FOR IMMEDIATE RELEASE
September 12, 2024

Empire Reports Fiscal 2025 First Quarter Results

- Earnings per share ("EPS") of $0.86 and adjusted EPS[(1)] of $0.90
- Prior year EPS of $1.03 and adjusted EPS of $0.78
- Same-store sales, excluding fuel, increased by 1.0%
- Gross margin, excluding fuel, increased by 46 bps

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the first quarter ended August 3, 2024. For the quarter, the Company recorded net earnings of $207.8 million ($0.86 per share) compared to $261.0 million ($1.03 per share) last year. For the quarter, the Company recorded adjusted net earnings of $218.7 million ($0.90 per share) compared to $196.2 million ($0.78 per share) last year.

"We enter fiscal 2025 with confidence due to strengthening same-store sales growth and strong control of our margins and costs," said Michael Medline, President & CEO, Empire. "We are increasingly optimistic as market conditions are gradually improving, contributing to a more predictable operating environment. Our team remains focused on strong execution and operational discipline, and we are starting to see the benefits as our strategic initiatives gain traction and deliver results."

(1) Adjusted Metrics include adjusted operating income, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net earnings, and adjusted EPS. The Company is excluding from its Adjusted Metrics: a one-time charge related to ending the mutual exclusivity agreement with Ocado Group plc ("Ocado"), costs incurred to plan and implement strategies to optimize the organization and improve efficiencies, gains associated with the sale of the retail fuel sites in Western Canada ("Western Canada Fuel Sale") which occurred in the first quarter of fiscal 2024, and insurance recoveries related to the Cybersecurity Event (as defined below under the heading "Adjusted Impacts on Net Earnings"). See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

Company Priorities

Since fiscal 2017, 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 on track with its plan to renovate approximately 20% to 25% of the network between fiscal 2024 and fiscal 2026. This capital investment includes important sustainability initiatives such as refrigeration 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, personalization, loyalty, through *Scene+* (see "Business Updates – Voilà" and "Business Updates – *Scene+*" for more information), 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. Enhancing digital and data capabilities will allow the Company to deliver the best personalized experiences to elevate its in-store and e-commerce experience for its customers.

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 sourcing of goods not for resale, supply chain productivity and the organizational structure. In addition, the Company is pursuing cost savings in the Voilà business by pausing the opening of its fourth Customer Fulfilment Centre ("CFC") and has ended its mutual exclusivity with Ocado, amongst other initiatives.

SUMMARY RESULTS – FIRST QUARTER

	13 Weeks Ended		$
($ in millions, except per share amounts)	**August 3, 2024**	August 5, 2023	Change
Sales	**$ 8,136.9**	$ 8,075.5	$ 61.4
Gross profit(1)	**2,126.3**	2,074.5	51.8
Operating income	**369.1**	456.5	(87.4)
Adjusted operating income(2)	**383.2**	374.9	8.3
EBITDA(1)	**645.0**	723.0	(78.0)
Adjusted EBITDA(2)	**659.1**	641.4	17.7
Net earnings(3)	**207.8**	261.0	(53.2)
Adjusted net earnings(1)(2)(3)(4)	**218.7**	196.2	22.5
Diluted earnings per share			
EPS(3)	**$ 0.86**	$ 1.03	$ (0.17)
Adjusted EPS(2)(3)(4)	**$ 0.90**	$ 0.78	$ 0.12
Diluted weighted average number of shares outstanding (in millions)	**242.3**	252.2	(9.9)
Dividend per share	$ 0.2000	$ 0.1825	

	13 Weeks Ended	
	August 3, 2024	August 5, 2023
Gross margin(1)	**26.1%**	25.7%
EBITDA margin(1)	**7.9%**	9.0%
Adjusted EBITDA margin(2)	**8.1%**	7.9%
Same-store sales(1) growth	**0.5%**	3.0%
Same-store sales growth, excluding fuel	**1.0%**	4.1%
Effective income tax rate	**22.9%**	27.5%

(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 and recoveries included.
(3) Attributable to owners of the Company.
(4) See "Adjusted Impacts on Net Earnings" Section of this News Release.

Sales

Sales for the quarter ended August 3, 2024 increased by 0.8% primarily driven by strong performance across the business, particularly in FreshCo and Full-Service. This increase is slightly offset by lower fuel sales due to the Western Canada Fuel Sale in the first quarter of the prior year.

Gross Profit

Gross profit for the quarter ended August 3, 2024 increased by 2.5% primarily driven by higher sales, business expansion (Farm Boy, FreshCo and Voilà) and strong performance and operational discipline in Full-Service banners.

Gross margin for the quarter increased to 26.1% from 25.7% in the prior year, primarily as a result of strong execution in Full-Service banners from several targeted initiatives aimed at closely managing shrink and inventory and improving promotional mix. Gross margin, excluding the mix impact of fuel, increased by 46 basis points.

Operating Income

($ in millions)	13 Weeks Ended August 3, 2024	13 Weeks Ended August 5, 2023	$ Change
Food retailing	**$ 357.9**	$ 449.1	$ (91.2)
Investments and other operations:			
Crombie REIT[1]	**12.8**	8.9	3.9
Real estate partnerships	**3.5**	1.1	2.4
Other operations, net of corporate expenses	**(5.1)**	(2.6)	(2.5)
	11.2	7.4	3.8
Operating income	**$ 369.1**	$ 456.5	$ (87.4)
Adjustments:			
E-commerce Exclusivity[2]	**$ 11.9**	$ -	$ 11.9
Restructuring[2]	**2.2**	9.7	(7.5)
Cybersecurity Event[2]	**-**	(0.5)	0.5
Western Canada Fuel Sale[2]	**-**	(90.8)	90.8
	14.1	(81.6)	95.7
Adjusted operating income[3]	**$ 383.2**	$ 374.9	$ 8.3

(1) Crombie Real Estate Investment Trust ("Crombie REIT").
(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs and recoveries included.
(3) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

For the quarter ended August 3, 2024, operating income from the Food retailing segment decreased due to higher selling and administrative expenses and a decrease in other income (driven by the gain from the Western Canada Fuel Sale in the prior year), partially offset by higher sales, gross profit and a gain on sale of a property in the current quarter. Selling and administrative expenses increased mainly due to increased investments in the store network, tools, technology and projects to support the Company's strategic initiatives, increase in compensation expense including retail labour costs, and a non-cash charge related to ending the exclusivity with Ocado, partially offset by lower utility costs and other cost saving initiatives.

For the quarter ended August 3, 2024, operating income from the Investments and other operations segment increased primarily as a result of higher equity earnings from Crombie REIT driven by increased property sales.

EBITDA

($ in millions)	13 Weeks Ended August 3, 2024	13 Weeks Ended August 5, 2023	$ Change
EBITDA [1]	**$ 645.0**	$ 723.0	$ (78.0)
Adjustments:			
E-commerce Exclusivity[2]	**11.9**	-	11.9
Restructuring[2]	**2.2**	9.7	(7.5)
Cybersecurity Event[2]	**-**	(0.5)	0.5
Western Canada Fuel Sale[2]	**-**	(90.8)	90.8
	14.1	(81.6)	95.7
Adjusted EBITDA[1][2]	**$ 659.1**	$ 641.4	$ 17.7

(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 and recoveries included.

For the quarter ended August 3, 2024, EBITDA decreased to $645.0 million from $723.0 million in the prior year mainly as a result of the same factors affecting operating income. Adjusted EBITDA margin increased to 8.1% from 7.9% in the prior year.

Income Taxes

The effective income tax rate for the quarter ended August 3, 2024 was 22.9% compared to 27.5% in the same quarter in the prior year. The effective tax rate was lower than the statutory rate primarily due to non-taxable capital items, the revaluation of tax estimates, not all of which are recurring, and consolidated structured entities which are taxed at lower rates. The effective tax rate in the same quarter last year 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.

Net Earnings

	13 Weeks Ended		$
($ in millions, except per share amounts)	**August 3, 2024**	August 5, 2023	Change
Net earnings[(1)]	**$ 207.8**	$ 261.0	$ (53.2)
EPS (fully diluted)	**$ 0.86**	$ 1.03	(0.17)
Adjustments[(2)] (net of income taxes)			
E-commerce Exclusivity[(3)]	**8.8**	-	8.8
Restructuring[(3)]	**2.1**	7.1	(5.0)
Cybersecurity Event[(3)]	**-**	(0.4)	0.4
Western Canada Fuel Sale[(3)]	**-**	(71.5)	71.5
	10.9	(64.8)	75.7
Adjusted net earnings[(1)(4)(5)]	**$ 218.7**	$ 196.2	$ 22.5
Adjusted EPS[(1)(3)] (fully diluted)	**$ 0.90**	$ 0.78	$ 0.12
Diluted weighted average number of shares outstanding (in millions)	**242.3**	252.2	(9.9)

(1) Attributable to owners of the Company.
(2) Total adjustments are net of income taxes of $3.8 million (2024 – ($16.8) million).
(3) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a description of the types of costs and recoveries included.
(4) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(5) See "Adjusted Impacts on Net Earnings" section of this News Release.

Adjusted Impacts on Net Earnings

The Company has taken actions in its e-commerce business to decrease costs and increase its flexibility to serve customers, including ending its mutual exclusivity agreement with Ocado, slightly before it was originally estimated to end. In the quarter ended August 3, 2024, the Company incurred a non-cash charge related to ending the exclusivity, with an impact to net earnings of ($8.8) million.

In the first quarter of fiscal 2024, Empire began to pursue strategies to optimize its organization, improve efficiencies and reduce costs including changes to its leadership team and organizational structure and the voluntary buyout of certain unionized employees (the "Restructuring"). The impact to net earnings for the quarter ended August 3, 2024 was ($2.1) million (2024 – ($7.1) million).

On November 4, 2022, Empire experienced IT system issues related to a cybersecurity event (the "Cybersecurity Event"). 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 3, 2024 was $ nil (2024 – $0.4 million).

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 first quarter of fiscal 2024 was $71.5 million.

Capital Expenditures

The Company invested $151.6 million in capital expenditures[1] for the quarter ended August 3, 2024 (2024 – $123.6 million), including store renovations, construction of new stores, investments in advanced analytics technology and other technology systems, and investments in Voilà CFCs.

In fiscal 2025, capital expenditures are expected to be approximately $700 million, with approximately 50% of this investment allocated to store renovations and new store expansion, 25% on IT projects and business development projects and the remainder on central kitchens, logistics, sustainability and e-commerce. The Company is on track to renovate approximately 20% to 25% of the network between fiscal 2024 and fiscal 2026.

(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 3, 2024	August 5, 2023	$ Change
Cash flows from operating activities	**$ 516.5**	$ 588.2	$ (71.7)
Add: proceeds on disposal of assets[1]	**81.9**	105.6	(23.7)
Less: interest paid	**(11.5)**	(11.0)	(0.5)
payments of lease liabilities, net of payments received for finance subleases	**(177.7)**	(168.3)	(9.4)
acquisitions of property, equipment, investment property and intangibles	**(222.8)**	(174.7)	(48.1)
Free cash flow[2]	**$ 186.4**	$ 339.8	$ (153.4)

(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 3, 2024 decreased versus prior year primarily as a result of a decrease in cash flows from operating activities, an increase in capital expenditures and a decrease in proceeds on disposal of assets due to the receipt of proceeds from the Western Canada Fuel Sales in the prior year of approximately $100.0 million, partially offset by the receipt of proceeds from the sale of a property in the current year of approximately $79.0 million.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended August 3, 2024	August 5, 2023	$ Change
Sales	**$ 8,136.9**	$ 8,075.5	$ 61.4
Gross profit	**2,126.3**	2,074.5	51.8
Operating income	**357.9**	449.1	(91.2)
Adjusted operating income [1]	**372.0**	367.5	4.5
EBITDA[1]	**633.8**	715.4	(81.6)
Adjusted EBITDA[1]	**647.9**	633.8	14.1
Net earnings[2]	**197.1**	271.1	(74.0)
Adjusted net earnings[1][2]	**208.0**	206.3	1.7

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

Investments and Other Operations

($ in millions)	13 Weeks Ended August 3, 2024	13 Weeks Ended August 5, 2023	$ Change
Crombie REIT	**$ 12.8**	$ 8.9	$ 3.9
Real estate partnerships	**3.5**	1.1	2.4
Other operations, net of corporate expenses	**(5.1)**	(2.6)	(2.5)
Operating income	**$ 11.2**	$ 7.4	$ 3.8

For the quarter ended August 3, 2024, income from Investments and other operations increased primarily as a result of higher equity earnings from Crombie REIT driven by increased property sales.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)	August 3, 2024	May 4, 2024	August 5, 2023
Shareholders' equity, net of non-controlling interest	**$ 5,398.4**	$ 5,341.1	$ 5,306.4
Book value per common share[1]	**$ 22.32**	$ 21.54	$ 21.08
Long-term debt, including current portion	**$ 1,127.7**	$ 1,095.4	$ 958.0
Long-term lease liabilities, including current portion	**$ 6,368.4**	$ 6,264.5	$ 6,100.4
Funded debt to total capital[1]	**58.1%**	57.9%	57.1%
Funded debt to adjusted EBITDA[1][2]	**3.2x**	3.2x	3.0x
Adjusted EBITDA to interest expense[1][3]	**8.2x**	8.3x	8.8x
Trailing four-quarter adjusted EBITDA	**$ 2,345.5**	$ 2,263.0	$ 2,369.5
Trailing four-quarter interest expense	**$ 284.8**	$ 263.1	$ 268.0
Current assets to current liabilities	**0.8x**	0.8x	0.8x
Total assets	**$ 16,921.4**	$ 16,790.3	$ 16,511.9
Total non-current financial liabilities	**$ 7,445.6**	$ 7,430.4	$ 7,169.9

(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' credit rating remained unchanged from the prior quarter. The following table shows Sobeys' credit ratings as at September 11, 2024:

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

The amended and restated credit agreements for both Empire and Sobeys, dated November 3, 2022, were amended on June 24, 2024 for updated Canadian Overnight Repo Rate Average ("CORRA"). On June 28, 2024, CORRA replaced Canadian Dollar Offered Rate ("CDOR") and any maturing Bankers' Acceptances after this date were converted to CORRA loans. The use of CORRA rates has not resulted in a material difference in the Company's cost of borrowing under the Empire and Sobeys credit facilities compared to CDOR.

On June 21, 2024, Sobeys established a senior, unsecured non-revolving term credit facility for $120.0 million with a maturity date of June 20, 2025. Interest payable on this facility fluctuates with changes in the Canadian prime rate or CORRA. The facility was fully utilized on June 21, 2024, with the proceeds used to refinance amounts owing under its existing credit facility. As of August 3, 2024, the outstanding amount of the facility was $120.0 million.

Sobeys acquired Longo's 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 3, 2024, the outstanding amount of the facility was $77.6 million (August 5, 2023 - $44.2 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate.

Empire has a $150.0 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2027. As of August 3, 2024, the outstanding amount of the credit facility was $52.1 million (August 5, 2023 – $66.3 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates or CORRA.

Sobeys has a $650.0 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2027. As of August 3, 2024, the outstanding amount of the facility was $283.6 million (August 5, 2023 – $249.4 million) and Sobeys has issued $65.0 million in letters of credit against the facility (August 5, 2023 – $70.7 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates or CORRA.

Normal Course Issuer Bid ("NCIB")

Under the NCIB with the Toronto Stock Exchange ("TSX") from July 2, 2023 to July 1, 2024, the Company purchased 10,004,868 (July 1, 2023 – 10,500,00) Non-Voting Class A shares ("Class A shares") at a weighted average price of $35.31 (July 1, 2023 – $36.18) for a total consideration of $353.2 million (July 1, 2023 - $379.9 million).

On June 19, 2024, the Company renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 12,800,000 Class A shares representing approximately 9.9% of the public float of 129,904,937 Class A shares outstanding as of June 18, 2024. The Company intends to repurchase approximately $400.0 million of Class A shares in fiscal 2025.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. Purchases were eligible to commence on July 2, 2024 and will terminate not later than July 1, 2025. As of August 3, 2024, the Company purchased 1,297,000 Class A shares (August 5, 2023 - 563,403) under this filing at a weighted average price of $36.11 (August 5, 2023 - $36.65) for a total consideration of $46.8 million (August 5, 2023 - $20.6 million).

Shares purchased are shown in the table below:

	13 Weeks Ended	
($ in millions, except per share amounts)	**August 3, 2024**	August 5, 2023
Number of shares	**2,275,975**	2,838,828
Weighted average price per share	**$ 34.90**	$ 35.23
Cash consideration paid	**$ 79.4**	$ 100.0

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 the black-out periods.

On June 20, 2024, the Canadian government enacted new legislation, implementing a 2.0% tax on repurchases of equity. The tax, effective January 1, 2024, applies to the net value of shares repurchased by any Canadian corporation whose shares are listed on a designated stock exchange. As a result, the Company has recognized $4.2 million as a charge to retained earnings on the Interim Condensed Consolidated Balance Sheets for the repurchase of shares.

Including purchases made subsequent to the end of the quarter, as at September 6, 2024 the Company has purchased 3,826,075 Class A shares in fiscal 2025 (September 12, 2023 – 3,263,092) at a weighted average price of $35.93 (September 12, 2023 - $35.24) for a total consideration of $137.5 million (September 12, 2023 - $115.0 million).

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 over 117 years ago.

The Company published its 2024 Sustainable Business Report in August 2024, highlighting significant advancements in achieving its ESG objectives. This year's report demonstrates continued progress across the three pillars of its ESG framework: People, Planet, and Products. Notable achievements include; reducing greenhouse gas emissions in Scope 1 and 2 by 27% as part of the Company's science-based climate targets, donating over 30 million pounds of surplus food to local charities through partnerships with Second Harvest, raising and donating nearly $23 million to support health and wellness, and further embedding Diversity, Equity and Inclusion ("DE&I") initiatives with 91% of Directors and above setting DE&I performance and accountability goals.

In fiscal 2024, the Company also initiated work to establish Scope 3 specific targets for GHG emissions related to the forestry, land and agriculture (FLAG) sector in accordance with science-based target initiatives guidance. Additionally, the newly established Sustainable Business Council continues to play a critical role in overseeing the Company's sustainability initiatives and ensuring the accuracy of carbon emissions reporting for both internal and external stakeholders.

The Company remains focused on several key initiatives as part of its ongoing ESG journey, including expanding carbon reduction projects to meet Scope 1 and 2 climate targets, eliminating avoidable and hard-to-recycle plastics, fostering a fair, equitable, and inclusive environment, and integrating sustainable business mandates within performance management goals. These efforts underscore the Company's commitment to sustainability and its role in driving positive change for its stakeholders, business, and shareholders.

<u>Business Updates</u>

Voilà

The Company has three active CFCs located in Toronto, Montreal and Calgary. In the fourth quarter of fiscal 2024, the Company decided to pause the opening of its fourth CFC in Vancouver, British Columbia to focus efforts on driving volume and performance in its three active CFCs. Construction of the external building for the fourth CFC has been substantially completed with the internal work related to the grid build and robot commissioning not yet started. Once the e-commerce penetration rates in Canada increase, the Company will be in a position to make a decision quickly on when it will proceed with the opening of its fourth CFC.

The Company has also taken actions to decrease costs and increase its flexibility to serve customers, including ending its mutual exclusivity agreement with Ocado slightly before it was originally estimated to end. This resulted in a non-cash pre-tax charge related to ending the exclusivity of $11.9 million during the first quarter of fiscal 2025. To support continued e-commerce growth, the Company is also pursuing several other meaningful strategies to gain access to a larger segment of the grocery e-commerce market.

In the quarter ended August 3, 2024, Voilà experienced a sales increase of 26.2% compared to the same quarter in the prior year.

In the first quarter of fiscal 2024, 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 a shop' has increased the reach of Longo's within Ontario and increased Voilà's product count. The Company now offers products from Sobeys, Farm Boy and Longo's through the Voilà platform.

The actions that the Company is taking as outlined above are expected to have a significant, positive impact on Voilà's profitability in fiscal 2025 and 2026. Voilà's future earnings will primarily be impacted by sales volume, with strong margins, operational efficiencies and cost discipline serving as important drivers to manage financial performance. While the market penetration of Voilà continues to be strong, the size and growth of the Canadian grocery e-commerce market is smaller than anticipated, resulting in higher net earnings dilution than originally estimated.

Scene+

Along with Scotiabank and Cineplex, Empire is a co-owner of Scene+, one of Canada's leading loyalty programs. Scene+ has been rewarding customers in almost all of the Company's banners since launching in stores in fiscal 2023. In that time, Scene+ has grown from 10 million to over 15 million members, while offering a breadth of rewards categories to its members, providing a strategic marketing and promotional tool for the Company.

The Company's key priority with *Scene*+ is to accelerate program engagement by focusing on personalization. By using machine learning and artificial intelligence algorithms, personalization recommendations will be improved, delivering the right message to the right customer at the right time, through the right channels.

FreshCo

Since fiscal 2018, the Company has been expanding its FreshCo discount format to Western Canada, and its significant growth has been driven by store conversions and regional expansion. The value proposition and 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 11, 2024, FreshCo has 48 stores operating in Western Canada and the Company expects to achieve its original targeted growth of converting up to 25% of 255 Safeway and Sobeys Full-Service format stores in Western Canada over the next several years.

Other Items

Western Canada Fuel Sale

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 Western Canada Fuel Sale was completed in the first quarter of fiscal 2024.

OUTLOOK

Management aims to grow total adjusted EPS over the long-term through net earnings and share purchases. 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 sourcing of goods not for resale, supply chain productivity and the organizational structure.

For fiscal 2025, capital spend is expected to be approximately $700 million, with approximately half of this investment allocated to renovations and new store expansion, 25% allocated to IT and business development projects and the remainder allocated to central kitchens, logistics, sustainability and e-commerce. The Company is on track with its plan to renovate approximately 20% to 25% of the network between fiscal 2024 and fiscal 2026.

During fiscal 2025, the Company expects aggregate pre-tax earnings from Other income plus Share of earnings from investments, at equity (both found in the Company's Consolidated Statements of Earnings), to be in the range of $135 million and $155 million (2024 - $140.1 million, excluding the gain of $90.8 million on the Western Canada Fuel Sale).

The Company continues to comply with the federal government's request to identify ways to help further stabilize prices for consumers. Consistent with the overall trend of Consumer Price Index for food purchased from stores over the last several quarters, the Company's internal food inflation has continued to decrease. The Company is focused on supplier relationships and negotiations to ensure competitive pricing for customers. The Company continues to be well positioned to pursue long-term growth despite the impacts of global economic uncertainties.

DIVIDEND DECLARATION

The Board of Directors declared a quarterly dividend of $0.20 per share on both the Class A shares and the Class B common shares that will be payable on October 31, 2024 to shareholders of record on October 15, 2024. 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 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 2024 annual MD&A;
- The Company's plan to invest $700 million capital in its network in fiscal 2025, including store expansions and renovations and renovate approximately 20% to 25% of the network between fiscal 2024 and fiscal 2026 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.
- The Company's expectation that the *Scene+* program will accelerate engagement by focusing on scaling personalization, which may be impacted by customer response, *Scene+* app usage and the pace at which personalized offers are rolled out;
- The Company's expectation that it will meet targeted growth of FreshCo, which may be impacted by customer response, availability of contractors, operating results, and other macro-economic impacts;
- The Company's expectation that it will continue its e-commerce expansion with Voilà, that actions are expected to have a significant, positive impact on Voilà's profitability in fiscal 2025 and 2026 and its ability to gain access to a larger segment of the grocery e-commerce market, 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 the future CFC, which may be impacted by supply of materials and equipment, construction schedules and capacity of construction contractors;

- The Company's expectation that Other income plus Share of earnings from investments, at equity will in aggregate, be in a range of $135 million to $155 million in fiscal 2025, which assumes completion of pending real estate transactions by the Company and Share of earnings from investments, at equity being consistent with historical values adjusted for significant transactions and may be impacted by the timing and terms of completion of real estate-related transactions and actual results from Crombie REIT and Real estate partnerships; 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 2024 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 E-commerce Exclusivity adjustment includes the impact of the early termination of the mutual exclusivity agreement with Ocado, resulting in a non-cash charge related to the impairment of an intangible asset.
- The Restructuring adjustment includes costs incurred to plan and implement strategies to optimize the organization and improve efficiencies, including severance, professional fees and voluntary labour buyouts.

- 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 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.
- 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 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.

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

	13 Weeks Ended					
	August 3, 2024			August 5, 2023		
($ in millions)	**Food retailing**	**Investment and other operations**	**Total**	Food retailing	Investment and other operations	Total
Net earnings (loss)	**$ 217.9**	**$ 10.7**	**$ 228.6**	$ 290.9	$ (10.1)	$ 280.8
Income tax expense	**68.3**	**(0.5)**	**67.8**	90.7	16.0	106.7
Finance costs, net	**71.7**	**1.0**	**72.7**	67.5	1.5	69.0
Operating income	**357.9**	**11.2**	**369.1**	449.1	7.4	456.5
Depreciation	**245.6**	**-**	**245.6**	235.6	0.2	235.8
Amortization of intangibles	**30.3**	**-**	**30.3**	30.7	-	30.7
EBITDA	**$ 633.8**	**$ 11.2**	**$ 645.0**	$ 715.4	$ 7.6	$ 723.0

- 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.
- 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:

($ in millions)	13 Weeks Ended August. 3, 2024	13 Weeks Ended August 5, 2023
Finance costs, net	**$ 72.7**	$ 69.0
Plus: finance income, excluding interest income on lease receivables	**1.8**	1.2
Less: pension finance costs, net	**(1.9)**	(1.9)
Less: accretion expense on provisions	**(0.9)**	(0.2)
Interest expense	**$ 71.7**	$ 68.1

- 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:

($ in millions, except per share information)	August 3, 2024	May 4, 2024	August 5, 2023
Shareholders' equity, net of non-controlling interest	**$ 5,398.4**	$ 5,341.1	$ 5,306.4
Shares outstanding (basic)	**241.9**	248.0	251.7
Book value per common share	**$ 22.32**	$ 21.54	$ 21.08

- 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 3, 2024, May 4, 2024 and August 5, 2023, respectively:

($ in millions)	August 3, 2024	May 4, 2024	August 5, 2023
Long-term debt due within one year	**$ 226.3**	$ 113.5	$ 76.2
Long-term debt	**901.4**	981.9	881.8
Lease liabilities due within one year	**587.3**	585.4	576.8
Long-term lease liabilities	**5,781.1**	5,679.1	5,523.6
Funded debt	**7,496.1**	7,359.9	7,058.4
Total shareholders' equity, net of non-controlling interest	**5,398.4**	5,341.1	5,306.4
Total capital	**$ 12,894.5**	$ 12,701.0	$ 12,364.8

- 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.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, September 12, 2024 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 2025. 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/3yFZHon. You can also be entered to the call by an Operator by dialing (888) 510-2154 outside the Toronto area or (437) 900-0527 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) 660-6345 and entering access code 52159 until midnight September 26, 2024, 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 $16.9 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 128,000 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.sedarplus.ca

For further information, please contact:

Media Contact
Karen White-Boswell
Director, External Communications
Sobeys Inc.
(416) 779-2319

Investor Contact
Katie Brine
Vice President, Investor Relations, Treasury & Pensions
Sobeys Inc.
(905) 238-7124 ext. 2092