

Loblaw Companies Limited

NEWS RELEASE

Loblaw Reports Revenue Growth of 4.1% and Adjusted Diluted Net Earnings Per Common Share⁽²⁾ Growth of 9.3% in the First Quarter

BRAMPTON, ONTARIO April 30, 2025 Loblaw Companies Limited (TSX: L) (“Loblaw” or the “Company”) announced today its unaudited financial results for the first quarter ended March 22, 2025.⁽¹⁾

During the quarter, Loblaw continued its focus on providing Canadians with quality, value, service, and convenience, across its coast-to-coast network of stores and digital platforms. Strong customer response to everyday value offerings, personalized PC Optimum™ loyalty offers, and impactful promotions drove continued sales momentum and market share gains, underpinned by positive unit sales and larger baskets in Food Retail. In Drug Retail, pharmacy and healthcare services performed well, reflecting continued strong growth in prescription volumes and specialty drugs. Front store sales were strong across beauty categories and reflected an extended cough, cold and flu season, partially offset by the exit from certain items in the electronics category. Delivering against its capital investment plans to open approximately 80 new stores and 100 new clinics in 2025, the Company brought Hard Discount banners to five new communities and opened four new pharmacies with expanded clinics in the quarter, and opened a second T&T Supermarket in downtown Toronto.

“We will continue to support Canadian companies and brands, highlight Canadian-made products in our stores, and deliver value across our network,” said Per Bank, President and Chief Executive Officer, Loblaw Companies Limited. “Our commitment to retail excellence is resonating with customers and allowed us to deliver consistent financial results.”

2025 FIRST QUARTER HIGHLIGHTS

- Revenue was \$14,135 million, an increase of \$554 million, or 4.1%.
- Retail segment sales were \$13,837 million, an increase of \$547 million, or 4.1%.
 - Food Retail (Loblaw) same-stores sales increased by 2.2%.
 - Drug Retail (Shoppers Drug Mart) same-store sales increased by 3.8%, with pharmacy and healthcare services same-store sales growth of 6.4% and front store same-store sales growth of 0.9%.
- E-commerce sales increased by 17.4%.
- Operating income was \$906 million, an increase of \$45 million, or 5.2%.
- Adjusted EBITDA⁽²⁾ was \$1,591 million, an increase of \$47 million, or 3.0%.
- Retail segment gross profit percentage⁽²⁾ was 31.5%, a decrease of 10 basis points.
- Net earnings available to common shareholders of the Company were \$503 million, an increase of \$44 million or 9.6%.
- Diluted net earnings per common share were \$1.66, an increase of \$0.19, or 12.9%.
- Adjusted net earnings available to common shareholders of the Company⁽²⁾ were \$570 million, an increase of \$33 million, or 6.1%.
- Adjusted diluted net earnings per common share⁽²⁾ were \$1.88, an increase of \$0.16 or 9.3%.
- Net capital investments were \$191 million, which reflects gross capital investments of \$246 million, net of proceeds from property disposals of \$55 million.
- Repurchased for cancellation 2.49 million common shares at a cost of \$457 million. Free cash flow⁽²⁾ used in the Retail segment was \$264 million.
- Quarterly common share dividend increased from \$0.513 to \$0.5643 per common share, an increase of 10%, marking the fourteenth consecutive year of dividend increases.

CONSOLIDATED AND SEGMENT RESULTS OF OPERATIONS

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

For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (12 weeks)				2024 (12 weeks)			
	Retail	Financial Services	Eliminations	Total	Retail	Financial Services	Eliminations	Total
Revenue	\$ 13,837	\$ 373	\$ (75)	\$14,135	\$ 13,290	\$ 361	\$ (70)	\$ 13,581
Gross profit ⁽²⁾	\$ 4,360	\$ 330	\$ (75)	\$ 4,615	\$ 4,204	\$ 321	\$ (70)	\$ 4,455
Gross profit % ⁽²⁾	31.5 %	N/A	— %	32.6 %	31.6 %	N/A	— %	32.8 %
Operating income	\$ 840	\$ 66	\$ —	\$ 906	\$ 782	\$ 79	\$ —	\$ 861
Adjusted operating income ⁽²⁾	936	66	—	1,002	889	79	—	968
Adjusted EBITDA ⁽²⁾	\$ 1,511	\$ 80	\$ —	\$ 1,591	\$ 1,452	\$ 92	\$ —	\$ 1,544
Adjusted EBITDA margin ⁽²⁾	10.9 %	N/A	— %	11.3 %	10.9 %	N/A	— %	11.4 %
Net interest expense and other financing charges	\$ 162	\$ 36	\$ —	\$ 198	\$ 159	\$ 35	\$ —	\$ 194
Earnings before income taxes	\$ 678	\$ 30	\$ —	\$ 708	\$ 623	\$ 44	\$ —	\$ 667
Income taxes			\$ 186				\$ 178	
Adjusted income taxes ⁽²⁾			215				207	
Net earnings attributable to non-controlling interests			\$ 19				\$ 27	
Prescribed dividends on preferred shares in share capital			—				3	
Net earnings available to common shareholders of the Company			\$ 503				\$ 459	
Adjusted net earnings available to common shareholders of the Company ⁽²⁾			570				537	
Diluted net earnings per common share (\$)			\$ 1.66				\$ 1.47	
Adjusted diluted net earnings per common share ⁽²⁾ (\$)			\$ 1.88				\$ 1.72	
Diluted weighted average common shares outstanding (in millions)			302.6				311.9	

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

For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (12 weeks)		2024 (12 weeks)	
	Sales	Same-store sales	Sales	Same-store sales
Food retail	\$ 9,787	2.2 %	\$ 9,409	3.4 %
Drug retail	4,050	3.8 %	3,881	4.0 %
Pharmacy and healthcare services	2,201	6.4 %	2,059	7.3 %
Front store	1,849	0.9 %	1,822	0.7 %

RETAIL SEGMENT

- Retail segment sales in the first quarter of 2025 were \$13,837 million, an increase of \$547 million, or 4.1%.
 - Food Retail (Loblaw) sales were \$9,787 million and same-store sales grew by 2.2% (2024 – 3.4%).
 - The Consumer Price Index as measured by The Consumer Price Index for Food Purchased From Stores was 2.6% (2024 – 2.6%) which was in line with the Company’s internal food inflation; and
 - Food Retail traffic was flat and basket size increased.
 - Drug Retail (Shoppers Drug Mart) sales were \$4,050 million, and same-store sales grew by 3.8% (2024 – 4.0%), with pharmacy and healthcare services same-store sales growth of 6.4% (2024 – 7.3%) and front store same-store sales growth of 0.9% (2024 – 0.7%).
 - Pharmacy and healthcare services same-store sales growth was 6.4% (2024 – 7.3%), led by specialty prescriptions. On a same-store basis, the number of prescriptions increased by 2.3% (2024 – 4.0%) and the average prescription value increased by 4.4% (2024 – 2.0%).
 - Front store same-store sales growth was 0.9% (2024 – 0.7%). Front store same-store sales growth was primarily driven by higher sales of beauty and over-the-counter (“OTC”) products, partially offset by the decision to exit certain low margin electronics categories.

In the first quarter of 2025, 10 food and drug stores were opened and 4 food and drug stores were closed. Retail square footage was 72.3 million square feet, a net increase of 1.0 million square feet, or 1.4% compared to the first quarter of 2024.

- Operating income in the first quarter of 2025 was \$840 million, an increase of \$58 million, or 7.4%.
- Gross profit⁽²⁾ in the first quarter of 2025 was \$4,360 million, an increase of \$156 million, or 3.7%. The gross profit percentage⁽²⁾ of 31.5% was stable, decreasing by 10 basis points, primarily driven by changes in sales mix.
- Adjusted EBITDA⁽²⁾ in the first quarter of 2025 was \$1,511 million, an increase of \$59 million, or 4.1%. 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 20.6%, a favourable decrease of 10 basis points, primarily due to operating leverage from higher sales, partially offset by incremental costs related to opening new stores and the automated distribution facility.
- Depreciation and amortization in the first quarter of 2025 was \$691 million, an increase of \$14 million or 2.1%, primarily driven by an increase in depreciation of fixed assets related to conversions of retail locations and opening new stores, and an increase in depreciation of leased assets, 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 \$116 million (2024 – \$114 million).

FINANCIAL SERVICES SEGMENT

- Revenue in the first quarter of 2025 was \$373 million, an increase of \$12 million or 3.3%. The increase was primarily driven by higher sales attributable to The Mobile Shop™ and higher interchange income.
- Earnings before income taxes in the first quarter of 2025 were \$30 million, a decrease of \$14 million or 31.8%. The decrease was primarily driven by lapping of prior year marketing support funding in connection with the launch of PC Insiders World Elite Mastercard® and higher loyalty program costs. This decrease was partially offset by higher revenue described above, lower contractual charge-offs and the year-over-year favourable impact of the expected credit loss provision.

OUTLOOK⁽³⁾

Loblaw will continue to execute 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 continues to expect:

- 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")

With a network of more than 2,800 locations, and 220,000 colleagues and employees, Loblaw provides life's everyday essentials to Canadian families coast-to-coast. As such, Loblaw's prosperity is directly linked to the prosperity of the communities it serves.

In April 2025, the Company released its [2024 Live Life Well® report](#), showcasing its progress relative to two key pillars that underpin the Company's commitment to Canada's prosperity – fighting climate change and advancing social equity:

- *Fighting Climate Change*: In 2024, the Company reduced carbon emissions for its enterprise operations by 16% compared to a 2020 baseline; diverted more than 80,000 metric tonnes of food waste from landfill; and achieved more than 90% compliance to the in-scope Golden Design Rules for plastic packaging⁽⁴⁾.
- *Advancing Social Equity*: In 2024, the Company contributed more than \$212 million in community funds (including donations in kind) to support research, charities and non-profits, helping Shoppers Foundation for Women's Health™ contribute more than \$12 million to improve women's access to care; and helping President's Choice Children's Charity reach more than 997,000 students nationwide this school year (2024/2025).

The [2024 Live Life Well® report](#) builds on the [Early Release of Priority 2024 ESG disclosures](#) released in February 2025, and together, these two reports demonstrate the Company's commitment to providing timely and relevant information for stakeholders, and to its future alignment with the International Sustainability Standards Board ("ISSB").

NORMAL COURSE ISSUER BID PROGRAM (“NCIB”)

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 IT 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 “Outlook” sections 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 first quarter of 2025, the Board of Directors declared a quarterly dividend of \$0.5643 per Common Shares, payable on July 1, 2025 to shareholders of record on June 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 March 22, 2025 and March 23, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (12 weeks)			2024 (12 weeks)		
	GAAP	Adjusting Items	Non- GAAP ⁽²⁾	GAAP	Adjusting Items	Non- GAAP ⁽²⁾
EBITDA	\$ 1,611	\$ (20)	\$ 1,591	\$ 1,551	\$ (7)	\$ 1,544
Operating income	\$ 906	\$ 96	\$ 1,002	\$ 861	\$ 107	\$ 968
Net interest expense and other financing charges	198	—	198	194	—	194
Earnings before income taxes	\$ 708	\$ 96	\$ 804	\$ 667	\$ 107	\$ 774
Deduct the following:						
Income taxes	186	29	215	178	29	207
Non-controlling interests	19	—	19	27	—	27
Prescribed dividends on preferred shares	—	—	—	3	—	3
Net earnings available to common shareholders of the Company⁽ⁱ⁾	\$ 503	\$ 67	\$ 570	\$ 459	\$ 78	\$ 537
Diluted net earnings per common share (\$)	\$ 1.66	\$ 0.22	\$ 1.88	\$ 1.47	\$ 0.25	\$ 1.72
Diluted weighted average common shares (millions)	302.6	—	302.6	311.9	—	311.9

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company, net of dividends declared on the Company’s Second Preferred Shares, Series B that were redeemed on January 8, 2025.

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 March 22, 2025 and March 23, 2024 (millions of Canadian dollars)	2025 (12 weeks)	2024 (12 weeks)
	Operating income	\$ 906
Add (deduct) impact of the following:		
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 116	\$ 114
Fair value adjustment on fuel and foreign currency contracts	(1)	(7)
Sale of <i>Wellwise</i>	(5)	—
Gain on sale of non-operating property	(14)	—
Adjusting items	\$ 96	\$ 107
Adjusted operating income⁽²⁾	\$ 1,002	\$ 968
Net interest expense and other financing charges	\$ 198	\$ 194
Income taxes	\$ 186	\$ 178
Add the impact of the following:		
Tax impact of items included in adjusted earnings before taxes	\$ 29	\$ 29
Adjusting items	\$ 29	\$ 29
Adjusted income taxes⁽²⁾	\$ 215	\$ 207

CORPORATE PROFILE

2024 Annual Report and 2025 First Quarter Report to Shareholders

The Company's 2024 Annual Report and 2025 First Quarter Report to Shareholders are available in the "Investors" section of the Company's website at loblaw.ca and on sedarplus.ca.

Investor Relations

Investor inquiries, contact: Roy MacDonald Vice President, Investor Relations investor@loblaw.ca	Media inquiries, contact: Scott Bonikowsky Senior Vice President, Corporate Affairs and Communications pr@loblaw.ca
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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 April 30, 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: 30196#. 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.

Annual Meeting of Shareholders

The 2025 Annual Meeting of Shareholders of Loblaw Companies Limited will be held on Tuesday, May 6, 2025 at 11:00 a.m. (EDT) at The Royal Conservatory, TELUS Centre for Performance and Learning, Koerner Hall, 273 Bloor Street West, Toronto, Ontario, Canada and virtually via a live webcast.

Shareholders will also be able to listen, participate and vote at the meeting in real time through a live webcast online at <https://meetings.lumiconnect.com/400-700-868-246> (meeting password: AGM2025). See "How do I attend and participate in the Meeting?" in the Management Proxy dated March 25, 2025, which can be viewed online at www.loblaw.ca or under Loblaw's SEDAR+ profile at www.sedarplus.ca, for detailed instructions on how to attend and vote at the meeting.

Please refer to the "Events and Presentations" or "Shareholders Services" page at loblaw.ca for additional details on the virtual meeting.

News Release Endnotes

- (1) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release and the Company's 2025 First Quarter Report to Shareholders 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 2025 First Quarter Report to Shareholders.
 - (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.
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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.

	2025 (12 weeks)				2024 (12 weeks)			
	Retail	Financial Services	Eliminations	Total	Retail	Financial Services	Eliminations	Total
For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars)								
Revenue	\$ 13,837	\$ 373	\$ (75)	\$ 14,135	\$ 13,290	\$ 361	\$ (70)	\$ 13,581
Cost of sales	9,477	43	—	9,520	9,086	40	—	9,126
Gross profit	\$ 4,360	\$ 330	\$ (75)	\$ 4,615	\$ 4,204	\$ 321	\$ (70)	\$ 4,455
Adjusted gross profit	\$ 4,360	\$ 330	\$ (75)	\$ 4,615	\$ 4,204	\$ 321	\$ (70)	\$ 4,455

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.

	2025 (12 weeks)			2024 (12 weeks)		
	Retail	Financial Services	Total	Retail	Financial Services	Total
For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars)						
Net earnings attributable to shareholders of the Company			\$ 503			\$ 462
Add impact of the following:						
Non-controlling interests			19			27
Net interest expense and other financing charges			198			194
Income taxes			186			178
Operating income	\$ 840	\$ 66	\$ 906	\$ 782	\$ 79	\$ 861
Add (deduct) impact of the following:						
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 116	\$ —	\$ 116	\$ 114	\$ —	\$ 114
Fair value adjustment on fuel and foreign currency contracts	(1)	—	(1)	(7)	—	(7)
Sale of <i>Wellwise</i>	(5)	—	(5)	—	—	—
Gain on sale of non-operating property	(14)	—	(14)	—	—	—
Adjusting items	\$ 96	\$ —	\$ 96	\$ 107	\$ —	\$ 107
Adjusted operating income	\$ 936	\$ 66	\$ 1,002	\$ 889	\$ 79	\$ 968
Depreciation and amortization	691	14	705	677	13	690
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	(116)	—	(116)	(114)	—	(114)
Adjusted EBITDA	\$ 1,511	\$ 80	\$ 1,591	\$ 1,452	\$ 92	\$ 1,544

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 in 2026 and 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.

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.

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, including 42 Wellwise locations, for cash proceeds and recorded a net fair value write-down of \$23 million in the Retail segment in SG&A. The transaction closed in the first quarter of 2025 and the Company recorded a gain of \$5 million in the Retail segment in SG&A.

Gain on sale of non-operating property In the first quarter of 2025, the Company recorded a gain related to the sale of a non-operating property to a third party of \$14 million (2024 – nil).

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

For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars)	2025 (12 weeks)	2024 (12 weeks)
Net interest expense and other financing charges	\$ 198	\$ 194
Adjusted net interest expense and other financing charges	\$ 198	\$ 194

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

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

For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (12 weeks)	2024 (12 weeks)
Adjusted operating income ⁽ⁱ⁾	\$ 1,002	\$ 968
Adjusted net interest expense and other financing charges ⁽ⁱ⁾	198	194
Adjusted earnings before taxes	\$ 804	\$ 774
Income taxes	\$ 186	\$ 178
Add impact of the following:		
Tax impact of items included in adjusted earnings before taxes ⁽ⁱⁱⁱ⁾	29	29
Adjusted income taxes	\$ 215	\$ 207
Effective tax rate	26.3 %	26.7 %
Adjusted effective tax rate	26.7 %	26.7 %

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

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

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

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

For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (12 weeks)	2024 (12 weeks)
Net earnings attributable to shareholders of the Company	\$ 503	\$ 462
Prescribed dividends on preferred shares in share capital	—	(3)
Net earnings available to common shareholders of the Company	\$ 503	\$ 459
Net earnings attributable to shareholders of the Company	\$ 503	\$ 462
Adjusting items (refer to the following table)	67	78
Adjusted net earnings attributable to shareholders of the Company	\$ 570	\$ 540
Prescribed dividends on preferred shares in share capital	—	(3)
Adjusted net earnings available to common shareholders of the Company	\$ 570	\$ 537
Diluted weighted average common shares outstanding (millions)	302.6	311.9

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.

	2025 (12 weeks)		2024 (12 weeks)	
	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share
For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars/Canadian dollars)				
As reported	\$ 503	\$ 1.66	\$ 459	\$ 1.47
Add (deduct) impact of the following:				
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 86	\$ 0.28	\$ 84	\$ 0.27
Fair value adjustment on fuel and foreign currency contracts	(1)	—	(6)	(0.02)
Sale of <i>Wellwise</i>	(5)	(0.02)	—	—
Gain on sale of non-operating property	(13)	(0.04)	—	—
Adjusting items	\$ 67	\$ 0.22	\$ 78	\$ 0.25
Adjusted	\$ 570	\$ 1.88	\$ 537	\$ 1.72

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.

	2025 (12 weeks)				2024 (12 weeks)			
	Retail	Financial Services	Eliminations ⁽ⁱ⁾	Total	Retail	Financial Services	Eliminations ⁽ⁱ⁾	Total
For the periods ended March 22, 2025 and March 23, 2024 (millions of Canadian dollars)								
Cash flows from operating activities	\$ 444	\$ 489	\$ 20	\$ 953	\$ 462	\$ 371	\$ 23	\$ 856
Less:								
Capital investments ⁽ⁱⁱ⁾	236	10	—	246	377	10	—	387
Interest paid ⁽ⁱ⁾	87	—	20	107	77	—	23	100
Lease payments, net	385	—	—	385	367	—	—	367
Free cash flow	\$ (264)	\$ 479	\$ —	\$ 215	\$ (359)	\$ 361	\$ —	\$ 2

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

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

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.