Empire Company Limited
Interim Condensed Consolidated Financial Statements
February 1, 2025

CONTENTS

Empire Company Limited
Condensed Consolidated Balance Sheets
As At
Unaudited (in millions of Canadian dollars)

	February 1 2025	May 4 2024	February 3 2024
ASSETS			
Current			
Cash and cash equivalents	**$ 190.7**	$ 259.6	$ 249.1
Receivables	**655.4**	677.8	636.1
Inventories (Note 4)	**1,764.7**	1,771.7	1,738.9
Prepaid expenses	**140.1**	162.3	144.7
Leases and other receivables	**93.5**	115.2	94.1
Income taxes receivable	**54.2**	69.7	76.1
Assets held for sale	**-**	47.3	1.1
	2,898.6	3,103.6	2,940.1
Leases and other receivables	**608.2**	600.9	600.3
Investments, at equity (Note 5)	**708.3**	688.1	684.7
Other assets	**45.1**	39.4	38.9
Property and equipment	**3,608.6**	3,565.1	3,342.7
Right-of-use assets	**5,035.2**	4,917.7	5,010.2
Investment property	**155.5**	157.9	164.3
Intangibles	**1,346.0**	1,348.4	1,352.8
Goodwill	**2,058.3**	2,064.2	2,060.4
Deferred tax assets	**287.8**	305.0	313.6
	$ 16,751.6	$ 16,790.3	$ 16,508.0
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**$ 2,785.7**	$ 3,034.7	$ 2,784.9
Income taxes payable	**76.6**	103.7	73.7
Provisions	**44.4**	54.0	47.1
Long-term debt due within one year (Note 6)	**213.0**	113.5	123.1
Lease liabilities due within one year	**566.2**	585.4	580.7
Other liabilities due within one year	**-**	-	77.1
	3,685.9	3,891.3	3,686.6
Provisions	**40.8**	48.1	48.1
Long-term debt (Note 6)	**917.2**	981.9	818.6
Long-term lease liabilities	**5,853.4**	5,679.1	5,762.6
Other long-term liabilities	**305.5**	295.4	297.6
Employee future benefits	**169.1**	160.3	168.7
Deferred tax liabilities	**268.9**	265.6	279.2
	11,240.8	11,321.7	11,061.4
SHAREHOLDERS' EQUITY			
Capital stock (Note 7)	**1,685.2**	1,779.3	1,816.1
Contributed surplus	**33.7**	56.2	52.2
Retained earnings	**3,636.2**	3,484.5	3,432.5
Accumulated other comprehensive income	**22.1**	21.1	20.0
	5,377.2	5,341.1	5,320.8
Non-controlling interest	**133.6**	127.5	125.8
	5,510.8	5,468.6	5,446.6
	$ 16,751.6	$ 16,790.3	$ 16,508.0

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

On Behalf of the Board

(signed) *"James Dickson"*
Director

(signed) *"Michael Medline"*
Director

Empire Company Limited
Condensed Consolidated Statements of Earnings
Unaudited (in millions of Canadian dollars, except per share amounts)

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Sales (Note 8)	**$ 7,725.2**	$ 7,494.4	**$ 23,639.9**	$ 23,321.1
Other income (Note 9)	**3.7**	9.3	**63.8**	166.4
Share of earnings from investments, at equity	**9.7**	14.6	**56.8**	38.5
Operating expenses				
Cost of sales	**5,642.1**	5,507.1	**17,366.5**	17,255.8
Selling and administrative expenses	**1,808.5**	1,760.6	**5,417.8**	5,250.7
Operating income	**288.0**	250.6	**976.2**	1,019.5
Finance costs, net (Note 10)	**72.1**	69.6	**218.8**	208.1
Earnings before income taxes	**215.9**	181.0	**757.4**	811.4
Income tax expense	**58.4**	43.5	**189.4**	204.4
Net earnings	**$ 157.5**	$ 137.5	**$ 568.0**	$ 607.0
Earnings for the period attributable to:				
Non-controlling interest	**$ 11.4**	$ 3.3	**$ 40.7**	$ 30.7
Owners of the Company	**146.1**	134.2	**527.3**	576.3
	$ 157.5	$ 137.5	**$ 568.0**	$ 607.0
Earnings per share (Note 11)				
Basic	**$ 0.62**	$ 0.54	**$ 2.20**	$ 2.31
Diluted	**$ 0.62**	$ 0.54	**$ 2.20**	$ 2.31
Weighted average number of common shares outstanding, in millions (Note 11)				
Basic	**236.4**	246.3	**239.2**	249.2
Diluted	**237.2**	246.8	**239.8**	249.7

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Empire Company Limited
Condensed Consolidated Statements of Comprehensive Income
Unaudited (in millions of Canadian dollars)

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Net earnings	**$ 157.5**	$ 137.5	**$ 568.0**	$ 607.0
Other comprehensive loss, net				
Items that will be reclassified subsequently to net earnings				
Unrealized (losses) gains on derivatives designated as cash flow hedges (net of tax - Note 12)	**(1.4)**	0.8	**2.0**	1.0
Share of other comprehensive loss of investments, at equity (net of tax - Note 12)	**-**	(1.4)	**(1.0)**	(0.6)
Exchange differences on translation of foreign operations (net of tax - Note 12)	**-**	(0.2)	**-**	-
Items that will not be reclassified subsequently to net earnings				
Actuarial losses on defined benefit plans (net of tax - Note 12)	**(5.7)**	(21.0)	**(14.6)**	(4.7)
Total other comprehensive loss	**(7.1)**	(21.8)	**(13.6)**	(4.3)
Total comprehensive income	**$ 150.4**	$ 115.7	**$ 554.4**	$ 602.7
Total comprehensive income for the period attributable to:				
Non-controlling interest	**$ 11.4**	$ 3.3	**$ 40.7**	$ 30.7
Owners of the Company	**139.0**	112.4	**513.7**	572.0
	$ 150.4	$ 115.7	**$ 554.4**	$ 602.7

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Empire Company Limited **Condensed Consolidated Statements of Changes in Shareholders' Equity** **Unaudited (in millions of Canadian dollars)**	**Capital Stock**	**Contributed Surplus**	**Accumulated Other Comprehensive Income**	**Retained Earnings**	**Total Attributable to Owners of the Company**	**Non-controlling Interest**	**Total Equity**
Balance at May 6, 2023	$ 1,914.7	$ 50.1	$ 19.6	$ 3,216.0	$ 5,200.4	$ 136.3	$ 5,336.7
Dividends paid	-	-	-	(136.0)	(136.0)	(0.9)	(136.9)
Dividends paid to non-controlling interest	-	-	-	(0.9)	(0.9)	0.9	-
Equity based compensation, net	1.1	2.1	-	-	3.2	-	3.2
Repurchase of common shares (Note 7)	(98.9)	-	-	(200.9)	(299.8)	-	(299.8)
Shares held in trust, net	(0.8)	-	-	-	(0.8)	-	(0.8)
Capital transactions with structured entities	-	-	-	-	-	(30.2)	(30.2)
Revaluation/exercise of put options	-	-	-	(17.3)	(17.3)	(11.0)	(28.3)
Transactions with owners	(98.6)	2.1	-	(355.1)	(451.6)	(41.2)	(492.8)
Net earnings	-	-	-	576.3	576.3	30.7	607.0
Other comprehensive income (loss)	-	-	0.4	(4.7)	(4.3)	-	(4.3)
Total comprehensive income for the period	-	-	0.4	571.6	572.0	30.7	602.7
Balance at February 3, 2024	$ 1,816.1	$ 52.2	$ 20.0	$ 3,432.5	$ 5,320.8	$ 125.8	$ 5,446.6
Balance at May 4, 2024	**$ 1,779.3**	**$ 56.2**	**$ 21.1**	**$ 3,484.5**	**$ 5,341.1**	**$ 127.5**	**$ 5,468.6**
Dividends paid	**-**	**-**	**-**	**(142.7)**	**(142.7)**	**(1.5)**	**(144.2)**
Dividends paid to non-controlling interest	**-**	**-**	**-**	**(1.5)**	**(1.5)**	**1.5**	**-**
Equity based compensation, net	**4.3**	**(22.5)**	**-**	**-**	**(18.2)**	**-**	**(18.2)**
Repurchase of common shares (Note 7)	**(98.5)**	**-**	**-**	**(201.6)**	**(300.1)**	**-**	**(300.1)**
Tax on repurchase of common shares (Note 7)	**-**	**-**	**-**	**(8.6)**	**(8.6)**	**-**	**(8.6)**
Shares held in trust, net	**0.1**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Capital transactions with structured entities	**-**	**-**	**-**	**-**	**-**	**(25.2)**	**(25.2)**
Revaluation of put options	**-**	**-**	**-**	**(6.6)**	**(6.6)**	**(9.4)**	**(16.0)**
Transactions with owners	**(94.1)**	**(22.5)**	**-**	**(361.0)**	**(477.6)**	**(34.6)**	**(512.2)**
Net earnings	**-**	**-**	**-**	**527.3**	**527.3**	**40.7**	**568.0**
Other comprehensive income (loss)	**-**	**-**	**1.0**	**(14.6)**	**(13.6)**	**-**	**(13.6)**
Total comprehensive income for the period	**-**	**-**	**1.0**	**512.7**	**513.7**	**40.7**	**554.4**
Balance at February 1, 2025	**$ 1,685.2**	**$ 33.7**	**$ 22.1**	**$ 3,636.2**	**$ 5,377.2**	**$ 133.6**	**$ 5,510.8**

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Empire Company Limited
Condensed Consolidated Statements of Cash Flows
Unaudited (in millions of Canadian dollars)

	13 Weeks Ended February 1 2025	13 Weeks Ended February 3 2024	39 Weeks Ended February 1 2025	39 Weeks Ended February 3 2024
Operations				
Net earnings	**$ 157.5**	$ 137.5	**$ 568.0**	$ 607.0
Adjustments for:				
Depreciation	**249.5**	240.4	**747.6**	714.5
Income tax expense	**58.4**	43.5	**189.4**	204.4
Finance costs, net (Note 10)	**72.1**	69.6	**218.8**	208.1
Amortization of intangibles	**27.8**	30.5	**87.2**	90.9
Net losses (gains) on disposal of net assets (Note 9)	**0.8**	(4.3)	**(52.8)**	(97.7)
Net gains on lease modifications and terminations	**(1.1)**	(0.4)	**-**	(39.4)
Impairment (reversals) losses of non-financial assets, net	**(0.5)**	0.2	**11.5**	0.2
Impairment losses of long-lived assets	**-**	-	**3.0**	-
Amortization of deferred items	**1.2**	0.5	**1.6**	1.0
Equity earnings (losses) of other entities, net of distributions received	**10.7**	7.4	**(6.1)**	19.1
Employee future benefits	**(3.7)**	(3.1)	**(10.8)**	(4.3)
(Decrease) increase in long-term provisions	**(3.2)**	4.1	**(9.6)**	4.3
Equity based compensation	**5.6**	1.3	**15.6**	6.7
Net change in non-cash working capital (Note 13)	**(10.0)**	84.1	**(136.9)**	(122.3)
Income taxes (paid) recovered, net	**(26.6)**	57.5	**(184.4)**	(74.7)
Cash flows from operating activities	**538.5**	668.8	**1,442.1**	1,517.8
Investment				
Increase in equity investments	**(0.5)**	(0.8)	**(14.9)**	(3.7)
Property, equipment and investment property purchases	**(163.3)**	(147.2)	**(482.3)**	(427.8)
Intangible purchases	**(46.8)**	(20.2)	**(95.0)**	(69.3)
Proceeds on disposal of assets	**12.3**	6.5	**121.2**	114.2
Proceeds on lease modifications and terminations	**-**	20.7	**-**	34.3
Leases and other receivables, net	**(6.8)**	(20.2)	**(0.6)**	(28.3)
Other assets	**(1.5)**	(4.3)	**(9.3)**	(12.3)
Other liabilities	**(5.1)**	(0.8)	**(5.9)**	(5.8)
Business acquisitions (Note 14)	**-**	(10.2)	**(14.9)**	(14.5)
Payments received for finance subleases	**23.0**	22.7	**69.4**	67.7
Interest received	**0.5**	2.4	**1.5**	3.1
Cash flows used in investing activities	**(188.2)**	(151.4)	**(430.8)**	(342.4)
Financing				
Issuance of long-term debt	**16.3**	19.9	**79.1**	86.8
Advance on non-revolving credit facility	**-**	-	**120.0**	-
Repayments of long-term debt	**(5.8)**	(21.5)	**(82.3)**	(86.6)
Repayments on revolving credit facilities, net	**(84.3)**	(149.6)	**(82.1)**	(70.9)
Interest paid	**(13.5)**	(11.5)	**(40.2)**	(38.2)
Payments of lease liabilities (principal portion)	**(137.5)**	(130.8)	**(412.4)**	(395.4)
Payments of lease liabilities (interest portion)	**(65.0)**	(60.0)	**(192.8)**	(176.4)
Repurchase of common shares (Note 7)	**(107.2)**	(97.9)	**(300.1)**	(299.8)
Dividends paid	**(47.6)**	(45.3)	**(144.2)**	(136.9)
Non-controlling interest	**(2.7)**	(8.3)	**(25.2)**	(30.2)
Cash flows used in financing activities	**(447.3)**	(505.0)	**(1,080.2)**	(1,147.6)
(Decrease) increase in cash and cash equivalents	**(97.0)**	12.4	**(68.9)**	27.8
Cash and cash equivalents, beginning of period	**287.7**	236.7	**259.6**	221.3
Cash and cash equivalents, end of period	**$ 190.7**	$ 249.1	**$ 190.7**	$ 249.1

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

1. Reporting entity

Empire Company Limited ("Empire" or the "Company") is a Canadian company whose key businesses are food retailing and related real estate. The Company is incorporated in Canada and the address of its registered office of business is 115 King Street, Stellarton, Nova Scotia, B0K 1S0, Canada. The Interim Condensed Consolidated Financial Statements for the period ended February 1, 2025 include the accounts of Empire, all subsidiary companies, including 100% owned Sobeys Inc. ("Sobeys"), and certain enterprises considered structured entities where control is achieved on a basis other than through ownership of a majority of voting rights. Investments in which the Company has significant influence and its joint ventures are accounted for using the equity method. As at February 1, 2025, the Company's business operations were conducted through its two reportable segments: Food retailing and Investments and other operations, as further described in Note 8, Segmented information. The Company's Food retailing business is affected by seasonality and the timing of holidays. The Company's fiscal year ends on the first Saturday in May.

2. Basis of preparation

Statement of compliance

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosures normally included in the annual Consolidated Financial Statements have been omitted or condensed. The Interim Condensed Consolidated Financial Statements should be read in conjunction with the Company's annual audited Consolidated Financial Statements for the year ended May 4, 2024, which have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards").

The Interim Condensed Consolidated Financial Statements were authorized for issue by the Board of Directors on March 12, 2025.

Use of estimates, judgments and assumptions

The preparation of the Interim Condensed Consolidated Financial Statements requires management to make estimates, judgments and assumptions that affect the amounts reported on the Interim Condensed Consolidated Financial Statements and accompanying notes. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates, judgments and assumptions that could have a significant impact on the amounts recognized in the Interim Condensed Consolidated Financial Statements are summarized in the Company's annual audited Consolidated Financial Statements for the year ended May 4, 2024 and remain unchanged for the period ended February 1, 2025.

3. Summary of material accounting policy information

These Interim Condensed Consolidated Financial Statements were prepared using the same accounting policies as disclosed in the Company's annual audited Consolidated Financial Statements for the year ended May 4, 2024, with the exception of the following:

Changes to accounting standards adopted during fiscal 2025

Amendments to IAS 1 Presentation of financial statements ("IAS 1")

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify that covenants to be complied with after the reporting date for an entity's right to defer settlement of a liability does not affect the classification of the liability as current or non-current at the reporting date. These narrow-scope amendments aim to improve information an entity provides with regards to the covenants through additional disclosures. These amendments became effective for the Company on May 5, 2024. The adoption of these amendments did not have a material impact on the Company's Interim Condensed Consolidated Financial Statements.

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current (Amendments to IAS 1). The narrow-scope amendment affects only the presentation of liabilities on the balance sheet and not the amount or timing of recognition. Specifically, it clarifies:

- classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- that "settlement" refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

These amendments became effective for the Company on May 5, 2024. The adoption of these amendments did not have a material impact on the Company's Interim Condensed Consolidated Financial Statements.

Amendments to IFRS 16 Leases ("IFRS 16")
In September 2022, the IASB issued narrow-scope amendments to IFRS 16. These amendments clarify how a seller-lessee subsequently measures the lease liability that arises from a sale and leaseback transaction, the seller-lessee determines "lease payments" and "revised lease payments" in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. These amendments only apply to sale and leaseback transactions for which the lease payments include variable lease payments that do not depend on an index or a rate. The amendment became effective for the Company on May 5, 2024. The adoption of these amendments had no impact on the Company's Interim Condensed Consolidated Financial Statements.

Standards, amendments and interpretations issued but not yet adopted

IFRS 18 Presentation and disclosure in financial statements ("IFRS 18")
In April 2024, the IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements to improve the reporting of financial performance and give investors a better basis for analyzing and comparing companies. Specifically, it introduces:

- three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures requiring companies to disclose explanations of those company-specific measures related to the Statement of Earnings; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the financial statements or is included in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the potential impact of this new standard.

IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7 Financial Instruments: Disclosures ("IFRS 7")
In May 2024, IASB issued limited amendments to IFRS 9 and IFRS 7. These amendments provide clarity on the timing of recognition and derecognition of financial assets and liabilities, the assessment of contractual cash flow characteristics, and the resulting classification and disclosure of financial assets with environmental, social, and governance linked or other contingent features. Additionally, the amendments clarify that a financial liability is derecognized on the settlement date, with the accounting policy choice to derecognize financial liability settled using an electronic payment system before the settlement date, provided specific conditions are met. Additional disclosures are required for financial instruments with contingent features and investments in equity instruments designated at fair value through other comprehensive income with these amendments.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets. The Company is assessing the potential impact of these amendments.

4. Inventories

The cost of inventories recognized as an expense during the period and year-to-date ended February 1, 2025 was $5,642.1 and $17,366.5 (February 3, 2024 - $5,507.1 and $17,255.8) respectively. The Company recorded a (recovery) expense for the period and year-to-date ended February 1, 2025 of $(0.2) and $2.6 (February 3, 2024 - $(0.2) and $2.2) respectively for write-down of inventories below cost to net realizable value for inventories on hand.

Unaudited (in millions of Canadian dollars, except share and per share amounts)

5. Investments, at equity

	February 1 2025	February 3 2024
Crombie Real Estate Investment Trust ("Crombie REIT")	**$ 631.4**	$ 619.0
Real estate partnerships	**61.7**	58.7
Other investments and joint ventures	**15.2**	7.0
Total	**$ 708.3**	$ 684.7

The fair value of the investment in Crombie REIT, which is based on a published price quoted on the Toronto Stock Exchange ("TSX"), is as follows:

	February 1 2025	February 3 2024
Crombie REIT	**$ 1,026.6**	$ 1,022.6

The real estate partnerships and other investments and joint ventures are not listed on a public stock exchange and hence published price quotes are not available.

6. Long-term debt

The following table reconciles the changes in cash flows from financing activities for long-term debt:

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	February 3 2024	February 1 2025	February 3 2024
Opening balance	**$ 1,204.0**	$ 1,092.9	**$ 1,095.4**	$ 1,012.3
Issuance of debt	**16.3**	19.9	**79.1**	86.8
Advance on non-revolving credit facility	**-**	-	**120.0**	-
Repayments of long-term debt	**(5.8)**	(21.5)	**(82.3)**	(86.6)
Repayments on revolving credit facilities, net	**(84.3)**	(149.6)	**(82.1)**	(70.9)
Total cash flow (used in) from long-term debt financing activities	**(73.8)**	(151.2)	**34.7**	(70.7)
Deferred financing costs	**-**	-	**0.1**	0.1
Closing balance	**$ 1,130.2**	$ 941.7	**$ 1,130.2**	$ 941.7

	February 1 2025	February 3 2024
Current	**$ 213.0**	$ 123.1
Non-current	**917.2**	818.6
Total	**$ 1,130.2**	$ 941.7

Sobeys' amended and restated senior, unsecured revolving term credit agreement dated November 3, 2022, in the amount of $650.0, with a maturity date of November 4, 2027, was amended on June 24, 2024 for updated Canadian Overnight Repo Rate Average ("CORRA"). As of February 1, 2025, the outstanding amount of this facility was $300.0 (February 3, 2024 - $232.4) and the Company has issued $54.6 (February 3, 2024 - $58.6) in letters of credit against the facility. Interest payable on this facility fluctuates with changes in the Canadian prime rate, bankers' acceptance rates or CORRA.

The Company's amended and restated senior, unsecured revolving term credit agreement dated November 3, 2022, in the amount of $150.0, with a maturity date of November 4, 2027, was amended on June 24, 2024 for updated CORRA. As of February 1, 2025, the outstanding amount of this facility was $32.0 (February 3, 2024 - $52.8). Interest payable on this facility fluctuates with changes in the Canadian prime rate, bankers' acceptance rates or CORRA.

Pursuant to an agreement dated June 21, 2024, Sobeys entered into a senior, unsecured non-revolving term credit agreement in the amount of $120.0, with a maturity date of June 20, 2025. As of February 1, 2025, the outstanding amount of this facility was $120.0. Interest payable on this facility fluctuates with changes in the Canadian prime rate or CORRA.

Unaudited (in millions of Canadian dollars, except share and per share amounts)

Sobeys acquired Longo's existing $75.0 demand operating line of credit. On July 20, 2023, Longo's amended this line of credit agreement from $75.0 to $100.0. As of February 1, 2025, the outstanding amount of this facility was $72.5 (February 3, 2024 - $57.6). Interest payable on this facility fluctuates with changes in the Canadian prime rate.

7. Capital stock

Under the normal course issuer bid ("NCIB") with the TSX from July 2, 2023 to July 1, 2024, the Company purchased 10,004,868 (July 1, 2023 - 10,500,000) Non-Voting Class A shares at a weighted average price of $35.31 (July 1, 2023 - $36.18) for total consideration of $353.2 (July 1, 2023 - $379.9).

On June 19, 2024, the Company renewed its NCIB by filing notice of intention with the TSX to purchase for cancellation up to 12,800,000 Non-Voting Class A shares representing approximately 9.9% of the public float of Non-Voting Class A shares outstanding. The purchases will be made through the facilities of the TSX and/or any alternative Canadian trading systems to the extent they are eligible. The price the Company will pay for any such shares will be the market price at the time of acquisition. Purchases were eligible to commence on July 2, 2024 and will terminate not later than July 1, 2025. As of February 1, 2025, the Company purchased 6,712,371 Non-Voting Class A shares (February 3, 2024 - 6,015,656) under this filing at a weighted average price of $39.84 (February 3, 2024 - $36.63) for a total consideration of $267.4 (February 3, 2024 - $220.4).

The following table reflects shares purchased under the NCIB:

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Number of shares	**2,484,371**	2,710,109	**7,691,346**	8,291,081
Weighted average price	**$ 43.16**	$ 36.14	**$ 39.01**	$ 36.16
Reduction of share capital	**$ 32.4**	$ 32.7	**$ 98.5**	$ 98.9
Premium charged to retained earnings	**74.8**	65.2	**201.6**	200.9
Cash consideration paid	**$ 107.2**	$ 97.9	**$ 300.1**	$ 299.8

The Company engages in an automatic share purchase plan with its designated broker allowing the purchases of Non-Voting Class A shares for cancellation under its NCIB program during trading black-out periods.

On June 20, 2024, the Canadian government enacted new legislation, implementing a 2.0% tax on repurchases of equity. The tax, effective January 1, 2024, applies to the net value of shares repurchased by any Canadian corporation whose shares are listed on a designated stock exchange. As a result, the Company has recognized $8.6 as a charge to retained earnings on the Interim Condensed Consolidated Balance Sheets for the repurchase of shares.

Subsequent to the period ended February 1, 2025, the Company purchased for cancellation 922,075 Non-Voting Class A shares at a weighted average price of $43.39 for a total consideration of $40.0.

Unaudited (in millions of Canadian dollars, except share and per share amounts)

The Company's issued and outstanding shares are as follows:

	Number of Shares		Share Capital	
	13 Weeks Ended		13 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Balance, beginning of period, Non-Voting Class A shares	**138,839,826**	149,615,377	**$ 1,709.1**	$ 1,842.6
Repurchase of common shares	**(2,484,371)**	(2,710,109)	**(32.4)**	(32.7)
Issuance of shares for stock-based compensation	**135,412**	29,049	**2.5**	0.5
Balance, end of period, Non-Voting Class A shares	**136,490,867**	146,934,317	**$ 1,679.2**	$ 1,810.4
Class B common shares, without par value	**98,138,079**	98,138,079	**$ 7.3**	$ 7.3
Shares held in trust	**(38,280)**	(42,326)	**(1.3)**	(1.6)
Total capital stock			**$ 1,685.2**	$ 1,816.1

	Number of Shares		Share Capital	
	39 Weeks Ended		39 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Balance, beginning of period, Non-Voting Class A shares	**143,932,071**	155,164,908	**$ 1,773.4**	$ 1,908.2
Repurchase of common shares	**(7,691,346)**	(8,291,081)	**(98.5)**	(98.9)
Issuance of shares for stock-based compensation	**250,142**	60,490	**4.3**	1.1
Balance, end of period, Non-Voting Class A shares	**136,490,867**	146,934,317	**$ 1,679.2**	$ 1,810.4
Class B common shares, without par value	**98,138,079**	98,138,079	**$ 7.3**	$ 7.3
Shares held in trust	**(38,280)**	(42,326)	**(1.3)**	(1.6)
Total capital stock			**$ 1,685.2**	$ 1,816.1

8. Segmented information

The Company's reportable segments are Food retailing and Investments and other operations. The Food retailing segment is comprised of three operating segments: Sobeys National, Farm Boy and Longo's. These operating segments have been aggregated into one reportable segment, Food retailing, as they all share similar economic characteristics such as product offerings, customer base and distribution methods. Food retailing consists of corporate and franchisee-owned retail food stores, and includes convenience and fuel stores, retail pharmacy stores and in-store pharmacies, providing customers offerings in fresh and non-fresh grocery, fuel, pharmacy, health and beauty care and general merchandise. The Investments and other operations segment principally consists of investments in Crombie REIT, real estate partnerships and various other corporate operations.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All inter-segment transfers are carried out at arm's length prices. The measurement policies the Company uses for segment reporting under IFRS 8, "Operating segments", are the same as those used on its Consolidated Financial Statements.

No asymmetrical allocations of income, expense or assets have been applied between segments.

Unaudited (in millions of Canadian dollars, except share and per share amounts)

All sales are generated by the Food retailing segment. The Company's sales, by type of goods, are reconciled to total sales below:

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	February 3 2024	**February 1 2025**	February 3 2024
Food sales	**$ 7,259.0**	$ 7,040.6	**$ 22,148.9**	$ 21,734.0
Fuel sales	**466.2**	453.8	**1,491.0**	1,587.1
Sales	**$ 7,725.2**	$ 7,494.4	**$ 23,639.9**	$ 23,321.1

Management assesses performance based on operating income generated by each of the Company's business segments which is summarized as follows:

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	February 3 2024	**February 1 2025**	February 3 2024
Segmented operating income				
Food retailing	**$ 278.7**	$ 233.7	**$ 927.2**	$ 984.4
Investments and other operations				
Crombie REIT	**10.0**	10.5	**54.0**	31.6
Real estate partnerships	**9.7**	5.3	**15.1**	9.2
Other operations, net of corporate expenses	**(10.4)**	1.1	**(20.1)**	(5.7)
	9.3	16.9	**49.0**	35.1
Total	**$ 288.0**	$ 250.6	**$ 976.2**	$ 1,019.5

Segment operating income can be reconciled to the Company's earnings before income taxes as follows:

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	February 3 2024	**February 1 2025**	February 3 2024
Total segment operating income	**$ 288.0**	$ 250.6	**$ 976.2**	$ 1,019.5
Finance costs, net	**72.1**	69.6	**218.8**	208.1
Earnings before income taxes	**$ 215.9**	$ 181.0	**$ 757.4**	$ 811.4

	February 1 2025	February 3 2024
Total assets by segment		
Food retailing	**$ 15,979.2**	$ 15,719.6
Investments and other operations	**772.4**	788.4
Total	**$ 16,751.6**	$ 16,508.0

9. Other income

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	February 3 2024	**February 1 2025**	February 3 2024
Net (losses) gains on disposal of net assets	**$ (0.8)**	$ 4.3	**$ 52.8**	$ 97.7
Lease income from owned property	**3.4**	4.6	**11.0**	12.7
Net gains on lease modifications and terminations	**1.1**	0.4	**-**	39.4
Other (Note 17)	**-**	-	**-**	16.6
Total	**$ 3.7**	$ 9.3	**$ 63.8**	$ 166.4

During the period ended August 3, 2024, Sobeys sold and leased back a property from a third party. Total proceeds from the transaction were $90.0, of which $79.0 was received in cash, resulting in a pre-tax gain of $39.3.

During the period ended August 5, 2023, Empire completed the sale of its 56 retail fuel sites in Western Canada between a wholly owned subsidiary of Sobeys and Canadian Mobility Services Limited, a wholly owned subsidiary of Shell Canada. Total proceeds from this transaction were $100.0, resulting in a pre-tax gain of $90.8.

10. Finance costs, net

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Finance income				
Interest income on lease receivables	**$ 5.9**	$ 5.5	**$ 17.6**	$ 16.5
Fair value gains on forward contracts	**2.4**	0.6	**5.3**	2.6
Interest income from cash and cash equivalents	**0.5**	2.4	**1.5**	3.1
Accretion income on leases and other receivables	**0.5**	-	**1.4**	0.1
Total finance income	**9.3**	8.5	**25.8**	22.3
Finance costs				
Interest expense on lease liabilities	**65.0**	60.0	**192.8**	176.4
Interest expense on other financial liabilities at amortized cost	**13.6**	15.6	**43.6**	47.3
Pension finance costs, net	**2.0**	1.8	**6.0**	5.6
Accretion expense on provisions	**0.8**	0.7	**2.2**	1.1
Total finance costs	**81.4**	78.1	**244.6**	230.4
Finance costs, net	**$ 72.1**	$ 69.6	**$ 218.8**	$ 208.1

11. Earnings per share

Basic earnings per share and diluted earnings per share were calculated using the following number of shares:

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Weighted average number of shares - basic	**236,392,392**	246,293,405	**239,151,013**	249,214,797
Shares deemed to be issued for no consideration in respect of stock-based payments	**790,348**	514,579	**610,513**	522,532
Weighted average number of shares - diluted	**237,182,740**	246,807,984	**239,761,526**	249,737,329
Earnings per share				
Earnings attributable to Owners of the Company	**$ 146.1**	$ 134.2	**$ 527.3**	$ 576.3
Basic weighted average number of shares outstanding (in millions)	**236.4**	246.3	**239.2**	249.2
Basic earnings per share	**$ 0.62**	$ 0.54	**$ 2.20**	$ 2.31
Diluted weighted average number of shares outstanding (in millions)	**237.2**	246.8	**239.8**	249.7
Diluted earnings per share	**$ 0.62**	$ 0.54	**$ 2.20**	$ 2.31

Unaudited (in millions of Canadian dollars, except share and per share amounts)

12. Income taxes recognized in other comprehensive loss

Income tax (benefit) expense recognized in other comprehensive loss is as follows:

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Unrealized (losses) gains on derivatives designated as cash flow hedges	**$ (0.5)**	$ 0.3	**$ 0.7**	$ 0.4
Share of other comprehensive loss of investments, at equity	**-**	(0.6)	**(0.4)**	(0.3)
Exchange differences on translation of foreign operations	**-**	-	**-**	0.1
Actuarial losses on defined benefit plans	**(2.0)**	(7.3)	**(5.0)**	(1.7)
Total	**$ (2.5)**	$ (7.6)	**$ (4.7)**	$ (1.5)

13. Supplementary cash flow information

Net change in non-cash working capital includes the following:

	13 Weeks Ended		39 Weeks Ended	
	February 1 2025	**February 3 2024**	**February 1 2025**	**February 3 2024**
Receivables	**$ 9.3**	$ 74.1	**$ 22.4**	$ 47.3
Inventories	**76.1**	63.4	**11.8**	10.8
Prepaid expenses	**27.1**	14.3	**22.2**	(13.7)
Accounts payable and accrued liabilities	**(114.6)**	(58.2)	**(165.5)**	(168.7)
Other	**(7.9)**	(9.5)	**(27.8)**	2.0
Net change in non-cash working capital	**$ (10.0)**	$ 84.1	**$ (136.9)**	$ (122.3)

14. Business acquisitions

During the year-to-date ended February 1, 2025, the Company completed the acquisitions of certain franchise and non-franchise stores. The results of these acquisitions have been included in the financial results of the Company since their acquisition dates and were accounted for through the use of the acquisition method.

The following table represents the amount of identifiable assets and liabilities resulting from these acquisitions for the year-to-date ended:

	February 1 2025	**February 3 2024**
Assumed cash	**$ 0.2**	$ -
Inventories	**4.8**	6.4
Property, equipment and investment property	**5.0**	7.2
Goodwill	**6.1**	0.9
Accounts payable and accrued liabilities	**(1.1)**	-
Provisions	**(0.1)**	-
Total consideration	**$ 14.9**	$ 14.5

From the date of acquisition, the businesses acquired contributed sales of $26.3 and $65.2 (February 3, 2024 - $15.1 and $22.7) and net (loss) earnings of $(0.3) and $0.4 (February 3, 2024 - $(1.0) and $(1.2)) for the period and year-to-date ended February 1, 2025 respectively, which are included in the Interim Condensed Consolidated Financial Statements.

Unaudited (in millions of Canadian dollars, except share and per share amounts)

Goodwill recorded on the acquisitions of franchise and non-franchise stores and other businesses relates to the acquired work force and customer base of the existing store location, along with the synergies expected from combining efforts of the acquired stores with existing stores. The estimated fair value of identifiable net assets and goodwill acquired have been determined provisionally and are subject to adjustment pending the finalization of the valuations and related accounting.

15. Financial instruments

The carrying amount of the Company's financial instruments approximates their fair values with the following exception:

Long-term debt	February 1 2025	May 4 2024	February 3 2024
Total carrying amount	**$ 1,130.2**	$ 1,095.4	$ 941.7
Total fair value	**$ 1,196.4**	$ 1,132.5	$ 989.1

The fair value of the non-controlling interest put liabilities associated with certain acquisitions is equivalent to the present value of the non-controlling interest buyout price which is based on the estimated future earnings of these entities at a predetermined date. The fair value of the non-controlling interest put liability associated with the acquisition of Longo's was determined through a statistical simulation, which is based on the estimated future earnings of Longo's at a predetermined date. The fair value of these options is classified as Level 3 within the three-level hierarchy of IFRS 13, "Fair value measurement". There are many inputs used to calculate the fair value, the most sensitive of which is EBITDA.

As part of the Farm Boy acquisition, members of the Farm Boy senior management team (the "Stakeholders"), retained a combined 12% interest in Farm Boy, resulting in a non-controlling interest. The parties entered into put and call options such that the Stakeholders could put, and Sobeys could call, the remaining 12% at any time after five years following the acquisition date. Since the date of acquisition, the Company recorded a financial put liability based on the present value of the amount payable on exercise of the put option in accordance with IFRS 9 "Financial instruments". On January 6, 2024, the Company received formal notice from the Stakeholders exercising their put options. During the year ended May 4, 2024, the Company acquired the remaining 12% non-controlling interest in Farm Boy for $77.1 and the put option liability was settled in cash.

16. Stock-based compensation

Performance share unit plan

The Company awards performance share units ("PSUs") to certain employees. The number of PSUs that vest under an award is predominantly dependent on service over time and the achievement of specific performance measures. During the period ended August 3, 2024, the PSUs accounting changed from equity-settled to cash-settled as employees were given the option to choose between cash or share settled upon vesting, which results in a cash-settled liability. Upon vesting, each employee is entitled to receive cash or Non-Voting Class A shares equal to the number of their vested PSUs. During the year-to-date ended February 1, 2025, the Company granted 603,751 (February 3, 2024 - 407,275) PSUs. At February 1, 2025, there were 1,196,917 (February 3, 2024 - 1,008,123) PSUs outstanding and the total carrying amount of the liability was $19.1 (February 3, 2024 - $ nil). The compensation expense for the period and year-to-date ended February 1, 2025 related to PSUs was $5.3 and $10.1 (February 3, 2024 - $3.5 and $6.0) respectively.

Stock option plan

During the year-to-date ended February 1, 2025, the Company granted nil (February 3, 2024 - 459,642) options under the stock option plan for employees of the Company whereby options are granted to purchase Non-Voting Class A shares. The compensation expense for the period and year-to-date ended February 1, 2025 related to the issuance of options was $0.3 and $5.5 (February 3, 2024 - $1.3 and $4.2) respectively.

Deferred stock unit plans

Deferred stock units ("DSU") issued to employees under the Executive DSU Plan, vest dependent on time and the achievement of specific performance measures. During the year-to-date ended February 1, 2025, the Company granted 224,304 (February 3, 2024 - 146,096) DSUs. At February 1, 2025, there were 1,738,087 (February 3, 2024 - 1,729,060) DSUs outstanding and the total carrying amount of the liability was $65.7 (February 3, 2024 - $55.6). The compensation expense for the period and year-to-date ended February 1, 2025 related to DSUs was $8.2 and $20.2 (February 3, 2024 - $(5.6) and $(0.1)) respectively.

Members of the Board of Directors may elect to receive all or any portion of their fees in DSUs in lieu of cash. The number of DSUs received is determined by the market value of the Company's Non-Voting Class A shares on each directors' or employees' fee payment date. During the year-to-date ended February 1, 2025, the Company granted 42,556 (February 3, 2024 - 41,373) DSUs. At February 1, 2025, there were 524,135 (February 3, 2024 - 497,456) DSUs outstanding and the total carrying amount of the liability was $22.4 (February 3, 2024 - $17.0). During the period and year-to-date ended February 1, 2025, the compensation expense (recovery) recorded was $2.5 and $6.9 (February 3, 2024 - $(2.1) and $1.2) respectively.

Under both DSU plans, vested DSUs cannot be redeemed until the employee has left the Company or the holder is no longer a director of the Company. The redemption value of a DSU equals the market value of an Empire Non-Voting Class A share at the time of redemption. On an ongoing basis, the Company values the DSU obligation at the current market value of a corresponding number of Non-Voting Class A shares and records any increase or decrease in the DSU obligation as selling and administrative expenses.

17. Related party transactions

The Company enters into related party transactions with Crombie REIT, including ongoing leases and property management agreements. As at February 1, 2025, the Company holds a 41.5% (February 3, 2024 - 41.5%) ownership interest in Crombie REIT and accounts for its investment using the equity method.

Crombie REIT has instituted a distribution reinvestment plan ("DRIP") whereby Canadian resident REIT unitholders may elect to automatically have their distributions reinvested in additional REIT units. The Company has enrolled in the DRIP to maintain its economic and voting interest in Crombie REIT.

During the period ended November 2, 2024, Sobeys, through a wholly-owned subsidiary, sold and leased back one property to Crombie REIT for a total cash consideration of $2.4 resulting in a pre-tax gain of $ nil.

During the period ended November 4, 2023, Sobeys, through wholly-owned subsidiaries, engaged in lease modification transactions with Crombie REIT. The lease modifications give Crombie REIT the right to terminate leases on certain properties for redevelopment in the future. These transactions resulted in pre-tax gains of $34.3 and have been recognized in other income on the Interim Condensed Consolidated Statements of Earnings.

During the period ended August 5, 2023, Sobeys entered into an agreement with Crombie REIT to reassign certain subleases with third parties directly to Crombie REIT in exchange for a fee. This transaction resulted in pre-tax income of $16.4 and has been recognized in other income on the Interim Condensed Consolidated Statements of Earnings.

18. Employee future benefits

During the period and year-to-date ended February 1, 2025, the net employee future benefits expense reported in net earnings was $13.1 and $39.8 (February 3, 2024 - $12.1 and $36.5) respectively. Actuarial losses before taxes on defined benefit pension plans for the period and year-to-date ended February 1, 2025 were $(7.7) and $(19.6) (February 3, 2024 - $(28.3) and $(6.4)) respectively. These losses have been recognized in other comprehensive loss, net.