

# Live Life Well.®

**Loblaw**  
**Companies**  
**Limited**

**First Quarter**  
**Report to Shareholders**  
12 weeks ended March 23, 2024

## **2024 First Quarter Report to Shareholders**

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## Management's Discussion and Analysis

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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 Company's first quarter 2024 unaudited interim period condensed consolidated financial statements and the accompanying notes ("interim financial statements") included within the Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 30, 2023 and the related MD&A included in the Company's 2023 Annual Report.

The Company's first quarter 2024 interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP"). These interim financial statements 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 13 "Non-GAAP and Other Financial Measures" for more information on the Company's non-GAAP and other financial measures.

A glossary of terms used throughout this Quarterly Report can be found at the back of the Company's 2023 Annual Report.

Terms denoted with numerical references throughout the MD&A of this Quarterly Report are defined in the MD&A Endnotes section.

The information in this MD&A is current to April 30, 2024, unless otherwise noted.

## **1. Forward-Looking Statements**

The 2024 Quarterly 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 Quarterly 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 Quarterly Report including, without limitation, Section 5 "Liquidity and Capital Resources", Section 11 "Future Accounting Standards", Section 12 "Outlook" and Section 13 "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 2023 Annual Report, and the Company's 2023 Annual Information Form ("AIF") for the year ended December 30, 2023. Such risks and uncertainties include:

- changes in economic conditions, including inflation, 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;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- failure to realize benefits from investments in the Company's new IT systems and related processes;
- 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;
- failure to attract and retain colleagues may impact the Company's ability to effectively operate and achieve financial performance goals;
- 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 achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- 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 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 adapt to environmental and social risks, including failure to execute against the Company's climate change and social equity initiatives;
- 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;
- adverse outcomes of legal and regulatory proceedings and related matters; and
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace.

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 2023 AIF (for the year ended December 30, 2023). 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. Key Financial Performance Indicators<sup>(1)</sup>

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 periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	2024 (12 weeks)	2023 (12 weeks)
<b>Consolidated:</b>		
Revenue growth	4.5 %	6.0 %
Operating income	\$ 861	\$ 769
Adjusted EBITDA <sup>(2)</sup>	1,544	1,448
Adjusted EBITDA margin <sup>(2)</sup>	11.4 %	11.1 %
Net earnings	\$ 489	\$ 437
Net earnings attributable to shareholders of the Company	462	421
Net earnings available to common shareholders of the Company <sup>(i)</sup>	459	418
Adjusted net earnings available to common shareholders of the Company <sup>(2)</sup>	537	505
Diluted net earnings per common share (\$)	\$ 1.47	\$ 1.29
Adjusted diluted net earnings per common share <sup>(2)</sup> (\$)	\$ 1.72	\$ 1.55
Cash and cash equivalents and short term investments	\$ 1,609	\$ 1,710
Cash flows from operating activities	856	915
Capital investments <sup>(ii)</sup>	387	315
Free cash flow <sup>(2)</sup>	2	147
<b>Financial Measures:</b>		
Retail debt to rolling year retail adjusted EBITDA <sup>(2)</sup>	2.3 x	2.4 x
Rolling year adjusted return on equity <sup>(2)</sup>	22.6 %	20.4 %
Rolling year adjusted return on capital <sup>(2)</sup>	11.6 %	10.9 %
<b>Retail Segment:</b>		
Food retail same-store sales growth	3.4 %	3.1 %
Drug retail same-store sales growth	4.0 %	7.4 %
Operating income	\$ 782	\$ 726
Gross profit	4,204	3,980
Gross profit %	31.6 %	31.3 %
Adjusted EBITDA <sup>(2)</sup>	\$ 1,452	\$ 1,390
Adjusted EBITDA margin <sup>(2)</sup>	10.9 %	10.9 %
<b>Financial Services Segment:</b>		
Earnings before income taxes	\$ 44	\$ 12
Annualized yield on average quarterly gross credit card receivables	14.8 %	13.7 %
Annualized credit loss rate on average quarterly gross credit card receivables	4.7 %	3.7 %

(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.

(ii) Capital investments are the sum of fixed asset purchases and intangible asset additions as presented in the Company's Condensed Consolidated Statements of Cash Flows, and prepayments transferred to fixed assets in the current period.

### 3. Consolidated Results of Operations

For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	2024	2023		
	(12 weeks)	(12 weeks)	\$ Change	% Change
<b>Revenue</b>	<b>\$ 13,581</b>	\$ 12,995	\$ 586	4.5 %
<b>Operating income</b>	<b>861</b>	769	92	12.0 %
Adjusted EBITDA <sup>(2)</sup>	<b>1,544</b>	1,448	96	6.6 %
Adjusted EBITDA margin <sup>(2)</sup>	<b>11.4 %</b>	11.1 %		
<b>Depreciation and amortization</b>	<b>\$ 690</b>	\$ 675	\$ 15	2.2 %
<b>Net interest expense and other financing charges</b>	<b>194</b>	181	13	7.2 %
<b>Income taxes</b>	<b>178</b>	151	27	17.9 %
Adjusted income taxes <sup>(2)</sup>	<b>207</b>	182	25	13.7 %
Effective tax rate	<b>26.7 %</b>	25.7 %		
Adjusted effective tax rate <sup>(2)</sup>	<b>26.7 %</b>	25.8 %		
Net earnings attributable to non-controlling interests	<b>\$ 27</b>	\$ 16	\$ 11	68.8 %
<b>Net earnings attributable to shareholders of the Company</b>	<b>\$ 462</b>	\$ 421	\$ 41	9.7 %
<b>Net earnings available to common shareholders of the Company<sup>(i)</sup></b>	<b>459</b>	418	41	9.8 %
Adjusted net earnings available to common shareholders of the Company <sup>(2)</sup>	<b>537</b>	505	32	6.3 %
<b>Diluted net earnings per common share (\$)</b>	<b>\$ 1.47</b>	\$ 1.29	\$ 0.18	14.0 %
Adjusted diluted net earnings per common share <sup>(2)</sup> (\$)	<b>\$ 1.72</b>	\$ 1.55	\$ 0.17	11.0 %
Diluted weighted average common shares outstanding (in millions)	<b>311.9</b>	324.8		

(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.

Loblaw began 2024 with another quarter of strong operational and financial results. The focus on retail excellence continued across the Company's businesses driving sales growth, reductions in shrink, and earnings growth. The Company's market leading discount banners, private label brands, and personalized PC Optimum™ offers resonated with customers. This resulted in higher store traffic, strong market share gains in Food Retail, and revenue growth that stands out against lower internal inflation. An increase in Drug Retail sales reflected continued strength in front store beauty and cough and cold products. Canada's Consumer Price Index ("CPI") for Food Purchased From Stores in March was 1.9%, the lowest level recorded in more than two years and was below the headline CPI in the first quarter of 2024. The Company's internal food inflation remained below Canada's CPI for Food Purchased From Stores again this quarter.

**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 first quarter of 2024 were \$459 million (\$1.47 per common share). When compared to the first quarter of 2023, this was an increase of \$41 million (\$0.18 per common share). The increase included an improvement in the underlying operating performance of \$32 million, and a favourable change in adjusting items totaling \$9 million as described below:

- the improvement in underlying operating performance of \$32 million (\$0.10 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, 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.
- the favourable change in adjusting items totaling \$9 million (\$0.01 per common share) was primarily due to the following:
  - the year-over-year favourable change in fair value adjustment on fuel and foreign currency contracts of \$8 million (\$0.02 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 (\$0.07 per common share).

Adjusted net earnings available to common shareholders of the Company<sup>(2)</sup> were \$537 million, an increase of \$32 million or 6.3% compared to the first quarter of 2023. Adjusted net earnings per common share<sup>(2)</sup> were \$1.72, an increase of \$0.17 or 11.0%. The increase includes the favourable impact from the repurchase of common shares.

**Revenue**

For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	2024	2023		
	(12 weeks)	(12 weeks)	\$ Change	% Change
Retail	\$ 13,290	\$ 12,735	\$ 555	4.4 %
Financial Services	361	326	35	10.7 %
Eliminations	(70)	(66)	(4)	(6.1)%
Revenue	\$ 13,581	\$ 12,995	\$ 586	4.5 %

Revenue was \$13,581 million in the first quarter of 2024. When compared to the first quarter of 2023, this was an increase of \$586 million, or 4.5%. The increase was primarily driven by an increase in Retail segment sales of \$555 million due to positive same-store sales growth. There was also an increase in Financial Services segment sales of \$35 million.

**Operating Income** Operating income was \$861 million in the first quarter of 2024. When compared to the first quarter of 2023, this was an increase of \$92 million, or 12.0%. The increase was driven by an improvement in underlying operating performance of \$81 million, and a favourable change in adjusting items totaling \$11 million as described below:

- the improvement in underlying operating performance of \$81 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, 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 favourable change in adjusting items totaling \$11 million was primarily due to the following:
  - the year-over-year favourable change in fair value adjustments on fuel and foreign currency contracts of \$10 million.



**Adjusted EBITDA<sup>(2)</sup>**

For the periods ended March 23, 2024 and March 25, 2023  
(millions of Canadian dollars except where otherwise indicated)

	<b>2024</b> <b>(12 weeks)</b>	2023 (12 weeks)	\$ Change	% Change
Retail	<b>\$ 1,452</b>	\$ 1,390	\$ 62	4.5 %
Financial Services	<b>92</b>	58	34	58.6 %
Adjusted EBITDA <sup>(2)</sup>	<b>\$ 1,544</b>	\$ 1,448	\$ 96	6.6 %

Adjusted EBITDA<sup>(2)</sup> was \$1,544 million in the first quarter of 2024. When compared to the first quarter of 2023, this was an increase of \$96 million or 6.6%, driven by an increase in the Retail segment of \$62 million, and an increase in the Financial Services segment of \$34 million.

**Depreciation and Amortization** Depreciation and amortization was \$690 million, an increase of \$15 million or 2.2% compared to the first quarter of 2023. The increase in depreciation and amortization in the first quarter of 2024 was primarily driven by an increase in depreciation of leased assets and IT assets, and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets.

Depreciation and amortization in the first quarter of 2024 included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark Health Group ("Lifemark") of \$114 million (2023 – \$114 million).

**Net Interest Expense and Other Financing Charges** Net interest expense and other financing charges were \$194 million, an increase of \$13 million or 7.2% compared to the first quarter of 2023. The increase was primarily driven by an increase in interest expense from lease liabilities.

**Income Taxes** Income tax expense in the first quarter of 2024 was \$178 million (2023 – \$151 million) and the effective tax rate was 26.7% (2023 – 25.7%). The increase in the effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the first quarter of 2023.

Adjusted income tax expense<sup>(2)</sup> in the first quarter of 2024 was \$207 million (2023 – \$182 million) and the adjusted effective tax rate<sup>(2)</sup> was 26.7% (2023 – 25.8%). The increase in the adjusted effective tax rate<sup>(2)</sup> was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the first quarter of 2023.

**Net Earnings Attributable To Non-Controlling Interests** Net earnings attributable to non-controlling interests were \$27 million, an increase of \$11 million or 68.8% compared to the first quarter of 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.

#### 4. 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.

##### 4.1 Retail Segment

For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	<b>2024</b> <b>(12 weeks)</b>	2023 (12 weeks)	\$ Change	% Change
Sales	<b>\$ 13,290</b>	\$ 12,735	\$ 555	4.4 %
Operating income	<b>782</b>	726	56	7.7 %
Gross profit	<b>4,204</b>	3,980	224	5.6 %
Gross profit %	<b>31.6 %</b>	31.3 %		
Adjusted EBITDA <sup>(2)</sup>	<b>\$ 1,452</b>	\$ 1,390	\$ 62	4.5 %
Adjusted EBITDA margin <sup>(2)</sup>	<b>10.9 %</b>	10.9 %		
Depreciation and amortization	<b>\$ 677</b>	\$ 660	\$ 17	2.6 %

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

For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	<b>2024</b> <b>(12 weeks)</b>		2023 (12 weeks)	
	<b>Sales</b>	<b>Same-store sales</b>	Sales	Same-store sales
Food retail	<b>\$ 9,409</b>	<b>3.4 %</b>	\$ 9,011	3.1 %
Drug retail	<b>3,881</b>	<b>4.0 %</b>	3,724	7.4 %
Pharmacy and healthcare services	<b>2,059</b>	<b>7.3 %</b>	1,924	4.7 %
Front store	<b>1,822</b>	<b>0.7 %</b>	1,800	10.3 %

**Sales** Retail segment sales were \$13,290 million in the first quarter of 2024, an increase of \$555 million, or 4.4% compared to the first quarter of 2023, primarily driven by the following factors:

- Food retail same-store sales growth was 3.4% (2023 – 3.1%) for the quarter.
  - Sales growth in food was strong;
  - Sales growth in pharmacy was moderate;
  - The CPI for Food Purchased From Stores was 2.6% (2023 – 10.5%) which was higher than the Company's internal food inflation; and
  - Food Retail traffic increased and basket size decreased.
- Drug retail same-store sales growth was 4.0% (2023 – 7.4%) for the quarter.
  - Pharmacy and healthcare services same-store sales growth was 7.3% (2023 – 4.7%). The number of prescriptions increased by 4.2% (2023 – decreased by 2.4%). On a same-store basis, the number of prescriptions increased by 4.0% (2023 – decreased by 1.9%) and the average prescription value increased by 2.0% (2023 – 6.0%);
  - Front store same-store sales growth was 0.7% (2023 – 10.3%). Front store same-store sales remained strong, led by beauty and cough and cold products, lapping double digit growth in the prior year.

In the last 12 months, 26 food and drug stores were opened, and 10 food and drug stores were closed, resulting in a net increase in Retail square footage of 0.2 million square feet, or 0.3%.

**Operating Income** Operating income was \$782 million in the first quarter of 2024, an increase of \$56 million, or 7.7% compared to the first quarter of 2023. The increase was driven by an improvement in underlying operating performance of \$45 million, and a favourable change in adjusting items totaling \$11 million, as described below:

- the improvement in underlying operating performance of \$45 million was due to an increase in gross profit, partially offset by an increase in SG&A and depreciation and amortization; and
- the favourable change in adjusting items totaling \$11 million was primarily due to the following:
  - the year-over-year favourable change in fair value adjustments on fuel and foreign currency contracts of \$10 million.

**Gross Profit** Gross profit was \$4,204 million in the first quarter of 2024, an increase of \$224 million, or 5.6% compared to 2023. The gross profit percentage<sup>(2)</sup> of 31.6% increased by 30 basis points, primarily driven by improvements in Drug Retail gross margins, mainly due to sales mix, and lower shrink.

**Adjusted EBITDA<sup>(2)</sup>** Adjusted EBITDA<sup>(2)</sup> was \$1,452 million in the first quarter of 2024, an increase of \$62 million, or 4.5% compared to the first quarter of 2023. The increase was driven by an increase in gross profit of \$224 million, partially offset by an increase in SG&A of \$162 million. SG&A as a percentage of sales was 20.7%, an increase of 40 basis points, primarily driven by the year-over-year impact of certain real estate activities and labour costs, and costs related to network optimization.

**Depreciation and Amortization** Depreciation and amortization was \$677 million in the first quarter of 2024, an increase of \$17 million when compared to the first quarter of 2023. The increase in depreciation and amortization in the first quarter of 2024 was primarily driven by an increase in depreciation of leased assets and IT assets, and an increase in depreciation of fixed assets related to conversions of retail locations, partially offset by the impact of prior year accelerated depreciation due to the reassessment of the estimated useful life of certain IT assets.

Depreciation and amortization in the first quarter of 2024 included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of \$114 million (2023 – \$114 million).

## 4.2 Financial Services Segment

For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	<b>2024 (12 weeks)</b>	2023 (12 weeks)	\$ Change	% Change
Revenue	<b>\$ 361</b>	\$ 326	\$ 35	10.7 %
Earnings before income taxes	<b>44</b>	12	32	266.7 %

(millions of Canadian dollars except where otherwise indicated)	<b>As at March 23, 2024</b>	As at March 25, 2023	\$ Change	% Change
Average quarterly net credit card receivables	<b>\$ 3,989</b>	\$ 3,851	\$ 138	3.6 %
Credit card receivables	<b>3,846</b>	3,748	98	2.6 %
Allowance for credit card receivables	<b>265</b>	212	53	25.0 %
Annualized yield on average quarterly gross credit card receivables	<b>14.8 %</b>	13.7 %		
Annualized credit loss rate on average quarterly gross credit card receivables	<b>4.7 %</b>	3.7 %		

**Revenue** Revenue was \$361 million, an increase of \$35 million compared to the first quarter of 2023. The increase in revenue was primarily driven by:

- higher interest income from growth in credit card receivables; and
- higher sales attributable to The Mobile Shop™.

**Earnings before income taxes** Earnings before income taxes were \$44 million in the first quarter of 2024, an increase of \$32 million compared to the first quarter of 2023. The increase in the first quarter was primarily driven by:

- higher revenue as described above; and
  - lower customer acquisition expenses and operating costs, including the marketing support funding in connection with the launch of PC Insiders World Elite Mastercard® and the benefits associated with the renewal of a long-term agreement with Mastercard;
- partially offset by,
- higher contractual charge-offs and funding costs due to the current macro-economic environment; and
  - the year-over-year unfavourable impact of the expected credit loss provision.

**Credit Card Receivables** As at March 23, 2024, credit card receivables were \$3,846 million, an increase of \$98 million compared to March 25, 2023. This increase was primarily driven by growth in the active customer base. The expected credit loss allowance for credit card receivables was \$265 million, an increase of \$53 million compared to March 25, 2023. The increase is reflective of the current and forecasted macro-economic environment and its impact on consumer credit trends.

## 5. Liquidity and Capital Resources

### 5.1 Cash Flows

#### Major Cash Flow Components

For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	<b>2024</b> <b>(12 weeks)</b>	2023 (12 weeks)	\$ Change	% Change
Cash and cash equivalents, beginning of period	<b>\$ 1,488</b>	\$ 1,608	\$ (120)	(7.5)%
Cash flows from (used in):				
Operating activities	<b>\$ 856</b>	\$ 915	\$ (59)	(6.4)%
Investing activities	<b>(196)</b>	(454)	258	56.8 %
Financing activities	<b>(863)</b>	(906)	43	4.7 %
Effect of foreign currency exchange rate changes on cash and cash equivalents	<b>3</b>	(1)	4	400.0 %
Decrease in cash and cash equivalents	<b>\$ (200)</b>	\$ (446)	\$ 246	55.2 %
Cash and cash equivalents, end of period	<b>\$ 1,288</b>	\$ 1,162	\$ 126	10.8 %

**Cash Flows from Operating Activities** Cash flows from operating activities in the first quarter of 2024 were \$856 million, a decrease of \$59 million when compared to the first quarter of 2023. The decrease in cash flows from operating activities was primarily driven by an unfavourable year-over-year change in both non-cash working capital and income taxes paid, partially offset by higher cash earnings and higher payments from cardholders on credit card receivables.

**Cash Flows used in Investing Activities** Cash flows used in investing activities in the first quarter of 2024 were \$196 million, a decrease of \$258 million when compared to the first quarter of 2023. The decrease in cash flows used in investing activities was primarily driven by higher disposal of short term investments, partially offset by an increase in investment in fixed assets and a decrease in proceeds from disposal of assets.

#### Capital Investments and Store Activity

As at March 23, 2024 and March 25, 2023	<b>2024</b>	2023	% Change
Corporate square footage (in millions)	<b>35.1</b>	34.9	0.6 %
Franchise square footage (in millions)	<b>17.1</b>	17.2	(0.6)%
Associate-owned drug store square footage (in millions)	<b>19.1</b>	19.0	0.5 %
Total retail square footage (in millions)	<b>71.3</b>	71.1	0.3 %
Number of corporate stores	<b>569</b>	548	3.8 %
Number of franchise stores	<b>539</b>	551	(2.2)%
Number of Associate-owned drug stores	<b>1,350</b>	1,343	0.5 %
Total number of stores	<b>2,458</b>	2,442	0.7 %
Average store size (square feet)			
Corporate	<b>61,700</b>	63,700	(3.1)%
Franchise	<b>31,700</b>	31,200	1.6 %
Associate-owned drug store	<b>14,100</b>	14,100	— %

**Capital Investments** Capital investments were \$387 million, an increase of \$72 million or 22.9%, compared to 2023.

**Cash Flows used in Financing Activities** Cash flows used in financing activities in the first quarter of 2024 were \$863 million, a decrease of \$43 million when compared to the first quarter of 2023. The decrease in cash flows used in financing activities was primarily driven by issuance of \$400 million aggregate principal amount of senior unsecured notes bearing interest at 5.115% per annum with a maturity date of March 4, 2054, partially offset by higher issuance of short-term debt in the prior year and higher proceeds from financial liabilities in the prior year.

**Free Cash Flow<sup>(2)</sup>**

	<b>2024</b> <b>(12 weeks)</b>				<b>2023</b> <b>(12 weeks)</b>			
For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars)	<b>Retail</b>	<b>Financial Services</b>	<b>Elimi- nations<sup>(i)</sup></b>	<b>Total</b>	<b>Retail</b>	<b>Financial Services</b>	<b>Elimi- nations<sup>(i)</sup></b>	<b>Total</b>
Cash flows from (used in) operating activities	<b>\$ 462</b>	<b>\$ 371</b>	<b>\$ 23</b>	<b>\$ 856</b>	\$ 652	\$ 237	\$ 26	\$ 915
Less:								
Capital investments <sup>(ii)</sup>	<b>377</b>	<b>10</b>	<b>—</b>	<b>387</b>	306	9	—	315
Interest paid	<b>77</b>	<b>—</b>	<b>23</b>	<b>100</b>	80	—	26	106
Lease payments, net	<b>367</b>	<b>—</b>	<b>—</b>	<b>367</b>	347	—	—	347
Free cash flow <sup>(2)</sup>	<b>\$ (359)</b>	<b>\$ 361</b>	<b>\$ —</b>	<b>\$ 2</b>	\$ (81)	\$ 228	\$ —	\$ 147

(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 Condensed Consolidated Statements of Cash Flows, and prepayments transferred to fixed assets in the current period.

Free cash flow<sup>(2)</sup> used in the Retail segment in the first quarter of 2024 was \$359 million, an increase of \$278 million when compared to the first quarter of 2023. The increase was primarily driven by an unfavourable year-over-year change in non-cash working capital and an unfavourable year-over-year change of income taxes paid, partially offset by higher cash earnings. Higher capital investments also impacted Retail segment free cash flow compared to the same period in 2023.

Free cash flow<sup>(2)</sup> from the Financial Services segment in the first quarter of 2024 was \$361 million, an increase of \$133 million when compared to the first quarter of 2023, primarily due to higher payments from cardholders on credit card receivables.

## 5.2 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.

President's Choice Bank ("PC Bank") expects to obtain long term financing for its credit card portfolio through the issuance of *Eagle Credit Card Trust*<sup>®</sup> ("Eagle") notes and Guaranteed Investment Certificates ("GICs").

The following table presents total debt by reportable operating segment:

(millions of Canadian dollars)	As at March 23, 2024			As at March 25, 2023			As at December 30, 2023		
	Retail	Financial Services	Total	Retail	Financial Services	Total	Retail	Financial Services	Total
Bank indebtedness	\$ 1	\$ —	\$ 1	\$ 25	\$ —	\$ 25	\$ 13	\$ —	\$ 13
Demand deposits from customers	—	170	170	—	131	131	—	166	166
Short term debt <sup>(i)</sup>	—	450	450	—	600	600	—	850	850
Long term debt due within one year	400	788	1,188	—	708	708	400	791	1,191
Long term debt <sup>(ii)</sup>	4,866	2,193	7,059	4,853	2,178	7,031	4,460	2,201	6,661
Certain other liabilities <sup>(iii)</sup>	285	—	285	240	—	240	280	—	280
Total debt excluding lease liabilities	\$ 5,552	\$ 3,601	\$ 9,153	\$ 5,118	\$ 3,617	\$ 8,735	\$ 5,153	\$ 4,008	\$ 9,161
Lease liabilities due within one year	1,459	—	1,459	1,409	—	1,409	1,455	—	1,455
Lease liabilities	7,970	—	7,970	7,782	—	7,782	8,003	—	8,003
Total debt including total lease liabilities	\$14,981	\$ 3,601	\$18,582	\$14,309	\$ 3,617	\$17,926	\$ 14,611	\$ 4,008	\$18,619

- (i) During the first quarter of 2024, PC Bank recorded a \$400 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.
- (ii) In the first quarter of 2024, the Company completed an issuance of \$400 million aggregate principal amount of senior unsecured notes bearing interest at 5.115% per annum with a maturity date of March 4, 2054. The Company intends to use the net proceeds of the issuance to partially fund the repayment of its outstanding \$400 million aggregate principal amount of 3.918% senior unsecured notes maturing June 10, 2024.
- (iii) As at March 23, 2024, certain other liabilities include financial liabilities of \$190 million related to the sale and leaseback of retail properties (March 25, 2023 — \$160 million, December 30, 2023 — \$190 million).

**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<sup>(2)</sup> ratio to measure the leverage being employed.

	As at March 23, 2024	As at March 25, 2023	As at December 30, 2023
Retail debt to rolling year retail adjusted EBITDA <sup>(2)</sup>	2.3 x	2.4 x	2.3 x

The Retail debt to rolling year retail adjusted EBITDA<sup>(2)</sup> ratio as at March 23, 2024 decreased compared to March 25, 2023, primarily due to an improvement in rolling year adjusted EBITDA<sup>(2)</sup>. The Retail debt to rolling year retail adjusted EBITDA<sup>(2)</sup> ratio as at March 23, 2024 remained consistent with the ratio as at December 30, 2023.

**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 March 23, 2024 and throughout the quarter, the Company was in compliance with such covenants. As at March 23, 2024 and throughout the quarter, PC Bank has met all applicable regulatory requirements.

### 5.3 Financial Condition

#### Rolling year adjusted return on equity<sup>(2)</sup> and Rolling year adjusted return on capital<sup>(2)</sup>

	As at March 23, 2024	As at March 25, 2023	As at December 30, 2023
Rolling year adjusted return on equity <sup>(2)</sup>	22.6 %	20.4 %	22.2 %
Rolling year adjusted return on capital <sup>(2)</sup>	11.6 %	10.9 %	11.5 %

Rolling year adjusted return on equity<sup>(2)</sup> as at March 23, 2024 increased compared to March 25, 2023 and December 30, 2023, primarily due to an improvement in the underlying operating performance of the Retail segment and Financial Services segment.

Rolling year adjusted return on capital<sup>(2)</sup> as at March 23, 2024 increased compared to compared to March 25, 2023 and December 30, 2023, primarily due to an improvement in adjusted operating income<sup>(2)</sup>.

### 5.4 Credit Ratings

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

Credit Ratings (Canadian Standards)	Dominion Bond Rating Service		Standard & Poor's	
	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-3 (high)	n/a

### 5.5 Dividends and Share Repurchases

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

	March 23, 2024 <sup>(i)</sup> (12 weeks)	March 25, 2023 (12 weeks)
<b>Dividends declared per share (\$)</b>		
Common Share	\$ 0.446	\$ 0.405
Second Preferred Share, Series B	\$ 0.33125	\$ 0.33125

(i) The Common Share dividends declared in the first quarter of 2024 of \$0.446 per share had a payment date of April 1, 2024. The Second Preferred Shares, Series B dividends declared in the first quarter of 2024 of \$0.33125 per share had a payment date of March 31, 2024.

Subsequent to the end of the first quarter of 2024, the Board of Directors declared a quarterly dividend of \$0.513 per common share, payable on July 1, 2024 to shareholders of record on June 15, 2024 and a quarterly dividend of \$0.33125 per share on the Second Preferred Shares, Series B payable on June 30, 2024 to shareholders of record on June 15, 2024.



In the second quarter of 2023, the Company renewed its Normal Course Issuer Bid (“NCIB”) to purchase on the Toronto Stock Exchange or through alternative trading systems up to 16,055,686 of the Company’s common shares, representing approximately 5% of issued and outstanding common shares. As at March 23, 2024, the Company had purchased 14,206,839 common shares for cancellation under its current NCIB. The Company is still permitted to purchase its common shares from George Weston Limited (“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 the first quarter of 2024, 3,213,853 common shares (2023 – 3,258,266) were purchased under the NCIB for cancellation, for aggregate consideration of \$470 million (2023 – \$383 million), including 1,237,193 common shares (2023 – 1,601,915) purchased from Weston, for aggregate consideration of \$182 million (2023 – \$188 million).

For additional information please refer to Note 11 “Share Capital” of the Company’s interim financial statements.

## **5.6 Off-Balance Sheet Arrangements**

The Company uses off-balance sheet arrangements including letters of credit, guarantees and cash collateralization in connection with certain obligations. There were no significant changes to these off-balance sheet arrangements during the first quarter of 2024. For a discussion of the Company’s significant off-balance sheet arrangements see Section 7.7 “Off-Balance Sheet Arrangements” of the Company’s 2023 Annual Report.

## **6. Financial Derivative Instruments**

The Company uses derivative instruments to offset certain of its financial risks. 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. These derivative instruments are designated as cash flow hedges.

In the first quarter of 2024, PC Bank entered a bond forward agreement with notional value of \$275 million (2023 – \$135 million) to hedge its exposure to interest rate fluctuations against the future issuance of debt instruments. The Company assessed that these hedge agreements were effective as at the quarter-end and included the fluctuations relating to the bond forwards in other comprehensive income.

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. As at March 23, 2024, a fair value loss of \$7 million was recorded in other comprehensive income related to the energy hedge. The fair value of the derivative is included in trade payables and 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 the first quarter of 2024 see Section 13 “Non-GAAP and Other Financial Measures” of the MD&A.

## 7. 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 below were all 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 quarterly financial information for each of the eight most recently completed quarters:

### Summary of Consolidated Quarterly Results

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	2024 (12 weeks)	2023 (12 weeks)	2023 (12 weeks)	2022 (12 weeks)	2023 (16 weeks)	2022 (16 weeks)	2023 (12 weeks)	2022 (12 weeks)
<b>Revenue</b>	<b>\$13,581</b>	<b>\$12,995</b>	\$14,531	\$14,007	\$18,265	\$17,388	\$13,738	\$12,847
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>1,544</b>	<b>1,448</b>	1,633	1,493	1,926	1,846	1,640	1,499
<b>Net earnings available to common shareholders of the Company</b>	<b>459</b>	<b>418</b>	541	529	621	556	508	387
Adjusted net earnings available to common shareholders of the Company <sup>(2)</sup>	<b>537</b>	<b>505</b>	630	575	719	663	626	566
<b>Net earnings per common share:</b>								
<b>Basic (\$)</b>	<b>\$ 1.48</b>	<b>\$ 1.30</b>	\$ 1.73	\$ 1.63	\$ 1.97	\$ 1.71	\$ 1.59	\$ 1.17
<b>Diluted (\$)</b>	<b>\$ 1.47</b>	<b>\$ 1.29</b>	\$ 1.72	\$ 1.62	\$ 1.95	\$ 1.69	\$ 1.58	\$ 1.16
Adjusted diluted net earnings per common share <sup>(2)</sup> (\$)	<b>\$ 1.72</b>	<b>\$ 1.55</b>	\$ 2.00	\$ 1.76	\$ 2.26	\$ 2.01	\$ 1.94	\$ 1.69
Food retail same-store sales growth	<b>3.4 %</b>	<b>3.1 %</b>	2.0 %	8.4 %	4.5 %	6.9 %	6.1 %	0.9 %
Drug retail same-store sales growth	<b>4.0 %</b>	<b>7.4 %</b>	4.6 %	8.7 %	4.6 %	7.7 %	5.7 %	5.6 %

**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 0.2 million square feet to 71.3 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 from operating efficiencies and benefits from strategic initiatives;
- the favourable impact of the repurchase of common shares for cancellation; and
- the impact of adjusting items, as set out in Section 13 “Non-GAAP and Other Financial Measures”, including:
  - the gain and loss on sale of non-operating properties;
  - charges and recoveries related to PC Bank commodity tax matters;
  - Lifemark transaction costs;
  - fair value adjustment on non-operating properties; and
  - fair value adjustment on fuel and foreign currency.

## **8. Internal Control over Financial Reporting**

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.

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.

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. 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 control over financial reporting in the first quarter of 2024 that materially affected, or are reasonably likely to materially affect the Company’s internal control over financial reporting.

## **9. Enterprise Risks and Risk Management**

A detailed full set of risks inherent in the Company’s business are included in the Company’s AIF for the year ended December 30, 2023 and the Company’s MD&A in the Company’s 2023 Annual Report, which are hereby incorporated by reference. The Company’s 2023 Annual Report and AIF are available online on [www.sedarplus.ca](http://www.sedarplus.ca). Those risks and risk management strategies remain unchanged.

## 10. Related Party Transactions

**Sale and Leaseback** During the first quarter of 2024, the Company sold a property to Choice Properties Real Estate Investment Trust ("Choice Properties") for proceeds of \$38 million (2023 – \$12 million) and recognized a gain of \$14 million (2023 – \$3 million). The property was leased back by the Company.

**Financial Liabilities** During the first quarter of 2023, the Company disposed of two retail properties to Choice Properties. These properties were leased back by the Company and did not meet the criteria for sale in accordance with IFRS 15, "Revenue from Contracts with Customers" as the Company did not relinquish control of the properties under the terms of the leases (see note 9 "Real Estate Dispositions" of the Company's interim financial statements).

As at March 23, 2024, \$11 million (March 25, 2023 – \$9 million; December 30, 2023 – \$11 million) was recorded in trade payables and other liabilities and \$179 million (March 25, 2023 – \$151 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.

## 11. Future Accounting Standards

**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, 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.

## 12. Outlook<sup>(3)</sup>

Loblaw will continue to execute on retail excellence while advancing its growth initiatives with the goal of delivering consistent operational and financial results in 2024. The Company's businesses remain well positioned to meet the everyday needs of Canadians.

For the full-year 2024, the Company continues to expect:

- its Retail business to grow earnings faster than sales;
- adjusted net earnings per common share<sup>(2)</sup> growth in the high single-digits;
- to continue investing in our store network and distribution centres by investing a net amount of \$1.8 billion in capital expenditures, which reflects gross capital investments of approximately \$2.2 billion, net of approximately \$400 million of proceeds from property disposals; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

### 13. 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 March 23, 2024 and March 25, 2023 (millions of Canadian dollars)	Retail	Financial Services	Eliminations	Total	Retail	Financial Services	Eliminations	Total
Revenue	\$ 13,290	\$ 361	\$ (70)	\$ 13,581	\$ 12,735	\$ 326	\$ (66)	\$ 12,995
Cost of sales	9,086	40	—	9,126	8,755	33	—	8,788
Gross profit	\$ 4,204	\$ 321	\$ (70)	\$ 4,455	\$ 3,980	\$ 293	\$ (66)	\$ 4,207
Adjusted gross profit	\$ 4,204	\$ 321	\$ (70)	\$ 4,455	\$ 3,980	\$ 293	\$ (66)	\$ 4,207

**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 March 23, 2024 and March 25, 2023 (millions of Canadian dollars)	Retail	Financial Services	Total	Retail	Financial Services	Total
Net earnings attributable to shareholders of the Company			\$ 462			\$ 421
Add impact of the following:						
Non-controlling interests			27			16
Net interest expense and other financing charges			194			181
Income taxes			178			151
Operating income	\$ 782	\$ 79	\$ 861	\$ 726	\$ 43	\$ 769
Add (deduct) impact of the following:						
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 114	\$ —	\$ 114	\$ 114	\$ —	\$ 114
Loss on sale of non-operating properties	—	—	—	1	—	1
Fair value adjustment on fuel and foreign currency contracts	(7)	—	(7)	3	—	3
Adjusting items	\$ 107	\$ —	\$ 107	\$ 118	\$ —	\$ 118
Adjusted operating income	\$ 889	\$ 79	\$ 968	\$ 844	\$ 43	\$ 887
Depreciation and amortization	677	13	690	660	15	675
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	(114)	—	(114)	(114)	—	(114)
Adjusted EBITDA	\$ 1,452	\$ 92	\$ 1,544	\$ 1,390	\$ 58	\$ 1,448

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. Annual amortization associated with the acquired intangibles will be approximately \$500 million until 2024 and will decrease 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.

**Loss on sale of non-operating properties** In the first quarter of 2024, the Company did not record any gain or loss related to the sale of non-operating properties (2023 – loss of \$1 million).

**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.

**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 March 23, 2024 and March 25, 2023 (millions of Canadian dollars)	<b>2024 (12 weeks)</b>	2023 (12 weeks)
Net interest expense and other financing charges	<b>\$ 194</b>	\$ 181
Adjusted net interest expense and other financing charges	<b>\$ 194</b>	\$ 181

**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 March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	<b>2024 (12 weeks)</b>	2023 (12 weeks)
Adjusted operating income <sup>(i)</sup>	<b>\$ 968</b>	\$ 887
Adjusted net interest expense and other financing charges <sup>(i)</sup>	<b>194</b>	181
Adjusted earnings before taxes	<b>\$ 774</b>	\$ 706
Income taxes	<b>\$ 178</b>	\$ 151
Add impact of the following:		
Tax impact of items included in adjusted earnings before taxes <sup>(ii)</sup>	<b>29</b>	31
Adjusted income taxes	<b>\$ 207</b>	\$ 182
Effective tax rate	<b>26.7 %</b>	25.7 %
Adjusted effective tax rate	<b>26.7 %</b>	25.8 %

(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 March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)	<b>2024</b> <b>(12 weeks)</b>	2023 (12 weeks)
Net earnings attributable to shareholders of the Company	\$ 462	\$ 421
Prescribed dividends on preferred shares in share capital	(3)	(3)
Net earnings available to common shareholders of the Company	\$ 459	\$ 418
Net earnings attributable to shareholders of the Company	\$ 462	\$ 421
Adjusting items (refer to the following table)	78	87
Adjusted net earnings attributable to shareholders of the Company	\$ 540	\$ 508
Prescribed dividends on preferred shares in share capital	(3)	(3)
Adjusted net earnings available to common shareholders of the Company	\$ 537	\$ 505
Diluted weighted average common shares outstanding (millions)	311.9	324.8

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 March 23, 2024 and March 25, 2023 (millions of Canadian dollars/Canadian dollars)	<b>2024</b> <b>(12 weeks)</b>		2023 (12 weeks)	
	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share
<b>As reported</b>	\$ 459	\$ 1.47	\$ 418	\$ 1.29
Add (deduct) impact of the following:				
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 84	\$ 0.27	\$ 84	\$ 0.26
Loss on sale of non-operating properties	—	—	1	—
Fair value adjustment on fuel and foreign currency contracts	(6)	(0.02)	2	—
Adjusting items	\$ 78	\$ 0.25	\$ 87	\$ 0.26
<b>Adjusted</b>	\$ 537	\$ 1.72	\$ 505	\$ 1.55



**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.

	2024 (12 weeks)				2023 (12 weeks)			
For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars)	Retail	Financial Services	Elimi- nations <sup>(i)</sup>	Total	Retail	Financial Services	Elimi- nations <sup>(i)</sup>	Total
Cash flows from (used in) operating activities	\$ 462	\$ 371	\$ 23	\$ 856	\$ 652	\$ 237	\$ 26	\$ 915
Less:								
Capital investments <sup>(ii)</sup>	377	10	—	387	306	9	—	315
Interest paid <sup>(i)</sup>	77	—	23	100	80	—	26	106
Lease payments, net	367	—	—	367	347	—	—	347
Free cash flow	\$ (359)	\$ 361	\$ —	\$ 2	\$ (81)	\$ 228	\$ —	\$ 147

(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 Condensed Consolidated Statements of Cash Flows, and prepayments transferred to fixed assets in the current period.

**Retail Debt to Rolling Year Retail Adjusted EBITDA, Rolling year Adjusted Return on Equity and Rolling year 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 Rolling Year Retail Adjusted EBITDA** Retail segment total debt divided by Retail segment adjusted EBITDA for the last four quarters. Please refer to section "5.2 Liquidity and Capital Structure" of this MD&A.
- **Rolling year 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 "5.3 Financial Condition" of this MD&A.
- **Rolling year 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 "5.3 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 Comparative 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 ended as indicated.

	<b>First Quarter</b>		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	<b>2024</b>	<b>2023</b>	2023	2022	2023	2022	2023	2022
	<b>(12 weeks)</b>	<b>(12 weeks)</b>	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)	(12 weeks)	(12 weeks)
Net earnings attributable to shareholders of the Company	<b>\$ 462</b>	<b>\$ 421</b>	\$ 544	\$ 532	\$ 624	\$ 559	\$ 511	\$ 390
Add (deduct) impact of the following:								
Non-controlling interests	<b>27</b>	<b>16</b>	16	(14)	25	16	30	38
Net interest expense and other financing charges	<b>194</b>	<b>181</b>	195	172	234	217	193	152
Income taxes	<b>178</b>	<b>151</b>	188	181	182	199	193	162
Operating income	<b>\$ 861</b>	<b>\$ 769</b>	\$ 943	\$ 871	\$ 1,065	\$ 991	\$ 927	\$ 742
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	<b>\$ 114</b>	<b>\$ 114</b>	\$ 115	\$ 115	\$ 154	\$ 151	\$ 116	\$ 114
(Gain) Loss on sale of non-operating properties	<b>—</b>	<b>1</b>	—	(50)	(13)	(3)	—	(4)
Charges (recoveries) related to PC Bank commodity tax matters	<b>—</b>	<b>—</b>	(13)	—	—	—	37	111
Lifemark transaction costs	<b>—</b>	<b>—</b>	—	—	—	—	—	13
Fair value adjustment on non-operating properties	<b>—</b>	<b>—</b>	9	(6)	—	—	—	—
Fair value adjustment on fuel and foreign currency contracts	<b>(7)</b>	<b>3</b>	14	11	(6)	(6)	5	4
Adjusting items	<b>\$ 107</b>	<b>\$ 118</b>	\$ 125	\$ 70	\$ 135	\$ 142	\$ 158	\$ 238
Adjusted operating income	<b>\$ 968</b>	<b>\$ 887</b>	\$ 1,068	\$ 941	\$ 1,200	\$ 1,133	\$ 1,085	\$ 980
Depreciation and amortization	<b>690</b>	<b>675</b>	680	667	880	864	671	633
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	<b>(114)</b>	<b>(114)</b>	(115)	(115)	(154)	(151)	(116)	(114)
Adjusted EBITDA <sup>(i)</sup>	<b>\$ 1,544</b>	<b>\$ 1,448</b>	\$ 1,633	\$ 1,493	\$ 1,926	\$ 1,846	\$ 1,640	\$ 1,499

(i) Depreciation and amortization for the calculation of adjusted EBITDA excludes the amortization of intangible assets, acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

**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 ended as indicated.

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	2024 (12 weeks)	2023 (12 weeks)	2023 (12 weeks)	2022 (12 weeks)	2023 (16 weeks)	2022 (16 weeks)	2023 (12 weeks)	2022 (12 weeks)
<b>As reported</b>	<b>\$ 459</b>	<b>\$ 418</b>	<b>\$ 541</b>	<b>\$ 529</b>	<b>\$ 621</b>	<b>\$ 556</b>	<b>\$ 508</b>	<b>\$ 387</b>
Add (deduct) impact of the following <sup>(i)</sup> :								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 84	\$ 84	\$ 85	\$ 83	\$ 113	\$ 112	\$ 85	\$ 83
(Gain) Loss on sale of non-operating properties	—	1	—	(41)	(11)	(1)	—	(3)
Charges (recoveries) related to PC Bank commodity tax matters	—	—	(12)	—	—	—	29	86
Lifemark transaction costs	—	—	—	—	—	—	—	10
Fair value adjustment on non-operating properties	—	—	6	(4)	—	—	—	—
Fair value adjustment on fuel and foreign currency contracts	(6)	2	10	8	(4)	(4)	4	3
Adjusting items	\$ 78	\$ 87	\$ 89	\$ 46	\$ 98	\$ 107	\$ 118	\$ 179
<b>Adjusted<sup>(i)</sup></b>	<b>\$ 537</b>	<b>\$ 505</b>	<b>\$ 630</b>	<b>\$ 575</b>	<b>\$ 719</b>	<b>\$ 663</b>	<b>\$ 626</b>	<b>\$ 566</b>

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

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	2024 (12 weeks)	2023 (12 weeks)	2023 (12 weeks)	2022 (12 weeks)	2023 (16 weeks)	2022 (16 weeks)	2023 (12 weeks)	2022 (12 weeks)
<b>As reported</b>	<b>\$ 1.47</b>	<b>\$ 1.29</b>	<b>\$ 1.72</b>	<b>\$ 1.62</b>	<b>\$ 1.95</b>	<b>\$ 1.69</b>	<b>\$ 1.58</b>	<b>\$ 1.16</b>
Add (deduct) impact of the following <sup>(i)</sup> :								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 0.27	\$ 0.26	\$ 0.27	\$ 0.25	\$ 0.35	\$ 0.34	\$ 0.26	\$ 0.25
(Gain) Loss on sale of non-operating properties	—	—	—	(0.13)	(0.03)	—	—	(0.01)
Charges (recoveries) related to PC Bank commodity tax matters	—	—	(0.04)	—	—	—	0.09	0.25
Lifemark transaction costs	—	—	—	—	—	—	—	0.03
Fair value adjustment on non-operating properties	—	—	0.02	(0.01)	—	—	—	—
Fair value adjustment on fuel and foreign currency contracts	(0.02)	—	0.03	0.03	(0.01)	(0.02)	0.01	0.01
Adjusting items	\$ 0.25	\$ 0.26	\$ 0.28	\$ 0.14	\$ 0.31	\$ 0.32	\$ 0.36	\$ 0.53
<b>Adjusted<sup>(i)</sup></b>	<b>\$ 1.72</b>	<b>\$ 1.55</b>	<b>\$ 2.00</b>	<b>\$ 1.76</b>	<b>\$ 2.26</b>	<b>\$ 2.01</b>	<b>\$ 1.94</b>	<b>\$ 1.69</b>
Diluted weighted average common shares outstanding (millions)	<b>311.9</b>	<b>324.8</b>	314.9	327.4	318.4	329.6	322.5	334.4

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

#### 14. 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](http://www.sedarplus.ca) and with OSFI as the primary regulator for the Company's subsidiary, PC Bank.

April 30, 2024  
Toronto, Canada

#### MD&A Endnotes

- (1) For financial definitions and ratios refer to the Glossary of Terms section included within the Company's 2023 Annual Report.
- (2) See Section 13 "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

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## Condensed Consolidated Statements of Earnings

	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
(millions of Canadian dollars except where otherwise indicated) (unaudited)		
<b>Revenue</b>	<b>\$ 13,581</b>	\$ 12,995
<b>Cost of sales</b>	<b>9,126</b>	8,788
<b>Selling, general and administrative expenses</b>	<b>3,594</b>	3,438
<b>Operating income</b>	<b>\$ 861</b>	\$ 769
Net interest expense and other financing charges (note 4)	<b>194</b>	181
<b>Earnings before income taxes</b>	<b>\$ 667</b>	\$ 588
Income taxes (note 5)	<b>178</b>	151
<b>Net earnings</b>	<b>\$ 489</b>	\$ 437
Attributable to:		
Shareholders of the Company (note 6)	<b>\$ 462</b>	\$ 421
Non-controlling interests	<b>27</b>	16
<b>Net earnings</b>	<b>\$ 489</b>	\$ 437
<b>Net earnings per common share (\$) (note 6)</b>		
Basic	<b>\$ 1.48</b>	\$ 1.30
Diluted	<b>\$ 1.47</b>	\$ 1.29
<b>Weighted average common shares outstanding (millions) (note 6)</b>		
Basic	<b>308.9</b>	321.5
Diluted	<b>311.9</b>	324.8

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Condensed Consolidated Statements of Comprehensive Income

(millions of Canadian dollars) (unaudited)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
Net earnings	\$ 489	\$ 437
Other comprehensive income, net of taxes		
Items that are or may be subsequently reclassified to profit or loss:		
(Losses) gains on cash flow hedges (note 13)	(1)	2
Gain on long term securities (note 13)	—	1
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial (losses) gains (note 12)	(38)	99
Other comprehensive income, net of taxes	\$ (39)	\$ 102
<b>Total comprehensive income</b>	<b>\$ 450</b>	<b>\$ 539</b>
Attributable to:		
Shareholders of the Company	\$ 423	\$ 523
Non-controlling interests	27	16
<b>Total comprehensive income</b>	<b>\$ 450</b>	<b>\$ 539</b>

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Condensed Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated) (unaudited)	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
<b>Balance as at December 30, 2023</b>	\$ 6,256	\$ 221	<b>\$ 6,477</b>	<b>\$ 4,816</b>	<b>\$ 136</b>	\$ 41	\$ (11)	\$ 5	<b>\$ 35</b>	<b>\$ 155</b>	<b>\$11,619</b>
Net earnings	\$ —	\$ —	<b>\$ —</b>	<b>\$ 462</b>	<b>\$ —</b>	\$ —	\$ —	\$ —	<b>\$ —</b>	<b>\$ 27</b>	<b>\$ 489</b>
Other comprehensive income	—	—	<b>—</b>	<b>(38)</b>	<b>—</b>	—	(1)	—	<b>(1)</b>	<b>—</b>	<b>(39)</b>
<b>Total comprehensive income</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 424</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1)</b>	<b>\$ —</b>	<b>\$ (1)</b>	<b>\$ 27</b>	<b>\$ 450</b>
Common shares purchased and cancelled (note 11)	(84)	—	<b>(84)</b>	<b>(576)</b>	<b>—</b>	—	—	—	<b>—</b>	<b>—</b>	<b>(660)</b>
Effect of equity-based compensation (note 11)	64	—	<b>64</b>	<b>—</b>	<b>(27)</b>	—	—	—	<b>—</b>	<b>—</b>	<b>37</b>
Shares released from trust (note 11)	10	—	<b>10</b>	<b>23</b>	<b>—</b>	—	—	—	<b>—</b>	<b>—</b>	<b>33</b>
Dividends declared per common share – \$0.446 (note 11)	—	—	<b>—</b>	<b>(137)</b>	<b>—</b>	—	—	—	<b>—</b>	<b>—</b>	<b>(137)</b>
Dividends declared per preferred share – \$0.33125 (note 11)	—	—	<b>—</b>	<b>(3)</b>	<b>—</b>	—	—	—	<b>—</b>	<b>—</b>	<b>(3)</b>
Net distribution to non-controlling interests	—	—	<b>—</b>	<b>—</b>	<b>—</b>	—	—	—	<b>—</b>	<b>(42)</b>	<b>(42)</b>
	\$ (10)	\$ —	<b>\$ (10)</b>	<b>\$ (269)</b>	<b>\$ (27)</b>	\$ —	\$ (1)	\$ —	<b>\$ (1)</b>	<b>\$ (15)</b>	<b>\$ (322)</b>
<b>Balance as at March 23, 2024</b>	<b>\$ 6,246</b>	<b>\$ 221</b>	<b>\$ 6,467</b>	<b>\$ 4,547</b>	<b>\$ 109</b>	<b>\$ 41</b>	<b>\$ (12)</b>	<b>\$ 5</b>	<b>\$ 34</b>	<b>\$ 140</b>	<b>\$11,297</b>

(millions of Canadian dollars except where otherwise indicated) (unaudited)	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
<b>Balance as at December 31, 2022</b>	\$ 6,465	\$ 221	<b>\$ 6,686</b>	<b>\$ 4,461</b>	<b>\$ 122</b>	\$ 41	\$ (15)	\$ 4	<b>\$ 30</b>	<b>\$ 157</b>	<b>\$11,456</b>
Net earnings	\$ —	\$ —	<b>\$ —</b>	<b>\$ 421</b>	<b>\$ —</b>	\$ —	\$ —	\$ —	<b>\$ —</b>	<b>\$ 16</b>	<b>\$ 437</b>
Other comprehensive income	—	—	<b>—</b>	<b>99</b>	<b>—</b>	—	3	—	<b>3</b>	<b>—</b>	<b>102</b>
<b>Total comprehensive income</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 520</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3</b>	<b>\$ —</b>	<b>\$ 3</b>	<b>\$ 16</b>	<b>\$ 539</b>
Common shares purchased and cancelled (note 11)	(42)	—	<b>(42)</b>	<b>(200)</b>	<b>—</b>	—	—	—	<b>—</b>	<b>—</b>	<b>(242)</b>
Effect of equity-based compensation (note 11)	16	—	<b>16</b>	<b>—</b>	<b>(23)</b>	—	—	—	<b>—</b>	<b>—</b>	<b>(7)</b>
Shares released from trust (note 11)	10	—	<b>10</b>	<b>23</b>	<b>—</b>	—	—	—	<b>—</b>	<b>—</b>	<b>33</b>
Dividends declared per common share – \$0.405 (note 11)	—	—	<b>—</b>	<b>(131)</b>	<b>—</b>	—	—	—	<b>—</b>	<b>—</b>	<b>(131)</b>
Dividends declared per preferred share – \$0.33125 (note 11)	—	—	<b>—</b>	<b>(3)</b>	<b>—</b>	—	—	—	<b>—</b>	<b>—</b>	<b>(3)</b>
Net distribution to non-controlling interests	—	—	<b>—</b>	<b>—</b>	<b>—</b>	—	—	—	<b>—</b>	<b>(15)</b>	<b>(15)</b>
	\$ (16)	\$ —	<b>\$ (16)</b>	<b>\$ 209</b>	<b>\$ (23)</b>	\$ —	\$ 3	\$ —	<b>\$ 3</b>	<b>\$ 1</b>	<b>\$ 174</b>
<b>Balance as at March 25, 2023</b>	<b>\$ 6,449</b>	<b>\$ 221</b>	<b>\$ 6,670</b>	<b>\$ 4,670</b>	<b>\$ 99</b>	<b>\$ 41</b>	<b>\$ (12)</b>	<b>\$ 4</b>	<b>\$ 33</b>	<b>\$ 158</b>	<b>\$11,630</b>

See accompanying notes to the unaudited interim period condensed consolidated financial statements.



## Condensed Consolidated Balance Sheets

(millions of Canadian dollars) (unaudited)	As at March 23, 2024	As at March 25, 2023	As at December 30, 2023
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,288	\$ 1,162	\$ 1,488
Short term investments	321	548	464
Accounts receivable	1,181	1,248	1,298
Credit card receivables (note 8)	3,846	3,748	4,132
Inventories	5,948	5,735	5,820
Prepaid expenses and other assets	373	360	324
Assets held for sale	20	74	52
Total current assets	\$ 12,977	\$ 12,875	\$ 13,578
Fixed assets (note 9)	6,421	5,669	6,346
Right-of-use assets	7,657	7,474	7,662
Investment properties	85	60	53
Intangible assets	5,855	6,384	5,994
Goodwill	4,349	4,329	4,349
Deferred income tax assets	126	82	125
Other assets	764	861	872
<b>Total assets</b>	<b>\$ 38,234</b>	<b>\$ 37,734</b>	<b>\$ 38,979</b>
<b>Liabilities</b>			
Current liabilities			
Bank indebtedness	\$ 1	\$ 25	\$ 13
Trade payables and other liabilities	6,057	5,676	6,324
Loyalty liability	126	191	123
Provisions	120	101	115
Income taxes payable	143	198	240
Demand deposits from customers	170	131	166
Short term debt	450	600	850
Long term debt due within one year (note 10)	1,188	708	1,191
Lease liabilities due within one year	1,459	1,409	1,455
Associate interest	393	404	370
Total current liabilities	\$ 10,107	\$ 9,443	\$ 10,847
Provisions	121	112	123
Long term debt (note 10)	7,059	7,031	6,661
Lease liabilities	7,970	7,782	8,003
Deferred income tax liabilities	1,065	1,221	1,132
Other liabilities (notes 12 and 15)	615	515	594
<b>Total liabilities</b>	<b>\$ 26,937</b>	<b>\$ 26,104</b>	<b>\$ 27,360</b>
<b>Equity</b>			
Share capital (note 11)	\$ 6,467	\$ 6,670	\$ 6,477
Retained earnings	4,547	4,670	4,816
Contributed surplus	109	99	136
Accumulated other comprehensive income	34	33	35
<b>Total equity attributable to shareholders of the Company</b>	<b>\$ 11,157</b>	<b>\$ 11,472</b>	<b>\$ 11,464</b>
Non-controlling interests	140	158	155
<b>Total equity</b>	<b>\$ 11,297</b>	<b>\$ 11,630</b>	<b>\$ 11,619</b>
<b>Total liabilities and equity</b>	<b>\$ 38,234</b>	<b>\$ 37,734</b>	<b>\$ 38,979</b>

Contingent Liabilities (note 14).

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Condensed Consolidated Statements of Cash Flows

	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
(millions of Canadian dollars) (unaudited)		
<b>Operating activities</b>		
Net earnings	\$ 489	\$ 437
Add (deduct):		
Income taxes (note 5)	178	151
Net interest expense and other financing charges (note 4)	194	181
Depreciation and amortization	690	675
Change in allowance for credit card receivables (note 8)	9	6
Change in provisions	3	(6)
Change in non-cash working capital (note 7)	(641)	(464)
Change in gross credit card receivables (note 8)	277	200
Income taxes paid	(326)	(237)
Interest received	4	6
Other	(21)	(34)
<b>Cash flows from operating activities</b>	<b>\$ 856</b>	<b>\$ 915</b>
<b>Investing activities</b>		
Fixed asset purchases	\$ (307)	\$ (223)
Intangible asset additions	(80)	(92)
Disposal (purchase) of short term investments	143	(222)
Proceeds from disposal of assets (note 9 and 15)	39	107
Lease payments received from finance leases	5	4
Purchase of long term securities	(1)	(1)
Other	5	(27)
<b>Cash flows used in investing activities</b>	<b>\$ (196)</b>	<b>\$ (454)</b>
<b>Financing activities</b>		
(Decrease) increase in bank indebtedness	\$ (12)	\$ 17
Decrease in short term debt (note 8)	(400)	(100)
Increase in demand deposits from customers	4	6
Long term debt (note 10)		
Issued	407	1
Repayments	(12)	(45)
Interest paid	(100)	(106)
Cash rent paid on lease liabilities - Interest (note 4)	(93)	(83)
Cash rent paid on lease liabilities - Principal	(279)	(268)
Common share capital		
Issued	57	15
Purchased and cancelled (note 11)	(415)	(383)
Proceeds from financial liabilities (note 15)	—	86
Other	(20)	(46)
<b>Cash flows used in financing activities</b>	<b>\$ (863)</b>	<b>\$ (906)</b>
Effect of foreign currency exchange rate changes on cash and cash equivalents	\$ 3	\$ (1)
Decrease in cash and cash equivalents	\$ (200)	\$ (446)
Cash and cash equivalents, beginning of period	1,488	1,608
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,288</b>	<b>\$ 1,162</b>

See accompanying notes to the unaudited interim period condensed consolidated financial statements.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars except where otherwise indicated)

### 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 unaudited interim period condensed 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. The remaining common shares are widely held.

The Company has two reportable operating segments: Retail and Financial Services (see note 16).

The Company's business is affected by seasonality and timing of holidays, relative to the Company's interim periods. Accordingly, quarterly performance is not necessarily indicative of annual performance. Historically, the Company has earned more revenue in the fourth quarter relative to the preceding quarters in the Company's fiscal year.

### Note 2. Accounting Policies

The accounting policies and critical accounting estimates and judgments as disclosed in the Company's 2023 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements. These unaudited interim period condensed consolidated financial statements are presented in Canadian dollars.

**Statement of Compliance** These unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. These unaudited interim period condensed consolidated financial statements should be read in conjunction with the Company's 2023 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors ("Board") on April 30, 2024.

### Note 3. Future Accounting Standards

**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, 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 4. Net Interest Expense and Other Financing Charges**

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

(millions of Canadian dollars)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
<b>Interest expense and other financing charges</b>		
Lease liabilities	\$ 93	\$ 83
Long term debt	76	74
Borrowings related to credit card receivables	19	19
Post-employment and other long term employee benefits (note 12)	1	3
Independent funding trusts	10	10
Financial liabilities (note 15)	3	2
	<b>\$ 202</b>	<b>\$ 191</b>
<b>Interest income</b>		
Accretion income	\$ (1)	\$ (1)
Short term interest income	(7)	(9)
	<b>\$ (8)</b>	<b>\$ (10)</b>
<b>Net interest expense and other financing charges</b>	<b>\$ 194</b>	<b>\$ 181</b>

**Note 5. Income Taxes**

Income tax expense in the first quarter of 2024 was \$178 million (2023 – \$151 million) and the effective tax rate was 26.7% (2023 – 25.7%). The increase in the effective tax rate from the comparative period was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the first quarter of 2023.

**Note 6. Basic and Diluted Net Earnings per Common Share**

(millions of Canadian dollars except where otherwise indicated)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
Net earnings attributable to shareholders of the Company	\$ 462	\$ 421
Dividends on preferred shares in equity	(3)	(3)
Net earnings available to common shareholders	<b>\$ 459</b>	<b>\$ 418</b>
Weighted average common shares outstanding (note 11)	<b>308.9</b>	321.5
Dilutive effect of equity-based compensation	2.4	2.6
Dilutive effect of certain other liabilities	0.6	0.7
Diluted weighted average common shares outstanding	<b>311.9</b>	324.8
Basic net earnings per common share (\$)	<b>\$ 1.48</b>	\$ 1.30
Diluted net earnings per common share (\$)	<b>\$ 1.47</b>	\$ 1.29

In the first quarter of 2024, 191,729 (2023 – 698,879) potentially dilutive instruments were excluded from the computation of diluted net earnings per common share as they were anti-dilutive.

## Note 7. Change in Non-cash Working Capital

(millions of Canadian dollars)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
Change in:		
Accounts receivable	\$ 110	\$ (58)
Prepaid expenses and other assets	(51)	(35)
Inventories	(128)	120
Trade payables and other liabilities	(561)	(523)
Other	(11)	32
Change in non-cash working capital	\$ (641)	\$ (464)

## Note 8. Credit Card Receivables

The components of credit card receivables were as follows:

(millions of Canadian dollars)	As at March 23, 2024	As at March 25, 2023	As at December 30, 2023
Gross credit card receivables	\$ 4,111	\$ 3,960	\$ 4,388
Allowance for credit card receivables	(265)	(212)	(256)
Credit card receivables	\$ 3,846	\$ 3,748	\$ 4,132
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> <sup>®</sup> (note 10)	\$ 1,350	\$ 1,350	\$ 1,350
Securitized to Other Independent Securitization Trusts <sup>(i)</sup>	450	600	850
Total securitized to independent securitization trusts	\$ 1,800	\$ 1,950	\$ 2,200

(i) During the first quarter of 2024, PC Bank recorded a \$400 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.

The Company, through President's Choice Bank ("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 Credit Card Trust*<sup>®</sup> ("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 10). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short term debt.

As at March 23, 2024, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$41 million (March 25, 2023 – \$54 million; December 30, 2023 – \$77 million), which represented 9% (March 25, 2023 – 9%; December 30, 2023 – 9%) of the securitized credit card receivables amount.

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 March 23, 2024 and throughout the first quarter of 2024.

## Note 9. Real Estate Dispositions

In the first quarter of 2024, the Company disposed of one (2023 – seventeen) real estate property included in fixed assets for proceeds of \$38 million (2023 – \$99 million). This property (2023 – all properties) was subsequently leased back by the Company (see note 15).

**Note 10. Long Term Debt**

The components of long term debt were as follows:

(millions of Canadian dollars)	As at March 23, 2024	As at March 25, 2023	As at December 30, 2023
Debentures <sup>(i)</sup>	\$ 4,708	\$ 4,310	\$ 4,309
Guaranteed investment certificates	1,643	1,536	1,654
Independent securitization trusts (note 8)	1,350	1,350	1,350
Independent funding trusts	563	560	558
Transaction costs and other	(17)	(17)	(19)
Total long term debt	\$ 8,247	\$ 7,739	\$ 7,852
Long term debt due within one year	1,188	708	1,191
Long term debt	\$ 7,059	\$ 7,031	\$ 6,661

- (i) In the first quarter of 2024, the Company completed an issuance of \$400 million aggregate principal amount of senior unsecured notes bearing interest at 5.115% per annum with a maturity date of March 4, 2054. The Company intends to use the net proceeds of the issuance to partially fund the repayment of its outstanding \$400 million aggregate principal amount of 3.918% senior unsecured notes maturing June 10, 2024.

**Note 11. Share Capital**

**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:

	March 23, 2024 (12 weeks)		March 25, 2023 (12 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 period	310,526,379	\$ 6,281	324,062,608	\$ 6,489
Issued for settlement of stock options	846,149	64	243,473	16
Purchased and cancelled	(3,213,853)	(84)	(3,258,266)	(42)
Issued and outstanding, end of period	308,158,675	\$ 6,261	321,047,815	\$ 6,463
Shares held in trust, beginning of period	(1,269,239)	\$ (25)	(1,222,278)	\$ (24)
Released for settlement of RSUs and PSUs	516,139	10	488,593	10
Shares held in trust, end of period	(753,100)	\$ (15)	(733,685)	\$ (14)
Issued and outstanding, net of shares held in trust, end of period	307,405,575	\$ 6,246	320,314,130	\$ 6,449
Weighted average outstanding, net of shares held in trust (note 6)	308,888,301		321,469,315	

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

	March 23, 2024 <sup>(i)</sup> (12 weeks)	March 25, 2023 (12 weeks)
<b>Dividends declared per share (\$)</b>		
Common Share	\$ 0.446	\$ 0.405
Second Preferred Share, Series B	\$ 0.33125	\$ 0.33125

(i) The Common Share dividends declared in the first quarter of 2024 of \$0.446 per share had a payment date of April 1, 2024. The Second Preferred Shares, Series B dividends declared in the first quarter of 2024 of \$0.33125 per share had a payment date of March 31, 2024.

Subsequent to the end of the first quarter of 2024, the Board declared a quarterly dividend of \$0.513 per common share, payable on July 1, 2024 to shareholders of record on June 15, 2024 and a quarterly dividend of \$0.33125 per share on the Second Preferred Shares, Series B payable on June 30, 2024 to shareholders of record on June 15, 2024.

**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)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
Common shares repurchased under the NCIB for cancellation (number of shares) <sup>(i)</sup>	3,213,853	3,258,266
Cash consideration paid <sup>(ii)</sup>	\$ 415	\$ 383
Premium charged to retained earnings <sup>(iii)</sup>	576	200
Reduction in common share capital <sup>(iv)</sup>	84	42

(i) Common shares repurchased and cancelled as at March 23, 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) \$55 million of cash consideration related to common shares repurchased under NCIB for cancellation in the first quarter of 2024 was paid in the second quarter of 2024.

(iii) Premium charged to retained earnings includes \$239 million related to the automatic share purchase plan, as described below.

(iv) Includes \$35 million related to the automatic share purchase plan, as described below.

In the second quarter of 2023, the Company renewed its NCIB to purchase on the Toronto Stock Exchange or through alternative trading systems up to 16,055,686 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at March 23, 2024, the Company had purchased 14,206,839 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 the first quarter of 2024, 3,213,853 common shares (2023 – 3,258,266) were purchased under the NCIB for cancellation, for aggregate consideration of \$470 million (2023 – \$383 million), including 1,237,193 common shares (2023 – 1,601,915) purchased from Weston, for aggregate consideration of \$182 million (2023 – \$188 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 March 23, 2024, an obligation to repurchase shares of \$274 million was recognized under the ASPP in trade payables and other liabilities.

**Note 12. Post-Employment and Other Long Term Employee Benefits**

The net cost recognized in earnings before income taxes for the Company's post-employment and other long-term benefit plans during the periods was as follows:

(millions of Canadian dollars)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
Current service cost		
Post-employment benefit costs <sup>(i)</sup>	\$ 37	\$ 36
Other long term employee benefit costs <sup>(ii)</sup>	9	9
Net interest cost on net defined benefit plan obligations	1	3
Total post-employment defined benefit cost	\$ 47	\$ 48

(i) Includes costs related to the Company's defined benefit plans, defined contribution pension plans and the multi-employer pension plans in which it participates.

(ii) Includes costs related to the Company's long term disability plans.

The actuarial (losses) gains recognized in other comprehensive income net of income tax recoveries (expenses) for defined benefit plans during the periods were as follows:

(millions of Canadian dollars)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
Return on plan assets, excluding amounts included in net interest expense and other financing charges	\$ 25	\$ 84
Actuarial gains (losses) from changes in financial assumptions <sup>(i)</sup>	64	(90)
Change in liability arising from asset ceiling <sup>(i)</sup>	(141)	140
Total net actuarial (losses) gains recognized in other comprehensive income before income taxes	\$ (52)	\$ 134
Income tax recoveries (expenses) on actuarial (losses) gains	14	(35)
Actuarial (losses) gains net of income tax recoveries (expenses)	\$ (38)	\$ 99

(i) In the first quarter of 2024, the actuarial gains from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by an increase in discount rates.

The assets and liabilities of the defined benefit plans and long term disability plans were as follows:

(millions of Canadian dollars)	As at March 23, 2024	As at March 25, 2023	As at December 30, 2023
<b>Other assets</b>			
Accrued benefit plan asset	\$ 258	\$ 181	\$ 297
<b>Other liabilities</b>			
Net defined benefit plan obligation	\$ 264	\$ 233	\$ 242
Other long term employee benefit obligation	129	109	128



### Note 13. Financial Instruments

The following table presents the fair value and fair value hierarchy of financial assets and financial liabilities, excluding those classified as amortized cost that are short term in nature. The carrying values of the Company's financial instruments approximate their fair values except for long term debt.

	As at March 23, 2024				As at March 25, 2023				As at December 30, 2023			
(millions of Canadian dollars)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>												
Fair value through other comprehensive income:												
Long term securities	\$ 202	\$ —	\$ —	\$ 202	\$ 247	\$ —	\$ —	\$ 247	\$ 201	\$ —	\$ —	\$ 201
Derivatives included in prepaid expenses and other assets	—	4	—	4	—	12	—	12	—	8	—	8
Fair value through profit and loss:												
Certain other assets <sup>(i)</sup>	—	—	55	55	—	—	54	54	—	—	56	56
Security deposits	—	—	—	—	2	—	—	2	—	—	—	—
Derivatives included in prepaid expenses and other assets	—	3	—	3	—	11	—	11	—	—	2	2
<b>Financial liabilities</b>												
Amortized cost:												
Long term debt	\$ —	\$8,473	\$ —	\$8,473	\$ —	\$7,955	\$ —	\$7,955	\$ —	\$8,151	\$ —	\$8,151
Associate Interest	—	—	393	393	—	—	404	404	—	—	370	370
Certain other liabilities <sup>(ii)</sup>	—	—	292	292	—	—	159	159	—	—	287	287
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	—	—	7	7	—	—	—	—	—	—	4	4
Fair value through profit and loss:												
Derivatives included in trade payables and other liabilities	1	—	1	2	1	—	2	3	4	3	—	7

(i) Certain other assets relate primarily to Venture Fund I.

(ii) Certain other liabilities relate primarily to financial liabilities associated with properties that did not meet the criteria for sale.

There were no transfers between levels of the fair value hierarchy during the years presented.

During the first quarter of 2024, the Company recognized a gain of \$3 million (2023 – gain of \$1 million) in operating income on financial instruments designated as amortized cost. In addition, a net gain of \$9 million (2023 – net loss of \$4 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 the first quarter of 2024, PC Bank recorded a nominal unrealized fair value loss (2023 – unrealized fair value 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 unaudited interim period condensed consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes related to the Company's other derivatives:

	March 23, 2024 (12 weeks)		
(millions of Canadian dollars)	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
<b>Derivatives designated as cash flow hedges</b>			
Foreign Exchange Forwards <sup>(i)</sup>	\$ 3	\$ —	\$ —
Bond Forwards <sup>(ii)</sup>	—	1	(1)
Interest Rate Swaps and Other <sup>(iii)</sup>	(6)	(7)	1
Total derivatives designated as cash flow hedges	\$ (3)	\$ (6)	\$ —
<b>Derivatives not designated in a formal hedging relationship</b>			
Foreign Exchange and Other Forwards	\$ 3	\$ —	\$ 9
Other Non-Financial Derivatives	(1)	—	4
Total derivatives not designated in a formal hedging relationship	\$ 2	\$ —	\$ 13
<b>Total derivatives</b>	<b>\$ (1)</b>	<b>\$ (6)</b>	<b>\$ 13</b>

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$16 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) PC Bank uses bond forwards, with a notional value of \$300 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in both prepaid expenses and other assets and trade payables and other liabilities.
- (iii) PC Bank uses interest rate swaps, with a notional value of \$180 million, to mitigate the impact of increases in interest rate. 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. As at March 23, 2024, a fair value loss of \$7 million was recorded in other comprehensive income related to the energy hedge. The fair values of the derivatives are included in both prepaid expenses and other assets and trade payables and other liabilities.

	March 25, 2023 (12 weeks)		
(millions of Canadian dollars)	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
<b>Derivatives designated as cash flow hedges</b>			
Foreign Exchange Forwards <sup>(i)</sup>	\$ 11	\$ 2	\$ 1
Bond Forwards <sup>(ii)</sup>	1	2	(1)
Interest Rate Swaps <sup>(iii)</sup>	—	(1)	—
Total derivatives designated as cash flow hedges	\$ 12	\$ 3	\$ —
<b>Derivatives not designated in a formal hedging relationship</b>			
Foreign Exchange and Other Forwards	\$ 11	\$ —	\$ 5
Other Non-Financial Derivatives	(1)	—	(2)
Total derivatives not designated in a formal hedging relationship	\$ 10	\$ —	\$ 3
<b>Total derivatives</b>	<b>\$ 22</b>	<b>\$ 3</b>	<b>\$ 3</b>

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$29 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) PC Bank uses bond forwards, with notional value of \$160 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expense and other assets. During the first quarter of 2023, PC Bank entered \$135 million of bond forwards to hedge its exposure to interest rate fluctuations against the future issuance of debt instruments.
- (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 partially in prepaid expenses and other assets and partially in trade payables and other liabilities.

## Note 14. 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 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, and a decision is pending. 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 have been commenced against the Company and Weston as well as a number of other major grocery retailers and another bread wholesaler. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Weston believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's cash balances far exceed any realistic damages scenario and therefore it does not anticipate any impacts on its dividend, dividend policy or share buyback plan. The Company has not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2023 or prior on the basis that a reliable estimate of the liability cannot be determined at this time. The Company will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. 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. 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 Ontario, Quebec, and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek 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 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 unaudited interim period condensed consolidated financial statements.

In July 2022, the Tax Court of Canada released a decision relating to PC Bank, a subsidiary of the Company. The Tax Court of Canada ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaw Inc. in respect of redemptions of loyalty points. On September 29th, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal and on March 6, 2024, the matter was heard by the Federal Court of Appeal, which reserved judgment for a later date. The Company has not reversed any portion of the charge of \$111 million, inclusive of interest, recorded in the second quarter of 2022. The Company believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

**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 15. Related Party Transactions**

**Sale and Leaseback** During the first quarter of 2024, the Company sold a property to Choice Properties Real Estate Investment Trust (“Choice Properties”) for proceeds of \$38 million (2023 – \$12 million) and recognized a gain of \$14 million (2023 – \$3 million). The property was leased back by the Company (see note 9).

**Financial Liabilities** During the first quarter of 2023, the Company disposed of two retail properties to Choice Properties. These properties were leased back by the Company and did not meet the criteria for sale in accordance with IFRS 15, “Revenue from Contracts with Customers” as the Company did not relinquish control of the properties under the terms of the leases (see note 9).

As at March 23, 2024, \$11 million (March 25, 2023 – \$9 million; December 30, 2023 – \$11 million) was recorded in trade payables and other liabilities and \$179 million (March 25, 2023 – \$151 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.

## Note 16. 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:

	March 23, 2024 (12 weeks)					March 25, 2023 (12 weeks)				
(millions of Canadian dollars)	Retail	Financial Services	Total Segment Measure	Eliminations <sup>(i)</sup>	Total	Retail	Financial Services	Total Segment Measure	Eliminations <sup>(i)</sup>	Total
<b>Revenue<sup>(ii)</sup></b>	<b>\$ 13,290</b>	<b>\$ 361</b>	<b>\$ 13,651</b>	<b>\$ (70)</b>	<b>\$ 13,581</b>	<b>\$ 12,735</b>	<b>\$ 326</b>	<b>\$ 13,061</b>	<b>\$ (66)</b>	<b>\$ 12,995</b>
Operating income	\$ 782	\$ 79	\$ 861	\$ —	\$ 861	\$ 726	\$ 43	\$ 769	\$ —	\$ 769
Net interest expense and other financing charges	159	35	194	—	194	150	31	181	—	181
<b>Earnings before income taxes</b>	<b>\$ 623</b>	<b>\$ 44</b>	<b>\$ 667</b>	<b>\$ —</b>	<b>\$ 667</b>	<b>\$ 576</b>	<b>\$ 12</b>	<b>\$ 588</b>	<b>\$ —</b>	<b>\$ 588</b>
<b>Operating income</b>	<b>\$ 782</b>	<b>\$ 79</b>	<b>\$ 861</b>	<b>\$ —</b>	<b>\$ 861</b>	<b>\$ 726</b>	<b>\$ 43</b>	<b>\$ 769</b>	<b>\$ —</b>	<b>\$ 769</b>
Depreciation and amortization	677	13	690			660	15	675		
Adjusting items <sup>(iii)</sup>	(7)	—	(7)			4	—	4		
<b>Adjusted EBITDA<sup>(iii)</sup></b>	<b>\$ 1,452</b>	<b>\$ 92</b>	<b>\$ 1,544</b>			<b>\$ 1,390</b>	<b>\$ 58</b>	<b>\$ 1,448</b>		

(i) Eliminations include intercompany revenue related to PC® Mastercard® loyalty awards in the Financial Services segment.

(ii) Included in Financial Services revenue is \$170 million (2023 – \$151 million) of interest income.

(iii) Certain items are excluded from operating income to derive adjusted EBITDA.

	2024 (12 weeks)			2023 (12 weeks)		
For the periods ended March 23, 2024 and March 25, 2023 (millions of Canadian dollars)	Retail	Financial Services	Total Segment Measure	Retail	Financial Services	Total Segment Measure
Fair value adjustment on fuel and foreign currency contracts	\$ (7)	\$ —	\$ (7)	\$ 3	\$ —	\$ 3
Loss on sale of non-operating properties	—	—	—	1	—	1
<b>Adjusting items</b>	<b>\$ (7)</b>	<b>\$ —</b>	<b>\$ (7)</b>	<b>\$ 4</b>	<b>\$ —</b>	<b>\$ 4</b>

The Company's revenue, by type of goods or services, is reconciled to the Company's segment revenue:

(millions of Canadian dollars)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
Food retail	\$ 9,409	\$ 9,011
Drug retail	3,881	3,724
Retail total	\$ 13,290	\$ 12,735
Financial Services	361	326
Eliminations <sup>(i)</sup>	(70)	(66)
Total	\$ 13,581	\$ 12,995

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

(millions of Canadian dollars)	As at March 23, 2024	As at March 25, 2023	As at December 30, 2023
<b>Total assets</b>			
Retail	\$ 32,606	\$ 32,239	\$ 32,870
Financial Services	5,628	5,495	6,109
	\$ 38,234	\$ 37,734	\$ 38,979

(millions of Canadian dollars)	March 23, 2024 (12 weeks)	March 25, 2023 (12 weeks)
<b>Additions to fixed assets and intangible assets</b>		
Retail	\$ 377	\$ 306
Financial Services	10	9
	\$ 387	\$ 315

## Corporate Profile

Loblaw Companies Limited (“Loblaw”) is Canada’s food and pharmacy leader, and the nation’s largest retailer. Loblaw provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise, financial services, and wireless mobile products and services. With more than 2,500 locations, Loblaw, its franchisees and Associate-owners employ more than 220,000 full- and part-time employees, making it one of Canada’s largest private sector employers.

## 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.

## Shareholder Information

### ***Registrar and Transfer Agent***

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Toronto, Canada  
M5J 2Y1

Toll free: 1-800-564-6253 (Canada and U.S)  
Fax: (416) 263-9394  
Toll free fax: 1-888-453-0330  
International direct dial: (514) 982-7555

To change your address or eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare Investor Services Inc.

### ***Investor Relations***

Investor inquiries, contact:  
Roy MacDonald  
Vice President, Investor Relations  
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Media inquiries, contact:  
Scott Bonikowsky  
Senior Vice President, Corporate Affairs and Communications  
pr@loblaw.ca

Additional financial information has been filed electronically with various securities regulators in Canada through 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. 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 at loblaw.ca.

## Conference Call and Webcast

Loblaw Companies Limited will host a conference call as well as an audio webcast on May 1, 2024 at 10:00 a.m. (ET).

To access via tele-conference, please dial (416) 764-8688 or (888) 390-0546. The playback will be made available approximately two hours after the event at (416) 764-8677 or (888) 390-0541, access code: 725982#. To access via audio webcast, please go to the “Investor” section of loblaw.ca. Pre-registration will be available.

Full details about the conference call and webcast are available on the Loblaw Companies Limited website at loblaw.ca.

loblaw.ca

pcexpress.ca

shoppersdrugmart.ca

pharmaprix.ca

pcfinancial.ca

presidentschoice.ca

pcoptimum.ca

joefresh.com

noname.ca

tnsupermarket.com

wellwise.ca

loblawadvance.ca

## **Apps**

PC Express™

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