



FOR IMMEDIATE RELEASE

December 11, 2025

Empire Reports Fiscal 2026 Second Quarter Results

- Earnings per share ("EPS") and adjusted EPS⁽¹⁾⁽²⁾ of \$0.69
- Prior year EPS and adjusted EPS of \$0.73
- Sales of \$7,995 million, an increase of 2.8%
- Food sales increased by 3.4%; Same-store sales⁽²⁾ - food⁽³⁾ increased by 2.5%
- Gross margin, excluding fuel, increased by 14 basis points

Stellarton, NS. December 11, 2025 / CNW / – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the second quarter ended November 1, 2025. For the quarter, the Company recorded net earnings of \$159 million (\$0.69 per share) compared to \$173 million (\$0.73 per share) last year.

"Our core business is performing well, with 2.5% same-store sales growth," said Pierre St-Laurent, President & CEO, Empire. "This growth was supported by all our formats – with Full Service achieving more than 2% same-store sales growth and Discount maintaining its momentum and market share gains in its channel."

Company Priorities

The Company is continuing to enhance data capabilities and deepen its understanding of its customers, allowing the Company to effectively capture emerging trends. The Company aims to grow total adjusted EPS over the long-term through net earnings growth and share repurchases. The Company intends to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin by focusing on priorities such as:

Continued Focus on Stores:

Over recent years, the Company has accelerated investments in renovations, conversions, and new stores along with store processes, communications, training, technology and tools. Investing in the store network will remain a key priority, demonstrated by a sustained emphasis on renovations and continued new store expansion. The Own Brands program enhancement will remain a priority through increased distribution, product innovation and supporting Canadian suppliers.

The Company intends to invest capital in its store network and is on track with its plan to renovate approximately 20% to 25% of the network, which started in fiscal 2024 and continues through fiscal 2026. This capital investment includes important sustainability initiatives such as refrigeration system upgrades and other energy efficiency initiatives.

(1) *Adjusted Metrics include adjusted operating income, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net earnings, and adjusted EPS. During the second quarters of fiscal 2026 and fiscal 2025, there were no adjusting items.*

(2) *See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.*

(3) *Previously named – same-store sales, excluding fuel.*

Enhanced Focus on Digital and Data:

The focus on digital and data will include continued e-commerce expansion, personalization and loyalty through *Scene+* (see "Business Updates - E-Commerce" and "Business Updates - *Scene+*" for more information), improved space productivity and the continued improvement of promotional optimization. Space productivity will further enhance the customer experience by improving store layouts, optimizing category and product adjacencies and tailoring product assortment for each store. The advanced analytics tools built for promotional optimization will continue to be refined through the partnership between the advanced analytics team and category merchants. Enhancing digital and data capabilities will allow the Company to deliver personalized experiences to elevate its in-store and e-commerce experience for its customers. To further enhance our internal systems, the Company is currently transforming its legacy Enterprise Resource Planning ("ERP") environment by migrating to a national SAP S/4HANA ERP platform (see "Business Updates - Technology Platform" for more information).

Efficiency and Cost Control:

The Company has significantly improved its efficiency and cost effectiveness through sourcing efficiencies, optimizing supply chain productivity and improving systems and processes. The Company will continue to focus on driving efficiency and cost effectiveness through initiatives related to sourcing of goods not for resale, supply chain productivity and the organizational structure. The Company has implemented several cost savings initiatives in the *Voilà* business, including pausing the opening of its fourth Customer Fulfillment Center ("CFC") and ending its mutual exclusivity with Ocado and continues to pursue other cost saving initiatives.

SUMMARY RESULTS - SECOND QUARTER

Comparative amounts have been rounded to the nearest million to conform with current year presentation.

(in millions of Canadian dollars, except per share amounts)	Nov 1, 2025	Nov 2, 2024	\$ Change	Nov 1, 2025	Nov 2, 2024	\$ Change
	13 Weeks	13 Weeks		26 Weeks	26 Weeks	
Sales	\$ 7,995	\$ 7,778	\$ 217	\$ 16,253	\$ 15,915	\$ 338
Gross profit	2,147	2,065	82	4,382	4,191	191
Operating income	295	319	(24)	677	688	(11)
Adjusted operating income ⁽¹⁾	295	319	(24)	677	702	(25)
EBITDA ⁽²⁾	583	601	(18)	1,254	1,246	8
Adjusted EBITDA ⁽¹⁾	583	601	(18)	1,254	1,260	(6)
Net earnings ⁽³⁾	159	173	(14)	371	381	(10)
Adjusted net earnings ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	159	173	(14)	371	392	(21)
Diluted earnings per share						
EPS ⁽³⁾	\$ 0.69	\$ 0.73	\$ (0.04)	\$ 1.60	\$ 1.58	\$ 0.02
Adjusted EPS ⁽¹⁾⁽³⁾⁽⁴⁾	\$ 0.69	\$ 0.73	\$ (0.04)	\$ 1.60	\$ 1.63	\$ (0.03)
Diluted weighted average number of shares outstanding (in millions)						
	231.4	239.1	(7.7)	232.5	240.9	(8.4)
Dividend per share	\$ 0.22	\$ 0.20	\$ 0.02	\$ 0.44	\$ 0.40	\$ 0.04

	Nov 1, 2025	Nov 2, 2024	Nov 1, 2025	Nov 2, 2024
	13 Weeks	13 Weeks	26 Weeks	26 Weeks
Gross margin ⁽²⁾	26.9 %	26.5 %	27.0 %	26.3 %
EBITDA margin ⁽²⁾	7.3 %	7.7 %	7.7 %	7.8 %
Adjusted EBITDA margin ⁽¹⁾	7.3 %	7.7 %	7.7 %	7.9 %
Same-store sales ⁽²⁾ growth	2.0 %	1.1 %	1.3 %	0.7 %
Same-store sales ⁽²⁾ growth - food ⁽⁵⁾	2.5 %	1.8 %	2.1 %	1.5 %
Same-store sales ⁽²⁾ decline - fuel	(5.5)%	(12.6)%	(9.7)%	(4.4)%
Effective income tax rate	26.4 %	26.1 %	26.2 %	24.2 %

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

(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

(3) Attributable to owners of the Company.

(4) See "Adjusted Impacts on Net Earnings" section of this News Release.

(5) Previously named – same-store sales, excluding fuel.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

The following is a review of Empire's Food retailing segment's financial performance, comprising the consolidated results of Sobeys for the quarter and year-to-date ended November 1, 2025.

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

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025	Nov 2, 2024		Nov 1, 2025	Nov 2, 2024	
	13 Weeks	13 Weeks	\$ Change	26 Weeks	26 Weeks	\$ Change
Sales	\$ 7,995	\$ 7,778	\$ 217	\$ 16,253	\$ 15,915	\$ 338
Gross profit	2,147	2,065	82	4,382	4,191	191
Operating income	278	291	(13)	647	649	(2)
Adjusted operating income ⁽¹⁾	278	291	(13)	647	663	(16)
EBITDA ⁽¹⁾	566	573	(7)	1,224	1,207	17
Adjusted EBITDA ⁽¹⁾	566	573	(7)	1,224	1,221	3
Net earnings ⁽²⁾	148	151	(3)	353	348	5
Adjusted net earnings ⁽¹⁾⁽²⁾	148	151	(3)	353	359	(6)

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release for a reconciliation of the adjusted metrics presented in this table.

(2) Attributable to owners of the Company.

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

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025	Nov 2, 2024		Nov 1, 2025	Nov 2, 2024	
	13 Weeks	13 Weeks	\$ Change	26 Weeks	26 Weeks	\$ Change
Food sales	\$ 7,540	\$ 7,294	\$ 246	\$ 15,331	\$ 14,890	\$ 441
Fuel sales	455	484	(29)	922	1,025	(103)

Investments and Other Operations

The following table provides a summary of operating income in the Investments and Other Operations segment:

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025	Nov 2, 2024		Nov 1, 2025	Nov 2, 2024	
	13 Weeks	13 Weeks	\$ Change	26 Weeks	26 Weeks	\$ Change
Crombie REIT ⁽¹⁾	\$ 13	\$ 31	\$ (18)	\$ 28	\$ 44	\$ (16)
Real estate partnerships	2	2	-	4	5	(1)
Other operations, net of corporate expenses	2	(5)	7	(2)	(10)	8
Operating income	\$ 17	\$ 28	\$ (11)	\$ 30	\$ 39	\$ (9)

(1) Crombie Real Estate Investment Trust ("Crombie REIT").

Empire Company Limited Operating Results

Sales

Food sales for the quarter ended November 1, 2025 increased by 3.4% primarily driven by positive growth across the business, particularly in the Full-Service banners, the Company's national wholesale distribution network, and in the Discount banner.

Fuel sales for the quarter ended November 1, 2025 decreased by 6.0%, primarily driven by lower fuel prices due to the removal of the government carbon tax.

Gross Profit

Gross profit for the quarter ended November 1, 2025 increased by 4.0% primarily driven by higher food sales, strong performance and operational discipline in Full-Service and Discount banners.

Gross margin for the quarter ended November 1, 2025 increased to 26.9% from 26.5% in the prior year, primarily due to strong performance in Full-Service and Discount banners as a result of disciplined execution and targeted efficiencies in our stores, including initiatives aimed at inventory control and reducing shrink, and better promotional mix control, partially offset by the mix impact of higher wholesale distribution sales.

Excluding the mix impact of fuel sales, gross margin for the quarter ended November 1, 2025 was 14 basis points higher than in the prior year.

Operating Income

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks	\$ Change	Nov 1, 2025 26 Weeks	Nov 2, 2024 26 Weeks	\$ Change
Food retailing	\$ 278	\$ 291	\$ (13)	\$ 647	\$ 649	\$ (2)
Investments and other operations:						
Crombie REIT	13	31	(18)	28	44	(16)
Real estate partnerships	2	2	-	4	5	(1)
Other operations, net of corporate expenses	2	(5)	7	(2)	(10)	8
	17	28	(11)	30	39	(9)
Operating income	\$ 295	\$ 319	\$ (24)	\$ 677	\$ 688	\$ (11)
Adjustments:						
E-commerce Exclusivity ⁽¹⁾	-	-	-	-	12	(12)
Restructuring ⁽¹⁾	-	-	-	-	2	(2)
	-	-	-	-	14	(14)
Adjusted operating income ⁽²⁾	\$ 295	\$ 319	\$ (24)	\$ 677	\$ 702	\$ (25)

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

(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

For the quarter ended November 1, 2025, operating income from the Food retailing segment decreased mainly due to higher selling and administrative expenses and an increase in depreciation and amortization, partially offset by higher sales and gross profit.

For the quarter ended November 1, 2025, operating income from the Investments and other operations segment decreased primarily as a result of higher equity earnings from Crombie REIT in the prior year, driven by a remeasurement gain on a property.

EBITDA

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks	\$ Change	Nov 1, 2025 26 Weeks	Nov 2, 2024 26 Weeks	\$ Change
EBITDA ⁽¹⁾	\$ 583	\$ 601	\$ (18)	\$ 1,254	\$ 1,246	\$ 8
Adjustments:						
E-commerce Exclusivity ⁽²⁾	-	-	-	-	12	(12)
Restructuring ⁽²⁾	-	-	-	-	2	(2)
	-	-	-	-	14	(14)
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ 583	\$ 601	\$ (18)	\$ 1,254	\$ 1,260	\$ (6)

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

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

For the quarter ended November 1, 2025, EBITDA decreased to \$583 million from \$601 million in the prior year mainly as a result of an increase in selling and administrative expenses and a decrease in equity earnings from Crombie REIT, partially offset by an increase in gross profit. Selling and administrative expenses increased mainly due to higher retail and supply chain labour costs, investments in stores, tools, technology, and projects, and continued investment in business expansion (Farm Boy and FreshCo), partially offset by lower incentive program expenses and accruals driven by a decrease in the share price. Adjusted EBITDA margin decreased to 7.3% (November 2, 2024 - 7.7%).

Depreciation and Amortization

For the quarter ended November 1, 2025, depreciation and amortization increased to \$288 million from \$282 million from the prior year mainly as a result of higher right-of-use asset depreciation associated with new lease agreements.

Income Taxes

For the quarter ended November 1, 2025, the effective income tax rate was 26.4% compared to 26.1% in the same quarter in the prior year. The effective tax rate was higher than the statutory rate primarily due to the revaluation of tax estimates, not all of which are recurring. The effective tax rate in the same quarter last year was lower than the statutory rate due to non-taxable capital items.

Net Earnings

<i>(in millions of Canadian dollars, except per share amounts)</i>	Nov 1, 2025	Nov 2, 2024		Nov 1, 2025	Nov 2, 2024	
	13 Weeks	13 Weeks	\$ Change	26 Weeks	26 Weeks	\$ Change
Net earnings ⁽¹⁾	\$ 159	\$ 173	\$ (14)	\$ 371	\$ 381	\$ (10)
EPS (fully diluted)	\$ 0.69	\$ 0.73	\$ (0.04)	\$ 1.60	\$ 1.58	\$ 0.02
Adjustments ⁽²⁾ (net of income taxes):						
E-commerce Exclusivity ⁽³⁾	-	-	-	-	9	(9)
Restructuring ⁽³⁾	-	-	-	-	2	(2)
	-	-	-	-	11	(11)
Adjusted net earnings ⁽¹⁾⁽⁴⁾⁽⁵⁾	\$ 159	\$ 173	\$ (14)	\$ 371	\$ 392	\$ (21)
Adjusted EPS ⁽¹⁾⁽³⁾ (fully diluted)	\$ 0.69	\$ 0.73	\$ (0.04)	\$ 1.60	\$ 1.63	\$ (0.03)
Diluted weighted average number of shares outstanding (in millions)	231.4	239.1	(7.7)	232.5	240.9	(8.4)

(1) Attributable to owners of the Company.

(2) Total adjustments for the quarter and year to date are net of income taxes of \$ nil and \$ nil (November 2, 2024 - \$ nil and \$4 million), respectively.

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

(4) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release

(5) See "Adjusted Impacts on Net Earnings" section of this News Release.

Adjusted Impacts on Net Earnings

In the first quarter of fiscal 2025, the Company took actions in its e-commerce business to decrease costs and increase its flexibility to serve customers, including ending its mutual exclusivity agreement with Ocado. The Company incurred a non-cash charge related to ending the exclusivity. The impact to net earnings for the quarter and year-to-date ended November 1, 2025 was \$ nil and \$ nil (November 2, 2024 - \$ nil and (\$9) million).

In the first quarter of fiscal 2024, Empire began to pursue strategies to optimize its organization, improve efficiencies and reduce costs including changes to its leadership team and organizational structure and the voluntary buyout of certain unionized employees (the "Restructuring"), and included this impact in adjusted earnings. The impact to net earnings for the quarter and year-to-date ended November 1, 2025 was \$ nil and \$ nil (November 2, 2024 - \$ nil and (\$2) million).

Capital Expenditures

The Company invested \$205 million in capital expenditures⁽¹⁾ for the quarter ended November 1, 2025 (November 2, 2024 - \$149 million) including renovations and construction of new stores, investments in advanced analytics technology and other technology systems.

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

Free Cash Flow

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks	\$ Change	Nov 1, 2025 26 Weeks	Nov 2, 2024 26 Weeks	\$ Change
Cash flows from operating activities	\$ 404	\$ 386	\$ 18	\$ 830	\$ 905	\$ (75)
Add:						
Proceeds on disposal of assets ⁽¹⁾ and lease modifications and terminations	10	26	(16)	33	108	(75)
Less:						
Interest paid	(18)	(15)	(3)	(29)	(27)	(2)
Payments of lease liabilities, net of payments received for finance subleases	(187)	(179)	(8)	(369)	(357)	(12)
Acquisitions of property, equipment, investment property and intangibles	(204)	(142)	(62)	(397)	(366)	(31)
Free cash flow ⁽²⁾	\$ 5	\$ 76	\$ (71)	\$ 68	\$ 263	\$ (195)

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

(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

For the quarter ended November 1, 2025, free cash flow decreased versus prior year primarily as a result of higher capital investments and intangibles, lower proceeds on disposal of assets and lease modifications and terminations partially offset by an increase in cash flows from operating activities, driven by changes in inventory and accounts payable and accrued liabilities.

CONSOLIDATED FINANCIAL CONDITION

Key Financial Condition Measures

<i>(in millions of Canadian dollars, except per share and ratio calculations)</i>	Nov 1, 2025	May 3, 2025	Nov 2, 2024
Shareholders' equity, net of non-controlling interest	\$ 5,497	\$ 5,410	\$ 5,404
Book value per common share ⁽¹⁾	\$ 23.82	\$ 23.13	\$ 22.66
Long-term debt, including current portion	\$ 1,269	\$ 1,082	\$ 1,204
Long-term lease liabilities, including current portion	\$ 6,341	\$ 6,382	\$ 6,320
Funded debt to total capital ⁽¹⁾	58.1%	58.0%	58.2%
Funded debt to adjusted EBITDA ⁽¹⁾⁽²⁾	3.1x	3.1x	3.2x
Adjusted EBITDA to interest expense ⁽¹⁾⁽³⁾	8.2x	8.2x	8.2x
Trailing four-quarter adjusted EBITDA	\$ 2,417	\$ 2,423	\$ 2,370
Trailing four-quarter interest expense	\$ 295	\$ 295	\$ 290
Current assets to current liabilities	0.9x	0.8x	0.8x
Total assets	\$ 17,203	\$ 17,019	\$ 16,863
Total non-current financial liabilities	\$ 7,615	\$ 7,379	\$ 7,497

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

(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 December 10, 2025:

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 nominal rate of 3.10%, due October 30, 2028. Interest is payable semi-annually beginning April 2026. As of November 1, 2025, the outstanding amount of the Notes was \$300 million. The Notes are redeemable at Sobeys' option, in whole or in part, at any time. The redemption price will equal the greater of the Canada Yield Price or par value, plus accrued and unpaid interest to the redemption date. The net proceeds were used to repay indebtedness outstanding under the Sobeys' revolving term credit facility, and for general corporate purposes.

On June 21, 2024, Sobeys established a senior, unsecured non-revolving term credit facility for \$120 million with a maturity date of June 20, 2025. On June 18, 2025, Sobeys amended the facility to extend the maturity by one year. This facility will now mature June 19, 2026. All other terms of the facility are unchanged. Interest payable on this facility fluctuates with changes in the Canadian prime rate or Canadian Overnight Repo Rate Average ("CORRA"). The facility was fully utilized on June 21, 2024, with the proceeds used to refinance amounts owing under its existing credit facility. As of November 1, 2025, the outstanding amount of the facility was \$120 million (November 2, 2024 - \$120 million).

Normal Course Issuer Bid ("NCIB")

Under the NCIB with the Toronto Stock Exchange ("TSX") from July 2, 2024 to July 1, 2025, the Company purchased 9,956,481 (July 1, 2024 - 10,004,868) Non-Voting Class A shares at a weighted average price of \$42.34 (July 1, 2024 - \$35.31) for a total consideration of \$422 million (July 1, 2024 - \$353 million).

On June 18, 2025, the Company renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 11,500,000 Non-Voting Class A shares representing approximately 9.6% of the public float of 120,095,524. The Company believes that repurchasing shares at the prevailing market prices from time to time is a worthwhile use of funds and in the best interest of the Company and its shareholders. Purchases under the renewed NCIB may commence on July 2, 2025 and shall terminate no later than July 1, 2026. As of November 1, 2025, the Company purchased 1,802,135 Non-Voting Class A shares (November 2, 2024 - 4,228,000) under this filing at a weighted average price of \$53.21 (November 2, 2024 - \$37.90) for a total consideration of \$96 million (November 2, 2024 - \$160 million).

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

<i>(in millions of Canadian dollars, except per share amounts)</i>	Nov 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks	Nov 1, 2025 26 Weeks	Nov 2, 2024 26 Weeks
Number of shares	1,339,135	2,931,000	2,849,577	5,206,975
Weighted average price per share	\$ 52.28	\$ 38.70	\$ 52.65	\$ 37.04
Cash consideration paid	\$ 70	\$ 113	\$ 150	\$ 193

For the quarter ended November 1, 2025, the Company has recognized tax on the repurchase of equity of \$3 million (November 2, 2024 - \$6 million) as a charge to retained earnings on the unaudited Interim Condensed Consolidated Balance Sheets.

Fiscal year-to-date, as at December 9, 2025, the Company has purchased for cancellation 3,745,077 Non-Voting Class A shares (December 6, 2024 - 5,689,375) at weighted average price of \$52.12 (December 6, 2024 - \$37.38) for a total consideration of \$195 million (December 6, 2024 - \$213 million).

Business Updates

E-Commerce

Voilà, the Company's online delivery business, has three active CFCs located in Toronto, Montreal and Calgary. In the fourth quarter of fiscal 2024, the Company decided to pause the opening of its fourth CFC in Vancouver to focus efforts on driving volume and performance in its three active CFCs. Construction of the external building for the fourth CFC has been substantially completed with the internal work related to the grid build and robot commissioning not yet started. Once e-commerce penetration rates in Canada increase, the Company will be in a position to make a decision quickly on when it will proceed with the opening of its fourth CFC.

The Company has also taken actions to decrease costs and increase its flexibility to serve customers, including ending its mutual exclusivity agreement with Ocado before it was originally estimated to end. This resulted in a non-cash pre-tax charge related to ending the exclusivity of \$12 million during the first quarter of fiscal 2025. In fiscal 2025, the Company announced partnerships with Instacart and Uber Eats, providing customers with new ways to shop its stores online. The Company expanded these partnerships to Ontario, Western Canada, Quebec and Atlantic Canada, completing the national grocery rollout based on serviceable locations. These new partnerships complement Voilà by providing a full suite of delivery options for our customers across the marketplace platforms at many of the Company's banners such as Sobeys, Farm Boy, Longo's, FreshCo, Safeway, IGA, Foodland and Lawtons Drugs.

The actions that the Company has taken as outlined above had a positive impact on the e-commerce financial performance in fiscal 2025 and is expected to have an even greater benefit in fiscal 2026 and beyond. The Company is continuing to evaluate the e-commerce financial performance, and remains focused on pursuing strategic options to reduce costs and improve overall profitability. Voilà's future earnings will primarily be impacted by sales volume, with strong margins, operational efficiencies and cost discipline also serving as important drivers to manage financial performance. While the market penetration of Voilà continues to be strong, the size and growth of the Canadian grocery e-commerce market is smaller than anticipated, resulting in higher net earnings dilution.

In the quarter ended November 1, 2025, the Company's e-commerce platforms Voilà (including curbside pickup), IGA.net, ThriftyFoods.com and the partnerships with Instacart and Uber Eats, generated a combined sales increase of 81.2% compared to the same quarter in the prior year. The increase is primarily driven by contribution from the rollouts of the new partnerships in fiscal 2025 and continued sales growth of 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 phased across the Company over the next two fiscal years.

Scene+

Along with Scotiabank and Cineplex, Empire is a co-owner of Scene+, one of Canada's leading loyalty programs. Scene+ has been rewarding customers in almost all of the Company's banners since launching in fiscal 2023. In that time, Scene+ has grown from 10 million to over 15 million members, while offering a breadth of rewards categories to its members, providing a strategic marketing and promotional tool for the Company.

The Company's key priority with Scene+ is to accelerate program engagement by focusing on personalization. By using machine learning and artificial intelligence algorithms, personalization recommendations will be improved, delivering the right message to the right customer at the right time, through the right channels.

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.

The Company opened two new FreshCo stores in Western Canada during the quarter. As at December 10, 2025, FreshCo has 51 stores operating in Western Canada and expects to open an additional three stores in fiscal 2026. The Company expects to have opened 65 FreshCo stores in Western Canada over the next several years.

OUTLOOK

The objective of the Company is to grow total adjusted EPS over the long-term through net earnings and share purchases. The Company intends to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin by focusing on priorities such as; a continued focus on stores (investing in renovations, new store expansion, and Own Brands program enhancement), an expanded focus on digital and data (through key strategic initiatives including e-commerce, *Scene+*, personalization, space productivity and promotional optimization), and driving efficiency and cost effectiveness through initiatives related to sourcing of goods not for resale, supply chain productivity and the organizational structure.

For fiscal 2026, capital spend is expected to be approximately \$850 million, with approximately half of this investment allocated to renovations and new store expansion (including a 1.5% increase in store footprint expansion from new stores), 25% allocated to IT and business development projects and the remainder allocated to logistics and sustainability. By the end of fiscal 2026, the Company expects to complete the network renovations of approximately 20% to 25%, which began in fiscal 2024.

During fiscal 2026, the Company expects aggregate pre-tax earnings from Other income plus Share of earnings from investments, at equity (both found in the Company's Consolidated Statements of Earnings), to be in the range of \$120 million to \$140 million (fiscal 2025 - \$158 million).

In the quarter ended November 1, 2025, 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 August 2, 2025. The Company is focused on supplier relationships and negotiations to ensure competitive pricing for customers. The Company continues to be well positioned to pursue long-term growth despite the impacts of global economic uncertainties.

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

Dividend Declaration

The Board of Directors declared a quarterly dividend of \$0.22 per share on both the Class A shares and the Class B common shares that will be payable on January 30, 2026 to shareholders of record on January 15, 2026. These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation.

Contingencies

On June 21, 2005, Sobeys received a notice of reassessment from Canada Revenue Agency ("CRA") for fiscal years 1999 and 2000 related to Lumsden Brothers Limited, a wholesale subsidiary of Sobeys, and the Goods and Service Tax ("GST"). The reassessment related to GST on sales of tobacco products to eligible Indigenous peoples. CRA asserted that Sobeys was obliged to collect GST on sales of tobacco products to eligible Indigenous peoples. The total tax, interest and penalties in the reassessment was \$14 million. Sobeys reviewed this matter, received legal advice, and believed it was not required to collect GST. During fiscal 2006, Sobeys filed a Notice of Objection with CRA. Sobeys had deposited with CRA funds equal to the total tax, interest and penalties in the reassessment and had recorded this amount as an other long-term receivable from CRA pending resolution of the matter. During the year ended May 4, 2024, the court ruled in favour of Sobeys, however the Crown had filed a Notice of Appeal and the hearing was held in May 2024. In October 2025, the Federal Court of Appeal ruled in favour of Sobeys and dismissed the Crown's appeal. For the period ended November 1, 2025, Sobeys recorded a recovery of \$8 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 Interim Condensed Consolidated Statement of Earnings. Sobeys reclassified the \$14 million deposit from other long-term receivables to accounts receivable.

FORWARD-LOOKING INFORMATION

This document contains forward-looking statements which are presented for the purpose of assisting the reader to contextualize the Company's financial position and understand management's expectations regarding the Company's strategic priorities, objectives and plans. These forward-looking statements may not be appropriate for other purposes. Forward-looking statements are identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", "could", "may", "plans", "predicts", "projects", "will", "would", "foresees" and other similar expressions or the negative of these terms.

These forward-looking statements include, but are not limited to, the following items:

- The Company's aim to increase total adjusted EPS through net earnings growth and share repurchases, as well as its intention to continue improving sales, gross margin (excluding fuel) and adjusted EBITDA margin, all of which could be impacted by several factors including a prolonged unfavourable macro-economic environment and unforeseen business challenges, as well as the factors identified in the "Risk Management" section of the fiscal 2025 annual MD&A;
- The Company's plans to further grow and enhance the Own Brands portfolio, which may be impacted by future operating costs and customer response;
- The Company's plan to invest \$850 million capital in its network in fiscal 2026, including new store expansions and renovations and renovate approximately 20% to 25% of the network, which started in fiscal 2024 and continues through fiscal 2026 which may be impacted by cost of materials, availability of contractors, operating results, and other macro-economic impacts;
- The Company's expectation that it will successfully implement the national SAP S/4HANA ERP platform and the timing and consequences of implementation, which may be impacted by risks relating to implementation resources and timelines, complexity of integration and data conversion and evolving technology requirements;
- The Company's expectation that it will meet targeted store growth of FreshCo, which may be impacted by customer response, availability of contractors, operating results, and other macro-economic impacts;
- The Company's expectation that it will improve overall e-commerce financial performance through actions it is pursuing to reduce costs and gain access to a larger segment of the grocery e-commerce market, which may be impacted by future operating and capital costs, customer response and the performance of its technology provider, Ocado;
- The Company's expectation that the *Scene+* program will accelerate engagement by focusing on scaling personalization, which may be impacted by customer response, *Scene+* app usage and the pace at which personalized offers are rolled out;
- The Company's expectation that 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 Other income plus Share of earnings from investments, at equity will in aggregate, be in a range of \$120 million to \$140 million in fiscal 2026, which assumes completion of pending real estate transactions by the Company and Share of earnings from investments, at equity being consistent with historical values adjusted for significant transactions and may be impacted by the timing and terms of completion of real estate-related transactions and actual results from Crombie REIT and Real estate partners;
- The Company's expectations regarding the amount and timing of costs relating to the completion of the future CFC, which may be impacted by supply of materials and equipment, construction schedules and capacity of construction contractors;
- The Company's expectation regarding its ability to ensure competitive pricing for customers and pursue long-term growth, which may be impacted by supplier relationships and negotiations and the macro-economic environment;
- The Company's expectation and uncertainty that future imposition of tariffs by the United States and the risk of potential retaliatory tariffs by the Canadian government could create volatility in the Canadian economy, including higher future costs for importing goods potentially contributing to higher inflation if increased costs are passed to Canadian consumers, which may be impacted by the length of time tariffs are imposed, the extent of counter measures imposed by other countries, the changes in consumer behaviour, and the extent of the impacts on the supply chain; and
- The Company's plans to purchase for cancellation Class A shares under the NCIB, which may be impacted by market and macro-economic conditions, availability of sellers, changes in laws and regulations, and operating results.

By its nature, forward-looking information requires the Company to make assumptions and is subject to inherent risks, uncertainties and other factors which may cause actual results to differ materially from forward-looking statements made. For more information on risks, uncertainties and assumptions that may impact the Company's forward-looking statements, please refer to the Company's materials filed with the Canadian securities regulatory authorities, including the "Risk Management" section of the fiscal 2025 annual MD&A.

Although the Company believes the predictions, forecasts, expectations or conclusions reflected in the forward-looking information are reasonable, it can provide no assurance that such matters will prove correct. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. The forward-looking information in this document reflects the Company's current expectations and is subject to change. The Company does not undertake to update any forward-looking statements that may be made by or on behalf of the Company other than as required by applicable securities laws.

NON-GAAP FINANCIAL MEASURES & FINANCIAL METRICS

There are measures and metrics included in this News Release 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.

The Company includes these measures and metrics because it believes certain investors use these measures and metrics as a means of assessing financial performance. Empire's definition of the non-GAAP terms included in this News Release are as follows:

- The E-commerce Exclusivity adjustment includes the impact of the early termination of the mutual exclusivity agreement with Ocado, resulting in a non-cash charge related to the impairment of an intangible asset.
- The Restructuring adjustment includes costs incurred to plan and implement strategies to optimize the organization and improve efficiencies, including severance, professional fees and voluntary labour buyouts.
- Same-store sales are sales from stores in the same location in both reporting periods.
- Gross profit is calculated as sales less cost of sales.
- Gross margin is gross profit divided by sales.

The following table reconciles gross profit on a consolidated basis:

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks	Nov 1, 2025 26 Weeks	Nov 2, 2024 26 Weeks
Sales	\$ 7,995	\$ 7,778	\$ 16,253	\$ 15,915
Cost of sales	5,848	5,713	11,871	11,724
Gross profit	\$ 2,147	\$ 2,065	\$ 4,382	\$ 4,191

- 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 "Summary Results – Second Quarter" section.
- EBITDA is calculated as net earnings before finance costs (net of finance income), income tax expense, depreciation and amortization of intangibles.
- EBITDA margin is EBITDA divided by sales.

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

	November 1, 2025			November 2, 2024		
	13 Weeks			13 Weeks		
<i>(in millions of Canadian dollars)</i>	Food retailing	Investment and other operations	Total	Food retailing	Investment and other operations	Total
Net earnings	\$ 160	\$ 10	\$ 170	\$ 162	\$ 19	\$ 181
Income tax expense	55	6	61	56	8	64
Finance costs, net	63	1	64	73	1	74
Operating income	278	17	295	291	28	319
Depreciation	259	-	259	253	-	253
Amortization of intangibles	29	-	29	29	-	29
EBITDA	\$ 566	\$ 17	\$ 583	\$ 573	\$ 28	\$ 601

	November 1, 2025			November 2, 2024		
	26 Weeks			26 Weeks		
<i>(in millions of Canadian dollars)</i>	Food retailing	Investment and other operations	Total	Food retailing	Investment and other operations	Total
Net earnings	\$ 383	\$ 17	\$ 400	\$ 380	\$ 30	\$ 410
Income tax expense	131	11	142	124	7	131
Finance costs, net	133	2	135	145	2	147
Operating income	647	30	677	649	39	688
Depreciation	517	-	517	499	-	499
Amortization of intangibles	60	-	60	59	-	59
EBITDA	\$ 1,224	\$ 30	\$ 1,254	\$ 1,207	\$ 39	\$ 1,246

- Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted EBITDA is reconciled to EBITDA in its respective subsection of the “Summary Results – Second Quarter” section.
- Adjusted EBITDA margin is adjusted EBITDA divided by sales.
- Management calculates interest expense as interest expense on financial liabilities measured at amortized cost and interest expense on lease liabilities.

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

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025 13 Weeks	Nov 2, 2024 13 Weeks	May 3, 2025 26 Weeks	Nov 2, 2024 26 Weeks
Finance costs, net	\$ 64	\$ 74	\$ 135	\$ 147
Plus: finance income, excluding interest income on lease receivables	12	2	16	4
Less: pension finance costs, net	(2)	(2)	(4)	(4)
Less: accretion expense on provisions	-	-	(1)	(1)
Interest expense	\$ 74	\$ 74	\$ 146	\$ 146

- Adjusted net earnings is net earnings, net of non-controlling interest, excluding certain items to better analyze trends in performance. These items are excluded to allow for better period over period comparison of ongoing operating results. Adjusted net earnings is reconciled in its respective subsection of the “Summary Results – Second Quarter” section.
- Adjusted EPS (fully diluted) is calculated as adjusted net earnings divided by diluted weighted average number of shares outstanding.

- Free cash flow is calculated as cash flows from operating activities, plus proceeds on disposal of property, equipment and investment property and lease modifications and terminations, less acquisitions of property, equipment, investment property and intangibles, interest paid and payments of lease liabilities, net of payments received from finance subleases. Management uses free cash flow as a measure to assess the amount of cash available for debt repayment, dividend payments and other investing and financing activities. Free cash flow is reconciled to GAAP measures as reported on the Consolidated Statements of Cash Flows, and is presented in the “Free Cash Flow” section of this MD&A.
- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.

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

<i>(in millions of Canadian dollars, except per share amounts)</i>	Nov 1, 2025	May 3, 2025	Nov 2, 2024
Shareholders' equity, net of non-controlling interest	\$ 5,497	\$ 5,410	\$ 5,404
Shares outstanding (basic)	230.8	233.9	238.5
Book value per common share	\$ 23.82	\$ 23.13	\$ 22.66

- Funded debt is all interest-bearing debt, which includes bank loans, notes payable, credit facilities and lease liabilities.
- Total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest.

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

<i>(in millions of Canadian dollars)</i>	Nov 1, 2025	May 3, 2025	Nov 2, 2024
Long-term debt due within one year	\$ 215	\$ 225	\$ 211
Long-term debt	1,054	857	993
Lease liabilities due within one year	556	597	586
Long-term lease liabilities	5,785	5,785	5,734
Funded debt	7,610	7,464	7,524
Total shareholders' equity, net of non-controlling interest	5,497	5,410	5,404
Total capital	\$ 13,107	\$ 12,874	\$ 12,928

- Funded debt to total capital ratio is funded debt divided by total capital.
- Funded debt to adjusted EBITDA ratio is funded debt divided by trailing four-quarter adjusted EBITDA.
- Adjusted EBITDA to interest expense ratio is trailing four-quarter adjusted EBITDA divided by trailing four-quarter interest expense.

BOARD OF DIRECTORS

Effective immediately, Jo Mark Zurel has been appointed to the Board of Directors of Empire. Mr. Zurel currently serves as the Chair of the Board of Fortis Inc. and also serves on the boards of Major Drilling Group International Inc. and Highland Copper Company Inc. He previously served on several boards, including the Institute of Corporate Directors and the Canada Pension Plan Investment Board. From 1998 to 2006, Mr. Zurel was Senior Vice-President and Chief Financial Officer of CHC Helicopter Corporation.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, December 11, 2025 beginning at 8:30 a.m. (Eastern Standard Time) during which senior management will discuss the Company's financial results for the second quarter of fiscal 2026. To instantly join the conference call by phone, please use the following URL to easily register yourself and be connected into the conference call automatically: <https://emportal.ink/47Pmyvf>. You can also be entered to the call by an Operator by dialing (888) 699-1199 outside the Toronto area or (416) 945-7677 from within the Toronto area.

To secure a line, please call 10 minutes prior to the conference call; you will be placed on hold until the conference call begins. The media and investing public may access this conference call via a listen mode only. You may also listen to a live audiocast of the conference call by visiting the "Quick Links" section of the Company's website located at www.empireco.ca, and then navigating to the "Empire Company Limited Quarterly Results Call" link.

The replay will be available by dialing (888) 660-6345 and entering access code 74121 until midnight December 25, 2025, or on the Company's website for 90 days following the conference call.

ABOUT EMPIRE

Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses are food retailing, through wholly-owned subsidiary Sobeys Inc., and related real estate. With approximately \$32 billion in annual sales and \$17 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 129,000 people.

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

For further information, please contact:

Media Contact

Karen White-Boswell
Director, External Communications
Sobeys Inc.
Media@sobeys.com

Investor Contact

Katie Brine
Vice President, Investor Relations, Treasury & Pensions
Sobeys Inc.
Investor.Relations@empireco.ca