7, 2022, the Company completed its employee testing stage for its second CFC in Montreal and began a phased transition of customers starting with smaller communities in Quebec to Voilà par IGA from IGA.net. The third CFC 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 the fourth CFC will be located in the Greater Vancouver Area and will service customers in B.C. starting in 2025.

In March 2021, the Company opened its first spoke location in Etobicoke, Ontario. Spokes are cross dock facilities that improve efficiencies at CFCs. 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.

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 and 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.

Voilà had a $0.07 and $0.20 dilutive impact on Empire's earnings per share in the third quarter and year-to-date, respectively (2021 – $0.04 and $0.14).

In Canada, online grocery sales have continued to grow compared to the prior year, although at a slower pace than when COVID-19 began. In the third quarter of fiscal 2022, the Company's four e-commerce platforms experienced combined sales growth of 17% versus prior year. The increase was primarily driven by the acquisition of Grocery Gateway and continued growth of Voilà, partially offset by declines in IGA.net and Thrifty's due to increased volume levels in the prior year during COVID-19 related lockdowns.

Other Business Update

Subsequent to the end of the quarter, teammates at a distribution centre in Quebec went on strike after negotiations between the union and the Company were unsuccessful in arriving at a new collective bargaining agreement. There are strong contingency plans in place to ensure Quebec stores have continuity of supply for customers. The Company is working towards a solution that is market competitive.

SUBSEQUENT EVENT

Subsequent to the quarter ended January 29, 2022, on January 31, 2022, Crombie REIT announced it had closed a bought-deal public offering of units at a price of $17.45 per unit for aggregate proceeds of $200.0 million. Concurrent with the public offering, a wholly-owned subsidiary of the Company purchased, on a private placement basis, $83.0 million of Class B LP units to maintain a 41.5% ownership interest in Crombie REIT.

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 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 of the duration and further impact of COVID-19 on the business, supply chain, and consumer behaviour, including that for the remainder of fiscal 2022 it will incur selling and administrative expenses to respond to COVID-19 consistent with the third quarter, which may be impacted by the emergence of additional COVID-19 variants, future shutdowns or eased public health restrictions due to COVID-19 and safety precautions and transitions required;
- The Company's expectation that labour shortages will not have further significant impact on supply chain challenges in the fourth quarter, which may be impacted by the duration of the circumstances;
- The Company's expectation of the impacts of cost inflationary pressures, which may be impacted by supplier relationships and negotiations and the general economic environment;
- The Company's expectations that fiscal 2023 will achieve growth of same-store sales, which may be impacted by the effects of COVID-19, including changes in consumer buying behaviour;
- The Company's expectations that fiscal 2022 net earnings will be higher than prior year, which may be impacted by the effects of COVID-19, including changes in consumer buying 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.

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 2021 annual MD&A. For additional disclosure on the geopolitical risk related to the situation in Ukraine, please refer to the "Risk Management" section of Empire's MD&A for the quarter ended January 29, 2022.

Although the Company believes the predictions, forecasts, expectations or conclusions reflected in the forward-looking information are reasonable, it can provide no assurance that such matters will prove correct. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. The forward-looking information in this document reflects the Company's current expectations and is subject to change. The Company does not undertake to update any forward-looking statements that may be made by or on behalf of the Company other than as required by applicable securities laws.

NON-GAAP FINANCIAL MEASURES & FINANCIAL METRICS

There are measures and metrics included in this news release 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.

Empire's definition of the non-GAAP terms are as follows:

- Same-store sales are sales from stores in the same location in both reporting periods.
- Gross profit is calculated as sales less cost of sales.
- Gross margin is gross profit divided by sales.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net earnings before finance costs (net of finance income), income tax expense, depreciation and amortization of intangibles.
- EBITDA margin is EBITDA divided by sales.
- Free cash flow is calculated 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.
- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.
- Funded debt is all interest-bearing debt, which includes bank loans, bankers' acceptances, long-term debt and long-term lease liabilities.
- Net funded debt is calculated as funded debt less cash and cash equivalents.
- Net total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest, less cash and cash equivalents.
- Net funded debt to net total capital ratio is net funded debt divided by net total capital.
- Funded debt to EBITDA ratio is funded debt divided by trailing four-quarter EBITDA.
- Interest expense is calculated as interest expense on financial liabilities measured at amortized cost and interest expense on lease liabilities.
- EBITDA to interest expense ratio is trailing four-quarter EBITDA divided by trailing four-quarter interest expense.

For a more complete description of Empire's non-GAAP measures and metrics, please see Empire's MD&A for the third quarter ended January 29, 2022.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, March 10, 2022 beginning at 2:00 p.m. (Eastern Standard Time) during which senior management will discuss the Company's financial results for the third quarter of fiscal 2022. To join this conference call, dial (888) 390-0546 outside the Toronto area or (416) 764-8688 from within the Toronto area. To secure a line, please call 10 minutes prior to the conference call; you will be placed on hold until the conference call begins. The media and investing public may access this conference call via a listen mode only. You may also listen to a live audiocast of the conference call by visiting the "Quick Links" section of the Company's website located at www.empireco.ca.

Replay will be available by dialing (888) 390-0541 and entering access code 407333 until midnight March 24, 2022, or on the Company's website for 90 days following the conference call.

ABOUT EMPIRE

Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses are food retailing, through wholly-owned subsidiary Sobeys Inc., and related real estate. With approximately $29.2 billion in annual sales and $16.4 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 134,000 people.

Additional financial information relating to Empire, including the Company's Annual Information Form, can be found on the Company's website at www.empireco.ca or on SEDAR at www.sedar.com.

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