FOR IMMEDIATE RELEASE
December 15, 2022

Empire Reports Fiscal 2023 Second Quarter Results

- Earnings per share of $0.73 compared to $0.66 last year
- Same-store sales, excluding fuel, increased by 3.1%
- Gross margin, excluding fuel, increased by 58 basis points
- Project Horizon strategy on track
- *Scene+* now launched in Atlantic Canada, Western Canada and Ontario
- All retail fuel sites in Western Canada to be sold for approximately $100 million

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the second quarter ended November 5, 2022. For the quarter, the Company recorded net earnings of $189.9 million ($0.73 per share) compared to $175.4 million ($0.66 per share) last year, an increase of 8.3%.

"Our team put up another solid quarter with improved same-store sales of 3.1%, including double-digit growth for Voilà," said Michael Medline, President & CEO, Empire. "Despite a persistent inflationary environment, the fundamentals of our business remain strong. The continued momentum and solid performance seen across our Full Service and Discount banners are a direct result of our Project Horizon initiatives."

The Company is also announcing today a definitive agreement to sell all 56 retail fuel sites in Western Canada to Canadian Mobility Services Limited (CMS), a wholly owned subsidiary of Shell Canada for approximately $100 million in cash. As part of the sale agreement, CMS will offer employment to all non-union employees within the scope of the transaction including employees currently working at these sites. CMS will voluntarily recognize the unions representing unionized workers of these sites and all unionized workers will transfer to CMS upon the closing of the transaction. Closing of the transaction is subject to customary conditions, including regulatory approvals. Empire expects the transaction to close in the first quarter of fiscal 2024. Proceeds from the sale will be used by Empire for general corporate purposes.

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. In its third and final year, 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 2022, benefits were achieved from promotional optimization and data analytics, the continued expansion and renovation of the store network, and strategic sourcing efficiencies. Benefits achieved in fiscal 2022 were partially offset by the planned investment in the Company's e-commerce network.

These initiatives continue to deliver benefits in fiscal 2023. Additional benefits are expected from strategic initiatives launched more recently as part of Project Horizon, including *Scene+*, the Company's new loyalty program. In August 2022, *Scene+* was successfully launched in Atlantic Canada followed by Western Canada in September 2022 and Ontario in November 2022. Additional regional launches in most of the Company's banners are planned across Canada by late fiscal 2023. Project Horizon initiatives focused on loyalty, store optimization and customer experience will largely provide financial benefits in fiscal 2024 and beyond.

On November 4, Empire experienced some IT system issues related to a cybersecurity event (as defined under "Business Update – Cybersecurity Event"). This is considered a one-time item and it will be excluded from the Company's assessment of Project Horizon.

SUMMARY RESULTS – SECOND QUARTER

($ in millions, except per share amounts)	13 Weeks Ended Nov. 5, 2022	13 Weeks Ended Oct. 30, 2021	$ Change	26 Weeks Ended Nov. 5, 2022	26 Weeks Ended Oct. 30, 2021	$ Change
Sales	**$ 7,642.8**	$ 7,318.3	$ 324.5	**$ 15,580.4**	$ 14,944.3	$ 636.1
Gross profit(1)	**1,955.2**	1,850.8	104.4	**3,933.1**	3,763.0	170.1
Operating income	**333.9**	327.9	6.0	**678.0**	675.3	2.7
EBITDA(1)	**584.2**	565.2	19.0	**1,178.2**	1,147.1	31.1
Net earnings(2)	**189.9**	175.4	14.5	**377.4**	363.9	13.5
Diluted earnings per share						
EPS(2)(3)	**$ 0.73**	$ 0.66	$ 0.07	**$ 1.44**	$ 1.36	$ 0.08
Diluted weighted average number of shares outstanding (in millions)	**260.6**	266.3		**261.9**	267.4	
Dividend per share	**$ 0.165**	$ 0.150		**$ 0.330**	$ 0.300	

	13 Weeks Ended Nov. 5, 2022	13 Weeks Ended Oct. 30, 2021	26 Weeks Ended Nov. 5, 2022	26 Weeks Ended Oct. 30, 2021
Gross margin(1)	**25.6%**	25.3%	**25.2%**	25.2%
EBITDA margin(1)	**7.6%**	7.7%	**7.6%**	7.7%
Same-store sales(1) growth	**3.9%**	0.4%	**3.5%**	0.0%
Same-store sales growth (decline), excluding fuel	**3.1%**	(1.3)%	**1.7%**	(1.8)%
Effective income tax rate	**25.4%**	26.2%	**25.5%**	25.3%

(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 continues to be well positioned to pursue growth and deliver on its Project Horizon targets despite the impacts of higher than normal inflation and supply chain challenges.

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

The Company expects same-store sales will grow in fiscal 2023. For the second quarter of fiscal 2023, same-store sales growth excluding fuel was 3.1% compared to a decline of 1.3% in the same quarter last year and growth of 0.4% in the first quarter of fiscal 2023. Margins will continue to benefit from Project Horizon initiatives and other operating improvements in fiscal 2023. These benefits could be partially offset by the effect of sales mix changes between banners and the impact of higher fuel pricing.

The Company expects continued improvements in the results of Voilà's Toronto Customer Fulfilment Centre ("CFC") as volumes increase and efficiencies improve. At the same time, Voilà will also incur additional costs as the Montreal CFC continues to ramp up and the Calgary and Vancouver CFCs are commissioned. The ramp up of the Montreal CFC is expected to have higher costs in the first half of fiscal 2023 with improving results in the remainder of the year. Future earnings will be primarily impacted by the rate of sales growth. The Company expects Voilà's fiscal 2023 net earnings dilution to be approximately the same as fiscal 2022.

The Company continues to expand its discount business in Western Canada with 42 stores now operating. Newer stores are improving efficiency at a faster rate than the early conversion stores as the business gains critical mass across each province. The Company expects to open two additional stores in Alberta in the remainder of fiscal 2023 for a total of 44 stores.

Management continues to expect to achieve its 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.

Based on an initial assessment, management estimates the financial impact of the Cybersecurity Event on the fiscal 2023 annual net earnings will be approximately $25 million, net of insurance recoveries.

Sales

Sales for the quarter ended November 5, 2022 increased by 4.4% primarily driven by increased fuel sales, higher food inflation and benefits from Project Horizon initiatives, including the expansion of FreshCo in Western Canada.

Gross Profit

Gross profit for the quarter ended November 5, 2022 increased by 5.6% primarily as a result of benefits from Project Horizon initiatives (including the use of advanced analytical promotional optimization tools, Own Brands and the expansion of FreshCo, Voilà and Farm Boy).

Gross margin for the quarter increased to 25.6% from 25.3% in the prior year. Gross margin increased primarily as a result of benefits from Project Horizon initiatives, partially offset by the effect of higher fuel sales. Excluding the effect of fuel mix, gross margin was 58 basis points higher than prior year.

Operating Income

For the quarter ended November 5, 2022, operating income from the Food retailing segment decreased mainly due to an increase in selling and administrative expenses, partially offset by higher sales and gross profit. Selling and administrative expenses increased primarily as a result of investments in Project Horizon initiatives (including the expansion of Voilà, Farm Boy and FreshCo), higher utility rates and higher depreciation.

Operating income from the Investments and other operations segment for the quarter and year-to-date ended November 5, 2022 increased primarily as a result of higher equity earnings from Crombie Real Estate Investment Trust ("Crombie REIT") mainly due to increased sales of properties, partially offset by lower equity earnings from Genstar as a result of higher property sales in the prior year.

EBITDA

For the quarter ended November 5, 2022, EBITDA increased to $584.2 million from $565.2 million in the prior year mainly as a result of the factors affecting operating income (which excludes the increase in depreciation). EBITDA margin decreased versus prior year to 7.6% from 7.7%.

Income Taxes

The effective income tax rate for the quarter ended November 5, 2022 was 25.4% compared to 26.2% in the same quarter last year. The effective tax rate for the quarter was lower than the statutory rate primarily due to capital items taxed at lower rates and investment tax credits. The effective tax rate for the same quarter last year was lower than the statutory rate primarily due to consolidated structured entities that are taxed at lower rates.

Net Earnings

	13 Weeks Ended		26 Weeks Ended	
($ in millions, except per share amounts)	**Nov. 5, 2022**	Oct. 30, 2021	**Nov. 5, 2022**	Oct. 30, 2021
Net earnings[(1)]	**$ 189.9**	$ 175.4	**$ 377.4**	$ 363.9
EPS (fully diluted)	**$ 0.73**	$ 0.66	**$ 1.44**	$ 1.36
Diluted weighted average number of shares outstanding (in millions)	**260.6**	266.3	**261.9**	267.4

(1) Attributable to owners of the Company.

Capital Expenditures

The Company invested $254.7 million in capital expenditures[1] for the quarter ended November 5, 2022, (2022 – $188.6 million) including renovations and construction of new stores, investments in advanced analytics technology and other technology systems, FreshCo stores in Western Canada and Voilà CFCs.

(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 Nov. 5, 2022	13 Weeks Ended Oct. 30, 2021	26 Weeks Ended Nov. 5, 2022	26 Weeks Ended Oct. 30, 2021
Cash flows from operating activities	**$ 275.9**	$ 459.1	**$ 662.6**	$ 883.7
Add: proceeds on disposal of assets[1] and lease terminations	**14.6**	4.4	**17.3**	14.8
Less: interest paid	**(13.7)**	(21.2)	**(38.3)**	(28.1)
payments of lease liabilities, net of payments received for finance subleases	**(161.5)**	(155.4)	**(325.4)**	(259.9)
acquisitions of property, equipment, investment property and intangibles	**(242.3)**	(178.6)	**(411.9)**	(393.6)
Free cash flow[2]	**$ (127.0)**	$ 108.3	**$ (95.7)**	$ 216.9

(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 November 5, 2022 decreased versus prior year primarily as a result of a decrease in cash flows from operating activities and an increase in capital investments. The decrease in cash flows from operating activities is driven by unfavourable working capital changes and higher income taxes paid.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended Nov. 5, 2022	13 Weeks Ended Oct. 30, 2021	$ Change	26 Weeks Ended Nov. 5, 2022	26 Weeks Ended Oct. 30, 2021	$ Change
Sales	**$ 7,642.8**	$ 7,318.3	$ 324.5	**$ 15,580.4**	$ 14,944.3	$ 636.1
Gross profit	**1,955.2**	1,850.8	104.4	**3,933.1**	3,763.0	170.1
Operating income	**292.4**	305.4	(13.0)	**623.3**	642.7	(19.4)
EBITDA	**542.5**	542.7	(0.2)	**1,123.2**	1,114.4	8.8
Net earnings[1]	**158.0**	159.3	(1.3)	**336.3**	338.8	(2.5)

(1) Attributable to owners of the Company.

Investments and Other Operations

($ in millions)	13 Weeks Ended Nov. 5, 2022	13 Weeks Ended Oct. 30, 2021	$ Change	26 Weeks Ended Nov. 5, 2022	26 Weeks Ended Oct. 30, 2021	$ Change
Crombie REIT	**$ 35.2**	$ 10.2	$ 25.0	**$ 47.9**	$ 17.6	$ 30.3
Genstar	**3.5**	12.5	(9.0)	**4.6**	18.4	(13.8)
Other operations, net of corporate expenses	**2.8**	(0.2)	3.0	**2.2**	(3.4)	5.6
	$ 41.5	$ 22.5	$ 19.0	**$ 54.7**	$ 32.6	$ 22.1

For the quarter ended November 5, 2022, income from Investments and other operations increased primarily as a result of higher equity earnings from Crombie REIT mainly due to increased sales of properties, partially offset by lower equity earnings from Genstar as a result of higher property sales in the prior year.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)		**Nov. 5, 2022**		May 7, 2022		Oct. 30, 2021
Shareholders' equity, net of non-controlling interest	**$**	**5,161.5**	$	4,991.5	$	4,706.0
Book value per common share[1]	**$**	**19.84**	$	18.82	$	17.73
Long-term debt, including current portion	**$**	**1,120.9**	$	1,176.7	$	1,160.9
Long-term lease liabilities, including current portion	**$**	**6,255.4**	$	6,285.4	$	6,139.9
Funded debt to total capital[1]		**58.8%**		59.9%		59.3%
Funded debt to EBITDA[1][2]		**3.1x**		3.2x		3.3x
EBITDA to interest expense[1][3]		**8.6x**		8.3x		8.4x
Trailing four-quarter EBITDA	**$**	**2,361.9**	$	2,330.8	$	2,195.0
Trailing four-quarter interest expense	**$**	**274.7**	$	279.7	$	262.8
Current assets to current liabilities		**0.8x**		0.8x		0.8x
Total assets	**$**	**16,735.2**	$	16,593.6	$	15,980.6
Total non-current financial liabilities	**$**	**7,122.3**	$	7,220.0	$	7,595.4

(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.

Sobeys Inc.'s ("Sobeys") credit ratings remained unchanged from the prior quarter. The following table shows Sobeys' credit ratings as at December 14, 2022:

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

Pursuant to an agreement dated November 3, 2022, Empire amended and restated its senior, unsecured revolving term credit agreement extending the maturity date to November 4, 2027. The principal amount was reduced from $250.0 million to $150.0 million. As of November 5, 2022, the outstanding amount of this facility was $70.0 million (2022 – $10.7 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates.

Pursuant to an agreement dated November 3, 2022, Sobeys amended and restated its $650.0 million senior, unsecured revolving term credit agreement extending the maturity date to November 4, 2027. As of November 5, 2022, the outstanding amount of this facility was $413.2 million (2022 – $ nil) and Sobeys has issued $69.2 million in letters of credit against the facility (2022 – $65.3 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates.

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 January 31, 2023 to shareholders of record on January 13, 2023. 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. 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 the Company 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 interest of the Company and its shareholders. The NCIB expires on July 1, 2023.

Shares purchased during the quarter and year-to-date ended November 5, 2022 compared to the same periods of the previous fiscal year are shown in the table below:

	13 Weeks Ended		26 Weeks Ended	
($ in millions, except per share amounts)	**Nov. 5, 2022**	Oct. 30, 2021	**Nov. 5, 2022**	Oct. 30, 2021
Number of shares	**2,302,793**	579,267	**4,106,040**	3,850,349
Weighted average price per share	**$ 36.98**	$ 38.56	**$ 38.42**	$ 39.56
Cash consideration paid	**$ 85.1**	$ 22.3	**$ 157.7**	$ 152.3

The Company engages in an automatic share purchase plan with its designated broker allowing the purchases of Class A shares for cancellation under its NCIB program during trading black-out periods.

Including purchases made subsequent to the end of the quarter, as at December 13, 2022, the Company has purchased 4,423,140 Class A shares (December 7, 2021 – 4,831,765) at a weighted average price of $38.20 (December 7, 2021 – $39.25) for a total consideration of $169.0 million (December 7, 2021 – $189.6 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. For additional detail on Project Horizon, please refer to Empire's Management's Discussion and Analysis ("MD&A") for the second quarter ended November 5, 2022.

Business Updates

Cybersecurity Event

On November 4, Empire experienced some IT system issues related to a cybersecurity event (the "Cybersecurity Event"). Upon discovery, the Company immediately activated its incident response and business continuity plans, including the engagement of world-class experts, isolated the source and implemented measures to prevent further spread. The impact of the Cybersecurity Event on Empire's second quarter results was not material. Based on the initial assessment, the Company does not anticipate that the Cybersecurity Event will have a material impact on the Company's fiscal 2023 annual results.

Empire has been able to operate its retail network with little disruption and no disruption to the supply chain. This Cybersecurity Event and the precautionary response caused some temporary problems. For example, pharmacy services were shut down for four days while some in-store services, such as self checkouts, gift cards and redemption of *Scene*+ points were impacted for approximately one week. Other than this, customers would have noticed very few changes to their normal shopping experience.

Empire's security teams, supplemented by leading cyber defense firms, worked to remediate this incident, implemented preventative measures including proactively shutting certain systems down out of an abundance of caution, and took steps to supplement existing security monitoring, scanning and protective measures. During restoration efforts, the Company established certain workaround processes to ensure continuity of supply, costing and retail pricing. Empire continues to systematically bring information and administrative systems back online in a controlled, phased approach.

The Company takes the protection of personal information as critically important. The Company continues to investigate this matter and, if a conclusion is reached that applicable data has been removed from the Company's systems, the Company will take all required steps with privacy regulators and impacted individuals.

The Company has a multi-layered security approach involving cyber software tools, controls, policies, standards and procedures pertaining to security access, system development, change management and problem and incident management. This Cybersecurity Event has reinforced the importance of the investments already made in the cybersecurity area, as well as upcoming investments in the IT systems and people. Continuous enhancement of the Company's IT infrastructure will strengthen its defense against future such incidents.

The Company maintains a variety of insurance coverages, including cyber insurance. There may be a time lag between the incurrence of costs and confirmation of insurance proceeds. Empire estimates, based on available information, that the financial impact on fiscal 2023 annual net earnings will be approximately $25 million, net of insurance recoveries.

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 one new location during the second quarter of fiscal 2023. As at December 14, 2022, Farm Boy has 45 stores and the Company expects to open three additional Farm Boy stores by the end of fiscal 2023.

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 one FreshCo store in Alberta during the second quarter of fiscal 2023. As at December 14, 2022, FreshCo has 42 stores in Western Canada and the Company expects to open two additional FreshCo stores by the end of fiscal 2023.

Voilà

In fiscal 2021, the Company introduced its new e-commerce platform, Voilà, which is the future of online grocery home delivery in Canada. 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.

The Company will operate four CFCs across Canada. With these four CFCs, the 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 first CFC in Toronto, Ontario began deliveries on June 22, 2020 and has been successfully operating for over two years.

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 in the first quarter of fiscal 2023 and Voilà par IGA now services over 100 municipalities from Gatineau to Montreal to Quebec City. The Montreal CFC is progressing well with increasing weekly order volume and strong customer experience metrics, including on-time delivery and fulfilment.

Crombie REIT completed the construction of the building for Voilà's third CFC in Calgary and has turned 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 British Columbia ("B.C.") starting in calendar 2025.

In fiscal 2021, the Company launched Voilà curbside pickup, which currently services 98 stores in locations across Atlantic Canada, Ontario, Manitoba, Saskatchewan, Alberta and B.C. The curbside pickup solution is powered by Ocado technology and serves customers in areas where future CFCs will not, or are not yet, operating.

Voilà's future earnings will primarily be impacted by the rate of sales growth. Voilà's sales capture of the market continues to be strong. Management expects that Voilà's net earnings dilution for fiscal 2023 to be approximately the same as fiscal 2022.

In the second quarter of fiscal 2023, the Company's four e-commerce platforms experienced combined sales growth of 4.6% compared to the prior year. The increase is primarily driven by the continued growth of Voilà.

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:

- Management's expectations regarding the scope and impact of the Cybersecurity Event, including the level of disruption, the estimate of the impact on its financial results and the timing for complete rectification. These statements and expectations may be impacted by several factors including the nature and timing of the insurance outcome, availability of resources, continued analysis of the systems and the disruptions being experienced, effectiveness of workaround processes and the time required to remove workaround processes;

- The Company's expectations on the timing of the disposition of all 56 retail fuel sites, which may be impacted by regulatory approval and closing conditions;

- 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 the effects of inflationary pressures;

- 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 effects of inflationary pressures on consumer buying behaviours;

- The Company's expectations for net earnings dilution for the Voilà program for fiscal 2023, 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 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 plans to purchase 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; and

- The Company's expectations regarding the amount and timing 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.
- Same-store sales, excluding fuel are sales from stores in the same location in both reporting periods excluding the fuel 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 table reconciles net earnings to EBITDA:

	13 Weeks Ended		26 Weeks Ended	
($ in millions)	**Nov. 5, 2022**	Oct. 30, 2021	**Nov. 5, 2022**	Oct. 30, 2021
Net earnings	**$ 200.7**	$ 192.3	**$ 409.0**	$ 404.2
Income tax expense	**68.2**	68.3	**140.0**	137.0
Finance costs, net	**65.0**	67.3	**129.0**	134.1
Operating income	**333.9**	327.9	**678.0**	675.3
Depreciation	**224.5**	215.6	**449.4**	429.1
Amortization of intangibles	**25.8**	21.7	**50.8**	42.7
EBITDA	**$ 584.2**	$ 565.2	**$ 1,178.2**	$ 1,147.1

- 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 November 5, 2022, May 7, 2022 and October 30, 2021:

($ in millions, except per share information)	**Nov. 5, 2022**	May 7, 2022	Oct. 30, 2021
Shareholders' equity, net of non-controlling interest	**$ 5,161.5**	$ 4,991.5	$ 4,706.0
Shares outstanding (basic)	**260.1**	265.2	265.4
Book value per common share	**$ 19.84**	$ 18.82	$ 17.73

- 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 November 5, 2022, May 7, 2022 and October 30, 2021, respectively:

($ in millions)	**Nov. 5, 2022**	May 7, 2022	Oct. 30, 2021
Long-term debt due within one year	**$ 532.3**	$ 581.0	$ 73.1
Long-term debt	**588.6**	595.7	1,087.8
Lease liabilities due within one year	**543.7**	509.5	566.5
Long-term lease liabilities	**5,711.7**	5,775.9	5,573.4
Funded debt	**$ 7,376.3**	$ 7,462.1	$ 7,300.8
Total shareholders' equity, net of non-controlling interest	**5,161.5**	4,991.5	4,706.0
Total capital	**$ 12,537.8**	$ 12,453.6	$ 12,006.8

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

The following table reconciles finance costs, net to interest expense:

	13 Weeks Ended		26 Weeks Ended	
($ in millions)	**Nov. 5, 2022**	Oct. 30, 2021	**Nov. 5, 2022**	Oct. 30, 2021
Finance costs, net	**$ 65.0**	$ 67.3	**$ 129.0**	$ 134.1
Plus: finance income, excluding interest income on lease receivables	**1.1**	0.9	**2.4**	2.8
Less: pension finance costs, net	**(2.3)**	(2.0)	**(4.0)**	(3.9)
Less: accretion expense on provisions	**(0.3)**	(0.5)	**(0.7)**	(1.3)
Interest expense	**$ 63.5**	$ 65.7	**$ 126.7**	$ 131.7

For a more complete description of Empire's non-GAAP measures and metrics, please see the section headed "Non-GAAP Financial Measures & Financial Metrics" in Empire's MD&A for the second quarter ended November 5, 2022 available on SEDAR at www.sedar.com, which section is incorporated by reference into this press release.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, December 15, 2022 beginning at 12:00 p.m. (Eastern Standard Time) during which senior management will discuss the Company's financial results for the second quarter of fiscal 2023. 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, and then navigating to the "Empire Company Limited Quarterly Results Call" link.

Replay will be available by dialing (888) 390-0541 and entering access code 307226 until midnight December 29, 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 and related real estate. With approximately $30.8 billion in annual sales and $16.7 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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