



**Interim Condensed Consolidated Financial Statements**

**August 2, 2025**



# Interim Condensed Consolidated Financial Statements

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<b>Condensed Consolidated Balance Sheets</b>		<b>August 2</b>	<b>May 3</b>	<b>August 3</b>
<b>Unaudited (in millions of Canadian dollars)</b>	<b>Note</b>	<b>2025</b>	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>				
<b>Current assets</b>				
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
<b>Total current assets</b>		<b>3,338</b>	<b>3,134</b>	<b>3,101</b>
<b>Non-current assets</b>				
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
<b>Total assets</b>		<b>\$ 17,150</b>	<b>\$ 17,019</b>	<b>\$ 16,921</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
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	-
<b>Total current liabilities</b>		<b>3,979</b>	<b>4,096</b>	<b>3,944</b>
<b>Non-current liabilities</b>				
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
<b>Total liabilities</b>		<b>11,550</b>	<b>11,475</b>	<b>11,389</b>
<b>EQUITY</b>				
<b>Equity attributable to Owners of the Company</b>				
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
<b>Total equity attributable to Owners of the Company</b>		<b>5,464</b>	<b>5,410</b>	<b>5,399</b>
Non-controlling interest		136	134	133
<b>Total equity</b>		<b>5,600</b>	<b>5,544</b>	<b>5,532</b>
<b>Total liabilities and equity</b>		<b>\$ 17,150</b>	<b>\$ 17,019</b>	<b>\$ 16,921</b>

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

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

(signed) "Michael Medline"  
\_\_\_\_\_  
Director

<b>Condensed Consolidated Statements of Earnings</b>		<b>August 2 2025 13 Weeks</b>	<b>August 3 2024 13 Weeks</b>
<b>Unaudited (in millions of Canadian dollars, except per share amounts)</b>	<b>Note</b>		
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
<b>Net earnings</b>		<b>\$ 230</b>	<b>\$ 229</b>
<b>Earnings for the period attributable to:</b>			
Owners of the Company		\$ 212	\$ 208
Non-controlling interest		18	21
		<b>\$ 230</b>	<b>\$ 229</b>
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.

<b>Condensed Consolidated Statements of Comprehensive Income</b>		<b>August 2 2025 13 Weeks</b>	<b>August 3 2024 13 Weeks</b>
<b>Unaudited (in millions of Canadian dollars)</b>	<b>Note</b>		
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)
<b>Total comprehensive income</b>		<b>\$ 221</b>	<b>\$ 223</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		\$ 203	\$ 202
Non-controlling interest		18	21
		<b>\$ 221</b>	<b>\$ 223</b>

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		
<b>Balance at May 3, 2025</b>		\$ 1,660	\$ 30	\$ 23	\$ 3,697	\$ 5,410	\$ 134	\$ 5,544
Net earnings		-	-	-	212	212	18	230
Other comprehensive loss		-	-	(2)	(7)	(9)	-	(9)
<b>Total comprehensive (loss) income for the period</b>		-	-	(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)
<b>Transactions with owners</b>		(11)	(7)	-	(131)	(149)	(16)	(165)
<b>Balance at August 2, 2025</b>		\$ 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		
<b>Balance at May 4, 2024</b>		\$ 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)
<b>Total comprehensive income for the period</b>		-	-	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
<b>Transactions with owners</b>		(28)	(20)	-	(96)	(144)	(16)	(160)
<b>Balance at August 3, 2024</b>		\$ 1,751	\$ 36	\$ 24	\$ 3,588	\$ 5,399	\$ 133	\$ 5,532

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

<b>Condensed Consolidated Statements of Cash Flows</b>		<b>August 2 2025 13 Weeks</b>	<b>August 3 2024 13 Weeks</b>
<b>Unaudited (in millions of Canadian dollars)</b>	<b>Note</b>		
<b>Operations</b>			
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
<b>Investment</b>			
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)
<b>Financing</b>			
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>	<b>August 2, 2025</b>	<b>May 3, 2025</b>	<b>August 3, 2024</b>
<b>Investment in associates and joint ventures</b>			
Crombie Real Estate Investment Trust ("Crombie REIT")	\$ 635	\$ 633	\$ 618
Real estate partnerships	56	62	62
Other investments and joint ventures	34	25	8
<b>Total</b>	<b>\$ 725</b>	<b>\$ 720</b>	<b>\$ 688</b>

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>	<b>August 2, 2025</b>	<b>May 3, 2025</b>	<b>August 3, 2024</b>
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>	<b>August 2, 2025</b>	<b>May 3, 2025</b>	<b>August 3, 2024</b>
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
	<b>1,278</b>	<b>1,085</b>	<b>1,129</b>
Interest payable on credit facilities	(1)	(1)	-
Unamortized transactions costs	(2)	(2)	(2)
	<b>1,275</b>	<b>1,082</b>	<b>1,127</b>
Less amount due within one year	215	225	226
	<b>\$ 1,060</b>	<b>\$ 857</b>	<b>\$ 901</b>

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

<i>(in millions of Canadian dollars)</i>	<b>August 2 2025 13 Weeks</b>	<b>August 3 2024 13 Weeks</b>
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	<b>\$ 1,275</b>	<b>\$ 1,127</b>
Current	\$ 215	\$ 226
Non-current	1,060	901
Total	<b>\$ 1,275</b>	<b>\$ 1,127</b>

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:

	<b>August 2 2025 13 Weeks</b>	<b>August 3 2024 13 Weeks</b>
<i>(in millions of Canadian dollars, except per share amounts)</i>		
Number of shares	<b>1,510,442</b>	2,275,975
Weighted average price per share	<b>\$ 52.97</b>	\$ 34.90
Reduction of share capital	<b>\$ 18</b>	\$ 29
Premium charged to retained earnings	<b>62</b>	51
Cash consideration paid	<b>\$ 80</b>	\$ 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>				
<b>Issued and outstanding</b>				
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>		
<b>Segment operating income</b>		
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>			
<b>Total assets by segment</b>			
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>		
<b>Finance income</b>		
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
<b>Finance costs</b>		
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
<b>Earnings per share</b>		
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>	<b>August 2, 2025</b>	<b>August 3, 2024</b>
Inventories	\$ 1	\$ 4
Property, equipment and investment property	1	3
Goodwill	-	3
<b>Total consideration</b>	<b>\$ 2</b>	<b>\$ 10</b>

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>	<b>August 2, 2025</b>	<b>May 3, 2025</b>	<b>August 3, 2024</b>
<b>Long-term debt</b>			
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	<b>\$ 50.66</b>
Expected life	<b>2.62 years</b>
Risk-free interest rate	<b>2.68 %</b>
Expected volatility	<b>20.02 %</b>
Dividend yield	<b>1.54 %</b>

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.