



FOR IMMEDIATE RELEASE
March 16, 2021

Empire reaches agreement to purchase 51 per cent of Longo's and Grocery Gateway, accelerates growing presence in Ontario

Empire building momentum and increasing footprint in the Greater Toronto Area ("GTA") of Ontario

- 36 Longo's locations to join Empire's growing store network in Ontario
- Grocery Gateway adds 70,000 long-standing online customers to Empire's e-commerce business
- Longo's and Grocery Gateway will continue to be operated by the successful Longo's leadership team, led by President and CEO, Anthony Longo
- Empire and Longo's will together unlock non-customer facing synergies and other benefits
- Acquisition price of \$357 million for 51% is based on an enterprise value of \$700 million
- Expected to be accretive to earnings per share in the first full fiscal year after closing

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

The transaction immediately adds two high-quality banners to Empire's growing grocery store and e-commerce businesses in Ontario. Longo's and Grocery Gateway are powerful strategic additions to Empire's family of brands in the province – Sobeys, Foodland, FreshCo, Farm Boy and Voilà. Longo's operates an excellent business with a very strong brand in the GTA and Southwestern Ontario, the largest grocery market in Canada, and furthers Empire's strategic goal of growing its market presence in Ontario.

"Empire has strong momentum and we are laser-focused on our Project Horizon growth plans in key markets like the GTA, both in bricks and mortar and e-commerce," said Michael Medline, President and CEO, Empire. "Longo's has built one of the most successful and sought-after brands in the GTA and Southwestern Ontario. Longo's is a crown jewel of grocery and as a values-driven company, Longo's culture aligns closely with Empire. We couldn't be happier to be partnering with Anthony and the Longo's team."

Empire's success with the Farm Boy acquisition has set a strong foundation to welcome the Longo's and Grocery Gateway businesses into its family of banners. The Company will continue to grow the Longo's and Grocery Gateway businesses while unlocking benefits through non-customer facing synergies. Longo's and Grocery Gateway customers will see no changes to their experience. Longo's plans to open several new stores over the next five years.

"With strong alignment to our family values and purpose, we look forward to working together with Empire to bring the Longo's experience to even more Canadian families," said Anthony Longo, President and CEO, Longo's. "The more we learned about Empire, the clearer it became that this was the right team to partner with to support our next chapter of growth. And of course, we will continue to offer the same high-quality service and fresh products, exceptional private-label offering and the convenience of e-commerce that our guests have come to know and love."

Grocery Gateway, which currently serves 70,000 loyal customers, will continue as a stand-alone business. Empire will continue to invest in the growth of Grocery Gateway's customer base, while seeking efficiencies through collaboration with Empire's fast growing Voilà online business.

Longo's will continue to be led by President and CEO, Anthony Longo, and his team of talented food retail executives. Although managed separately, Longo's will benefit from Empire's infrastructure and capabilities, in areas such as Sourcing, Logistics and Real Estate. The Longo's commitment to community and philanthropy through the Longo's Family Charitable Foundation will continue and, with Empire's support, is expected to grow over time.

Founded in 1956, the first Longo's store was opened by three brothers, Tommy, Joe and Gus Longo. Today the business has grown to 36 locations in the GTA, including 10 new stores in the last 5 years and the Grocery Gateway e-commerce business. Sales were approximately \$1.1 billion for the year ended February 28, 2021. Longo's has developed strong customer loyalty by focusing on providing guests (customers) in their stores with fresh, high-quality products, including a variety of prepared foods, and an exceptional assortment of private label products, all paired with remarkable service from their team members.

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

TRANSACTION TERMS

Empire will initially acquire 51% of Longo's issued and outstanding shares based on a total enterprise value of \$700 million.

The transaction structure allows Empire to achieve 100% ownership of Longo's over time. 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. Empire intends to finance the transaction through the issuance of up to \$125 million non-voting Class A shares ("Class A shares") to the vendors, subject to TSX approval, cash of approximately \$197 million and acquired debt of approximately \$35 million. Following the completion of the current normal course issuer bid ("NCIB"), Empire intends to apply to renew its NCIB with the TSX, for a number of shares higher than those issued through this transaction.

The transaction is subject to customary closing conditions and is expected to close in the first quarter of fiscal 2022.

CONFERENCE CALL INFORMATION

Empire will hold a conference call for analysts and investors today (March 16, 2021) at 9:00 a.m. (Eastern Daylight Time) to discuss this announcement. 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 listen mode only. You may also listen to a live audiocast of the conference call by visiting the Company's website located at www.empireco.ca.

Presentation slides for the conference call will be made available on the Company's website located at www.empireco.ca.

Replay will be available by dialing (888) 390-0541 and entering access code 061668 until midnight March 30, 2021, or on the Company's website for 90 days following the conference call.

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 completion of the acquisition which may be impacted by regulatory approval and closing conditions; (ii) 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; (iii) 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 (ii) 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; (iv) 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; and (v) 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.

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, including, without limitation: the events noted in the preceding paragraph; completion of the transaction, at all or on terms or within the timeline described in this press release; diversion of management time on the transaction; unanticipated difficulties or expenditures relating to the transaction; ability of Empire to effectively integrate the business of Longo's and Grocery Gateway; and, relationships with employees, customers, business partners, suppliers and competitors. Additional risks are described in detail from time to time in documents filed by the Company with securities regulatory authorities in Canada.

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 ("MD&A").

NON-GAAP FINANCIAL MEASURES & FINANCIAL METRICS

There are measures and metrics included in this presentation 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 earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net earnings before finance costs, income tax expense, and depreciation and amortization.

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.

For further information, please contact:

Media Contact

Karen White-Boswell
Director, External Communications
Sobeys Inc.
(416) 779-2319

Investor Contact

Katie Brine
Director Finance, Investor Relations
Sobeys Inc.
(905) 238-7124 ext. 2092