FOR IMMEDIATE RELEASE
September 14, 2023

Empire Reports Fiscal 2024 First Quarter Results

- Earnings per share ("EPS") and adjusted EPS[(1)] of $1.03 and $0.78 respectively
- Prior year EPS and adjusted EPS of $0.71
- Same-store sales, excluding fuel, increased by 4.1%
- Gross margin, excluding fuel, increased by 19 basis points
- Completed sale of retail fuel sites in Western Canada for approximately $100.0 million
- Issued 2023 Sustainability Business Report, including SBTi validation of near-term targets

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the first quarter ended August 5, 2023. For the quarter, the Company recorded net earnings of $261.0 million ($1.03 per share) compared to $187.5 million ($0.71 per share) last year. For the quarter, the Company recorded adjusted net earnings of $196.2 million ($0.78 per share) compared to $187.5 million ($0.71 per share) last year. The Company is excluding from its Adjusted Metrics[(1)]: gains associated with the Western Canada fuel sale, costs incurred to plan and implement strategies to optimize the organization and improve efficiencies, and insurance recoveries related to the Cybersecurity Event[(2)].

"Fiscal 2024 is off to a good start, supported by stronger top-line performance in our Full-Service banners, continued double-digit sales growth in our Discount banner and solid control over our retail margins," said Michael Medline, President & CEO, Empire. "Despite the ongoing volatility that the market continues to face, the results we delivered in Q1 demonstrate our team's ability to consistently execute, regardless of the economic environment."

Completed sale of Western Canada retail fuel sites

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. Following regulatory review and approval, the sale ("Western Canada Fuel Sale") was completed on July 30, 2023.

(1) Adjusted Metrics include adjusted operating income, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net earnings, and adjusted EPS. See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

(2) On November 4, 2022, Empire experienced IT system issues related to a cybersecurity event (the "Cybersecurity Event" or "Event").

Sustainable Business Reporting

Environmental, Social and Governance ("ESG") has deep roots in the Company's history, and the principles of ESG have been a part of the organization since the Company started 116 years ago.

The Company published its 2023 Sustainable Business Report in July 2023 which outlines the Company's steady and tangible progress in achieving its ESG goals. This year's report presents key results in areas where the Company has the greatest impact across the three pillars of its ESG framework: People, Planet, and Products. Highlights of the progress made this year include: becoming the first grocery retailer in Canada to have science-based climate targets validated by the Science Based Targets initiative; donating more than 23 million pounds of surplus food to local charities from stores and warehouses through the Company's partnership with Second Harvest; raising and donating close to $19.0 million across Canada to support the Healthier Tomorrows Community Investment strategy; and continued progress on embedding Diversity, Equity & Inclusion ("DE&I") more broadly across the organization, with over 90% of Directors and above having set DE&I performance and accountability goals. In addition, the Company also recently conducted the first climate scenario risk assessment on its operational footprint and published its inaugural Taskforce on Climate-Related Financial Disclosures-aligned report.

The Company is focused on several initiatives as part of a continuing ESG journey such as carbon reduction projects to achieve its Scope 1 and 2 climate targets; reducing or eliminating avoidable and hard-to-recycle plastics; expanding the Company's efforts to cultivate a fair, equitable and inclusive environment for all; and embedding sustainable business mandates within the Company's performance management goals.

COMPANY PRIORITIES

Over the last six years, the Company has successfully completed two transformation strategies, Project Sunrise and Project Horizon. These strategies have comprehensively reset Empire's foundation, enhanced the Company's data capabilities, deepened the understanding of customers, and prepared the business to effectively capture emerging trends. With these transformation strategies now accomplished and the turnaround complete, the Company aims to grow total adjusted EPS over the long-term through net earnings growth and share repurchases. The Company intends to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin by focusing on priorities such as:

Continued Focus on Stores:

Over recent years, the Company has accelerated investments in renovations, conversions, and new stores along with store processes, communications, training, technology and tools. Investing in the store network will remain a priority, demonstrated by a sustained emphasis on renovations and continued store expansion in Discount. The Own Brands program enhancement will remain a priority through increased distribution, shelf placement and product innovation.

The Company intends to invest capital in its store network and is planning to renovate approximately 20% to 25% of the network over the next three years. This capital investment includes important sustainability initiatives such as refrigeration system upgrades, heating, ventilation and air conditioning ("HVAC") system upgrades and other energy efficiency initiatives.

Enhanced Focus on Digital and Data:

The focus on digital and data will include continued e-commerce expansion with Voilà, loyalty, through *Scene+* (see "Business Updates – Voilà" and "Business Updates – *Scene+*" for more information), personalization, improved space productivity and the continued improvement of promotional optimization. Space productivity will further enhance the customer experience by improving store layouts, optimizing category and product adjacencies and tailoring product assortment for each store. The advanced analytics tools built for promotional optimization will continue to be refined through the partnership between the advanced analytics team and category merchants.

Efficiency and Cost Control:

The Company has significantly improved its efficiency and cost effectiveness through sourcing efficiencies, optimizing supply chain productivity and improving systems and processes. The Company will continue to focus on driving efficiency and cost effectiveness through initiatives related to strategic sourcing and supply chain productivity.

SUMMARY RESULTS – FIRST QUARTER

On July 30, 2023, Empire completed the sale of its Western Fuel Business to Canadian Mobility Services Limited, a wholly-owned subsidiary of Shell Canada. The sale of all 56 retail fuel sites in Western Canada was completed for approximately $100.0 million, which resulted in a pre-tax gain of $90.8 million. The impact to net earnings for the quarter ended August 5, 2023 was $71.5 million.

In the first quarter of fiscal 2024, Empire began to pursue strategies to optimize its organization and improve efficiencies (the "Restructuring"). Expenses in the quarter relate to costs incurred to plan and implement these strategies. The impact to net earnings for the quarter ended August 5, 2023 was ($7.1) million.

On November 4, 2022, Empire experienced IT system issues related to a Cybersecurity Event. In the prior year, the Company 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. The impact to net earnings for the quarter ended August 5, 2023 was a recovery of $0.4 million. 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 is a time lag between the initial incurrence of costs and the recognition of anticipated insurance proceeds.

	13 Weeks Ended		$
($ in millions, except per share amounts)	**August 5, 2023**	August 6, 2022	Change
Sales	**$ 8,075.5**	$ 7,937.6	$ 137.9
Gross profit[1]	**2,074.5**	1,977.9	96.6
Operating income	**456.5**	344.1	112.4
Adjusted operating income[1]	**374.9**	344.1	30.8
EBITDA[1]	**723.0**	594.0	129.0
Adjusted EBITDA[1]	**641.4**	594.0	47.4
Net earnings[2]	**261.0**	187.5	73.5
Adjusted net earnings[1][2]	**196.2**	187.5	8.7
Diluted earnings per share			
EPS[2]	**$ 1.03**	$ 0.71	$ 0.32
Adjusted EPS[1][2]	**$ 0.78**	$ 0.71	$ 0.07
Diluted weighted average number of shares outstanding (in millions)	**252.2**	263.0	
Dividend per share	**$ 0.183**	$ 0.165	

	13 Weeks Ended	
	August 5, 2023	August 6, 2022
Gross margin[1]	**25.7%**	24.9%
EBITDA margin[1]	**9.0%**	7.5%
Adjusted EBITDA margin[1]	**7.9%**	7.5%
Same-store sales[1] growth	**3.0%**	3.3%
Same-store sales growth, excluding fuel	**4.1%**	0.4%
Effective income tax rate	**27.5%**	25.6%

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

Sales

Sales for the quarter ended August 5, 2023 increased by 1.7% primarily driven by strong performance across the business. This increase is offset by lower fuel sales due to elevated fuel prices in the prior year and one less week of fuel sales following the Western Canada Fuel Sale on July 30, 2023.

Gross Profit

Gross profit for the quarter ended August 5, 2023 increased by 4.9% primarily driven by higher sales and favourability in our supply chain network.

Gross margin for the quarter increased to 25.7% from 24.9% in the prior year. Gross margin increased primarily as a result of the mix impact of lower fuel sales, and lower distribution costs driven primarily by efficiency initiatives in supply chain. Excluding the mix impact of fuel sales, gross margin was 19 basis points higher than the prior year.

Operating Income

	13 Weeks Ended		$
($ in millions)	**August 5, 2023**	August 6, 2022	Change
Food retailing	**$ 449.1**	$ 330.9	$ 118.2
Investments and other operations:			
Crombie REIT	**8.9**	12.7	(3.8)
Genstar	**1.1**	1.1	-
Other operations, net of corporate expenses	**(2.6)**	(0.6)	(2.0)
	7.4	13.2	(5.8)
Operating income	**$ 456.5**	$ 344.1	$ 112.4
Adjustments:			
Western Canada Fuel Sale(1)	**$ (90.8)**	$ -	$ (90.8)
Cybersecurity Event(1)	**(0.5)**	-	(0.5)
Restructuring(1)	**9.7**	-	9.7
	(81.6)	-	(81.6)
Adjusted operating income(2)	**$ 374.9**	$ 344.1	$ 30.8

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs included.
(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

For the quarter ended August 5, 2023, operating income from the Food retailing segment increased mainly due to higher sales and gross profit in the current year, as well as the gain on the Western Canada Fuel Sale, partially offset by higher selling and administrative expenses in the current year. Selling and administrative expenses increased mainly due to continued investment in business expansion (Farm Boy, Voilà and FreshCo), higher retail labour costs, and higher depreciation and amortization, partially offset by a decrease in project consultancy costs compared to the prior year.

For the quarter ended August 5, 2023, 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”) due to higher general and administrative expenses, partially offset by higher development income.

EBITDA

($ in millions)	13 Weeks Ended **August 5, 2023**	August 6, 2022	$ Change
EBITDA[(1)]	**$ 723.0**	$ 594.0	$ 129.0
Adjustments:			
Western Canada Fuel Sale[(2)]	**(90.8)**	-	(90.8)
Cybersecurity Event[(2)]	**(0.5)**	-	(0.5)
Restructuring[(2)]	**9.7**	-	9.7
	(81.6)	-	(81.6)
Adjusted EBITDA[(1)(2)]	**$ 641.4**	$ 594.0	$ 47.4

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs included.

For the quarter ended August 5, 2023, EBITDA increased to $723.0 million from $594.0 million in the prior year mainly as a result of the same factors affecting operating income (which excludes the increase in depreciation and amortization). Adjusted EBITDA margin increased to 7.9% from 7.5% in the prior year.

Income Taxes

The effective income tax rate for the quarter ended August 5, 2023 was 27.5% compared to 25.6% in the same quarter in the prior year. The effective tax rate was higher than the statutory rate primarily due to the revaluation of tax estimates, not all of which are recurring, partially offset by non-taxable capital items. The effective tax rate in the same quarter last year was lower than the statutory rate primarily due to the differing tax rates of various entities.

Net Earnings

($ in millions, except per share amounts)	13 Weeks Ended **August 5, 2023**	August 6, 2022	$ Change
Net earnings[(1)]	**$ 261.0**	$ 187.5	$ 73.5
EPS (fully diluted)	**$ 1.03**	$ 0.71	$ 0.32
Adjustments (net of income taxes of $16.8):			
Western Canada Fuel Sale[(2)]	**(71.5)**	-	(71.5)
Cybersecurity Event[(2)]	**(0.4)**	-	(0.4)
Restructuring[(2)]	**7.1**	-	7.1
	(64.8)	-	(64.8)
Adjusted net earnings[(1)(2)(3)]	**$ 196.2**	$ 187.5	$ 8.7
Adjusted EPS (fully diluted)[(3)]	**$ 0.78**	$ 0.71	$ 0.07
Diluted weighted average number of shares outstanding (in millions)	**252.2**	263.0	

(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.
(3) See “Non-GAAP Financial Measures & Financial Metrics” section of this News Release.

Capital Expenditures

The Company invested $123.6 million in capital expenditures[(1)] for the quarter ended August 5, 2023 (2023 – $155.5 million), including store renovations, construction of new stores, investments in advanced analytics technology and other technology systems, and investments in Voilà Customer Fulfilment Centres (“CFC”).

In fiscal 2024, capital expenditures are expected to be approximately $775 million, with approximately half of this investment allocated to store renovations and new store expansion, and approximately $50 million allocated toward sustainability initiatives such as refrigeration system upgrades, HVAC system upgrades and other energy efficiency initiatives. The Company is planning to renovate approximately 20% to 25% of the network over the next three years.

(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 August 5, 2023	August 6, 2022	$ Change
Cash flows from operating activities	**$ 588.2**	$ 386.7	$ 201.5
Add: proceeds on disposal of assets[1]	**105.6**	2.7	102.9
Less: interest paid	**(11.0)**	(24.6)	13.6
payments of lease liabilities, net of payments received for finance subleases	**(168.3)**	(163.9)	(4.4)
acquisitions of property, equipment, investment property and intangibles	**(174.7)**	(169.6)	(5.1)
Free cash flow[2]	**$ 339.8**	$ 31.3	$ 308.5

(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 August 5, 2023 increased versus prior year primarily as a result of an increase in cash flows from operating activities, the receipt of proceeds from the Western Canada Fuel Sale of approximately $100.0 million in the current year as well as lower interest paid in the current year due to the repayment of the $500.0 million Series 2013-2 Notes in the prior year.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended August 5, 2023	August 6, 2022	$ Change
Sales	**$ 8,075.5**	$ 7,937.6	$ 137.9
Gross profit	**2,074.5**	1,977.9	96.6
Operating income	**449.1**	330.9	118.2
Adjusted operating income [1][2]	**367.5**	330.9	36.6
EBITDA[2]	**715.4**	580.7	134.7
Adjusted EBITDA[1][2]	**633.8**	580.7	53.1
Net earnings[3]	**271.1**	178.3	92.8
Adjusted net earnings[1][2][3]	**206.3**	178.3	28.0

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of the MD&A for a reconciliation of the adjusted metrics presented in this table.
(2) See "Non-GAAP Financial Measures & Financial Metrics" section of the MD&A.
(3) Attributable to owners of the Company.

Investments and Other Operations

($ in millions)	13 Weeks Ended August 5, 2023	August 6, 2022	$ Change
Crombie REIT	**$ 8.9**	$ 12.7	$ (3.8)
Genstar	**1.1**	1.1	-
Other operations, net of corporate expenses	**(2.6)**	(0.6)	(2.0)
	$ 7.4	$ 13.2	$ (5.8)

For the quarter ended August 5, 2023, income from Investments and other operations decreased primarily as a result of lower equity earnings from Crombie REIT due to higher general and administrative expenses, partially offset by higher development income.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)		**August 5, 2023**		May 6, 2023		August 6, 2022
Shareholders' equity, net of non-controlling interest	**$**	**5,306.4**	$	5,200.4	$	5,049.0
Book value per common share(1)	**$**	**21.08**	$	20.09	$	19.26
Long-term debt, including current portion	**$**	**958.0**	$	1,012.3	$	866.5
Long-term lease liabilities, including current portion	**$**	**6,100.4**	$	6,184.6	$	6,286.9
Funded debt to total capital(1)		**57.1%**		58.1%		58.6%
Funded debt to adjusted EBITDA(1)(2)		**3.0x**		3.1x		3.1x
Adjusted EBITDA to interest expense(1)(3)		**8.8x**		8.8x		8.5x
Trailing four-quarter adjusted EBITDA	**$**	**2,369.5**	$	2,263.0	$	2,342.9
Trailing four-quarter interest expense	**$**	**268.0**	$	263.1	$	276.9
Current assets to current liabilities		**0.8x**		0.8x		0.7x
Total assets	**$**	**16,511.9**	$	16,483.7	$	16,302.0
Total non-current financial liabilities	**$**	**7,169.9**	$	7,289.5	$	7,223.3

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

Sobeys' credit rating remained unchanged from the prior quarter. The following table shows Sobeys' credit ratings as at September 13, 2023:

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

Through the acquisition of Longo's on May 10, 2021, Sobeys' acquired their existing $75.0 million demand operating line of credit. On July 20, 2023, Longo's amended this line of credit agreement from $75.0 million to $100.0 million. As of August 5, 2023, the outstanding amount of the facility was $44.2 million (2023 – $19.7 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate.

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 Non-Voting Class A shares ("Class A shares") representing 7.0% of the 150,258,764 Class A shares outstanding. As at July 1, 2023, under this filing, the Company purchased 10,500,000 (July 1, 2022 – 5,659,764) Class A shares at a weighted average price of $36.18 (July 1, 2022 – $39.11) for a total consideration of $379.9 million (July 1, 2022 - $221.3 million).

On June 21, 2023, the Company renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 12,600,000 Class A shares representing approximately 9.0% of the public float of 139,497,542 Class A shares outstanding as of June 19, 2023. The Company intends to repurchase approximately $400.0 million of Class A shares in fiscal 2024. 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, 2024.

Shares purchased during the quarter ended August 5, 2023 compared to the same periods of the previous fiscal year are shown in the table below:

		13 Weeks Ended		
($ in millions, except per share amounts)		**Aug. 5, 2023**		Aug. 6, 2022
Number of shares		**2,838,828**		1,803,247
Weighted average price per share	**$**	**35.23**	$	40.26
Cash consideration paid	**$**	**100.0**	$	72.6

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 September 12, 2023 the Company has purchased 3,263,092 Class A shares in fiscal 2024 (September 13, 2022 – 3,143,281) at a weighted average price of $35.24 (September 13, 2022 – $39.42) for a total consideration of $115.0 million (September 13, 2022 – $123.9 million).

BUSINESS UPDATES

Scene+

In June 2022, the Company launched a new loyalty strategy through *Scene+*, one of Canada's leading loyalty programs. Along with Scotiabank and Cineplex, the Company is now a co-owner of *Scene+*. With its final launch in Quebec and Thrifty Foods in March 2023, the new loyalty program was successfully launched nationally.

As part of the *Scene+* rollout, the Company launched its next generation recommendation engine for one-to-one, machine learning powered personalization at scale. The recommendation engine is focused on improving customer engagement and offer relevancy. The target algorithms will continue to improve over time, driving progressively better performance and results.

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.

Through the FreshCo expansion program, the discount business in Western Canada has been on a sharp growth trajectory, driven by store conversions and regional expansion. The value proposition, strong multicultural assortment along with the addition of the *Scene+* loyalty program has supported the growth and expansion of the discount format.

As at September 13, 2023, FreshCo has 45 stores operating in Western Canada. In fiscal 2024, the Company expects to open two additional FreshCo stores in Western Canada.

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. The Company will operate four CFCs across Canada with 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 Company has three active CFCs located in Toronto, Montreal and Calgary. The fourth CFC in Vancouver will service customers in British Columbia ("B.C.") starting in calendar year 2025. In fiscal 2021, the Company launched Voilà curbside pickup, which currently services 98 stores in locations across Canada and is also powered by Ocado technology.

In the quarter ended August 5, 2023, the Company completed its merger of Longo's e-commerce business, Grocery Gateway, into Voilà, 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.

Voilà's future earnings will primarily be impacted by the rate of sales growth, with operational efficiencies, margins, and cost discipline serving as important drivers to manage financial performance.

In the quarter ended August 5, 2023, Voilà experienced a sales increase of 7.2% compared to the same quarter in the prior year. According to third-party market data, Voilà continued to increase its national market share within the e-commerce channel.

Cybersecurity Event

On November 4, 2022, Empire experienced IT system issues related to a cybersecurity event (the "Cybersecurity Event" or "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 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 is a time lag between the initial incurrence of costs and the recognition of anticipated insurance proceeds. While the operational impact of the Cybersecurity Event is behind the Company, management expects that there will be additional insurance recoveries throughout fiscal 2024.

The financial impact of insurance recoveries on net earnings in the quarter ended August 5, 2023 was $0.4 million. Impacts of the Cybersecurity Event, including the related insurance proceeds, are excluded from Adjusted Metrics. The Company expects to recognize additional insurance recoveries throughout fiscal 2024, which will continue to be excluded from the Adjusted Metrics. Please refer to the "Summary Results – First Quarter" section of this document for a more detailed discussion, including a reconciliation of these non-generally accepted accounting principles ("GAAP") financial measures.

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

OUTLOOK

Management aims to grow total adjusted EPS over the long-term through net earnings growth and share repurchases. The Company intends to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin by focusing on priorities such as: a continued focus on stores (investing in renovations, Discount expansion, and Own Brands program enhancement), an expanded focus on digital and data (through key strategic initiatives including Voilà, *Scene+*, personalization, space productivity and promotional optimization), and driving efficiency and cost effectiveness through initiatives related to strategic sourcing and supply chain.

For fiscal 2024, capital spend is expected to be approximately $775 million, with approximately half of this investment allocated to renovations and new store expansion, and approximately $50 million allocated toward sustainability initiatives such as refrigeration system upgrades, HVAC system upgrades and other energy efficiency initiatives. The Company is planning to renovate approximately 20% to 25% of the network over the next three years.

During fiscal 2024, the Company intends to purchase approximately $400 million in Class A shares under an NCIB. The Company has declared a quarterly dividend which reflects an increase in the annualized dividend rate of 10.6%, marking the 28th consecutive year of dividend increases.

The Company continues to be well positioned to pursue growth despite the impacts of global economic uncertainties. The industry continues to experience heightened levels of inflationary pressures, particularly related to cost of goods sold. Although it is difficult to estimate how long these pressures will last, the Company is focused on supplier relationships and negotiations to ensure competitive pricing for customers whose shopping behaviours become more price sensitive in a heightened inflationary environment.

DIVIDEND DECLARATION

The Board of Directors declared a quarterly dividend of $0.1825 per share on both the Non-Voting Class A shares and the Class B common shares that will be payable on October 31, 2023 to shareholders of record on October 13, 2023. These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation.

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 aim to increase total adjusted EPS through net earnings, growth, and share repurchases, as well as its intention to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin, all of which could be impacted by several factors including a prolonged unfavourable macro-economic environment and unforeseen business challenges, as well as the factors identified in the "Risk Management" section of the fiscal 2023 MD&A;
- The Company's plan to invest capital in its store network including store expansions and renovations and renovate approximately 20% to 25% of the network over the next three years which could be impacted by cost of materials, availability of contractors, operating results, and other macro-economic impacts;
- The Company's plans to further grow and enhance the Own Brands portfolio, which may be impacted by future operating costs and customer response;
- The Company's expectation that it will continue to focus on driving efficiency and cost effectiveness initiatives which could be impacted by supplier relationships, labour relations, and other macro-economic impacts;
- The Company's plans to purchase for cancellation Class A shares under the normal course issuer bid, which may be impacted by market and macro-economic conditions, availability of sellers, changes in laws and regulations, and the results of operations;
- Management's expectations regarding the impact of the Cybersecurity Event, and the estimate of the impact on its financial results in fiscal 2024. These statements and expectations may be impacted by several factors including the nature, amount and timing of the insurance outcome;
- The Company's expectation that it will continue its e-commerce expansion with Voilà, which may be impacted by future operating and capital costs, customer response and the performance of its technology provider, Ocado;
- The Company's expectations regarding the amount and timing of expenses relating to the completion of any future CFCs, which may be impacted by supply of materials and equipment, construction schedules and capacity of construction contractors; and
- 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.

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 2023 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 Western Canada Fuel Sale adjustment includes the impact of the gain on sale which is comprised of the purchase price less the write off of tangible assets and goodwill, legal and professional fees as well as lease termination impacts.

- The Cybersecurity Event adjustment includes the impact of incremental direct costs such as inventory shrink, hardware and software restoration costs, legal and professional fees, labour costs and insurance recoveries. 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.

- The Restructuring adjustment includes costs incurred to plan and implement strategies to optimize the organization and improve efficiencies, including professional fees.

- 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.

The following table reconciles net earnings to EBITDA on a consolidated basis and for the Food retailing segment:

	August 5, 2023			August 6, 2022		
($ in millions)	**Food retailing**	**Investment and other operations**	**Total**	Food retailing	Investment and other operations	Total
Net earnings	**$ 290.9**	**$ (10.1)**	**$ 280.8**	$ 199.1	$ 9.2	$ 208.3
Income tax expense	**90.7**	**16.0**	**106.7**	68.1	3.7	71.8
Finance costs, net	**67.5**	**1.5**	**69.0**	63.7	0.3	64.0
Operating income	**449.1**	**7.4**	**456.5**	330.9	13.2	344.1
Depreciation	**235.6**	**0.2**	**235.8**	224.8	0.1	224.9
Amortization of intangibles	**30.7**	**-**	**30.7**	25.0	-	25.0
EBITDA	**$ 715.4**	**$ 7.6**	**$ 723.0**	$ 580.7	$ 13.3	$ 594.0

- Adjusted operating income is operating income excluding certain items to assist in analyzing trends in performance. These items are excluded to allow for useful period over period comparison of ongoing operating results. Adjusted operating income is reconciled to operating income in its respective subsection of the "Summary Results – First Quarter" section.

- EBITDA is calculated as net earnings before finance costs (net of finance income), income tax expense, depreciation and amortization of intangibles.

- EBITDA margin is EBITDA divided by sales.

- Adjusted EBITDA is EBITDA excluding certain items to assist in analyzing trends in performance. These items are excluded to allow for useful period over period comparison of ongoing operating results. Adjusted EBITDA is reconciled to EBITDA in its respective subsection of the "Summary Results – First Quarter" section.

- Adjusted EBITDA margin is adjusted EBITDA divided by sales.

- Adjusted net earnings is net earnings, net of non-controlling interest, excluding certain items to assist in analyzing trends in performance. These items are excluded to allow for useful period over period comparison of ongoing operating results. Adjusted net earnings is reconciled in its respective subsection of the "Summary Results – First Quarter" section.

- Adjusted EPS (fully diluted) is calculated as adjusted net earnings divided by diluted weighted average number of shares outstanding.

- 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 August 5, 2023, May 6, 2023 and August 6, 2022:

($ in millions, except per share information)	**August 5, 2023**	May 6, 2023	August 6, 2022
Shareholders' equity, net of non-controlling interest	**$ 5,306.4**	$ 5,200.4	$ 5,049.0
Shares outstanding (basic)	**251.7**	258.8	262.2
Book value per common share	**$ 21.08**	$ 20.09	$ 19.26

- 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 August 5, 2023, May 6, 2023 and August 6, 2022, respectively:

($ in millions)	**August 5, 2023**	May 6, 2023	August 6, 2022
Long-term debt due within one year	**$ 76.2**	$ 101.0	$ 283.0
Long-term debt	**881.8**	911.3	583.5
Lease liabilities due within one year	**576.8**	563.7	519.6
Long-term lease liabilities	**5,523.6**	5,620.9	5,767.3
Funded debt	**7,058.4**	7,196.9	7,153.4
Total shareholders' equity, net of non-controlling interest	**5,306.4**	5,200.4	5,049.0
Total capital	**$ 12,364.8**	$ 12,397.3	$ 12,202.4

- 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 adjusted EBITDA.
- Adjusted EBITDA to interest expense ratio is trailing four-quarter adjusted 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	
($ in millions)	**August 5, 2023**	August 6, 2022
Finance costs, net	**$ 69.0**	$ 64.0
Plus: finance income, excluding interest income on lease receivables	**1.2**	1.3
Less: pension finance costs, net	**(1.9)**	(1.7)
Less: accretion expense on provisions	**(0.2)**	(0.4)
Interest expense	**$ 68.1**	$ 63.2

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, September 14, 2023 beginning at 1:00 p.m. (Eastern Time) during which senior management will discuss the Company's financial results for the first quarter of fiscal 2024. 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/3Qtp57v. 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.

The replay will be available by dialing (888) 390-0541 and entering access code 717682 until midnight September 28, 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 $31.5 billion in annual sales and $16.5 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 131,000 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 the SEDAR+ website for Canadian regulatory filings at www.sedarplus.ca.

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