

Our Values

EMPIRE
COMPANY LIMITED

Quarterly Report

For the Third Quarter and Year-to-Date ended January 29, 2022



QUARTERLY REPORT TO SHAREHOLDERS

Empire Company Limited (“Empire” or the “Company”) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire’s key businesses are food retailing 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.

The Company operates and reports on two business segments: (i) Food retailing and (ii) Investments and other operations. Empire’s food retailing segment is carried out through its wholly-owned subsidiary, Sobeys Inc. (“Sobeys”), which as of January 29, 2022, owns, affiliates or franchises more than 1,500 stores in all 10 provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy, Longo’s and Lawtons Drugs, and operates grocery e-commerce under banners Voilà by Sobeys, Grocery Gateway, IGA.net and ThriftyFoods.com, and more than 350 retail fuel locations. Investments and other operations segment, which as of January 29, 2022, included: (i) a 41.5% equity accounted interest in Crombie Real Estate Investment Trust (“Crombie REIT”), an Ontario registered, unincorporated, open-ended real estate investment trust. Crombie REIT is one of the country’s leading national retail property landlords with a strategy to own, operate and develop a portfolio of high quality grocery and drug store anchored shopping centres, freestanding stores and mixed use developments primarily in Canada’s top urban and suburban markets; and ii) various equity accounted interests in real estate partnerships (collectively referred to as “Genstar”). Genstar is a residential property developer with operations in select markets in Ontario, Western Canada and the United States.

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Copies of this report are available on the Company’s website (www.empireco.ca) or by contacting Investor Relations at (902) 752-8371. A copy has also been filed on SEDAR.

The Company provided additional details concerning its third quarter results in a conference call held on Thursday, March 10, 2022. Replay of the call is available on the Company’s website (www.empireco.ca).

Forward-Looking Statements

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.

For additional information and a caution on the use of forward-looking information, see the section in the Management’s Discussion and Analysis (“MD&A”) entitled “Forward-Looking Information”.

LETTER TO SHAREHOLDERS

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

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.

The Board of Directors declared a quarterly dividend of \$0.15 per share on both the Non-Voting 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.

Our team delivered another outstanding quarter, including the highest EPS in memory, with strong increases in sales, EBITDA margin and free cash flow. 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.

Sincerely,

(Signed) “*Michael Medline*”

Michael Medline
President and Chief Executive Officer
March 10, 2022

Empire Company Limited

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Affiliated Company Web Address

www.sobeyscorporate.com

Investor Relations and Inquiries

Shareholders, analysts and investors should direct their financial inquiries or requests to:

E-mail: investor.relations@empireco.ca

Communication regarding investor records including changes of address or ownership, lost certificates or tax forms, should be directed to the Company's transfer agent and registrar, TSX Trust Company.

Transfer Agent

TSX Trust Company
Investor Correspondence
P.O. Box 700, Station B
Montreal, Québec
H3B 3K3
Telephone: 1-800-387-0825
E-mail: shareholderinquiries@tmx.com

Multiple Mailings

If you have more than one account, you may receive a separate mailing for each. If this occurs, please contact TSX Trust Company at 1-800-387-0825 to eliminate the multiple mailings.

Dividend Record and Payment Dates for Fiscal 2022

Record Date	Payment Date
July 15, 2021	July 30, 2021
October 15, 2021	October 29, 2021
January 14, 2022	January 28, 2022
April 14, 2022	April 29, 2022

Outstanding Shares**As at March 8, 2022**

Non-Voting Class A shares	164,404,047
Class B common shares, voting	98,138,079

Stock Exchange Listing

The Toronto Stock Exchange

Stock Symbol

Non-Voting Class A shares – EMP.A

Solicitors

Stewart McKelvey
Halifax, Nova Scotia

Auditor

PricewaterhouseCoopers, LLP
Halifax, Nova Scotia

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