EMPIRE
COMPANY LIMITED

FOR IMMEDIATE RELEASE
March 10, 2021

Empire's Project Horizon Strategy Benefits Take Hold in Strong Third Quarter Fiscal 2021 Results

Third Quarter Summary

- Same-store sales excluding fuel increased by 10.7%
- Earnings per share of $0.66 an increase of 47% compared to $0.45 last year
- Project Horizon growth plan on track
- E-commerce sales growth of 315%
- 37 FreshCo locations in Western Canada confirmed; 23 stores now open
- $100 million of shares purchased to date

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the third quarter ended January 30, 2021. For the quarter, the Company recorded net earnings of $176.3 million ($0.66 per share) compared to $120.5 million ($0.45 per share) last year.

"Our improvements in market share and gross margin send a strong message – the underlying strength we've built at Empire and the team's discipline executing Project Horizon is bearing further fruit," said Michael Medline, President & CEO, Empire. "The tremendous progress we've made in advanced analytics will help drive our compelling customer value proposition. Our operational and merchandising execution is leaps and bounds ahead of where it was four years ago. I attribute our success to our focus and discipline to execute against our strategy, while living our values."

CONSOLIDATED OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended Jan. 30, 2021	13 Weeks Ended Feb. 1, 2020	$ Change	39 Weeks Ended Jan. 30, 2021	39 Weeks Ended Feb. 1, 2020	$ Change
Sales	**$ 7,018.7**	$ 6,395.2	$ 623.5	**$ 21,348.3**	$ 19,575.8	$ 1,772.5
Gross profit(1)	**1,803.9**	1,557.7	246.2	**5,403.6**	4,813.8	589.8
Operating income	**320.4**	235.0	85.4	**1,004.5**	787.5	217.0
EBITDA(1)	**533.5**	426.9	106.6	**1,629.4**	1,364.6	264.8
Net earnings(2)	**176.3**	120.5	55.8	**529.6**	405.7	123.9
Diluted earnings per share						
EPS(2)(3)	**$ 0.66**	$ 0.45	$ 0.21	**$ 1.96**	$ 1.49	$ 0.47
Diluted weighted average number of shares outstanding (in millions)	**269.1**	270.6		**269.7**	272.0	
Dividend per share	**$ 0.13**	$ 0.12		**$ 0.39**	$ 0.36	

	13 Weeks Ended Jan. 30, 2021	13 Weeks Ended Feb. 1, 2020	39 Weeks Ended Jan. 30, 2021	39 Weeks Ended Feb. 1, 2020
Gross margin(1)	**25.7%**	24.4%	**25.3%**	24.6%
EBITDA margin(1)	**7.6%**	6.7%	**7.6%**	7.0%
Same-store sales(1) growth	**8.9%**	1.0%	**8.2%**	1.2%
Same-store sales growth, excluding fuel	**10.7%**	0.8%	**10.1%**	1.7%
Effective income tax rate	**26.4%**	27.4%	**27.6%**	26.6%

(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").

Effective the first quarter of fiscal 2021 and for comparative purposes, adjusted operating income, adjusted EBITDA, adjusted net earnings and related metrics within this document have been removed due to their immaterial nature.

COVID-19

The novel coronavirus ("COVID-19" or "pandemic") began to impact the Company in February 2020 and has resulted in different levels of restrictions by government authorities and the encouragement for Canadians to practice public health measures such as staying at home, social distancing, wearing masks and receiving vaccinations. This has led 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 throughout, 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. The Company continues 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.

Management anticipates that a percentage of the consumption that has shifted from restaurants and hospitality businesses to grocery stores will remain in grocery stores. The future impact of COVID-19 and government restrictions is uncertain and dependent on the duration and spread of the virus, its variants, and ultimately, the successful rollout of vaccinations across the country.

The pandemic has impacted how Canadians shop for food. Canadians are shopping less frequently and purchasing larger basket sizes. Many customers are gravitating to one-stop-shop grocery stores that meet all their household needs and to online grocery.

In Canada, online grocery sales have continued to grow, although at a slower pace than when COVID-19 began. The Company's e-commerce businesses experienced sales growth of 315% in the third quarter compared to the prior year.

As Canada and the world continue to adapt and progress in these unprecedented times, it is too early to forecast sales in the medium term. The Company has begun to lap the period when significant stock up activity was experienced in stores. In the fourth quarter last year, the Company recorded 18% same-store sales growth, with weekly same-store sales ranging between (1%) and 52%. Consumer buying behaviours have evolved throughout COVID-19. As such, sales in the fourth quarter compared to last year will be less meaningful as they will not provide a full indication of underlying performance. Over the first five weeks of the fourth quarter, the Company's same-store sales growth, excluding fuel, was 9% compared to last year, an increase that is unlikely to be sustained through the fourth quarter as a result of the significant COVID-19 driven sales last year.

During the third quarter, certain provincial governments implemented new lockdown restrictions. The Company introduced a temporary Lockdown Bonus for frontline employees in stores and distribution centres in impacted regions. The Lockdown Bonus could also be introduced in additional geographies if government-mandated lockdowns are put in place. The cost of these bonuses will be dependent on how long the lockdowns last and how many regions are impacted.

During the third quarter, the cost of the Lockdown Bonus and maintaining sanitization and safety measures increased selling and administrative expenses by approximately $19 million, including $9 million for the Lockdown Bonus. The Company's original estimate of up to $5 million for the Lockdown Bonus only included Manitoba and certain regions of Ontario. With the rest of Ontario and Quebec also going into lockdown, the actual cost exceeded the estimate. Currently, the cost of the Lockdown Bonus for the fourth quarter is estimated to be up to $4 million. In the fourth quarter, it is expected that the Company will incur approximately $15 million to $20 million (2020 – $80 million) in selling and administrative expenses related to the increased cost of maintaining sanitization and safety measures, the Lockdown Bonus and other COVID-19 related costs.

In the fourth quarter of fiscal 2021, the Company also expects to incur increased marketing costs related to the timing of ongoing initiatives, including its sponsorship of the Canadian Olympic team. With the delay of the Summer Olympics in 2020 due to COVID-19, both the Summer and Winter games will occur in fiscal 2022, which has shifted some of the related marketing spend to the fourth quarter of fiscal 2021.

Sales

Sales for the quarter ended January 30, 2021 increased by 9.7% primarily driven by the impact of COVID-19, market share gains in the Food retailing segment, and the expansion of FreshCo in Western Canada and Farm Boy in Ontario. These increases were partially offset by lower fuel sales as a result of COVID-19 and temporary store closures in Western Canada pending conversion to FreshCo.

Gross Profit

Gross profit for the quarter ended January 30, 2021 increased by 15.8% primarily as a result of increases in sales.

Gross margin for the quarter increased to 25.7% from 24.4% last year primarily resulting from the use of promotional optimization tools and the effect of sales mix changes between banners.

Operating Income

For the quarter ended January 30, 2021, operating income increased mainly due to improved earnings from the Food retailing segment as a result of higher sales driven by the impact of COVID-19 and higher gross profit, partially offset by higher selling and administrative expenses. Selling and administrative expenses increased primarily as a result of higher labour costs including the Lockdown Bonus, higher store, distribution centre and backstage teammate compensation accruals, increased costs for Voilà, an increase in right-of-use asset depreciation expense, expenses associated with the closure and conversion of stores as part of the ongoing expansion of the FreshCo discount format into Western Canada, and COVID-19 related costs.

It is expected that selling and administrative costs will be higher in the fourth quarter of fiscal 2021 as compared to last year due to compensation accruals, right-of-use asset depreciation, marketing spend timing and Voilà operating costs which will be partially offset by lower COVID-19 costs.

Operating income from the Investments and other operations segment for the quarter increased primarily as a result of improved equity earnings from Crombie Real Estate Investment Trust ("Crombie REIT"), as discussed in the "Investments and Other Operations" section.

EBITDA

For the quarter ended January 30, 2021, EBITDA increased to $533.5 million from $426.9 million in the prior year mainly as a result of the same factors affecting operating income. EBITDA margin increased to 7.6% from 6.7%.

Income Taxes

The effective income tax rate for the third quarter ended January 30, 2021 was 26.4% compared to 27.4% last year. The effective rates in the current and last quarter are in line with the statutory rates.

Net Earnings

	13 Weeks Ended		39 Weeks Ended	
($ in millions, except per share amounts)	**Jan. 30, 2021**	Feb. 1, 2020	**Jan. 30, 2021**	Feb. 1, 2020
Net earnings[(1)]	**$ 176.3**	$ 120.5	**$ 529.6**	$ 405.7
EPS (fully diluted)	**$ 0.66**	$ 0.45	**$ 1.96**	$ 1.49
Diluted weighted average number of shares outstanding (in millions)	**269.1**	270.6	**269.7**	272.0

(1) Attributable to owners of the Company.

Capital Expenditures

The Company invested $207.1 million in capital expenditures[(1)] for the quarter ended January 30, 2021 (2020 – $106.4 million) including renovations, construction of new stores, construction of an e-commerce fulfilment centre and construction of FreshCo locations in Western Canada. In fiscal 2021, capital spending is expected to be between $650 million and $675 million with approximately half of this investment allocated to renovations and new stores.

(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

	13 Weeks Ended		39 Weeks Ended	
($ in millions)	**Jan. 30, 2021**	Feb. 1, 2020	**Jan. 30, 2021**	Feb. 1, 2020
Cash flows from operating activities	**$ 579.1**	$ 480.5	**$ 1,297.3**	$ 1,201.8
Add: proceeds on disposal of assets(1) and lease terminations	**24.0**	85.5	**64.0**	166.3
Less: payments of lease liabilities, net of payments received for finance subleases	**(143.7)**	(133.8)	**(376.8)**	(395.6)
Less: acquisitions of property, equipment, investment property and intangibles	**(143.7)**	(149.1)	**(448.5)**	(436.5)
Free cash flow(2)	**$ 315.7**	$ 283.1	**$ 536.0**	$ 536.0

(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 increased for the quarter ended January 30, 2021 primarily as a result of higher cash earnings, partially offset by higher income taxes paid during the quarter and a decrease in proceeds on disposal of assets.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

	13 Weeks Ended		$	39 Weeks Ended		$
($ in millions)	**Jan. 30, 2021**	Feb. 1, 2020	Change	**Jan. 30, 2021**	Feb. 1, 2020	Change
Sales	**$ 7,018.7**	$ 6,395.2	$ 623.5	**$ 21,348.3**	$ 19,575.8	$ 1,772.5
Gross profit	**1,803.9**	1,557.7	246.2	**5,403.6**	4,813.8	589.8
Operating income	**300.4**	217.3	83.1	**971.5**	723.5	248.0
EBITDA	**512.8**	409.1	103.7	**1,595.6**	1,300.4	295.2
Net earnings(1)	**163.5**	108.3	55.2	**515.6**	358.4	157.2

(1) Attributable to owners of the Company.

Investments and Other Operations

	13 Weeks Ended		$	39 Weeks Ended		$
($ in millions)	**Jan. 30, 2021**	Feb. 1, 2020	Change	**Jan. 30, 2021**	Feb. 1, 2020	Change
Crombie REIT	**$ 9.1**	$ 6.9	$ 2.2	**$ 20.9**	$ 44.4	$ (23.5)
Genstar	**11.7**	10.5	1.2	**16.9**	17.8	(0.9)
Other operations, net of corporate expenses	**(0.8)**	0.3	(1.1)	**(4.8)**	1.8	(6.6)
	$ 20.0	$ 17.7	$ 2.3	**$ 33.0**	$ 64.0	$ (31.0)

For the quarter ended January 30, 2021, income from Investments and other operations increased principally due to improved operational equity earnings from Crombie REIT and a gain on the sale of property.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)	Jan. 30, 2021	May 2, 2020	Feb. 1, 2020[1]
Shareholders' equity, net of non-controlling interest	**$ 4,280.7**	$ 3,924.6	$ 3,771.1
Book value per common share[2]	**$ 15.97**	$ 14.51	$ 13.98
Long-term debt, including current portion	**$ 1,171.3**	$ 1,675.2	$ 1,685.5
Long-term lease liabilities, including current portion	**$ 5,889.0**	$ 5,266.2	$ 5,184.0
Net funded debt to net total capital[2]	**59.5%**	60.2%	62.7%
Funded debt to EBITDA[2][3]	**3.3x**	3.7x	4.1x
EBITDA to interest expense[2][4]	**7.9x**	6.8x	7.2x
Trailing four-quarter EBITDA	**$ 2,157.2**	$ 1,892.4	$ 1,664.7
Trailing four-quarter interest expense	**$ 273.2**	$ 279.3	$ 231.8
Current assets to current liabilities	**0.9x**	0.8x	0.8x
Total assets	**$ 14,962.4**	$ 14,632.9	$ 13,972.9
Total non-current financial liabilities	**$ 7,169.9**	$ 6,559.0	$ 6,554.7

(1) Trailing four-quarter EBITDA and interest expense are impacted by the adoption of IFRS 16, "Leases" in the first quarter of fiscal 2020.
(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(3) Calculation uses trailing four-quarter EBITDA.
(4) Calculation uses trailing four-quarter EBITDA and interest expense.

Sobeys Inc's ("Sobeys") credit ratings remained unchanged from the prior quarter. The following table shows Sobeys' credit ratings as at March 9, 2021:

Rating Agency	Credit Rating (Issuer rating)	Trend/Outlook
Dominion Bond Rating Service	BBB (low)	Stable
Standard & Poor's	BBB-	Stable

The Company has a $250.0 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2022. As of January 30, 2021, the outstanding amount of the credit facility was $73.3 million (2020 – $32.3 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates.

Sobeys has a $650.0 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2022. As of January 30, 2021, the outstanding amount of the facility was $ nil (2020 – $ nil) and Sobeys has issued $84.8 million in letters of credit against the facility (2020 – $76.3 million). 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. During the second quarter, this facility, originally scheduled to mature on November 4, 2020, was fully repaid.

On December 5, 2018, Sobeys established a senior, unsecured non-revolving credit facility for $400.0 million. The facility was fully utilized on December 10, 2018, with the proceeds used to fund part of the Farm Boy acquisition. During the third quarter, this facility, originally scheduled to mature on December 10, 2020, was fully repaid.

Strategic Focus

In the first quarter of fiscal 2021, the Company launched its new three-year strategy, Project Horizon, a growth plan focused on core business expansion and e-commerce acceleration. The Company is targeting an incremental $500 million in annualized EBITDA and an improvement in EBITDA margin of 100 basis points by fiscal 2023 by (i) growing market share and (ii) building on cost and margin discipline.

Growth in Market Share

Growth in market share is expected from supporting and investing further in the store network, improving store productivity, scaling up grocery e-commerce, growing the private label portfolio, continuing the Western discount business expansion and increasing the Farm Boy footprint in Ontario.

Building on Cost and Margin Discipline

The Company has significantly improved its efficiency and cost competitiveness over the past three years through Project Sunrise. Further opportunity still remains to remove non-value added costs and optimize margins.

For additional detail on Project Horizon, please refer to Empire's Management's Discussion and Analysis ("MD&A") for the third quarter ended January 30, 2021.

BUSINESS UPDATE

Farm Boy

The acquisition of Farm Boy on December 10, 2018 added 26 locations to the store network throughout Ontario with plans to double the store count in five years from the acquisition date, mainly in the Greater Toronto Area ("GTA"). During the quarter, the Company opened three locations, net of one closure. The Company is on track to open a total of eight new stores in fiscal 2021, bringing the total store count to 38, including one relocation.

Approximately two years since the acquisition, the Company now has 42 confirmed Farm Boy locations in Ontario:

- 36 Farm Boy stores currently open and operating as at March 9, 2021
- 6 Farm Boy stores to open in the remainder of calendar 2021, net of one closure

FreshCo

In fiscal 2018, 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 has now confirmed 37 of 65 locations in Western Canada – over half of the original target – and is on track to open 10 to 15 FreshCo stores in fiscal 2021 as planned.

Of the 37 confirmed FreshCo locations:

- 23 stores currently open and operating at March 9, 2021:
    - 16 in British Columbia
    - 4 in Saskatchewan
    - 3 in Manitoba
- 5 stores expected to open in the remainder of fiscal 2021:
    - 3 in Manitoba
    - 2 in Alberta
- 9 stores expected to open in fiscal 2022:
    - 7 in Alberta
    - 1 in Saskatchewan
    - 1 in Northern Ontario

Store Closure and Conversion Costs

In the third quarter ended January 30, 2021, the Company expensed $16.4 million (2020 – $ nil) in store closure and conversion costs primarily related to Farm Boy and FreshCo conversions.

Voilà

On June 22, 2020, the Company introduced the future of online grocery home delivery to the GTA through the Company's newest e-commerce platform, *Voilà by Sobeys*. Voilà is powered by Ocado Group plc's ("Ocado") industry-leading technology and fills orders through its automated Customer Fulfilment Centre ("CFC") in Vaughan, Ontario. Robots assemble orders efficiently and safely, resulting in minimal product handling, while Voilà teammates deliver orders directly to the customer's home.

The Vaughan CFC has recently extended its service area to include Barrie, Kitchener, Waterloo and Guelph, already servicing the GTA and Hamilton area. The business is operating to expectations, with strong on-time delivery, fulfilment, and customer satisfaction and retention results. Order volumes have consistently increased week-over-week since the launch.

Crombie REIT has completed the construction of the building for Voilà's second CFC in Montreal and turned it over to Ocado to build the internal grid. The CFC is expected to be ready to deliver to customers in early 2022. This second CFC will support the launch of *Voilà par IGA* which will serve major cities in Quebec and Ottawa, Ontario.

The Company is accelerating its plans for the remaining two Voilà e-commerce CFCs – for a total of four CFCs across Canada. The third CFC will be located in Calgary and will service the majority of Alberta. It is expected to deliver to customers in the first half of calendar 2023. With only four CFCs, the Company will be able to serve approximately 75% of Canadian households representing approximately 90% of Canadians' e-commerce spend.

On September 15, 2020, the Company launched Voilà Curbside Pickup service, now serving customers in select stores in Nova Scotia and Alberta. The Company plans to expand to hundreds of stores across the country over the next few years. The store pick solution is powered by Ocado's technology and will serve customers in areas where future CFCs will not deliver or are not yet built.

Voilà had a $0.04 and $0.14 dilutive impact after tax on earnings per share in the third quarter and year-to-date, respectively (2020 – $0.01 and $0.03) and is expected to have a dilutive effect of approximately $0.18 after tax for all of fiscal 2021 (2020 – $0.04) including the costs of the accelerated store pick solution that were not fully included in prior estimates.

DIVIDEND DECLARATION

The Board of Directors 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 April 30, 2021 to shareholders of record on April 15, 2021. These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation.

NORMAL COURSE ISSUER BID ("NCIB")

On June 27, 2019, the Company filed a notice of intent with the Toronto Stock Exchange ("TSX") to purchase for cancellation up to 3.5 million Class A shares representing approximately 2.0% of shares outstanding. As of May 2, 2020, the Company had purchased for cancellation 2,997,583 Class A shares at a weighted average price of $33.36 for a total consideration of $100.0 million.

On June 18, 2020, the Company renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 5.0 million Class A shares representing approximately 3.0% of the Class A shares outstanding. 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 could commence on July 2, 2020 and shall terminate not later than July 1, 2021. The Company intends to complete the current NCIB and purchase up to 5.0 million Class A shares.

The Company's NCIB activity for the third quarter and year-to-date ended January 30, 2021 is shown in the table below:

	13 Weeks Ended		39 Weeks Ended	
($ in millions, except per share amounts)	**Jan. 30, 2021**	Feb. 1, 2020	**Jan. 30, 2021**	Feb. 1, 2020
Number of shares	**1,989,317**	1,519,829	**2,044,817**	2,997,583
Weighted average price per share	**$ 35.64**	$ 31.60	**$ 35.69**	$ 33.36
Cash consideration paid	**$ 70.9**	$ 48.0	**$ 73.0**	$ 100.0

Including purchases made subsequent to the end of the quarter, as at March 8, 2021, the Company has purchased 2,777,760 (March 10, 2020 – 2,997,583) Class A shares at a weighted average price of $36.00 (March 10, 2020 – $33.36) for a total consideration of $100.0 million (March 10, 2020 – $100.0 million).

Following the completion of the current NCIB, management intends to apply to renew its NCIB with the TSX, at a higher level of share purchases.

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 expectations regarding the financial impact of Project Horizon and its underlying initiatives, including expected growth in market share, cost and margin savings resulting from this strategy, and the expected timing of the realization of incremental benefits, which could be impacted by several factors, including the time required by the Company to complete the initiatives and impacts of COVID-19 including changes in customer behaviour;

- The Company's plans to purchase for cancellation Class A shares under, and to renew, its normal course issuer bid which may be impacted by market and economic conditions, changes in laws and regulations, and the results of operations;

- The Company's expectations regarding the implementation of its online grocery home delivery service, its plans to expand its Voilà Curbside Pickup service, and the expected dilutive effect on Empire's earnings per share of approximately $0.18 per share in fiscal 2021, which may be impacted by COVID-19, future operating and capital costs, customer response to the service and the performance of its business partner, Ocado;

- 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 shutdowns due to COVID-19, the ability for restaurants and hospitality businesses to re-open and resume operations, and the ongoing demand for restaurants and hospitality services in the near term;

- The Company's same-store sales disclosure for the first five weeks of the fourth quarter of fiscal 2021 is not necessarily indicative of future performance;

- The Company's expectation that it will continue to incur approximately $15 million to $20 million per quarter in selling and administrative expenses, including up to $4 million in fourth quarter fiscal 2021 costs related to its temporary Lockdown Bonus for frontline employees in impacted regions, and additional spending required to respond to COVID-19, which may be impacted by the duration of the shutdown due to COVID-19 and safety precautions required;

- The Company's expectation that it will incur increased selling and administrative expenses in the fourth quarter of fiscal 2021 related to compensation accruals, right-of use asset depreciation and marketing spend timing;

- The Company's plans to further grow sales and profitability of its private label brands, which may be impacted by future operating and capital costs, and customer response;

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

- The Company's expectations regarding the timing and amount of expenses relating to the completion of the second CFC in Montreal and the third CFC in Calgary, which may be impacted by supply of materials and equipment, construction schedules and performance of construction contractors; and

- The Company's estimates regarding future capital expenditures which includes renovations and new stores, spending on advanced analytics technology and other technology systems, acquisitions of property, equipment and investment properties, and additions to intangibles, which may be impacted by operating results, impacts of the pandemic and the 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 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.
- Gross profit is calculated as sales less cost of sales.
- Gross margin is gross profit divided by sales.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA"), is calculated as net earnings, before finance costs (net of finance income), income tax expense, depreciation and amortization of intangibles.
- EBITDA margin is EBITDA divided by sales.
- Free cash flow is calculated as cash flows from operating activities, plus proceeds on disposal of property, equipment and investment property, less acquisitions of property, equipment, investment property and intangibles.
- 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 EBITDA ratio is funded debt divided by trailing four-quarter EBITDA.
- Interest expense is calculated as interest expense on financial liabilities measured at amortized cost and interest expense on lease liabilities.
- EBITDA to interest expense ratio is trailing four-quarter 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 third quarter ended January 30, 2021.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Wednesday, March 10, 2021 beginning at 12:30 p.m. (Eastern Standard Time) during which senior management will discuss the Company's financial results for the third quarter of fiscal 2021. To join this conference call, dial (888) 390-0546 outside the Toronto area or (416) 764-8688 from within the Toronto area. To secure a line, please call 10 minutes prior to the conference call; you will be placed on hold until the conference call begins. The media and investing public may access this conference call via a listen mode only. You may also listen to a live audiocast of the conference call by visiting the "Quick Links" section of the Company's website located at www.empireco.ca.

Replay will be available by dialing (888) 390-0541 and entering access code 731192 until midnight March 24, 2021, 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 $28.4 billion in annual sales and $15.0 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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