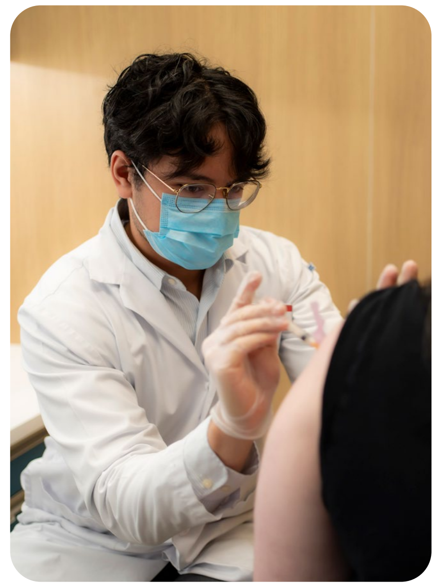
Live Life Well®



Loblaw Companies Limited

2024 Annual Report

$2.2 billion

Invested back into the Canadian economy, improving access to more affordable food and healthcare services

25%

Average savings by switching from comparable brand to no name®

$1 billion +

Value of PC Optimum™ points redeemed by customers

17 million +

Active PC Optimum™ members

3 million +

Prescribing services provided by our pharmacists

150 +

Pharmacist-led clinics in operation

60 +

New or converted hard discount stores

500 +

Carbon reduction projects completed

$3.9 billion

E-commerce revenue for the year

60%

PC Express™ delivery coverage across the country

90% +

Compliance achieved to our 2025 target for tackling plastic waste

Helping Canadians *Live Life Well®*

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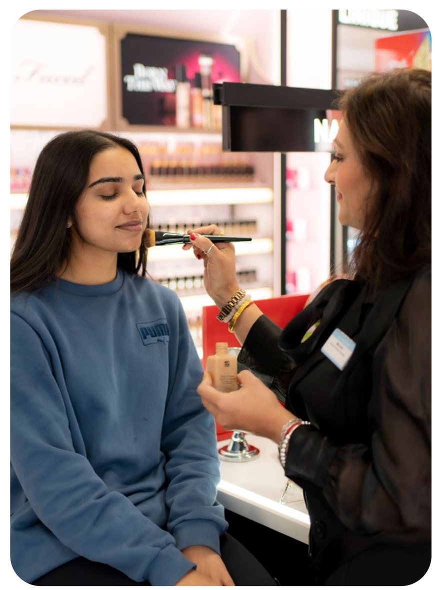
Prioritizing value in everything we do

In 2024, our focus as an organization was clear – deliver value, in as many ways as possible, to customers in all corners of the country. With this mandate driving our decision-making, we came through for Canadians in a myriad of ways. Dozens of new hard discount stores, more than $1 billion in PC Optimum™ point awards and redemptions, refined pricing strategies, never-before-seen promotional campaigns, creative solutions to food waste challenges, and more – these are just some of the strategies we leveraged in the pursuit of our goals. In turn, our customers rewarded us with their loyalty and trust, week after week.

All this was made possible thanks to the hard work and passion of our 220,000 colleagues and employees, who each play an indispensable role in delivering value to our customers. To each and every one of you, who together make our purpose – helping Canadians *Live Life Well®* – a reality, we express our sincere thanks and appreciation.



Our Stores, Our People, Our Strategy

Our commitment to helping Canadians *Live Life Well®* factors into how we operate our stores, pharmacies and clinics day-to-day, how we deliver on our long-term organizational strategy, and how we unlock value for customers in new and unique ways.

Our strategy keeps us intently focused on the realities of today, the opportunities of tomorrow, and the needs and expectations of consumers decades from now. Our efforts are underpinned by a solid foundation – an energetic base of people working in great stores, pharmacies and clinics that operate efficiently and effectively. From there, we layer on value – everyday digital retail solutions, meaningful payment options, and outstanding loyalty offerings. Increasingly we are connecting Canadians to healthcare solutions, both in our stores and online.

Retail Excellence

Through disciplined execution within our core retail operations, and by leveraging our scale and strategic assets, we are able to grow sales, optimize gross margins, and reduce operating costs – all while captivating and engaging customers. This requires promotional effectiveness, personalized value, quality service, and continued network investment and optimization to not only meet customer needs but deliver consistent results.

Driving Business Growth

We continue to invest in three targeted growth areas to further differentiate our portfolio of assets and generate competitive advantage: Loblaw Digital, Loblaw Advance™, and PC Optimum™.

Investing for the Future

Capital investments in the modernization and automation of our supply chain, the expansion of our retail network, and the evolution of our Connected Healthcare strategy are all examples of Loblaw investing for long-term success.

Environment, Social and Governance ("ESG")

We have a number of commitments within our two ESG priorities – fighting climate change and advancing social equity – that guide our support for the communities we serve.

Fighting climate change for us means working to help mitigate the environmental causes and effects of climate change through measures such as: reducing CO_2 emissions, reaching our net-zero targets, ensuring packaging compliance in accordance with the Golden Design Rules, and eliminating food waste[1]. Advancing social equity means building a diverse and inclusive workforce and supporting the health and well-being of women and children.

Colleagues, Culture and CORE Values

An engaged and collaborative workforce is key to our success, which is why we welcome authenticity, encourage strong connections, value trust, and make daily decisions with our CORE values – Care, Ownership, Respect, Excellence – top of mind.

[1] Plan development and processes utilized to measure progress against our targets leverage and are in accordance with internationally recognized methodology including as set out in the Paris Agreement, which aims to limit global temperature rise to 1.5 degrees Celsius.

Beth's prescription refills made easier with PC Health™

Beth Fournier, Senior Director of Finance, quickly became a fan of the PC Health™ app after discovering its convenience for managing prescriptions. The app allows users to manage both personal and family prescriptions, book appointments with healthcare providers, earn PC Optimum™ points for staying active, and even chat with pharmacists. Beth was particularly impressed by the auto-refill feature, which automatically triggers prescription refills and notifies her when they're ready for pickup. With over 1.1 million Canadians having activated a PC Health™ account, we are revolutionizing healthcare management, offering a hassle-free way to manage prescriptions and access healthcare advice.

Seeing the ability, not the disability

Jasmine Calabretta's story highlights the importance of inclusive hiring practices for Loblaw. After job hunting challenges, including filling out online applications where her personality couldn't shine through, Jasmine found a welcoming, supportive environment at Joe Fresh®, where her skills and potential were truly seen and valued. Jasmine's experience emphasizes that employers should truly focus on a candidate's abilities, not disabilities. Individuals with disabilities such as Down Syndrome, in Jasmine's case, have a lot to offer and are capable of so much more than society often assumes. For Loblaw, fostering a diverse and inclusive workforce enhances team dynamics, promotes community involvement, and strengthens the company's commitment to opportunity for all.

Financial Highlights

+1.5%

FOOD RETAIL SAME STORE SALES

+2.4%

DRUG RETAIL SAME STORE SALES

-1.3%

FRONT OF STORE

+6.3%

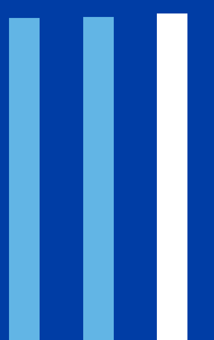
PHARMACY AND HEALTH SERVICES

+2.5%

REVENUE
($ millions)

31.3%

RETAIL SEGMENT GROSS PROFIT MARGIN[1]

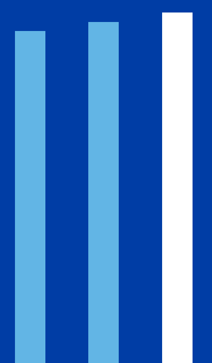


+5.7%

CONSOLIDATED ADJUSTED EBITDA[1]
($ millions)

11.5%

CONSOLIDATED ADJUSTED EBITDA MARGIN[1]

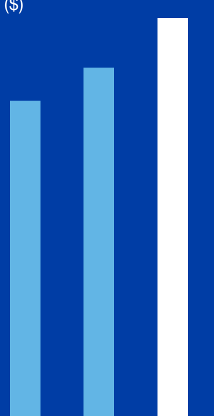


+10.3%

ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1]
($)

+13.9%

DIVIDEND DECLARED PER COMMON SHARE
($)



[1] See the Non-GAAP and Other Financial Measures section of the 2024 Annual Report Financial Review

President and CEO's Message

Per Bank
President and Chief Executive Officer
Loblaw Companies Limited

Dear Shareholders,

In a year marked by pronounced cost of living challenges and economic uncertainty, our mandate was clear: deliver value to Canadian consumers. This had us focused on building new stores, enhancing our approach to pricing and promotions, broadening our assortment, refining our customer experience, and much more.

I'm proud of what we achieved in 2024, as we pursued these goals.

We grew our overall square footage by greatly expanding our store network in both hard discount and pharmacy. We opened or converted more than 60 new Maxi® and No Frills® stores, including 13 small format locations. To help increase access to healthcare, we now operate more than 150 pharmacy care clinics, including 21 new Shoppers Drug Mart® locations opened in 2024. We also opened four new T&T® Supermarkets, including the banner's first ever location in the United States.

Inside all of our stores, value was on display in a myriad of ways. We introduced the Hit of the Month promotional program, brought national brands into our apparel departments for the first time ever, refined our multicultural assortment strategy, lowered prices on hundreds of everyday essentials in Shoppers Drug Mart®, and our Marvel and Cookware programs delighted customers while rewarding regular visits. Several of our Real Canadian Superstore® locations introduced exciting improvements to the non-food section of the store that have created a blueprint for us to follow moving forward. And as always, our control brand portfolio – featuring iconic President's Choice®, no name® and Life Brand™ products – were staples of consumer baskets.

Our customers once again redeemed over $1 billion in PC Optimum™ points in the year, and we continued to refine the personalization that sits at the heart of the program to better meet customer needs. We also added new digital features and experimented with gamification in fun ways. The Swap & Save feature on PC Express™ is a great example of how we used digital tools to showcase savings for customers. Loyalty was further supported by our suite of PC® Financial products, which now includes the PC® Insiders World Elite Mastercard®, and the new PC Money™ Account, with a savings account at an unbeatable interest rate.

Combined, these efforts helped us deliver solid financial results. We achieved same store sales growth of +1.5 per cent in food retail and +2.4 per cent in drug retail, with revenue of $61 billion, growing +2.5 per cent. Consolidated adjusted EBITDA was $7 billion, or +5.7 per cent. Adjusted diluted net earnings per share were $8.55 or +10.3 per cent. For the full-year, we generated $1.5 billion in free cash flow in our Retail business and continued to return capital to shareholders by increasing our dividend declared per common share by 13.9 per cent and by repurchasing $1.8 billion shares under a common share repurchase program. We also re-invested $2.2 billion in capital in 2024.

Looking ahead, our distinctive banners remain committed to delivering value to their customers, whether defined as quality, assortment, price, service, or some combination thereof. We have a measured financial framework to guide our performance, a strategy rooted in Retail Excellence, and 220,000 passionate colleagues and employees standing ready and willing to serve our customers – in short, everything we need to maintain our solid performance in the year ahead.

Per Bank
President and Chief Executive Officer
Loblaw Companies Limited

Galen G. Weston
Chairman
Loblaw Companies Limited

Chairman's Message

Dear Shareholders,

As your Chairman, governance and oversight that represent both investors and our other stakeholders remain a constant focus as we live up to the high expectations set for our enterprise. Those include predictable financial returns, doing business responsibly, and a commitment to creating prosperity in the communities we serve. That is why everything Loblaw does begins with its purpose of helping Canadians *Live Life Well®*.

In 2024, we were pleased to see the business achieve so much in pursuit of that purpose. And, during his first full year as President and CEO, Per Bank, along with the Company's Management Board and their teams, balanced the delivery of their annual plan while also making large strides in support of Loblaw's long-term strategic objectives.

This comes through in the pages that follow as the Company presents its consolidated financial results for 2024. Throughout, there is evidence of Loblaw's commitment to value, efficiency, and retail excellence – all essential to effectively operate a network of over 2,800 stores, pharmacies, clinics, distribution centres, and store support offices. With a deliberate focus on lowering its cost to serve, the Company delivered its financial plan, while providing even more value to consumers amidst some of the toughest economic conditions in recent memory. In short, the strength of Loblaw's core is driving its short-, medium-, and long-term success.

That success is directly linked to the prosperity of the customers we serve. That's why Loblaw invested over $2 billion into the Canadian economy in 2024, improving its store network while creating more than 7,500 new jobs as one of the nation's largest private employers. And it's why we continue to invest in our journey towards net-zero, tackling plastic waste, and sending less food waste to landfill, all to make us more resilient when facing the pressure that climate change is putting on our food systems.

At the same time, 150 pharmacy clinics are now making care more accessible in communities that need it. And, we are supporting the health and well-being of women and children through the Shoppers Foundation for Women's Health™, and by feeding more than 997,000 kids through the President's Choice Children's Charity.

The Company's 220,000 colleagues and employees feel enormous pride in these efforts, and as we work to be the country's most diverse and inclusive employer, they are increasingly representative and part of the communities they're serving every day.

As we carry our current momentum into 2025, Loblaw's pursuit of helping Canadians *Live Life Well®* reflects a belief that our future depends on the prosperity of our country, while also contributing towards it, just like we've done for more than a hundred years.

Galen G. Weston
Chairman
Loblaw Companies Limited

Environmental, Social and Governance

Our purpose-led approach strongly influences our Environmental, Social and Governance priorities, guiding us as we work to fight climate change and advance social equity.

997,000 +

Number of kids reached through President's Choice Children's Charity

Carbon Net-Zero

- Completed more than 500 carbon reduction projects[1].
- Achieved a 16% reduction of Scope 1 and Scope 2 emissions relative to the 2020 baseline.

Tackling Plastic Waste

- Achieved 90%+ compliance to our 2025 target for tackling plastic waste[2].

Eliminating Food Waste Sent to Landfill by 2030

- Loblaw customers saved $50 million on groceries using the Flashfood app in 2024.
- Diverted more than 82,500 metric tonnes of food waste from landfill.
- 100% of our corporate and franchise food stores and eligible associate-owned Shoppers Drug Mart® stores reduced their food waste sent to landfill by actively donating to food recovery programs.

Be Canada's Most Diverse and Inclusive Employer

- Exceeded our 2024 representation goals with the exception of women in executive positions and members of visible minorities in the Board of Directors which were within reach of the goals at year end.
- Trained 198,000 colleagues and employees nationally on fundamental Diversity, Equity and Inclusion topics.

Support the Health and Well-Being of Children and Women

- Raised and donated more than $212 million to support research, charities and non-profits across Canada.
- Donated more than 120 million pounds of food to food charities across Canada, in support of Feed More Families™ since the launch of the program in 2022.
- Cumulatively since 2022, the Shoppers Foundation for Women's Health™ has provided more than $34 million in support of initiatives that improve women's access to care.
- Helped President's Choice Children's Charity to reach more than 997,000 kids as part of their mission to tackle childhood hunger.

To demonstrate our commitment to future alignment with the International Sustainability Standards Board ("ISSB"), and to provide more timely and relevant information to our stakeholders, we are pleased to provide an early release of priority 2024 ESG disclosures at loblaw.ca/en/responsibility.

[1] Relates to the following activities: store refrigerant conversions, store lighting upgrades, franchise store recommissioning for efficiencies and calibrations of systems, automated refrigerant leak detection, DC retrofits including lighting and refrigeration, and fleet electrification. A project is defined at the individual site or fleet vehicle level.

[2] Compliance is relative to the in-scope Consumer Goods Forum's Golden Design Rules for control brand and in-store plastic packaging.

Quo Beauty celebrated on a global stage

Sustainability is one of the focus areas and important strategic initiatives for our organization. Quo Beauty has made a significant mark in the beauty industry by combining trendiness with sustainability, winning multiple accolades at the 2024 Global Green Beauty Awards. Competing against 650 entries worldwide, Quo Beauty won the Editor's Choice for its Eco Chic Brush Set and received bronze awards for Best Vegan Lip Oil (Shimmer Lip Oil) and Best Vegan Blush (Quo Beauty Blush). The brand also earned high commendations for products like the Duo Contour Stick, Unisex Tinted Hydrator, and pH Adjusting Lip Oil. The highlight of the year was winning the silver award for Best Cruelty-Free Beauty Brand, acknowledging our brand commitment to sustainability and cruelty-free practices.

Stacey diverts food waste and saves customers money

Stacey Ulmer, Store Manager at the Real Canadian Superstore® in Medicine Hat, Alberta, has played a key role in implementing the Flashfood program, aimed at reducing food waste. Flashfood allows customers to purchase fresh food at up to 50% off through an app, helping divert food waste while providing savings. Under Stacey's leadership, the store has become the top Flashfood location in Canada, saving customers over $450,000 and diverting over 142,000 pounds of potential food waste. Loblaw's goal is to send zero food waste to landfill by 2030, and Flashfood has contributed to saving more than $50 million for customers across Canada, with over 18 million pounds of food waste diverted in 2024. Stacey highlights that the program benefits a wide range of people, from young individuals to families and seniors, making it a vital community resource.

Our Divisions

We operate more than 2,800 stores, pharmacies and clinics across Canada, employing directly, or through our franchisees and associates, approximately 220,000 Canadians in full-time and part-time positions. With 90% of Canadians living within 10 kilometres of one of our stores, we are immersed in the communities we serve, and welcome the opportunity to deliver value to our customers, ultimately helping them lead better and healthier lives.

1 Billion +

Customer transactions annually across grocery, pharmacy and financial services

SUPER MARKET

Passionate about food and about creating exceptional customer experiences, our **Super Market** division operates a variety of banners – including Loblaws®, Loblaw City Market®, Your Independent Grocer®, Real Atlantic Superstore®, Zehrs®, Provigo®, Provigo Le Marché®, Real Canadian Superstore®, Real Canadian Wholesale Club®, Real Canadian Liquorstore™, Fortinos® and T&T® stores – and ultimately helps Canadians bring the best to their tables.

HARD DISCOUNT

Our **Hard Discount** division, which includes No Frills® and Maxi®, proudly offers Canadians easy and affordable access to life's necessities. With a diligent focus on value and a strong range of products and assortment that flexes based on the needs and expectations of local demographics, our hard discount stores exist to help Feed Everyone.

JOE FRESH

Joe Fresh® provides uniquely accessible shopping to Canadians, mixing modern designs with incredible value. With collections for women, men and children, shopping is made more convenient and cost-effective for the entire family. Joe Fresh® is also proud to offer extended sizes with select women's styles ranging from XS to 3X.

SHOPPERS DRUG MART

With more than 1,350 associate-owned locations, **Shoppers Drug Mart**® is Canada's leading pharmacy retailer, delivering care and wellness to millions of Canadians weekly – in-store and virtually. We operate luxury beauty retail outlets, a specialty drug distribution network, pharmacy services for long-term care and retirement communities, a generic drug manufacturer, a unique health app, and an electronic medical records platform. We also own Canada's leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health, and other ancillary rehabilitation services.

PC financial®

PC Financial® provides unprecedented value to customers, simplifying financial products to help Canadians *Live Life Well*®. Through the PC® Mastercard® and the PC Money™ Account, more than 2.5 million cardholders have earned millions in PC Optimum™ points to redeem for beauty, groceries, gas, apparel, and more. In 2024 we expanded our portfolio, launching a savings feature for our PC Money™ Account, offering our best everyday interest rate on savings balances. With our Services business, we meet the needs of Canadians through The Mobile Shop™, The Gift of Choice, and PC® Insurance.

Changing the way Canadians access care

Pharmacists have become an increasingly significant part of Canada's healthcare delivery system. With the ability to treat a variety of concerns - from immunizations, to pink eye, to urinary tract infections and more - pharmacists can now provide Canadians with access to care outside of regular doctor hours, including on weekends. With this in mind, Shoppers Drug Mart® has launched a network of more than 150 pharmacy care clinics across Canada, making a real difference in the lives of Canadians and transforming pharmacy care by offering more personalized services in redesigned spaces. These clinics feature private rooms, child friendly areas, and care concierges to improve patient comfort and experience. Even in areas without these clinics, pharmacists can still assess and prescribe treatments within the standard pharmacy setting.

Embarking on an unforgettable right-hand side journey

Several Real Canadian Superstore® locations have undergone a major makeover, focusing on the "right-hand side" of select locations across Canada, which includes departments like home and entertainment, health and beauty, and more. Through the refresh, we implemented new signage for easier navigation, interactive displays including LEGO benches and photo opportunities, a candy station, a dedicated kids' corner with stationery, craft materials, and party essentials, bold new designs to enhance the shopping experience and an expanded pet section featuring a broader selection of products. Though these changes are currently in a few locations, we plan to roll out the new experience to more areas, aiming to create a more exciting and memorable shopping adventure for our customers.

Our Leading Assets

We deliver on our purpose – to help Canadians *Live Life Well*® – through an exceptional internal infrastructure, a unique and customer-centric culture, and a clear set of expectations for colleagues at all levels of the organization.

Brands

Our control brands – including President's Choice®, no name®, Farmer's Market™ and Life Brand™ – positively impact the lives of consumers each day, with popular products that consistently push the boundaries of what is possible to elevate the life experiences of Canadians.

PC Optimum™

With over 17 million active annual members, PC Optimum™ is unique in its reach and customer engagement. The program is continually refined and enhanced to provide our customers with greater value and the personalization they seek.

Technology and Analytics

Loblaw Technology and Analytics ("LTA") department enables critical enterprise business processes by providing infrastructure and technology solutions and data and analytics products that power customer and patient engagement. In LTA we help Canadians to *Live Life Well*® by connecting them with grocery, healthcare, and financial products and services through our technology and data in a relevant, meaningful, seamless, responsible, and secure manner.

Supply Chain

As one of the largest supply chain networks in North America, we are committed to efficiency, responsiveness, and serving the evolving needs of our stores and customers. Continually adopting new technology, embracing automation, and refining our processes allows us to increase our capacity, source with integrity, and reliably serve Canadians across the country.

Compliance and Ethical Conduct

Loblaw is committed to conduct business ethically, honestly and in compliance with the law. We ensure our colleagues and employees understand and follow regulatory and legal obligations through clear policies, continuous training, and regular communication. We empower colleagues and vendors to report unethical or non-compliant behaviour using the Integrity Action Line ("IAL"), and we take action while prohibiting retaliation against those who report in good faith. Our approach creates a culture where colleagues/employees and vendors conduct themselves ethically and remain compliant with applicable rules and regulations.

3

Of the country's top ten brands – President's Choice®, no name® and Farmer's Market™

Passion, spice and everything nice

Randy Kangal, inspired by his family's Caribbean restaurant, founded Randy's Roti in 2011, starting as a food truck in Toronto. After six successful years operating as a food truck, Randy opened a restaurant in 2017, becoming a popular spot for West Indian cuisine in the Greater Toronto Area. When the COVID-19 pandemic hit in 2020, Randy sought new ways to adapt, leading him to an opportunity through Loblaw's partnership with the Black Business and Professional Association (BBPA). Randy took part in an interactive session at Loblaw's head office where colleagues could sample his products and offer ideas. This was Randy's stepping stone into the world of product development and becoming part of the Loblaw Small Supplier Program. His ready-to-eat meals are now available at No Frills® stores throughout Ontario and he's always planning new exciting product launches.

A place to gather

The Gathering Place in Nackawic, New Brunswick, was created to address a gap in the community – a place where seniors could connect and build a sense of belonging. The idea came from J-Lynn and John Jensen, owners of the local Your Independent Grocer, who recognized that seniors were looking for more than just shopping – they needed a social space. The Jensens launched the project in December 2022, transforming a space into a fully functioning centre in just three weeks. Donations from local businesses, professionals, and residents provided furniture, services, and resources to bring the vision to life. The Gathering Place quickly became a vital part of the community, offering daily activities and programs like the Wheels 2 Wellness transport service, as well as social events such as bowling, cribbage, and ukulele sessions. The centre has become a lifeline for many, and it now operates seven days a week and serves 30-50 visitors daily. Through collaboration and determination, the Jensens have created a lasting community asset that continues to have a profound impact on Nackawic's seniors and the broader community.

Corporate Governance Practices

The Board of Directors and senior executives of Loblaw Companies Limited are committed to strong corporate governance practices as a foundation to the effective management of the Company and its achievement of strategic, financial, and operational objectives.

The Governance Committee regularly reviews the Company's corporate governance practices to ensure they reflect evolving best practices in a rapidly changing environment. The Company's website, **loblaw.ca**, includes additional governance information, including the Company's Code of Conduct (the "Code"), Disclosure Policy, Majority Voting Policy, position descriptions for the Chairman, President and Chief Executive Officer, and its committee chairs, as well as mandates of the Board of Directors (the "Board") and its committees.

Director Independence

The Canadian Securities Administrators' Corporate Governance Guidelines provide that a director is independent if he or she has no material relationship with the Company or its affiliates that could reasonably be expected to interfere with the exercise of the director's independent judgement. Approximately 84% (11/13) of the directors on the Board are independent. The independent directors meet separately following each Board meeting. Information relating to each of the directors, including their independence, committee memberships, other public company boards on which they serve as well as their attendance record for all Board and committee meetings, can be found in the Company's Management Proxy Circular.

Board Leadership

Galen G. Weston is the Chairman of the Board. The Chairman directs the operations of the Board. He chairs each meeting of the Board, is responsible for the management and effective functioning of the Board generally and provides leadership to the Board in all matters. These and other key responsibilities of the Chairman are set out in a position description established by the Board.

The Board has also appointed an independent director, William A. Downe, to serve as lead director. The lead director provides leadership to the Board and particularly to the independent directors. He ensures that the Board operates independently of management and that directors have an independent leadership contact.

Board Responsibilities and Duties

The Board, directly and through its committees, supervises and oversees the management of the business and affairs of the Company. A copy of the Board's mandate can be found on the Company's website, **loblaw.ca**. The Board reviews the Company's strategic direction, assigns responsibility to management for the achievement of the strategy, approves major policy decisions, delegates to management the authority and responsibility of handling day-to-day affairs, and reviews management's performance and effectiveness. The Board's expectations of management are communicated to management directly and through committees of the Board.

The Board regularly receives reports on the operating results of the Company as well as reports on certain non-operational matters, including insurance, pensions, corporate governance, ESG, workplace health and safety, legal, compliance and treasury matters. The Board also oversees the enterprise risk management (ERM) process, which is designed to assist all areas of the business in managing appropriate levels of risk tolerance by bringing a systematic approach, a methodology and tools for evaluating, measuring and monitoring key risks. The results of the ERM program and other business planning processes are used to identify emerging risks to the Company, prioritize risk management activities and develop a risk-based internal audit plan.

Ethical Business Conduct

The Code reflects the Company's long-standing commitment to high standards of ethical conduct and business practices. The Code is reviewed annually to ensure it is current and reflects best practices in the area of ethical business conduct and integrity and includes a strong "tone from the top" message. All directors, officers, colleagues/employees and contractors of the Company are required to comply with the Code and must acknowledge their commitment to abide by the Code on a periodic basis. The Company encourages the reporting of violations and potential violations and has established an Integrity Action Line, a toll-free number that any director, officer, supplier or colleague/employee may use to report conduct which he or she feels violates the Code or otherwise constitutes fraudulent or unethical conduct. A fraud reporting protocol has also been implemented to ensure that fraud is reported to senior management in a timely manner. In addition, the Audit Committee has endorsed procedures for the anonymous receipt, retention and handling of complaints regarding accounting, internal control or auditing matters. These procedures are available on the Company's website, **loblaw.ca**.

Board Committees

The following is a brief summary of some of the responsibilities of each committee of the Board.

Audit Committee

The Audit Committee is responsible for the oversight of the integrity of the Company's financial statements and related public disclosure, as well as the adequacy and effectiveness of applicable controls related to its ESG disclosures. In doing so, the Audit Committee reviews management's administration of the Company's internal controls over financial reporting, disclosure controls and procedures, internal audit function and related party transactions. The Audit Committee also oversees procedures for the receipt, retention and follow-up of any complaints regarding the Company's accounting, internal controls and auditing matters.

Governance, Talent and Compensation Committee

The Governance, Talent and Compensation Committee is responsible for the oversight of the Company's governance practices, including the development and implementation of good governance principles, consistent with high standards of corporate governance. The Governance, Talent and Compensation Committee oversees the succession planning and compensation for the Board and senior management. The Chair of the Governance, Talent and Compensation Committee, who is an independent director, has also been appointed by the Board to serve as lead director.

Patient Care and Quality Committee

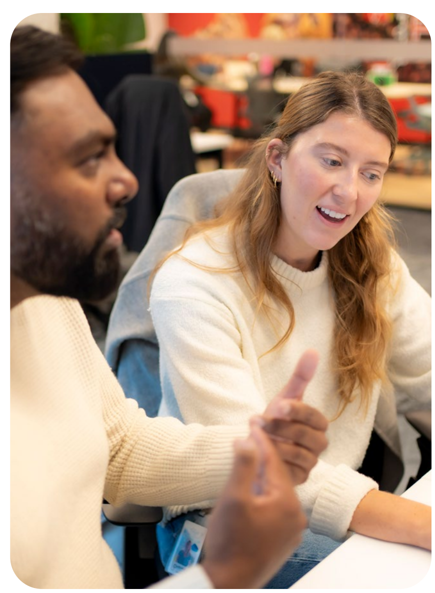
The Patient Care and Quality Committee is responsible for the oversight of the quality of care related to the Company's health services offerings. The Patient Care and Quality Committee is comprised of Board members and will also appoint external expert advisors to serve as non-voting ex-officio members. The external experts will provide industry and healthcare expertise to support the Patient Care and Quality Committee in overseeing the quality of care.

Risk and Compliance Committee

The Risk and Compliance Committee is responsible for the oversight of the Company's legal and regulatory compliance and ethics compliance program, ERM program, ESG program, policy, pharmacy and drug safety matters, food safety and product safety matters, and information systems and technology matters.

ESG Governance

The Board oversees and monitors the Corporation's approach, policies and practices related to ESG matters. Management has established an ESG Steering Committee, comprised of senior leaders, responsible for setting priorities, tracking metrics and championing program initiatives across the Corporation. Various management committees are responsible for setting priorities and implementing and monitoring ESG-related initiatives across the organization.



Board of Directors

GALEN G. WESTON, B.A., M.B.A.
Chairman and Former President, Loblaw Companies Limited; Chairman and Chief Executive Officer, George Weston Limited; Chairman of President's Choice Bank; Chairman, Wittington Investments Limited; and President of the Weston Family Foundation.

SCOTT B. BONHAM, B.Sc., M.B.A.[1,2]
Corporate Director; Co-founder of Intentional Capital Corp.; Former Co-Founder of GGV Capital; Former Vice-President, Capital Group Companies; Director, The Bank of Nova Scotia; Board Member of Canadian Institute of Advanced Research and the DenmarkBridge.

SHELLEY G. BROADER, B.A.[1,3]
Corporate Director; Former President and Chief Executive Officer of Chicos FAS, Inc.; Former President and Chief Executive Officer of Walmart EMEA Ltd. and Walmart Canada; Former President and Chief Operating Officer of The Michaels Companies, Inc.; Director, IFCO Systems US LLC; Member of the U.S. Advisory Board of Amoobi SA; and Former Director of Walmart Canada Corporation and Walmart Mexico.

CHRISTIE J.B. CLARK, B. COMM., M.B.A., F.C.A., F.C.P.A.[1*,4]
Corporate Director; Former Chief Executive Officer and Senior Partner, PricewaterhouseCoopers LLP; Director, Air Canada; Director, AtkinsRéalis Canada Inc. (formerly SNC-Lavalin Group Inc.); Former Trustee, Choice Properties Real Estate Investment Trust; Former Director, Hydro One Inc., Hydro One Limited; Board Member, Canadian Olympic Committee, Canadian Olympic Foundation, Own the Podium, the Sunnybrook Foundation.

DANIEL DEBOW, B.A., J.D./M.B.A., L.L.M.[2,4]
Former Vice President, Product, Shopify Inc.; Former Founder and Chief Executive Officer, Helpful.com; Co-Founder and Former Co-Chief Executive Officer of Rypple; Founding team member of Workbrain.

WILLIAM A. DOWNE, C.M., M.B.A.[2*]
Corporate Director; Former Chief Executive Officer, Chief Operating Officer, Head of BMO Capital Markets, BMO Financial Group; Former Director, Bank of Montreal and its subsidiaries, BMO Nesbitt Burns Holding Corporation and BMO Financial Corp.; Lead Director, ManpowerGroup Inc.; Chairman, Trans Mountain Corporation; Director, Rush University System for Health; Board Member, Social and Economic Policy Advisory Board, Rand Corporation.

JANICE FUKAKUSA, F.C.P.A., F.C.A., B.A., M.B.A.[1,4*]
Corporate Director; Former Chief Financial Officer and Chief Administrative Officer, Royal Bank Of Canada; Director, Cineplex Inc., Brookfield Corporation (formerly Brookfield Asset Management Inc.), RioCan REIT; Chancellor, Toronto Metropolitan University.

M. MARIANNE HARRIS, B.Sc., J.D., M.B.A.[1,2]
Corporate Director; Former Managing Director and President, Corporate and Investment Banking, Merrill Lynch Canada Inc., Former Head of Financial Institutions Group Americas, Merrill Lynch Pierce Fenner & Smith; Director, George Weston Limited, Sun Life Financial Inc., Public Sector Pension Investment Board; Former Director, Hydro One Inc./ Hydro One Limited; Former Chair, Investment Industry Regulatory Organization of Canada (IIROC); Member of Dean's Advisory Council, Schulich School of Business; Advisory Council, Hennick Centre for Business and Law.

KEVIN HOLT, B.Sc.[1,4]
Corporate Director; Former Chief Executive Officer of Ahold Delhaize USA; Former Chief Operating Officer of Ahold USA; Former Chief Operating Officer of Delhaize America; Former Executive Vice President of Delhaize Group; Former Chief Executive Officer of Delhaize America; Former Director, Ahold Delhaize USA Inc. and Ahold Delhaize NV.; Former Director and Vice Chair, Industry Relations of Food Marketing Institute.

CLAUDIA KOTCHKA, B.B.A., C.P.A.[2,4]
Corporate Director; Former Vice President, Design Innovation & Strategy, Procter & Gamble; Former Trustee, Cooper Hewitt Smithsonian Design Museum; Director, American Red Cross, Los Angeles Region; Former Director, American Red Cross, Greater Miami and the Keys; Former Trustee of the Cooper Hewitt Smithsonian Design Museum.

RIMA QURESHI, B.COMM., M.B.A.[1,3]
Corporate Director; Former Chief Strategy Officer, Verizon, Former CEO North America, Ericsson; Director, Mastercard Inc.; Former Board Member, GSMA , Great West LifeCo, and Wolters Kluwer.

SARAH RAISS, B.S., M.B.A.[2,3*]
Corporate Director; Former Executive, TransCanada Corporation; Lead Director, Commercial Metals Company; Director, RB Global, Inc. (formerly Ritchie Bros Auctioneers Inc.); Former Chair, Alberta Electric Systems; Former Director, Canadian Oil Sands Limited, Shoppers Drug Mart Corporation, Vermillion Energy Inc.

CORNELL WRIGHT, B.A., J.D., M.B.A.[3,4]
President and Director of Wittington Investments, Limited; Director, George Weston Limited, BCE, Inc.; Trustee, Choice Properties Real Estate Investment Trust, Former Partner, Torys LLP; Board Chair, the National Ballet of Canada; Trustee of University Health Network; and Executive in Residence at the University of Toronto's Rotman School of Management.

Notes
[1] Audit Committee
[2] Governance, Talent and Compensation Committee
[3] Patient Care and Quality Committee
[4] Risk and Compliance Committee
[*] Chair of the Committee

Leadership

GALEN G. WESTON
Chairman

PER BANK
President and Chief Executive Officer

RICHARD DUFRESNE
Chief Financial Officer

ROBERT WIEBE
Chief Administrative Officer

FRANK GAMBIOLI
President, Super Market Division

MELANIE SINGH
President, Hard Discount Division

JEFF LEGER
President, Shoppers Drug Mart

TINA LEE
Chief Executive Officer, T&T Supermarkets

MARK WILSON
Executive Vice President, Chief Human Resources Officer

NICK HENN
Executive Vice President, Chief Legal Officer and Secretary

DAVID MARKWELL
Executive Vice President, Chief Technology and Analytics Officer

MARY MACISAAC
Executive Vice President, Chief Marketing Officer

LAUREN STEINBERG
Executive Vice President, Chief Digital Officer

SONJA BOCH
Senior Vice President, Strategy and Business Development

Live Life Well®

Loblaw Companies Limited

2024 Annual Report –
Financial Review

2024 Annual Report - Financial Review

Financial Highlights[1]

As at or for the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**	2023 (52 weeks)
Consolidated Results of Operations		
Revenue	**$ 61,014**	$ 59,529
Revenue growth	**2.5 %**	5.4 %
Operating income	**$ 3,902**	$ 3,704
Adjusted EBITDA[2]	**7,024**	6,647
Adjusted EBITDA margin[2]	**11.5 %**	11.2 %
Net interest expense and other financing charges	**$ 821**	$ 803
Adjusted net interest expense and other financing charges[2]	**831**	803
Income taxes	**806**	714
Adjusted income taxes[2]	**969**	858
Effective tax rate	**26.2 %**	24.6 %
Adjusted effective tax rate[2]	**26.0 %**	25.0 %
Net earnings	**$ 2,275**	$ 2,187
Net earnings attributable to shareholders of the Company	**2,171**	2,100
Net earnings available to common shareholders of the Company[i]	**2,155**	2,088
Adjusted net earnings available to common shareholders of the Company[2]	**2,637**	2,480
Consolidated per Common Share ($)		
Diluted net earnings	**$ 6.99**	$ 6.52
Adjusted diluted net earnings[2]	**$ 8.55**	$ 7.75
Dividends		
Dividends declared per common share ($)	**$ 1.985**	$ 1.743
Consolidated Financial Position and Cash Flows		
Cash and cash equivalents and short term investments	**$ 2,110**	$ 1,952
Cash flows from operating activities	**5,802**	5,654
Capital investments[ii]	**2,200**	2,109
Free cash flow[2]	**1,671**	1,700
Financial Measures		
Retail debt to retail adjusted EBITDA[2]	**2.4 x**	2.3 x
Adjusted return on equity[2]	**23.6 %**	22.2 %
Adjusted return on capital[2]	**11.8 %**	11.5 %

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B and the impact of the redemption of these shares.

(ii) Capital investments are the sum of fixed asset purchases and intangible asset additions as presented in the Company's Consolidated Statements of Cash Flows, and prepayments transferred to fixed assets in the current period. Capital investments for the year ended December 30, 2023 included $37 million of prepayments transferred to fixed assets.

Financial Highlights[1]

As at or for the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	2024 (52 weeks)	2023 (52 weeks)
Retail Results of Operations		
Sales	**$ 59,786**	$ 58,345
Operating income	**3,465**	3,500
Gross profit[2]	**18,721**	18,083
Gross profit %[2]	**31.3 %**	31.0 %
Adjusted EBITDA[2]	**$ 6,662**	$ 6,361
Adjusted EBITDA margin[2]	**11.1 %**	10.9 %
Depreciation and amortization	**$ 2,916**	$ 2,848
Retail Operating Statistics		
Food retail same-store sales growth	**1.5 %**	3.9 %
Drug retail same-store sales growth	**2.4 %**	5.4 %
Drug retail same-store pharmacy sales growth	**6.3 %**	6.8 %
Drug retail same-store front store sales (decline)/growth	**(1.3)%**	4.2 %
Total retail square footage (in millions)	**72.0**	71.2
Number of corporate stores	**603**	569
Number of franchise stores	**528**	535
Number of Associate-owned drug stores	**1,361**	1,351
Financial Services Results of Operations		
Revenue	**$ 1,586**	$ 1,540
Earnings before income taxes	**299**	61
Financial Services Operating Measures and Statistics		
Average quarterly net credit card receivables	**$ 4,010**	$ 3,950
Credit card receivables	**4,230**	4,132
Allowance for credit card receivables	**263**	256
Annualized yield on average quarterly gross credit card receivables	**14.3 %**	13.9 %
Annualized credit loss rate on average quarterly gross credit card receivables	**4.5 %**	3.8 %

Financial Highlights Endnotes

(1) For financial definitions and ratios refer to the Glossary of Terms section included within the Company's 2024 Annual Report.

(2) See Section 17 "Non-GAAP and Other Financial Measures" of the Company's Management's Discussion and Analysis for the reconciliation of such non-GAAP and other financial measures to the most directly comparable GAAP measures.

The following Management's Discussion and Analysis ("MD&A") for Loblaw Companies Limited and its subsidiaries (collectively, the "Company" or "Loblaw") should be read in conjunction with the audited annual consolidated financial statements and the accompanying notes for the year ended December 28, 2024 ("consolidated financial statements") included within the 2024 Annual Report.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP") and include the accounts of the Company and other entities that the Company controls and are reported in Canadian dollars, except when otherwise noted.

Management uses non-GAAP and other financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing consolidated and segment underlying operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company adjusts for these items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring. See Section 17 "Non-GAAP and Other Financial Measures", of this MD&A for more information on the Company's non-GAAP and other financial measures.

The information in this MD&A is current to February 19, 2025, unless otherwise noted. A glossary of terms can be found at the end of the 2024 Annual Report.

Unless otherwise indicated, all comparisons of results for the fourth quarter of 2024 (12 weeks ended December 28, 2024) are against results for the fourth quarter of 2023 (12 weeks ended December 30, 2023) and all comparisons of results for the full-year of 2024 (52 weeks ended December 28, 2024) are against the results for the full-year of 2023 (52 weeks ended December 30, 2023).

1. Forward-Looking Statements

The Annual Report, including the MD&A, contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this Annual Report include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of information technology ("IT") systems implementations. These specific forward-looking statements are contained throughout this Annual Report including, without limitation, Section 3 "Strategic Framework", Section 5.1 "Consolidated Results of Operations", Section 5.2 "Other Business Matters", Section 6.1 "Retail Segment", Section 6.2 "Financial Services Segment", Section 7 "Liquidity and Capital Resources", Section 9 "Quarterly Results of Operations", Section 12 "Enterprise Risks and Risk Management", Section 14 "Critical Accounting Estimates and Judgments", Section 15 "Accounting Standards", "Section 16 "Strategic Update and Outlook" and Section 17 "Non-GAAP and Other Financial Measures". Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should" and similar expressions, as they relate to the Company and its management.

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

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the Company's MD&A in the 2024 Annual Report, and the Company's Annual Information Form ("AIF") for the year ended December 28, 2024. Such risks and uncertainties include:

- changes in economic conditions, including inflation, impact of tariffs, price increases from suppliers, levels of employment, costs of borrowing, household debt, political uncertainty and government regulation, the impact of natural disasters, war or acts of terrorism, pandemics, changes in interest rates, tax rates, or exchange rates, and access to consumer credit;
- inability of the Company's IT infrastructure to support the requirements of the Company's business, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cybersecurity or data breaches;
- failure to realize benefits from investments in the Company's new IT systems and related processes, including automation;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- changes to the regulation of generic prescription drug prices, the reduction of reimbursements under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- failure to maintain an effective supply chain and consequently an appropriate assortment of available product at the store and digital retail level;
- failure to realize the anticipated benefits associated with the Company's strategic priorities and major initiatives, including revenue growth, anticipated cost savings and operating efficiencies, or organizational changes that may impact the relationships with franchisees and Shoppers Drug Mart Licensees ("Associates");
- failure to execute the Company's e-commerce initiatives or to adapt its business model to shifts in the retail landscape caused by digital advances;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- failure to attract and retain colleagues may impact the Company's ability to effectively operate and achieve financial performance goals;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- public health events including those related to food and drug safety;
- errors made through medication dispensing or errors related to patient services or consultation;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- failure to adapt to environmental and social risks, including failure to execute against the Company's climate change and social equity initiatives;
- adverse outcomes of legal and regulatory proceedings and related matters; and
- reliance on the performance and retention of third party service providers, including those associated with the Company's supply chain and apparel business and located in both advanced and developing markets.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities ("securities regulators") from time to time, including, without limitation, the section entitled "Risks" in the Company's AIF for the year ended December 28, 2024. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2. Overview

Loblaw Companies Limited is a Canadian public company incorporated in 1956 and is Canada's food and pharmacy leader, and the nation's largest retailer. The Company has two operating segments: Retail and Financial Services. The Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores, and includes in-store pharmacies, health care services, other health and beauty products, apparel and other general merchandise. The Company's Financial Services segment provides credit card and everyday banking services, the PC Optimum™ loyalty program, insurance brokerage services, and telecommunication services. The businesses are underpinned by the *PC Optimum* loyalty program, a customer loyalty program that provides more than a billion dollars in annual rewards and is unique to each consumer across their network-wide purchases.

3. Strategic Framework

Loblaw is driven by its purpose to help Canadians Live Life Well® which guides the Company's strategic framework. This framework centres around Loblaw's three strategic pillars of Delivering Retail Excellence, Driving Growth, and Investing for the Future, while embedding Environmental, Social and Governance ("ESG") initiatives in everything Loblaw does. Underpinning these strategic pillars is a sharp focus on leveraging data driven insights and process efficiency excellence to deliver strong financial performance. The framework is supported by colleagues with a shared set of CORE values and culture principles that encourages colleagues to be authentic, build trust and make connections.

The Company strives to be the "best in food, health and beauty" and with its focus on retail excellence, it is constantly improving its retail operations to differentiate its customer offerings, to lower cost to serve and to deliver scale through its national logistics infrastructure. Retail operations benefit from more than one billion customer touchpoints annually and deliver a unique customer experience driven by industry leading control brands, healthy alternatives, and a choice of in-store shopping, pick-up and delivery. The approach to being "best in food" is driven by fresh food selection, competitive value, and customized assortments across banners. The approach to being "best in health and beauty" is supported by high quality health and wellness products, an expanding offer of healthcare services, and a diverse and differentiated beauty offering.

Building for the future, its purpose guides its investments in strategic growth initiatives to further differentiate its portfolio of assets, generate competitive advantages in products, services and price, improve its operational efficiencies, and create new areas of growth to service the changing needs of Canadians and to personalize their experiences.

Loblaw's purpose-led approach to addressing ESG issues focuses on two priorities: fighting climate change and advancing social equity. Fighting climate change for Loblaw means working to help mitigate the environmental causes and effects of climate change through measures such as: reducing CO2 emissions, reaching the Company's net-zero targets, ensuring packaging compliance to international standards, and eliminating food waste[i]. Advancing social equity means building a diverse and inclusive workforce and supporting the health and well-being of women and children. ESG considerations are central to decisions made across the Company. By integrating consideration of environmental and social risks and good governance practices in its day-to-day business activities, implementing robust compliance and ethics programs and supporting its colleagues and the communities in which it operates, the Company aims to be a leading contributor to Canadian society both today and for generations to come.

Together, each of these components forms a part of the strategic framework that guides the Company's direction now and into the future.

(i) Plan development and processes utilized to measure progress against the Company's targets leverage and are in accordance with internationally recognized methodology including as set out in the Paris Agreement, which aims to limit global temperature rise to 1.5 degrees Celsius.

4. Key Financial Performance Indicators[1]

The Company has identified key financial performance indicators to measure the progress of short and long term objectives. Certain key financial performance indicators are set out below:

As at or for the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**	2023 (52 weeks)
Consolidated		
Revenue growth	**2.5 %**	5.4 %
Operating income	**$ 3,902**	$ 3,704
Adjusted EBITDA[2]	**7,024**	6,647
Adjusted EBITDA margin[2]	**11.5 %**	11.2 %
Net earnings	**$ 2,275**	$ 2,187
Net earnings attributable to shareholders of the Company	**2,171**	2,100
Net earnings available to common shareholders of the Company[i]	**2,155**	2,088
Adjusted net earnings available to common shareholders of the Company[2]	**2,637**	2,480
Diluted net earnings per common share ($)	**$ 6.99**	$ 6.52
Adjusted diluted net earnings per common share[2] ($)	**$ 8.55**	$ 7.75
Cash and cash equivalents and short term investments	**$ 2,110**	$ 1,952
Cash flows from operating activities	**5,802**	5,654
Free cash flow[2]	**1,671**	1,700
Financial Measures		
Retail debt to retail adjusted EBITDA[2]	**2.4 x**	2.3 x
Adjusted return on equity[2]	**23.6 %**	22.2 %
Adjusted return on capital[2]	**11.8 %**	11.5 %
Retail Segment		
Food retail same-store sales growth	**1.5 %**	3.9 %
Drug retail same-store sales growth	**2.4 %**	5.4 %
Operating income	**$ 3,465**	$ 3,500
Gross profit[2]	**18,721**	18,083
Gross profit %[2]	**31.3 %**	31.0 %
Adjusted EBITDA[2]	**$ 6,662**	$ 6,361
Adjusted EBITDA margin[2]	**11.1 %**	10.9 %
Financial Services Segment		
Earnings before income taxes	**$ 299**	$ 61
Annualized yield on average quarterly gross credit card receivables	**14.3 %**	13.9 %
Annualized credit loss rate on average quarterly gross credit card receivables	**4.5 %**	3.8 %

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B and the impact of the redemption of these shares.

5. Overall Financial Performance

5.1 Consolidated Results of Operations

The following is a summary of selected consolidated financial information for 2024:

As at or for the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**	2023 (52 weeks)	$ Change	% Change
Revenue	**$ 61,014**	$ 59,529	$ 1,485	2.5 %
Operating income	**3,902**	3,704	198	5.3 %
Adjusted EBITDA(2)	**7,024**	6,647	377	5.7 %
Adjusted EBITDA margin(2)	**11.5 %**	11.2 %		
Depreciation and amortization	**$ 2,966**	$ 2,906	$ 60	2.1 %
Net interest expense and other financing charges	**821**	803	18	2.2 %
Adjusted net interest expense and other financing charges(2)	**831**	803	28	3.5 %
Income taxes	**806**	714	92	12.9 %
Adjusted income taxes(2)	**969**	858	111	12.9 %
Effective tax rate	**26.2 %**	24.6 %		
Adjusted effective tax rate(2)	**26.0 %**	25.0 %		
Net earnings attributable to non-controlling interests	**$ 104**	$ 87	$ 17	19.5 %
Net earnings attributable to shareholders of the Company	**$ 2,171**	$ 2,100	$ 71	3.4 %
Net earnings available to common shareholders of the Company(i)	**2,155**	2,088	67	3.2 %
Adjusted net earnings available to common shareholders of the Company(2)	**2,637**	2,480	157	6.3 %
Diluted net earnings per common share ($)	**$ 6.99**	$ 6.52	$ 0.47	7.2 %
Adjusted diluted net earnings per common share(2) ($)	**$ 8.55**	$ 7.75	$ 0.80	10.3 %
Diluted weighted average common shares outstanding (in millions)	**308.5**	320.0		

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B and the impact of the redemption of these shares.

Loblaw continued to deliver strong and consistent financial and operating results across its various businesses in 2024. Loblaw's ability to deliver everyday value, quality, service and convenience to Canadians was reflected in strong sales growth across its Retail business. Loblaw's portfolio of best in class assets was well positioned to meet customers' everyday needs across food, health and wellness. The Company's relentless focus on retail excellence leveraged these assets to deliver strong sales growth, gross margin improvements, and leverage its operating costs.

Net Earnings Available to Common Shareholders of the Company and Diluted Net Earnings Per Common Share
Net earnings available to common shareholders of the Company were $2,155 million ($6.99 per common share), an increase of $67 million ($0.47 per common share) or 3.2% when compared to 2023. The increase included an improvement in the underlying operating performance of $157 million which was partially offset by an unfavourable change in adjusting items totaling $90 million as described below:

- the improvement in the underlying operating performance of $157 million ($0.49 per common share) was primarily due to the following:
    - an improvement in the underlying operating performance in the Retail segment driven by an increase in gross profit[(2)], partially offset by an increase in selling, general and administrative expenses ("SG&A") and depreciation and amortization; and
    - an improvement in the underlying operating performance in the Financial Services segment;

  partially offset by,

    - the unfavourable impact from adjustments to certain tax provisions in 2023; and
    - an increase in net interest expense and other financing charges.
- the unfavourable change in adjusting items totaling $90 million ($0.33 per common share) was primarily due to the following:
    - the unfavourable impact of charges related to the settlement of class action lawsuits of $121 million ($0.39 per common share);
    - the unfavourable impact of the charge related to the *PC Optimum* loyalty program of $94 million ($0.30 per common share);
    - the unfavourable impact of the fair value write-down related to the sale of Wellwise by Shoppers™ ("*Wellwise*") of $29 million ($0.09 per common share); and
    - the year-over-year unfavourable change in gains on sale of non-operating properties of $7 million ($0.02 per common share);

  partially offset by,

    - the year-over-year favourable change in (recoveries) charge related to President's Choice Bank ("PC Bank") commodity tax matters of $142 million ($0.46 per common share);
    - the year-over-year favourable change in fair value adjustments on fuel and foreign currency contracts of $16 million ($0.05 per common share); and
    - the year-over-year favourable change in fair value adjustments on non-operating properties of $3 million ($0.01 per common share).
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months ($0.31 per common share).

Adjusted net earnings available to common shareholders of the Company[(2)] were $2,637 million, an increase of $157 million or 6.3% when compared to 2023. Adjusted net earnings per common share[(2)] were $8.55 per common share, an increase of $0.80 or 10.3%. The increase includes the favourable impact from the repurchase of common shares.

Revenue

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**	2023 (52 weeks)	$ Change	% Change
Retail	**$ 59,786**	$ 58,345	$ 1,441	2.5 %
Financial Services	**1,586**	1,540	46	3.0 %
Eliminations	**(358)**	(356)	(2)	(0.6)%
Revenue	**$ 61,014**	$ 59,529	$ 1,485	2.5 %

Revenue was $61,014 million, an increase of $1,485 million, or 2.5% when compared to 2023. The increase was primarily driven by an increase in Retail segment sales of $1,441 million, due to positive same-store sales growth. There was also an increase in Financial Services segment sales of $46 million.

Operating Income Operating income was $3,902 million, an increase of $198 million, or 5.3% when compared to 2023. The increase in operating income was driven by an improvement in the underlying operating performance of $317 million, partially offset by an unfavourable change in adjusting items totaling $119 million as described below:

- the improvement in the underlying operating performance of $317 million was primarily due to the following:
  - an improvement in the underlying operating performance of the Retail segment due to an increase in gross profit[(2)], partially offset by an increase in SG&A and depreciation and amortization; and
  - an improvement in the underlying operating performance in the Financial Services segment.
- the unfavourable change in adjusting items totaling $119 million was primarily due to the following:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of $164 million;
  - the unfavourable impact of the charge related to the *PC Optimum* loyalty program of $129 million;
  - the unfavourable impact of the fair value write-down related to the sale of *Wellwise* of $23 million; and
  - the year-over-year unfavourable change in gains on sale of non-operating properties of $9 million;

  partially offset by,
  - the year-over-year favourable change in (recoveries) charge related to PC Bank commodity tax matters of $179 million;
  - the year-over-year favourable change in fair value adjustments on fuel and foreign currency contracts of $21 million; and
  - the year-over-year favourable change in fair value adjustments on non-operating properties of $6 million.

Adjusted EBITDA[(2)]

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**	2023 (52 weeks)	$ Change	% Change
Retail	**$ 6,662**	$ 6,361	$ 301	4.7 %
Financial Services	**362**	286	76	26.6 %
Adjusted EBITDA[(2)]	**$ 7,024**	$ 6,647	$ 377	5.7 %

Adjusted EBITDA[(2)] was $7,024 million, an increase of $377 million, or 5.7% when compared to 2023, driven by an increase in the Retail segment of $301 million, and an increase in the Financial Services segment of $76 million.

Depreciation and Amortization Depreciation and amortization was $2,966 million, an increase of $60 million or 2.1% when compared to 2023, primarily driven by an increase in the Retail segment of $68 million. Included in depreciation and amortization was the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark Health Group ("Lifemark") of $499 million (2023 – $499 million).

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges were $821 million, an increase of $18 million or 2.2% when compared to 2023. The increase was primarily driven by an increase in interest expense from lease liabilities and long term debt, and lower interest income on certain short term investments. This was partially offset by the capitalization of interest expense related to the Company's automated distribution facility, the favourable impact of the recovery related to the PC Bank commodity tax matter, and lower interest expense from post-employment and other long term employee benefits.

Income Taxes Income tax expense in 2024 was $806 million (2023 – $714 million) and the effective tax rate was 26.2% (2023 – 24.6%). The increase to the effective tax rate was primarily attributable to the adjustments to certain tax provisions during 2023 and the impact of other non-deductible items.

Adjusted income tax expense(2) in 2024 was $969 million (2023 – $858 million) and the adjusted effective tax rate(2) was 26.0% (2023 – 25.0%). The increase to the adjusted effective tax rate(2) was primarily attributable to the adjustments to certain tax provisions during 2023 and the impact of other non-deductible items.

Net Earnings Attributable To Non-Controlling Interests Net earnings attributable to non-controlling interests were $104 million, an increase of $17 million or 19.5% when compared to 2023, primarily driven by an increase in franchisee earnings after profit sharing. Non-controlling interests represent the share of earnings that relates to the Company's Food Retail franchisees and is impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements.

5.2 Other Business Matters

Settlement of Class Action Lawsuits On July 24, 2024, the Company and George Weston Limited ("Weston") entered into binding Minutes of Settlement and on January 31, 2025, the Company and Weston entered into a Settlement Agreement to resolve nationwide class action lawsuits against them relating to their role in an industry-wide price-fixing arrangement involving certain packaged bread products which occurred between 2001 and 2015. The Settlement Agreement provides for a total settlement of $500 million. Weston will pay $247 million, and the Company will pay $253 million offset by $96 million previously paid to customers by the Company under the Loblaw Card Program. The $500 million settlement amount was negotiated with lawyers representing consumers in a mediation presided over by the Chief Justice of the Ontario Superior Court of Justice. If the Settlement Agreement is approved by the courts, it will resolve all of the consumers' claims against the Company and Weston relating to this matter. In the second quarter of 2024, charges of $164 million ($121 million, net of income taxes) were recorded in the Retail segment in SG&A, relating to the Company's portion of the total settlement and related costs.

***PC Optimum* loyalty program** In the fourth quarter of 2024, the Company recorded a charge of $129 million, of which $99 million was recorded in the Retail segment and $30 million was recorded in the Financial Services segment. This charge represents the revaluation of the loyalty liability for outstanding points, reflecting higher *PC Optimum* member participation and higher redemption rates.

Sale of *Wellwise* In the fourth quarter of 2024, the Company entered into an agreement with a third party to sell all of the shares of its *Wellwise* business for cash proceeds. Accordingly, the Company recorded a net fair value write-down of $23 million in the Retail segment in SG&A. The transaction is expected to close in the first quarter of 2025.

PC Bank Commodity tax matters In 2022, the Tax Court of Canada ("Tax Court") released a decision relating to PC Bank, a subsidiary of the Company. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. PC Bank subsequently filed a Notice of Appeal with the Federal Court of Appeal ("FCA") and in March 2024, the matter was heard by the FCA. In the third quarter of 2024, the FCA released its decision and reversed the decision of the Tax Court. As a result, PC Bank reversed charges of $155 million, including $111 million initially recorded in 2022. In addition, $10 million was recorded related to interest income on cash tax refunds.

In 2023, the Federal government enacted certain commodity tax legislation that applied to PC Bank on a retroactive basis. A charge of $37 million, inclusive of interest, was recorded for this matter. In the fourth quarter of 2023, the Company reversed $13 million of previously recorded charges. The reversal was a result of new guidance issued by the Canada Revenue Agency.

5.3 Selected Financial Information

The selected information presented below has been derived from and should be read in conjunction with the annual consolidated financial statements of the Company dated December 28, 2024, December 30, 2023, and December 31, 2022, included within the 2024 and 2023 Annual Reports. The analysis of the data contained in the table focuses on the trends and significant events or items affecting the financial condition and results of the Company's operations over the most recent three years.

For the years ended December 28, 2024, December 30, 2023 and December 31, 2022 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**	2023 (52 weeks)	2022 (52 weeks)
Revenue	**$ 61,014**	$ 59,529	$ 56,504
Operating income	**3,902**	3,704	3,342
Adjusted EBITDA[2]	**7,024**	6,647	6,181
Adjusted EBITDA margin[2]	**11.5 %**	11.2 %	10.9 %
Depreciation and amortization	**$ 2,966**	$ 2,906	$ 2,795
Net interest expense and other financing charges	**821**	803	683
Adjusted net interest expense and other financing charges[2]	**831**	803	694
Adjusted effective tax rate[2]	**26.0 %**	25.0 %	26.4 %
Net earnings	**$ 2,275**	$ 2,187	$ 1,994
Net earnings attributable to the shareholders of the Company	**2,171**	2,100	1,921
Net earnings available to common shareholders of the Company[i]	**2,155**	2,088	1,909
Adjusted net earnings available to common shareholders of the Company[2]	**2,637**	2,480	2,263
Basic net earnings per common share ($)	**$ 7.06**	$ 6.59	$ 5.82
Diluted net earnings per common share ($)	**$ 6.99**	$ 6.52	$ 5.75
Adjusted diluted net earnings per common share[2] ($)	**$ 8.55**	$ 7.75	$ 6.82
Diluted weighted average common shares (in millions)	**308.5**	320.0	331.7
Dividends declared per common share ($)	**$ 1.985**	$ 1.743	$ 1.580
Dividends declared per Second Preferred Share, Series B ($)	**$ 1.325**	$ 1.325	$ 1.325
Total assets	**$ 40,880**	$ 38,979	$ 38,147
Total long term debt	**$ 8,201**	$ 7,852	$ 7,783
Lease liabilities	**10,183**	9,458	9,115
Long term financial liabilities	**$ 18,384**	$ 17,310	$ 16,898

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B and the impact of the redemption of these shares.

Revenue Revenue was $61,014 million in 2024, an increase of $1,485 million when compared to 2023. Food retail same-store sales growth was 1.5% (2023 – 3.9%). Drug retail same-store sales growth was 2.4% (2023 – 5.4%).

Revenue was $59,529 million in 2023, an increase of $3,025 million when compared to 2022. Food retail same-store sales growth was 3.9% (2022 – 4.7%). Drug retail same-store sales growth was 5.4% (2022 – 6.9%).

The Company's Retail segment sales have continued to grow despite the pressure of a highly competitive retail market, impacts of global economic uncertainties, and regulatory environment over the last three years. In 2022, COVID-19 continued to impact Retail segment sales through the first half of the year. Food Retail benefited from elevated eat-at-home trends, and Drug Retail from strong cosmetics and over-the-counter ("OTC") product sales, as customers returned to pre-pandemic activities, while COVID-19 related testing and vaccines continued at elevated levels. Retail segment sales growth in the second half of 2022 benefited from global inflationary pressures and reflected continued strength in cosmetics and OTC sales in Drug Retail. In 2023, amidst global inflationary pressures, consumers increased their focus on value, which benefited the Company's sales due to its strength in private label products, discount banners, and personalized promotions, including its *PC Optimum* loyalty program. In Drug Retail, strong cosmetics and OTC product sales continued, while pharmacy services demonstrated strong growth, partially off-setting a decline in COVID-19 related services. In 2024, consumers remained focused on value, which benefited the Company's sales due to its strength in private label products, hard discount banners, and personalized promotions, including its *PC Optimum* loyalty program. In Drug Retail, strong cosmetics sales continued and OTC sales normalized as the cough and cold season returned to more normal trends, while pharmacy services demonstrated strong growth.

The Financial Services segment sales have continued to grow. In 2022, the Financial Services segment benefited from an increase in customer spending, and growing credit card receivables driven by growth in the active customer base. In 2023, the segment benefited from an increase in customer spending and higher sales attributable to The Mobile Shop™ kiosk. Further, the segment continued to benefit from growing credit card receivables driven by growth in the active customer base and an increase in customer spending. In 2024, the segment benefited from an increase in customer spending and higher sales attributable to *The Mobile Shop* kiosk. Further, the segment benefited from the launch of its PC Insiders™ World Elite Mastercard® and PC Money™ Savings Account.

Net Earnings Available to Common Shareholders of the Company and Diluted Net Earnings Per Common Share Net earnings available to common shareholders of the Company and diluted net earnings per common share continued to grow over the last three years and were impacted by certain adjusting items set out in Section 17 "Non-GAAP and Other Financial Measures," and the changes in the underlying operating performance of the Company. The growth in net earnings available to common shareholders of the Company and diluted net earnings per common share were primarily due to:

- changes in underlying operating performance of the Retail segment due to COVID-19 and global inflationary pressure. The Company's financial results for the year ended December 28, 2024 and December 30, 2023 had higher revenue and cost of sales when compared to 2022;
- cost savings, operating efficiencies and investments in and benefits from strategic initiatives;
- fluctuations in the performance of the Financial Services segment driven by the impact of the increase in customer spending and growth in active customer base, the year-over-year movements of certain commodity taxes accrued, the expected credit loss provision, and operating costs;
- the favourable impact of the repurchase of common shares for cancellation; and
- the impact of certain adjusting items, including:
    - charges related to settlement of class action lawsuits;
    - the *PC Optimum* loyalty program, including the revaluation of the loyalty liability;
    - the fair value write-down related to the sale of *Wellwise*;
    - fair value adjustments on non-operating properties;
    - Lifemark transaction costs;
    - restructuring and other related recoveries and costs;
    - recovery related to Glenhuron Bank Limited ("Glenhuron");
    - the gains and losses on sale of non-operating properties;
    - fair value adjustments on fuel and foreign currency; and
    - the recoveries and charges related to PC Bank commodity tax matters.

Total Assets and Long Term Financial Liabilities In 2024, total assets of $40,880 million increased by 4.9% compared to 2023. The increase was primarily driven by an increase in fixed assets, right-of-use assets, inventories and short term investments. This was partially offset by a decrease in intangible assets. Long term financial liabilities of $18,384 million, increased by 6.2% compared to 2023. This was primarily driven by an increase in lease liability and higher net issuance of long term debt.

In 2023, total assets of $38,979 million increased by 2.2% compared to 2022. The increase was primarily driven by an increase in fixed assets, right-of-use assets, credit card receivables, and other assets. This was partially offset by a decrease in intangible assets. Long term financial liabilities of $17,310 million increased by 2.4% compared to 2022. This was primarily driven by an increase in lease liability and long term debt driven by an increase in guaranteed investment certificates ("GICs").

6. Reportable Operating Segments Results of Operations

The Company has two reportable operating segments, with all material operations carried out in Canada:

- the Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores, and includes in-store pharmacies, health care services, other health and beauty products, apparel and other general merchandise. This segment is comprised of several operating segments that are aggregated primarily due to similarities in the nature of products and services offered for sale in the retail operations and the customer base; and
- the Financial Services segment provides credit card and everyday banking services, the *PC Optimum* loyalty program, insurance brokerage services, and telecommunication services.

6.1 Retail Segment

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**	2023 (52 weeks)	$ Change	% Change
Sales	**$ 59,786**	$ 58,345	$ 1,441	2.5 %
Operating income	**3,465**	3,500	(35)	(1.0)%
Gross profit(2)	**18,721**	18,083	638	3.5 %
Gross profit %(2)	**31.3 %**	31.0 %		
Adjusted EBITDA(2)	**$ 6,662**	$ 6,361	$ 301	4.7 %
Adjusted EBITDA margin(2)	**11.1 %**	10.9 %		
Depreciation and amortization	**$ 2,916**	$ 2,848	$ 68	2.4 %

The following table provides a breakdown of the Company's total and same-store sales for the Retail segment.

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**		2023 (52 weeks)	
	Sales	**Same-store sales**	Sales	Same-store sales
Food retail	**$ 42,166**	**1.5 %**	$ 41,188	3.9 %
Drug retail	**17,620**	**2.4 %**	17,157	5.4 %
Pharmacy and healthcare services	**9,182**	**6.3 %**	8,642	6.8 %
Front store	**8,438**	**(1.3)%**	8,515	4.2 %

Sales Retail segment sales were $59,786 million in 2024, an increase of $1,441 million, or 2.5% compared to 2023, primarily driven by the following factors:

- Food retail same-store sales growth was 1.5% (2023 – 3.9%).
  - Same-store sales growth in food was moderate;
  - Same-store sales growth in pharmacy was modest;
  - The Consumer Price Index as measured by The Consumer Price Index for Food Purchased From Stores was 2.2% (2023 – 7.8%) which was in line with the Company's internal food inflation; and
  - Food Retail traffic increased and basket size decreased.
- Drug retail same-store sales growth was 2.4% (2023 – 5.4%).
  - Pharmacy and healthcare services same-store sales growth was 6.3% (2023 – 6.8%). Pharmacy and healthcare services same-store sales growth benefited from an increase in specialty and chronic prescription volumes. The number of prescriptions dispensed increased by 2.5% (2023 – 0.6%). On a same-store basis, the number of prescriptions dispensed increased by 2.5% (2023 – 0.9%) and the average prescription value increased by 2.9% (2023 – 4.8%);

  partially offset by,
  - Front store same-store sales decline of 1.3% (2023 – growth of 4.2%). The decline in front store same-store sales was primarily driven by lower sales of food and household items and the decision to exit certain low margin electronics categories, partially offset by the continued strength in beauty products.

In 2024, 52 food and drug stores were opened, and 15 food and drug stores were closed, and net retail square footage increased by 0.8 million to 72.0 million square feet.

Operating Income Operating income was $3,465 million in 2024, a decrease of $35 million, or 1.0% compared to 2023. The decrease was driven by an unfavourable change in adjusting items totaling $268 million, partially offset by an improvement in underlying operating performance of $233 million, as described below:

- the unfavourable change in adjusting items totaling $268 million was primarily due to the following:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of $164 million;
  - the unfavourable impact of the charge related to the *PC Optimum* loyalty program of $99 million;
  - the unfavourable impact of the fair value write-down related to the sale of *Wellwise* of $23 million; and
  - the year-over-year unfavourable change in gains on sale of non-operating properties of $9 million;

  partially offset by,
  - the year-over-year favourable change in fair value adjustments on fuel and foreign currency contracts of $21 million; and
  - the year-over-year favourable change in fair value adjustments on non-operating properties of $6 million.
- the improvement in underlying operating performance of $233 million was due to an increase in gross profit(2), partially offset by an increase in SG&A and depreciation and amortization.

Gross Profit(2) Gross profit(2) was $18,721 million in 2024, an increase of $638 million, or 3.5% compared to 2023. Gross profit percentage(2) of 31.3% increased by 30 basis points when compared to 2023, primarily driven by improvements in shrink.

Adjusted EBITDA(2) Adjusted EBITDA(2) was $6,662 million in 2024, an increase of $301 million, or 4.7% compared to 2023. The increase was driven by an increase in gross profit(2) of $638 million, partially offset by an increase in SG&A of $337 million. SG&A as a percentage of sales was 20.2%, an increase of 10 basis points when compared to 2023. The increase of 10 basis points was primarily driven by the year-over-year impact of labour costs and certain real estate activities.

Depreciation and Amortization Depreciation and amortization was $2,916 million, an increase of $68 million or 2.4% when compared to 2023. The increase was primarily driven by an increase in IT assets and leased assets, and an increase in depreciation of fixed assets related to conversions of retail locations. This is partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets and prior year accelerated depreciation as a result of network optimization. Included in depreciation and amortization was the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of $499 million (2023 – $499 million).

6.2 Financial Services Segment

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (52 weeks)**	2023 (52 weeks)	$ Change	% Change
Revenue	**$ 1,586**	$ 1,540	$ 46	3.0 %
Earnings before income taxes	**299**	61	238	390.2 %

(millions of Canadian dollars except where otherwise indicated)	**As at December 28, 2024**	As at December 30, 2023	$ Change	% Change
Average quarterly net credit card receivables	**$ 4,010**	$ 3,950	$ 60	1.5 %
Credit card receivables	**4,230**	4,132	98	2.4 %
Allowance for credit card receivables	**263**	256	7	2.7 %
Annualized yield on average quarterly gross credit card receivables	**14.3 %**	13.9 %		
Annualized credit loss rate on average quarterly gross credit card receivables	**4.5 %**	3.8 %		

Revenue Revenue was $1,586 million in 2024, an increase of $46 million compared to 2023. The increase in revenue was primarily driven by:

- higher interest income from the growth of credit card receivables;
- higher interchange and credit card fee income; and
- higher sales attributable to *The Mobile Shop.*

Earnings before income taxes Earnings before income taxes were $299 million in 2024, an improvement of $238 million compared to 2023. The increase was primarily driven by:

- the year-over-year impact from the prior year charge of $24 million versus the current year recovery of $165 million related to commodity tax matters (see Section 5.2 "Other Business Matters" above);
- higher revenue as described above;
- the year-over-year favourable impact of the expected credit loss provision from the prior year increase of $50 million versus current year increase of $7 million; and
- lower customer acquisition expenses and operating costs, including the ongoing benefits associated with the renewal of a long-term agreement with Mastercard International Incorporated ("Mastercard");

partially offset by,

- a *PC Optimum* loyalty program charge of $30 million (see Section 5.2 "Other Business Matters" above); and
- higher contractual charge-offs due to the current macro-economic environment.

Credit Card Receivables As at December 28, 2024, credit card receivables were $4,230 million, an increase of $98 million compared to December 30, 2023. This increase was primarily driven by an increase in customer spending. The expected credit loss allowance for credit card receivables was $263 million, an increase of $7 million compared to December 30, 2023. The increase is reflective of the current and forecasted macro-economic environment and its impact on consumer credit trends.

7. Liquidity and Capital Resources

7.1 Cash Flows

Major Cash Flow Components

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)		**2024 (52 weeks)**		2023 (52 weeks)		$ Change	% Change
Cash and cash equivalents, beginning of year	**$**	**1,488**	$	1,608	$	(120)	(7.5)%
Cash flows from (used in):							
Operating activities	**$**	**5,802**	$	5,654	$	148	2.6 %
Investing activities		**(2,021)**		(1,845)		(176)	(9.5)%
Financing activities		**(3,816)**		(3,932)		116	3.0 %
Effect of foreign currency exchange rate changes on cash and cash equivalents		**9**		3		6	200.0 %
Decrease in cash and cash equivalents	**$**	**(26)**	$	(120)	$	94	78.3 %
Cash and cash equivalents, end of year	**$**	**1,462**	$	1,488	$	(26)	(1.7)%

Cash Flows from Operating Activities Cash flows from operating activities were $5,802 million, an increase of $148 million when compared to 2023. The increase was primarily driven by higher cash earnings, credit card receivables increasing year-over-year at a rate lower than prior year, and the year-over-year change in provisions and non-cash working capital, partially offset by higher income taxes paid in the current year and an unfavourable change in other non-cash items.

Cash Flows used in Investing Activities Cash flows used in investing activities were $2,021 million, an increase of $176 million when compared to 2023. The increase in cash flows used in investing activities was primarily driven by an increase in investments in fixed assets and higher purchases of short term investments, partially offset by an increase in proceeds from disposals of assets.

Capital Investments and Store Activity

As at December 28, 2024 and December 30, 2023	**2024**	2023	% Change
Corporate square footage (in millions)	**35.9**	35.1	2.3 %
Franchise square footage (in millions)	**16.8**	17.0	(1.2)%
Associate-owned drug store square footage (in millions)	**19.3**	19.1	1.0 %
Total retail square footage (in millions)	**72.0**	71.2	1.1 %
Number of corporate stores	**603**	569	6.0 %
Number of franchise stores	**528**	535	(1.3)%
Number of Associate-owned drug stores	**1,361**	1,351	0.7 %
Total number of stores	**2,492**	2,455	1.5 %
Average store size (square feet)			
Corporate	**59,500**	61,700	(3.6)%
Franchise	**31,800**	31,800	— %
Associate-owned drug store	**14,200**	14,100	0.7 %

Capital Investments Capital investments were $2,200 million, an increase of $91 million or 4.3%, compared to 2023.

Cash Flows used in Financing Activities Cash flows used in financing activities were $3,816 million, a decrease of $116 million when compared to the same period in 2023. The decrease was primarily driven by higher net issuance of long term debt and an increase in demand deposits from customers, partially offset by higher repayments of short term debt in the current year versus higher issuance in the prior year, and higher proceeds from financial liabilities in the prior year.

Free Cash Flow[(2)]

				2024 (52 weeks)				2023 (52 weeks)
For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Elimi-nations[(i)]**	**Total**	Retail	Financial Services	Elimi-nations[(i)]	Total
Cash flows from operating activities	**$ 5,449**	**$ 205**	**$ 148**	**$ 5,802**	$ 5,480	$ 46	$ 128	$ 5,654
Less:								
Capital investments[(ii)]	**2,160**	**40**	**—**	**2,200**	2,069	40	—	2,109
Interest paid	**295**	**—**	**148**	**443**	293	—	128	421
Lease payments, net	**1,488**	**—**	**—**	**1,488**	1,424	—	—	1,424
Free cash flow[(2)]	**$ 1,506**	**$ 165**	**$ —**	**$ 1,671**	$ 1,694	$ 6	$ —	$ 1,700

(i) Interest paid is included in cash flows from operating activities under the Financial Services segment.

(ii) Capital investments are the sum of fixed asset purchases and intangible asset additions as presented in the Company's Consolidated Statements of Cash Flows, and prepayments transferred to fixed assets in the current period. Capital investments for the year ended December 30, 2023 included $37 million of prepayments transferred to fixed assets.

Free cash flow[(2)] from the Retail Segment was $1,506 million, a decrease of $188 million when compared to 2023. The decrease was primarily driven by higher income taxes paid in the current year and an unfavourable change in other non-cash items, partially offset by higher cash earnings and the year-over-year change in provisions and non-cash working capital. Higher capital investments and higher lease payments also impacted the Retail segment free cash flow when compared to 2023.

Free cash flow[(2)] from the Financial Services segment was $165 million, an increase of $159 million when compared to 2023. The increase was primarily driven by higher earnings, and credit card receivables increasing year-over-year at a rate lower than prior year, partially offset by higher income taxes paid in the current year.

7.2 Liquidity and Capital Structure

The Company expects that cash and cash equivalents, short term investments, future operating cash flows and the amounts available to be drawn against committed credit facilities will enable the Company to finance its capital investment program and fund its ongoing business requirements over the next 12 months, including working capital, pension plan funding requirements and financial obligations.

PC Bank expects to obtain long term financing for its credit card portfolio through the issuance of Eagle Credit Card Trust ("Eagle") notes and GICs.

The following table presents total debt by reportable operating segment:

(millions of Canadian dollars)	**As at December 28, 2024**			As at December 30, 2023		
	Retail	**Financial Services**	**Total**	Retail	Financial Services	Total
Bank indebtedness	**$ —**	**$ —**	**$ —**	$ 13	$ —	$ 13
Demand deposits from customers	**—**	**353**	**353**	—	166	166
Short term debt	**—**	**800**	**800**	—	850	850
Long term debt due within one year	**—**	**631**	**631**	400	791	1,191
Long term debt	**5,288**	**2,282**	**7,570**	4,460	2,201	6,661
Certain other liabilities[i]	**294**	**—**	**294**	280	—	280
Total debt excluding lease liabilities	**$ 5,582**	**$ 4,066**	**$ 9,648**	$ 5,153	$ 4,008	$ 9,161
Lease liabilities due within one year	**1,648**	**—**	**1,648**	1,455	—	1,455
Lease liabilities	**8,535**	**—**	**8,535**	8,003	—	8,003
Total debt including total lease liabilities	**$ 15,765**	**$ 4,066**	**$ 19,831**	$ 14,611	$ 4,008	$ 18,619

(i) As at December 28, 2024, certain other liabilities include financial liabilities of $192 million related to the sale and leaseback of retail properties (December 30, 2023 — $190 million) (see note 27: Leases of the Company's consolidated financial statements).

Retail The Company manages its capital structure with the objective of maintaining Retail segment credit metrics consistent with those of investment grade retailers. The Company calculates the Retail segment's debt to rolling year retail adjusted EBITDA[2] ratio to measure the leverage being employed.

	As at December 28, 2024	As at December 30, 2023
Retail debt to retail adjusted EBITDA[2]	**2.4 x**	2.3 x

The Retail debt to retail adjusted EBITDA[2] ratio as at December 28, 2024 increased compared to December 30, 2023, primarily driven by an increase in retail debt partially offset by an improvement in adjusted EBITDA[2].

President's Choice Bank PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory requirements as defined by the Office of the Superintendent of Financial Institutions ("OSFI").

Covenants and Regulatory Requirements The Company is required to comply with certain financial covenants for various debt instruments. As at December 28, 2024 and throughout the year, the Company was in compliance with such covenants. As at December 28, 2024 and throughout the year, PC Bank has met all applicable regulatory requirements.

7.3 Components of Total Debt

Debentures The following table summarizes the debentures issued in 2024. There were no debentures issued in 2023.

(millions of Canadian dollars except where otherwise indicated)	Interest Rate	Maturity Date	Principal Amount 2024
Loblaw Companies Limited Notes[(i)]	3.56%	December 12, 2029	**$ 400**
Loblaw Companies Limited Notes[(ii)]	5.12%	March 4, 2054	**400**
Total debentures issued			**$ 800**

(i) The Company used the net proceeds of this issuance to redeem all issued and outstanding Second Preferred Shares, Series B on January 8, 2025.
(ii) The Company used the net proceeds of this issuance to partially fund the redemption of the $400 million aggregate principal amount of 3.92% senior unsecured notes on June 10, 2024.

The following table summarizes the debentures repaid in 2024. There were no debentures repaid in 2023.

(millions of Canadian dollars except where otherwise indicated)	Interest Rate	Maturity Date	Principal Amount 2024
Loblaw Companies Limited Notes	3.92%	June 10, 2024	**$ 400**
Total debentures repaid			**$ 400**

Committed Credit Facility The Company has a committed credit facility for $1.5 billion with a maturity date of July 15, 2027, provided by a syndicate of lenders. This committed credit facility contains certain financial covenants (see note 23 of the Company's consolidated financial statements). As at December 28, 2024 and December 30, 2023, there were no amounts drawn under this facility.

Independent Securitization Trusts The Company, through PC Bank, participates in various securitization programs that provide a source of funds for the operation of its credit card business. PC Bank maintains and monitors a co-ownership interest in credit card receivables with independent securitization trusts, including Eagle and Other Independent Securitization Trusts, in accordance with its financing requirements.

The following table summarizes the amounts securitized to independent securitization trusts:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Securitized to independent securitization trusts:		
Securitized to Eagle Credit Card Trust	**$ 1,450**	$ 1,350
Securitized to Other Independent Securitization Trusts	**800**	850
Total securitized to independent securitization trusts	**$ 2,250**	$ 2,200

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at December 28, 2024 and throughout 2024.

During 2024, Eagle issued $350 million (2023 – $250 million) of senior and subordinated term notes with a maturity date of June 17, 2029 (2023 – June 17, 2028). These notes have a weighted average interest rate of 5.03% (2023 – 5.25%). In connection with this issuance, $150 million (2023 – $125 million) of bond forward agreements were settled, resulting in a realized fair value gain of $2 million (2023 – gain of $4 million) before income taxes. The gain on the bond forwards will be reclassified to net earnings over the life of the Eagle notes. This settlement resulted in a net effective interest rate of 4.91% (2023 – 4.95%) on the Eagle notes issued (see note 28 of the Company's consolidated financial statements).

Senior and subordinated term notes of $250 million (2023 – $250 million) at a weighted average interest rate of 2.28% (2023 – 3.10%), previously issued by Eagle, matured and were repaid on July 17, 2024 (2023 – July 17, 2023).

Independent Funding Trusts As at December 28, 2024, the independent funding trusts had drawn $590 million (December 30, 2023 – $558 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts. The Company provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts. As at December 28, 2024, the Company provided a credit enhancement of $64 million (December 30, 2023 – $64 million) for the benefit of the independent funding trusts representing not less than 10% (December 30, 2023 – not less than 10%) of the principal amount of loans outstanding.

The Company has a $700 million revolving committed credit facility that is the source of funding to the independent funding trusts that has a maturity date of May 29, 2027.

Guaranteed Investment Certificates The following table summarizes PC Bank's GICs activity, before commissions, in 2024 and 2023:

(millions of Canadian dollars)	**December 28, 2024 (52 weeks)**	December 30, 2023 (52 weeks)
Balance, beginning of year	**$ 1,654**	$ 1,567
GICs issued	**375**	583
GICs matured	**(552)**	(496)
Balance, end of year	**$ 1,477**	$ 1,654

As at December 28, 2024, $331 million in GICs were recorded as long term debt due within one year (December 30, 2023 – $541 million).

Associate Guarantees The Company has arranged for its Associates to obtain financing to facilitate their inventory purchases and fund their working capital requirements by providing guarantees to various Canadian chartered banks that support Associate loans. As at December 28, 2024, the Company's maximum obligation in respect of such guarantees was $580 million (December 30, 2023 – $580 million) with an aggregate amount of $476 million (December 30, 2023 – $476 million) in available lines of credit allocated to the Associates by the various banks. As at December 28, 2024, Associates had drawn a nominal amount (December 30, 2023 – $13 million) against these available lines of credit. Any amounts drawn by the Associates are included in bank indebtedness on the Company's consolidated balance sheets. As recourse, in the event that any payments are made under the guarantees, the Company holds a first-ranking security interest on all assets of Associates, subject to certain prior-ranking statutory claims.

7.4 Financial Condition

Adjusted return on equity(2) and Adjusted return on capital(2)

	As at December 28, 2024	As at December 30, 2023
Adjusted return on equity(2)	**23.6 %**	22.2 %
Adjusted return on capital(2)	**11.8 %**	11.5 %

Adjusted return on equity(2) as at December 28, 2024 increased compared to December 30, 2023, primarily due to an improvement in the underlying operating performance of the Retail segment and Financial Services segment.

Adjusted return on capital(2) as at December 28, 2024 increased compared to December 30, 2023, primarily due to an improvement in adjusted operating income(2) partially offset by an increase in average capital, primarily due to an increase in lease liabilities and long term debt.

7.5 Credit Ratings

The following table sets out the current credit ratings of the Company:

	Morningstar DBRS		Standard & Poor's	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB (high)	Stable	BBB+	Stable
Medium term notes	BBB (high)	Stable	BBB+	n/a
Second Preferred Shares, Series B	Pfd-3 (high)	Stable	P-2 (low)	n/a

In 2024, Morningstar Dominion Bond Rating Service ("DBRS") confirmed the credit ratings and trend of the Company. Standard and Poor's Global Ratings reaffirmed the outlook of the Company and upgraded the ratings from BBB to BBB+ for issuer rating and medium term notes, and from P-3 (high) to P-2 (low) for second preferred shares, Series B.

7.6 Share Capital

First Preferred Shares (authorized - 1.0 million shares) There were no First Preferred Shares outstanding as at December 28, 2024 and December 30, 2023.

Second Preferred Shares (authorized - unlimited) In the fourth quarter of 2024, pursuant to the terms of the Series B preferred share agreement, the Company announced its intention to redeem for cash all of its 9.0 million 5.3% non-voting Second Preferred Shares, Series B. The redemption occurred on January 8, 2025 and the shares were redeemed for an aggregate amount of $225 million, plus accrued and unpaid dividends ($0.02944 per share) up to but excluding the redemption date, less any tax required to be deducted and withheld by the Company. As at December 28, 2024, the Preferred Shares, Series B were recorded in current liabilities at the redemption amount.

Common Shares (authorized – unlimited) Common shares issued are fully paid and have no par value. The activities in the common shares issued and outstanding were as follows:

	December 28, 2024 (52 weeks)		December 30, 2023 (52 weeks)	
(millions of Canadian dollars except where otherwise indicated)	**Number of Common Shares**	**Common Share Capital**	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of year	**310,526,379**	**$ 6,281**	324,062,608	$ 6,489
Issued for settlement of stock options	**2,178,132**	**166**	984,923	69
Purchased and cancelled	**(10,968,458)**	**(232)**	(14,521,152)	(277)
Issued and outstanding, end of year	**301,736,053**	**$ 6,215**	310,526,379	$ 6,281
Share held in trust, beginning of year	**(1,269,239)**	**$ (25)**	(1,222,278)	$ (24)
Purchased for future settlement of RSUs and PSUs	**(420,000)**	**(8)**	(625,000)	(13)
Released for settlement of RSUs and PSUs	**707,115**	**14**	578,039	12
Share held in trust, end of year	**(982,124)**	**$ (19)**	(1,269,239)	$ (25)
Issued and outstanding, net of shares held in trust, end of year	**300,753,929**	**$ 6,196**	309,257,140	$ 6,256
Weighted average outstanding, net of shares held in trust	**305,051,090**		316,732,641	

Dividends The declaration and payment of dividends on the Company's common shares and the amount thereof are at the discretion of the Board of Directors ("Board"), which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time. Over the long term, it is the Company's intention to increase the amount of the dividend while retaining appropriate free cash flow to finance future growth. In the second quarter of 2024, the Board raised the quarterly dividend by $0.067 to $0.513 per common share. The following table summarizes the Company's cash dividends declared for the years as indicated:

	2024	2023
Dividends declared per share ($)(i)		
Common Share	**$ 1.985**	$ 1.743
Second Preferred Share, Series B	**$ 1.325**	$ 1.325

(i) The Common Share dividends declared in the fourth quarter of 2024 of $0.513 per share had a payment date of December 30, 2024. The Second Preferred Shares, Series B dividends declared in the fourth quarter of 2024 of $0.33125 per share had a payment date of December 31, 2024.

(millions of Canadian dollars)	**2024**	2023
Dividends declared		
Common Share	**$ 604**	$ 550
Second Preferred Share, Series B	**12**	12
Total dividends declared	**$ 616**	$ 562

Subsequent to December 28, 2024, the Board declared a quarterly dividend of $0.513 per common share, payable on April 1, 2025 to shareholders of record on March 15, 2025.

Normal Course Issuer Bid Activities under the Company's Normal Course Issuer Bid ("NCIB") during the periods were as follows:

(millions of Canadian dollars except where otherwise indicated)	**December 28, 2024 (52 weeks)**	December 30, 2023 (52 weeks)
Common shares repurchased under the NCIB for cancellation (number of shares)(i)	**10,968,458**	14,521,152
Cash consideration paid(ii)	**$ 1,754**	$ 1,729
Premium charged to retained earnings(iii)	**1,661**	1,352
Reduction in common share capital(iv)	**232**	277
Common shares repurchased under the NCIB and held in trust (number of shares)	**420,000**	625,000
Cash consideration paid	**$ 72**	$ 72
Premium charged to retained earnings	**64**	59
Reduction in common share capital	**8**	13

(i) Common shares repurchased and cancelled as at December 28, 2024 do not include the shares that may be repurchased subsequent to the end of the quarter under the automatic share repurchase plan, as described below.

(ii) $5 million of cash consideration related to common shares repurchased under NCIB for cancellation in the third quarter of 2024 was paid in the fourth quarter of 2024.

(iii) Premium charged to retained earnings includes $182 million related to the automatic share purchase plan, as described below.

(iv) Includes $22 million related to the automatic share purchase plan, as described below.

In the second quarter of 2024, the Company renewed its NCIB to purchase on the Toronto Stock Exchange or through alternative trading systems up to 15,336,875 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at December 28, 2024, the Company had purchased 5,947,668 common shares for cancellation under its current NCIB. The Company is still permitted to purchase its common shares from Weston under its NCIB, pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Weston, in order for Weston to maintain its proportionate ownership interest in the Company. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Weston.

During 2024, 10,968,458 common shares (2023 – 14,521,152) were purchased under the NCIB for cancellation, for aggregate consideration of $1,754 million (2023 – $1,729 million), including 4,620,023 common shares (2023 – 7,132,579) purchased from Weston, for aggregate consideration of $746 million (2023 – $847 million).

From time to time, the Company participates in an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at December 28, 2024, an obligation to repurchase shares of $200 million was recognized under the ASPP in trade payables and other liabilities.

7.7 Off-Balance Sheet Arrangements

The following is a summary of the Company's off-balance sheet arrangements. Certain significant arrangements have also been discussed in Section 7.3 "Components of Total Debt".

Letters of Credit Standby and documentary letters of credit are used in connection with certain obligations mainly related to real estate transactions, benefit programs, purchase orders and other performance guarantees, surety bond, securitization of PC Bank's credit card receivables, letter of credit and third party financing made available to the Company's franchisees. The gross potential liability related to the Company's letters of credit is approximately $478 million as at December 28, 2024 (December 30, 2023 – $457 million).

Guarantees In addition to the letters of credit mentioned above, the Company has entered into various guarantee arrangements including obligations to indemnify third parties in connection with leases and other transactions in the normal course of business.

Lease Obligations In connection with historical dispositions of certain of its assets, the Company has assigned leases to third parties. The Company remains contingently liable for these lease obligations in the event any of the assignees are in default of their lease obligations. The Company has guaranteed lease obligations of a third party distributor in the amount of $2 million (December 30, 2023 – $3 million).

Financial Services The Company has provided a guarantee on behalf of PC Bank to Mastercard for accepting PC Bank as a card member and licensee of Mastercard. As at December 28, 2024, the guarantee on behalf of PC Bank to Mastercard was $190 million USD (December 30, 2023 – $190 million USD).

Cash Collateralization As at December 28, 2024, the Company had agreements to cash collateralize certain of its uncommitted credit facilities up to an amount of $94 million (December 30, 2023 – $93 million), of which a nominal amount (December 30, 2023 – nominal) was deposited with major financial institutions and classified as security deposits, which is included in other assets.

7.8 Contractual Obligations

The following illustrates certain of the Company's significant contractual obligations and discusses other obligations as at December 28, 2024:

Summary of Contractual Obligations

	Payments due by year						
(millions of Canadian dollars)	2025	2026	2027	2028	2029	Thereafter	Total
Total debt (including interest payments[i])	$ 2,152	$ 913	$ 1,587	$ 1,503	$ 1,449	$ 5,640	$ 13,244
Foreign exchange forward contracts	310	—	—	—	—	—	310
Trade payables and other liabilities	7,531	—	—	—	—	—	7,531
Associate interest	255	—	—	—	—	—	255
Financial liabilities[ii]	13	12	12	12	13	141	203
Lease obligations	1,702	1,487	1,327	1,067	954	3,383	9,920
Contracts for purchases of investment projects[iii]	200	51	157	40	7	—	455
Purchase obligations[iv]	706	647	78	45	—	—	1,476
Total contractual obligations	$12,869	$ 3,110	$ 3,161	$ 2,667	$ 2,423	$ 9,164	$33,394

(i) Fixed interest payments are based on the maturing face values and annual interest for each instrument, including GICs, long term independent securitization trusts and an independent funding trust, as well as annual payment obligations for structured entities. Variable interest payments are based on the forward rates as of December 28, 2024.

(ii) These are the contractual payments that the Company is committed to related to the sale of retail properties to Choice Properties Real Estate Investment Trust and third parties.

(iii) These obligations include agreements for the purchase of equipment, real property and capital commitments for construction, expansion and renovation of buildings. These agreements may contain conditions that may or may not be satisfied. If the conditions are not satisfied, it is possible the Company will no longer have the obligation to proceed with the underlying transactions.

(iv) These obligations include contractual obligations to purchase goods or services of a material amount where the contract prescribes fixed or minimum volumes to be purchased or payments to be made within a fixed period of time for a set or variable price. These are only estimates of anticipated financial commitments under these arrangements and the amount of actual payments will vary. These purchase obligations do not include purchase orders issued or agreements made in the ordinary course of business which are solely for goods which are meant for resale, nor do they include any contracts which may be terminated on relatively short notice or with relatively insignificant cost or liability to the Company.

At year end, the Company had additional long term liabilities which included post-employment and other long term employee benefit plan liabilities, deferred vendor allowances, deferred income tax liabilities and provisions, including insurance liabilities. These long term liabilities have not been included above as the timing and amount of future payments are uncertain.

8. Financial Derivative Instruments

The Company uses derivative instruments to offset certain of its financial risks. The Company uses bond forwards and interest rate swaps, to manage its anticipated exposure to fluctuations in interest rates on future debt issuances. The Company also uses futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates in its underlying operations.

The following is a summary of the fair values recognized on the consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes related to the Company's financial derivative instruments designated as cash flow hedges:

	December 28, 2024 (52 weeks)			December 30, 2023 (52 weeks)		
(millions of Canadian dollars)	Net asset/ (liability) Fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Net asset/ (liability) Fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges						
Foreign Exchange Forwards[(i)]	**$ 1**	**$ (1)**	**$ 1**	$ 7	$ (2)	$ 2
Bond Forwards[(ii)]	**—**	**4**	**(3)**	—	11	(4)
Interest Rate Swaps[(iii)]	**—**	**(1)**	**1**	1	—	2
Energy Hedge[(iv)]	**(15)**	**(12)**	**—**	(4)	(4)	—
Total derivatives designated as cash flow hedges	**$ (14)**	**$ (10)**	**$ (1)**	$ 4	$ 5	$ —

(i) PC Bank uses foreign exchange forwards, with a notional value of $11 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.

(ii) The Company uses bond forwards to manage its interest risk related to future debt issuances. During 2024, PC Bank settled all of its outstanding bond forwards.

(iii) PC Bank uses interest rate swaps, with a notional value of $180 million, to mitigate the impact of increases in interest rates. The fair value of the derivatives is included in prepaid expenses and other assets.

(iv) In 2023, the Company entered into a 20 year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million. The fair value of the derivative is included in other liabilities.

The Company also uses futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates on its underlying operations. These derivative instruments are not designated in a formal hedging relationship. For further details on the impact of these instruments during 2024 see Section 17 "Non-GAAP and other Financial Measures" of the MD&A.

The following is a summary of the fair values recognized on the consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes related to the Company's financial derivative instruments not designated in a formal hedging relationship:

	December 28, 2024 (52 weeks)		December 30, 2023 (52 weeks)	
(millions of Canadian dollars)	Net asset/ (liability) Fair value	Gain/(loss) recorded in operating income	Net asset/ (liability) Fair value	Gain/(loss) recorded in operating income
Derivatives not designated in a formal hedging relationship				
Foreign Exchange and Other Forwards	**$ 5**	**$ 26**	$ (3)	$ (4)
Other Non-Financial Derivatives	**—**	**2**	(4)	(7)
Total derivatives not designated in a formal hedging relationship	**$ 5**	**$ 28**	$ (7)	$ (11)

9. Quarterly Results of Operations

9.1 Results by Quarter

The Company follows a 52-week reporting cycle which periodically necessitates a fiscal year of 53 weeks due to an accounting convention common in the retail industry. Fiscal years 2024 and 2023 were both 52 weeks. The 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration.

The following is a summary of selected consolidated financial information for each of the eight most recently completed quarters:

Summary of Consolidated Quarterly Results

					2024					2023
(millions of Canadian dollars except where otherwise indicated)	**First Quarter (12 weeks)**	**Second Quarter (12 weeks)**	**Third Quarter (16 weeks)**	**Fourth Quarter (12 weeks)**	**Total (52 weeks)**	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)
Revenue	**$13,581**	**$13,947**	**$18,538**	**$14,948**	**$ 61,014**	$12,995	$13,738	$18,265	$14,531	$59,529
Adjusted EBITDA[(2)]	**1,544**	**1,713**	**2,069**	**1,698**	**7,024**	1,448	1,640	1,926	1,633	6,647
Net earnings available to common shareholders of the Company	**459**	**457**	**777**	**462**	**2,155**	418	508	621	541	2,088
Adjusted net earnings available to common shareholders of the Company[(2)]	**537**	**664**	**767**	**669**	**2,637**	505	626	719	630	2,480
Net earnings per common share:										
Basic ($)	**$ 1.48**	**$ 1.49**	**$ 2.55**	**$ 1.53**	**$ 7.06**	$ 1.30	$ 1.59	$ 1.97	$ 1.73	$ 6.59
Diluted ($)	**$ 1.47**	**$ 1.48**	**$ 2.53**	**$ 1.52**	**$ 6.99**	$ 1.29	$ 1.58	$ 1.95	$ 1.72	$ 6.52
Adjusted diluted net earnings per common share[(2)] ($)	**$ 1.72**	**$ 2.15**	**$ 2.50**	**$ 2.20**	**$ 8.55**	$ 1.55	$ 1.94	$ 2.26	$ 2.00	$ 7.75
Food Retail same-store sales growth	**3.4 %**	**0.2 %**	**0.5 %**	**2.5 %**	**1.5 %**	3.1 %	6.1 %	4.5 %	2.0 %	3.9 %
Drug Retail same-store sales growth	**4.0 %**	**1.5 %**	**2.9 %**	**1.3 %**	**2.4 %**	7.4 %	5.7 %	4.6 %	4.6 %	5.4 %

Revenue Revenue for the last eight quarters was impacted by various factors including the following:

- seasonality, which was greatest in the fourth quarter and least in the first quarter;
- the timing of holidays;
- macro-economic conditions impacting food and drug retail prices; and
- changes in net retail square footage. Over the past eight quarters, net retail square footage has increased by 0.8 million square feet to 72.0 million square feet.

Net Earnings Available to Common Shareholders of the Company and Diluted Net Earnings Per Common Share Net earnings available to common shareholders of the Company and diluted net earnings per common share for the last eight quarters were impacted by the following items:

- seasonality, which was greatest in the fourth quarter and least in the first quarter;
- the timing of holidays;
- cost savings, operating efficiencies and benefits from strategic initiatives;
- the favourable impact of the repurchase of common shares for cancellation; and
- the impact of certain adjusting items, as set out in Section 17 "Non-GAAP and Other Financial Measures", including:
  - charges related to the settlement of class action lawsuits;
  - the *PC Optimum* loyalty program, including the revaluation of the loyalty liability;
  - the fair value write-down related to the sale of *Wellwise*;
  - fair value adjustments on non-operating properties;
  - the gains on sale of non-operating properties;
  - fair value adjustments on fuel and foreign currency contracts; and
  - the recoveries and charge related to PC Bank commodity tax matters.

9.2 Fourth Quarter Results

The following is a summary of selected consolidated financial information for the fourth quarter of 2024:

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	2024 (12 weeks)	2023 (12 weeks)	$ Change	% Change
Revenue	**$ 14,948**	$ 14,531	$ 417	2.9 %
Operating income	**852**	943	(91)	(9.7)%
Adjusted EBITDA(2)	**1,698**	1,633	65	4.0 %
Adjusted EBITDA margin(2)	**11.4 %**	11.2 %		
Depreciation and amortization	**$ 694**	$ 680	$ 14	2.1 %
Net interest expense and other financing charges	**199**	195	4	2.1 %
Adjusted net interest expense and other financing charges(2)	**199**	195	4	2.1 %
Income taxes	**185**	188	(3)	(1.6)%
Adjusted income taxes(2)	**245**	224	21	9.4 %
Adjusted effective tax rate(2)	**26.6 %**	25.7 %		
Net (losses) earnings attributable to non-controlling interests	**$ (1)**	$ 16	$ (17)	(106.3)%
Net earnings attributable to shareholders of the Company	**$ 469**	$ 544	$ (75)	(13.8)%
Net earnings available to common shareholders of the Company(i)	**462**	541	(79)	(14.6)%
Adjusted net earnings available to common shareholders of the Company(2)	**669**	630	39	6.2 %
Diluted net earnings per common share ($)	**$ 1.52**	$ 1.72	$ (0.20)	(11.6)%
Adjusted diluted net earnings per common share(2) ($)	**$ 2.20**	$ 2.00	$ 0.20	10.0 %
Diluted weighted average common shares outstanding (in millions)	**304.4**	314.9		
Cash flows from (used in):				
Operating activities	**$ 1,587**	$ 1,405	$ 182	13.0 %
Investing activities	**(715)**	(330)	(385)	(116.7)%
Financing activities	**(409)**	(819)	410	50.1 %
Dividends declared per common share ($)	**$ 0.513**	$ 0.446	$ 0.067	15.0 %
Dividends declared per Second Preferred Share, Series B ($)	**$ 0.33125**	$ 0.33125	—	—

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B and the impact of the redemption of these shares.

In the fourth quarter of 2024, Loblaw maintained its focus on retail excellence and produced another quarter of strong operational and financial results. Customers continued to seek a combination of quality, value, service, and convenience, and recognized the strength of the Company's offer across its store network. Growing customer engagement of personalized *PC Optimum* loyalty offers, combined with impactful in-store promotions and more everyday value drove higher traffic and strong market share gains in Food Retail. In Drug Retail, Pharmacy and Healthcare Services continued to perform well. Front Store sales reflected growth across the beauty categories, led by prestige. As expected, this was offset by the impact from the exit from the sale of certain items in the electronics category. Over the 2024 fiscal year, the Company invested in its network, opening 52 new Drug and Food retail stores, and 78 new pharmacy care clinics. In 2025, Loblaw plans to further invest in its network by opening approximately 80 new food and drug stores, and 100 new clinics. The Company also marked a major milestone, with the opening of its first T&T® Supermarket in the United States in the fourth quarter of 2024. Loblaw's strategy, unique assets, and dedicated colleagues position it well to continue to serve the diverse needs of Canadians today and in the future.

Net Earnings Available to Common Shareholders of the Company and Diluted Net Earnings Per Common Share

Net earnings available to common shareholders of the Company in the fourth quarter of 2024 were $462 million ($1.52 per common share). When compared to the fourth quarter of 2023, this was a decrease of $79 million ($0.20 per common share) or 14.6%. The decrease was driven by an unfavourable change in adjusting items totaling $118 million, partially offset by an improvement in the underlying operating performance of $39 million, as described below:

- the unfavourable change in adjusting items totaling $118 million ($0.40 per common share) was primarily due to the following:
    - the unfavourable impact of the charge related to the *PC Optimum* loyalty program of $94 million ($0.31 per common share);
    - the unfavourable impact of the fair value write-down related to the sale of *Wellwise* of $29 million ($0.10 per common share); and
    - the unfavourable impact of prior year recovery related to a PC Bank commodity tax matter of $12 million ($0.04 per common share);

  partially offset by,
    - the favourable impact of prior year fair value adjustments on fuel and foreign currency contracts of $10 million ($0.03 per common share);
    - the year-over-year favourable change in fair value adjustments on non-operating properties of $3 million ($0.01 per common share); and
    - the favourable impact of a gain on sale of non-operating properties of $3 million ($0.01 per common share).
- the improvement in underlying operating performance of $39 million ($0.13 per common share) was primarily due to the following:
    - an improvement in the underlying operating performance in the Retail segment driven by an increase in gross profit(2), partially offset by an increase in SG&A and depreciation and amortization; and
    - the favourable impact from non-controlling interests.
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months ($0.07 per common share).

Adjusted net earnings available to common shareholders of the Company(2) were $669 million, an increase of $39 million or 6.2% compared to the fourth quarter of 2023. Adjusted net earnings per common share(2) were $2.20, an increase of $0.20 or 10.0%. The increase includes the favourable impact from the repurchase of common shares.

Revenue

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**	2023 (12 weeks)	$ Change	% Change
Retail	**$ 14,579**	$ 14,157	$ 422	3.0 %
Financial Services	**476**	487	(11)	(2.3)%
Eliminations	**(107)**	(113)	6	5.3 %
Revenue	**$ 14,948**	$ 14,531	$ 417	2.9 %

Revenue was $14,948 million in the fourth quarter of 2024. When compared to the fourth quarter of 2023, this was an increase of $417 million, or 2.9%. The increase was primarily driven by an increase in Retail segment sales of $422 million due to positive same-store sales growth. This was partially offset by a decrease in Financial Services segment sales of $11 million.

Operating Income Operating income was $852 million in the fourth quarter of 2024. When compared to the fourth quarter of 2023, this was a decrease of $91 million, or 9.7%. The decrease was driven by an unfavourable change in adjusting items totaling $142 million, partially offset by an improvement in underlying operating performance of $51 million, as described below:

- the unfavourable change in adjusting items totaling $142 million was primarily due to the following:
  - the unfavourable impact of the charge related to the *PC Optimum* loyalty program of $129 million;
  - the unfavourable impact of the fair value write-down related to the sale of *Wellwise* of $23 million; and
  - the unfavourable impact of prior year recovery related to a PC Bank commodity tax matter of $13 million;

  partially offset by,
  - the favourable impact of prior year fair value adjustments on fuel and foreign currency contracts of $14 million;
  - the year-over-year favourable change in fair value adjustments on non-operating properties of $6 million; and
  - the favourable impact of a gain on sale of non-operating properties of $3 million.
- the improvement in underlying operating performance of $51 million was primarily due to the following:
  - an improvement in the underlying operating performance of the Retail Segment due to an increase in gross profit(2), partially offset by an increase in SG&A and depreciation and amortization; and
  - an improvement in the underlying operating performance in the Financial Services segment.

Adjusted EBITDA(2)

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**	2023 (12 weeks)	$ Change	% Change
Retail	**$ 1,579**	$ 1,532	$ 47	3.1 %
Financial Services	**119**	101	18	17.8 %
Adjusted EBITDA(2)	**$ 1,698**	$ 1,633	$ 65	4.0 %

Adjusted EBITDA(2) was $1,698 million in the fourth quarter of 2024. When compared to the fourth quarter of 2023, this was an increase of $65 million or 4.0%, driven by an increase in the Retail segment of $47 million, and an increase in the Financial Services segment of $18 million.

Depreciation and Amortization Depreciation and amortization was $694 million in the fourth quarter of 2024, an increase of $14 million or 2.1% compared to the fourth quarter of 2023, driven by an increase in the Retail segment of $14 million. Included in depreciation and amortization was the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of $115 million (2023 – $115 million).

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges were $199 million, an increase of $4 million or 2.1% compared to the fourth quarter of 2023. The increase was primarily driven by an increase in interest expense from lease liabilities, partially offset by the capitalization of interest expense related to the Company's automated distribution facility.

Income Taxes Income tax expense in the fourth quarter of 2024 was $185 million (2023 – $188 million) and the effective tax rate was 28.3% (2023 – 25.1%). The increase in the effective tax rate was primarily attributable to the impact of other non-deductible items.

Adjusted income tax expense(2) in the fourth quarter of 2024 was $245 million (2023 – $224 million) and the adjusted effective tax rate(2) was 26.6% (2023 – 25.7%). The increase in the adjusted effective tax rate(2) was primarily attributable to the impact of other non-deductible items.

Net (Losses) Earnings Attributable To Non-Controlling Interests Net losses attributable to non-controlling interests were $1 million, a decrease of $17 million or 106.3% compared to net earnings of $16 million in the fourth quarter of 2023. The decrease was primarily driven by a decrease in franchisee earnings after profit sharing. On a full year basis, net earnings attributable to non-controlling interests were $104 million, an increase of $17 million or 19.5% compared to 2023. The increase in non-controlling interests was primarily driven by an increase in franchisee earnings after profit sharing. Non-controlling interests represent the share of earnings that relates to the Company's Food Retail franchisees and is impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements.

Cash Flow

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**	2023 (12 weeks)	$ Change	% Change
Cash and cash equivalents, beginning of period	**$ 993**	$ 1,228	$ (235)	(19.1)%
Cash flows from (used in):				
Operating activities	**$ 1,587**	$ 1,405	$ 182	13.0 %
Investing activities	**(715)**	(330)	(385)	(116.7)%
Financing activities	**(409)**	(819)	410	50.1 %
Effect of foreign currency exchange rate changes on cash and cash equivalents	**6**	4	2	50.0 %
Increase in cash and cash equivalents	**$ 469**	$ 260	$ 209	80.4 %
Cash and cash equivalents, end of period	**$ 1,462**	$ 1,488	$ (26)	(1.7)%

Cash Flows from Operating Activities Cash flows from operating activities in the fourth quarter of 2024 were $1,587 million, an increase of $182 million when compared to the fourth quarter of 2023. The increase was primarily driven by the favourable year-over-year change in non-cash working capital, partially offset by credit card receivables increasing year-over-year at a higher rate than prior year, lower cash earnings and higher income taxes paid.

Cash Flows used in Investing Activities Cash flows used in investing activities in the fourth quarter of 2024 were $715 million, an increase of $385 million when compared to the fourth quarter of 2023. The increase in cash flows used in investing activities was primarily driven by higher purchases of short term investments and a decrease in proceeds from disposals of assets.

Cash Flows used in Financing Activities Cash flows used in financing activities in the fourth quarter of 2024 were $409 million, a decrease of $410 million when compared to the fourth quarter of 2023. The decrease was primarily driven by higher net issuance of long term debt, an increase in demand deposits from customers, lower dividends paid due to timing of the fourth quarter 2024 dividend payment, and higher repurchases of common shares in the current period, partially offset by a decrease in bank indebtedness and others non-cash items.

Capital Investments Capital investments in the fourth quarter of 2024 were $628 million, a decrease of $48 million or 7.1%, compared to the fourth quarter of 2023.

Free Cash Flow(2)

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**2024 (12 weeks)** Retail	Financial Services	Eliminations(i)	Total	2023 (12 weeks) Retail	Financial Services	Eliminations(i)	Total
Cash flows from (used in) operating activities	**$ 1,748**	**$ (209)**	**$ 48**	**$ 1,587**	$ 1,495	$ (131)	$ 41	$ 1,405
Less:								
Capital investments(ii)	**619**	**9**	**—**	**628**	666	10	—	676
Interest paid	**51**	**—**	**48**	**99**	60	—	41	101
Lease payments, net	**250**	**—**	**—**	**250**	257	—	—	257
Free cash flow(2)	**$ 828**	**$ (218)**	**$ —**	**$ 610**	$ 512	$ (141)	$ —	$ 371

(i) Interest paid is included in cash flows from operating activities under the Financial Services segment.

(ii) Capital investments are the sum of fixed asset purchases and intangible asset additions as presented in the Company's Consolidated Statements of Cash Flows, and prepayments transferred to fixed assets in the current period. Capital Investments in the fourth quarter of 2023 included $37 million of prepayments transferred to fixed assets.

Free cash flow(2) from the Retail segment in the fourth quarter of 2024 was $828 million, an increase of $316 million when compared to the fourth quarter of 2023. The increase was primarily driven by the favourable year-over-year change in non-cash working capital, partially offset by lower cash earnings and higher income taxes paid.

Free cash flow(2) used in the Financial Services segment in the fourth quarter of 2024 was $218 million, an increase of $77 million when compared to the fourth quarter of 2023. The increase was primarily due to credit card receivables increasing year-over-year at a higher rate than prior year.

Segment Information

(unaudited) (millions of Canadian dollars)	**December 28, 2024 (12 weeks)** Retail	Financial Services	Eliminations(i)	Total	December 30, 2023 (12 weeks) Retail	Financial Services	Eliminations(i)	Total
Revenue(ii)	**$14,579**	**$ 476**	**$ (107)**	**$14,948**	$ 14,157	$ 487	$ (113)	$ 14,531
Operating income	**$ 777**	**$ 75**	**$ —**	**$ 852**	$ 843	$ 100	$ —	$ 943
Net interest expense and other financing charges	**162**	**37**	**—**	**199**	156	39	—	195
Earnings before income taxes	**$ 615**	**$ 38**	**$ —**	**$ 653**	$ 687	$ 61	$ —	$ 748
Operating income	**$ 777**	**$ 75**	**$ —**	**$ 852**	$ 843	$ 100	$ —	$ 943
Depreciation and amortization	**680**	**14**	**—**	**694**	666	14	—	680
Adjusting items(iii)	**237**	**30**	**—**	**267**	138	(13)	—	125
Less: amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(115)**	**—**	**—**	**(115)**	(115)	—	—	(115)
Adjusted EBITDA(iii)	**$ 1,579**	**$ 119**	**$ —**	**$ 1,698**	$ 1,532	$ 101	$ —	$ 1,633
Depreciation and amortization(iv)	**565**	**14**	**—**	**579**	551	14	—	565
Adjusted operating income	**$ 1,014**	**$ 105**	**$ —**	**$ 1,119**	$ 981	$ 87	$ —	$ 1,068

(i) Eliminations includes the reclassification of revenue related to PC® Mastercard® loyalty awards in the Financial Services segment.

(ii) Included in Financial Services revenue is $166 million (December 30, 2023 – $167 million) of interest income.

(iii) Certain items are excluded from operating income to derive adjusted EBITDA(2). Adjusted EBITDA(2) is used internally by management when analyzing segment underlying performance.

(iv) Depreciation and amortization for the calculation of adjusted EBITDA(2) excludes $115 million (December 30, 2023 – $115 million) of amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark.

Retail Segment Fourth Quarter Results of Operations

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**	2023 (12 weeks)	$ Change	% Change
Sales	**$ 14,579**	$ 14,157	$ 422	3.0 %
Operating income	**777**	843	(66)	(7.8)%
Gross profit(2)	**4,505**	4,409	96	2.2 %
Gross profit %(2)	**30.9 %**	31.1 %		
Adjusted EBITDA(2)	**$ 1,579**	$ 1,532	$ 47	3.1 %
Adjusted EBITDA margin(2)	**10.8 %**	10.8 %		
Depreciation and amortization	**$ 680**	$ 666	$ 14	2.1 %

The following table provides a breakdown of the Company's total and same-store sales for the Retail segment.

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**		2023 (12 weeks)	
	Sales	**Same-store sales**	Sales	Same-store sales
Food retail	**$ 10,138**	**2.5 %**	$ 9,774	2.0 %
Drug retail	**4,441**	**1.3 %**	4,383	4.6 %
Pharmacy and healthcare services	**2,230**	**6.3 %**	2,099	8.0 %
Front store	**2,211**	**(3.1)%**	2,284	1.7 %

Sales Retail segment sales were $14,579 million in the fourth quarter of 2024, an increase of $422 million, or 3.0% compared to the fourth quarter of 2023, primarily driven by the following factors:

- Food retail same-store sales growth was 2.5% (2023 – 2.0%) for the quarter. Food retail same-store sales growth was approximately 1.5% after excluding the favourable impact of the timing of Thanksgiving.
    - Same-store sales growth in food was moderate;
    - Same-store sales growth in pharmacy was moderate;
    - The Consumer Price Index as measured by The Consumer Price Index for Food Purchased From Stores was 2.4% (2023 – 4.9%) which was higher than the Company's internal food inflation; and
    - Food Retail traffic increased and basket size increased.
- Drug retail same-store sales growth was 1.3% (2023 – 4.6%) for the quarter.
    - Pharmacy and healthcare services same-store sales growth was 6.3% (2023 – 8.0%). Pharmacy and healthcare services same-store sales growth benefited from an increase in specialty prescription volumes. The number of prescriptions dispensed increased by 1.7% (2023 – 3.5%). On a same-store basis, the number of prescriptions dispensed increased by 1.7% (2023 – 3.4%) and the average prescription value increased by 4.0% (2023 – 3.4%);

  partially offset by,
    - Front store same-store sales decline of 3.1% (2023 – growth of 1.7%). The decline in front store same-store sales was primarily driven by the decision to exit certain low margin electronics categories, the impact of the closure of postal services during the Canada Post strike, and lower sales of food and household items, partially offset by the continued strength in beauty products.

In the last 12 month, 52 food and drug stores were opened, and 15 food and drug stores were closed, resulting in a net increase in Retail square footage of 0.8 million square feet, or 1.1% at 72.0 million square feet.

Operating Income Operating income was $777 million in the fourth quarter of 2024, a decrease of $66 million, or 7.8% compared to the fourth quarter of 2023. The decrease was driven by an unfavourable change in adjusting items totaling $99 million, partially offset by an improvement in underlying operating performance of $33 million, as described below:

- the unfavourable change in adjusting items totaling $99 million was primarily due to the following:
  - the unfavourable impact of the charge related to the *PC Optimum* loyalty program of $99 million; and
  - the unfavourable impact of the fair value write-down related to the sale of *Wellwise* of $23 million;

  partially offset by,
  - the favourable impact of prior year fair value adjustments on fuel and foreign currency contracts of $14 million;
  - the year-over-year favourable change in fair value adjustments on non-operating properties of $6 million; and
  - the favourable impact of a gain on sale of non-operating properties of $3 million.
- the improvement in underlying operating performance of $33 million was due to an increase in gross profit[(2)], partially offset by an increase in SG&A and depreciation and amortization.

Gross Profit[(2)] Gross profit[(2)] was $4,505 million in the fourth quarter of 2024, an increase of $96 million, or 2.2% compared to fourth quarter of 2023. The gross profit percentage[(2)] of 30.9% decreased by 20 basis points, primarily driven by changes in sales mix, including the impact of the closure of postal services during the Canada Post strike and the Thanksgiving shift, partially offset by improvements in shrink.

Adjusted EBITDA[(2)] Adjusted EBITDA[(2)] was $1,579 million in the fourth quarter of 2024, an increase of $47 million, or 3.1% compared to the fourth quarter of 2023. The increase was driven by an increase in gross profit[(2)] of $96 million, partially offset by an increase in SG&A of $49 million. SG&A as a percentage of sales was 20.1%, a favourable decrease of 20 basis points, primarily due to the year-over-year impact of labour costs including expenses related to the ratification of union labour agreements in the prior year, and operating leverage from higher sales, partially offset by the year-over-year impact of certain real estate activities.

Depreciation and Amortization Depreciation and amortization was $680 million in the fourth quarter of 2024, an increase of $14 million or 2.1% when compared to the fourth quarter of 2023. The increase in depreciation and amortization in the fourth quarter of 2024 was primarily driven by an increase in leased assets and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset the impact of prior year accelerated depreciation as a result of network optimization. Included in depreciation and amortization was the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of $115 million (2023 – $115 million).

Financial Services Segment Fourth Quarter Results of Operations

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**	2023 (12 weeks)	$ Change	% Change
Revenue	**$ 476**	$ 487	$ (11)	(2.3)%
Earnings before income taxes	**38**	61	(23)	(37.7)%

(millions of Canadian dollars except where otherwise indicated)	**As at December 28, 2024**	As at December 30, 2023	$ Change	% Change
Average quarterly net credit card receivables	**$ 4,010**	$ 3,950	$ 60	1.5 %
Credit card receivables	**4,230**	4,132	98	2.4 %
Allowance for credit card receivables	**263**	256	7	2.7 %
Annualized yield on average quarterly gross credit card receivables	**14.3 %**	13.9 %		
Annualized credit loss rate on average quarterly gross credit card receivables	**4.5 %**	3.8 %		

Revenue Revenue was $476 million in the fourth quarter of 2024, a decrease of $11 million compared to the fourth quarter of 2023. The decrease in the fourth quarter was primarily driven by lower sales attributable to *The Mobile Shop*.

Earnings Before Income Taxes Earnings before income taxes were $38 million in the fourth quarter of 2024, a decrease of $23 million compared to the fourth quarter of 2023. The decrease in the fourth quarter was primarily driven by:

- lapping of prior year benefits associated with the renewal of a long-term agreement with Mastercard; and
- a *PC Optimum* loyalty program charge of $30 million (see Section 5.2 "Other Business Matters" above);

partially offset by,

- the year-over-year favourable impact of the expected credit loss provision from the prior year increase of $25 million versus current year release of $11 million.

Credit Card Receivables As at December 28, 2024, credit card receivables were $4,230 million, an increase of $98 million compared to December 30, 2023. This increase was primarily driven by an increase in customer spending. The expected credit loss allowance for credit card receivables was $263 million, an increase of $7 million compared to December 30, 2023. The increase is reflective of the current and forecasted macro-economic environment and its impact on consumer credit trends.

10. Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

As required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have caused the effectiveness of the disclosure controls and procedures to be evaluated. Based on that evaluation, management, under the supervision of the President and CEO and the CFO, have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 28, 2024.

11. Internal Control over Financial Reporting

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS Accounting Standards.

As required by NI 52-109, the President and CEO, and the CFO have caused the effectiveness of the internal controls over financial reporting to be evaluated using the framework established in 'Internal Control - Integrated Framework (COSO Framework)' published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), 2013. Based on that evaluation, management, under the supervision of the President and CEO and the CFO, have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 28, 2024.

In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes in Internal Control over Financial Reporting There were no changes in the Company's internal controls over financial reporting in 2024 that materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

12. Enterprise Risks and Risk Management

The Company is committed to maintaining a framework that ensures risk management is an integral part of its activities. The Company's Enterprise Risk Management ("ERM") program assists all areas of the business in managing risks within appropriate levels of tolerance by bringing a systematic approach and methodology for evaluating, measuring and monitoring key risks. The results of the ERM program and other business planning processes are used to identify emerging risks to the Company, prioritize risk mitigation activities and develop a risk-based internal audit plan.

Risks are not eliminated through the ERM program, but rather, are identified and managed in line with the Company's Risk Appetite Statement and within approved risk tolerances. The Risk Appetite Statement articulates key aspects of the Company's businesses, values, and brands and provides directional guidance on risk taking.

RESPONSIBILITIES / OUTCOMES		KEY ACTIVITIES
Oversight of the ERM program and the alignment between strategy and risk	The Board	• Review of strategy plans, including capital allocation • Review enterprise risks and mitigation plans • Annual approval of the ERM policy and Risk Appetite Statement
Based on risk ownership assigned by the Board, responsible for managing risk and implementing risk mitigation strategies and operating within the approved risk appetite thresholds	Management	• Periodic updates to the Board by the ERM function on the status of key risks[i] • Long-term risk levels are assessed to monitor potential long-term risk impacts
The ERM Program • Facilitate effective corporate governance by providing a consolidated view of risks • Focus on key risks that could impact strategic objectives[ii] • Ensure risk appetite and tolerances are defined and understood • Promote a culture of awareness of risk management and compliance • Assist in developing risk management tools and methodologies • Anticipate and provide early warnings of risks through key risk indicators	ERM Program	**ERM assessment:** • Continuous update and risk identification • Carried out in parallel with strategic planning • Includes interviews surveys, workshops with management and the Board • Monitor changes to enterprise risk • Mitigation plan updates and review key risk indicators against tolerances
Mitigation of risks[ii]	Risk Owners	• Managing risk and implementation of risk mitigation strategies for Operating and Financial Risks

(i) Risks are assessed and evaluated based on the Company's vulnerability to the risk and the potential impact that the underlying risks would have on the Company's ability to execute on its strategies and achieve its objectives.

(ii) Any of the key risks have the potential to negatively affect the Company and its financial performance. The Company has risk management strategies in place for key risks. However, there can be no assurance that the risks will be mitigated or will not materialize or that events or circumstances will not occur that could adversely affect the reputation, operations or financial condition or performance of the Company.

12.1 Operating Risks and Risk Management

The following discussion of risks identifies significant factors that could have a material adverse effect on the Company's business, operations, financial condition or future financial performance.

The following risks are a subset of the key risks identified through the ERM program. They should be read in conjunction with the full set of risks inherent in the Company's business, as included in the Company's AIF for the year ended December 28, 2024, which is hereby incorporated by reference:

Economic Conditions	Competitive Environment and Strategy
Cybersecurity, Privacy and Data Breaches	Food, Drug, Product and Services Safety
IT Systems Implementations and Data Management	Labour Relations
Inventory Management and Shrink	Environmental and Social
Healthcare Reform	Business Continuity
Distribution and Supply Chain	Legal Proceedings
Associate-owned Drug Store Network and Relationships with Associates	Change Management, Process and Efficiency
Electronic Commerce and Disruptive Technologies	Franchisee Relationships
Regulatory Compliance	Service Providers
Colleague Attraction, Development and Succession Planning	

Economic Conditions The Company's revenue, profitability, brand and reputation may be impacted by general economic conditions. These economic conditions include inflation, impact of tariffs, price increases from suppliers, levels of employment, costs of borrowing, household debt, political uncertainty and government regulation, the impact of natural disasters, war or acts of terrorism, pandemics, changes in interest rates, tax rates, or exchange rates, and access to consumer credit. A number of these conditions could negatively impact consumer spending. As a result, these economic conditions may adversely impact demand for the Company's products and services which could adversely affect the Company's operations, financial performance, brand or reputation.

Cybersecurity, Privacy and Data Breaches The Company depends on the uninterrupted operation of its IT systems, networks and services including internal and public internet sites, data hosting and processing facilities, and cloud-based services and hardware, such as point-of-sale processing at stores, to operate its business.

In the ordinary course of business, the Company collects, processes, transmits and retains confidential, sensitive and personal information ("Confidential Information"), including payment card industry data and personal health and financial information regarding the Company and its employees, franchisees, Associates, vendors, customers, patients, credit card and *PC Money* Account holders and loyalty program members. Some of this Confidential Information is held and managed by third party service providers. As with other large companies, the Company is regularly subject to cyberattacks and such attempts are occurring more frequently, are constantly evolving in nature and are becoming more sophisticated.

The Company has implemented security measures, including employee training, monitoring and testing, maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access of Confidential Information and to reduce the likelihood of disruptions to its IT systems. The Company continues to make strategic investments in this area in order to mitigate cyber threats. The Company also has security processes, protocols and standards that are applicable to its third party service providers.

Despite these measures, all of the Company's information systems, including its back-up systems and any third party service provider systems that it employs, are vulnerable to damage, interruption, disability or failures due to a variety of reasons, including physical theft, electronic theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events.

The Company or its third party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach the Company's security measures or its third party service providers' information systems.

As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the Company's security measures or those of its third party service providers. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of the Company's or its third party service providers' security measures, which could result in a breach of employee, franchisee, Associate, customer, patient, credit card or *PC Money* Account holder or loyalty program member privacy or Confidential Information.

If the Company does not allocate and effectively manage the resources necessary to build and sustain reliable IT infrastructure, fails to timely identify or appropriately respond to cybersecurity incidents, or the Company's or its third party service providers' information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the Company's business could be disrupted and the Company could, among other things, be subject to: transaction errors; processing inefficiencies; the loss of or failure to attract new customers; the loss of revenue; the loss or unauthorized access to Confidential Information or other assets; the loss of or damage to intellectual property or trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs. Any such occurrences could adversely affect the reputation, operations or financial performance of the Company.

IT Systems Implementations and Data Management The operations of the Company are reliant on the continuous and uninterrupted operations of critical technology systems, including the increasing use of automation technology. Any technology failure/outage pertaining to the availability, capacity or sustainability of the Company's IT systems may result in disruptions impacting the Company's customers or financial performance, or may negatively impact the Company's reputation. The Company continues to make investments in new IT systems to improve the operating effectiveness of the organization. Failure to successfully migrate from legacy systems to new IT systems or a significant disruption in the Company's current IT systems during the implementation of new systems could result in a lack of accurate data to effectively manage day-to-day operations of the business or achieve its operational objectives, causing significant disruptions to the business and potential financial losses.

Failure to successfully adopt or implement appropriate processes to support the new IT systems, or failure to effectively leverage or convert data from one system to another, may preclude the Company from optimizing its overall performance and could result in inefficiencies and duplication in processes, which in turn could adversely affect the reputation, operations or financial performance of the Company. Failure to realize the anticipated strategic benefits including revenue growth, anticipated cost savings or operating efficiencies associated with new IT systems could adversely affect the reputation, operations or financial performance of the Company.

The Company also depends on relevant and reliable information to operate its business. As the volume of data being generated and reported continues to increase across the Company, data accuracy, quality and governance are required for effective decision making. Failure by the Company to leverage data, including customer data, in a timely manner may adversely affect the Company's ability to execute its strategy and therefore its financial performance. Moreover, lack of sensitive data classification, protection and use case approval may result in operational or reputational risk.

Inventory Management and Shrink The Company is subject to risks associated with managing its inventory and controlling shrink. Failure to successfully manage such risks could result in shortages of inventory, excess or obsolete inventory which cannot be sold profitably or increases in levels of inventory shrink. Any of these outcomes could adversely affect the financial performance of the Company. Although the Company has implemented new IT systems, which are intended to provide increased visibility to integrated inventory and sales information at store level, the Company's failure to effectively implement such new IT systems and applicable processes may increase the risks associated with managing inventory, including the risk that inaccurate inventory could result in inaccurate financial statements.

The Company's Retail segment is also examining its fundamental processes related to article lifecycle management, with the goal of making existing processes more efficient. This will impact existing workflow and system processes across procurement, supply chain and merchandising. Such simplification and efficiency processes are critical to the organization's ability to implement longer term system solutions and achieve efficiencies across the Retail divisions. Any failure to effectively deliver this enterprise core solution could negatively impact the Company's operations or financial performance.

Healthcare Reform The Company is reliant on prescription drug sales for a significant portion of its sales and profits. Prescription drugs and their sales are subject to numerous federal, provincial, territorial and local laws and regulations. Changes to these laws and regulations, including the potential implementation of a national pharmacare system, changes in the models used to fund prescription drugs such as the introduction of a pharmacare system, or non-compliance with these laws and regulations, could adversely affect the reputation, operations or financial performance of the Company.

Federal and provincial laws and regulations that establish public drug plans typically regulate prescription drug coverage, patient eligibility, pharmacy reimbursement, drug product eligibility and drug pricing. With respect to pharmacy reimbursement, such laws and regulations typically regulate the allowable drug cost of a prescription drug product, the permitted mark-up on a prescription drug product and the professional or dispensing fees that may be charged on prescription drug sales to patients eligible under the public drug plan. With respect to drug product eligibility, such laws and regulations typically regulate the requirements for listing the manufacturer's products as a benefit or partial benefit under the applicable governmental drug plan, drug pricing and, in the case of generic prescription drug products, the requirements for designating the product as interchangeable with a branded prescription drug product. In addition, other federal, provincial, territorial and local laws and regulations govern the approval, packaging, labeling, sale, marketing, advertising, handling, storage, distribution, dispensing and disposal of prescription drugs.

Sales of prescription drugs, pharmacy reimbursement and drug prices may be affected by changes to the healthcare industry, including legislative or other changes that impact patient eligibility, drug product eligibility, the allowable cost of a prescription drug product, the mark-up permitted on a prescription drug product, the amount of professional or dispensing fees paid by payers or the provision or receipt of manufacturer allowances by pharmacies and pharmacy suppliers.

The majority of prescription drug sales are reimbursed or paid by three types of payers: (i) government or public, (ii) private insurers or employers, and (iii) out-of-pocket by the patient. These payers have pursued and continue to pursue measures to manage the costs of their drug plans. Canada and each of the provinces has implemented legislative and/or other measures directed towards managing pharmacy service costs and controlling increasing drug costs incurred by public drug plans and private payers, which impact pharmacy reimbursement levels and the availability of manufacturer allowances. Legislative measures to control drug costs include lowering of generic drug pricing. Additionally, the pan-Canadian Pharmaceutical Alliance continues its work regarding cost reduction initiatives for pharmaceutical products and services.

Legislation in certain provincial jurisdictions establishes listing requirements that ensure that the selling price for a prescription drug product will not be higher than any selling price established by the manufacturer for the same prescription drug product under other provincial drug insurance programs. In some provinces, elements of the laws and regulations that impact pharmacy reimbursement and manufacturer allowances for sales to the public drug plans are extended by legislation to sales to private payers. Also, private payers (such as corporate employers and their insurers) are looking or may look to benefit from any measures implemented by government payers to reduce prescription drug costs for public plans by attempting to extend these measures to prescription drug plans they own or manage. Accordingly, changes to pharmacy reimbursement and manufacturer allowances for a public drug plan could also impact pharmacy reimbursement and manufacturer allowances for private payers. In addition, private payers could reduce pharmacy reimbursement for prescription drugs provided to their members or could elect to reimburse members only for products included on closed formularies or available from preferred providers.

Changes impacting pharmacy reimbursement programs and prescription drug pricing, legislative or otherwise, are expected to continue to put downward pressure on the value of prescription drug sales. These changes may have a material adverse effect on the Company's business, sales and profitability. In addition, the Company could incur significant costs in the course of complying with any changes in the regulatory regime affecting prescription drugs and pharmacy services. Non-compliance with any such existing or proposed laws or regulations, particularly those that provide for the licensing and conduct of wholesalers, the licensing and conduct of pharmacists, the regulation and ownership of pharmacies, the advertising of pharmacies and prescription services, the provision of information concerning prescription drug products, the pricing of prescription drugs, privacy and confidentiality and interactions with provincial drug and eHealth systems, could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

Distribution and Supply Chain The Company's ability to satisfy its customers' demands and achieve its cost objectives depends on its ability to maintain key logistic and transport arrangements. The Company's distribution and supply chain could be negatively affected by unforeseen disruptions due to fire, severe weather conditions, natural disasters or other catastrophic events, public health events, labour disagreements, disruptions to critical technology systems, including automation, or other transportation problems. The loss of or disruption to these types of arrangements could interrupt product supply, which in turn could adversely affect the assortment and product availability at the store and digital retail level. If not effectively managed or remedied, these events could negatively impact customer experience and the Company's ability to attract and retain customers, and could adversely affect the Company's operations or financial performance.

Associate-owned Drug Store Network and Relationships with Associates The success of the Company and the reputation of its brands are closely tied to the performance of the Shoppers Drug Mart Associate-owned drug stores. Accordingly, the Company relies on Associates to successfully operate, manage and execute retail programs and strategies at their respective drug store locations. Associates are independent business operators that have entered into agreements with the Company to own and operate retail stores in accordance with prescribed procedures and standards. The success of the operations and financial performance of their respective drug stores may be beyond the Company's control. In addition, Associates are subject to franchise legislation. Disruptions to the Company's relationships with Shoppers Drug Mart Associate-owned drug stores or changes in legislation could negatively affect revenue from Associates, which in turn could adversely affect the reputation, operations or financial performance of the Company.

Electronic Commerce and Disruptive Technologies The Company's e-commerce strategy is a growing business initiative. Customers expect innovative concepts and a positive customer experience, including a user-friendly website, customer offerings that are integrated with the Company's loyalty program, reliable data, safe and reliable processing of payments and a well-executed merchandise pick up or delivery process. If systems are damaged or cease to function properly, capital investment may be required. The Company is also vulnerable to various additional uncertainties associated with e-commerce including website downtime and other technical failures, changes in applicable federal and provincial regulations, security breaches, and consumer privacy concerns. If these technology-based systems and related processes do not function effectively, or if the Company is unable to identify and adapt to technological efficiencies, such as artificial/cognitive intelligence or automation in a timely manner, the Company's ability to grow its e-commerce business could be adversely affected. The Company has increased its investment in improving the digital customer experience, but there can be no assurances that the Company will be able to recover the costs incurred to date.

Regulatory Compliance The Company is subject to a wide variety of laws, regulations and orders across all countries in which it does business, including those laws involving product liability, labour and employment, anti-trust and competition, pharmacy, food safety, intellectual property, privacy, environmental and other matters. The Company is subject to taxation by various taxation authorities in Canada and a number of foreign jurisdictions. Changes to any of the laws, rules, regulations or policies applicable to the Company's business, including tax laws, minimum wage laws, and laws affecting the production, processing, preparation, distribution, packaging and labelling of food, pharmaceuticals and general merchandise products, could adversely affect the operations, financial condition or performance of the Company.

Failure by the Company to comply with applicable laws, regulations and orders could subject the Company to civil or regulatory actions, investigations or proceedings, including fines, assessments, injunctions, recalls or seizures, which in turn could adversely affect the reputation, operations or financial condition or performance of the Company. In the course of complying with changes to laws, the Company could incur significant costs. Changing laws or interpretations of such laws or enhanced enforcement of existing laws could restrict the Company's operations or profitability and thereby threaten the Company's competitive position and ability to efficiently conduct business. The Company is subject to tax audits from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to reassessments.

The Company is subject to capital requirements from OSFI, the primary regulator of PC Bank. PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory capital requirements as defined by OSFI. PC Bank uses Basel III as its regulatory capital management framework which includes a target common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5% and a total capital ratio of 10.5%. In addition to the regulatory capital ratios requirement, PC Bank is subject to the Basel III Leverage ratio and OSFI's Guideline on Liquidity Adequacy Requirements ("LARs"). The LARs guideline establishes standards based on the Basel III framework. PC Bank would be assessed fines and other penalties for non-compliance with these and other regulations. In addition, failure by PC Bank to comply, understand, acknowledge and effectively respond to applicable regulations could result in regulatory intervention and reputational damage.

Colleague Attraction, Development and Succession Planning The Company's operations and continued growth are dependent on its ability to hire, retain and develop colleagues, including leaders. Any failure to effectively attract and retain colleagues and leaders, including those with scarce and/or specialized skills, and to establish adequate leadership succession planning, could result in a lack of requisite knowledge, skill and experience. This could erode the Company's competitive position or result in increased costs due to the competition for, or high turn-over of, colleagues. Any of the foregoing could negatively affect the Company's ability to operate its business, which in turn could adversely affect the Company's reputation, operations or financial performance.

Competitive Environment and Strategy The retail industry in Canada is highly competitive. The Company competes against a wide variety of retailers including supermarket and retail drug store operators, as well as mass merchandisers, warehouse clubs, online retailers, mail order prescription drug distributors, limited assortment stores, discount stores, convenience stores and specialty stores. Many of these competitors offer a selection of food, drug and general merchandise, while others remain focused on supermarket-type merchandise. In addition, the Company is subject to competitive pressures from new entrants into the marketplace and from the expansion or renovation of existing competitors, particularly those expanding into the grocery and retail drug markets and those offering e-commerce retail platforms. The Company's loyalty program is a valuable offering to customers and provides a key differentiating marketing tool for the business. The marketing, promotional and other business activities related to the Company's loyalty program must be well managed and coordinated to preserve positive customer perception. The Company has made significant investments in support of its strategic growth areas of Everyday Digital Retail, Payments and Rewards and Connected Healthcare, which are all subject to competitive pressures. Failure to achieve these or other strategic priorities could adversely affect the Company's financial position and its competitiveness.

The Company's inability to effectively predict market activity, leverage customer preferences and spending patterns and respond in a timely manner to trends, or compete effectively with its current or future competitors could result in, among other things, reduced market share and reduced profitability. If the Company is ineffective in responding to consumer trends or in executing its strategic plans, its financial performance could be adversely affected. The failure to effectively respond to customer trends may adversely impact the Company's relationship with its customers. The Company closely monitors market developments and market share trends. Failure by the Company to sustain its competitive position could adversely affect the Company's financial performance.

Food, Drug, Product and Services Safety The Company's products may expose it to risks associated with product safety and defects and product handling in relation to the manufacturing, design, packaging and labeling, storage, distribution, and display of products. The Company cannot be certain that active management of these risks, including maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems, will eliminate all the risks related to food and product safety. The Company could be adversely affected in the event of a significant outbreak of food-borne illness or food safety issues, including food tampering or contamination. In addition, failure to trace or locate any contaminated or defective products could affect the Company's ability to be effective in a recall situation. The Company is also subject to risk associated with the distribution of drug products, errors related to medication dispensing or compounding, injections, patient services or consultation. The occurrence of such events or incidents, as well as any failure to maintain the cleanliness and health standards at store level, could result in harm to customers and negative publicity, could adversely affect the Company's brands, reputation, operations or financial performance and could lead to unforeseen liabilities from legal claims or otherwise.

Labour Relations The Company's workforce is comprised of both unionized and non-unionized colleagues. With respect to those colleagues that are covered by collective agreements, there can be no assurance as to the outcome of any labour negotiations or the timing of their completion. Renegotiating collective agreements or the failure to successfully renegotiate collective agreements and changes to business operations could result in strikes, work stoppages or business interruptions, and if any of these events were to occur, they could adversely affect the reputation, operations and financial performance of the Company. If non-unionized colleagues become unionized, the terms of the resulting collective agreements would have implications for the affected operations, such as higher labour costs.

Environmental and Social As a leading Canadian food and pharmacy retailer, Loblaw is committed to creating positive environmental and social change by focusing on issues that matter most to the Company's customers, employees, communities and other stakeholders, with a particular focus on combatting climate change and advancing social equity. Any failure or perceived failure to advance the environmental or social priorities of the Company or its stakeholders may negatively affect the Company's reputation, operations or financial performance.

Environmental The Company faces environmental risks that could, directly or indirectly, negatively impact the Company's reputation, operations or performance over the short or long term.

In particular, the Company is confronted with issues relating to climate change. As a large company, Loblaw has the opportunity to make a significant positive impact on the environment. To address this opportunity, Loblaw is focused on several strategic initiatives, including reducing emissions, food and plastic waste. Federal and provincial governments are also striving to combat climate change, including through the consideration and/or implementation of carbon reduction targets and financial mechanisms to reduce carbon emissions, such as carbon taxes, carbon pricing and caps and trade. In addition to its own initiatives, the Company may be required to make operational changes and/or incur significant financial costs to comply with the various governmental reforms, which may differ across jurisdictions. Additionally, certain global climate change patterns (e.g. rising sea levels, changing rainfall) may impact sourcing of food and food ingredients. Any failure to meet its strategic objectives, adhere to climate change reforms or to adapt to the impacts of climate change, such as failure to reduce emissions, eliminate food and plastic waste or mitigate sourcing and supply chain disruptions, could result in fines or could adversely affect the Company's reputation, operations or financial performance.

The Company maintains a portfolio of real estate and other facilities and is subject to environmental risks associated with the contamination of such properties and facilities, whether by previous owners or occupants, neighbouring properties or by the Company itself. In particular, the Company has a number of underground fuel storage tanks, the majority of which are used for its supply chain transport fleets. Contamination resulting from leaks from these tanks is possible. Additional environmental issues relating to matters or sites may require the Company to incur significant additional costs. The Company also operates refrigeration equipment in its stores and distribution centres to preserve perishable products as they pass through the supply chain and ultimately to consumers. These systems contain refrigerant gases which could be released if equipment fails or leaks. A release of these gases could have adverse effects on the environment. Failure to properly manage any of these environmental risks could adversely affect the reputation, operations or financial performance of the Company.

The Company is subject to legislation that imposes liabilities on retailers, brand owners and importers for costs associated with recycling and disposal of consumer goods packaging and printed materials distributed to consumers. There is a risk that the Company will be subject to increased costs associated with these laws. In addition, the Company could be subject to increased or unexpected costs associated with environmental incidents and the related remediation activities, including litigation and regulatory related costs, all of which could adversely affect the reputation or financial performance of the Company.

Social The Company faces risks associated with social issues and has established certain priorities in response, including achieving adequate representation of traditionally under-represented groups in management positions and the colleague population as a whole, building a culture of inclusion and investing in communities, particularly by supporting women's and children's health. In the event that the Company is not perceived to have robust diversity and inclusion programs, its ability to attract, develop and retain colleagues could be compromised. The Company recognizes its responsibility to respect and protect the human rights of all people who support and intersect with the business, and is committed to not tolerating abuse, discrimination or harassment in any form. Ineffective action or inaction in response to social matters, including a failure or perceived failure to adequately address its priorities, could adversely affect the Company's reputation or financial performance.

Business Continuity The Company's ability to continue critical operations and processes could be negatively impacted by adverse events resulting from various incidents, including severe weather, work stoppages, prolonged IT systems failure, terrorist activity, power failures, border closures or a pandemic or other national or international catastrophe. The Company has business continuity plans in place to manage any such events. Despite this, ineffective contingency planning, business interruptions, crises or potential disasters could adversely affect the reputation, operations or financial performance of the Company.

Legal Proceedings In the ordinary course of business, the Company is involved in and potentially subject to legal proceedings. The proceedings may involve suppliers, customers, patients, Associates, franchisees, regulators, tax authorities or other persons. The potential outcome of legal proceedings and claims is uncertain.

Shoppers Drug Mart was previously served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who were parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. A summary judgment trial of the matter was held in December 2022 and on February 17, 2023, the Superior Court released its decision in relation to those summary judgment motions (the "Decision"). The Superior Court dismissed the plaintiffs' claims on the majority of the issues including a request for damages at this stage of proceedings. The Superior Court also held that Shoppers Drug Mart breached the 2002 form of Associate Agreement when it did not remit certain amounts that it received from generic drug manufacturers to Associates. On March 20, 2023, the plaintiffs filed a Notice of Appeal and on April 4, 2023, the Company filed a Notice of Cross-Appeal. A hearing for the appeals was held on February 14, 2024 and on February 15, 2024. On August 29, 2024, the Court of Appeal dismissed both the appeal and cross appeal, with the exception that the plaintiff's appeal was allowed to correct the amount Shoppers Drug Mart received in professional allowances during the class period. Accordingly, the Company has not recorded any amounts related to the potential liability associated with this lawsuit. The Company does not believe that the ultimate resolution of this matter will have a material adverse impact on its financial condition or prospects.

In 2017, the Company and Weston announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits were commenced against the Company and Weston as well as a number of other major grocery retailers and another bread wholesaler. On July 24, 2024, the Company and Weston entered into binding Minutes of Settlement and on January 31, 2025, the Company and Weston entered into a Settlement Agreement with the lawyers representing consumers to settle those class action lawsuits for $500 million. The Company and Weston will each pay for a portion of the settlement, with Loblaw paying $253 million and Weston paying $247 million. The Company will receive credit for the $96 million it previously paid to customers in the form of Loblaw cards, resulting in it being required to pay $157 million in cash towards the settlement. The Settlement Agreement is subject to the approval of the courts. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Weston will not face criminal charges or penalties. In response to such class action lawsuits, certain major grocery retailers have crossclaimed against the Company and Weston, and the Company and Weston believe such crossclaims are without merit.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including the Company and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. On December 12, 2024, the Ontario action was dismissed against Sanis Health Inc., with costs. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and the Company. The allegations in the civil British Columbia class action are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that the December 2019 claim seeks recovery of damages on behalf of opioid users directly. In April 2021, the Company, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, the Company, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. In October 2024, the claim was discontinued against Shoppers Drug Mart Inc. In January 2024, Shoppers Drug Mart Inc. was served with a second class action in Saskatchewan started by Lac La Ronge Indian Band. The case is brought on behalf of Band members and is claiming damages relating to abatement costs, the diversion of financial and other resources, the reduction in the value of the reserve lands and interests, and lost tax revenues. Shoppers Drug Mart Inc. is being sued as a representative of an international defendant subclass of opioid "dealers" and Sanis Health Inc. is a proposed supplier class member. The Company believes these proceedings are without merit and is vigorously defending them. The Company does not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

In 2022, the Tax Court released a decision relating to PC Bank, a subsidiary of the Company. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. PC Bank subsequently filed a Notice of Appeal with the FCA and in March 2024, the matter was heard by the FCA. In the third quarter of 2024, the FCA released its decision and reversed the decision of the Tax Court. As a result, PC Bank reversed charges of $155 million, including $111 million initially recorded in 2022. In addition, $10 million was recorded related to interest income on cash tax refunds. Certain taxation years subsequent to the periods covered by the FCA decision remain under review by the tax authorities.

Change Management, Process and Efficiency Many initiatives are underway to reduce the complexity and cost of the Company's business operations, ensuring a low cost operating structure that allows for continued investments in the Company's strategic growth areas. These efforts include initiatives focused on improving processes and generating efficiencies across the Company's administrative, store and distribution network infrastructures. The success of these initiatives is dependent on effective leadership and realizing intended benefits. Ineffective change management could result in a lack of integrated processes and procedures, unclear accountabilities and decision-making rights, decreased colleague engagement, ineffective communication and training or a lack of requisite knowledge. Any of the foregoing could disrupt operations, increase the risk of customer dissatisfaction, adversely affect the Company's reputation or financial performance or adversely affect the ability of the Company to implement and achieve its long-term strategic objectives.

Franchisee Relationships The Company has entered into agreements with third party franchisees that permit the franchisees to own and operate retail stores in accordance with prescribed procedures and standards. A substantial portion of the Company's revenues and earnings comes from amounts paid by franchisees in connection with their store operations and leased property. Franchisees are independent operators and their operations may be negatively affected by factors beyond the Company's control. If franchisees do not operate their stores in accordance with the Company's standards or otherwise in accordance with good business practices, franchisee fees and rent paid to the Company could be negatively affected, which in turn could adversely affect the Company's reputation, operations or financial performance. In addition, the Company's reputation could be harmed if a significant number of franchisees were to experience operational failures, health and safety exposures or were unable to pay the Company for products, fees or rent.

The Company's franchise system is also subject to franchise legislation enacted by a number of provinces. Any new legislation or failure to comply with existing legislation could adversely affect operations and could add administrative costs and burdens, any of which could affect the Company's relationship with its franchisees.

Supply chain or system changes by the Company could cause or be perceived to cause disruptions to franchised store operations and could result in negative effects on the financial performance of franchisees. Relationships with franchisees could pose significant risks if they are disrupted, which could adversely affect the reputation, operations or financial performance of the Company.

Service Providers The Company has a wide range of key business relationships with third parties including vendors, suppliers, distributors and contractors. The Company relies on vendors, including offshore vendors in both mature and developing markets, to provide the Company with goods and services. Offshore sourcing increases certain risks to the Company, including risks associated with food safety and general merchandise product defects, non-compliance with ethical and safe business practices and inadequate supply of products. The Company has no direct influence over how vendors are managed. Negative events affecting vendors or inefficient, ineffective or incomplete vendor management strategies, policies and/or procedures, including those related to ethical sourcing, could adversely impact the Company's reputation and impair the Company's ability to meet customer needs or control costs and quality, which could adversely affect the reputation, operations or financial performance of the Company.

The Company relies on service providers including transport carriers or other delivery service providers, logistic service providers and operators of warehouses and distribution facilities. Ineffective selection, contractual terms or relationship management could impact the Company's ability to source products (both national brand and control brand products), to have products available for customers, to market to customers or to operate efficiently and effectively. Disruption in services from suppliers could interrupt the delivery of merchandise to stores or customers, which in turn could adversely affect the operations or financial performance of the Company.

PC Bank uses third party service providers to process credit card transactions, operate call centres and operationalize certain risk management strategies for the PC® Mastercard® and *PC Money* Account. A significant disruption in the services provided by third party service providers could adversely affect the financial performance of PC Bank and the Company.

The Company has outsourced certain administrative functions of its business to service providers including account payments, payroll services, IT support, investment management and custodial relationships, and benefit plan administration. Any disruption in the services provided by these suppliers could adversely affect the return on these assets or liquidity of the Company.

12.2 Financial Risks and Risk Management

The Company is exposed to a number of financial risks, including those associated with financial instruments, which have the potential to affect its operating and financial performance. The Company uses OTC derivative instruments to offset certain of these risks. Policies and guidelines prohibit the use of any derivative instrument for trading or speculative purposes. The fair value of derivative instruments is subject to changing market conditions which could adversely affect the financial performance of the Company.

The following is a summary of the Company's financial risks which are discussed in detail below:

Liquidity	Credit
Commodity Prices	Interest Rates
Currency Exchange Rates	Credit Ratings

Liquidity Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost effective manner to fund its obligations as they come due. The Company is exposed to liquidity risk through, among other areas, PC Bank, which requires a reliable source of funding for its credit card business. PC Bank relies on its securitization programs, demand deposits from customers and the acceptance of GIC deposits to fund the receivables of its credit cards. The Company would experience liquidity risks if it fails to maintain appropriate levels of cash and short-term investments, is unable to access sources of funding or fails to appropriately diversify sources of funding. If any of these events were to occur, they could adversely affect the financial performance of the Company.

Liquidity risk is mitigated by maintaining appropriate levels of cash and cash equivalents and short term investments, actively monitoring market conditions, and by diversifying sources of funding, including the Company's committed credit facilities, and maintaining a well diversified maturity profile of debt and capital obligations.

Commodity Prices The Company is exposed to increases in the prices of commodities in operating its stores and distribution networks, as well as to the indirect effect of changing commodity prices on the price of consumer products. Rising commodity prices could adversely affect the financial performance of the Company. To manage a portion of this exposure, the Company uses purchase commitments and derivative instruments in the form of exchange traded futures contracts and forward contracts to minimize cost volatility related to commodities.

Currency Exchange Rates The Company is exposed to foreign currency exchange rate variability, primarily on its U.S. dollar denominated purchases in trade payables and other liabilities. A depreciating Canadian dollar relative to the U.S. dollar will have a negative impact on year-over-year changes in reported operating income and net earnings, while an appreciating Canadian dollar relative to the U.S. dollar will have the opposite impact. To manage a portion of this exposure, the Company uses derivative instruments in the form of futures contracts and forward contracts to minimize cost volatility related to foreign exchange.

Credit The Company is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to the Company, including derivative instruments, cash and cash equivalents, short term investments, security deposits, PC Bank's credit card receivables, finance lease receivable, pension assets held in the Company's defined benefit plans and accounts receivable, including amounts due from government and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors. Failure to manage credit risk could adversely affect the financial performance of the Company.

The risk related to derivative instruments, cash and cash equivalents and short term investments is reduced by policies and guidelines that require that the Company enters into transactions only with counterparties or issuers that have a minimum long term "A-" credit rating from a recognized credit rating agency and place minimum and maximum limits for exposures to specific counterparties and instruments.

PC Bank manages its credit card receivable risk by employing stringent credit scoring techniques, actively monitoring the credit card portfolio and reviewing techniques and technology that can improve the effectiveness of the collection process. In addition, these receivables are dispersed among a large, diversified group of credit card customers.

Finance lease receivable and accounts receivable, including amounts due from governments and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors and tenants, are actively monitored on an ongoing basis and settled on a frequent basis in accordance with the terms specified in the applicable agreements.

Interest Rates The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt and from the refinancing of existing financial instruments. An increase in interest rates could adversely affect the operations or financial performance of the Company. The Company manages interest rate risk by monitoring the respective mix of fixed and floating rate debt and by taking action as necessary to maintain an appropriate balance considering current market conditions, with the objective of maintaining the majority of its debt at fixed interest rates.

Credit Ratings Credit ratings assigned to the Company and any of its securities may be changed at any time based on the judgment of the credit rating agencies and may also be impacted by a change in the credit rating of Weston, Choice Properties Real Estate Investment Trust ("Choice Properties") and their respective affiliates. In addition, the Company, Weston, Choice Properties and their respective affiliates may incur additional indebtedness in the future, which could impact current and future credit ratings. A reduction in credit ratings could materially adversely affect the market value of the Company's outstanding securities and the Company's access to and cost of financing.

13. Related Party Transactions

The Company's controlling shareholder is Weston, which owns, directly and indirectly, 158,853,468 of the Company's common shares, representing approximately 52.6% of the Company's outstanding common shares. Galen G. Weston beneficially owns or controls, directly and indirectly, including through Wittington Investments, Limited ("Wittington"), a total of 76,697,812 of Weston's common shares, representing approximately 59.0% of Weston's outstanding common shares. Galen G. Weston also beneficially owns 473,636 of the Company's common shares, representing approximately 0.2% of the Company's outstanding common shares.

Weston is the controlling shareholder of Choice Properties. Therefore, Choice Properties is a related party by virtue of common control. As at December 28, 2024, Weston's ownership interest in Choice Properties was approximately 61.7% (December 30, 2023 – 61.7%). The Company is Choice Properties' largest tenant, representing approximately 57.7% (December 30, 2023– 57.1%) of Choice Properties' rental revenue as at December 28, 2024.

Transactions with Related Parties

	Transaction Value	
(millions of Canadian dollars)	**2024**	2023
Included in cost of sales		
Inventory purchases from a related party(i)	**$ —**	$ 41
Operating income		
Transactions with Weston and Wittington		
Cost sharing agreements with Weston(ii)	**$ 56**	$ 58
Net administrative services provided by Weston(iii)	**23**	19
Lease payments to Wittington	**1**	1
Transactions with Choice Properties		
Lease payments to Choice Properties(iv)	**$ 797**	$ 763
Lease surrender payments received from Choice Properties	**—**	(8)
Site intensification payments received from Choice Properties	**(4)**	(17)
Equity transactions with Weston		
Dividends declared on common shares	**$ 319**	$ 290

(i) Associated British Foods plc. was not a related party of the Company during 2024. In 2023, Associated British Foods plc. was a related party by virtue of a common director of such entity's parent company and Wittington.

(ii) The Company and Weston have each entered into certain contracts with third parties for administrative and corporate services, including telecommunication services and IT related matters on behalf of itself and the related party. Through cost sharing agreements that have been established between the Company and Weston concerning these costs, the Company has agreed to be responsible to Weston for the Company's proportionate share of the total costs incurred.

(iii) The Company and Weston have entered into an agreement whereby certain administrative services are provided by one party to the other. The services to be provided under this agreement include those related to commodity management, information systems, risk management, treasury, certain accounting functions and legal. Payments are made quarterly based on the actual costs of providing these services. Where services are provided on a joint basis for the benefit of the Company and Weston together, each party pays the appropriate proportion of the costs.

(iv) During 2024, lease payments paid to Choice Properties included base rent of $548 million (2023 – $534 million) and operating expenses of $249 million (2023 – $229 million).

The net balances due to (from) related parties are comprised as follows:

(millions of Canadian dollars)	As at December 28, 2024		As at December 30, 2023[i]	
Weston[ii]	**$**	**97**	$	13
Choice Properties		**(16)**		(31)

(i) Certain comparative amounts have been restated to conform with current year presentation.

(ii) Balances relate to trade payables and other liabilities due to Weston, including dividends declared on common shares, net of receivables from Weston.

Other Transactions and Agreements with Choice Properties

Strategic Alliance Agreement The Strategic Alliance Agreement established on the initial public offering ("IPO") of Choice Properties creates a series of rights and obligations between Choice Properties and the Company, intended to establish a preferential and mutually beneficial business and operating relationship. The Strategic Alliance Agreement will expire on the earlier of July 5, 2033 or the date on which Weston and its affiliates own less than 50% effective interest in Choice Properties (on a fully diluted basis).

Commitments The following is a summary of the Company's future undiscounted contractual lease payments to Choice Properties:

	Payments due by year						As at December 28, 2024		As at December 30, 2023	
(millions of Canadian dollars)	2025	2026	2027	2028	2029	Thereafter		**Total**		Total
Lease payments	$ 629	$ 572	$ 524	$ 427	$ 377	$ 1,309	**$**	**3,838**	$	3,880

Financial Liabilities with Choice Properties In 2023, the Company disposed of two retail properties to Choice Properties for proceeds of $86 million. The properties were subsequently leased back by the Company. The transactions did not meet the criteria for sale in accordance with IFRS 15, "Revenue from and Contracts with Customers" ("IFRS 15") as the Company did not relinquish control of the properties under the terms of the leases (see note 27 of the Company's Consolidated Financial Statements).

Sale and Leaseback Transactions with Choice Properties In the fourth quarter of 2024, the Company sold one property to a joint arrangement between a third party and Choice Properties for proceeds of $25 million and recognized a gain of $3 million. This property was leased back by the Company. In the fourth quarter of 2023, the Company also sold three properties to Choice Properties for proceeds of $80 million and recognized a gain of $8 million. All of these properties were leased back by the Company. During 2024, the Company sold one property (2023 – four properties) to Choice Properties and four properties (2023 – nil) to a joint arrangement between a third party and Choice Properties for proceeds of $316 million (2023 – $92 million) and recognized a gain of $54 million (2023 – gain of $11 million). All (2023 – all) of these properties were leased back by the Company (see note 27 of the Company's Consolidated Financial Statements).

Other Transactions

Venture Fund During 2020, Loblaw, Weston and a wholly owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington ("Venture Fund I"). A wholly owned subsidiary of Wittington is the general partner of the Venture Fund, which hired an external fund manager to oversee it. The purpose of the Venture Fund I is to pursue venture capital investing in innovative businesses that are in technology-oriented companies at all stages of the start-up life cycle that operate in commerce, healthcare, and food sectors and are based in North America. Each of the three limited partners have 33% interest in the Venture Fund I. The Company has a total capital commitment of $33 million over a 10-year period.

During 2022, Loblaw became a limited partner in another limited partnership formed by Wittington ("Venture Fund II"). A wholly owned subsidiary of Wittington is also the general partner of Venture Fund II, and the purpose of Venture Fund II is consistent with Venture Fund I. The Company has a 50% interest in Venture Fund II and has a total capital commitment of $60 million over a 10-year period.

Post-Employment Benefit Plans The Company sponsors a number of post-employment plans, which are related parties. Contributions made by the Company to these plans are disclosed in note 24 of the Company's Consolidated Financial Statements.

Income Tax Matters From time to time, the Company, Weston and its affiliates may enter into agreements to make elections that are permitted or required under applicable income tax legislation with respect to affiliated corporations.

Key Management Personnel The Company's key management personnel are comprised of the Board and certain members of the executive team of the Company, as well as both the Board and certain members of the executive team of Weston and Wittington to the extent that they have the authority and responsibility for planning, directing and controlling the day-to-day activities of the Company.

Compensation of Key Management Personnel Annual compensation of key management personnel that is directly attributable to the Company was as follows:

(millions of Canadian dollars)	2024	2023[(i)]
Salaries, director fees and other short term employee benefits	**$ 10**	$ 13
Equity-based compensation	**8**	8
Total compensation	**$ 18**	$ 21

(i) Certain comparative amounts have been restated to conform with current year presentation.

Other transactions with related parties, as defined by IFRS Accounting Standards, were not significant during the year.

14. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and judgments in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of the 2024 Annual Report, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key estimation uncertainty that the Company believes could have the most significant impact on the amounts recognized in the consolidated financial statements.

14.1 Consolidation

Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining the entities that it controls and therefore consolidates. The Company controls an entity when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entity's returns. The Company consolidates all of its wholly owned subsidiaries. Judgment is applied in determining whether the Company controls the entities in which it does not have ownership rights or does not have full ownership rights. Most often, judgment involves reviewing contractual rights to determine if rights are participating (giving power over the entity) or protective rights (protecting the Company's interest without giving it power).

14.2 Inventories

Key Estimations Inventories are carried at the lower of cost and net realizable value which requires the Company to utilize estimates related to fluctuations in shrink, future retail prices, the impact of vendor rebates on cost, seasonality and costs necessary to sell the inventory.

14.3 Impairment of Non-Financial Assets (Goodwill, Intangible Assets, Fixed Assets and Right-of-Use Assets)

Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining cash generating units ("CGUs") for the purpose of testing fixed assets, right-of-use assets and intangible assets for impairment. Judgment is also used to determine the goodwill CGUs for the purpose of testing goodwill for impairment. The Company has determined that each retail location is a separate CGU. Intangible assets are allocated to the CGUs (or groups of CGUs) to which they relate. Goodwill is allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to CGUs (or groups of CGUs) that are expected to benefit from the synergies and future growth of the business combination from which they arose. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed. In applying this judgment management considers profitability of the CGU and other qualitative factors.

Key Estimations In determining the recoverable amount of a CGU or a group of CGUs, various estimates are employed. The Company determines fair value less costs to sell using such estimates as market rental rates for comparable properties, discount rates and capitalization rates. The Company determines value in use by using estimates including projected future sales and earnings, and discount rates consistent with external industry information reflecting the risk associated with the specific cash flows.

14.4 Impairment of Credit Card Receivables

Judgments Made in Relation to Accounting Policies Applied and Key Estimations In each stage of the expected credit loss ("ECL") model, impairment is determined based on the probability of default, loss given default, and expected exposures at default on drawn and undrawn exposures on credit card receivables. The application of the ECL model requires management to apply the following significant judgments, assumptions and estimations:

- Movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on credit card receivables. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- Thresholds for significant increase in credit risk based on changes in probability of default over the expected life of the instrument relative to initial recognition; and
- Forecasts of future economic conditions, namely the unemployment rate. Management uses an average of unemployment rate forecasts published by major Canadian Chartered Banks and the Conference Board of Canada to establish the base case scenario and other representative ranges of possible forecast scenarios.

14.5 Customer Loyalty Awards Program

Key Estimations The Company defers revenue at the time the award is earned by members based on the relative fair value of the award. The relative fair value is determined by allocating consideration between the fair value of the loyalty awards earned by loyalty program members, net of breakage, and the goods and services on which the awards were earned, based on their relative stand-alone selling price. The estimated fair value per point for the *PC Optimum* loyalty program is determined based on the program reward schedule and is $1 for every 1,000 points earned. The breakage rate of the program is an estimate of the amount of points that will never be redeemed. The rate is reviewed on an ongoing basis and is estimated utilizing historical redemption activity and anticipated earn and redeem behaviour of members. In 2024, the Company recorded a charge of $129 million, of which $99 million was recorded in the Retail segment and $30 million was recorded in the Financial Services segment. This charge represents the revaluation of the loyalty liability for outstanding points.

14.6 Income and Other Taxes

Judgments Made in Relation to Accounting Policies Applied The calculation of current and deferred income taxes requires management to make certain judgments including expectations about future operating results, the timing and reversal of temporary differences, and the interpretation of tax rules in jurisdictions where the Company performs activities. Where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on the most likely amount of the liability or recovery.

14.7 Segment Information

Judgments Made in Relation to Determining the Aggregation of Operating Segments The Company uses judgment in assessing the criteria used to determine the aggregation of operating segments. The Retail reportable operating segment consists of several operating segments comprised primarily of food retail and Associate-owned drug stores, and also includes in-store pharmacies and healthcare services and other health and beauty products, apparel and other general merchandise. The Company has aggregated its retail operating segments on the basis of their similar economic characteristics, customers and nature of products. This similarity in economic characteristics reflects the fact that the Company's retail operating segments operate primarily in Canada and are therefore subject to the same economic market pressures and regulatory environment. The Company's retail operating segments are subject to similar competitive pressures such as price and product innovation and assortment from existing competitors and new entrants into the marketplace. The similar economic characteristics also include the provision of centralized, common functions such as marketing and IT across all retail operating segments.

The retail operating segments' customer profile is primarily individuals who are purchasing goods for their own or their family's personal needs and consumption. The nature of products and the product assortment sold by each of the retail operating segments is also similar and includes grocery, pharmaceuticals, cosmetics, electronics and housewares. The aggregation of the retail operating segments reflects the nature and financial effects of the business activities in which the Company engages and the economic environment in which it operates.

14.8 Provisions

Judgments made in Relation to Accounting Policies Applied and Key Estimations The recording of provisions requires management to make certain judgments regarding whether there is a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and if a reliable estimate of the amount of the obligation can be made. The Company has recorded provisions primarily in respect of self-insurance and legal claims. The Company reviews the merits, risks and uncertainties of each provision, based on current information, and the amount expected to be required to settle the obligation. Provisions are reviewed on an ongoing basis and are adjusted accordingly when new facts and events become known to the Company.

14.9 Leases

Judgments Made in Relation to Accounting Policies Applied Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, store performances, past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the retail industry may impact management's assessment of lease terms, and any changes in management's estimate of lease terms may have a material impact on the Company's consolidated balance sheets and statements of earnings.

Key Estimations In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base risk-free interest rate estimated by reference to the Government of Canada bond yield with an adjustment that reflects the Company's credit rating, the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

15. Accounting Standards

15.1 Future Accounting Standards and Amendments

Amendments to IFRS 9 and IFRS 7 In May 2024, amendments to IFRS 9, "Financial Instruments" ("IFRS 9") and IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7") were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. In addition to these clarifications, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. Also included in the amendments, are clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance. Under the amendments, additional disclosures are required for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets. The adoption is not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 In December 2024, amendments to IFRS 9 and IFRS 7 were issued to enhance the transparency of nature-dependent electricity contracts. The amendments allow a company to apply an own-use exemption to certain power purchase agreements if certain requirements are met. The amendments require further disclosure where an own-use exemption is applied regarding the contractual features exposing the company to variability in electricity volume and risk of oversupply, unrecognized contractual commitments and the effect of the contracts on an entity's financial performance. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently assessing the impact of these amendments.

IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18"), has been issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, "Presentation of Financial Statements", impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

16. Strategic Update and Outlook[3]

Strategic Update Loblaw's portfolio of businesses remains strong and well-positioned as economic pressures continue to drive consumers to its banners, in search for value, quality, service and convenience. The Company's best in class assets continue to meet customers' everyday needs for food, health and wellness – supporting Loblaw's purpose: helping Canadians *Live Life Well.* The Company will continue to focus on three strategic pillars in 2025: delivering retail excellence; driving growth; and investing for the future.

Retail Excellence Loblaw creates value through disciplined execution of core retail operations and by leveraging its scale and strategic assets. This retail excellence is underpinned by process and efficiency initiatives and helps grow sales, optimize gross margins, and reduce operating costs. The Company remains focused on strategic procurement opportunities to deliver reliability, improve product selection and drive economies of scale across its grocery and pharmacy network. Leveraging its customer loyalty program and more than one billion customer transactions across food, pharmacy, apparel, and financial services, Loblaw will increase its promotional effectiveness while delivering personalized value and unmatched service to Canadians. The Company will continue to invest in and refine its retail network to better meet customer needs and improve its overall profitability. This includes an increased focus on its Hard Discount business, where Loblaw has a unique opportunity to bring its NoFrills and Maxi stores to more communities and neighbourhoods across Canada. Management's clear commitment to food and drug retail excellence, together with a sense of urgency, is focused on delivering consistent strong operational and financial performance.

Driving Growth Loblaw continues to invest in targeted growth areas to further evolve and differentiate its portfolio of assets and generate competitive advantage. A differentiator and area of focus is Loblaw's ability to digitally engage customers with a suite of proprietary assets – Loblaw Digital (including PC Express™), Loblaw Advance™, and *PC Optimum*, Canada's strongest loyalty program. The Company will focus on enhancing these platforms across each of its businesses, improving the customer experience and functionality. In particular, the Company's *PC Optimum* loyalty program continues to evolve, with more meaningful personalized offers, and more effective promotions, all toward strengthening the loyalty loop and increasing the share of customer wallet. The Company is also evolving and tailoring its store network to better serve customers. In 2024, the Company converted 38 stores to Hard Discount banners, opened 52 new food and drug retail locations, and added 78 new pharmacy care clinics across Canada, driving sales growth across its divisions.

Investing For The Future Loblaw will continue to make capital investments towards the modernization and automation of its supply chain and the expansion of its retail network. These investments will be partially funded by proceeds from real estate dispositions. Loblaw will continue to invest in its Connected Healthcare strategy with the goal of growing its healthcare ecosystem by connecting patients and providers through an unmatched network of pharmacies, healthcare professionals and technology solutions. Pharmacies will play an increasing role in the delivery of healthcare services to Canadians through expanded scope of practice changes and the expansion of pharmacist care clinics. In 2025, Loblaw plans to further invest in its network by opening approximately 80 new food and drug stores, and 100 new pharmacist care clinics. In January 2025, the Company began migrating operations to its 1.2 million square foot, multi-temperature, fully automated distribution centre in East Gwillimbury, Ontario. The Company will begin construction of a similar fully automated facility in Caledon, Ontario in 2025. Together these investments reflect the Company's continued drive to advance its supply chain to better serve customers and meet their evolving needs.

Outlook[3] Loblaw will remain focused on retail excellence while advancing its growth initiatives with the goal of delivering consistent operational and financial results in 2025. The Company's businesses remain well positioned to meet the everyday needs of Canadians.

In 2025, the Company's results will include the impact of a 53rd week, which is expected to benefit adjusted net earnings per common share[2] growth by approximately 2%. On a full-year comparative basis, excluding the impact of the 53rd week, the Company expects:

- its Retail business to grow earnings faster than sales;
- adjusted net earnings per common share[2] growth in the high single-digits;
- to continue investing in our store network and distribution centres by investing a net amount of $1.9 billion in capital expenditures, which reflects gross capital investments of approximately $2.2 billion, net of approximately $300 million of proceeds from property disposals; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

17. Non-GAAP and Other Financial Measures

The Company uses the following non-GAAP and other financial measures and ratios: Retail segment gross profit; Retail segment adjusted gross profit; Retail segment adjusted gross profit percentage; adjusted earnings before income taxes, net interest expense and other financing charges and depreciation and amortization ("adjusted EBITDA"); adjusted EBITDA margin; adjusted operating income; adjusted net interest expense and other financing charges; adjusted income taxes; adjusted effective tax rate; adjusted net earnings available to common shareholders; adjusted diluted net earnings per common share; free cash flow; retail debt to retail adjusted EBITDA; adjusted return on equity; adjusted return on capital; and same-store sales. The Company believes these non-GAAP and other financial measures and ratios provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below.

Management uses these and other non-GAAP and other financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing underlying consolidated and segment operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company adjusts for these items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Retail Segment Gross Profit, Retail Segment Adjusted Gross Profit and Retail Segment Adjusted Gross Profit Percentage The following tables reconcile adjusted gross profit by segment to gross profit by segment, which is reconciled to revenue and cost of sales measures as reported in the consolidated statements of earnings for the periods ended as indicated. The Company believes that Retail segment gross profit and Retail segment adjusted gross profit are useful in assessing the Retail segment's underlying operating performance and in making decisions regarding the ongoing operations of the business.

Retail segment adjusted gross profit percentage is calculated as Retail segment adjusted gross profit divided by Retail segment revenue.

				2024 (12 weeks)				2023 (12 weeks)
For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Eliminations**	**Total**	Retail	Financial Services	Eliminations	Total
Revenue	**$ 14,579**	**$ 476**	**$ (107)**	**$ 14,948**	$ 14,157	$ 487	$ (113)	$ 14,531
Cost of sales	**10,074**	**97**	**—**	**10,171**	9,748	110	—	9,858
Gross profit	**$ 4,505**	**$ 379**	**$ (107)**	**$ 4,777**	$ 4,409	$ 377	$ (113)	$ 4,673
Adjusted gross profit	**$ 4,505**	**$ 379**	**$ (107)**	**$ 4,777**	$ 4,409	$ 377	$ (113)	$ 4,673

				2024 (52 weeks)				2023 (52 weeks)
For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Eliminations**	**Total**	Retail	Financial Services	Eliminations	Total
Revenue	**$ 59,786**	**$ 1,586**	**$ (358)**	**$ 61,014**	$ 58,345	$ 1,540	$ (356)	$ 59,529
Cost of sales	**41,065**	**223**	**—**	**41,288**	40,262	230	—	40,492
Gross profit	**$ 18,721**	**$ 1,363**	**$ (358)**	**$ 19,726**	$ 18,083	$ 1,310	$ (356)	$ 19,037
Adjusted gross profit	**$ 18,721**	**$ 1,363**	**$ (358)**	**$ 19,726**	$ 18,083	$ 1,310	$ (356)	$ 19,037

Adjusted Operating Income, Adjusted EBITDA and Adjusted EBITDA Margin The following tables reconcile adjusted operating income and adjusted EBITDA to operating income, which is reconciled to net earnings attributable to shareholders of the Company as reported in the consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted EBITDA is useful in assessing the performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue.

			2024 (12 weeks)			2023 (12 weeks)
For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Total**	Retail	Financial Services	Total
Net earnings attributable to shareholders of the Company			**$ 469**			$ 544
Add impact of the following:						
Non-controlling interests			**(1)**			16
Net interest expense and other financing charges			**199**			195
Income taxes			**185**			188
Operating income	**$ 777**	**$ 75**	**$ 852**	$ 843	$ 100	$ 943
Add (deduct) impact of the following:						
PC Optimum loyalty program	**$ 99**	**$ 30**	**$ 129**	$ —	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**115**	**—**	**115**	115	—	115
Fair value write-down related to sale of *Wellwise*	**23**	**—**	**23**	—	—	—
Fair value adjustment on non-operating properties	**3**	**—**	**3**	9	—	9
Recovery related to PC Bank commodity tax matter	**—**	**—**	**—**	—	(13)	(13)
Fair value adjustment on fuel and foreign currency contracts	**—**	**—**	**—**	14	—	14
Gain on sale of non-operating properties	**(3)**	**—**	**(3)**	—	—	—
Adjusting items	**$ 237**	**$ 30**	**$ 267**	$ 138	$ (13)	$ 125
Adjusted operating income	**$ 1,014**	**$ 105**	**$ 1,119**	$ 981	$ 87	$ 1,068
Depreciation and amortization	**680**	**14**	**694**	666	14	680
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(115)**	**—**	**(115)**	(115)	—	(115)
Adjusted EBITDA	**$ 1,579**	**$ 119**	**$ 1,698**	$ 1,532	$ 101	$ 1,633

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**2024 (52 weeks)** Retail	Financial Services	Total	2023 (52 weeks) Retail	Financial Services	Total
Net earnings attributable to shareholders of the Company			**$ 2,171**			$ 2,100
Add impact of the following:						
Non-controlling interests			**104**			87
Net interest expense and other financing charges			**821**			803
Income taxes			**806**			714
Operating income	**$3,465**	**$ 437**	**$3,902**	$ 3,500	$ 204	$ 3,704
Add (deduct) impact of the following:						
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 499**	**$ —**	**$ 499**	$ 499	$ —	$ 499
Charges related to settlement of class action lawsuits	**164**	**—**	**164**	—	—	—
PC Optimum loyalty program	**99**	**30**	**129**	—	—	—
Fair value write-down related to sale of *Wellwise*	**23**	**—**	**23**	—	—	—
Fair value adjustment on non-operating properties	**3**	**—**	**3**	9	—	9
Gain on sale of non-operating properties	**(3)**	**—**	**(3)**	(12)	—	(12)
Fair value adjustment on fuel and foreign currency contracts	**(5)**	**—**	**(5)**	16	—	16
(Recoveries) Charge related to PC Bank commodity tax matters	**—**	**(155)**	**(155)**	—	24	24
Adjusting items	**$ 780**	**$ (125)**	**$ 655**	$ 512	$ 24	$ 536
Adjusted operating income	**$4,245**	**$ 312**	**$4,557**	$ 4,012	$ 228	$ 4,240
Depreciation and amortization	**2,916**	**50**	**2,966**	2,848	58	2,906
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(499)**	**—**	**(499)**	(499)	—	(499)
Adjusted EBITDA	**$6,662**	**$ 362**	**$7,024**	$ 6,361	$ 286	$ 6,647

In addition to the items described in the Retail segment adjusted gross profit section above, when applicable, adjusted EBITDA was impacted by the following:

Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark The acquisition of Shoppers Drug Mart in 2014 included approximately $6,050 million of definite life intangible assets, which are being amortized over their estimated useful lives. In 2024, the annual amortization associated with the acquired intangibles was $479 million. The annual amortization will decrease to approximately $130 million in 2025, including $110 million in the first quarter of 2025, and approximately $30 million thereafter.

The acquisition of Lifemark in 2022 included approximately $299 million of definite life intangible assets, which are being amortized over their estimated useful lives.

Charges related to settlement of class action lawsuits On July 24, 2024, the Company and Weston entered into binding Minutes of Settlement and on January 31, 2025, the Company and Weston entered into a Settlement Agreement to resolve nationwide class action lawsuits against them relating to their role in an industry-wide price-fixing arrangement. In the second quarter of 2024, charges of $164 million were recorded in the Retail segment in SG&A, relating to the Company's portion of the total settlement and related costs.

PC Optimum loyalty program In the fourth quarter of 2024, the Company recorded a charge of $129 million, of which $99 million was recorded in the Retail segment and $30 million was recorded in the Financial Services segment. This charge represents the revaluation of the loyalty liability for outstanding points, reflecting higher *PC Optimum* member participation and higher redemption rates.

Fair value write-down related to sale of Wellwise In the fourth quarter of 2024, the Company entered into an agreement with a third party to sell all of the shares of its *Wellwise* business for cash proceeds. Accordingly, the Company recorded a net fair value write-down of $23 million in the Retail segment in SG&A. The transaction is expected to close in the first quarter of 2025.

Fair value adjustment on non-operating properties The Company measures non-operating properties, which are investment properties and assets held for sale that were transferred from investment properties, at fair value. Under the fair value model, non-operating properties are initially measured at cost and subsequently measured at fair value. Fair value using the income approach include assumptions as to market rental rates for properties of similar size and condition located within the same geographical areas, recoverable operating costs for leases with tenants, non-recoverable operating costs, vacancy periods, tenant inducements and terminal capitalization rates. Gains and losses arising from changes in the fair value are recognized in operating income in the period in which they arise.

Gain on sale of non-operating properties In the fourth quarter of 2024 and year-to-date, the Company recorded a gain related to the sale of non-operating properties of $3 million (fourth quarter of 2023 and year-to-date – gain of nil and $12 million, respectively).

Fair value adjustment on fuel and foreign currency contracts The Company is exposed to commodity price and U.S. dollar exchange rate fluctuations. In accordance with the Company's commodity risk management policy, the Company enters into exchange traded futures contracts and forward contracts to minimize cost volatility relating to fuel prices and the U.S. dollar exchange rate. These derivatives are not acquired for trading or speculative purposes. Pursuant to the Company's derivative instruments accounting policy, changes in the fair value of these instruments, which include realized and unrealized gains and losses, are recorded in operating income. Despite the impact of accounting for these commodity and foreign currency derivatives on the Company's reported results, the derivatives have the economic impact of largely mitigating the associated risks arising from price and exchange rate fluctuations in the underlying commodities and U.S. dollar commitments.

(Recoveries) Charge related to PC Bank commodity tax matters In 2022, the Tax Court released a decision relating to PC Bank, a subsidiary of the Company. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. PC Bank subsequently filed a Notice of Appeal with the FCA and in March 2024, the matter was heard by the FCA. In the third quarter of 2024, the FCA released its decision and reversed the decision of the Tax Court. As a result, PC Bank reversed charges of $155 million, including $111 million initially recorded in 2022. In addition, $10 million was recorded related to interest income on cash tax refunds.

In 2023, the Federal government enacted certain commodity tax legislation that applied to PC Bank on a retroactive basis. A charge of $37 million, inclusive of interest, was recorded for this matter. In the fourth quarter of 2023, the Company reversed $13 million of previously recorded charges. The reversal was a result of new guidance issued by the Canada Revenue Agency.

Adjusted Net Interest Expense and Other Financing Charges The following table reconciles adjusted net interest expense and other financing charges to net interest expense and other financing charges as reported in the consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted net interest expense and other financing charges is useful in assessing the Company's underlying financial performance and in making decisions regarding the financial operations of the business.

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**2024 (12 weeks)**	2023 (12 weeks)	**2024 (52 weeks)**	2023 (52 weeks)
Net interest expense and other financing charges	**$ 199**	$ 195	**$ 821**	$ 803
Add: Recovery related to PC Bank commodity tax matter	**—**	—	**10**	—
Adjusted net interest expense and other financing charges	**$ 199**	$ 195	**$ 831**	$ 803

In the third quarter of 2024 and on a full-year basis, $10 million was recorded related to interest income on cash tax refunds on the PC Bank commodity tax matter discussed above.

Adjusted Income Taxes and Adjusted Effective Tax Rate The following table reconciles adjusted income taxes to income taxes as reported in the consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted income taxes is useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

Adjusted effective tax rate is calculated as adjusted income taxes divided by the sum of adjusted operating income less adjusted net interest expense and other financing charges.

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**	2023 (12 weeks)	**2024 (52 weeks)**	2023 (52 weeks)
Adjusted operating income(i)	**$ 1,119**	$ 1,068	**$ 4,557**	$ 4,240
Adjusted net interest expense and other financing charges(i)	**199**	195	**831**	803
Adjusted earnings before taxes	**$ 920**	$ 873	**$ 3,726**	$ 3,437
Income taxes	**$ 185**	$ 188	**$ 806**	$ 714
Add impact of the following:				
Tax impact of items included in adjusted earnings before taxes(ii)	**60**	36	**163**	144
Adjusted income taxes	**$ 245**	$ 224	**$ 969**	$ 858
Effective tax rate	**28.3 %**	25.1 %	**26.2 %**	24.6 %
Adjusted effective tax rate	**26.6 %**	25.7 %	**26.0 %**	25.0 %

(i) See reconciliations of adjusted operating income and adjusted net interest expense and other financing charges in the tables above.

(ii) See the adjusted operating income, adjusted EBITDA and adjusted EBITDA margin table and the adjusted net interest expense and other financing charges table above for a complete list of items included in adjusted earnings before taxes.

Adjusted Net Earnings Available to Common Shareholders and Adjusted Diluted Net Earnings Per Common Share The following table reconciles adjusted net earnings available to common shareholders of the Company and adjusted net earnings attributable to shareholders of the Company to net earnings attributable to shareholders of the Company and then to net earnings available to common shareholders of the Company for the periods ended as indicated. The Company believes that adjusted net earnings available to common shareholders and adjusted diluted net earnings per common share are useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**	2023 (12 weeks)	**2024 (52 weeks)**	2023 (52 weeks)
Net earnings attributable to shareholders of the Company	**$ 469**	$ 544	**$ 2,171**	$ 2,100
Prescribed dividends on preferred shares in share capital	**(3)**	(3)	**(12)**	(12)
Impact of preferred share redemption	**(4)**	—	**(4)**	—
Net earnings available to common shareholders of the Company	**$ 462**	$ 541	**$ 2,155**	$ 2,088
Net earnings attributable to shareholders of the Company	**$ 469**	$ 544	**$ 2,171**	$ 2,100
Adjusting items (refer to the following table)	**207**	89	**482**	392
Adjusted net earnings attributable to shareholders of the Company	**$ 676**	$ 633	**$ 2,653**	$ 2,492
Prescribed dividends on preferred shares in share capital	**(3)**	(3)	**(12)**	(12)
Impact of preferred share redemption	**(4)**	—	**(4)**	—
Adjusted net earnings available to common shareholders of the Company	**$ 669**	$ 630	**$ 2,637**	$ 2,480
Diluted weighted average common shares outstanding (millions)	**304.4**	314.9	**308.5**	320.0

The following table reconciles adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share to net earnings available to common shareholders of the Company and diluted net earnings per common share for the periods ended as indicated.

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars/Canadian dollars)	**2024 (12 weeks)** Net Earnings Available to Common Shareholders of the Company	**2024 (12 weeks)** Diluted Net Earnings Per Common Share	2023 (12 weeks) Net Earnings Available to Common Shareholders of the Company	2023 (12 weeks) Diluted Net Earnings Per Common Share	**2024 (52 weeks)** Net Earnings Available to Common Shareholders of the Company	**2024 (52 weeks)** Diluted Net Earnings Per Common Share	2023 (52 weeks) Net Earnings Available to Common Shareholders of the Company	2023 (52 weeks) Diluted Net Earnings Per Common Share
As reported	**$ 462**	**$ 1.52**	$ 541	$ 1.72	**$ 2,155**	**$ 6.99**	$ 2,088	$ 6.52
Add (deduct) impact of the following:								
PC Optimum loyalty program	**$ 94**	**$ 0.31**	$ —	$ —	**$ 94**	**$ 0.30**	$ —	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**84**	**0.27**	85	0.27	**367**	**1.20**	367	1.15
Fair value write-down related to sale of *Wellwise*	**29**	**0.10**	—	—	**29**	**0.09**	—	—
Fair value adjustment on non-operating properties	**3**	**0.01**	6	0.02	**3**	**0.01**	6	0.02
Charges related to settlement of class action lawsuits	**—**	**—**	—	—	**121**	**0.39**	—	—
Fair value adjustment on fuel and foreign currency contracts	**—**	**—**	10	0.03	**(4)**	**(0.01)**	12	0.04
(Recoveries) Charge related to PC Bank commodity tax matters	**—**	**—**	(12)	(0.04)	**(125)**	**(0.41)**	17	0.05
Gain on sale of non-operating properties	**(3)**	**(0.01)**	—	—	**(3)**	**(0.01)**	(10)	(0.03)
Adjusting items	**$ 207**	**$ 0.68**	$ 89	$ 0.28	**$ 482**	**$ 1.56**	$ 392	$ 1.23
Adjusted	**$ 669**	**$ 2.20**	$ 630	$ 2.00	**$ 2,637**	**$ 8.55**	$ 2,480	$ 7.75

Free Cash Flow The following table reconciles, by reportable operating segments, free cash flow to cash flows from operating activities. The Company believes that free cash flow is the appropriate measure in assessing the Company's cash available for additional financing and investing activities.

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**2024 (12 weeks)** Retail	Financial Services	Eliminations(i)	Total	2023 (12 weeks) Retail	Financial Services	Eliminations(i)	Total
Cash flows from (used in) operating activities	**$ 1,748**	**$ (209)**	**$ 48**	**$ 1,587**	$ 1,495	$ (131)	$ 41	$ 1,405
Less:								
Capital investments(ii)	**619**	**9**	**—**	**628**	666	10	—	676
Interest paid(i)	**51**	**—**	**48**	**99**	60	—	41	101
Lease payments, net	**250**	**—**	**—**	**250**	257	—	—	257
Free cash flow	**$ 828**	**$ (218)**	**$ —**	**$ 610**	$ 512	$ (141)	$ —	$ 371

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**2024 (52 weeks)** Retail	Financial Services	Eliminations(i)	Total	2023 (52 weeks) Retail	Financial Services	Eliminations(i)	Total
Cash flows from operating activities	**$ 5,449**	**$ 205**	**$ 148**	**$ 5,802**	$ 5,480	$ 46	$ 128	$ 5,654
Less:								
Capital investments(ii)	**2,160**	**40**	**—**	**2,200**	2,069	40	—	2,109
Interest paid(i)	**295**	**—**	**148**	**443**	293	—	128	421
Lease payments, net	**1,488**	**—**	**—**	**1,488**	1,424	—	—	1,424
Free cash flow	**$ 1,506**	**$ 165**	**$ —**	**$ 1,671**	$ 1,694	$ 6	$ —	$ 1,700

(i) Interest paid is included in cash flows from operating activities under the Financial Services segment.

(ii) Capital investments are the sum of fixed asset purchases and intangible asset additions as presented in the Company's Consolidated Statements of Cash Flows, and prepayments transferred to fixed assets in the current period. Capital investments in the fourth quarter of 2023 and for the year-ended December 30, 2023 included $37 million of prepayments transferred to fixed assets.

Retail Debt to Retail Adjusted EBITDA, Adjusted Return on Equity and Adjusted Return on Capital The Company uses the following metrics to measure its leverage and profitability. The definitions of these ratios are presented below.

- ***Retail Debt to Retail Adjusted EBITDA*** Retail segment total debt divided by Retail segment adjusted EBITDA for the last four quarters. Please refer to section "7.2 Liquidity and Capital Structure" of this MD&A.
- ***Adjusted Return on Equity*** Adjusted net earnings available to common shareholders of the Company for the last four quarters divided by average total equity attributable to common shareholders of the Company. Please refer to section "7.4 Financial Condition" of this MD&A.
- ***Adjusted Return on Capital*** Tax-effected adjusted operating income for the last four quarters divided by average capital where capital is defined as total debt, plus equity attributable to shareholders of the Company, less cash and cash equivalents, and short term investments. Please refer to section "7.4 Financial Condition" of this MD&A.

Same-Store Sales Same-store sales are retail segment sales for stores in operation in both comparable periods, including relocated, converted, expanded, contracted or renovated stores. The Company believes this metric is useful in assessing sales trends excluding the effect of the opening and closure of stores.

Non-GAAP and Other Financial Measures - Selected Quarterly and Three Year Summary Reconciliations to GAAP Measures

Adjusted Operating Income, Adjusted EBITDA and Adjusted EBITDA Margin The following table provides a reconciliation of adjusted EBITDA to operating income, which is reconciled to GAAP net earnings attributable to shareholders of the Company reported for the quarters and years ended as indicated.

					2024					2023	2022
(unaudited) (millions of Canadian dollars)	**First Quarter (12 weeks)**	**Second Quarter (12 weeks)**	**Third Quarter (16 weeks)**	**Fourth Quarter (12 weeks)**	**Total (52 weeks)**	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)	Total (52 weeks)
Net earnings attributable to shareholders of the Company	**$ 462**	**$ 460**	**$ 780**	**$ 469**	**$ 2,171**	$ 421	$ 511	$ 624	$ 544	$2,100	$ 1,921
Add (deduct) impact of the following:											
Non-controlling interests	**27**	**38**	**40**	**(1)**	**104**	16	30	25	16	87	73
Net interest expense and other financing charges	**194**	**190**	**238**	**199**	**821**	181	193	234	195	803	683
Income taxes	**178**	**180**	**263**	**185**	**806**	151	193	182	188	714	665
Operating income	**$ 861**	**$ 868**	**$ 1,321**	**$ 852**	**$3,902**	$ 769	$ 927	$1,065	$ 943	$3,704	$3,342
Add (deduct) impact of the following:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 114**	**$ 115**	**$ 155**	**$ 115**	**$ 499**	$ 114	$ 116	$ 154	$ 115	$ 499	$ 497
Charges related to settlement of class action lawsuits	**—**	**164**	**—**	**—**	**164**	—	—	—	—	—	—
PC Optimum loyalty program	**—**	**—**	**—**	**129**	**129**	—	—	—	—	—	—
Fair value write-down related to sale of *Wellwise*	**—**	**—**	**—**	**23**	**23**	—	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	**—**	**3**	**3**	—	—	—	9	9	(6)
Lifemark transaction costs	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	16
Restructuring and other related (recoveries) costs	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	(15)
(Gain) Loss on sale of non-operating properties	**—**	**—**	**—**	**(3)**	**(3)**	1	—	(13)	—	(12)	(57)
Fair value adjustment on fuel and foreign currency contracts	**(7)**	**2**	**—**	**—**	**(5)**	3	5	(6)	14	16	(5)
(Recoveries) Charges related to PC Bank commodity tax matters	**—**	**—**	**(155)**	**—**	**(155)**	—	37	—	(13)	24	111
Adjusting items	**$ 107**	**$ 281**	**$ —**	**$ 267**	**$ 655**	$ 118	$ 158	$ 135	$ 125	$ 536	$ 541
Adjusted operating income	**$ 968**	**$ 1,149**	**$ 1,321**	**$ 1,119**	**$4,557**	$ 887	$1,085	$1,200	$1,068	$4,240	$3,883
Depreciation and amortization	**690**	**679**	**903**	**694**	**2,966**	675	671	880	680	2,906	2,795
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(114)**	**(115)**	**(155)**	**(115)**	**(499)**	(114)	(116)	(154)	(115)	(499)	(497)
Adjusted EBITDA	**$1,544**	**$ 1,713**	**$2,069**	**$1,698**	**$7,024**	$1,448	$1,640	$1,926	$1,633	$6,647	$ 6,181

Adjusted Net Interest Expense and Other Financing Charges The following table reconciles adjusted net interest expense and other financing charges to GAAP net interest expense and other financing charges reported for the periods ended as indicated.

(unaudited) (millions of Canadian dollars)	2024 (52 weeks)	2023 (52 weeks)	2022 (52 weeks)
Net interest expense and other financing charges	$ 821	$ 803	$ 683
Add impact of the following:			
Recovery related to PC Bank commodity tax matter	10	—	—
Recovery related to Glenhuron	—	—	11
Adjusted net interest expense and other financing charges	$ 831	$ 803	$ 694

Recovery related to PC Bank commodity tax matter In the third quarter of 2024 and on a full-year basis, $10 million was recorded related to interest income on cash tax refunds on the PC Bank commodity tax matter discussed above.

Recovery related to Glenhuron In 2021, the Supreme Court of Canada ruled in favour of the Company on the Glenhuron matter. As a result of related reassessments received during the first quarter of 2022, the Company reversed $35 million of previously recorded charges, of which $2 million was recorded as interest income and $33 million was recorded as an income tax recovery, and an additional $9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds.

Adjusted Income Taxes and Adjusted Effective Tax Rate The following table reconciles the effective tax rate applicable to adjusted earnings before taxes to the GAAP effective tax rate applicable to earnings before taxes as reported for the periods ended as indicated.

(unaudited) (millions of Canadian dollars except where otherwise indicated)	2024 (52 weeks)	2023 (52 weeks)	2022 (52 weeks)
Adjusted operating income(i)	$ 4,557	$ 4,240	$ 3,883
Adjusted net interest expense and other financing charges(i)	831	803	694
Adjusted earnings before taxes	$ 3,726	$ 3,437	$ 3,189
Income taxes	$ 806	$ 714	$ 665
Add impact of the following:			
Tax impact of items included in adjusted earnings before taxes(ii)	163	144	143
Recovery related to Glenhuron	—	—	33
Adjusted income taxes	$ 969	$ 858	$ 841
Effective tax rate	26.2 %	24.6 %	25.0%
Adjusted effective tax rate	26.0 %	25.0 %	26.4%

(i) See reconciliations of adjusted operating income and adjusted net interest expense and other financing charges in the tables above.

(ii) See the adjusted operating income, adjusted EBITDA and adjusted EBITDA margin table and the adjusted net interest expense and other financing charges table above for a complete list of items included in adjusted earnings before taxes.

Adjusted Net Earnings Available to Common Shareholders and Adjusted Diluted Net Earnings Per Common Share The following tables reconcile adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share to GAAP net earnings available to common shareholders of the Company and diluted net earnings per common share as reported for the quarters and years ended as indicated.

					2024					2023	2022
(unaudited) (millions of Canadian dollars	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)	Total (52 weeks)
As reported	**$ 459**	**$ 457**	**$ 777**	**$ 462**	**$2,155**	$ 418	$ 508	$ 621	$ 541	$2,088	$1,909
Add (deduct) impact of the following[(i)]:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 84**	**$ 84**	**$ 115**	**$ 84**	**$ 367**	$ 84	$ 85	$ 113	$ 85	$ 367	$ 365
Charges related to settlement of class action lawsuits	**—**	**121**	**—**	**—**	**121**	—	—	—	—	—	—
PC Optimum loyalty program	**—**	**—**	**—**	**94**	**94**	—	—	—	—	—	—
Fair value write-down related to sale of *Wellwise*	**—**	**—**	**—**	**29**	**29**	—	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	**—**	**3**	**3**	—	—	—	6	6	(4)
Lifemark transaction costs	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	12
Restructuring and other related (recoveries) costs	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	(14)
Recovery related to Glenhuron	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	(42)
(Gain) Loss on sale of non-operating properties	**—**	**—**	**—**	**(3)**	**(3)**	1	—	(11)	—	(10)	(45)
Fair value adjustment on fuel and foreign currency contracts	**(6)**	**2**	**—**	**—**	**(4)**	2	4	(4)	10	12	(4)
(Recoveries) Charges related to PC Bank commodity tax matters	**—**	**—**	**(125)**	**—**	**(125)**	—	29	—	(12)	17	86
Adjusting items	**$ 78**	**$ 207**	**$ (10)**	**$ 207**	**$ 482**	$ 87	$ 118	$ 98	$ 89	$ 392	$ 354
Adjusted[(i)]	**$ 537**	**$ 664**	**$ 767**	**$ 669**	**$2,637**	$ 505	$ 626	$ 719	$ 630	$2,480	$2,263

(i) Net of income taxes and non-controlling interests, as applicable.

(unaudited) ($ except where otherwise indicated)	2024 First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)	2023 First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)	2022 Total (52 weeks)
As reported	**$ 1.47**	**$ 1.48**	**$ 2.53**	**$ 1.52**	**$ 6.99**	$ 1.29	$ 1.58	$ 1.95	$ 1.72	$ 6.52	$ 5.75
Add (deduct) impact of the following[(i)]:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 0.27**	**$ 0.27**	**$ 0.38**	**$ 0.27**	**$ 1.20**	$ 0.26	$ 0.26	$ 0.35	$ 0.27	$ 1.15	$ 1.11
Charges related to settlement of class action lawsuits	**—**	**0.39**	**—**	**—**	**0.39**	—	—	—	—	—	—
PC Optimum loyalty program	**—**	**—**	**—**	**0.31**	**0.30**	—	—	—	—	—	—
Fair value write-down related to sale of *Wellwise*	**—**	**—**	**—**	**0.10**	**0.09**	—	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	**—**	**0.01**	**0.01**	—	—	—	0.02	0.02	(0.01)
Lifemark transaction costs	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	0.04
Restructuring and other related (recoveries) costs	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	(0.04)
Recovery related to Glenhuron	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	(0.13)
(Gain) Loss on sale of non-operating properties	**—**	**—**	**—**	**(0.01)**	**(0.01)**	—	—	(0.03)	—	(0.03)	(0.14)
Fair value adjustment on fuel and foreign currency contracts	**(0.02)**	**0.01**	**—**	**—**	**(0.01)**	—	0.01	(0.01)	0.03	0.04	(0.01)
(Recoveries) Charges related to PC Bank commodity tax matters	**—**	**—**	**(0.41)**	**—**	**(0.41)**	—	0.09	—	(0.04)	0.05	0.25
Adjusting items	**$ 0.25**	**$ 0.67**	**$(0.03)**	**$ 0.68**	**$ 1.56**	$ 0.26	$ 0.36	$ 0.31	$ 0.28	$ 1.23	$ 1.07
Adjusted[(i)]	**$ 1.72**	**$ 2.15**	**$ 2.50**	**$ 2.20**	**$ 8.55**	$ 1.55	$ 1.94	$ 2.26	$ 2.00	$ 7.75	$ 6.82
Diluted weighted average common shares outstanding (millions)	**311.9**	**308.8**	**306.9**	**304.4**	**308.5**	324.8	322.5	318.4	314.9	320.0	331.7

(i) Net of income taxes and non-controlling interests, as applicable.

18. Additional Information

Additional information about the Company has been filed electronically with various securities regulators in Canada through SEDAR+ and is available online at www.sedarplus.ca and with OSFI as the primary regulator for the Company's subsidiary, PC Bank.

February 19, 2025
Toronto, Canada

MD&A Endnotes

(1) For financial definitions and ratios refer to the Glossary of Terms section included within the Company's 2024 Annual Report.

(2) See Section 17 "Non-GAAP and Other Financial Measures", which includes the reconciliation of such non-GAAP and other measures to the most directly comparable GAAP measures.

(3) To be read in conjunction with Section 1 "Forward-Looking Statements".

Financial Results

Management's Statement of Responsibility for Financial Reporting

Management of Loblaw Companies Limited is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements, Management's Discussion and Analysis and all other information in the 2024 Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgments and estimates necessary to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. It also includes ensuring that the financial information presented elsewhere in the 2024 Annual Report is consistent with that in the consolidated financial statements.

Management is also responsible for providing reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced. Management is required to design a system of internal controls and certify as to the design and operating effectiveness of internal control over financial reporting. A dedicated control compliance team reviews and evaluates internal controls, the results of which are shared with management on a quarterly basis.

PricewaterhouseCoopers LLP, whose report follows, were appointed as independent auditors by a vote of the Company's shareholders to audit the consolidated financial statements.

The Board of Directors, acting through an Audit Committee comprised solely of directors who are independent, are responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders. The Audit Committee meets regularly with senior and financial management, internal auditors and the independent auditors to discuss internal controls, auditing activities and financial reporting matters. The independent auditors and internal auditors have unrestricted access to the Audit Committee. These consolidated financial statements and Management's Discussion and Analysis have been approved by the Board of Directors for inclusion in the 2024 Annual Report based on the review and recommendation of the Audit Committee.

Toronto, Canada
February 19, 2025

[signed]
Per Bank
President and Chief Executive Officer

[signed]
Richard Dufresne
Chief Financial Officer

Independent Auditor's Report

To the Shareholders of Loblaw Companies Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Loblaw Companies Limited and its subsidiaries (together, the Company) as at December 28, 2024 and December 30, 2023, and its financial performance and its cash flows for the 52-week years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of earnings for the 52-week years ended December 28, 2024 and December 30, 2023;
- the consolidated statements of comprehensive income for the 52-week years ended December 28, 2024 and December 30, 2023;
- the consolidated statements of changes in equity for the 52-week years ended December 28, 2024 and December 30, 2023;
- the consolidated balance sheets as at December 28, 2024 and December 30, 2023;
- the consolidated statements of cash flows for the 52-week years ended December 28, 2024 and December 30, 2023; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the 52-week year ended December 28, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment indicators for fixed assets and right-of-use assets for retail locations

Refer to note 2 – Accounting Policies, note 3 – Critical Accounting Estimates and Judgments, note 13 – Fixed Assets and note 27 – Leases to the consolidated financial statements.

As at December 28, 2024, the Company had fixed assets of $7,098 million and right-of-use assets of $8,239 million. At each balance sheet date, management reviews the carrying amounts of its fixed assets and right-of-use assets at the Cash Generating Unit (CGU) level to determine whether there is any indication of impairment. Judgment is used to determine whether an indication of impairment exists; if any such indication exists, the CGU is then tested for impairment. In applying this judgment, management considers profitability of the CGU and other qualitative factors. Management determined that each retail location is a separate CGU for purposes of fixed asset and right-of-use asset impairment testing. The fixed assets and right-of-use assets related to the retail location CGUs represent a significant portion of the Company's fixed assets and right-of-use assets.

Management identified indications of impairment for certain retail location CGUs and therefore an impairment test was performed for these CGUs. An impairment loss is recognized for the amount by which the CGU's carrying value exceeds its recoverable amount.

For the 52-week year ended December 28, 2024, the Company recorded $30 million of impairment losses on fixed assets and $15 million of impairment losses on right-of-use assets in respect of 18 retail location CGUs.

We considered this a key audit matter due to the judgments made by management in assessing the indications of impairment. This resulted in significant audit effort and subjectivity in performing procedures to assess the indications of impairment.

Our approach to addressing the matter included the following procedures, among others:

- Evaluated management's assessment of indications of impairment, which included the following:
  - Assessed the reasonableness of the profitability of the CGUs on a sample basis by considering the actual historical performance of the CGUs.
  - Assessed other qualitative factors by considering evidence obtained in other areas of the audit.
  - Tested the underlying data used in the indications of impairment assessment on a sample basis by tracing to supporting documentation and testing the mathematical accuracy.
  - Performed a sensitivity analysis over indications of impairment.
- Tested the disclosures made in the consolidated financial statements with regards to the impairment assessments of the retail location CGUs.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the 2024 Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anita McOuat.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
February 19, 2025

Consolidated Statements of Earnings

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	2024	2023
Revenue	**$ 61,014**	$ 59,529
Cost of sales (note 11)	**41,288**	40,492
Selling, general and administrative expenses	**15,824**	15,333
Operating income	**$ 3,902**	$ 3,704
Net interest expense and other financing charges (note 5)	**821**	803
Earnings before income taxes	**$ 3,081**	$ 2,901
Income taxes (note 6)	**806**	714
Net earnings	**$ 2,275**	$ 2,187
Attributable to:		
Shareholders of the Company (note 7)	**$ 2,171**	$ 2,100
Non-controlling interests	**104**	87
Net earnings	**$ 2,275**	$ 2,187
Net earnings per common share ($) (note 7)		
Basic	**$ 7.06**	$ 6.59
Diluted	**$ 6.99**	$ 6.52
Weighted average common shares outstanding (millions) (note 7)		
Basic	**305.1**	316.7
Diluted	**308.5**	320.0

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)		2024		2023
Net earnings	$	2,275	$	2,187
Other comprehensive income, net of taxes				
Items that are or may be subsequently reclassified to profit or loss:				
Foreign currency translation gains	$	3	$	—
Unrealized (loss) gain on cash flow hedges (note 28)		(7)		4
Gain on long term securities (note 28)		1		1
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial gains (note 24)		76		199
Other comprehensive income, net of taxes	$	73	$	204
Total comprehensive income	$	2,348	$	2,391
Attributable to:				
Shareholders of the Company	$	2,244	$	2,304
Non-controlling interests		104		87
Total comprehensive income	$	2,348	$	2,391

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated)	Common Share Capital	Preferred Share Capital	**Total Share Capital**	**Retained Earnings**	**Contributed Surplus**	Foreign Currency Translation Adjustment	Cash Flow Hedges	Fair Value Adjustments	**Accumulated Other Comprehensive Income**	**Non-Controlling Interests**	**Total Equity**
Balance as at December 30, 2023	$ 6,256	$ 221	**$ 6,477**	**$ 4,816**	**$ 136**	$ 41	$ (11)	$ 5	**$ 35**	**$ 155**	**$ 11,619**
Net earnings	$ —	$ —	**$ —**	**$ 2,171**	**$ —**	$ —	$ —	$ —	**$ —**	**$ 104**	**$ 2,275**
Other comprehensive income	—	—	**—**	**76**	**—**	3	(7)	1	**(3)**	**—**	**73**
Total comprehensive income	$ —	$ —	**$ —**	**$ 2,247**	**$ —**	$ 3	$ (7)	$ 1	**$ (3)**	**$ 104**	**$ 2,348**
Common shares purchased and cancelled (note 22)	(232)	—	**(232)**	**(1,661)**	**—**	—	—	—	**—**	**—**	**(1,893)**
Effect of equity-based compensation (note 22 and 25)	166	—	**166**	**—**	**(21)**	—	—	—	**—**	**—**	**145**
Shares purchased and held in trust (note 22)	(8)	—	**(8)**	**(64)**	**—**	—	—	—	**—**	**—**	**(72)**
Shares released from trust (note 22 and 25)	14	—	**14**	**34**	**—**	—	—	—	**—**	**—**	**48**
Dividends declared per common share – $1.985 (note 22)	—	—	**—**	**(604)**	**—**	—	—	—	**—**	**—**	**(604)**
Dividends declared per preferred share – $1.32500 (note 22)	—	—	**—**	**(12)**	**—**	—	—	—	**—**	**—**	**(12)**
Impact of preferred share redemption (note 22)	—	(221)	**(221)**	**(8)**	**—**	—	—	—	**—**	**—**	**(229)**
Net distribution to non-controlling interests	—	—	**—**	**—**	**—**	—	—	—	**—**	**(84)**	**(84)**
	$ (60)	$ (221)	**$ (281)**	**$ (68)**	**$ (21)**	$ 3	$ (7)	$ 1	**$ (3)**	**$ 20**	**$ (353)**
Balance as at December 28, 2024	$ 6,196	$ —	**$ 6,196**	**$ 4,748**	**$ 115**	$ 44	$ (18)	$ 6	**$ 32**	**$ 175**	**$ 11,266**

(millions of Canadian dollars except where otherwise indicated)	Common Share Capital	Preferred Share Capital	**Total Share Capital**	**Retained Earnings**	**Contributed Surplus**	Foreign Currency Translation Adjustment	Cash Flow Hedges	Fair Value Adjustments	**Accumulated Other Comprehensive Income**	**Non-Controlling Interests**	**Total Equity**
Balance as at December 31, 2022	$ 6,465	$ 221	**$ 6,686**	**$ 4,461**	**$ 122**	$ 41	$ (15)	$ 4	**$ 30**	**$ 157**	**$ 11,456**
Net earnings	$ —	$ —	**$ —**	**$ 2,100**	**$ —**	$ —	$ —	$ —	**$ —**	**$ 87**	**$ 2,187**
Other comprehensive income	—	—	**—**	**199**	**—**	—	4	1	**5**	**—**	**204**
Total comprehensive income	$ —	$ —	**$ —**	**$ 2,299**	**$ —**	$ —	$ 4	$ 1	**$ 5**	**$ 87**	**$ 2,391**
Common shares purchased and cancelled (note 22)	(277)	—	**(277)**	**(1,352)**	**—**	—	—	—	**—**	**—**	**(1,629)**
Effect of equity-based compensation (note 22 and 25)	69	—	**69**	**—**	**14**	—	—	—	**—**	**—**	**83**
Shares purchased and held in trust (note 22)	(13)	—	**(13)**	**(59)**	**—**	—	—	—	**—**	**—**	**(72)**
Shares released from trust (note 22 and 25)	12	—	**12**	**29**	**—**	—	—	—	**—**	**—**	**41**
Dividends declared per common share – $1.743 (note 22)	—	—	**—**	**(550)**	**—**	—	—	—	**—**	**—**	**(550)**
Dividends declared per preferred share – $1.32500 (note 22)	—	—	**—**	**(12)**	**—**	—	—	—	**—**	**—**	**(12)**
Net distribution to non-controlling interests	—	—	**—**	**—**	**—**	—	—	—	**—**	**(89)**	**(89)**
	$ (209)	$ —	**$ (209)**	**$ 355**	**$ 14**	$ —	$ 4	$ 1	**$ 5**	**$ (2)**	**$ 163**
Balance as at December 30, 2023	$ 6,256	$ 221	**$ 6,477**	**$ 4,816**	**$ 136**	$ 41	$ (11)	$ 5	**$ 35**	**$ 155**	**$ 11,619**

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

(millions of Canadian dollars)	As at December 28, 2024	As at December 30, 2023
Assets		
Current assets		
Cash and cash equivalents (note 8)	**$ 1,462**	$ 1,488
Short term investments	**648**	464
Accounts receivable (note 9)	**1,455**	1,298
Credit card receivables (note 10)	**4,230**	4,132
Inventories (note 11)	**6,330**	5,820
Prepaid expenses and other assets	**376**	324
Assets held for sale (note 12)	**47**	52
Total current assets	**$ 14,548**	$ 13,578
Fixed assets (note 13)	**7,098**	6,346
Right-of-use assets (note 27)	**8,239**	7,662
Investment properties (note 14)	**56**	53
Intangible assets (note 15)	**5,446**	5,994
Goodwill (note 16)	**4,372**	4,349
Deferred income tax assets (note 6)	**118**	125
Other assets (note 17)	**1,003**	872
Total assets	**$ 40,880**	$ 38,979
Liabilities		
Current liabilities		
Bank indebtedness (note 31)	**$ —**	$ 13
Trade payables and other liabilities (note 18)	**7,531**	6,324
Loyalty liability	**212**	123
Provisions (note 19)	**252**	115
Income taxes payable	**86**	240
Demand deposits from customers	**353**	166
Short term debt (note 10)	**800**	850
Long term debt due within one year (note 20)	**631**	1,191
Lease liabilities due within one year (note 27)	**1,648**	1,455
Associate interest	**255**	370
Total current liabilities	**$ 11,768**	$ 10,847
Provisions (note 19)	**135**	123
Long term debt (note 20)	**7,570**	6,661
Lease liabilities (note 27)	**8,535**	8,003
Deferred income tax liabilities (note 6)	**957**	1,132
Other liabilities (notes 21)	**649**	594
Total liabilities	**$ 29,614**	$ 27,360
Equity		
Share capital (note 22)	**$ 6,196**	$ 6,477
Retained earnings	**4,748**	4,816
Contributed surplus (note 25)	**115**	136
Accumulated other comprehensive income	**32**	35
Total equity attributable to shareholders of the Company	**$ 11,091**	$ 11,464
Non-controlling interests	**175**	155
Total equity	**$ 11,266**	$ 11,619
Total liabilities and equity	**$ 40,880**	$ 38,979

Contingent Liabilities (note 30).
See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	2024	2023
Operating activities		
Net earnings	**$ 2,275**	$ 2,187
Add (deduct):		
Income taxes (note 6)	**806**	714
Net interest expense and other financing charges (note 5)	**821**	803
Adjustments to investment properties (note 12 and 14)	**27**	9
Depreciation and amortization	**2,966**	2,906
Asset impairments, net of recoveries (note 13 and 27)	**32**	17
Change in allowance for credit card receivables (note 10)	**7**	50
Change in provisions (note 19)	**149**	19
Change in non-cash working capital (note 8)	**84**	(9)
Change in gross credit card receivables (note 10)	**(105)**	(228)
Income taxes paid	**(1,143)**	(917)
Interest received	**25**	24
Other	**(142)**	79
Cash flows from operating activities	**$ 5,802**	$ 5,654
Investing activities		
Fixed asset purchases (note 13)	**$ (1,823)**	$ (1,665)
Intangible asset additions (note 15)	**(377)**	(407)
Purchase of short term investments	**(184)**	(138)
Proceeds from disposal of assets (note 13 and 27)	**363**	321
Lease payments received from finance leases	**13**	17
Disposal of long term securities (note 17)	**81**	45
Other	**(94)**	(18)
Cash flows used in investing activities	**$ (2,021)**	$ (1,845)
Financing activities		
(Decrease) increase in bank indebtedness (note 31)	**$ (13)**	$ 5
(Decrease) increase in short term debt (note 10)	**(50)**	150
Increase in demand deposits from customers	**187**	41
Long term debt (note 20)		
Issued (net)	**1,557**	833
Repayments	**(1,202)**	(762)
Interest paid	**(443)**	(421)
Cash rent paid on lease liabilities - Interest (note 5 and 27)	**(415)**	(370)
Cash rent paid on lease liabilities - Principal (note 27)	**(1,086)**	(1,071)
Dividends paid on common and preferred shares (note 22)	**(459)**	(562)
Common share capital		
Issued (note 25)	**147**	61
Purchased and held in trust (note 22)	**(72)**	(72)
Purchased and cancelled (note 22)	**(1,754)**	(1,729)
Proceeds from financial liabilities (note 27)	**—**	115
Other	**(213)**	(150)
Cash flows used in financing activities	**$ (3,816)**	$ (3,932)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 9**	$ 3
Decrease in cash and cash equivalents	**$ (26)**	$ (120)
Cash and cash equivalents, beginning of year	**1,488**	1,608
Cash and cash equivalents, end of year	**$ 1,462**	$ 1,488

See accompanying notes to the consolidated financial statements.

Note 1. Nature and Description of the Reporting Entity

Loblaw Companies Limited is a Canadian public company incorporated in 1956 and is Canada's food and pharmacy leader, and the nation's largest retailer. Loblaw Companies Limited provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise, financial services, and wireless mobile products and services. Its registered office is located at 22 St. Clair Avenue East, Toronto, Canada M4T 2S5. Loblaw Companies Limited and its subsidiaries are together referred to, in these consolidated financial statements, as the “Company” or “Loblaw”.

The Company’s controlling shareholder is George Weston Limited (“Weston”), which owns approximately 52.6% of the Company’s outstanding common shares. The Company’s ultimate parent is Wittington Investments, Limited (“Wittington”). The remaining common shares are widely held.

The Company has two reportable operating segments: Retail and Financial Services (see note 33).

Note 2. Accounting Policies

Statement of Compliance The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards” or “GAAP”) and using the accounting policies described herein.

These consolidated financial statements were approved for issuance by the Company’s Board of Directors (“Board”) on February 19, 2025.

Basis of Presentation The material accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all years presented.

The consolidated financial statements are presented in Canadian dollars.

Certain comparative amounts have been restated to conform with current year presentation (see note 32).

Fiscal Year The fiscal year of the Company ends on the Saturday closest to December 31. Under an accounting convention common in the retail industry, the Company follows a 52-week reporting cycle, which periodically necessitates a fiscal year of 53 weeks. The years ended December 28, 2024 and December 30, 2023 both contained 52 weeks.

Basis of Consolidation The consolidated financial statements include the accounts of the Company and other entities that the Company controls. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities’ returns. The Company assesses control on an ongoing basis.

Structured entities are entities controlled by the Company which were designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Structured entities are consolidated if, based on an evaluation of the substance of its relationship with the Company, the Company concludes that it controls the structured entity. Structured entities controlled by the Company were established under terms that impose strict limitations on the decision-making powers of the structured entities’ management and that results in the Company receiving the majority of the benefits related to the structured entities’ operations and net assets, being exposed to the majority of risks incident to the structured entities’ activities, and retaining the majority of the residual or ownership risks related to the structured entities or their assets.

Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

Non-controlling interests are recorded in the consolidated financial statements and represent the non-controlling shareholders’ equity in an entity consolidated by the Company for which the Company’s ownership is less than 100%. Transactions with non-controlling interests are treated as transactions with equity owners of the Company. Changes in the Company’s ownership interest in its subsidiaries are accounted for as equity transactions.

Loblaw consolidates the Associates as well as the franchisees of its food retail stores that are subject to a simplified franchise agreement implemented in 2015. An "Associate" is a pharmacist-owner of a corporation that is licensed to operate a retail drug store at a specific location using the Company's trademarks. The consolidation of Associates and franchisees is based on the concept of control, for accounting purposes, which was determined to exist through the agreements that govern the relationships between the Company and the Associates and franchisees. Loblaw does not have any direct or indirect shareholdings in the corporations that operate the Associates. Associate interest reflects the investment the Associates have in the net assets of their businesses. Under the terms of the Associate Agreements, Shoppers Drug Mart Inc. (or an affiliate thereof) agrees to purchase the assets that the Associates use in store operations, primarily at the carrying value to the Associate, when Associate Agreements are terminated by either party. The Associates' corporations and the franchisees remain separate legal entities.

Business Combinations Business combinations are accounted for using the acquisition method as of the date when control is transferred to the Company. The Company measures goodwill as the excess of the sum of the fair value of the consideration transferred over the net identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Net Earnings per Common Share Basic net earnings per common share ("EPS") is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the net earnings available to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive instruments.

Revenue Recognition The Company recognizes revenue when control of the goods or services has been transferred. Revenue is measured at the amount of consideration to which the Company expects to be entitled to.

Retail Retail segment revenue includes the sale of goods and services to customers through corporate, franchise-owned retail food and Associate-owned drug stores, which includes in-store pharmacies, health care services and other health and beauty products, apparel and other general merchandise. Revenue is measured at the amount of consideration to which the Company expects to be entitled to, net of estimated returns and sales incentives. The Company recognizes revenue made through corporate, franchise and Associate stores at the time the point of sale is made or when service is delivered to the customers. The Company recognizes revenue made through independent wholesale customers at the time of delivery of inventory.

For certain sale of goods in which the Company earns commissions, including but not limited to lottery and third party gift cards, the Company records net revenue as an agent on the basis that the Company does not control pricing or bear inventory risk.

Financial Services Financial Services revenue includes interest income on credit card loans, credit card membership fees and service fees, commissions, and other revenue related to financial services. Interest income is recognized using the effective interest method. Credit card membership fees and service fees are recognized when services are rendered. Commission revenue is recorded on a net basis. Other revenue is recognized periodically or according to contractual provisions.

Income Taxes Current and deferred taxes are recognized in the consolidated statement of earnings, except for current and deferred taxes related to a business combination, or amounts charged directly to equity or other comprehensive income, which are recognized in the consolidated balance sheet.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method of accounting on temporary differences arising between the financial statement carrying values of existing assets and liabilities and their respective income tax bases. Deferred tax is measured using enacted or substantively enacted income tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. A deferred tax asset is recognized for temporary differences as well as unused tax losses and credits to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities where the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recorded on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

In 2023, the Company adopted the amendments to International Accounting Standard 12, "Income Taxes" ("IAS 12"), issued in May 2023, introducing a mandatory temporary exception to the requirements of IAS 12 under which a Company does not recognize or disclose information about deferred tax assets and liabilities related to the proposed Organization for Economic Co-operation and Development ("OECD") Pillar Two model rules ("Pillar Two"). The Company applied the temporary exception as of December 28, 2024 as disclosed in note 6 below.

Cash Equivalents Cash equivalents consist of highly liquid marketable investments such as government treasury bills and bankers' acceptances with an original maturity date of 90 days or less from the date of acquisition. Credit card and debit card transactions that typically process in three days or less are also classified as cash equivalents.

Short Term Investments Short term investments are investments in highly liquid and rated certificates of deposit, commercial paper or other securities, primarily Canadian and United States government securities and notes of other creditworthy parties, with an original term to maturity of more than 90 days and remaining term to maturity of less than one year from the date of acquisition.

Credit Card Receivables The Company, through President's Choice Bank ("PC Bank"), a wholly owned subsidiary of the Company, has credit card receivables that are stated net of an allowance. Interest income is recorded in revenue and interest expense is recorded in net interest expense and other financing charges using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the credit card receivable (or, where appropriate, a shorter period) to the carrying amount. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. For credit-impaired credit card receivables, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The Company applies the expected credit loss ("ECL") model to assess impairment on its credit card receivables at each balance sheet date. Credit card receivables are assessed collectively for impairment by applying the three-stage approach. Refer to the Impairment of Financial Assets policy for details of each stage. The application of the ECL model requires PC Bank to apply significant judgments, assumptions and estimations (see note 3 "Impairment of Credit Card Receivables").

Impairment losses and reversals are recorded in selling, general and administrative expenses ("SG&A") in the consolidated statements of earnings with the carrying amount of the credit card receivables adjusted through the use of allowance accounts.

The Company, through PC Bank, participates in various securitization programs that provide the primary source of funds for the operation of its credit card business. PC Bank maintains and monitors co-ownership interest in credit card receivables with independent securitization trusts, in accordance with its financing requirements. PC Bank is required to absorb a portion of the related credit losses. As a result, Loblaw has not transferred all of the risks and rewards related to these assets and continues to recognize these assets in credit card receivables. The transferred receivables are accounted for as financing transactions. The associated liabilities secured by these assets are included in either short term debt or long term debt based on their characteristics and are carried at amortized cost. Loblaw provides a standby letter of credit for the benefit of the independent securitization trusts.

Eagle Credit Card Trust PC Bank participates in a single seller revolving co-ownership securitization program with Eagle Credit Card Trust ("Eagle") and continues to service the credit card receivables on behalf of Eagle, but does not receive any fee for its servicing obligations and has a retained interest in the securitized receivables represented by the right to future cash flows after obligations to investors have been met. The Company consolidates Eagle as a structured entity.

Other Independent Securitization Trusts The Other Independent Securitization Trusts administer multi-seller, multi-asset securitization programs that acquire assets from various participants, including credit card receivables from PC Bank. These trusts are managed by major Canadian chartered banks. PC Bank does not control the trusts through voting interests and does not exercise any control over the trusts' management, administration or assets. The activities of these trusts are conducted on behalf of the participants and each trust is a conduit through which funds are raised to purchase assets through the issuance of senior and subordinated short term and medium term asset backed notes. These trusts are unconsolidated structured entities.

Inventories The Company values inventories at the lower of cost and net realizable value.

Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring inventories to their present location and condition. The cost of inventories are measured at weighted average cost.

The Company estimates net realizable value as the amount that inventories are expected to be sold taking into consideration fluctuations in retail prices due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead and certain selling costs related to inventories are expensed in the period that these costs are incurred.

Vendor Allowances The Company receives allowances from certain of its vendors whose products it purchases. These allowances are received for a variety of buying and/or merchandising activities, including vendor programs such as volume purchase allowances, purchase discounts, listing fees and exclusivity allowances. Allowances received from a vendor are a reduction in the cost of the vendor's products and services, and are recognized as a reduction in the cost of sales and the related inventory in the consolidated statement of earnings and the consolidated balance sheet, respectively, when it is probable that they will be received and the amount of the allowance can be reliably estimated. Amounts received but not yet earned are presented in other liabilities as deferred vendor allowances.

Certain exceptions apply if the consideration is a payment for goods or services delivered to the vendor or for direct reimbursement of selling costs incurred to promote goods. The consideration is then recognized as a reduction of the cost incurred in the consolidated statements of earnings.

Assets Held for Sale Non-current assets or disposal groups are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of the carrying amount or fair value less cost to sell and are not depreciated. The fair value measurement of assets held for sale is categorized within Level 2 of the fair value hierarchy. Assets that were previously classified as investment properties are measured using the fair value model consistent with properties classified as investment properties.

Fixed Assets Fixed assets are recognized and subsequently measured at cost less accumulated depreciation and any net accumulated impairment losses.

Borrowing costs directly attributable to the acquisition, construction or production of fixed assets that necessarily take a substantial period of time to prepare for their intended use and a proportionate share of general borrowings, are capitalized to the cost of those fixed assets, based on a quarterly weighted average cost of borrowing. All other borrowing costs are expensed as incurred and recognized in net interest expense and other financing charges.

Gains and losses on disposal of fixed assets are determined by comparing the fair value of proceeds from disposal with the net book value of the assets and are recognized net, in operating income. For transactions in which the sale of a fixed asset satisfies the requirements of IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), and the asset is leased back by the Company, the Company recognizes, in operating income, only the amount of gains or losses that relate to the rights transferred to the purchaser.

Fixed assets are depreciated on a straight-line basis over their estimated useful lives to their estimated residual value when the assets are available for use. When significant parts of a fixed asset have different useful lives, they are accounted for as separate components and depreciated separately. Estimated useful lives are as follows:

Buildings	10 to 40 years
Equipment and fixtures	2 to 20 years
Building improvements	up to 10 years
Leasehold improvements	Lesser of term of the lease and useful life up to 25 years[(i)]

(i) If it is reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the associated leasehold improvements are depreciated over the useful life of the asset on the same basis as owned assets.

Fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Refer to the Impairment of Non-Financial Assets policy.

Leases

As a Lessee At inception of a contract, the Company determines whether a contract is or contains a lease. When a contract contains both lease and non-lease components, the Company will allocate the consideration in the contract to each of the components on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Relative stand-alone prices are determined by maximizing the most observable supplier prices for a similar asset and/or service.

The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. Lease payments for assets that are exempt through the short-term exemption and variable payments not based on an index or rate are recognized in cost of sales and SG&A expenses on the most systematic basis.

The measurement of lease liabilities includes the fixed and in-substance fixed payments and variable lease payments that depend on an index or a rate, less any lease incentives receivable. If applicable, lease liabilities will also include a purchase option exercise price if the Company is reasonably certain to exercise that option, termination penalties if the lease term also reflects the termination option and amounts expected to be payable under a residual value guarantee. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in management's assessment of whether it will exercise a renewal or termination option or a change in future lease payments due to a change in index or rate. Right-of-use assets are adjusted by the same remeasurement amount.

Right-of-use assets are measured at the initial amount of the lease liabilities plus any initial direct costs, lease payments made at or before the commencement date net of lease incentives received, and decommissioning costs. Subsequent to initial measurement, the Company applies the cost model with the exception of the fair value model application to right-of-use assets that meet the definition of investment properties. Right-of-use assets are measured at cost less accumulated depreciation, net accumulated impairment losses, and any remeasurements of lease liabilities. The assets are depreciated on a straight-line basis over the earlier of the assets' useful lives or the end of the lease terms. Right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Refer to the Impairment of Non-Financial Assets policy.

Discount rates used in the present value calculation are the interest rates implicit in the leases, or if the rates cannot be readily determined, the Company's incremental borrowing rates. Lease terms applied are the contractual non-cancellable periods of the leases plus periods covered by an option to renew the leases if the Company is reasonably certain to exercise that option and the periods covered by an option to terminate the leases if the Company is reasonably certain not to exercise that option.

For sale and leaseback transactions, the Company applies the requirements of IFRS 15 to determine whether the transfer of the asset should be accounted for as a sale. If the transfer of the asset is a sale in accordance with IFRS 15, the Company will measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. If the transfer of the asset is not a sale in accordance with IFRS 15, the Company will continue to account for the asset under IAS 16, “Property, Plant and Equipment” and recognize the proceeds received as financial liabilities.

Investment Properties Investment properties are properties owned by the Company that are held to either earn rental income, for capital appreciation, or both. The Company’s investment properties include single tenant properties held to earn rental income and certain multiple tenant properties. Land and buildings leased to franchisees are not accounted for as investment properties as these properties are related to the Company’s operating activities.

Investment property assets are measured using the fair value model. Under the fair value model, investment properties are initially measured at cost and subsequently measured at fair value. Gains and losses arising from changes in the fair value are recognized in operating income in the period in which they arise. Gains and losses from disposal of investment properties are determined by comparing the fair value of disposal proceeds and the carrying amount and are recognized in operating income.

When a property changes from own use to investment property, the property is remeasured to fair value. Any gain arising from the remeasurement is recognized in operating income to the extent that it reverses a previous impairment loss on that property, with any remaining gain recognized in other comprehensive income. Any loss on remeasurement is recognized in operating income. All subsequent changes in fair value of the property are recognized in operating income. Upon sale of an investment property that was previously classified as fixed assets, amounts included in the revaluation reserve are transferred to retained earnings.

When an investment property carried at fair value changes to own use, the property is recognized in fixed assets at the fair value at the date of change in use. The property is subsequently accounted for under the accounting policy for fixed assets.

Goodwill Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized but is tested for impairment on an annual basis or more frequently if there are indicators that goodwill may be impaired as described in the Impairment of Non-Financial Assets policy.

Intangible Assets Intangible assets with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses. These intangible assets are amortized on a straight-line basis over their estimated useful lives and are tested for impairment as described in the Impairment of Non-Financial Assets policy. Useful lives, residual values and amortization methods for intangible assets with finite useful lives are reviewed at least annually. Amortization expense for intangible assets is recognized in selling, general and administrative expenses. Estimated useful lives are as follows:

Software	3 to 10 years
Prescription files	7 to 8 years
Loyalty program	18 years
Customer relationships	5 to 20 years

Indefinite life intangible assets are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired as described in the Impairment of Non-Financial Assets policy.

Impairment of Non-Financial Assets At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets at the cash generating unit ("CGU") level, other than inventories, deferred tax assets and investment properties, to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value. Goodwill and indefinite life intangible assets are tested for impairment at least annually.

For the purpose of impairment testing, assets, including right-of-use assets, are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a CGU. The Company has determined that each retail location is a separate CGU for purposes of impairment testing.

Goodwill arising from a business combination is tested for impairment at the minimum grouping of CGUs that are expected to benefit from the synergies of the business combination from which the goodwill arose.

The recoverable amount of a CGU or CGU grouping is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows from the CGU or CGU grouping discounted to their present value using a pre-tax discount rate in a discounted cash flow model that reflects current market assessments of the time value of money and the risks specific to the CGU or CGU grouping. If the CGU or CGU grouping includes right-of-use assets in its carrying amount, the pre-tax discount rate reflects the risks associated with the exclusion of lease payments from the estimated future cash flows. The fair value less costs to sell reflects the amount that could be obtained from the disposal of the CGU or CGU grouping in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

An impairment loss is recognized if the carrying amount of a CGU or CGU grouping exceeds its recoverable amount. For asset impairments other than goodwill, the impairment loss reduces the carrying amounts of the non-financial assets in the CGU on a pro-rata basis, up to an asset's individual recoverable amount. Any loss identified from goodwill impairment testing is first applied to reduce the carrying amount of goodwill allocated to the CGU grouping, and then to reduce the carrying amounts of the other non-financial assets in the CGU or CGU grouping on a pro-rata basis.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

Impairment losses and reversals are recognized in SG&A.

Customer Loyalty Awards Program The Company defers revenue at the time the award is earned by loyalty program members ("members") based on the relative fair value of the award. The relative fair value is determined by allocating consideration between the fair value of the loyalty awards earned by members, net of breakage, and the goods and services on which the awards were earned, based on their relative stand-alone selling price. The estimated fair value per point for the PC Optimum™ loyalty program is determined based on the program reward schedule and is $1 for every 1,000 points earned. The breakage rate of the program is an estimate of the amount of points that will never be redeemed. The rate is reviewed on an ongoing basis and is estimated utilizing historical redemption activity and anticipated earn and redeem behaviour of members. The majority of the Company's loyalty liability, a contract liability, is expected to be redeemed and recognized as revenue within one year of issuance.

Financial Instruments and Derivative Financial Instruments Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument. Upon initial recognition, financial instruments, including derivatives and embedded derivatives in certain contracts, are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using valuation methodologies, primarily discounted cash flows taking into account external market inputs where possible. The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

The following table summarizes the classification and measurement of the Company's financial assets and liabilities:

Asset / Liability	Classification / Measurement
Cash and cash equivalents	Amortized cost
Short term investments	Amortized cost
Accounts receivable	Amortized cost
Credit card receivables	Amortized cost
Certain other assets	Amortized cost / fair value through profit and loss
Long term securities	Fair value through other comprehensive income
Bank indebtedness	Amortized cost
Trade payables and other liabilities	Amortized cost
Demand deposits from customers	Amortized cost
Short term debt	Amortized cost
Long term debt	Amortized cost
Associate interest	Amortized cost
Certain other liabilities	Amortized cost
Derivatives	Fair value through profit and loss / fair value through other comprehensive income

Financial derivative instruments in the form of forwards and futures, as well as non-financial derivatives in the form of futures contracts, options contracts and forward contracts, are recorded at fair value on the consolidated balance sheet. The Company does not use derivative instruments for speculative purposes. Embedded derivatives are separated from the host contract and accounted for separately on the consolidated balance sheet at fair value if the host contract is not a financial asset. Derivative instruments are recorded in current or non-current assets and liabilities based on their remaining terms to maturity. All changes in fair values of the derivative instruments are recorded in net earnings unless the derivative qualifies and is effective as a hedging item in a designated hedging relationship.

The Company has cash flow hedges which are used to manage exposure to fluctuations in foreign currency exchange and interest rates. The effective portion of the change in fair value of the hedging item is recorded in other comprehensive income. If the change in fair value of the hedging item is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded in net earnings. Amounts accumulated in other comprehensive income are reclassified to net earnings when the hedged item is recognized in net earnings. The Company ensures that the hedge accounting relationships are aligned with the Company's risk management objectives and strategy and applies a more qualitative and forward-looking approach to assessing hedge effectiveness. The Company's risk management strategy and hedging activities are disclosed in note 28 "Financial Instruments" and note 29 "Financial Risk Management".

Gains and losses on financial assets and financial liabilities classified as fair value through profit and loss ("FVTPL") are recognized in net earnings in the period in which they are incurred. Settlement date accounting is used to account for the purchase and sale of financial assets. Gains or losses between the trade date and settlement date on FVTPL financial assets are recorded in net earnings.

Valuation Process The determination of the fair value of financial instruments is performed by the Company's treasury and financial reporting departments on a quarterly basis. There was no change in the valuation techniques applied to financial instruments during the current year. The following table describes the valuation techniques used in the determination of the fair values of financial instruments:

Type	Valuation Approach
Cash and cash equivalents, short term investments, accounts receivable, credit card receivables, bank indebtedness, trade payables and other liabilities, demand deposits from customers and short term debt	The carrying amount approximates fair value due to the short term maturity of these instruments.
Derivatives	Specific valuation techniques used to value derivative financial instruments include: • Quoted market prices or dealer quotes for similar instruments; and • The fair values of other derivative instruments are determined based on observable market information as well as valuations determined by external valuators with experience in financial markets.
Long term debt and certain other financial instruments	The fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

Impairment of Financial Assets The Company applies a forward-looking ECL model at each balance sheet date to financial assets measured at amortized cost or those measured at fair value through other comprehensive income, except for investments in equity instruments.

The ECL model applied to financial assets requires judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. Consideration of how changes in economic factors affect ECLs are determined on a probability-weighted basis.

Impairment losses and reversals are recorded in SG&A with the carrying amount of the financial asset or group of financial assets adjusted through the use of allowance accounts.

Foreign Currency Translation The functional currency of the Company is the Canadian dollar.

Transactions in foreign currencies are translated into the functional currency at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in operating income.

The assets and liabilities of foreign operations that have a functional currency different from that of the Company, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the foreign currency exchange rate in effect at the balance sheet date. Revenues and expenses of foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted. The resulting foreign currency exchange gains or losses are recognized in the foreign currency translation adjustment as part of other comprehensive income. When such foreign operation is disposed of, the related foreign currency translation reserve is recognized in net earnings as part of the gain or loss on disposal. On the partial disposal of such foreign operation, the relevant proportion is reclassified to net earnings.

Defined Benefit Post-Employment Plans The Company has a number of contributory and non-contributory defined benefit post-employment plans providing pension and other benefits to eligible employees. The defined benefit pension plans provide a pension based on length of service and eligible pay. The other defined benefits include health care, life insurance and dental benefits provided to eligible employees who retire at certain ages having met certain service requirements. The Company's net defined benefit plan obligations (assets) for each plan are actuarially calculated by a qualified actuary at the end of each annual reporting period using the projected unit credit method pro-rated based on service and management's best estimate of the discount rate, the rate of compensation increase, retirement rates, termination rates, mortality rates and expected growth rate of health care costs. The discount rate used to value the defined benefit plan obligation is based on high quality corporate bonds denominated in the same currency with cash flows that match the terms of the defined benefit plan obligations. Past service costs (credits) arising from plan amendments are recognized in operating income in the year that they arise. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in net interest expense and other financing charges.

The fair values of plan assets are deducted from the defined benefit plan obligations to arrive at the net defined benefit plan obligations (assets). For plans that result in a net defined benefit asset, the recognized asset is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan ("asset ceiling"). If it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements, the net defined benefit asset is reduced to the amount of the asset ceiling. When the payment in the future of minimum funding requirements related to past service would result in a net defined benefit surplus or an increase in a surplus, the minimum funding requirements are recognized as a liability to the extent that the surplus would not be fully available as a refund or a reduction in future contributions.

Remeasurements including actuarial gains and losses, the effect of the asset ceiling (if applicable) and the impact of any minimum funding requirements are recognized through other comprehensive income and subsequently reclassified from accumulated other comprehensive income to retained earnings.

The Company also participates in pension plans with Weston. The Company has established a stated policy to allocate the net defined benefit cost to the Company and Weston based on the obligation attributable to plan participants, provided by a third-party actuary. Both the service cost and contribution to be paid are determined based on the actuarial valuation.

Other Long Term Employee Benefit Plans The Company offers other long term employee benefits including contributory long term disability benefits and non-contributory continuation of health care and dental benefits to employees who are on long term disability leave. As the amount of the long term disability benefit does not depend on length of service, the obligation is recognized when an event occurs that gives rise to an obligation to make payments. The accounting for other long term employee benefit plans is similar to the method used for defined benefit plans except that all actuarial gains and losses are recognized in operating income.

Defined Contribution Plans The Company maintains a number of defined contribution pension plans for employees in which the Company pays fixed contributions for eligible employees into a registered plan and has no further significant obligation to pay any further amounts. The costs of benefits for defined contribution plans are expensed as employees have rendered service.

Multi-Employer Pension Plans The Company participates in multi-employer pension plans ("MEPPs") which are accounted for as defined contribution plans. The Company's responsibility to make contributions to these plans is limited to amounts established pursuant to its collective agreements. Defined benefit MEPPs are accounted for as defined contribution plans as adequate information to account for the Company's participation in the plans is not available due to the size and number of contributing employers in the plans. The contributions made by the Company to MEPPs are expensed as contributions are due.

Equity-Settled Equity-Based Compensation Plans Stock options, Restricted Share Units ("RSUs"), Performance Share Units ("PSUs"), Director Deferred Share Units ("DSUs") and Executive Deferred Share Units ("EDSUs") issued by the Company are substantially all settled in common shares and are accounted for as equity-settled awards.

Stock options outstanding have a seven year term to expiry, vest 20% cumulatively on each anniversary date of the grant and are exercisable at the designated common share price, which is based on the greater of the volume weighted average trading price of the Company's common share for either the five trading days prior to the date of grant or the trading day immediately preceding the grant date. The fair value of each tranche of options granted is measured separately at the grant date using a Black-Scholes option pricing model, and includes the following assumptions:

- The expected dividend yield is estimated based on the expected annual dividend prior to the option grant date and the closing share price as at the option grant date;
- The expected share price volatility is estimated based on the Company's historical volatility over a period consistent with the expected life of the options;
- The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the grant date for a term to maturity equal to the expected life of the options; and
- The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on historical experience and general option holder behaviour.

RSUs and PSUs vest after the end of a three year performance period. The number of PSUs that vest is based on the achievement of specified performance measures. The fair value of each RSU and PSU granted is measured separately at the grant date based on the market value of a Loblaw common share. Dividends paid may be reinvested in RSUs and PSUs and are treated as capital transactions.

The Company established a trust for each of the RSU and PSU plans to facilitate the purchase of shares for future settlement upon vesting. The Company is the sponsor of the respective trusts and has assigned Computershare Trust Company of Canada as the trustee. The trusts are considered structured entities and are consolidated in the Company's financial statements with the cost of the acquired shares recorded at book value as a reduction to share capital. Any premium on the acquisition of the shares above book value is applied to retained earnings until the shares are issued to settle RSU and PSU plan obligations.

Members of the Board, who are not management of the Company, may elect to receive a portion of their annual retainers and fees in the form of DSUs. Eligible executives of the Company may elect to defer up to 100% of the Short Term Incentive Plan earned in any year into the EDSU plan. Dividends paid earn fractional DSUs and EDSUs, respectively and are treated as capital transactions. DSUs and EDSUs vest upon grant.

The compensation expense for equity-settled plans is prorated over the vesting or performance period, with a corresponding increase to contributed surplus. Forfeitures are estimated at the grant date and are revised to reflect changes in expected or actual forfeitures.

Upon exercise of options, the amount accumulated in contributed surplus for the award plus the cash received upon exercise is recognized as an increase in share capital. Upon settlement of RSUs and PSUs, the amount accumulated in contributed surplus for the award is reclassified to share capital, with any premium or discount applied to retained earnings.

Employee Share Ownership Plan The Company's contributions to the Employee Share Ownership Plan ("ESOP") are measured at cost and recorded as compensation expense in operating income when the contribution is made. The ESOP is administered through a trust which purchases the Company's common shares on the open market on behalf of its employees.

Adoption of Accounting Amendments

Amendments to IAS 7 and IFRS 7 In May 2023, amendments to IAS 7, "Statement of Cash Flows" and IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7") were issued to enhance the transparency of supplier finance arrangements. The amendments require further disclosure for supplier finance arrangements regarding the terms and conditions, the range of payment due dates, and how they affect an entity's cash flows, liabilities and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company has included the required disclosure in note 18 below.

Note 3. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and judgments in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key estimation uncertainty that the Company believes could have the most significant impact on the amounts recognized in the consolidated financial statements. The Company's accounting policies are disclosed in note 2.

Consolidation

Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining the entities that it controls and therefore consolidates. The Company controls an entity when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entity's returns. The Company consolidates all of its wholly owned subsidiaries. Judgment is applied in determining whether the Company controls the entities in which it does not have ownership rights or does not have full ownership rights. Most often, judgment involves reviewing contractual rights to determine if rights are participating (giving power over the entity) or protective rights (protecting the Company's interest without giving it power).

Inventories

Key Estimations Inventories are carried at the lower of cost and net realizable value which requires the Company to utilize estimates related to fluctuations in shrink, future retail prices, the impact of vendor rebates on cost, seasonality and costs necessary to sell the inventory.

Impairment of Non-Financial Assets (Goodwill, Intangible Assets, Fixed Assets and Right-of-Use Assets)

Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining CGUs for the purpose of testing fixed assets, right-of-use assets and intangible assets for impairment. Judgment is also used to determine the goodwill CGUs for the purpose of testing goodwill for impairment. The Company has determined that each retail location is a separate CGU. Intangible assets are allocated to the CGUs (or groups of CGUs) to which they relate. Goodwill is allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to CGUs (or groups of CGUs) that are expected to benefit from the synergies and future growth of the business combination from which they arose. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed. In applying this judgment management considers profitability of the CGU and other qualitative factors.

Key Estimations In determining the recoverable amount of a CGU or a group of CGUs, various estimates are employed. The Company determines fair value less costs to sell using such estimates as market rental rates for comparable properties, discount rates and capitalization rates. The Company determines value in use by using estimates including projected future sales and earnings, and discount rates consistent with external industry information reflecting the risk associated with the specific cash flows.

Impairment of Credit Card Receivables

Judgments Made in Relation to Accounting Policies Applied and Key Estimations In each stage of the ECL model, impairment is determined based on the probability of default, loss given default, and expected exposures at default on drawn and undrawn exposures on credit card receivables. The application of the ECL model requires management to apply the following significant judgments, assumptions and estimations:

- Movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on credit card receivables. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- Thresholds for significant increase in credit risk based on changes in probability of default over the expected life of the instrument relative to initial recognition; and
- Forecasts of future economic conditions, namely the unemployment rate. Management uses an average of unemployment rate forecasts published by major Canadian Chartered Banks and the Conference Board of Canada to establish the base case scenario and other representative ranges of possible forecast scenarios.

Customer Loyalty Awards Program

Key Estimations The Company defers revenue at the time the award is earned by members based on the relative fair value of the award. The relative fair value is determined by allocating consideration between the fair value of the loyalty awards earned by loyalty program members, net of breakage, and the goods and services on which the awards were earned, based on their relative stand-alone selling price. The estimated fair value per point for the *PC Optimum* loyalty program is determined based on the program reward schedule and is $1 for every 1,000 points earned. The breakage rate of the program is an estimate of the amount of points that will never be redeemed. The rate is reviewed on an ongoing basis and is estimated utilizing historical redemption activity and anticipated earn and redeem behaviour of members. In 2024, the Company recorded a charge of $129 million, of which $99 million was recorded in the Retail segment and $30 million was recorded in the Financial Services segment. This charge represents the revaluation of the loyalty liability for outstanding points.

Income and Other Taxes

Judgments Made in Relation to Accounting Policies Applied The calculation of current and deferred income taxes requires management to make certain judgments including expectations about future operating results, the timing and reversal of temporary differences, and the interpretation of tax rules in jurisdictions where the Company performs activities. Where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on the most likely amount of the liability or recovery.

Segment Information

Judgments Made in Relation to Determining the Aggregation of Operating Segments The Company uses judgment in assessing the criteria used to determine the aggregation of operating segments. The Retail reportable operating segment consists of several operating segments comprised primarily of food retail and Associate-owned drug stores, and also includes in-store pharmacies and healthcare services and other health and beauty products, apparel and other general merchandise. The Company has aggregated its retail operating segments on the basis of their similar economic characteristics, customers and nature of products. This similarity in economic characteristics reflects the fact that the Company's retail operating segments operate primarily in Canada and are therefore subject to the same economic market pressures and regulatory environment. The Company's retail operating segments are subject to similar competitive pressures such as price and product innovation and assortment from existing competitors and new entrants into the marketplace. The similar economic characteristics also include the provision of centralized, common functions such as marketing and information technology ("IT") across all retail operating segments.

The retail operating segments' customer profile is primarily individuals who are purchasing goods for their own or their family's personal needs and consumption. The nature of products and the product assortment sold by each of the retail operating segments is also similar and includes grocery, pharmaceuticals, cosmetics, electronics and housewares. The aggregation of the retail operating segments reflects the nature and financial effects of the business activities in which the Company engages and the economic environment in which it operates.

Provisions

Judgments made in Relation to Accounting Policies Applied and Key Estimations The recording of provisions requires management to make certain judgments regarding whether there is a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and if a reliable estimate of the amount of the obligation can be made. The Company has recorded provisions primarily in respect of self-insurance and legal claims. The Company reviews the merits, risks and uncertainties of each provision, based on current information, and the amount expected to be required to settle the obligation. Provisions are reviewed on an ongoing basis and are adjusted accordingly when new facts and events become known to the Company.

Leases

Judgments Made in Relation to Accounting Policies Applied Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, store performances, past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the retail industry may impact management's assessment of lease terms, and any changes in management's estimate of lease terms may have a material impact on the Company's consolidated balance sheets and statements of earnings.

Key Estimations In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base risk-free interest rate estimated by reference to the Government of Canada bond yield with an adjustment that reflects the Company's credit rating, the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

Note 4. Future Accounting Standards and Amendments

Amendments to IFRS 9 and IFRS 7 In May 2024, amendments to IFRS 9, "Financial Instruments" ("IFRS 9") and IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7") were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. In addition to these clarifications, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. Also included in the amendments, are clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance. Under the amendments, additional disclosures are required for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets. The adoption is not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 In December 2024, amendments to IFRS 9 and IFRS 7 were issued to enhance the transparency of nature-dependent electricity contracts. The amendments allow a company to apply an own-use exemption to certain power purchase agreements if certain requirements are met. The amendments require further disclosure where an own-use exemption is applied regarding the contractual features exposing the company to variability in electricity volume and risk of oversupply, unrecognized contractual commitments and the effect of the contracts on an entity's financial performance. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently assessing the impact of these amendments.

IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18"), has been issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, "Presentation of Financial Statements", impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

Note 5. Net Interest Expense and Other Financing Charges

The components of net interest expense and other financing charges were as follows:

(millions of Canadian dollars)	2024	2023
Interest expense and other financing charges		
Lease liabilities (note 27)	**$ 415**	$ 370
Long term debt[(i)]	**304**	321
Borrowings related to credit card receivables	**85**	82
Post-employment and other long term employee benefits (note 24)[(ii)]	**5**	14
Independent funding trusts	**35**	37
Financial liabilities (note 27)	**14**	12
Bank indebtedness	**1**	1
	$ 859	$ 837
Interest income		
Accretion income	**$ (2)**	$ (3)
Short term interest income	**(26)**	(31)
Other interest income (note 30)	**(10)**	—
	$ (38)	$ (34)
Net interest expense and other financing charges	**$ 821**	$ 803

(i) Included in 2024 are borrowing costs of $37 million, which were capitalized related to the construction of the Company's automated distribution facility.

(ii) Includes $1 million net interest income (2023 – $8 million net interest expense) from post-employment benefits and $6 million net interest expense (2023 – $6 million) from other long term employee benefits.

Note 6. Income Taxes

The components of income taxes recognized in the consolidated statements of earnings were as follows:

(millions of Canadian dollars)	2024	2023
Current income taxes		
Current period	**$ 1,006**	$ 1,005
Adjustments in respect of prior periods	**—**	(36)
	$ 1,006	$ 969
Deferred income taxes		
Origination and reversal of temporary differences	**$ (193)**	$ (252)
Adjustments in respect of prior periods	**(7)**	(3)
	$ (200)	$ (255)
Income taxes	**$ 806**	$ 714

Income tax expense recognized in other comprehensive income was as follows:

(millions of Canadian dollars)	2024	2023
Net defined benefit plan actuarial gains (note 24)	**$ 28**	$ 71
Unrealized (losses) gains on cash flow hedges (note 28)	**(3)**	2
Net income tax expense recognized in other comprehensive income	**$ 25**	$ 73

The effective tax rate in the consolidated statement of earnings was reported at rates different than the weighted average basic Canadian federal and provincial statutory income tax rates for the following reasons:

	2024	2023
Weighted average basic Canadian federal and provincial statutory income tax rate	**26.5 %**	26.5 %
Net increase (decrease) resulting from:		
Non-deductible and non-taxable items	**(0.5)%**	(0.5)%
Adjustments in respect of prior periods	**(0.2)%**	(1.3)%
Other	**0.4 %**	(0.1)%
Effective tax rate applicable to earnings before income taxes	**26.2 %**	24.6 %

Unrecognized deferred income tax assets Deferred income tax assets were not recognized on the consolidated balance sheets in respect of the following items:

(millions of Canadian dollars)	**2024**	2023
Deductible temporary differences	**$ 21**	$ 14
Non-capital loss carryforwards	**199**	180
Unrecognized deferred tax assets	**$ 220**	$ 194

Certain non-capital loss carryforwards expire in the years 2029 to 2043. The deductible temporary differences do not expire under current income tax legislation. Deferred income tax assets were not recognized in respect of these items because it is not probable that future taxable income will be available to the Company to utilize the benefits.

Recognized deferred income tax assets and liabilities Deferred income tax assets and liabilities were attributable to the following:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Trade payables and accrued liabilities	**$ 99**	$ 94
Other liabilities	**224**	204
Lease liabilities	**2,670**	2,476
Fixed assets	**(589)**	(588)
Right-of-use assets	**(2,160)**	(2,004)
Goodwill and intangible assets	**(1,146)**	(1,282)
Non-capital loss carryforwards (expiring 2029 to 2043)	**45**	64
Other	**18**	29
Net deferred income tax liabilities	**$ (839)**	$ (1,007)
Recorded on the consolidated balance sheets as follows:		
Deferred income tax assets	**$ 118**	$ 125
Deferred income tax liabilities	**(957)**	(1,132)
Net deferred income tax liabilities	**$ (839)**	$ (1,007)

Global Minimum Tax (Pillar Two) In December 2021, the OECD issued model rules for a new global minimum tax framework. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates, and is effective for the Company's fiscal year ended December 28, 2024.

The Company is applying the exception to recognizing and disclosing information about deferred tax asset and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Income tax expense recognized in the consolidated statements of earnings in 2024 includes $5 million (2023 – not applicable) related to Pillar Two income taxes.

Note 7. Basic and Diluted Net Earnings per Common Share

(millions of Canadian dollars except where otherwise indicated)	**2024**	2023
Net earnings attributable to shareholders of the Company	**$ 2,171**	$ 2,100
Dividends on preferred shares in equity (note 22)	**(12)**	(12)
Impact of preferred share redemption (note 22)	**(4)**	—
Net earnings available to common shareholders	**$ 2,155**	$ 2,088
Basic Weighted average common shares outstanding (in millions) (note 22)	**305.1**	316.7
Dilutive effect of equity-based compensation	**2.9**	2.6
Dilutive effect of certain other liabilities	**0.5**	0.7
Diluted weighted average common shares outstanding (in millions)	**308.5**	320.0
Basic net earnings per common share ($)	**$ 7.06**	$ 6.59
Diluted net earnings per common share ($)	**$ 6.99**	$ 6.52

In 2024, there were no potentially dilutive instruments (2023 – 49,863) excluded from the computation of diluted net earnings per common share as they were anti-dilutive.

Note 8. Cash and Cash Equivalents and Change in Non-cash Working Capital

The components of cash and cash equivalents and change in non-cash working capital were as follows:

Cash and cash equivalents

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Cash	**$ 1,240**	$ 947
Cash equivalents	**222**	541
Total cash and cash equivalents	**$ 1,462**	$ 1,488

Change in Non-cash Working Capital

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Change in:		
Accounts receivable	**$ (170)**	$ (163)
Prepaid expenses and other assets	**(52)**	19
Inventories	**(510)**	35
Trade payables and other liabilities	**839**	116
Other	**(23)**	(16)
Change in non-cash working capital	**$ 84**	$ (9)

Note 9. Accounts Receivable

The following are continuities of the Company's allowances for uncollectible accounts receivable:

(millions of Canadian dollars)	**2024**	2023
Allowances, beginning of year	**$ (36)**	$ (31)
Net addition	**(3)**	(5)
Allowances, end of year	**$ (39)**	$ (36)

Credit risk associated with accounts receivable is discussed in note 29.

Note 10. Credit Card Receivables

The components of credit card receivables were as follows:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Gross credit card receivables	**$ 4,493**	$ 4,388
Allowance for credit card receivables	**(263)**	(256)
Credit card receivables	**$ 4,230**	$ 4,132
Securitized to independent securitization trusts:		
Securitized to Eagle Credit Card Trust (note 20)	**$ 1,450**	$ 1,350
Securitized to Other Independent Securitization Trusts	**800**	850
Total securitized to independent securitization trusts	**$ 2,250**	$ 2,200

The Company, through PC Bank, participates in various securitization programs that provide a source of funds for the operation of its credit card business. PC Bank maintains and monitors a co-ownership interest in credit card receivables with independent securitization trusts, including Eagle and Other Independent Securitization Trusts, in accordance with its financing requirements.

The associated liability of Eagle is recorded in long term debt (see note 20). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short term debt.

The securitization agreements between PC Bank and the Other Independent Securitization Trusts are renewed and extended on an annual basis. The existing agreements were renewed in 2024, with their respective maturity dates extended to 2026 and with all other terms and conditions remaining substantially the same.

As at December 28, 2024, PC Bank recorded a $50 million net increase of co-ownership interest in the securitized receivables held with the Independent Securitization Trusts as a result of growth in the credit card portfolio.

The undrawn commitments on facilities available from the Other Independent Securitization Trusts as at December 28, 2024 were $100 million (December 30, 2023 – $100 million).

The Company has arranged letters of credit on behalf of PC Bank for the benefit of the independent securitization trusts (see note 31).

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at December 28, 2024 and throughout 2024.

The following table provides gross carrying amounts of credit card receivables by internal risk ratings for credit risk management purposes:

				As at December 28, 2024
	12-month ECL (Stage 1)	**Lifetime ECL-not credit impaired (Stage 2)**	**Lifetime ECL-credit impaired (Stage 3)**	**Total**
Low risk	**$ 2,264**	**$ 10**	**$ —**	**$ 2,274**
Moderate risk	**1,240**	**41**	**—**	**1,281**
High risk	**587**	**298**	**53**	**938**
Total gross carrying amount	**$ 4,091**	**$ 349**	**$ 53**	**$ 4,493**
ECL allowance	**(112)**	**(108)**	**(43)**	**(263)**
Net carrying amount	**$ 3,979**	**$ 241**	**$ 10**	**$ 4,230**

				As at December 30, 2023
	12-month ECL (Stage 1)	Lifetime ECL-not credit impaired (Stage 2)	Lifetime ECL-credit impaired (Stage 3)	Total
Low risk	$ 2,194	$ 13	$ —	$ 2,207
Moderate risk	1,215	38	—	1,253
High risk	461	414	53	928
Total gross carrying amount	$ 3,870	$ 465	$ 53	$ 4,388
ECL allowance	(104)	(110)	(42)	(256)
Net carrying amount	$ 3,766	$ 355	$ 11	$ 4,132

The following are continuities of the Company's allowance for credit card receivables for the years ended December 28, 2024 and December 30, 2023:

(millions of Canadian dollars)				**As at December 28, 2024**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance, beginning of year	**$ 104**	**$ 110**	**$ 42**	**$ 256**
Increase / (decrease) during the year:				
Transfers(i)				
To Stage 1	**41**	**(41)**	**—**	**—**
To Stage 2	**(7)**	**9**	**(2)**	**—**
To Stage 3	**(4)**	**(28)**	**32**	**—**
New loans originated(ii)	**16**	**9**	**3**	**28**
Net remeasurements(iii)	**(38)**	**49**	**155**	**166**
Write-offs	**—**	**—**	**(218)**	**(218)**
Recoveries	**—**	**—**	**31**	**31**
Balance, end of year	**$ 112**	**$ 108**	**$ 43**	**$ 263**

(i) Transfers reflect allowance movements between stages for loans that were recognized as of the beginning of the year.
(ii) New loans originated reflect the stage of loan, and the related loan balance, as of the end of the year.
(iii) Net remeasurements includes the impact from changes in loan balances, model enhancements and credit quality during the year.

(millions of Canadian dollars)				As at December 30, 2023
	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of year	$ 79	$ 92	$ 35	$ 206
Increase / (decrease) during the year:				
Transfers(i)				
To Stage 1	27	(27)	—	—
To Stage 2	(7)	9	(2)	—
To Stage 3	(3)	(20)	23	—
New loans originated(ii)	15	8	4	27
Net remeasurements(iii)	(7)	48	140	181
Write-offs	—	—	(183)	(183)
Recoveries	—	—	25	25
Balance, end of year	$ 104	$ 110	$ 42	$ 256

(i) Transfers reflect allowance movements between stages for loans that were recognized as of the beginning of the year.
(ii) New loans originated reflect the stage of loan, and the related loan balance, as of the end of the year.
(iii) Net remeasurements includes the impact from changes in loan balances, model enhancements and credit quality during the year.

The allowances for credit card receivables recorded in the consolidated balance sheets are maintained at a level which is considered adequate to endure credit-related losses on credit card receivables.

Note 11. Inventories

For inventories recorded as at December 28, 2024, the Company has an inventory provision of $32 million (December 30, 2023 – $46 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of sales. There were no reversals of previously recorded write-downs of inventories during 2024 and 2023.

Note 12. Assets Held for Sale

In the fourth quarter of 2024, the Company entered into an agreement with a third party to sell all of the shares of its Wellwise by Shoppers™ ("*Wellwise*") business for cash proceeds. Accordingly, $43 million of assets and $19 million of liabilities related to the disposal group were classified as held-for-sale, and the Company recorded a net fair value write-down of $23 million in the Retail segment in SG&A. The transaction is expected to close in the first quarter of 2025.

The Company also classifies certain assets, primarily land and buildings, that it expects to sell in the next 12 months, as assets held for sale. These assets were either originally used in the Company's retail business segment or held in investment properties. In 2024, the Company disposed of three properties (2023 – nine) included in assets held for sale for proceeds of $24 million (2023 – $38 million) and recognized a net gain of $3 million (2023 – net gain of $12 million). A net fair value write-down of $9 million (2023 – write-down of $14 million) was also recognized in 2024.

Note 13. Fixed Assets

The following are continuities of the cost and the accumulated depreciation of fixed assets for the years ended December 28, 2024 and December 30, 2023:

	2024					
(millions of Canadian dollars)	**Land**	**Buildings and building improvements**	**Equipment and fixtures**	**Leasehold improvements**	**Assets under construction**	**Total**
Cost						
Balance, beginning of year	**$ 189**	**$ 1,700**	**$ 10,740**	**$ 4,728**	**$ 986**	**$18,343**
Additions	**10**	**—**	**126**	**74**	**1,658**	**1,868**
Business acquisitions	**—**	**—**	**—**	**1**	**—**	**1**
Disposals	**(36)**	**(172)**	**(86)**	**(39)**	**—**	**(333)**
Net transfer to assets held for sale	**(18)**	**(2)**	**(12)**	**(14)**	**—**	**(46)**
Transfer from assets under construction	**27**	**(34)**	**956**	**259**	**(1,208)**	**—**
Balance, end of year	**$ 172**	**$ 1,492**	**$ 11,724**	**$ 5,009**	**$ 1,436**	**$19,833**
Accumulated depreciation						
Balance, beginning of year	**$ 3**	**$ 910**	**$ 8,001**	**$ 3,081**	**$ 2**	**$ 11,997**
Depreciation	**—**	**41**	**609**	**286**	**—**	**936**
Impairment losses	**—**	**1**	**17**	**15**	**—**	**33**
Reversal of impairment losses	**—**	**(2)**	**(6)**	**—**	**—**	**(8)**
Disposals	**—**	**(85)**	**(81)**	**(39)**	**—**	**(205)**
Net transfer to assets held for sale	**—**	**—**	**(8)**	**(10)**	**—**	**(18)**
Balance, end of year	**$ 3**	**$ 865**	**$ 8,532**	**$ 3,333**	**$ 2**	**$12,735**
Carrying amount as at: December 28, 2024	**$ 169**	**$ 627**	**$ 3,192**	**$ 1,676**	**$ 1,434**	**$ 7,098**

	2023					
(millions of Canadian dollars)	Land	Buildings and building improvements	Equipment and fixtures	Leasehold improvements	Assets under construction	Total
Cost						
Balance, beginning of year	$ 212	$ 1,872	$ 9,955	$ 4,435	$ 479	$ 16,953
Additions(i)	—	—	149	33	1,520	1,702
Business acquisitions	—	—	1	1	—	2
Disposals	(30)	(188)	(86)	(12)	—	(316)
Net transfer to assets held for sale	1	1	—	—	—	2
Transfer from assets under construction	6	15	721	271	(1,013)	—
Balance, end of year	$ 189	$ 1,700	$ 10,740	$ 4,728	$ 986	$ 18,343
Accumulated depreciation						
Balance, beginning of year	$ 4	$ 957	$ 7,495	$ 2,799	$ 2	$ 11,257
Depreciation	—	53	565	295	—	913
Impairment losses	—	5	33	4	—	42
Reversal of impairment losses	(1)	(1)	(6)	(6)	—	(14)
Disposals	—	(104)	(86)	(11)	—	(201)
Balance, end of year	$ 3	$ 910	$ 8,001	$ 3,081	$ 2	$ 11,997
Carrying amount as at: December 30, 2023	$ 186	$ 790	$ 2,739	$ 1,647	$ 984	$ 6,346

(i) Additions to fixed assets include $37 million of prepayments that were transferred from other assets in 2023.

Fixed Asset Commitments As at December 28, 2024, the Company had entered into commitments of $455 million (December 30, 2023 – $704 million) for the construction, expansion and renovation of buildings and the purchase of real property.

Impairment Losses and Reversals of Fixed Assets and Right-of-Use Assets Management identified indications of impairment for certain retail location CGUs and therefore an impairment test was performed for these CGUs. For the year ended December 28, 2024, the Company recorded $30 million (2023 – $39 million) of impairment losses on fixed assets and $15 million (2023 – $11 million) of impairment losses on right-of-use assets (see note 27) in respect of 18 CGUs (2023 – 17 CGUs) in the retail operating segment. The recoverable amount was based on the greater of the CGU's fair value less costs to sell and its value in use.

For the year ended December 28, 2024, the Company recorded $8 million (2023 – $14 million) of impairment reversals on fixed assets and $8 million (2023 – $22 million) of impairment reversals on right-of-use assets (see note 27) in respect of 7 CGUs (2023 – 12 CGUs) in the retail operating segment. Impairment reversals are recorded where the recoverable amount of the retail location exceeds its carrying values. 1 CGU (2023 – nil) with impairment reversals had a fair value less costs to sell greater than its carrying value.

When determining the value in use of a retail location, the Company develops a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant assets within the CGU for owned locations or the remaining lease term of the CGU for leased locations. Projected future sales and earnings for cash flows are based on actual operating results, operating budgets, and long term growth rates that are consistent with industry averages, all of which are consistent with strategic plans presented to the Company's Board. The estimate of the value in use of relevant CGUs was determined using a pre-tax discount rate of 7.8% to 9.2% at December 28, 2024 (December 30, 2023 – 8.3% to 9.6%).

Additional impairment losses on fixed assets of $3 million (2023 – $3 million) were incurred related to store closures, renovations and conversions of retail locations.

Note 14. Investment Properties

The following are continuities of investment properties for the years ended December 28, 2024 and December 30, 2023:

(millions of Canadian dollars)		**2024**		2023
Balance, beginning of year	**$**	**53**	$	60
Adjustment to fair value of investment properties		**6**		5
Net transfer to assets held for sale		**(3)**		(12)
Balance, end of year	**$**	**56**	$	53

The valuations of investment properties using the income approach includes assumptions as to market rental rates for properties of similar size and condition located within the same geographical areas, recoverable operating costs for leases with tenants, non-recoverable operating costs, vacancy periods, tenant inducements and terminal capitalization rates for the purposes of determining the estimated net proceeds from the sale of the property. As at December 28, 2024, the pre-tax discount rates used in the valuations for investment properties ranged from 6.75% to 8.5% (December 30, 2023 – 6.25% to 8.87%) and the terminal capitalization rates ranged from 5.25% to 7.5% (December 30, 2023 – 5.5% to 7.5%).

Note 15. Intangible Assets

The following are continuities of the cost and the accumulated amortization of intangible assets for the years ended December 28, 2024 and December 30, 2023:

	2024			
(millions of Canadian dollars)	**Indefinite life intangible assets**	**Software**	**Other definite life intangible assets[(i)]**	**Total**
Cost				
Balance, beginning of year	**$ 3,756**	**$ 4,629**	**$ 6,221**	**$ 14,606**
Additions	**1**	**372**	**4**	**377**
Net transfer to assets held for sale	**—**	**3**	**—**	**3**
Business acquisitions	**—**	**—**	**15**	**15**
Disposals	**—**	**(1)**	**(1)**	**(2)**
Balance, end of year	**$ 3,757**	**$ 5,003**	**$ 6,239**	**$ 14,999**
Accumulated amortization				
Balance, beginning of year	**$ —**	**$ 3,552**	**$ 5,060**	**$ 8,612**
Amortization	**—**	**426**	**517**	**943**
Disposals	**—**	**(1)**	**(1)**	**(2)**
Balance, end of year	**$ —**	**$ 3,977**	**$ 5,576**	**$ 9,553**
Carrying amount as at: December 28, 2024	**$ 3,757**	**$ 1,026**	**$ 663**	**$ 5,446**

(i) Other definite life intangible assets includes prescription files with a net book value of $104 million related to the acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") in 2014 which will be fully amortized by the end of 2025.

	2023			
(millions of Canadian dollars)	Indefinite life intangible assets	Software	Other definite life intangible assets[(i)]	Total
Cost				
Balance, beginning of year	$ 3,756	$ 4,239	$ 6,204	$ 14,199
Additions	—	402	5	407
Business acquisitions	—	—	12	12
Disposals	—	(12)	—	(12)
Balance, end of year	$ 3,756	$ 4,629	$ 6,221	$ 14,606
Accumulated amortization				
Balance, beginning of year	$ —	$ 3,151	$ 4,543	$ 7,694
Amortization	—	413	517	930
Disposals	—	(12)	—	(12)
Balance, end of year	$ —	$ 3,552	$ 5,060	$ 8,612
Carrying amount as at: December 30, 2023	$ 3,756	$ 1,077	$ 1,161	$ 5,994

(i) Other definite life intangible assets includes prescription files with a net book value of $557 million related to the acquisition of Shoppers Drug Mart in 2014 which will be fully amortized by the end of 2025.

Indefinite Life Intangible Assets Indefinite life intangible assets are comprised of brand names, trademarks, import purchase quotas and certain liquor licenses. The brand names and trademarks are a result of the Company's acquisition of Shoppers Drug Mart, Lifemark Health Group ("Lifemark") and T&T Supermarket Inc. The Company expects to renew the registration of the brand names, trademarks, import purchase quotas and liquor licenses at each expiry date indefinitely, and expects these assets to generate economic benefit in perpetuity. As such, the Company has assigned these intangible assets indefinite useful lives.

Software Software is comprised of software purchases and development costs. There were no capitalized borrowing costs included in 2024 and 2023.

Other Definite Life Intangible Assets Other definite life intangible assets primarily consist of prescription files, the customer loyalty awards program and customer relationships.

Note 16. Goodwill

The following are continuities of the cost and the accumulated impairment of goodwill for the years ended December 28, 2024 and December 30, 2023:

(millions of Canadian dollars)	**2024**	2023
Cost		
Balance, beginning of year	**$ 5,343**	$ 5,317
Business acquisitions	**23**	26
Balance, end of year	**$ 5,366**	$ 5,343
Accumulated impairment losses		
Balance, beginning of year	**$ 994**	$ 994
Impairment losses	**—**	—
Balance, end of year	**$ 994**	$ 994
Carrying amount as at the end of the year	**$ 4,372**	$ 4,349

The carrying amount of goodwill attributed to each CGU grouping was as follows:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Shoppers Drug Mart	**$ 3,006**	$ 2,996
Market(i)	**139**	238
Discount(i)	**703**	603
Lifemark	**388**	376
T&T Supermarket Inc.	**129**	129
All other	**7**	7
Carrying amount as at the end of the year	**$ 4,372**	$ 4,349

(i) Includes goodwill reallocated from the Market division to the Discount division.

Impairment Testing of Goodwill and Indefinite Life Intangibles The Company tests goodwill and indefinite-life intangible assets for impairment annually or more frequently if indicators of impairment are identified.

The key assumptions used to calculate the fair value less costs to sell are revenue and gross margin forecasts, growth/attrition rates, discount rate, and terminal rate. These assumptions are considered to be Level 3 in the fair value hierarchy.

The weighted average cost of capital was determined to be 7.1% to 9.8% (December 30, 2023 – 7.1% to 10.1%) and is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on corporate bond yields and the capital structure of comparable publicly traded companies.

Cash flow projections have been discounted using a rate derived from an after-tax weighted average cost of capital. At December 28, 2024, the after-tax discount rate used in the recoverable amount calculations was 7.1% to 9.8% (December 30, 2023 – 7.1% to 10.1%).

The Company included a minimum of three years of cash flows in its discounted cash flow model. The cash flow forecasts were extrapolated beyond the forecasting period using an estimated long term growth rate of 2.0% to 2.5% (December 30, 2023 – 2.0% to 2.5%). The budgeted EBITDA growth was based on the Company's strategic plan approved by the Board of Directors.

The Company completed its annual impairment tests for goodwill and indefinite life intangible assets and concluded there was no impairment.

Note 17. Other Assets

The components of other assets were as follows:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Sundry investments and other receivables	**$ 26**	$ 115
Accrued benefit plan asset (note 24)	**356**	297
Finance lease receivable	**61**	68
Investments accounted for under the equity method	**85**	80
Long term securities (note 28)	**120**	201
Long term receivable[(i)]	**133**	—
Other	**222**	111
Total other assets	**$ 1,003**	$ 872

(i) Balance includes recovery related to the PC Bank commodity tax matter (see note 30).

Note 18. Supplier Financing Arrangements

In 2024, the Company started a supplier financing program with a third-party financial institution that provides financing to suppliers. This arrangement allows these suppliers to elect to be paid by the financial institution at a discount earlier than the maturity date of the receivable which generally ranges between 30 and 60 days. Participating suppliers can sell one or more of the Company's payment obligations at their sole discretion, and the Company's rights and obligations to suppliers are not impacted. The Company will pay the full amount owing to the financial institution according to the terms negotiated with the supplier on the maturity dates. The amount outstanding under this program as at December 28, 2024 was $52 million and is presented within trade payables and other liabilities. As at December 28, 2024, suppliers have received payment of $44 million from the financial institution under the program. The activity related to this program is classified as an operating activity within the Consolidated Statements of Cash Flows.

Note 19. Provisions

The following are the continuities of the Company's provisions for the years ended December 28, 2024 and December 30, 2023:

(millions of Canadian dollars)	**2024**	2023
Balance, beginning of year	**$ 238**	$ 219
Additions (note 30)	**226**	105
Payments	**(76)**	(77)
Reversals	**(1)**	(9)
Balance, end of year	**$ 387**	$ 238

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Recorded on the consolidated balance sheets as follows:		
Current portion of provisions	**$ 252**	$ 115
Non-current portion of provisions	**135**	123
Total provisions	**$ 387**	$ 238

Note 20. Long Term Debt

The components of long term debt were as follows:

(millions of Canadian dollars)	As at December 28, 2024	As at December 30, 2023
Debentures		
Loblaw Companies Limited Notes		
3.92%, due 2024	**$ —**	$ 400
6.65%, due 2027	**100**	100
6.45%, due 2028	**200**	200
4.49%, due 2028	**400**	400
6.50%, due 2029	**175**	175
3.56%, due 2029	**400**	—
2.28%, due 2030	**350**	350
11.40%, due 2031		
Principal	**151**	151
Effect of coupon repurchase	**25**	28
6.85%, due 2032	**200**	200
5.01%, due 2032	**400**	400
6.54%, due 2033	**200**	200
8.75%, due 2033	**200**	200
6.05%, due 2034	**200**	200
6.15%, due 2035	**200**	200
5.90%, due 2036	**300**	300
6.45%, due 2039	**200**	200
7.00%, due 2040	**150**	150
5.86%, due 2043	**55**	55
5.34%, due 2052	**400**	400
5.12%, due 2054	**400**	—
Guaranteed Investment Certificates (0.60% – 5.50%, due 2024 – 2029)	**1,477**	1,654
Independent Securitization Trust (note 10)		
2.28%, due 2024	**—**	250
1.34%, due 2025	**300**	300
1.61%, due 2026	**300**	300
4.78%, due 2027	**232**	232
5.63%, due 2027	**9**	9
6.83%, due 2027	**9**	9
5.13%, due 2028	**232**	232
6.11%, due 2028	**9**	9
7.36%, due 2028	**9**	9
4.92%, due 2029	**326**	—
5.87%, due 2029	**12**	—
7.12%, due 2029	**12**	—
Independent Funding Trusts	**590**	558
Transaction costs and other	**(22)**	(19)
Total long term debt	**$ 8,201**	$ 7,852
Less amount due within one year	**631**	1,191
Long Term Debt	**$ 7,570**	$ 6,661

Significant long term debt transactions are described below.

Debentures The following table summarizes the debentures issued in 2024. There were no debentures issued in 2023.

(millions of Canadian dollars except where otherwise indicated)	Interest Rate	Maturity Date	Principal Amount 2024
Loblaw Companies Limited Notes(i)	3.56%	December 12, 2029	**$ 400**
Loblaw Companies Limited Notes(ii)	5.12%	March 4, 2054	**400**
Total debentures issued			**$ 800**

(i) The Company used the net proceeds of this issuance to redeem all issued and outstanding Second Preferred Shares, Series B on January 8, 2025.

(ii) The Company used the net proceeds of this issuance to partially fund the redemption of the $400 million aggregate principal amount of 3.92% senior unsecured notes on June 10, 2024.

The following table summarizes the debentures repaid in 2024. There were no debentures repaid in 2023.

(millions of Canadian dollars except where otherwise indicated)	Interest Rate	Maturity Date	Principal Amount 2024
Loblaw Companies Limited Notes	3.92%	June 10, 2024	**$ 400**
Total debentures repaid			**$ 400**

Guaranteed Investment Certificates The following table summarizes PC Bank's Guaranteed Investment Certificates ("GICs") activity, before commissions, in 2024 and 2023:

(millions of Canadian dollars)	**2024**	2023
Balance, beginning of year	**$ 1,654**	$ 1,567
GICs issued	**375**	583
GICs matured	**(552)**	(496)
Balance, end of year	**$ 1,477**	$ 1,654

Independent Securitization Trust The notes issued by Eagle are debentures, which are collateralized by PC Bank's credit card receivables (see note 10).

During 2024, Eagle issued $350 million (2023 – $250 million) of senior and subordinated term notes with a maturity date of June 17, 2029 (2023 – June 17, 2028). These notes have a weighted average interest rate of 5.03% (2023 – 5.25%). In connection with this issuance, $150 million (2023 – $125 million) of bond forward agreements were settled, resulting in a realized fair value gain of $2 million (2023 – gain of $4 million) before income taxes. The gain on the bond forwards will be reclassified to net earnings over the life of the Eagle notes. This settlement resulted in a net effective interest rate of 4.91% (2023 – 4.95%) on the Eagle notes issued (see note 28).

Senior and subordinated term notes of $250 million (2023 – $250 million) at a weighted average interest rate of 2.28% (2023 – 3.10%), previously issued by Eagle, matured and were repaid on July 17, 2024 (2023 – July 17, 2023).

Independent Funding Trusts As at December 28, 2024, the independent funding trusts had drawn $590 million (December 30, 2023 – $558 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts.

The Company has a $700 million revolving committed credit facility that is the source of funding to the independent funding trusts that has a maturity date of May 29, 2027.

Committed Credit Facility The Company has a committed credit facility for $1.5 billion with a maturity date of July 15, 2027, provided by a syndicate of lenders. This committed credit facility contains certain financial covenants (see note 23). As at December 28, 2024 and December 30, 2023, there were no amounts drawn under this facility.

Long Term Debt Due Within One Year The following table summarizes long term debt due within one year:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Loblaw Companies Limited notes	**$ —**	$ 400
Guaranteed investment certificates	**331**	541
Independent securitization trust	**300**	250
Long term debt due within one year	**$ 631**	$ 1,191

Schedule of Repayments The schedule of repayments of long term debt, based on maturity, is as follows:

(millions of Canadian dollars)	**As at December 28, 2024**
2025	**$ 631**
2026	**556**
2027	**1,233**
2028	**1,182**
2029	**1,191**
Thereafter	**3,430**
Total long term debt (excludes transaction costs)	**$ 8,223**

See note 28 for the fair value of long term debt.

Reconciliation of Long Term Debt The following table reconciles the changes in cash flows from financing activities for long term debt:

(millions of Canadian dollars)	**2024**	2023
Long term debt, beginning of year	**$ 7,852**	$ 7,783
Long term debt issuances[(i)]	**$ 1,557**	$ 833
Long term debt repayments	**(1,202)**	(762)
Total cash flow from long term debt financing activities	**$ 355**	$ 71
Other non-cash changes	**$ (6)**	$ (2)
Long term debt, end of year	**$ 8,201**	$ 7,852

(i) Includes net movements from the Independent Funding Trust, which are revolving debt instruments.

Note 21. Other Liabilities

The components of other liabilities were as follows:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Net defined benefit plan obligation (note 24)	**$ 231**	$ 242
Other long term employee benefit obligation	**133**	128
Financial liabilities (note 27)	**180**	179
Equity-based compensation liabilities (note 25)	**3**	3
Other	**102**	42
Total other liabilities	**$ 649**	$ 594

Note 22. Share Capital

First Preferred Shares (authorized - 1.0 million shares) There were no First Preferred Shares outstanding as at December 28, 2024 and December 30, 2023.

Second Preferred Shares (authorized - unlimited) In the fourth quarter of 2024, pursuant to the terms of the Series B preferred share agreement, the Company announced its intention to redeem for cash all of its 9.0 million 5.3% non-voting Second Preferred Shares, Series B. The redemption occurred on January 8, 2025 and the shares were redeemed for an aggregate amount of $225 million, plus accrued and unpaid dividends ($0.02944 per share) up to but excluding the redemption date, less any tax required to be deducted and withheld by the Company. As at December 28, 2024, the Preferred Shares, Series B were recorded in current liabilities at the redemption amount.

Common Shares (authorized – unlimited) Common shares issued are fully paid and have no par value. The activities in the common shares issued and outstanding were as follows:

	December 28, 2024 (52 weeks)		December 30, 2023 (52 weeks)	
(millions of Canadian dollars except where otherwise indicated)	**Number of Common Shares**	**Common Share Capital**	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of year	**310,526,379**	**$ 6,281**	324,062,608	$ 6,489
Issued for settlement of stock options (note 25)	**2,178,132**	**166**	984,923	69
Purchased and cancelled	**(10,968,458)**	**(232)**	(14,521,152)	(277)
Issued and outstanding, end of year	**301,736,053**	**$ 6,215**	310,526,379	$ 6,281
Share held in trust, beginning of year	**(1,269,239)**	**$ (25)**	(1,222,278)	$ (24)
Purchased for future settlement of RSUs and PSUs	**(420,000)**	**(8)**	(625,000)	(13)
Released for settlement of RSUs and PSUs (note 25)	**707,115**	**14**	578,039	12
Share held in trust, end of year	**(982,124)**	**$ (19)**	(1,269,239)	$ (25)
Issued and outstanding, net of shares held in trust, end of year	**300,753,929**	**$ 6,196**	309,257,140	$ 6,256
Weighted average outstanding, net of shares held in trust (note 7)	**305,051,090**		316,732,641	

Dividends The declaration and payment of dividends on the Company's common shares and the amount thereof are at the discretion of the Board, which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time. Over the long term, it is the Company's intention to increase the amount of the dividend while retaining appropriate free cash flow to finance future growth. In the second quarter of 2024, the Board raised the quarterly dividend by $0.067 to $0.513 per common share.

The following table summarizes the Company's cash dividends declared for the years as indicated:

	2024(i)	2023
Dividends declared per share ($)		
Common Share	**$ 1.985**	$ 1.743
Second Preferred Share, Series B	**$ 1.325**	$ 1.325

(i) The Common Share dividends declared in the fourth quarter of 2024 of $0.513 per share had a payment date of December 30, 2024. The Second Preferred Shares, Series B dividends declared in the fourth quarter of 2024 of $0.33125 per share had a payment date of December 31, 2024.

(millions of Canadian dollars)	**2024**	2023
Dividends declared		
Common Share	**$ 604**	$ 550
Second Preferred Share, Series B	**12**	12
Total dividends declared	**$ 616**	$ 562

Subsequent to December 28, 2024, the Board declared a quarterly dividend of $0.513 per common share, payable on April 1, 2025 to shareholders of record on March 15, 2025.

Normal Course Issuer Bid Activities under the Company's Normal Course Issuer Bid ("NCIB") during the periods were as follows:

(millions of Canadian dollars except where otherwise indicated)	**2024**	2023
Common shares repurchased under the NCIB for cancellation (number of shares)(i)	**10,968,458**	14,521,152
Cash consideration paid(ii)	**$ 1,754**	$ 1,729
Premium charged to retained earnings(iii)	**1,661**	1,352
Reduction in common share capital(iv)	**232**	277
Common shares repurchased under the NCIB and held in trust (number of shares)	**420,000**	625,000
Cash consideration paid	**$ 72**	$ 72
Premium charged to retained earnings	**64**	59
Reduction in common share capital	**8**	13

(i) Common shares repurchased and cancelled as at December 28, 2024 do not include the shares that may be repurchased subsequent to the end of the quarter under the automatic share repurchase plan, as described below.

(ii) $5 million of cash consideration related to common shares repurchased under NCIB for cancellation in the third quarter of 2024 was paid in the fourth quarter of 2024.

(iii) Premium charged to retained earnings includes $182 million related to the automatic share purchase plan, as described below.

(iv) Includes $22 million related to the automatic share purchase plan, as described below.

In the second quarter of 2024, the Company renewed its NCIB to purchase on the Toronto Stock Exchange or through alternative trading systems up to 15,336,875 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at December 28, 2024, the Company had purchased 5,947,668 common shares for cancellation under its current NCIB. The Company is still permitted to purchase its common shares from Weston under its NCIB, pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Weston, in order for Weston to maintain its proportionate ownership interest in the Company. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Weston.

During 2024, 10,968,458 common shares (2023 – 14,521,152) were purchased under the NCIB for cancellation, for aggregate consideration of $1,754 million (2023 – $1,729 million), including 4,620,023 common shares (2023 – 7,132,579) purchased from Weston, for aggregate consideration of $746 million (2023 – $847 million).

From time to time, the Company participates in an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at December 28, 2024, an obligation to repurchase shares of $200 million was recognized under the ASPP in trade payables and other liabilities.

Note 23. Capital Management

In order to manage its capital structure, the Company may, among other activities, adjust the amount of dividends paid to shareholders, purchase shares for cancellation pursuant to its NCIB, issue new shares or issue or repay long term debt with the objective of:

- ensuring sufficient liquidity is available to support its financial obligations and to execute its operating and strategic plans;
- maintaining financial capacity and flexibility through access to capital to support future development of the business;
- minimizing the after-tax cost of its capital while taking into consideration current and future industry, market and economic risks and conditions;
- utilizing short term funding sources to manage its working capital requirements and long term funding sources to manage the long term capital investments of the business;
- returning an appropriate amount of capital to shareholders; and
- targeting an appropriate leverage and capital structure for the Company and each of its reportable operating segments.

The Company has policies in place which govern debt financing plans and risk management strategies for liquidity, interest rates and foreign exchange. These policies outline measures and targets for managing capital, including a range for leverage consistent with the desired credit rating. Management and the Audit Committee regularly review the Company's compliance with, and performance against, these policies. In addition, management regularly reviews these policies to ensure they remain consistent with the risk tolerance acceptable to the Company.

The following table summarizes the Company's total capital under management:

(millions of Canadian dollars)	As at December 28, 2024	As at December 30, 2023
Bank indebtedness	**$ —**	$ 13
Demand deposits from customers	**353**	166
Short term debt	**800**	850
Long term debt due within one year	**631**	1,191
Long term debt	**7,570**	6,661
Certain other liabilities[(i)]	**294**	280
Total debt excluding lease liabilities	**$ 9,648**	$ 9,161
Lease liabilities due within one year	**1,648**	1,455
Lease liabilities	**8,535**	8,003
Total debt including lease liabilities	**$ 19,831**	$ 18,619
Equity attributable to shareholders of the Company	**11,091**	11,464
Total capital under management	**$ 30,922**	$ 30,083

(i) As at December 28, 2024, certain other liabilities include financial liabilities of $192 million related to the sale and leaseback of retail properties (December 30, 2023 – $190 million) (see note 27).

Covenants and Regulatory Requirements The Company is subject to certain key financial and non-financial covenants under its existing committed credit facility, debentures and letters of credit. These covenants, which include interest coverage and leverage ratios, as defined in the respective agreements, are measured by the Company on a quarterly basis to ensure compliance with these agreements. As at December 28, 2024 and throughout the year, the Company was in compliance with each of the covenants under these agreements.

The Company is subject to externally imposed capital requirements from the Office of the Superintendent of Financial Institutions ("OSFI"), the primary regulator of PC Bank. PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory capital requirements as defined by OSFI. PC Bank uses Basel III as its regulatory capital management framework, which includes a target common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5% and a total capital ratio of 10.5%. In addition to the regulatory capital ratios requirement, PC Bank is subject to the Basel III Leverage ratio. PC Bank is also subject to OSFI's Guideline on Liquidity Adequacy Requirements ("LARs"). The LARs guideline establishes standards based on the Basel III framework, including a Liquidity Coverage Ratio standard. As at December 28, 2024 and throughout the year, PC Bank has met all applicable regulatory requirements.

Note 24. Post-Employment Benefits

The Company sponsors a number of pension plans, including registered defined benefit pension plans, registered defined contribution pension plans and supplemental unfunded arrangements providing pension benefits in excess of statutory limits. Certain obligations of the Company under these supplemental pension arrangements are secured by a standby letter of credit issued by a major Canadian chartered bank.

In January 2025, the Governance, Talent and Compensation Committee (the "Governance Committee") assumed oversight of the Company's pension plans from the former Pension Committee. The Governance Committee is responsible for assisting the Board in fulfilling its general oversight responsibilities for the plans. The Governance Committee assists the Board with oversight of management's administration of the plans, pension investment and monitoring responsibilities, and compliance with legal and regulatory requirements.

The Company's defined benefit pension plans are primarily funded by the Company, predominantly non-contributory and the benefits are, in general, based on career average earnings subject to limits. The funding is based on regulatory going concern and solvency valuations for which the assumptions may differ from the assumptions used for accounting purposes as detailed in this note.

The Company also offers certain other defined benefit plans other than pension plans. These other defined benefit plans are generally not funded, are mainly non-contributory and include health care, life insurance and dental benefits. Employees eligible for these other defined benefits are those who retire at certain ages having met certain service requirements. The majority of other defined benefit plans for current and future retirees include a limit on the total benefits payable by the Company.

The Company's defined benefit pension plans and other defined benefit plans expose it to a number of actuarial risks, such as longevity risk, interest rate risk and market risk.

In Canada, the Company also has a national defined contribution plan for salaried employees. All newly hired salaried employees are only eligible to participate in this defined contribution plan. The Company also contributes to various MEPPs, which are administered by independent boards of trustees generally consisting of an equal number of union and employer representatives.

The Company, together with its franchises, is the largest participating employer in the Canadian Commercial Workers Industry Pension Plan ("CCWIPP"), with approximately 53,000 (2023 – 53,000) employees as members. The Company's responsibility to make contributions to these plans is limited by amounts established pursuant to its collective agreements (see note 26).

The Company expects to make contributions in 2025 to its defined benefit and defined contribution plans and the MEPPs in which it participates as well as benefit payments to the beneficiaries of the supplemental unfunded defined benefit pension plans, other defined benefit plans and other long term employee benefit plans.

Defined Benefit Pension Plans and Other Defined Benefit Plans Information on the Company's defined benefit pension plans and other defined benefit plans, in aggregate, is summarized as follows:

	2024		2023	
(millions of Canadian dollars)	**Defined Benefit Pension Plans**	**Other Defined Benefit Plans**	Defined Benefit Pension Plans	Other Defined Benefit Plans
Present value of funded obligations	**$ (1,454)**	**$ —**	$ (1,429)	$ —
Present value of unfunded obligations	**(118)**	**(106)**	(119)	(114)
Total present value of defined benefit obligation	**$ (1,572)**	**$ (106)**	$ (1,548)	$ (114)
Fair value of plan assets	**1,817**	**—**	1,729	—
Total funded status of surpluses (obligations)	**$ 245**	**$ (106)**	$ 181	$ (114)
Assets not recognized due to asset ceiling	**(14)**	**—**	(12)	—
Total net defined benefit plan surpluses (obligations)	**$ 231**	**$ (106)**	$ 169	$ (114)
Recorded on the consolidated balance sheets as follows:				
Other assets (note 17)	**$ 356**	**$ —**	$ 297	$ —
Other liabilities (note 21)	**$ (125)**	**$ (106)**	$ (128)	$ (114)

The following are the continuities of the fair value of plan assets and the present value of the defined benefit plan obligations:

(millions of Canadian dollars)	**2024** Defined Benefit Pension Plans	Other Defined Benefit Plans	Total	2023 Defined Benefit Pension Plans	Other Defined Benefit Plans	Total
Changes in the fair value of plan assets						
Fair value, beginning of year	**$1,729**	**$ —**	**$1,729**	$ 1,552	$ —	$ 1,552
Employer contributions	**—**	**—**	**—**	21	—	21
Employee contributions	**2**	**—**	**2**	2	—	2
Benefits paid	**(49)**	**—**	**(49)**	(46)	—	(46)
Interest income	**78**	**—**	**78**	82	—	82
Actuarial gains in other comprehensive income	**60**	**—**	**60**	121	—	121
Other	**(3)**	**—**	**(3)**	(3)	—	(3)
Fair value, end of year	**$ 1,817**	**$ —**	**$ 1,817**	$ 1,729	$ —	$ 1,729
Changes in the present value of the defined benefit plan obligations						
Balance, beginning of year	**$1,548**	**$ 114**	**$1,662**	$ 1,359	$ 116	$ 1,475
Current service cost	**43**	**2**	**45**	44	4	48
Interest cost	**71**	**5**	**76**	69	6	75
Benefits paid	**(57)**	**(5)**	**(62)**	(52)	(2)	(54)
Employee contributions	**2**	**—**	**2**	2	—	2
Actuarial (gains) losses in other comprehensive income	**(35)**	**(10)**	**(45)**	126	(10)	116
Balance, end of year	**$1,572**	**$ 106**	**$1,678**	$ 1,548	$ 114	$ 1,662
Total funded status of surpluses (obligations)	**$ 245**	**$ (106)**	**$ 139**	$ 181	$ (114)	$ 67
Changes in the assets not recognized due to asset ceiling						
Balance, beginning of year	**$ 12**	**$ —**	**$ 12**	$ 262	$ —	$ 262
Change in liability arising from change in asset ceiling	**1**	**—**	**1**	(265)	—	(265)
Interest expense on assets not recognized due to asset ceiling	**1**	**—**	**1**	15	—	15
Balance, end of year	**$ 14**	**$ —**	**$ 14**	$ 12	$ —	$ 12
Total net defined benefit plan surpluses (obligations)	**$ 231**	**$ (106)**	**$ 125**	$ 169	$ (114)	$ 55

For 2024, the actual gain on plan assets was $138 million (2023 – gain of $203 million).

The net defined benefit obligation can be allocated to the plans' participants as follows:

- Active plan participants 49% (2023 – 51%);
- Deferred plan participants 13% (2023 – 13%); and
- Retirees 38% (2023 – 36%).

During 2025, the company expects to contribute nominal amounts (2024 – contributed nominal amounts) to its registered defined benefit pension plans due to the surplus position of the total funded status of the pension plans. The actual amount of contributions may vary from the estimate depending on the funded positions of the plans, filing of any actuarial valuations, any new regulatory requirements or other factors.

The net cost recognized in earnings before income taxes for the Company's defined benefit pension plans and other defined benefit plans was as follows:

	2024			2023		
(millions of Canadian dollars)	**Defined Benefit Pension Plans**	**Other Defined Benefit Plans**	**Total**	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total
Current service cost	**$ 43**	**$ 2**	**$ 45**	$ 44	$ 4	$ 48
Net interest (income) cost on net defined benefit plan assets (obligations)	**(6)**	**5**	**(1)**	2	6	8
Other	**3**	**—**	**3**	3	—	3
Net post-employment defined benefit cost	**$ 40**	**$ 7**	**$ 47**	$ 49	$ 10	$ 59

The actuarial gains recognized in other comprehensive income net of taxes for defined benefit plans were as follows:

	2024			2023		
(millions of Canadian dollars)	**Defined Benefit Pension Plans**	**Other Defined Benefit Plans**	**Total**	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total
Return on plan assets, excluding amounts included in net interest expense and other financing charges	**$ 60**	**$ —**	**$ 60**	$ 121	$ —	$ 121
Experience adjustments	**5**	**2**	**7**	(20)	12	(8)
Actuarial gains from change in demographic assumptions	**—**	**7**	**7**	35	8	43
Actuarial gains (losses) from change in financial assumptions[(i)]	**30**	**1**	**31**	(141)	(10)	(151)
Change in liability arising from change in asset ceiling[(i)]	**(1)**	**—**	**(1)**	265	—	265
Total net actuarial gains recognized in other comprehensive income before income taxes	**$ 94**	**$ 10**	**$ 104**	$ 260	$ 10	$ 270
Income tax expenses on actuarial gains (note 6)	**(25)**	**(3)**	**(28)**	(69)	(2)	(71)
Actuarial gains net of income tax expenses	**$ 69**	**$ 7**	**$ 76**	$ 191	$ 8	$ 199

(i) The actuarial gains and the change in liability arising from change in asset ceiling were primarily driven by an increase in discount rates.

The cumulative actuarial gains before income taxes recognized in equity for the Company's defined benefit plans were as follows:

(millions of Canadian dollars)	2024 Defined Benefit Pension Plans	2024 Other Defined Benefit Plans	2024 Total	2023 Defined Benefit Pension Plans	2023 Other Defined Benefit Plans	2023 Total
Cumulative amount, beginning of year	**$ 326**	**$ 142**	**$ 468**	$ 66	$ 132	$ 198
Net actuarial gains recognized in the year before income taxes	**94**	**10**	**104**	260	10	270
Cumulative amount, end of year	**$ 420**	**$ 152**	**$ 572**	$ 326	$ 142	$ 468

Composition of Plan Assets The defined benefit pension plan assets are held in trust and consist of the following asset categories:

(millions of Canadian dollars, except where otherwise indicated)	2024		2023	
Equity securities				
Canadian - pooled funds	**$ 24**	**1 %**	$ 22	1 %
Foreign - pooled funds	**839**	**46 %**	783	45 %
Total equity securities	**$ 863**	**47 %**	$ 805	46 %
Debt securities				
Fixed income securities:				
- government	**$ 554**	**30 %**	$ 515	30 %
- corporate	**162**	**9 %**	149	9 %
Total debt securities	**$ 716**	**39 %**	$ 664	39 %
Other investments	**233**	**13 %**	220	13 %
Cash and cash equivalents	**5**	**1 %**	40	2 %
Total	**$ 1,817**	**100 %**	$ 1,729	100 %

As at December 28, 2024 and December 30, 2023, the defined benefit pension plans did not directly include any of the Company's securities.

All equity and debt securities and other investments are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities or based on inputs other than quoted prices in active markets that are observable for the asset or liability, either directly as prices or indirectly, either derived from prices or as per agreements for contractual returns.

The Company's asset allocation reflects a balance of interest-rate sensitive investments, such as fixed income investments, and equities, which are expected to provide higher returns over the long term. The Company's targeted asset allocations are actively monitored and adjusted on a plan by plan basis to align the asset mix with the liability profiles of the plans.

Principal Actuarial Assumptions The principal actuarial assumptions used in calculating the Company's defined benefit plan obligations and net defined benefit plan cost for the year were as follows (expressed as weighted averages):

	2024		2023	
	Defined Benefit Pension Plans	**Other Defined Benefit Plans**	Defined Benefit Pension Plans	Other Defined Benefit Plans
Defined Benefit Plan Obligations				
Discount rate	**4.70 %**	**4.70 %**	4.60 %	4.60 %
Rate of compensation increase	**3.00 %**	**n/a**	4% for 2023 and 3% thereafter	n/a
Mortality table[(i)]	**CPM-RPP2014 Pub/Priv Generational**	**CPM-RPP2014 Pub/Priv Generational**	CPM-RPP2014 Pub/Priv Generational	CPM-RPP2014 Pub/Priv Generational
Net Defined Benefit Plan Cost				
Discount rate	**4.60 %**	**4.60 %**	5.30 %	5.30 %
Rate of compensation increase	**3.00 %**	**n/a**	4.00 %	n/a
Mortality table[(i)]	**CPM-RPP2014 Pub/Priv Generational**	**CPM-RPP2014 Pub/Priv Generational**	CPM-RPP2014 Pub/Priv Generational	CPM-RPP2014 Pub/Priv Generational

n/a – not applicable

(i) An adjusted public or private sector mortality table is used depending on the prominent demographics and actual experience for each plan.

The weighted average duration of the defined benefit obligation as at December 28, 2024 is 13.9 years (December 30, 2023 – 14.2 years).

The growth rate of health care costs, primarily drug and other medical costs, for the other defined benefit plan obligations as at the end of the year was estimated at 5.10% and is expected to increase to 5.30% as at year end 2025.

Sensitivity of Key Actuarial Assumptions The following table outlines the key assumptions for 2024 (expressed as weighted averages) and the sensitivity of each of these assumptions on the defined benefit plan obligations.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

	Defined Benefit Pension Plans	**Other Defined Benefit Plans**
Increase (Decrease) (millions of Canadian dollars except where otherwise indicated)	**Benefit Plan Obligations**	**Benefit Plan Obligations**
Discount rate	**4.70 %**	**4.70 %**
Impact of:		
1% increase	**$ (189)**	**$ (12)**
1% decrease	**$ 233**	**$ 14**
Expected growth rate of health care costs		**5.10 %**
Impact of:		
1% increase	**n/a**	**$ 9**
1% decrease	**n/a**	**$ (8)**
Mortality rates		
Impact of:		
One year increase in life expectancy	**$ 29**	**$ 1**
One year decrease in life expectancy	**$ (28)**	**$ (1)**

n/a – not applicable

Note 25. Equity-Based Compensation

The Company's equity-based compensation expense, which includes Stock Option, RSU, PSU, DSU and EDSU plans, was $67 million during 2024 (2023 – $72 million). The expense was recognized in operating income.

The carrying amounts of the Company's equity-based compensation arrangements, which include Stock Option, RSU, PSU, DSU and EDSU plans, were recorded on the consolidated balance sheets as follows:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Other liabilities (note 21)	**$ 3**	$ 3
Contributed surplus	**115**	136

The following are details related to the equity-based compensation plans of the Company:

Stock Option Plan The Company maintains a stock option plan for certain employees. Under this plan, the Company may grant options up to 28,137,162 common shares.

The following is a summary of the Company's stock option plan activity:

	2024		2023	
	Options (number of shares)	**Weighted Average Exercise Price / Share**	Options (number of shares)	Weighted Average Exercise Price / Share
Outstanding options, beginning of year	**5,496,224**	**$ 79.89**	5,782,615	$ 71.07
Granted	**505,535**	**$ 147.68**	857,666	$ 118.94
Exercised (note 22)	**(2,178,132)**	**$ 67.69**	(984,923)	$ 61.48
Forfeited/cancelled	**(217,306)**	**$ 97.56**	(159,134)	$ 83.80
Expired	**(14,133)**	**$ 59.00**	—	$ —
Outstanding options, end of year	**3,592,188**	**$ 95.85**	5,496,224	$ 79.89
Options exercisable, end of year	**1,204,271**	**$ 78.58**	2,321,812	$ 67.05

The following is the weighted average remaining contractual life and exercise price of outstanding and exercisable stock options as at December 28, 2024:

	2024 Outstanding Options			**2024 Exercisable Options**	
Range of Exercise Prices	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price/Share**	**Number of Exercisable Options**	**Weighted Average Exercise Price/Share**
$55.18-$70.13	**1,431,486**	**2.3**	**$ 64.96**	**789,872**	**$ 64.59**
$70.14-$117.72	**953,973**	**4.1**	**$ 98.25**	**293,674**	**$ 99.42**
$117.73-$179.77	**1,206,729**	**5.6**	**$ 130.58**	**120,725**	**$ 119.43**
	3,592,188		**$ 95.85**	**1,204,271**	**$ 78.58**

During 2024, the Company issued common shares on the exercise of stock options with a weighted average market share price of $153.42 (2023 – $120.31). The Company received cash consideration of $147 million (2023 – $61 million) related to the exercise of these options.

The fair value of stock options granted during 2024 was $15 million (2023 – $21 million). The assumptions used to measure the fair value of options granted during 2024 and 2023 under the Black-Scholes valuation model at date of grant were as follows:

	2024	2023
Expected dividend yield	**1.2 %**	1.5 %
Expected share price volatility	**17.6% – 22.0%**	19.4% – 22.5%
Risk-free interest rate	**3.1% – 3.8%**	3.0% – 4.2%
Expected life of options	**3.8 – 6.2 years**	3.8 – 6.2 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at December 28, 2024 was 10.0% (December 30, 2023 – 11.0%).

Restricted Share Unit Plan The following is a summary of the Company's RSU plan activity:

(number of awards)	**2024**	2023
Restricted share units, beginning of year	**752,848**	716,827
Granted	**159,940**	252,588
Reinvested	**5,678**	10,481
Settled	**(291,741)**	(204,779)
Forfeited	**(39,328)**	(22,269)
Restricted share units, end of year	**587,397**	752,848

The fair value of RSUs granted during 2024 was $25 million (2023 – $30 million).

Performance Share Unit Plan The following is a summary of the Company's PSU plan activity:

(number of awards)	**2024**	2023
Performance share units, beginning of year	**576,075**	648,199
Granted	**304,972**	319,671
Reinvested	**4,345**	8,707
Settled	**(415,374)**	(376,108)
Forfeited	**(30,849)**	(24,394)
Performance share units, end of year	**439,169**	576,075

The fair value of PSUs granted during 2024 was $18 million (2023 – $20 million).

Settlement of Awards from Shares Held in Trust During 2024, the Company settled RSUs and PSUs totaling 707,115 (2023 – 580,887), of which 707,115 (2023 – 578,039) were settled through the trusts established for settlement of each of the RSU and PSU plans (see note 22). The settlements resulted in a $14 million (2023 – $12 million) increase to share capital and a net increase of $34 million (2023 – $29 million) to retained earnings.

Director Deferred Share Unit Plan The following is a summary of the Company's DSU plan activity:

(number of awards)	2024	2023
Director deferred share units, beginning of year	**351,636**	325,231
Granted	**18,173**	21,458
Reinvested	**3,149**	4,947
Settled	**(47,289)**	—
Director deferred share units, end of year	**325,669**	351,636

The fair value of DSUs granted during 2024 was $3 million (2023 – $3 million).

Executive Deferred Share Unit Plan The following is a summary of the Company's EDSU plan activity:

(number of awards)	2024	2023
Executive deferred share units, beginning of year	**38,340**	65,498
Granted	**2,671**	3,303
Reinvested	**357**	888
Settled	**(1,677)**	(31,339)
Forfeited	**—**	(10)
Executive deferred share units, end of year	**39,691**	38,340

The fair value of EDSUs granted during 2024 was nominal (2023 – nominal).

Note 26. Employee Costs

Included in operating income are the following employee costs:

(millions of Canadian dollars)	2024	2023
Wages, salaries and other short term employment benefits	**$ 7,887**	$ 7,595
Post-employment benefits(i) (ii) (note 24)	**154**	152
Other long term employee benefits (note 24)	**30**	52
Equity-based compensation	**64**	69
Capitalized to fixed assets and intangible assets	**(128)**	(133)
Total employee costs	**$ 8,007**	$ 7,735

(i) Includes $37 million (2023 – $32 million) of the Company's contributions made in connection with defined contribution pension plans.

(ii) Includes $69 million (2023 – $69 million) of the of the Company's contributions made in connection with the MEPPs, of which $68 million (2023 – $69 million) relates to CCWIPP.

Note 27. Leases

The Company leases certain of its retail stores, distribution centres, corporate offices, passenger vehicles, trailers and IT equipment. Leases of retail stores are a substantial portion of the Company's lease portfolio. Retail store leases typically have an initial contractual period of 10 to 15 years with additional renewal options available thereafter.

Right-of-Use Assets The following are continuities of the cost and accumulated depreciation of right-of-use assets for the years ended December 28, 2024 and December 30, 2023:

	2024			2023		
(millions of Canadian dollars)	**Property**	**Other**	**Total**	Property	Other	Total
Cost						
Balance, beginning of year	**$ 12,438**	**$ 181**	**$ 12,619**	$ 11,278	$ 127	$ 11,405
Lease additions, net of lease terminations	**612**	**17**	**629**	284	29	313
Lease extensions and other items	**1,056**	**(3)**	**1,053**	961	25	986
Retired leases	**(49)**	**—**	**(49)**	(85)	—	(85)
Reclassification to asset held for sale (note 12)	**(12)**	**—**	**(12)**	—	—	—
Balance, end of year	**$ 14,045**	**$ 195**	**$ 14,240**	$ 12,438	$ 181	$ 12,619
Accumulated depreciation						
Balance, beginning of year	**$ 4,852**	**$ 105**	**$ 4,957**	$ 3,913	83	$ 3,996
Depreciation	**1,063**	**23**	**1,086**	1,035	22	1,057
Impairment losses, net of reversals (note 13)	**7**	**—**	**7**	(11)	—	(11)
Retired leases	**(49)**	**—**	**(49)**	(85)	—	(85)
Balance, end of year	**$ 5,873**	**$ 128**	**$ 6,001**	$ 4,852	$ 105	$ 4,957
Carrying amount, end of year	**$ 8,172**	**$ 67**	**$ 8,239**	$ 7,586	$ 76	$ 7,662

Lease Liabilities The following are continuities of lease liabilities for the years ended December 28, 2024 and December 30, 2023:

(millions of Canadian dollars)	**2024**	2023
Balance, beginning of year	**$ 9,458**	$ 9,115
Lease additions, net of lease terminations	**781**	434
Lease extensions and other items	**1,044**	980
Lease payments	**(1,501)**	(1,441)
Interest expense on lease liabilities (note 5)	**415**	370
Reclassification to asset held for sale (note 12)	**(14)**	—
Balance, end of year	**$ 10,183**	$ 9,458
Lease liabilities due within one year	**$ 1,648**	$ 1,455
Lease liabilities	**8,535**	8,003
Total lease liabilities	**$ 10,183**	$ 9,458

Liquidity The future undiscounted contractual lease obligations are as follows:

	Due by year						As at December 28, 2024	As at December 30, 2023
(millions of Canadian dollars)	2025	2026	2027	2028	2029	Thereafter	**Total**	Total
Lease obligations	$1,702	$1,487	$1,327	$1,067	$ 954	$ 3,383	**$ 9,920**	$ 9,219

As at December 28, 2024, the Company also had commitments of $589 million (December 30, 2023 – $741 million) related to leases not yet commenced.

Short-Term Leases The Company has short-term leases that are primarily related to trailer rentals and certain properties. During 2024, $44 million (2023 – $45 million) was recognized in cost of sales and SG&A.

Variable Lease Payments The Company makes variable lease payments for property tax and insurance charges on leased properties. The Company also has certain retail store leases where portions of the lease payments are contingent on a percentage of retail sales. During 2024, $417 million (2023 – $390 million) of variable lease payments were recognized in SG&A.

Extension Options Substantially all of the retail store leases have extension options for additional lease terms. As at December 28, 2024, approximately 24% (December 30, 2023 – 20%) of the lease liabilities are related to extension options that were deemed reasonably certain to be exercised.

As at December 28, 2024, approximately $16 billion (December 30, 2023 – $16 billion) of discounted future lease payments are related to extension options that were not deemed to be reasonably certain to be exercised and were not included in lease liabilities. These future lease payments are discounted at the incremental borrowing rates associated with the current lease liability profile.

Sale and Leaseback Transactions During 2024, the Company disposed of and leased back four retail properties and two distribution centres (2023 – twenty-one retail properties and three distribution centres) for proceeds of $335 million (2023 – $276 million), and recognized a gain of $58 million (2023 – gain of $38 million) in SG&A (see note 32).

Financial Liabilities In 2023, the Company disposed of three retail properties for proceeds of $115 million. The properties were subsequently leased back by the Company and the disposition did not meet the criteria for sale in accordance with IFRS 15. The dispositions included two retail properties disposed to Choice Properties Real Estate Investment Trust ("Choice Properties") (see notes 21 and 32).

As at December 28, 2024, $12 million (December 30, 2023 – $11 million) was recorded in trade payables and other liabilities and $180 million (December 30, 2023 – $179 million) was recorded in other liabilities for all properties sold to date that did not meet the criteria for sale. During 2024, $14 million (2023 – $12 million) of interest expense was recognized in net interest expense and other financing charges (see note 5) and repayments of $12 million (2023 – $10 million) were made on the financial liabilities.

Note 28. Financial Instruments

The following table presents the fair value and fair value hierarchy of financial assets and financial liabilities, excluding those that are classified as amortized cost that are short term in nature, and certain other assets for which the carrying value approximates fair value. The carrying values of the Company's financial instruments approximate their fair values except for long term debt.

	As at December 28, 2024				As at December 30, 2023			
(millions of Canadian dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Fair value through other comprehensive income:								
Long term securities	**$ 120**	**$ —**	**$ —**	**$ 120**	$ 201	$ —	$ —	$ 201
Derivatives included in prepaid expenses and other assets	**—**	**1**	**—**	**1**	—	8	—	8
Fair value through profit and loss:								
Certain other assets[(i)]	**—**	**—**	**76**	**76**	—	—	56	56
Derivatives included in prepaid expenses and other assets	**—**	**5**	**—**	**5**	—	—	2	2
Financial liabilities								
Amortized cost:								
Long term debt	**$ —**	**$ 8,680**	**$ —**	**$ 8,680**	$ —	$ 8,151	$ —	$ 8,151
Associate interest	**—**	**—**	**255**	**255**	—	—	370	370
Certain other liabilities[(ii)]	**—**	**—**	**301**	**301**	—	—	287	287
Fair value through other comprehensive income:								
Derivatives included in trade payables and other liabilities	**—**	**—**	**16**	**16**	—	—	4	4
Fair value through profit and loss:								
Derivatives included in trade payables and other liabilities	**—**	**—**	**6**	**6**	4	3	—	7

(i) Certain other assets relate primarily to Venture Fund I and II (see note 32).
(ii) Certain other liabilities relate primarily to financial liabilities associated with properties that did not meet the criteria for sale. (see note 13)

There were no transfers between levels of the fair value hierarchy during the years presented.

During 2024, the Company recognized a gain of $8 million (2023 – loss of $3 million) in operating income on financial instruments designated as amortized cost. In addition, during 2024, a net gain of $37 million (2023 – net loss of $17 million) was recorded in earnings before income taxes related to financial instruments required to be classified as fair value through profit and loss.

Securities Investments PC Bank holds investments which are considered part of the liquid securities required to be held to meet its Liquidity Coverage Ratio. These securities are classified as fair value through other comprehensive income and were included in long term securities and other assets on the consolidated balance sheets. During 2024, PC Bank recorded an unrealized fair value gain of $1 million (2023 - gain of $1 million) in other comprehensive income related to these investments.

Other Derivatives The Company uses bond forwards, interest rate swaps and foreign exchange forwards to mitigate the impact of increases in interest rates and manage its anticipated exposure to exchange rates on its underlying operations and anticipated fixed asset purchases. The Company also uses swaps, futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates in its underlying operations. The following is a summary of the fair values recognized in the consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes related to the Company's other derivatives:

			December 28, 2024
(millions of Canadian dollars)	**Net asset/ (liability) fair value**	**Gain/(loss) recorded in OCI**	**Gain/(loss) recorded in operating income**
Derivatives designated as cash flow hedges			
Foreign Exchange Forwards[(i)]	**$ 1**	**$ (1)**	**$ 1**
Bond Forwards[(ii)]	**—**	**4**	**(3)**
Interest Rate Swaps[(iii)]	**—**	**(1)**	**1**
Energy Hedge[(iv)]	**(15)**	**(12)**	**—**
Total derivatives designated as cash flow hedges	**$ (14)**	**$ (10)**	**$ (1)**
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	**$ 5**	**$ —**	**$ 26**
Other Non-Financial Derivatives	**—**	**—**	**2**
Total derivatives not designated in a formal hedging relationship	**$ 5**	**$ —**	**$ 28**
Total derivatives	**$ (9)**	**$ (10)**	**$ 27**

(i) PC Bank uses foreign exchange forwards, with a notional value of $11 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.

(ii) The Company uses bond forwards to manage its interest risk related to future debt issuances. During 2024, PC Bank settled all of its outstanding bond forwards.

(iii) PC Bank uses interest rate swaps, with a notional value of $180 million, to mitigate the impact of increases in interest rates. The fair value of the derivatives is included in prepaid expenses and other assets.

(iv) In 2023, the Company entered into a 20 year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million. The fair value of the derivative is included in other liabilities.

			December 30, 2023
(millions of Canadian dollars)	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges			
Foreign Exchange Forwards[(i)]	$ 7	$ (2)	$ 2
Bond Forwards[(ii)]	—	11	(4)
Interest Rate Swaps[(iii)]	1	—	2
Energy Hedge[(iv)]	(4)	(4)	—
Total derivatives designated as cash flow hedges	$ 4	$ 5	$ —
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	$ (3)	$ —	$ (4)
Other Non-Financial Derivatives	(4)	—	(7)
Total derivatives not designated in a formal hedging relationship	$ (7)	$ —	$ (11)
Total derivatives	$ (3)	$ 5	$ (11)

(i) PC Bank uses foreign exchange forwards, with a notional value of $9 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.

(ii) The Company uses bond forwards to manage its interest risk related to future debt issuances. During 2023, PC Bank settled all of its outstanding bond forwards.

(iii) PC Bank uses interest rate swaps, with notional value of $180 million to mitigate the impact of increases in interest rate. The fair value of the derivatives is included in prepaid expenses and other assets.

(iv) In 2023, the Company entered into a 20 year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million. The fair value of the derivative is included in trade payables and other liabilities.

Note 29. Financial Risk Management

As a result of holding and issuing financial instruments, the Company is exposed to liquidity, credit and market risk. The following is a description of those risks and how the exposures are managed:

Liquidity Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost effective manner to fund its obligations as they come due. The Company is exposed to liquidity risk through, among other areas, PC Bank, which requires a reliable source of funding for its credit card business. PC Bank relies on its securitization programs, demand deposits from customers and the acceptance of GIC deposits to fund the receivables of its credit cards. The Company would experience liquidity risks if it fails to maintain appropriate levels of cash and short-term investments, is unable to access sources of funding or fails to appropriately diversify sources of funding. If any of these events were to occur, they could adversely affect the financial performance of the Company.

Liquidity risk is mitigated by maintaining appropriate levels of cash and cash equivalents and short term investments, actively monitoring market conditions, and by diversifying sources of funding, including the Company's committed credit facilities, and maintaining a well diversified maturity profile of debt and capital obligations.

The following are the undiscounted contractual maturities of significant financial liabilities (excluding lease liabilities - see note 27) as at December 28, 2024:

	2025	2026	2027	2028	2029	Thereafter	Total
Derivative financial liabilities							
Foreign exchange forward contracts	$ 310	$ —	$ —	$ —	$ —	$ —	$ 310
Non-derivative financial liabilities							
Trade payables and other liabilities	7,531	—	—	—	—	—	7,531
Demand deposits from customers	353	—	—	—	—	—	353
Short term debt (note 10)	800	—	—	—	—	—	800
Associate interest	255	—	—	—	—	—	255
Financial liabilities (note 27)	13	12	12	12	13	141	203
Long term debt including interest payments(i)	996	913	1,587	1,503	1,449	5,640	12,088
Other liabilities	3	—	—	—	—	—	3
Total	$10,261	$ 925	$1,599	$ 1,515	$1,462	$ 5,781	$ 21,543

(i) Fixed interest payments are based on the maturing face values and annual interest for each instrument, including GICs, long term independent securitization trusts and an independent funding trust, as well as annual payment obligations for structured entities. Variable interest payments are based on the forward rates as at December 28, 2024.

Credit The Company is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to the Company, including derivative instruments, cash and cash equivalents, short term investments, security deposits, PC Bank's credit card receivables, finance lease receivable, pension assets held in the Company's defined benefit plans and accounts receivable, including amounts due from government and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors. Failure to manage credit risk could adversely affect the financial performance of the Company.

The risk related to derivative instruments, cash and cash equivalents and short term investments is reduced by policies and guidelines that require that the Company enters into transactions only with counterparties or issuers that have a minimum long term "A-" credit rating from a recognized credit rating agency and place minimum and maximum limits for exposures to specific counterparties and instruments.

PC Bank manages its credit card receivable risk by employing stringent credit scoring techniques, actively monitoring the credit card portfolio and reviewing techniques and technology that can improve the effectiveness of the collection process. In addition, these receivables are dispersed among a large, diversified group of credit card customers.

Finance lease receivable and accounts receivable, including amounts due from governments and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors and tenants, are actively monitored on an ongoing basis and settled on a frequent basis in accordance with the terms specified in the applicable agreements.

Interest Rates The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt and from the refinancing of existing financial instruments. An increase in interest rates could adversely affect the operations or financial performance of the Company. The Company manages interest rate risk by monitoring the respective mix of fixed and floating rate debt and by taking action as necessary to maintain an appropriate balance considering current market conditions, with the objective of maintaining the majority of its debt at fixed interest rates. The Company estimates that a 1% increase (decrease) in short term interest rates, with all other variables held constant, would result in an (decrease) increase of ($4) million to net interest expense and other financing charges.

Currency Exchange Rates The Company is exposed to foreign currency exchange rate variability, primarily on its U.S. dollar denominated purchases in trade payables and other liabilities. A depreciating Canadian dollar relative to the U.S. dollar will have a negative impact on year-over-year changes in reported operating income and net earnings, while an appreciating Canadian dollar relative to the U.S. dollar will have the opposite impact. To manage a portion of this exposure, the Company uses derivative instruments in the form of futures contracts and forward contracts to minimize cost volatility related to foreign exchange.

Commodity Prices The Company is exposed to increases in the prices of commodities in operating its stores and distribution networks, as well as to the indirect effect of changing commodity prices on the price of consumer products. Rising commodity prices could adversely affect the financial performance of the Company. To manage a portion of this exposure, the Company uses purchase commitments and derivative instruments in the form of exchange traded futures contracts and forward contracts to minimize cost volatility related to commodities. The Company estimates that based on the outstanding derivative contracts held by the Company as at December 28, 2024, a 10% decrease in relevant commodity prices, with all other variables held constant, would result in a loss of $5 million on earnings before income taxes.

Note 30. Contingent Liabilities

In the ordinary course of business, the Company is involved in and potentially subject to, legal actions and proceedings. In addition, the Company is subject to tax audits from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to reassessments.

There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, there is a possibility that the ultimate resolution of these matters may result in a material adverse effect on the Company's reputation, operations, financial condition or performance in future periods. It is not currently possible to predict the outcome of the Company's legal actions and proceedings with certainty. Management regularly assesses its position on the adequacy of accruals or provisions related to such matters and will make any necessary adjustments.

The following is a description of the Company's significant legal proceedings:

Shoppers Drug Mart was previously served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by licensed Associates ("Associates"), claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who were parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. A summary judgment trial of the matter was held in December 2022 and on February 17, 2023, the Superior Court released its decision in relation to those summary judgment motions (the "Decision"). The Superior Court dismissed the plaintiffs' claims on the majority of the issues including a request for damages at this stage of proceedings. The Superior Court also held that Shoppers Drug Mart breached the 2002 form of Associate Agreement when it did not remit certain amounts that it received from generic drug manufacturers to Associates. On March 20, 2023, the plaintiffs filed a Notice of Appeal and on April 4, 2023, the Company filed a Notice of Cross-Appeal. A hearing for the appeals was held on February 14, 2024 and on February 15, 2024. On August 29, 2024, the Court of Appeal dismissed both the appeal and cross appeal, with the exception that the plaintiff's appeal was allowed to correct the amount Shoppers Drug Mart received in professional allowances during the class period. Accordingly, the Company has not recorded any amounts related to the potential liability associated with this lawsuit. The Company does not believe that the ultimate resolution of this matter will have a material adverse impact on its financial condition or prospects.

In 2017, the Company and Weston announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits were commenced against the Company and Weston as well as a number of other major grocery retailers and another bread wholesaler. On July 24, 2024, the Company and Weston entered into binding Minutes of Settlement and on January 31, 2025, the Company and Weston entered into a Settlement Agreement with the lawyers representing consumers to settle those class action lawsuits for $500 million. The Company and Weston will each pay for a portion of the settlement, with Loblaw paying $253 million and Weston paying $247 million. The Company will receive credit for the $96 million it previously paid to customers in the form of Loblaw cards, resulting in it being required to pay $157 million in cash towards the settlement. The Settlement Agreement is subject to the approval of the courts. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Weston will not face criminal charges or penalties. In response to such class action lawsuits, certain major grocery retailers have crossclaimed against the Company and Weston, and the Company and Weston believe such crossclaims are without merit.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including the Company and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. On December 12, 2024, the Ontario action was dismissed against Sanis Health Inc., with costs. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and the Company. The allegations in the civil British Columbia class action are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that the December 2019 claim seeks recovery of damages on behalf of opioid users directly. In April 2021, the Company, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, the Company, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. In October 2024, the claim was discontinued against Shoppers Drug Mart Inc. In January 2024, Shoppers Drug Mart Inc. was served with a second class action in Saskatchewan started by Lac La Ronge Indian Band. The case is brought on behalf of Band members and is claiming damages relating to abatement costs, the diversion of financial and other resources, the reduction in the value of the reserve lands and interests, and lost tax revenues. Shoppers Drug Mart Inc. is being sued as a representative of an international defendant subclass of opioid "dealers" and Sanis Health Inc. is a proposed supplier class member. The Company believes these proceedings are without merit and is vigorously defending them. The Company does not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

In 2022, the Tax Court of Canada ("Tax Court") released a decision relating to PC Bank, a subsidiary of the Company. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. PC Bank subsequently filed a Notice of Appeal with the Federal Court of Appeal ("FCA") and in March 2024, the matter was heard by the FCA. In the third quarter of 2024, the FCA released its decision and reversed the decision of the Tax Court. As a result, PC Bank reversed charges of $155 million, including $111 million initially recorded in 2022 (note 17). In addition, $10 million was recorded related to interest income on cash tax refunds. Certain taxation years subsequent to the periods covered by the FCA decision remain under review by the tax authorities.

Indemnification Provisions The Company from time to time enters into agreements in the normal course of its business, such as service and outsourcing arrangements, lease agreements in connection with business or asset acquisitions or dispositions, and other types of commercial agreements. These agreements by their nature may provide for indemnification of counterparties. These indemnification provisions may be in connection with breaches of representations and warranties or in respect of future claims for certain liabilities, including liabilities related to tax and environmental matters. The terms of these indemnification provisions vary in duration and may extend for an unlimited period of time. In addition, the terms of these indemnification provisions vary in amount and certain indemnification provisions do not provide for a maximum potential indemnification amount. Indemnity amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. As a result, the Company is unable to reasonably estimate its total maximum potential liability in respect of indemnification provisions. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

Note 31. Financial Guarantees

The Company established letters of credit used in connection with certain obligations mainly related to real estate transactions, benefit programs, purchase orders and guarantees with a gross potential liability of approximately $324 million as at December 28, 2024 (December 30, 2023 – $301 million). In addition, the Company has provided to third parties the following significant guarantees:

Associate Guarantees The Company has arranged for its Associates to obtain financing to facilitate their inventory purchases and fund their working capital requirements by providing guarantees to various Canadian chartered banks that support Associate loans. As at December 28, 2024, the Company's maximum obligation in respect of such guarantees was $580 million (December 30, 2023 – $580 million) with an aggregate amount of $476 million (December 30, 2023 – $476 million) in available lines of credit allocated to the Associates by the various banks. As at December 28, 2024, Associates had drawn a nominal amount (December 30, 2023 – $13 million) against these available lines of credit. Any amounts drawn by the Associates are included in bank indebtedness on the Company's consolidated balance sheets. As recourse, in the event that any payments are made under the guarantees, the Company holds a first-ranking security interest on all assets of Associates, subject to certain prior-ranking statutory claims.

Independent Funding Trusts The full balance relating to the debt of the independent funding trusts has been consolidated on the balance sheets of the Company (see note 20). As at December 28, 2024 the Company has agreed to provide a credit enhancement of $64 million (December 30, 2023 – $64 million) in the form of a standby letter of credit for the benefit of the independent funding trusts representing not less than 10% (December 30, 2023 – not less than 10%) of the principal amount of loans outstanding. This credit enhancement allows the independent funding trusts to provide financing to the Company's franchisees. As well, each franchisee provides security to the independent funding trusts for its obligations by way of a general security agreement. In the event that a franchisee defaults on its loan and the Company has not, within a specified time period, assumed the loan, or the default is not otherwise remedied, the independent funding trusts would assign the loan to the Company and draw upon this standby letter of credit. This standby letter of credit has never been drawn upon. The Company has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit.

Lease Obligations In connection with historical dispositions of certain of its assets, the Company has assigned leases to third parties. The Company remains contingently liable for these lease obligations in the event any of the assignees are in default of their lease obligations. The Company has guaranteed lease obligations of a third party distributor in the amount of $2 million (December 30, 2023 – $3 million).

Cash Collateralization As at December 28, 2024, the Company had agreements to cash collateralize certain of its uncommitted credit facilities up to an amount of $94 million (December 30, 2023 – $93 million), of which a nominal amount (December 30, 2023 – nominal) was deposited with major financial institutions and classified as security deposits, which is included in other assets.

Financial Services The Company has provided a guarantee on behalf of PC Bank to Mastercard International Incorporated ("Mastercard") for accepting PC Bank as a card member and licensee of Mastercard. As at December 28, 2024, the guarantee on behalf of PC Bank to Mastercard was $190 million USD (December 30, 2023 – $190 million USD).

Letters of credit for the benefit of independent securitization trusts with respect to the securitization programs of PC Bank have been issued by major financial institutions. These standby letters of credit can be drawn upon in the event of a major decline in the income flow from or in the value of the securitized credit card receivables. The Company has agreed to reimburse the issuing banks for any amount drawn on the standby letters of credit. The aggregate gross potential liability under these arrangements for the Other Independent Securitization Trusts was $72 million (December 30, 2023 – $77 million), which represented approximately 9% (December 30, 2023 – 9%) of the securitized credit card receivables amount (see note 10).

Note 32. Related Party Transactions

The Company's controlling shareholder is Weston, which owns, directly and indirectly, 158,853,468 of the Company's common shares, representing approximately 52.6% of the Company's outstanding common shares. Galen G. Weston beneficially owns or controls, directly and indirectly, including through Wittington, a total of 76,697,812 of Weston's common shares, representing approximately 59.0% of Weston's outstanding common shares. Galen G. Weston also beneficially owns 473,636 of the Company's common shares, representing approximately 0.2% of the Company's outstanding common shares.

Weston is the controlling shareholder of Choice Properties. Therefore, Choice Properties is a related party by virtue of common control. As at December 28, 2024, Weston's ownership interest in Choice Properties was approximately 61.7% (December 30, 2023 – 61.7%). The Company is Choice Properties' largest tenant, representing approximately 57.7% (December 30, 2023– 57.1%) of Choice Properties' rental revenue as at December 28, 2024.

Transactions with Related Parties

	Transaction Value	
(millions of Canadian dollars)	**2024**	2023
Included in cost of sales		
Inventory purchases from a related party(i)	**$ —**	$ 41
Operating income		
Transactions with Weston and Wittington		
Cost sharing agreements with Weston(ii)	**$ 56**	$ 58
Net administrative services provided by Weston(iii)	**23**	19
Lease payments to Wittington	**1**	1
Transactions with Choice Properties		
Lease payments to Choice Properties(iv)	**$ 797**	$ 763
Lease surrender payments received from Choice Properties	**—**	(8)
Site intensification payments received from Choice Properties	**(4)**	(17)
Equity transactions with Weston		
Dividends declared on common shares	**$ 319**	$ 290

(i) Associated British Foods plc. was not a related party of the Company during 2024. In 2023, Associated British Foods plc. was a related party by virtue of a common director of such entity's parent company and Wittington.

(ii) The Company and Weston have each entered into certain contracts with third parties for administrative and corporate services, including telecommunication services and IT related matters on behalf of itself and the related party. Through cost sharing agreements that have been established between the Company and Weston concerning these costs, the Company has agreed to be responsible to Weston for the Company's proportionate share of the total costs incurred.

(iii) The Company and Weston have entered into an agreement whereby certain administrative services are provided by one party to the other. The services to be provided under this agreement include those related to commodity management, information systems, risk management, treasury, certain accounting functions and legal. Payments are made quarterly based on the actual costs of providing these services. Where services are provided on a joint basis for the benefit of the Company and Weston together, each party pays the appropriate proportion of the costs.

(iv) During 2024, lease payments paid to Choice Properties included base rent of $548 million (2023 – $534 million) and operating expenses of $249 million (2023 – $229 million).

The net balances due to (from) related parties are comprised as follows:

(millions of Canadian dollars)	**As at December 28, 2024**	As at December 30, 2023
Weston[(i)]	**$ 97**	$ 13
Choice Properties	**(16)**	(31)

(i) Balances relate to trade payables and other liabilities due to Weston, including dividends declared on common shares, net of receivables from Weston.

Other Transactions and Agreements with Choice Properties

Strategic Alliance Agreement The Strategic Alliance Agreement established on the initial public offering ("IPO") of Choice Properties creates a series of rights and obligations between Choice Properties and the Company, intended to establish a preferential and mutually beneficial business and operating relationship. The Strategic Alliance Agreement will expire on the earlier of July 5, 2033 or the date on which Weston and its affiliates own less than 50% effective interest in Choice Properties (on a fully diluted basis).

Commitments The following is a summary of the Company's future undiscounted contractual lease payments to Choice Properties:

	Payments due by year						**As at December 28, 2024**	As at December 30, 2023
(millions of Canadian dollars)	2025	2026	2027	2028	2029	Thereafter	**Total**	Total
Lease payments	$ 629	$ 572	$ 524	$ 427	$ 377	$ 1,309	**$ 3,838**	$ 3,880

Financial Liabilities with Choice Properties In 2023, the Company disposed of two retail properties to Choice Properties for proceeds of $86 million. The properties were subsequently leased back by the Company. The transactions did not meet the criteria for sale in accordance with IFRS 15 as the Company did not relinquish control of the properties under the terms of the leases (see note 27).

Sale and Leaseback Transactions with Choice Properties Of the properties disposed of in 2024, the Company sold one property (2023 – four properties) to Choice Properties and four properties (2023 – nil) to a joint arrangement between a third party and Choice Properties for proceeds of $316 million (2023 – $92 million) and recognized a gain of $54 million (2023 – gain of $11 million). All (2023 – all) of these properties were leased back by the Company (see note 27).

Other Transactions

Venture Fund During 2020, Loblaw, Weston and a wholly owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington ("Venture Fund I"). A wholly owned subsidiary of Wittington is the general partner of the Venture Fund, which hired an external fund manager to oversee it. The purpose of the Venture Fund I is to pursue venture capital investing in innovative businesses that are in technology-oriented companies at all stages of the start-up life cycle that operate in commerce, healthcare, and food sectors and are based in North America. Each of the three limited partners have 33% interest in the Venture Fund I. The Company has a total capital commitment of $33 million over a 10-year period.

During 2022, Loblaw became a limited partner in another limited partnership formed by Wittington ("Venture Fund II"). A wholly owned subsidiary of Wittington is also the general partner of Venture Fund II, and the purpose of Venture Fund II is consistent with Venture Fund I. The Company has a 50% interest in Venture Fund II and has a total capital commitment of $60 million over a 10-year period

Post-Employment Benefit Plans The Company sponsors a number of post-employment plans, which are related parties. Contributions made by the Company to these plans are disclosed in note 24 to the consolidated financial statements.

Income Tax Matters From time to time, the Company, Weston and its affiliates may enter into agreements to make elections that are permitted or required under applicable income tax legislation with respect to affiliated corporations.

Key Management Personnel The Company's key management personnel are comprised of the Board and certain members of the executive team of the Company, as well as both the Board and certain members of the executive team of Weston and Wittington to the extent that they have the authority and responsibility for planning, directing and controlling the day-to-day activities of the Company.

Compensation of Key Management Personnel Annual compensation of key management personnel that is directly attributable to the Company was as follows:

(millions of Canadian dollars)	**2024**	2023
Salaries, director fees and other short term employee benefits	**$ 10**	$ 13
Equity-based compensation	**8**	8
Total compensation	**$ 18**	$ 21

Other transactions with related parties, as defined by IFRS Accounting Standards, were not significant during the year.

Note 33. Segment Information

The Company has two reportable operating segments, with all material operations carried out in Canada:

- The Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores, and includes in-store pharmacies, health care services, other health and beauty products, apparel and other general merchandise. This segment is comprised of several operating segments that are aggregated primarily due to similarities in the nature of products and services offered for sale in the retail operations and the customer base; and
- The Financial Services segment provides credit card and everyday banking services, the *PC Optimum* loyalty program, insurance brokerage services, and telecommunication services.

The Company's chief operating decision maker evaluates segment performance on the basis of adjusted operating income before depreciation and amortization ("adjusted EBITDA"), as reported to internal management, on a periodic basis.

Information for each reportable operating segment is included below:

					2024					2023
(millions of Canadian dollars)	**Retail**	**Financial Services**	**Total Segment Measure**	**Elimi-nations(i)**	**Total**	Retail	Financial Services	Total Segment Measure	Elimi-nations(i)	Total
Revenue(ii)	**$59,786**	**$1,586**	**$ 61,372**	**$ (358)**	**$ 61,014**	$58,345	$1,540	$59,885	$ (356)	$59,529
Cost of sales	**41,065**	**223**	**41,288**	**—**	**41,288**	40,262	230	40,492	—	40,492
Gross profit	**18,721**	**1,363**	**20,084**	**(358)**	**19,726**	18,083	1,310	19,393	(356)	19,037
Operating income	$ 3,465	$ 437	$ 3,902	$ —	$ 3,902	$ 3,500	$ 204	$ 3,704	$ —	$ 3,704
Net interest expense and other financing charges (note 5)	683	138	821	—	821	660	143	803	—	803
Earnings before income taxes	**$ 2,782**	**$ 299**	**$ 3,081**	**$ —**	**$ 3,081**	$ 2,840	$ 61	$ 2,901	$ —	$ 2,901
Operating income	**$ 3,465**	**$ 437**	**$ 3,902**	**$ —**	**$ 3,902**	$ 3,500	$ 204	$ 3,704	$ —	$ 3,704
Depreciation and amortization	**2,916**	**50**	**2,966**			2,848	58	2,906		
Adjusting items(iii)	**281**	**(125)**	**156**			13	24	37		
Adjusted EBITDA(iii)	**$ 6,662**	**$ 362**	**$ 7,024**			$ 6,361	$ 286	$ 6,647		

(i) Eliminations include intercompany revenue related to PC® Mastercard® loyalty awards in the Financial Services segment.

(ii) Included in Financial Services revenue is $663 million (2023 – $634 million) of interest income.

(iii) Certain items are excluded from operating income to derive adjusted EBITDA.

			2024 (52 weeks)			2023 (52 weeks)
For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Total Segment Measure**	Retail	Financial Services	Total Segment Measure
Charges related to settlement of class action lawsuits	**$ 164**	**$ —**	**$ 164**	$ —	$ —	$ —
PC Optimum loyalty program	**99**	**30**	**129**	—	—	—
Fair value write-down related to sale of *Wellwise*	**23**	**—**	**23**	—	—	—
Fair value adjustment on non-operating properties(1)	**3**	**—**	**3**	9	—	9
Gain on sale of non-operating properties(1)	**(3)**	**—**	**(3)**	(12)	—	(12)
Fair value adjustment on fuel and foreign currency contracts	**(5)**	**—**	**(5)**	16	—	16
(Recoveries) Charge related to PC Bank commodity tax matters	**—**	**(155)**	**(155)**	—	24	24
Adjusting items	**$ 281**	**$ (125)**	**$ 156**	$ 13	$ 24	$ 37

(1) The fair value adjustment and gain on sale of non-operating properties relates to the Company's investment properties.

The Company's revenue, by type of goods or services, is reconciled to the Company's segment revenue:

(millions of Canadian dollars)	2024	2023
Food retail	**$ 42,166**	$ 41,188
Drug retail	**17,620**	17,157
Retail total	**$ 59,786**	$ 58,345
Financial Services	**1,586**	1,540
Eliminations(i)	**(358)**	(356)
Total	**$ 61,014**	$ 59,529

(i) Eliminations include the reclassification of revenue related to PC® Mastercard® loyalty awards in the Financial Services segment.

(millions of Canadian dollars)	As at December 28, 2024	As at December 30, 2023
Total assets		
Retail	**$ 34,585**	$ 32,870
Financial Services	**6,295**	6,109
	$ 40,880	$ 38,979

(millions of Canadian dollars)	2024	2023
Additions to fixed assets and intangible assets		
Retail	**$ 2,160**	$ 2,069
Financial Services	**40**	40
	$ 2,200	$ 2,109

Three Year Summary[1]

As at or for the years ended December 28, 2024 and December 30, 2023 and December 31, 2022 (millions of Canadian dollars except where otherwise indicated)	**2024**	2023	2022
Consolidated Results of Operations			
Revenue	**$ 61,014**	$ 59,529	$ 56,504
Revenue growth	**2.5 %**	5.4 %	6.3 %
Operating income	**$ 3,902**	$ 3,704	$ 3,342
Adjusted EBITDA[2]	**7,024**	6,647	6,181
Adjusted EBITDA margin[2]	**11.5 %**	11.2 %	10.9 %
Net interest expense and other financing charges	**$ 821**	$ 803	$ 683
Adjusted net interest expense and other financing charges[2]	**831**	803	694
Net earnings	**2,275**	2,187	1,994
Net earnings attributable to shareholders of the Company	**2,171**	2,100	1,921
Net earnings available to common shareholders of the Company	**2,155**	2,088	1,909
Adjusted net earnings available to common shareholders of the Company[2]	**2,637**	2,480	2,263
Consolidated Per Common Share ($)			
Diluted net earnings	**$ 6.99**	$ 6.52	$ 5.75
Adjusted diluted net earnings[2]	**$ 8.55**	$ 7.75	$ 6.82
Consolidated Financial Position and Cash Flows			
Cash and cash equivalents and short term investments	**$ 2,110**	$ 1,952	$ 1,934
Cash flows from operating activities	**5,802**	5,654	4,755
Capital investments	**2,200**	2,109	1,571
Free cash flow[2]	**1,671**	1,700	1,528
Financial Measures			
Retail debt to retail adjusted EBITDA[2]	**2.4 x**	2.3 x	2.4 x
Adjusted return on equity[2]	**23.6 %**	22.2 %	20.2 %
Adjusted return on capital[2]	**11.8 %**	11.5 %	10.8 %

Three Year Summary[1]

As at or for the years ended December 28, 2024 and December 30, 2023 and December 31, 2022 (millions of Canadian dollars except where otherwise indicated)	**2024**	2023	2022
Retail Results of Operations			
Sales	**$ 59,786**	$ 58,345	$ 55,492
Operating income	**3,465**	3,500	3,260
Gross profit[2]	**18,721**	18,083	17,165
Gross profit %[2]	**31.3 %**	31.0 %	30.9 %
Adjusted EBITDA[2]	**$ 6,662**	$ 6,361	$ 5,939
Adjusted EBITDA margin[2]	**11.1 %**	10.9 %	10.7 %
Depreciation and amortization	**$ 2,916**	$ 2,848	$ 2,746
Retail Operating Statistics			
Food retail same-store sales growth	**1.5 %**	3.9 %	4.7 %
Drug retail same-store sales growth	**2.4 %**	5.4 %	6.9 %
Drug retail same-store pharmacy and healthcare services sales growth	**6.3 %**	6.8 %	5.7 %
Drug retail same-store front store sales (decline)/growth	**(1.3)%**	4.2 %	8.2 %
Total retail square footage (in millions)	**72.0**	71.2	71.2
Number of corporate stores	**603**	569	547
Number of franchise stores	**528**	535	551
Number of Associate-owned drug stores	**1,361**	1,351	1,346
Financial Services Results of Operations			
Revenue	**$ 1,586**	$ 1,540	$ 1,338
Earnings (losses) before income taxes	**299**	61	(2)
Financial Services Operating Measures and Statistics			
Average quarterly net credit card receivables	**$ 4,010**	$ 3,950	$ 3,607
Credit card receivables	**4,230**	4,132	3,954
Allowance for credit card receivables	**263**	256	206
Annualized yield on average quarterly gross credit card receivables	**14.3 %**	13.9 %	13.0 %
Annualized credit loss rate on average quarterly gross credit card receivables	**4.5 %**	3.8 %	2.7 %

Three Year Summary Endnotes

(1) For financial definitions and ratios refer to the Glossary of Terms section included within the Company's 2024 Annual Report.

(2) See Section 17 "Non-GAAP and Other Financial Measures" of the Company's Management's Discussion and Analysis for the reconciliation of such non-GAAP and other financial measures to the most directly comparable GAAP measures.

Glossary of Terms

Term	Definition
Adjusted diluted net earnings per common share	Adjusted net earnings available to common shareholders including the effects of all dilutive instruments divided by the diluted weighted average number of common shares outstanding during the period (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted EBITDA	Adjusted operating income before depreciation and amortization (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted income tax	Income taxes adjusted for the tax impact of items included in adjusted operating income less adjusted net interest and other financing charges (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted effective tax rate	Adjusted income taxes divided by adjusted operating income less adjusted net interest and other financing charges (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted net earnings attributable to shareholders of the Company	Net earnings attributable to shareholders of the Company adjusted for items that are not necessarily reflective of the Company’s underlying operating performance (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted net earnings available to common shareholders of the Company	Adjusted net earnings attributable to shareholders of the Company less preferred dividends and the impact of the redemption of these shares (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted net interest expense and other financing charges	Net interest expense and other financing charges adjusted for items that are not necessarily reflective of the Company’s ongoing net financing costs (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted operating income	Operating income adjusted for items that are not necessarily reflective of the Company’s underlying operating performance (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted return on capital	Tax-effected adjusted operating income divided by average capital (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Adjusted return on equity	Adjusted net earnings available to common shareholders of the Company divided by average total equity attributable to common shareholders of the Company (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Annualized credit loss rate on average quarterly gross credit card receivables	Total credit card losses year-to-date divided by the number of days year-to-date times 365 divided by average quarterly gross credit card receivables.
Annualized yield on average quarterly gross credit card receivables	Interest earned on credit card receivables year-to-date divided by the number of days year-to-date times 365 divided by average quarterly gross credit card receivables.
Average prescription value	Total prescription sales divided by total script count.
Basic net earnings per common share	Net earnings available to common shareholders divided by the weighted average number of common shares of the Company outstanding during the period.
Capital under management	Total debt plus total equity attributable to shareholders of the Company.
Capital investments	Sum of fixed asset purchases, intangible asset additions, and prepayments transferred to fixed assets in the current year (see notes 13 and 15 of the Company’s Consolidated Financial Statements).
Control brand	A brand and associated trademark that is owned by the Company for use in connection with its own products and services.
Conversion	A store that changes from one Company banner to another Company banner.
Diluted net earnings per common share	Net earnings available to common shareholders of the Company adjusted for the impact of dilutive items divided by the weighted average number of common shares outstanding during the period adjusted for the impact of dilutive items.
Diluted weighted average common shares outstanding	Weighted average number of common shares outstanding including the effects of all dilutive instruments.
E-commerce sales	Retail segment revenue earned through online sales.
Food Retail basket size	The dollar value of products sold in a single retail transaction.
Food Retail traffic	The number of customers entering stores across all banners.
Free cash flow	Cash flows from operating activities less capital investments, interest paid and net lease payments (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Net earnings attributable to shareholders of the Company	Net earnings less non-controlling interests.
Net earnings available to common shareholders of the Company	Net earnings attributable to shareholders of the Company less preferred dividends.
Operating income	Net earnings before net interest expense and other financing charges and income taxes.
Retail debt to retail adjusted EBITDA	Retail segment total debt (see Section 7.2 “Liquidity and Capital Structure” of the Company’s Management Discussion and Analysis) divided by Retail segment adjusted EBITDA.
Retail segment adjusted gross profit	Retail segment gross profit, adjusted for items that are not necessarily reflective of the Company’s underlying operating performance (see Section 17 “Non-GAAP and Other Financial Measures” of the Company’s Management’s Discussion and Analysis).
Retail segment adjusted gross profit percentage	Retail segment adjusted gross profit divided by Retail segment revenue.
Retail segment gross profit	Retail segment revenue less cost of sales.
Rightsizing	A capital investment in a store resulting in a decrease to the store square footage.
Same-store sales	Same-store sales are retail segment sales for stores in operation in both comparable periods, including relocated, converted, expanded, contracted or renovated stores.
Total equity attributable to common shareholders of the Company	Total equity less preferred shares outstanding and non-controlling interests.
Total equity attributable to shareholders of the Company	Total equity less non-controlling interests.
Total retail square footage	Total retail square footage includes corporate, franchised stores and associate-owned drug stores.
Weighted average common shares outstanding	The number of common shares outstanding determined by relating the portion of time within the period the common shares were outstanding to the total time in that period.

Corporate Profile

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Website: loblaw.ca

Stock Exchange Listing and Symbol
The Company's common shares are listed on the Toronto Stock Exchange and trade under the symbols "L". The second preferred shares were listed on the Toronto Stock Exchange and traded under the symbol "L.PR.B.", until January 8, 2025, when they were fully redeemed and delisted, see "Preferred Shares" below.

Common Shares
At year-end 2024, Galen G. Weston, directly and indirectly, including through his controlling interest in Weston, owns approximately 52.6% of the Company's common shares.

At year-end 2024, there were 301,736,053 common shares issued and outstanding.

The average daily trading volume of the Company's common shares for 2024 was 355,869.

Preferred Shares
At year-end 2024, there were 9,000,000 second preferred shares, Series B issued and outstanding. The average daily trading volume of the Company's second preferred shares, Series B for 2024 was 4,728. On January 8, 2025, these preferred shares were redeemed at a redemption price of $25 per share, for an aggregate amount of $225 million, plus accrued and unpaid dividends up to but excluding the redemption date in the amount of $0.02944 per share, less any tax required to be deducted and withheld by the Company.

Company Dividend Policy
The Company's dividend policy states: the declaration and payment of dividends and the amount thereof on the Company's common shares are at the discretion of the Board of Directors which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time.

Common Dividend Dates
The declaration and payment of quarterly dividends are made subject to approval by the Board of Directors. The anticipated record and payments dates for 2025 are:

Record Date	Payment Date
March 15	April 1
June 15	July 1
September 15	October 1
December 15	December 30

Normal Course Issuer Bid
The Company has a Normal Course Issuer Bid on the Toronto Stock Exchange.

Value of Common Shares
For capital gains purposes, the valuation day (December 22, 1971) cost base for the Company is $0.958 per common share. The value on February 22, 1994 was $7.67 per common share.

Investor Relations
Shareholders, security analysts and investment professionals should direct their requests to Investor Relations at the Company's National Head Office or by e-mail at investor@loblaw.ca.

Registrar and Transfer Agent
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To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare Investor Services Inc.

Additional financial information has been filed electronically with various securities regulators in Canada through the System for SEDAR+ and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, President's Choice Bank.

Annual General Meeting
The 2024 Annual Meeting of Shareholders of Loblaw Companies Limited will be held on Tuesday, May 6, 2025 at 11:00 a.m. (EDT) at The Royal Conservatory, TELUS Centre for Performance and Learning, Koerner Hall, 273 Bloor Street West, Toronto, Ontario, Canada and virtually via a live webcast.

The Company holds an analyst call shortly following the release of its quarterly results. These calls are archived in the Investors section of the Company's website (loblaw.ca).

Trademarks
Loblaw Companies Limited and its subsidiaries own a number of trademarks. Several subsidiaries are licensees of additional trademarks. These trademarks are the exclusive property of Loblaw Companies Limited, its subsidiaries or the licensor and where used in this report, are marked with ™ or ® symbols, or written in italics.

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Ashley takes a seat at the Board table to support women

Each fall, Shoppers Drug Mart® hosts the Giving Shelter fundraising campaign to support women affected by domestic violence. Donations are directed to local charities, with 100% staying within the community. Ashley Davidson, associate-owner of a Shoppers Drug Mart® in St. Albert, Alberta, is partnering with the Jessica Martel Memorial Foundation, which supports women fleeing abuse through Jessie's House, an emergency shelter, and Eileen's Place, a second-stage housing program. Ashley, who is also a Board Member for Shoppers Foundation for Women's Health™, is passionate about increasing access to resources for women in need, especially in rural communities where shelters are often far away or unavailable. She joined the Board in June 2024, eager to help create more access points and support women across Canada.

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