FOR IMMEDIATE RELEASE
December 9, 2021

Empire Shows Continued Momentum with Strong Second Quarter Results; Project Horizon On Track

Second Quarter Summary

- Earnings per share of $0.66 compared to $0.60 last year
- Same-store sales excluding fuel decreased by 1.3% compared to elevated sales last year
- Excluding fuel, gross margin increased by 72 basis points
- Project Horizon strategy on track
- Free cash flow of $129.5 million – 72% growth over last year
- $189.6 million of shares repurchased to date

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the second quarter ended October 30, 2021. For the quarter, the Company recorded net earnings of $175.4 million ($0.66 per share) compared to $161.4 million ($0.60 per share) last year, an increase of 8.7%.

"We see strong momentum as we continue to improve our operations and execute on our key Project Horizon initiatives," said Michael Medline, President & CEO, Empire. "Sales were strong, up 4.9% over last year and 13.7% over two years ago. We are delivering two-year same-store sales growth of 6.8%, and at the same time our margins keep improving. I'm very pleased with our team's consistent and growing ability to deliver results to our customers and shareholders."

PROJECT HORIZON

In the first quarter of fiscal 2021, the Company launched Project Horizon, a three-year strategy focused on core business expansion and the acceleration of e-commerce. The Company remains on track to achieve an incremental $500 million in annualized EBITDA and an improvement in EBITDA margin of 100 basis points by fiscal 2023, by growing market share and building on cost and margin discipline.

In the second quarter of fiscal 2022, earnings continued to be positively impacted by strategic initiatives, including the continued expansion and renovation of the store network, promotional optimization, data analytics and strategic sourcing efficiencies. Management expects these initiatives will continue to drive the majority of benefits through the remainder of fiscal 2022.

CONSOLIDATED OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended Oct. 30, 2021	13 Weeks Ended Oct. 31, 2020	$ Change	26 Weeks Ended Oct. 30, 2021	26 Weeks Ended Oct. 31, 2020	$ Change
Sales	**$ 7,318.3**	$ 6,975.4	$ 342.9	**$ 14,944.3**	$ 14,329.6	$ 614.7
Gross profit[1]	**1,850.8**	1,751.1	99.7	**3,763.0**	3,599.7	163.3
Operating income	**327.9**	306.5	21.4	**675.3**	684.1	(8.8)
EBITDA[1]	**565.2**	513.4	51.8	**1,147.1**	1,095.9	51.2
Net earnings[2]	**175.4**	161.4	14.0	**363.9**	353.3	10.6
Diluted earnings per share						
EPS[2][3]	**$ 0.66**	$ 0.60	$ 0.06	**$ 1.36**	$ 1.31	$ 0.05
Diluted weighted average number of shares outstanding (in millions)	**266.3**	270.1		**267.4**	269.9	
Dividend per share	**$ 0.15**	$ 0.13		**$ 0.30**	$ 0.26	

	13 Weeks Ended Oct. 30, 2021	13 Weeks Ended Oct. 31, 2020	26 Weeks Ended Oct. 30, 2021	26 Weeks Ended Oct. 31, 2020
Gross margin[1]	**25.3%**	25.1%	**25.2%**	25.1%
EBITDA margin[1]	**7.7%**	7.4%	**7.7%**	7.6%
Same-store sales[1] growth	**0.4%**	7.3%	**0.0%**	7.9%
Same-store sales (decline) growth, excluding fuel	**(1.3)%**	8.7%	**(1.8)%**	9.8%
Effective income tax rate	**26.2%**	26.5%	**25.3%**	28.1%

(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").

OUTLOOK

The Company and the industry continue to be affected by the novel coronavirus ("COVID-19" or "pandemic"). Recent relaxation of COVID-19 restrictions by government agencies has increased levels of food consumption outside of the home and related reductions in grocery industry volumes. Management expects to see these trends continue as vaccination rates increase and COVID-19 restrictions are relaxed. As restrictions ease, consumers are expected to shop more frequently and at more grocery stores. However, the Company does not expect grocery consumer behaviour to return fully to pre-pandemic levels for the foreseeable future. As economic activity increases and travel restrictions reduce, fuel volumes have increased and will likely continue to do so during the remainder of fiscal 2022.

The Company'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 is monitoring the potential impact of new COVID-19 variants and continues to invest in increased safety and sanitization 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.

During the second quarter, the cost of maintaining safety and sanitization measures was approximately $8.5 million (second quarter of fiscal 2021 – $14 million). For the third quarter and the remainder of fiscal 2022, it is expected the Company will continue to incur selling and administrative expenses related to maintaining safety and sanitization measures, and other COVID-19 related costs consistent with the second quarter.

The Company expects that same-store sales will continue to reduce in the remainder of fiscal 2022 as industry volumes decrease compared to the unusually high COVID-19 driven sales impacts in fiscal 2021. Margins will continue to benefit from Project Horizon initiatives, other operating improvements and the addition of Longo's. These benefits could be partially offset by effects of sales mix changes between banners and the impact of increasing fuel sales.

The Company expects improvements in the results of its Toronto based e-commerce site as volumes continue to increase and efficiencies improve. At the same time, Voilà will also incur additional costs as the Montreal facility begins operations and the Calgary facility is commissioned. The combination of improving results in Toronto, increasing costs in Montreal and Calgary, and additional store pick e-commerce locations is expected to reduce Empire's fiscal 2022 net earnings by approximately $0.25 to $0.30 per share (fiscal 2021 – $0.18). Future earnings will be impacted primarily by the rate of sales growth. The Company expects that fiscal 2022 will reflect the highest net earnings dilution for the Voilà program as the Toronto site is expected to begin to reflect positive EBITDA results towards the end of its third year of operations.

When announcing the Project Horizon strategy, management estimated an increase of $500 million in EBITDA over the three-year period, excluding COVID-19 impacts. At that time, based on the 12-months ended February 1, 2020, management further indicated that they expected earnings per share to generate a compound average growth rate of at least 15% over the Project Horizon timeframe. Due to significant positive impacts on sales and earnings related to COVID-19 in fiscal 2021, growth rates in fiscal 2022 for same-store sales and net earnings are expected to be lower. However, management continues to expect the Company will achieve its three-year Project Horizon strategy targets, and growth of same-store sales and net earnings in fiscal 2023.

Sales

Sales for the quarter ended October 30, 2021 increased by 4.9% primarily driven by the acquisition of Longo's, higher fuel sales and benefits from Project Horizon initiatives, including the expansion of Farm Boy and Voilà in Ontario and FreshCo in Western Canada. The increase is partially offset by the stabilization of consumer buying behaviour as COVID-19 restrictions are eased across the country.

Gross Profit

Gross profit for the quarter ended October 30, 2021 increased by 5.7% primarily as a result of the inclusion of Longo's in the Company's results and benefits from Project Horizon initiatives, including the use of advanced analytical promotional optimization tools and the expansion of Farm Boy and Voilà in Ontario and FreshCo in Western Canada. The increase is partially offset by reduced sales volume as a result of changes in consumer buying behaviour as COVID-19 restrictions are eased across the country.

Gross margin for the quarter increased to 25.3% from 25.1% compared to the prior year. Excluding the effect of fuel mix, gross margin would have been 72 basis points higher compared to the prior year. Gross margin was positively impacted by benefits from Project Horizon initiatives and the inclusion of Longo's, partially offset by the mix effect of higher fuel sales.

Operating Income

For the quarter ended October 30, 2021, operating income in the Food retailing segment increased mainly due to improved earnings as a result of higher sales and higher gross profit, partially offset by higher selling and administrative expenses. Selling and administrative expenses increased primarily as a result of the inclusion of Longo's, investment in Project Horizon initiatives, including the expansion of Farm Boy and Voilà in Ontario and FreshCo in Western Canada, and increased right-of-use asset depreciation. The increase was partially offset by lower incentive compensation accruals.

Operating income from the Investments and other operations segment for the quarter increased primarily as a result of improved equity earnings from Genstar, as discussed in the "Investments and Other Operations" section.

EBITDA

For the quarter ended October 30, 2021, EBITDA increased to $565.2 million from $513.4 million in the prior year mainly as a result of the same factors affecting operating income. EBITDA margin increased to 7.7% from 7.4%.

Income Taxes

The effective income tax rate for the quarter ended October 30, 2021 was 26.2% compared to 26.5% in the same quarter last year. The effective tax rate for the current quarter was slightly lower than the statutory rate primarily due to consolidated structured entities that are taxed at lower rates. For the prior year, the effective tax rate was in line with the statutory rate.

Net Earnings

	13 Weeks Ended		26 Weeks Ended	
($ in millions, except per share amounts)	**Oct. 30, 2021**	Oct. 31, 2020	**Oct. 30, 2021**	Oct. 31, 2020
Net earnings[1]	**$ 175.4**	$ 161.4	**$ 363.9**	$ 353.3
EPS (fully diluted)	**$ 0.66**	$ 0.60	**$ 1.36**	$ 1.31
Diluted weighted average number of shares outstanding (in millions)	**266.3**	270.1	**267.4**	269.9

(1) Attributable to owners of the Company.

Capital Expenditures

The Company invested $188.6 million in capital expenditures[1] for the quarter ended October 30, 2021 (2021 – $120.7 million) including renovations and construction of new stores, investments in e-commerce fulfilment centres, FreshCo locations in Western Canada, and investments in advanced analytics technology and other technology systems.

(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		26 Weeks Ended	
($ in millions)	**Oct. 30, 2021**	Oct. 31, 2020	**Oct. 30, 2021**	Oct. 31, 2020
Cash flows from operating activities	**$ 459.1**	$ 318.8	**$ 883.7**	$ 718.2
Add: proceeds on disposal of assets[1] and lease terminations	**4.4**	16.5	**14.8**	40.0
Less: payments of lease liabilities, net of payments received for finance subleases	**(155.4)**	(100.7)	**(259.9)**	(233.1)
Less: acquisitions of property, equipment, investment property and intangibles	**(178.6)**	(159.4)	**(393.6)**	(304.8)
Free cash flow[2]	**$ 129.5**	$ 75.2	**$ 245.0**	$ 220.3

(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 October 30, 2021 primarily as a result of higher operating activities, driven by lower income taxes paid, favourable working capital changes and higher net earnings. The increase is partially offset by the timing of lease payments due to the timing of quarter end reporting dates.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended Oct. 30, 2021	Oct. 31, 2020	$ Change	26 Weeks Ended Oct. 30, 2021	Oct. 31, 2020	$ Change
Sales	**$ 7,318.3**	$ 6,975.4	$ 342.9	**$ 14,944.3**	$ 14,329.6	$ 614.7
Gross profit	**1,850.8**	1,751.1	99.7	**3,763.0**	3,599.7	163.3
Operating income	**305.4**	299.2	6.2	**642.7**	671.1	(28.4)
EBITDA	**542.7**	506.2	36.5	**1,114.4**	1,082.8	31.6
Net earnings[(1)]	**159.3**	162.8	(3.5)	**338.8**	352.1	(13.3)

(1) Attributable to owners of the Company.

Investments and Other Operations

($ in millions)	13 Weeks Ended Oct. 30, 2021	Oct. 31, 2020	$ Change	26 Weeks Ended Oct. 30, 2021	Oct. 31, 2020	$ Change
Crombie REIT	**$ 10.2**	$ 6.9	$ 3.3	**$ 17.6**	$ 11.8	$ 5.8
Genstar	**12.5**	2.6	9.9	**18.4**	5.2	13.2
Other operations, net of corporate expenses	**(0.2)**	(2.2)	2.0	**(3.4)**	(4.0)	0.6
	$ 22.5	$ 7.3	$ 15.2	**$ 32.6**	$ 13.0	$ 19.6

For the quarter ended October 30, 2021, income from Investments and other operations increased primarily as a result of higher equity earnings from Genstar due to increased residential property sales.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)	Oct. 30, 2021	May 1, 2021	Oct. 31, 2020
Shareholders' equity, net of non-controlling interest	**$ 4,706.0**	$ 4,372.7	$ 4,196.5
Book value per common share[(1)]	**$ 17.73**	$ 16.30	$ 15.60
Long-term debt, including current portion	**$ 1,160.9**	$ 1,225.3	$ 1,341.3
Long-term lease liabilities, including current portion	**$ 6,139.9**	$ 5,908.1	$ 5,431.1
Net funded debt to net total capital[(1)]	**59.3%**	58.8%	58.9%
Funded debt to EBITDA[(1)(2)]	**3.3x**	3.3x	3.3x
EBITDA to interest expense[(1)(3)]	**8.4x**	8.0x	7.4x
Trailing four-quarter EBITDA	**$ 2,195.0**	$ 2,143.8	$ 2,050.6
Trailing four-quarter interest expense	**$ 262.8**	$ 268.8	$ 276.4
Current assets to current liabilities	**0.8x**	0.9x	0.9x
Total assets	**$ 15,980.6**	$ 15,173.9	$ 14,567.0
Total non-current financial liabilities	**$ 7,595.4**	$ 7,187.7	$ 6,705.4

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(2) Calculation uses trailing four-quarter EBITDA.
(3) 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 October 30, 2021:

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

DIVIDEND DECLARATION

The Board of Directors declared a quarterly dividend of $0.15 per share on both the Non-Voting Class A shares ("Class A shares") and the Class B common shares that will be payable on January 28, 2022 to shareholders of record on January 14, 2022. 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 18, 2020, the Company filed a notice of intent with the Toronto Stock Exchange ("TSX") to purchase for cancellation up to 5.0 million Class A shares representing approximately 3.0% of Class A shares outstanding. The NCIB was amended on April 19, 2021 to purchase up to 8,548,551 Class A shares representing approximately 5.0% of the Class A shares outstanding and expired on July 1, 2021. As of July 1, 2021, under this filing, the Company purchased 6,063,806 Class A shares at a weighted average price of $38.00 for a total consideration of $230.4 million.

On June 22, 2021, the Company renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 8,468,408 Class A shares representing 5.0% of the 169,368,174 Class A shares outstanding as of June 18, 2021. 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. 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. The NCIB expires on July 1, 2022.

Shares purchased under the Company's NCIB for the second quarter and year-to-date ended October 30, 2021 are shown in the table below:

	13 Weeks Ended		26 Weeks Ended	
($ in millions, except per share amounts)	**Oct. 30, 2021**	Oct. 31, 2020	**Oct. 30, 2021**	Oct. 31, 2020
Number of shares	**579,267**	55,500	**3,850,349**	55,500
Weighted average price per share	**$ 38.56**	$ 37.47	**$ 39.56**	$ 37.47
Cash consideration paid	**$ 22.3**	$ 2.1	**$ 152.3**	$ 2.1

Including purchases made subsequent to the end of the quarter, as at December 7, 2021, the Company has purchased 4,831,765 Class A shares (December 8, 2020 – 810,817) at a weighted average price of $39.25 (December 8, 2020 – $36.29) for a total consideration of $189.6 million (December 8, 2020 – $29.4 million).

COMPANY STRATEGY

In the first quarter of fiscal 2021, the Company launched Project Horizon, a three-year strategy focused on core business expansion and the acceleration of e-commerce. The Company remains on track to achieve an incremental $500 million in annualized EBITDA and an improvement in EBITDA margin of 100 basis points by fiscal 2023 by growing market share and building on cost and margin discipline.

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

BUSINESS UPDATES

Farm Boy

The acquisition of Farm Boy on December 10, 2018 added 26 locations to the Ontario store network with plans to double the store count in five years from the acquisition date, mainly in the Greater Toronto Area ("GTA"). The Company opened one new location during the second quarter and opened two new locations subsequent to the end of the quarter, including one new and one converted site. Farm Boy is on track to expand its footprint by seven net new stores in fiscal 2022. As at December 8, 2021, 42 Farm Boy stores are open.

FreshCo

In fiscal 2018, the Company announced plans to expand its FreshCo discount format to Western Canada with expectations of converting up to 25% of the 255 Safeway and Sobeys full-service format stores in Western Canada to the FreshCo discount format.

The Company opened one FreshCo location in Western Canada during the second quarter and three locations subsequent to the end of the quarter. The Company expects to open another seven FreshCo sites in Alberta in the remainder of fiscal 2022, for a total of 40 locations open in Western Canada by the end of the fiscal year.

As at December 8, 2021:

- 33 stores are currently open and operating:
  - 16 in British Columbia ("B.C.")
  - 6 in Manitoba
  - 5 in Saskatchewan
  - 5 in Alberta
  - 1 in Northern Ontario
- 7 stores are expected to open in Alberta in the remainder of fiscal 2022
- 2 stores have been announced and are expected to open in Alberta in fiscal 2023

Business Acquisition

On March 16, 2021, the Company, through a wholly-owned subsidiary, signed an agreement to acquire 51% of the business of Longo's, a long-standing, family-built network of specialty grocery stores in the GTA, and the Grocery Gateway e-commerce business. The purchase price of the transaction was $660.6 million. The Company acquired the business through the issuance of 3,187,348 Non-Voting Class A shares with a transaction date price of $129.6 million, cash of $196.6 million and a contingent note payable of $10.7 million. The acquisition closed effective May 10, 2021.

After the fifth anniversary of the transaction, the Longo's 49% non-controlling shareholders have an option to sell up to a 12.25% per annum interest in Longo's to Sobeys, at a multiple applied to the last 12 months earnings before interest, taxes, depreciation and amortization. The multiple will vary depending on achievement of certain business results. If Longo's non-controlling shareholders exercise an option to sell, Sobeys will have a corresponding call option for the same percentage in the following year. After the tenth anniversary of the transaction, both Sobeys and Longo's have mutual put and call options for any remaining minority shares outstanding. A financial liability of $239.7 million has been recognized at the date of acquisition.

Store Closure and Conversion Costs

During the second quarter ended October 30, 2021, the Company expensed $6.0 million (2021 – $2.4 million) in store closure and conversion costs related to Farm Boy and FreshCo conversions.

Voilà

On June 22, 2020, the Company introduced the future of online grocery home delivery to GTA customers through the Company's newest e-commerce platform, Voilà. 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 customers' homes.

The Vaughan CFC services the GTA, Barrie, Kitchener, Waterloo, Guelph, Hamilton, Niagara, St. Catharines and Brantford. In March 2021, the Company opened its first spoke location in Etobicoke, Ontario. Spokes are cross dock facilities that improve efficiencies at CFCs. The platform is exceeding all internal operational metrics, with strong on-time delivery, fulfilment, and customer satisfaction and retention results.

The Company intends to operate four CFCs across Canada. The second CFC in Montreal is expected to be ready to deliver to customers in Spring 2022 and will serve major cities in the province of Quebec. 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 four CFCs, the Company will be able to serve approximately 75% of Canadian households representing approximately 90% of Canadians' e-commerce spend.

In fiscal 2021, the Company launched Voilà Curbside Pickup service at 30 store locations across Atlantic Canada and Alberta, and the service has since expanded to B.C., Manitoba, Saskatchewan and Ontario. In the second quarter of fiscal 2022, the Company added 30 locations and expects to add up to 35 further locations in the remainder of fiscal 2022. 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 $0.07 and $0.12 dilutive impact on Empire's earnings per share in the second quarter and year-to-date, respectively (2021 – $0.05 and $0.10).

In Canada, online grocery sales have continued to grow, although at a slower pace than when COVID-19 began. In the second quarter of fiscal 2022, the Company's four e-commerce platforms experienced combined sales growth of 33.0% compared to the prior year. Excluding Grocery Gateway, growth was 1.8% in the quarter. This increase is primarily driven by continued growth of Voilà, partially offset by COVID-19 related declines from IGA.net and Thrifty's due to the stabilization of consumer buying behaviour.

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 and benefits of Project Horizon and its underlying initiatives, 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 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 future shutdowns or eased public health restrictions due to COVID-19, the speed with which restaurants and hospitality businesses re-open and resume operations, and the ongoing demand for restaurants and hospitality services in the near term;
- The Company's expectations regarding an increase in fuel sales, which could be impacted by future shutdowns and travel restrictions implemented by government authorities;
- The Company's expectation that for the remaining quarters of fiscal 2022 it will incur selling and administrative expenses to respond to COVID-19 consistent with the second quarter, which may be impacted by future shutdowns or eased public health restrictions due to COVID-19 and safety precautions and transitions required;
- The Company's expectations that fiscal 2022 will reflect the highest net earnings dilution for the Voilà program, expectations which may be impacted by COVID-19, future operating and capital costs, customer response and the performance of its technology provider, Ocado;
- The Company's expectations that fiscal 2023 will achieve growth of same-store sales and net earnings, which may be impacted by COVID-19, including changes in customer buying behavior; and
- 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.

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 2021 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 second quarter ended October 30, 2021.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, December 9, 2021 beginning at 12:00 p.m. (Eastern Standard Time) during which senior management will discuss the Company's financial results for the second quarter of fiscal 2022. 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 190207 until midnight December 23, 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 $28.9 billion in annual sales and $16.0 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 134,000 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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