

Quarterly Report

For the First Quarter Ended August 2, 2025

QUARTERLY REPORT TO SHAREHOLDERS

Empire Company Limited (“Empire” or the “Company”) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire’s key businesses are food retailing and related real estate. With approximately \$31 billion in annual sales and \$17 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 129,000 people.

The Company operates and reports on two business segments: (i) Food retailing and (ii) Investments and other operations. Empire’s food retailing segment is carried out through all its subsidiary companies, including 100% owned Sobeys Inc. (“Sobeys”), Sobeys Capital Incorporated and Farm Boy, 51% owned Longo’s and certain enterprises considered structured entities, where control is achieved on a basis other than through ownership of a majority of voting rights, which as of August 2, 2025, owns, affiliates or franchises more than 1,600 stores in all 10 provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy, Longo’s and Lawtons Drugs, and operates grocery e-commerce under banners Voilà, Voilà par IGA and ThriftyFoods.com, and more than 350 retail fuel locations. Investments and other operations segment, which as of August 2, 2025, included: (i) a 41.5% equity accounted interest in Crombie Real Estate Investment Trust (“Crombie REIT”), an Ontario registered, unincorporated, open-ended real estate investment trust. Crombie REIT is one of the country’s leading national retail property landlords with a strategy to own, operate and develop a portfolio of high-quality grocery and drug store anchored shopping centres, freestanding stores and mixed-use developments primarily in Canada’s top urban and suburban markets; and ii) various equity accounted interests in real estate partnerships (collectively referred to as “Genstar”). Genstar is a residential property developer with operations in select markets in Ontario, Western Canada and the United States.

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Copies of this report are available on the Company’s website (www.empireco.ca) or by contacting Investor Relations at (902) 752-8371. A copy has also been filed on SEDAR+.

The Company provided additional details concerning its second quarter results in a conference call held on Thursday, September 11, 2025. Replay of the call is available on the Company’s website (www.empireco.ca).

Forward-Looking Statements

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.

For additional information and a caution on the use of forward-looking information, see the section in the Management’s Discussion and Analysis (“MD&A”) entitled “Forward-Looking Information”.

LETTER TO SHAREHOLDERS

Empire Reports Fiscal 2026 First Quarter Results

First Quarter Summary:

- Earnings per share ("EPS") and adjusted EPS⁽¹⁾⁽²⁾ of \$0.91
- Prior year EPS and adjusted EPS of \$0.86 and \$0.90, respectively
- Sales of \$8,258 million, an increase of 1.5%
- Food sales increased by 2.6%; Same-store sales⁽²⁾ - food⁽³⁾ increased by 1.9%
- Gross margin, excluding fuel, increased by 63 basis points

Stellarton, NS. September 11, 2025 / CNW / – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the first quarter ended August 2, 2025. For the quarter, the Company recorded net earnings of \$212 million (\$0.91 per share) compared to \$208 million (\$0.86 per share) last year. On an adjusted basis for the quarter, the Company recorded net earnings of \$212 million (\$0.91 per share) compared to \$219 million (\$0.90 per share) last year.

"Fiscal 2026 is off to a solid start as we delivered another quarter of strong bottom line growth, the strongest quarterly earnings per share in our history, underscoring the fact our team's execution continues to improve," said Michael Medline, President & CEO, Empire."

- 1) *Adjusted Metrics include adjusted operating income, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net earnings, and adjusted EPS. The Company is excluding from its Adjusted Metrics: adjustment for costs incurred to plan and implement strategies to optimize the organization and improve efficiencies, and a one-time charge related to ending the mutual exclusivity agreement with Ocado Group plc ("Ocado") (as described below under the heading "Adjusted Impacts on Net Earnings").*
- 2) *See "Non-GAAP Financial Measures & Financial Metrics" section of this Quarterly Report.*
- 3) *Previously named – same-store sales, excluding fuel.*

Sincerely,

(Signed) "Michael Medline"

Michael Medline
President and Chief Executive Officer
September 11, 2025

Management's Discussion & Analysis

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Management's Discussion & Analysis

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial results of Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) including the accounts of Empire, all subsidiary companies, including 100% owned Sobeys Inc. ("Sobeys"), Sobeys Capital Incorporated and Farm Boy, 51% owned Longo's and certain enterprises considered structured entities, where control is achieved on a basis other than through ownership of a majority of voting rights for the quarter ended August 2, 2025 compared to the quarter ended August 3, 2024. The MD&A should be read in conjunction with the Company's unaudited Interim Condensed Consolidated Financial Statements and notes thereto for the quarter ended August 2, 2025 and the audited annual Consolidated Financial Statements and the related MD&A for the fiscal year ended May 3, 2025. Additional information about the Company can be found on SEDAR+ at www.sedarplus.ca or on the Company's website at www.empireco.ca.

The unaudited 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") and are reported in Canadian dollars. The unaudited Interim Condensed Consolidated Financial Statements should be read in conjunction with the Company's Annual Consolidated Financial Statements for the year ended May 3, 2025, which have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards"). The unaudited Interim Condensed Consolidated Financial Statements include the accounts of Empire and its subsidiaries and structured entities which the Company is required to consolidate. Comparative amounts have been rounded to the nearest million to conform with current year presentation.

The information contained in this MD&A is current to September 10, 2025 unless otherwise noted. There have been no material changes to disclosures as contained in the "Critical Accounting Estimates", "Contingencies" or "Risk Management" sections of the Company's MD&A for the fiscal year ended May 3, 2025 other than as noted in this MD&A.

1 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 aim to increase total adjusted earnings per share ("EPS") through net earnings growth and share repurchases, as well as its intention to continue improving sales, gross margin (excluding fuel) and adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") margin, all of which could be impacted by several factors including a prolonged unfavourable macro-economic environment and unforeseen business challenges, as well as the factors identified in the "Risk Management" section of the fiscal 2025 annual MD&A;
- The Company's plans to further grow and enhance the Own Brands portfolio, which may be impacted by future operating costs and customer response;
- The Company's plan to invest \$850 million capital in its network in fiscal 2026, including new store expansions and renovations and renovate approximately 20% to 25% of the network, which started in fiscal 2024 and continues through fiscal 2026 which may be impacted by cost of materials, availability of contractors, operating results, and other macro-economic impacts;
- The Company's expectation that it will successfully implement the national SAP S/4HANA Enterprise Resource Planning ("ERP") platform, which may be impacted by risks relating to implementation resources and timelines, complexity of integration and data conversion, and evolving technology requirements;
- The Company's expectation that it will meet targeted store growth of FreshCo, which may be impacted by customer response, availability of contractors, operating results, and other macro-economic impacts;
- The Company's expectation that it will continue its e-commerce expansion with Voilà and that actions are expected to have a positive impact on Voilà's financial performance in fiscal 2026 and its ability to gain access to a larger segment of the grocery e-commerce market, which may be impacted by future operating and capital costs, customer response and the performance of its technology provider, Ocado Group plc ("Ocado");

- The Company's expectation that the *Scene+* program will accelerate engagement by focusing on scaling personalization, which may be impacted by customer response, *Scene+* app usage and the pace at which personalized offers are rolled out;
- The Company's expectation that it will continue to focus on driving efficiency and cost effectiveness initiatives including the ability to successfully pursue other e-commerce cost saving initiatives which could be impacted by supplier relationships, labour relations, successfully implementing operational efficiencies and other macro-economic impacts;
- The Company's expectation that Other income plus Share of earnings from investments, at equity will in aggregate, be in a range of \$120 million to \$140 million in fiscal 2026, which assumes completion of pending real estate transactions by the Company and Share of earnings from investments, at equity being consistent with historical values adjusted for significant transactions and may be impacted by the timing and terms of completion of real estate-related transactions and actual results from Crombie Real Estate Investment Trust ("Crombie REIT") and Real estate partners;
- The Company's expectations regarding the amount and timing of costs relating to the completion of the future Customer Fulfilment Center ("CFC"), which may be impacted by supply of materials and equipment, construction schedules and capacity of construction contractors;
- The Company's expectation regarding its ability to ensure competitive pricing for customers and pursue long-term growth, which may be impacted by supplier relationships and negotiations and the macro-economic environment;
- The Company's expectation and uncertainty that future imposition of tariffs by the United States and the risk of potential retaliatory tariffs by the Canadian government could create volatility in the Canadian economy, including higher future costs for importing goods potentially contributing to higher inflation if increased costs are passed to Canadian consumers, which may be impacted by the length of time tariffs are imposed, the extent of counter measures imposed by other countries, the changes in consumer behaviour, and the extent of the impacts on the supply chain;
- The Company's expectation of contributions to its registered defined benefit plans, which could be impacted by fluctuations in capital markets;
- The Company's expectation that its cash and cash equivalents on hand, together with unutilized aggregate credit facilities and cash generated from operating activities will enable the Company to fund future capital investments, pension plan contributions, working capital, current funded debt obligations and ongoing business requirements, and its belief that it has sufficient funding in place to meet these requirements and other short and long-term obligations, all of which could be impacted by changes in the macro-economic environment and operating results; and
- The Company's plans to purchase for cancellation Non-Voting Class A shares ("Class A shares") under the normal course issuer bid, which may be impacted by market and macro-economic conditions, availability of sellers, changes in laws and regulations, and operating results.

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 2025 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.

2 Overview of the Business

Empire's key businesses and financial results are segmented into two reportable segments: (i) Food retailing; and (ii) Investments and other operations. With approximately \$31 billion in annual sales and \$17 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 129,000 people.

Empire's Food retailing segment is carried out through Sobeys, a wholly-owned subsidiary. Proudly Canadian, with headquarters in Stellarton, Nova Scotia, Sobeys has been serving the food shopping needs of Canadians since 1907. Sobeys owns, affiliates or franchises more than 1,600 stores in all 10 provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, Farm Boy, Longo's and Lawtons Drugs, operates grocery e-commerce under the banners Voilà, Voilà par IGA and ThriftyFoods.com, and operates and/or supplies more than 350 retail fuel locations.

2.1 Company Priorities

The Company is continuing to enhance data capabilities and deepen its understanding of its customers, allowing the Company to effectively capture emerging trends. The Company aims to grow total adjusted EPS over the long-term through net earnings growth and share repurchases. The Company intends to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin by focusing on priorities such as:

Continued Focus on Stores:

Over recent years, the Company has accelerated investments in renovations, conversions, and new stores along with store processes, communications, training, technology and tools. Investing in the store network will remain a key priority, demonstrated by a sustained emphasis on renovations and continued new store expansion. The Own Brands program enhancement will remain a priority through increased distribution, product innovation and supporting Canadian suppliers.

The Company intends to invest capital in its store network and is on track with its plan to renovate approximately 20% to 25% of the network, which started in fiscal 2024 and continues through fiscal 2026. This capital investment includes important sustainability initiatives such as refrigeration system upgrades and other energy efficiency initiatives.

Enhanced Focus on Digital and Data:

The focus on digital and data will include continued e-commerce expansion, personalization and loyalty through *Scene+* (see "Business Updates - E-Commerce" and "Business Updates - *Scene+*" for more information), improved space productivity and the continued improvement of promotional optimization. Space productivity will further enhance the customer experience by improving store layouts, optimizing category and product adjacencies and tailoring product assortment for each store. The advanced analytics tools built for promotional optimization will continue to be refined through the partnership between the advanced analytics team and category merchants. Enhancing digital and data capabilities will allow the Company to deliver personalized experiences to elevate its in-store and e-commerce experience for its customers. To further enhance our internal systems, the Company is currently transforming its legacy ERP environment by migrating to a national SAP S/4HANA ERP platform (see "Business Updates - Technology Platform" for more information).

Efficiency and Cost Control:

The Company has significantly improved its efficiency and cost effectiveness through sourcing efficiencies, optimizing supply chain productivity and improving systems and processes. The Company will continue to focus on driving efficiency and cost effectiveness through initiatives related to sourcing of goods not for resale, supply chain productivity and the organizational structure. The Company has implemented several cost savings initiatives in the Voilà business, including pausing the opening of its fourth CFC and ending its mutual exclusivity with Ocado and continues to pursue other cost saving initiatives.

2.2 Business Updates

E-Commerce

Voilà, the Company's online delivery business, has three active CFCs located in Toronto, Montreal and Calgary. In the fourth quarter of fiscal 2024, the Company decided to pause the opening of its fourth CFC in Vancouver to focus efforts on driving volume and performance in its three active CFCs. Construction of the external building for the fourth CFC has been substantially completed with the internal work related to the grid build and robot commissioning not yet started. Once e-commerce penetration rates in Canada increase, the Company will be in a position to make a decision quickly on when it will proceed with the opening of its fourth CFC.

The Company has also taken actions to decrease costs and increase its flexibility to serve customers, including ending its mutual exclusivity agreement with Ocado before it was originally estimated to end. This resulted in a non-cash pre-tax charge related to ending the exclusivity of \$12 million during the first quarter of fiscal 2025. In fiscal 2025, the Company announced partnerships with Instacart and Uber Eats, providing customers with new ways to shop its stores online. The Company expanded these partnerships to Ontario, Western Canada, Quebec and Atlantic Canada, completing the national grocery rollout based on serviceable locations. These new partnerships complement Voilà by providing a full suite of delivery options for our customers across the marketplace platforms at many of the Company's banners such as Sobeys, Farm Boy, Longo's, FreshCo, Safeway, IGA, Foodland and Lawtons Drugs.

The actions that the Company has taken as outlined above had a positive impact on the e-commerce financial performance in fiscal 2025 and is expected to have an even greater benefit in fiscal 2026 and beyond. Voilà's future earnings will primarily be impacted by sales volume, with strong margins, operational efficiencies and cost discipline also serving as important drivers to manage financial performance. While the market penetration of Voilà continues to be strong, the size and growth of the Canadian grocery e-commerce market is smaller than anticipated, resulting in higher net earnings dilution.

In the quarter ended August 2, 2025, the Company's e-commerce platforms Voilà (including curbside pickup), IGA.net, ThriftyFoods.com and the partnerships with Instacart and Uber Eats, generated a combined sales increase of 80.9% compared to the same quarter in the prior year. The increase is primarily driven by contribution from the rollouts of the new partnerships in fiscal 2025 and continued strong double-digit sales growth of Voilà.

Technology Platform

The Company is currently implementing a significant transformation of its core business systems by migrating the legacy ERP system to a modern national SAP S/4HANA platform. This implementation is a strategic investment aimed at centralizing the Company's ERP system to streamline financial reporting, procurement, and supply chain operations. The upgraded system will provide improved real-time data visibility, improved automation, and enhanced analytics capabilities, supporting more agile decision-making across the organization. The project is progressing according to plan, with full deployment expected to be phased across the Company over the next two fiscal years.

Scene+

Along with Scotiabank and Cineplex, Empire is a co-owner of Scene+, one of Canada's leading loyalty programs. Scene+ has been rewarding customers in almost all of the Company's banners since launching in fiscal 2023. In that time, Scene+ has grown from 10 million to over 15 million members, while offering a breadth of rewards categories to its members, providing a strategic marketing and promotional tool for the Company.

The Company's key priority with Scene+ is to accelerate program engagement by focusing on personalization. By using machine learning and artificial intelligence algorithms, personalization recommendations will be improved, delivering the right message to the right customer at the right time, through the right channels.

FreshCo

Since fiscal 2018, the Company has been expanding its FreshCo discount banner to Western Canada and its significant growth has been driven by store conversions and regional expansion. The value proposition and strong multicultural assortment, along with the addition of the Scene+ loyalty program, has supported the growth and expansion of the Discount banner.

The Company opened two new FreshCo stores in Western Canada during the quarter and one subsequent to the end of the quarter. As at September 10, 2025, FreshCo has 51 stores operating in Western Canada and expects to open an additional four stores in fiscal 2026. The Company expects to have opened 65 FreshCo stores in Western Canada over the next several years.

Sustainable Business Reporting

Environmental, Social and Governance ("ESG") has deep roots in the Company's history, and the principles of ESG have been a part of the organization since the Company started over 118 years ago.

The Company published its 2025 Sustainable Business Report in July 2025, highlighting significant advancements in achieving its ESG objectives. This year's report demonstrates continued progress across the three pillars of its ESG framework: People, Planet, and Products. Notable achievements include: reducing greenhouse gas emissions in Scope 1 and 2 by 31% as part of the Company's science-based climate targets, donating approximately 30 million pounds of surplus food to local charities through partnerships with Second Harvest, raising and donating nearly \$25 million to support health and wellness, and further embedding Diversity, Equity and Inclusion ("DE&I") initiatives with 92% of Directors and above setting DE&I performance and accountability goals.

The Sustainable Business Council ("SBC") plays a critical role in overseeing the Company's sustainability initiatives. The SBC is a functional group of senior business leaders with sustainability mandates whose purpose is to foster collaboration on sustainability commitments, key initiatives, and reporting disclosures.

The Company remains focused on several key initiatives as part of its ongoing ESG journey, including expanding carbon reduction projects to meet Scope 1 and 2 climate targets, eliminating avoidable and hard-to-recycle plastics, fostering a fair, equitable, and inclusive environment, and integrating sustainable business mandates within performance management goals. These efforts underscore the Company's commitment to sustainability and its role in driving positive change for its stakeholders, business, and shareholders. We continue to assess potential Forest, Land and Agriculture ("FLAG") related targets for Scope 3, Category 1-purchased goods and services. We are collaborating with suppliers to collect the information required for FLAG emissions calculations and ensure we take a thoughtful approach.

3 Outlook

The objective of the Company is to grow total adjusted EPS over the long-term through net earnings and share purchases. The Company intends to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin by focusing on priorities such as; a continued focus on stores (investing in renovations, new store expansion, and Own Brands program enhancement), an expanded focus on digital and data (through key strategic initiatives including e-commerce, *Scene+*, personalization, space productivity and promotional optimization), and driving efficiency and cost effectiveness through initiatives related to sourcing of goods not for resale, supply chain productivity and the organizational structure.

For fiscal 2026, capital spend is expected to be approximately \$850 million, with approximately half of this investment allocated to renovations and new store expansion (including a 1.5% increase in store footprint expansion from new stores), 25% allocated to IT and business development projects and the remainder allocated to logistics and sustainability. By the end of fiscal 2026, the Company expects to complete the network renovations of approximately 20% to 25%, which began in fiscal 2024.

During fiscal 2026, the Company expects aggregate pre-tax earnings from Other income plus Share of earnings from investments, at equity (both found in the Company's Consolidated Statements of Earnings), to be in the range of \$120 million to \$140 million (2025 - \$158 million).

In the quarter ended August 2, 2025, the Company's internal food inflation continued to be below the Consumer Price Index for food purchased from stores and was largely in line with internal food inflation from the quarter ended May 3, 2025. The Company is focused on supplier relationships and negotiations to ensure competitive pricing for customers. The Company continues to be well positioned to pursue long-term growth despite the impacts of global economic uncertainties.

Continued uncertainty related to the timing and extent of imposition of future tariffs by the United States government and the risk of potential retaliatory tariffs by the Canadian government could create volatility in the Canadian economy, including higher future costs for importing goods, potentially contributing to higher inflation if increased costs are passed to Canadian consumers. The timing and duration of increased tariffs create financial uncertainty for Canadian companies, and may lead to potential job losses, reduced economic activity, and weakening confidence in the future, and could disrupt supplier relationships and the supply chain, and this may increase the volatility in the Company's operational results. The Company remains focused on promoting local and Canadian products and seeking alternate sources of supply outside of the United States.

4 Summary Results - First Quarter

<i>(in millions of Canadian dollars, except per share amounts)</i>	August 2, 2025	August 3, 2024		
	13 Weeks	13 Weeks	\$ Change	% Change
Sales	\$ 8,258	\$ 8,137	\$ 121	1.5 %
Gross profit	2,235	2,126	109	5.1 %
Operating income	382	369	13	3.5 %
Adjusted operating income ⁽¹⁾	382	383	(1)	(0.3)%
EBITDA ⁽²⁾	671	645	26	4.0 %
Adjusted EBITDA ⁽¹⁾	671	659	12	1.8 %
Finance costs, net	71	73	(2)	(2.7)%
Income tax expense	81	67	14	20.9 %
Non-controlling interest	18	21	(3)	(14.3)%
Net earnings ⁽³⁾	212	208	4	1.9 %
Adjusted net earnings ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	212	219	(7)	(3.2)%
Basic earnings per share				
Net earnings ⁽³⁾	\$ 0.91	\$ 0.86	\$ 0.05	5.8 %
Adjusted net earnings ⁽¹⁾⁽³⁾⁽⁴⁾	\$ 0.91	\$ 0.90	\$ 0.01	1.1 %
Basic weighted average number of shares outstanding (millions)	232.3	241.9	(9.6)	(4.0)%
Diluted earnings per share				
Net earnings ⁽³⁾	\$ 0.91	\$ 0.86	\$ 0.05	5.8 %
Adjusted net earnings ⁽¹⁾⁽³⁾⁽⁴⁾	\$ 0.91	\$ 0.90	\$ 0.01	1.1 %
Diluted weighted average number of shares outstanding (millions)	233.4	242.3	(8.9)	(3.7)%
Dividend per share	\$ 0.22	\$ 0.20	\$ 0.02	10.0 %

	August 2, 2025	August 3, 2024
	13 Weeks	13 Weeks
Gross margin ⁽²⁾	27.1 %	26.1 %
EBITDA margin ⁽²⁾	8.1 %	7.9 %
Adjusted EBITDA margin ⁽¹⁾	8.1 %	8.1 %
Same-store sales ⁽²⁾ growth	0.8 %	0.5 %
Same-store sales ⁽²⁾ growth - food ⁽⁵⁾	1.9 %	1.0 %
Same-store sales ⁽²⁾ (decline) growth - fuel	(13.4)%	4.4 %
Effective income tax rate	26.0 %	22.6 %

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A for a description of the types of costs and recoveries included.

(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.

(3) Attributable to owners of the Company.

(4) See "Adjusted Impacts on Net Earnings" section of this MD&A.

(5) Previously named - same-store sales, excluding fuel.

4.1 Food Retailing

The following is a review of Empire's Food retailing segment's financial performance, comprising the consolidated results of Sobeys for the quarter ended August 2, 2025.

The following financial information is Sobeys' contribution to Empire as the amounts are net of consolidated adjustments.

<i>(in millions of Canadian dollars)</i>	August 2, 2025	August 3, 2024		
	13 Weeks	13 Weeks	\$ Change	% Change
Sales	\$ 8,258	\$ 8,137	\$ 121	1.5 %
Gross profit	2,235	2,126	109	5.1 %
Operating income	369	358	11	3.1 %
Adjusted operating income ⁽¹⁾	369	372	(3)	(0.8)%
EBITDA ⁽¹⁾	658	634	24	3.8 %
Adjusted EBITDA ⁽¹⁾	658	648	10	1.5 %
Net earnings ⁽²⁾	205	197	8	4.1 %
Adjusted net earnings ⁽¹⁾⁽²⁾	205	208	(3)	(1.4)%

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A for a reconciliation of the adjusted metrics presented in this table.

(2) Attributable to owners of the Company.

The following table provides a breakdown of the Company's total and same-store sales for the Food retailing segment:

<i>(in millions of Canadian dollars)</i>	August 2, 2025	August 3, 2024		
	13 Weeks	13 Weeks	\$ Change	% Change
Food sales	\$ 7,791	\$ 7,596	\$ 195	2.6 %
Fuel sales	467	541	(74)	(13.7)%
Same-store sales ⁽¹⁾ growth - food ⁽²⁾	1.9 %	1.0 %		
Same-store sales ⁽¹⁾ (decline) growth - fuel	(13.4)%	4.4 %		

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.

(2) Previously named - same-store sales, excluding fuel.

Empire Company Limited Operating Results

4.2 Sales

Food sales for the quarter ended August 2, 2025 increased by 2.6% primarily driven by positive growth across the business, particularly in Full-Service and Discount banners and the Company's national wholesale distribution network.

Fuel sales for the quarter ended August 2, 2025 decreased by 13.7% primarily driven by lower fuel prices due to the removal of the government carbon tax.

4.3 Gross Profit

Gross profit for the quarter ended August 2, 2025 increased by 5.1% primarily driven by higher sales, strong performance and operational discipline in Full-Service banners aimed at reducing shrink.

Gross margin for the quarter ended August 2, 2025 increased to 27.1% from 26.1% in the prior year, primarily due to strong performance in Full-Service banners as a result of disciplined execution and targeted efficiencies in our stores, including initiatives aimed at inventory control and reducing shrink, and better promotional mix control. Gross margin, excluding the mix impact of fuel, increased by 63 basis points.

4.4 Operating Income

<i>(in millions of Canadian dollars)</i>	August 2, 2025	August 3, 2024	
	13 Weeks	13 Weeks	\$ Change
Food retailing	\$ 369	\$ 358	\$ 11
Investments and other operations:			
Crombie REIT	15	13	2
Real estate partnerships	2	3	(1)
Other operations, net of corporate expenses	(4)	(5)	1
	13	11	2
Operating income	\$ 382	\$ 369	\$ 13
Adjustments:			
E-commerce Exclusivity ⁽¹⁾	-	12	(12)
Restructuring ⁽¹⁾	-	2	(2)
	-	14	(14)
Adjusted operating income ⁽²⁾	\$ 382	\$ 383	\$ (1)

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A for a description of the types of costs and recoveries included.

(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.

For the quarter ended August 2, 2025, operating income from the Food retailing segment increased mainly due to higher sales and gross profit, partially offset by higher selling and administrative expenses and an increase in depreciation and amortization.

For the quarter ended August 2, 2025, operating income from the Investments and other operations segment increased primarily as a result of higher equity earnings from Crombie REIT, mainly due to increased property sales compared to the prior year.

4.5 EBITDA

<i>(in millions of Canadian dollars)</i>	August 2, 2025	August 3, 2024	
	13 Weeks	13 Weeks	\$ Change
EBITDA ⁽¹⁾	\$ 671	\$ 645	\$ 26
Adjustments:			
E-commerce Exclusivity ⁽²⁾	-	12	(12)
Restructuring ⁽²⁾	-	2	(2)
	-	14	(14)
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ 671	\$ 659	\$ 12

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.

(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A for a description of the types of costs and recoveries included.

For the quarter ended August 2, 2025, EBITDA increased to \$671 million from \$645 million in the prior year mainly as a result of an increase in gross profit, partially offset by selling and administrative expenses which increased mainly due to higher retail and supply chain labour costs driven by wage rate increases, and higher incentive program expenses and accruals (an increase of \$20 million compared to the prior year), driven by share price appreciation and increased vesting level. Selling and administrative expenses also increased due to continued investment in business expansion (Farm Boy, Voilà and FreshCo). Adjusted EBITDA margin remained at 8.1%, (August 3, 2024 - 8.1%).

4.6 Depreciation and Amortization

For the quarter ended August 2, 2025, depreciation and amortization increased to \$289 million from \$276 million in the prior year mainly as a result of higher right-of-use asset depreciation associated with new lease agreements.

4.7 Finance Costs

For the quarter ended August 2, 2025, net finance costs decreased from the prior year mainly as a result of higher finance income. The increase in finance income was driven by fair value gains on forward contracts and higher accretion income on leases and other receivables.

4.8 Income Taxes

For the quarter ended August 2, 2025, the effective income tax rate was 26.0% compared to 22.6% in the same quarter in the prior year. The effective tax rate was lower than the statutory rate primarily due to non-taxable capital items, and consolidated structured entities which are taxed at lower rates. The effective tax rate in the same quarter in the prior year was lower than the statutory rate primarily due to non-taxable capital items, the revaluation of tax estimates, not all of which are recurring, and consolidated structured entities which are taxed at lower rates.

4.9 Net Earnings

<i>(in millions of Canadian dollars, except per share amounts)</i>	August 2, 2025	August 3, 2024	
	13 Weeks	13 Weeks	\$ Change
Net earnings ⁽¹⁾	\$ 212	\$ 208	\$ 4
EPS (fully diluted)	\$ 0.91	\$ 0.86	\$ 0.05
Adjustments ⁽²⁾ (net of income taxes):			
E-commerce Exclusivity ⁽³⁾	-	9	(9)
Restructuring ⁽³⁾	-	2	(2)
	-	11	(11)
Adjusted net earnings ⁽¹⁾⁽⁴⁾⁽⁵⁾	\$ 212	\$ 219	\$ (7)
Adjusted EPS ⁽¹⁾⁽³⁾ (fully diluted)	\$ 0.91	\$ 0.90	\$ 0.01
Diluted weighted average number of shares outstanding (in millions)	233.4	242.3	(8.9)

(1) Attributable to owners of the Company..

(2) Total adjustments for the quarter are net of income taxes of \$ nil (August 3, 2024 - \$4 million).

(3) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A for a description of the types of costs and recoveries included.

(4) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A

(5) See "Adjusted Impacts on Net Earnings" section of this MD&A.

4.10 Adjusted Impacts on Net Earnings

The Company has taken actions in its e-commerce business to decrease costs and increase its flexibility to serve customers, including ending its mutual exclusivity agreement with Ocado. In the first quarter of fiscal 2025, the Company incurred a non-cash charge related to ending the exclusivity and this impact is included in the adjusted metrics. The impact to net earnings for the quarter ended August 2, 2025 was \$ nil (August 3, 2024 - (\$9) million).

In the first quarter of fiscal 2024, Empire began to pursue strategies to optimize its organization, improve efficiencies and reduce costs including changes to its leadership team and organizational structure and the voluntary buyout of certain unionized employees (the "Restructuring"), and included this impact in adjusted earnings. The impact to net earnings for the quarter ended August 2, 2025 was \$ nil (August 3, 2024 - (\$2) million).

4.11 Investments and Other Operations

<i>(in millions of Canadian dollars)</i>	August 2, 2025	August 3, 2024	
	13 Weeks	13 Weeks	\$ Change
Crombie REIT	\$ 15	\$ 13	\$ 2
Real estate partnerships	2	3	(1)
Other operations, net of corporate expenses	(4)	(5)	1
Operating income	\$ 13	\$ 11	\$ 2

For the quarter ended August 2, 2025, operating income from the Investments and other operations segment increased primarily as a result of higher equity earnings from Crombie REIT, mainly due to increased property sales compared to the prior year.

5 Quarterly Results of Operations

	Fiscal 2026		Fiscal 2025				Fiscal 2024	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(in millions of Canadian dollars, except per share amounts)	Aug 2, 2025	May 3, 2025	Feb 1, 2025	Nov 2, 2024	Aug 3, 2024	May 4, 2024	Feb 3, 2024	Nov 4, 2023
	13 Weeks	13 Weeks	13 Weeks	13 Weeks	13 Weeks	13 Weeks	13 Weeks	13 Weeks
Sales	\$ 8,258	\$ 7,637	\$ 7,725	\$ 7,778	\$ 8,137	\$ 7,412	\$ 7,494	\$ 7,751
Operating income	382	313	288	319	369	292	250	312
Adjusted operating income ⁽¹⁾	382	313	288	319	383	298	275	308
EBITDA ⁽²⁾	671	599	564	601	645	557	522	579
Adjusted EBITDA ⁽¹⁾⁽²⁾	671	599	564	601	659	563	547	575
Net earnings ⁽³⁾	212	173	146	173	208	149	134	181
Adjusted net earnings ⁽¹⁾⁽³⁾	212	173	146	173	219	154	153	178
Per share information, basic								
Net earnings ⁽³⁾	\$ 0.91	\$ 0.74	\$ 0.62	\$ 0.73	\$ 0.86	\$ 0.61	\$ 0.54	\$ 0.73
Adjusted net earnings ⁽¹⁾⁽³⁾	\$ 0.91	\$ 0.74	\$ 0.62	\$ 0.73	\$ 0.90	\$ 0.63	\$ 0.62	\$ 0.72
Basic weighted average number of shares outstanding (millions)	232.3	233.9	236.4	238.5	241.9	243.4	246.3	249.3
Per share information, diluted								
Net earnings ⁽³⁾	\$ 0.91	\$ 0.74	\$ 0.62	\$ 0.72	\$ 0.86	\$ 0.61	\$ 0.54	\$ 0.72
Adjusted net earnings ⁽¹⁾⁽³⁾	\$ 0.91	\$ 0.74	\$ 0.62	\$ 0.72	\$ 0.90	\$ 0.63	\$ 0.62	\$ 0.71
Diluted weighted average number of shares outstanding (millions)	233.4	234.8	237.2	239.1	242.3	243.7	246.8	249.9

(1) See "Non-GAAP Financial Measures and Financial Metrics" section of this MD&A for a reconciliation of the adjusted metrics presented in the table.

(2) EBITDA is reconciled to net earnings for the current and comparable period in the "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.

(3) Attributable to owners of the Company.

Sales are affected by macro-economic factors impacting food retail prices, including fluctuations in inflation. Results are affected by seasonality, in particular during the summer months and over the holidays when retail sales trend higher and can result in stronger operating results. Sales, operating income, EBITDA and net earnings have all been influenced by the Company's strategic investment activities, the competitive environment, cost management initiatives, food prices and general industry trends, adjusted items, as well as other risk factors as outlined in the "Risk Management" section of the fiscal 2025 annual MD&A.

6 Liquidity and Capital Resources

The table below highlights significant cash flow components for the relevant periods. For additional detail, please refer to the Condensed Consolidated Statements of Cash Flows in the Company's unaudited Interim Condensed Consolidated Financial Statements for the quarter ended August 2, 2025.

	August 2, 2025	August 3, 2024
(in millions of Canadian dollars)	13 Weeks	13 Weeks
Cash flows from operating activities	\$ 426	\$ 518
Cash flows used in investing activities	(171)	(146)
Cash flows used in financing activities	(168)	(319)
Increase in cash and cash equivalents	\$ 87	\$ 53

6.1 Operating Activities

Cash flows from operating activities for the quarter ended August 2, 2025 decreased versus prior year primarily as a result of changes in working capital. The working capital changes are impacted primarily by changes in accounts payable and accrued liabilities compared to the prior year.

6.2 Investing Activities

The table below outlines details of investing activities for the relevant periods:

<i>(in millions of Canadian dollars)</i>	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks
Increase in equity investments	\$ (8)	\$ (1)
Acquisitions of property, equipment, investment property and intangibles	(193)	(224)
Proceeds on disposal of assets ⁽¹⁾ and lease modifications and terminations	23	82
Leases and other receivables, net	(9)	1
Other assets	(6)	(18)
Other liabilities	-	1
Business acquisitions	(2)	(10)
Payments received for finance subleases	23	22
Interest received	1	1
Cash flows used in investing activities	\$ (171)	\$ (146)

(1) Proceeds on disposal of assets include property, equipment and investment property.

Cash used in investing activities for the quarter ended August 2, 2025 increased versus prior year primarily due to a decrease in proceeds on disposal of assets partially offset by lower intangibles and capital investments in the current year.

6.3 Capital Expenditures

The Company invested \$138 million in capital expenditures⁽¹⁾ for the quarter ended August 2, 2025 (August 3, 2024 - \$152 million) including store renovations, construction of new stores and investments in advanced analytics technology and other technology systems.

In fiscal 2026, capital expenditures are expected to be approximately \$850 million, with approximately 50% of this investment allocated to store renovations and new store expansion (including a 1.5% increase in store footprint expansion from new stores), 25% on IT projects and business development projects and the remainder on logistics and sustainability. By the end of fiscal 2026, the Company expects to complete the network renovations of approximately 20% to 25%, which began in fiscal 2024.

(1) Capital expenditures are calculated on an accrual basis and includes acquisitions of property, equipment and investment properties, and additions to intangibles.

6.4 Store Network Activity and Square Footage

The table below outlines details of investments by Sobeys in its store network:

<i>(Number of stores)</i>	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks
Opened/relocated/acquired ⁽¹⁾	2	11
Opened - FreshCo ⁽²⁾	2	1
Opened - Farm Boy	-	1
Closed ⁽¹⁾	9	7
Closed - pending conversion to Farm Boy	1	1

(1) Total impact excluding the opened Farm Boy and FreshCo sites as part of ongoing expansion.

(2) Specific to converted Western Canada FreshCo stores, net of Safeway and Sobeys closures.

The following table shows Sobeys' square footage changes:

<i>Square feet (in thousands)</i>	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks
Opened	8	162
Closed	(74)	(103)
Net change before the impact of the expansion of Farm Boy and FreshCo	(66)	59
Opened - FreshCo ⁽¹⁾	78	36
Opened - Farm Boy	-	25
Closed - pending conversion to Farm Boy	(47)	(28)
Net change	(35)	92

(1) Specific to converted Western Canada FreshCo stores, net of Safeway and Sobeys closures.

At August 2, 2025, the Company's retail space totalled 43.0 million square feet, consistent with the 43.0 million square feet at August 3, 2024.

6.5 Financing Activities

Cash used in financing activities for the quarter ended August 2, 2025, decreased versus prior year mainly due to advances on the revolving credit facility agreement (compared to a repayment on revolving credit facilities in the prior year), partially offset by an advance on the non-revolving credit facility in the prior year.

6.6 Free Cash Flow

Management uses free cash flow as a measure to assess the amount of cash available for debt repayment, dividend payments and other investing and financing activities.

<i>(in millions of Canadian dollars)</i>	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks	\$ Change
Cash flows from operating activities	\$ 426	\$ 518	\$ (92)
Add:			
Proceeds on disposal of assets ⁽¹⁾ and lease modifications and terminations	23	82	(59)
Less:			
Interest paid	(11)	(12)	1
Payments of lease liabilities, net of payments received for finance subleases	(182)	(177)	(5)
Acquisitions of property, equipment, investment property and intangibles	(193)	(224)	31
Free cash flow ⁽²⁾	\$ 63	\$ 187	\$ (124)

(1) Proceeds on disposal of assets include property, equipment and investment property.

(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.

For the quarter ended August 2, 2025, free cash flow decreased versus prior year primarily as a result of a decrease in cash flows from operating activities as a result of changes in working capital which are impacted primarily by changes in accounts payable and accrued liabilities as well as a decrease in proceeds on disposal of assets and lease modifications and terminations partially offset by a decrease in capital investments.

6.7 Employee Future Benefit Obligations

For the quarter ended August 2, 2025, the Company contributed \$2 million (August 3, 2024 - \$5 million) to its registered defined benefit plans. The Company expects to contribute approximately \$8 million to these plans in fiscal 2026.

7 Consolidated Financial Condition

7.1 Key Financial Condition Measures

<i>(in millions of Canadian dollars, except per share and ratio calculations)</i>	August 2, 2025	May 3, 2025	August 3, 2024
Shareholders' equity, net of non-controlling interest	\$ 5,464	\$ 5,410	\$ 5,399
Book value per common share ⁽¹⁾	\$ 23.52	\$ 23.13	\$ 22.32
Long-term debt, including current portion	\$ 1,275	\$ 1,082	\$ 1,127
Long-term lease liabilities, including current portion	\$ 6,347	\$ 6,382	\$ 6,368
Funded debt to total capital ⁽¹⁾	58.2%	58.0%	58.1%
Funded debt to adjusted EBITDA ⁽¹⁾⁽²⁾	3.1x	3.1x	3.2x
Adjusted EBITDA to interest expense ⁽¹⁾⁽³⁾	8.3x	8.2x	8.2x
Trailing four-quarter adjusted EBITDA	\$ 2,435	\$ 2,423	\$ 2,344
Trailing four-quarter interest expense	\$ 295	\$ 295	\$ 285
Current assets to current liabilities	0.8x	0.8x	0.8x
Total assets	\$ 17,150	\$ 17,019	\$ 16,921
Total non-current financial liabilities	\$ 7,571	\$ 7,379	\$ 7,445

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.

(2) Calculation uses trailing four-quarter adjusted EBITDA.

(3) Calculation uses trailing four-quarter adjusted EBITDA and interest expense.

Sobeys' credit ratings for both Morningstar DBRS ("DBRS") and S&P Global ("S&P") remained unchanged from the prior quarter. The following table shows Sobeys' credit ratings as at September 10, 2025:

Rating Agency	Credit Rating (Issuer rating)	Trend/Outlook
DBRS	BBB	Stable
S&P	BBB-	Stable

On June 21, 2024, Sobeys established a senior, unsecured non-revolving term credit facility for \$120 million with a maturity date of June 20, 2025. On June 18, 2025, Sobeys amended the facility to extend the maturity by one year. This facility will now mature June 19, 2026. All other terms of the facility are unchanged. Interest payable on this facility fluctuates with changes in the Canadian prime rate or Canadian Overnight Repo Rate Average ("CORRA"). The facility was fully utilized on June 21, 2024, with the proceeds used to refinance amounts owing under its existing credit facility. As of August 2, 2025, the outstanding amount of the facility was \$120 million (August 3, 2024 - \$120 million).

Sobeys, through its acquisition of Longo's, has an operating line of credit which was amended from \$100 million to \$115 million on March 25, 2025. As of August 2, 2025, the outstanding amount of the facility was \$68 million (August 3, 2024 - \$78 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate.

Empire has a \$150 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2027. As of August 2, 2025, the outstanding amount of the credit facility was \$50 million (August 3, 2024 - \$52 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or CORRA.

Sobeys has a \$650 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2027. As of August 2, 2025, the outstanding amount of the facility was \$428 million (August 3, 2024 - \$284 million) and Sobeys has issued \$73 million in letters of credit against the facility (August 3, 2024 - \$65 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or CORRA.

The Company believes its cash and cash equivalents on hand as of August 2, 2025, together with approximately \$296 million in unutilized, aggregate credit facilities and cash generated from operating activities will enable the Company to fund future capital investments, pension plan contributions, working capital, current funded debt obligations and ongoing business requirements. The Company also believes it has sufficient funding in place to meet these requirements and other short and long-term financial obligations. The Company mitigates potential liquidity risk by ensuring its sources of funds are diversified by term to maturity and source of credit.

7.2 Shareholders' Equity

The Company's share capital was comprised of the following:

Authorized	Number of Shares	
	August 2, 2025	August 3, 2024
2002 Preferred shares, par value of \$25 each, issuable in series as a class	991,980,000	991,980,000
Non-Voting Class A shares, without par value	722,460,347	731,582,828
Class B common shares, without par value, voting	122,400,000	122,400,000

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

	Number of Shares			Share Capital		
	August 2 2025	May 3 2025	August 3 2024	August 2 2025	May 3 2025	August 3 2024
<i>(in millions of Canadian dollars)</i>						
Non-Voting Class A shares	133,321,755	134,488,019	141,676,553	\$ 1,643	\$ 1,654	\$ 1,745
Class B common shares	98,138,079	98,138,079	98,138,079	7	7	7
Shares held in trust	(20,954)	(38,341)	(38,199)	(1)	(1)	(1)
Total capital stock				\$ 1,649	\$ 1,660	\$ 1,751

The Company's share capital is shown in the table below:

	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks
<i>(Number of shares)</i>		
Non-Voting Class A shares		
Issued and outstanding, beginning of period	134,488,019	143,932,071
Issued during period	344,178	20,457
Purchased for cancellation	(1,510,442)	(2,275,975)
Issued and outstanding, end of period	133,321,755	141,676,553
Shares held in trust, beginning of period	(38,341)	(39,042)
Issued for future settlement of equity settled plans	73,387	79,035
Purchased for future settlement of equity settled plans	(56,000)	(78,192)
Shares held in trust, end of period	(20,954)	(38,199)
Issued and outstanding, net of shares held in trust, end of period	133,300,801	141,638,354
Class B common shares		
Issued and outstanding, beginning and end of period	98,138,079	98,138,079

During the quarter ended August 2, 2025, the Company paid common dividends of \$50 million (August 3, 2024 - \$47 million) to its common shareholders. This represents a payment of \$0.22 per share (August 3, 2024 - \$0.20 per share) for common shareholders.

As at September 9, 2025, the Company had Non-Voting Class A and Class B common shares outstanding of 132,716,499 and 98,138,079, respectively. Options to acquire 2,240,212 Non-Voting Class A shares were outstanding as of August 2, 2025 (August 3, 2024 - 4,657,703). As at September 9, 2025, options to acquire 2,186,872 Non-Voting Class A shares were outstanding (September 10, 2024 - 4,651,412).

7.3 Normal Course Issuer Bid ("NCIB")

Under the NCIB with the Toronto Stock Exchange ("TSX") from July 2, 2024 to July 1, 2025, the Company purchased 9,956,481 (July 1, 2024 - 10,004,868) Class A shares at a weighted average price of \$42.34 (July 1, 2024 - \$35.31) for a total consideration of \$422 million (July 1, 2024 - \$353 million).

On June 18, 2025, the Company renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 11,500,000 Class A shares representing approximately 9.6% of the public float of 120,095,524. 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 interest of the Company and its shareholders. Purchases under the renewed NCIB may commence on July 2, 2025 and shall terminate no later than July 1, 2026. As of August 2, 2025, the Company purchased 463,000 Non-Voting Class A shares (August 3, 2024 - 1,297,000) under this filing at a weighted average price of \$55.87 (August 3, 2024 - \$36.11) for a total consideration of \$26 million (August 3, 2024 - \$47 million).

The Company intends to repurchase up to \$400 million of Class A shares in fiscal 2026. Shares purchased are shown in the table below:

	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks
<i>(in millions of Canadian dollars, except per share amounts)</i>		
Number of shares	1,510,442	2,275,975
Weighted average price per share	\$ 52.97	\$ 34.90
Cash consideration paid	\$ 80	\$ 80

For the quarter ended August 2, 2025, the Company has recognized tax on the repurchase of equity of \$2 million (August 3, 2024 - \$4 million) as a charge to retained earnings on the unaudited Interim Condensed Consolidated Balance Sheets.

Fiscal year to date, as at September 10, 2025, the Company has purchased for cancellation 2,139,401 Non-Voting Class A shares (September 6, 2024 - 3,826,075) at weighted average price of \$53.76 (September 6, 2024 - \$35.93) for a total consideration of \$115 million (September 6, 2024 - \$138 million).

8 Accounting Standards and Policies

The unaudited Interim Condensed Consolidated Financial Statements were prepared using the same accounting policies as disclosed in the Company's audited annual Consolidated Financial Statements for the year ended May 3, 2025.

8.1 Standards, Amendments and Interpretations Issued but not yet Adopted

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.

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.

8.2 Critical Accounting Estimates

Critical accounting estimates used by the Company's management are discussed in detail in the fiscal 2025 annual MD&A.

8.3 Internal Control Over Financial Reporting

Management of the Company, which includes the President & Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining disclosure controls and procedures and Internal Control over Financial Reporting ("ICFR"), as those terms are defined in National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings". The control framework management used to design and assess the effectiveness of ICFR is "*Internal Control Integrated Framework (2013)*" published by the Committee of Sponsoring Organizations of the Treadway Commission.

There have been no changes in the Company's ICFR during the quarter ending August 2, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

9 Related Party Transactions

The Company enters into related party transactions with Crombie REIT and key management personnel, including ongoing leases and property management agreements. As at August 2, 2025, the Company holds a 41.5% (August 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 first quarter of fiscal 2026, Sobeys through wholly-owned subsidiaries, engaged in a lease modification transaction with Crombie REIT. The lease modification gives Crombie REIT the right to terminate the lease on a property for redevelopment in the future. Proceeds from this transaction were \$16 million which resulted in pre-tax income of \$10 million and has been recognized in other income on the unaudited Interim Condensed Consolidated Statements of Earnings.

10 Contingencies

Contingencies related to the Company's legal proceedings are discussed in detail in the fiscal 2025 annual MD&A.

11 Risk Management

Risk and uncertainties related to economic and industry factors and the Company's management of risk are discussed in detail in the fiscal 2025 annual MD&A.

12 Designation for Eligible Dividends

"Eligible dividends" receive favourable treatment for income tax purposes. To be considered an eligible dividend, a dividend must be designated as such at the time of payment.

Empire has, in accordance with the administrative position of Canada Revenue Agency, included the appropriate language on its website to designate the dividends paid by Empire as eligible dividends unless otherwise designated.

13 Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this MD&A 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. Management believes that certain of these measures and metrics, including gross profit and EBITDA, are important indicators of the Company's ability to generate liquidity through operating cash flow to fund future working capital requirements, service outstanding debt and fund future capital expenditures and uses these metrics for these purposes.

In addition, management presents adjusted measures and metrics, including operating income, EBITDA and net earnings in an effort to provide investors and analysts with a more comparable year-over-year performance metric than the basic measure by excluding certain items. These items may impact the analysis of trends in performance and affect the comparability of the Company's core financial results. By excluding these items, management is not implying they are non-recurring.

13.1 Financial Measures

The intent of non-GAAP financial measures is to provide additional useful information to investors and analysts. Non-GAAP financial measures should not be considered in isolation or used as a substitute for measures of performance prepared in accordance with GAAP. The Company's definitions of the non-GAAP terms included in this MD&A are as follows:

- The E-commerce Exclusivity adjustment includes the impact of the early termination of the mutual exclusivity agreement with Ocado, resulting in a non-cash charge related to the impairment of an intangible asset.
- The Restructuring adjustment includes costs incurred to plan and implement strategies to optimize the organization and improve efficiencies, including severance, professional fees and voluntary labour buyouts.
- In the second quarter of fiscal 2023, Empire experienced IT system issues related to a Cybersecurity Event. The Cybersecurity Event adjustment includes the impact of incremental direct costs such as inventory shrink, hardware and software restoration costs, legal and professional fees, labour costs and insurance recoveries. Management believes that the Cybersecurity Event adjustment results in a useful economic representation of the underlying business on a comparative basis. The adjustment does not include management's estimate of the full financial impact of the Cybersecurity Event, as it excludes the net earnings impacts related to the estimated decline in sales and operational effectiveness from impacts such as the temporary loss of advanced planning, promotion and fresh item management tools, the temporary closure of pharmacies, and customers' temporary inability to redeem gift cards and loyalty points.
- Gross profit is calculated as sales less cost of sales. Management believes cost of sales is a useful metric to monitor profitability on a product-level basis. Gross profit represents a supplementary metric to assess underlying operating performance and profitability.

The following table reconciles gross profit on a consolidated basis:

	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>		
Sales	\$ 8,258	\$ 8,137
Cost of sales	6,023	6,011
Gross profit	\$ 2,235	\$ 2,126

- Adjusted operating income is operating income excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted operating income is reconciled to operating income in its respective subsection of the "Summary Results – First Quarter".
- EBITDA is calculated as net earnings before finance costs (net of finance income), income tax expense, depreciation and amortization of intangibles. Management believes EBITDA represents a supplementary metric to assess profitability and measure the Company's underlying ability to generate liquidity through operating cash flows.

The following table reconciles net earnings to EBITDA on a consolidated basis and for the Food retailing segment:

	August 2, 2025 13 Weeks			August 3, 2024 13 Weeks		
<i>(in millions of Canadian dollars)</i>	Food retailing	Investment and other operations	Total	Food retailing	Investment and other operations	Total
Net earnings	\$ 223	\$ 7	\$ 230	\$ 218	\$ 11	\$ 229
Income tax expense (recovery)	76	5	81	68	(1)	67
Finance costs, net	70	1	71	72	1	73
Operating income	369	13	382	358	11	369
Depreciation	258	-	258	246	-	246
Amortization of intangibles	31	-	31	30	-	30
EBITDA	\$ 658	\$ 13	\$ 671	\$ 634	\$ 11	\$ 645

- Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted EBITDA is reconciled to EBITDA in its respective subsection of the "Summary Results - First Quarter" section.
- Management calculates interest expense as interest expense on financial liabilities measured at amortized cost and interest expense on lease liabilities. Management believes that interest expense represents a true measure of the Company's debt service expense, without the offsetting finance income.

The following table reconciles finance costs, net to interest expense:

<i>(in millions of Canadian dollars)</i>	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks
Finance costs, net	\$ 71	\$ 73
Plus: finance income, excluding interest income on lease receivables	4	2
Less: pension finance costs, net	(2)	(2)
Less: accretion expense on provisions	(1)	(1)
Interest expense	\$ 72	\$ 72

- Adjusted net earnings is net earnings, net of non-controlling interest, excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted net earnings is reconciled in its respective subsection of the "Summary Results - First Quarter" section.
- Adjusted EPS (fully diluted) is calculated as adjusted net earnings divided by diluted weighted average number of shares outstanding.
- Free cash flow is calculated as cash flows from operating activities, plus proceeds on disposal of property, equipment and investment property and lease modifications and terminations, less acquisitions of property, equipment, investment property and intangibles, interest paid and payments of lease liabilities, net of payments received from finance subleases. Management uses free cash flow as a measure to assess the amount of cash available for debt repayment, dividend payments and other investing and financing activities. Free cash flow is reconciled to GAAP measures as reported on the Consolidated Statements of Cash Flows, and is presented in the "Free Cash Flow" section of this MD&A.
- Funded debt is all interest-bearing debt, which includes bank loans, notes payable, credit facilities and lease liabilities. Management believes that funded debt represents the most relevant indicator of the Company's total financial obligations on which interest payments are made.
- Total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest.

The following table reconciles the Company's funded debt and total capital to GAAP measures:

<i>(in millions of Canadian dollars)</i>	August 2, 2025	May 3, 2025	August 3, 2024
Long-term debt due within one year	\$ 215	\$ 225	\$ 226
Long-term debt	1,060	857	901
Lease liabilities due within one year	604	597	587
Long-term lease liabilities	5,743	5,785	5,781
Funded debt	7,622	7,464	\$ 7,495
Total shareholders' equity, net of non-controlling interest	5,464	5,410	5,399
Total capital	\$ 13,086	\$ 12,874	\$ 12,894

13.2 Food Retailing Segment Adjustments Reconciliation

The following tables adjust Empire's Food retailing segment operating income, EBITDA and net earnings, net of non-controlling interest, for certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results.

<i>(in millions of Canadian dollars)</i>	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks	\$ Change
Operating income	\$ 369	\$ 358	\$ 11
Adjustments:			
E-commerce Exclusivity	-	12	(12)
Restructuring	-	2	(2)
Adjusted operating income	\$ 369	\$ 372	\$ (3)

<i>(in millions of Canadian dollars)</i>	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks	\$ Change
EBITDA	\$ 658	\$ 634	\$ 24
Adjustments:			
E-commerce Exclusivity	-	12	(12)
Restructuring	-	2	(2)
Adjusted EBITDA	\$ 658	\$ 648	\$ 10

<i>(in millions of Canadian dollars)</i>	August 2, 2025 13 Weeks	August 3, 2024 13 Weeks	\$ Change
Net earnings	\$ 205	\$ 197	\$ 8
Adjustments:			
E-commerce Exclusivity	-	9	(9)
Restructuring	-	2	(2)
Adjusted net earnings	\$ 205	\$ 208	\$ (3)

13.3 Quarterly Results of Operations Adjustment Reconciliation

The following tables adjust Empire's operating income, EBITDA, and net earnings, net of non-controlling interest, for certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results.

	Fiscal 2026		Fiscal 2025				Fiscal 2024		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
(in millions of Canadian dollars)	Aug 2, 2025	May 3, 2025	Feb 1, 2025	Nov 2, 2024	Aug 3, 2024	May 4, 2024	Feb 3, 2024	Nov 4, 2023	
	13 Weeks	13 Weeks	13 Weeks	13 Weeks	13 Weeks	13 Weeks	13 Weeks	13 Weeks	
Operating income	\$ 382	\$ 313	\$ 288	\$ 319	\$ 369	\$ 292	\$ 250	\$ 312	
Adjustments:									
E-commerce Exclusivity	-	-	-	-	12	-	-	-	
Restructuring	-	-	-	-	2	20	25	17	
Cybersecurity Event	-	-	-	-	-	(14)	-	(21)	
	-	-	-	-	14	6	25	(4)	
Adjusted operating income	\$ 382	\$ 313	\$ 288	\$ 319	\$ 383	\$ 298	\$ 275	\$ 308	
Operating income	\$ 382	\$ 313	\$ 288	\$ 319	\$ 369	\$ 292	\$ 250	\$ 312	
Depreciation	258	255	248	253	246	235	241	238	
Amortization of intangibles	31	31	28	29	30	30	31	29	
EBITDA	\$ 671	\$ 599	\$ 564	\$ 601	\$ 645	\$ 557	\$ 522	\$ 579	
Adjustments:									
E-commerce Exclusivity	-	-	-	-	12	-	-	-	
Restructuring	-	-	-	-	2	20	25	17	
Cybersecurity Event	-	-	-	-	-	(14)	-	(21)	
	-	-	-	-	14	6	25	(4)	
Adjusted EBITDA	\$ 671	\$ 599	\$ 564	\$ 601	\$ 659	\$ 563	\$ 547	\$ 575	
Net earnings	\$ 212	\$ 173	\$ 146	\$ 173	\$ 208	\$ 149	\$ 134	\$ 181	
Adjustments:									
E-commerce Exclusivity	-	-	-	-	9	-	-	-	
Restructuring	-	-	-	-	2	15	19	12	
Cybersecurity Event	-	-	-	-	-	(10)	-	(15)	
	-	-	-	-	11	5	19	(3)	
Adjusted net earnings	\$ 212	\$ 173	\$ 146	\$ 173	\$ 219	\$ 154	\$ 153	\$ 178	

13.4 Financial Metrics

The intent of the following non-GAAP financial metrics is to provide additional useful information to investors and analysts. Management uses financial metrics for decision-making, internal reporting, budgeting and forecasting. The Company's definitions of the metrics included in this MD&A are as follows:

- Same-store sales are sales from stores in the same location in both reporting periods. Management believes same-store sales represents a supplementary metric to assess sales trends as it removes the effect of the opening and closure of stores.
- Gross margin is gross profit divided by sales. Management believes that gross margin is an important indicator of profitability and can help management, analysts and investors assess the competitive landscape and promotional environment of the industry in which the Company operates. An increasing percentage indicates lower cost of sales as a percentage of sales.
- EBITDA margin is EBITDA divided by sales. Management believes that EBITDA margin is an important indicator of performance and can help management, analysts and investors assess the competitive landscape, promotional environment and cost structure of the industry in which the Company operates. An increasing percentage indicates higher EBITDA as a percentage of sales.

- Adjusted EBITDA margin is adjusted EBITDA divided by sales. Management believes that adjusted EBITDA margin is an important indicator of performance and can help management, analysts and investors assess the competitive landscape, promotional environment and cost structure of the industry in which the Company operates. An increasing percentage indicates higher adjusted EBITDA as a percentage of sales.
- Funded debt to total capital ratio is funded debt divided by total capital. Management believes that the funded debt to total capital ratio represents a measure upon which the Company's changing capital structure can be analyzed over time. An increasing ratio would indicate that the Company is using an increasing amount of debt in its capital structure.
- Funded debt to adjusted EBITDA ratio is funded debt divided by trailing four-quarter adjusted EBITDA. Management uses this ratio to partially assess the financial condition of the Company. An increasing ratio would indicate that the Company is utilizing more debt per dollar of adjusted EBITDA generated.
- Adjusted EBITDA to interest expense ratio is trailing four-quarter adjusted EBITDA divided by trailing four-quarter interest expense. Management uses this ratio to partially assess the coverage of its interest expense on financial obligations. An increasing ratio would indicate that the Company is generating more adjusted EBITDA per dollar of interest expense, resulting in greater interest coverage.
- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.

The following table shows the calculation of Empire's book value per common share:

<i>(in millions of Canadian dollars, except per share amounts)</i>	August 2, 2025	May 3, 2025	August 3, 2024
Shareholders' equity, net of non-controlling interest	\$ 5,464	\$ 5,410	\$ 5,399
Shares outstanding (basic)	232.3	233.9	241.9
Book value per common share	\$ 23.52	\$ 23.13	\$ 22.32

Additional financial information relating to Empire, including the Company's Annual Information Form, can be found on the Company's website www.empireco.ca or on the SEDAR+ website for Canadian regulatory filings at www.sedarplus.ca.

Approved by Board of Directors: September 10, 2025
Stellarton, Nova Scotia, Canada

Condensed Consolidated Balance Sheets		August 2	May 3	August 3
Unaudited (in millions of Canadian dollars)	Note	2025	2025	2024
ASSETS				
Current assets				
Cash and cash equivalents		\$ 372	\$ 285	\$ 313
Receivables		679	668	623
Inventories	4	1,870	1,833	1,810
Prepaid expenses		199	173	185
Lease and other receivables		164	121	101
Income taxes receivable		54	54	69
Total current assets		3,338	3,134	3,101
Non-current assets				
Lease and other receivables		568	636	634
Investments, at equity	5	725	720	688
Other assets		48	44	61
Property and equipment		3,658	3,675	3,579
Right-of-use assets		4,956	4,964	4,977
Investment property		161	162	157
Intangibles		1,356	1,359	1,336
Goodwill		2,055	2,055	2,068
Deferred tax assets		285	270	320
Total assets		\$ 17,150	\$ 17,019	\$ 16,921
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 3,007	\$ 3,122	\$ 2,997
Income taxes payable		66	73	77
Provisions		52	46	57
Long-term debt due within one year	6	215	225	226
Lease liabilities due within one year		604	597	587
Other liabilities due within one year		35	33	-
Total current liabilities		3,979	4,096	3,944
Non-current liabilities				
Provisions		34	34	44
Long-term debt	6	1,060	857	901
Long-term lease liabilities		5,743	5,785	5,781
Other long-term liabilities		295	279	293
Employee future benefits		169	162	167
Deferred tax liabilities		270	262	259
Total liabilities		11,550	11,475	11,389
EQUITY				
Equity attributable to Owners of the Company				
Capital stock	7	1,649	1,660	1,751
Contributed surplus		23	30	36
Retained earnings		3,771	3,697	3,588
Accumulated other comprehensive income		21	23	24
Total equity attributable to Owners of the Company		5,464	5,410	5,399
Non-controlling interest		136	134	133
Total equity		5,600	5,544	5,532
Total liabilities and equity		\$ 17,150	\$ 17,019	\$ 16,921

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

On Behalf of the Board
 (signed) "James Dickson"
 Director

(signed) "Michael Medline"
 Director

Condensed Consolidated Statements of Earnings		August 2	August 3
Unaudited (in millions of Canadian dollars, except per share amounts)	Note	2025	2024
		13 Weeks	13 Weeks
Sales	8	\$ 8,258	\$ 8,137
Other income	9	16	42
Share of earnings from investments, at equity		17	16
Operating expenses			
Cost of sales		6,023	6,011
Selling and administrative expenses		1,886	1,815
Operating income		382	369
Finance costs, net	10	71	73
Earnings before income taxes		311	296
Income tax expense		81	67
Net earnings		\$ 230	\$ 229
Earnings for the period attributable to:			
Owners of the Company		\$ 212	\$ 208
Non-controlling interest		18	21
		\$ 230	\$ 229
Earnings per share	11		
Basic		\$ 0.91	\$ 0.86
Diluted		\$ 0.91	\$ 0.86
Weighted average number of common shares outstanding, in millions	11		
Basic		232.3	241.9
Diluted		233.4	242.3

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive Income		August 2 2025 13 Weeks	August 3 2024 13 Weeks
Unaudited (in millions of Canadian dollars)	Note		
Net earnings		\$ 230	\$ 229
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)	12	(2)	3
Items that will not be reclassified subsequently to net earnings			
Actuarial losses on defined benefit plans (net of tax)	12	(7)	(9)
Total other comprehensive loss, net		(9)	(6)
Total comprehensive income		\$ 221	\$ 223
Total comprehensive income for the period attributable to:			
Owners of the Company		\$ 203	\$ 202
Non-controlling interest		18	21
		\$ 221	\$ 223

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Shareholders' Equity
Unaudited (in millions of Canadian dollars)

	Note	Attributable to Owners of the Company					Non-controlling Interest	Total Equity
		Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total Attributable to Owners of the Company		
Balance at May 3, 2025		\$ 1,660	\$ 30	\$ 23	\$ 3,697	\$ 5,410	\$ 134	\$ 5,544
Net earnings		-	-	-	212	212	18	230
Other comprehensive loss		-	-	(2)	(7)	(9)	-	(9)
Total comprehensive (loss) income for the period		-	-	(2)	205	203	18	221
Dividends paid		-	-	-	(50)	(50)	(1)	(51)
Dividends paid to non-controlling interest		-	-	-	(1)	(1)	1	-
Equity based compensation, net		7	(7)	-	-	-	-	-
Repurchase of common shares	7	(18)	-	-	(62)	(80)	-	(80)
Tax on repurchase of common shares	7	-	-	-	(2)	(2)	-	(2)
Capital transactions with structured entities		-	-	-	-	-	(14)	(14)
Revaluation of put options		-	-	-	(16)	(16)	(2)	(18)
Transactions with owners		(11)	(7)	-	(131)	(149)	(16)	(165)
Balance at August 2, 2025		\$ 1,649	\$ 23	\$ 21	\$ 3,771	\$ 5,464	\$ 136	\$ 5,600

	Note	Attributable to Owners of the Company					Non-controlling Interest	Total Equity
		Capital Stock	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Attributable to Owners of the Company		
Balance at May 4, 2024		\$ 1,779	\$ 56	\$ 21	\$ 3,485	\$ 5,341	\$ 128	\$ 5,469
Net earnings		-	-	-	208	208	21	229
Other comprehensive income (loss)		-	-	3	(9)	(6)	-	(6)
Total comprehensive income for the period		-	-	3	199	202	21	223
Dividends paid		-	-	-	(47)	(47)	(1)	(48)
Dividends paid to non-controlling interest		-	-	-	(1)	(1)	1	-
Equity based compensation, net		1	(20)	-	-	(19)	-	(19)
Repurchase of common shares	7	(29)	-	-	(51)	(80)	-	(80)
Tax on repurchase of common shares	7	-	-	-	(4)	(4)	-	(4)
Capital transactions with structured entities		-	-	-	-	-	(11)	(11)
Revaluation of put options		-	-	-	7	7	(5)	2
Transactions with owners		(28)	(20)	-	(96)	(144)	(16)	(160)
Balance at August 3, 2024		\$ 1,751	\$ 36	\$ 24	\$ 3,588	\$ 5,399	\$ 133	\$ 5,532

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows		August 2 2025 13 Weeks	August 3 2024 13 Weeks
Unaudited (in millions of Canadian dollars)	Note		
Operations			
Net earnings		\$ 230	\$ 229
Adjustments for:			
Depreciation		258	246
Income tax expense		81	67
Finance costs, net	10	71	73
Amortization of intangibles		31	30
Net gains on disposal of net assets	9	(2)	(39)
Net (gains) losses on lease modifications and terminations	9	(10)	1
Impairment losses of non-financial assets, net		3	12
Equity earnings of other entities, net of distributions received		3	1
Employee future benefits		(2)	(5)
Decrease in long-term provisions		(1)	(5)
Equity based compensation		1	7
Net change in non-cash working capital	13	(142)	18
Income taxes paid, net		(95)	(117)
Cash flows from operating activities		426	518
Investment			
Increase in equity investments		(8)	(1)
Property, equipment and investment property purchases		(159)	(199)
Intangible purchases		(34)	(25)
Proceeds on disposal of assets		7	82
Proceeds on lease modifications and terminations		16	-
Leases and other receivables, net		(9)	1
Other assets		(6)	(18)
Other liabilities		-	1
Business acquisitions	14	(2)	(10)
Payments received for finance subleases		23	22
Interest received		1	1
Cash flows used in investing activities		(171)	(146)
Financing			
Issuance of long-term debt		42	40
Advance on non-revolving credit facility		-	120
Repayments of long-term debt		(46)	(54)
Advances (repayments) on revolving credit facilities, net		197	(75)
Interest paid		(11)	(12)
Payments of lease liabilities (principal portion)		(141)	(137)
Payments of lease liabilities (interest portion)		(64)	(62)
Repurchase of common shares	7	(80)	(80)
Dividends paid		(51)	(48)
Non-controlling interest		(14)	(11)
Cash flows used in financing activities		(168)	(319)
Increase in cash and cash equivalents		87	53
Cash and cash equivalents, beginning of period		285	260
Cash and cash equivalents, end of period		\$ 372	\$ 313

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Note 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 August 2, 2025 include the accounts of Empire, all subsidiary companies, including 100% owned Sobeys Inc. ("Sobeys"), Sobeys Capital Incorporated and Farm Boy, 51% owned Longo's and certain enterprises considered structured entities ("SEs"), 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 August 2, 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.

Note 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 3, 2025, 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 September 10, 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 3, 2025 and remain unchanged for the period ended August 2, 2025.

Note 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 3, 2025.

Standards, amendments and interpretations issued but not yet adopted

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.

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.

Note 4 Inventories

The cost of inventories recognized as an expense during the period ended August 2, 2025 was \$6,023 million (August 3, 2024 - \$6,011 million). The Company recorded an expense during the period ended August 2, 2025 of \$3 million (August 3, 2024 - \$3 million) for write-down of inventories below cost to net realizable value for inventories on hand.

Note 5 Investments, at equity

<i>(in millions of Canadian dollars)</i>	August 2, 2025	May 3, 2025	August 3, 2024
Investment in associates and joint ventures			
Crombie Real Estate Investment Trust ("Crombie REIT")	\$ 635	\$ 633	\$ 618
Real estate partnerships	56	62	62
Other investments and joint ventures	34	25	8
Total	\$ 725	\$ 720	\$ 688

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:

<i>(in millions of Canadian dollars)</i>	August 2, 2025	May 3, 2025	August 3, 2024
Crombie REIT	\$ 1,105	\$ 1,148	\$ 1,049

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.

Note 6 Long-term debt

<i>(in millions of Canadian dollars)</i>	August 2, 2025	May 3, 2025	August 3, 2024
First mortgage loan, interest rate 5.11%, due 2033	\$ 3	\$ 3	\$ 4
Medium term notes, Series D, interest rate 6.06% due October 29, 2035	175	175	175
Medium term notes, Series E, interest rate 5.79% due October 6, 2036	125	125	125
Medium term notes, Series F, interest rate 6.64%, due June 7, 2040	150	150	150
Notes payable and other debt primarily at interest rates fluctuating with the prime rate, due 2026 - 2036 (May 3, 2025 due 2025 - 2036, August 3, 2024 due 2025 - 2036)	159	162	143
Credit facility, due on demand, interest rate fluctuates with the Canadian prime rate	68	82	78
Credit facility, due June 19, 2026, floating interest tied to the Canadian prime rate or CORRA	120	120	120
Credit facilities, expiring November 4, 2027, floating interest tied to Canadian prime rate, bankers' acceptance rates or CORRA	478	268	334
	1,278	1,085	1,129
Interest payable on credit facilities	(1)	(1)	-
Unamortized transactions costs	(2)	(2)	(2)
	1,275	1,082	1,127
Less amount due within one year	215	225	226
	\$ 1,060	\$ 857	\$ 901

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

<i>(in millions of Canadian dollars)</i>	August 2 2025 13 Weeks	August 3 2024 13 Weeks
Opening balance	\$ 1,082	\$ 1,096
Issuance of long-term debt	42	40
Advance on non-revolving credit facility	-	120
Repayments of long-term debt	(46)	(54)
Advances (repayments) on revolving credit facilities, net	197	(75)
Total cash flows from long-term debt financing activities	193	31
Closing balance	\$ 1,275	\$ 1,127
Current	\$ 215	\$ 226
Non-current	1,060	901
Total	\$ 1,275	\$ 1,127

Pursuant to an agreement dated June 21, 2024, Sobeys entered into a senior unsecured non-revolving term credit agreement in the amount of \$120 million, with a maturity date of June 20, 2025. On June 18, 2025, Sobeys amended this facility by extending its maturity date to June 19, 2026. As of August 2, 2025, the outstanding amount of this facility was \$120 million (August 3, 2024 - \$120 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or Canadian Overnight Repo Rate Average ("CORRA").

Sobeys' amended and restated senior, unsecured revolving term credit agreement dated November 3, 2022, in the amount of \$650 million, with a maturity date of November 4, 2027, was amended on June 24, 2024 for updated CORRA. As of August 2, 2025, the outstanding amount of this facility was \$428 million (August 3, 2024 - \$284 million) and the Company has issued \$73 million (August 3, 2024 - \$65 million) 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 million, with a maturity date of November 4, 2027, was amended on June 24, 2024 for updated CORRA. As of August 2, 2025, the outstanding amount of this facility was \$50 million (August 3, 2024 - \$52 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate, bankers' acceptance rates or CORRA.

Sobeys, through its acquisition of Longo's, has an operating line of credit which was amended from \$100 million to \$115 million on March 25, 2025. As of August 2, 2025, the outstanding amount of the facility was \$68 million (August 3, 2024 - \$78 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate.

Note 7 Capital stock

Under the normal course issuer bid ("NCIB") with the TSX from July 2, 2024 to July 1, 2025, the Company purchased 9,956,481 (July 1, 2024 - 10,004,868) Non-Voting Class A shares at a weighted average price of \$42.34 (July 1, 2024 - \$35.31) for total consideration of \$422 million (July 1, 2024 - \$353 million).

On June 18, 2025, the Company renewed its NCIB by filing notice of intention with the TSX to purchase for cancellation up to 11,500,000 Non-Voting Class A shares representing approximately 9.6% 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, 2025 and terminate no later than July 1, 2026. As of August 2, 2025, the Company purchased 463,000 Non-Voting Class A shares (August 3, 2024 - 1,297,000) under this filing at a weighted average price of \$55.87 (August 3, 2024 - \$36.11) for a total consideration of \$26 million (August 3, 2024 - \$47 million).

The following table reflects shares repurchased under the NCIB:

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars, except per share amounts)</i>		
Number of shares	1,510,442	2,275,975
Weighted average price per share	\$ 52.97	\$ 34.90
Reduction of share capital	\$ 18	\$ 29
Premium charged to retained earnings	62	51
Cash consideration paid	\$ 80	\$ 80

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.

For the period ended August 2, 2025, the Company has recognized tax on the repurchase of equity of \$2 million (August 3, 2024 - \$4 million) as a charge to retained earnings on the Interim Condensed Consolidated Balance Sheets.

Subsequent to the period ended August 2, 2025 through to the date of authorization of issuance of September 10, 2025, the Company purchased for cancellation 628,959 Non-Voting Class A shares at a weighted average price of \$55.66 for a total consideration of \$35 million.

	Number of Shares		Share Capital	
	August 2 2025 13 Weeks	August 3 2024 13 Weeks	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>				
Issued and outstanding				
Balance, beginning of period, Non-Voting Class A shares	134,488,019	143,932,071	\$ 1,654	\$ 1,773
Repurchase of common shares	(1,510,442)	(2,275,975)	(18)	(29)
Issuance of shares for stock-based compensation	344,178	20,457	7	1
Balance, end of period, Non-Voting Class A shares	133,321,755	141,676,553	\$ 1,643	\$ 1,745
Class B common shares, without par value	98,138,079	98,138,079	\$ 7	\$ 7
Shares held in trust	(20,954)	(38,199)	(1)	(1)
Total capital stock			\$ 1,649	\$ 1,751

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

<i>(in millions of Canadian dollars)</i>	Number of Shares			Share Capital		
	August 2 2025	May 3 2025	August 3 2024	August 2 2025	May 3 2025	August 3 2024
Non-Voting Class A shares	133,321,755	134,488,019	141,676,553	\$ 1,643	\$ 1,654	\$ 1,745
Class B common shares	98,138,079	98,138,079	98,138,079	7	7	7
Shares held in trust	(20,954)	(38,341)	(38,199)	(1)	(1)	(1)
Total capital stock				\$ 1,649	\$ 1,660	\$ 1,751

Note 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.

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

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>		
Food sales	\$ 7,791	\$ 7,596
Fuel sales	467	541
Sales	\$ 8,258	\$ 8,137

Management assesses performance based on operating income where income attributable to the Investments and other operations segment is generated through its Share of earnings from investments, at equity which is disclosed separately on the Consolidated Statements of Earnings. Other income and Selling and administrative expenses which are also disclosed separately on the Interim Condensed Consolidated Statements of Earnings, are primarily attributable to the Food retailing segment. Significant components of selling and administrative expenses are depreciation and amortization, and employee benefits expenses. Depreciation and amortization are disclosed on the Interim Condensed Consolidated Statements of Cash Flows. Costs of sales is disclosed on the Interim Condensed Consolidated Statements of Earnings and in Note 4.

Operating income generated by each of the Company's business segments is summarized as follows:

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>		
Segment operating income		
Food retailing	\$ 369	\$ 358
Investments and other operations		
Crombie REIT	15	13
Real estate partnerships	2	3
Other operations, net of corporate expenses	(4)	(5)
	13	11
Total	\$ 382	\$ 369

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

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>		
Total segment operating income	\$ 382	\$ 369
Finance costs, net	71	73
Earnings before income taxes	\$ 311	\$ 296

	August 2 2025	May 3 2025	August 3 2024
<i>(in millions of Canadian dollars)</i>			
Total assets by segment			
Food retailing	\$ 16,356	\$ 16,234	\$ 16,113
Investments and other operations	794	785	808
Total	\$ 17,150	\$ 17,019	\$ 16,921

Note 9 Other income

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>		
Net gains (losses) on lease modifications and terminations	\$ 10	\$ (1)
Lease income from owned property	4	4
Net gains on disposal of net assets	2	39
Total other income	\$ 16	\$ 42

During the period ended August 3, 2024, the Company sold and leased back a property from a third party. Total proceeds from the transaction were \$90 million, of which \$79 million was received in cash, resulting in a pre-tax gain of \$39 million.

Note 10 Finance costs, net

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>		
Finance income		
Interest income on lease receivables	\$ 6	\$ 6
Fair value gains on forward contracts	2	1
Interest income from cash and cash equivalents	1	1
Accretion income on leases and other receivables	1	-
Total finance income	10	8
Finance costs		
Interest expense on lease liabilities	64	63
Interest expense on other financial liabilities at amortized cost	14	15
Pension finance costs, net	2	2
Accretion expense on provisions	1	1
Total finance costs	81	81
Finance costs, net	\$ 71	\$ 73

Note 11 Earnings per share

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

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars, except share amounts)</i>		
Weighted average number of shares - basic	232,342,074	241,946,378
Shares deemed to be issued for no consideration in respect of stock-based payments	1,067,343	343,491
Weighted average number of shares - diluted	233,409,417	242,289,869
Earnings per share		
Earnings attributable to Owners of the Company	\$ 212	\$ 208
Basic weighted average number of shares outstanding (in millions)	232.3	241.9
Basic earnings per share	\$ 0.91	\$ 0.86
Diluted weighted average number of shares outstanding (in millions)	233.4	242.3
Diluted earnings per share	\$ 0.91	\$ 0.86

Note 12 Income taxes recognized in other comprehensive loss

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

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>		
Unrealized gains on derivatives designated as cash flow hedges	\$ -	\$ 1
Actuarial losses on defined benefit plans	(2)	(3)
Total	\$ (2)	\$ (2)

Note 13 Supplementary cash flow information

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

	August 2 2025 13 Weeks	August 3 2024 13 Weeks
<i>(in millions of Canadian dollars)</i>		
Receivables	\$ (11)	\$ 54
Inventories	(36)	(34)
Prepaid expenses	(26)	(23)
Accounts payable and accrued liabilities	(78)	48
Other	9	(27)
Net change in non-cash working capital	\$ (142)	\$ 18

Note 14 Business acquisitions

The Company completes 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 amounts of identifiable assets and liabilities resulting from these acquisitions for the periods ended:

<i>(in millions of Canadian dollars)</i>	August 2, 2025	August 3, 2024
Inventories	\$ 1	\$ 4
Property, equipment and investment property	1	3
Goodwill	-	3
Total consideration	\$ 2	\$ 10

From the date of acquisition, the businesses acquired contributed sales of \$4 million (August 3, 2024 - \$12 million) and net earnings of \$ nil (August 3, 2024 - \$ nil) which are included in the Interim Condensed Consolidated Financial Statements.

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 the 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.

Note 15 Financial instruments

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

<i>(in millions of Canadian dollars)</i>	August 2, 2025	May 3, 2025	August 3, 2024
Long-term debt			
Total carrying amount	\$ 1,275	\$ 1,082	\$ 1,127
Total fair value	\$ 1,340	\$ 1,135	\$ 1,181

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.

Note 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 2, 2025, newly granted PSUs do not have the option for cash settlement, and therefore are accounted for as equity-settled awards. Upon vesting, each employee is entitled to receive Non-Voting Class A shares equal to the number of their vested PSUs. During the period ended August 2, 2025, the Company granted 358,034 equity-settled PSUs. The weighted average fair value of \$48.66 per PSU issued during the period ended August 2, 2025 was determined using the Black-Scholes model with the following weighted average assumption:

Share price	\$ 50.66
Expected life	2.62 years
Risk-free interest rate	2.68 %
Expected volatility	20.02 %
Dividend yield	1.54 %

During the prior period ended August 3, 2024, the Company granted 507,204 cash-settled PSUs. PSUs granted prior to May 3, 2025 continue to give holders the option to cash-settle, which results in a cash-settled liability. Upon vesting, each employee is entitled to receive cash or Non-Voting Class A shares equal to their vested PSUs. At August 2, 2025, the total carrying amount of the liability was \$36 million (August 3, 2024 - \$10 million).

At August 2, 2025, there were 1,327,369 (August 3, 2024 - 1,107,709) PSUs outstanding. The compensation expense for the period ended August 2, 2025 related to equity-settled PSUs and cash-settled PSUs was \$1 million and \$7 million (August 3, 2024 - \$ nil and \$3 million) respectively.

Stock option plan

During the period ended August 2, 2025, the Company granted nil (August 3, 2024 - nil) 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 ended August 2, 2025 related to the issuance of options was \$ nil (August 3, 2024 - \$4 million).

Deferred stock unit plans

Deferred stock units ("DSUs") issued to employees, under the Executive DSU Plan, vest dependent on time and the achievement of specific performance measures. During the period ended August 2, 2025, the Company granted 88,155 (August 3, 2024 - 186,548) DSUs. At August 2, 2025, there were 1,588,697 (August 3, 2024 - 1,839,528) DSUs outstanding and the total carrying amount of the liability was \$81 million (August 3, 2024 - \$58 million). The compensation expense for the period ended August 2, 2025 related to DSUs was \$9 million (August 3, 2024 - \$6 million).

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 period ended August 2, 2025, the Company granted 12,022 (August 3, 2024 - 11,859) DSUs. At August 2, 2025, there were 547,678 (August 3, 2024 - 493,438) DSUs outstanding and the total carrying amount of the liability was \$30 million (August 3, 2024 - \$18 million). During the period ended August 2, 2025, the compensation expense recorded was \$3 million (August 3, 2024 - \$3 million).

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.

Note 17 Related party transactions

The Company enters into related party transactions with Crombie REIT and key management personnel, including ongoing leases and property management agreements. As at August 2, 2025, the Company holds a 41.5% (August 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 August 2, 2025, Sobeys through wholly-owned subsidiaries, engaged in a lease modification transaction with Crombie REIT. The lease modification gives Crombie REIT the right to terminate the lease on the property for redevelopment in the future. Proceeds from this transaction were \$16 million which resulted in pre-tax income of \$10 million and has been recognized in other income on the Interim Condensed Consolidated Statements of Earnings.

Note 18 Employee future benefits

During the period ended August 2, 2025, the net employee future benefits expense reported in net earnings was \$13 million (August 3, 2024 - \$13 million). Actuarial losses before taxes on defined benefit pension plans for the period ended August 2, 2025 were (\$9) million (August 3, 2024 - (\$12) million). These losses have been recognized in other comprehensive loss, net.

SHAREHOLDER AND INVESTOR INFORMATION

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Investor Relations and Inquiries

Shareholders, analysts and investors should direct their financial inquiries or requests to:

E-mail: investor.relations@empireco.ca

Communication regarding investor records for Non-Voting Class A shares, including changes of address or ownership, lost certificates or tax forms, should be directed to the Company's transfer agent and registrar, TSX Trust Company.

Transfer Agent

TSX Trust Company
301-100 Adelaide Street West
Toronto, Ontario
M5H 4H1

Telephone: 1-800-387-0825
E-mail: shareholderinquiries@tmx.com

Multiple Mailings

If you have more than one account, you may receive a separate mailing for each. If this occurs, please contact TSX Trust Company at 1-800-387-0825 to eliminate the multiple mailings.

Dividend Record and Payment Dates for Fiscal 2026

Record Date	Payment Date
July 15, 2025	July 31, 2025
October 15, 2025	October 31, 2025
January 15, 2026	January 30, 2026
April 15, 2026	April 30, 2026

Outstanding Shares

As of September 9, 2025

Non-Voting Class A shares	132,716,499
Class B common share, voting	98,138,079

Stock Exchange Listing

The Toronto Stock Exchange

Stock Symbol

Non-Voting Class A shares – EMP.A

Solicitors

Stewart McKelvey
Halifax, Nova Scotia

Auditor

PricewaterhouseCoopers, LLP
Halifax, Nova Scotia



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