# Q1 F27 Earnings

September 10, 2026

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# Disclaimers

## Forward- Looking Information

This document contains forward-looking information about the Company's objectives, plans, strategies, financial condition, results of operations, performance, prospects and opportunities 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. Specific forward-looking information includes the Company's expectation that Other income plus Share of earnings from investments, at equity will in aggregate, be in range of $90 million to $110 million in fiscal 2027, which assumes completion of pending real estate transactions by the Company and Share of earnings from investments, at equity being consistent with historical values adjusted for significant transactions and may be impacted by the timing and terms of completion of real estate-related transactions and actual results from Crombie Real Estate Investment Trust ("Crombie REIT") and real estate partners. Other forward-looking statements relate to, but are not limited to, statements regarding the Company's expectation that it will improve overall e-commerce financial performance including the amount and timing of improvements in annualized operating income of approximately $95 million, the expectation to reinvest approximately one-third of the $95 million annualized e-commerce benefits into accelerating growth engines, anticipated earnings and sales growth, gross margin and operating leverage, capital investments and store growth, e-commerce initiatives, efficiency and cost-saving initiatives, information technology implementations, real estate transactions and investments, competitive pricing, pension plan contributions, liquidity and funding, and share repurchases. These forward-looking statements are contained throughout this document, including in the sections discussing the Company's strategic priorities, financial performance, capital investments, e-commerce initiatives, liquidity and capital resources and outlook.

Forward-looking information is typically identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", "could", "may", "plans", "predicts", "projects", "will", "would", "foresees" and similar expressions, as they relate to the Company and its management.

Forward-looking information reflects the Company's estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

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. Such risks and uncertainties include:

- changes in economic conditions, including inflation, tariffs, costs of materials and other operating costs, interest rates, labour conditions, consumer behaviour, supplier relationships and negotiations, and other macro-economic factors;
- failure to achieve the anticipated benefits from the Company's strategic priorities and initiatives, including sales and earnings growth, gross margin improvement, operating leverage, competitive pricing, e-commerce growth, efficiency and cost savings, and customer engagement initiatives;
- failure to successfully execute planned capital investments, store expansions and renovations, including FreshCo store growth, or to achieve the anticipated benefits from such investments;
- failure to successfully implement or realize the anticipated benefits from the Company's information technology initiatives, including the SAP S/4HANA Enterprise Resource Planning ("ERP") platform;
- changes in the timing or terms of real estate transactions or the performance of investments and real estate partners, which could affect expected contributions from these activities;
- changes in capital markets, operating results, laws and regulations and other factors that could affect the Company's pension obligations, liquidity, capital resources, share repurchases and ability to fund its ongoing business requirements; and
- other risks and uncertainties affecting the Company's ability to achieve its strategic, financial and operational objectives, including those described in the Company's materials filed with the Canadian securities regulatory authorities.

Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking information. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities, including the "Risk Management" section of the fiscal 2026 annual MD&A.

Although the Company believes the predictions, forecasts, expectations and conclusions reflected in the forward-looking information are reasonable, it can provide no assurance that such matters will prove to be correct. Readers are cautioned not to place undue reliance on this forward-looking information, which reflects the Company's expectations only as of the date of this document. Except as required by applicable securities laws, the Company does not undertake to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

### Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this investor presentation that do not have a standardized meaning under generally accepted accounting principles ("GAAP") and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. The Company includes these measures and metrics because it believes certain investors use these measures and metrics as a means of assessing financial performance.

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

For a more complete description of Empire's non-GAAP measures and metrics, please see Empire's Management's Discussion and Analysis for the first quarter ended August 1, 2026.

# Highlights: Q1-F27

## Q1 F2027 Highlights

- **Sales of $8,475 million, an increase of 2.6% y/y.**
- **Food sales increased by 1.7%** primarily driven by positive growth across the business, particularly in the Full-Service and Discount banners.
- **Same-store sales – food increased by 1.2%.**
- **EPS of $1.04, higher by 14.3% y/y.**
    - There were no adjusting items in Q1 F27.
    - Benefits from the pension gain were offset by lower real estate related income on a y/y basis.
    - Prior year EPS of $0.91; no adjustments in Q1 F26.
- **Total company gross margin decreased by 30bps y/y.** Gross margin, excluding fuel was consistent with the comparative quarter in the prior year.
- **SG&A (excl. D&A) as a % of sales decreased by 80 bps y/y.** Reflects lower y/y incentive program expenses, the pension settlement gain, and better overall cost efficiency in the business, including e-commerce operational improvements.
- **EBITDA margin increased by 28 bps y/y,** mainly reflecting operating leverage.
- The Company's e-commerce platforms - Voilà (including curbside pickup), IGA.net, ThriftyFoods.com and partnerships with Instacart, Uber Eats and DoorDash generated a combined sales increase of 11.3% compared to the same quarter in the prior year.
- On June 19, 2026, the Company renewed its NCIB by filing a notice of intention with the TSX to repurchase for cancellation up to 10,750,000 Non-Voting Class A shares representing approximately 9.6% of the public float.
    - As at September 8, 2026, the Company has purchased for cancellation 1,964,590 Non-Voting Class A shares at weighted average price of $48.37 for a total consideration of $95 million.

## Outlook / Business Updates

- The Company's internal food inflation continued to be below the Consumer Price Index for food purchased from stores and was largely in line with internal food inflation from the quarter ended May 2, 2026.
- On August 20, 2026, the Company opened its first two FreshCo stores in Atlantic Canada and expects to open 13 more stores across Western Canada, Ontario and Atlantic Canada in fiscal 2027.
- Subsequent to the quarter ended August 1, 2026, the Company announced its acquisition of nine Morelli's pharmacies currently operating within Longo's stores in the Toronto and Hamilton areas. The plan is to convert these nine sites to Longo's Pharmacy locations.
    - The transaction is expected to close during the second quarter of fiscal 2027.
- During 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. The pension assets and related pension liabilities of $357 million were derecognized in Q1 F27, resulting in a pre-tax settlement gain of $22 million.
- The Company disposed of its interest in an equity accounted partnership during Q1 F27. The disposal was completed through a buyout agreement where another partner acquired the Company's final interest. Total cash proceeds were $71 million, resulting in a gain of $4 million which has been recognized in other income in the Interim Condensed Consolidated Statements of Earnings. Immediately following the buyout, the Company initiated a process to formally dissolve the partnerships.
- Issued 2026 Sustainability Business Report
- For fiscal 2027, capital spend is expected to be approximately $850 million, with approximately half of this investment allocated to renovations and new store expansion (including approximately 1.5% growth in store footprint expansion driven by new stores), approximately 25% allocated to IT and business development projects and the remainder allocated largely to logistics and sustainability.
    - The Company expects to renovate approximately 20% to 25% of its store network between fiscal 2027 and fiscal 2029.
- During fiscal 2027, the Company expects aggregate pre-tax earnings from Other income plus Share of earnings from investments, at equity to be in the range of $90 million to $110 million.

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# Financial Summary: Q1-F27

| Q1 F2027 | | |
|---|---|---|
| ($ million, unless otherwise noted) | Q1 F27<br>13 weeks | Q1 F26<br>13 weeks |
| **Sales** | **$8,475** | **$8,258** |
| Same-store sales growth - food | 1.2% | 1.9% |
| **Gross Profit** | **$2,269** | **$2,235** |
| Gross margin %(1) | 26.8% | 27.1% |
| **Other income plus Share of earnings from investments, at equity** | **$14** | **$33** |
| **Selling and Administrative Costs(2)** | **$1,872** | **$1,886** |
| Selling and administrative % | 22.1% | 22.8% |
| **EBITDA** | **$712** | **$671** |
| EBITDA margin % | 8.4% | 8.1% |
| **Earnings per Share – diluted** | **$1.04** | **$0.91** |
| **Free Cash Flow(3)** | **$187** | **$63** |
| **Capital Expenditures** | **$220** | **$138** |

(1) Gross margin rate, excluding fuel, was consistent with Q1 F26.
(2) Selling and Administrative Costs for Q1 F27 includes Depreciation and Amortization of $301 million (Q1 F26: $289 million).
(3) Free cash flow is calculated as cash flows from operating activities, plus proceeds on disposal of property, equipment and investment property and lease modifications and terminations, less acquisitions of property, equipment, investment property and intangibles, interest paid and payments of lease liabilities, net of payments received from finance subleases.

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# Long-Term Financial Framework

**8% to 11%**

Long Term Average Adjusted EPS Growth

**Intention to continue growing sales, expanding gross margin (excl. fuel), and generating operating leverage**

### Customers

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

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

With strong foundational capabilities in place, Empire's focus is now on accelerating growth. This includes enhancing performance across its existing platforms (Pharmacy, Ecommerce, 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

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.

**Enabled By: People, Data, and Technology**

**Continued Share Repurchases**

# ESG[1] Goals: Steady and tangible progress

## Planet

We're reducing our impacts and taking action on climate change to do OurPart™ to protect our planet for future generations.

**FOOD WASTE**

**50%**

reduction in food waste (relative to 2016), exceeding our target of 50% reduction by 2025.

**CLIMATE ACTION**

**35%**

reduction in Scope 1 and 2 emissions compared to 2019 baseline.

**PLASTICS & PACKAGING**

**100%**

of Farm Boy stores offer reusable container options at hot counters and salad bars.

## Products

We're doing OurPart™ by delivering sustainable and ethical product choices for our customers.

**ETHICAL & SUSTAINABLE SOURCING**

**90%**

of our fresh, frozen and canned fish and seafood assortment (by weight) meet the criteria within our Sustainable Fish & Seafood Sourcing Guidelines

**90%**

of palm oil in Our Brands, Farm Boy and Longo's private-label products is certified sustainable through physical trace and credits (RSPO certified).

**SUPPLIER COLLABORATION**

**514**

women entrepreneurs supported in fiscal 2026 across Canada.

**13,000+**

products from local suppliers and producers.

## People

We're focused on growing and empowering a diverse, equitable and inclusive workforce to enable our customers and communities to thrive.

**DIVERSITY, EQUITY & INCLUSION**

Completed Phase 3 certification for the Partnership Accreditation in Indigenous Relations (PAIR).

**38%**

representation of women at the senior leadership level.

**COMMUNITY INVESTMENT**

**~$29M**

donated to support healthy bodies and minds in our communities (~$8.5 million in corporate donations and ~$20.5 million raised).

We are proud to share our progress and some of our stories in our Sustainability Business Report at: www.SobeysSBReport.ca

(1) ESG is Environmental, Social and Governance

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# Executive Leadership Team

**Pierre St-Laurent**
President & Chief Executive Officer

**Luc L'Archevêque**
Chief Customer Officer

**Julia Knox**
Chief Retail Officer

**Doug Nathanson**
General Counsel and Chief Pharmacy & Development Officer

**Costa Pefanis**
Chief Financial Officer

**Sandra Pasquini**
Chief Human Resources Officer

**Lara Skripitsky**
Chief Technology & Transformation Officer

[Executive Leadership Team - Link to Biographies]

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