

Loblaws Inc.(Q4 Earnings Call)

February 25, 2026

Corporate Speakers:

- Roy MacDonald; Loblaws Inc.; Vice President of Investor Relations
- Richard Dufresne; Loblaws Inc.; Chief Financial Officer
- Per Bank; Loblaws Inc.; President, Chief Executive Officer

Participants:

- Mark Carden; UBS; Analyst
- Irene Nattel; RBC Capital Markets; Analyst
- Christopher Li; Desjardins Securities; Analyst
- Vishal Shreedhar; National Bank Financial; Analyst
- Mark Petrie; CIBC; Analyst
- Michael Van Aelst; TD Cowen; Analyst
- Etienne Ricard; BMO Capital Markets; Analyst
- John Zamparo; Scotiabank; Analyst

PRESENTATION

Operator[^] Good morning, ladies and gentlemen. And welcome to the Loblaws Companies Limited 2025 Fourth Quarter and Full Year Results Conference Call.

(Operator Instructions)

This call is being recorded on Wednesday February 25, 2026.

I would now like to turn the conference over to Roy MacDonald, Vice President, Investor Relations.

Please go ahead.

Roy MacDonald[^] Thank you very much. And good morning, everybody. Welcome to the Loblaws Companies Limited Fourth Quarter and Full Year 2025 Results Conference Call.

As usual, I'm joined here this morning by Per Bank, our President and Chief Executive Officer; and by Richard Dufresne, our Chief Financial Officer.

So before we begin today I'll remind you that today's discussions will include forward-looking statements which may include, but are not limited to statements with respect to Loblaw's anticipated future results.

These statements are based on assumptions and reflect management's current expectations.

As such, are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from our expectations, and these risks and uncertainties are discussed in the company's financial materials filed with the Canadian securities regulators.

Any forward-looking statements speak only of the date they are made.

The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than what's required by law.

Also certain GAAP -- non-GAAP financial measures may be discussed or referred to today.

So please refer to our annual report and the other materials filed with the Canadian securities regulators for a reconciliation of each of these measures to the most directly comparable GAAP financial measure. And I will add that following the announcement of the sale of our PC Financial business to EQ Bank and that ongoing partnership, our PC Financial results are presented under discontinuing ops.

It's important to note that we are not getting out of the financial services.

As such, unless otherwise indicated today our remarks will focus on the comparable adjusted consolidated results excluding the impact of the extra week this quarter. And with that, I will hand the call over to Richard.

Richard Dufresne^ Thank you, Roy. And good morning, everyone.

I'm pleased to report on another quarter of consistent financial and operational performance reflecting our ongoing focus on retail excellence and our commitment to deliver value, quality, service and convenience to Canadians.

As Roy mentioned, with the announced sale of PC Financial to EQB, the results of the bank are now presented in discontinued operations.

It's important to highlight that we're not getting out of financial services by virtue of our interest in EQB so we will continue to focus on our consolidated results. When the transaction closes, the current discontinued operations business will be replaced by Loblaw's proportional ownership share of EQB profits.

In the fourth quarter, on a 12-week basis, revenue growth was 3.5%, reaching \$15.5 billion.

Our top line growth was supported by the opening of 30 stores in the final quarter of the year.

In the year, we added 1.5% square footage to our food retail stores and 2.1% to our drug retail portfolio. This growth was primarily focused on adding hard discount stores and pharmacies to underserved communities. Adjusted EBITDA increased by 4.8% to \$1.8 billion and margin improved by 10 basis points to 11.5%.

Adjusted diluted net earnings per share grew by 10.9%.

On a reported basis, revenue grew 11% and adjusted EPS was \$0.67, up 22% in the quarter.

In food retail, we once again delivered traffic and basket growth, resulting in tonnage market share gains. Absolute sales outpaced same-store sales by 160 basis points at 3.1%, reflecting our new store growth. Absolute sales also outpaced our internal inflation which reflects our market share gain.

Our food same-store sales grew 1.5%.

It's worth indicating that we are lapping a strong Q4 last year when we increased promotional activity.

As we progress through Q4 2025, our same-store sales growth accelerated and this has continued in the first quarter of 2026.

We continue to see positive momentum across key categories on the right-hand side of our stores, with continued accretive growth in toy, apparel and home and entertainment. That said, with continued pressure in liquor, tobacco and Hava categories, right-hand side resulted in 20 basis points of pressure on food same-store sales.

Our internal CPI like food inflation metric was significantly lower than Canada's grocery CPI of 4.4%, and that gap tightened over the final two months of the quarter.

So customers are seeking value and are finding it in our stores. This reflects our effort to push back on unjustified cost increases from suppliers and the effectiveness of our loyalty and promotional offers.

As consumers continue to focus on value, our hard discount banners remain a key driver of absolute sales growth.

We opened 15 new hard discount stores in the quarter, bringing our total open in the year to 48. These stores are meeting expectations and will start rolling into comparable sales throughout 2026.

In fact, 20 of the new hard discount stores opened in 2024 are already in our comps and are averaging healthy double-digit same-store sales.

We are also pleased with the momentum and performance of our conventional stores.

In the quarter, this growth was led by our Fortinos and Nik banners. Across conventional multicultural, natural value and Prepared Foods continue to be growing categories.

In drug retail, absolute sales increased 4.4%, while same-store sales grew 3.9%. Pharmacy and Healthcare services grew same-store sales by 5.6% driven by broad strength in prescription and new healthcare services.

Our specialty prescription growth continued to lead our pharmacy performance.

Patients continue to respond positively to the convenience and expanded level of primary care we offer to our more than 1,800 pharmacies across the country.

I'm happy to confirm that we've achieved our target of opening 250 in-store clinics this year, improving access to healthcare services for Canadians and underserved communities.

Our front store same-store sales continued to improve, growing 2.2%, reflecting the ongoing strength of our beauty category.

We saw an increase in our OTC sales as Canada was hit hard by the cold and flu season with influenza cases reaching a 3-year high. Flu season peaked in December, a shift from last year when it peaked in our first quarter.

We continue to be pleased with the underlying strength and profitability in our front store business.

Online sales continue to demonstrate strong growth, reaching over \$4.5 billion last year.

In the fourth quarter, our digital sales increased by 19.6%, highest growth in the year. Delivery continues to be led -- to lead that growth, particularly in discount.

In November, we launched another third-party delivery partnership across our grocery banners and early results are very positive.

Our retail gross margin improved by 10 basis points to 31%, driven by improvement in shrink and drug, while food trading margins remained stable.

Our retail SG&A rate was flat with operating leverage from higher sales, offsetting incremental costs related to the opening of new stores and the ramping up of our automated distribution facilities.

I'm very pleased with our ability to maintain a flat rate despite the additional costs associated with this growth. Retail adjusted EBITDA grew 4.6% and retail EBITDA

margin increased by 10 basis points to 10.9%. The ramp-up of our first automated distribution center in East Gwillimbury continues to progress well.

Both cost and productivity improvements came in better than planned. This allowed us to roll out our ambient sections two months ahead of schedule.

We are pleased with our progress and expect to be fully ramped up later this year. Construction on our second automated DC in South Caledon is progressing very well. The project remains on plan, with automation installation beginning by the end of this year.

PC Financial's revenue increased 3.1%, driven by higher insurance commission income and higher interest income. The bank's adjusted net earnings increased by \$12 million or 36%.

This was primarily driven by higher revenue and the favorable impact from lower expected credit loss provisions. The previously announced sale of PC Financial to EQ Bank will streamline the company's operation.

We expect the transaction to close later this year. Free cash flow from the retail segment was \$1.9 billion for the year. And in the quarter, we repurchased \$592 million worth of common share for a full year total of \$1.9 billion.

Our balance sheet remains strong, and we continue to improve our key return metrics.

Our return on equity sits at 26.3% and a return on capital at 12.4%.

On a full year basis, our consolidated revenue grew 4.4% to \$63.7 billion, net earnings of \$2.8 billion and EPS grew 10.7%.

Including the impact of the 53rd week, EPS grew an incremental 2.9% to 13.6%.

Turning to 2026.

We have a solid plan in place, allowing us to continue delivering consistent financial and operating performance while advancing our growth initiatives. New store investments will be similar to last year with an increase in Shoppers Drug Mart stores.

We plan to grow our grocery square footage in line with 2025.

However our broad footprint is expected to increase by 3%.

In 2026, we expect the timing of the closing of the sale of PC Financial and the lapping of the 53rd week to impact the company's financial results. Excluding these impacts, we expect our retail business to grow earnings faster than sales and adjusted earnings per share growth in the high single digits.

We plan to invest approximately \$2.4 billion in capital expenditures. Again we plan to return most of our free cash flow to shareholders through dividends and share buybacks.

We're more than halfway through the first quarter and same-store sales are showing continued momentum.

Looking ahead, our focus on retail excellence and on the execution of our strategic initiatives will allow us to keep on delivering value to our customers and performance to our shareholders.

While early, 2026 is off to a good start.

I will now turn the call over to Per.

Per Bank^ Many thanks, Richard. And good morning, everyone.

I'm very pleased to share our solid fourth quarter results which had a very successful year for Loblaw.

We delivered revenue growth of 3.5%, reflecting both the success of our strategic investments in new stores and strong operating performance. This top line growth enabled us to deliver the 10.9% adjusted EPS growth in the quarter.

We accomplished this earnings growth while increasing our spending to support the opening and ramp-up of our [two 1 million] square foot DCs and our new stores including the successful opening of our second T&T store in the United States.

This past year has truly showcased that we have the right strategy.

We are executing well and everything is grounded on an unbailing focus on our customers. More than ever we have seen Canadian prioritize value.

We know that affordability is so important for many households, and that's why we are expanding our hard discount network.

We opened 48 new No Frills and Maxi stores this year. These new locations were strategically placed in underserved communities. This year, we also invested to expand our ecommerce service for our hard discount customers, and I'm very pleased to see our dividend penetration rate doubled in these banners compared to last year. This highlights the vital role that our Maxi and No Frills stores play in helping families stretch their budgets without compromising on quality, selection or convenience.

Our commercial banners including the high-performance Fortinos and T&T stores continue to attract and delight shoppers.

Fortinos which focus on fresh, local and premium offerings remained a community favorite while T&T Supermarket continued its impressive growth trajectory.

We saw really strong performance in areas of strategic focus including our multicultural assortment and our right-hand side refresh.

We have now updated 34 stores and are seeing high single-digit sales growth in these stores led by apparel, cosmetic and toys.

I'm also especially excited by how well our toys category performed with sales increasing almost 50% in Q4. Beyond value, we recognize our customers' desire for choice, quality and a superior shopping experience including a strong preference for supporting local manufacturers.

I'm proud to share that in '25, we added 267 new Canadians root our network, reinforcing our commitment to Canadian businesses. When Canadian businesses grow, communities grow when local producers win we all win, and we're actually just getting started.

In Drug, we continue our trajectory through quarter four as we delivered our fourth consecutive quarter of positive sales growth momentum in front store. This reflects continued strength in Beauty and strength in our HABA OTC and baby category.

We're also seeing early shoots from our initiatives to bring more value and sales productivity to front store.

In pharmacy and healthcare services, we continue to deliver solid performance led by growth in the specialty drug category.

In line with our commitment to being where Canadian need us the most, we are actively building new pharmacies and clinics to provide a sense of healthcare services, especially in underserved communities. Q4 was very busy as we opened a record of 15 new pharmacies in the quarter, bringing our total to 27 for the year.

Our pharmacies and healthcare professionals play an increasingly important role in the health and well-being of Canadians. And we are committed to supporting them with the tools and resources they need to provide exceptional care making it easier for Canadians to manage their health closer to home.

For Loblaw, investing to be at the forefront of innovation has always been key to building customer loyalty. To support growth and enhance our customer experience, we made record investments in the future this past year. These strategic capital deployments were focused on strengthening our foundation and expanding our reach across key growth areas.

We significantly grew our store network with investment specifically directed towards new discount stores, additional pharmacies and the continued expansion of T&T.

These investments are not just about stores. They also about strengthening the backbone of our operations and investing in innovation to serve our stores and customers more effectively.

I previously highlighted the significant success of our (inaudible) program. Building on these achievements, we remain deeply committed to continuous product innovation. This year, our investment in this crucial area have successfully brought more than 250 new products to Canadian households under our private label brands like the President Choice, no name and farmers market.

These exciting new additions have not only enhanced our offering, but have also generated nearly \$400 million in sales. Beyond our core retail operation, we also strategically grew our alternative businesses including retail media, our logistics as a service offering and significantly enhanced our healthcare services through clinics and the expansion of our life business.

We'll talk about media and logistics in the past, but I would like to spend just a moment on Life Mark.

With over 4 million customer visits each year, LifeMark offers a range of reutilization services through 320 occasions across the country. Life Mark is another small but quickly growing business that we expect will deliver \$100 million in EBITDA this year. Technology too play a crucial role in our differentiation.

We are not simply adopting AI.

We are building an AI-enabled organization.

We are experimenting with intent and discipline focusing on practical use cases that create real value for customers.

Our recent partnership with OpenAI and Google were first in Canadian retail and great examples of embedding AI into the tools Canadian already use every day while also building purpose-built application where it makes sense.

We're also continuing to deploy AI inside our organization, optimizing operations, improving forecasting and assortment decisions, simplifying workflows for colleagues and enhancing the shopping experience. None of these achievements would be possible without the incredible dedication of our 220,000 colleagues. The uniqueness and strength of our culture is a cornerstone to everything we have accomplished. To each and every one of you in stores, distribution centers, pharmacies, clinics, offices, and my sincere gratitude, your hard work, commitment and passion for serving our customers are incredibly important to our success.

As we look to the future, we remain optimistic and determined the foundational investment we made, coupled with our resilient business model, unveiling focus on the customers and being where Canadians need us the most, positioning us exceptionally well for sustained growth and continuous market leadership.

We will continue to innovate at that and evolve to meet the changing needs of Canadians where that's through expanding our value offering, supporting local suppliers or bringing essential healthcare closer to home.

Our commitment to delivering unparalleled value, quality and convenience remain steadfast as does our dedication to our communities and help in Canadian Live Life well.

With that, I'll now open the floor for questions. Many thanks.

Roy MacDonald[^] Thank you, Per, Operator, if you'd please introduce the Q&A process.

QUESTIONS AND ANSWERS

Operator[^] (**Operator Instructions**)

Your first question comes from Mark Carden with UBS.

Mark Carden[^] So to start, I just wanted to see how the consumer is faring overall? Are you guys seeing any shifts in spending patterns and incremental trade down occurring? And then has anything changed in the competitive landscape in your core markets?

Per Bank[^] Thank you, Mark. And I would all say that customers are behaving a lot like they have done in the past.

So not that much has changed.

I would say though, the discount strategy for us is working, it's working very well. promo penetration stays high.

And private label in the quarter four is outperforming national brands. And we are seeing some category trade downs.

I just looked at an example the other day where an impulse category like berries, the organic berries is down double digit where the conventional berries would be up.

So more of the same, maybe one flavor more, if I look at the discount.

So our discount which I mentioned in my script, the penetration in ecommerce in discount has doubled.

So we are seeing more customers now that they have more access to our distal ecommerce they're choosing that.

But within the stores, it stayed the same.

So the gap between conventional and discount, I would say staying the same.

So still sell value conscious customers, but more to say.

Mark Carden^ That's great. And then as a follow-up, you guys noted that food retail same-store sales steadily improved throughout the quarter. How did the cadence play out month to month? I know there is some promo comparison there? And how have you trended thus far in 1Q?

Richard Dufresne^ Yes.

As I mentioned in my remarks, in 2024, in Q4, we were a little bit more aggressive than we were this year. And so that affected especially the first month of Q4. And so as we started to lap last month, we saw a sequential improvement in same-store sales. And we're actually seeing further improvement as we begin 2026.

So definitely, we feel good about our same-store sales performance.

Operator^ Your next question comes from the line of Irene Nattel with RBC Capital Markets.

Irene Nattel^ Just continuing with consumer behavior. How should we be thinking about the cadence of same-store sales and margin evolution as we move through 2026, and we normalize for some of the headwinds, notably at Shoppers and perhaps see some of the headwinds from the right-hand side starting or continuing to diminish?

Richard Dufresne^ So what I'd say Irene, if you outlook, the way we see it, like big picture is you're going to see above normal top line growth, as we talked about, because of new stores.

So you're going to see that. You're going to see stability in gross margin, stability in SG&A rate, maybe a little bit of increase in gross margin rate as the year progresses as we continue to find more shrink benefits in shoppers. And that together with all of the other efforts should allow us to be delivering our high single-digit EPS growth.

Per Bank^ Yes. And I would say that we are confident in our comp sales and our total sales.

Our our new stores are working really well for us, and that's both our shoppers and our hard discount and when we look at the second year comp, we are seeing some really,

really good numbers, actually better than we expected. again I guess feel confident about our strategy.

But we a comp sale will be a little bit up one quarter and down another quarter, I don't think it's that key to our overall performance.

So we will keep our guidance at whether it structures a little bit because, of course it can and have done, but we stay very confident in our whole sales protection.

Irene Nattel^ That's great. And just as a follow-up to that, how would you describe the spending in some of the more discretionary categories at Shoppers, we care, you made the comment just a second ago about Organic versus regular berries which is interesting.

What are you seeing at Shoppers.

Per Bank^ We're seeing that Prestige continues to -- prestige beauty continues to be up.

So that's good.

But when that is said, there's not a lot of difference in saves. Maybe I think at the beginning of the year, we are seeing that the GLP-1 has increased a little bit in sales. because prices are coming down which is really good for customers because now more customers have access to that drop.

And of course we all know that it goes generic in the second half.

So hopefully, more to come.

We just don't know when that's going to happen. And then, of course spending you look at a big it's also depending on inflation. And I'm just looking at an interesting store map here that we got some information from Nielsen on inflation.

So it's different from area to area because when we look at to inflation is flat to 1% only for quarter four, where dry grocery is up by 4%, impacted by, in our opinion, the the unjustified price increases by the big CPGs.

And then meet, of course because of commodity increase in general, is up by 7%.

We've frozen these at two.

So I thought that will be interesting in that.

Of course also impacting customers.

But what customers they do, they actually mitigate that inflation by shopping differently.

Operator[^] Your next question comes from Chris Li with Desjardins.

Christopher Li[^] Just at a high level, Richard, as you look at your EPS outlook for this year, are there certain areas where there might be some conservatism being embedded? And vice versa, what areas do you see having a higher variability or risk?

Richard Dufresne[^] For us, when we look at the 2026 plan, it looks a lot like the 2025 plan.

So pretty -- if you look by quarter, it should be pretty similar all quarters and not much volatility amongst quarters, that's how we're seeing it for now.

It's going to be all the noise regarding when the PC Financial deal closes for sure, but we'll deal with that when we know when that happens.

But other than that, like it's going to look a lot like '25.

Per Bank[^] One detail to add to that would be that this is the second year where we're opening around 70 stores, last year was 77. This year, we project around 70.

So while we are ramping up, of course it costs us a little bit more also because the new stores, they don't really improve and drugs for that example. Don't get trouble before like between year three and five.

So we will have incurred a little bit more cost in the beginning, and we're seeing that this year as well.

But there are 70, 60 stores from last year. They're now in the base.

Richard Dufresne[^] So tailwind we talked about last year, are more or less the same like new stores and T&T U.S.

So that's -- those are the tailwinds in our plan, and we've accounted for them.

Christopher Li[^] Okay. That's helpful. And my follow-up is just on -- with CapEx going up a little bit this year, and doesn't look like there's any sort of funding from asset sale to partially fund the CapEx like previous years. Do you expect to maintain a similar pace of share buybacks this year versus previous years?

Richard Dufresne[^] Yes.

We've actually were saying it would be around \$1.8 billion for '25.

We did \$1.9 billion, so we have -- we plan to do about \$1.9 billion in '26.

Operator[^] Your next question comes from the line of Vishal Shreedhar with National Bank.

Vishal Shreedhar[^] Just a quick clarification. When you talk about the same-store improving through the quarter, was that a comment specifically to food? Or was that also related to shoppers?

Per Bank[^] Was too -- and it was basically because we lapped in the beginning in our 11, we'll have a very high promotional period last year that we, for many obvious reasons, didn't want to repeat.

Vishal Shreedhar[^] And with respect to Shoppers, the comment regarding the change in timing of the flu seasons, the implication is that it could be softer in Q1 for shoppers on same-store?

Richard Dufresne[^] Could have a bit of an impact.

We'll see as the quarter progress.

But definitely, last year, P1 in cough and cold was very strong. And this year, it's finished in December, but the business continues to be strong.

Vishal Shreedhar[^] Okay. Richard -- and Richard, obviously 2025 has high number of investments in terms of dollars flowing through the P&L. And Loblaw continues to hit its framework.

I was wondering if you can give us some context on on a dollar value of the cost, if not a dollar value, just some qualitative commentary on the costs related to the new stores, the DC, the T&T ramp-up and how these all might impact and the degree to which you have to implement offsetting plans in order to grow.

Richard Dufresne[^] I won't give you numbers, but like we expect that '26 will be the worst year from a drag on T&T U.S.

So the drag will be more than in '26 than more in '25. Having said that, the ramp-up cost is going -- is going to be less.

We think Q1 maybe a little bit of Q2 of ramping up cost and then will be done.

So all in all, the drag should be a little bit less than it was last year.

Having said all that, we've accounted for that when we did our planning for I don't know if that's helpful.

Operator[^] Your next question comes from the line of Mark Petrie with CIBC.

Mark Petrie^ You guys both touched on it in your script, but I wanted to ask more about Prepared Foods and seemed notable that the two best-performing full-service banners are leaders in that area.

Could you just talk about where Prepared Foods ranks in your list of priorities? Obviously some nice tailwinds in your favor as consumers look for value in food.

But still want convenience and accessibility.

Per Bank^ That's a really good point. And that's something that we are doubling down on at the moment, and it was accretive to our comp sales in quarter four. And when I look at the beginning in this quarter, it's also accretive to our overall business.

So customers, they are looking for mean solutions more and more.

I don't know whether it's because they eat less out for others to judge.

But we're seeing that it's really helpful for us. And we are planning some good stuff that you will all see in our stores this quarter.

I remember that we have some one-pan meals.

Supporting customers who want a single serve meal or for smaller households.

I think that's important that we support singles and smaller households even more.

And then we have the Korean Fried Chicken and Bao Kit program. That's innovation in the Korean kitchen to create more convenience and excitement in our stores. And then last example I can remember, we have Halal Chicken now expanded to all our stores across the market.

So meaningful, and I'm curious to see how that develops over the next year.

Mark Petrie^ Yes.

Okay.

I also wanted to just ask about shoppers at a very high level.

I know it's early in in Gregor's tenure as a leader there, but curious to hear any comments on his initial take on the business and opportunities that he sees and focus areas.

Per Bank^ Yes.

I think there's not a lot of news since we spoke last time but it's still an opportunity about online.

Our penetration for online service is very low.

So I'm sure over the next years, we'll be able to do better there. And then legacy comes with a wealth of experience within beauty.

So that will also -- that was also add to the experience for our customers in shop.

But it's not something you will see because it takes time before you look at the assortment before you're going to change the stores.

But we aim to have a few stores with a new layout being ready within the first year, but it's three weeks in.

So I'm only going what we have discussed so far.

But we are really positive on Gregers and his start in Shoppers and what he brings to the table.

Operator^ Your next question comes from the line of Michael Van Aelst with TD Cowen.

Michael Van Aelst^ You've been talking about AI and specifically agentic AI more in recent quarters.

Can you go -- get into a little more specifics in terms of discussing the most rewarding applications of agentic AI to date and how it's helping you either drive your sales higher or lower costs and things like that?

Per Bank^ Yes.

So a big credit to our digital team who have made two collaborations booked with OpenAI which is the food part and then with Google which is more the health and beauty and in apparel.

So on the OpenAI. Remember, if you go in and search and try it out, right, -- and then you can state what you want and what you're looking for because then with one click, you will be taking through and you will be avoiding going from app to app and from product to product.

So it's more seamless for customers and actually very convenient for customers to use that.

And when we look at it, there's like millions of Canadians who are who are searching more and more for meat solutions and products on OpenAI.

First of all, for us, it's important to be first as I'm aware of that we had Loblaw.

We were first when we started the ecommerce and food and that we are still benefiting from today because we have a significant higher market share on food ecommerce that we have in than we have in the past.

So that's good for us, good for customers.

So being first is meaningful.

I don't think it will be something that we can read in the numbers in the next quarter or two.

But over time I think that's important.

So that's one part. That's what's great for customers, and that's how we help customers. Another thing is our internal use of AI which I think is going to be more and more important as we go forward.

It's how do we make it better for our colleagues to serve and doing the right thing for customers.

We have a tool called Robin internally where I think I mentioned that on some of our previous earnings call that where the district, the store managers have access to data, they can search and they can they can make things right in stores faster than we have ever done before.

So all in all, I think it's going to be meaningful over time.

It's not something you will see in the next quarter.

We are first in Canada with a lot of it, and we will continue to drive that agenda very hard.

Michael Van Aelst^ That's helpful. And then just a separate question.

Can you explain how the tax holiday impact or how the takeback holiday is having an impact on same-store sales in the food side?

Richard Dufresne^ It's hard to measure with precision.

We obviously like the price of certain items went down, okay? And then now when they record the price this year, it's much higher. And so that's how it affects CPI.

So I suspect that unlike other retailers, the number of categories that we're taxing them for us, were not as significant.

So that's why probably there is a big gap between our internal inflation measure and the CPI food that's measured by StatCan because as I -- as we said in our remarks, the gap has expanded significantly over the last two months. And our internal inflation is not materially higher than what it was like a few months ago.

Operator^ Your next question comes from the line of Etienne Ricard with BMO Capital Markets.

Etienne Ricard^ So to follow up on the transaction with EQB I recognize it's still early in the process. How meaningful is the potential traditional PC Optimum point issuances.

Because the way I see it, it depends on offering a wider range of payment services to the EQ Bank customers or maybe also having a broader banking service to the PC Financial customers.

So what gives you the confidence that these customers would be willing to own more than one product in the new entity?

Richard Dufresne^ I think in, you're right, but that's more in the long term. Like the key driver for us is more credit cards. Like we are not bankers like we're grocers. And so the way we've been managing the bank has been very conservative. Like a normal banking institution will be a little bit more dip in its issuance of cards.

And EQ Bank was quite confident that they could be issuing more credit cards than we did historically.

So -- and we know that customers who have the PC MasterCard are better customers on a customer long-term value. perspective.

So for us, that's what's more strategic. And we have a number in mind that they think that they can increase the number of annual cards with, and that's going to be the biggest driver.

So more cards, more points more loyalty. And over time yes, you will see expansion in other products.

But like initially expect to see more credit cards and that's what's going to drive the sales conversion in Loblaw.

Etienne Ricard^ Okay. Thank you, Richard.

I appreciate the willingness to simplify the financial reporting at Loblaw.

Now if we look past closing for this deal.

Should we expect long term the ownership in the EQB shares to remain at the Loblaw level?

Or could you still have a say in the program without directly owning within Loblaw.

Richard Dufresne^ There is no plan to do anything for the moment.

We're very -- we haven't even closed the deal yet.

But suffice to say there is there needs to be the building a very strong and tight relationship between EQB and our loyalty program. And so that's going to be the first task at hand and so that's what we'll be focused on for the short to medium term.

Operator^ Your next question comes from the line of John Zamparo with Scotiabank.

John Zamparo^ I wanted to ask about the real estate picture.

I guess first, a clarification on the planned openings for '26, are we right to assume that's going to skew a bit more towards the smaller format.

But then the broader question is when we're seeing grocers increasingly taking up expectations for square footage growth, are you seeing any change in the quality of locations you're finding or the attractiveness of the lease terms?

Per Bank^ First of all, in '26, we opened a little bit more conventional. And I think we're opening one of our biggest superstores as well.

But looking at the discount stores, it's a good mix of normal size 32,000 square feet or down to 15, down to 10.

I would say that in some of the others, the areas we are doing more of the smaller stores. And if you look at the mix, we open a little bit less discount a little bit more shoppers this year.

And it's just basically coincident. And going forward, we are looking to do about the same number. And I said, it's quite easy to find good size in Canada and there's many, many underserved areas around the country where customers they want discount.

Richard Dufresne^ The only thing I'd add is our pipeline for '27 is already pretty much full on both food and drug.

So we still see a lot of runway for opportunities to build stores.

John Zamparo^ Okay. And then my follow-up is on the PC Express OpenAI announcement.

I wonder if taking a step back, is there anything you can say about the state of profitability of Loblaw's ecommerce operations now to help us better understand the bottom line impact of the overall greater shift to ecomm, not necessarily the OpenAI announcement, but the broader ship ecom.

Per Bank^ No. It's a good question because when we go back a few years, it was diluting.

Now it's not diluting anymore.

So it's a good support, both to customers who want more of it, but also to our profitability.

So it's actually okay for us, no.

It's not diluting.

Richard Dufresne^ And the key driver for it is us using third parties to do delivery, and so that is dramatically altering the financial equation to our favor.

So that's why we like it.

Roy MacDonald^ And also because we don't have any fulfillment centers around the country, we pick installed.

So not only is it helping our efficiency, it's also helping the waste and food waste that we have in stores because customers who buy online, they will buy more deep into the range.

So it's helping the overall store productivity. When we see more online change, and that's not something that you normally think of.

Operator^ And your next question comes from Chris Li with Desjardins.

Christopher Li^ Just maybe a couple of questions on pharmacy.

First, is there any update on the genericization of GLP-1 drugs? Is the expectation that it's going to be around this summer?

Per Bank^ It has moved a few times.

So we're actually not certain -- our best guess now would be around August. That's August, September. That's our best estimate right now when we go generic because they still need those approval, and it's hard to say when they will get them.

Christopher Li[^] Okay. That's helpful. And then my second question is just around the pharmacy clinics. How is the performance so far? And I noticed the pace of the new openings is slowing a little bit this year.

Is that because you're taking a more measured approach to the rollout to see sort of how the regulatory landscape evolves.

Or are you starting to reach a bit of a saturation point in terms of the number of clinics.

Per Bank[^] I'm glad that you asked that question because there's a good sound reason for why we slowed down because we heard up to do it in the provinces where we had expanded their care scope.

So -- which was Alberta and Nova Scotia.

So there, we are -- we've done, and then we're basically waiting for the other provinces to come up so where we can describe for for more than where we also meet the clinic.

So we are not in urgent need in the other provinces. When that sets all our new stores are built with clinics. And we are good in the promises where we are.

So you will see more of it. The performance we are seeing is following the plan that we had.

So we're really pleased with the performance. There's just no work in need to hurry up. And since we have a very nice different divisions we're competing for the CapEx, then we allocate the CapEx elsewhere because we are filing for that which is good because they're all giving us a very good return.

Operator[^] (Operator Instructions)

Your next question comes from Mark Petrie with CIBC.

Mark Petrie[^] I'm sorry, I was muted there.

I just wanted to ask about T&T and the growth plans there both for Canada and the U.S., I guess specific in the U.S. stores you've called out performing very well. How aggressively can you pursue that opportunity?

Richard Dufresne[^] So there's been no change in plans as we last saw you.

So we have 11 stores approved. There's a few more that we're looking at.

But for 2026, there are three U.S. stores planned to open, three in Canada.

I hope we opened all the three because the last one is scheduled to open like mid-December.

So that could slip, but if it doesn't slip, like it's going to be three, one in San Jose, one in San Francisco and one in LA. And the last one is the one in LA.

Operator^ Thank you. And with no further questions in queue, I would like to turn the conference back over to Roy for closing remarks.

Roy MacDonald^ Great. Thanks everybody, for your time this morning. You know where to find me if you have any follow-up questions and put a circle on your calendar for Wednesday May 6, when we will be releasing our Q1 results.

Have a great day everybody.

And thank you again.

Operator^ This concludes today's conference call.

You may now disconnect.