



FOR IMMEDIATE RELEASE
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Empire completes purchase of 51 per cent of Longo's and Grocery Gateway, accelerates growing presence in Ontario

Stellarton, NS – Empire Company Limited (“Empire” or the “Company”) (TSX: EMP.A) announced today that it has completed the purchase of 51% of Longo's, a long-standing, family-built network of specialty grocery stores in the Greater Toronto Area (“GTA”) of Ontario, and the Grocery Gateway e-commerce business.

“We are so pleased to officially welcome Longo's and Grocery Gateway into the Empire family,” said Michael Medline, President and CEO of Empire. “For more than 65 years, the Longo family and their talented team have served the GTA market, establishing their brands, customer experience and private label as best in class. We know the Longo's and Grocery Gateway business will continue to succeed under the leadership of Anthony Longo, as President and CEO, and his management team. The Longo's culture is so closely aligned with Empire and our teams will work together to ensure this partnership thrives and that we unlock meaningful benefits for our businesses.”

TRANSACTION TERMS

Empire has acquired 51% of Longo's issued and outstanding shares based on a total enterprise value of \$700 million. After the fifth anniversary of the transaction, the Longo's shareholders have an option to sell up to a 12.25% interest to Empire per annum, at a multiple applied to the last twelve months EBITDA, that will vary depending on achievement of certain business results. If Longo's shareholders exercise an option to sell, Empire will have a corresponding call option for the same percentage in the following year. After the tenth anniversary of the transaction, both Empire and Longo's have mutual put and call options for any remaining minority shares outstanding. The transaction was financed by the issuance of 3,187,348 non-voting Class A shares to the vendors at a price of approximately \$39.22 per share, representing \$125 million, cash of \$193.6 million and acquired debt of \$38.4 million. The purchase price is subject to final closing adjustments.

The Longo family has expressed their intentions to remain as long-term shareholders of Longo's.

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 statements include those relating to: (i) timing and magnitude of synergies and growth which may be impacted by COVID-19, customer demand, increased competition, the real estate opportunities available, the pace of new store openings, and the amount of time it will take recently opened stores and new stores to ramp up; (ii) expectations regarding the potential benefits to Empire and Longo's business objectives, returns, accretion, and free cash flow generation expected from the acquisition which may be impacted by the points noted in (i) above and the ability of the Company to predict and adapt to changing consumer tastes, preferences and spending patterns, future general economic and market conditions, legislative and regulatory environment in which the Company operates, and the effectiveness of integration efforts; and (iii) the timing and extent of any increase in ownership percentage of Longo's which may be impacted by future results, intentions of the vendors and the achievement of certain business results.

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 Management's Discussion and Analysis.

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 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.

ABOUT LONGO'S

Longo's is a family-owned Canadian organization that started in 1956 when three brothers, Tommy, Joe and Gus opened their first fruit market. What began as a small family-run store has since grown to a company that operates 36 stores in communities across Toronto and the GTA, as well as Grocery Gateway, a leader in online sales of home-delivered groceries.

Today, Longo's maintains the same family-based values as they did over 65 years ago, putting Family Standards at the heart of everything they do. Longo's is proud to serve their guests the quality standard of food and service they believe every family deserves, and to give back to the communities they operate in through the Longo's Family Charitable Foundation.

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