MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED NOVEMBER 4, 2023

MANAGEMENT'S DISCUSSION AND 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) and its subsidiaries, including wholly-owned Sobeys Inc. ("Sobeys") for the second quarter and year-to-date ended November 4, 2023 compared to the second quarter and year-to-date ended November 5, 2022. The MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and notes thereto for the second quarter and year-to-date ended November 4, 2023 and the audited annual consolidated financial statements and the related MD&A for the fiscal year ended May 6, 2023. Additional information about the Company can be found on SEDAR+ at www.sedarplus.ca or on the Company's website at www.empireco.ca.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" as issued by the International Accounting Standards Board ("IASB") and are reported in Canadian dollars. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended May 6, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The unaudited interim condensed consolidated financial statements include the accounts of Empire and its subsidiaries and structured entities which the Company is required to consolidate.

The information contained in this MD&A is current to December 13, 2023 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 6, 2023 other than as noted in this MD&A.

FORWARD-LOOKING INFORMATION

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

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

- The Company's aim to increase total adjusted earnings per share ("EPS") through net earnings, growth, and share repurchases, as well as its intention to continue improving sales, gross margin (excluding fuel) and adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") margin, all of which could be impacted by several factors including a prolonged unfavourable macro-economic environment and unforeseen business challenges, as well as the factors identified in the "Risk Management" section of the fiscal 2023 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 $775 million capital in its network in fiscal 2024, including store expansions and renovations and renovate approximately 20% to 25% of the network over the next three years which could be impacted by cost of materials, availability of contractors, operating results, and other macro-economic impacts;

- The Company's expectation that it will continue its e-commerce expansion with Voilà, which may be impacted by future operating and capital costs, customer response and the performance of its technology provider, Ocado Group plc ("Ocado");

- The Company's expectation that it will continue to focus on driving efficiency and cost effectiveness initiatives which could be impacted by supplier relationships, labour relations, and other macro-economic impacts;

- The Company's expectations regarding the amount and timing of expenses relating to the completion of future Customer Fulfilment Centres ("CFC"), which may be impacted by supply of materials and equipment, construction schedules and capacity of construction contractors;

- Management's expectations regarding the impact of the Cybersecurity Event (as defined under the heading "Business Updates – Cybersecurity Event"), and the estimate of the impact on its financial results in fiscal 2024. These statements and expectations may be impacted by several factors including the nature, amount and timing of the insurance outcome;

- The Company's expectation regarding the impact of the distribution centre strike, and the estimate of the impact on its financial results in fiscal 2024, which may be impacted by several factors including timing and outcome of negotiations;

- The Company's expectation of the impacts of cost inflationary pressures, which may be impacted by supplier relationships and negotiations and the macro-economic environment;

- The Company's expected contributions to its registered defined benefit plans, which could be impacted by fluctuations in capital markets;

- The Company's expectation that its cash and cash equivalents on hand, together with unutilized aggregate credit facilities and cash generated from operating activities will enable the Company to fund future capital investments, pension plan contributions, working capital, current funded debt obligations and ongoing business requirements, and its belief that it has sufficient funding in place to meet these requirements and other short and long-term obligations, all of which could be impacted by changes in the macro-economic environment, operating results; and

- The Company's plans to purchase for cancellation Class A shares under the normal course issuer bid, which may be impacted by market and macro-economic conditions, availability of sellers, changes in laws and regulations, and the results of operations.

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 2023 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.

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 $31.6 billion in annual sales and $16.4 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 131,000 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, IGA.net and ThriftyFoods.com, and operates more than 350 retail fuel locations.

Company Priorities

Over the last six years, the Company has successfully completed two transformation strategies, Project Sunrise and Project Horizon. These strategies have comprehensively reset Empire's foundation, enhanced the Company's data capabilities, deepened the understanding of customers, and prepared the business to effectively capture emerging trends. With these transformation strategies now accomplished and the turnaround complete, 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 priority, demonstrated by a sustained emphasis on renovations and continued store expansion in Discount. The Own Brands program enhancement will remain a priority through increased distribution, shelf placement and product innovation.

The Company intends to invest capital in its store network and is planning to renovate approximately 20% to 25% of the network over the next three years. This capital investment includes important sustainability initiatives such as refrigeration system upgrades, heating, ventilation and air conditioning ("HVAC") system upgrades and other energy efficiency initiatives.

Enhanced Focus on Digital and Data:

The focus on digital and data will include continued e-commerce expansion with Voilà, loyalty, through *Scene+* (see "Business Updates – Voilà" and "Business Updates – *Scene+*" for more information), personalization, 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.

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.

Business Updates

Scene+

In June 2022, the Company launched a new loyalty strategy through *Scene*+, one of Canada's leading loyalty programs. Along with Scotiabank and Cineplex, the Company is now a co-owner of *Scene*+. With its final launch in Quebec and Thrifty Foods in March 2023, the new loyalty program was successfully launched nationally. *Scene*+ has now grown to over 14 million members.

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

FreshCo

In fiscal 2018, the Company announced plans to expand its FreshCo discount format to Western Canada with expectations of converting up to 25% of the 255 Safeway and Sobeys full-service format stores in Western Canada to the FreshCo banner.

Through the FreshCo expansion program, the discount business in Western Canada has been on a sharp growth trajectory, 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 format.

As at December 13, 2023, FreshCo has 46 stores operating in Western Canada. In fiscal 2024, the Company expects to open one additional FreshCo store in Western Canada.

Voilà

In fiscal 2021, the Company introduced its new e-commerce platform, Voilà, which is the future of online grocery home delivery in Canada. Voilà is powered by industry-leading technology provided by Ocado through its automated CFCs. The Company will operate four CFCs across Canada with supporting spokes and curbside pickup. The Company will be able to serve approximately 75% of Canadian households representing approximately 90% of Canadians' projected e-commerce spend.

The Company has three active CFCs located in Toronto, Montreal and Calgary. The fourth CFC in Vancouver will service customers in British Columbia (B.C.) starting in calendar year 2025. To service the remaining Canadian households located outside of the core CFC service areas, the Company also launched Voilà curbside pickup, which currently services 98 stores in locations across Canada and is also powered by Ocado technology.

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

Voilà's future earnings will primarily be impacted by the rate of sales growth, with operational efficiencies, strong margins, and cost discipline serving as important drivers to manage financial performance.

In the second quarter ended November 4, 2023, Voilà experienced a sales increase of 15.4% compared to the same quarter in the prior year. According to third-party market data, Voilà continued to increase its national market share within the e-commerce channel.

Cybersecurity Event

On November 4, 2022, Empire experienced IT system issues related to a cybersecurity event (the "Cybersecurity Event"). Upon discovery, the Company immediately activated its incident response and business continuity plans, including the engagement of world-class experts, isolated the source and implemented measures to prevent further spread.

The Company maintains a variety of insurance coverages, including cyber insurance. Empire is in the process of working with its insurance providers to finalize claims under its policies. Due to the complexity of the cyber insurance coverage and related claims, there is a time lag between the initial incurrence of costs and the recognition of anticipated insurance proceeds. While the operational impact of the Cybersecurity Event is behind the Company, management expects that there will be insurance recoveries recognized throughout fiscal 2024.

The financial impact of insurance recoveries on net earnings in the quarter and year-to-date ended November 4, 2023 was a recovery of $15.2 million and $15.6 million, respectively. Impacts of the Cybersecurity Event, including the related insurance proceeds, are excluded from adjusted operating income(1), adjusted EBITDA(1), adjusted net earnings(1) and adjusted EPS(1) (collectively the "Adjusted Metrics"). The Company expects to recognize additional insurance recoveries throughout fiscal 2024, which will continue to be excluded from the Adjusted Metrics. Please refer to the "Summary Results – Second Quarter" section of this document for a more detailed discussion, including a reconciliation of these non-generally accepted accounting principles ("GAAP") financial measures.

Empire estimates, based on available information, that the final impact of the Cybersecurity Event on net earnings over fiscal 2023 and fiscal 2024 remains unchanged at approximately ($32.0) million, net of estimated insurance recoveries.

Sustainable Business Reporting

Environmental, Social and Governance ("ESG") has deep roots in the Company's history, and the principles of ESG have been a part of the organization since the Company started 116 years ago.

The Company published its 2023 Sustainable Business Report in July 2023 which outlines the Company's steady and tangible progress in achieving its ESG goals. This year's report presents key results in areas where the Company has the greatest impact across the three pillars of its ESG framework: People, Planet, and Products. Highlights of the progress made this year include: becoming the first grocery retailer in Canada to have science-based climate targets validated by the Science Based Targets initiative; donating more than 23 million pounds of surplus food to local charities from stores and warehouses through the Company's partnership with Second Harvest; raising and donating close to $19.0 million across Canada to support the Healthier Tomorrows Community Investment strategy; and continued progress on embedding Diversity, Equity & Inclusion ("DE&I") more broadly across the organization, with over 90% of Directors and above having set DE&I performance and accountability goals. In addition, the Company also recently conducted the first climate scenario risk assessment on its operational footprint and published its inaugural Taskforce on Climate-Related Financial Disclosures-aligned report.

The Company is focused on several initiatives as part of a continuing ESG journey such as carbon reduction projects to achieve its Scope 1 and 2 climate targets, reducing or eliminating avoidable and hard-to-recycle plastics, expanding the Company's efforts to cultivate a fair, equitable and inclusive environment for all, and embedding sustainable business mandates within the Company's performance management goals.

Other Items

Labour Buyouts

On October 20, 2023, United Food and Commercial Workers ("UFCW") 1518 and UFCW 247 ratified new agreements with the Company. The new agreements allow the Company to offer voluntary buyouts to senior B.C. Safeway unionized employees. Employee buyouts provide flexibility and stability for the Company to better manage labour and operational costs.

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

Distribution Centre Strike
On October 14, 2023, teammates at a distribution centre in Ontario went on strike after negotiations between the union and the Company were unsuccessful in agreeing on the terms of a new collective bargaining agreement. There are strong contingency plans in place to ensure Ontario stores have continuity of supply for customers. The strike is not expected to have a material financial impact.

Western Canada Fuel Sale
On December 13, 2022, the Company signed a definitive agreement between a wholly-owned subsidiary of Sobeys and Canadian Mobility Services Limited, a wholly-owned subsidiary of Shell Canada, to sell all 56 retail fuel sites in Western Canada for approximately $100.0 million. Following regulatory review and approval, the sale ("Western Canada Fuel Sale") was completed on July 30, 2023.

OUTLOOK

Management 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: a continued focus on stores (investing in renovations, Discount expansion, and Own Brands program enhancement), an expanded focus on digital and data (through key strategic initiatives including Voilà, *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 2024, capital spend is expected to be approximately $775 million, with approximately half of this investment allocated to renovations and new store expansion, and approximately $50 million allocated toward sustainability initiatives such as refrigeration system upgrades, HVAC system upgrades and other energy efficiency initiatives. The Company is planning to renovate approximately 20% to 25% of the network over the next three years.

During fiscal 2024, the Company intends to purchase approximately $400 million in Class A shares under a Normal Course Issuer Bid ("NCIB"). The Company has declared a quarterly dividend which reflects an increase in the annualized dividend rate of 10.6%, marking the 28th consecutive year of dividend increases.

The Company continues to be well positioned to pursue growth despite the impacts of global economic uncertainties. The industry continues to experience heightened levels of inflationary pressures, particularly related to cost of goods sold. During the second quarter of fiscal 2024, the Company complied with the federal government's request for all major Canadian grocery retailers to submit plans to help further stabilize food prices for Canadians. Although it is difficult to estimate how long these inflationary pressures will last, the Company continues to focus on supplier relationships and negotiations to ensure competitive pricing for customers whose shopping behaviours become more price sensitive in a heightened inflationary environment. In the second quarter of fiscal 2024, the Company's internal food inflation continued to be slightly below the reported Consumer Price Index for food purchased from stores of 6.1% (2023 – 11.1%).

Same store sales will fluctuate over the short term, given the negative sales impact in the prior year related to the Cybersecurity Event, and the continued impacts of inflation on consumer behaviour and its effect on current year sales. Over the first five weeks of the third quarter of fiscal 2024, the Company's same-store sales growth, excluding fuel, has improved compared to the second quarter ended November 4, 2023.

SUMMARY RESULTS – SECOND QUARTER

($ in millions, except per share amounts)	13 Weeks Ended **Nov. 4, 2023**	 Nov. 5, 2022	$ Change	% Change	26 Weeks Ended **Nov. 4, 2023**	 Nov. 5, 2022	$ Change	% Change
Sales	**$ 7,751.2**	$ 7,642.8	$ 108.4	1.4%	**$ 15,826.7**	$ 15,580.4	$ 246.3	1.6%
Gross profit[1]	**2,003.5**	1,955.2	48.3	2.5%	**4,078.0**	3,933.1	144.9	3.7%
Operating income	**312.4**	333.9	(21.5)	(6.4)%	**768.9**	678.0	90.9	13.4%
Adjusted operating income[1]	**308.6**	333.9	(25.3)	(7.6)%	**683.5**	678.0	5.5	0.8%
EBITDA[1]	**580.4**	584.2	(3.8)	(0.7)%	**1,303.4**	1,178.2	125.2	10.6%
Adjusted EBITDA[1]	**576.6**	584.2	(7.6)	(1.3)%	**1,218.0**	1,178.2	39.8	3.4%
Finance costs, net	**69.5**	65.0	4.5	6.9%	**138.5**	129.0	9.5	7.4%
Income tax expense	**54.2**	68.2	(14.0)	(20.5)%	**160.9**	140.0	20.9	14.9%
Non-controlling interest	**7.6**	10.8	(3.2)	(29.6)%	**27.4**	31.6	(4.2)	(13.3)%
Net earnings[2]	**181.1**	189.9	(8.8)	(4.6)%	**442.1**	377.4	64.7	17.1%
Adjusted net earnings[1][2][3]	**178.3**	189.9	(11.6)	(6.1)%	**374.5**	377.4	(2.9)	(0.8)%
Basic earnings per share								
Net earnings[2]	**$ 0.73**	$ 0.73			**$ 1.76**	$ 1.44		
Adjusted net earnings[1][2][3]	**$ 0.72**	$ 0.73			**$ 1.49**	$ 1.44		
Basic weighted average number of shares outstanding (in millions)	**249.3**	260.1			**250.6**	261.2		
Diluted earnings per share								
Net earnings[2]	**$ 0.72**	$ 0.73			**$ 1.76**	$ 1.44		
Adjusted net earnings[1][2][3]	**$ 0.71**	$ 0.73			**$ 1.49**	$ 1.44		
Diluted weighted average number of shares outstanding (in millions)	**249.9**	260.6			**251.1**	261.9		
Dividend per share	**$ 0.183**	$ 0.165			**$ 0.366**	$ 0.330		

	13 Weeks Ended **Nov. 4, 2023**	 Nov. 5, 2022	26 Weeks Ended **Nov. 4, 2023**	 Nov. 5, 2022
Gross margin[1]	**25.8%**	25.6%	**25.8%**	25.2%
EBITDA margin[1]	**7.5%**	7.6%	**8.2%**	7.6%
Adjusted EBITDA margin[1]	**7.4%**	7.6%	**7.7%**	7.6%
Same-store sales[1] growth	**2.2%**	3.9%	**1.7%**	3.5%
Same-store sales growth, excluding fuel	**2.0%**	3.1%	**3.0%**	1.7%
Effective income tax rate	**22.3%**	25.4%	**25.5%**	25.5%

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

Food Retailing

The following is a review of Empire's Food retailing segment's financial performance for the second quarter and year-to-date.

($ in millions)	13 Weeks Ended **Nov. 4, 2023**	 Nov. 5, 2022	$ Change	% Change	26 Weeks Ended **Nov. 4, 2023**	 Nov. 5, 2022	$ Change	% Change
Sales	**$ 7,751.2**	$ 7,642.8	$ 108.4	1.4%	**$ 15,826.7**	$ 15,580.4	$ 246.3	1.6%
Gross profit	**2,003.5**	1,955.2	48.3	2.5%	**4,078.0**	3,933.1	144.9	3.7%
Operating income	**301.6**	292.4	9.2	3.1%	**750.7**	623.3	127.4	20.4%
Adjusted operating income[1]	**297.8**	292.4	5.4	1.8%	**665.3**	623.3	42.0	6.7%
EBITDA[1]	**569.4**	542.5	26.9	5.0%	**1,284.8**	1,123.2	161.6	14.4%
Adjusted EBITDA[1]	**565.6**	542.5	23.1	4.3%	**1,199.4**	1,123.2	76.2	6.8%
Net earnings[1][2]	**174.3**	158.0	16.3	10.3%	**445.4**	336.3	109.1	32.4%
Adjusted net earnings[1][2]	**171.5**	158.0	13.5	8.5%	**377.8**	336.3	41.5	12.3%

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

Empire Company Limited Operating Results

Sales

Sales for the quarter and year-to-date ended November 4, 2023 increased by 1.4% and 1.6%, respectively, primarily driven by positive growth across the business, particularly in Discount. This increase was offset by lower fuel sales mainly driven by the Western Canada Fuel Sale in the first quarter of fiscal 2024.

Gross Profit

Gross profit for the quarter and year-to-date ended November 4, 2023 increased by 2.5% and 3.7%, respectively, primarily driven by higher sales and business expansion (FreshCo, Farm Boy and Voilà).

Gross margin for the quarter ended November 4, 2023 increased to 25.8% from 25.6% in the prior year, and for the year-to-date ended November 4, 2023 increased to 25.8% from 25.2% in the prior year. Gross margin increased primarily as a result of the mix impact of lower fuel sales mainly driven by the Western Canada Fuel Sale in the first quarter of fiscal 2024, as well as lower distribution costs driven primarily by efficiency initiatives in supply chain. Excluding the mix impact of fuel sales, gross margin for the quarter and year-to-date ended November 4, 2023 was 5 basis points and 12 basis points higher than in the prior year, respectively.

Operating Income

	13 Weeks Ended		$	26 Weeks Ended		$
($ in millions)	**Nov. 4, 2023**	Nov. 5, 2022	Change	**Nov. 4, 2023**	Nov. 5, 2022	Change
Food retailing	**$ 301.6**	$ 292.4	$ 9.2	**$ 750.7**	$ 623.3	$ 127.4
Investments and other operations:						
Crombie REIT	**12.2**	35.2	(23.0)	**21.1**	47.9	(26.8)
Genstar	**2.8**	3.5	(0.7)	**3.9**	4.6	(0.7)
Other operations, net of corporate expenses	**(4.2)**	2.8	(7.0)	**(6.8)**	2.2	(9.0)
	10.8	41.5	(30.7)	**18.2**	54.7	(36.5)
Operating income	**$ 312.4**	$ 333.9	$ (21.5)	**$ 768.9**	$ 678.0	$ 90.9
Adjustments:						
Western Canada Fuel Sale(1)	**-**	-	-	**(90.8)**	-	(90.8)
Cybersecurity Event(1)	**(20.6)**	-	(20.6)	**(21.1)**	-	(21.1)
Restructuring(1)	**16.8**	-	16.8	**26.5**	-	26.5
	(3.8)	-	(3.8)	**(85.4)**	-	(85.4)
Adjusted operating income(2)	**$ 308.6**	$ 333.9	$ (25.3)	**$ 683.5**	$ 678.0	$ 5.5

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

For the quarter ended November 4, 2023, operating income from the Food retailing segment increased mainly due to higher sales and gross profit, and gains on lease modifications and terminations in the current year, partially offset by higher selling and administrative expenses in the current year. Selling and administrative expenses increased mainly due to continued investment in business expansion (Farm Boy, Voilà and FreshCo), restructuring costs, higher retail labour costs driven by wage rate increases, and higher depreciation and amortization driven by focused investments in the store network, tools and technology to support our strategic initiatives, partially offset by insurance recoveries related to the Cybersecurity Event.

Year-to-date, operating income from the Food retailing segment increased mainly due to higher sales and gross profit in the current year, gains on lease modifications and terminations and the gain on the Western Canada Fuel Sale, partially offset by higher selling and administrative expenses in the current year. Selling and administrative expenses increased mainly due to continued investment in business expansion (Farm Boy, Voilà and FreshCo), higher retail labour costs, higher depreciation and amortization driven by focused investments in the store network, tools and technology to support our strategic initiatives, and restructuring costs, partially offset by insurance recoveries related to the Cybersecurity Event.

Operating income from the Investments and other operations segment for the quarter and year-to-date ended November 4, 2023 decreased primarily as a result of lower equity earnings from Crombie REIT mainly due to fewer property sales in the current year.

EBITDA

($ in millions)	13 Weeks Ended Nov. 4, 2023	Nov. 5, 2022	$ Change	26 Weeks Ended Nov. 4, 2023	Nov. 5, 2022	$ Change
EBITDA(1)	**$ 580.4**	$ 584.2	$ (3.8)	**$ 1,303.4**	$ 1,178.2	$ 125.2
Adjustments:						
Western Canada Fuel Sale(2)	**-**	-	-	**(90.8)**	-	(90.8)
Cybersecurity Event(2)	**(20.6)**	-	(20.6)	**(21.1)**	-	(21.1)
Restructuring(2)	**16.8**	-	16.8	**26.5**	-	26.5
	(3.8)	-	(3.8)	**(85.4)**	-	(85.4)
Adjusted EBITDA(1)	**$ 576.6**	$ 584.2	$ (7.6)	**$ 1,218.0**	$ 1,178.2	$ 39.8

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

For the quarter ended November 4, 2023, EBITDA decreased to $580.4 million from $584.2 million in the prior year mainly as a result of the same factors affecting operating income (excluding the increase in depreciation and amortization of $17.7 million). EBITDA margin decreased to 7.5% from 7.6% in the prior year.

For the quarter ended November 4, 2023, adjusted EBITDA decreased to $576.6 million from $584.2 million in the prior year. Adjusted EBITDA margin decreased to 7.4% from 7.6% in the prior year.

Year-to-date, EBITDA increased to $1,303.4 million from $1,178.2 million in the prior year mainly as a result of the same factors affecting operating income (excluding the increase in depreciation and amortization of $34.3 million). EBITDA margin increased to 8.2% from 7.6% in the prior year.

Year-to-date, adjusted EBITDA increased to $1,218.0 million from $1,178.2 million in the prior year. Adjusted EBITDA margin increased versus prior year to 7.7% from 7.6%.

Finance Costs

For the quarter and year-to-date ended November 4, 2023, net finance costs increased from the prior year as a result of the impacts of increased credit facility borrowings and elevated interest rates on other financial liabilities at amortized cost.

Income Taxes

The effective income tax rate for the quarter ended November 4, 2023 was 22.3% compared to 25.4% in the same quarter last year. The effective tax rate for the current and prior year quarter was lower than the statutory rate primarily due to capital items taxed at lower rates and the benefits of investment tax credits.

Year-to-date, the effective income tax rate was 25.5%, similar to 25.5% in the prior year. Consistent with the prior year, the effective tax rate for the current year is lower than the statutory rate primarily due to non-taxable capital items, investment tax credits and consolidated structured entities which are taxed at lower rates, partially offset by adjustments for book and tax differences.

Net Earnings

($ in millions, except per share amounts)	13 Weeks Ended Nov. 4, 2023	13 Weeks Ended Nov. 5, 2022	$ Change	26 Weeks Ended Nov. 4, 2023	26 Weeks Ended Nov. 5, 2022	$ Change
Net earnings[1]	**$ 181.1**	$ 189.9	$ (8.8)	**$ 442.1**	$ 377.4	$ 64.7
EPS (fully diluted)	**$ 0.72**	$ 0.73		**$ 1.76**	$ 1.44	
Adjustments:[2]						
Western Canada Fuel Sale[3]	**-**	-	-	**(71.5)**	-	(71.5)
Cybersecurity Event[3]	**(15.2)**	-	(15.2)	**(15.6)**	-	(15.6)
Restructuring[3]	**12.4**	-	12.4	**19.5**	-	19.5
	(2.8)	-	(2.8)	**(67.6)**	-	(67.6)
Adjusted net earnings[1][4][5]	**$ 178.3**	$ 189.9	$ (11.6)	**$ 374.5**	$ 377.4	$ (2.9)
Adjusted EPS (fully diluted)[4]	**$ 0.71**	$ 0.73		**$ 1.49**	$ 1.44	
Diluted weighted average number of shares outstanding (in millions)	**249.9**	260.6		**251.1**	261.9	

(1) Attributable to owners of the Company.
(2) Total adjustments for the quarter and year-to-date are net of income taxes of $1.0 and $17.8 respectively.
(3) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A for a description of the types of costs included.
(4) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A.
(5) See "Adjusted Impacts on Net Earnings" section of this MD&A.

Adjusted Impacts on Net Earnings

On July 30, 2023, Empire completed the sale of its Western Fuel Business to Canadian Mobility Services Limited, a wholly-owned subsidiary of Shell Canada. The sale of all 56 retail fuel sites in Western Canada was completed for approximately $100.0 million, which resulted in a pre-tax gain of $90.8 million. The impact to net earnings for the first quarter ended August 5, 2023 was $71.5 million.

In the first quarter of fiscal 2024, Empire began to pursue strategies to optimize its organization and improve efficiencies, including changes to its leadership team and organizational structure (the "Restructuring"). Expenses in the second quarter relate to costs incurred to plan and implement the Restructuring. The impact to net earnings for the quarter and year-to-date ended November 4, 2023 was ($12.4) million and ($19.5) million respectively.

On November 4, 2022, Empire experienced IT system issues related to a Cybersecurity Event. The Company included in its Adjusted Metrics an adjustment for direct costs such as inventory shrink, hardware and software restoration costs, legal and professional fees, and labour costs, net of insurance recoveries. The impact to net earnings for the quarter and year-to-date ended November 4, 2023 related to the Cybersecurity Event was a recovery of $15.2 million and $15.6 million, respectively. Empire continues to work with its insurance providers to make claims under its policies. Due to the complexity of the cyber insurance coverage and related claims, there is a time lag between the initial incurrence of costs and the recognition of anticipated insurance proceeds.

Investments and Other Operations

($ in millions)	13 Weeks Ended Nov. 4, 2023	13 Weeks Ended Nov. 5, 2022	$ Change	26 Weeks Ended Nov. 4, 2023	26 Weeks Ended Nov. 5, 2022	$ Change
Crombie REIT	**$ 12.2**	$ 35.2	$ (23.0)	**$ 21.1**	$ 47.9	$ (26.8)
Genstar	**2.8**	3.5	(0.7)	**3.9**	4.6	(0.7)
Other operations, net of corporate expenses	**(4.2)**	2.8	(7.0)	**(6.8)**	2.2	(9.0)
	$ 10.8	$ 41.5	$ (30.7)	**$ 18.2**	$ 54.7	$ (36.5)

For the quarter and year-to-date ended November 4, 2023, income from Investments and other operations decreased primarily as a result of lower equity earnings from Crombie REIT mainly due to fewer property sales compared to the prior year.

QUARTERLY RESULTS OF OPERATIONS

($ in millions, except per share amounts)	**Fiscal 2024 Q2 (13 Weeks) Nov. 4, 2023**	Fiscal 2023 Q1 (13 Weeks) Aug. 5, 2023	Fiscal 2023 Q4 (13 Weeks) May 6, 2023	Fiscal 2023 Q3 (13 Weeks) Feb. 4, 2023	Fiscal 2023 Q2 (13 Weeks) Nov. 5, 2022	Fiscal 2023 Q1 (13 Weeks) Aug. 6, 2022	Fiscal 2022 Q4 (14 Weeks) May 7, 2022	Fiscal 2022 Q3 (13 Weeks) Jan. 29, 2022
Sales	**$ 7,751.2**	$ 8,075.5	$ 7,408.4	$ 7,489.3	$ 7,642.8	$ 7,937.6	$ 7,840.8	$ 7,377.3
Operating income	**312.4**	456.5	321.6	232.8	333.9	344.1	333.6	354.8
Adjusted operating income(1)	**308.6**	374.9	328.1	285.4	333.9	344.1	333.6	354.8
EBITDA(2)	**580.4**	723.0	592.3	492.5	584.2	594.0	586.2	597.5
Adjusted EBITDA(1)(2)	**576.6**	641.4	598.8	545.1	584.2	594.0	586.2	597.5
Net earnings(3)	**181.1**	261.0	182.9	125.7	189.9	187.5	178.5	203.4
Adjusted net earnings(1)(3)	**178.3**	196.2	184.9	164.8	189.9	187.5	178.5	203.4
Per share information, basic								
Net earnings(3)	**$ 0.73**	$ 1.04	$ 0.72	$ 0.49	$ 0.73	$ 0.72	$ 0.68	$ 0.77
Adjusted net earnings(1)(3)	**$ 0.72**	$ 0.78	$ 0.73	$ 0.64	$ 0.73	$ 0.72	$ 0.68	$ 0.77
Basic weighted average number of shares outstanding (in millions)	**249.3**	251.7	254.9	257.9	260.1	262.2	263.0	264.1
Per share information, diluted								
Net earnings(3)	**$ 0.72**	$ 1.03	$ 0.72	$ 0.49	$ 0.73	$ 0.71	$ 0.68	$ 0.77
Adjusted net earnings(1)(3)	**$ 0.71**	$ 0.78	$ 0.72	$ 0.64	$ 0.73	$ 0.71	$ 0.68	$ 0.77
Diluted weighted average number of shares outstanding (in millions)	**249.9**	252.2	255.4	258.4	260.6	263.0	264.0	264.9

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this MD&A for a reconciliation of the adjusted metrics presented in this table.
(2) 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.

For the most recent eight quarters, results have fluctuated overall with sales consistently improving when comparing the same period year over year. Fluctuations in sales during fiscal 2022 were due to impacts of COVID-19 and the related shift in consumer shopping behaviour. Results in the fourth quarter of fiscal 2022 were impacted by an additional week of operations.

Sales are affected by 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 2023 annual MD&A.

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 November 4, 2023.

	13 Weeks Ended		26 Weeks Ended	
($ in millions)	**Nov. 4, 2023**	Nov. 5, 2022	**Nov. 4, 2023**	Nov. 5, 2022
Cash flows from operating activities	**$ 260.8**	$ 275.9	**$ 849.0**	$ 662.6
Cash flows used in investing activities	**(126.5)**	(202.2)	**(191.0)**	(376.2)
Cash flows used in financing activities	**(229.0)**	(78.2)	**(642.6)**	(731.7)
(Decrease) increase in cash and cash equivalents	**$ (94.7)**	$ (4.5)	**$ 15.4**	$ (445.3)

Operating Activities

Cash flows from operating activities for the quarter ended November 4, 2023 decreased slightly versus prior year primarily as a result of unfavourable working capital changes in the current year. The working capital changes are impacted primarily by changes in accounts payable and accrued liabilities, partially offset by improvements in the change of accounts receivable and inventory in the current year.

Cash flows from operating activities year-to-date increased versus prior year primarily as a result of higher income taxes paid in the prior year driven by the timing of payment of taxes on higher fiscal 2022 net earnings, and favourable working capital changes. The working capital changes are impacted primarily by improvements in the change in accounts receivable and inventory, partially offset by changes in accounts payable and accrued liabilities compared to the prior year.

Investing Activities

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

	13 Weeks Ended		26 Weeks Ended	
($ in millions)	**Nov. 4, 2023**	Nov. 5, 2022	**Nov. 4, 2023**	Nov. 5, 2022
Increase in equity investments	**$ -**	$ (2.4)	**$ (2.9)**	$ (2.4)
Acquisitions of property, equipment, investment property and intangibles	**(155.0)**	(242.3)	**(329.7)**	(411.9)
Proceeds on disposal of assets(1) and lease modifications and terminations	**15.7**	14.6	**121.3**	17.3
Leases and other receivables, net	**(1.5)**	10.5	**(8.1)**	(1.5)
Other assets and other long-term liabilities	**(8.5)**	(0.1)	**(13.0)**	(4.7)
Business acquisitions	**(0.3)**	(3.7)	**(4.3)**	(16.1)
Payments received for finance subleases	**22.7**	20.9	**45.0**	41.8
Interest received	**0.4**	0.3	**0.7**	1.3
Cash flows used in investing activities	**$ (126.5)**	$ (202.2)	**$ (191.0)**	$ (376.2)

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

Cash used in investing activities for the second quarter of fiscal 2024 decreased versus prior year primarily due to lower capital investments and higher proceeds on lease modifications and terminations in the current year, partially offset by lower proceeds on disposal of assets in the current year.

Year-to-date, cash used in investing activities decreased versus prior year due to the receipt of proceeds on disposal of assets in relation to the Western Canada Fuel Sale of approximately $100.0 million in the first quarter of fiscal 2024, lower capital investments in the current year, as well as higher proceeds on lease modifications and terminations in the current year.

Capital Expenditures

The Company invested $134.6 million and $258.2 million in capital expenditures[1] for the quarter and year-to-date ended November 4, 2023, respectively (November 5, 2022 – $254.7 million and $410.2 million, respectively) including renovations and construction of new stores, investments in advanced analytics technology and other technology systems, FreshCo stores in Western Canada and Voilà CFCs. The decrease in year-to-date capital spend compared to the prior year is primarily related to differences in planned timing of the capital spend.

In fiscal 2024, capital expenditures are expected to be approximately $775 million, with approximately half of this investment allocated to store renovations and new store expansion, and approximately $50 million allocated toward sustainability initiatives such as refrigeration system upgrades, HVAC system upgrades and other energy efficiency initiatives. The Company is planning to renovate approximately 20% to 25% of the network over the next three years.

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

Store Network Activity and Square Footage

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

	13 Weeks Ended		26 Weeks Ended	
# of stores	**Nov. 4, 2023**	Nov. 5, 2022	**Nov. 4, 2023**	Nov. 5, 2022
Opened/relocated/acquired[1]	**3**	1	**10**	6
Expanded	**1**	-	**1**	-
Rebannered/redeveloped	**1**	-	**4**	1
Closed[1][2]	**17**	3	**26**	4
Opened - FreshCo[3]	**2**	1	**3**	2
Opened - Farm Boy	**-**	1	**-**	1

(1) Total impact excluding the opened Farm Boy and FreshCo sites as part of ongoing expansion.
(2) This number does not include 38 Safeway co-located fuel sites or 17 co-branded convenience fuel locations which were sold in the first quarter of fiscal 2024.
(3) Specific to converted Western Canada FreshCo stores, net of Safeway and Sobeys closures.

The following table shows changes in Sobeys' square footage:

	13 Weeks Ended	
Square feet (in thousands)	**Nov. 4, 2023**	Nov. 5, 2022
Opened	**24**	35
Expanded	**7**	18
Closed	**(53)**	(21)
Net change before the impact of the expansion of Farm Boy and FreshCo	**(70)**	32
Opened - FreshCo[1]	**85**	5
Opened - Farm Boy	**-**	28
Net change	**15**	65

(1) Specific to converted Western Canada FreshCo stores, net of Safeway and Sobeys closures.

At November 4, 2023, Sobeys' retail space totalled 42.1 million square feet, a 0.9% decrease compared to 42.5 million square feet at November 5, 2022.

Financing Activities

Cash used in financing activities for the quarter ended November 4, 2023 increased versus prior year mainly due to a higher volume of repurchases of Non-Voting Class A shares, partially offset by a decrease in advances on credit facilities in the current year.

Year-to-date, cash used in financing activities decreased versus prior year primarily due to the repayment of the $500.0 million Series 2013-2 Notes in the prior year, partially offset by a decrease in advances on credit facilities in the current year and a higher volume of repurchases of Non-Voting Class A shares in the current year.

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)	13 Weeks Ended Nov. 4, 2023	Nov. 5, 2022	$ Change	26 Weeks Ended Nov. 4, 2023	Nov. 5, 2022	$ Change
Cash flows from operating activities	**$ 260.8**	$ 275.9	$ (15.1)	**$ 849.0**	$ 662.6	$ 186.4
Add: proceeds on disposal of assets[1] and lease modifications and terminations	**15.7**	14.6	1.1	**121.3**	17.3	104.0
Less: interest paid	**(15.7)**	(13.7)	(2.0)	**(26.7)**	(38.3)	11.6
payments of lease liabilities, net of payments received for finance subleases	**(167.7)**	(161.5)	(6.2)	**(336.0)**	(325.4)	(10.6)
acquisitions of property, equipment, investment property and intangibles	**(155.0)**	(242.3)	87.3	**(329.7)**	(411.9)	82.2
Free cash flow[2]	**$ (61.9)**	$ (127.0)	$ 65.1	**$ 277.9**	$ (95.7)	$ 373.6

(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.

Free cash flow for the quarter ended November 4, 2023 increased versus prior year primarily as a result of a decrease in capital investments in the current year, partially offset by a decrease in cash flows from operating activities.

Year-to-date, free cash flow increased versus prior year primarily as a result of an increase in cash flows from operating activities, the receipt of proceeds from the Western Canada Fuel Sale of approximately $100.0 million in the current year as well as a decrease in capital investments.

Employee Future Benefit Obligations

For the quarter and year-to-date ended November 4, 2023, the Company contributed $2.0 million and $4.5 million, respectively (November 5, 2022 – $2.3 million and $6.8 million, respectively) to its registered defined benefit plans. The Company expects to contribute approximately $17.1 million to these plans in fiscal 2024.

CONSOLIDATED FINANCIAL CONDITION

Key Financial Condition Measures

($ in millions, except per share and ratio calculations)	Nov. 4, 2023	May 6, 2023	Nov. 5, 2022
Shareholders' equity, net of non-controlling interest	**$ 5,367.4**	$ 5,200.4	$ 5,161.5
Book value per common share[1]	**$ 21.53**	$ 20.09	$ 19.84
Long-term debt, including current portion	**$ 1,092.9**	$ 1,012.3	$ 1,120.9
Long-term lease liabilities, including current portion	**$ 6,088.8**	$ 6,184.6	$ 6,255.4
Funded debt to total capital[1]	**57.2%**	58.1%	58.8%
Funded debt to adjusted EBITDA[1][2]	**2.9x**	3.1x	3.1x
Adjusted EBITDA to interest expense[1][3]	**8.9x**	8.8x	8.6x
Trailing four-quarter adjusted EBITDA[1]	**$ 2,447.3**	$ 2,263.0	$ 2,361.9
Trailing four-quarter interest expense	**$ 273.5**	$ 263.1	$ 274.7
Current assets to current liabilities	**0.8x**	0.8x	0.8x
Total assets	**$ 16,445.1**	$ 16,483.7	$ 16,735.2
Total non-current financial liabilities	**$ 7,231.9**	$ 7,289.5	$ 7,122.3

(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 rating remained unchanged from the prior quarter. The following table shows Sobeys' credit ratings as at December 13, 2023:

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

Empire has a $150.0 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2027. As of November 4, 2023, the outstanding amount of the credit facility was $69.1 million (November 5, 2022 – $70.0 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates or the Canadian Overnight Repo Rate Average(1).

Sobeys' has a $650.0 million senior, unsecured revolving term credit facility with a maturity date of November 4, 2027. As of November 4, 2023, the outstanding amount of the facility was $365.4 million (November 5, 2022 – $413.2 million) and Sobeys' has issued $56.5 million in letters of credit against the facility (November 5, 2022 – $69.2 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate or bankers' acceptance rates or Canadian Overnight Repo Rate Average.

Through the acquisition of Longo's on May 10, 2021, Sobeys' acquired their existing $75.0 million demand operating line of credit. On July 20, 2023, Longo's amended this line of credit agreement from $75.0 million to $100.0 million. As of November 4, 2023, the outstanding amount of the facility was $51.4 million (November 5, 2022 – $31.3 million). Interest payable on this facility fluctuates with changes in the Canadian prime rate.

The Company believes its cash and cash equivalents on hand as of November 4, 2023, together with approximately $357.6 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.

(1) "Led by central banks and regulators, there is a global initiative on interest rate benchmark reform to improve transparency of benchmark indices and ensure compliance with stringent international standards. On December 16, 2021, the Canadian Alternative Reference Rate working group ("CARR") recommended that the administrator, Refinitiv Benchmark Services (UK) Limited ("RBSL"), cease publication of Canadian Dollar Offered Rate (CDOR) settings, the benchmark interest rate for bankers' acceptances, immediately after June 28, 2024, using a transitional approach. On May 16, 2022, following public consultation, RBSL announced that it would cease the calculation and publication of all tenors of CDOR effective June 28, 2024, in line with CARR recommendations. On October 7, 2022, CARR announced the development of a Canadian Overnight Repo Rate Average ("CORRA") benchmark, called Term CORRA, that would be compliant with both the International Organization of Securities Commissions ("IOSCO") principles for financial benchmarks and Canadian benchmark regulations.

On September 5, 2023, Term CORRA reference rates were launched. As of November 1, 2023, new derivative contracts and securities that are not linked to CDOR exposures are required to use CORRA whereas loan agreements entered into before June 28, 2024, can use CORRA if the agreement permits, but are not required. The Company's amended and restated credit agreements for both Empire and Sobeys, dated November 3, 2022, included terms for using both CDOR and CORRA. The use of Term CORRA rates is not expected to result in a material difference in the Company's cost of borrowing under the Empire and Sobeys credit facilities versus CDOR.

Shareholders' Equity

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

Authorized	Number of Shares Nov. 4, 2023	Nov. 5, 2022
2002 Preferred shares, par value of $25 each, issuable in series	**991,980,000**	991,980,000
Non-Voting Class A shares, without par value	**739,579,149**	750,498,983
Class B common shares, without par value, voting	**122,400,000**	122,400,000

	Number of Shares		Share Capital	
Issued and outstanding ($ in millions)	**Nov. 4, 2023**	Nov. 5, 2022	**Nov. 4, 2023**	Nov. 5, 2022
Non-Voting Class A shares	**149,615,377**	160,486,539	**$ 1,842.6**	$ 1,971.2
Class B common shares	**98,138,079**	98,138,079	**7.3**	7.3
Shares held in trust	**(43,629)**	(11,327)	**(1.3)**	(0.2)
Total			**$ 1,848.6**	$ 1,978.3

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

	13 Weeks Ended	
(Number of shares)	**Nov. 4, 2023**	Nov. 5, 2022
Non-Voting Class A shares		
Issued and outstanding, beginning of period	**152,333,662**	162,781,815
Issued during period	**23,859**	7,517
Purchased for cancellation	**(2,742,144)**	(2,302,793)
Issued and outstanding, end of period	**149,615,377**	160,486,539
Shares held in trust, beginning of period	**(47,961)**	(39,211)
Issued for future settlement of equity settled plans	**4,385**	27,938
Purchased for future settlement of equity settled plans	**(53)**	(54)
Shares held in trust, end of period	**(43,629)**	(11,327)
Issued and outstanding, net of shares held in trust, end of period	**149,571,748**	160,475,212
Class B common shares		
Issued and outstanding, beginning and end of period	**98,138,079**	98,138,079

During the second quarter and year-to-date ended November 4, 2023, the Company paid common dividends of $45.8 million and $91.6 million, respectively, (November 5, 2022 – $42.7 million and $85.8 million) to its common shareholders. This represents a payment of $0.183 and $0.366 per share (November 5, 2022 – $0.165 and $0.330 per share) for common shareholders.

As at December 12, 2023 the Company had Non-Voting Class A and Class B common shares outstanding of 149,138,076 and 98,138,079, respectively. Options to acquire 4,471,226 Non-Voting Class A shares were outstanding as of November 4, 2023 (November 5, 2022 – 4,345,041). As at December 12, 2023, options to acquire 4,826,235 Non-Voting Class A shares were outstanding (December 13, 2022 – 4,461,270).

Normal Course Issuer Bid (“NCIB”)

On June 21, 2022, the Company renewed its NCIB by filing a notice of intention with the Toronto Stock Exchange (“TSX”) to purchase for cancellation up to 10,500,000 Non-Voting Class A shares (“Class A shares”) representing 7.0% of the 150,258,764 Class A shares outstanding. As at July 1, 2023, the Company purchased 10,500,000 (July 1, 2022 – 5,659,764) Class A shares under this filing at a weighted average price of $36.18 (July 1, 2022 – $39.11) for a total consideration of $379.9 million (July 1, 2022 - $221.3 million).

On June 21, 2023, the Company renewed its NCIB by filing a notice of intention with the TSX to purchase for cancellation up to 12,600,000 Class A shares representing approximately 9.0% of the public float of 139,497,542 Class A shares outstanding as of June 19, 2023. The Company intends to repurchase approximately $400.0 million of Class A shares in fiscal 2024.The purchases will be made through the facilities of the TSX and/or any alternative Canadian trading systems to the extent they are eligible. The price that the Company will pay for any such shares will be the market price at the time of acquisition. The Company believes that repurchasing shares at the prevailing market prices from time to time is a worthwhile use of funds and in the best interest of the Company and its shareholders. The NCIB expires on July 1, 2024. As of November 4, 2023, the Company purchased 3,305,547 Class A shares (November 5, 2022 – 2,885,713) under this filing at a weighted average price of $37.04 (November 5, 2022 - $37.52) for a total consideration of $122.5 million (November 5, 2022 - $108.3 million).

Shares purchased are shown in the table below:

	13 Weeks Ended		26 Weeks Ended	
($ in millions, except per share amounts)	**Nov. 4, 2023**	Nov. 5, 2022	**Nov. 4, 2023**	Nov. 5, 2022
Number of shares	**2,742,144**	2,302,793	**5,580,972**	4,106,040
Weighted average price per share	**$ 37.14**	$ 36.98	**$ 36.17**	$ 38.42
Cash consideration paid	**$ 101.9**	$ 85.1	**$ 201.9**	$ 157.7

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

Including purchases made subsequent to the end of the quarter, as at December 12, 2023 the Company has purchased 6,666,571 Class A shares in fiscal 2024 (December 13, 2022 – 4,423,140) at a weighted average price of $36.45 (December 13, 2022 – $38.20) for a total consideration of $243.0 million (December 13, 2022 – $169.0 million).

ACCOUNTING STANDARDS AND POLICIES

The unaudited interim condensed consolidated financial statements were prepared using the same accounting policies as disclosed in the Company's annual consolidated financial statements for the year ended May 6, 2023, with the exception of the following:

Changes to Accounting Standards Adopted During Fiscal 2024

Amendments to IAS 12 Income taxes ("IAS 12")
In May 2021, the IASB issued narrow-scope amendments to IAS 12. The amendments require deferred tax assets and liabilities to be recognized for transactions that result in both deductible and taxable temporary differences of the same amount at initial recognition. These amendments became effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. There was no impact on the Company's unaudited interim condensed consolidated financial statements.

Amendments to IAS 1 Presentation of financial statements ("IAS 1")
In February 2021, the IASB issued narrow-scope amendments to IAS 1. The amendments require disclosure of 'material' accounting policy information rather than 'significant' accounting policies and provides clarity on how to determine if accounting policy information is material. These amendments became effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The adoption of these amendments did not have a material impact on the Company's unaudited interim condensed consolidated financial statements.

Standards, Amendments and Interpretations Issued but not yet Adopted

Amendments to IAS 1 Presentation of financial statements
In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify that covenants to be complied with after the reporting date for an entity's right to defer settlement of a liability does not affect the classification of the liability as current or non-current at the reporting date. These narrow-scope amendments aim to improve information an entity provides with regards to the covenants through additional disclosures. These amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is currently assessing the potential impact of these amendments.

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current (Amendments to IAS 1). The narrow-scope amendment affects only the presentation of liabilities on the balance sheet and not the amount or timing of recognition. Specifically, it clarifies:

- classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- that "settlement" refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

These amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company is currently assessing the potential impact of these amendments.

Amendments to IFRS 16 Leases ("IFRS 16")
In September 2022, the IASB issued narrow-scope amendments to IFRS 16. These amendments clarify how a seller-lessee subsequently measures the lease liability that arises from a sale and leaseback transaction, the seller-lessee determines "lease payments" and "revised lease payments" in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. These amendments only apply to sale and leaseback transactions for which the lease payments include variable lease payments that do not depend on an index or a rate. The amendment is effective for annual reporting periods beginning on or after January 1, 2024 with early adoption permitted. The Company expects no material impact from these amendments.

Critical Accounting Estimates

Critical accounting estimates used by the Company's management are discussed in detail in the fiscal 2023 annual MD&A.

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 November 4, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

RELATED PARTY TRANSACTIONS

The Company enters into related party transactions with Crombie REIT and key management personnel, including ongoing leases and property management agreements. As at November 4, 2023, the Company holds a 41.5% (November 5, 2022 – 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 November 4, 2023, Sobeys, through wholly-owned subsidiaries, engaged in lease modification transactions with Crombie REIT. The lease modifications give Crombie REIT the right to terminate leases on certain properties for redevelopment in the future. These transactions resulted in pre-tax gains of $34.3 million and have been recognized in other income on the unaudited interim condensed consolidated statements of earnings.

During the quarter ended August 5, 2023, Sobeys entered into an agreement with Crombie REIT to reassign certain subleases with third parties directly to Crombie REIT in exchange for a fee. This transaction resulted in pre-tax income of $16.4 million and has been recognized in other income on the unaudited interim condensed consolidated statement of earnings.

CONTINGENCIES

The Company is subject to claims and litigation arising out of the ordinary course of business operations. The Company's management does not consider the exposure to such litigation to be material.

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. While the Company believes that its tax filing positions are appropriate and supportable, from time to time certain matters are reviewed and challenged by the tax authorities.

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 2023 annual MD&A.

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 CRA, included the appropriate language on its website to designate the dividends paid by Empire as eligible dividends unless otherwise designated.

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 adjusts measures and metrics, including operating income, EBITDA and net earnings in an effort to provide management, 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.

Financial Measures

The intent of non-GAAP financial measures is to provide additional useful information to management, 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 Western Canada Fuel Sale adjustment includes the impact of the gain on sale which is comprised of the purchase price less the write off of tangible assets and goodwill, legal and professional fees as well as lease termination impacts.

- The Cybersecurity Event adjustment includes the impact of incremental direct costs such as inventory shrink, hardware and software restoration costs, legal and professional fees, labour costs and insurance recoveries. Management believes that the Cybersecurity Event adjustment results in a useful economic representation of the underlying business on a comparative basis. The adjustment does not include management's estimate of the full financial impact of the Cybersecurity Event, as it excludes the net earnings impacts related to the estimated decline in sales and operational effectiveness from impacts such as the temporary loss of advanced planning, promotion and fresh item management tools, the temporary closure of pharmacies, and customers' temporary inability to redeem gift cards and loyalty points.

- The Restructuring adjustment includes costs incurred to plan and implement strategies to optimize the organization and improve efficiencies, including professional fees and severance.

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

- Adjusted operating income is operating income excluding certain items to assist in analyzing trends in performance. These items are excluded to allow for useful 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. Management believes EBITDA represents a supplementary metric to assess profitability and measure the Company's underlying ability to generate liquidity through operating cash flows.

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

	13 Weeks Ended					
	November 4, 2023			November 5, 2022		
($ in millions)	**Food retailing**	**Investment and other operations**	**Total**	Food retailing	Investment and other operations	Total
Net earnings	**$ 181.9**	**$ 6.8**	**$ 188.7**	$ 168.9	$ 31.8	$ 200.7
Income tax expense	**52.0**	**2.2**	**54.2**	59.1	9.1	68.2
Finance costs, net	**67.7**	**1.8**	**69.5**	64.4	0.6	65.0
Operating income	**301.6**	**10.8**	**312.4**	292.4	41.5	333.9
Depreciation	**238.1**	**0.2**	**238.3**	224.3	0.2	224.5
Amortization of intangibles	**29.7**	**-**	**29.7**	25.8	-	25.8
EBITDA	**$ 569.4**	**$ 11.0**	**$ 580.4**	$ 542.5	$ 41.7	$ 584.2

	26 Weeks Ended					
	November 4, 2023			November 5, 2022		
($ in millions)	**Food retailing**	**Investment and other operations**	**Total**	Food retailing	Investment and other operations	Total
Net earnings	**$ 472.8**	**$ (3.3)**	**$ 469.5**	$ 368.0	$ 41.0	$ 409.0
Income tax expense	**142.7**	**18.2**	**160.9**	127.2	12.8	140.0
Finance costs, net	**135.2**	**3.3**	**138.5**	128.1	0.9	129.0
Operating income	**750.7**	**18.2**	**768.9**	623.3	54.7	678.0
Depreciation	**473.7**	**0.4**	**474.1**	449.1	0.3	449.4
Amortization of intangibles	**60.4**	**-**	**60.4**	50.8	-	50.8
EBITDA	**$ 1,284.8**	**$ 18.6**	**$ 1,303.4**	$ 1,123.2	$ 55.0	$ 1,178.2

- Adjusted EBITDA is EBITDA excluding certain items to assist in analyzing trends in performance. These items are excluded to allow for useful 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.

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

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

	13 Weeks Ended		26 Weeks Ended	
($ in millions)	**Nov. 4, 2023**	Nov. 5, 2022	**Nov. 4, 2023**	Nov. 5, 2022
Finance costs, net	**$ 69.5**	$ 65.0	**$ 138.5**	$ 129.0
Plus: finance income, excluding interest income on lease receivables	**1.6**	1.1	**2.8**	2.4
Less: pension finance costs, net	**(1.9)**	(2.3)	**(3.8)**	(4.0)
Less: accretion expense on provisions	**(0.2)**	(0.3)	**(0.4)**	(0.7)
Interest expense	**$ 69.0**	$ 63.5	**$ 137.1**	$ 126.7

- Adjusted net earnings is net earnings, net of non-controlling interest, excluding certain items to assist in analyzing trends in performance. These items are excluded to allow for useful 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.

- Funded debt is all interest-bearing debt, which includes bank loans, bankers' acceptances, long-term debt and long-term 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 as reported on the balance sheets:

($ in millions)		**Nov. 4, 2023**		May 6, 2023		Nov. 5, 2022
Long-term debt due within one year	**$**	**109.5**	$	101.0	$	532.3
Long-term debt		**983.4**		911.3		588.6
Lease liabilities due within one year		**581.9**		563.7		543.7
Long-term lease liabilities		**5,506.9**		5,620.9		5,711.7
Funded debt	**$**	**7,181.7**	$	7,196.9	$	7,376.3
Total shareholders' equity, net of non-controlling interest		**5,367.4**		5,200.4		5,161.5
Total capital	**$**	**12,549.1**	$	12,397.3	$	12,537.8

Food Retailing Segment Adjustments Reconciliation

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

	13 Weeks Ended				$	26 Weeks Ended				$
($ in millions)	**Nov. 4, 2023**		Nov. 5, 2022		Change	**Nov. 4, 2023**		Nov. 5, 2022		Change
Operating income	**$**	**301.6**	$	292.4	$ 9.2	**$**	**750.7**	$ 623.3	$	127.4
Adjustments:										
Western Canada Fuel Sale		**-**		-	-		**(90.8)**	-		(90.8)
Cybersecurity Event		**(20.6)**		-	(20.6)		**(21.1)**	-		(21.1)
Restructuring		**16.8**		-	16.8		**26.5**	-		26.5
Adjusted operating income	**$**	**297.8**	$	292.4	$ 5.4	**$**	**665.3**	$ 623.3	$	42.0

	13 Weeks Ended				$	26 Weeks Ended				$
($ in millions)	**Nov. 4, 2023**		Nov. 5, 2022		Change	**Nov. 4, 2023**		Nov. 5, 2022		Change
EBITDA	**$**	**569.4**	$	542.5	$ 26.9	**$**	**1,284.8**	$ 1,123.2	$	161.6
Adjustments:										
Western Canada Fuel Sale		**-**		-	-		**(90.8)**	-		(90.8)
Cybersecurity Event		**(20.6)**		-	(20.6)		**(21.1)**	-		(21.1)
Restructuring		**16.8**		-	16.8		**26.5**	-		26.5
Adjusted EBITDA	**$**	**565.6**	$	542.5	$ 23.1	**$**	**1,199.4**	$ 1,123.2	$	76.2

	13 Weeks Ended				$	26 Weeks Ended				$
($ in millions)	**Nov. 4, 2023**		Nov. 5, 2022		Change	**Nov. 4, 2023**		Nov. 5, 2022		Change
Net earnings	**$**	**174.3**	$	158.0	$ 16.3	**$**	**445.4**	$ 336.3	$	109.1
Adjustments:										
Western Canada Fuel Sale		**-**		-	-		**(71.5)**	-		(71.5)
Cybersecurity Event		**(15.2)**		-	(15.2)		**(15.6)**	-		(15.6)
Restructuring		**12.4**		-	12.4		**19.5**	-		19.5
Adjusted net earnings	**$**	**171.5**	$	158.0	$ 13.5	**$**	**377.8**	$ 336.3	$	41.5

Quarterly Results of Operations Adjustments Reconciliation

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

	Fiscal 2024	Fiscal 2023				Fiscal 2022		
(in millions)	**Q2 (13 Weeks) Nov. 4, 2023**	Q1 (13 Weeks) Aug. 5, 2023	Q4 (13 Weeks) May 6, 2023	Q3 (13 Weeks) Feb. 4, 2023	Q2 (13 Weeks) Nov. 5, 2022	Q1 (13 Weeks) Aug. 6, 2022	Q4 (14 Weeks) May 7, 2022	Q3 (13 Weeks) Jan. 29, 2022
Operating income	**$ 312.4**	$ 456.5	$ 321.6	$ 232.8	$ 333.9	$ 344.1	$ 333.6	$ 354.8
Adjustments:								
Western Canada Fuel Sale	**-**	(90.8)	-	-	-	-	-	-
Cybersecurity Event	**(20.6)**	(0.5)	(6.8)	52.6	-	-	-	-
Restructuring	**16.8**	9.7	-	-	-	-	-	-
Grocery Gateway Integration	**-**	-	13.3	-	-	-	-	-
Adjusted operating income	**$ 308.6**	$ 374.9	$ 328.1	$ 285.4	$ 333.9	$ 344.1	$ 333.6	$ 354.8
Operating income	**$ 312.4**	$ 456.5	$ 321.6	$ 232.8	$ 333.9	$ 344.1	$ 333.6	$ 354.8
Depreciation	**238.3**	235.8	237.0	229.6	224.5	224.9	227.8	215.4
Amortization of intangibles	**29.7**	30.7	33.7	30.1	25.8	25.0	24.8	27.3
EBITDA	**$ 580.4**	$ 723.0	$ 592.3	$ 492.5	$ 584.2	$ 594.0	$ 586.2	$ 597.5
Adjustments:								
Western Canada Fuel Sale	**-**	(90.8)	-	-	-	-	-	-
Cybersecurity Event	**(20.6)**	(0.5)	(6.8)	52.6	-	-	-	-
Restructuring	**16.8**	9.7	-	-	-	-	-	-
Grocery Gateway Integration	**-**	-	13.3	-	-	-	-	-
Adjusted EBITDA	**$ 576.6**	$ 641.4	$ 598.8	$ 545.1	$ 584.2	$ 594.0	$ 586.2	$ 597.5
Net earnings	**$ 181.1**	$ 261.0	$ 182.9	$ 125.7	$ 189.9	$ 187.5	$ 178.5	$ 203.4
Adjustments:								
Western Canada Fuel Sale	**-**	(71.5)	-	-	-	-	-	-
Cybersecurity Event	**(15.2)**	(0.4)	(5.0)	39.1	-	-	-	-
Restructuring	**12.4**	7.1	-	-	-	-	-	-
Grocery Gateway Integration	**-**	-	7.0	-	-	-	-	-
Adjusted net earnings	**$ 178.3**	$ 196.2	$ 184.9	$ 164.8	$ 189.9	$ 187.5	$ 178.5	$ 203.4

Financial Metrics

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

- Same-store sales are sales from stores in the same location in both reporting periods. Management believes same-store sales represents a supplementary metric to assess sales trends as it removes the effect of the opening and closure of stores.
- Same-store sales, excluding fuel are sales from stores in the same location in both reporting periods excluding the fuel sales from stores in the same location in both reporting periods. Management believes same-store sales, excluding fuel represents a supplementary metric to assess sales trends as it removes the effect of the opening and closure of stores and the volatility of fuel prices.
- 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, except per share information)		**November 4, 2023**		May 6, 2023		November 5, 2022
Shareholders' equity, net of non-controlling interest	**$**	**5,367.4**	$	5,200.4	$	5,161.5
Shares outstanding (basic)		**249.3**		258.8		260.1
Book value per common share	**$**	**21.53**	$	20.09	$	19.84

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: December 13, 2023
Stellarton, Nova Scotia, Canada