FOR IMMEDIATE RELEASE
March 16, 2023

Empire Reports Fiscal 2023 Third Quarter Results

- Earnings per share of $0.49; adjusted earnings per share of $0.64
- Prior year earnings per share and adjusted earnings per share of $0.77, which included $0.14 of unusually large real estate income
- Cybersecurity Event(1) adversely impacted the quarter; operational impacts relating to this event are now resolved
- Same-store sales, excluding fuel, increased by 0.1%
- Gross margin, excluding fuel, was flat to last year
- Project Horizon on track to deliver $500 million increase in annualized EBITDA
- *Scene+* will be launched in Quebec and Thrifty Foods on March 23
- Longo's e-commerce business, Grocery Gateway, will be integrated into Voilà in July 2023

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the third quarter ended February 4, 2023. The Company is excluding the estimated impact of the recent Cybersecurity Event in its Adjusted Metrics(2). For the quarter, the Company recorded adjusted net earnings of $164.8 million ($0.64 per share) compared to $203.4 million ($0.77 per share) last year.

In addition, management considers that the Cybersecurity Event temporarily reduced sales and operational effectiveness, including impacts such as the temporary loss of advanced planning, promotion and fresh item management tools. This is estimated to have impacted third quarter net earnings by at least ($15.0) million (($0.06) per share). Consistent with regulatory guidance, these estimated impacts are not included in the adjustments above.

The prior year's EPS of $0.77 included $0.14 related to unusually large lease termination income and higher property sales from Crombie Real Estate Investment Trust ("Crombie REIT").

"As this stubbornly high inflationary environment persists, and despite the challenges we faced due to the Cybersecurity Event, we delivered solid results, highlighting how much stronger we have become over the last six years. We look forward to inflation abating and then ending, which benefits Empire and all Canadians." said Michael Medline, President & Chief Executive Officer, Empire. "This quarter we continued to advance our strategic initiatives, including efforts to expand the impact of our best-in-class grocery home delivery service Voilà and finalize our Scene+ launch across Canada."

The Company is also announcing today that Longo's e-commerce business, Grocery Gateway, will be integrated into Voilà. Grocery Gateway customers will transition to Voilà over a six-week period, starting in July 2023. The full assortment of Grocery Gateway products will be available on the Voilà platform via a Longo's 'shop in shop'. In addition to cost efficiencies, the Company expects that both Voilà and former Grocery Gateway customers will benefit from the broader product assortment that will be available on Voilà.

(1) On November 4, 2022, Empire experienced IT system issues related to a cybersecurity event (the "Cybersecurity Event" or "Event").
(2) Adjusted Metrics include adjusted operating income, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net earnings, and adjusted earnings per share ("EPS").

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 has remained disciplined in its Project Horizon execution focused on growing market share and building on cost and margin discipline despite significant inflationary pressures. The Company's assessment of Project Horizon will exclude the full impacts of the Cybersecurity Event due to its unusual nature and the expectation that the timing of some insurance recoveries will occur after the fiscal year end. See "Business Updates – Cybersecurity Event" for more information on these adjustments. The Company is on track to achieve its Horizon target of an incremental $500 million in annualized EBITDA(1). Over Project Horizon's three-year timeframe the Company expects to generate a compound average growth rate in EPS(1) of approximately 13% and an increase in EBITDA margin(1) of approximately 50 basis points, both excluding the full impact of the Cybersecurity Event and the one-time costs associated with the Grocery Gateway integration.

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. *Scene+* was successfully launched in Atlantic Canada in August 2022, followed by Western Canada in September 2022 and Ontario in November 2022. During the fourth quarter of fiscal 2023, *Scene+* will be launched in Quebec and in the Thrifty Foods banner in British Columbia ("B.C."). Project Horizon initiatives focused on loyalty, store optimization and customer experience will largely provide financial benefits in fiscal 2024 and beyond.

Empire is hereby also announcing that the next locations for its Farm Boy banner will be Burlington and Port Credit, Ontario. As a result, the Company has now confirmed Farm Boy's first 50 locations in Ontario.

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

SUMMARY RESULTS – THIRD QUARTER

On November 4, 2022, Empire experienced IT system issues related to a Cybersecurity Event. The Company has included in its Adjusted Metrics an adjustment for direct costs such as inventory shrink, hardware and software restoration costs, legal and professional fees, and labour costs, net of insurance recoveries to date. The adjustment to net earnings was ($39.1) million.

In addition, the Cybersecurity Event required certain operational systems to be shut down for several weeks. The inability to utilize these systems had a temporary negative impact on Empire's sales and operational effectiveness, further impacting third quarter net earnings by at least ($15.0) million (($0.06) per share).

Empire is in the process of working with its insurance providers to make claims under its policies. Due to the complexity of the cyber insurance coverage and related claims, there will be a time lag between the initial incurrence of costs and the recognition of insurance proceeds.

($ in millions, except per share amounts)	13 Weeks Ended		$	39 Weeks Ended		$
	Feb. 4, 2023	Jan. 29, 2022	Change	**Feb. 4, 2023**	Jan. 29, 2022	Change
Sales	**$ 7,489.3**	$ 7,377.3	$ 112.0	**$ 23,069.7**	$ 22,321.6	$ 748.1
Gross profit(1)	**1,900.6**	1,892.7	7.9	**5,833.7**	5,655.7	178.0
Operating income	**232.8**	354.8	(122.0)	**910.8**	1,030.1	(119.3)
Adjusted operating income(1)	**285.4**	354.8	(69.4)	**963.4**	1,030.1	(66.7)
EBITDA(1)	**492.5**	597.5	(105.0)	**1,670.7**	1,744.6	(73.9)
Adjusted EBITDA(1)	**545.1**	597.5	(52.4)	**1,723.3**	1,744.6	(21.3)
Net earnings(2)	**125.7**	203.4	(77.7)	**503.1**	567.3	(64.2)
Adjusted net earnings(1)(2)	**164.8**	203.4	(38.6)	**542.2**	567.3	(25.1)
Diluted earnings per share						
EPS(2)	**$ 0.49**	$ 0.77	$ (0.28)	**$ 1.93**	$ 2.13	$ (0.20)
Adjusted EPS(1)(2)	**$ 0.64**	$ 0.77	$ (0.13)	**$ 2.08**	$ 2.13	$ (0.05)
Diluted weighted average number of shares outstanding (in millions)	**258.4**	264.9		**260.7**	266.6	
Dividend per share	**$ 0.165**	$ 0.150		**$ 0.495**	$ 0.450	

	13 Weeks Ended		39 Weeks Ended	
	Feb. 4, 2023	Jan. 29, 2022	**Feb. 4, 2023**	Jan. 29, 2022
Gross margin(1)	**25.4%**	25.7%	**25.3%**	25.3%
EBITDA margin(1)	**6.6%**	8.1%	**7.2%**	7.8%
Adjusted EBITDA margin(1)	**7.3%**	8.1%	**7.5%**	7.8%
Same-store sales(1) growth	**0.6%**	0.2%	**2.5%**	0.0%
Same-store sales growth (decline), excluding fuel	**0.1%**	(1.7)%	**1.1%**	(1.8)%
Effective income tax rate	**20.7%**	26.0%	**24.4%**	25.6%

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs included. Additionally, in the third quarter of fiscal 2023, certain estimated financial impacts associated with the Cybersecurity Event are not reflected in the Adjusted Metrics above as they relate to sales declines which management considers are attributable to the Event, as well as operational effectiveness which temporarily declined during the Event. Management estimates that the impact of these non-adjusted items on operating income and EBITDA to be at least ($20.0) million, and the net earnings impact to be at least ($15.0) million.

(2) Attributable to owners of the Company.

OUTLOOK

The Company continues to be well positioned to pursue growth despite the impacts of higher than normal inflation and supply chain challenges.

The industry continues to experience heightened levels of 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 whose shopping behaviours have become more price sensitive as a result of the heightened inflationary environment.

The industry continues to experience supply chain challenges due to ongoing labour shortages. Although it is difficult to estimate the duration of these challenges, the Company 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 third quarter of fiscal 2023, same-store sales growth excluding fuel was 0.1% compared to a decline of 1.7% in the same quarter last year. Same-store sales growth was 0.4% and 3.1% in the first and second quarter of fiscal 2023, respectively. 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 resulted in higher costs in the first half of fiscal 2023 with improved results expected 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 44 stores now operating as of March 15, 2023. Newer stores are improving efficiency at a faster rate than the early conversion stores as the business gains critical mass across each province.

On December 13, 2022, the Company signed a definitive agreement between a wholly-owned subsidiary of Sobeys and Canadian Mobility Services Limited, a wholly-owned subsidiary of Shell Canada, to sell all 56 retail fuel sites in Western Canada for approximately $100.0 million. Closing of the transaction is subject to customary conditions, including regulatory approvals. The Company expects the transaction to close in the first quarter of fiscal 2024.

The Company is on track to achieve an incremental $500 million in annualized EBITDA. Over Project Horizon's three-year timeframe, the Company expects to generate a compound average growth rate in EPS of approximately 13% and an increase in EBITDA margin of approximately 50 basis points, both excluding the full impact of the Cybersecurity Event and the one-time costs associated with the Grocery Gateway integration.

The 53rd week of operations in fiscal 2022 accounted for approximately $551.0 million in sales and generated earnings per share of $0.07. This will have an impact on Empire's year-over-year results in the fourth quarter of fiscal 2023.

The estimated impact of the Cybersecurity Event on adjusted net earnings in the third quarter of fiscal 2023 is ($39.1) million, net of initial insurance recoveries. The Company also estimates that additional impacts to net earnings from declines in sales and operational effectiveness due to impacts such as the temporary loss of advanced planning, promotion and fresh item management tools, temporary closure of pharmacies, and customers' inability to redeem gift cards and loyalty points was at least ($15.0) million in the third quarter of fiscal 2023.

The Company estimates that the final impact of the Cybersecurity Event on net earnings over fiscal 2023 and fiscal 2024 will be approximately ($32.0) million, net of estimated insurance recoveries. Insurance recoveries are expected to be received over the next several quarters.

The Company expects the costs of the integration of Grocery Gateway operations into Voilà will be charged to earnings in the fourth quarter of fiscal 2023 and are estimated to be approximately $11.0 million after tax.

Sales

Sales for the quarter ended February 4, 2023 increased by 1.5%, primarily driven by benefits from Project Horizon initiatives, including the expansion of FreshCo in Western Canada, higher food inflation and increased fuel sales. This increase was partially offset by the impact of the novel coronavirus ("COVID-19" or "pandemic") restrictions in place during the third quarter of the prior year, changing consumer purchasing behaviours as a result of higher food inflation and the impact of the Cybersecurity Event.

Gross Profit

Gross profit for the quarter ended February 4, 2023 increased by 0.4%, primarily as a result of benefits from Project Horizon initiatives, such as Own Brands and the expansion of FreshCo, Voilà and Farm Boy, partially offset by the Cybersecurity Event and the change in customer purchasing behaviours.

Gross margin for the quarter decreased to 25.4% from 25.7% in the prior year. Gross margin decreased primarily as a result of the impact of the Cybersecurity Event and the effect of higher fuel sales, partially offset by benefits from Project Horizon initiatives. Gross margin, excluding the mix impact of fuel was flat to last year.

Operating Income

($ in millions)	13 Weeks Ended **Feb. 4, 2023**	13 Weeks Ended Jan. 29, 2022	$ Change	39 Weeks Ended **Feb. 4, 2023**	39 Weeks Ended Jan. 29, 2022	$ Change
Food retailing	**$ 212.3**	$ 313.1	$ (100.8)	**$ 835.6**	$ 955.8	$ (120.2)
Investments and other operations:						
Crombie REIT	**18.5**	32.7	(14.2)	**66.4**	50.3	16.1
Genstar	**5.4**	10.7	(5.3)	**10.0**	29.1	(19.1)
Other operations, net of corporate expenses	**(3.4)**	(1.7)	(1.7)	**(1.2)**	(5.1)	3.9
	20.5	41.7	(21.2)	**75.2**	74.3	0.9
Operating income	**$ 232.8**	$ 354.8	$ (122.0)	**$ 910.8**	$ 1,030.1	$ (119.3)
Adjustment:						
Cybersecurity Event(1)	**52.6**	-	52.6	**52.6**	-	52.6
Adjusted operating income(1)	**$ 285.4**	$ 354.8	$ (69.4)	**$ 963.4**	$ 1,030.1	$ (66.7)

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs included. Additionally, in the third quarter of fiscal 2023, certain estimated financial impacts associated with the Cybersecurity Event are not reflected in the adjusted metric above as it relates to sales declines which management considers are attributable to the Event, as well as operational effectiveness which temporarily declined during the Event. Management estimates that the impact of this non-adjusted item on operating income to be at least ($20.0) million.

For the quarter ended February 4, 2023, operating income from the Food retailing segment decreased mainly due to higher selling and administrative expenses and a decrease in other income, partially offset by higher sales and gross profit. Selling and administrative expenses increased primarily as a result of costs related to the Cybersecurity Event, higher depreciation and investments in Project Horizon initiatives, including the expansion of Voilà, FreshCo and Farm Boy. The decrease in other income was caused by higher lease termination income in the prior year.

Operating income from the Investments and other operations segment for the quarter ended February 4, 2023 decreased primarily as a result of lower equity earnings from Crombie REIT mainly due to higher property sales in the same quarter last year.

EBITDA

For the quarter ended February 4, 2023, EBITDA decreased to $492.5 million from $597.5 million in the prior year mainly as a result of the factors affecting operating income. EBITDA margin decreased to 6.6% from 8.1% in the prior year.

($ in millions)	13 Weeks Ended Feb. 4, 2023	13 Weeks Ended Jan. 29, 2022	$ Change	39 Weeks Ended Feb. 4, 2023	39 Weeks Ended Jan. 29, 2022	$ Change
EBITDA	**$ 492.5**	$ 597.5	$ (105.0)	**$ 1,670.7**	$ 1,744.6	$ (73.9)
Adjustment:						
Cybersecurity Event[1]	**52.6**	-	52.6	**52.6**	-	52.6
Adjusted EBITDA[1]	**$ 545.1**	$ 597.5	$ (52.4)	**$ 1,723.3**	$ 1,744.6	$ (21.3)

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs included. Additionally, in the third quarter of fiscal 2023, certain estimated financial impacts associated with the Cybersecurity Event are not reflected in the adjusted metric above as it relates to sales declines which management considers are attributable to the Event, as well as operational effectiveness which temporarily declined during the Event. Management estimates that the impact of this non-adjusted item on EBITDA to be at least ($20.0) million.

For the quarter ended February 4, 2023, adjusted EBITDA decreased to $545.1 million from $597.5 million in the prior year. Adjusted EBITDA margin decreased to 7.3% from 8.1% in the prior year.

Income Taxes

The effective income tax rate for the quarter ended February 4, 2023 was 20.7% compared to 26.0% in the same quarter last year. The effective tax rate for the quarter was lower than the statutory rate primarily due to the revaluation of tax estimates, not all of which were recurring, and the benefit of consolidated structured entities and capital items, both of which are taxed at lower rates. The prior year effective tax rate 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.

Net Earnings

($ in millions, except per share amounts)	13 Weeks Ended Feb. 4, 2023	13 Weeks Ended Jan. 29, 2022	$ Change	39 Weeks Ended Feb. 4, 2023	39 Weeks Ended Jan. 29, 2022	$ Change
Net earnings[1]	**$ 125.7**	$ 203.4	$ (77.7)	**$ 503.1**	$ 567.3	$ (64.2)
EPS (fully diluted)	**$ 0.49**	$ 0.77		**$ 1.93**	$ 2.13	
Adjustment (net of income taxes of $13.5):						
Cybersecurity Event[2]	**39.1**	-	39.1	**39.1**	-	39.1
Adjusted net earnings[1][2]	**$ 164.8**	$ 203.4	$ (38.6)	**$ 542.2**	$ 567.3	$ (25.1)
Adjusted EPS (fully diluted)[2]	**$ 0.64**	$ 0.77		**$ 2.08**	$ 2.13	
Diluted weighted average number of shares outstanding (in millions)	**258.4**	264.9		**260.7**	266.6	

(1) Attributable to owners of the Company.

(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs included. Additionally, in the third quarter of fiscal 2023, certain estimated financial impacts associated with the Cybersecurity Event are not reflected in the Adjusted Metrics above as they relate to sales declines which management considers are attributable to the Event, as well as operational effectiveness which temporarily declined during the Event. Management estimates that the impact of this non-adjusted item on net earnings to be at least ($15.0) million.

Capital Expenditures

The Company invested $143.4 million in capital expenditures[1] for the quarter ended February 4, 2023 (2022 – $159.5 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 Feb. 4, 2023	13 Weeks Ended Jan. 29, 2022	39 Weeks Ended Feb. 4, 2023	39 Weeks Ended Jan. 29, 2022
Cash flows from operating activities	**$ 438.1**	$ 753.9	**$ 1,100.7**	$ 1,637.6
Add: proceeds on disposal of assets(1) and lease terminations	**2.2**	135.3	**19.5**	150.1
Less: interest paid	**(10.3)**	(6.1)	**(48.6)**	(34.2)
payments of lease liabilities, net of payments received for finance subleases	**(164.4)**	(156.9)	**(489.8)**	(416.8)
acquisitions of property, equipment, investment property and intangibles	**(187.6)**	(180.8)	**(599.5)**	(574.4)
Free cash flow(2)	**$ 78.0**	$ 545.4	**$ (17.7)**	$ 762.3

(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 February 4, 2023 decreased versus prior year primarily as a result of a decrease in cash flows from operating activities, and lower proceeds on disposal of assets and lease terminations. The decrease in cash flows from operating activities is driven by unfavourable working capital changes, lower net earnings and higher income taxes paid.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended Feb 4, 2023	13 Weeks Ended Jan 29, 2022	$ Change	39 Weeks Ended Feb 4, 2023	39 Weeks Ended Jan 29, 2022	$ Change
Sales	**$ 7,489.3**	$ 7,377.3	$ 112.0	**$ 23,069.7**	$ 22,321.6	$ 748.1
Gross profit	**1,900.6**	1,892.7	7.9	**5,833.7**	5,655.7	178.0
Operating income	**212.3**	313.1	(100.8)	**835.6**	955.8	(120.2)
Adjusted operating income(1)	**264.9**	313.1	(48.2)	**888.2**	955.8	(67.6)
EBITDA	**471.9**	555.7	(83.8)	**1,595.1**	1,669.9	(74.8)
Adjusted EBITDA(1)	**524.5**	555.7	(31.2)	**1,647.7**	1,669.9	(22.2)
Net earnings(2)	**110.3**	173.7	(63.4)	**446.6**	512.7	(66.1)
Adjusted net earnings(1)(2)	**149.4**	173.7	(24.3)	**485.7**	512.7	(27.0)

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs included. Additionally, in the third quarter of fiscal 2023, certain estimated financial impacts associated with the Cybersecurity Event are not reflected in the Adjusted Metrics above as they relate to sales declines which management considers are attributable to the Event, as well as operational effectiveness which temporarily declined during the Event. Management estimates that the impact of these non-adjusted items on operating income and EBITDA to be at least ($20.0) million, and the net earnings impact to be at least ($15.0) million.
(2) Attributable to owners of the Company.

Investments and Other Operations

($ in millions)	13 Weeks Ended Feb. 4, 2023	13 Weeks Ended Jan. 29, 2022	$ Change	39 Weeks Ended Feb. 4, 2023	39 Weeks Ended Jan. 29, 2022	$ Change
Crombie REIT	**$ 18.5**	$ 32.7	$ (14.2)	**$ 66.4**	$ 50.3	$ 16.1
Genstar	**5.4**	10.7	(5.3)	**10.0**	29.1	(19.1)
Other operations, net of corporate expenses	**(3.4)**	(1.7)	(1.7)	**(1.2)**	(5.1)	3.9
	$ 20.5	$ 41.7	$ (21.2)	**$ 75.2**	$ 74.3	$ 0.9

For the quarter ended February 4, 2023, income from Investments and other operations decreased primarily as a result of lower equity earnings from Crombie REIT, mainly due to increased sales of properties in the same quarter last year.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)		Feb. 4, 2023		May 7, 2022		Jan. 29, 2022
Shareholders' equity, net of non-controlling interest	**$**	**5,151.7**	$	4,991.5	$	4,789.9
Book value per common share[1]	**$**	**19.98**	$	18.82	$	18.14
Long-term debt, including current portion	**$**	**1,011.9**	$	1,176.7	$	1,144.1
Long-term lease liabilities, including current portion	**$**	**6,198.3**	$	6,285.4	$	6,349.5
Funded debt to total capital[1]		**58.3%**		59.9%		58.0%
Funded debt to adjusted EBITDA[1][2]		**3.1x**		3.2x		3.3x
Adjusted EBITDA to interest expense[1][3]		**8.4x**		8.3x		8.6x
Trailing four-quarter adjusted EBITDA[1]	**$**	**2,309.5**	$	2,330.8	$	2,259.0
Trailing four-quarter interest expense	**$**	**276.4**	$	279.7	$	263.3
Current assets to current liabilities		**0.8x**		0.8x		0.9x
Total assets	**$**	**16,355.3**	$	16,593.6	$	16,433.8
Total non-current financial liabilities	**$**	**7,343.9**	$	7,220.0	$	7,831.1

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(2) Calculation uses trailing four-quarter adjusted EBITDA.
(3) Calculation uses trailing four-quarter adjusted 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 March 15, 2023:

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 February 4, 2023, the outstanding amount of this facility was $94.1 million (2022 – $10.2 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 February 4, 2023, the outstanding amount of this facility was $279.7 million (2022 – $ nil) and Sobeys has issued $69.9 million in letters of credit against the facility (2022 – $65.1 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 April 28, 2023 to shareholders of record on April 14, 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 February 4, 2023 compared to the same periods of the previous fiscal year are shown in the table below:

	13 Weeks Ended		39 Weeks Ended	
($ in millions, except per share amounts)	**Feb. 4, 2023**	Jan. 29, 2022	**Feb. 4, 2023**	Jan. 29, 2022
Number of shares	**2,228,582**	2,115,534	**6,334,622**	5,965,883
Weighted average price per share	**$ 36.14**	$ 37.91	**$ 37.62**	$ 38.98
Cash consideration paid	**$ 80.6**	$ 80.1	**$ 238.3**	$ 232.4

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 March 14, 2023 the Company has purchased 7,356,194 Class A shares (March 8, 2022 – 6,378,983) at a weighted average price of $37.46 (March 8, 2022 – $39.00) for a total consideration of $275.6 million (March 8, 2022 – $248.8 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 third quarter ended February 4, 2023.

Business Updates

Cybersecurity Event

On November 4, 2022, Empire experienced IT system issues related to a 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.

This Cybersecurity Event and the precautionary response caused some temporary challenges. For example, availability of some products was temporarily impacted, 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 chain, product availability, costing and retail pricing. Empire has substantially completed its controlled and phased approach to systematically bringing information and administrative systems back online.

The Company regards the protection of personal information as critically important and has taken all required steps with privacy regulators and potentially 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. Empire is in the process of working with its insurance providers to make claims under its policies. Due to the complexity of the cyber insurance coverage and related claims, there will be a time lag between the initial incurrence of costs and the recognition of insurance proceeds. While the impact of the Cybersecurity Event is substantially behind the Company, management expects that there will be some additional costs incurred after the third quarter of fiscal 2023.

The Cybersecurity Event is considered an unusual item and will be excluded from the Company's assessment of Project Horizon. For comparative purposes, the Company is presenting Adjusted Metrics to exclude the impact of the Cybersecurity Event. The financial impact of incremental direct costs and inventory shrink on net earnings in the third quarter is estimated to be ($39.1) million, net of estimated insurance recoveries to date. Please refer to the "Summary Results – Third Quarter" section of this document for a reconciliation of these non-GAAP financial measures.

In addition, certain financial impacts are not reflected in the Adjusted Metrics described above, as they relate to sales declines which management considers are attributable to the Event, as well as operational effectiveness which temporarily declined during the Event. Management estimates that the impact on net earnings in the third quarter was at least ($15.0) million from impacts such as the temporary loss of advanced planning, promotion, and fresh item management tools, temporary closures of pharmacies and customers' inability to redeem gift cards and loyalty points.

Empire estimates, based on available information, that the final impact on net earnings over fiscal 2023 and fiscal 2024 will be approximately ($32.0) million, net of estimated insurance recoveries.

Farm Boy

The acquisition of Farm Boy on December 10, 2018 added 26 locations to the Company's Ontario store network. The Company expects to open an additional 22 stores in the five years following the acquisition date, mainly in the Greater Toronto Area ("GTA"). The Company opened one new location in each of the second and third quarters of fiscal 2023, and has opened an additional location subsequent to the end of the third quarter for a total of three new stores to date in fiscal 2023. As at March 15, 2023, Farm Boy has 47 stores open and operating. One store opening originally planned for fiscal 2023 has been delayed to the first half of fiscal 2024.

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 third quarter of fiscal 2023 and opened another store in Alberta subsequent to the end of the third quarter. As at March 15, 2023, FreshCo has 44 stores in Western Canada open and operating.

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 began deliveries on June 22, 2020 and has been successfully operating for almost three years.

The second CFC in Montreal began deliveries in March 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 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 capture of the market continues to be strong. Management expects that Voilà's net earnings dilution for fiscal 2023 will be approximately the same as fiscal 2022.

Longo's e-commerce business, Grocery Gateway, will be merged into Voilà in July 2023 thereby capturing logistics and delivery synergies. Operating as a 'shop in shop' will increase the reach of Longo's within Ontario and increase Voilà's product count by approximately 2,000 Longo's products. The costs of the integration will be charged to earnings in the fourth quarter of fiscal 2023 and are estimated to be approximately $11.0 million after tax.

In the third quarter of fiscal 2023, Voilà delivered sequential growth of 9.4% versus the second quarter of fiscal 2023. Overall, the Company's four e-commerce platforms (Voilà, Grocery Gateway, IGA.net and ThriftyFoods.com) experienced a combined sales decline of 14.7% compared to the same quarter in the prior year. The decrease is primarily driven by higher online sales in the third quarter of fiscal 2022 as a result of the pandemic.

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, and the estimate of the impact on its financial results in the third quarter of fiscal 2023 and subsequent quarters. These statements and expectations may be impacted by several factors including the nature, amount and timing of the insurance outcome;
- 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 impacts 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 expectations on the timing of the disposition of 56 retail fuel sites in Western Canada, which may be impacted by regulatory approval and closing conditions;

- The Company's plan to integrate Voilà and Grocery Gateway may be impacted by supplier transition of platforms;
- 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 plans to purchase for cancellation Non-Voting 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.

In addition, management adjusts measures and metrics, including operating income, EBITDA and net earnings in an effort to provide investors and analysts with a more comparable year-over-year performance metric than the basic measure by excluding certain items. These items may impact the analysis of trends in performance and affect the comparability of the Company's core financial results. By excluding these items, management is not implying they are non-recurring.

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:

- The Cybersecurity Event adjustment includes the impact of incremental direct costs such as inventory shrink, hardware and software restoration costs, legal and professional fees, and labour costs. Management believes that the Cybersecurity Event adjustment results in a useful economic representation of the underlying business on a comparative basis. The adjustment does not include management's estimate of the full financial impact of the Cybersecurity Event, as it excludes the net earnings impacts related to the estimated decline in sales and operational effectiveness from impacts such as the temporary loss of advanced planning, promotion and fresh item management tools, the temporary closure of pharmacies, and customers' temporary inability to redeem gift cards and loyalty points.
- 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.
- Adjusted operating income is operating income excluding certain items to better analyze trends in performance. These adjustments result in a truer economic representation of the underlying business on a comparative basis. Adjusted operating income is reconciled to operating income in its respective subsection of the "Summary Results – Third Quarter" section.
- 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		39 Weeks Ended	
($ in millions)	**Feb. 4, 2023**	Jan. 29, 2022	**Feb. 4, 2023**	Jan. 29, 2022
Net earnings	**$ 130.8**	$ 213.7	**$ 539.8**	$ 617.9
Income tax expense	**34.2**	75.1	**174.2**	212.1
Finance costs, net	**67.8**	66.0	**196.8**	200.1
Operating income	**232.8**	354.8	**910.8**	1,030.1
Depreciation	**229.6**	215.4	**679.0**	644.5
Amortization of intangibles	**30.1**	27.3	**80.9**	70.0
EBITDA	**$ 492.5**	$ 597.5	**$ 1,670.7**	$ 1,744.6

- EBITDA margin is EBITDA divided by sales.
- Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These adjustments result in a truer economic representation of the underlying business on a comparative basis. Adjusted EBITDA is reconciled to EBITDA in its respective subsection of the "Summary Results – Third Quarter" section.
- Adjusted EBITDA margin is adjusted 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 February 4, 2023, May 7, 2022 and January 29, 2022:

($ in millions, except per share information)	**Feb. 4, 2023**	May 7, 2022	Jan. 29, 2022
Shareholders' equity, net of non-controlling interest	**$ 5,151.7**	$ 4,991.5	$ 4,789.9
Shares outstanding (basic)	**257.9**	265.2	264.1
Book value per common share	**$ 19.98**	$ 18.82	$ 18.14

- 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 February 4, 2023, May 7, 2022 and January 29, 2022, respectively:

($ in millions)		**Feb. 4, 2023**		May 7, 2022		Jan. 29, 2022
Long-term debt due within one year	**$**	**103.1**	$	581.0	$	53.8
Long-term debt		**908.8**		595.7		1,090.3
Lease liabilities due within one year		**545.0**		509.5		556.2
Long-term lease liabilities		**5,653.3**		5,775.9		5,793.3
Funded debt	**$**	**7,210.2**	$	7,462.1	$	7,493.6
Total shareholders' equity, net of non-controlling interest		**5,151.7**		4,991.5		4,789.9
Total capital	**$**	**12,361.9**	$	12,453.6	$	12,283.5

- Adjusted net earnings is net earnings, net of non-controlling interest, excluding certain items to better analyze trends in performance. These adjustments result in a truer economic representation of the underlying business on a comparative basis. Adjusted net earnings is reconciled in its respective subsection of the "Summary Results – Third Quarter" section.
- Adjusted EPS (fully diluted) is calculated as adjusted net earnings divided by diluted weighted average number of shares outstanding.
- Funded debt to total capital ratio is funded debt divided by total capital.
- Funded debt to adjusted EBITDA ratio is funded debt divided by trailing four-quarter EBITDA.
- Adjusted 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				39 Weeks Ended			
($ in millions)		**Feb. 4, 2023**		Jan. 29, 2022		**Feb. 4, 2023**		Jan. 29, 2022
Finance costs, net	**$**	**67.8**	$	66.0	**$**	**196.8**	$	200.1
Plus: finance income, excluding interest income on lease receivables		**1.2**		2.2		**3.6**		5.0
Less: pension finance costs, net		**(1.1)**		(1.9)		**(5.1)**		(5.8)
Less: accretion expense on provisions		**(0.4)**		(0.5)		**(1.1)**		(1.8)
Interest expense	**$**	**67.5**	$	65.8	**$**	**194.2**	$	197.5

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 third quarter ended February 4, 2023 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, March 16, 2023 beginning at 12:30 p.m. (Eastern Standard Time) during which senior management will discuss the Company's financial results for the third quarter of fiscal 2023. To instantly join the conference call by phone, please use the following URL to easily register yourself and be connected into the conference call automatically: https://emportal.ink/3YDagQi. You can also be entered to the call by an Operator by dialing (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 944679 until midnight March 30, 2023, 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 $30.9 billion in annual sales and $16.4 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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