

Quarterly Report

For the Third Quarter and Year-to-Date
ended January 31, 2026

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 \$32 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 January 31, 2026, 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 January 31, 2026, 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 third quarter results in a conference call held on Thursday, March 12, 2026. 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 Third Quarter Results

Third Quarter Summary:

- Sales of \$7,890 million, an increase of 2.1%
- Food sales increased by 3.0%; Same-store sales⁽¹⁾ growth - food increased by 2.0%
- (Loss) Earnings per share ("EPS") of \$(1.68) and adjusted EPS⁽¹⁾⁽²⁾ of \$0.72
- Prior year EPS and adjusted EPS of \$0.62
- As part of the Company's e-commerce update, recognized impairment charges of \$746 million
 - Expects immediate benefits of approximately \$95 million to annualized operating income
 - Benefits are expected to begin in the fourth quarter of fiscal 2026 and reach run-rate in fiscal 2027

Stellarton, NS. March 12, 2026 / CNW / – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the third quarter ended January 31, 2026. For the quarter, the Company recorded net (loss) earnings of \$(385) million (\$1.68) per share) compared to \$146 million (\$0.62 per share) last year. For the quarter, the Company recorded adjusted net earnings of \$164 million (\$0.72 per share) compared to \$146 million (\$0.62 per share) last year, an increase of 12.3% (or 16.1% per share).

"We delivered a solid third quarter, with adjusted EPS growth of 16%, driven by strong Full-Service performance and healthy results across all of our formats," said Pierre St-Laurent, President & CEO, Empire. "Our performance reflects that customers are realizing value across our banners, with meaningful opportunity ahead to build on this momentum and deliver long-term growth."

1) See "Non-GAAP Financial Measures & Financial Metrics" section of this Quarterly Report.

2) 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: impairment losses and related costs ("E-commerce Impairment") as a result of actions taken following the Company's e-commerce review in the third quarter of fiscal 2026.

Sincerely,

(Signed) "Pierre St-Laurent"

Pierre St-Laurent
President and Chief Executive Officer
March 12, 2026

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 and year-to-date ended January 31, 2026 compared to the quarter and year-to-date ended February 1, 2025. The MD&A should be read in conjunction with the Company's unaudited Interim Condensed Consolidated Financial Statements and notes thereto for the quarter and year-to-date ended January 31, 2026 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 March 11, 2026 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 and Note 2 of the Company's Interim Condensed Consolidated Financial Statements for the quarter ended January 31, 2026.

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 and the timing and consequences of implementation with full deployment expected to be phased across the Company over the next two fiscal years, 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 improve overall e-commerce financial performance through actions it is pursuing to reduce costs and gain access to a larger segment of the grocery e-commerce market, including the amount and timing of improvements in annualized operating income of approximately \$95 million, which may be impacted by future operating costs, customer response and timing and effectiveness of Management's strategic decisions;
- The Company's expectation regarding timing of the launch of DoorDash which may be impacted by the timing of implementation of the related technology and the availability of third-party resources;
- The Company's expectation to reinvest approximately one-third of the \$95 million annualized e-commerce benefits into accelerating growth engines, 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 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 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 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 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 regarding the Company's medium term growth expectations of 10-20 basis points for gross margin excluding fuel which may be impacted by factors including business mix, execution of the Company's initiatives and inflationary impacts;
- 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 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 \$32 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 (see "Business Updates - E-commerce" for more information).

2.2 Business Updates

E-commerce

During the quarter ended January 31, 2026, the Company performed an assessment of expected financial performance across its e-commerce network. Following its review, the Company provided an e-commerce update on January 28, 2026 focused on delivering immediate e-commerce earnings improvement while expanding its third-party delivery partnerships. Key elements of this update included the immediate wind-down and closure of the Calgary Customer Fulfilment Centre ("CFC") and its support facility in Edmonton which had not achieved expected financial or operational expectations, and the continued pause on development of the Vancouver CFC, as well as the expansion of its third-party delivery partnerships through a new collaboration with DoorDash.

During the quarter ended January 31, 2026 the Company recognized impairment losses and related costs ("E-commerce Impairment") of \$746 million, which was recognized in the food retailing segment and has been recorded in impairment losses of long-lived assets and related charges on the Interim Condensed Consolidated Statements of (Loss) Earnings. These costs include impairment of right-of-use assets ("ROU"), property and equipment and intangibles, and direct costs associated with the closure of the CFC including severance costs, one-time cash contract termination payments, and decommissioning costs. The total carrying amount of the cash generating units prior to impairment was \$724 million, while the estimated recoverable amount was \$126 million. This resulted in an impairment loss of \$409 million to ROU, including \$55 million in decommissioning costs, \$206 million to property and equipment and \$39 million to intangibles.

The Company will continue to leverage its Toronto and Montreal CFCs to support the e-commerce strategy in these areas with high density demand, with an emphasis on driving sales growth, and improving productivity and profitability. The Company's announcement of a new partnership with DoorDash expands the use of third-party delivery services to provide additional ways for customers to shop its stores online, and enhances its overall e-commerce offerings. This new partnership, along with the existing partnerships with Instacart and Uber Eats announced in fiscal 2025, 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 nationwide. The rollout of DoorDash is expected to be complete by the end of fiscal 2026.

The Company has 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. The Company continues to work closely with Ocado, and continues to evaluate the e-commerce financial performance, remaining focused on pursuing strategic options to reduce costs and improve overall profitability. The Company expects an overall improvement in its e-commerce financial performance with annualized benefits of approximately \$95 million, of which \$15 million are expected to be realized in the fourth quarter of fiscal 2026, largely driven by a reduction of operational losses from its Calgary CFC and reduction in future depreciation. Of this \$95 million, approximately one-third was identified to be reinvested in accelerating growth engines. 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.

In the quarter ended January 31, 2026, the Company's e-commerce platforms Voilà (including curbside pickup), IGA.net, ThriftyFoods.com and partnerships with Instacart and Uber Eats, generated a combined sales increase of 10.3% compared to the same quarter in the prior year. The increase is primarily driven by growth in third-party partnership sales and continued sales growth for Voilà.

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 *Scene+* program continues to expand their reward partners, broadening customer reach and strengthening the program's overall offering through increased earning and redemption opportunities. In the third quarter of fiscal 2026, Shell Canada Limited announced that it is joining the *Scene+* loyalty rewards program which launched in Alberta on March 3, 2026, and expects to expand nationwide on May 26, 2026. Upon completion of the rollout, members will be able to earn and redeem *Scene+* points at more than 1,400 Shell locations across Canada, including over 300 locations owned or supported by the Company in Quebec and the Atlantic regions.

Subsequent to the quarter ended January 31, 2026, on February 25, 2026, Tangerine Bank announced the launch of its first rewards based credit card, powered by *Scene+*. When the rollout begins in Spring 2026, it will give Tangerine clients the ability to earn and redeem points at various rewards partners, including the Company's banners, Sobeys, IGA, Safeway, Foodland, FreshCo and Voilà.

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.

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.

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.

As at March 11, 2026, FreshCo has 51 stores operating in Western Canada and expects to open an additional two stores by the end of 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.

The outcome of the Company's e-commerce review is expected to improve overall e-commerce financial performance with improvements in annualized operating income of approximately \$95 million starting in the fourth quarter of fiscal 2026 and continuing into fiscal 2027 and beyond. The Company is intensifying its focus on increasing customer engagement, cost discipline, operational efficiencies and accelerating execution.

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 1.1% 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 (Loss) Earnings), to be in the range of \$120 million to \$140 million (fiscal 2025 - \$158 million).

In the quarter ended January 31, 2026, 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 November 1, 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 - Third Quarter

(in millions of Canadian dollars, except per share amounts)	Jan 31, 2026	Feb 1, 2025			Jan 31, 2026	Feb 1, 2025		
	13 Weeks	13 Weeks	\$ Change	% Change	39 Weeks	39 Weeks	\$ Change	% Change
Sales	\$ 7,890	\$ 7,725	\$ 165	2.1 %	\$ 24,143	\$ 23,640	\$ 503	2.1 %
Gross profit	2,130	2,082	48	2.3 %	6,512	6,273	239	3.8 %
Operating (loss) income	(438)	288	(726)	(252.1)%	239	976	(737)	(75.5)%
Adjusted operating income ⁽¹⁾	308	288	20	6.9 %	985	990	(5)	(0.5)%
EBITDA ⁽²⁾	(144)	564	(708)	(125.5)%	1,110	1,810	(700)	(38.7)%
Adjusted EBITDA ⁽¹⁾	602	564	38	6.7 %	1,856	1,824	32	1.8 %
Finance costs, net	70	72	(2)	(2.8)%	205	219	(14)	(6.4)%
Income tax (recovery) expense	(133)	58	(191)	(329.3)%	9	189	(180)	(95.2)%
Non-controlling interest	10	12	(2)	(16.7)%	39	41	(2)	(4.9)%
Net (loss) earnings ⁽³⁾	(385)	146	(531)	(363.7)%	(14)	527	(541)	(102.7)%
Adjusted net earnings ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	164	146	18	12.3 %	535	538	(3)	(0.6)%
Basic earnings per share								
Net (loss) earnings ⁽³⁾	\$ (1.68)	\$ 0.62	\$ (2.30)	(371.0)%	\$ (0.06)	\$ 2.20	\$ (2.26)	(102.7)%
Adjusted net earnings ⁽¹⁾⁽³⁾⁽⁴⁾	\$ 0.72	\$ 0.62	\$ 0.10	16.1 %	\$ 2.32	\$ 2.25	\$ 0.07	3.1 %
Basic weighted average number of shares outstanding (millions)	228.8	236.4	(7.6)	(3.2)%	230.8	239.2	(8.4)	(3.5)%
Diluted earnings per share								
Net (loss) earnings ⁽³⁾⁽⁵⁾	\$ (1.68)	\$ 0.62	\$ (2.30)	(371.0)%	\$ (0.06)	\$ 2.20	\$ (2.26)	(102.7)%
Adjusted net earnings ⁽¹⁾⁽³⁾⁽⁴⁾	\$ 0.72	\$ 0.62	\$ 0.10	16.1 %	\$ 2.31	\$ 2.24	\$ 0.07	3.1 %
Diluted weighted average number of shares outstanding (millions)	229.3	237.2	(7.9)	(3.3)%	231.5	239.8	(8.3)	(3.5)%
Dividend per share	\$ 0.22	\$ 0.20	\$ 0.02	10.0 %	\$ 0.66	\$ 0.60	\$ 0.06	10.0 %
<hr/>								
		Jan 31, 2026	Feb 1, 2025		Jan 31, 2026	Feb 1, 2025		
		13 Weeks	13 Weeks		39 Weeks	39 Weeks		
Gross margin ⁽²⁾		27.0 %	27.0 %		27.0 %	26.5 %		
EBITDA margin ⁽²⁾		(1.8)%	7.3 %		4.6 %	7.7 %		
Adjusted EBITDA margin ⁽¹⁾		7.6 %	7.3 %		7.7 %	7.7 %		
Same-store sales ⁽²⁾ growth		1.2 %	2.5 %		1.3 %	1.4 %		
Same-store sales ⁽²⁾ growth - food		2.0 %	2.6 %		2.1 %	1.9 %		
Same-store sales ⁽²⁾ (decline) growth - fuel		(10.9)%	0.8 %		(10.1)%	(3.0)%		
Effective income tax rate		26.2 %	26.9 %		26.5 %	25.0 %		

(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 (Loss) Earnings" section of this MD&A.

(5) Due to a net loss in the quarter and year-to-date ended January 31, 2026, diluted and basic loss per share are the same, as the inclusion of additional shares would have been anti-dilutive.

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 and year-to-date ended January 31, 2026.

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

	Jan 31, 2026	Feb 1, 2025			Jan 31, 2026	Feb 1, 2025		
<i>(in millions of Canadian dollars)</i>	13 Weeks	13 Weeks	\$ Change	% Change	39 Weeks	39 Weeks	\$ Change	% Change
Sales	\$ 7,890	\$ 7,725	\$ 165	2.1 %	\$ 24,143	\$ 23,640	\$ 503	2.1 %
Gross profit	2,130	2,082	48	2.3 %	6,512	6,273	239	3.8 %
Operating (loss) income	(461)	278	(739)	(265.8)%	186	927	(741)	(79.9)%
Adjusted operating income ⁽¹⁾	285	278	7	2.5 %	932	941	(9)	(1.0)%
EBITDA ⁽¹⁾	(167)	554	(721)	(130.1)%	1,057	1,761	(704)	(40.0)%
Adjusted EBITDA ⁽¹⁾	579	554	25	4.5 %	1,803	1,775	28	1.6 %
Net (loss) earnings ⁽²⁾	(400)	142	(542)	(381.7)%	(47)	490	(537)	(109.6)%
Adjusted net earnings ⁽¹⁾⁽²⁾	149	142	7	4.9 %	502	501	1	0.2 %

(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 sales for the Food retailing segment:

	Jan 31, 2026	Feb 1, 2025			Jan 31, 2026	Feb 1, 2025		
<i>(in millions of Canadian dollars)</i>	13 Weeks	13 Weeks	\$ Change	% Change	39 Weeks	39 Weeks	\$ Change	% Change
Food sales	\$ 7,477	\$ 7,259	\$ 218	3.0 %	\$ 22,808	\$ 22,149	\$ 659	3.0 %
Fuel sales	413	466	(53)	(11.4)%	1,335	1,491	(156)	(10.5)%

Empire Company Limited Operating Results

4.2 Sales

Food sales for both the quarter and year-to-date ended January 31, 2026 increased by 3.0%, primarily driven by positive growth across the business, particularly in the Full-Service banners, the Company's national wholesale distribution network, and in the Discount banner.

Fuel sales for the quarter and year-to-date ended January 31, 2026 decreased by 11.4% and 10.5%, respectively, primarily driven by lower fuel prices due to the removal of the government carbon tax.

4.3 Gross Profit

Gross profit for the quarter and year-to-date ended January 31, 2026 increased by 2.3% and 3.8%, respectively, primarily driven by higher food sales, strong performance and operational discipline in Full-Service and Discount banners.

Gross margin for the quarter ended January 31, 2026 remained consistent from prior year at 27.0%. For the year-to-date ended January 31, 2026, gross margin increased to 27.0% from 26.5% in the prior year, primarily driven by strong performance in Full-Service and Discount 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 and the mix impact of lower fuel sales, partially offset by the mix impact of higher wholesale distribution sales.

Excluding the mix impact of fuel sales, gross margin for the quarter ended January 31, 2026 was 25 basis points lower, driven by the mix impact of higher wholesale distribution sales. Excluding the mix impact of fuel sales, the gross margin for the year-to-date ended January 31, 2026 was 18 basis points higher than in the prior year which is consistent with the Company's medium term growth expectations of 10-20 basis points.

4.4 Operating (Loss) Income

<i>(in millions of Canadian dollars)</i>	Jan 31, 2026	Feb 1, 2025	\$ Change	Jan 31, 2026	Feb 1, 2025	\$ Change
	13 Weeks	13 Weeks		39 Weeks	39 Weeks	
Food retailing	\$ (461)	\$ 278	\$ (739)	\$ 186	\$ 927	\$ (741)
Investments and other operations:						
Crombie REIT	10	10	-	38	54	(16)
Real estate partnerships	18	10	8	22	15	7
Other operations, net of corporate expenses	(5)	(10)	5	(7)	(20)	13
	23	10	13	53	49	4
Operating (loss) income	\$ (438)	\$ 288	\$ (726)	\$ 239	\$ 976	\$ (737)
Adjustments:						
E-commerce Impairment ⁽¹⁾	746	-	746	746	-	746
E-commerce Exclusivity ⁽¹⁾	-	-	-	-	12	(12)
Restructuring ⁽¹⁾	-	-	-	-	2	(2)
	746	-	746	746	14	732
Adjusted operating income ⁽²⁾	\$ 308	\$ 288	\$ 20	\$ 985	\$ 990	\$ (5)

(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 and year-to-date ended January 31, 2026, operating (loss) income from the Food retailing segment decreased mainly due to the E-commerce Impairment, higher selling and administrative expenses and an increase in depreciation and amortization, partially offset by higher sales and gross profit.

For the quarter ended January 31, 2026, operating (loss) income from the Investments and other operations segment increased primarily as a result of higher equity earnings from real estate partnerships driven by higher property sales and the Company's investment in *Scene+*, as the prior year had elevated costs driven by an increased level of member participation and loyalty program points redemptions.

Operating (loss) income from the Investments and other operations segment for the year-to-date ended January 31, 2026, increased primarily as a result of the Company's investment in *Scene+*, as the prior year had elevated costs driven by an increased level of member participation and loyalty program points redemptions, partially offset by lower equity earnings from Crombie REIT driven by a remeasurement gain on a property in the prior year.

4.5 EBITDA

<i>(in millions of Canadian dollars)</i>	Jan 31, 2026	Feb 1, 2025	\$ Change	Jan 31, 2026	Feb 1, 2025	\$ Change
	13 Weeks	13 Weeks		39 Weeks	39 Weeks	
EBITDA ⁽¹⁾	\$ (144)	\$ 564	\$ (708)	\$ 1,110	\$ 1,810	\$ (700)
Adjustments:						
E-commerce Impairment ⁽²⁾	746	-	746	746	-	746
E-commerce Exclusivity ⁽²⁾	-	-	-	-	12	(12)
Restructuring ⁽²⁾	-	-	-	-	2	(2)
	746	-	746	746	14	732
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ 602	\$ 564	\$ 38	\$ 1,856	\$ 1,824	\$ 32

(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 January 31, 2026, EBITDA decreased to \$(144) million from \$564 million in the prior year mainly as a result of the E-commerce Impairment and an increase in selling and administrative expenses. Selling and administrative expenses increased mainly due to the continued investment in business expansion (FreshCo and Farm Boy) and investments in stores, tools, technology, and projects. Adjusted EBITDA margin increased to 7.6% (February 1, 2025 - 7.3%).

For the year-to-date ended January 31, 2026, EBITDA decreased to \$1,110 million from \$1,810 million in the prior year mainly as a result of the E-commerce Impairment and an increase in selling and administrative expenses. Selling and administrative expenses increased mainly due to higher retail and supply chain labour costs, continued investment in business expansion (Farm Boy, FreshCo, and Voilà), and investments in stores, tools, technology, and projects, partially offset by lower incentive program expenses and accruals driven by a decrease in the share price. Adjusted EBITDA margin remained consistent at 7.7% (February 1, 2025 - 7.7%).

4.6 Depreciation and Amortization

For the quarter and year-to-date ended January 31, 2026, depreciation and amortization increased to \$294 million from \$276 million and increased to \$871 million from \$834 million, respectively, from the prior year mainly as a result of new lease agreements and higher ROU depreciation.

4.7 Finance Costs

For the quarter ended January 31, 2026, net finance costs decreased by (2.8)%, as a result of a decrease in interest expense on lease liabilities and accretion expense on provisions.

For the year-to-date ended January 31, 2026, net finance costs decreased by (6.4)%, as a result of an increase in interest income on long-term receivables related to the settlement of a litigation matter (see section "10 Contingencies").

4.8 Income Taxes

For the quarter ended January 31, 2026, the effective income tax rate was 26.2% compared to 26.9% in the same quarter in the prior year. The effective tax rate was slightly lower than the statutory rate primarily due to the revaluation of tax estimates, not all of which are recurring. The effective tax rate in the same quarter last year was higher than the statutory rate due to the revaluation of tax estimates, not all of which were recurring.

For the year-to-date ended January 31, 2026, the effective income tax rate was 26.5% compared to 25.0% in the prior year. The effective tax rate for the current year is higher than the statutory rate primarily due to the revaluation of tax estimates, not all of which were recurring, partially offset by non-taxable capital items and consolidated structured entities which are taxed at lower rates. For 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.

4.9 Net (Loss) Earnings

<i>(in millions of Canadian dollars, except per share amounts)</i>	Jan 31, 2026	Feb 1, 2025	\$ Change	Jan 31, 2026	Feb 1, 2025	\$ Change
	13 Weeks	13 Weeks		39 Weeks	39 Weeks	
Net (loss) earnings ⁽¹⁾	\$ (385)	\$ 146	\$ (531)	\$ (14)	\$ 527	\$ (541)
EPS (fully diluted) ⁽²⁾	\$ (1.68)	\$ 0.62	\$ (2.30)	\$ (0.06)	\$ 2.20	\$ (2.26)
Adjustments ⁽³⁾ (net of income taxes):						
E-commerce Impairment ⁽⁴⁾	549	-	549	549	-	549
E-commerce Exclusivity ⁽⁴⁾	-	-	-	-	9	(9)
Restructuring ⁽⁴⁾	-	-	-	-	2	(2)
	549	-	549	549	11	538
Adjusted net earnings ⁽¹⁾⁽⁵⁾⁽⁶⁾	\$ 164	\$ 146	\$ 18	\$ 535	\$ 538	\$ (3)
Adjusted EPS ⁽¹⁾⁽⁴⁾ (fully diluted)	\$ 0.72	\$ 0.62	\$ 0.10	\$ 2.31	\$ 2.24	\$ 0.07
Diluted weighted average number of shares outstanding (in millions)	229.3	237.2	(7.9)	231.5	239.8	(8.3)

(1) Attributable to owners of the Company.

(2) Due to a net loss in the quarter and year-to-date ended January 31, 2026, diluted and basic loss per share are the same, as the inclusion of additional shares would have been anti-dilutive.

(3) Total adjustments for the quarter and year-to-date are net of income taxes of \$197 million and \$197 million (February 1, 2025 - \$ nil and \$4 million), respectively.

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

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

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

4.10 Adjusted Impacts on Net (Loss) Earnings

In the third quarter of fiscal 2026, the Company recognized an E-commerce Impairment related to its e-commerce network following an assessment of its expected financial performance. Following this assessment, the Company made a decision to immediately wind-down and close the Calgary CFC and its support facility in Edmonton and continue to pause on development of the Vancouver CFC. These costs include impairment of ROU, property and equipment and intangibles, and direct costs associated with the closure of the CFC including severance costs, one-time cash contract termination payments, and decommissioning costs. As a result, the impact to net (loss) earnings during the quarter and year-to-date ended January 31, 2026, was \$(549) million.

In the first quarter of fiscal 2025, the Company took actions in its e-commerce business to decrease costs and increase its flexibility to serve customers, including ending its mutual exclusivity agreement with Ocado. The Company incurred a non-cash charge related to ending the exclusivity. The impact to net (loss) earnings for the quarter and year-to-date ended January 31, 2026 was \$ nil and \$ nil (February 1, 2025 - \$ nil and \$(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 (loss) earnings for the quarter and year-to-date ended January 31, 2026 was \$ nil and \$ nil (February 1, 2025 - \$ nil and \$(2) million).

4.11 Investments and Other Operations

<i>(in millions of Canadian dollars)</i>	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	\$ Change	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks	\$ Change
Crombie REIT	\$ 10	\$ 10	-	\$ 38	\$ 54	\$(16)
Real estate partnerships	18	10	8	22	15	7
Other operations, net of corporate expenses	(5)	(10)	5	(7)	(20)	13
Operating income	\$ 23	\$ 10	\$ 13	\$ 53	\$ 49	\$ 4

For the quarter ended January 31, 2026, operating income from the Investments and other operations segment increased primarily as a result of higher equity earnings from real estate partnerships driven by higher property sales and the Company's investment in *Scene+*, as the prior year had elevated costs driven by an increased level of member participation and loyalty program points redemptions.

For the year-to-date ended January 31, 2026, operating income from Investments and other operations increased primarily as a result of the Company's investment in *Scene+*, as the prior year had elevated costs driven by an increased level of member participation and loyalty program points redemptions, partially offset by lower equity earnings earnings from Crombie REIT driven by a remeasurement gain on a property in the prior year.

5 Quarterly Results of Operations

(in millions of Canadian dollars, except per share amounts)	Fiscal 2026				Fiscal 2025			Fiscal 2024	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
	Jan 31, 2026 13 Weeks	Nov 1, 2025 13 Weeks	Aug 2, 2025 13 Weeks	May 3, 2025 13 Weeks	Feb 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks	Aug 3, 2024 13 Weeks	May 4, 2024 13 Weeks	
Sales	\$ 7,890	\$ 7,995	\$ 8,258	\$ 7,637	\$ 7,725	\$ 7,778	\$ 8,137	\$ 7,412	
Operating (loss) income	(438)	295	382	313	288	319	369	292	
Adjusted operating income ⁽¹⁾	308	295	382	313	288	319	383	298	
EBITDA ⁽²⁾	(144)	583	671	599	564	601	645	557	
Adjusted EBITDA ⁽¹⁾⁽²⁾	602	583	671	599	564	601	659	563	
Net (loss) earnings ⁽³⁾	(385)	159	212	173	146	173	208	149	
Adjusted net earnings ⁽¹⁾⁽³⁾	164	159	212	173	146	173	219	154	
Per share information, basic									
Net (loss) earnings ⁽³⁾	\$ (1.68)	\$ 0.69	\$ 0.91	\$ 0.74	\$ 0.62	\$ 0.73	\$ 0.86	\$ 0.61	
Adjusted net earnings ⁽¹⁾⁽³⁾	\$ 0.72	\$ 0.69	\$ 0.91	\$ 0.74	\$ 0.62	\$ 0.73	\$ 0.90	\$ 0.63	
Basic weighted average number of shares outstanding (millions)	228.8	230.8	232.3	233.9	236.4	238.5	241.9	243.4	
Per share information, diluted									
Net (loss) earnings ⁽³⁾⁽⁴⁾	\$ (1.68)	\$ 0.69	\$ 0.91	\$ 0.74	\$ 0.62	\$ 0.73	\$ 0.86	\$ 0.61	
Adjusted net earnings ⁽¹⁾⁽³⁾	\$ 0.72	\$ 0.69	\$ 0.91	\$ 0.74	\$ 0.62	\$ 0.73	\$ 0.90	\$ 0.63	
Diluted weighted average number of shares outstanding (millions)	229.3	231.4	233.4	234.8	237.2	239.1	242.3	243.7	

(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 (loss) 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.

(4) Due to a net loss in the quarter and year-to-date ended January 31, 2026, diluted and basic loss per share are the same, as the inclusion of additional shares would have been anti-dilutive.

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 (loss) income, EBITDA and net (loss) 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. In the quarter ended January 31, 2026, the Company recognized an impairment loss which had a significant impact on operating (loss) income, EBITDA and net (loss) earnings.

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 and year-to-date ended January 31, 2026.

<i>(in millions of Canadian dollars)</i>	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks
Cash flows from operating activities	\$ 611	\$ 537	\$ 1,441	\$ 1,442
Cash flows used in investing activities	(176)	(188)	(508)	(431)
Cash flows used in financing activities	(360)	(446)	(889)	(1,080)
Increase (decrease) in cash and cash equivalents	\$ 75	\$ (97)	\$ 44	\$ (69)

6.1 Operating Activities

Cash flows from operating activities for the quarter ended January 31, 2026 increased versus prior year primarily as a result of favourable working capital changes, partially offset by an increase in income taxes paid. The working capital changes are impacted primarily by changes in accounts payable and accrued liabilities and inventory compared to the prior year.

Cash flows from operating activities for the year-to-date ended January 31, 2026 decreased versus prior year primarily driven as a result of unfavourable working capital changes and an increase in income taxes paid offset by improved adjusted net earnings with strong cash conversion. The working capital changes are impacted by changes in receivables, inventories, 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>	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks
Increase in equity investments	\$ (3)	\$ (1)	\$ (18)	\$ (15)
Acquisitions of property, equipment, investment property and intangibles	(211)	(211)	(608)	(577)
Proceeds on disposal of assets ⁽¹⁾ and lease modifications and terminations	24	13	57	121
Leases and other receivables, net	5	(7)	20	(1)
Other assets	(2)	(1)	(7)	(9)
Other liabilities	(2)	(5)	(7)	(6)
Business acquisitions	(1)	-	(6)	(15)
Payments received for finance subleases	14	23	59	69
Interest received	-	1	2	2
Cash flows used in investing activities	\$ (176)	\$ (188)	\$ (508)	\$ (431)

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

Cash used in investing activities for the quarter ended January 31, 2026 decreased versus prior year primarily due to a decrease in leases on other receivables and an increase in proceeds on disposal of assets and lease modifications and terminations, partially offset by payments received for finance subleases.

Cash used in investing activities for the year-to-date ended January 31, 2026 increased versus prior year primarily due to a decrease in proceeds on disposal of assets and lease modifications and terminations and an increase in capital investments and intangibles, partially offset by a decrease in leases and other receivables.

6.3 Capital Expenditures

The Company invested \$239 million and \$582 million in capital expenditures⁽¹⁾ for the quarter and year-to-date ended January 31, 2026 (February 1, 2025 - \$187 million and \$488 million), respectively including renovations and construction of new stores, 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:

	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks
<i>(Number of stores)</i>				
Opened/relocated/acquired ⁽¹⁾	7	3	14	16
Opened - FreshCo ⁽²⁾	-	-	3	1
Opened - Farm Boy	1	1	1	3
Closed - pending conversion ⁽¹⁾	1	-	1	-
Closed ⁽¹⁾	11	4	24	30
Closed - pending conversion to Farm Boy	-	-	2	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:

	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks
<i>Square feet (in thousands)</i>		
Opened	169	61
Closed - pending conversion	(20)	-
Closed	(27)	(44)
Net change before the impact of the expansion of Farm Boy and FreshCo	122	17
Opened - Farm Boy	40	39
Net change	162	56

At January 31, 2026, the Company's retail space totalled 43.2 million square feet, a 0.5% increase compared to 43.0 million square feet at February 1, 2025.

6.5 Financing Activities

Cash used in financing activities for the quarter ended January 31, 2026 decreased versus prior year mainly due to a decrease in repayments on the revolving credit facility agreement and payments of lease liabilities, partially offset by higher cost of repurchase of common shares in the current year.

Cash used in financing activities for the year-to-date ended January 31, 2026 decreased versus prior year primarily due to an increase in issuance of long-term debt and a decrease in payments of lease liabilities, partially offset by a decrease in advances on non-revolving credit facility and an increase in repayments on revolving credit facilities, net in the current 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>	Jan 31, 2026	Feb 1, 2025		Jan 31, 2026	Feb 1, 2025	
	13 Weeks	13 Weeks	\$ Change	39 Weeks	39 Weeks	\$ Change
Cash flows from operating activities	\$ 611	\$ 537	\$ 74	\$ 1,441	\$ 1,442	\$ (1)
Add:						
Proceeds on disposal of assets ⁽¹⁾ and lease modifications and terminations	24	13	11	57	121	(64)
Less:						
Interest paid	(10)	(13)	3	(39)	(40)	1
Payments of lease liabilities, net of payments received for finance subleases	(126)	(179)	53	(495)	(536)	41
Acquisitions of property, equipment, investment property and intangibles	(211)	(211)	-	(608)	(577)	(31)
Free cash flow ⁽²⁾	\$ 288	\$ 147	\$ 141	\$ 356	\$ 410	\$ (54)

(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 January 31, 2026, free cash flow increased versus prior year primarily as a result of higher cash flows from operating activities, driven by changes in accounts payable and accrued liabilities and inventory compared to the prior year and lower payments of lease liabilities, net of payments received for finance subleases.

For the year-to-date ended January 31, 2026, free cash flow decreased versus prior year primarily as a result of a decrease in proceeds on disposal of assets and lease modifications and terminations and an increase in acquisitions of property, equipment, investment property and intangibles, partially offset by a decrease in payments of lease liabilities net of payments received for finance subleases.

6.7 Employee Future Benefit Obligations

For the quarter and year-to-date ended January 31, 2026, the Company contributed \$1 million and \$5 million (February 1, 2025 - \$4 million and \$14 million), respectively 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>	Jan 31, 2026	May 3, 2025	Feb 1, 2025
Shareholders' equity, net of non-controlling interest	\$ 4,904	\$ 5,410	\$ 5,377
Book value per common share ⁽¹⁾	\$ 21.43	\$ 23.13	\$ 22.75
Long-term debt, including current portion	\$ 1,260	\$ 1,082	\$ 1,130
Long-term lease liabilities, including current portion	\$ 6,649	\$ 6,382	\$ 6,419
Funded debt to total capital ⁽¹⁾	61.7%	58.0%	58.4%
Funded debt to adjusted EBITDA ⁽¹⁾⁽²⁾	3.2x	3.1x	3.2x
Adjusted EBITDA to interest expense ⁽¹⁾⁽³⁾	8.3x	8.2x	8.2x
Trailing four-quarter adjusted EBITDA	\$ 2,455	\$ 2,423	\$ 2,387
Trailing four-quarter interest expense	\$ 295	\$ 295	\$ 292
Current assets to current liabilities	0.8x	0.8x	0.8x
Total assets	\$ 17,073	\$ 17,019	\$ 16,752
Total non-current financial liabilities	\$ 7,863	\$ 7,379	\$ 7,555

(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 March 11, 2026:

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

On October 30, 2025, Sobeys issued through a private placement Series 2025-1 senior unsecured notes ("the Notes") in the aggregate principal amount of \$300 million, bearing interest at a fixed rate of 3.10%, due October 30, 2028. Interest is payable semi-annually beginning April 2026. As of January 31, 2026, the outstanding amount of the Notes was \$300 million. The Notes are redeemable at Sobeys' option, in whole or in part, at any time. The redemption price will equal the greater of the Canada Yield Price or par value, plus accrued and unpaid interest to the redemption date. The net proceeds were used to repay indebtedness outstanding under the Sobeys' revolving term credit facility, and for general corporate purposes.

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 January 31, 2026, the outstanding amount of the facility was \$120 million (February 1, 2025 - \$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 January 31, 2026, the outstanding amount of the facility was \$53 million (February 1, 2025 - \$73 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 January 31, 2026, the outstanding amount of the credit facility was \$85 million (February 1, 2025 - \$32 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 January 31, 2026, the outstanding amount of the facility was \$86 million (February 1, 2025 - \$300 million) and Sobeys has issued \$73 million in letters of credit against the facility (February 1, 2025 - \$55 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 January 31, 2026, together with approximately \$618 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	
	Jan 31, 2026	Feb 1, 2025
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	718,019,670	726,167,457
Class B common shares, without par value, voting	122,400,000	122,400,000

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

(in millions of Canadian dollars)	Number of Shares			Share Capital		
	Jan 31, 2026	May 3, 2025	Feb 1, 2025	Jan 31, 2026	May 3, 2025	Feb 1, 2025
Non-Voting Class A shares	129,075,548	134,488,019	136,490,867	\$ 1,595	\$ 1,654	\$ 1,679
Class B common shares	98,138,079	98,138,079	98,138,079	7	7	7
Shares held in trust	(16,302)	(38,341)	(38,280)	(1)	(1)	(1)
Total capital stock				\$ 1,601	\$ 1,660	\$ 1,685

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

(Number of shares)	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks
Non-Voting Class A shares		
Issued and outstanding, beginning of period	132,008,024	138,839,826
Issued during period	169,066	135,412
Purchased for cancellation	(3,101,542)	(2,484,371)
Issued and outstanding, end of period	129,075,548	136,490,867
Shares held in trust, beginning of period	(20,980)	(38,280)
Released in settlement of equity settled plans	4,750	-
Purchased for future settlement of equity settled plans	(72)	-
Shares held in trust, end of period	(16,302)	(38,280)
Issued and outstanding, net of shares held in trust, end of period	129,059,246	136,452,587
Class B common shares		
Issued and outstanding, beginning and end of period	98,138,079	98,138,079

During the quarter and year-to-date ended January 31, 2026, the Company paid common dividends of \$51 million and \$152 million (February 1, 2025 - \$47 million and \$143 million), respectively, to its common shareholders. This represents a payment of \$0.22 and \$0.66 per share (February 1, 2025 - \$0.20 and \$0.60 per share) for common shareholders.

As at March 10, 2026, the Company had Non-Voting Class A and Class B common shares outstanding of 128,525,684 and 98,138,079, respectively. Options to acquire 1,672,512 Non-Voting Class A shares were outstanding as of January 31, 2026 (February 1, 2025 - 4,001,640). As at March 10, 2026, options to acquire 1,591,810 Non-Voting Class A shares were outstanding (March 11, 2025 - 3,969,020).

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) Non-Voting 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 Non-Voting 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 January 31, 2026, the Company purchased 4,903,677 Non-Voting Class A shares (February 1, 2025 - 6,712,371) under this filing at a weighted average price of \$50.15 (February 1, 2025 - \$39.84) for a total consideration of \$246 million (February 1, 2025 - \$267 million).

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

<i>(in millions of Canadian dollars, except per share amounts)</i>	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks
Number of shares	3,101,542	2,484,371	5,951,119	7,691,346
Weighted average price per share	\$ 48.37	\$ 43.16	\$ 50.42	\$ 39.01
Cash consideration paid	\$ 150	\$ 107	\$ 300	\$ 300

For the quarter and year-to-date ended January 31, 2026, the Company has recognized tax on the repurchase of equity of \$3 million and \$6 million (February 1, 2025 - \$2 million and \$8 million) respectively, as a charge to retained earnings on the unaudited Interim Condensed Consolidated Balance Sheets.

Fiscal year-to-date, as at March 10, 2026, the Company has purchased for cancellation 6,572,219 Non-Voting Class A shares (March 7, 2025 - 8,613,421) at weighted average price of \$50.19 (March 7, 2025 - \$39.48) for a total consideration of \$330 million (March 7, 2025 - \$340 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 and in Note 2 of the Company's Interim Condensed Consolidated Financial Statements for the quarter ended January 31, 2026.

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 January 31, 2026 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 January 31, 2026, the Company holds a 41.5% (February 1, 2025 - 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.

Subsequent to the quarter ended January 31, 2026, Sobeys, through a wholly-owned subsidiary, sold and leased back a property from Crombie REIT. Total proceeds from the transaction were \$115 million, resulting in a pre-tax gain of approximately \$22 million subject to closing costs and related adjustments.

During the quarter 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 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 (Loss) Earnings.

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

10 Contingencies

On June 21, 2005, Sobeys received a notice of reassessment from Canada Revenue Agency ("CRA") for fiscal years 1999 and 2000 related to Lumsden Brothers Limited, a wholesale subsidiary of Sobeys, and the Goods and Service Tax ("GST"). The reassessment related to GST on sales of tobacco products to eligible Indigenous peoples. CRA asserted that Sobeys was obliged to collect GST on sales of tobacco products to eligible Indigenous peoples. The total tax, interest and penalties in the reassessment was \$14 million. Sobeys reviewed this matter, received legal advice, and believed it was not required to collect GST. During fiscal 2006, Sobeys filed a Notice of Objection with CRA. Sobeys had deposited with CRA funds equal to the total tax, interest and penalties in the reassessment and had recorded this amount as an other long-term receivable from CRA pending resolution of the matter. During the year ended May 4, 2024, the court ruled in favour of Sobeys, however the Crown filed a Notice of Appeal and the hearing was held in May 2024. In October 2025, the Federal Court of Appeal ruled in favour of Sobeys and dismissed the Crown's appeal. For the quarter and year-to-date ended January 31, 2026, Sobeys recorded a recovery of \$1 million and \$9 million, respectively, related to the interest earned on the amounts deposited with CRA, net of costs associated with settling the matter, which has been recognized in finance costs, net on the Interim Condensed Consolidated Statement of (Loss) Earnings. During the quarter ended January 31, 2026, the amounts receivable were collected.

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 Impairment adjustment includes costs primarily related to non-cash impairment of the ROU, property and equipment, and intangibles, and direct costs associated with the closure of the CFC including one-time cash contract termination fees, decommissioning costs and severance.
- 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:

<i>(in millions of Canadian dollars)</i>	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks
Sales	\$ 7,890	\$ 7,725	\$ 24,143	\$ 23,640
Cost of sales	5,760	5,643	17,631	17,367
Gross profit	\$ 2,130	\$ 2,082	\$ 6,512	\$ 6,273

- Adjusted operating income is operating (loss) 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 – Third Quarter".
- EBITDA is calculated as net earnings before finance costs (net of finance income), income tax expense, depreciation, amortization of intangibles and impairment. 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 (loss) earnings to EBITDA on a consolidated basis and for the Food retailing segment:

<i>(in millions of Canadian dollars)</i>	January 31, 2026 13 Weeks			February 1, 2025 13 Weeks		
	Food retailing	Investment and other operations	Total	Food retailing	Investment and other operations	Total
Net (loss) earnings	\$ (391)	\$ 16	\$ (375)	\$ 150	\$ 8	\$ 158
Income tax expense	(139)	6	(133)	57	1	58
Finance costs, net	69	1	70	71	1	72
Operating (loss) income	(461)	23	(438)	278	10	288
Depreciation	264	-	264	248	-	248
Amortization of intangibles	30	-	30	28	-	28
EBITDA	\$ (167)	\$ 23	\$ (144)	\$ 554	\$ 10	\$ 564

<i>(in millions of Canadian dollars)</i>	January 31, 2026 39 Weeks			February 1, 2025 39 Weeks		
	Food retailing	Investment and other operations	Total	Food retailing	Investment and other operations	Total
Net (loss) earnings	\$ (8)	\$ 33	\$ 25	\$ 530	\$ 38	\$ 568
Income tax expense	(8)	17	9	181	8	189
Finance costs, net	202	3	205	216	3	219
Operating income	186	53	239	927	49	976
Depreciation	781	-	781	747	-	747
Amortization of intangibles	90	-	90	87	-	87
EBITDA	\$ 1,057	\$ 53	\$ 1,110	\$ 1,761	\$ 49	\$ 1,810

- 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 - Third 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>	Jan 31, 2026	Feb 1, 2025	Jan 31, 2026	Feb 1, 2025
	13 Weeks	13 Weeks	39 Weeks	39 Weeks
Finance costs, net	\$ 70	\$ 72	\$ 205	\$ 219
Plus: finance income, excluding interest income on lease receivables	5	4	21	8
Less: pension finance costs, net	(2)	(2)	(6)	(6)
Less: accretion expense on provisions	-	(1)	(1)	(2)
Interest expense	\$ 73	\$ 73	\$ 219	\$ 219

- 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 - Third 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>	Jan 31, 2026	May 3, 2025	Feb 1, 2025
Long-term debt due within one year	\$ 202	\$ 225	\$ 213
Long-term debt	1,058	857	917
Lease liabilities due within one year	620	597	566
Long-term lease liabilities	6,029	5,785	5,853
Funded debt	7,909	7,464	\$ 7,549
Total shareholders' equity, net of non-controlling interest	4,904	5,410	5,377
Total capital	\$ 12,813	\$ 12,874	\$ 12,926

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>	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	\$ Change	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks	\$ Change
Operating (loss) income	\$ (461)	\$ 278	\$ (739)	\$ 186	\$ 927	\$ (741)
Adjustments:						
E-commerce Impairment	746	-	746	746	-	746
E-commerce Exclusivity	-	-	-	-	12	(12)
Restructuring	-	-	-	-	2	(2)
Adjusted operating income	\$ 285	\$ 278	\$ 7	\$ 932	\$ 941	\$ (9)

<i>(in millions of Canadian dollars)</i>	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	\$ Change	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks	\$ Change
EBITDA	\$ (167)	\$ 554	\$ (721)	\$ 1,057	\$ 1,761	\$ (704)
Adjustments:						
E-commerce Impairment	746	-	746	746	-	746
E-commerce Exclusivity	-	-	-	-	12	(12)
Restructuring	-	-	-	-	2	(2)
Adjusted EBITDA	\$ 579	\$ 554	\$ 25	\$ 1,803	\$ 1,775	\$ 28

<i>(in millions of Canadian dollars)</i>	Jan 31, 2026 13 Weeks	Feb 1, 2025 13 Weeks	\$ Change	Jan 31, 2026 39 Weeks	Feb 1, 2025 39 Weeks	\$ Change
Net (loss) earnings	\$ (400)	\$ 142	\$ (542)	\$ (47)	\$ 490	\$ (537)
Adjustments:						
E-commerce Impairment	549	-	549	549	-	549
E-commerce Exclusivity	-	-	-	-	9	(9)
Restructuring	-	-	-	-	2	(2)
Adjusted net earnings	\$ 149	\$ 142	\$ 7	\$ 502	\$ 501	\$ 1

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.

<i>(in millions of Canadian dollars)</i>	Fiscal 2026				Fiscal 2025			Fiscal 2024	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
	Jan 31, 2026 13 Weeks	Nov 1, 2025 13 Weeks	Aug 2, 2025 13 Weeks	May 3, 2025 13 Weeks	Feb 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks	Aug 3, 2024 13 Weeks	May 4, 2024 13 Weeks	
Operating (loss) income	\$ (438)	\$ 295	\$ 382	\$ 313	\$ 288	\$ 319	\$ 369	\$ 292	
Adjustments:									
E-commerce Impairment	746	-	-	-	-	-	-	-	
E-commerce Exclusivity	-	-	-	-	-	-	12	-	
Restructuring	-	-	-	-	-	-	2	20	
Cybersecurity Event	-	-	-	-	-	-	-	(14)	
	746	-	-	-	-	-	14	6	
Adjusted operating income	\$ 308	\$ 295	\$ 382	\$ 313	\$ 288	\$ 319	\$ 383	\$ 298	
Operating (loss) income	\$ (438)	\$ 295	\$ 382	\$ 313	\$ 288	\$ 319	\$ 369	\$ 292	
Depreciation	264	259	258	255	248	253	246	235	
Amortization of intangibles	30	29	31	31	28	29	30	30	
EBITDA	\$ (144)	\$ 583	\$ 671	\$ 599	\$ 564	\$ 601	\$ 645	\$ 557	
Adjustments:									
E-commerce Impairment	746	-	-	-	-	-	-	-	
E-commerce Exclusivity	-	-	-	-	-	-	12	-	
Restructuring	-	-	-	-	-	-	2	20	
Cybersecurity Event	-	-	-	-	-	-	-	(14)	
	746	-	-	-	-	-	14	6	
Adjusted EBITDA	\$ 602	\$ 583	\$ 671	\$ 599	\$ 564	\$ 601	\$ 659	\$ 563	
Net (loss) earnings	\$ (385)	\$ 159	\$ 212	\$ 173	\$ 146	\$ 173	\$ 208	\$ 149	
Adjustments:									
E-commerce Impairment	549	-	-	-	-	-	-	-	
E-commerce Exclusivity	-	-	-	-	-	-	9	-	
Restructuring	-	-	-	-	-	-	2	15	
Cybersecurity Event	-	-	-	-	-	-	-	(10)	
	549	-	-	-	-	-	11	5	
Adjusted net earnings	\$ 164	\$ 159	\$ 212	\$ 173	\$ 146	\$ 173	\$ 219	\$ 154	

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>	Jan 31, 2026	May 3, 2025	Feb 1, 2025
Shareholders' equity, net of non-controlling interest	\$ 4,904	\$ 5,410	\$ 5,377
Shares outstanding (basic)	228.8	233.9	236.4
Book value per common share	\$ 21.43	\$ 23.13	\$ 22.75

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: March 11, 2026
Stellarton, Nova Scotia, Canada

Interim Condensed Consolidated Financial Statements

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Condensed Consolidated Balance Sheets		January 31	May 3	February 1
Unaudited (in millions of Canadian dollars)		2026	2025	2025
	Note			
ASSETS				
Current assets				
Cash and cash equivalents		\$ 329	\$ 285	\$ 191
Receivables		741	668	655
Inventories	4	1,885	1,833	1,765
Prepaid expenses		163	173	140
Lease and other receivables		111	121	94
Income taxes receivable		73	54	54
Assets held for sale	22	33	-	-
Total current assets		3,335	3,134	2,899
Non-current assets				
Lease and other receivables		551	636	608
Investments, at equity	5	733	720	708
Other assets		26	44	45
Property and equipment	6	3,566	3,675	3,609
Right-of-use assets	6	4,852	4,964	5,035
Investment property		135	162	156
Intangibles	6	1,319	1,359	1,346
Goodwill		2,056	2,055	2,058
Deferred tax assets		500	270	288
Total assets		\$ 17,073	\$ 17,019	\$ 16,752
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 2,996	\$ 3,122	\$ 2,786
Income taxes payable		103	73	77
Provisions	7	193	46	44
Long-term debt due within one year	8	202	225	213
Lease liabilities due within one year		620	597	566
Other liabilities due within one year		49	33	-
Total current liabilities		4,163	4,096	3,686
Non-current liabilities				
Provisions	7	32	34	41
Long-term debt	8	1,058	857	917
Long-term lease liabilities		6,029	5,785	5,853
Other long-term liabilities		290	279	306
Employee future benefits		173	162	169
Deferred tax liabilities		281	262	269
Total liabilities		12,026	11,475	11,241
EQUITY				
Equity attributable to Owners of the Company				
Capital stock	9	1,601	1,660	1,685
Contributed surplus		26	30	34
Retained earnings		3,260	3,697	3,636
Accumulated other comprehensive income		17	23	22
Total equity attributable to Owners of the Company		4,904	5,410	5,377
Non-controlling interest		143	134	134
Total equity		5,047	5,544	5,511
Total liabilities and equity		\$ 17,073	\$ 17,019	\$ 16,752

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

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

(signed) "Pierre St-Laurent"
Director

Condensed Consolidated Statements of (Loss) Earnings		January 31 2026	February 1 2025	January 31 2026	February 1 2025
Unaudited (in millions of Canadian dollars, except per share amounts)		13 Weeks	13 Weeks	39 Weeks	39 Weeks
	Note				
Sales	10	\$ 7,890	\$ 7,725	\$ 24,143	\$ 23,640
Other income	11	8	4	28	64
Share of earnings from investments, at equity		21	10	52	57
Operating expenses					
Cost of sales		5,760	5,643	17,631	17,367
Selling and administrative expenses		1,851	1,808	5,607	5,418
Impairment losses of long-lived assets and related charges	6	746	-	746	-
Operating (loss) income		(438)	288	239	976
Finance costs, net	12	70	72	205	219
(Loss) earnings before income taxes		(508)	216	34	757
Income tax (recovery) expense		(133)	58	9	189
Net (loss) earnings		\$ (375)	\$ 158	\$ 25	\$ 568
(Loss) earnings for the period attributable to:					
Owners of the Company		\$ (385)	\$ 146	\$ (14)	\$ 527
Non-controlling interest		10	12	39	41
		\$ (375)	\$ 158	\$ 25	\$ 568
(Loss) earnings per share	13				
Basic		\$ (1.68)	\$ 0.62	\$ (0.06)	\$ 2.20
Diluted		\$ (1.68)	\$ 0.62	\$ (0.06)	\$ 2.20
Weighted average number of common shares outstanding, in millions	13				
Basic		228.8	236.4	230.8	239.2
Diluted		228.8	237.2	230.8	239.8

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive (Loss) Income		January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
Unaudited (in millions of Canadian dollars)	Note				
Net (loss) earnings		\$ (375)	\$ 158	\$ 25	\$ 568
Other comprehensive loss, net					
Items that will be reclassified subsequently to net (loss) earnings					
Unrealized (losses) gains on derivatives designated as cash flow hedges (net of tax)	14	(3)	(1)	(6)	2
Share of other comprehensive losses of investments, at equity (net of tax)		-	-	-	(1)
Items that will not be reclassified subsequently to net earnings					
Actuarial losses on defined benefit plans (net of tax)	14	(2)	(7)	(10)	(15)
Total other comprehensive loss, net		(5)	(8)	(16)	(14)
Total comprehensive (loss) income		\$ (380)	\$ 150	\$ 9	\$ 554
Total comprehensive (loss) income for the period attributable to:					
Owners of the Company		\$ (390)	\$ 138	\$ (30)	\$ 513
Non-controlling interest		10	12	39	41
		\$ (380)	\$ 150	\$ 9	\$ 554

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					Total Attributable to Owners of the Company	Non- controlling Interest	Total Equity
		Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings				
Balance at May 3, 2025		\$ 1,660	\$ 30	\$ 23	\$ 3,697	\$ 5,410	\$ 134	\$ 5,544	
Net (loss) earnings		-	-	-	(14)	(14)	39	25	
Other comprehensive loss		-	-	(6)	(10)	(16)	-	(16)	
Total comprehensive (loss) income for the period		-	-	(6)	(24)	(30)	39	9	
Dividends paid		-	-	-	(152)	(152)	(1)	(153)	
Dividends paid to non-controlling interest		-	-	-	(1)	(1)	1	-	
Equity based compensation, net		11	(4)	-	-	7	-	7	
Repurchase of common shares	9	(70)	-	-	(230)	(300)	-	(300)	
Tax on repurchase of common shares	9	-	-	-	(6)	(6)	-	(6)	
Capital transactions with structured entities		-	-	-	-	-	(21)	(21)	
Revaluation of put options		-	-	-	(24)	(24)	(9)	(33)	
Transactions with owners		(59)	(4)	-	(413)	(476)	(30)	(506)	
Balance at January 31, 2026		\$ 1,601	\$ 26	\$ 17	\$ 3,260	\$ 4,904	\$ 143	\$ 5,047	

	Note	Attributable to Owners of the Company					Total Attributable to Owners of the Company	Non- controlling Interest	Total Equity
		Capital Stock	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings				
Balance at May 4, 2024		\$ 1,779	\$ 56	\$ 21	\$ 3,485	\$ 5,341	\$ 128	\$ 5,469	
Net earnings		-	-	-	527	527	41	568	
Other comprehensive income (loss)		-	-	1	(15)	(14)	-	(14)	
Total comprehensive income for the period		-	-	1	512	513	41	554	
Dividends paid		-	-	-	(143)	(143)	(1)	(144)	
Dividends paid to non-controlling interest		-	-	-	(1)	(1)	1	-	
Equity based compensation, net		4	(22)	-	-	(18)	-	(18)	
Repurchase of common shares	9	(98)	-	-	(202)	(300)	-	(300)	
Tax on repurchase of common shares	9	-	-	-	(8)	(8)	-	(8)	
Capital transactions with structured entities		-	-	-	-	-	(26)	(26)	
Revaluation of put options		-	-	-	(7)	(7)	(9)	(16)	
Transactions with owners		(94)	(22)	-	(361)	(477)	(35)	(512)	
Balance at February 1, 2025		\$ 1,685	\$ 34	\$ 22	\$ 3,636	\$ 5,377	\$ 134	\$ 5,511	

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows		January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
Unaudited (in millions of Canadian dollars)	Note				
Operations					
Net (loss) earnings		\$ (375)	\$ 158	\$ 25	\$ 568
Adjustments for:					
Depreciation		264	248	781	747
Income tax (recovery) expense		(133)	58	9	189
Finance costs, net	12	70	72	205	219
Amortization of intangibles		30	28	90	87
Net gains on disposal of net assets	11	(3)	-	(5)	(53)
Net gains on lease modifications and terminations	11	(2)	(1)	(12)	-
Impairment losses of non-financial assets, net		-	-	-	12
Impairment losses of long-lived assets and related charges	6	746	-	746	3
Amortization of deferred items		-	2	-	2
Equity earnings (losses) of other entities, net of distributions received		2	11	5	(6)
Employee future benefits		1	(4)	(1)	(11)
Decrease in long-term provisions		-	(3)	(3)	(9)
Equity based compensation		4	6	9	16
Net change in non-cash working capital	15	61	(12)	(198)	(138)
Income taxes paid, net		(54)	(26)	(210)	(184)
Cash flows from operating activities		611	537	1,441	1,442
Investment					
Increase in equity investments		(3)	(1)	(18)	(15)
Property, equipment and investment property purchases		(182)	(164)	(509)	(482)
Intangible purchases		(29)	(47)	(99)	(95)
Proceeds on disposal of assets		24	13	41	121
Proceeds on lease modifications and terminations		-	-	16	-
Leases and other receivables, net		5	(7)	20	(1)
Other assets		(2)	(1)	(7)	(9)
Other liabilities		(2)	(5)	(7)	(6)
Business acquisitions	16	(1)	-	(6)	(15)
Payments received for finance subleases		14	23	59	69
Interest received		-	1	2	2
Cash flows used in investing activities		(176)	(188)	(508)	(431)
Financing					
Issuance of long-term debt		11	16	381	79
Advance on non-revolving credit facility		-	-	-	120
Repayments of long-term debt		(4)	(6)	(78)	(82)
Repayments on revolving credit facilities, net		(16)	(84)	(125)	(83)
Interest paid		(10)	(13)	(39)	(40)
Payments of lease liabilities (principal portion)		(76)	(137)	(362)	(412)
Payments of lease liabilities (interest portion)		(64)	(65)	(192)	(193)
Repurchase of common shares	9	(150)	(107)	(300)	(300)
Dividends paid		(51)	(47)	(153)	(144)
Non-controlling interest		-	(3)	(21)	(25)
Cash flows used in financing activities		(360)	(446)	(889)	(1,080)
Increase (decrease) in cash and cash equivalents		75	(97)	44	(69)
Cash and cash equivalents, beginning of period		254	288	285	260
Cash and cash equivalents, end of period		\$ 329	\$ 191	\$ 329	\$ 191

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 January 31, 2026 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 January 31, 2026, the Company’s business operations were conducted through its two reportable segments: Food retailing and Investments and other operations, as further described in Note 10, 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 March 11, 2026.

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 January 31, 2026 with the exception of the following:

During the period ended January 31, 2026, the Company determined there were indicators of impairment related to its customer fulfillment centres (“CFC”), resulting in significant estimation and judgment to determine the recoverable amounts for each CFC, which the Company has determined to be a cash generating unit (“CGU”). When measuring expected future cash flows, management makes key assumptions primarily related to estimated sublease income using market rates, lease terms, likelihood of extension of the sublease and discount rate. The Company recorded non-cash asset impairment and related charges totalling \$746 million for the period ended January 31, 2026, as a result of the rationalization and financial performance of its e-commerce network (Note 6).

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 and year-to-date ended January 31, 2026 was \$5,760 million and \$17,631 million (February 1, 2025 - \$5,643 million and \$17,367 million) respectively. The Company recorded an expense for the period and year-to-date ended January 31, 2026 of \$ nil and \$3 million (February 1, 2025 - \$ nil and \$3 million) respectively 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>	January 31 2026	May 3 2025	February 1 2025
Investment in associates and joint ventures			
Crombie Real Estate Investment Trust ("Crombie REIT")	\$ 632	633 \$	631
Real estate partnerships	66	62	62
Other investments and joint ventures	35	25	15
Total	\$ 733	\$ 720	\$ 708

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>	January 31 2026	May 3 2025	February 1 2025
Crombie REIT	\$ 1,209	\$ 1,148	\$ 1,027

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 Asset impairment and related charges

During the period ended January 31, 2026, the Company performed an assessment of expected financial performance across its e-commerce network, which showed lower than expected forecasted cash flows. Management considered this to be an indicator of impairment and as a result, the Company separately tested the recoverability of each CFC as they each represent a distinct CGU being the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The assets of the CFCs primarily include right-of-use assets ("ROU") and the related leasehold improvements, equipment and software. The impairment testing indicated the carrying value of the assets exceeded the sum of the discounted cash flows expected to result from the use and eventual disposal of the assets. Management will reassess the recoverable amount of the facilities if circumstances change significantly.

The recoverable amount is the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"). The recoverable amount of each CGU was determined using a discounted cash flow method, either with the recoverable amounts for VIU calculations using cash flows from the Company's latest internal forecasts or for FVLCD based on the expected cash flows from sublease arrangements for each of these facilities. Impairment resulted from recoverable amounts using FVLCD calculations (Level 3 fair value measurement), where the fair value of leased assets was determined using a discounted cash flow approach. Key assumptions included estimated market rental rates, estimated decommissioning costs, and pre-tax discount rates ranging from 7.0% to 7.75%.

During the period ended January 31, 2026 the Company recognized an impairment loss and related costs of \$746 million, which was recognized in the food retailing segment and has been recorded in Impairment losses of long-lived assets and related charges on the Interim Condensed Consolidated Statements of (Loss) Earnings. These costs include impairment of ROU, property and equipment, and intangibles, and direct costs associated with the planned closure of the Calgary CFC including severance costs, one-time cash contract termination payments and decommissioning costs. The total carrying amount of the CGUs prior to impairment was \$724 million, while the estimated recoverable amount was \$126 million. This resulted in an impairment loss of \$409 million to ROU, including \$55 million in decommissioning costs, \$206 million to property and equipment and \$39 million to intangibles.

As a result of management's assessment of the future performance of certain assets in the e-commerce network, the Company made the decision in the period ended January 31, 2026, to wind-down the Calgary CFC and its support facility in Edmonton, and the development of the Vancouver CFC continues to be on hold.

The planned closure of the Calgary CFC and the continued pause on development of the Vancouver CFC did not meet the criteria for classification as a discontinued operation under IFRS 5, "Non-current assets held for sale and discontinued operations", as these sites did not represent a separate major line of business or geographical area of operations.

Note 7 Provisions

January 31, 2026				
<i>(in millions of Canadian dollars)</i>				
	Legal	Environmental	Restructuring	Total
Opening balance	\$ 8	\$ 27	\$ 45	\$ 80
Provisions made	6	-	177	183
Provisions used	(6)	(1)	(25)	(32)
Provisions reversed	(1)	-	(6)	(7)
Change due to discounting	-	1	-	1
Closing balance	\$ 7	\$ 27	\$ 191	\$ 225
Current	\$ 7	\$ -	\$ 186	\$ 193
Non-current	-	27	5	32
Total	\$ 7	\$ 27	\$ 191	\$ 225

Restructuring

During the period ended January 31, 2026, restructuring provisions of \$147 million related to the e-commerce review and closure of the Calgary CFC, including one-time contract termination fees and severance costs of \$92 million and decommissioning costs of \$55 million (Note 6).

Note 8 Long-term debt

<i>(in millions of Canadian dollars)</i>	January 31 2026	May 3 2025	February 1 2025
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
Senior unsecured notes, Series 2025-1, interest rate 3.10%, due October 30, 2028	300	-	-
Notes payable and other debt primarily at interest rates fluctuating with the prime rate, due 2026 - 2036 (May 3, 2025 due 2025 - 2036, February 1, 2025 due 2025 - 2036)	166	162	152
Credit facility, due on demand, interest rate fluctuates with the Canadian prime rate	53	82	72
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	171	268	335
	1,263	1,085	1,133
Interest payable on credit facilities	-	(1)	(1)
Unamortized transactions costs	(3)	(2)	(2)
	1,260	1,082	1,130
Less amount due within one year	202	225	213
	\$ 1,058	\$ 857	\$ 917

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

<i>(in millions of Canadian dollars)</i>	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
Opening balance	\$ 1,269	\$ 1,204	\$ 1,082	\$ 1,096
Issuance of long-term debt	11	16	381	79
Advance on non-revolving credit facility	-	-	-	120
Repayments of long-term debt	(4)	(6)	(78)	(82)
Repayments on revolving credit facilities, net	(16)	(84)	(125)	(83)
Total cash flows (used in) from long-term debt financing activities	(9)	(74)	178	34
Closing balance	\$ 1,260	\$ 1,130	\$ 1,260	\$ 1,130
Current			\$ 202	\$ 213
Non-current			1,058	917
Total			\$ 1,260	\$ 1,130

Pursuant to an agreement dated October 30, 2025, Sobeys issued through private placement Series 2025-1 senior unsecured notes ("the Notes"), bearing interest at a fixed rate of 3.10%, due October 30, 2028. Interest is payable semi-annually beginning April 2026. As of January 31, 2026, the outstanding amount of the Notes was \$300 million. The Notes are redeemable at Sobeys' option, in whole or in part, at any time. The redemption price will equal the greater of the Canada Yield Price or par value, plus accrued and unpaid interest to the redemption date.

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 January 31, 2026, the outstanding amount of this facility was \$120 million (February 1, 2025 - \$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 January 31, 2026, the outstanding amount of this facility was \$86 million (February 1, 2025 - \$300 million) and the Company has issued \$73 million (February 1, 2025 - \$55 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 January 31, 2026, the outstanding amount of this facility was \$85 million (February 1, 2025 - \$32 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 January 31, 2026, the outstanding amount of the facility was \$53 million (February 1, 2025 - \$73 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate.

Note 9 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 January 31, 2026, the Company purchased 4,903,677 Non-Voting Class A shares (February 1, 2025 - 6,712,371) under this filing at a weighted average price of \$50.15 (February 1, 2025 - \$39.84) for a total consideration of \$246 million (February 1, 2025 - \$267 million).

The following table reflects shares repurchased under the NCIB:

<i>(in millions of Canadian dollars, except per share amounts)</i>	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
Number of shares	3,101,542	2,484,371	5,951,119	7,691,346
Weighted average price per share	\$ 48.37	\$ 43.16	\$ 50.42	\$ 39.01
Reduction of share capital	\$ 37	\$ 32	\$ 70	\$ 98
Premium charged to retained earnings	113	75	230	202
Cash consideration paid	\$ 150	\$ 107	\$ 300	\$ 300

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 and year-to-date ended January 31, 2026, the Company has recognized tax on the repurchase of equity of \$3 million and \$6 million (February 1, 2025 - \$2 million and \$8 million) respectively, as a charge to retained earnings on the Interim Condensed Consolidated Balance Sheets.

Subsequent to the period ended January 31, 2026 through to the date of authorization of issuance of March 11, 2026, the Company purchased for cancellation 621,100 Non-Voting Class A shares at a weighted average price of \$48.02 for a total consideration of \$30 million.

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

	Number of Shares		Share Capital	
	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 13 Weeks	February 1 2025 13 Weeks
<i>(in millions of Canadian dollars)</i>				
Issued and outstanding				
Balance, beginning of period, Non-Voting Class A shares	132,008,024	138,839,826	\$ 1,628	\$ 1,709
Repurchase of common shares	(3,101,542)	(2,484,371)	(37)	(32)
Issuance of shares for stock-based compensation	169,066	135,412	4	2
Balance, end of period, Non-Voting Class A shares	129,075,548	136,490,867	\$ 1,595	\$ 1,679
Class B common shares, without par value	98,138,079	98,138,079	\$ 7	\$ 7
Shares held in trust	(16,302)	(38,280)	(1)	(1)
Total capital stock			\$ 1,601	\$ 1,685

	Number of Shares		Share Capital	
	January 31 2026 39 Weeks	February 1 2025 39 Weeks	January 31 2026 39 Weeks	February 1 2025 39 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	(5,951,119)	(7,691,346)	(70)	(98)
Issuance of shares for stock-based compensation	538,648	250,142	11	4
Balance, end of period, Non-Voting Class A shares	129,075,548	136,490,867	\$ 1,595	\$ 1,679
Class B common shares, without par value	98,138,079	98,138,079	\$ 7	\$ 7
Shares held in trust	(16,302)	(38,280)	(1)	(1)
Total capital stock			\$ 1,601	\$ 1,685

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

	Number of Shares			Share Capital		
	January 31 2026	May 3 2025	February 1 2025	January 31 2026	May 3 2025	February 1 2025
<i>(in millions of Canadian dollars)</i>						
Non-Voting Class A shares	129,075,548	134,488,019	136,490,867	\$ 1,595	\$ 1,654	\$ 1,679
Class B common shares	98,138,079	98,138,079	98,138,079	7	7	7
Shares held in trust	(16,302)	(38,341)	(38,280)	(1)	(1)	(1)
Total capital stock				\$ 1,601	\$ 1,660	\$ 1,685

Note 10 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:

	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
<i>(in millions of Canadian dollars)</i>				
Food sales	\$ 7,477	\$ 7,259	\$ 22,808	\$ 22,149
Fuel sales	413	466	1,335	1,491
Sales	\$ 7,890	\$ 7,725	\$ 24,143	\$ 23,640

Management assesses performance based on operating (loss) 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 Interim Condensed Consolidated Statements of (Loss) Earnings. Other income, Selling and administrative expenses and Impairment losses of long-lived assets and related charges which are also disclosed separately on the Interim Condensed Consolidated Statements of (Loss) 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 (Loss) Earnings and in Note 4.

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

	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
<i>(in millions of Canadian dollars)</i>				
Segment operating (loss) income				
Food retailing	\$ (461)	\$ 278	\$ 186	\$ 927
Investments and other operations				
Crombie REIT	10	10	38	54
Real estate partnerships	18	10	22	15
Other operations, net of corporate expenses	(5)	(10)	(7)	(20)
	23	10	53	49
Total	\$ (438)	\$ 288	\$ 239	\$ 976

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

	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
<i>(in millions of Canadian dollars)</i>				
Total segment operating (loss) income	\$ (438)	\$ 288	\$ 239	\$ 976
Finance costs, net	70	72	205	219
(Loss) earnings before income taxes	\$ (508)	\$ 216	\$ 34	\$ 757

	January 31 2026	May 3 2025	February 1 2025
<i>(in millions of Canadian dollars)</i>			
Total assets by segment			
Food retailing	\$ 16,281	\$ 16,234	\$ 15,979
Investments and other operations	792	785	773
Total	\$ 17,073	\$ 17,019	\$ 16,752

Note 11 Other income

	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
<i>(in millions of Canadian dollars)</i>				
Net gains on lease modifications and terminations	\$ 2	\$ 1	\$ 12	\$ -
Lease income from owned property	3	3	11	11
Net gains on disposal of net assets	3	-	5	53
Total other income	\$ 8	\$ 4	\$ 28	\$ 64

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 12 Finance costs, net

<i>(in millions of Canadian dollars)</i>	Note	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
Finance income					
Interest income on lease receivables		\$ 5	\$ 6	\$ 16	\$ 18
Interest income on long-term receivables	17	1	-	9	-
Fair value gains on forward contracts		3	2	8	5
Accretion income on leases and other receivables		1	1	2	1
Interest income from cash and cash equivalents		-	1	2	2
Total finance income		10	10	37	26
Finance costs					
Interest expense on lease liabilities		64	65	192	193
Interest expense on other financial liabilities at amortized cost		14	14	43	44
Pension finance costs, net		2	2	6	6
Accretion expense on provisions		-	1	1	2
Total finance costs		80	82	242	245
Finance costs, net		\$ 70	\$ 72	\$ 205	\$ 219

Note 13 Earnings per share

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

<i>(in millions of Canadian dollars, except share amounts)</i>	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
Weighted average number of shares - basic	228,842,549	236,392,392	230,802,575	239,151,013
Shares deemed to be issued for no consideration in respect of stock-based payments	488,965	790,348	714,345	610,513
Weighted average number of shares - diluted	229,331,514	237,182,740	231,516,920	239,761,526
(Loss) earnings per share				
(Loss) earnings attributable to Owners of the Company	\$ (385)	\$ 146	\$ (14)	\$ 527
Basic weighted average number of shares outstanding (in millions)	228.8	236.4	230.8	239.2
Basic (loss) earnings per share	\$ (1.68)	\$ 0.62	\$ (0.06)	\$ 2.20
Diluted weighted average number of shares outstanding (in millions) ⁽¹⁾	228.8	237.2	230.8	239.8
Diluted (loss) earnings per share	\$ (1.68)	\$ 0.62	\$ (0.06)	\$ 2.20

(1) For the period and year-to-date ended January 31, 2026, basic and diluted loss per share are the same as the effect of the potentially dilutive shares would have been anti-dilutive.

Note 14 Income taxes recognized in other comprehensive loss

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

<i>(in millions of Canadian dollars)</i>	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
Unrealized (losses) gains on derivatives designated as cash flow hedges	\$ (1)	\$ -	\$ (2)	\$ 1
Actuarial losses on defined benefit plans	-	(2)	(3)	(5)
Total	\$ (1)	\$ (2)	\$ (5)	\$ (4)

Note 15 Supplementary cash flow information

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

<i>(in millions of Canadian dollars)</i>	January 31 2026 13 Weeks	February 1 2025 13 Weeks	January 31 2026 39 Weeks	February 1 2025 39 Weeks
Receivables	\$ (14)	\$ 10	\$ (64)	\$ 23
Inventories	103	76	(49)	12
Prepaid expenses	17	27	10	22
Accounts payable and accrued liabilities	(57)	(115)	(117)	(167)
Other	12	(10)	22	(28)
Net change in non-cash working capital	\$ 61	\$ (12)	\$ (198)	\$ (138)

Note 16 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 year-to-date ended:

<i>(in millions of Canadian dollars)</i>	January 31 2026	February 1 2025
Inventories	\$ 3	\$ 5
Property, equipment and investment property	2	5
Goodwill	1	6
Accounts payable and accrued liabilities	-	(1)
Total consideration	\$ 6	\$ 15

From the date of acquisition, the businesses acquired contributed sales of \$10 million and \$22 million (February 1, 2025 - \$26 million and \$65 million) and net earnings of \$ nil and \$ nil (February 1, 2025 - \$ nil and \$ nil) for the period and year-to-date ended January 31, 2026 respectively, 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 17 Contingencies

On June 21, 2005, Sobeys received a notice of reassessment from Canada Revenue Agency ("CRA") for fiscal years 1999 and 2000 related to Lumsden Brothers Limited, a wholesale subsidiary of Sobeys, and the Goods and Service Tax ("GST"). The reassessment related to GST on sales of tobacco products to eligible Indigenous peoples. CRA asserted that Sobeys was obliged to collect GST on sales of tobacco products to eligible Indigenous peoples. The total tax, interest and penalties in the reassessment was \$14 million. Sobeys reviewed this matter, received legal advice, and believed it was not required to collect GST. During fiscal 2006, Sobeys filed a Notice of Objection with CRA. Sobeys had deposited with CRA funds equal to the total tax, interest and penalties in the reassessment and had recorded this amount as an other long-term receivable from CRA pending resolution of the matter. During the year ended May 4, 2024, the court ruled in favour of Sobeys, however the Crown filed Notice of Appeal and the hearing was held in May 2024. In October 2025, the Federal Court of Appeal ruled in favour of Sobeys and dismissed the Crown's appeal. For the period and year-to-date ended January 31, 2026, Sobeys recorded a recovery of \$1 million and \$9 million respectively, related to the interest earned on the amounts deposited with CRA, net of costs associated with settling the matter, which has been recognized in finance costs, net on the Interim Condensed Consolidated Statements of (Loss) Earnings. During the period ended January 31, 2026, the amounts receivable were collected.

Note 18 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>	January 31 2026	May 3 2025	February 1 2025
Long-term debt			
Total carrying amount	\$ 1,260	\$ 1,082	\$ 1,130
Total fair value	\$ 1,326	\$ 1,135	\$ 1,196

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 19 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 year-to-date ended January 31, 2026, 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 year-to-date ended January 31, 2026, the Company granted 410,938 equity-settled PSUs. The weighted average fair value of \$48.75 per PSU issued during the year-to-date ended January 31, 2026 was determined using Black-Scholes model with the following weighted average assumption:

Share price	\$ 50.76
Expected life	2.60 years
Risk-free interest rate	2.66%
Expected volatility	20.03%
Dividend yield	1.56%

During the prior year-to-date ended February 1, 2025, the Company granted 603,751 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 January 31, 2026, the total carrying amount of the cash and equity liability was \$34 million (February 1, 2025 - \$19 million).

At January 31, 2026, there were 1,353,312 (February 1, 2025 - 1,196,917) PSUs outstanding. The compensation expense for the period and year-to-date ended January 31, 2026 related to equity-settled PSUs was \$4 million and \$8 million (February 1, 2025 - \$ nil and \$ nil) respectively. The compensation expense for the period and year-to-date ended January 31, 2026 related to cash-settled PSUs was \$2 million and \$6 million (February 1, 2025 - \$5 million and \$10 million) respectively.

Stock option plan

During the year-to-date ended January 31, 2026, the Company granted nil (February 1, 2025 - 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 and year-to-date ended January 31, 2026 related to the issuance of options was \$ nil and \$1 million (February 1, 2025 - \$1 million and \$6 million) respectively.

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 year-to-date ended January 31, 2026, the Company granted 199,254 (February 1, 2025 - 224,304) DSUs. At January 31, 2026, there were 1,268,417 (February 1, 2025 - 1,738,087) DSUs outstanding and the total carrying amount of the liability was \$49 million (February 1, 2025 - \$66 million). The compensation (recovery) expense for the period and year-to-date ended January 31, 2026 related to DSUs was \$(1) million and \$(2) million (February 1, 2025 - \$8 million and \$20 million) respectively.

Members of the Board of Directors may elect to receive all or any portion of their fees in DSUs in lieu of cash. The number of DSUs received is determined by the market value of the Company's Non-Voting Class A shares on each directors' or employees' fee payment date. During the year-to-date ended January 31, 2026, the Company granted 42,284 (February 1, 2025 - 42,556) DSUs. At January 31, 2026, there were 577,940 (February 1, 2025 - 524,135) DSUs outstanding and the total carrying amount of the liability was \$26 million (February 1, 2025 - \$22 million). During the period and year-to-date ended January 31, 2026, the compensation (recovery) expense recorded was \$(1) million and \$(2) million (February 1, 2025 - \$3 million and \$7 million) respectively.

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

Note 20 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 January 31, 2026, the Company holds a 41.5% (February 1, 2025 - 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 (Loss) Earnings.

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

Note 21 Employee future benefits

During the period and year-to-date ended January 31, 2026, the net employee future benefits expense reported in net earnings was \$13 million and \$41 million (February 1, 2025 - \$13 million and \$40 million) respectively. Actuarial losses before taxes on defined benefit pension plans for the period and year-to-date ended January 31, 2026 were \$(2) million and \$(13) million (February 1, 2025 - \$(9) million and \$(20) million) respectively. These losses have been recognized in other comprehensive loss, net.

Note 22 Subsequent event

On February 17, 2026, Sobeys, through a wholly-owned subsidiary, sold and leased back a property from Crombie REIT. Total proceeds from the transaction were \$115 million, resulting in a pre-tax gain of approximately \$22 million subject to closing costs and related adjustments.

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 March 10, 2026

Non-Voting Class A shares	128,525,684
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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