EMPIRE
COMPANY LIMITED

FOR IMMEDIATE RELEASE
June 22, 2022

Empire Reports Fourth Quarter and Fiscal 2022 Results

- Earnings per share of $0.68 compared to $0.64 last year
- Same-store sales excluding fuel decreased by 2.5% compared to COVID-elevated sales levels last year
- Excluding fuel, gross margin increased by 17 basis points
- Project Horizon growth plan on track; second year successfully completed
- Announced new loyalty strategy; *Scene+* rollout to begin in Atlantic Canada in August 2022
- Annual dividend per share increased 10%
- Repurchased 6.4 million shares ($249 million) in fiscal 2022, an increase of 55% over fiscal 2021
- Intention to repurchase $350 million of shares in fiscal 2023
- Capital investment program for fiscal 2023 expected to be approximately $800 million

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the fourth quarter and full year ended May 7, 2022. For the quarter, the Company recorded net earnings of $178.5 million ($0.68 per share) compared to $171.9 million ($0.64 per share) last year.

"Despite another quarter with a multitude of external pressures, particularly inflation rates we haven't seen in decades, our teams have been busy executing with excellence," said Michael Medline, President and CEO, Empire. "At the same time, we have been busy preparing for fiscal 2023 and beyond, including unveiling our exciting new loyalty program. Improving our loyalty position is one of the final building blocks of the transformation journey we embarked on more than five years ago. Considering the inflationary period we are in, we will soon be giving our customers the opportunity to earn and redeem points for groceries through the *Scene+* program which is even more relevant. Offering our customers great value is a priority for us. We're thrilled to have reached this significant milestone and cannot wait to introduce this game-changing loyalty solution to our customers in the near future."

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 expects to generate a compound average growth rate in earnings per share of at least 15% over Project Horizon's three-year timeframe.

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.

In fiscal 2022, earnings continued to be positively impacted by Project Horizon's strategic initiatives, including promotional optimization and data analytics, the continued expansion and renovation of the store network, and strategic sourcing efficiencies. Benefits in fiscal 2021 and fiscal 2022 were partially offset by the planned investment in the Company's e-commerce network.

These initiatives will continue to deliver benefits in fiscal 2023, and additional benefits are expected from strategic initiatives launched more recently as part of Project Horizon, including the Company's new loyalty program, *Scene+*, which will be rolled out gradually. Project Horizon initiatives focused on loyalty, store optimization and customer experience will primarily benefit fiscal 2024 and beyond.

Dividend Declaration

The Company declared a quarterly dividend of $0.165 per share on both the Non-Voting Class A shares (“Class A shares”) and the Class B common shares that will be payable on July 29, 2022 to shareholders of record on July 15, 2022, an increase in the annualized dividend rate of 10%. 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 21, 2022, the Company renewed its NCIB by filing a notice of intention with the Toronto Stock Exchange (“TSX”) to purchase for cancellation up to 10,500,000 Class A shares representing 7.0% of the public float of 150,258,764 Class A shares outstanding as of June 17, 2022, subject to regulatory approval. As of June 17, 2022, there were 163,759,805 Class A shares issued and outstanding.

The Company intends to repurchase $350.0 million of Class A shares in fiscal 2023. The purchases will be made through the facilities of the TSX and/or any alternative Canadian 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 in the best interests of Empire and its shareholders. Purchases may commence on July 2, 2022 and shall terminate not later than July 1, 2023.

Based on average daily trading volume (“ADTV”) of 382,234 over the last six months, daily purchases will be limited to 95,558 Class A shares (25% of the ADTV of the Class A shares), other than block purchase exemptions.

The Company has also renewed its automatic share purchase plan with its designated broker allowing the purchase of Class A shares for cancellation under its NCIB during trading black-out periods, subject to regulatory approval.

Under the Company’s current NCIB, that commenced on July 2, 2021 and expires on July 1, 2022, the Company received approval from the TSX to purchase up to 8,468,408 Class A shares representing approximately 5.0% of the Class A shares outstanding as of June 18, 2021. As of June 17, 2022 the Company has purchased 5,309,037 (June 21, 2021 – 5,272,860) shares through the facilities of the TSX at a weighted average price of $39.09 (June 21, 2021 – $37.83) for a total consideration of $207.5 million (June 21, 2021 – $199.5 million).

Shares purchased for the quarter and fiscal year ended May 7, 2022 are shown in the table below:

($ in millions, except per share amounts)	**14 Weeks Ended May 7, 2022**	13 Weeks Ended May 1, 2021	**53 Weeks Ended May 7, 2022**	52 Weeks Ended May 1, 2021
Number of shares	**413,100**	2,079,443	**6,378,983**	4,124,260
Weighted average price per share	**$ 39.83**	$ 38.77	**$ 39.02**	$ 37.24
Cash consideration paid	**$ 16.5**	$ 80.6	**$ 248.9**	$ 153.6

CONSOLIDATED OPERATING RESULTS

The Company's fiscal year ends on the first Saturday in May. As a result, the fourth quarter and fiscal year are usually 13 weeks and 52 weeks, respectively, but include results for an additional week every five to six years. The quarters ended May 7, 2022 and May 1, 2021 were 14 and 13 weeks, respectively. The years ended May 7, 2022 and May 1, 2021 were 53 and 52 weeks, respectively.

($ in millions, except per share amounts)	**14 Weeks Ended May 7, 2022**	13 Weeks Ended May 1, 2021	$ Change	**53 Weeks Ended May 7, 2022**	52 Weeks Ended May 1, 2021	$ Change
Sales	**$ 7,840.8**	$ 6,920.0	$ 920.8	**$ 30,162.4**	$ 28,268.3	$ 1,894.1
Gross profit(1)	**2,004.0**	1,795.7	208.3	**7,659.7**	7,199.3	460.4
Operating income	**333.6**	295.0	38.6	**1,363.7**	1,299.5	64.2
EBITDA(1)	**586.2**	514.4	71.8	**2,330.8**	2,143.8	187.0
Net earnings(2)	**178.5**	171.9	6.6	**745.8**	701.5	44.3
Diluted earnings per share						
EPS(2)(3)	**$ 0.68**	$ 0.64	$ 0.04	**$ 2.80**	$ 2.60	$ 0.20
Diluted weighted average number of shares outstanding (in millions)	**264.0**	267.6		**266.2**	269.3	
Dividend per share	**$ 0.15**	$ 0.13		**$ 0.60**	$ 0.52	

	14 Weeks Ended May 7, 2022	13 Weeks Ended May 1, 2021	**53 Weeks Ended May 7, 2022**	52 Weeks Ended May 1, 2021
Gross margin(1)	**25.6%**	25.9%	**25.4%**	25.5%
EBITDA margin(1)	**7.5%**	7.4%	**7.7%**	7.6%
Same-store sales(1) (decline) growth	**(0.1)%**	(4.5)%	**0.0%**	4.7%
Same-store sales (decline) growth, excluding fuel	**(2.5)%**	(6.1)%	**(2.1)%**	5.6%
Effective income tax rate	**23.1%**	19.7%	**25.0%**	25.8%

(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

During the fourth quarter of fiscal 2022, the majority of the novel coronavirus ("COVID-19" or "pandemic") restrictions by government agencies were lifted. The Company and industry continues to be affected by COVID-19 as well as additional impacts such as higher than normal inflationary pressures and labour shortages. Given the unpredictability of COVID-19, the Company expects consumer behaviour in fiscal 2023, related to the pandemic, to remain broadly consistent with those experienced through the second half of fiscal 2022.

During the fourth quarter of fiscal 2022, the cost of maintaining safety and sanitization measures was approximately $6.0 million (2021 – $19.0 million) and are included in selling and administrative expenses. These costs have become a normal part of operating the business and will no longer be separately disclosed.

The industry continues to experience cost inflationary pressures, particularly related to cost of goods sold, including fuel. 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 industry continues to experience supply chain challenges primarily related to labour shortages. Although it is difficult to estimate the duration of these challenges, management, where necessary remains focused on utilizing alternative sourcing options and does not expect significant adverse impacts to its supply chain.

The Company expects same-store sales will grow in fiscal 2023. Margins will continue to benefit from Project Horizon initiatives and other operating improvements. These benefits could be partially offset by the effect of sales mix changes between banners and the impact of increasing fuel sales.

The Company expects continued improvements in the results of Voilà's Vaughan based e-commerce site as volumes increase and efficiencies improve. At the same time, Voilà will also incur additional costs as the Montreal facility continues to ramp up operations and the Calgary and Vancouver facilities are commissioned. Future earnings will be primarily impacted by the rate of sales growth. The Company expects fiscal 2023 net earnings dilution for the Voilà program to marginally improve over fiscal 2022 as the Vaughan Customer Fulfilment Centre ("CFC") is expected to reflect positive EBITDA towards the end of its third year of operations. The ramp up of the Montreal facility is expected to have higher costs in the first half of fiscal 2023 with improving results in the remainder of the year.

The Company continued the expansion of its discount business in Western Canada with 40 stores now operating. In the second half of fiscal 2022, discount expanded their store footprint in the West by 40%. Newer stores improve efficiency at a faster rate than the early conversion stores as the business gains critical mass across each province. The Company expects to open an additional four stores in Alberta by the end of fiscal 2023 for a total of 44 stores.

Management continues to expect to achieve its three-year Project Horizon targets and that associated benefits will continue into fiscal 2024 and beyond, including initiatives launching in fiscal 2023 that are focused on loyalty, store optimization and customer experience.

Sales

Sales for the quarter ended May 7, 2022 increased by 13.3% primarily due to the additional week of operations, 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.

Sales for the fiscal year ended May 7, 2022 increased by 6.7% primarily driven by the acquisition of Longo's, higher fuel sales, the additional week of operations, benefits from Project Horizon initiatives, including the expansion of Farm Boy and Voilà in Ontario and FreshCo in Western Canada, and higher food inflation. The increase is partially offset by changes in consumer buying behaviours related to varying COVID-19 public health measures.

Gross Profit

Gross profit for the quarter ended May 7, 2022 increased by 11.6% primarily as a result of higher sales due to the additional week of operations, the inclusion of Longo's, and benefits from Project Horizon initiatives, including the expansion of Farm Boy in Ontario, Voilà nationally and FreshCo in Western Canada and the use of advanced analytical promotional optimization tools.

Gross margin for the quarter decreased to 25.6% from 25.9% in the prior year. Gross margin decreased due to the effect of higher fuel sales, higher supply chain costs, including costs as a result of the strike at the distribution centre in Quebec, and sales mix changes between non-fuel banners. The decrease was partially offset by the inclusion of Longo's and benefits from Project Horizon initiatives. Excluding the effect of fuel mix, gross margin was 17 basis points higher than prior year.

Gross profit for the fiscal year ended May 7, 2022 increased by 6.4% primarily as a result of increases in sales. Gross margin for the fiscal year decreased slightly to 25.4% from 25.5% last year due to the effect of higher fuel sales, partially offset by the inclusion of Longo's and benefits from Project Horizon initiatives. Excluding the effect of fuel mix, gross margin was 43 basis points higher than prior year.

Operating Income

For the quarter ended May 7, 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 Voilà nationally, Farm Boy in Ontario and FreshCo in Western Canada) and increased retail labour costs as a result of the additional week of operations. The increase was partially offset by lower COVID-19 costs.

For the fiscal year ended May 7, 2022, operating income from the Food retailing segment increased mainly due to higher sales, gross profit and other income (driven by lease terminations in the current year) 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, Voilà nationally and FreshCo in Western Canada) and increased right-of-use asset depreciation. The increase was partially offset by lower COVID-19 costs.

For the quarter ended May 7, 2022, operating income from the Investments and other operations segment decreased primarily as a result of lower equity earnings from Crombie Real Estate Investment Trust ("Crombie REIT") and Genstar compared to the prior year.

For the fiscal year ended May 7, 2022, operating income from the Investments and other operations segment increased primarily as a result of improved equity earnings from Crombie REIT and higher property sales from Genstar, as discussed in the "Investments and Other Operations" section.

EBITDA

For the quarter ended May 7, 2022, EBITDA increased to $586.2 million from $514.4 million in the prior year mainly as a result of the same factors affecting operating income. EBITDA margin increased to 7.5% from 7.4%.

For the fiscal year ended May 7, 2022, EBITDA increased to $2,330.8 million from $2,143.8 million in the prior year mainly as a result of the same factors affecting operating income. EBITDA margin increased to 7.7% from 7.6%.

Income Taxes

The effective income tax rate for the quarter ended May 7, 2022 was 23.1% compared to 19.7% last year. The effective tax rate was lower than the statutory rate primarily due to benefits related to investment tax credits and capital items taxed at lower rates. The effective tax rate in the same quarter last year was lower than the statutory rate primarily due to the revaluation of tax estimates, not all of which were recurring, and non-taxable capital items.

The effective income tax rate for the fiscal year ended May 7, 2022 was 25.0% compared to 25.8% last year. The current year effective tax rate was lower than the statutory rate primarily due to consolidated structured entities and capital items, both of which are taxed at lower rates, and benefits related to investment tax credits. The effective tax rate in the prior year was lower than the statutory rate primarily due to the revaluation of tax estimates and non-taxable capital items offset by differing tax rates of various entities.

Net Earnings

($ in millions, except per share amounts)	**14 Weeks Ended May 7, 2022**	13 Weeks Ended May 1, 2021	**53 Weeks Ended May 7, 2022**	52 Weeks Ended May 1, 2021
Net earnings[(1)]	**$ 178.5**	$ 171.9	**$ 745.8**	$ 701.5
EPS (fully diluted)	**$ 0.68**	$ 0.64	**$ 2.80**	$ 2.60
Diluted weighted average number of shares outstanding (in millions)	**264.0**	267.6	**266.2**	269.3

(1) Attributable to owners of the Company.

Capital Expenditures

The Company invested $273.4 million and $767.2 million in capital expenditures(1) for the quarter and fiscal year ended May 7, 2022, respectively (2021 – $231.6 million and $679.2 million) including renovations and construction of new stores, Voilà CFCs, FreshCo locations in Western Canada, and investments in advanced analytics technology and other technology systems. This is in line with management's previously disclosed expectations that capital spending in fiscal 2022 would be approximately $765 million.

In fiscal 2023, capital spending is expected to be approximately $800 million, with approximately half of this investment allocated to renovations and new stores. The Company expects to open four FreshCo stores in Western Canada and expand the Farm Boy and Longo's footprint in Ontario by four and two stores, respectively. The Company will invest approximately 25% of its estimated capital spending on 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)	**14 Weeks Ended May 7, 2022**	13 Weeks Ended May 1, 2021	**53 Weeks Ended May 7, 2022**	52 Weeks Ended May 1, 2021
Cash flows from operating activities	**$ 469.5**	$ 562.3	**$ 2,107.1**	$ 1,859.6
Add: proceeds on disposal of assets(1) and lease terminations	**25.5**	49.7	**175.6**	113.7
Less: interest paid	**(22.0)**	(21.7)	**(56.2)**	(60.4)
payments of lease liabilities, net of payments received for finance subleases	**(218.2)**	(192.5)	**(635.0)**	(569.3)
acquisitions of property, equipment, investment property and intangibles	**(205.9)**	(210.6)	**(780.3)**	(659.1)
Free cash flow (2)	**$ 48.9**	$ 187.2	**$ 811.2**	$ 684.5

(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 ended May 7, 2022 decreased versus prior year primarily as a result of a decrease in cash flows from operating activities, an increase in payments of lease liabilities, net of payments received for finance subleases, and a decrease in proceeds on disposal of assets and lease terminations.

Free cash flow for the fiscal year ended May 7, 2022 increased versus prior year primarily as a result of higher operating activities driven by lower income taxes paid, higher net earnings and favourable working capital changes, partially offset by higher capital investments.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	**14 Weeks Ended May 7, 2022**	13 Weeks Ended May 1, 2021	$ Change	**53 Weeks Ended May 7, 2022**	52 Weeks Ended May 1, 2021	$ Change
Sales	**$ 7,840.8**	$ 6,920.0	$ 920.8	**$ 30,162.4**	$ 28,268.3	$ 1,894.1
Gross profit	**2,004.0**	1,795.7	208.3	**7,659.7**	7,199.3	460.4
Operating income	**321.2**	279.8	41.4	**1,277.0**	1,251.3	25.7
EBITDA	**573.8**	499.1	74.7	**2,243.9**	2,094.7	149.2
Net earnings(1)	**165.2**	158.3	6.9	**677.9**	673.9	4.0

(1) Attributable to owners of the Company.

Investments and Other Operations

($ in millions)	**14 Weeks Ended May 7, 2022**	13 Weeks Ended May 1, 2021	$ Change	**53 Weeks Ended May 7, 2022**	52 Weeks Ended May 1, 2021	$ Change
Operating income						
Crombie REIT	**$ 10.7**	$ 11.8	$ (1.1)	**$ 61.0**	$ 32.7	$ 28.3
Genstar	**3.3**	4.4	(1.1)	**32.4**	21.3	11.1
Other operations, net of corporate expenses	**(1.6)**	(1.0)	(0.6)	**(6.7)**	(5.8)	(0.9)
	$ 12.4	$ 15.2	$ (2.8)	**$ 86.7**	$ 48.2	$ 38.5

For the fiscal year ended May 7, 2022, income from Investments and other operations increased primarily due to higher equity earnings from Crombie REIT, driven by significant property sales and higher property sales from Genstar.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)	**May 7, 2022**	May 1, 2021	May 2, 2020
Shareholders' equity, net of non-controlling interest	**$ 4,991.5**	$ 4,372.7	$ 3,924.6
Book value per common share(1)	**$ 18.82**	$ 16.30	$ 14.51
Long-term debt, including current portion	**$ 1,176.7**	$ 1,225.3	$ 1,675.2
Long-term lease liabilities, including current portion	**$ 6,285.4**	$ 5,908.1	$ 5,266.2
Funded debt to total capital(1)	**59.9%**	62.0%	63.9%
Funded debt to EBITDA(1)	**3.2x**	3.3x	3.7x
EBITDA to interest expense(1)	**8.3x**	8.0x	6.8x
Current assets to current liabilities	**0.8x**	0.9x	0.8x
Total assets	**$ 16,593.6**	$ 15,173.9	$ 14,632.9
Total non-current financial liabilities	**$ 7,220.0**	$ 7,187.7	$ 6,559.0

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

During fiscal 2022, DBRS Morningstar ("DBRS") confirmed Sobeys Inc.'s ("Sobeys") credit rating at BBB (low) and changed the trend from stable to positive while S&P Global ("S&P") remained unchanged from the prior year. The following table shows Sobeys' credit ratings as at May 7, 2022:

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

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. For additional detail on Project Horizon, please refer to Empire's Management's Discussion and Analysis ("MD&A") for the fiscal year ended May 7, 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 fourth quarter of fiscal 2022, for a total of eight new stores (including one converted site) in the fiscal year. This is in line with management's previously stated expectation of expanding Farm Boy's footprint by seven net new stores during fiscal 2022. As at June 21, 2022, Farm Boy has 44 stores open.

In fiscal 2023, the Company expects to open four additional Farm Boy stores in Ontario.

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 three FreshCo locations in Alberta during the fourth quarter of fiscal 2022, for a total of 12 new stores opened in Western Canada in 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 June 21, 2022:

- 40 stores are open in the following provinces:
    - 16 in British Columbia ("B.C.")
    - 12 in Alberta
    - 6 in Manitoba
    - 5 in Saskatchewan
    - 1 in Northern Ontario
- 4 stores are expected to open in Alberta in fiscal 2023

The Company expects to have 44 FreshCo stores open in Western Canada by the end of fiscal 2023.

Business Acquisition

On March 16, 2021, the Company, through a wholly-owned subsidiary, signed an agreement to acquire 51% of the business of Longo's, a long-standing, family-built network of specialty grocery stores in the GTA, and its Grocery Gateway e-commerce business. The purchase price of the transaction was $660.6 million. The acquisition closed effective May 10, 2021. For additional detail, please refer to Empire's MD&A for the fiscal year ended May 7, 2022.

Store Closure, Conversion and Lease Terminations

In the fourth quarter and fiscal year ended May 7, 2022, the Company reversed $9.1 million in accrued store closure and conversion costs primarily related to Farm Boy and FreshCo conversions (2021 – $1.1 million). As a result of these reversals, the net fiscal 2022 store closure and conversion expense was $8.8 million (2021 – $29.5 million).

During the fourth quarter and fiscal year ended May 7, 2022, the Company engaged in lease termination transactions which resulted in other income of $23.6 million and $47.0 million, respectively (2021 – $ nil and $ nil).

Ratification of New Collective Bargaining Agreement in Alberta

During the first quarter of fiscal 2021, the Company announced the ratification of a new Collective Bargaining Agreement ("CBA") for Alberta Safeway stores with UFCW 401, the Union representing the majority of Safeway teammates in Alberta. The CBA included a one-time retroactive lump sum payment to Safeway Alberta teammates for hours worked over the previous three years. The one-time retroactive lump sum payment of $15.6 million associated with this CBA was charged to operating earnings in the second quarter of prior year.

Voilà

On June 22, 2020, the Company introduced the future of online grocery home delivery to GTA customers through Voilà, the Company's e-commerce platform. Voilà is powered by industry-leading technology provided by Ocado Group plc ("Ocado"), 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. Some of these innovations will be included in the Company's fourth CFC and will be available for the Company to consider in future CFC automation and efficiency opportunities.

The Company will operate four CFCs across Canada. The Vaughan CFC services the GTA, Barrie, Kitchener, Waterloo, Guelph, Hamilton, Niagara, St. Catharines and Brantford, and was expanded to service Ottawa in the fourth quarter of fiscal 2022.

The second CFC in Montreal began deliveries to customers on March 7, 2022, beginning with a phased transition of customers to Voilà par IGA from IGA.net. The rollout was completed subsequent to the end of the fourth quarter and Voilà par IGA now services over 100 municipalities from Gatineau to Montreal to Quebec City. The second CFC is progressing well with increasing weekly order volume and strong customer experience metrics, including on-time delivery and fulfilment.

Crombie REIT has substantially completed the construction of the building for Voilà's third CFC in Calgary and is preparing to turn it over to Ocado to build the internal grid. The CFC will service the majority of Alberta, with deliveries expected to start in the first quarter of fiscal 2024. On February 7, 2022, the Company announced that its fourth CFC will be located in Vancouver and will service customers in B.C. starting in 2025.

In March 2021, the Company opened its first spoke location in Etobicoke, Ontario. The second and third spokes were opened in Ottawa and Quebec City during fiscal 2022, adding to the areas in Ontario and Quebec being served by Voilà. Spokes are cross dock facilities that improve efficiencies at CFCs.

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 fiscal 2022, the Company added 68 stores for a total of 98 stores providing the service. The Curbside Pickup solution is powered by Ocado's technology and serves customers in areas where future CFCs will not, or are not yet, operating.

With four CFCs, their supporting spokes and Curbside Pickup, the Company will be able to serve approximately 75% of Canadian households representing approximately 90% of Canadians' projected e-commerce spend.

The combination of improving results in Vaughan, increasing costs in Montreal, and additional Curbside Pickup locations reduced the Company's fourth quarter and fiscal 2022 net earnings by $0.07 and $0.28 per share, respectively (2021 – $0.04 and $0.18). This was in line with management's previously disclosed expectation of $0.25 to $0.30 per share. Management continues to expect that fiscal 2022 will represent the highest net earnings dilution for the Voilà program.

In Canada, online grocery sales have continued to grow compared to the prior year, although at a much slower pace than when COVID-19 began. In the fourth quarter of fiscal 2022, the Company's four e-commerce platforms experienced combined sales growth of 12% versus prior year (2021 – 15%). The increase was primarily driven by the acquisition of Grocery Gateway and continued growth of Voilà, partially offset by declines in IGA.net and ThriftyFoods.com due to elevated volume levels in the prior year during COVID-19 related lockdowns.

Other Business Updates

On February 7, 2022, teammates at a distribution centre in Quebec went on strike after negotiations between the union and the Company were unsuccessful in agreeing on the terms of a new CBA. The strike ended on May 10, 2022, after an agreement was reached on a new three-year CBA. The incremental impact of the strike on earnings per share was $0.04 and impacted earnings in the fourth quarter of fiscal 2022.

On May 3, 2022, the Company delivered a notice of early redemption of the $500.0 million Series 2013-2 Notes. The redemption was effective on June 2, 2022. The early redemption premium of $9.2 million was charged to earnings in the fourth quarter of fiscal 2022.

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 resource capacity to execute and the time required by the Company to complete the initiatives;
- The Company's plans to repurchase for cancellation Class A shares under the normal course issuer bid which may be impacted by market and economic conditions, availability of sellers, changes in laws and regulations, and the results of operations;
- The Company's expectation of the impacts of cost inflationary pressures, which may be impacted by supplier relationships and negotiations and the macro-economic environment;
- The Company's expectation that labour shortages will not have further significant impact on supply chain challenges, which may be impacted by labour force availability;
- The Company's expectations that fiscal 2023 will achieve growth of same-store sales, which may be impacted by the duration and impact of COVID-19 on the business, supply chain and consumer behaviour;
- The Company's expectations that fiscal 2022 will reflect the highest net earnings dilution for the Voilà program and that fiscal 2023 net earnings dilution will be marginally better, expectations which may be impacted by future operating and capital costs, customer response and the performance of its technology provider, Ocado;
- The FreshCo expansion in Western Canada, and Farm Boy and Longo's 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 construction schedules and permits, the economic environment and labour relations.
- The Company's estimates regarding future capital expenditures, which may be impacted by operating results, impacts of COVID-19 and the economic environment; and
- The Company's expectations regarding the timing and amount of expenses relating to the completion of any future CFC, which may be impacted by supply of materials and equipment, construction schedules and capacity of construction contractors.

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 2022 annual MD&A.

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. Management believes that certain of these measures and metrics, including gross profit and EBITDA, are important indicators of the Company's ability to generate liquidity through operating cash flow to fund future working capital requirements, service outstanding debt and fund future capital expenditures and uses these metrics for these purposes.

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 included in this News Release 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.

The following tables reconciles net earnings to EBITDA:

($ in millions)	**14 Weeks Ended May 7, 2022**	13 Weeks Ended May 1, 2021	13 Weeks Ended May 2, 2020
Net earnings	**$ 193.4**	$ 183.3	$ 188.8
Income tax expense	**58.2**	45.0	66.5
Finance costs, net	**82.0**	66.7	69.0
Operating income	**333.6**	295.0	324.3
Depreciation	**227.8**	200.2	186.7
Amortization of intangibles	**24.8**	19.2	16.8
EBITDA	**$ 586.2**	$ 514.4	$ 527.8

($ in millions)	**53 Weeks Ended May 7, 2022**	52 Weeks Ended May 1, 2021	52 Weeks Ended May 2, 2020
Net earnings	**$ 811.3**	$ 764.2	$ 612.8
Income tax expense	**270.3**	265.9	219.9
Finance costs, net	**282.1**	269.4	279.1
Operating income	**1,363.7**	1,299.5	1,111.8
Depreciation	**872.3**	768.7	709.1
Amortization of intangibles	**94.8**	75.6	71.5
EBITDA	**$ 2,330.8**	$ 2,143.8	$ 1,892.4

- Management calculates interest expense as interest expense on financial liabilities measured at amortized cost and interest expense on lease liabilities.

- 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 and lease terminations, less acquisitions of property, equipment, investment property and intangibles, interest paid, and payments of lease liabilities, net of payments received from finance subleases.

- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.

The following table shows the calculation of Empire's book value per common share as at May 7, 2022, May 1, 2021 and May 2, 2020:

($ in millions, except per share information)		**May 7, 2022**		May 1, 2021		May 2, 2020
Shareholders' equity, net of non-controlling interest	**$**	**4,991.5**	$	4,372.7	$	3,924.6
Shares outstanding (basic)		**265.2**		268.3		270.4
Book value per common share	**$**	**18.82**	$	16.30	$	14.51

- Funded debt is all interest-bearing debt, which includes bank loans, bankers' acceptances, long-term debt and long-term lease liabilities.

- Total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest.

The following table reconciles the Company's funded debt and total capital to GAAP measures as reported on the balance sheets as at May 7, 2022, May 1, 2021 and May 2, 2020, respectively:

($ in millions)		**May 7, 2022**		May 1, 2021		May 2, 2020
Long-term debt due within one year	**$**	**581.0**	$	46.5	$	570.0
Long-term debt		**595.7**		1,178.8		1,105.2
Lease liabilities due within one year		**509.5**		490.5		466.2
Long-term lease liabilities		**5,775.9**		5,417.6		4,800.0
Funded debt		**7,462.1**		7,133.4		6,941.4
Total shareholders' equity, net of non-controlling interest		**4,991.5**		4,372.7		3,924.6
Total capital	**$**	**12,453.6**	$	11,506.1	$	10,866.0

- Funded debt to total capital ratio is funded debt divided by total capital.

- Funded debt to EBITDA ratio is funded debt divided by trailing four-quarter EBITDA.

- 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 fiscal year ended May 7, 2022.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Wednesday, June 22, 2022 beginning at 11:30 a.m. (Eastern Daylight Time) during which senior management will discuss the Company's financial results for the fourth 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 014993 until midnight July 6, 2022, or on the Company's website for 90 days following the conference call.

SELECTED FINANCIAL INFORMATION

The following financial information is derived from our audited annual consolidated financial statements for the year ended May 7, 2022. The information does not include all disclosures required by International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's 2022 audited consolidated financial statements available at www.sedar.com or by accessing the Investor Centre section of the Company's website at www.empireco.ca.

Empire Company Limited
Consolidated Balance Sheets

As At (in millions of Canadian dollars)	**May 7 2022**	**May 1 2021**
ASSETS		
Current		
Cash and cash equivalents	**$ 812.3**	$ 890.5
Receivables	**558.8**	547.0
Inventories	**1,591.5**	1,500.1
Prepaid expenses	**127.6**	101.0
Leases and other receivables	**73.8**	91.0
Income taxes receivable	**48.7**	60.5
Assets held for sale	**-**	3.4
	3,212.7	3,193.5
Leases and other receivables	**549.1**	544.2
Investments, at equity	**681.5**	570.1
Other assets	**21.7**	22.3
Property and equipment	**3,159.2**	2,977.6
Right-of-use assets	**4,999.7**	4,678.9
Investment property	**146.8**	158.6
Intangibles	**1,338.5**	976.0
Goodwill	**2,059.0**	1,577.8
Deferred tax assets	**425.4**	474.9
	$ 16,593.6	$ 15,173.9
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 2,988.9**	$ 2,874.1
Income taxes payable	**127.6**	22.1
Provisions	**32.7**	55.0
Long-term debt due within one year	**581.0**	46.5
Lease liabilities due within one year	**509.5**	490.5
	4,239.7	3,488.2
Provisions	**44.2**	46.5
Long-term debt	**595.7**	1,178.8
Long-term lease liabilities	**5,775.9**	5,417.6
Other long-term liabilities	**366.0**	100.1
Employee future benefits	**178.2**	254.0
Deferred tax liabilities	**260.0**	190.7
	11,459.7	10,675.9
SHAREHOLDERS' EQUITY		
Capital stock	**2,026.1**	1,969.8
Contributed surplus	**37.2**	25.2
Retained earnings	**2,914.2**	2,363.1
Accumulated other comprehensive income	**14.0**	14.6
	4,991.5	4,372.7
Non-controlling interest	**142.4**	125.3
	5,133.9	4,498.0
	$ 16,593.6	$ 15,173.9

Empire Company Limited
Condensed Consolidated Statements of Earnings
(in millions of Canadian dollars, except share and per share amounts)

	14 and 13 Weeks Ended		*53 and 52 Weeks Ended*	
	May 7 2022	**May 1 2021**	**May 7 2022**	**May 1 2021**
Sales	**$ 7,840.8**	$ 6,920.0	**$ 30,162.4**	$ 28,268.3
Other income	**25.8**	5.1	**86.8**	53.0
Share of earnings from investments, at equity	**14.7**	15.5	**93.1**	51.4
Operating expenses				
Cost of sales	**5,836.8**	5,124.3	**22,502.7**	21,069.0
Selling and administrative expenses	**1,710.9**	1,521.3	**6,475.9**	6,004.2
Operating income	**333.6**	295.0	**1,363.7**	1,299.5
Finance costs, net	**82.0**	66.7	**282.1**	269.4
Earnings before income taxes	**251.6**	228.3	**1,081.6**	1,030.1
Income tax expense	**58.2**	45.0	**270.3**	265.9
Net earnings	**$ 193.4**	$ 183.3	**$ 811.3**	$ 764.2
Earnings for the period attributable to:				
Non-controlling interest	**$ 14.9**	$ 11.4	**$ 65.5**	$ 62.7
Owners of the Company	**178.5**	171.9	**745.8**	701.5
	$ 193.4	$ 183.3	**$ 811.3**	$ 764.2
Earnings per share				
Basic	**$ 0.68**	$ 0.65	**$ 2.81**	$ 2.61
Diluted	**$ 0.68**	$ 0.64	**$ 2.80**	$ 2.60
Weighted average number of common shares outstanding, in millions				
Basic	**263.0**	266.5	**265.2**	268.3
Diluted	**264.0**	267.6	**266.2**	269.3

Empire Company Limited **Consolidated Statements of Cash Flows** **(in millions of Canadian dollars)**	*14 and 13 Weeks Ended* **May 7 2022**	 **May 1 2021**	*53 and 52 Weeks Ended* **May 7 2022**	 **May 1 2021**
Operations				
Net earnings	**$ 193.4**	$ 183.3	**$ 811.3**	$ 764.2
Adjustments for:				
Depreciation	**227.8**	200.2	**872.3**	768.7
Income tax expense	**58.2**	45.0	**270.3**	265.9
Finance costs, net	**82.0**	66.7	**282.1**	269.4
Amortization of intangibles	**24.8**	19.2	**94.8**	75.6
Net gain on disposal of assets	**(3.7)**	(1.7)	**(23.1)**	(37.1)
Net gain on lease terminations	**(23.6)**	-	**(47.0)**	-
Impairment (reversals) losses of non-financial assets, net	**(7.0)**	2.5	**(7.4)**	1.6
Amortization of deferred items	**0.6**	0.8	**1.8**	2.2
Equity in earnings of other entities, net of distributions received	**(0.9)**	(0.7)	**9.5**	35.7
Employee future benefits	**(2.5)**	(3.4)	**(12.0)**	(8.4)
Increase (decrease) in long-term provisions	**2.8**	(5.2)	**(0.7)**	(10.5)
Equity based compensation	**6.0**	4.4	**14.6**	11.8
Net change in non-cash working capital	**(37.9)**	105.0	**(46.8)**	(80.9)
Income taxes paid, net	**(50.5)**	(53.8)	**(112.6)**	(198.6)
Cash flows from operating activities	**469.5**	562.3	**2,107.1**	1,859.6
Investment				
Increase in equity investments	**(83.0)**	-	**(124.5)**	-
Property, equipment and investment property purchases	**(128.5)**	(117.8)	**(633.0)**	(566.3)
Intangible purchases	**(77.4)**	(92.8)	**(147.3)**	(92.8)
Proceeds on disposal of assets	**25.5**	49.7	**165.6**	113.7
Proceeds on lease terminations	**-**	-	**10.0**	-
Leases and other receivables, net	**15.7**	(18.8)	**25.4**	(30.2)
Other assets and other long-term liabilities	**(2.1)**	5.0	**(28.9)**	4.6
Business acquisitions	**(6.0)**	(5.5)	**(242.0)**	(15.9)
Payments received for finance subleases	**27.3**	26.4	**79.4**	79.1
Interest received	**1.5**	1.0	**3.9**	5.5
Cash flows used in investing activities	**(227.0)**	(152.8)	**(891.4)**	(502.3)
Financing				
Issuance of long-term debt	**15.2**	19.5	**94.6**	86.4
Repayments of long-term debt	**(13.4)**	(12.3)	**(96.8)**	(69.4)
Repayments on credit facilities, net	**30.4**	46.5	**(83.2)**	(467.8)
Interest paid	**(22.0)**	(21.7)	**(56.2)**	(60.4)
Payments of lease liabilities (principal portion)	**(182.6)**	(161.8)	**(482.8)**	(420.1)
Payments of lease liabilities (interest portion)	**(62.9)**	(57.1)	**(231.6)**	(228.3)
Repurchase of common shares	**(16.5)**	(80.6)	**(248.9)**	(153.6)
Dividends paid, common shares	**(37.6)**	(34.6)	**(156.8)**	(139.4)
Non-controlling interest	**(6.4)**	(1.2)	**(32.2)**	(22.6)
Cash flows used in financing activities	**(295.8)**	(303.3)	**(1,293.9)**	(1,475.2)
(Decrease) increase in cash and cash equivalents	**(53.3)**	106.2	**(78.2)**	(117.9)
Cash and cash equivalents, beginning of period	**865.6**	784.3	**890.5**	1,008.4
Cash and cash equivalents, end of period	**$ 812.3**	$ 890.5	**$ 812.3**	$ 890.5

2022 ANNUAL REPORT

The Company's audited consolidated financial statements and the notes thereto for the fiscal year ended May 7, 2022 and MD&A for the fiscal year ended May 7, 2022, which includes discussion and analysis of results of operations, financial position and cash flows will be available today, June 22, 2022. These documents can be accessed through the Investor Centre section of the Company's website at www.empireco.ca and also at www.sedar.com.

The Company's 2022 Annual Report will be available on or about July 29, 2022 and can be accessed through the Investor Centre section of the Company's website at www.empireco.ca and also at www.sedar.com.

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 $30.2 billion in annualized sales and $16.6 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 130,000 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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