EMPIRE
COMPANY LIMITED

FOR IMMEDIATE RELEASE
December 10, 2020

Market Share Gains Continue in Empire's Second Quarter Fiscal 2021 Earnings

Third Voilà home-delivery Customer Fulfilment Centre announced to serve Alberta market in 2023

Second Quarter Summary

- Same-store sales excluding fuel increased by 8.7%
- Earnings per share of $0.60 compared to $0.57 last year
- Food retailing net earnings increased 27.3%
- Project Horizon growth plan underway
- E-commerce sales growth 241%
- Share purchase program started during quarter; $29.4 million purchased to date
- Strong cash flow enabled over $525 million of debt repayments 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 31, 2020.

Net earnings for the second quarter of $0.60 per share reflect strong results with Food retailing net earnings of $162.8 million compared to $127.9 million last year, an increase of 27.3%. Total earnings per share last year included $0.06 of unusually large property disposals by Crombie Real Estate Investment Trust ("Crombie REIT"); removing this impact, total net earnings per share increased by 17.6%.

"The market share gains our teams are delivering, quarter after quarter, give us tremendous confidence in our ability to achieve our Project Horizon goals. Strong execution continued throughout the Company, with robust sales and margin growth, and very strong year on year increases in Food retailing operations," said Michael Medline, President & CEO, Empire. "The health and safety of our frontline teammates continues to be paramount as the pandemic continues and our stores become even busier again. Our full-service and e-commerce businesses continue to meet the one-stop-shop needs of families across Canada, while delivering a safe and reliable shopping experience. In areas where government-mandated lockdowns are in effect, like the province of Manitoba, and Peel and Toronto in Ontario, we have implemented a Lockdown Bonus to recognize the incredible efforts of our frontline teammates."

Empire is also announcing plans to launch it's third customer fulfilment center ("CFC") in Calgary, Alberta in 2023.

"We are now ready and well positioned to take the next meaningful step forward in our plans to win the e-commerce battle in Canada," said Mr. Medline. "It's time for our world-class Voilà team and service to go West. Our CFC in Calgary will serve the majority of the Alberta population beginning in 2023. In 2021, we will launch Voilà's curbside pickup service in Alberta to begin providing an omnichannel experience to customers in that province, before going live with our home delivery service from the CFC in 2023."

The Company will partner with Crombie REIT to develop the third CFC in Calgary. Empire intends to lease the location from Crombie REIT and Crombie REIT will build the site to Empire's specifications.

Today, the Company is announcing the next location of its expanding Farm Boy banner in Stittsville, Ontario. With this announcement, the Company has now confirmed 42 locations in Ontario. The new Farm Boy location is converting from a Sobeys location. The Sobeys store will close for renovation in the fourth quarter of fiscal 2021 and re-open as a Farm Boy in the third quarter of fiscal 2022.

CONSOLIDATED OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended Oct. 31, 2020	13 Weeks Ended Nov. 2, 2019	$ Change	26 Weeks Ended Oct. 31, 2020	26 Weeks Ended Nov. 2, 2019	$ Change
Sales	**$ 6,975.4**	$ 6,436.5	$ 538.9	**$ 14,329.6**	$ 13,180.6	$ 1,149.0
Gross profit(1)	**1,751.1**	1,595.7	155.4	**3,599.7**	3,256.1	343.6
Operating income	**306.5**	286.4	20.1	**684.1**	552.5	131.6
EBITDA(1)	**513.4**	477.7	35.7	**1,095.9**	937.7	158.2
Net earnings(2)	**161.4**	154.6	6.8	**353.3**	285.2	68.1
Diluted earnings per share						
EPS(2)(3)	**$ 0.60**	$ 0.57	$ 0.03	**$ 1.31**	$ 1.05	$ 0.26
Diluted weighted average number of shares outstanding (in millions)	**270.1**	272.4		**269.9**	272.6	
Dividend per share	**$ 0.13**	$ 0.12		**$ 0.26**	$ 0.24	

	13 Weeks Ended Oct. 31, 2020	13 Weeks Ended Nov. 2, 2019	26 Weeks Ended Oct. 31, 2020	26 Weeks Ended Nov. 2, 2019
Gross margin(1)	**25.1%**	24.8%	**25.1%**	24.7%
EBITDA margin(1)	**7.4%**	7.4%	**7.6%**	7.1%
Same-store sales(1) growth	**7.3%**	1.2%	**7.9%**	1.5%
Same-store sales growth, excluding fuel	**8.7%**	2.0%	**9.8%**	2.2%
Effective income tax rate	**26.5%**	26.0%	**28.1%**	26.2%

(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 and wearing masks. This has continued to lead 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, the spread and intensity of the virus, and ultimately, when a vaccine is widely accessible.

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 business experienced sales growth of 241% in the second quarter compared to the prior year.

As Canada and the world adapt and progress in these unprecedented times, it is too early to forecast sales in the medium term. Over the first five weeks of the third quarter, the Company's same-store sales growth, excluding fuel, has ranged from 8% to 13%, averaging 11%.

Subsequent to the end of the second quarter, the Manitoba and Ontario governments implemented new lockdown restrictions. The Company introduced a temporary Lockdown Bonus for frontline employees in stores and distribution centres in Manitoba and certain regions of Ontario. The Lockdown Bonus could also be introduced in additional geographies as 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. The Company estimates the cost for Manitoba and Ontario combined could be up to $5 million per quarter, assuming the current lockdowns continue for the entire quarter.

During the second quarter, the cost of maintaining sanitization and safety measures increased selling and administrative expenses by approximately $14 million. Including the Lockdown Bonus, it is expected that the Company will continue to incur approximately $15 million to $20 million in selling and administrative expenses per quarter related to the increased cost of maintaining sanitization and safety measures, lockdown bonuses and other COVID-19 related costs.

Sales

Sales for the quarter ended October 31, 2020 increased by 8.4% primarily driven by the impact of COVID-19 and market share gains in the Food retailing segment and the expansion of FreshCo in Western Canada. 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 October 31, 2020 increased by 9.7% primarily as a result of increases in sales and sales mix between banners. These increases were partially offset by temporary store closures in Western Canada pending their conversion to FreshCo.

Gross margin for the second quarter increased to 25.1% from 24.8% last year. The increase was primarily a result of the effect of sales mix changes between banners.

Operating Income

For the quarter ended October 31, 2020, 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 margins, partially offset by higher selling and administrative expenses. Selling and administrative expenses increased primarily as a result of higher store, distribution centre and backstage teammate compensation accruals, increased costs for Voilà, COVID-19 related costs, higher labour costs, net expense associated with the closure and conversion of stores as part of the ongoing expansion of the FreshCo discount format into Western Canada and an increase in right-of-use asset depreciation expense. The higher labour costs are to support the higher level of sales volume.

Operating income from the Investments and other operations segment for the quarter decreased primarily as a result of reduced equity earnings from Crombie REIT as discussed in the "Investments and Other Operations" section.

EBITDA

For the quarter ended October 31, 2020, EBITDA increased to $513.4 million from $477.7 million in the prior year mainly as a result of the same factors affecting operating income. EBITDA margin of 7.4% was consistent with the prior year.

Income Taxes

The effective income tax rate for the second quarter ended October 31, 2020 was 26.5% compared to 26.0% last year. The effective rate in the current quarter is in line with the statutory rate. The effective rate in the prior year was lower than the statutory rate due to a decrease in previously unrecognized tax benefits and tax provision adjustments.

Net Earnings

($ in millions, except per share amounts)	13 Weeks Ended Oct. 31, 2020	13 Weeks Ended Nov. 2, 2019	26 Weeks Ended Oct. 31, 2020	26 Weeks Ended Nov. 2, 2019
Net earnings[1]	**$ 161.4**	$ 154.6	**$ 353.3**	$ 285.2
EPS (fully diluted)	**$ 0.60**	$ 0.57	**$ 1.31**	$ 1.05
Diluted weighted average number of shares outstanding (in millions)	**270.1**	272.4	**269.9**	272.6

(1) Attributable to owners of the Company.

Capital Expenditures

The Company invested $120.7 million in capital expenditures[1] for the quarter ended October 31, 2020 (November 2, 2019 – $150.4 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

($ in millions)	13 Weeks Ended Oct. 31, 2020	13 Weeks Ended Nov. 2, 2019	26 Weeks Ended Oct. 31, 2020	26 Weeks Ended Nov. 2, 2019
Cash flows from operating activities	**$ 318.8**	$ 316.0	**$ 718.2**	$ 721.3
Add: proceeds on disposal of assets[1] and lease terminations	**16.5**	40.6	**40.0**	80.8
Less: payments of lease liabilities, net of payments received for finance subleases	**(100.7)**	(131.9)	**(233.1)**	(261.8)
Less: acquisitions of property, equipment, investment property and intangibles	**(159.4)**	(196.0)	**(304.8)**	(287.4)
Free cash flow[2]	**$ 75.2**	$ 28.7	**$ 220.3**	$ 252.9

(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 31, 2020 primarily as a result of a decrease in capital investments and the timing of rent payments due to the reporting quarter end date, partially offset by a decrease in proceeds on disposal of assets.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended Oct. 31, 2020	Nov. 2, 2019	$ Change	26 Weeks Ended Oct. 31, 2020	Nov. 2, 2019	$ Change
Sales	**$ 6,975.4**	$ 6,436.5	$ 538.9	**$ 14,329.6**	$ 13,180.6	$ 1,149.0
Gross profit	**1,751.1**	1,595.7	155.4	**3,599.7**	3,256.1	343.6
Operating income	**299.2**	251.8	47.4	**671.1**	506.2	164.9
EBITDA	**506.2**	443.2	63.0	**1,082.8**	891.3	191.5
Net earnings[(1)]	**162.8**	127.9	34.9	**352.1**	250.1	102.0

(1) Attributable to owners of the Company.

Investments and Other Operations

($ in millions)	13 Weeks Ended Oct. 31, 2020	Nov. 2, 2019	$ Change	26 Weeks Ended Oct. 31, 2020	Nov. 2, 2019	$ Change
Crombie REIT	**$ 6.9**	$ 24.3	$ (17.4)	**$ 11.8**	$ 37.5	$ (25.7)
Genstar	**2.6**	6.1	(3.5)	**5.2**	7.3	(2.1)
Other operations, net of corporate expenses	**(2.2)**	4.2	(6.4)	**(4.0)**	1.5	(5.5)
	$ 7.3	$ 34.6	$ (27.3)	**$ 13.0**	$ 46.3	$ (33.3)

For the quarter ended October 31, 2020, income from Investments and other operations decreased principally due to a sale in the prior year of a 15-property portfolio by Crombie REIT that contributed an additional $15.1 million to the Company's equity earnings and a $6.9 million deferred gain recognition, and lower operating property income in the current year. The $6.9 million deferred gain recognition was included in other operations, net of corporate expenses.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)	Oct. 31, 2020	May 2, 2020	Nov. 2, 2019[(1)]
Shareholders' equity, net of non-controlling interest	**$ 4,196.5**	$ 3,924.6	$ 3,726.2
Book value per common share[(2)]	**$ 15.60**	$ 14.51	$ 13.73
Long-term debt, including current portion	**$ 1,341.3**	$ 1,675.2	$ 1,752.1
Long-term lease liabilities, including current portion	**$ 5,431.1**	$ 5,266.2	$ 4,993.4
Net funded debt to net total capital[(2)]	**58.9%**	60.2%	63.0%
Funded debt to EBITDA[(2)(3)]	**3.3x**	3.7x	4.6x
EBITDA to interest expense[(2)(4)]	**7.4x**	6.8x	7.8x
Trailing four-quarter EBITDA	**$ 2,050.6**	$ 1,892.4	$ 1,452.4
Trailing four-quarter interest expense	**$ 276.4**	$ 279.3	$ 185.7
Current assets to current liabilities	**0.9x**	0.8x	0.9x
Total assets	**$ 14,567.0**	$ 14,632.9	$ 13,777.7
Total non-current financial liabilities	**$ 6,705.4**	$ 6,559.0	$ 6,981.9

(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.

During the quarter, Standard & Poor's ("S&P") upgraded Sobeys Inc.'s ("Sobeys") credit rating from BB+ with a positive outlook to BBB- with a stable outlook. Dominion Bond Rating Service ("DBRS") confirmed Sobeys' rating at BBB (low) with a stable trend. Sobeys has an investment grade credit rating from both its rating agencies. The following table shows Sobeys' credit ratings as at December 9, 2020:

Rating Agency	Credit Rating (Issuer rating)	Trend/Outlook
DBRS	BBB (low)	Stable
S&P	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 October 31, 2020, the outstanding amount of the credit facility was $55.1 million (2020 – $18.8 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 October 31, 2020, the outstanding amount of the facility was $ nil (2020 – $ nil) and Sobeys has issued $88.6 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. Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates. During the 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. 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, with the proceeds used to fund part of the Farm Boy acquisition. As of October 31, 2020, $200.0 million had been repaid on this facility. Subsequent to the end of the quarter, on November 6, 2020, the Company fully repaid the remaining $200.0 million on this facility.

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 further detail on Project Horizon, please see Empire's Management's Discussion and Analysis ("MD&A") for the second quarter ended October 31, 2020.

BUSINESS UPDATE

Farm Boy

The acquisition of Farm Boy on December 10, 2018 added 26 locations to the store network throughout Ontario with the Company planning 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: two conversions and one new site. Today, the Company announced the conversion of an existing Sobeys store to the Farm Boy banner and a closure of a nearby Farm Boy site. The existing Farm Boy site will close the day prior to the new store opening. Since the acquisition, Farm Boy has added eight new stores to its Ontario network.

The Company now has 42 confirmed locations in Ontario:

- 34 Farm Boy stores currently open and operating as at December 9, 2020
- 8 Farm Boy stores to open in 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 30 of approximately 65 locations in Western Canada and is on track to open 10 to 15 FreshCo stores in fiscal 2021.

Of the 30 confirmed FreshCo locations:

- 22 stores currently open and operating at December 9, 2020:
  - 16 in British Columbia
  - 4 in Saskatchewan
  - 2 in Manitoba
- 6 stores expected to open in fiscal 2021:
  - 4 in Manitoba
  - 2 in Alberta
- 2 stores expected to open in fiscal 2022:
  - 1 in Alberta
  - 1 in Saskatchewan

In the second quarter ended October 31, 2020, the Company expensed $2.8 million (2020 – $ nil) in store closure and conversion costs related to Farm Boy and FreshCo conversions.

Due to revised estimates related to store closures and conversions, $0.4 million was reversed during the quarter (2020 – $9.8 million). As a result, the net expense (recovery) included in selling and administrative expenses in the second quarter of fiscal 2021 was $2.4 million (2020 – ($9.8 million)).

Ratification of New Collective Bargaining Agreement in Alberta

During the first quarter, the Company announced the ratification of a new Collective Bargaining Agreement ("CBA") for Alberta Safeway stores with UFCW 401, the Union representing the majority of Safeway teammates in Alberta. The five-year CBA is competitive within the Alberta market, now placing the Company on a level playing field and providing flexibility and stability to better manage operational and labour costs in the province. The CBA also provides a pathway to advance the Company's plans to expand the FreshCo discount banner in Alberta.

The CBA included a one-time retroactive lump sum payment to Safeway Alberta teammates for hours worked over the past three years. The cost of the one-time lump sum payment was estimated to be approximately $15.6 million pre-tax and was charged to operating earnings during the first quarter. During the second quarter, $0.8 million was reversed due to revised estimates. The one-time retroactive lump sum payment associated with this CBA was fully paid in the second quarter.

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 CFC in Vaughan, Ontario. Robots assemble orders efficiently and safely, resulting in minimal product handling, while Voilà teammates safely deliver orders directly to the customer's home.

The Vaughan CFC has recently extended its service area to include Barrie and Guelph, already servicing the GTA and Hamilton area. Customers currently choose from a selection of approximately 16,500 products and the Company continues to add products daily. The business is operating to expectations, with strong on time delivery, fulfilment, and customer satisfaction and retention results. Sales are consistently increasing every week since the launch.

Construction of Voilà's second CFC in Montreal was delayed due to a temporary shutdown of non-essential construction in Quebec due to COVID-19. Construction has resumed and 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, Alberta which will service the majority of Alberta. It is expected to deliver to customers in 2023. With only four CFCs, the Company will be able to serve approximately 75% of Canadian households representing approximately 90% of Canadians' spend.

On September 15, 2020, the Company launched Voilà Curbside Pickup service at three store locations in Nova Scotia and 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. Responding to the growth in Canada's online grocery market, the Company accelerated its e-commerce strategy to be able to reach even more Canadians sooner. The store pick solution will serve customers in areas where future CFCs will not deliver or are not yet built.

Voilà had a $0.05 and $0.10 dilutive impact after tax on earnings per share in the second quarter and year-to-date, respectively (2020 – $0.01 and $0.02) and is expected to have a dilutive effect of approximately $0.20 after tax for all of fiscal 2021 (2020 – $0.04).

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 January 29, 2021 to shareholders of record on January 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 purchased for cancellation 2,997,583 Class A shares at an 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 purchase 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.

During the second quarter of fiscal 2021, the Company purchased for cancellation 55,500 Class A shares (2020 – 930,454) at an average price of $37.47 per share (2020 – $35.49) for a total consideration of $2.1 million (2020 – $33.1 million). Including purchases made subsequent to the end of the quarter, as at December 8, 2020, the Company has purchased 810,817 (December 10, 2019 – 1,769,184) Class A shares at an average price of $36.29 (December 10, 2019 – $35.03) for a total consideration of $29.4 million (December 10, 2019 – $62.0 million).

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, impacts of the pandemic including changes in customer behaviour;

- The Company's plans to purchase for cancellation Class A shares under the NCIB 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 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 $0.20 per share in fiscal 2021, which may be impacted by COVID-19, future operating and capital costs, the customer response to the service and the performance of its business partner, Ocado;

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

- 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 and conversions, all of which may be impacted by COVID-19, construction schedules and permits, the economic environment and labour relations;

- 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 across Canada, the ability for restaurants and hospitality businesses to re-open and resume operations as well as 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 third 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 $5 million per quarter in costs related to its temporary Lockdown Bonus for frontline employees in Manitoba and certain regions of Ontario, and additional spending 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; 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 as well as 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 second quarter ended October 31, 2020.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, December 10, 2020 beginning at 12:30 p.m. (Eastern Standard Time) during which senior management will discuss the Company's financial results for the second 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 211058 until midnight December 24, 2020, 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 $27.7 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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