Loblaw Companies Limited

NEWS RELEASE

Loblaw Reports 2024 Fourth Quarter Results and Fiscal Year Ended December 28, 2024 Results

Loblaw Reports Adjusted Diluted Net Earnings Per Common Share[(2)] Growth of 10.0% in the Fourth Quarter and 10.3% for the 2024 Fiscal Year

BRAMPTON, ONTARIO February 20, 2025 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") announced today its unaudited financial results for the fourth quarter ended December 28, 2024[(1)] and the release of its 2024 Annual Report. The 2024 Annual Report includes the Company's audited financial statements and Management's Discussion and Analysis ("MD&A") for the fiscal year ended December 28, 2024.

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

"We are very pleased to deliver another year of consistent operational and financial performance, reflecting our continuous focus on execution of our strategies and retail excellence," said Per Bank, President and Chief Executive Officer, Loblaw Companies Limited. "We are providing unmatched value which is resonating with Canadians. I am thankful for the commitment and contributions of our colleagues across the organization."

2024 FOURTH QUARTER HIGHLIGHTS

- Revenue was $14,948 million, an increase of $417 million, or 2.9%.
- Retail segment sales were $14,579 million, an increase of $422 million, or 3.0%.
  - Food Retail (Loblaw) same-stores sales increased by 2.5%, compared to 2.0% last year. Food retail same-store sales growth was approximately 1.5% after excluding the favourable impact of the timing of Thanksgiving.
  - Drug Retail (Shoppers Drug Mart) same-store sales increased by 1.3%, compared to 4.6% last year, with pharmacy and healthcare services same-store sales growth of 6.3%, partially offset by a decline in front store same-store sales of 3.1%.
- E-commerce sales increased by 18.4%.
- Operating income was $852 million, a decrease of $91 million, or 9.7%.
- Adjusted EBITDA[(2)] was $1,698 million, an increase of $65 million, or 4.0%.
- Retail segment gross profit percentage[(2)] was 30.9%, a decrease of 20 basis points.
- Net earnings available to common shareholders of the Company were $462 million, a decrease of $79 million or 14.6%.
- Diluted net earnings per common share were $1.52, a decrease of $0.20, or 11.6%. The decrease was primarily driven by a non-cash *PC Optimum* loyalty program charge of $129 million ($94 million, net of income taxes). This non-recurring charge represents the revaluation of the loyalty liability for outstanding points, reflecting higher *PC Optimum* member participation and higher redemption rates.
- Adjusted net earnings available to common shareholders of the Company[(2)] were $669 million, an increase of $39 million, or 6.2%.
- Adjusted diluted net earnings per common share[(2)] were $2.20, an increase of $0.20 or 10.0%.
- Net capital investments were $585 million, which reflects gross capital investments of $628 million, net of proceeds from property disposals of $43 million.
- Repurchased for cancellation 1.95 million common shares at a cost of $352 million. Free cash flow[(2)] from the Retail segment was $828 million.

2024 SELECT ANNUAL HIGHLIGHTS

- Revenue was $61,014 million, an increase of $1,485 million, or 2.5%.
- Food Retail same-store sales increased by 1.5% and Drug Retail same-store sales increased by 2.4%.
- E-commerce sales were approximately $3.9 billion, an increase of 16.9%.
- Net earnings available to common shareholders of the Company were $2,155 million, an increase of $67 million or 3.2%.
- Diluted net earnings per common share were $6.99, an increase of $0.47, or 7.2%.
- Adjusted net earnings available to common shareholders of the Company[(2)] were $2,637 million, an increase of $157 million, or 6.3%.
- Adjusted diluted net earnings per common share[(2)] were $8.55, an increase of $0.80, or 10.3%.
- Net capital investments were $1,837 million, which reflects gross capital investments of $2,200 million, net of proceeds from property disposals of $363 million.
- Repurchased for cancellation, 11.0 million common shares at a cost of $1,754 million. Free cash flow[(2)] from the Retail segment was $1,506 million.

See “News Release Endnotes” at the end of this News Release.

CONSOLIDATED AND SEGMENT RESULTS OF OPERATIONS

The following table provides key performance metrics for the Company by segment.

				2024 (12 weeks)				2023 (12 weeks)
For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**Retail**	**Financial Services**	**Elimi-nations**	**Total**	Retail	Financial Services	Elimi-nations	Total
Revenue	**$14,579**	**$ 476**	**$(107)**	**$14,948**	$ 14,157	$ 487	$ (113)	$ 14,531
Gross profit(2)	$ 4,505	$ 379	$ (107)	$ 4,777	$ 4,409	$ 377	$ (113)	$ 4,673
Gross profit %(2)	30.9 %	N/A	— %	32.0 %	31.1 %	N/A	— %	32.2 %
Operating income	**$ 777**	**$ 75**	**$ —**	**$ 852**	$ 843	$ 100	$ —	$ 943
Adjusted operating income(2)	1,014	105	—	1,119	981	87	—	1,068
Adjusted EBITDA(2)	$ 1,579	$ 119	$ —	$ 1,698	$ 1,532	$ 101	$ —	$ 1,633
Adjusted EBITDA margin(2)	10.8 %	N/A	— %	11.4 %	10.8 %	N/A	— %	11.2 %
Net interest expense and other financing charges	$ 162	$ 37	$ —	$ 199	$ 156	$ 39	$ —	$ 195
Adjusted net interest expense and other financing charges(2)	162	37	—	199	156	39	—	195
Earnings before income taxes	**$ 615**	**$ 38**	**$ —**	**$ 653**	$ 687	$ 61	$ —	$ 748
Income taxes				$ 185				$ 188
Adjusted income taxes(2)				245				224
Net losses (earnings) attributable to non-controlling interests				$ (1)				$ 16
Prescribed dividends on preferred shares in share capital				3				3
Impact of preferred share redemption				4				—
Net earnings available to common shareholders of the Company				**$ 462**				$ 541
Adjusted net earnings available to common shareholders of the Company(2)				669				630
Diluted net earnings per common share ($)				**$ 1.52**				$ 1.72
Adjusted diluted net earnings per common share(2) ($)				$ 2.20				$ 2.00
Diluted weighted average common shares outstanding (in millions)				**304.4**				314.9

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	2024 (52 weeks) Retail	Financial Services	Eliminations	Total	2023 (52 weeks) Retail	Financial Services	Eliminations	Total
Revenue	**$59,786**	**$ 1,586**	**$ (358)**	**$ 61,014**	$58,345	$ 1,540	$ (356)	$59,529
Gross profit[2]	$ 18,721	$ 1,363	$ (358)	$ 19,726	$18,083	$ 1,310	$ (356)	$19,037
Gross profit %[2]	31.3 %	N/A	— %	32.3 %	31.0 %	N/A	— %	32.0 %
Operating income	**$ 3,465**	**$ 437**	**$ —**	**$ 3,902**	$ 3,500	$ 204	$ —	$ 3,704
Adjusted operating income[2]	4,245	312	—	4,557	4,012	228	—	4,240
Adjusted EBITDA[2]	$ 6,662	$ 362	$ —	$ 7,024	$ 6,361	$ 286	$ —	$ 6,647
Adjusted EBITDA margin[2]	11.1 %	N/A	— %	11.5 %	10.9 %	N/A	— %	11.2 %
Net interest expense and other financing charges	**$ 683**	**$ 138**	**$ —**	**$ 821**	$ 660	$ 143	$ —	$ 803
Adjusted net interest expense and other financing charges[2]	683	148	—	831	660	143	—	803
Earnings before income taxes	**$ 2,782**	**$ 299**	**$ —**	**$ 3,081**	$ 2,840	$ 61	$ —	$ 2,901
Income taxes				$ 806				$ 714
Adjusted income taxes[2]				969				858
Net earnings attributable to non-controlling interests				$ 104				$ 87
Prescribed dividends on preferred shares in share capital				12				12
Impact of preferred share redemption				4				—
Net earnings available to common shareholders of the Company				**$ 2,155**				$2,088
Adjusted net earnings available to common shareholders of the Company[2]				2,637				2,480
Diluted net earnings per common share ($)				**$ 6.99**				$ 6.52
Adjusted diluted net earnings per common share[2] ($)				$ 8.55				$ 7.75
Diluted weighted average common shares outstanding (in millions)				**308.5**				320.0

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

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)	**2024 (12 weeks)**		2023 (12 weeks)		**2024 (52 weeks)**		2023 (52 weeks)	
	Sales	**Same-store sales**	Sales	Same-store sales	**Sales**	**Same-store sales**	Sales	Same-store sales
Food retail	**$ 10,138**	**2.5 %**	$ 9,774	2.0 %	**$42,166**	**1.5 %**	$ 41,188	3.9 %
Drug retail	**4,441**	**1.3 %**	4,383	4.6 %	**17,620**	**2.4 %**	17,157	5.4 %
Pharmacy and healthcare services	**2,230**	**6.3 %**	2,099	8.0 %	**9,182**	**6.3 %**	8,642	6.8 %
Front store	**2,211**	**(3.1)%**	2,284	1.7 %	**8,438**	**(1.3)%**	8,515	4.2 %

RETAIL SEGMENT

- Retail segment sales in the fourth quarter of 2024 were $14,579 million, an increase of $422 million, or 3.0%.
  - Food Retail (Loblaw) sales were $10,138 million and same-store sales grew by 2.5% (2023 – 2.0%). Food retail same-store sales growth was approximately 1.5% after excluding the favourable impact of the timing of Thanksgiving.
    - The Consumer Price Index as measured by The Consumer Price Index for Food Purchased From Stores was 2.4% (2023 – 4.9%) which was higher than the Company's internal food inflation; and
    - Food Retail traffic increased and basket size increased.
  - Drug Retail (Shoppers Drug Mart) sales were $4,441 million, and same-store sales grew by 1.3% (2023 – 4.6%), with pharmacy and healthcare services same-store sales growth of 6.3% (2023 – 8.0%), partially offset by a decline in front store same-store sales of 3.1% (2023 – growth of 1.7%).
    - On a same-store basis, the number of prescriptions increased by 1.7% (2023 – 3.4%) and the average prescription value increased by 4.0% (2023 – 3.4%);
    - The decline in front store same-store sales was primarily driven by the decision to exit certain low margin electronics categories, the impact of the closure of postal services during the Canada Post strike, and lower sales of food and household items, partially offset by the continued strength in beauty products.
- Operating income in the fourth quarter of 2024 was $777 million, a decrease of $66 million, or 7.8%. The decrease included the *PC Optimum* loyalty program charge of $99 million (see "Other Business Matters" below).
- Gross profit(2) in the fourth quarter of 2024 was $4,505 million, an increase of $96 million, or 2.2%. The gross profit percentage(2) of 30.9% decreased by 20 basis points, primarily driven by changes in sales mix, including the impact of the closure of postal services during the Canada Post strike and the Thanksgiving shift, partially offset by improvements in shrink.
- Adjusted EBITDA(2) in the fourth quarter of 2024 was $1,579 million, an increase of $47 million, or 3.1%. The increase was driven by an increase in gross profit(2), partially offset by an increase in selling, general and administrative expenses ("SG&A"). SG&A as a percentage of sales was 20.1%, a favourable decrease of 20 basis points, primarily due to the year-over-year impact of labour costs including expenses related to the ratification of union labour agreements in the prior year, and operating leverage from higher sales, partially offset by the year-over-year impact of certain real estate activities.
- Depreciation and amortization in the fourth quarter of 2024 was $680 million, an increase of $14 million or 2.1%, primarily driven by an increase in leased 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 as a result of network optimization. Included in depreciation and amortization was the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark Health Group ("Lifemark") of $115 million (2023 – $115 million).

FINANCIAL SERVICES SEGMENT

- Revenue in the fourth quarter of 2024 was $476 million, a decrease of $11 million or 2.3%. The decrease was primarily driven by lower sales attributable to The Mobile Shop™.
- Earnings before income taxes in the fourth quarter of 2024 were $38 million, a decrease of $23 million. The decrease was primarily driven by lapping of prior year benefits associated with the renewal of a long-term agreement with Mastercard, and a *PC Optimum* loyalty program charge of $30 million (see "Other Business Matters" below). This decrease was partially offset by the year-over-year favourable impact of the expected credit loss provision.

OTHER BUSINESS MATTERS

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

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

STRATEGIC UPDATE AND OUTLOOK[3]

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

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

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

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

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

In 2024, the Company continued to progress its ESG priority pillars:

Fighting Climate Change: The Company advanced its carbon reduction plan and completed more than 500 carbon reduction projects and achieved a 16% reduction on scope 1 and 2 emissions (compared to a 2020 baseline).

The Company also continued to make progress in its efforts to address plastic and food waste. The Company achieved more than 90% compliance of its control brand and in-store plastic packaging to the in-scope Consumer Goods Forum's Golden Design Rules[4] (a set of internationally accepted rules to improve plastic packaging design and reduce plastic waste) and diverted more than 82,500 metric tonnes of food waste from landfill which includes more than 17,500 metric tonnes of food to food charities.

*Advancing Social Eq*uity: The Company is proud of its ongoing commitment and achievements in advancing social equity, and reflecting the community that it serves. In 2024, donations (including donations in kind) of more than $212 million were made to charitable programs nationwide. This includes supporting the President's Choice Children's Charity ("PCCC") target to reach more than 997,000 students nationwide this school year (2024/2025), to support PCCC's mission of feeding one million children annually by the end of 2025. The Shoppers Foundation for Women's Health™ contributed more than $12 million in 2024 to support initiatives that improve women's access to care. From coast-to-coast, the Company trained 198,000 colleagues on fundamental Diversity, Equity, and Inclusion ("DEI") topics cumulatively between 2020 and 2024.

Governance: In 2024, Loblaw completed a Human Rights Impact Assessment related to the production of Broccoli and Cauliflower in Mexico, the United States, and Canada; geographies from which the Company sources such produce, and the results of the report have been published online.

To demonstrate Loblaw's commitment to future alignment with the International Sustainability Standards Board ("ISSB") and to provide more timely and relevant information to stakeholders, the Company has provided an early release of priority 2024 ESG disclosures.

NORMAL COURSE ISSUER BID PROGRAM ("NCIB")

On a full-year basis, the Company repurchased 11.0 million common shares for cancellation at a cost of $1,754 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.

FORWARD-LOOKING STATEMENTS

This News Release 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 News Release 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 systems implementations. These specific forward-looking statements are contained throughout this News Release including, without limitation, in the "Consolidated and Segment Results of Operations" and "Strategic Update and Outlook" section of this News Release. 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 Management Discussion & Analysis ("MD&A") in the 2024 Annual Report, and the Company's Annual Information Form ("AIF") for the year ended December 28, 2024.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this News Release. 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.

DECLARATION OF DIVIDENDS

Subsequent to the end of the fourth quarter of 2024, the Board of Directors declared a quarterly dividend on Common Shares.

Common Shares	$0.513 per common share, payable on April 1, 2025 to shareholders of record on March 15, 2025.

EXCERPT OF NON-GAAP AND OTHER FINANCIAL MEASURES

The Company uses non-GAAP and other financial measures, as reconciled and fully described in Appendix 1 "Non-GAAP and Other Financial Measures" of this News Release.

These measures do not have a standardized meaning prescribed by International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "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.

The following table provides a summary of the differences between the Company's consolidated GAAP and Non-GAAP and other financial measures, which are reconciled and fully described in Appendix 1.

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)			**2024 (12 weeks)**			2023 (12 weeks)
	GAAP	**Adjusting Items**	**Non-GAAP(2)**	GAAP	Adjusting Items	Non-GAAP(2)
EBITDA	**$ 1,546**	**$ 152**	**$ 1,698**	$ 1,623	$ 10	$ 1,633
Operating income	**$ 852**	**$ 267**	**$ 1,119**	$ 943	$ 125	$ 1,068
Net interest expense and other financing charges	**199**	**—**	**199**	195	—	195
Earnings before income taxes	**$ 653**	**$ 267**	**$ 920**	$ 748	$ 125	$ 873
Deduct the following:						
Income taxes	**185**	**60**	**245**	188	36	224
Non-controlling interests	**(1)**	**—**	**(1)**	16	—	16
Prescribed dividends on preferred shares	**3**	**—**	**3**	3	—	3
Impact of preferred share redemption	**4**	**—**	**4**	—	—	—
Net earnings available to common shareholders of the Company(i)	**$ 462**	**$ 207**	**$ 669**	$ 541	$ 89	$ 630
Diluted net earnings per common share ($)	**$ 1.52**	**$ 0.68**	**$ 2.20**	$ 1.72	$ 0.28	$ 2.00
Diluted weighted average common shares (millions)	**304.4**	**—**	**304.4**	314.9	—	314.9

For the years ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars except where otherwise indicated)			**2024 (52 weeks)**			2023 (52 weeks)
	GAAP	**Adjusting Items**	**Non-GAAP(2)**	GAAP	Adjusting Items	Non-GAAP(2)
EBITDA	**$ 6,868**	**$ 156**	**$ 7,024**	$ 6,610	$ 37	$ 6,647
Operating income	**$ 3,902**	**$ 655**	**$ 4,557**	$ 3,704	$ 536	$ 4,240
Net interest expense and other financing charges	**821**	**10**	**831**	803	—	803
Earnings before income taxes	**$ 3,081**	**$ 645**	**$ 3,726**	$ 2,901	$ 536	$ 3,437
Deduct the following:						
Income taxes	**806**	**163**	**969**	714	144	858
Non-controlling interests	**104**	**—**	**104**	87	—	87
Prescribed dividends on preferred shares	**12**	**—**	**12**	12	—	12
Impact of preferred share redemption	**4**	**—**	**4**	—	—	—
Net earnings available to common shareholders of the Company(i)	**$ 2,155**	**$ 482**	**$ 2,637**	$ 2,088	$ 392	$ 2,480
Diluted net earnings per common share ($)	**$ 6.99**	**$ 1.56**	**$ 8.55**	$ 6.52	$ 1.23	$ 7.75
Diluted weighted average common shares (millions)	**308.5**	**—**	**308.5**	320.0	—	320.0

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

The following table provides a summary of the Company's adjusting items which are reconciled and fully described in Appendix 1.

For the periods ended December 28, 2024 and December 30, 2023 (millions of Canadian dollars)	**2024 (12 weeks)**	2023 (12 weeks)	**2024 (52 weeks)**	2023 (52 weeks)
Operating income	**$ 852**	$ 943	**$ 3,902**	$ 3,704
Add (deduct) impact of the following:				
PC Optimum loyalty program	**$ 129**	$ —	**$ 129**	$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**115**	115	**499**	499
Fair value write-down related to sale of *Wellwise*	**23**	—	**23**	—
Fair value adjustment on non-operating properties	**3**	9	**3**	9
Charges related to settlement of class action lawsuits	**—**	—	**164**	—
(Recoveries) Charge related to PC Bank commodity tax matters	**—**	(13)	**(155)**	24
Fair value adjustment on fuel and foreign currency contracts	**—**	14	**(5)**	16
Gain on sale of non-operating properties	**(3)**	—	**(3)**	(12)
Adjusting items	**$ 267**	$ 125	**$ 655**	$ 536
Adjusted operating income[(2)]	**$ 1,119**	$ 1,068	**$ 4,557**	$ 4,240
Net interest expense and other financing charges	**$ 199**	$ 195	**$ 821**	$ 803
Add: Recovery related to PC Bank commodity tax matter	**—**	—	**10**	—
Adjusted net interest expense and other financing charge[(2)]	**$ 199**	$ 195	**$ 831**	$ 803
Income taxes	**$ 185**	$ 188	**$ 806**	$ 714
Add the impact of the following:				
Tax impact of items included in adjusted earnings before taxes	**$ 60**	$ 36	**$ 163**	$ 144
Adjusting items	**$ 60**	$ 36	**$ 163**	$ 144
Adjusted income taxes[(2)]	**$ 245**	$ 224	**$ 969**	$ 858

SELECTED FINANCIAL INFORMATION

The following includes selected quarterly and annual financial information, which is derived from the Company's annual consolidated financial statements for the year ended December 28, 2024 that were prepared in accordance with IFRS Accounting Standards. This financial information does not contain all disclosures required by IFRS Accounting Standards, and accordingly, should be read in conjunction with the Company's 2024 Annual Report, which is available in the Investors section of the Company's website at loblaw.ca and on sedarplus.ca.

Consolidated Statements of Earnings

(millions of Canadian dollars except where otherwise indicated)	**December 28, 2024 (12 weeks)**	December 30, 2023 (12 weeks)	**December 28, 2024 (52 weeks)**	December 30, 2023 (52 weeks)
Revenue	**$ 14,948**	$ 14,531	**$ 61,014**	$ 59,529
Cost of sales	**10,171**	9,858	**41,288**	40,492
Selling, general and administrative expenses	**3,925**	3,730	**15,824**	15,333
Operating income	**$ 852**	$ 943	**$ 3,902**	$ 3,704
Net interest expense and other financing charges	**199**	195	**821**	803
Earnings before income taxes	**$ 653**	$ 748	**$ 3,081**	$ 2,901
Income taxes	**185**	188	**806**	714
Net earnings	**$ 468**	$ 560	**$ 2,275**	$ 2,187
Attributable to:				
Shareholders of the Company	**$ 469**	$ 544	**$ 2,171**	$ 2,100
Non-controlling interests	**(1)**	16	**104**	87
Net earnings	**$ 468**	$ 560	**$ 2,275**	$ 2,187
Net earnings per common share ($)				
Basic	**$ 1.53**	$ 1.73	**$ 7.06**	$ 6.59
Diluted	**$ 1.52**	$ 1.72	**$ 6.99**	$ 6.52
Weighted average common shares outstanding (millions)				
Basic	**301.5**	311.7	**305.1**	316.7
Diluted	**304.4**	314.9	**308.5**	320.0

Consolidated Balance Sheets

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

Consolidated Statements of Cash Flows

(millions of Canadian dollars) (unaudited)	**December 28, 2024 (12 weeks)**	December 30, 2023 (12 weeks)	**December 28, 2024 (52 weeks)**	December 30, 2023 (52 weeks)
Operating activities				
Net earnings	**$ 468**	$ 560	**$ 2,275**	$ 2,187
Add (deduct):				
Income taxes	**185**	188	**806**	714
Net interest expense and other financing charges	**199**	195	**821**	803
Adjustments to investment properties	**27**	9	**27**	9
Depreciation and amortization	**694**	680	**2,966**	2,906
Asset impairments, net of recoveries	**31**	16	**32**	17
Change in allowance for credit card receivables	**(12)**	25	**7**	50
Change in provisions	**6**	7	**149**	19
Change in non-cash working capital	**510**	28	**84**	(9)
Change in gross credit card receivables	**(328)**	(211)	**(105)**	(228)
Income taxes paid	**(218)**	(143)	**(1,143)**	(917)
Interest received	**3**	6	**25**	24
Other	**22**	45	**(142)**	79
Cash flows from operating activities	**$ 1,587**	$ 1,405	**$ 5,802**	$ 5,654
Investing activities				
Fixed asset purchases	**$ (537)**	$ (548)	**$ (1,823)**	$ (1,665)
Intangible asset additions	**(91)**	(91)	**(377)**	(407)
Disposal (purchases) of short term investments	**(112)**	131	**(184)**	(138)
Proceeds from disposal of assets	**43**	182	**363**	321
Lease payments received from finance leases	**2**	2	**13**	17
(Purchase) disposal of long term securities	**(1)**	(31)	**81**	45
Other	**(19)**	25	**(94)**	(18)
Cash flows used in investing activities	**$ (715)**	$ (330)	**$ (2,021)**	$ (1,845)
Financing activities				
(Decrease) increase in bank indebtedness	**$ (167)**	$ (9)	**$ (13)**	$ 5
Increase in short term debt	**200**	200	**(50)**	150
Increase in demand deposits from customers	**166**	19	**187**	41
Long term debt				
Issued	**363**	155	**1,557**	833
Repayments	**(143)**	(161)	**(1,202)**	(762)
Interest paid	**(99)**	(101)	**(443)**	(421)
Cash rent paid on lease liabilities - Interest	**(102)**	(89)	**(415)**	(370)
Cash rent paid on lease liabilities - Principal	**(150)**	(170)	**(1,086)**	(1,071)
Dividends paid on common and preferred shares	**—**	(142)	**(459)**	(562)
Common share capital				
Issued	**2**	22	**147**	61
Purchased and held in trust	**—**	—	**(72)**	(72)
Purchased and cancelled	**(357)**	(494)	**(1,754)**	(1,729)
Proceeds from financial liabilities	**—**	—	**—**	115
Other	**(122)**	(49)	**(213)**	(150)
Cash flows used in financing activities	**$ (409)**	$ (819)	**$ (3,816)**	$ (3,932)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 6**	$ 4	**$ 9**	$ 3
Increase (Decrease) in cash and cash equivalents	**$ 469**	$ 260	**$ (26)**	$ (120)
Cash and cash equivalents, beginning of year	**993**	1,228	**1,488**	1,608
Cash and cash equivalents, end of year	**$ 1,462**	$ 1,488	**$ 1,462**	$ 1,488

See accompanying notes to the consolidated financial statements.

CORPORATE PROFILE

2024 Annual Report

The Company's 2024 Annual Report to Shareholders are available in the "Investors" section of the Company's website at loblaw.ca and on sedarplus.ca.

Modern Slavery Act Report

On or about February 26, 2025, in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (referred to as Canada's "Modern Slavery Act"), the Company, certain of its subsidiaries, and George Weston Limited ("Weston") will publicly file their joint Modern Slavery Act Report for the 2024 fiscal year. The Modern Slavery Act Report will be available on the Company's website at loblaw.ca, or under the Company's SEDAR+ profile at sedarplus.ca. All shareholders may request that paper copies of the Modern Slavery Act Report be mailed to them at no cost by submitting an email request to investor@loblaw.ca.

Investor Relations

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Roy MacDonald	Scott Bonikowsky
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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 ("PC 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 February 20, 2025 at 10:00 a.m. (ET).

To access via tele-conference, please dial (416) 945-7677 or (888) 699-1199. The playback will be made available approximately two hours after the event at (289) 819-1450 or (888) 660-6345, access code: 63412#. 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.

News Release Endnotes

(1) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release and the Company's 2024 Annual Report for a discussion of material factors that could cause actual results to differ materially from the forecasts and projections herein and of the material factors and assumptions that were used when making these statements. This News Release should be read in conjunction with Loblaw Companies Limited's filings with securities regulators made from time to time, all of which can be found at sedarplus.ca and at loblaw.ca.

(2) See "Non-GAAP and Other Financial Measures" section in Appendix 1 of this News Release, which includes the reconciliation of such non-GAAP and other financial measures to the most directly comparable GAAP measures.

(3) To be read in conjunction with the "Forward-Looking Statements" section of this News Release and the Company's 2024 Annual Report.

(4) Packaging acceptable for collection in participating municipal programs only. All packaging may not be accepted for recycling in select areas. It is advised to check local municipality resources for more information on acceptability of packaging in a specific community.

APPENDIX 1: 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, and same-store sales. The Company believes these non-GAAP and other financial measures and ratios provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.