Correction Notice:

On June 19, 2020, Empire Company Limited refiled its News Release for the fourth quarter and fiscal year ended May 2, 2020 to correct the following non-material updates:

- Page 4 – Reduction of quarter and year to date IFRS-16 Earnings Per Share (“EPS”) impact by ($0.02).
- Page 6 – Removed the reference to fuel sales in Gross Profit section.
- Page 9 – Reduced quarter and year to date Food Retailing Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) and Food Retailing Adjusted EBITDA by $6.1 million.

FOR IMMEDIATE RELEASE
June 18, 2020

Empire Completes Project Sunrise; Grows Market Share and Profits

Fourth Quarter Summary

- Same-store sales excluding fuel increased by 18.0%
- Earnings per share of $0.66 compared to $0.45 last year
- Adjusted earnings per share of $0.67 compared to $0.46 last year
- Project Sunrise exceeds target for fiscal 2020, and 3-year target of $500 million
- *Voilà by Sobeys* to begin customer deliveries in June
- Annual dividend per share increased 8.3% to $0.52

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the fourth quarter and full year ended May 2, 2020. For the quarter, the Company recorded adjusted net earnings of $181.2 million ($0.67 per diluted share) compared to $126.5 million ($0.46 per diluted share) last year, an increase of 43.2%.

"This is one of our proudest quarters in Empire's 113 year history", said Michael Medline, President & CEO, Empire. "Our 127,000 teammates across the country gave their all to keep our customers safe and healthy and our grocery shelves stocked during the unprecedented coronavirus pandemic. Due to their herculean efforts, our Company saw significant market share increases. Our team has also surpassed our Project Sunrise turnaround targets. This three-year transformation is one of the most significant turnarounds in Canadian retail history."

The Company successfully completed its three-year transformation, Project Sunrise, exceeding management's initial expectations of $500 million in net benefits. In fiscal 2020, the Company achieved over $250 million of in-year benefits, for a cumulative benefit of over $550 million, an increase of over $50 million compared to original projections for the three-year program. These in-year benefits for fiscal 2020 were driven by the completion of the category reset program, continued cost reductions and operational improvements.

Dividend Declaration

The Company declared a quarterly dividend of $0.13 per share on both the Non-Voting Class A shares ("Class A shares") and the Class B common shares that will be payable on July 31, 2020 to shareholders of record on July 15, 2020, an increase in the annualized dividend rate of 8.3%. 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")

In fiscal 2020, pursuant to an NCIB for the purchase of up to 3.5 million Class A shares filed in the first quarter of fiscal 2020, the Company purchased for cancellation 2,997,583 Class A shares through the facilities of the Toronto Stock Exchange ("TSX") and alternative trading systems at a weighted average price of $33.36 for a total consideration of $100.0 million.

The Company has renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 5 million Class A shares representing approximately 3.0% of the 170,971,038 Class A shares outstanding, subject to regulatory approval. The purchases will be made through the facilities of the TSX and/or any alternative trading systems to the extent they are eligible. The price that Empire will pay for any such shares will be the market price at the time of acquisition. Purchases may commence on July 2, 2020, and shall terminate not later than July 1, 2021.

The average daily trading volume (the "ADTV") of the Class A shares was 632,893 on the TSX over the last six completed calendar months. Accordingly, under the policies of the TSX, Empire is entitled to purchase, during any one trading day up to 158,223 Class A shares (being 25 percent of the ADTV of the Class A shares). Empire is entitled to purchase a larger amount of Class A shares per calendar week, subject to the maximum number that may be acquired under the normal course issuer bid, if the transaction meets the block purchase exception under the TSX rules.

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

The Company believes that repurchasing shares at the prevailing market prices from time to time is a worthwhile use of funds and in the best interests of Empire and its shareholders.

CONSOLIDATED OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended May 2, 2020	13 Weeks Ended May 4, 2019	13 Weeks Ended $ Change	52 Weeks Ended May 2, 2020	52 Weeks Ended May 4, 2019	52 Weeks Ended $ Change
Sales	**$ 7,012.4**	$ 6,220.4	$ 792.0	**$ 26,588.2**	$ 25,142.0	$ 1,446.2
Gross profit[1]	**1,819.5**	1,577.5	242.0	**6,633.3**	6,083.6	549.7
Operating income	**324.3**	194.2	130.1	**1,111.8**	652.3	459.5
Adjusted operating income[1]	**328.9**	200.3	128.6	**1,130.1**	683.6	446.5
EBITDA[1]	**527.8**	300.1	227.7	**1,892.4**	1,069.5	822.9
Adjusted EBITDA[1]	**527.8**	300.1	227.7	**1,892.4**	1,076.2	816.2
Net earnings[2]	**177.8**	122.1	55.7	**583.5**	387.3	196.2
Adjusted net earnings[1][2]	**181.2**	126.5	54.7	**596.8**	410.0	186.8
Diluted earnings per share						
EPS[2][3]	**$ 0.66**	$ 0.45	$ 0.21	**$ 2.15**	$ 1.42	$ 0.73
Adjusted EPS[1][2]	**$ 0.67**	$ 0.46	$ 0.21	**$ 2.20**	$ 1.50	$ 0.70
Diluted weighted average number of shares outstanding (in millions)	**269.7**	272.8		**271.4**	272.6	
Dividend per share	**$ 0.12**	$ 0.11		**$ 0.48**	$ 0.44	

	13 Weeks Ended May 2, 2020	13 Weeks Ended May 4, 2019	52 Weeks Ended May 2, 2020	52 Weeks Ended May 4, 2019
Same-store sales[1] growth	**15.0%**	3.2%	**4.6%**	2.8%
Same-store sales growth, excluding fuel	**18.0%**	3.8%	**5.7%**	2.7%
Gross margin[1]	**25.9%**	25.4%	**24.9%**	24.2%
EBITDA margin[1]	**7.5%**	4.8%	**7.1%**	4.3%
Adjusted EBITDA margin[1]	**7.5%**	4.8%	**7.1%**	4.3%
Effective income tax rate	**26.0%**	25.5%	**26.4%**	25.7%

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

Empire's results for the fourth quarter and all of the fiscal year ended May 2, 2020 include Farm Boy operations whereas prior year comparatives include 21 weeks of Farm Boy operations. All metrics, including same-store sales, include the consolidation of Farm Boy operations.

IFRS 16 Impact

Effective May 5, 2019, the Company adopted IFRS 16 "Leases" ("IFRS 16"), which replaces IAS 17, "Leases" ("IAS 17") and related interpretations. IFRS 16 intends to align the presentation of leased assets more closely to owned assets. This standard will not impact Empire's strategy, business operations or cash flow generation. The tables below outline the impact of the adoption of IFRS 16 on certain financial metrics for the quarter and fiscal year ended May 2, 2020.

	13 Weeks Ended			Impact of	Change
($ in millions, except per share amounts)	**May 2, 2020**	May 4, 2019	Change	IFRS 16[1]	(excl. IFRS 16)
Operating income	**$ 324.3**	$ 194.2	$ 130.1	$ 47.9	$ 82.2
Adjusted operating income	**328.9**	200.3	128.6	47.9	80.7
EBITDA	**527.8**	300.1	227.7	141.2	86.5
Adjusted EBITDA	**527.8**	300.1	227.7	141.2	86.5
EBITDA margin	**7.5%**	4.8%	2.7%	2.0%	0.7%
Adjusted EBITDA margin	**7.5%**	4.8%	2.7%	2.0%	0.7%
Finance costs, net	**69.0**	21.2	47.8	50.2	(2.4)
Net earnings[2]	**177.8**	122.1	55.7	(1.6)	57.3
Adjusted net earnings[2]	**181.2**	126.5	54.7	(3.2)	57.9
Adjusted EPS (fully diluted)[2]	**0.67**	0.46	0.21	(0.01)	0.22

	52 Weeks Ended			Impact of	Change
($ in millions, except per share amounts)	**May 2, 2020**	May 4, 2019	Change	IFRS 16[1]	(excl. IFRS 16)
Operating income	**$ 1,111.8**	$ 652.3	$ 459.5	$ 181.2	$ 278.3
Adjusted operating income	**1,130.1**	683.6	446.5	181.2	265.3
EBITDA	**1,892.4**	1,069.5	822.9	531.0	291.9
Adjusted EBITDA	**1,892.4**	1,076.2	816.2	531.0	285.2
EBITDA margin	**7.1%**	4.3%	2.8%	2.0%	0.8%
Adjusted EBITDA margin	**7.1%**	4.3%	2.8%	2.0%	0.8%
Finance costs, net	**279.1**	91.6	187.5	189.9	(2.4)
Net earnings[2]	**583.5**	387.3	196.2	(6.2)	202.4
Adjusted net earnings[2]	**596.8**	410.0	186.8	(11.1)	197.9
Adjusted EPS (fully diluted)[2]	**2.20**	1.50	0.70	(0.04)	0.74

(1) Reflects the impact of changing accounting standards from IAS 17 to IFRS 16 in the first quarter of fiscal 2020.
(2) Attributable to owners of the Company.

The Company transitioned to IFRS 16 using the modified retrospective approach with the cumulative impact of initially applying the new standard recognized in retained earnings on May 5, 2019. Prior period comparatives have not been restated. For a more complete description of the impact of IFRS 16 on Empire, please refer to Empire's Management's Discussion & Analysis ("MD&A") for the fiscal year ended May 2, 2020.

COVID-19

The recent novel coronavirus ("COVID-19" or "pandemic") outbreak has resulted in restrictions by government authorities and the encouragement for Canadians to stay-at-home, leading to increased safety protocols in stores and distribution centres, shifts in consumer demand and consumption, and volatile financial markets. The Company has taken a proactive approach, mobilizing a cross-functional pandemic planning task force with a mandate to monitor, and effectively mitigate, risks posed to employees, customers and the business. Management's top priorities remain the health and safety of employees, customers and communities while maintaining a resilient supply chain to meet the needs of Canadians and supporting charitable organizations. Throughout this period, Empire has moved with urgency to invest in increased safety and sanitization products and procedures to ensure customers and employees are protected while shopping and working in stores. Management is closely monitoring the impact of the pandemic on food retail around the world and continues to learn from best practices.

COVID-19 and related restrictions materially impacted the Company's operating results and financial performance in the fourth quarter of fiscal 2020. Same-store sales growth excluding fuel in the fourth quarter was 18.0%, substantially driven by changing customer shopping patterns throughout the pandemic including a shift in consumption from restaurants and hospitality businesses to grocery stores. Sales were significantly higher in all formats except fuel. Fuel sales for the quarter decreased by approximately 40% due to a combination of lower demand and a sharp decrease in fuel prices. The Company introduced its "Hero Pay" program for frontline employees in stores and distribution centres, increasing employee compensation to reflect the work of employees serving customers. The temporary Hero Pay program was completed on June 13, 2020. The Company also provided frontline and distribution centre employees with a one-time bonus, equal to two weeks of Hero Pay. Gross margin increased in line with the increase in sales volume. Investments in employees and communities, primarily Hero Pay, combined with additional safety and sanitization expenses, increased selling and administrative expenses by approximately $80 million in the fourth quarter of fiscal 2020, partially offsetting the positive effect of increased sales.

The future impact of COVID-19 is uncertain and dependent on the duration, the spread and intensity of the virus, and ultimately, when a vaccine is widely accessible. The Company's balance sheet continues to remain strong with significant free cash flow available. As of May 2, 2020, Empire had $1,008 million in cash and cash equivalents, and had access to approximately $761 million in unutilized, aggregate credit facilities that do not expire until fiscal 2023. In addition, non-revolving credit facilities of approximately $525 million expire at the end of calendar 2020, and the Company anticipates renewing these facilities before their expiry.

Sales

Quarterly sales were materially affected by changes in customer buying related to COVID-19. Starting on February 28, 2020, the Company experienced significantly higher sales in all formats except fuel. Sales further accelerated from March 8, 2020 onward as customers began to stock up in preparation for possible stay-at-home requirements. By March 22, 2020, the sales intensity began to subside, although still significantly above prior year levels. For the two-week period beginning March 8, 2020, same-store sales growth excluding fuel peaked at approximately 50%. Towards the end of the quarter, same-store sales growth, excluding fuel and the impact of the Easter period, stabilized at a lower level of approximately 23%.

Overall, sales for the quarter ended May 2, 2020 increased by 12.7% driven primarily by the impact of COVID-19 on the food retailing segment, partially offset by lower fuel sales.

Sales for the fiscal year ended May 2, 2020 increased by 5.8% driven by the impact of COVID-19, improved performance across the business, the consolidation of a full year of Farm Boy results, the expansion of FreshCo in Western Canada and inflation. These increases were partially offset by temporary store closures in Western Canada pending their conversion to FreshCo, reduced fuel litres sold due to COVID-19 travel restrictions and lower fuel prices.

Gross Profit

Gross profit for the fourth quarter increased by 15.3% primarily as a result of the impact of COVID-19 on sales and category reset benefits. These increases were partially offset by temporary store closures in Western Canada pending their conversion to FreshCo. Gross margin for the quarter increased to 25.9% from 25.4% last year. The increase was primarily a result of category reset benefits, the effect of COVID-19 sales mix changes between banners, a less promotional environment and higher private label penetration. These positive effects were partly offset by service department closures and regulatory changes impacting the pharmacy business.

Gross profit for the fiscal year ended May 2, 2020 increased by 9.0% primarily as a result of the impact of COVID-19, category reset benefits, the inclusion of a full year of Farm Boy results and increases in sales. These increases were partially offset by temporary store closures in Western Canada pending their conversion to FreshCo. Gross margin for the fiscal year increased to 24.9% from 24.2% last year. The increase was primarily a result of category reset benefits and positive margin rate contributions from the inclusion of Farm Boy results, partially offset by the effect of sales mix between banners.

Operating Income

For the quarter ended May 2, 2020, operating income increased mainly due to improved earnings from the Food retailing segment as a result of higher sales and margins driven by the impact of COVID-19, category reset benefits and a gain on the surrender of a lease, partially offset by higher selling and administrative expenses. Selling and administrative expenses increased primarily as a result of increased retail labour costs to support the higher level of sales volume. The increased retail labour costs are largely due to Empire's Hero Pay program for frontline employees in stores and distribution centres which increased employee compensation to reflect the heroic work of Empire's employees serving customers and related retail incentive costs. The increases in selling and administrative expenses were partially offset by the implementation of IFRS 16 and cost savings achieved from Project Sunrise.

Operating income increased for the fiscal year ended May 2, 2020 mainly due to cost savings achieved from Project Sunrise, improved earnings from the Food retailing segment as a result of higher sales and margins driven by COVID-19 and a gain on the surrender of a lease, partially offset by higher selling and administrative expenses. Selling and administrative expenses increased primarily as a result of the inclusion of a full year of Farm Boy results, increased retail labour costs to support the higher level of sales volume and Hero Pay, retail incentive costs, and lower impairment reversals than the prior year. The increases in selling and administrative expenses were partially offset by the implementation of IFRS 16, cost savings achieved from Project Sunrise and the cost of voluntary buyouts of British Columbia ("B.C.") Safeway employees in the prior year.

Operating income from the Investments and other operations segment decreased for the quarter ended May 2, 2020 as a result of reduced equity earnings from Crombie Real Estate Investment Trust ("Crombie REIT") driven by lower gains on disposal of investment properties compared to the prior year. In the fourth quarter of the prior year, Crombie REIT sold a 26 property portfolio that contributed an additional $8.4 million to the Company's equity earnings from Crombie REIT and $6.4 million in Other operations, reflecting the reversal of previously deferred gains on disposal on properties previously sold to Crombie REIT.

Operating income from the Investments and other operations segment decreased for the fiscal year ended May 2, 2020 principally due to a prior year gain on disposal of a 26 property portfolio by Crombie REIT, partially offset by the sale of a 15 property portfolio by Crombie REIT, as subsequently discussed in the "Investment and Other Operations" section.

	13 Weeks Ended		52 Weeks Ended	
($ in millions)	**May 2, 2020**	May 4, 2019	**May 2, 2020**	May 4, 2019
Operating income	**$ 324.3**	$ 194.2	**$ 1,111.8**	$ 652.3
Adjustments:				
Intangible amortization associated with the Canada Safeway acquisition	**4.6**	6.1	**18.3**	24.6
Business acquisition costs	**-**	-	**-**	6.7
	4.6	6.1	**18.3**	31.3
Adjusted operating income	**$ 328.9**	$ 200.3	**$ 1,130.1**	$ 683.6

EBITDA

($ in millions)	13 Weeks Ended May 2, 2020	13 Weeks Ended May 4, 2019	52 Weeks Ended May 2, 2020	52 Weeks Ended May 4, 2019
EBITDA	**$ 527.8**	$ 300.1	**$ 1,892.4**	$ 1,069.5
Adjustment:				
Business acquisition costs	**-**	-	**-**	6.7
	-	-	**-**	6.7
Adjusted EBITDA	**$ 527.8**	$ 300.1	**$ 1,892.4**	$ 1,076.2

For the quarter ended May 2, 2020, EBITDA increased to $527.8 million from $300.1 million in the prior year mainly as a result of the same factors affecting operating income. Excluding the impact of IFRS 16, EBITDA would have been $386.6 million, an increase of $86.5 million. Adjusted EBITDA margin was 7.5%. Excluding the impact of the implementation of IFRS 16, adjusted EBITDA margin increased by 70 basis points over the prior year.

For the fiscal year ended May 2, 2020, EBITDA increased to $1,892.4 million from $1,069.5 million in the prior year mainly as a result of the same factors affecting operating income. Excluding the impact of IFRS 16, EBITDA would have been $1,361.4 million, an increase of $291.9 million. Excluding the impact of the implementation of IFRS 16, adjusted EBITDA margin increased by 80 basis points over the prior year.

Income Taxes

The effective income tax rate for the fourth quarter ended May 2, 2020 was 26.0% compared to 25.5% last year. The current quarter effective tax rate was lower than the statutory rate primarily due to favourable tax treatment of capital gains and differing tax rates of various entities. The effective rate in the prior year was lower than the statutory rate due to capital gains on property dispositions and differing tax rates of various entities.

The effective income tax rate for the fiscal year ended May 2, 2020 was 26.4% compared to 25.7% last year. The current year effective rate was lower than the statutory rate primarily due to capital gains on property dispositions and differing tax rates of various entities. The prior year's effective rate was lower than the statutory rate primarily due to capital gains on property dispositions and a decrease in tax liabilities related to unrecognized tax benefits.

Net Earnings

($ in millions, except per share amounts)	13 Weeks Ended May 2, 2020	13 Weeks Ended May 4, 2019	52 Weeks Ended May 2, 2020	52 Weeks Ended May 4, 2019
Net earnings(1)	**$ 177.8**	$ 122.1	**$ 583.5**	$ 387.3
EPS (fully diluted)	**$ 0.66**	$ 0.45	**$ 2.15**	$ 1.42
Adjustments (net of income taxes):				
Intangible amortization associated with the Canada Safeway acquisition	**3.4**	4.4	**13.3**	17.8
Business acquisition costs	**-**	-	**-**	4.9
	3.4	4.4	**13.3**	22.7
Adjusted net earnings(1)	**$ 181.2**	$ 126.5	**$ 596.8**	$ 410.0
Adjusted EPS (fully diluted)	**$ 0.67**	$ 0.46	**$ 2.20**	$ 1.50
Diluted weighted average number of shares outstanding (in millions)	**269.7**	272.8	**271.4**	272.6

(1) Attributable to owners of the Company.

Free Cash Flow

($ in millions)	13 Weeks Ended May 2, 2020	13 Weeks Ended May 4, 2019	52 Weeks Ended May 2, 2020	52 Weeks Ended May 4, 2019
Cash flows from operating activities	**$ 887.6**	$ 373.8	**$ 2,089.4**	$ 885.6
Add: proceeds on disposal of assets[1] and lease terminations	**26.8**	28.9	**193.1**	89.7
Less: payments of lease liabilities, net of payments received for finance subleases	**(138.3)**	-	**(533.9)**	-
Less: acquisitions of property, equipment, investment property and intangibles	**(181.3)**	(227.1)	**(617.8)**	(434.6)
Free cash flow [2]	**$ 594.8**	$ 175.6	**$ 1,130.8**	$ 540.7

(1) Proceeds on disposal of assets include property, equipment and investment property.
(2) Amounts for fiscal 2020 reflect the change in the free cash flow definition. See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

Free cash flow increased for the quarter ended May 2, 2020 as a result of an improvement in working capital due to fluctuations in payables, increased cash earnings and a decrease in capital investments as discussed below.

Free cash flow increased for the fiscal year ended May 2, 2020 as a result of an improvement in working capital, increased cash earnings and an increase in proceeds on disposal of assets, partially offset by increased capital investments.

Capital Expenditures

The Company invested $226.6 million and $574.8 million for the quarter and fiscal year ended May 2, 2020, respectively (2019 – $227.1 million and $434.6 million) including renovations, construction of new stores, construction of an e-commerce fulfillment centre and construction of FreshCo locations in Western Canada. The Company had previously expected that capital expenditures[1] in fiscal 2020 would be approximately $600 million. However, due to the shutdown of non-essential construction in some provinces, several real estate projects were put on hold and as a result, Empire's capital spending for fiscal 2020 reduced to $575 million, in line with Management's revised estimates released in its COVID-19 crisis update dated April 15, 2020.

(1) Capital expenditure is calculated on an accrual basis and includes acquisitions of property, equipment and investment properties, and additions to intangibles.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended May 2, 2020	13 Weeks Ended May 4, 2019	13 Weeks Ended $ Change	52 Weeks Ended May 2, 2020	52 Weeks Ended May 4, 2019	52 Weeks Ended $ Change
Sales	**$ 7,012.4**	$ 6,220.4	$ 792.0	**$ 26,588.2**	$ 25,142.0	$ 1,446.2
Gross profit	**1,819.5**	1,577.5	242.0	**6,633.3**	6,083.6	549.7
Operating income	**316.7**	164.0	152.7	**1,040.2**	561.8	478.4
Adjusted operating income	**321.3**	170.1	151.2	**1,058.5**	593.1	465.4
EBITDA	**520.3**	269.8	250.5	**1,820.7**	978.7	842.0
Adjusted EBITDA	**520.3**	269.8	250.5	**1,820.7**	985.4	835.3
Net earnings(1)	**169.7**	93.0	76.7	**528.1**	316.5	211.6
Adjusted net earnings(1)	**173.1**	97.4	75.7	**541.4**	339.2	202.2

(1) Attributable to owners of the Company.

Investments and Other Operations

($ in millions)	13 Weeks Ended May 2, 2020	13 Weeks Ended May 4, 2019	13 Weeks Ended $ Change	52 Weeks Ended May 2, 2020	52 Weeks Ended May 4, 2019	52 Weeks Ended $ Change
Crombie REIT	**$ 6.3**	$ 22.9	$ (16.6)	**$ 50.7**	$ 63.6	$ (12.9)
Genstar	**2.3**	1.5	0.8	**20.1**	23.4	(3.3)
Other operations, net of corporate expenses	**(1.0)**	5.8	(6.8)	**0.8**	3.5	(2.7)
	$ 7.6	$ 30.2	$ (22.6)	**$ 71.6**	$ 90.5	$ (18.9)

For the fiscal year ended May 2, 2020, income from Investments and other operations decreased as a result of reduced equity earnings from Crombie REIT due to lower gains on disposal of investment properties compared to the prior year. Included in the prior year was a disposal of a 26 property portfolio that contributed an additional $8.4 million to the Company’s equity earnings from Crombie REIT and $6.4 million in Other operations, reflecting reversal of previously deferred gains on disposal on properties previously sold to Crombie REIT. This decrease was partially offset by the sale of a 15 property portfolio by Crombie REIT in the current fiscal year that contributed an additional $15.1 million to the Company’s equity earnings and a $6.9 million deferred gain recognition. Of the $6.9 million deferred gain recognition, $4.6 million was included in Other operations, net of corporate expenses, with the remaining $2.3 million recognized in Food retailing. Deferred gain recognition relates to the realization of previously deferred gains on properties sold by the Company to Crombie REIT.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)		**May 2, 2020[1]**		May 2, 2020 Impact of IFRS 16		May 4, 2019		May 5, 2018
Shareholders' equity, net of non-controlling interest	**$**	**3,924.6**	$	(425.8)	$	4,003.3	$	3,702.8
Book value per common share[2]	**$**	**14.51**	$	(1.58)	$	14.72	$	13.62
Long-term debt, including current portion	**$**	**1,675.2**	$	(29.1)	$	2,020.9	$	1,666.9
Long-term lease liabilities, including current portion	**$**	**5,266.2**	$	5,266.2	$	-	$	-
Net funded debt to net total capital[2]		**60.2%**		46.4%		26.8%		21.9%
Funded debt to adjusted EBITDA[2]		**3.7x**		2.4x		1.9x		1.6x
Adjusted EBITDA to interest expense[2]		**6.8x**		(9.1)x		12.4x		10.5x
Current assets to current liabilities [3]		**0.8x**				1.0x		0.8x
Total assets[3]	**$**	**14,632.9**			$	9,602.4	$	8,662.0
Total non-current financial liabilities[3]	**$**	**6,559.0**			$	2,838.1	$	1,929.9

(1) Key Financial Condition Measures are impacted by the implementation of IFRS 16.
(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(3) See "Accounting Standards and Policies" section of Empire's MD&A for the impact of IFRS 16 on the assets and liabilities metrics for the fiscal year ended May 2, 2020.

During fiscal 2020, Dominion Bond Rating Service ("DBRS") upgraded Sobeys' credit rating from BB (high) with a positive trend to BBB (low) with a stable trend. Standard & Poor's ("S&P") confirmed Sobeys' rating at BB+ and upgraded Sobeys' outlook from stable to positive.

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

The Company has a $250.0 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2022. As of May 2, 2020, the outstanding amount of the credit facility was $62.6 million (2019 - $ nil). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates.

On June 2, 2017, Sobeys established a senior, unsecured non-revolving credit facility for $500.0 million. Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates. The facility was fully utilized on August 8, 2018 to repay long-term debt. As of May 2, 2020, $125.0 million remained outstanding on this facility.

On December 5, 2018, Sobeys established a senior, unsecured non-revolving credit facility for $400.0 million. Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates. The facility was fully utilized on December 10, 2018.

Sobeys has a $650.0 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2022. As of May 2, 2020, the outstanding amount of the facility was $ nil (2019 - $ nil), and Sobeys has issued $76.4 million in letters of credit against it (2019 - $65.9 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates.

The Company believes its cash and cash equivalents on hand, approximately $761.0 million in unutilized, aggregate credit facilities as of May 2, 2020, and cash generated from operating activities will enable the Company to fund future capital investments, pension plan contributions, working capital, current funded debt obligations and ongoing business requirements. The Company also believes it has sufficient funding in place to meet these requirements and other short and long-term financial obligations. The Company mitigates potential liquidity risk by ensuring its sources of funds are diversified by term to maturity and source of credit.

For additional information on Empire's long-term debt, see Note 16 of the Company's audited annual consolidated financial statements for the fiscal year ended May 2, 2020.

OTHER ITEMS

Discount Expansion to Western Canada

In December 2017, Sobeys announced plans to expand its discount format to Western Canada and expects to convert up to 25% of its 255 Safeway and Sobeys full service format stores in Western Canada to its FreshCo discount format. The Company continues to be on track to open approximately 65 locations within the initial five-year time frame.

28 FreshCo locations have been confirmed:

- 17 stores are open and operating as at June 17, 2020:
  - 15 in B.C.
  - 2 in Manitoba
- 11 stores are expected to open in fiscal 2021:
  - 4 in Saskatchewan
  - 4 in Manitoba
  - 2 in Alberta
  - 1 in B.C.

Of the 17 stores operating as at June 17, 2020, four were opened subsequent to the end of the quarter.

As at June 17, 2020, five full service format stores in Western Canada remain closed pending conversion to the FreshCo discount banner, four of which were closed in the fourth quarter of fiscal 2020.

All FreshCo stores in Western Canada and Ontario are branded with the new, evolved FreshCo 2.0 look which offers customers a strong discount and value experience.

Store Closure, Conversion and Labour Buyout Costs

In the first quarter of fiscal 2020, the Company expensed $21.0 million (2019 – $ nil) in closure and conversion costs. These costs relate to the conversion of ten Safeway locations to FreshCo stores and the conversion of two Company locations to Farm Boy stores. Of the $21.0 million, $3.7 million was reversed in the second quarter.

In the prior fiscal year, provisions totalling $45.0 million were recognized related to store conversions and labour buyouts. Of the $45.0 million, $6.1 million was reversed in the second quarter of the current year and an additional $4.2 million was reversed in the fourth quarter.

The reversals in fiscal 2020 were attributable to revised estimates relating to store conversions and labour buyouts. As a result, the net fiscal 2020 expense was $7.0 million (2019 – $45.0 million).

E-commerce

On April 27, 2020, the Company began testing *Voilà by Sobeys*, its new online grocery home delivery service for the Greater Toronto Area ("GTA"). The customer launch of Voilà was accelerated to meet the rapidly increasing online grocery demand from customers for home delivery. The Company will begin delivering to customers in June, in several areas of the GTA and will continue its phased rollout to customers across the GTA over the next several months.

Construction of Voilà's second Customer Fulfillment Centre ("CFC") in Montreal was delayed due to the temporary shutdown of non-essential construction in Quebec due to COVID-19. Construction has resumed, and the Company is working to make up for these delays and analyzing the impact on its previously disclosed launch date of 2021. This second CFC will support the launch of *Voilà par IGA* which will serve Ottawa and cities in the province of Quebec.

Outlook

The pandemic has fundamentally impacted how Canadians shop for food. Canadians are shopping less frequently and with larger basket sizes to reduce exposure to COVID-19. With this shift in shopping behavior, many are gravitating to one-stop-shop grocery stores that meet all their household needs and online grocery.

In Canada, online grocery sales have more than tripled since before COVID-19. Empire's e-commerce businesses in Quebec and B.C. have experienced exponential growth and have septupled sales since the crisis began. Empire's automated centrally picked grocery e-commerce solution is expected to be favourably impacted by the material increase in online grocery penetration. Voilà, powered by Ocado Group plc's ("Ocado") technology, will have its customer launch in the month of June. It is expected that Voilà will have a dilutive impact of approximately $0.05 on adjusted earnings per share on the first quarter of fiscal 2021 as it ramps up its operations.

As Canada and the world adapt and progress in these unprecedented times, it is too early to forecast sales in the medium term. Management continues to anticipate a percentage of the consumption that has shifted from restaurants and hospitality businesses to grocery stores will remain in grocery stores.

During the first six weeks of the first quarter of fiscal 2021, Empire's same-store sales growth, excluding fuel, ranged from 9% to 17%, averaging approximately 13%. Growth was slower towards the end of the six-week period. The temporary Hero Pay program was completed on June 13, 2020. The Company also provided frontline and distribution centre employees with a one-time bonus, equal to two weeks of Hero Pay. Empire estimates the investment in Hero Pay for the first part of the quarter combined with the cost of maintaining sanitization and safety measures will increase selling and administrative expenses approximately $60 million in the first quarter of fiscal 2021.

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 plans to purchase for cancellation Class A shares under the normal course issuer bid which may be impacted by market and economic conditions, availability of sellers, changes in laws and regulations, and the results of operations;

- The Company's anticipation that a percentage of food consumption that has shifted from restaurants and hospitality businesses to grocery stores will remain in grocery stores, which may be impacted by the duration of the shutdown due to COVID-19, the severity of the pandemic on people's health across Canada, the ability for restaurants and hospitality businesses to re-open and resume operations, and the demand for restaurants and hospitality services when they resume;

- The Company's expectation that its cash and cash equivalents on hand, unutilized credit facilities and cash generated from operating activities will enable the Company to fund future capital investments, pension plan contributions, working capital, current funded debt obligations and ongoing business requirements, and its belief that it has sufficient funding in place to meet these requirements and other short and long-term obligations, all of which could be impacted by changes in the economic environment;

- The Company's expectation that it will renew its credit facilities before their expiry which may be impacted by availability of debt in the market;

- The FreshCo expansion in Western Canada, including the Company's expectations regarding future operating results and profitability, the amount and timing of expenses, and the number, location, feasibility and timing of construction and conversions, all of which may be impacted by COVID-19, construction schedules and permits, the economic environment and labour relations;

- The Company's expectations regarding the implementation of its online grocery home delivery service and that it will have a dilutive impact of approximately $0.05 on adjusted earnings per share in the first quarter of fiscal 2021, which may be impacted by COVID-19, the customer response to the service and the performance of its business partner, Ocado; and

- The Company's expectation that selling and administrative expenses could increase by approximately $60 million in the first quarter of fiscal 2021 due to additional investments and expenses required to respond to COVID-19, which may be impacted by the duration of the shutdown due to COVID-19, the severity of the pandemic on people's health across Canada, and safety precautions required.

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 2020 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. 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 are as follows:

- Same-store sales are sales from stores in the same location in both reporting periods.
- Adjusted net earnings is net earnings, attributable to owners of the Company, excluding certain items to better analyze trends in performance and financial results. These adjustments result in a more comparable economic representation of the underlying business.
- Adjusted EPS (fully diluted) is calculated as adjusted net earnings divided by diluted weighted average number of shares outstanding.
- 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 more comparable economic representation.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net earnings before finance costs (net of finance income), income tax expense, and depreciation and amortization of intangibles.
- 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 more comparable economic representation of the underlying business.
- 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, less acquisitions of property, equipment, investment property and intangibles. The definition of free cash flow was changed in the first quarter of fiscal 2020 to include the impact of net lease cash payments made.
- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.
- Funded debt is all interest-bearing debt, which includes bank loans, bankers' acceptances, long-term debt and long-term lease liabilities.
- Net funded debt is calculated as funded debt less cash and cash equivalents.
- Net total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest, less cash and cash equivalents.
- Net funded debt to net total capital ratio is net funded debt divided by net total capital.
- Funded debt to adjusted EBITDA ratio is funded debt divided by trailing four-quarter adjusted EBITDA.
- Interest expense is calculated as interest expense on financial liabilities measured at amortized cost and interest expense on lease liabilities.
- Adjusted EBITDA to interest expense ratio is trailing four-quarter adjusted EBITDA divided by trailing four-quarter interest expense.

For a more complete description of Empire's non-GAAP measures and metrics, please see Empire's MD&A for the fiscal year ended May 2, 2020.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, June 18, 2020 beginning at 1:00 p.m. (Eastern Daylight Time) during which senior management will discuss the Company's financial results for the fourth quarter of fiscal 2020. To join this conference call, dial (888) 390-0546 outside the Toronto area or (416) 764-8688 from within the Toronto area. To secure a line, please call 10 minutes prior to the conference call; you will be placed on hold until the conference call begins. The media and investing public may access this conference call via a listen mode only. You may also listen to a live audiocast of the conference call by visiting the "Quick Links" section Company's website located at www.empireco.ca.

Replay will be available by dialing (888) 390-0541 and entering access code 878696 until midnight July 2, 2020, or on the Company's website for 90 days following the conference call.

SELECTED FINANCIAL INFORMATION

The following unaudited quarterly and audited annual financial information has been prepared on a basis consistent with our audited consolidated financial statements for the year ended May 2, 2020. The information does not include all disclosures required by IFRS and should be read in conjunction with the Company's 2020 audited consolidated financial statements available at www.sedar.com or by accessing the Investor Centre section of the Company's website at www.empireco.ca.

Empire Company Limited
Consolidated Balance Sheets
As At
(in millions of Canadian dollars)

	May 2 2020	May 4 2019
ASSETS		
Current		
Cash and cash equivalents	**$ 1,008.4**	$ 553.3
Receivables	**535.3**	444.2
Inventories	**1,489.4**	1,441.8
Prepaid expenses	**113.1**	134.1
Loans and other receivables	**68.4**	18.7
Income taxes receivable	**34.8**	27.9
Assets held for sale	**6.1**	19.5
	3,255.5	2,639.5
Loans and other receivables	**580.8**	70.8
Investments, at equity	**607.5**	589.4
Other assets	**28.7**	43.4
Property and equipment	**2,883.4**	2,911.5
Right-of-use assets	**4,033.5**	-
Investment property	**114.0**	100.0
Intangibles	**968.8**	1,062.0
Goodwill	**1,573.7**	1,571.5
Deferred tax assets	**587.0**	614.3
	$ 14,632.9	$ 9,602.4
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 2,951.9**	$ 2,496.4
Income taxes payable	**23.2**	29.0
Provisions	**48.7**	119.4
Long-term debt due within one year	**570.0**	36.5
Lease liabilities due within one year	**466.2**	-
	4,060.0	2,681.3
Provisions	**54.7**	93.1
Long-term debt	**1,105.2**	1,984.4
Long-term lease liabilities	**4,800.0**	-
Other long-term liabilities	**97.5**	269.0
Employee future benefits	**304.1**	286.1
Deferred tax liabilities	**197.5**	205.5
	10,619.0	5,519.4
SHAREHOLDERS' EQUITY		
Capital stock	**2,013.2**	2,042.6
Contributed surplus	**23.2**	25.2
Retained earnings	**1,872.1**	1,920.8
Accumulated other comprehensive income	**16.1**	14.7
	3,924.6	4,003.3
Non-controlling interest	**89.3**	79.7
	4,013.9	4,083.0
	$ 14,632.9	$ 9,602.4

Empire Company Limited **Consolidated Statements of Earnings** **(in millions of Canadian dollars, except share and per share amounts)**	*Unaudited* *13 Weeks Ended* **May 2 2020**	*13 Weeks Ended* **May 4 2019**	*52 Weeks Ended* **May 2 2020**	*52 Weeks Ended* **May 4 2019**
Sales	**$ 7,012.4**	$ 6,220.4	**$ 26,588.2**	$ 25,142.0
Other income	**26.7**	24.2	**69.2**	68.3
Share of earnings from investments, at equity	**8.3**	24.4	**71.8**	87.9
Operating expenses				
Cost of sales	**5,192.9**	4,642.9	**19,954.9**	19,058.4
Selling and administrative expenses	**1,530.2**	1,431.9	**5,662.5**	5,587.5
Operating income	**324.3**	194.2	**1,111.8**	652.3
Finance costs, net	**69.0**	21.2	**279.1**	91.6
Earnings before income taxes	**255.3**	173.0	**832.7**	560.7
Income tax expense	**66.5**	44.1	**219.9**	144.3
Net earnings	**$ 188.8**	$ 128.9	**$ 612.8**	$ 416.4
Earnings for the period attributable to:				
Non-controlling interest	**$ 11.0**	$ 6.8	**$ 29.3**	$ 29.1
Owners of the Company	**177.8**	122.1	**583.5**	387.3
	$ 188.8	$ 128.9	**$ 612.8**	$ 416.4
Earnings per share				
Basic	**$ 0.66**	$ 0.45	**$ 2.16**	$ 1.42
Diluted	**$ 0.66**	$ 0.45	**$ 2.15**	$ 1.42
Weighted average number of common shares outstanding, in millions				
Basic	**269.0**	271.9	**270.4**	271.9
Diluted	**269.7**	272.8	**271.4**	272.6

Empire Company Limited **Consolidated Statements of Cash Flows** **(in millions of Canadian dollars)**	*Unaudited* *13 Weeks Ended* **May 2 2020**	*Unaudited* *13 Weeks Ended* **May 4 2019**	*52 Weeks Ended* **May 2 2020**	*52 Weeks Ended* **May 4 2019**
Operations				
Net earnings	**$ 188.8**	$ 128.9	**$ 612.8**	$ 416.4
Adjustments for:				
Depreciation	**186.7**	84.7	**709.1**	333.0
Income tax expense	**66.5**	44.1	**219.9**	144.3
Finance costs, net	**69.0**	21.2	**279.1**	91.6
Amortization of intangibles	**16.8**	21.2	**71.5**	84.2
Net gain on disposal of assets and lease terminations	**(21.9)**	(19.0)	**(51.7)**	(48.9)
Impairment (reversals) of non-financial assets, net	**5.4**	-	**1.9**	(31.3)
Amortization of deferred items	**2.4**	0.1	**3.2**	1.8
Equity in earnings (loss) of other entities, net of distributions received	**13.7**	(7.8)	**28.0**	(8.6)
Employee future benefits	**(2.4)**	(1.2)	**(9.3)**	(8.8)
(Decrease) increase in long-term lease obligation	**-**	(4.8)	**-**	2.8
Decrease in long-term provisions	**(0.3)**	(12.6)	**(17.7)**	(41.9)
Equity based compensation	**2.0**	2.1	**6.2**	6.7
Net change in non-cash working capital	**376.1**	146.6	**279.3**	16.5
Income taxes paid, net	**(15.2)**	(29.7)	**(42.9)**	(72.2)
Cash flows from operating activities	**887.6**	373.8	**2,089.4**	885.6
Investment				
Property, equipment and investment property purchases	**(155.1)**	(219.4)	**(548.8)**	(411.1)
Additions to intangibles	**(26.2)**	(7.7)	**(69.0)**	(23.5)
Proceeds on disposal of assets and lease terminations	**26.8**	28.9	**193.1**	89.7
Loans and other receivables	**18.1**	6.0	**20.6**	12.0
Other assets and other long-term liabilities	**(17.6)**	6.9	**4.1**	9.2
Business acquisitions	**(13.4)**	(0.8)	**(19.2)**	(778.6)
Payments received for finance subleases	**19.9**	-	**76.4**	-
Interest received	**2.6**	3.9	**8.0**	8.3
Increase in equity investments	**(41.5)**	-	**(41.5)**	-
Cash flows used in investing activities	**(186.4)**	(182.2)	**(376.3)**	(1,094.0)
Financing				
Issuance of long-term debt	**16.7**	10.1	**80.8**	58.3
Repayments of long-term debt	**(7.6)**	(52.3)	**(85.2)**	(605.2)
(Repayments) advances on credit facilities, net	**(20.0)**	37.4	**(313.1)**	900.0
Interest paid	**(27.0)**	(30.5)	**(83.5)**	(90.9)
Payments of lease liabilities (principal portion)	**(100.7)**	-	**(392.1)**	-
Payments of lease liabilities (interest portion)	**(57.5)**	-	**(218.2)**	-
Repurchases of Non-Voting Class A shares	**-**	-	**(100.0)**	-
Acquisitions of shares held in trust	**-**	(0.1)	**-**	(0.1)
Dividends paid, common shares	**(32.3)**	(30.0)	**(129.7)**	(119.5)
Non-controlling interest	**(1.6)**	0.3	**(17.0)**	(8.8)
Cash flows (used in) from financing activities	**(230.0)**	(65.1)	**(1,258.0)**	133.8
Increase (decrease) in cash and cash equivalents	**471.2**	126.5	**455.1**	(74.6)
Cash and cash equivalents, beginning of period	**537.2**	426.8	**553.3**	627.9
Cash and cash equivalents, end of period	**$ 1,008.4**	$ 553.3	**$ 1,008.4**	$ 553.3

2020 ANNUAL REPORT

The Company's audited consolidated financial statements and the notes thereto for the fiscal year ended May 2, 2020 and MD&A for the fiscal year ended May 2, 2020, which includes discussion and analysis of results of operations, financial position and cash flows will be available today, June 18, 2020. These documents can be accessed through the Investor Centre section of the Company's website at www.empireco.ca and also at www.sedar.com.

The Company's 2020 Annual Report will be available on or about July 24, 2020 and can be accessed through the Investor Centre section of the Company's website at www.empireco.ca and also at www.sedar.com.

ABOUT EMPIRE

Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses are food retailing, through wholly-owned subsidiary Sobeys Inc., and related real estate. With approximately $26.6 billion in annual sales and $14.6 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 127,000 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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