

**Live**  
Life  
Well.®

**Loblaw**  
Companies  
Limited

**Second Quarter**  
**Report to Shareholders**  
24 weeks ended June 15, 2024

## **2024 Second Quarter Report to Shareholders**

Management's Discussion and Analysis	1
Financial Results	31
Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements	37

## Management's Discussion and Analysis

---

---

1. Forward-Looking Statements	2
2. Key Financial Performance Indicators	4
3. Consolidated Results of Operations	5
4. Reportable Operating Segments Results of Operations	9
4.1 Retail Segment	9
4.2 Financial Services Segment	12
5. Liquidity and Capital Resources	13
5.1 Cash Flows	13
5.2 Liquidity and Capital Structure	16
5.3 Financial Condition	17
5.4 Credit Ratings	17
5.5 Dividends and Share Repurchases	17
5.6 Off-Balance Sheet Arrangements	18
6. Financial Derivative Instruments	18
7. Results by Quarter	19
8. Internal Control over Financial Reporting	20
9. Enterprise Risks and Risk Management	20
10. Related Party Transactions	20
11. Future Accounting Standards and Amendments	21
12. Outlook	21
13. Non-GAAP and Other Financial Measures	21
14. Additional Information	30

---

---

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 second 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 second 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 July 24, 2024, unless otherwise noted.

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

The 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 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 June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	<b>2024</b> <b>(12 weeks)</b>	2023 (12 weeks)
<b>Consolidated:</b>		
Revenue growth	1.5 %	6.9 %
Operating income	<b>\$ 868</b>	\$ 927
Adjusted EBITDA <sup>(2)</sup>	<b>1,713</b>	1,640
Adjusted EBITDA margin <sup>(2)</sup>	<b>12.3 %</b>	11.9 %
Net earnings	<b>\$ 498</b>	\$ 541
Net earnings attributable to shareholders of the Company	<b>460</b>	511
Net earnings available to common shareholders of the Company <sup>(i)</sup>	<b>457</b>	508
Adjusted net earnings available to common shareholders of the Company <sup>(2)</sup>	<b>664</b>	626
Diluted net earnings per common share (\$)	<b>\$ 1.48</b>	\$ 1.58
Adjusted diluted net earnings per common share <sup>(2)</sup> (\$)	<b>\$ 2.15</b>	\$ 1.94
Cash and cash equivalents and short term investments	<b>\$ 1,694</b>	\$ 1,740
Cash flows from operating activities	<b>1,401</b>	1,289
Capital investments <sup>(ii)</sup>	<b>495</b>	423
Free cash flow <sup>(2)</sup>	<b>437</b>	426
<b>Financial Measures:</b>		
Retail debt to rolling year retail adjusted EBITDA <sup>(2)</sup>	<b>2.3 x</b>	2.3 x
Rolling year adjusted return on equity <sup>(2)</sup>	<b>23.1 %</b>	21.4 %
Rolling year adjusted return on capital <sup>(2)</sup>	<b>11.6 %</b>	11.0 %
<b>Retail Segment:</b>		
Food retail same-store sales growth	<b>0.2 %</b>	6.1 %
Drug retail same-store sales growth	<b>1.5 %</b>	5.7 %
Operating income	<b>\$ 815</b>	\$ 925
Gross profit	<b>4,370</b>	4,192
Gross profit %	<b>32.0 %</b>	31.1 %
Adjusted EBITDA <sup>(2)</sup>	<b>\$ 1,649</b>	\$ 1,587
Adjusted EBITDA margin <sup>(2)</sup>	<b>12.1 %</b>	11.8 %
<b>Financial Services Segment:</b>		
Earnings (Losses) before income taxes	<b>\$ 16</b>	\$ (34)
Annualized yield on average quarterly gross credit card receivables	<b>14.5 %</b>	13.7 %
Annualized credit loss rate on average quarterly gross credit card receivables	<b>4.8 %</b>	3.9 %

(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 June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	2024		2023		2024		2023	
	(12 weeks)	(12 weeks)	\$ Change	% Change	(24 weeks)	(24 weeks)	\$ Change	% Change
<b>Revenue</b>	<b>\$ 13,947</b>	\$ 13,738	\$ 209	1.5 %	<b>\$27,528</b>	\$26,733	\$ 795	3.0 %
<b>Operating income</b>	<b>868</b>	927	(59)	(6.4)%	<b>1,729</b>	1,696	33	1.9 %
Adjusted EBITDA <sup>(2)</sup>	<b>1,713</b>	1,640	73	4.5 %	<b>3,257</b>	3,088	169	5.5 %
Adjusted EBITDA margin <sup>(2)</sup>	<b>12.3 %</b>	11.9 %			<b>11.8 %</b>	11.6 %		
<b>Depreciation and amortization</b>	<b>\$ 679</b>	\$ 671	\$ 8	1.2 %	<b>\$ 1,369</b>	\$ 1,346	\$ 23	1.7 %
<b>Net interest expense and other financing charges</b>	<b>190</b>	193	(3)	(1.6)%	<b>384</b>	374	10	2.7 %
<b>Income taxes</b>	<b>180</b>	193	(13)	(6.7)%	<b>358</b>	344	14	4.1 %
Adjusted income taxes <sup>(2)</sup>	<b>254</b>	233	21	9.0 %	<b>461</b>	415	46	11.1 %
Effective tax rate	<b>26.5 %</b>	26.3 %			<b>26.6 %</b>	26.0 %		
Adjusted effective tax rate <sup>(2)</sup>	<b>26.5 %</b>	26.1 %			<b>26.6 %</b>	26.0 %		
Net earnings attributable to non-controlling interests	<b>\$ 38</b>	\$ 30	\$ 8	26.7 %	<b>\$ 65</b>	\$ 46	\$ 19	41.3 %
<b>Net earnings attributable to shareholders of the Company</b>	<b>\$ 460</b>	\$ 511	\$ (51)	(10.0)%	<b>\$ 922</b>	\$ 932	\$ (10)	(1.1)%
<b>Net earnings available to common shareholders of the Company<sup>(i)</sup></b>	<b>457</b>	508	(51)	(10.0)%	<b>916</b>	926	(10)	(1.1)%
Adjusted net earnings available to common shareholders of the Company <sup>(2)</sup>	<b>664</b>	626	38	6.1 %	<b>1,201</b>	1,131	70	6.2 %
<b>Diluted net earnings per common share (\$)</b>	<b>\$ 1.48</b>	\$ 1.58	\$ (0.10)	(6.3)%	<b>\$ 2.95</b>	\$ 2.86	\$ 0.09	3.1 %
Adjusted diluted net earnings per common share <sup>(2)</sup> (\$)	<b>\$ 2.15</b>	\$ 1.94	\$ 0.21	10.8 %	<b>\$ 3.87</b>	\$ 3.49	\$ 0.38	10.9 %
Diluted weighted average common shares outstanding (in millions)	<b>308.8</b>	322.5			<b>310.6</b>	323.8		

(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's results in the second quarter of 2024 reflected strong operational performance and the impact of the settlement of the bread price-fixing class actions commenced in 2017 which negatively impacted net earnings by \$121 million.

In the quarter, Canadian consumers remained focused on value and responded favourably to Loblaw's market leading banners, private label brands, and personalized PC Optimum™ offers. Loblaw maintained its focus on retail excellence across its businesses, driving sales growth, and maintaining a careful focus on cost control. Drug Retail sales continued to outperform Food Retail. Drug front store sales reflected continued strength in the beauty category but were pressured by the Company's exit from certain low margin electronics categories. Pharmacy sales growth rates returned to more normal levels, reflecting ongoing momentum in new healthcare services. Food Retail sales reflected increased customer visits in the quarter, despite lapping very strong sales growth last year. Food sales growth was led by the ongoing strength of the Company's Maxi and NoFrills hard discount stores. A sharp focus on value was reflected in another sequential reduction in the Company's internal inflation rate. Food inflation rates have been declining and remain below Canada's total household inflation rate, as Canada's Consumer Price Index ("CPI") for Food Purchased From Stores declined for the sixth consecutive 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 second quarter of 2024 were \$457 million (\$1.48 per common share). When compared to the second quarter of 2023, this was a decrease of \$51 million (\$0.10 per common share). The decrease included an unfavourable change in adjusting items totaling \$89 million, partially offset by an improvement in the underlying operating performance of \$38 million as described below:

- the unfavourable change in adjusting items totaling \$89 million (\$0.31 per common share) was primarily due to the following:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of \$121 million (\$0.39 per common share);partially offset by,
  - the favourable impact of the prior year charge related to a President's Choice Bank ("PC Bank") commodity tax matter of \$29 million (\$0.09 per common share).
- the improvement in underlying operating performance of \$38 million (\$0.12 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
  - an improvement in the underlying operating performance in the Financial Services segment.
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months (\$0.09 per common share).

Adjusted net earnings available to common shareholders of the Company<sup>(2)</sup> were \$664 million, an increase of \$38 million or 6.1% compared to the second quarter of 2023. Adjusted net earnings per common share<sup>(2)</sup> were \$2.15, an increase of \$0.21 or 10.8%. The increase includes the favourable impact from the repurchase of common shares.

Year-to-date net earnings available to common shareholders of the Company were \$916 million (\$2.95 per common share), a decrease of \$10 million (\$0.09 per common share) or 1.1% compared to the same period in 2023. The decrease included an unfavourable change in adjusting items totaling \$80 million, partially offset by an improvement in the underlying operating performance of \$70 million as described below:

- the unfavourable change in adjusting items totaling \$80 million (\$0.29 per common share) was primarily due to the following:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of \$121 million (\$0.39 per common share);partially offset by,
  - the favourable impact of the prior year charge related to a PC Bank commodity tax matter of \$29 million (\$0.09 per common share); and
  - the year-over-year favourable change in fair value adjustment on fuel and foreign currency contracts of \$10 million (\$0.03 per common share).



- the improvement in the underlying operating performance of \$70 million (\$0.22 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 SG&A and depreciation and amortization; and
  - an improvement in the underlying operating performance in the Financial Services segment; partially offset by,
  - the unfavorable impact from non-controlling interests.
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months (\$0.16 per common share).

Year-to-date adjusted net earnings available to common shareholders of the Company<sup>(2)</sup> were \$1,201 million, an increase of \$70 million or 6.2% compared to the same period in 2023. Adjusted net earnings per common share<sup>(2)</sup> were \$3.87 per common share, an increase of \$0.38 or 10.9%. The increase includes the favourable impact from the repurchase of common shares.

## Revenue

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	2024		2023		2024		2023	
	(12 weeks)	(12 weeks)	\$ Change	% Change	(24 weeks)	(24 weeks)	\$ Change	% Change
Retail	\$ 13,658	\$ 13,471	\$ 187	1.4 %	\$ 26,948	\$ 26,206	\$ 742	2.8 %
Financial Services	367	348	19	5.5 %	728	674	54	8.0 %
Eliminations	(78)	(81)	3	3.7 %	(148)	(147)	(1)	(0.7)%
Revenue	\$ 13,947	\$ 13,738	\$ 209	1.5 %	\$ 27,528	\$ 26,733	\$ 795	3.0 %

Revenue was \$13,947 million in the second quarter of 2024. When compared to the second quarter of 2023, this was an increase of \$209 million, or 1.5%. The increase was primarily driven by an increase in Retail segment sales of \$187 million due to positive same-store sales growth. There was also an increase in Financial Services segment sales of \$19 million.

Year-to-date revenue was \$27,528 million, an increase of \$795 million, or 3.0%, compared to the same period in 2023. The increase was primarily driven by an increase in Retail segment sales of \$742 million, due to positive same-store sales growth. There was also an increase in Financial Services segment sales of \$54 million.

**Operating Income** Operating income was \$868 million in the second quarter of 2024. When compared to the second quarter of 2023, this was a decrease of \$59 million, or 6.4%. The decrease was driven by an unfavourable change in adjusting items totaling \$123 million, partially offset by an improvement in underlying operating performance of \$64 million as described below:

- the unfavourable change in adjusting items totaling \$123 million was primarily due to the following:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of \$164 million; partially offset by,
  - the favourable impact of the prior year charge related to a PC Bank commodity tax matter of \$37 million; and
  - the year-over-year favourable change in fair value adjustments on fuel and foreign currency contracts of \$3 million.
- the improvement in underlying operating performance of \$64 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.

## Management's Discussion and Analysis

Year-to-date operating income was \$1,729 million, an increase of \$33 million, or 1.9%, compared to the same period in 2023. The increase in operating income was driven by an improvement in the underlying operating performance of \$145 million, partially offset by unfavourable change in adjusting items totaling \$112 million as described below:

- the improvement in the underlying operating performance of \$145 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 unfavourable change in adjusting items totaling \$112 million was primarily due to the following:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of \$164 million; partially offset by,
  - the favourable impact of the prior year charge related to a PC Bank commodity tax matter of \$37 million; and
  - the year-over-year favourable impact of fair value adjustment on fuel and foreign currency contracts of \$13 million.

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

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	2024		2023		2024		2023	
	(12 weeks)	(12 weeks)	\$ Change	% Change	(24 weeks)	(24 weeks)	\$ Change	% Change
Retail	\$ 1,649	\$ 1,587	\$ 62	3.9 %	\$ 3,101	\$ 2,977	\$ 124	4.2 %
Financial Services	64	53	11	20.8 %	156	111	45	40.5 %
Adjusted EBITDA <sup>(2)</sup>	\$ 1,713	\$ 1,640	\$ 73	4.5 %	\$ 3,257	\$ 3,088	\$ 169	5.5 %

Adjusted EBITDA<sup>(2)</sup> was \$1,713 million in the second quarter of 2024. When compared to the second quarter of 2023, this was an increase of \$73 million or 4.5%, driven by an increase in the Retail segment of \$62 million, and an increase in the Financial Services segment of \$11 million.

Year-to-date adjusted EBITDA<sup>(2)</sup> was \$3,257 million, an increase of \$169 million, or 5.5% compared to the same period in 2023, driven by an increase in the Retail segment of \$124 million, and an increase in the Financial Services segment of \$45 million.

**Depreciation and Amortization** Depreciation and amortization was \$679 million, an increase of \$8 million or 1.2% compared to the second quarter of 2023. The increase in depreciation and amortization in the second 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. Year-to-date depreciation and amortization was \$1,369 million, an increase of \$23 million or 1.7% compared to the same period in 2023. The year-to-date increase 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 second quarter of 2024 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark Health Group ("Lifemark") of \$115 million (2023 – \$116 million) and \$229 million (2023 – \$230 million), respectively.

**Net Interest Expense and Other Financing Charges** Net interest expense and other financing charges were \$190 million, a decrease of \$3 million or 1.6% compared to the second quarter of 2023. The decrease was primarily driven by a decrease in interest expense from borrowing related to credit card receivables, and the capitalization of interest expense related to the Company's automated distribution facility. This was partially offset by an increase in interest expense from lease liabilities and long term debt. Year-to-date net interest expense and other financing charges were \$384 million, an increase of \$10 million or 2.7% compared to the same period in 2023. The year-to-date increase was primarily driven by an increase in interest expense from lease liabilities and long term debt. This was partially offset by a decrease in interest expense from borrowing related to credit card receivables, and the capitalization of interest expense related to the Company's automated distribution facility.

**Income Taxes** Income tax expense in the second quarter of 2024 was \$180 million (2023 – \$193 million) and the effective tax rate was 26.5% (2023 – 26.3%). The increase in the effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the second quarter of 2023. Year-to-date income tax expense was \$358 million (2023 – \$344 million) and the effective tax rate was 26.6% (2023 – 26.0%). The increase to the year-to-date effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during 2023.

Adjusted income tax expense<sup>(2)</sup> in the second quarter of 2024 was \$254 million (2023 – \$233 million) and the adjusted effective tax rate<sup>(2)</sup> was 26.5% (2023 – 26.1%). 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 second quarter of 2023. Year-to-date adjusted income tax expense<sup>(2)</sup> was \$461 million (2023 – \$415 million) and the adjusted effective tax rate<sup>(2)</sup> was 26.6% (2023 – 26.0%). The increase to the year-to-date adjusted effective tax rate<sup>(2)</sup> was primarily attributable to the non-taxable portion of the gain from real estate dispositions during 2023.

**Net Earnings Attributable To Non-Controlling Interests** Net earnings attributable to non-controlling interests were \$38 million, an increase of \$8 million or 26.7% compared to the second quarter of 2023. Year-to-date net earnings attributable to non-controlling interests were \$65 million, an increase of \$19 million or 41.3% compared to the same period in 2023. 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. The increase in non-controlling interests was primarily driven by an increase in franchisee earnings after profit sharing.

#### 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 June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)							
	2024 (12 weeks)	2023 (12 weeks)	\$ Change	% Change	2024 (24 weeks)	2023 (24 weeks)	\$ Change	% Change
Sales	\$13,658	\$13,471	\$ 187	1.4 %	\$26,948	\$26,206	\$ 742	2.8 %
Operating income	815	925	(110)	(11.9)%	1,597	1,651	(54)	(3.3)%
Gross profit	4,370	4,192	178	4.2 %	8,574	8,172	402	4.9 %
Gross profit %	32.0 %	31.1 %			31.8 %	31.2 %		
Adjusted EBITDA <sup>(2)</sup>	\$ 1,649	\$ 1,587	\$ 62	3.9 %	\$ 3,101	\$ 2,977	\$ 124	4.2 %
Adjusted EBITDA margin <sup>(2)</sup>	12.1 %	11.8 %			11.5 %	11.4 %		
Depreciation and amortization	\$ 668	\$ 657	\$ 11	1.7 %	\$ 1,345	\$ 1,317	\$ 28	2.1 %

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

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	2024		2023		2024		2023	
	(12 weeks)		(12 weeks)		(24 weeks)		(24 weeks)	
	Sales	Same-store sales	Sales	Same-store sales	Sales	Same-store sales	Sales	Same-store sales
Food retail	\$ 9,653	0.2 %	\$ 9,560	6.1 %	\$ 19,062	1.8 %	\$ 18,571	4.6 %
Drug retail	4,005	1.5 %	3,911	5.7 %	7,886	2.8 %	7,635	6.5 %
Pharmacy and healthcare services	2,110	5.4 %	1,984	6.3 %	4,169	6.4 %	3,908	5.5 %
Front store	1,895	(2.4)%	1,927	5.0 %	3,717	(0.9)%	3,727	7.5 %

**Sales** Retail segment sales were \$13,658 million in the second quarter of 2024, an increase of \$187 million, or 1.4% compared to the second quarter of 2023, primarily driven by the following factors:

- Food retail same-store sales growth was 0.2% (2023 – 6.1%) for the quarter.
  - Sales growth in food was modest;
  - Sales growth in pharmacy was modest;
  - The CPI for Food Purchased From Stores was 1.7% (2023 – 9.1%) which was in line with the Company's internal food inflation; and
  - Food Retail traffic increased and basket size decreased.
- Drug retail same-store sales growth was 1.5% (2023 – 5.7%) for the quarter.
  - Pharmacy and healthcare services same-store sales growth was 5.4% (2023 – 6.3%). Pharmacy and healthcare services same-store sales growth benefited from an increase in chronic and specialty prescription volumes and increased delivery of healthcare services. The number of prescriptions increased by 2.1% (2023 – 0.4%). On a same-store basis, the number of prescriptions increased by 2.1% (2023 – 0.9%) and the average prescription value increased by 1.9% (2023 – 4.7%); partially offset by,
  - Front store same-store sales decline of 2.4% (2023 – growth of 5.0%). The decline in front store same-store sales was primarily driven by lower sales of food and household items and the decision to exit certain low margin electronics categories, partially offset by the continued strength in beauty products.

In the last 12 months, 27 food and drug stores were opened, and 12 food and drug stores were closed, resulting in a net increase in Retail square footage of 0.1 million square feet, or 0.1%.

On a year-to-date basis, Retail segment sales were \$26,948 million, an increase of \$742 million, or 2.8% when compared to the same period in 2023. Food retail sales of \$19,062 million, increased by \$491 million, or 2.6%. Food retail same-store sales grew by 1.8% (2023 – 4.6%). Drug retail sales of \$7,886 million increased by \$251 million, or 3.3%. Drug retail same-store sales growth was 2.8% (2023 – 6.5%), with pharmacy and healthcare services same-store sales growth of 6.4% (2023 – 5.5%), partially offset by front store sales decline of 0.9% (2023 – growth of 7.5%).

**Operating Income** Operating income was \$815 million in the second quarter of 2024, a decrease of \$110 million, or 11.9% compared to the second quarter of 2023. The decrease was driven by an unfavourable change in adjusting items totaling \$160 million, partially offset by an improvement in underlying operating performance of \$50 million as described below:

- the unfavourable change in adjusting items totaling \$160 million was primarily due to the following:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of \$164 million; partially offset by,
  - the year-over-year favourable change in fair value adjustments on fuel and foreign currency contracts of \$3 million.
- the improvement in underlying operating performance of \$50 million was due to an increase in gross profit, partially offset by an increase in SG&A and depreciation and amortization.

Year-to-date operating income was \$1,597 million, a decrease of \$54 million, or 3.3% compared to the same period in 2023. The decrease was driven by an unfavourable change in adjusting items totaling \$149 million, partially offset by an improvement in underlying operating performance of \$95 million as described below:

- the unfavourable change in adjusting items totaling \$149 million was primarily due to the following:
  - the unfavourable impact of charges related to the settlement of class action lawsuits of \$164 million; partially offset by,
  - the year-over-year favourable change in fair value adjustments on fuel and foreign currency contracts of \$13 million.
- the improvement in underlying operating performance of \$95 million was due to an increase in gross profit, partially offset by an increase in SG&A and depreciation and amortization.

**Gross Profit** Gross profit was \$4,370 million in the second quarter of 2024, an increase of \$178 million, or 4.2% compared to 2023. The gross profit percentage<sup>(2)</sup> of 32.0% increased by 90 basis points, primarily driven by improvements in shrink, and an increase in Drug Retail gross margins mainly due to sales mix.

Year-to-date gross profit was \$8,574 million in 2024, an increase of \$402 million, or 4.9% compared to the same period in 2023. Gross profit percentage of 31.8% increased by 60 basis points when compared to 2023, primarily driven by improvements in shrink, and an increase in Drug Retail gross margins mainly due to sales mix.

**Adjusted EBITDA<sup>(2)</sup>** Adjusted EBITDA<sup>(2)</sup> was \$1,649 million in the second quarter of 2024, an increase of \$62 million, or 3.9% compared to the second quarter of 2023. The increase was driven by an increase in gross profit of \$178 million, partially offset by an increase in SG&A of \$116 million. SG&A as a percentage of sales was 19.9%, an increase of 60 basis points, primarily due to lower operating leverage, the year-over-year impact of labour costs and certain real estate activities, and costs related to network optimization.

Year-to-date adjusted EBITDA<sup>(2)</sup> was \$3,101 million in 2024, an increase of \$124 million, or 4.2% compared to 2023. The increase was driven by an increase in gross profit of \$402 million, partially offset by an increase in SG&A of \$278 million. SG&A as a percentage of sales was 20.3%, an increase of 50 basis points when compared to 2023. The increase was primarily driven by the year-over-year impact of certain real estate activities and labour costs, and lower operating leverage.

**Depreciation and Amortization** Depreciation and amortization was \$668 million in the second quarter of 2024, an increase of \$11 million when compared to the second quarter of 2023. The increase in depreciation and amortization in the second 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. Year-to-date depreciation and amortization was \$1,345 million, an increase of \$28 million compared to the same period in 2023. The year-to-date increase 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 second quarter of 2024 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of \$115 million (2023 – \$116 million) and \$229 million (2023 – \$230 million), respectively.

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

## 4.2 Financial Services Segment

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	2024 (12 weeks)	2023 (12 weeks)	\$ Change	% Change	2024 (24 weeks)	2023 (24 weeks)	\$ Change	% Change
Revenue	\$ 367	\$ 348	\$ 19	5.5 %	\$ 728	\$ 674	\$ 54	8.0 %
Earnings (Losses) before income taxes	16	(34)	50	147.1 %	60	(22)	82	372.7 %

(millions of Canadian dollars except where otherwise indicated)	As at June 15, 2024	As at June 17, 2023	\$ Change	% Change
Average quarterly net credit card receivables	\$ 3,977	\$ 3,891	\$ 86	2.2 %
Credit card receivables	3,954	3,972	(18)	(0.5)%
Allowance for credit card receivables	266	220	46	20.9 %
Annualized yield on average quarterly gross credit card receivables	14.5 %	13.7 %		
Annualized credit loss rate on average quarterly gross credit card receivables	4.8 %	3.9 %		

**Revenue** Revenue was \$367 million, an increase of \$19 million compared to the second 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™.

Year-to-date revenue was \$728 million, an increase of \$54 million compared to the same period in 2023. The increase in the year-to-date revenue was primarily driven by:

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

**Earnings (Losses) before income taxes** Earnings before income taxes were \$16 million in the second quarter of 2024, as compared to losses of \$34 million in 2023. The improvement in the second quarter was primarily driven by:

- lapping of a prior year charge of \$37 million related to a commodity tax matter;
  - higher revenue as described above; and
  - the year-over-year favourable impact of the expected credit loss provision;
- partially offset by,
- higher contractual charge-offs and funding costs due to the current macro-economic environment.

Year-to-date earnings before income taxes were \$60 million in 2024, as compared to losses of \$22 million in 2023. The improvement was primarily driven by:

- higher revenue as described above;
  - lapping of a prior year charge of \$37 million related to a commodity tax matter;
  - lower customer acquisition expenses and operating costs, including the ongoing benefits associated with the renewal of a long-term agreement with Mastercard; and
  - the year-over-year favourable impact of the expected credit loss provision;
- partially offset by,

- higher contractual charge-offs and funding costs due to the current macro-economic environment.

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

**Credit Card Receivables** As at June 15, 2024, credit card receivables were \$3,954 million, a decrease of \$18 million compared to June 17, 2023. This decrease was primarily driven by the increase in the expected credit loss allowance. The expected credit loss allowance for credit card receivables was \$266 million, an increase of \$46 million compared to June 17, 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 June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	2024				2023			
	(12 weeks)	(12 weeks)	\$ Change	% Change	(24 weeks)	(24 weeks)	\$ Change	% Change
Cash and cash equivalents, beginning of period	\$ 1,288	\$ 1,162	\$ 126	10.8 %	\$ 1,488	\$ 1,608	\$ (120)	(7.5)%
Cash flows from (used in):								
Operating activities	\$ 1,401	\$ 1,289	\$ 112	8.7 %	\$ 2,257	\$ 2,204	\$ 53	2.4 %
Investing activities	(769)	(630)	(139)	(22.1)%	(965)	(1,084)	119	11.0 %
Financing activities	(639)	(615)	(24)	(3.9)%	(1,502)	(1,521)	19	1.2 %
Effect of foreign currency exchange rate changes on cash and cash equivalents	1	3	(2)	(66.7)%	4	2	2	100.0 %
(Decrease) increase in cash and cash equivalents	\$ (6)	\$ 47	\$ (53)	(112.8)%	\$ (206)	\$ (399)	\$ 193	48.4 %
Cash and cash equivalents, end of period	\$ 1,282	\$ 1,209	\$ 73	6.0 %	\$ 1,282	\$ 1,209	\$ 73	6.0 %

**Cash Flows from Operating Activities** Cash flows from operating activities in the second quarter of 2024 were \$1,401 million, an increase of \$112 million when compared to the second quarter of 2023. The increase in cash flows from operating activities was primarily driven by credit card receivables increasing year-over-year at a rate lower than prior year and higher cash earnings, partially offset by an unfavourable year-over-year change in non-cash working capital. Year-to-date cash flows from operating activities were \$2,257 million, an increase of \$53 million compared to the same period in 2023. The increase in cash flows from operating activities year-to-date was primarily driven by credit card receivables increasing year-over-year at a rate lower than prior year and higher cash earnings, partially offset by an unfavourable year-over-year change in non-cash working capital and higher income taxes paid in the current year.

**Cash Flows used in Investing Activities** Cash flows used in investing activities in the second quarter of 2024 were \$769 million, an increase of \$139 million when compared to the second quarter of 2023. The increase in cash flows used in investing activities was primarily driven by higher purchases of short term investments and an increase in investment in fixed assets, partially offset by higher disposals of long term securities.

Year-to-date cash flows used in investing activities were \$965 million, a decrease of \$119 million compared to the same period in 2023. The decrease in cash flows used in investing activities was primarily driven by higher disposal of both short term investments and long term securities in the current year, 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 June 15, 2024 and June 17, 2023	2024	2023	% Change
Corporate square footage (in millions)	35.3	35.2	0.3 %
Franchise square footage (in millions)	16.8	17.1	(1.8)%
Associate-owned drug store square footage (in millions)	19.2	18.9	1.6 %
Total retail square footage (in millions)	71.3	71.2	0.1 %
Number of corporate stores	578	561	3.0 %
Number of franchise stores	528	543	(2.8)%
Number of Associate-owned drug stores	1,351	1,338	1.0 %
Total number of stores	2,457	2,442	0.6 %
Average store size (square feet)			
Corporate	61,100	62,700	(2.6)%
Franchise	31,800	31,500	1.0 %
Associate-owned drug store	14,200	14,100	0.7 %

**Capital Investments** Capital investments in the second quarter of 2024 were \$495 million, an increase of \$72 million or 17.0%, compared to the second quarter of 2023. Year-to-date capital investments were \$882 million, an increase of \$144 million or 19.5%, compared to 2023.

**Cash Flows used in Financing Activities** Cash flows used in financing activities in the second quarter of 2024 were \$639 million, an increase of \$24 million when compared to the second quarter of 2023. The increase in cash flows used in financing activities was primarily driven by repayment of the \$400 million aggregate principal amount of 3.918% senior unsecured notes on June 10, 2024, partially offset by higher issuance of short term debt in the current year and an increase in bank indebtedness.

Year-to-date cash flows used in financing activities were \$1,502 million, a decrease of \$19 million when compared to the same period in 2023. The decrease in cash flows used in financing activities was primarily driven by higher net issuance of long term debt, partially offset by higher repayments of short term debt, higher proceeds from financial liabilities in the prior year and higher repurchases of common shares in the current year.



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

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (12 weeks)				2023 (12 weeks)			
	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	\$ 1,410	\$ (32)	\$ 23	\$ 1,401	\$ 1,435	\$ (167)	\$ 21	\$ 1,289
Less:								
Capital investments <sup>(ii)</sup>	489	6	—	495	416	7	—	423
Interest paid	73	—	23	96	71	—	21	92
Lease payments, net	373	—	—	373	348	—	—	348
Free cash flow <sup>(2)</sup>	\$ 475	\$ (38)	\$ —	\$ 437	\$ 600	\$ (174)	\$ —	\$ 426

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (24 weeks)				2023 (24 weeks)			
	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	\$ 1,872	\$ 339	\$ 46	\$ 2,257	\$ 2,087	\$ 70	\$ 47	\$ 2,204
Less:								
Capital investments <sup>(ii)</sup>	866	16	—	882	722	16	—	738
Interest paid	150	—	46	196	151	—	47	198
Lease payments, net	740	—	—	740	695	—	—	695
Free cash flow <sup>(2)</sup>	\$ 116	\$ 323	\$ —	\$ 439	\$ 519	\$ 54	\$ —	\$ 573

(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> from the Retail segment in the second quarter of 2024 was \$475 million, a decrease of \$125 million when compared to the second quarter of 2023. The decrease was primarily driven by an unfavourable year-over-year change in non-cash working capital, partially offset by higher cash earnings. Year-to-date free cash flow<sup>(2)</sup> from the Retail Segment was \$116 million, a decrease of \$403 million compared to the same period in 2023. The decrease was primarily driven by unfavourable year-over-year change in non-cash working capital and net higher income taxes paid in the current year, 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> used in the Financial Services segment in the second quarter of 2024 was \$38 million, a decrease of \$136 million when compared to the second quarter of 2023. The decrease was primarily due to credit card receivables increasing year-over-year at a rate lower than prior year. Year-to-date free cash flow<sup>(2)</sup> from the Financial Services segment was \$323 million, an increase of \$269 million compared to the same period in 2023. The increase was primarily driven by credit card receivables increasing year-over-year at a rate lower than prior year.

## 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.

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 June 15, 2024			As at June 17, 2023			As at December 30, 2023		
	Retail	Financial Services	Total	Retail	Financial Services	Total	Retail	Financial Services	Total
Bank indebtedness	\$ 38	\$ —	\$ 38	\$ 18	\$ —	\$ 18	\$ 13	\$ —	\$ 13
Demand deposits from customers	—	175	175	—	137	137	—	166	166
Short term debt <sup>(i)</sup>	—	650	650	—	650	650	—	850	850
Long term debt due within one year	—	741	741	—	833	833	400	791	1,191
Long term debt <sup>(ii)</sup>	5,230	2,511	7,741	4,820	2,505	7,325	4,460	2,201	6,661
Certain other liabilities <sup>(iii)</sup>	290	—	290	270	—	270	280	—	280
Total debt excluding lease liabilities	\$ 5,558	\$ 4,077	\$ 9,635	\$ 5,108	\$ 4,125	\$ 9,233	\$ 5,153	\$ 4,008	\$ 9,161
Lease liabilities due within one year	1,477	—	1,477	1,425	—	1,425	1,455	—	1,455
Lease liabilities	7,968	—	7,968	7,772	—	7,772	8,003	—	8,003
Total debt including total lease liabilities	\$15,003	\$4,077	\$19,080	\$14,305	\$4,125	\$18,430	\$14,611	\$4,008	\$18,619

- (i) During the second quarter of 2024, PC Bank recorded a \$200 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 used the net proceeds of the issuance to partially fund the redemption of the \$400 million aggregate principal amount of 3.918% senior unsecured notes on June 10, 2024. The Company has a committed credit facility with maturity date of July 15, 2027, provided by a syndicate of lenders. The facility contains certain financial covenants and as at June 15, 2024 and throughout the first half of the year, the Company was in compliance with these covenants.
- (iii) As at June 15, 2024, certain other liabilities include financial liabilities of \$190 million related to the sale and leaseback of retail properties (June 17, 2023 — \$189 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 June 15, 2024	As at June 17, 2023	As at December 30, 2023
Retail debt to rolling year retail adjusted EBITDA <sup>(2)</sup>	2.3 x	2.3 x	2.3 x

The Retail debt to rolling year retail adjusted EBITDA<sup>(2)</sup> ratio as at June 15, 2024 remained constant compared to June 17, 2023 and 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 June 15, 2024 and throughout the quarter, the Company was in compliance with such covenants. As at June 15, 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 June 15, 2024	As at June 17, 2023	As at December 30, 2023
Rolling year adjusted return on equity <sup>(2)</sup>	<b>23.1 %</b>	21.4 %	22.2 %
Rolling year adjusted return on capital <sup>(2)</sup>	<b>11.6 %</b>	11.0 %	11.5 %

Rolling year adjusted return on equity<sup>(2)</sup> as at June 15, 2024 increased compared to June 17, 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 June 15, 2024 increased compared to June 17, 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)	Morningstar DBRS		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-2 (low)	n/a

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

### 5.5 Dividends and Share Repurchases

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

	June 15, 2024 <sup>(i)</sup> (12 weeks)	June 17, 2023 (12 weeks)	June 15, 2024 (24 weeks)	June 17, 2023 (24 weeks)
<b>Dividends declared per share (\$)</b>				
Common Share	<b>\$ 0.513</b>	\$ 0.446	<b>\$ 0.959</b>	\$ 0.851
Second Preferred Share, Series B	<b>\$ 0.33125</b>	\$ 0.33125	<b>\$ 0.66250</b>	\$ 0.66250

(i) The Common Share dividends declared in the second quarter of 2024 of \$0.513 per share had a payment date of July 1, 2024. The Second Preferred Shares, Series B dividends declared in the second quarter of 2024 of \$0.33125 per share had a payment date of June 30, 2024.

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

In the second quarter of 2024, the Company renewed its Normal Course Issuer Bid ("NCIB") to purchase on the Toronto Stock Exchange or through alternative trading systems up to 15,336,875 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at June 15, 2024, the Company had purchased 1,350,172 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 second quarter of 2024, 3,157,109 common shares (2023 – 4,226,034) were purchased under the NCIB for cancellation, for aggregate consideration of \$482 million (2023 – \$511 million), including 1,252,690 common shares (2023 – 2,072,339) purchased from Weston, for aggregate consideration of \$190 million (2023 – \$250 million). On a year-to-date basis, 6,370,962 common shares (2023 – 7,484,300) were purchased under the NCIB for cancellation, for aggregate consideration of \$952 million (2023 – \$894 million), including 2,489,883 common shares (2023 – 3,674,254) purchased from Weston, for aggregate consideration of \$372 million (2023 – 438 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 second 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.

During the second quarter of 2024, PC Bank did not enter into any bond forward agreements (2023 – \$25 million), and settled bond forward agreements with notional value of \$175 million (2023 – \$140 million), primarily related to the \$350 million *Eagle Series 2024-1* notes (2023 – \$250 million *Eagle Series 2023-1* notes) issued during the quarter. The Company concluded that the hedges were effective at the settlement date which will result in a \$2 million fair value gain (2023 – \$4 million fair value gain) being reclassified to net earning, over the life of the *Eagle Series 2024-1* notes (2023- *Eagle Series 2023-1* notes). On a year-to-date basis, PC Bank entered into bond forward agreements with a notional value of \$275 million (2023 – \$160 million), and settled bond forward agreement with a notional value of \$175 million (2023 – \$140 million).

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 June 15, 2024, a fair value loss of \$19 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 interest rate swaps, 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 second 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

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024 (12 weeks)	2023 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2023 (12 weeks)	2022 (12 weeks)	2023 (16 weeks)	2022 (16 weeks)
(millions of Canadian dollars except where otherwise indicated)								
<b>Revenue</b>	<b>\$ 13,947</b>	<b>\$ 13,738</b>	\$ 13,581	\$ 12,995	\$ 14,531	\$ 14,007	\$ 18,265	\$ 17,388
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>1,713</b>	<b>1,640</b>	1,544	1,448	1,633	1,493	1,926	1,846
Net earnings available to common shareholders of the Company	<b>457</b>	<b>508</b>	459	418	541	529	621	556
Adjusted net earnings available to common shareholders of the Company <sup>(2)</sup>	<b>664</b>	<b>626</b>	537	505	630	575	719	663
<b>Net earnings per common share:</b>								
<b>Basic (\$)</b>	<b>\$ 1.49</b>	<b>\$ 1.59</b>	\$ 1.48	\$ 1.30	\$ 1.73	\$ 1.63	\$ 1.97	\$ 1.71
<b>Diluted (\$)</b>	<b>\$ 1.48</b>	<b>\$ 1.58</b>	\$ 1.47	\$ 1.29	\$ 1.72	\$ 1.62	\$ 1.95	\$ 1.69
Adjusted diluted net earnings per common share <sup>(2)</sup> (\$)	<b>\$ 2.15</b>	<b>\$ 1.94</b>	\$ 1.72	\$ 1.55	\$ 2.00	\$ 1.76	\$ 2.26	\$ 2.01
Food retail same-store sales growth	<b>0.2 %</b>	<b>6.1 %</b>	3.4 %	3.1 %	2.0 %	8.4 %	4.5 %	6.9 %
Drug retail same-store sales growth	<b>1.5 %</b>	<b>5.7 %</b>	4.0 %	7.4 %	4.6 %	8.7 %	4.6 %	7.7 %

**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 0.1 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:
  - charges related to the settlement of class action lawsuits;
  - fair value adjustment on fuel and foreign currency;
  - charges and recoveries related to PC Bank commodity tax matters;
  - the gain and loss on sale of non-operating properties; and
  - fair value adjustment on non-operating properties.

## 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 second 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

Please refer to Note 15 “Related Party Transactions” of the Company's interim financial statements.

## 11. Future Accounting Standards and Amendments

**Amendments to IAS 7 and IFRS 7** In May 2023, amendments to IAS 7, “Statement of Cash Flows” and IFRS 7, “Financial Instruments: Disclosures” were issued to enhance the transparency of supplier finance arrangements. The amendments require further disclosure for supplier finance arrangements regarding the terms and conditions, the range of payment due dates, and how they affect an entity’s cash flows, liabilities and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and required disclosures will be included in the notes to the Company’s 2024 audited annual consolidated financial statements.

For additional information on future accounting standards and amendments not yet in effect, please refer to Note 3 “Future Accounting Standards and Amendments” of the Company’s interim financial statements.

## 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.

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (12 weeks)				2023 (12 weeks)			
	Retail	Financial Services	Eliminations	Total	Retail	Financial Services	Eliminations	Total
Revenue	\$ 13,658	\$ 367	\$ (78)	\$ 13,947	\$ 13,471	\$ 348	\$ (81)	\$ 13,738
Cost of sales	9,288	38	—	9,326	9,279	33	—	9,312
Gross profit	\$ 4,370	\$ 329	\$ (78)	\$ 4,621	\$ 4,192	\$ 315	\$ (81)	\$ 4,426
Adjusted gross profit	\$ 4,370	\$ 329	\$ (78)	\$ 4,621	\$ 4,192	\$ 315	\$ (81)	\$ 4,426

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (24 weeks)				2023 (24 weeks)			
	Retail	Financial Services	Eliminations	Total	Retail	Financial Services	Eliminations	Total
Revenue	\$26,948	\$ 728	\$ (148)	\$27,528	\$26,206	\$ 674	\$ (147)	\$ 26,733
Cost of sales	18,374	78	—	18,452	18,034	66	—	18,100
Gross profit	\$ 8,574	\$ 650	\$ (148)	\$ 9,076	\$ 8,172	\$ 608	\$ (147)	\$ 8,633
Adjusted gross profit	\$ 8,574	\$ 650	\$ (148)	\$ 9,076	\$ 8,172	\$ 608	\$ (147)	\$ 8,633



**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.

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (12 weeks)			2023 (12 weeks)		
	Retail	Financial Services	Total	Retail	Financial Services	Total
Net earnings attributable to shareholders of the Company			\$ 460			\$ 511
Add impact of the following:						
Non-controlling interests			38			30
Net interest expense and other financing charges			190			193
Income taxes			180			193
Operating income	\$ 815	\$ 53	\$ 868	\$ 925	\$ 2	\$ 927
Add impact of the following:						
Charges related to settlement of class action lawsuits	\$ 164	\$ —	\$ 164	\$ —	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	115	—	115	116	—	116
Fair value adjustment on fuel and foreign currency contracts	2	—	2	5	—	5
Charge related to PC Bank commodity tax matter	—	—	—	—	37	37
Adjusting items	\$ 281	\$ —	\$ 281	\$ 121	\$ 37	\$ 158
Adjusted operating income	\$ 1,096	\$ 53	\$ 1,149	\$ 1,046	\$ 39	\$ 1,085
Depreciation and amortization	668	11	679	657	14	671
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	(115)	—	(115)	(116)	—	(116)
Adjusted EBITDA	\$ 1,649	\$ 64	\$ 1,713	\$ 1,587	\$ 53	\$ 1,640

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (24 weeks)			2023 (24 weeks)		
	Retail	Financial Services	Total	Retail	Financial Services	Total
Net earnings attributable to shareholders of the Company			\$ 922			\$ 932
Add impact of the following:						
Non-controlling interests			65			46
Net interest expense and other financing charges			384			374
Income taxes			358			344
Operating income	\$ 1,597	\$ 132	\$ 1,729	\$ 1,651	\$ 45	\$ 1,696
Add (deduct) impact of the following:						
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 229	\$ —	\$ 229	\$ 230	\$ —	\$ 230
Charges related to settlement of class action lawsuits	164	—	164	—	—	—
Charge related to PC Bank commodity tax matter	—	—	—	—	37	37
Loss on sale of non-operating properties	—	—	—	1	—	1
Fair value adjustment on fuel and foreign currency contracts	(5)	—	(5)	8	—	8
Adjusting items	\$ 388	\$ —	\$ 388	\$ 239	\$ 37	\$ 276
Adjusted operating income	\$ 1,985	\$ 132	\$ 2,117	\$ 1,890	\$ 82	\$ 1,972
Depreciation and amortization	1,345	24	1,369	1,317	29	1,346
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	(229)	—	(229)	(230)	—	(230)
Adjusted EBITDA	\$ 3,101	\$ 156	\$ 3,257	\$ 2,977	\$ 111	\$ 3,088

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

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

**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.

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

**Loss on sale of non-operating properties** Year-to-date, 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 June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (12 weeks)	2023 (12 weeks)	2024 (24 weeks)	2023 (24 weeks)
Net interest expense and other financing charges	\$ 190	\$ 193	\$ 384	\$ 374
Adjusted net interest expense and other financing charges	\$ 190	\$ 193	\$ 384	\$ 374

**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 June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	2024 (12 weeks)	2023 (12 weeks)	2024 (24 weeks)	2023 (24 weeks)
Adjusted operating income <sup>(i)</sup>	\$ 1,149	\$ 1,085	\$ 2,117	\$ 1,972
Adjusted net interest expense and other financing charges <sup>(i)</sup>	190	193	384	374
Adjusted earnings before taxes	\$ 959	\$ 892	\$ 1,733	\$ 1,598
Income taxes	\$ 180	\$ 193	\$ 358	\$ 344
Add impact of the following:				
Tax impact of items included in adjusted earnings before taxes <sup>(ii)</sup>	74	40	103	71
Adjusted income taxes	\$ 254	\$ 233	\$ 461	\$ 415
Effective tax rate	26.5 %	26.3 %	26.6 %	26.0 %
Adjusted effective tax rate	26.5 %	26.1 %	26.6 %	26.0 %

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

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

**Adjusted Net Earnings Available to Common Shareholders and Adjusted Diluted Net Earnings Per Common**

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

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars except where otherwise indicated)	2024 (12 weeks)	2023 (12 weeks)	2024 (24 weeks)	2023 (24 weeks)
Net earnings attributable to shareholders of the Company	\$ 460	\$ 511	\$ 922	\$ 932
Prescribed dividends on preferred shares in share capital	(3)	(3)	(6)	(6)
Net earnings available to common shareholders of the Company	\$ 457	\$ 508	\$ 916	\$ 926
Net earnings attributable to shareholders of the Company	\$ 460	\$ 511	\$ 922	\$ 932
Adjusting items (refer to the following table)	207	118	285	205
Adjusted net earnings attributable to shareholders of the Company	\$ 667	\$ 629	\$ 1,207	\$ 1,137
Prescribed dividends on preferred shares in share capital	(3)	(3)	(6)	(6)
Adjusted net earnings available to common shareholders of the Company	\$ 664	\$ 626	\$ 1,201	\$ 1,131
Diluted weighted average common shares outstanding (millions)	308.8	322.5	310.6	323.8

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 June 15, 2024 and June 17, 2023 (millions of Canadian dollars/Canadian dollars)	2024 (12 weeks)		2023 (12 weeks)		2024 (24 weeks)		2023 (24 weeks)	
	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share	Net Earnings Available to 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	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share
<b>As reported</b>	\$ 457	\$ 1.48	\$ 508	\$ 1.58	\$ 916	\$ 2.95	\$ 926	\$ 2.86
Add (deduct) impact of the following:								
Charges related to settlement of class action lawsuits	\$ 121	\$ 0.39	\$ —	\$ —	\$ 121	\$ 0.39	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	84	0.27	85	0.26	168	0.54	169	0.52
Fair value adjustment on fuel and foreign currency contracts	2	0.01	4	0.01	(4)	(0.01)	6	0.02
Charge related to PC Bank commodity tax matter	—	—	29	0.09	—	—	29	0.09
Loss on sale of non-operating properties	—	—	—	—	—	—	1	—
Adjusting items	\$ 207	\$ 0.67	\$ 118	\$ 0.36	\$ 285	\$ 0.92	\$ 205	\$ 0.63
<b>Adjusted</b>	\$ 664	\$ 2.15	\$ 626	\$ 1.94	\$ 1,201	\$ 3.87	\$ 1,131	\$ 3.49

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

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (12 weeks)				2023 (12 weeks)			
	Retail	Financial Services	Eliminations <sup>(i)</sup>	Total	Retail	Financial Services	Eliminations <sup>(i)</sup>	Total
Cash flows from (used in) operating activities	\$ 1,410	\$ (32)	\$ 23	\$ 1,401	\$ 1,435	\$ (167)	\$ 21	\$ 1,289
Less:								
Capital investments <sup>(ii)</sup>	489	6	—	495	416	7	—	423
Interest paid <sup>(i)</sup>	73	—	23	96	71	—	21	92
Lease payments, net	373	—	—	373	348	—	—	348
Free cash flow	\$ 475	\$ (38)	\$ —	\$ 437	\$ 600	\$ (174)	\$ —	\$ 426

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (24 weeks)				2023 (24 weeks)			
	Retail	Financial Services	Eliminations <sup>(i)</sup>	Total	Retail	Financial Services	Eliminations <sup>(i)</sup>	Total
Cash flows from (used in) operating activities	\$ 1,872	\$ 339	\$ 46	\$ 2,257	\$ 2,087	\$ 70	\$ 47	\$ 2,204
Less:								
Capital investments <sup>(ii)</sup>	866	16	—	882	722	16	—	738
Interest paid <sup>(i)</sup>	150	—	46	196	151	—	47	198
Lease payments, net	740	—	—	740	695	—	—	695
Free cash flow	\$ 116	\$ 323	\$ —	\$ 439	\$ 519	\$ 54	\$ —	\$ 573

(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.

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024 (12 weeks)	2023 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2023 (12 weeks)	2022 (12 weeks)	2023 (16 weeks)	2022 (16 weeks)
(millions of Canadian dollars except where otherwise indicated)								
Net earnings attributable to shareholders of the Company	\$ 460	\$ 511	\$ 462	\$ 421	\$ 544	\$ 532	\$ 624	\$ 559
Add (deduct) impact of the following:								
Non-controlling interests	38	30	27	16	16	(14)	25	16
Net interest expense and other financing charges	190	193	194	181	195	172	234	217
Income taxes	180	193	178	151	188	181	182	199
Operating income	\$ 868	\$ 927	\$ 861	\$ 769	\$ 943	\$ 871	\$ 1,065	\$ 991
Add (deduct) impact of the following:								
Charges related to settlement of class action lawsuits	\$ 164	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	115	116	114	114	115	115	154	151
Fair value adjustment on fuel and foreign currency contracts	2	5	(7)	3	14	11	(6)	(6)
Charges (recoveries) related to PC Bank commodity tax matters	—	37	—	—	(13)	—	—	—
(Gain) Loss on sale of non-operating properties	—	—	—	1	—	(50)	(13)	(3)
Fair value adjustment on non-operating properties	—	—	—	—	9	(6)	—	—
Adjusting items	\$ 281	\$ 158	\$ 107	\$ 118	\$ 125	\$ 70	\$ 135	\$ 142
Adjusted operating income	\$ 1,149	\$ 1,085	\$ 968	\$ 887	\$ 1,068	\$ 941	\$ 1,200	\$ 1,133
Depreciation and amortization	679	671	690	675	680	667	880	864
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	(115)	(116)	(114)	(114)	(115)	(115)	(154)	(151)
Adjusted EBITDA <sup>(i)</sup>	\$ 1,713	\$ 1,640	\$ 1,544	\$ 1,448	\$ 1,633	\$ 1,493	\$ 1,926	\$ 1,846

(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.

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024 (12 weeks)	2023 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2023 (12 weeks)	2022 (12 weeks)	2023 (16 weeks)	2022 (16 weeks)
(millions of Canadian dollars except where otherwise indicated)								
<b>As reported</b>	<b>\$ 457</b>	<b>\$ 508</b>	<b>\$ 459</b>	<b>\$ 418</b>	<b>\$ 541</b>	<b>\$ 529</b>	<b>\$ 621</b>	<b>\$ 556</b>
Add (deduct) impact of the following <sup>(i)</sup> :								
Charges related to settlement of class action lawsuits	\$ 121	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	84	85	84	84	85	83	113	112
Fair value adjustment on fuel and foreign currency contracts	2	4	(6)	2	10	8	(4)	(4)
Charges (recoveries) related to PC Bank commodity tax matters	—	29	—	—	(12)	—	—	—
(Gain) Loss on sale of non-operating properties	—	—	—	1	—	(41)	(11)	(1)
Fair value adjustment on non-operating properties	—	—	—	—	6	(4)	—	—
Adjusting items	<b>\$ 207</b>	<b>\$ 118</b>	<b>\$ 78</b>	<b>\$ 87</b>	<b>\$ 89</b>	<b>\$ 46</b>	<b>\$ 98</b>	<b>\$ 107</b>
<b>Adjusted<sup>(i)</sup></b>	<b>\$ 664</b>	<b>\$ 626</b>	<b>\$ 537</b>	<b>\$ 505</b>	<b>\$ 630</b>	<b>\$ 575</b>	<b>\$ 719</b>	<b>\$ 663</b>

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

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024 (12 weeks)	2023 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2023 (12 weeks)	2022 (12 weeks)	2023 (16 weeks)	2022 (16 weeks)
(millions of Canadian dollars except where otherwise indicated)								
<b>As reported</b>	<b>\$ 1.48</b>	<b>\$ 1.58</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>
Add (deduct) impact of the following <sup>(i)</sup> :								
Charges related to settlement of class action lawsuits	\$ 0.39	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	0.27	0.26	0.27	0.26	0.27	0.25	0.35	0.34
Fair value adjustment on fuel and foreign currency contracts	0.01	0.01	(0.02)	—	0.03	0.03	(0.01)	(0.02)
Charges (recoveries) related to PC Bank commodity tax matters	—	0.09	—	—	(0.04)	—	—	—
(Gain) Loss on sale of non-operating properties	—	—	—	—	—	(0.13)	(0.03)	—
Fair value adjustment on non-operating properties	—	—	—	—	0.02	(0.01)	—	—
Adjusting items	<b>\$ 0.67</b>	<b>\$ 0.36</b>	<b>\$ 0.25</b>	<b>\$ 0.26</b>	<b>\$ 0.28</b>	<b>\$ 0.14</b>	<b>\$ 0.31</b>	<b>\$ 0.32</b>
<b>Adjusted<sup>(i)</sup></b>	<b>\$ 2.15</b>	<b>\$ 1.94</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>
Diluted weighted average common shares outstanding (millions)	<b>308.8</b>	<b>322.5</b>	311.9	324.8	314.9	327.4	318.4	329.6

(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.

July 24, 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

---

---

<b>Condensed Consolidated Statements of Earnings</b>	<b>32</b>
<b>Condensed Consolidated Statements of Comprehensive Income</b>	<b>33</b>
<b>Condensed Consolidated Statements of Changes in Equity</b>	<b>34</b>
<b>Condensed Consolidated Balance Sheets</b>	<b>35</b>
<b>Condensed Consolidated Statements of Cash Flows</b>	<b>36</b>
<b>Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements</b>	<b>37</b>
Note 1. Nature and Description of the Reporting Entity	37
Note 2. Accounting Policies	37
Note 3. Future Accounting Standards and Amendments	38
Note 4. Net Interest Expense and Other Financing Charges	38
Note 5. Income Taxes	39
Note 6. Basic and Diluted Net Earnings per Common Share	39
Note 7. Change in Non-cash Working Capital	39
Note 8. Credit Card Receivables	40
Note 9. Real Estate Dispositions	41
Note 10. Long Term Debt	41
Note 11. Share Capital	42
Note 12. Post-Employment and Other Long Term Employee Benefits	44
Note 13. Financial Instruments	45
Note 14. Contingent Liabilities	48
Note 15. Related Party Transactions	49
Note 16. Segment Information	50

---

## Condensed Consolidated Statements of Earnings

(millions of Canadian dollars except where otherwise indicated) (unaudited)	<b>June 15, 2024 (12 weeks)</b>	June 17, 2023 (12 weeks)	<b>June 15, 2024 (24 weeks)</b>	June 17, 2023 (24 weeks)
<b>Revenue</b>	<b>\$ 13,947</b>	\$ 13,738	<b>\$ 27,528</b>	\$ 26,733
<b>Cost of sales</b>	<b>9,326</b>	9,312	<b>18,452</b>	18,100
<b>Selling, general and administrative expenses</b>	<b>3,753</b>	3,499	<b>7,347</b>	6,937
<b>Operating income</b>	<b>\$ 868</b>	\$ 927	<b>\$ 1,729</b>	\$ 1,696
Net interest expense and other financing charges (note 4)	<b>190</b>	193	<b>384</b>	374
<b>Earnings before income taxes</b>	<b>\$ 678</b>	\$ 734	<b>\$ 1,345</b>	\$ 1,322
Income taxes (note 5)	<b>180</b>	193	<b>358</b>	344
<b>Net earnings</b>	<b>\$ 498</b>	\$ 541	<b>\$ 987</b>	\$ 978
Attributable to:				
Shareholders of the Company (note 6)	<b>\$ 460</b>	\$ 511	<b>\$ 922</b>	\$ 932
Non-controlling interests	<b>38</b>	30	<b>65</b>	46
<b>Net earnings</b>	<b>\$ 498</b>	\$ 541	<b>\$ 987</b>	\$ 978
<b>Net earnings per common share (\$) (note 6)</b>				
Basic	<b>\$ 1.49</b>	\$ 1.59	<b>\$ 2.98</b>	\$ 2.89
Diluted	<b>\$ 1.48</b>	\$ 1.58	<b>\$ 2.95</b>	\$ 2.86
<b>Weighted average common shares outstanding (millions) (note 6)</b>				
Basic	<b>305.9</b>	319.1	<b>307.4</b>	320.3
Diluted	<b>308.8</b>	322.5	<b>310.6</b>	323.8

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

## Condensed Consolidated Statements of Comprehensive Income

(millions of Canadian dollars) (unaudited)	<b>June 15, 2024</b> <b>(12 weeks)</b>	June 17, 2023 (12 weeks)	<b>June 15, 2024</b> <b>(24 weeks)</b>	June 17, 2023 (24 weeks)
Net earnings	<b>\$ 498</b>	\$ 541	<b>\$ 987</b>	\$ 978
Other comprehensive income, net of taxes				
Items that are or may be subsequently reclassified to profit or loss:				
Foreign currency translation gains	<b>\$ 2</b>	\$ —	<b>\$ 2</b>	\$ —
(Losses) gains on cash flow hedges (note 13)	<b>(7)</b>	4	<b>(8)</b>	6
Loss on long term securities (note 13)	—	(1)	—	—
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial gains (losses) (note 12)	<b>70</b>	(4)	<b>32</b>	95
Other comprehensive income, net of taxes	<b>\$ 65</b>	\$ (1)	<b>\$ 26</b>	\$ 101
<b>Total comprehensive income</b>	<b>\$ 563</b>	\$ 540	<b>\$ 1,013</b>	\$ 1,079
Attributable to:				
Shareholders of the Company	<b>\$ 525</b>	\$ 510	<b>\$ 948</b>	\$ 1,033
Non-controlling interests	<b>38</b>	30	<b>65</b>	46
<b>Total comprehensive income</b>	<b>\$ 563</b>	\$ 540	<b>\$ 1,013</b>	\$ 1,079

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>\$ 922</b>	\$ —	\$ —	\$ —	\$ —	\$ —	<b>\$ 65</b>	<b>\$ 987</b>
Other comprehensive income	—	—	—	<b>32</b>	—	2	(8)	—	<b>(6)</b>	—	<b>26</b>
<b>Total comprehensive income</b>	\$ —	\$ —	\$ —	<b>\$ 954</b>	\$ —	\$ 2	\$ (8)	\$ —	<b>\$ (6)</b>	<b>\$ 65</b>	<b>\$ 1,013</b>
Common shares purchased and cancelled (note 11)	(134)	—	<b>(134)</b>	<b>(890)</b>	—	—	—	—	—	—	<b>(1,024)</b>
Effect of equity-based compensation (note 11)	142	—	<b>142</b>	—	<b>(31)</b>	—	—	—	—	—	<b>111</b>
Shares released from trust (note 11)	12	—	<b>12</b>	<b>27</b>	—	—	—	—	—	—	<b>39</b>
Dividends declared per common share – \$0.959 (note 11)	—	—	—	<b>(294)</b>	—	—	—	—	—	—	<b>(294)</b>
Dividends declared per preferred share – \$0.66250 (note 11)	—	—	—	<b>(6)</b>	—	—	—	—	—	—	<b>(6)</b>
Net distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	<b>(60)</b>	<b>(60)</b>
	\$ 20	\$ —	<b>\$ 20</b>	<b>\$ (209)</b>	<b>\$ (31)</b>	\$ 2	\$ (8)	\$ —	<b>\$ (6)</b>	<b>\$ 5</b>	<b>\$ (221)</b>
<b>Balance as at June 15, 2024</b>	\$ 6,276	\$ 221	<b>\$ 6,497</b>	<b>\$ 4,607</b>	<b>\$ 105</b>	\$ 43	\$ (19)	\$ 5	<b>\$ 29</b>	<b>\$ 160</b>	<b>\$ 11,398</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>\$ 932</b>	\$ —	\$ —	\$ —	\$ —	\$ —	<b>\$ 46</b>	<b>\$ 978</b>
Other comprehensive income	—	—	—	<b>95</b>	—	—	6	—	<b>6</b>	—	<b>101</b>
<b>Total comprehensive income</b>	\$ —	\$ —	\$ —	<b>\$ 1,027</b>	\$ —	\$ —	\$ 6	\$ —	<b>\$ 6</b>	<b>\$ 46</b>	<b>\$ 1,079</b>
Common shares purchased and cancelled (note 11)	(136)	—	<b>(136)</b>	<b>(663)</b>	—	—	—	—	—	—	<b>(799)</b>
Effect of equity-based compensation (note 11)	34	—	<b>34</b>	—	<b>(12)</b>	—	—	—	—	—	<b>22</b>
Shares released from trust (note 11)	10	—	<b>10</b>	<b>26</b>	—	—	—	—	—	—	<b>36</b>
Dividends declared per common share – \$0.851 (note 11)	—	—	—	<b>(271)</b>	—	—	—	—	—	—	<b>(271)</b>
Dividends declared per preferred share – \$0.66250 (note 11)	—	—	—	<b>(6)</b>	—	—	—	—	—	—	<b>(6)</b>
Net distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	<b>(60)</b>	<b>(60)</b>
	\$ (92)	\$ —	<b>\$ (92)</b>	<b>\$ 113</b>	<b>\$ (12)</b>	\$ —	\$ 6	\$ —	<b>\$ 6</b>	<b>\$ (14)</b>	<b>\$ 1</b>
<b>Balance as at June 17, 2023</b>	\$ 6,373	\$ 221	<b>\$ 6,594</b>	<b>\$ 4,574</b>	<b>\$ 110</b>	\$ 41	\$ (9)	\$ 4	<b>\$ 36</b>	<b>\$ 143</b>	<b>\$ 11,457</b>

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

## Condensed Consolidated Balance Sheets

(millions of Canadian dollars) (unaudited)	As at June 15, 2024	As at June 17, 2023	As at December 30, 2023
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,282	\$ 1,209	\$ 1,488
Short term investments	412	531	464
Security deposits (note 8)	250	250	—
Accounts receivable	1,190	1,237	1,298
Credit card receivables (note 8)	3,954	3,972	4,132
Inventories	5,772	5,556	5,820
Prepaid expenses and other assets	371	402	324
Assets held for sale	33	77	52
Total current assets	\$ 13,264	\$ 13,234	\$ 13,578
Fixed assets (note 9)	6,605	5,786	6,346
Right-of-use assets	7,692	7,498	7,662
Investment properties	85	56	53
Intangible assets	5,726	6,271	5,994
Goodwill	4,354	4,335	4,349
Deferred income tax assets	124	94	125
Other assets (note 12)	762	822	872
<b>Total assets</b>	<b>\$ 38,612</b>	<b>\$ 38,096</b>	<b>\$ 38,979</b>
<b>Liabilities</b>			
Current liabilities			
Bank indebtedness	\$ 38	\$ 18	\$ 13
Trade payables and other liabilities	5,794	5,745	6,324
Loyalty liability	129	186	123
Provisions (note 14)	284	139	115
Income taxes payable	119	190	240
Demand deposits from customers	175	137	166
Short term debt (note 8)	650	650	850
Long term debt due within one year (note 10)	741	833	1,191
Lease liabilities due within one year	1,477	1,425	1,455
Associate interest	378	413	370
Total current liabilities	\$ 9,785	\$ 9,736	\$ 10,847
Provisions	122	111	123
Long term debt (note 10)	7,741	7,325	6,661
Lease liabilities	7,968	7,772	8,003
Deferred income tax liabilities	1,003	1,157	1,132
Other liabilities (notes 9 and 12)	595	538	594
<b>Total liabilities</b>	<b>\$ 27,214</b>	<b>\$ 26,639</b>	<b>\$ 27,360</b>
<b>Equity</b>			
Share capital (note 11)	\$ 6,497	\$ 6,594	\$ 6,477
Retained earnings	4,607	4,574	4,816
Contributed surplus	105	110	136
Accumulated other comprehensive income	29	36	35
<b>Total equity attributable to shareholders of the Company</b>	<b>\$ 11,238</b>	<b>\$ 11,314</b>	<b>\$ 11,464</b>
Non-controlling interests	160	143	155
<b>Total equity</b>	<b>\$ 11,398</b>	<b>\$ 11,457</b>	<b>\$ 11,619</b>
<b>Total liabilities and equity</b>	<b>\$ 38,612</b>	<b>\$ 38,096</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

(millions of Canadian dollars) (unaudited)	June 15, 2024 (12 weeks)	June 17, 2023 (12 weeks)	June 15, 2024 (24 weeks)	June 17, 2023 (24 weeks)
<b>Operating activities</b>				
Net earnings	\$ 498	\$ 541	\$ 987	\$ 978
Add (deduct):				
Income taxes (note 5)	180	193	358	344
Net interest expense and other financing charges (note 4)	190	193	384	374
Depreciation and amortization	679	671	1,369	1,346
Change in allowance for credit card receivables (note 8)	1	8	10	14
Change in provisions (note 14)	165	37	168	31
Change in non-cash working capital (note 7)	43	110	(598)	(354)
Change in gross credit card receivables (note 8)	(109)	(232)	168	(32)
Income taxes paid	(284)	(274)	(610)	(511)
Interest received	11	5	15	11
Other	27	37	6	3
<b>Cash flows from operating activities</b>	<b>\$ 1,401</b>	<b>\$ 1,289</b>	<b>\$ 2,257</b>	<b>\$ 2,204</b>
<b>Investing activities</b>				
Fixed asset purchases	\$ (413)	\$ (331)	\$ (720)	\$ (554)
Intangible asset additions	(82)	(92)	(162)	(184)
(Purchase) disposal of short term investments	(91)	17	52	(205)
Increase in security deposits (note 8)	(250)	(250)	(250)	(250)
Proceeds from disposal of assets (note 9 and 15)	20	13	59	120
Lease payments received from finance leases	3	5	8	9
Disposal of long term securities	64	1	63	—
Other	(20)	7	(15)	(20)
<b>Cash flows used in investing activities</b>	<b>\$ (769)</b>	<b>\$ (630)</b>	<b>\$ (965)</b>	<b>\$ (1,084)</b>
<b>Financing activities</b>				
Increase (decrease) in bank indebtedness	\$ 37	\$ (7)	\$ 25	\$ 10
Increase (decrease) in short term debt (note 8)	200	50	(200)	(50)
Increase in demand deposits from customers	5	6	9	12
Long term debt (note 10)				
Issued	861	590	1,268	591
Repayments	(626)	(171)	(638)	(216)
Interest paid	(96)	(92)	(196)	(198)
Cash rent paid on lease liabilities - Interest (note 4)	(93)	(84)	(186)	(167)
Cash rent paid on lease liabilities - Principal	(283)	(269)	(562)	(537)
Dividends paid on common and preferred shares (note 11)	(140)	(133)	(140)	(133)
Common share capital				
Issued	69	15	126	30
Purchased and cancelled (note 11)	(537)	(511)	(952)	(894)
Proceeds from financial liabilities (note 9)	—	29	—	115
Other	(36)	(38)	(56)	(84)
<b>Cash flows used in financing activities</b>	<b>\$ (639)</b>	<b>\$ (615)</b>	<b>\$ (1,502)</b>	<b>\$ (1,521)</b>
Effect of foreign currency exchange rate changes on cash and cash equivalents	\$ 1	\$ 3	\$ 4	\$ 2
(Decrease) increase in cash and cash equivalents	\$ (6)	\$ 47	\$ (206)	\$ (399)
Cash and cash equivalents, beginning of period	1,288	1,162	1,488	1,608
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,282</b>	<b>\$ 1,209</b>	<b>\$ 1,282</b>	<b>\$ 1,209</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 June 15, 2024 and June 17, 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.

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

**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 ("IFRS Accounting Standards" or "GAAP") and 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 July 24, 2024.

**Note 3. Future Accounting Standards and Amendments**

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

**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 International Accounting standard 1, “Presentation of Financial Statements” (“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)	<b>June 15, 2024</b> <b>(12 weeks)</b>	June 17, 2023 (12 weeks)	<b>June 15, 2024</b> <b>(24 weeks)</b>	June 17, 2023 (24 weeks)
<b>Interest expense and other financing charges</b>				
Lease liabilities	\$ 93	\$ 84	\$ 186	\$ 167
Long term debt <sup>(i)</sup>	79	73	155	147
Borrowings related to credit card receivables	13	25	32	44
Post-employment and other long term employee benefits (note 12)	1	4	2	7
Independent funding trusts	10	9	20	19
Financial liabilities (note 9 and 15)	3	3	6	5
	<b>\$ 199</b>	<b>\$ 198</b>	<b>\$ 401</b>	<b>\$ 389</b>
<b>Interest income</b>				
Accretion income	\$ —	\$ —	\$ (1)	\$ (1)
Short term interest income	(9)	(5)	(16)	(14)
	<b>\$ (9)</b>	<b>\$ (5)</b>	<b>\$ (17)</b>	<b>\$ (15)</b>
Net interest expense and other financing charges	<b>\$ 190</b>	<b>\$ 193</b>	<b>\$ 384</b>	<b>\$ 374</b>

(i) In the second quarter of 2024, borrowing costs of \$10 million were capitalized related to the Company’s automated distribution facility.



## Note 5. Income Taxes

Income tax expense in the second quarter of 2024 was \$180 million (2023 – \$193 million) and the effective tax rate was 26.5% (2023 – 26.3%). 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 second quarter of 2023. Year-to-date income tax expense was \$358 million (2023 – \$344 million) and the effective tax rate was 26.6% (2023 – 26.0%). The increase to the year-to-date effective tax rate from the comparative period was primarily attributable to the non-taxable portion of the gain from real estate dispositions, which decreased the rate during the first half of 2023.

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

(millions of Canadian dollars except where otherwise indicated)	<b>June 15, 2024 (12 weeks)</b>	June 17, 2023 (12 weeks)	<b>June 15, 2024 (24 weeks)</b>	June 17, 2023 (24 weeks)
Net earnings attributable to shareholders of the Company	<b>\$ 460</b>	\$ 511	<b>\$ 922</b>	\$ 932
Dividends on preferred shares in equity	<b>(3)</b>	(3)	<b>(6)</b>	(6)
Net earnings available to common shareholders	<b>\$ 457</b>	\$ 508	<b>\$ 916</b>	\$ 926
Basic weighted average common shares outstanding (in millions) (note 11)	<b>305.9</b>	319.1	<b>307.4</b>	320.3
Dilutive effect of equity-based compensation	<b>2.3</b>	2.7	<b>2.6</b>	2.8
Dilutive effect of certain other liabilities	<b>0.6</b>	0.7	<b>0.6</b>	0.7
Diluted weighted average common shares outstanding (in millions)	<b>308.8</b>	322.5	<b>310.6</b>	323.8
Basic net earnings per common share (\$)	<b>\$ 1.49</b>	\$ 1.59	<b>\$ 2.98</b>	\$ 2.89
Diluted net earnings per common share (\$)	<b>\$ 1.48</b>	\$ 1.58	<b>\$ 2.95</b>	\$ 2.86

In the second quarter of 2024 and year-to-date, 491,670 (2023 – 704,695) and 3,228 (2023 – 49,863), respectively, 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)	<b>June 15, 2024 (12 weeks)</b>	June 17, 2023 (12 weeks)	<b>June 15, 2024 (24 weeks)</b>	June 17, 2023 (24 weeks)
Change in:				
Accounts receivable	<b>\$ 2</b>	\$ (5)	<b>\$ 112</b>	\$ (63)
Prepaid expenses and other assets	<b>4</b>	(18)	<b>(47)</b>	(53)
Inventories	<b>176</b>	179	<b>48</b>	299
Trade payables and other liabilities	<b>(147)</b>	(7)	<b>(708)</b>	(530)
Other	<b>8</b>	(39)	<b>(3)</b>	(7)
Change in non-cash working capital	<b>\$ 43</b>	\$ 110	<b>\$ (598)</b>	\$ (354)

**Note 8. Credit Card Receivables**

The components of credit card receivables were as follows:

(millions of Canadian dollars)	As at June 15, 2024	As at June 17, 2023	As at December 30, 2023
Gross credit card receivables	\$ 4,220	\$ 4,192	\$ 4,388
Allowance for credit card receivables	(266)	(220)	(256)
Credit card receivables	\$ 3,954	\$ 3,972	\$ 4,132
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> <sup>®</sup> (note 10)	\$ 1,700	\$ 1,600	\$ 1,350
Securitized to Other Independent Securitization Trusts <sup>(i)</sup>	650	650	850
Total securitized to independent securitization trusts	\$ 2,350	\$ 2,250	\$ 2,200

(i) During the second quarter of 2024, PC Bank recorded a \$200 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.

During the second quarter of 2024, *Eagle* issued \$350 million of senior subordinated term notes with a maturity date of June 17, 2029 (the "*Eagle* 2024-1 Series notes"). The notes have a weighted average interest rate of 5.03%. In connection with the issuance, \$150 million of bond forward agreements were settled. This resulted in a fair value gain of \$2 million before income taxes, which will be reclassified to net earnings over the life of the *Eagle* 2024-1 Series notes. Consequently, the net effective interest rate on *Eagle* 2024-1 Series notes issued is 4.90%.

As at June 15, 2024, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$59 million (June 17, 2023 – \$59 million; December 30, 2023 – \$77 million), which represented 9% (June 17, 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 June 15, 2024 and throughout the first half of 2024.

**Security Deposits** During the second quarter of 2024, a repayment accumulation process was triggered due to the upcoming maturity of the *Eagle* \$250 million senior and subordinated term notes due July 17, 2024. As at June 15, 2024, \$250 million had been accumulated and was recorded in security deposits.

## Note 9. Real Estate Dispositions

In the second quarter of 2024, the Company disposed of one (2023 – two) real estate property included in fixed assets for proceeds of \$20 million (2023 – \$13 million), which (2023 – all properties) was subsequently leased back by the Company. Year-to-date, the Company disposed of two (2023 – twenty-two) real estate properties for proceeds of \$58 million (2023 – \$120 million), all (2023– nineteen) of which were subsequently leased back (see note 15).

**Financial Liabilities** As at June 15, 2024, \$11 million (June 17, 2023 – \$11 million; December 30, 2023 – \$11 million) was recorded in trade payables and other liabilities and \$179 million (June 17, 2023 – \$178 million; December 30, 2023, 2023 – \$179 million) was recorded in other liabilities to date for all properties sold and subsequently leased back by the Company that did not meet the criteria for sale.

## Note 10. Long Term Debt

The components of long term debt were as follows:

(millions of Canadian dollars)	<b>As at June 15, 2024</b>	As at June 17, 2023	As at December 30, 2023
Debentures <sup>(i)</sup>	<b>\$ 4,307</b>	\$ 4,310	\$ 4,309
Guaranteed investment certificates	<b>1,565</b>	1,748	1,654
Independent securitization trusts (note 8)	<b>1,700</b>	1,600	1,350
Independent funding trusts	<b>577</b>	518	558
Committed credit facility <sup>(ii)</sup>	<b>350</b>	—	—
Transaction costs and other	<b>(17)</b>	(18)	(19)
<b>Total long term debt</b>	<b>\$ 8,482</b>	\$ 8,158	\$ 7,852
Long term debt due within one year	<b>741</b>	833	1,191
<b>Long term debt</b>	<b>\$ 7,741</b>	\$ 7,325	\$ 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 used the net proceeds of the issuance to partially fund the redemption of the \$400 million aggregate principal amount of 3.918% senior unsecured notes on June 10, 2024.
- (ii) The Company has a committed credit facility with maturity date of July 15, 2027, provided by a syndicate of lenders. The facility contains certain financial covenants and as at June 15, 2024 and throughout the first half of the year, the Company was in compliance with these covenants.

**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:

	June 15, 2024 (12 weeks)		June 17, 2023 (12 weeks)		June 15, 2024 (24 weeks)		June 17, 2023 (24 weeks)	
(millions of Canadian dollars except where otherwise indicated)	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	<b>308,158,675</b>	<b>\$ 6,261</b>	321,047,815	\$ 6,463	<b>310,526,379</b>	<b>\$ 6,281</b>	324,062,608	\$ 6,489
Issued for settlement of stock options	<b>1,046,219</b>	<b>78</b>	257,365	18	<b>1,892,368</b>	<b>142</b>	500,838	34
Purchased and cancelled	<b>(3,157,109)</b>	<b>(50)</b>	(4,226,034)	(94)	<b>(6,370,962)</b>	<b>(134)</b>	(7,484,300)	(136)
Issued and outstanding, end of period	<b>306,047,785</b>	<b>\$ 6,289</b>	317,079,146	\$ 6,387	<b>306,047,785</b>	<b>\$ 6,289</b>	317,079,146	\$ 6,387
Shares held in trust, beginning of period	<b>(753,100)</b>	<b>\$ (15)</b>	(733,685)	\$ (14)	<b>(1,269,239)</b>	<b>\$ (25)</b>	(1,222,278)	\$ (24)
Released for settlement of RSUs and PSUs	<b>96,953</b>	<b>2</b>	24,197	—	<b>613,092</b>	<b>12</b>	512,790	10
Shares held in trust, end of period	<b>(656,147)</b>	<b>\$ (13)</b>	(709,488)	\$ (14)	<b>(656,147)</b>	<b>\$ (13)</b>	(709,488)	\$ (14)
Issued and outstanding, net of shares held in trust, end of period	<b>305,391,638</b>	<b>\$ 6,276</b>	316,369,658	\$ 6,373	<b>305,391,638</b>	<b>\$ 6,276</b>	316,369,658	\$ 6,373
Weighted average outstanding, net of shares held in trust (note 6)	<b>305,949,876</b>		319,106,095		<b>307,419,088</b>		320,287,705	

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

	June 15, 2024 <sup>(i)</sup> (12 weeks)	June 17, 2023 (12 weeks)	June 15, 2024 <sup>(i)</sup> (24 weeks)	June 17, 2023 (24 weeks)
<b>Dividends declared per share (\$)</b>				
Common Share	<b>\$ 0.513</b>	\$ 0.446	<b>\$ 0.959</b>	\$ 0.851
Second Preferred Share, Series B	<b>\$ 0.33125</b>	\$ 0.33125	<b>\$ 0.66250</b>	\$ 0.66250

(i) The Common Share dividends declared in the second quarter of 2024 of \$0.513 per share had a payment date of July 1, 2024. The Second Preferred Shares, Series B dividends declared in the second quarter of 2024 of \$0.33125 per share had a payment date of June 30, 2024.

Subsequent to the end of the second quarter of 2024, the Board declared a quarterly dividend of \$0.513 per common share, payable on October 1, 2024 to shareholders of record on September 15, 2024 and a quarterly dividend of \$0.33125 per share on the Second Preferred Shares, Series B payable on September 30, 2024 to shareholders of record on September 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)	<b>June 15, 2024 (12 weeks)</b>	June 17, 2023 (12 weeks)	<b>June 15, 2024 (24 weeks)</b>	June 17, 2023 (24 weeks)
Common shares repurchased under the NCIB for cancellation (number of shares) <sup>(i)</sup>	<b>3,157,109</b>	4,226,034	<b>6,370,962</b>	7,484,300
Cash consideration paid <sup>(ii)</sup>	<b>\$ 537</b>	\$ 511	<b>\$ 952</b>	\$ 894
Premium charged to retained earnings <sup>(iii)</sup>	<b>314</b>	463	<b>890</b>	663
Reduction in common share capital <sup>(iv)</sup>	<b>50</b>	94	<b>134</b>	136

(i) Common shares repurchased and cancelled as at June 15, 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 \$130 million related to the automatic share purchase plan, as described below.

(iv) Includes \$20 million related to the automatic share purchase plan, as described below.

In the second quarter of 2024, the Company renewed its NCIB to purchase on the Toronto Stock Exchange or through alternative trading systems up to 15,336,875 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at June 15, 2024, the Company had purchased 1,350,172 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 second quarter of 2024, 3,157,109 common shares (2023 – 4,226,034) were purchased under the NCIB for cancellation, for aggregate consideration of \$482 million (2023 – \$511 million), including 1,252,690 common shares (2023 – 2,072,339) purchased from Weston, for aggregate consideration of \$190 million (2023 – \$250 million). On a year-to-date basis, 6,370,962 common shares (2023 – 7,484,300) were purchased under the NCIB for cancellation, for aggregate consideration of \$952 million (2023 – \$894 million), including 2,489,883 common shares (2023 – 3,674,254) purchased from Weston, for aggregate consideration of \$372 million (2023 – 438 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 June 15, 2024, an obligation to repurchase shares of \$150 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)	<b>June 15, 2024</b> <b>(12 weeks)</b>	June 17, 2023 (12 weeks)	<b>June 15, 2024</b> <b>(24 weeks)</b>	June 17, 2023 (24 weeks)
Current service cost				
Post-employment benefit costs <sup>(i)</sup>	<b>\$ 35</b>	\$ 34	<b>\$ 72</b>	\$ 70
Other long term employee benefit costs <sup>(ii)</sup>	<b>8</b>	10	<b>17</b>	19
Net interest cost on net defined benefit plan obligations (note 4)	<b>1</b>	4	<b>2</b>	7
<b>Total post-employment defined benefit cost</b>	<b>\$ 44</b>	\$ 48	<b>\$ 91</b>	\$ 96

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

(millions of Canadian dollars)	<b>June 15, 2024</b> <b>(12 weeks)</b>	June 17, 2023 (12 weeks)	<b>June 15, 2024</b> <b>(24 weeks)</b>	June 17, 2023 (24 weeks)
Return (loss) on plan assets, excluding amounts included in net interest expense and other financing charges	<b>\$ 41</b>	\$ (5)	<b>\$ 66</b>	\$ 79
Actuarial (losses) gains from changes in financial assumptions <sup>(i)</sup>	<b>(43)</b>	45	<b>21</b>	(45)
Change in liability arising from asset ceiling <sup>(i)</sup>	<b>97</b>	(45)	<b>(44)</b>	95
Total net actuarial gains (losses) recognized in other comprehensive income before income taxes	<b>\$ 95</b>	\$ (5)	<b>\$ 43</b>	\$ 129
Income tax (expenses) recoveries on actuarial gains (losses)	<b>(25)</b>	1	<b>(11)</b>	(34)
<b>Actuarial gains (losses) net of income tax (expenses) recoveries</b>	<b>\$ 70</b>	\$ (4)	<b>\$ 32</b>	\$ 95

(i) In the second quarter of 2024, the actuarial losses from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by a decrease in the discount rate. On a year-to-date basis, the actuarial gains from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by an increase in the discount rate.

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

(millions of Canadian dollars)	<b>As at</b> <b>June 15, 2024</b>	As at June 17, 2023	As at December 30, 2023
<b>Other assets</b>			
Accrued benefit plan asset	<b>\$ 321</b>	\$ 161	\$ 297
<b>Other liabilities</b>			
Net defined benefit plan obligation	<b>\$ 240</b>	\$ 222	\$ 242
Other long term employee benefit obligation	<b>134</b>	120	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.

(millions of Canadian dollars)	As at June 15, 2024				As at June 17, 2023				As at December 30, 2023			
	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	\$ 138	\$ —	\$ —	\$ 138	\$ 246	\$ —	\$ —	\$ 246	\$ 201	\$ —	\$ —	\$ 201
Derivatives included in prepaid expenses and other assets	—	3	—	3	—	10	4	14	—	8	—	8
Fair value through profit and loss:												
Certain other assets <sup>(i)</sup>	—	—	60	60	—	—	51	51	—	—	56	56
Security deposits	250	—	—	250	250	—	—	250	—	—	—	—
Derivatives included in prepaid expenses and other assets	—	2	—	2	—	—	2	2	—	—	2	2
<b>Financial liabilities</b>												
Amortized cost:												
Long term debt	\$ —	\$8,429	\$ —	\$8,429	\$ —	\$8,257	\$ —	\$8,257	\$ —	\$8,151	\$ —	\$8,151
Associate Interest	—	—	378	378	—	—	413	413	—	—	370	370
Certain other liabilities <sup>(ii)</sup>	—	—	297	297	—	—	189	189	—	—	287	287
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	—	—	19	19	—	—	—	—	—	—	4	4
Fair value through profit and loss:												
Derivatives included in trade payables and other liabilities	1	—	1	2	—	1	—	1	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. (see note 9)

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

During the second quarter of 2024, the Company recognized a gain of \$1 million (2023 – loss of \$3 million) and a gain of \$4 million (2023 – loss of \$2 million) year-to-date in operating income on financial instruments designated as amortized cost. In addition, during the second quarter of 2024, the Company recognized a net gain of \$7 million (2023 – net loss of \$12 million). Year-to-date a net gain of \$16 million (2023 – net loss of \$16 million) was recognized 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.

**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:

			(12 weeks)		June 15, 2024 (24 weeks)	
	Net asset/ (liability) fair value	Gain/ (loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	
(millions of Canadian dollars)						
<b>Derivatives designated as cash flow hedges</b>						
Foreign Exchange Forwards <sup>(i)</sup>	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —
Bond Forwards <sup>(ii)</sup>	1	4	(1)	5	(2)	
Interest Rate Swaps and Other <sup>(iii)</sup>	(18)	(12)	—	(19)	1	
<b>Total derivatives designated as cash flow hedges</b>	<b>\$ (16)</b>	<b>\$ (8)</b>	<b>\$ (1)</b>	<b>\$ (14)</b>	<b>\$ (1)</b>	
<b>Derivatives not designated in a formal hedging relationship</b>						
Foreign Exchange and Other Forwards	\$ 2	\$ —	\$ 3	\$ —	\$ 12	
Other Non-Financial Derivatives	(1)	—	(1)	—	3	
<b>Total derivatives not designated in a formal hedging relationship</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 15</b>	
<b>Total derivatives</b>	<b>\$ (15)</b>	<b>\$ (8)</b>	<b>\$ 1</b>	<b>\$ (14)</b>	<b>\$ 14</b>	

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$8 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 \$100 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.
- (iii) PC Bank uses interest rate swaps, with a notional value of \$180 million, to mitigate the impact of increases in interest rates. 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 June 15, 2024, a fair value loss of \$19 million was recorded in other comprehensive income related to the energy hedge. The fair value of the derivatives are included in both prepaid expenses and other assets and trade payables and other liabilities



June 17, 2023

(millions of Canadian dollars)	(12 weeks)			June 17, 2023 (24 weeks)	
	Net asset/ (liability) fair value	Gain/ (loss) recorded in OCI	Gain/(loss) recorded in operating income	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>	\$ 5	\$ (6)	\$ —	\$ (4)	\$ 1
Bond Forwards <sup>(ii)</sup>	2	6	(1)	8	(2)
Interest Rate Swaps and Other <sup>(iii)</sup>	7	7	1	6	1
<b>Total derivatives designated as cash flow hedges</b>	<b>\$ 14</b>	<b>\$ 7</b>	<b>\$ —</b>	<b>\$ 10</b>	<b>\$ —</b>
<b>Derivatives not designated in a formal hedging relationship</b>					
Foreign Exchange and Other Forwards	\$ (1)	\$ —	\$ (12)	\$ —	\$ (7)
Other Non-Financial Derivatives	—	—	(1)	—	(3)
<b>Total derivatives not designated in a formal hedging relationship</b>	<b>\$ (1)</b>	<b>\$ —</b>	<b>\$ (13)</b>	<b>\$ —</b>	<b>\$ (10)</b>
<b>Total derivatives</b>	<b>\$ 13</b>	<b>\$ 7</b>	<b>\$ (13)</b>	<b>\$ 10</b>	<b>\$ (10)</b>

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$20 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 settled \$140 million of bond forwards in the second quarter of 2023. The purpose of the bond forwards were to hedge the interest rate risk for the \$250 million *Eagle* notes issued in the second quarter of 2023. The Company has concluded that the hedge was effective as at the settlement date which resulted in a \$4 million fair value gain recorded in other comprehensive income and which will be reclassified to net earnings over the life of the new *Eagle* notes.
- (iii) PC Bank uses interest rate swaps, with notional value of \$180 million to mitigate the impact of increases in interest rate. During the second quarter of 2023, the Company also 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 and resulted in a fair value gain of \$4 million which has been recorded in other comprehensive income. The fair values of the derivatives are included in prepaid expenses and other assets.

#### **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 were commenced against the Company and Weston as well as a number of other major grocery retailers and another bread wholesaler. On July 24, 2024, the Company and Weston entered into binding Minutes of Settlement with the lawyers representing consumers to settle those class action lawsuits for \$500 million. The Company and Weston will each pay for a portion of the settlement, with Loblaw paying \$253 million and Weston paying \$247 million. The Company will receive credit for the \$96 million it previously paid to customers in the form of Loblaw cards, resulting in it being required to pay \$157 million in cash towards the settlement. The settlement is subject to entering into a binding Settlement Agreement and the approval of the courts. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Weston will not face criminal charges or penalties. In response to such class action lawsuits, certain major grocery retailers have crossclaimed against the Company and Weston, and the Company and Weston believe such crossclaims are without merit.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including the Company and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by

the court and is now final. 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 Loblaws 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 for proceeds of \$86 million. 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 lease (see note 9).

**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:

(millions of Canadian dollars)	June 15, 2024 (12 weeks)					June 17, 2023 (12 weeks)				
	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>\$ 13,658</b>	<b>\$ 367</b>	<b>\$ 14,025</b>	<b>\$ (78)</b>	<b>\$ 13,947</b>	<b>\$ 13,471</b>	<b>\$ 348</b>	<b>\$ 13,819</b>	<b>\$ (81)</b>	<b>\$ 13,738</b>
Operating income	\$ 815	\$ 53	\$ 868	\$ —	\$ 868	\$ 925	\$ 2	\$ 927	\$ —	\$ 927
Net interest expense and other financing charges	153	37	190	—	190	157	36	193	—	193
<b>Earnings (Losses) before income taxes</b>	<b>\$ 662</b>	<b>\$ 16</b>	<b>\$ 678</b>	<b>\$ —</b>	<b>\$ 678</b>	<b>\$ 768</b>	<b>\$ (34)</b>	<b>\$ 734</b>	<b>\$ —</b>	<b>\$ 734</b>
<b>Operating income</b>	<b>\$ 815</b>	<b>\$ 53</b>	<b>\$ 868</b>	<b>\$ —</b>	<b>\$ 868</b>	<b>\$ 925</b>	<b>\$ 2</b>	<b>\$ 927</b>	<b>\$ —</b>	<b>\$ 927</b>
Depreciation and amortization	668	11	679			657	14	671		
Adjusting items <sup>(iii)</sup>	166	—	166			5	37	42		
<b>Adjusted EBITDA<sup>(iii)</sup></b>	<b>\$ 1,649</b>	<b>\$ 64</b>	<b>\$ 1,713</b>			<b>\$ 1,587</b>	<b>\$ 53</b>	<b>\$ 1,640</b>		

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

(ii) Included in Financial Services revenue is \$164 million (2023 – \$152 million) of interest income.

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

For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	2024 (12 weeks)			2023 (12 weeks)		
	Retail	Financial Services	Total Segment Measure	Retail	Financial Services	Total Segment Measure
Charges related to settlement of class action lawsuits	\$ 164	\$ —	\$ 164	\$ —	\$ —	\$ —
Fair value adjustment on fuel and foreign currency contracts	2	—	2	5	—	5
Charge related to PC Bank commodity tax matter	—	—	—	—	37	37
<b>Adjusting items</b>	<b>\$ 166</b>	<b>\$ —</b>	<b>\$ 166</b>	<b>\$ 5</b>	<b>\$ 37</b>	<b>\$ 42</b>

	June 15, 2024 (24 weeks)					June 17, 2023 (24 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>\$26,948</b>	<b>\$ 728</b>	<b>\$27,676</b>	<b>\$ (148)</b>	<b>\$27,528</b>	\$26,206	\$ 674	\$26,880	\$ (147)	\$26,733
Operating income	\$ 1,597	\$ 132	\$ 1,729	\$ —	\$ 1,729	\$ 1,651	\$ 45	\$ 1,696	\$ —	\$ 1,696
Net interest expense and other financing charges	312	72	384	—	384	307	67	374	—	374
<b>Earnings (Losses) before income taxes</b>	<b>\$ 1,285</b>	<b>\$ 60</b>	<b>\$ 1,345</b>	<b>\$ —</b>	<b>\$ 1,345</b>	\$ 1,344	\$ (22)	\$ 1,322	\$ —	\$ 1,322
<b>Operating income</b>	<b>\$ 1,597</b>	<b>\$ 132</b>	<b>\$ 1,729</b>	<b>\$ —</b>	<b>\$ 1,729</b>	\$ 1,651	\$ 45	\$ 1,696	\$ —	\$ 1,696
Depreciation and amortization	1,345	24	1,369			1,317	29	1,346		
Adjusting items <sup>(iii)</sup>	159	—	159			9	37	46		
<b>Adjusted EBITDA<sup>(iii)</sup></b>	<b>\$ 3,101</b>	<b>\$ 156</b>	<b>\$ 3,257</b>			\$ 2,977	\$ 111	\$ 3,088		

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

(ii) Included in Financial Services revenue is \$334 million (2023 – \$303 million) of interest income.

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

	2024 (24 weeks)			2023 (24 weeks)		
For the periods ended June 15, 2024 and June 17, 2023 (millions of Canadian dollars)	Retail	Financial Services	Total Segment Measure	Retail	Financial Services	Total Segment Measure
Charges related to settlement of class action lawsuits	\$ 164	\$ —	\$ 164	\$ —	\$ —	\$ —
Charge related to PC Bank commodity tax matter	—	—	—	—	37	37
Loss on sale of non-operating properties	—	—	—	1	—	1
Fair value adjustment on fuel and foreign currency contracts	(5)	—	(5)	8	—	8
<b>Adjusting items</b>	<b>\$ 159</b>	<b>\$ —</b>	<b>\$ 159</b>	\$ 9	\$ 37	\$ 46

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

(millions of Canadian dollars)	June 15, 2024 (12 weeks)	June 17, 2023 (12 weeks)	June 15, 2024 (24 weeks)	June 17, 2023 (24 weeks)
Food retail	\$ 9,653	\$ 9,560	\$ 19,062	\$ 18,571
Drug retail	4,005	3,911	7,886	7,635
Retail total	\$ 13,658	\$ 13,471	\$ 26,948	\$ 26,206
Financial Services	367	348	728	674
Eliminations <sup>(i)</sup>	(78)	(81)	(148)	(147)
Total	\$ 13,947	\$ 13,738	\$ 27,528	\$ 26,733

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

(millions of Canadian dollars)	As at June 15, 2024	As at June 17, 2023	As at December 30, 2023
<b>Total assets</b>			
Retail	\$ 32,466	\$ 32,058	\$ 32,870
Financial Services	6,146	6,038	6,109
	\$ 38,612	\$ 38,096	\$ 38,979

(millions of Canadian dollars)	June 15, 2024 (12 weeks)	June 17, 2023 (12 weeks)	June 15, 2024 (24 weeks)	June 17, 2023 (24 weeks)
<b>Additions to fixed assets and intangible assets</b>				
Retail	\$ 489	\$ 416	\$ 866	\$ 722
Financial Services	6	7	16	16
	\$ 495	\$ 423	\$ 882	\$ 738

## 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**

Computershare Investor Services Inc.  
100 University Avenue  
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  
investor@loblaw.ca

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 July 25, 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: 397174#. 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

tntsupermarket.com

wellwise.ca

loblawadvance.ca

## **Apps**

PC Express™

PC Optimum™

PC Health™

Shoppers Drug Mart®

PC Financial®

Joe Fresh®

T&T®

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