

# empire

COMPANY LIMITED

**Annual Information Form**

**For the Fiscal Year Ended May 2, 2026**



**June 23, 2026**

# Annual Information Form

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# Annual Information Form

All disclosure for Empire Company Limited and all subsidiary companies ("Empire" or the "Company"), 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, is as of the fiscal year ended May 2, 2026, unless otherwise indicated.

## 1 Forward-Looking Information

This Annual Information Form ("AIF") 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 growing sales, gross margin (excluding fuel) and generating operating leverage, 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 this AIF;
- The Company's plan to invest \$850 million capital in its network in fiscal 2027, including new store expansions and renovations and renovate approximately 20% to 25% of the network, between fiscal 2027 and fiscal 2029 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 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 that the *Scene+* loyalty program will accelerate engagement by focusing on scaling personalization, which may be impacted by customer response, *Scene+* app usage and the pace at which personalized offers are rolled out;
- The Company's expectation that it will continue to focus on driving efficiency and cost effectiveness initiatives including the ability to successfully pursue other e-commerce cost saving initiatives which could be impacted by supplier relationships, labour relations, successfully implementing operational efficiencies and other macro-economic impacts;
- The Company's expectation that it will meet targeted growth of FreshCo, which may be impacted by customer response, availability of contractors, operating results, and other macro-economic impacts;
- The Company's expectation of the timing and completion of the Mayrand Food Group Inc. acquisition, which may be impacted by final closing conditions; and
- The Company's plans to repurchase 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 this AIF.

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.

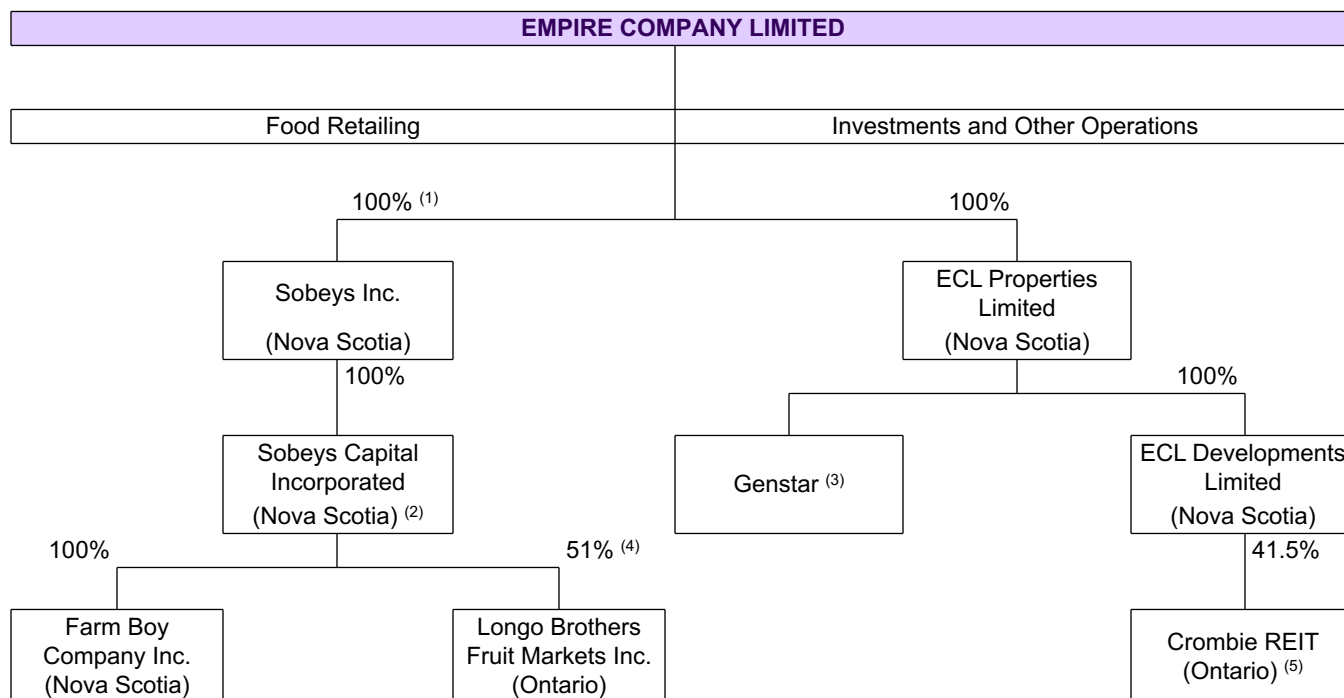
## 2 Corporate Structure

### 2.1 Name and Incorporation

Empire Company Limited was created by amalgamation under the *Companies Act* (Nova Scotia) on January 31, 1973. Predecessors of Empire had been carrying on business since 1907. Empire's head office and registered office is located at 115 King Street, Stellarton, Nova Scotia. In this AIF, "Empire" or the "Company" is used to refer collectively to Empire Company Limited and all of its subsidiaries, except where the context requires otherwise.

### 2.2 Intercorporate Relationships

The following chart shows the names of the principal subsidiaries of Empire, their respective jurisdictions of incorporation, and the percentages of voting and non-voting securities owned by Empire as of May 2, 2026.



#### Notes:

- (1) Empire owns 19.7% of Sobeys Inc. directly and the balance (80.3%) indirectly through its subsidiaries Emplink Investments Limited (Nova Scotia) and Empsafe Investments Limited (Nova Scotia).
- (2) Includes 100% interest in Sobeys Developments Limited Partnership (Nova Scotia limited partnership), directly as the general partner and indirectly through Sobeys Land Holdings Limited (Nova Scotia) as the sole limited partner.
- (3) ECL Properties Limited indirectly holds a 40.7% equity accounted interest in Genstar Development Partnership (Alberta), a 48.6% equity accounted interest in Genstar Development Partnership #2 (Alberta), and a 49.0% equity accounted interest in The Fraipont Partnership (Alberta), (collectively referred to as "Genstar").
- (4) Indirect ownership through a wholly-owned subsidiary.
- (5) Empire indirectly owns 909,090 Crombie Real Estate Investment Trust ("Crombie REIT") Units and 76,871,121 Class B Limited Partnership Units of Crombie Limited Partnership (Nova Scotia) which are exchangeable into and equivalent to units of Crombie REIT, which together represented a 41.5% indirect ownership interest in Crombie REIT as of May 2, 2026 (41.5% on a fully diluted basis). A Special Voting Unit of Crombie REIT is attached to each Class B Limited Partnership Unit.

### 3 Description of the Business

Empire Company Limited (Toronto Stock Exchange ("TSX"): EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia with approximately \$32 billion in annual sales and \$17 billion in assets. Empire and its subsidiaries, franchisees and affiliates employ approximately 130,000 people.

The Company's financial results are segmented into two separate reportable segments: food retailing, through 100% owned Sobeys, and investments and other operations. All values are reported in Canadian dollars ("CAD").

#### 3.1 Food Retailing

Empire's Food retailing segment is carried out through its 100% owned subsidiary companies, including Sobeys Inc., 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. 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, and operates and/or supplies more than 350 retail fuel locations. A description of the geographic locations and banners of Sobeys' retail stores, including the number of franchised and corporate stores, is provided in the attached Appendix A.

#### Well Established, Differentiated Stores and Retail Banners

The Company's ambition is to be the best retailer in Canada, providing quality and value with differentiated offerings and seamless experiences, with a strong focus on serving local cultures in every community. Empire recently launched its new three-year corporate strategy which is anchored to four core priority focus areas: *Customers, Stores, Growth, and Cost Efficiency*. Empire's belief is that long-term success is driven not solely by scale or market presence, but by the quality of the relationships the teammates in stores build with customers and the experiences they consistently deliver.

#### Related Businesses

The Company's other operating businesses include pharmacy, fuel and convenience, liquor and wholesale.

##### *Pharmacy*

The National Pharmacy Group operates under the in-store pharmacy banners – Sobeys Pharmacy, Safeway Pharmacy, Thrifty Foods Pharmacy, FreshCo Pharmacy, and Foodland Pharmacy – as well as freestanding locations through Lawton's Drug Stores in Atlantic Canada.

##### *Fuel/Convenience*








Sobeys operates fuel locations in Atlantic Canada and Quebec under the FastFuel and Shell banners, and specific to Atlantic Canada, some Irving and Petro Canada locations. Many are co-located within the Company's grocery and convenience stores – Needs, Voisin and Boni-Soir.

##### *Liquor*

Sobeys operates liquor retail stores under the Sobeys Liquor and Safeway Liquor banners in Western Canada and offers the sale of wine and beer within stores in Quebec, New Brunswick and Ontario. Store teams provide great product knowledge and service to customers who are shopping for wine, spirits and beer.

##### *Wholesale*

In addition to the distribution to corporate and franchised stores, Sobeys operates national wholesale distribution to over 5,000 convenience stores and small grocers nationally. Sobeys Wholesale also operates six *Cash & Carry* outlets, five in Atlantic Canada and one in Manitoba.

Description	Banner	Count
		234
Stores that feature the broadest assortment of products and specialty items designed for each unique market served. These full-service banners are intended to provide superior customer care by showcasing quality produce, a full-service meat offering, deli and seafood counters, plus value-added food knowledge provided by staff.		158 <sup>(1)</sup>
		132
		140
		43
		26
Stores that serve the "fresh fill-in" and "today's meal" needs of customers and are intended to provide superior service and a customized quality offering.		52
Stores that serve the "routine and fill-in" food shopping occasions for customers in smaller, rural and one-store communities. Smaller format locations offering a broad assortment of local products.		209
		81
		45
		31 <sup>(1)</sup>
Stores that serve customers with low prices every day in combination with a produce and grocery offering to meet the needs of diverse, cultural palettes.	 	160
Customer Fulfillment Centres that serve the e-commerce platform.		2 <sup>(2)</sup>
Stores that serve the "on-the-go" convenience needs of customers.	  	439
Pharmacy, health care, beauty, giftware and convenience store products.		74
Fuel stations and related convenience stores.	 	359
Liquor stores.	 	97
Includes various other store formats.	Various	20
<b>Total</b>		<b>2,300<sup>(2)</sup></b>

**Notes:**

- (1) IGA stores in Quebec and New Brunswick are classified as full-service, while IGA stores in Western Canada are classified as community-service.  
(2) The Voilà Customer Fulfillment Centres ("CFCs") are not retail stores and are excluded from the total.

## Own Brands

Sobeys' Own Brands consist of *Compliments*, *Panache*, *Best Buy*, *Chalo*, *Eight Treasures* and *Big 8*. *Compliments* serves as the main brand for a wide range of everyday products that seek to rival the national brand in both quality and value. *Panache* offers products that bring a gourmet flair to the table. *Best Buy* caters to price-conscious customers by providing value on everyday essentials. *Chalo* specializes in a wide assortment of authentic South Asian and other multicultural products, while *Eight Treasures* focuses on meeting the needs of Southeast Asian consumers. *Big 8*, located and operated in Stellarton, Nova Scotia provides quality bottled water and a range of soft drinks to customers in Atlantic Canada.

Farm Boy's private label represents a wide selection of exceptional quality products offering great value, including a variety of locally-sourced items. These can be found in all categories including produce, meat, seafood, grocery, chef-prepared, bakery, dairy, frozen, cheese and deli.

Longo's is dedicated to helping customers eat well, save time and live better. Their focus is on offering private label products that include *Longo's Essentials*, *Longo's* and *Curato*.

## Loyalty Reward Programs

Sobeys offers its customers the *Scene+* loyalty program, available coast-to-coast at the majority of its banners. The *Scene+* loyalty program has over 15 million members to date and provides Sobeys' customers with various points earning opportunities, member pricing discounts, personalized offers and communications and the opportunity to participate in contests and other loyalty rewards, while providing the Company with insight to deepen customer relationships and advance marketing and merchandising strategies to the next level.

Longo's offers its customers the Thank You Rewards program which allows members to earn points on their purchases at Longo's stores. Members can redeem these points for cash towards future grocery purchases or to purchase products and services.

## Real Estate

Sobeys has a real estate and construction team to support the Company's overall growth strategy. The real estate objective is to improve the Company's market share through renovations, expansions and new stores, while continuing to identify long-term potential opportunities. Sobeys values its real estate position and its strong relationships with third-party landlords and developers and its strong relationship with Crombie REIT. Through these relationships Sobeys has been successful in building retail, CFC and distribution centre footprints and will continue to grow these in line with the Company's strategic initiatives.

Sobeys owns certain retail store locations and also leases stores from related parties and third-party landlords. At May 2, 2026, of the 43 million square feet of retail store space under operation, 4.9% was owned, 24.1% was leased from a related party, Crombie REIT, and the balance was leased from third-party landlords.

## 3.2 Investments and Other Operations

### Crombie REIT

The Company, through wholly-owned ECL Developments Limited, holds a 41.5% equity accounted interest in Crombie REIT (41.5% on a fully diluted basis). The fair value of its 41.5% ownership interest in Crombie REIT equals \$1,314 million at May 2, 2026.

Pursuant to a Right of First Offer Agreement between Sobeys Capital Incorporated and Crombie REIT, the Company has agreed to provide Crombie REIT with a right of first offer to acquire any property that it intends to dispose of subject to certain exceptions.

Sobeys is Crombie REIT's largest tenant in terms of percentage contribution to total annual minimum rent, representing 60.6% of annual minimum rent.

Crombie REIT provides administrative and property management services to the Company on a fee-for-service basis pursuant to a Management Agreement. The amounts paid and collected in fiscal 2026 were not material.

## Genstar

Genstar is a residential real estate development company headquartered in San Diego, California, with Canadian offices in Western Canada. Genstar focuses on attractive residential land holdings in select growth markets. Empire holds equity accounted interests ranging from approximately 40.7% to 49.0% in the Genstar group of companies. See “Intercorporate Relationships” section of this AIF for particulars of the Company’s holdings within the Genstar group of companies.

### 3.3 Environmental, Social and Governance

The Company’s corporate governance approach extends to its focus on environmental sustainability and social issues and the management of the associated risks in these areas. The Company has long operated in a way that is committed to prioritizing the well-being of its customers and the communities it serves, without compromising the ability of future generations to prosper on the planet we all share.

The Company’s business operations have been built on principles that reflect its values, while delivering on the expectations of its stakeholders. These building blocks have enabled the Company to make and deliver on commitments to drive meaningful environmental and social change.

The Company’s Environmental, Social and Governance (“ESG”) framework is centered on delivering change and achieving targets in three areas that the Company has deemed most important to its stakeholders: Planet, Products and People.

#### Environmental

**Planet pillar:** The Company’s goal is to reduce its environmental impact in the areas most material to its business and enhance its resilience to climate change to protect the planet for future generations, by focusing on the reduction of waste and lowering of energy and emissions.

*Energy & Emissions:* The Company first released its Climate Action Plan in July 2022, which included near-term greenhouse gas emissions reduction targets and described the Company’s approach to climate-related action. In July 2026, the second phase of the Climate Action Plan will be released.

*Waste Reduction:* The Company is focused on reducing food waste in its operations and supply chain, reducing avoidable single-use plastics, optimizing packaging and improving overall store waste diversion from landfills.

**Products pillar:** The Company seeks to provide product choices that serve the needs of its customers by focusing on ethical and sustainable sourcing and through strong collaboration with its suppliers.

*Ethical & Sustainable Sourcing:* The Company aims to create more resilient food systems and provide customers with access to sustainably and ethically sourced products through its human rights due diligence, animal welfare, sustainable palm oil and sustainable seafood sourcing practices.

*Local Supplier Partnerships:* The Company cultivates strong partnerships with local suppliers, working together to nourish communities and build a stronger food system for Canadians.

For further information, refer to the Company’s annual Sustainable Business Report (“SBR”) on the Company’s website ([www.empireco.ca](http://www.empireco.ca)).

## Social

People pillar: The Company's People pillar aims to deliver a more inclusive workforce and to build healthier communities as described below.

### **Community Investment**

In fiscal 2021, the Company introduced its Community Investment strategy focused on nourishing Healthy Bodies and Healthy Minds. The Company nurtures our local communities by increasing access to healthy food, and helping young people to get mental health support they need.

A healthy body and a healthy mind go hand-in-hand, and the partnerships that fall under this strategy support a family's whole well-being, including both physical and mental health.

Significant progress has been made since fiscal 2021. In fiscal 2026, more than \$29 million was raised and donated, an increase of 64% from the programs first year. Over \$132 million has been raised and donated to date. Key highlights include:

- \$35 million raised and donated to more than 400 food banks across Canada
- The Family of Support: Child & Youth Mental Health commitment has helped nearly 128,000 kids access care early in their journey
- The Community Action Fund has empowered store teams to donate \$6 million to hundreds of local community organizations supporting Healthy Bodies and Healthy Minds
- The annual campaign in support of Special Olympics Canada has made more than 7 million days of activity possible for athletes
- The Healthier Tomorrows Individual Giving Program was introduced in 2022; more than \$917,000 has been raised and donated through this voluntary payroll deduction program for 30 local charities across Canada
- More than 750 teammates engaged in employee volunteering opportunities through our strategic partnerships in fiscal 2026, with this program set to grow over the next three years

A robust roadmap has been created to ensure the next 3-year strategy, launching in fiscal 2027, is informed by learning and inspired by insights. The Community Investment strategy, with Healthy Bodies and Healthy Minds remaining as pillars, will include a refreshed vision for supporting local communities and will continue to align to the Company's purpose of 'Family Nurturing Families'.

### **Diversity, Equity and Inclusion**

The Company is committed to Diversity, Equity and Inclusion ("DE&I") for teammates, suppliers, and customers in the communities the Company serves. This commitment is fueled by the Company's purpose and values and is seen by the Company as critical to create engaging workplaces and inclusive customer experiences and to empower community partnerships for generations to follow. As a family nurturing families, DE&I is embedded into everything the Company does to drive change.

The Company set a new DE&I strategy for fiscal 2027 to fiscal 2029, driving growth through a focus on DE&I and Indigenous Relations to improve employee, customer, and community experiences. The strategy comprises three commitments, supported by annual priorities and three-year goals with solid governance and endorsement by the Company's Human Resources Committee and Board. The DE&I strategy and annual priorities are governed by the Chief Executive Officer with active executive leadership, including the Executive Leadership Committee and the national DE&I Council, representing a diverse group of senior leaders across the Company. Additional steering committees have been formed to set direction and govern key priorities outlined in the DE&I plan, such as Supplier Diversity, Indigenous Relations, and Women's Inclusion. The Company takes a collaborative approach to DE&I, listening and learning from teammates and stakeholders, to inform priorities and ensure progress is made.

During the last three fiscal years, the Company has had a Key Performance Indicator ("KPI") for DE&I that measures progress against fiscal priorities and is included in the Company's short-term incentive program. This KPI has reinforced the Company's commitment to DE&I and the role that leaders and teammates play to create systemic and sustainable change.

## Governance

Oversight and responsibility over the Company's ESG strategies, including climate-related targets, are through the Executive Leadership team and the Board. The Board has delegated certain ESG responsibilities to each of the Corporate Governance & Social Responsibility Committee, the Human Resources Committee and the Audit Committee, which are updated on applicable ESG issues, including climate performance, risk and opportunities, on a quarterly basis. The three pillars are governed and managed at the senior levels of the Company through dedicated internal groups including the Executive Leadership Team, the Operational Committee, the Sustainable Business Council, Sustainability team, the DE&I Council, and various working groups focused on specific topics within the strategies. The Company also has various internal teams dedicated to ensuring continued progress against key ESG performance indicators, including a Corporate Sustainability team.

For further information, refer to the Company's annual SBR on the Company's website ([www.empireco.ca](http://www.empireco.ca)).

## 3.4 Other Information

### Supply Chain and Product Availability

Sobeys' retail stores and CFCs are serviced through a network of retail support centres (distribution centres) located throughout the country. In addition, certain products are delivered directly to Sobeys' stores by various vendors through a direct to store delivery process.

The Company has no material concerns with respect to product availability. The Company's fulfilment needs are met by a large number of national, regional and local suppliers.

### Competition

Sobeys operates in a dynamic and highly competitive market. Other national and regional food retail companies, along with non-traditional competitors, such as mass merchandisers, warehouse clubs and online retailers, represent a competitive risk to Sobeys' ability to attract customers and operate profitably. Sobeys maintains a strong national presence in the Canadian retail food industry, operating in over 900 communities.

Sobeys' real estate operations and Empire, through its investment in Crombie REIT, compete with numerous other developers, managers and owners of real estate properties in seeking quality tenants and new properties to acquire. Genstar faces competition from other residential land developers in securing attractive sites for new residential lot development.

See also "Risk Management – Competitive Environment" section of this AIF.

### Intangible Properties

Sobeys is not dependent upon any single trademark or trade name, although some trademarks on corporate retail brands and store banner names are important to operations. Sobeys recognizes the importance of its corporate and brand trademarks and the need to protect and enhance their value. It is Sobeys' practice to register or otherwise protect such intangible assets in all jurisdictions in which it operates.

### Employees

At fiscal year end 2026, Empire and its subsidiaries employed approximately 66,000 full-time and part-time employees. Empire and its subsidiaries, franchisees and affiliates employ approximately 130,000 people.

Sobeys and its franchisees and affiliates have over 300 collective agreements covering approximately 64,000 employees.

### Bankruptcy

Neither Empire nor any of its subsidiaries have had any bankruptcy, receivership or similar proceedings taken against them nor have they undertaken any voluntary bankruptcy, receivership or similar proceedings within the three most recently completed years, or expect to undergo any such proceedings in the current fiscal year.

### Reorganizations

Neither Empire nor any of its subsidiaries have undergone any material reorganization within the three most recently completed fiscal years.

## 4 General Development of the Business

The development of the Company's business over the past three fiscal years is discussed in the following sections.

### 4.1 Focus on Food Retailing

The Company continues to focus its attention on its food retailing business, with an emphasis on execution and innovation, and investment in retail stores, distribution centres and e-commerce. The Company is focused on four core priority areas: *Customers, Stores, Growth, and Cost Efficiency*. Empire's belief is that long-term success is driven not solely by scale or market presence, but by the quality of the relationships the teammates in stores build with customers and the experiences they consistently deliver. Sobeys has continued to grow and develop as a leading Canadian grocery retailer and food distributor, and made progress on its major strategic initiatives, including FreshCo expansion, Farm Boy expansion and growing its share of online grocery home delivery.

Sobeys has made significant investments during the three year period ended May 2, 2026 to support growth and development, through property, equipment, investment property purchases and intangibles, excluding corporate acquisitions, totalling approximately \$2 billion.

#### Acquisitions, Expansion and Renovation of Stores

Sobeys' strategy is focused on delivering the best grocery shopping experience to its customers in the right-format, right-sized stores, supported by superior customer service. Sobeys remains focused on improving the product, service and merchandising offerings within each format by expanding and renovating its current store base.

Over the last three fiscal years, Sobeys opened, relocated, or acquired 92 stores. In addition, over this three-year period, Sobeys expanded and rebannered/redeveloped 10 locations.

#### Farm Boy

The Company has continued to expand its Farm Boy banner. During the last three fiscal years, the Company has opened six additional Farm Boy stores. As of June 17, 2026, 52 stores are open.

As part of the Farm Boy acquisition, members of the Farm Boy senior management team (the "Stakeholders"), retained a 12% interest in Farm Boy, resulting in a non-controlling interest. The parties entered into put and call options such that the Stakeholders could put, and Sobeys could call, the remaining 12% at any time after five years following the acquisition date. On January 6, 2024, the Company received formal notice from the Stakeholders exercising their put options. During the quarter ended May 4, 2024, the Company acquired the remaining 12% non-controlling interest in Farm Boy for \$77 million.

#### 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 across Ontario and Western Canada. In fiscal 2027, the Company will open its first FreshCo stores in Atlantic Canada.

During the last three fiscal years, the Company has opened 10 additional FreshCo stores in Western Canada. As of June 17, 2026, FreshCo has 161 stores operating across Canada.

#### Longo's

On May 10, 2021, the Company, through a wholly-owned subsidiary, acquired 51% of Longo's, a long-standing, family-built network of specialty grocery stores in the Greater Toronto Area, and the Grocery Gateway e-commerce business, for a total purchase price of \$337 million. The transaction resulted in 36 Longo's locations joining the Company's growing store network in Ontario and Grocery Gateway, adding approximately 70,000 long-standing online customers to Empire's e-commerce business. Longo's is managed as a separate company within Empire and is run by an executive leadership team. As of June 17, 2026, 43 stores are now open.

In the first quarter of fiscal 2024, the Company completed a merger of Longo's e-commerce business, Grocery Gateway, into Voilà, thereby capturing logistics and delivery synergies. Operating as a 'shop in shop' has increased the reach of Longo's within Ontario and increased Voilà's product count. The Company now offers products from Sobeys, Farm Boy and Longo's through the Voilà platform.

## Distribution Centres

Sobeys continuously focuses on improving its logistics functions. Sobeys currently has three fully automated distribution centres: Terrebonne, Quebec; Vaughan, Ontario; and Rocky View, Alberta. The technology at these centres enables automated stock picking and load assembly systems for improved product selection accuracy and the ability to customize store deliveries according to the unique layout of each store.

## E-Commerce

The Company's continues to advance its e-commerce operations as part of its broader strategy to enhance customer convenience and strengthen its omnichannel offering. In the third quarter of fiscal 2026, the Company assessed the expected financial performance of its e-commerce operations and announced strategic actions to improve profitability and enhance operational flexibility. These actions included the wind-down and closure of the Calgary CFC and its supporting Edmonton facility, which did not meet financial or operational expectations, and the continued pause of the Vancouver CFC development.

As a result of these actions, the Company recognized e-commerce impairment losses and related pre-tax costs of \$746 million in the third quarter of fiscal 2026, recorded within the food retailing segment. These charges primarily related to impairments of right of use assets, property and equipment, and intangible assets, as well as costs associated with facility closures, including severance, contract termination, and decommissioning. The Company continues to operate its Toronto and Montréal CFCs, focusing on markets with higher demand density to support improved productivity, sales growth, and profitability.

The Company has taken additional steps to reduce costs and increase flexibility, including the early termination of its exclusivity agreement with Ocado in fiscal 2025 which resulted in a non-cash pre-tax charge of \$12 million. While maintaining its strategic relationship with Ocado, the Company continues to evaluate its e-commerce operations and pursue initiatives to improve financial performance.

The Company also expanded its third-party delivery capabilities through a new partnership with DoorDash, complementing existing relationships with Instacart and Uber Eats. These partnerships broaden customer access to online shopping across multiple banners nationwide and complement the Company's Voilà platform. The DoorDash rollout was completed in the fourth quarter of fiscal 2026.

## Scene+

In June 2022, the Company launched a new loyalty strategy through *Scene+*, one of Canada's leading loyalty programs. Along with Scotiabank and Cineplex, the Company is a co-owner of *Scene+*. With its final launch in Quebec and Thrifty Foods in March 2023, the loyalty program was successfully launched nationally. *Scene+* has now grown to over 15 million members.

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 was rolled out nationwide on May 26, 2026. Members are now 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 Québec and the Atlantic regions.

In the fourth quarter of fiscal 2026, Tangerine Bank announced the launch of its first rewards based credit card, powered by *Scene+*. Launched on April 22, 2026, the credit card will give Tangerine clients the ability to earn and redeem points at the Company's retail banners, including Sobeys, IGA, Safeway, Foodland, FreshCo and Voilà.

The Company's key priority with *Scene+* is to accelerate program engagement by focusing on scaling 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

In fiscal 2026, the Company began 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 substantially completed by the end of fiscal 2027.

## Company Priorities

During the last three years, the Company focused on enhancing data capabilities and deepening its understanding of customers in order to effectively identify and respond to emerging trends. The Company emphasized continued investment in the store network, digital and e-commerce capabilities, loyalty and personalization initiatives, and operational efficiencies across the business.

### Strategic Focus

The Company's ambition is to be the best retailer in Canada, providing quality and value with differentiated offerings and seamless experiences, with a strong focus on serving local cultures in every community. Empire recently launched its new three-year corporate strategy which is anchored to four core priority focus areas: *Customers, Stores, Growth, and Cost Efficiency*. Empire's belief is that long-term success is driven not solely by scale or market presence, but by the quality of the relationships the teammates in stores build with customers and the experiences they consistently deliver.

The Company prides itself on being a family nurturing families and its purpose is to serve the grocery shopping needs of millions of Canadians across the country.

Technology is a critical enabler of Empire's strategy. Advanced analytics, artificial intelligence, and modern digital platforms are being applied thoughtfully across the business to enhance the customer experience, support better decision making and improve how Empire's teams work every day.

Through these four core priority focus areas, which will be enabled by Empire's people, data and technology, the Company aims to grow total adjusted EPS over the long-term through sustained net earnings growth and share repurchases. Specifically, the Company intends to continue growing sales, expanding gross margin (excluding fuel), and generating operating leverage.

#### *Customers: Strengthening the Value Proposition:*

Empire's primary focus is to serve its customers by delivering greater value across all formats and channels. The Company is enhancing its customer value proposition through optimized assortments, differentiated and localized offerings, expanded fresh and prepared foods supported by central kitchen investments, and deeper customer engagement through *Scene+*. Empire continues to leverage the unique strengths of each banner particularly in local and multicultural offerings to differentiate at scale, supported by advanced analytics, tools, and capabilities.

#### *Stores: Driving Retail Performance:*

Empire is focused on improving retail performance by elevating the in-store experience, simplifying operations, and optimizing store economics so that stores can focus on what matters most - serving customers. The Company also prioritizes continuing to invest in the strategic expansion, renovation, and maintenance of its store network.

#### *Growth: Accelerating Profitable Expansion:*

With strong foundational capabilities in place, Empire's focus is now on accelerating growth. This includes enhancing performance across its existing platforms (such as Pharmacy, E-commerce, and Retail Media) and pursuing strategic acquisitions and partnerships that complement its core grocery and pharmacy retail operations and support long-term value creation. Driving growth is also a priority within the Company's existing network through the customer experience, offering, and executional standards within the four walls of its stores.

#### *Cost Efficiency: Strengthening Operating Discipline:*

As Empire realizes the full cost savings benefits from investments and initiatives that have been implemented over recent years, the Company will continue to maintain a strong focus on cost discipline to improve bottom-line performance. By simplifying processes, driving efficiencies, and reducing complexity, Empire is well positioned to invest in high-value opportunities that will deliver the greatest impact for customers and shareholders.

## Other Business Updates

In the quarter ended May 2, 2026, the Company, and its wholly-owned subsidiary Sobeys, announced it has entered into an agreement to acquire Mayrand Food Group Inc., a long-established Québec food retailer operating four large-format locations across the Greater Montréal Area. Subsequent to the year ended May 2, 2026, the Company received the required court approval and regulatory approval for the transaction. The transaction is expected to close during the first quarter of fiscal 2027.

In the quarter ended May 2, 2026, the Company initiated a group annuity buy-out for its inactive defined benefit pension members of certain pension plans, for a total premium of \$335 million. On May 5, 2026, the pension assets and related pension liabilities of \$357 million were derecognized, resulting in a pre-tax settlement gain of \$22 million, to be recognized in the first quarter of fiscal 2027.

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 asserts 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 fiscal year ended May 2, 2026, Sobeys recorded a recovery of \$9 million, 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 Consolidated Statement of Earnings.

On November 4, 2022, Empire experienced information technology ("IT") system issues related to a cybersecurity event. Upon discovery, the Company immediately activated its incident response and business continuity plans, including the engagement of world-class experts, isolated the source and implemented measures to prevent further spread. The Company has a multi-layered security approach involving cyber software tools, controls, policies, standards and procedures pertaining to security access, system development, change management and problem and incident management. This cybersecurity event has reinforced the importance of the investments already made in the cybersecurity area, as well as upcoming investments in the IT systems and people. Continuous enhancement of the Company's IT infrastructure will strengthen its defense against future such incidents.

The Canadian Competition Bureau began an investigation over nine years ago into the practices of certain suppliers and retailers, including the Company, with regard to the supply and sale of commercial bread in Canada beginning in 2001. Based on the information available to date, the Company does not believe that it or any of its employees have violated the Competition Act. Class action lawsuits have been filed against the Company, the suppliers and other retailers regarding the allegations. At this time the Company does not believe that these matters will have a material adverse effect on the Company's business or financial condition.

On December 13, 2022, the Company signed a definitive agreement between a wholly-owned subsidiary of Sobeys and Canadian Mobility Services Limited, a wholly-owned subsidiary of Shell Canada, to sell all 56 retail fuel sites in Western Canada for approximately \$100 million. Following regulatory review and approval, the sale was completed on July 30, 2023.

On October 20, 2023, United Food and Commercial Workers ("UFCW") 1518 and UFCW 247 ratified new agreements with the Company. The new agreements allow the Company to offer voluntary buyouts to senior Safeway unionized employees in British Columbia. Employee buyouts provide flexibility and stability for the Company to better manage labour and operational costs. During the quarter ended February 3, 2024, the Company initiated the buyout process and has offered the impacted employees the ability to elect to accept the buyout packages. As a result, the Company's financial impact in the fiscal year ended May 4, 2024 was \$11 million.

## 4.2 Investments and Other Operations

### Crombie REIT

The largest component of Empire's investments and other operations segment is its 41.5% (41.5% fully diluted) equity accounted interest in Crombie REIT. Crombie REIT began in 2006 with the transfer of an initial portfolio of properties from Empire subsidiaries, with Empire maintaining a significant ownership interest.

Empire continues to support Crombie REIT's growth and geographical diversification and, as a result of Sobeys' active property development pipeline, Sobeys offers properties for sale to Crombie REIT with many of those properties leased back to Sobeys at commercial leasing rates.

The following table shows the properties transferred from wholly-owned Empire subsidiaries to Crombie REIT over the last three fiscal years:

	May 2, 2026	May 3, 2025	May 4, 2024
<b>Number of Properties</b>			
Leased-Back from Crombie REIT	2	1	-
Aggregate Gross Leaseable Area for Properties Lease-back	535,000	14,000	-
Purchase Price	\$ 128 million	\$ 2 million	\$ -

In fiscal 2026, Sobeys, through wholly-owned subsidiaries, engaged in lease modification transactions with Crombie REIT. The lease modifications give Crombie REIT the right to terminate leases on certain properties for redevelopment in the future. These transactions resulted in pre-tax gains of \$10 million (May 3, 2025 - \$22 million).

Crombie REIT accesses the capital markets from time to time in order to partially finance its acquisitions from the Company and third parties. The Company has a preemptive right to purchase additional units issued by Crombie REIT or Crombie Limited Partnership to maintain its pro rata voting interest in Crombie REIT or Crombie Limited Partnership, for so long as the Company continues to hold, directly or indirectly, at least 10% of the ownership units in Crombie REIT.

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.

The cumulative effect of changes to Crombie REIT's capital over the past three years, including offerings and conversions of convertible debentures, resulted in Empire maintaining its 41.5% (41.5% fully diluted) equity accounted interest in Crombie REIT from the end of fiscal 2022 through to May 2, 2026.

### Genstar

Investments and other operations includes the Company's equity accounted interests in Genstar. Over the past three fiscal years, the Company did not make any additional investments in Genstar.

## 4.3 Significant Acquisitions

Empire made no acquisitions during the most recently completed fiscal year that required the filing of a business acquisition report.

## 5 Risk Management

Through its operating companies and its equity-accounted investments, Empire is exposed to a number of risks in the normal course of business that have the potential to affect operating performance. In order to achieve and sustain superior business performance an Enterprise Risk Management (“ERM”) program has been embedded within the Company to enhance risk thinking in key aspects of the business.

The primary purpose of ERM is to enable systematic risk management across the Company in order to achieve and sustain optimal business performance. As part of the ERM program, the Company identifies, assesses, manages and reports key risks to the organization. Risks are continuously evaluated, and material risks refreshed annually with executive ownership established and processes to facilitate oversight.

Key risks have been, and continue to be, embedded in the business and strategy discussions at the Board and/or Audit Committee meetings. Annually, the Board of the Company conducts an assessment of the Company’s effectiveness in managing existing/known risks along with an identification and discussion of new and emerging risks. ERM is and will continue to be a dynamic, iterative and ongoing process in alignment with, and in support of, our strategic priorities and objectives. Enterprise-wide risks generally fall into four broad categories:

- *Strategic*
- *Financial*
- *Regulatory and Compliance*
- *Operational*

**Strategic Risks** - *These risks are closely linked with Company strategy and the external marketplace, as well as the political, economic and social environment, and can have a significant impact on business performance.*

### *Competitive Environment*

Empire’s Food retailing business, Sobeys, operates in a dynamic and competitive market. Other national and regional food retail companies, along with non-traditional competitors, such as mass merchandisers, warehouse clubs, and online retailers, represent a competitive risk to Sobeys’ ability to attract customers and operate profitably.

Sobeys maintains a strong national presence in the Canadian retail food industry, operating in over 900 communities. While significant competition already exists at a national, regional and local level, growing competitive pressures and the potential entry or expansion of retailers into the marketplace could adversely affect Sobeys’ financial performance. Heightened regulatory and public scrutiny of grocery retail real estate practices, including in respect of certain property controls such as restrictive covenants and lease exclusivity provisions, together with amendments to the Competition Act and other applicable legislative or regulatory measures, may result in the modification or limitation of such arrangements and could limit Sobeys’ flexibility in managing its real estate portfolio, put pressure on its financial performance, and adversely impact Sobeys’ brand reputation and customer trust equity, both of which are important to long-term sustainability of the business. A failure to maintain geographic diversification to reduce the effects of localized competition could have an adverse impact on Sobeys’ operating margins and results of operations. To successfully compete, Sobeys must be customer and market-driven, be focused on superior execution and have efficient, cost-effective operations. It must invest in its existing store and e-commerce network as well as its merchandising, marketing and operational execution to evolve its strategic platform to better meet the needs of consumers. Sobeys updates branding strategies to remain relevant to customers. Failure to implement a marketing and branding strategy, including evaluating the strategic objectives and having people, processes and systems in place to execute the strategy, could adversely affect Sobeys. New entrants, foreign or domestic, into the marketplace or the consolidation of existing industry competitors could adversely affect Sobeys’ financial performance. The Company further believes it must invest in merchandising initiatives to better forecast and respond to changing consumer trends. A failure to develop competitive new products, deliver high quality products and implement and maintain effective supplier selection and procurement practices could adversely affect Sobeys’ ability to deliver desired products to customers and adversely affect the Company’s ability to attract and retain customers. Any failure to successfully execute in these areas could have a material adverse impact on Sobeys’ financial results.

Empire’s Investment and other operations segment, through its investment in Crombie REIT, competes with numerous other managers and owners of real estate properties in seeking tenants and new properties to acquire. The existence of competing managers and owners could affect their ability to: (i) acquire property in compliance with their investment criteria; (ii) lease space in their properties; and (iii) maximize rents charged and minimize concessions granted. Commercial property revenue is also dependent on the renewal of lease arrangements by key tenants. These factors could adversely affect Empire’s financial results and cash flows. A failure by Crombie REIT to maintain strategic relationships with developers to ensure an adequate supply of prospective attractive properties or to maintain strategic relationships with existing and potential tenants to help achieve high occupancy levels at each of its properties could adversely affect Empire.

### *Macroeconomic Environment*

Management continues to closely monitor economic conditions, including tariffs, inflation, foreign exchange rates, interest rates, employment rates, capital markets and geopolitical conditions. Uncertainty in the economic environment could adversely impact demand for the Company's products and services which in turn could adversely affect operations and financial performance. Management believes that although a volatile economic environment has an impact on all businesses and industries, the Company has an operational and capital structure that is sufficient to meet its ongoing business requirements.

### *Loyalty Program*

The Company co-owns *Scene+* which operates a loyalty program designed to add value for customers through promotional activity and rewards. Promotional and other activities related to the operation of the program must be effectively managed and coordinated to ensure a positive customer perception. Failure by *Scene+* to effectively manage, communicate and promote the loyalty program may negatively impact the Company's reputation and financial results.

### *Franchisee and Affiliates Relationships*

The success of Empire is closely tied to the performance of Sobeys' network of retail stores. Franchisees and affiliates operate approximately 59% of Sobeys' retail stores. Sobeys relies on its franchisees, affiliates and corporate store management to successfully execute retail strategies and programs.

To maintain controls over Sobeys' brands and the quality and range of products and services offered at its stores, franchisees and affiliates agree to purchase merchandise from Sobeys. In addition, each store agrees to comply with the policies, marketing plans and operating standards prescribed by Sobeys. These obligations are specified under franchise and operating agreements which expire at various times for individual franchisees and affiliates. Despite these franchise and operating agreements, Sobeys may have limited ability to control franchisees' and affiliates' business operations. A breach of these franchise and operating agreements or operational failures by a significant number of franchisees and affiliates may adversely affect Sobeys' reputation and financial performance.

**Financial Risks** - *These risks are linked to Company cash flow and related impacts to financial performance outcomes.*

### *Interest Rate Risk*

The Company's long-term debt strategy is to maintain the majority of its debt at fixed interest rates. Any increase in the applicable interest rates could increase interest expense and have a material adverse effect on the Company's cash flow and results of operations. The Company monitors the respective mix of fixed and variable interest rates to maintain an appropriate level considering economic conditions. To manage the risk from exposure to interest rates, the Company may use financial instruments such as interest rate swap contracts. There can be no assurance that these strategies undertaken by the Company will be effective.

### *Liquidity Risk*

The Company's business is dependent in part on having access to sufficient capital and financial resources to fund its growth activities and investment in operations. Any failure to maintain adequate financial resources could alter the Company's growth or ability to satisfy financial obligations as they come due. The Company maintains committed credit facilities to ensure that it has sufficient funds available to meet current and future financial requirements. The Company monitors capital markets and the related economic conditions and maintains access to debt capital markets for long-term debt issuances in order to minimize risk and optimize debt pricing. However, there can be no assurance that adequate capital resources will be available in the future on acceptable terms or at all.

### *Credit Rating*

A credit rating assigned by a rating agency provides an opinion on the risk that an issuer will fail to satisfy its financial obligations. There can be no assurance that the credit ratings assigned to the various debt instruments issued by Sobeys will remain in effect for any given period of time or that the rating will not be lowered, withdrawn or revised. Real or anticipated changes in credit ratings can affect the cost at which Sobeys can access the capital markets. The likelihood that Sobeys' creditors will receive payments owing to them will depend on Sobeys' financial health and creditworthiness. Receipt of a credit rating provides no guarantee of Sobeys' future creditworthiness.

### *Foreign Currency*

The Company conducts the majority of its operating business in CAD and its foreign exchange risk is mainly limited to currency fluctuations between the CAD, the Euro, the Great British pound and the United States dollar ("USD"). USD purchases of products represent approximately 4.1% of Sobeys' total annual purchases. To manage the risk from exposure to foreign currency, the Company may use financial instruments such as foreign exchange forward contracts. A failure to adequately manage the risk of exchange rate changes could adversely affect the Company's financial results.

**Regulatory and Compliance Risks** - *These risks are linked to the regulatory environment that the Company operates within.*

### *Product Safety and Security*

Sobeys is subject to potential liabilities connected with its business operations, including potential liabilities and expenses associated with product defects, food safety and product handling, and provision of pharmacy products and related services. Such liabilities may arise in relation to the storage, distribution, display and dispensing of products and, with respect to Sobeys' private label products, in relation to the production, packaging and design of products.

A large majority of Sobeys' sales are generated from food and a smaller portion from pharmaceutical products. Sobeys could be vulnerable in the event of a significant outbreak of food-borne illness or increased public health concerns in connection with certain food or pharmaceutical products. Such an event could materially affect Sobeys' financial performance. Procedures are in place to manage food and pharmaceutical crises, should they occur. These procedures are intended to identify risks, provide clear communication to teammates and consumers and ensure that potentially harmful products are removed from sale immediately.

Sobeys has food safety procedures and programs which address safe food handling and preparation standards. Similarly, provincial pharmacy standards and regulations are strictly followed, supported by robust internal policies and procedures to help mitigate risk along with a comprehensive reporting and follow up system to quickly manage and contain any incidents. On a monthly basis the Executive team is updated on food safety and pharmacy risks. However, there can be no assurance that such measures will prevent the occurrence of any such product contamination or safety incident.

### *Environmental Regulation*

Environmental legislation has evolved in a manner that has resulted in stricter standards and enforcement, larger potential fines and increased capital expenditures and operating costs required to comply with these regulations. The environmental issues affecting the Company's operations include extended producer responsibility on plastics and packaging, electricity consumption, fossil fuel use in the transport of goods, air pollution laws and regulations, regulations relating to climate change, hazardous waste regulation and restrictions against greenhouse gas emissions. The discharge of pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production activities that could adversely affect the Company's financial condition, results of operations or prospects. The Company may also be subject to clean-up costs and liability for toxic or hazardous substances that may exist on or under or near any of its properties or that may be produced as a result of its operations. Changes in legislation, including carbon taxes and the implementation of other greenhouse gas reduction initiatives and regulations related to transitioning to a low-carbon and more climate resilient future, could result in additional costs which could have a negative impact on the Company's financial performance.

### *Health Care Reform*

The Company currently operates more than 400 in-store and freestanding pharmacies which are subject to federal and provincial legislation as well as College of Pharmacy regulations and standards governing the sale of prescription drugs and the provision of clinical services. Changes to reimbursement models used to fund prescription drugs and pharmacy services, or failure to comply with these laws and regulations could have a negative impact on financial performance, operations and reputation.

These laws and regulations typically regulate prescription drug coverage for public plans including patient and product eligibility as well as elements of drug pricing and reimbursements including product cost, markup, dispensing fee, and distribution allowances as well as services that pharmacies can provide and are reimbursed for. In some provinces, legislation requires the selling price for prescription drugs to third-party insurance plans and cash customers to not be higher than the price established for the provincial drug plan. In addition to reimbursement, these laws and regulations govern drug approval and distribution, allowable packaging and labelling, marketing, handling, storage and disposal.

Provincial governments and private plans continue to implement measures to manage the cost of their drug plans, the impact of which varies by province and by plan.

While timing and impact are uncertain at this time, pharmaceutical price compression may put pressure on pharmacy funding and pharmacy operating models, and it is anticipated that healthcare reform and regulation will continue to put pressure on pharmacy reimbursement through rising wages and stagnant reimbursement, expanding scope of pharmacist practice without viable service reimbursement models, changes to patient and drug eligibility, prescription drug pricing including cost, dispensing fee, allowable markup, manufacturer allowance funding, distribution as well as potential restriction around customer inducements and expanded use of preferred providers. The Company will continue to identify opportunities to mitigate the negative impact these changes have on financial performance.

#### *Occupational Health and Safety*

The Company has developed programs to promote a healthy and safe workplace, as well as progressive employment policies focused on the well-being of the thousands of teammates who work in its stores, distribution centres and offices. These policies and programs are reviewed regularly by the Human Resources Committee of the Board of Directors. The Company recognizes that ensuring a healthy and safe workplace minimizes illness, injuries and other risks teammates may face in carrying out their duties, improves productivity and helps to minimize any liability which could be incurred in connection with workplace injuries. Failure to comply with appropriate and established workplace health and safety policies and procedures or applicable legislative requirements could result in increased illness and/or increased workplace injury-related liability, which in turn could adversely affect the reputation or financial performance of the Company.

#### *Legal, Taxation and Accounting*

Changes to any of the various federal and provincial laws, rules and regulations related to the Company's business could have a material impact on its financial results. Compliance with any proposed changes could also result in significant cost to the Company. Failure to fully comply with various laws and rules and regulations may expose the Company to proceedings which may materially affect its performance.

Similarly, income tax regulations and/or accounting pronouncements may be changed in ways which could negatively affect the Company. The Company mitigates the risk of non-compliance with the various laws, rules and regulations by monitoring for newly adopted activities, improving technology systems and controls, improving internal controls to detect and prevent errors and overall application of more scrutiny to ensure compliance. In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company believes that its tax filing positions are appropriate and supportable, from time to time certain matters are reviewed and challenged by the tax authorities.

**Operational Risks** - *These risks arise from the day-to-day execution of the strategy and from the decisions that management makes on a regular basis to ensure that the Company delivers on financial performance targets.*

#### *Cybersecurity*

IT systems are an integral part of the Company's business and are relied on to complete daily and strategic operations. The Company uses various technologies, some of which are managed by third parties, to process, transmit and store electronic information. In addition, the Company facilitates a variety of business processes and activities, including reporting on business and interacting with customers, vendors and employees. These IT systems are subject to cyber threats (including cyberattacks, data breaches, employee error or malfeasance). As the cyber threats evolve, they become sophisticated and increasingly challenging to detect and successfully defend against. In addition, cyber-security-related vulnerabilities by their very nature may remain undetected for an extended period of time.

The Company actively monitors, manages, and continues to enhance the ability to mitigate cyber risk through a multi-layered security approach. However, there is no assurance that these measures will be successful. If the Company does not effectively manage a reliable IT infrastructure or fails to timely identify or appropriately respond to cybersecurity incidents, then the Company's IT systems could be interrupted, destroyed or shut down completely, which in turn could result in operational disruptions or the misappropriation of sensitive data. Depending on the nature and scope of a cybersecurity incident, it could lead to the compromise of confidential information, improper access to company systems and networks, manipulation or destruction of data, operational disruptions and exposure to liability.

The Company has implemented security measures with respect to systems protection, employee training, and business continuity and contingency planning. A disruption to the Company's systems or a breach of sensitive information may negatively impact the Company's operations and financial position, damage its reputation and reduce the ability to achieve its strategic objectives and/or the trading price of the Non-Voting Class A shares.

### *Data Protection and Information Management*

The integrity, reliability, and security of information in all its forms is critical to the Company's daily operations. Inaccurate, incomplete, or unavailable information, external intrusions into information systems or inappropriate access to information could lead to incorrect financial and/or operational reporting, poor decisions, privacy breaches, inappropriate disclosure, leaks of sensitive information or system disruptions. Gathering and analyzing information regarding customers' purchasing preferences is an important part of the Company's strategy to attract and retain customers and effectively compete. In addition, personal health information is collected to provide pharmacy, benefits administration, and home health care services to customers. Any failure to maintain privacy of customer and/or Company information or to comply with applicable privacy laws or regulations could adversely affect the Company's reputation, competitive position, and operations.

The Company has incorporated, and expects to continue to incorporate, artificial intelligence ("AI") and other advanced analytics technologies into its business and operations. The successful deployment of these technologies often relies on the use and analysis of large volumes of data, which in some instances may be processed or hosted by third-party service providers. There can be no assurance that investments in AI-related technologies, processes, and tools will generate expected benefits or returns. Any breach, misuse, or unauthorized disclosure of data used in connection with these technologies, or any failure to meet applicable legal, contractual, or regulatory requirements, could result in legal, financial, and reputational harm. In addition, the regulatory, contractual, and public policy framework governing AI continues to evolve rapidly, and changes in laws, regulations, public perception, or market acceptance could increase compliance costs, restrict permissible uses of such technologies, or expose the Company to additional operational and financial risks.

The Company recognizes that information is a critical enterprise asset. Data and information management risks are managed through a multi-layered security approach that includes software-based controls, as well as policies, standards, and procedures relating to security access, system development, change management, and problem and incident management.

### *Technology*

The Company operates extensive and complex IT systems that are vital to the successful operation of its business and marketing strategies. Any interruption to these systems or the information collected by them would have a significant adverse impact on the Company, its operations and its financial results. The Company continues to improve its operating systems, cyber security defenses, tools and procedures on an ongoing basis in order to become more efficient, effective and secure.

The implementation of major IT projects carries with it various risks, including the risk of realization of functionality, the capacity and capability of key resources to both execute and deliver key strategic initiatives while also sustaining and supporting the ongoing business operations. The Company is currently transforming its legacy ERP environment to a national instance of the SAP S/4HANA platform and is transforming its payroll and workforce management systems to a national modern platform. Any significant failure in the existing IT systems and cyber security defenses, or failure to successfully migrate to new IT systems may result in disruptions to the business, leading to potential financial losses.

### *Product Costs*

Sobeys is a significant purchaser of products which may be at risk of cost inflation due to a variety of factors including geopolitical events, extreme weather, higher energy costs, supply chain disruptions, a weaker Canadian dollar, labour shortages and wage growth. While the Company has worked with its suppliers to mitigate the impacts of these cost increases and expects such increases to return to historically normal levels, should rising costs of product materialize in excess of the Company's expectations and should the Company not be able to offset such cost inflation through higher retail prices or other cost savings, there could be a negative impact on sales and margin performance.

### *Business Continuity*

The Company is exposed to potential disruptions from critical events and natural hazards, including severe weather, utility or infrastructure failures, and pandemics, which may significantly impact day-to-day operations. To mitigate these risks, the Company maintains an integrated business continuity management framework supported by a comprehensive crisis management plan. While these measures enhance preparedness and resilience, no plan can fully eliminate the operational and financial risks associated with such events. Inadequate response could adversely affect the Company's operations, reputation, and financial performance.

### *Supply Chain Disruptions*

The Company is exposed to potential supply chain disruptions and errors that could result in obsolete merchandise or an excess or shortage of merchandise in its retail store and e-commerce network. The Company's distribution and supply chain could be negatively impacted by reliance on key vendors, service providers, consolidation of facilities, disruptions due to the geopolitical environment and/or severe weather conditions, including natural disasters or other catastrophic events. A failure to maintain an efficient supply and logistics chain may adversely affect Sobeys' ability to sustain and meet growth objectives and maintain margins.

### *Climate Change*

Climate change continues to intensify, thus creating challenges that could impact the Company's operations and profitability. The Company recognizes it has an important role to play in helping combat climate change, and in response the Company is focused on several strategic initiatives, including reducing emissions on food and plastic waste. Climate change poses risks to our physical practices and spaces, our customers, as well as our teammates. Climate change presents physical risks, including rising average temperatures and the growing frequency and intensity of weather-related events, including but not withstanding floods, wildfires, and windstorms. Additionally, it also may introduce transition risks such as changes in policies and regulations, as well as changes to markets and technologies. Should any of these events occur, there may be negative impacts on the Company's financial performance and its day-to-day operations, including store and distribution centre disruptions and closures, physical damage to Company assets, including perishable and non-perishable goods and other inventory, supply chain and product obsolescence. The Company could also face increased costs for energy, procurement due to supply/demand, transportation, increased capital expenditures, and insurance costs and premiums. Any failure to respond effectively or appropriately to such events could adversely affect the Company's operations, reputation and financial results.

### *Environmental*

The Company operates its business locations across the country, including retail stores, distribution centres and fuel sites, and is subject to environmental risks associated with the contamination of such properties and facilities. Sobeys' retail fuel locations operate underground storage tanks. Environmental contamination resulting from leaks or damages to these tanks is possible. To mitigate this environmental risk, Sobeys engages in several monitoring procedures, as well as risk assessment activities. The Company also operates refrigeration equipment in its stores and distribution centres. These systems contain refrigerant gases which could be released if equipment fails or leaks.

When environmental issues are identified, any required environmental site remediation is completed using appropriate, qualified internal and external resources. The Company may be required to absorb all costs associated with such remediation, which may be substantial. Failure to properly manage any of these environmental risks could adversely affect the reputation, operations or financial performance of the Company.

The Company is subject to legislation that imposes liabilities on retailers for costs associated with recycling and disposal of consumer goods packaging and printed materials distributed to consumers. There is a risk that the Company will be subject to increased costs associated with these laws.

### *Talent Attraction and Retention*

Effective leadership is important to the growth and continued success of the Company, and requires the Company to properly attract, build talent and retain teammates with the appropriate skill set. The failure to successfully attract and retain teammates including those with specialized skills and failure to manage and monitor teammates' performance could result in lack of requisite knowledge, skill and experience, and result in poor teammate morale. This could negatively impact the overall reputation of the Company, operations and future financial performance. The Company develops and delivers training programs at all levels across its various operating regions to improve teammate knowledge and to better serve its customers. The Company also provides various reward and recognition programs, monitors engagement of teammates on a regular basis and creates plans to address gaps.

There is always a risk associated with the loss of key personnel, especially the CEO and their direct reports. Succession plans, both internal and external have been identified for key roles including the depth of management talent throughout the Company and its subsidiaries; these plans are overseen by the Human Resources Committee and reviewed at least annually by the Board of Directors.

### *Labour Union Relationships*

A significant percentage of the Company's store and distribution centre workforce, particularly in Western Canada, is unionized. While the Company works to maintain good relationships with its teammates and unions, the renegotiation of collective agreements presents the risk of labour disruption, including strikes or work stoppages. Failure to successfully negotiate collective agreements could result in labour disruptions, and any prolonged or widespread disruption could result in significant business interruption and adversely impact the Company's reputation and financial performance.

### *Ethical Business Conduct*

Any failure of the Company to adhere to its policies, the law or ethical business practices could significantly affect its reputation and brands and could therefore negatively impact the Company's financial performance. The Company's framework for managing ethical business conduct includes the adoption of a Code of Business Conduct and Ethics which directors and teammates of the Company are required to acknowledge and agree to on an annual basis and the Company maintains an anonymous, confidential whistle blowing Ethics and Diversity, Equity and Inclusion hotline. There can be no assurance that these measures will be effective to prevent violations of law or unethical business practices.

### *Social*

Social reform movements bring public awareness to issues through protests and/or media campaigns. Issues that relate to the Company's business include, but are not limited to, diversity, animal welfare, local and ethical sourcing, nutritional labelling and human rights. Oversight of the Company's social strategies and issues management is through the Executive Committee and the Board of Directors. Ineffective action or inaction on social reform matters could adversely affect the Company's reputation or financial performance.

### *Real Estate*

The Company utilizes a capital allocation process which is focused on obtaining the most attractive real estate locations for its retail stores, as well as for its distribution centres, commercial property and residential development operations. While the Company develops certain retail store locations on owned sites that have been acquired over time, the majority of its new store development is done in conjunction with external third-party developers. The availability of high-potential new store sites and the ability to optimize existing stores are therefore partially contingent upon the successful negotiation of operating leases with these developers and the Company's ability to purchase high-potential sites.

### *Utility and Fuel Prices*

The Company is a significant consumer of electricity, other utilities and fuel. The costs of these items can be subject to significant volatility. Unanticipated cost increases in these items could negatively affect the Company's financial performance. A failure to maintain effective consumption and procurement programs could adversely affect the Company's financial results. To manage the risk from exposure to utility prices, the Company may use financial instruments or fixed-price contractual arrangements. In addition, Sobeys operates a large number of fuel stations. Significant increases in wholesale prices or availability could adversely affect operations and financial results of the fuel retailing business.

### *Free Trade*

The Company is susceptible to risks associated with trade relationships between Canada and other countries. Changes to trade agreements and tariffs between Canada and other countries could increase the costs of certain products and some items could become unavailable thereby having a negative impact on customer experience. While the Company can mitigate these risks to a certain extent through the use of alternative suppliers, international trade by its nature can be unpredictable and the Company may not be able to fully mitigate the negative impact of changes in trade agreements and tariffs.

### *Pension Plans*

The Company has certain retirement benefit obligations under its registered defined benefit plans. New regulations and market-driven changes may result in the Company being required to make contributions, which could have an adverse effect on the financial performance of the Company.

The Company participates in various multi-employer pension plans, providing pension benefits to unionized teammates pursuant to provisions in collective bargaining agreements. Approximately 11% of the teammates of Sobeys and its franchisees and affiliates participate in these plans. The responsibility of Sobeys, its franchisees, and affiliates to make contributions to these plans is limited to the amounts established in the collective bargaining agreements and other associated agreements. Poor performance of these plans could have a negative effect on the participating teammates or could result in changes to the terms and conditions of participation in these plans, which in turn could negatively affect the financial performance of the Company.

### Insurance

To mitigate property and liability financial risk, the Company and its subsidiaries purchase insurance coverage from financially stable third-party insurance companies. Management is satisfied that effective controls and procedures are in place to mitigate potential losses for areas of self-insured risk. In addition to maintaining comprehensive loss prevention programs, the Company maintains management programs to mitigate the financial impact of operational risks. Such programs may not be effective to limit the Company's exposure to these risks, and to the extent that the Company is self-insured or liability exceeds applicable insurance limits, the Company's financial position could be adversely affected.

## 6 Dividends

The declaration and payment of dividends is at the discretion of the Board of Directors.

Empire is not aware of any restrictions that could prevent it from paying dividends.

Empire has no stated policy with respect to the payment of dividends on either its Non-Voting Class A shares or on its Class B common shares. Empire has paid dividends on its outstanding shares during the periods indicated as set out below:

<i>(in millions of Canadian dollars, except per share amounts)</i>	Annual Dividends		
	Fiscal 2026	Fiscal 2025	Fiscal 2024
Total dividends paid	\$ 201	\$ 190	\$ 180
Dividend rate per share - Non-Voting Class A shares	\$ 0.88	\$ 0.80	\$ 0.73
Dividend rate per share - Class B common shares	\$ 0.88	\$ 0.80	\$ 0.73

## 7 Capital Structure

### 7.1 Share Capital

The Company's share capital was comprised of the following on May 2, 2026:

<b>Authorized</b>	<b>Number of Shares</b>	
	<b>May 2, 2026</b>	<b>May 3, 2025</b>
2002 Preferred shares, par value of \$25 each, issuable in series as a class	<b>991,980,000</b>	991,980,000
Non-Voting Class A shares, without par value	<b>715,992,961</b>	723,970,789
Class B common shares, without par value, voting	<b>122,400,000</b>	122,400,000

<i>(in millions of Canadian dollars)</i>	<b>Number of Shares</b>		<b>Share Capital</b>	
	<b>May 2, 2026</b>	<b>May 3, 2025</b>	<b>May 2, 2026</b>	<b>May 3, 2025</b>
<b>Issued and outstanding</b>				
Non-Voting Class A shares	<b>127,095,578</b>	134,488,019	\$ <b>1,572</b>	\$ 1,654
Class B common shares	<b>98,138,079</b>	98,138,079	<b>7</b>	7
Shares held in trust	<b>(149,043)</b>	(38,341)	<b>(7)</b>	(1)
<b>Total</b>			<b>\$ 1,572</b>	\$ 1,660

The Company's share capital on May 2, 2026 compared to the same period in the last fiscal year is shown in the table below:

<i>(Number of shares)</i>	<b>May 2, 2026</b>	<b>May 3, 2025</b>
	<b>52 Weeks</b>	<b>52 Weeks</b>
<b>Non-Voting Class A shares</b>		
Issued and outstanding, beginning of year	<b>134,488,019</b>	143,932,071
Issued during year	<b>585,387</b>	443,962
Repurchased for cancellation	<b>(7,977,828)</b>	(9,888,014)
Issued and outstanding, end of year	<b>127,095,578</b>	134,488,019
Shares held in trust, beginning of year	<b>(38,341)</b>	(39,042)
Released in settlement of equity settled plans	<b>82,819</b>	79,166
Purchased for future settlement of equity settled plans	<b>(193,521)</b>	(78,465)
Shares held in trust, end of year	<b>(149,043)</b>	(38,341)
Issued and outstanding, net of shares held in trust, end of year	<b>126,946,535</b>	134,449,678
<b>Class B common shares</b>		
Issued and outstanding, beginning and end of year	<b>98,138,079</b>	98,138,079

In fiscal 2026, 1,553,175 options (fiscal 2025 - 1,320,194 options) were exercised resulting in the issuance of 585,387 Non-Voting Class A shares (fiscal 2025 - 443,962 Non-Voting Class A shares).

The 1,525,823 stock options outstanding as at the fiscal year ended May 2, 2026 (May 3, 2025 - 3,383,065) represents 0.7% (May 3, 2025 - 1.5%) of the outstanding Non-Voting Class A and Class B common shares.

The Company established a trust fund to facilitate the purchase of Non-Voting Class A shares for the future settlement of vested units under the Company's equity settled stock-based compensation plans for performance share units. Contributions to the trust fund and the Non-Voting Class A shares purchased are held by TSX Trust Company as trustee. The trust fund is a structured entity and as such the accounts of the trust fund are included on the consolidated financial statements of the Company. The following represents the activity of shares held in trust, recorded at cost:

<i>(in millions of Canadian dollars)</i>	Number of Shares		Share Capital	
	May 2, 2026	May 3, 2025	May 2, 2026	May 3, 2025
<b>Shares held in trust</b>				
Balance, beginning of year	38,341	39,042	\$ 1	\$ 1
Purchased	193,521	78,465	10	3
Released	(82,819)	(79,166)	(4)	(3)
Balance, end of year	149,043	38,341	\$ 7	\$ 1

### Normal Course Issuer Bid ("NCIB")

Under the Company's current NCIB, that commenced on July 2, 2025 and expires on July 1, 2026, the Company received approval from the TSX to purchase 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 as of June 17, 2025.

The Company renewed its NCIB on June 19, 2026, to purchase for cancellation up to 10,750,000 Non-Voting Class A shares representing approximately 9.6% of the public float.

The purchases shall be made through the facilities of the TSX and/or any alternative Canadian trading systems to the extent they are eligible. The price that Empire will pay for any shares shall be the market price at the time of acquisition. 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 interests of Empire and its shareholders. Purchases under the renewed NCIB may commence on July 2, 2026 and shall terminate not later than July 1, 2027.

### Non-Voting Class A Shares and Class B Common Shares

The rights of the holders of Non-Voting Class A shares and those of the holders of Class B common shares are subject to the rights of the holders of the preferred shares of the Company which enjoy a preferential right to dividends and return of capital on liquidation. The following is a summary of the privileges and rights attaching to the Non-Voting Class A shares and Class B common shares of the Company:

1. The Non-Voting Class A shares and the Class B common shares rank equally, pari passu, share for share, with each other and entitle the respective holders thereof to the same rights and benefits except as otherwise provided in the conditions attaching thereto.
2. The directors may at any time and from time-to-time declare a dividend or confer any other benefit whatsoever upon the holders of the Non-Voting Class A shares without being obliged to declare an equal or any dividend or confer an equal or any other benefit upon the holders of the Class B common shares provided that no dividend may be declared in respect of or any other benefit conferred upon the holders of the Class B common shares unless concurrently therewith the same dividend is declared in respect of and the same benefit is conferred upon the holders of the Non-Voting Class A shares.
3. The holders of the Non-Voting Class A shares shall receive notice of and may attend any meeting of the Class B common shareholders of the Company but are not entitled to vote at the meeting.
4. The Class B common shares carry the right to one vote per share at all meetings of the Class B common shareholders of the Company.
5. Under certain circumstances, the Class B common shares may at any time be converted into Non-Voting Class A shares on a one for one basis. The circumstances, among other things, require the approval of the Board of Directors and require that Class B common shares which are to be converted be offered first to all the other holders of Class B common shares.
6. No subdivision or consolidation of the Class B common shares shall be made unless the same subdivision or consolidation of the Non-Voting Class A shares is made concurrently. No subdivision or consolidation of the Non-Voting Class A shares shall be made unless the same subdivision or consolidation of the Class B common shares is made concurrently.

If a formal take-over bid (other than a “Family Share Transaction” described below) is made for Class B common shares, then the conditions attaching to the Class B common shares and Non-Voting Class A shares generally provide that Canadian holders of Class B common shares shall also be entitled to receive an offer to purchase their Class B common shares and Canadian holders of Non-Voting Class A shares shall also be entitled to receive an offer to purchase their Non-Voting Class A shares on terms and conditions at least as favourable, including the price offered. If an offeror acquires Class B common shares pursuant to a formal take-over bid and does not make the same offer for Non-Voting Class A shares within 60 days, then unless otherwise determined by the Board of Directors, the Class B common shares acquired pursuant to the offer as well as some other Class B common shares held by the offeror and any others acting jointly or in concert with the offeror, shall convert to Non-Voting Class A shares.

A “Family Share Transaction” means any transfer of any kind of an interest in Class B common shares to one or more of the descendants of J.W. Sobey, now deceased and formerly a businessman of Stellarton, Nova Scotia. For this purpose, descendants include spouses, companies controlled by any such descendants or their affiliates and trusts for bona fide estate planning purposes primarily for the benefit of any such descendants.

### **2002 Preferred Shares**

The 2002 Preferred shares are issuable in series, with each series consisting of such number of shares and having such provisions as may be determined by the directors of the Company prior to issue. The 2002 Preferred shares rank in preference over Non-Voting Class A shares and Class B common shares in respect to the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company. The 2002 Preferred shares of each series rank equally with the 2002 Preferred shares of every other series in respect to the payment of dividends and in the distribution of assets. The Company may not create or issue any shares ranking in priority or on a parity to the 2002 Preferred shares as to the payment of dividends or the distribution of assets without the approval of two thirds of the preferred shareholders.

## 7.2 Long-Term Debt

The Company has the following long-term debt outstanding:

<i>(in millions of Canadian dollars)</i>	May 2, 2026	May 3, 2025
Long-term debt due within one year	\$ 195	\$ 225
Long-term debt	1,053	857
Balance, end of year	\$ 1,248	\$ 1,082

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 May 2, 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 to June 19, 2026. Subsequent to the year ended, May 2, 2026, Sobeys further amended the facility to extend the maturity by an additional year to June 18, 2027. All other terms of the facility remain the same. Interest payable on this facility fluctuates with changes in the Canadian prime rate or Canadian Overnight Repo Rate Average ("CORRA"). Upon its establishment, the facility was fully utilized, with proceeds used to refinance amounts owing under Sobeys' existing credit facility. As of May 2, 2026, the outstanding amount of the facility was \$120 million (May 3, 2025 - \$120 million).

Sobeys, through its acquisition of Longo's, has a \$115 million operating line of credit. As of May 2, 2026, the outstanding amount of the facility was \$46 million (May 3, 2025 - \$82 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 May 2, 2026, the outstanding amount of the credit facility was \$101 million (May 3, 2025 - \$53 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 May 2, 2026, the outstanding amount of the facility was \$55 million (May 3, 2025 - \$215 million) and Sobeys has issued \$73 million in letters of credit against the facility (May 3, 2025 - \$69 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or CORRA.

Sobeys has the following medium term notes ("MTNs") and senior unsecured notes:

<i>(in millions of Canadian dollars)</i>	May 2, 2026	May 3, 2025
MTN Series D, interest rate 6.06%, due October 29, 2035	\$ 175	\$ 175
MTN Series E, interest rate 5.79%, due October 6, 2036	125	125
MTN Series F, interest rate 6.64%, due June 7, 2040	150	150
Senior unsecured notes, Series 2025-1, interest rate 3.10%, due October 30, 2028	300	-
Balance, end of year	\$ 750	\$ 450

Sobeys' MTNs and senior unsecured notes are not listed or quoted in a marketplace.

### 7.3 Credit Ratings (Canadian Standards)

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 at fiscal year end May 2, 2026:

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

During fiscal 2026, Sobeys' credit ratings for both DBRS and S&P remained unchanged from the prior year.

The credit ratings accorded to the debt by the rating agencies are not a recommendation to purchase, hold or sell the debt, in as much as such ratings do not comment as to market price or suitability for a particular investor. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The Company provides the rating agencies with confidential, in-depth information in support of the rating process.

DBRS' credit ratings for long-term debt instruments range from AAA to D. The DBRS BBB rating is investment grade and considered of adequate credit quality. The capacity for the payment of a company's financial obligations is considered acceptable but may be vulnerable to future events. Ratings designations may be modified by the addition of a high or low to indicate relative standing within the BBB category. Each DBRS rating category is appended with one of three rating trends: "positive", "stable" or "negative". The rating trend helps to give an investor an understanding of DBRS' opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent. A stable trend indicates that credit metrics are expected to remain sustainable in the intermediate to long term.

S&P's credit ratings for long-term debt instruments range from AAA to D. S&P's BBB- rating is investment grade. An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. A plus or minus designation indicates the debt's relative standing within the BBB category. S&P's rating outlook assesses the potential direction that a rating may be headed over the intermediate term, which is generally up to two years for investment grade and generally up to one year for speculative grade, with outlooks falling into one of four categories: "positive", "negative", "stable" or "developing". A stable outlook indicates credit metrics are expected to remain stable, and a rating is not likely to change in the intermediate term.

The credit ratings on the MTNs and senior unsecured notes may not reflect the potential impact of all risks related to structure and other factors on the value of the MTNs and senior unsecured notes. In addition, real or anticipated changes in the Sobeys' credit ratings will generally affect the market value of the debt. The foregoing ratings may be revised or withdrawn at any time by the rating agency if, in its judgment, circumstances warrant.

Sobeys has made, or will make, payments in the ordinary course to the rating agencies in connection with the assignment of ratings on Sobeys and its securities. In addition, the Company has made customary payments in respect of certain subscription services provided to the Company by the rating agencies.

## 8 Market for Securities

The Non-Voting Class A shares (TSX: EMP.A) are listed on the TSX, which is the primary marketplace on which the greatest volume of trading or quotation generally occurs. The monthly high and low share price and the TSX monthly average volumes for the Non-Voting Class A shares for the fiscal year ended May 2, 2026 are as follows:

### Empire Company Limited Non-Voting Class A Shares

Months	High (\$ per share)	Low (\$ per share)	Average Daily Volume by Month (in shares)
May 5-31, 2025	\$53.29	\$48.39	568,939
June 2025	\$56.80	\$51.00	560,326
July 2025	\$57.10	\$54.73	450,601
August 2025	\$58.32	\$53.02	528,316
September 2025	\$53.99	\$48.71	734,995
October 2025	\$50.19	\$46.43	586,399
November 2025	\$52.61	\$47.52	594,379
December 2025	\$52.11	\$45.70	650,132
January 2026	\$48.41	\$43.81	724,577
February 2026	\$50.04	\$44.64	674,574
March 2026	\$51.37	\$46.43	638,287
April 2026	\$50.99	\$46.08	599,047
May 1, 2026	\$47.05	\$46.33	216,429

## 9 Selected Consolidated Financial Information

(in millions of Canadian dollars, except per share amounts)	May 2, 2026	May 3, 2025	May 4, 2024	2026 Compared to 2025	
	52 Weeks	52 Weeks	52 Weeks	\$ Change	% Change
Sales	\$ 31,950	\$ 31,277	\$ 30,733	\$ 673	2.2 %
Gross profit <sup>(1)</sup>	8,664	8,382	8,071	282	3.4 %
Gross margin <sup>(1)</sup>	27.1 %	26.8 %	26.3 %		
Operating income	586	1,289	1,311	(703)	(54.5)%
Adjusted operating income <sup>(1)</sup>	1,332	1,303	1,256	29	2.2 %
EBITDA <sup>(2)</sup>	1,754	2,409	2,382	(655)	(27.2)%
Adjusted EBITDA <sup>(1)(2)</sup>	2,500	2,423	2,327	77	3.2 %
EBITDA margin <sup>(2)</sup>	5.5 %	7.7 %	7.8 %		
Adjusted EBITDA margin <sup>(1)(2)</sup>	7.8 %	7.7 %	7.6 %		
Net earnings <sup>(3)</sup>	198	700	726	(502)	(71.7)%
Adjusted net earnings <sup>(1)(3)</sup>	747	711	681	36	5.1 %
Cash and cash equivalents	\$ 291	\$ 285	\$ 260	\$ 6	2.1 %
Long-term debt, including current portion	1,248	1,082	1,096	166	15.3 %
Long-term lease liabilities, including current portion	6,609	6,382	6,265	227	3.6 %
Shareholders' equity, net of non-controlling interest	5,003	5,410	5,341	(407)	(7.5)%
Total assets	17,080	17,019	16,790	61	0.4 %
<b>Per share information, fully diluted</b>					
Net earnings <sup>(3)</sup>	\$ 0.86	\$ 2.93	\$ 2.92	\$ (2.07)	(70.6)%
Adjusted net earnings <sup>(1)(3)</sup>	\$ 3.24	\$ 2.98	\$ 2.74	\$ 0.26	8.7 %

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

(2) These terms do not have a standardized meaning under generally accepted accounting principals. See "Non-GAAP Financial Measures & Financial Metrics" section of the Company's MD&A for the year end May 2, 2026.

(3) Attributable to owners of the Company.

## 10 Directors and Officers

The name, province or state of residence, and principal occupation of each of the directors and officers of Empire as at May 2, 2026 were as follows:

### 10.1 Directors

Name and Province or State of Residence	Office	Principal Occupation	Director Since
Michelle Banik <sup>(4)</sup> <i>Ontario, Canada</i>	Director	Corporate Director	2021
Cynthia Devine <sup>(3)(5)(7)</sup> <i>Ontario, Canada</i>	Director	Corporate Director	2013
James M. Dickson <i>Nova Scotia, Canada</i>	Chair	Counsel, Stewart McKelvey	2015
Sharon Driscoll <sup>(2)(5)(7)</sup> <i>British Columbia, Canada</i>	Director	Corporate Director	2018
Greg Josefowicz <sup>(3)</sup> <i>Michigan, United States</i>	Director	Corporate Director	2016
William Linton <sup>(1)(5)(7)</sup> <i>Ontario, Canada</i>	Director	Corporate Director	2015
Lisa Lisson <sup>(1)</sup> <i>Tennessee, United States</i>	Director	President, Air Operations, Federal Express Corporation	2024
Martine Reardon <sup>(1)(6)(8)</sup> <i>New York, United States</i>	Director	Strategic Advisor/Consultant, National Retail Federation (U.S.)	2017
Frank C. Sobey <sup>(5)</sup> <i>Nova Scotia, Canada</i>	Director	Corporate Director	2007
Karl R. Sobey <i>Nova Scotia, Canada</i>	Director	Corporate Director	2001
Kent R. Sobey <i>Nova Scotia, Canada</i>	Director	Corporate Director	2025
Paul D. Sobey <sup>(1)</sup> <i>Nova Scotia, Canada</i>	Director	Corporate Director	1993
Rob G.C. Sobey <sup>(3)(5)</sup> <i>Nova Scotia, Canada</i>	Director	Corporate Director	1998
Pierre St-Laurent <i>Quebec, Canada</i>	Director, President & CEO	President & Chief Executive Officer, Empire and Sobeys	2025
Martine Turcotte <sup>(3)</sup> <i>Quebec, Canada</i>	Director	Corporate Director	2012
Jo Mark Zurel <sup>(1)</sup> <i>Newfoundland, Canada</i>	Director	Corporate Director	2025

(1) Audit Committee Member

(2) Audit Committee Chair

(3) Human Resources Committee Member

(4) Human Resources Committee Chair

(5) Corporate Governance & Social Responsibility Committee Member

(6) Corporate Governance & Social Responsibility Committee Chair

(7) Nominating Committee Member

(8) Nominating Committee Chair

The term of office for each person elected or appointed as a director is until the next annual meeting of shareholders of Empire or until their earlier retirement or resignation.

**10.2 Executive Officers Who Are Not Directors**

(as of May 2, 2026)

<b>Name and Province or State of Residence</b>	<b>Occupation</b>
Julia Knox Ontario, Canada	Executive Vice President and Chief Retail Officer, Chief Technology and Transformation Officer (interim)
Luc L'Archevêque Quebec, Canada	Executive Vice President & Chief Customer Officer
Doug Nathanson Ontario, Canada	Executive Vice President, General Counsel & Corporate Secretary and Chief Pharmacy & Development Officer
Sandra Pasquini Ontario, Canada	Executive Vice President & Chief Human Resources Officer
Constantine Pefanis Ontario, Canada	Executive Vice President & Chief Financial Officer
Sandra Sanderson <sup>(1)</sup> Ontario, Canada	Chief Marketing Officer

(1) Sandra Sanderson is expected to retire on July 1, 2026.

During the past five years, each of the above-mentioned directors and officers has been engaged in the principal occupation or held the position with the company or firm indicated opposite their name other than:

- Cynthia Devine, who prior to April 2024 was President and CEO of Maple Leaf Sports and Entertainment and Chief Financial Officer of Maple Leaf Sports & Entertainment from 2017 to 2022;
- Sharon Driscoll, who prior to September 2023 held executive positions at RB Global Inc. including Chief Financial Officer, Co-Chief Executive Officer and Advisor to the Chief Executive Officer from 2015 to 2023;
- Julia Knox, who prior to February 2026 was Executive Vice President and Chief Technology & Analytics Officer; Empire Company Limited from August 2023 to February 2026; Senior Vice President Merchandising Services and Retail Enablement, Sobeys from September 2021 to July 2023 and prior to August 2021 was Senior Vice President eCommerce and Chief Merchandising Softgoods and Hardgoods, Giant Tiger;
- Luc L'Archevêque who prior to February 2026 was Senior Vice President & Chief Customer Officer and on March 11, 2026 he became Executive Vice President & Chief Customer Officer; prior to November 2025 was Senior Vice President & Chief Merchandising Officer from November 2025 to February 2026, Sobeys Inc., from June 2022 to October 2025; Senior Vice President, Merchandising Grocery and Community, Sobeys Inc. from June 2021 to May 2022; Senior Vice President, Merchandising and General Manager Quebec, Sobeys Inc. from June 2019 to May 2021;
- Doug Nathanson, who prior to February 2026 was Executive Vice President, Chief Development Office and Corporate Secretary & General Counsel, Empire Company Limited from January 2023 to February 2026; Senior Vice President, General Counsel & Corporate Secretary, Empire Company Limited prior to December 2022;
- Sandra Pasquini, who prior to March 2026 was Senior Vice President & Chief Human Resources Officer from May 2025 to February 2026; prior to May 2025 was Senior Vice President, Human Resources, Sobeys from September 2022 to May 2025; Senior Vice President Human Resources Consumer Business & Talent Acquisition, Rogers Communications from December 2021 to September 2022;
- Constantine Pefanis, who prior to May 2025 was Chief Financial Officer, Green Infrastructure Partners from May 2024 to April 2025; Chief Financial Officer, Leon's Furniture Limited from January 2018 to April 2024;
- Martine Reardon, who from 2021 to 2024 was Chief Marketing Officer and Executive Vice President of Content and Retail Strategy, National Retail Federation (U.S.) and prior to April 2021 was a corporate director;
- Sandra Sanderson, who prior to July 2023 was Senior Vice President, Marketing, Empire Company Limited; and

- Pierre St-Laurent, who prior to November 2025 was Executive Vice President & Chief Operating Officer, Empire Company Limited from 2021 to 2025.

As of May 2, 2026, the number of Class B common shares of Empire beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of Empire as a group is 26,040,451 or approximately 26.5% of those issued and outstanding. No executive officer who is not a director owns, directly or indirectly, Class B common shares.

### 10.3 Other Proceedings

No director or executive officer is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including a personal holding company) that:

- (a) was subject to an order (as defined in Form 51-102 F2 of National Instrument 51-102 – *Continuous Disclosure Obligations*) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order (as defined in Form 51-102 F2 of National Instrument 51-102 – *Continuous Disclosure Obligations*) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director, executive officer or shareholder holding a sufficient number of securities of Empire to affect materially the control of Empire, or a personal holding company thereof,

- (a) is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director or executive officer of any company (including a personal holding company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, as at the date of this AIF, or within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the trustee, executive officer or shareholder; or
- (c) has been subject to:
  - (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### 10.4 Conflict of Interest

Against the backdrop of the Code of Business Conduct and Ethics, the Company's Board of Directors deals with existing or potential conflicts of interest on a case-by-case basis to ensure the avoidance of any possibility of a real or perceived conflict of interest.

## 11 Transfer Agent and Registrar

The transfer agent and registrar is TSX Trust Company with office location in Toronto, Ontario, and can be contacted by phone at 1-800-387-0825 or by e-mail at [shareholderinquiries@tmx.com](mailto:shareholderinquiries@tmx.com).

## 12 Audit Committee Information

### Audit Committee Mandate

The Audit Committee Mandate as approved by the Company's Board of Directors is included as Appendix B.

### Audit Committee Composition

The members of the Audit Committee at May 2, 2026, and their relevant education and experience are:

1. Sharon Driscoll (Chair)

- Honours Bachelor of Commerce degree, Queen's University.
- Member of the Institutes of Chartered Professional Accountants of Ontario and British Columbia.
- Retired from her position as Executive Vice-President and Special Advisor to the CEO, RB Global Inc. (previously Ritchie Bros. Auctioneers Inc.) in September 2023.
- Director of Sobeys and Imperial Oil Limited.
- Previous business experience including her role as Chief Financial Officer of Ritchie Bros. Auctioneers Inc. from July 2015 to June 2022 and in addition to that role she was Co-CEO of Ritchie Bros Auctioneers Inc. from October 1, 2019 to January 6, 2020. Prior to that, other senior executive positions including Chief Financial Officer at Katz Group Canada Limited, Chief Financial Officer at Sears Canada Inc. and executive finance leadership roles at Loblaw Companies Limited.

2. William Linton

- Bachelor of Commerce degree, Saint Mary's University.
- Fellow of the Institute of Chartered Professional Accountants of Ontario.
- Director of Sobeys and TMX Group Limited.
- Previous business experience including Executive Vice President, Finance & Chief Financial Officer, Rogers Communications Inc. 2005 to 2012, President & Chief Executive Officer of Call-Net Enterprises Inc. 2000 to 2005, Chair & Chief Executive Officer of Prior Data Sciences Inc. 1998 to 2000 and Executive Vice President and Chief Financial Officer of SHL Systemhouse Inc. 1994 to 1997.

3. Lisa Lisson

- Honours Bachelor of Commerce degree, University of Guelph.
- President of Air Operations, Federal Express Corporation ("FedEx") since 2024.
- Previous business experience including her roles as Senior Vice President, Network Operations, FedEx from 2023 to 2024, Senior Vice President, Hubs & Global Operations Control, FedEx in 2023 and President, FedEx Express Canada from 2010 to 2023.

4. Martine Reardon

- Bachelor of Science degree in Business Management, St. Francis College.
- Strategic Advisor/Consultant for the National Retail Federation (U.S.).
- Serves on the advisory board of Collette Travel.
- Previous business experience including her role from 2021 to 2024 as Chief Marketing Officer and Executive Vice President of Content and Retail Strategy, National Retail Federation (U.S.) and Chief Marketing Officer, Macy's Inc. from 2012 to 2016 and increasingly senior roles at Macy's Inc. between 1994 and 2012 in marketing, sales and media, with significant transformation, business integration and technology-related responsibilities.

## 5. Paul Sobey

- Bachelor of Commerce degree, Dalhousie University.
- Fellow of the Institute of Chartered Professional Accountants of Nova Scotia.
- Graduate of Harvard University Business School's Advanced Management Program.
- Director of Sobeys.
- Previous business experience including Trustee of Crombie REIT from 2006 to 2024, President and Chief Executive Officer of Empire Company Limited from 1998 until his retirement in 2013 after 31 years with the Company and previously served as a director of the Bank of Nova Scotia, the Chairman of Wajax Income Fund (now Wajax Corporation), a director of Emera Inc., and a member of the Board of Governors and Chancellor of Saint Mary's University.

## 6. Jo Mark Zurel

- Bachelor of Commerce degree, Dalhousie University.
- Fellow of the Institute of Chartered Professional Accountants of Newfoundland and holder of the ICD.D designation from the Institute of Corporate Directors.
- Chair of the Board of Fortis Inc. and Director of Major Drilling Group.
- Previous business experience including his role as Senior Vice-President and Chief Financial Officer of CHC Helicopter Corporation until 2006, where he helped build the company into the world's largest helicopter operator, and previously serving on several other boards including Highland Copper (Board Chair), Newfoundland Power (Board Chair), the CPP Investment Board, the Institute of Corporate Directors and Fronteer Gold.

All members of the Audit Committee are considered to be financially literate and independent. The Audit Committee Chair, Sharon Driscoll, as well as Audit Committee members William Linton, Paul Sobey and Jo Mark Zurel are also considered to be financial experts. Ms. Driscoll, Mr. Linton, Mr. Sobey and Mr. Zurel all have experience as Chartered Professional Accountants and Ms. Driscoll, Mr. Linton and Mr. Zurel have Chief Financial Officer experience.

**Pre-Approval Policies and Procedures**

Reference is made to Appendix B – Empire Audit Committee Mandate, Section “Responsibilities”, for a description of the specific policies and procedures for the engagement of non-audit services.

**External Auditor Service Fees (by Category)**

The table below shows the fees charged by PricewaterhouseCoopers LLP for fiscal 2026 and for fiscal 2025 to the Company and its subsidiaries, respectively:

<b>Auditor's Fees for Empire Company Limited and its Subsidiaries</b>		
<i>(in Canadian dollars)</i>	<b>Fiscal Year Ended</b>	
	<b>May 2, 2026</b>	<b>May 3, 2025</b>
Audit Fees	<b>\$ 3,894,813</b>	\$ 3,330,384
Audit-Related Fees	<b>452,711</b>	332,720
Tax Fees	<b>458,627</b>	129,375
All Other Fees	<b>418,310</b>	293,133
<b>Total Fees</b>	<b>\$ 5,224,461</b>	\$ 4,085,612

For fiscal 2026, audit fees include fees for the audit of the annual consolidated financial statements, reviews of quarterly interim condensed financial statements, audits of employee benefit plan financial statements and certain system conversions which occurred in the current year. Audit related fees are for services including special purpose audits and French translation. Tax fees include professional services rendered in preparation of a tax credit claim. Other fees include fees billed for all other services other than those presented in the categories of audit fees, audit-related fees and tax fees, including other advisory services.

The Audit Committee monitors and reviews the independence of the auditor on an ongoing basis. A policy that requires the pre-approval of engagements for services of the external auditor has been implemented and, during the pre-approval process, it is considered whether the nature and extent of these services is compatible with maintaining the independence of the external auditor. It has been concluded that the independence of PricewaterhouseCoopers LLP has not been compromised by the services provided.

### 13 Material Contracts

The Company has not entered into any contract, other than in the ordinary course of business, that is material to the Company and that was either entered into since January 1, 2002, and is still in effect or was entered into within the most recently completed fiscal year.

### 14 Legal Proceedings and Regulatory Actions

The Company is not, and was not during fiscal 2026, a party or subject to any legal proceedings or group of similar proceedings, nor are any such proceedings known to the Company to be contemplated, where the amount involved, exclusive of interest and costs, exceeds 10% of the current assets of the Company.

There were no penalties or sanctions imposed against the Company by, and no settlement agreements entered into by the Company with, a court relating to securities legislation or a securities regulatory authority during fiscal 2026.

### 15 Interest of Experts

The Company's auditor is PricewaterhouseCoopers LLP, which has prepared the Independent Auditor's Report to Shareholders in respect of its audited annual Consolidated Financial Statements. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the CPA Code of Professional Conduct.

### 16 Additional Information

Additional information with respect to directors' and officers' remuneration and indebtedness, principal holders of Empire's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in Empire's Management Information Circular. Additional financial information is provided in the Company's audited consolidated financial statements for its last fiscal year ended May 2, 2026 and the related annual MD&A. A copy of such documents may be obtained by request from the investor relations department of Empire, via the Empire website at: [www.empireco.ca](http://www.empireco.ca). Additional information relating to the Company may be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## 17 Appendix A

## Sobeys' Geographic and Banner Profile

All information is as of May 2, 2026

FULL, FRESH & COMMUNITY SERVICE STORES						
Geographic Area	Sobeys	Safeway	IGA Extra	IGA	Farm Boy	Longo's
Newfoundland and Labrador	13	-	-	-	-	-
Prince Edward Island	5	-	-	-	-	-
Nova Scotia	42	-	-	-	-	-
New Brunswick	20	-	3	4	-	-
Quebec	-	-	137	154	-	-
Ontario	73	5	-	1	52	43
Manitoba	17	18	-	4	-	-
Saskatchewan	10	8	-	2	-	-
Alberta	53	59	-	21	-	-
British Columbia	1	42	-	3	-	-
<b>Total</b>	<b>234</b>	<b>132</b>	<b>140</b>	<b>189</b>	<b>52</b>	<b>43</b>

Geographic Area	Kim Phat	Pete's Frootique & Fine Foods	Thrifty Foods	Foodland	Bonichoix	Les Marchés Tradition
Newfoundland and Labrador	-	-	-	26	-	-
Prince Edward Island	-	-	-	7	-	-
Nova Scotia	-	2	-	33	-	-
New Brunswick	-	-	-	11	-	-
Quebec	4	-	-	-	45	81
Ontario	-	-	-	132	-	-
Manitoba	-	-	-	-	-	-
Saskatchewan	-	-	-	-	-	-
Alberta	-	-	-	-	-	-
British Columbia	-	-	26	-	-	-
<b>Total</b>	<b>4</b>	<b>2</b>	<b>26</b>	<b>209</b>	<b>45</b>	<b>81</b>

DISCOUNT, DRUG, CONVENIENCE & LIQUOR STORES					
Geographic Area	FreshCo/ Chalo! FreshCo	Lawtons	Rachelle- Béry	Needs	Boni-Soir
Newfoundland and Labrador	-	18	-	16	-
Prince Edward Island	-	3	-	9	-
Nova Scotia	-	41	-	44	-
New Brunswick	-	12	-	8	-
Quebec	-	-	8	-	282
Ontario	108	-	-	-	-
Manitoba	6	-	-	-	-
Saskatchewan	5	-	-	-	-
Alberta	24	-	-	-	-
British Columbia	17	-	-	-	-
<b>Total</b>	<b>160</b>	<b>74</b>	<b>8</b>	<b>77</b>	<b>282</b>

Geographic Area	Voisin	Cash & Carry	Retail Fuel Sites	Retail Liquor Sites
Newfoundland and Labrador	-	1	8	-
Prince Edward Island	-	-	9	-
Nova Scotia	-	3	57	-
New Brunswick	-	1	48	-
Quebec	80	-	237	-
Ontario	-	-	-	-
Manitoba	-	1	-	-
Saskatchewan	-	-	-	17
Alberta	-	-	-	80
British Columbia	-	-	-	-
<b>Total</b>	<b>80</b>	<b>6</b>	<b>359</b>	<b>97</b>

DISTRIBUTION CENTRES	
Geographic Area	Distribution Centres
Newfoundland and Labrador	2
Prince Edward Island	-
Nova Scotia	5
New Brunswick	1
Quebec	7
Ontario	5
Manitoba	2
Saskatchewan	-
Alberta	4
British Columbia	2
<b>Total</b>	<b>28</b>

E-COMMERCE						
Geographic Area	Central Fulfillment Grocery Delivery		Legacy Grocery Delivery		Voilà Curbside Pickup	
	Voilà CFC	Voilà Spoke Location	IGA.net	Thrifty Foods	Sobeys	Safeway
Newfoundland and Labrador	-	-	-	-	7	-
Prince Edward Island	-	-	-	-	3	-
Nova Scotia	-	-	-	-	23	-
New Brunswick	-	-	7	-	6	-
Quebec	1	1	79	-	-	-
Ontario	1	2	-	-	-	2
Manitoba	-	-	-	-	3	7
Saskatchewan	-	-	-	-	-	3
Alberta	-	-	-	-	-	5
British Columbia	-	-	-	21	-	28
<b>Total</b>	<b>2</b>	<b>3</b>	<b>86</b>	<b>21</b>	<b>42</b>	<b>45</b>

CORPORATE AND FRANCHISED STORES - BY GEOGRAPHIC AREA				
Geographic Area	Corporate Stores		Franchised Stores	
	Number	Square Footage	Number	Square Footage
Atlantic	324	4,876,154	113	726,295
Quebec	186	763,773	849	12,436,046
Ontario	161	5,132,795	253	6,837,160
West	280	8,061,848	134	4,592,079
<b>Total</b>	<b>951</b>	<b>18,834,570</b>	<b>1,349</b>	<b>24,591,580</b>

## CORPORATE AND FRANCHISED STORES - BY BANNER

	Sobeys	Safeway	IGA Extra	IGA	Farm Boy	Longo's	Kim Phat
Corporate	149	130	8	12	52	43	4
Franchise	85	2	132	177	-	-	-
<b>Total</b>	<b>234</b>	<b>132</b>	<b>140</b>	<b>189</b>	<b>52</b>	<b>43</b>	<b>4</b>

	Pete's Frootique & Fine Foods	Thrifty Foods	Foodland	Marchés Bonichoix	Les Marchés Tradition	FreshCo/ Chalo! FreshCo	Lawtons
Corporate	2	26	21	2	-	9	71
Franchise	-	-	188	43	81	151	3
<b>Total</b>	<b>2</b>	<b>26</b>	<b>209</b>	<b>45</b>	<b>81</b>	<b>160</b>	<b>74</b>

	Rachelle- Béry	Needs	Boni-Soir	Voisin	Cash & Carry	Retail Fuel Sites	Retail Liquor Sites
Corporate	6	77	1	-	6	235	97
Franchise	2	-	281	80	-	124	-
<b>Total</b>	<b>8</b>	<b>77</b>	<b>282</b>	<b>80</b>	<b>6</b>	<b>359</b>	<b>97</b>

## 18 Appendix B

### AUDIT COMMITTEE MANDATE

The Audit Committee (the “Committee”) is responsible to the Board of Directors (the “Board”) for oversight of the policies and practices relating to integrity of financial and regulatory reporting as well as internal controls to achieve the objectives of safeguarding of corporate assets, reliability of information and compliance with policies and laws. The Committee is also responsible for oversight of internal audit and enterprise risk management.

The Committee charges management with developing and implementing procedures to:

- Ensure internal controls are appropriately designed, implemented and monitored including reviewing and discussing any significant deficiencies in the design or operation of internal controls and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal controls over financial reporting.
- Ensure financial reporting and disclosure of required information is complete, accurate and timely as required by applicable legislation and regulation.

### COMPOSITION

The Committee shall be composed of three or more independent directors, appointed by the Board on the recommendation of the Corporate Governance & Social Responsibility Committee, in accordance with the independence standards established by the Board, and all applicable corporate and securities laws, rules and regulations.

All members of the Committee shall be financially literate as defined by applicable legislation. Financially literate shall mean the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

A member of the Board who is not financially literate may be appointed to the Committee provided that the member becomes financially literate within three months following their appointment, subject to the Company’s Board determining that this appointment will not materially adversely affect the ability of the Committee to act independently and to satisfy the other requirements of this mandate.

If a Committee member ceases to be independent for reasons outside the member’s reasonable control, the member shall tender their resignation to the Chair of the Corporate Governance & Social Responsibility Committee, within three months of the occurrence of the event which caused the member to not be independent.

The members of the Committee are appointed or reappointed annually by the Board, with such appointments to take effect immediately following the Annual General Meeting of Shareholders of the Company. Each member of the Committee shall continue to be a member thereof until their successor is appointed, unless they resign or are removed by the Board, or cease to be a director of the Company. The Board, upon recommendation of the Corporate Governance & Social Responsibility Committee, may fill vacancies of members of the Committee for the remainder of the current term of appointment.

The Board shall appoint a Chair from among the members of the Committee to preside at its meetings. The Chair must be independent. If the Chair of the Committee loses their independent status, that person shall cease to be Chair immediately and be replaced as Chair by an existing member of the Committee with the Corporate Governance & Social Responsibility Committee being asked to replace this member within three months. In the absence of the Chair, one of the other members of the Committee present shall be chosen by the Committee to preside at the meeting.

### AUTHORITY

The Committee has the authority to:

- Conduct or authorize an investigation into any matters within the scope of its mandate or responsibility;
- At the Company’s expense, as determined by the Committee, engage independent legal, accounting or financial advisors and such other advisors as it deems necessary to advise the Committee or assist in carrying out its duties or to assist in the conduct of an investigation;
- Communicate and meet without management involvement, the internal auditors, external auditor or outside counsel as necessary; and

- Call a meeting of the Board to consider any matter of concern to the Committee. The Committee shall have direct access to all books, records, facilities and personnel of the Company including to the external and/or internal auditor as it determines this to be advisable. All employees are to cooperate as required by Committee members in matters related to Committee business.

## MEETINGS

The Committee shall meet quarterly or more frequently as circumstances dictate.

Meetings of the Committee may be called by:

- The Chair;
- Any member of the Committee;
- Management; or
- The external auditor.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

1. a quorum shall be a majority of the members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other; and
2. notice of the time and place of every meeting shall be given in writing, electronic or other facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting is a waiver of notice of that meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

The external auditor shall be invited to attend and be heard at every regular quarterly Committee meeting and have the opportunity to discuss matters with the Committee without the presence of management at such meetings. The Committee will meet in camera with the external auditor at each regular quarterly Committee meeting. The external auditor may also be invited to attend and be heard at other Committee meetings.

There shall be an in-camera session at each quarterly scheduled Committee meeting without management, with in-camera sessions at other Committee meetings as required by any member of the Committee. The Committee shall appoint a Secretary who need not be a director. The minutes of the Committee shall be recorded and maintained by the Secretary.

All Committee members are expected to attend each meeting. The Chair of the Committee shall report the business of the meeting at the next regularly scheduled Board meeting.

## RESPONSIBILITIES

### Administration:

1. The Committee annually reviews its mandate and recommends any changes to the Corporate Governance & Social Responsibility Committee.
2. The Committee annually completes a self-assessment survey and reviews the Committee's financial literacy and independence.

### External Auditor:

3. As required by the Board, the external auditor reports directly to the Committee.
4. The Committee must recommend to the Board;
  - (a) the external auditor to be nominated for purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for Empire; and
  - (b) the compensation of the external auditor.

5. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing the Auditor's Report or performing other audit, review or attest services for Empire, including establishing and monitoring audit quality indicators, the resolution of disagreements between management and the external auditor regarding financial reporting.
6. The Committee must pre-approve all non-audit services to be provided to Empire or its subsidiary entities by Empire's external auditor. The Committee has established policies and procedures for approval of audit and non-audit services by the external auditors including (a) establishment of services the external auditors will be prohibited from or restricted in providing due to independence concerns, (b) identification of a range of services that are pre-approved, and (c) delegation to the Chair of the Committee the authority to pre-approve individual services that are neither prohibited under (a) nor covered under (b). New pre-approved engagements will be presented to the Committee at the next scheduled Committee meeting following such pre-approval.

Without limiting the foregoing, de minimis non-audit services may be performed by Empire's external auditor without prior approval of the Committee if:

- (a) the aggregate amount of all these non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent of the total audit fees paid by Empire and its subsidiaries to Empire's external auditor during the fiscal year in which the services are provided;
- (b) Empire or subsidiaries of Empire, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the Committee of Empire and approved, prior to the completion of the audit, by the Committee or by the Chair of the Committee, who has been granted authority to pre-approve non-audit engagements.

The Committee has instructed management that, to obtain pre-approval, management must detail the work to be performed by the external auditor and obtain the assurance from the external auditor that the proposed work does not impair their independence.

7. The Committee reviews with the external auditor and management all major accounting policies and practices adopted, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting. The Committee shall also review any significant changes to International Financial Reporting Standards (IFRS) or its application.
8. The Committee must review and approve Empire's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of Empire.
9. The Committee ensures through enquiry that the external auditor is registered with the Canadian Public Accountability Board (CPAB) and that the lead partner and other partners fulfil the rotation requirements. The Committee also reviews that the relationship with the external auditor and Empire management is independent with consideration to the requirements set out by the Canadian Securities Administrators and CPA Canada.
10. The Committee receives from the external auditor an outline of the annual audit scope, plan, resources, reliance on management and progress reports against that plan.
11. The Committee reviews the Auditor Report with the external auditor:
  - (a) significant findings during the year and management's response thereto;
  - (b) any difficulties encountered in the course of their audits, including any restrictions to the scope of their work or access to required information; and
  - (c) any changes required to the planned scope of their audit or quarterly reviews.

**Risk Management:**

12. The Committee annually reviews the adequacy and quality of the insurance coverage maintained by the Company.
13. The Committee periodically reviews the Enterprise Risk Management framework for the Company and assesses the adequacy and completeness of the process for identifying and assessing the key risks facing the Company.

14. The Committee ensures that primary oversight responsibility for each of the key risks identified in the Enterprise Risk Management framework is assigned to the Board or one of its committees.
15. The Committee reviews the governance of significant business process change and information technology projects.
16. The Committee reviews the Company's cybersecurity, privacy and data security risk exposure and measures taken to protect the security and integrity of its management information systems and customer data, including a review of all major incidents and changes in risk exposure and controls.
17. The Committee reviews the work plan and progress on implementation of major information technology system changes and receives updates on the information system infrastructure.
18. The Committee periodically reviews Environmental Compliance and Litigation reports from management.
19. The Committee periodically reviews the Company's major financial risk exposures (including foreign exchange and interest rate) and management's initiatives to control such exposures, including the use of financial derivatives and hedging activities.
20. The Committee reviews the status of compliance with laws and regulations and the scope and status of systems designed to ensure compliance therewith, and receives reports from management, legal counsel and other third parties as determined by the Committee on such matters, as well as major legislative and regulatory developments which could impact the Company's contingent liabilities and risks.

**Financial Management and Reporting:**

21. The Committee reviews and recommends to the Board approval of Empire's interim and annual financial statements, Management's Discussion and Analysis, and quarterly financial and material news releases prior to public disclosure of this information.
22. The Committee reviews and recommends to the Board approval of the Empire dividends.
23. The Committee reviews and recommends to the Board approval of share buy backs and normal course issuer bids.
24. The Committee reviews the disclosures that are financial in nature contained in the Annual Report and Annual Information Form.
25. The Committee reviews the applicable metrics and information contained in the Company's Sustainable Business Report in order to provide proper measurement and disclosure oversight.
26. The Committee ensures that adequate disclosure procedures are in place for the review of Empire's public disclosure of financial information extracted or derived from Empire's financial statements, and must periodically assess the adequacy of those disclosure procedures.
27. The Committee reviews the disclosure controls and procedures and internal controls on financial reporting, including any significant deficiencies or material non-compliance with such controls and procedures.
28. The Committee reviews the Corporate Disclosure Policy and the Disclosure Committee Mandate.
29. The Committee reviews all findings of regulatory agency examinations concerning financial matters of the Company and will make recommendations to the Board to address these matters.
30. The Committee establishes procedures for:
  - (a) the receipt, retention and treatment of complaints received by Empire regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of Empire of concerns regarding questionable accounting or auditing matters.
31. The Committee reviews the status and adequacy of the Company's efforts to ensure its businesses are conducted and its facilities are operated in an ethical, legally compliant and socially responsible way, and recommends to the Board, for approval, policy changes and program initiatives considered advisable.

**Internal Audit:**

32. The VP & Chief Auditor reports to the Committee via the Chair.
33. The Committee reviews quarterly reports from the VP & Chief Auditor on:
  - (a) Ethics Line reporting matters and investigations administered by internal audit; and
  - (b) Internal audit reporting on the functions progress towards completion of the internal audit annual plan, engagement results, and management actions.
34. The Committee ensures audit priorities align with organizational strategies, communication and escalation criteria are established, and governance, risk management, and management disagreements are addressed.
35. The Committee approves the Internal Audit Charter annually, and discusses with the VP & Chief Auditor and management the authority, role, responsibilities, and other topics.
36. The Committee approves the risk-based, annual Internal Audit Plan, inclusive of the function's financial budget and resource plan, and supports the VP & Chief Auditor in ensuring the function's resources are sufficient and, internal scope is not limited through restrictions on the function's access, authority, or resources.
37. The Committee approves the internal audit function's strategy and performance objectives and reviews its performance against those objectives, at least annually.
38. The Committee reviews and approves the Quality Assurance & Improvement Program as required according to the Global Internal Audit Standards including plans for an external quality assessment (i.e., scope, frequency, qualifications and independence of the assessor). The Committee reviews assessment results, action plans for deficiencies, approves timelines for corrective actions and monitors progress.
39. The Committee reviews roles and responsibilities of the VP & Chief Auditor and acknowledges, if any, actual or potential impairments to the internal audit function's independence when approving roles or responsibilities for the VP & Chief Auditor that are beyond the scope of internal auditing. The Committee engages with management and the VP & Chief Auditor to establish appropriate safeguards if the VP & Chief Auditor roles and responsibilities impair or appear to impair the internal audit function's independence.
40. The Committee authorizes the appointment and dismissal of the VP & Chief Auditor, and, in collaboration with management, determines the qualifications and competencies the organization expects in a VP & Chief Auditor.
41. The Committee provides input to management to support the performance evaluation and remuneration of the VP & Chief Auditor.
42. The Committee reviews CEO and Chair of the Board Expenses and Corporate Aircraft Use and related Costs and Charges.