Management's Discussion & Analysis

For the First Quarter Ended August 1, 2026

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Management's Discussion & Analysis

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial results of Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) including the accounts of Empire, all subsidiary companies, including 100% owned Sobeys Inc. ("Sobeys"), Sobeys Capital Incorporated and Farm Boy, 51% owned Longo's and certain enterprises considered structured entities, where control is achieved on a basis other than through ownership of a majority of voting rights for the quarter ended August 1, 2026 compared to the quarter ended August 2, 2025. The MD&A should be read in conjunction with the Company's unaudited Interim Condensed Consolidated Financial Statements and notes thereto for the quarter ended August 1, 2026 and the audited annual Consolidated Financial Statements and the related MD&A for the fiscal year ended May 2, 2026. Additional information about the Company can be found on SEDAR+ at www.sedarplus.ca or on the Company's website at www.empireco.ca.

The unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" as issued by the International Accounting Standards Board ("IASB") and are reported in Canadian dollars. The Company's audited annual Consolidated Financial Statements for the year ended May 2, 2026, have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards").

The information contained in this MD&A is current to September 9, 2026 unless otherwise noted. There have been no material changes to disclosures as contained in the "Critical Accounting Estimates", "Contingencies" or "Risk Management" sections of the Company's MD&A for the fiscal year ended May 2, 2026 other than as noted in this MD&A and Note 2 of the Company's unaudited Interim Condensed Consolidated Financial Statements for the quarter ended August 1, 2026.

1 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.

2 Overview of the Business

Empire’s key businesses and financial results are segmented into two reportable segments: (i) Food retailing; and (ii) Investments and other operations. With approximately $32 billion in annual sales and $17 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 130,000 people.

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

2.1 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.

2.2 Business Updates

Expansion and Growth

The Company is building a larger, stronger network by adding new stores to its network, optimizing its portfolio through store conversions, and pursuing strategic acquisitions. For the quarter ended August 1, 2026, the Company's expansion and growth updates are presented below:

FreshCo

The Company is continuing to expand its FreshCo discount banner across the country. 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. The FreshCo discount banner provides strong value proposition and robust multicultural assortment, providing value and choice to better serve our customers.

Mayrand Food Group Inc. Acquisition

During 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. The Company received the required court approval and regulatory approval for the transaction, which closed during the first quarter of fiscal 2027. For further details, see Note 14 of the Company's unaudited Interim Condensed Consolidated Financial Statements for the quarter ended August 1, 2026.

Acquisition of Nine Morelli's Pharmacy sites (co-located in Longo's grocery stores)

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 remains subject to customary closing conditions, including approval from the Ontario College of Pharmacists, and is expected to close during the second quarter of fiscal 2027.

Pension Group Annuity Buy-Out

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. During the quarter ended August 1, 2026, the pension assets and related pension liabilities of $357 million were derecognized, resulting in a pre-tax settlement gain of $22 million. This transaction was part of the Company's de-risking strategy, resulting in the removal of 80% of the defined benefit funded liability for this plan.

Real Estate Partnerships

During the quarter ended August 1, 2026, the Company disposed of its interest in an equity accounted partnership. 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 (Note 9). Immediately following the buyout, the Company initiated a process to formally dissolve the partnerships.

Sustainable Business Reporting

The Company published its 2026 Sustainable Business Report in July 2026, highlighting significant advancements in achieving its Environmental, Social, and Governance ("ESG") objectives. This year's report demonstrates continued progress across the three pillars of its ESG framework: People, Planet, and Products. Notable achievements include: reducing greenhouse gas emissions in Scope 1 and 2 by 35.4% (relative to 2019), reducing its food waste by 50.3% (relative to 2016) - exceeding its 2025 target of 50%, raising and donating nearly $29 million in the 900 communities we serve to support food access, child and youth mental health, emergency response and local initiatives.

The Company remains focused on several key initiatives as part of its ongoing ESG journey, including executing on Phase Two of its Climate Action Plan to meet Scope 1 and 2 climate targets, expanding food recovery and redistribution efforts, and continuing to provide customers with sustainably sourced products to support more resilient food systems.

E-commerce

During the third quarter of fiscal 2026, the Company assessed the expected financial performance of its e-commerce network and announced initiatives to improve earnings and expand third-party delivery partnerships. As part of this update, the Company closed the Calgary Customer Fulfilment Centre ("CFC") and its Edmonton support facility, paused further development of the Vancouver CFC, and entered into a new partnership with DoorDash. These actions resulted in an e-commerce impairment and related pre-tax charges of $746 million, recorded in the food retailing segment during the third quarter of fiscal 2026.

The Company continues to leverage its Toronto and Montreal CFCs in markets with high density demand, focusing on sales growth, and improving productivity and profitability. Partnerships with Instacart, Uber Eats, and DoorDash complement Voilà by broadening online shopping and delivery options across many of the Company's banners nationwide. The Company continues to work closely with Ocado and evaluate e-commerce performance, pursuing opportunities to reduce costs and improve profitability. These initiatives are expected to generate annualized benefits of approximately $95 million, with a portion reinvested in growth and technology, while future earnings will primarily be driven by sales volume, margins, operational efficiencies, and cost discipline.

For the quarter ended August 1, 2026, 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. The increase is primarily driven by growth in third-party partnership sales and continued sales growth for Voilà.

Technology Platform

The Company is currently implementing a significant transformation of its core business systems by migrating the legacy ERP system to a modern national SAP S/4HANA platform. This implementation is a strategic investment aimed at centralizing the Company's ERP system to streamline financial reporting, procurement, and supply chain operations. The upgraded system will provide improved real-time data visibility, improved automation, and enhanced analytics capabilities, supporting more agile decision-making across the organization. The project is progressing according to plan, with full deployment expected to be substantially completed by the end of fiscal 2027.

3 Outlook

The objective of the Company is to be the best retailer in Canada, through its four priority focus areas: Customers, Stores, Growth, and Cost Efficiency. Through these 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 net earnings and share repurchases. The Company intends to continue growing sales, gross margin (excluding fuel) and generating operating leverage. Empire will focus on strengthening the value proposition for its customers, driving retail performance within its stores, accelerating profitable expansion growth, and continue to execute strong cost control.

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

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 (both found in the Company’s Consolidated Statements of Earnings), to be in the range of $90 million to $110 million (fiscal 2026 - $129 million).

For the quarter ended August 1, 2026, the Company’s internal food inflation continued to be below the Consumer Price Index for food purchased from stores and was largely in line with internal food inflation from the quarter ended May 2, 2026. The Company is focused on supplier relationships and negotiations to ensure competitive pricing for customers. The Company continues to be well positioned to pursue long-term growth despite the impacts of global economic uncertainties.

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

4 Summary Results - First Quarter

(in millions of Canadian dollars, except per share amounts)	**August 1, 2026 13 Weeks**	August 2, 2025 13 Weeks	$ Change	% Change
Sales	**$ 8,475**	$ 8,258	$ 217	2.6 %
Gross profit[1]	**2,269**	2,235	34	1.5 %
Operating income	**411**	382	29	7.6 %
EBITDA[1]	**712**	671	41	6.1 %
Finance costs, net	**74**	71	3	4.2 %
Income tax expense	**88**	81	7	8.6 %
Non-controlling interest	**16**	18	(2)	(11.1)%
Net earnings[2]	**233**	212	21	9.9 %
Basic earnings per share				
Net earnings[2]	**$ 1.04**	$ 0.91	$ 0.13	14.3 %
Basic weighted average number of shares outstanding (millions)	**224.6**	232.3	(7.7)	(3.3)%
Diluted earnings per share				
Net earnings[2]	**$ 1.04**	$ 0.91	$ 0.13	14.3 %
Diluted weighted average number of shares outstanding (millions)	**224.9**	233.4	(8.5)	(3.6)%
Dividend per share	**$ 0.2425**	$ 0.2200	$ 0.0225	10.2 %

Note: There were no adjusting items in the first quarter of fiscal 2027 or in the first quarter of fiscal 2026. Accordingly, the amounts of adjusted operating income, adjusted EBITDA and adjusted net earnings were equal to their respective closest IFRS reported amounts for both quarters.

	August 1, 2026 13 Weeks	August 2, 2025 13 Weeks
Gross margin[1]	**26.8 %**	27.1 %
EBITDA margin[1]	**8.4 %**	8.1 %
Same-store sales[1] growth	**2.2 %**	0.8 %
Same-store sales[1] growth - food	**1.2 %**	1.9 %
Same-store sales[1] growth (decline) - fuel	**18.9 %**	(13.4)%
Effective income tax rate	**26.1 %**	26.0 %

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.
(2) Attributable to owners of the Company.

4.1 Food Retailing

The following is a review of Empire's Food retailing segment's financial performance, comprising the consolidated results of Sobeys for the quarter ended August 1, 2026.

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

(in millions of Canadian dollars)	**August 1, 2026 13 Weeks**	August 2, 2025 13 Weeks	$ Change	% Change
Sales	**$ 8,475**	$ 8,258	$ 217	2.6 %
Gross profit	**2,269**	2,235	34	1.5 %
Operating income	**403**	369	34	9.2 %
EBITDA[1]	**704**	658	46	7.0 %
Net earnings[2]	**231**	205	26	12.7 %

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.
(2) Attributable to owners of the Company.

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

(in millions of Canadian dollars)	August 1, 2026 13 Weeks	August 2, 2025 13 Weeks	$ Change	% Change
Food sales	$ 7,922	$ 7,791	$ 131	1.7 %
Fuel sales	553	467	86	18.4 %

Empire Company Limited Operating Results

4.2 Sales

Food sales for the quarter ended August 1, 2026 increased by 1.7% primarily driven by positive growth across the business, particularly in the Full-Service and Discount banners.

Fuel sales for the quarter ended August 1, 2026 increased by 18.4% primarily driven by higher fuel prices.

4.3 Gross Profit

Gross profit for the quarter ended August 1, 2026 increased by 1.5% primarily driven by higher food sales, strong performance and operational discipline in Full-Service and Discount banners.

Gross margin for the quarter ended August 1, 2026 decreased to 26.8% from 27.1% in the comparative quarter in the prior year, primarily due to the mix impact of higher fuel sales, and an increase in supply chain costs as a result of higher fuel costs, partially offset by strong performance and operational discipline in Full-Service.

Excluding the mix impact of fuel sales, gross margin for the quarter ended August 1, 2026 was consistent with the comparative quarter in the prior year.

4.4 Operating Income

(in millions of Canadian dollars)	August 1, 2026 13 Weeks	August 2, 2025 13 Weeks	$ Change
Food retailing	$ 403	$ 369	$ 34
Investments and other operations:			
Crombie REIT	12	15	(3)
Real estate partnerships	5	2	3
Other operations, net of corporate expenses	(9)	(4)	(5)
	8	13	(5)
Operating income	$ 411	$ 382	$ 29

For the quarter ended August 1, 2026, operating income from the Food retailing segment increased mainly due to higher sales and gross profit and lower selling and administrative expenses, partially offset by an increase in depreciation and amortization.

For the quarter ended August 1, 2026, operating income from the Investments and other operations segment decreased primarily as a result of the Company's investment in *Scene+*, driven by elevated costs from an increased level of member participation and loyalty program point redemptions, compared to the same quarter in the prior year.

4.5 EBITDA

For the quarter ended August 1, 2026, EBITDA increased to $712 million from $671 million in the comparative quarter in the prior year mainly as a result of higher sales and gross profit and lower selling and administrative expenses. Selling and administrative expenses decreased mainly due to lower incentive program expenses and accruals which were elevated in the comparative quarter in the prior year by share price appreciation and increased vesting level, the gain on buyout of the pension annuity and a decrease in e-commerce expenses driven by the closure of the Calgary CFC at the end of the third quarter of fiscal 2026. The decrease was partially offset by continued investment in business expansion. EBITDA margin increased to 8.4% (August 2, 2025 - 8.1%).

4.6 Depreciation and Amortization

For the quarter ended August 1, 2026, depreciation and amortization increased to $301 million from $289 million in the comparative quarter in the prior year mainly as a result of higher right-of-use ("ROU") asset depreciation and new lease agreements.

4.7 Finance Costs

For the quarter ended August 1, 2026, net finance costs increased by 4.2%, as a result of an increase in interest expense on other financial liabilities at amortized cost and interest expense on lease liabilities, and lower finance income.

4.8 Income Taxes

For the quarter ended August 1, 2026, the effective income tax rate was 26.1% compared to 26.0% in the same quarter in the prior year. The effective tax rate was lower than the statutory rate primarily due to consolidated structured entities taxed at lower rates, the benefit of investment tax credits and non-taxable capital items. The effective tax rate in the same quarter in the prior year was lower than the statutory rate primarily due to non-taxable capital items, and consolidated structured entities which are taxed at lower rates.

4.9 Net Earnings

(in millions of Canadian dollars, except per share amounts)	**August 1, 2026 13 Weeks**	August 2, 2025 13 Weeks	$ Change
Net earnings[1]	**$ 233**	$ 212	$ 21
EPS (fully diluted)	**$ 1.04**	$ 0.91	$ 0.13
Diluted weighted average number of shares outstanding (millions)	**224.9**	233.4	(8.5)

(1) Attributable to owners of the Company.

4.10 Investments and Other Operations

(in millions of Canadian dollars)	**August 1, 2026 13 Weeks**	August 2, 2025 13 Weeks	$ Change
Crombie REIT	**$ 12**	$ 15	$ (3)
Real estate partnerships	**5**	2	3
Other operations, net of corporate expenses	**(9)**	(4)	(5)
Operating income	**$ 8**	$ 13	$ (5)

For the quarter ended August 1, 2026, operating income from the Investments and other operations segment decreased primarily as a result of the Company's investment in *Scene+*, driven by elevated costs from an increased level of member participation and loyalty program point redemptions compared to the same quarter in the prior year.

5 Quarterly Results of Operations

	Fiscal 2027	Fiscal 2026				Fiscal 2025		
(in millions of Canadian dollars, except per share amounts)	**Q1 Aug 1, 2026 13 Weeks**	**Q4 May 2, 2026 13 Weeks**	**Q3 Jan 31, 2026 13 Weeks**	**Q2 Nov 1, 2025 13 Weeks**	**Q1 Aug 2, 2025 13 Weeks**	**Q4 May 3, 2025 13 Weeks**	**Q3 Feb 1, 2025 13 Weeks**	**Q2 Nov 2, 2024 13 Weeks**
Sales	**$ 8,475**	$ 7,807	$ 7,890	$ 7,995	$ 8,258	$ 7,637	$ 7,725	$ 7,778
Operating income (loss)	**411**	347	(438)	295	382	313	288	319
Adjusted operating income(1)	**411**	347	308	295	382	313	288	319
EBITDA(2)	**712**	644	(144)	583	671	599	564	601
Adjusted EBITDA(1)(2)	**712**	644	602	583	671	599	564	601
Net earnings (loss)(3)	**233**	212	(385)	159	212	173	146	173
Adjusted net earnings(1)(3)	**233**	212	164	159	212	173	146	173
Per share information, basic								
Net earnings (loss)(3)	**$ 1.04**	$ 0.94	$ (1.68)	$ 0.69	$ 0.91	$ 0.74	$ 0.62	$ 0.73
Adjusted net earnings(1)(3)	**$ 1.04**	$ 0.94	$ 0.72	$ 0.69	$ 0.91	$ 0.74	$ 0.62	$ 0.73
Basic weighted average number of shares outstanding (millions)	**224.6**	226.1	228.8	230.8	232.3	233.9	236.4	238.5
Per share information, diluted								
Net earnings (loss)(3)(4)	**$ 1.04**	$ 0.94	$ (1.68)	$ 0.69	$ 0.91	$ 0.74	$ 0.62	$ 0.72
Adjusted net earnings(1)(3)	**$ 1.04**	$ 0.94	$ 0.72	$ 0.69	$ 0.91	$ 0.74	$ 0.62	$ 0.72
Diluted weighted average number of shares outstanding (millions)	**224.9**	226.5	229.3	231.4	233.4	234.8	237.2	239.1

(1) See "Non-GAAP Financial Measures and Financial Metrics" section of this MD&A for a reconciliation of the adjusted metrics presented in the table.
(2) EBITDA is reconciled to net earnings for the current and comparable period in the "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.
(3) Attributable to owners of the Company.
(4) Due to a net loss in the third quarter of fiscal 2026, diluted and basic loss per share are the same,as the inclusion of additional shares would have been anti-dilutive.

Sales are affected by macro-economic factors impacting food retail prices, including fluctuations in inflation. Results are affected by seasonality, in particular during the summer months and over the holidays when retail sales trend higher and can result in stronger operating results. Sales, operating income, EBITDA and net earnings have all been influenced by the Company's strategic investment activities, the competitive environment, cost management initiatives, food prices and general industry trends, adjusted items, as well as other risk factors as outlined in the "Risk Management" section of the fiscal 2026 annual MD&A. During the quarter ended January 31, 2026, the Company recognized an impairment loss which had a significant impact on operating income, EBITDA and net earnings.

6 Liquidity and Capital Resources

The table below highlights significant cash flow components for the relevant periods. For additional detail, please refer to the Condensed Consolidated Statements of Cash Flows in the Company's unaudited Interim Condensed Consolidated Financial Statements for the quarter ended August 1, 2026.

(in millions of Canadian dollars)	**August 1, 2026 13 Weeks**	August 2, 2025 13 Weeks
Cash flows from operating activities	**$ 614**	$ 426
Cash flows used in investing activities	**(156)**	(171)
Cash flows used in financing activities	**(446)**	(168)
Increase in cash and cash equivalents	**$ 12**	$ 87

6.1 Operating Activities

Cash flows from operating activities for the quarter ended August 1, 2026 increased versus the same quarter in the prior year primarily as a result of favourable changes in non-cash working capital and a decrease in income taxes paid. The working capital changes are impacted primarily by changes in inventory compared to the same quarter in the prior year.

6.2 Investing Activities

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

(in millions of Canadian dollars)	**August 1, 2026 13 Weeks**	August 2, 2025 13 Weeks
Increase in equity investments	**$ (8)**	$ (8)
Acquisitions of property, equipment, investment property and intangibles	**(225)**	(193)
Proceeds on disposal of assets[(1)] and lease modifications and terminations	**3**	23
Proceeds on disposal of investment, at equity	**71**	-
Leases and other receivables, net	**14**	(9)
Other assets	**(1)**	(6)
Other liabilities	**(2)**	-
Business acquisitions	**(31)**	(2)
Payments received for finance subleases	**21**	23
Interest received	**2**	1
Cash flows used in investing activities	**$ (156)**	$ (171)

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

Cash used in investing activities for the quarter ended August 1, 2026 decreased versus the comparative quarter in the prior year primarily due to proceeds on disposal of investment, at equity and an increase in leases and other receivables, partially offset by an increase in capital investments and intangibles, an increase in business acquisitions and a decrease in proceeds on disposal of assets and lease modifications and terminations.

6.3 Capital Expenditures

The Company invested $220 million in capital expenditures[(1)] for the quarter ended August 1, 2026 (August 2, 2025 - $138 million) including store renovations, construction of new stores and investments in advanced analytics technology and other technology systems.

In fiscal 2027, capital expenditures are expected to be approximately $850 million, with approximately 50% of this investment allocated to store renovations and new store expansion (including approximately 1.5% growth in store footprint expansion driven by new stores), approximately 25% on IT projects and business development projects and the remainder allocated largely to logistics and sustainability. The Company is planning to renovate approximately 20% to 25% of the network between fiscal 2027 and fiscal 2029.

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

6.4 Store Network Activity and Square Footage

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

(Number of stores)	**August 1, 2026 13 Weeks**	**August 2, 2025 13 Weeks**
Opened/relocated/acquired	**9**	4
Closed - pending conversion	**-**	1
Closed	**6**	9

The following table shows Sobeys' square footage changes:

Square feet (in thousands)	**August 1, 2026 13 Weeks**	**August 2, 2025 13 Weeks**
Opened	**330**	86
Closed - pending conversion	**-**	(47)
Closed	**(23)**	(74)
Net change	**307**	(35)

At August 1, 2026, the Company's retail space totalled 43.7 million square feet, a 1.6% increase compared to 43.0 million square feet at August 2, 2025.

6.5 Financing Activities

Cash used in financing activities for the quarter ended August 1, 2026 increased versus the comparative quarter in the prior year mainly due to an increase in repayments on the revolving credit facility agreement (compared to an advance on revolving credit facilities in the prior year) and an increase in payments of lease liabilities.

6.6 Free Cash Flow

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

(in millions of Canadian dollars)	**August 1, 2026 13 Weeks**	**August 2, 2025 13 Weeks**	**$ Change**
Cash flows from operating activities	**$ 614**	$ 426	$ 188
Add:			
Proceeds on disposal of assets[1] and lease modifications and terminations	**3**	23	(20)
Less:			
Interest paid	**(10)**	(11)	1
Payments of lease liabilities, net of payments received for finance subleases	**(195)**	(182)	(13)
Acquisitions of property, equipment, investment property and intangibles	**(225)**	(193)	(32)
Free cash flow[2]	**$ 187**	$ 63	$ 124

(1) Proceeds on disposal of assets include property, equipment and investment property.
(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.

For the quarter ended August 1, 2026, free cash flow increased versus the comparative quarter in the prior year primarily as a result of an increase in cash flows from operating activities, partially offset by an increase in capital investments and intangibles, and a decrease in proceeds on disposal of assets and lease modifications and terminations. The increase in cash flows from operating activities is driven by non-cash working capital changes, and a decrease in income taxes paid.

6.7 Employee Future Benefit Obligations

For the quarter ended August 1, 2026, the Company contributed $2 million (August 2, 2025 - $2 million) to its registered defined benefit plans. The Company expects to contribute approximately $6 million to these plans in fiscal 2027.

7 Consolidated Financial Condition

7.1 Key Financial Condition Measures

(in millions of Canadian dollars, except per share and ratio calculations)	**August 1, 2026**	May 2, 2026	August 2, 2025
Shareholders' equity, net of non-controlling interest	**$ 5,115**	$ 5,003	$ 5,464
Book value per common share(1)	**$ 22.77**	$ 22.13	$ 23.52
Long-term debt, including current portion	**$ 1,169**	$ 1,248	$ 1,275
Long-term lease liabilities, including current portion	**$ 6,607**	$ 6,609	$ 6,347
Funded debt to total capital(1)	**60.3%**	61.1%	58.2%
Funded debt to adjusted EBITDA(1)(2)	**3.1x**	3.1x	3.1x
Adjusted EBITDA to interest expense(1)(3)	**8.6x**	8.5x	8.3x
Trailing four-quarter adjusted EBITDA	**$ 2,541**	$ 2,500	$ 2,435
Trailing four-quarter interest expense	**$ 295**	$ 293	$ 295
Current assets to current liabilities	**0.8x**	0.8x	0.8x
Total assets	**$ 17,047**	$ 17,080	$ 17,150
Total non-current financial liabilities	**$ 7,689**	$ 7,800	$ 7,571

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.
(2) Calculation uses trailing four-quarter adjusted EBITDA.
(3) Calculation uses trailing four-quarter adjusted EBITDA and interest expense.

Sobeys' credit ratings for both Morningstar DBRS ("DBRS") and S&P Global ("S&P") remained unchanged from the prior quarter. The following table shows Sobeys' credit ratings as at September 9, 2026:

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

On October 30, 2025, Sobeys issued through a private placement Series 2025-1 senior unsecured notes ("the Notes") in the aggregate principal amount of $300 million, bearing interest at a fixed rate of 3.10%, due October 30, 2028. Interest is payable semi-annually beginning April 2026. As of August 1, 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. On June 12, 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 August 1, 2026, the outstanding amount of the facility was $120 million (August 2, 2025 - $120 million).

Sobeys, through its acquisition of Longo's, has a $115 million operating line of credit. As of August 1, 2026, the outstanding amount of the facility was $54 million (August 2, 2025 - $68 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. On June 24, 2026, this facility was amended and restated, extending the maturity from November 4, 2027 to June 23, 2031. As of August 1, 2026, the outstanding amount of the credit facility was $4 million (August 2, 2025 - $50 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. On June 24, 2026, this facility was amended and restated, extending the maturity from November 4, 2027 to June 23, 2031. As of August 1, 2026, the outstanding amount of the facility was $75 million (August 2, 2025 - $428 million) and Sobeys has issued $71 million in letters of credit against the facility (August 2, 2025 - $73 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or CORRA.

The Company believes its cash and cash equivalents on hand as of August 1, 2026, together with approximately $711 million in unutilized, aggregate credit facilities and cash generated from operating activities will enable the Company to fund future capital investments, pension plan contributions, working capital, current funded debt obligations and ongoing business requirements. The Company also believes it has sufficient funding in place to meet these requirements and other short and long-term financial obligations. The Company mitigates potential liquidity risk by ensuring its sources of funds are diversified by term to maturity and source of credit.

7.2 Shareholders' Equity

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

	Number of Shares	
Authorized	**August 1, 2026**	**August 2, 2025**
2002 Preferred shares, par value of $25 each, issuable in series as a class	**991,980,000**	991,980,000
Non-Voting Class A shares, without par value	**714,432,495**	722,460,347
Class B common shares, without par value, voting	**122,400,000**	122,400,000

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

	Number of Shares			Share Capital		
(in millions of Canadian dollars)	**August 1, 2026**	**May 2, 2026**	**August 2, 2025**	**August 1, 2026**	**May 2, 2026**	**August 2, 2025**
Non-Voting Class A shares	**125,625,179**	127,095,578	133,321,755	**$ 1,557**	$ 1,572	$ 1,643
Class B common shares	**98,138,079**	98,138,079	98,138,079	**7**	7	7
Shares held in trust	**(68,428)**	(149,043)	(20,954)	**(4)**	(7)	(1)
Total capital stock				**$ 1,560**	$ 1,572	$ 1,649

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

(Number of shares)	**August 1, 2026 13 Weeks**	**August 2, 2025 13 Weeks**
Non-Voting Class A shares		
Issued and outstanding, beginning of period	**127,095,578**	134,488,019
Issued during period	**90,067**	344,178
Repurchased for cancellation	**(1,560,466)**	(1,510,442)
Issued and outstanding, end of period	**125,625,179**	133,321,755
Shares held in trust, beginning of period	**(149,043)**	(38,341)
Released in settlement of equity settled plans	**80,806**	73,387
Purchased for future settlement of equity settled plans	**(191)**	(56,000)
Shares held in trust, end of period	**(68,428)**	(20,954)
Issued and outstanding, net of shares held in trust, end of period	**125,556,751**	133,300,801
Class B common shares		
Issued and outstanding, beginning and end of period	**98,138,079**	98,138,079

During the quarter ended August 1, 2026, the Company paid common dividends of $55 million (August 2, 2025 - $50 million) to its common shareholders. This represents a payment of $0.2425 per share (August 2, 2025 - $0.2200 per share) for common shareholders.

As at September 8, 2026, the Company had Non-Voting Class A and Class B common shares outstanding of 125,220,181 and 98,138,079, respectively. Options to acquire 1,219,357 Non-Voting Class A shares were outstanding as of August 1, 2026 (August 2, 2025 - 2,240,212). As at September 8, 2026, options to acquire 1,212,542 Non-Voting Class A shares were outstanding (September 9, 2025 - 2,186,872).

7.3 Normal Course Issuer Bid ("NCIB")

Under the NCIB with the Toronto Stock Exchange (“TSX”) from July 2, 2025 to July 1, 2026, the Company repurchased 8,279,136 (July 1, 2025 - 9,956,481) Non-Voting Class A shares at a weighted average price of $49.59 (July 1, 2025 - $42.34) for a total consideration of $411 million (July 1, 2025 - $422 million).

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. The Company believes that repurchasing shares at the prevailing market prices from time to time is a worthwhile use of funds and in the best interest of the Company and its shareholders. Repurchases under the renewed NCIB may commence on July 2, 2026 and shall terminate no later than July 1, 2027. As of August 1, 2026, the Company repurchased 211,716 Non-Voting Class A shares under this filing at a weighted average price of $49.05 for a total consideration of $10 million.

The NCIB purchases will be made through the facilities of the TSX and/or any alternative Canadian trading systems to the extent they are eligible. The price that Empire will pay for any shares will be the market price at the time of acquisition. Based on the average daily trading volume (“ADTV”) of 448,658 shares over the last six months, daily purchases will be limited to 112,164 Class A shares (25% of the ADTV of the Class A shares), other than block purchase exemptions. Shareholders may obtain a copy of the NCIB notice of intention, without charge, by contacting Empire.

The Company has also renewed its automatic share purchase plan with its designated broker allowing the purchases of Class A shares for cancellation under its NCIB during trading black-out periods.

The following table summarizes share repurchase activity in the quarter:

(in millions of Canadian dollars, except per share amounts)	**August 1, 2026 13 Weeks**	August 2, 2025 13 Weeks
Number of shares	**1,560,466**	1,510,442
Weighted average price per share	**$ 48.07**	$ 52.97
Cash consideration paid	**$ 75**	$ 80

For the quarter ended August 1, 2026, the Company has recognized tax on the repurchase of equity of $2 million (August 2, 2025 - $2 million) respectively, as a charge to retained earnings on the unaudited Interim Consolidated Balance Sheets.

Fiscal year-to-date, as at September 8, 2026, the Company has purchased for cancellation 1,964,590 Non-Voting Class A shares (September 10, 2025 - 2,139,401) at weighted average price of $48.37 (September 10, 2025 - $53.76) for a total consideration of $95 million (September 10, 2025 - $115 million).

8 Accounting Standards and Policies

The unaudited Interim Condensed Consolidated Financial Statements were prepared using the same accounting policies as disclosed in the Company’s audited annual Consolidated Financial Statements for the year ended May 2, 2026, with the exception of the following:

8.1 Changes to Accounting Standards Adopted During Fiscal 2027

IFRS 9 Financial Instruments (“IFRS 9”) and IFRS 7 Financial Instruments: Disclosures (“IFRS 7”)
In May 2024, IASB issued limited amendments to IFRS 9 and IFRS 7. These amendments provide clarity on the timing of recognition and derecognition of financial assets and liabilities, the assessment of contractual cash flow characteristics, and the resulting classification and disclosure of financial assets with environmental, social, and governance linked or other contingent features. Additionally, the amendments clarify that a financial liability is derecognized on the settlement date, with the accounting policy choice to derecognize financial liability settled using an electronic payment system before the settlement date, provided specific conditions are met. Additional disclosures are required for financial instruments with contingent features and investments in equity instruments designated at fair value through other comprehensive income with these amendments.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. The adoption of the amendments did not have a material impact on the Company's unaudited interim condensed consolidated financial statements. For financial liabilities settled in cash through an electronic payment system, the Company elected to apply the exception that permits such liabilities to be deemed discharged before the settlement date. In accordance with the transition provisions of IFRS 9, the amendments were applied retrospectively without restatement of comparative information. As a result, the opening balance of cash and cash equivalents in the Condensed Consolidated Statements of Cash Flows increased by $17 million.

8.2 Standards, Amendments and Interpretations Issued but not yet Adopted

IFRS 18 Presentation and disclosure in financial statements (“IFRS 18”)
In April 2024, the IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements to improve the reporting of financial performance and give investors a better basis for analyzing and comparing companies. Specifically, it introduces:

- three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures requiring companies to disclose explanations of those company-specific measures related to the statement of earnings; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the financial statements or is included in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impact of this new standard.

8.3 Critical Accounting Estimates

Critical accounting estimates used by the Company’s management are discussed in detail in the fiscal 2026 annual MD&A and in Note 2 of the Company's unaudited Interim Condensed Consolidated Financial Statements for the quarter ended August 1, 2026.

8.4 Internal Control Over Financial Reporting

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

There have been no changes in the Company’s ICFR during the quarter ending August 1, 2026 that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

9 Related Party Transactions

9.1 Crombie REIT

The Company enters into related party transactions with Crombie REIT and key management personnel, including ongoing leases and property management agreements. As at August 1, 2026, the Company holds a 41.5% (August 2, 2025 - 41.5%) ownership interest in Crombie REIT and accounts for its investment using the equity method.

Crombie REIT has instituted a distribution reinvestment plan (“DRIP”) whereby Canadian resident REIT unitholders may elect to automatically have their distributions reinvested in additional REIT units. The Company has enrolled in the DRIP to maintain its economic and voting interest in Crombie REIT.

During the quarter ended August 2, 2025, Sobeys, through wholly-owned subsidiaries, engaged in a lease modification transaction with Crombie REIT. The lease modification gives Crombie REIT the right to terminate the lease on a property for redevelopment in the future. Proceeds from this transaction were $16 million which resulted in pre-tax income of $10 million and has been recognized in other income on the unaudited Interim Condensed Consolidated Statements of Earnings.

10 Contingencies

Contingencies related to the Company’s legal proceedings are discussed in detail in the fiscal 2026 annual MD&A.

11 Risk Management

Risk and uncertainties related to economic and industry factors and the Company’s management of risk are discussed in detail in the fiscal 2026 annual MD&A.

12 Designation for Eligible Dividends

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

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

13 Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this MD&A that do not have a standardized meaning under generally accepted accounting principles ("GAAP") and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. Management believes that certain of these measures and metrics, including gross profit and EBITDA, are important indicators of the Company's ability to generate liquidity through operating cash flow to fund future working capital requirements, service outstanding debt and fund future capital expenditures and uses these metrics for these purposes.

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

13.1 Financial Measures

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

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

- Gross profit is calculated as sales less cost of sales. Management believes gross profit is a useful metric to monitor profitability on a product-level basis. Gross profit represents a supplementary metric to assess underlying operating performance and profitability.

The following tables reconcile gross profit on a consolidated basis:

(in millions of Canadian dollars)	**August 1, 2026 13 Weeks**	August 2, 2025 13 Weeks
Sales	**$ 8,475**	$ 8,258
Cost of sales	**6,206**	6,023
Gross profit	**$ 2,269**	$ 2,235

- Adjusted operating income is operating income excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted operating income is reconciled to operating income in its respective subsection of the "Non-GAAP Financial Measures & Financial Metrics".

- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net earnings before finance costs (net of finance income), income tax expense, depreciation, and amortization of intangibles. Management believes EBITDA represents a supplementary metric to assess profitability and measure the Company's underlying ability to generate liquidity through operating cash flows.

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

	August 1, 2026 13 Weeks			August 2, 2025 13 Weeks		
(in millions of Canadian dollars)	**Food retailing**	**Investment and other operations**	**Total**	**Food retailing**	**Investment and other operations**	**Total**
Net earnings	**$ 248**	**$ 1**	**$ 249**	$ 223	$ 7	$ 230
Income tax expense	**83**	**5**	**88**	76	5	81
Finance costs, net	**72**	**2**	**74**	70	1	71
Operating income	**403**	**8**	**411**	369	13	382
Depreciation	**270**	**-**	**270**	258	-	258
Amortization of intangibles	**31**	**-**	**31**	31	-	31
EBITDA	**$ 704**	**$ 8**	**$ 712**	$ 658	$ 13	$ 671

- Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted EBITDA is reconciled to EBITDA in its respective subsection of "Non-GAAP Financial Measures & Financial Metrics".

- Management calculates interest expense as interest expense on financial liabilities measured at amortized cost and interest expense on lease liabilities. Management believes that interest expense represents a true measure of the Company's debt service expense, without the offsetting finance income.

The following tables reconcile finance costs, net to interest expense:

(in millions of Canadian dollars)	**August 1, 2026 13 Weeks**	**August 2, 2025 13 Weeks**
Finance costs, net	**$ 74**	$ 71
Plus: finance income, excluding interest income on lease receivables	**2**	4
Less: pension finance costs, net	**(2)**	(2)
Less: accretion expense on provisions	**-**	(1)
Interest expense	**$ 74**	$ 72

- Adjusted net earnings is net earnings, net of non-controlling interest, excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted net earnings is reconciled in its respective subsection of "Non-GAAP Financial Measures & Financial Metrics".

- Adjusted EPS (fully diluted) is calculated as adjusted net earnings divided by diluted weighted average number of shares outstanding.

- Free cash flow is calculated as cash flows from operating activities, plus proceeds on disposal of property, equipment and investment property and lease modifications and terminations less acquisitions of property, equipment, investment property and intangibles, interest paid and payments of lease liabilities, net of payments received from finance subleases. Management uses free cash flow as a measure to assess the amount of cash available for debt repayment, dividend payments and other investing and financing activities. Free cash flow is reconciled to GAAP measures as reported on the Consolidated Statements of Cash Flows, and is presented in the "Free Cash Flow" section of this MD&A.

- Funded debt is all interest-bearing debt, which includes bank loans, notes payable, credit facilities and lease liabilities. Management believes that funded debt represents the most relevant indicator of the Company's total financial obligations on which interest payments are made.

- Total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest.

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

(in millions of Canadian dollars)	**August 1, 2026**	May 2, 2026	August 2, 2025
Long-term debt due within one year	**$ 211**	$ 195	$ 215
Long-term debt	**958**	1,053	1,060
Lease liabilities due within one year	**629**	636	604
Long-term lease liabilities	**5,978**	5,973	5,743
Funded debt	**$ 7,776**	$ 7,857	$ 7,622
Total shareholders’ equity, net of non-controlling interest	**5,115**	5,003	5,464
Total capital	**$ 12,891**	$ 12,860	$ 13,086

13.2 Quarterly Results of Operations Adjustment Reconciliation

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

	Fiscal 2027	Fiscal 2026				Fiscal 2025		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(in millions of Canadian dollars)	Aug 1, 2026 13 Weeks	May 2, 2026 13 Weeks	Jan 31, 2026 13 Weeks	Nov 1, 2025 13 Weeks	Aug 2, 2025 13 Weeks	May 3, 2025 13 Weeks	Feb 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks
Operating income (loss)	**$ 411**	$ 347	$ (438)	$ 295	$ 382	$ 313	$ 288	$ 319
Adjustments:								
E-commerce Impairment	**-**	-	746	-	-	-	-	-
	-	-	746	-	-	-	-	-
Adjusted operating income	**$ 411**	$ 347	$ 308	$ 295	$ 382	$ 313	$ 288	$ 319
Operating income (loss)	**$ 411**	$ 347	$ (438)	$ 295	$ 382	$ 313	$ 288	$ 319
Depreciation	**270**	266	264	259	258	255	248	253
Amortization of intangibles	**31**	31	30	29	31	31	28	29
EBITDA	**$ 712**	$ 644	$ (144)	$ 583	$ 671	$ 599	$ 564	$ 601
Adjustments:								
E-commerce Impairment	**-**	-	746	-	-	-	-	-
	-	-	746	-	-	-	-	-
Adjusted EBITDA	**$ 712**	$ 644	$ 602	$ 583	$ 671	$ 599	$ 564	$ 601
Net earnings (loss)	**$ 233**	$ 212	$ (385)	$ 159	$ 212	$ 173	$ 146	$ 173
Adjustments:								
E-commerce Impairment	**-**	-	549	-	-	-	-	-
	-	-	549	-	-	-	-	-
Adjusted net earnings	**$ 233**	$ 212	$ 164	$ 159	$ 212	$ 173	$ 146	$ 173

13.3 Financial Metrics

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

- Same-store sales are sales from stores in the same location in both reporting periods. Management believes same-store sales represents a supplementary metric to assess sales trends as it removes the effect of the opening and closure of stores.

- Gross margin is gross profit divided by sales. Management believes that gross margin is an important indicator of profitability and can help management, analysts and investors assess the competitive landscape and promotional environment of the industry in which the Company operates. An increasing percentage indicates lower cost of sales as a percentage of sales.

- EBITDA margin is EBITDA divided by sales. Management believes that EBITDA margin is an important indicator of performance and can help management, analysts and investors assess the competitive landscape, promotional environment and cost structure of the industry in which the Company operates. An increasing percentage indicates higher EBITDA as a percentage of sales.

- Adjusted EBITDA margin is adjusted EBITDA divided by sales. Management believes that adjusted EBITDA margin is an important indicator of performance and can help management, analysts and investors assess the competitive landscape, promotional environment and cost structure of the industry in which the Company operates. An increasing percentage indicates higher adjusted EBITDA as a percentage of sales.

- Funded debt to total capital ratio is funded debt divided by total capital. Management believes that the funded debt to total capital ratio represents a measure upon which the Company’s changing capital structure can be analyzed over time. An increasing ratio would indicate that the Company is using an increasing amount of debt in its capital structure.

- Funded debt to adjusted EBITDA ratio is funded debt divided by trailing four-quarter adjusted EBITDA. Management uses this ratio to partially assess the financial condition of the Company. An increasing ratio would indicate that the Company is utilizing more debt per dollar of adjusted EBITDA generated.

- Adjusted EBITDA to interest expense ratio is trailing four-quarter adjusted EBITDA divided by trailing four-quarter interest expense. Management uses this ratio to partially assess the coverage of its interest expense on financial obligations. An increasing ratio would indicate that the Company is generating more adjusted EBITDA per dollar of interest expense, resulting in greater interest coverage.

- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.

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

(in millions of Canadian dollars, except per share amounts)	**August 1, 2026**	**May 2, 2026**	**August 2, 2025**
Shareholders' equity, net of non-controlling interest	**$ 5,115**	$ 5,003	$ 5,464
Shares outstanding (basic)	**224.6**	226.1	232.3
Book value per common share	**$ 22.77**	$ 22.13	$ 23.52

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

Approved by Board of Directors: September 9, 2026
Stellarton, Nova Scotia, Canada