Live
Life
Well®

Loblaw
Companies
Limited

Second Quarter Report to Shareholders
24 weeks ended June 14, 2025

2025 Second Quarter Report to Shareholders

The following Management's Discussion and Analysis ("MD&A") for Loblaw Companies Limited and its subsidiaries (collectively, the "Company" or "Loblaw") should be read in conjunction with the Company's second quarter 2025 unaudited interim period condensed consolidated financial statements and the accompanying notes ("interim financial statements") included within the Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 28, 2024 and the related MD&A included in the Company's 2024 Annual Report.

The Company's second quarter 2025 interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP"). These interim financial statements include the accounts of the Company and other entities that the Company controls and are reported in Canadian dollars, except when otherwise noted.

Management uses non-GAAP and other financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing consolidated and segment underlying operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company adjusts for these items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring. See Section 12 "Non-GAAP and Other Financial Measures" for more information on the Company's non-GAAP and other financial measures.

A glossary of terms used throughout this Quarterly Report can be found at the back of the Company's 2024 Annual Report.

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

The information in this MD&A is current to July 23, 2025, unless otherwise noted.

1. Forward-Looking Statements

The Quarterly Report, including the MD&A, contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this Quarterly Report include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of information technology ("IT") systems implementations. These specific forward-looking statements are contained throughout this Quarterly Report including, without limitation, Section 5 "Liquidity and Capital Resources", Section 11 "Outlook" and Section 12 "Non-GAAP and Other Financial Measures". Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company’s actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the Company’s MD&A in the 2024 Annual Report, and the Company’s Annual Information Form (“AIF”) for the year ended December 28, 2024. Such risks and uncertainties include:

- changes in economic conditions, including inflation, impact of tariffs, price increases from suppliers, levels of employment, costs of borrowing, household debt, political uncertainty and government regulation, the impact of natural disasters, war or acts of terrorism, pandemics, changes in interest rates, tax rates, or exchange rates, and access to consumer credit;
- inability of the Company’s IT infrastructure to support the requirements of the Company’s business, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cybersecurity or data breaches;
- failure to realize benefits from investments in the Company’s new IT systems and related processes, including automation;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- changes to the regulation of generic prescription drug prices, the reduction of reimbursements under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- failure to maintain an effective supply chain and consequently an appropriate assortment of available product at the store and digital retail level;
- failure to realize the anticipated benefits associated with the Company’s strategic priorities and major initiatives, including revenue growth, anticipated cost savings and operating efficiencies, or organizational changes that may impact the relationships with franchisees and pharmacist owners of corporations licensed to operate retail drug stores at specific locations using the Company’s trademarks (“Associates”);
- failure to execute the Company’s e-commerce initiatives or to adapt its business model to shifts in the retail landscape caused by digital advances;
- changes to any of the laws, rules, regulations or policies applicable to the Company’s business;
- failure to attract and retain colleagues may impact the Company’s ability to effectively operate and achieve financial performance goals;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- public health events including those related to food and drug safety;
- errors made through medication dispensing or errors related to patient services or consultation;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- failure to adapt to environmental and social risks, including failure to execute against the Company’s climate change and social equity initiatives;
- adverse outcomes of legal and regulatory proceedings and related matters; and
- reliance on the performance and retention of third party service providers, including those associated with the Company’s supply chain and apparel business and located in both advanced and developing markets.

This is not an exhaustive list of the factors that may affect the Company’s forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company’s materials filed with the Canadian securities regulatory authorities (“securities regulators”) from time to time, including, without limitation, the section entitled "Risks" in the Company's 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 MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2. Key Financial Performance Indicators[1]

The Company has identified key financial performance indicators to measure the progress of short and long term objectives. Certain key financial performance indicators are set out below:

As at or for the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	2024 (12 weeks)
Consolidated:		
Revenue growth	**5.2 %**	1.5 %
Operating income	**$ 1,239**	$ 868
Adjusted EBITDA[2]	**1,840**	1,713
Adjusted EBITDA margin[2]	**12.5 %**	12.3 %
Net earnings	**$ 757**	$ 498
Net earnings attributable to shareholders of the Company	**714**	460
Net earnings available to common shareholders of the Company[i]	**714**	457
Adjusted net earnings available to common shareholders of the Company[2]	**721**	664
Diluted net earnings per common share ($)	**$ 2.37**	$ 1.48
Adjusted diluted net earnings per common share[2] ($)	**$ 2.40**	$ 2.15
Cash and cash equivalents and short term investments	**$ 1,900**	$ 1,694
Cash flows from operating activities	**1,363**	1,401
Capital investments[ii]	**409**	495
Total number of stores[iii]	**2,459**	2,457
Free cash flow[2]	**468**	437
Financial Measures:		
Retail debt to rolling year retail adjusted EBITDA[2]	**2.4 x**	2.3 x
Rolling year adjusted return on equity[2]	**24.7 %**	23.1 %
Rolling year adjusted return on capital[2]	**11.9 %**	11.6 %
Retail Segment:		
Food retail same-store sales growth	**3.5 %**	0.2 %
Drug retail same-store sales growth	**4.1 %**	1.5 %
Operating income	**$ 1,170**	$ 815
Gross profit[2]	**4,608**	4,370
Gross profit %[2]	**32.0 %**	32.0 %
Adjusted EBITDA[2]	**$ 1,759**	$ 1,649
Adjusted EBITDA margin[2]	**12.2 %**	12.1 %
Financial Services Segment:		
Earnings before income taxes	**$ 30**	$ 16
Annualized yield on average quarterly gross credit card receivables	**14.4 %**	14.5 %
Annualized credit loss rate on average quarterly gross credit card receivables	**4.4 %**	4.8 %

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

(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.

(iii) The change in the total number of stores includes the sale of 48 stores in the first quarter of 2025, including 42 locations related to the sale of *Wellwise*. See the "Capital Investments and Store Activity" within Section 5.1 "Cash Flows" for details.

3. Consolidated Results of Operations

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	2024 (12 weeks)	$ Change	% Change	**2025 (24 weeks)**	2024 (24 weeks)	$ Change	% Change
Revenue	**$14,672**	$13,947	$ 725	5.2 %	**$28,807**	$27,528	$ 1,279	4.6 %
Operating income	**1,239**	868	371	42.7 %	**2,145**	1,729	416	24.1 %
Adjusted EBITDA(2)	**1,840**	1,713	127	7.4 %	**3,431**	3,257	174	5.3 %
Adjusted EBITDA margin(2)	**12.5 %**	12.3 %			**11.9 %**	11.8 %		
Depreciation and amortization	**$ 600**	$ 679	$ (79)	(11.6)%	**$ 1,305**	$ 1,369	$ (64)	(4.7)%
Net interest expense and other financing charges	**212**	190	22	11.6 %	**410**	384	26	6.8 %
Income taxes	**270**	180	90	50.0 %	**456**	358	98	27.4 %
Adjusted income taxes(2)	**273**	254	19	7.5 %	**488**	461	27	5.9 %
Effective tax rate	**26.3 %**	26.5 %			**26.3 %**	26.6 %		
Adjusted effective tax rate(2)	**26.3 %**	26.5 %			**26.5 %**	26.6 %		
Net earnings attributable to non-controlling interests	**$ 43**	$ 38	$ 5	13.2 %	**$ 62**	$ 65	$ (3)	(4.6)%
Net earnings attributable to shareholders of the Company	**$ 714**	$ 460	$ 254	55.2 %	**$ 1,217**	$ 922	$ 295	32.0 %
Net earnings available to common shareholders of the Company(i)	**714**	457	257	56.2 %	**1,217**	916	301	32.9 %
Adjusted net earnings available to common shareholders of the Company(2)	**721**	664	57	8.6 %	**1,291**	1,201	90	7.5 %
Diluted net earnings per common share ($)	**$ 2.37**	$ 1.48	$ 0.89	60.1 %	**$ 4.03**	$ 2.95	$ 1.08	36.6 %
Adjusted diluted net earnings per common share(2) ($)	**$ 2.40**	$ 2.15	$ 0.25	11.6 %	**$ 4.28**	$ 3.87	$ 0.41	10.6 %
Diluted weighted average common shares outstanding (in millions)	**300.9**	308.8			**301.8**	310.6		

(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.

Loblaw delivered strong performance this quarter by continuing to provide Canadians with quality, value, service, and convenience across its nationwide network of stores and digital platforms. Strong sales growth was driven by new store openings and improved same-store sales, with everyday value offerings, personalized PC Optimum™ loyalty rewards, and impactful promotions driving higher customer engagement. In the Food Retail business, consumers continued to focus on value, which resulted in outperformance by Hard Discount and Real Canadian Superstores banners. Same-store traffic, basket size, and item count all increased compared to the same quarter last year. Food Retail tonnage volume also increased, reflecting solid market share gains within both discount and conventional segments. In Drug Retail, robust pharmacy and healthcare services drove continued strength, led by specialty drug growth. Front store sales momentum continued, particularly in prestige beauty categories, partially offset by the strategic exit from certain electronics items. Loblaw advanced its full-year plan to open approximately 80 new stores and 100 new pharmacy clinics, providing access to affordable, quality groceries and healthcare to more communities across Canada. This included opening 10 stores and 12 pharmacy clinics in the quarter, bringing the year-to-date total to 20 new stores and 23 new pharmacy clinics. In addition, the Company continued to successfully execute the ramp-up of its East Gwillimbury distribution centre.

Net Earnings Available to Common Shareholders of the Company and Diluted Net Earnings Per Common Share
Net earnings available to common shareholders of the Company in the second quarter of 2025 were $714 million ($2.37 per common share). When compared to the second quarter of 2024, this was an increase of $257 million ($0.89 per common share) or 56.2%. The increase included a favourable change in adjusting items totaling $200 million and an improvement in the underlying operating performance of $57 million as described below:

- the favourable change in adjusting items totaling $200 million ($0.64 per common share) was primarily due to the following:
  - the favourable impact of the prior year charges related to the settlement of class action lawsuits of $121 million ($0.39 per common share); and
  - the year-over-year favourable change in amortization of intangible assets of $78 million ($0.25 per common share) primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") which are now fully amortized.
- the improvement in underlying operating performance of $57 million ($0.19 per common share) was primarily due to the following:
  - an improvement in the underlying operating performance in the Retail segment driven by an increase in gross profit[(2)], partially offset by an increase in selling, general and administrative expenses ("SG&A") and depreciation and amortization.
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months ($0.06 per common share).

Adjusted net earnings available to common shareholders of the Company[(2)] were $721 million, an increase of $57 million or 8.6% compared to the second quarter of 2024. Adjusted net earnings per common share[(2)] were $2.40, an increase of $0.25 or 11.6%. The increase includes the favourable impact from the repurchase of common shares.

Year-to-date net earnings available to common shareholders of the Company were $1,217 million ($4.03 per common share), an increase of $301 million ($1.08 per common share) or 32.9% compared to the same period in 2024. The increase included a favourable change in adjusting items totaling $211 million and an improvement in the underlying operating performance of $90 million as described below:

- the favourable change in adjusting items totaling $211 million ($0.67 per common share) was primarily due to the following:
  - the favourable impact of the prior year charges related to the settlement of class action lawsuits of $121 million ($0.39 per common share);
  - the year-over-year favourable change in amortization of intangible assets of $76 million ($0.24 per common share) primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
  - the favourable impact of the gain on sale of non-operating properties of $14 million ($0.04 per common share); and
  - the favourable impact of the gain related to the sale of Wellwise by Shoppers™ (“*Wellwise*”) of $5 million ($0.02 per common share);

  partially offset by,
  - the year-over-year unfavourable change of fair value adjustments on fuel and foreign currency contracts of $5 million ($0.02 per common share).
- the improvement in the underlying operating performance of $90 million ($0.29 per common share) was primarily due to the following:
  - an improvement in the underlying operating performance in the Retail segment driven by an increase in gross profit(2), partially offset by an increase in SG&A and depreciation and amortization.
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months ($0.12 per common share).

Year-to-date adjusted net earnings available to common shareholders of the Company(2) were $1,291 million, an increase of $90 million or 7.5% compared to the same period in 2024. Adjusted net earnings per common share(2) were $4.28 per common share, an increase of $0.41 or 10.6%. The increase includes the favourable impact from the repurchase of common shares.

Revenue

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025** (12 weeks)	2024 (12 weeks)	$ Change	% Change	**2025** (24 weeks)	2024 (24 weeks)	$ Change	% Change
Retail	**$ 14,389**	$ 13,658	$ 731	5.4 %	**$ 28,226**	$ 26,948	$ 1,278	4.7 %
Financial Services	**377**	367	10	2.7 %	**750**	728	22	3.0 %
Eliminations	**(94)**	(78)	(16)	(20.5)%	**(169)**	(148)	(21)	(14.2)%
Revenue	**$ 14,672**	$ 13,947	$ 725	5.2 %	**$ 28,807**	$ 27,528	$ 1,279	4.6 %

Revenue was $14,672 million in the second quarter of 2025. When compared to the second quarter of 2024, this was an increase of $725 million, or 5.2%. The increase was primarily driven by an increase in Retail segment sales of $731 million due to positive same-store sales growth. In addition, the sale of Wellwise by Shoppers™ (“*Wellwise*”) was completed in the first quarter of 2025. Revenue related to *Wellwise* in the second quarter of 2025 was nil (2024 – $21 million). Excluding the impact of revenue related to *Wellwise*, revenue increased by 5.4%. There was also an increase in Financial Services segment sales of $10 million.

Year-to-date revenue was $28,807 million, an increase of $1,279 million, or 4.6%, compared to the same period in 2024. The increase was primarily driven by an increase in Retail segment sales of $1,278 million, due to positive same-store sales growth. There was also an increase in Financial Services segment sales of $22 million.

Operating Income Operating income was $1,239 million in the second quarter of 2025. When compared to the second quarter of 2024, this was an increase of $371 million, or 42.7%. The increase was driven by a favourable change in adjusting items totaling $271 million and an improvement in underlying operating performance of $100 million as described below:

- the favourable change in adjusting items totaling $271 million was primarily due to the following:
  - the favourable impact of the prior year charges related to the settlement of class action lawsuits of $164 million; and
  - the year-over-year favourable change in amortization of intangible assets of $106 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized.
- the improvement in underlying operating performance of $100 million was primarily due to the following:
  - an improvement in the Retail Segment due to an increase in gross profit(2), partially offset by an increase in SG&A and depreciation and amortization; and
  - an improvement in the underlying operating performance in the Financial Services segment.

Year-to-date operating income was $2,145 million, an increase of $416 million, or 24.1%, compared to the same period in 2024. The increase in operating income was driven by a favourable change in adjusting items totaling $282 million and an improvement in the underlying operating performance of $134 million, as described below:

- the favourable change in adjusting items totaling $282 million was primarily due to the following:
  - the favourable impact of the prior year charges related to the settlement of class action lawsuits of $164 million;
  - the year-over-year favourable change in amortization of intangible assets of $104 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
  - the favourable impact of the gain on sale of non-operating properties of $15 million; and
  - the favourable impact of the gain related to the sale of *Wellwise* of $5 million;

  partially offset by,
  - the year-over-year unfavourable change of fair value adjustments on fuel and foreign currency contracts of $6 million.
- the improvement in the underlying operating performance of $134 million was primarily due to the following:
  - an improvement in the underlying operating performance of the Retail segment due to an increase in gross profit(2), partially offset by an increase in SG&A and depreciation and amortization.

Adjusted EBITDA(2)

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	2024 (12 weeks)	$ Change	% Change	**2025 (24 weeks)**	2024 (24 weeks)	$ Change	% Change
Retail	**$ 1,759**	$ 1,649	$ 110	6.7 %	**$ 3,270**	$ 3,101	$ 169	5.4 %
Financial Services	**81**	64	17	26.6 %	**161**	156	5	3.2 %
Adjusted EBITDA(2)	**$ 1,840**	$ 1,713	$ 127	7.4 %	**$ 3,431**	$ 3,257	$ 174	5.3 %

Adjusted EBITDA(2) was $1,840 million in the second quarter of 2025. When compared to the second quarter of 2024, this was an increase of $127 million or 7.4%, driven by an increase in the Retail segment of $110 million and an increase in the Financial Services segment of $17 million.

Year-to-date adjusted EBITDA(2) was $3,431 million, an increase of $174 million, or 5.3% compared to the same period in 2024, driven by an increase in the Retail segment of $169 million, and an increase in the Financial Services segment of $5 million.

Depreciation and Amortization Depreciation and amortization was $600 million in the second quarter of 2025, a decrease of $79 million or 11.6% compared to the second quarter of 2024, driven by a decrease in the Retail segment of $80 million. Year-to-date depreciation and amortization was $1,305 million, a decrease of $64 million or 4.7% compared to the same period in 2024, primarily driven by a decrease in the Retail segment of $66 million.

Depreciation and amortization in the second quarter of 2025 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark Health Group ("Lifemark") of $9 million (2024 – $115 million) and $125 million (2024 – $229 million), respectively.

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges were $212 million, an increase of $22 million or 11.6% compared to the second quarter of 2024. The increase was primarily driven by an increase in interest expense from lease liabilities, lower interest income on certain short term investments, and lower capitalization of interest expense related to the Company's automated distribution facility. Year-to-date net interest expense and other financing charges were $410 million, an increase of $26 million or 6.8% compared to the same period in 2024. The year-to-date increase was primarily driven by an increase in interest expense from lease liabilities and long term debt, partially offset by the capitalization of interest expense related to the Company's automated distribution facility.

Income Taxes Income tax expense in the second quarter of 2025 was $270 million (2024 – $180 million) and the effective tax rate was 26.3% (2024 – 26.5%). The decrease in the effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the second quarter of 2025. Year-to-date income tax expense was $456 million (2024 – $358 million) and the effective tax rate was 26.3% (2024 – 26.6%). The decrease to the year-to-date effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during 2025.

Adjusted income tax expense(2) in the second quarter of 2025 was $273 million (2024 – $254 million) and the adjusted effective tax rate(2) was 26.3% (2024 – 26.5%). The decrease in the adjusted effective tax rate(2) was primarily attributed to the non-taxable portion of the gain from real estate dispositions during the second quarter of 2025. Year-to-date adjusted income tax expense(2) was $488 million (2024 – $461 million) and the adjusted effective tax rate(2) was 26.5% (2024 – 26.6%). The decrease to the year-to-date adjusted effective tax rate(2) was primarily attributable to the non-taxable portion of the gain from real estate dispositions during 2025.

Net Earnings Attributable To Non-Controlling Interests Net earnings attributable to non-controlling interests were $43 million, an increase of $5 million or 13.2% compared to the second quarter of 2024, primarily driven by an increase in franchisee earnings after profit sharing. Year-to-date net earnings attributable to non-controlling interests were $62 million, a decrease of $3 million or 4.6% compared to the same period in 2024, primarily driven by a decline in franchisee earnings after profit sharing. Non-controlling interests represent the share of earnings that relates to the Company's Food Retail franchisees and is impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements.

4. Reportable Operating Segments Results of Operations

The Company has two reportable operating segments, with all material operations carried out in Canada:

- the Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores, and includes in-store pharmacies, healthcare services, other health and beauty products, apparel and other general merchandise. This segment is comprised of several operating segments that are aggregated primarily due to similarities in the nature of products and services offered for sale in the retail operations and the customer base; and
- the Financial Services segment provides credit card and everyday banking services, the *PC Optimum* loyalty program, insurance brokerage services, and telecommunication services.

4.1 Retail Segment

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	2024 (12 weeks)	$ Change	% Change	**2025 (24 weeks)**	2024 (24 weeks)	$ Change	% Change
Sales	**$14,389**	$13,658	$ 731	5.4 %	**$28,226**	$26,948	$ 1,278	4.7 %
Operating income	**1,170**	815	355	43.6 %	**2,010**	1,597	413	25.9 %
Gross profit(2)	**4,608**	4,370	238	5.4 %	**8,968**	8,574	394	4.6 %
Gross profit %(2)	**32.0 %**	32.0 %			**31.8 %**	31.8 %		
Adjusted EBITDA(2)	**$ 1,759**	$ 1,649	$ 110	6.7 %	**$3,270**	$ 3,101	$ 169	5.4 %
Adjusted EBITDA margin(2)	**12.2 %**	12.1 %			**11.6 %**	11.5 %		
Depreciation and amortization	**$ 588**	$ 668	$ (80)	(12.0)%	**$1,279**	$ 1,345	$ (66)	(4.9)%

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

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**		2024 (12 weeks)		**2025 (24 weeks)**		2024 (24 weeks)	
	Sales	**Same-store sales**	Sales	Same-store sales	**Sales**	**Same-store sales**	Sales	Same-store sales
Food retail	**$ 10,213**	**3.5 %**	$ 9,653	0.2 %	**$20,000**	**2.9 %**	$19,062	1.8 %
Drug retail	**4,176**	**4.1 %**	4,005	1.5 %	**8,226**	**3.9 %**	7,886	2.8 %
Pharmacy and healthcare services	**2,255**	**6.2 %**	2,110	5.4 %	**4,456**	**6.3 %**	4,169	6.4 %
Front store	**1,921**	**1.7 %**	1,895	(2.4)%	**3,770**	**1.3 %**	3,717	(0.9)%

Sales Retail segment sales were $14,389 million in the second quarter of 2025, an increase of $731 million, or 5.4% compared to the second quarter of 2024, primarily driven by the following factors:

- Food retail same-store sales growth was 3.5% (2024 – 0.2%) for the quarter.
  - Sales growth in food was strong;
  - Sales growth in pharmacy was moderate;
  - The Company's internal food inflation was lower than the Consumer Price Index for Food Purchased From Stores of 3.3% (2024 – 1.7%); and
  - Food Retail traffic increased and basket size increased.
- Drug retail same-store sales growth was 4.1% (2024 – 1.5%) for the quarter.
  - Pharmacy and healthcare services same-store sales growth was 6.2% (2024 – 5.4%), led by specialty prescriptions. The number of prescriptions increased by 3.2% (2024 – 2.1%). On a same-store basis, the number of prescriptions increased by 3.1% (2024 – 2.1%) and the average prescription value increased by 3.9% (2024 – 1.9%); and
  - Front store same-store sales growth was 1.7% (2024 – decline of 2.4%). 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 second quarter of 2025, 10 food and drug stores were opened and 1 food and drug store was closed. Retail square footage was 72.5 million square feet, a net increase of 1.2 million square feet, or 1.7% compared to the second quarter of 2024.

On a year-to-date basis, Retail segment sales were $28,226 million, an increase of $1,278 million, or 4.7% when compared to the same period in 2024. Food retail sales of $20,000 million increased by $938 million, or 4.9%. Food retail same-store sales grew by 2.9% (2024 – 1.8%). Drug retail sales of $8,226 million increased by $340 million, or 4.3%. Drug retail same-store sales growth was 3.9% (2024 – 2.8%), with pharmacy and healthcare services same-store sales growth of 6.3% (2024 – 6.4%), and front store sales growth of 1.3% (2024 – decline of 0.9%).

Operating Income Operating income was $1,170 million in the second quarter of 2025, an increase of $355 million, or 43.6% compared to the second quarter of 2024. The increase was driven by a favourable change in adjusting items totaling $271 million and an improvement in the underlying operating performance of $84 million as described below:

- the favourable change in adjusting items totaling $271 million was primarily due to the following:
  - the favourable impact of the prior year charges related to the settlement of class action lawsuits of $164 million; and
  - the year-over-year favourable change in amortization of intangible assets of $106 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized.
- the improvement in underlying operating performance of $84 million was due to an increase in gross profit[(2)], partially offset by an increase in SG&A and depreciation and amortization.

Year-to-date operating income was $2,010 million, an increase of $413 million, or 25.9% compared to the same period in 2024. The increase was driven by a favourable change in adjusting items totaling $282 million and an improvement in underlying operating performance of $131 million as described below:

- the favourable change in adjusting items totaling $282 million was primarily due to the following:
  - the favourable impact of prior year charges related to the settlement of class action lawsuits of $164 million;
  - the year-over-year favourable change in amortization of intangible assets of $104 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
  - the favourable the gain on sale of non-operating properties of $15 million; and
  - the favourable impact of the gain related to the sale of *Wellwise* of $5 million;

  partially offset by,
  - the year-over-year unfavourable change in fair value adjustments on fuel and foreign currency contracts of $6 million.
- the improvement in underlying operating performance of $131 million was due to an increase in gross profit(2), partially offset by an increase in SG&A and depreciation and amortization.

Gross Profit(2) Gross profit(2) in the second quarter of 2025 was $4,608 million, an increase of $238 million, or 5.4% compared to the second quarter of 2024. The gross profit percentage(2) of 32.0% was stable, primarily driven by improvements in shrink, offset by changes in sales mix in Drug Retail pharmacy categories.

Year-to-date gross profit(2) was $8,968 million in 2025, an increase of $394 million, or 4.6% compared to the same period in 2024. Gross profit percentage(2) of 31.8% was stable when compared to the same period in 2024, primarily driven by improvements in shrink, offset by changes in sales mix in Drug Retail pharmacy categories.

Adjusted EBITDA(2) Adjusted EBITDA(2) was $1,759 million in the second quarter of 2025, an increase of $110 million, or 6.7% compared to the second quarter of 2024. The increase was driven by an increase in gross profit(2) of $238 million, partially offset by an increase in SG&A of $128 million. SG&A as a percentage of sales was 19.8%, a favourable decrease of 10 basis points, primarily due to operating leverage from higher sales and the year-over-year impact of certain real estate activities, partially offset by incremental costs related to opening new stores and the automated distribution facility.

Year-to-date adjusted EBITDA(2) was $3,270 million in 2025, an increase of $169 million, or 5.4% compared to the same period in 2024. The increase was driven by an increase in gross profit of $394 million, partially offset by an increase in SG&A of $225 million. SG&A as a percentage of sales was 20.2%, a favourable decrease of 10 basis points when compared to the same period in 2024, primarily due to operating leverage from higher sales and the year-over-year impact of certain real estate activities, partially offset by incremental costs related to opening new stores and the automated distribution facility.

Depreciation and Amortization Depreciation and amortization was $588 million in the second quarter of 2025, a decrease of $80 million or 12.0% when compared to the second quarter of 2024. The decrease in depreciation and amortization in the second quarter of 2025 was primarily driven by the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized**,** partially offset 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.

Year-to-date depreciation and amortization was $1,279 million, a decrease of $66 million compared to the same period in 2024. The year-to-date decrease was primarily driven by the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized, the impact of prior year accelerated depreciation as a result of network optimization, and a decrease in depreciation of IT assets. This was partially offset 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.

Depreciation and amortization in the second quarter of 2025 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of $9 million (2024 – $115 million) and $125 million (2024 – $229 million), respectively.

4.2 Financial Services Segment

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (12 weeks)	2024 (12 weeks)	$ Change	% Change	2025 (24 weeks)	2024 (24 weeks)	$ Change	% Change
Revenue	**$ 377**	$ 367	$ 10	2.7 %	**$ 750**	$ 728	$ 22	3.0 %
Earnings before income taxes	**30**	16	14	87.5 %	**60**	60	—	— %

(millions of Canadian dollars except where otherwise indicated)	As at June 14, 2025	As at June 15, 2024	$ Change	% Change
Average quarterly net credit card receivables	**$ 4,001**	$ 3,977	$ 24	0.6 %
Credit card receivables	**3,975**	3,954	21	0.5 %
Allowance for credit card receivables	**273**	266	7	2.6 %
Annualized yield on average quarterly gross credit card receivables	**14.4 %**	14.5 %		
Annualized credit loss rate on average quarterly gross credit card receivables	**4.4 %**	4.8 %		

Revenue Revenue was $377 million, an increase of $10 million compared to the second quarter of 2024. The increase in revenue was primarily driven by:

- higher sales attributable to The Mobile Shop™; and
- higher insurance commission income;

partially offset by,

- lower interest income.

Year-to-date revenue was $750 million, an increase of $22 million compared to the same period in 2024. The increase in the year-to-date revenue was primarily driven by:

- higher sales attributable to *The Mobile Shop*;
- higher insurance commission income; and
- higher interchange income;

partially offset by,

- lower interest income.

Earnings before income taxes Earnings before income taxes were $30 million in the second quarter of 2025, an increase of $14 million compared to the second quarter of 2024. The increase in the second quarter was primarily driven by:

- higher revenue described above;
- lower operating costs; and
- lower credit card receivable charge-offs;

partially offset by,

- higher loyalty program costs.

Year-to-date earnings before income taxes were $60 million in 2025, which remained flat when compared to the same period in 2024, primarily driven by:

- higher revenue described above; and
- lower credit card receivable charge-offs;

partially offset by,

- higher operating costs from lapping of prior year ongoing benefits associated with the renewal of a long-term agreement with Mastercard International Incorporated; and
- higher loyalty program costs.

Credit Card Receivables As at June 14, 2025, credit card receivables were $3,975 million, an increase of $21 million compared to June 15, 2024. The increase was primarily driven by an increase in customer spending partially offset by higher payments received from cardholders. The expected credit loss allowance for credit card receivables was $273 million, an increase of $7 million compared to June 15, 2024.

5. Liquidity and Capital Resources

5.1 Cash Flows

Major Cash Flow Components

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	2024 (12 weeks)	$ Change	% Change	**2025 (24 weeks)**	2024 (24 weeks)	$ Change	% Change
Cash and cash equivalents, beginning of period	**$ 938**	$ 1,288	$ (350)	(27.2)%	**$ 1,462**	$ 1,488	$ (26)	(1.7)%
Cash flows from (used in):								
Operating activities	**$ 1,363**	$ 1,401	$ (38)	(2.7)%	**$ 2,316**	$ 2,257	$ 59	2.6 %
Investing activities	**(440)**	(769)	329	42.8 %	**(985)**	(965)	(20)	(2.1)%
Financing activities	**(907)**	(639)	(268)	(41.9)%	**(1,838)**	(1,502)	(336)	(22.4)%
Effect of foreign currency exchange rate changes on cash and cash equivalents	**(4)**	1	(5)	(500.0)%	**(5)**	4	(9)	(225.0)%
Increase (decrease) in cash and cash equivalents	**$ 12**	$ (6)	$ 18	300.0 %	**$ (512)**	$ (206)	$ (306)	(148.5)%
Cash and cash equivalents, end of period	**$ 950**	$ 1,282	$ (332)	(25.9)%	**$ 950**	$ 1,282	$ (332)	(25.9)%

Cash Flows from Operating Activities Cash flows from operating activities in the second quarter of 2025 were $1,363 million, a decrease of $38 million when compared to the second quarter of 2024. The decrease was primarily driven by an unfavourable year-over-year change in non-cash working capital, year-over-year change in provisions, and credit card receivables increasing year-over-year at a rate higher than the prior year, partially offset by higher cash earnings. Year-to-date cash flows from operating activities were $2,316 million, an increase of $59 million compared to the same period in 2024. The increase was primarily driven by higher cash earnings, lower income taxes paid in the current year and higher payments received from cardholders, partially offset by an unfavourable year-over-year change in non-cash working capital and payments related to provisions.

Cash Flows used in Investing Activities Cash flows used in investing activities in the second quarter of 2025 were $440 million, a decrease of $329 million when compared to the second quarter of 2024. The decrease in cash flows used in investing activities was primarily driven by higher proceeds from the disposal of assets, higher disposals of short term investments and lower capital investments in the current year, partially offset by an increase in security deposits.

Year-to-date cash flows used in investing activities were $985 million, an increase of $20 million compared to the same period in 2024. The increase in cash flows used in investing activities was primarily driven by higher purchases of short term investments and an increase in security deposits, partially offset by a decrease in investments in fixed assets and an increase in proceeds from disposals of assets.

Capital Investments and Store Activity

	As at June 14, 2025	As at June 15, 2024	Change[(i)]	As at December 28, 2024	Change[(i)]
Number of corporate stores	**559**	578	(19)	603	(44)
Number of franchise stores	**539**	528	11	528	11
Number of Associate-owned drug stores	**1,361**	1,351	10	1,361	—
Total number of stores	**2,459**	2,457	2	2,492	(33)

	As at June 14, 2025	As at June 15, 2024	% Change	As at December 28, 2024	% Change
Corporate square footage (in millions)	**36.1**	35.3	2.3 %	35.9	0.6 %
Franchise square footage (in millions)	**17.0**	16.8	1.2 %	16.8	1.2 %
Associate-owned drug store square footage (in millions)	**19.4**	19.2	1.0 %	19.3	0.5 %
Total retail square footage (in millions)	**72.5**	71.3	1.7 %	72.0	0.7 %
Average store size (square feet)					
Corporate	**64,600**	61,100	5.7 %	59,500	8.6 %
Franchise	**31,500**	31,800	(0.9)%	31,800	(0.9)%
Associate-owned drug store	**14,300**	14,200	0.7 %	14,200	0.7 %

(i) The change in the total number of stores includes the sale of 48 stores in the first quarter of 2025, including 42 locations related to the sale of *Wellwise*.

Capital Investments Capital investments in the second quarter of 2025 were $409 million, a decrease of $86 million or 17.4%, compared to the second quarter of 2024. Year-to-date capital investments were $655 million, a decrease of $227 million or 25.7%, compared to the same period in 2024.

Cash Flows used in Financing Activities Cash flows used in financing activities in the second quarter of 2025 were $907 million, an increase of $268 million when compared to the second quarter of 2024. The increase was primarily driven by lower net issuance of long term debt and short-term debt in the current year, and lower issuance of common shares, partially offset by an increase in demand deposits from customers and lower repurchases of common shares in the current year.

Year-to-date cash flows used in financing activities were $1,838 million, an increase of $336 million when compared to the same period in 2024. The increase was primarily driven by, the redemption of all issued and outstanding Preferred Shares, Series B on January 8, 2025, lower net issuance of long term debt in the current year, higher dividends paid due to timing of the fourth quarter 2024 dividend payment and higher repayments of short-term debt, partially offset by an increase in demand deposits from customers and lower repurchases of common shares in the current year.

Free Cash Flow[(2)]

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**2025 (12 weeks)** Retail	Financial Services	Eliminations[(i)]	Total	2024 (12 weeks) Retail	Financial Services	Eliminations[(i)]	Total
Cash flows from (used in) operating activities	**$ 1,505**	**$ (166)**	**$ 24**	**$ 1,363**	$ 1,410	$ (32)	$ 23	$ 1,401
Less:								
Capital investments[(ii)]	**403**	**6**	**—**	**409**	489	6	—	495
Interest paid	**71**	**—**	**24**	**95**	73	—	23	96
Lease payments, net	**391**	**—**	**—**	**391**	373	—	—	373
Free cash flow[(2)]	**$ 640**	**$ (172)**	**$ —**	**$ 468**	$ 475	$ (38)	$ —	$ 437

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**2025 (24 weeks)** Retail	Financial Services	Eliminations[(i)]	Total	2024 (24 weeks) Retail	Financial Services	Eliminations[(i)]	Total
Cash flow from operating activities	**$ 1,949**	**$ 323**	**$ 44**	**$ 2,316**	$ 1,872	$ 339	$ 46	$ 2,257
Less:								
Capital investments[(ii)]	**639**	**16**	**—**	**655**	866	16	—	882
Interest paid	**158**	**—**	**44**	**202**	150	—	46	196
Lease payments, net	**776**	**—**	**—**	**776**	740	—	—	740
Free cash flow[(2)]	**$ 376**	**$ 307**	**$ —**	**$ 683**	$ 116	$ 323	$ —	$ 439

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

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

Free cash flow[(2)] from the Retail segment in the second quarter of 2025 was $640 million, an increase of $165 million when compared to the second quarter of 2024. The increase was primarily due to higher cash earnings and lower capital investments in the current year, partially offset by an unfavourable year-over-year change in non-cash working capital and year-over-year change in provisions. Year-to-date Free cash flow[(2)] from the Retail segment was $376 million, an increase of $260 million when compared to the same period in 2024. The increase was primarily driven by lower capital investments in the current year.

Free cash flow[(2)] used in the Financial Services segment in the second quarter of 2025 was $172 million, an increase of $134 million when compared to the second quarter of 2024. The increase was primarily due to credit card receivables increasing year-over-year at a rate higher than the prior year and an unfavourable year-over-year change in non-cash working capital. Year-to-date free cash flow[(2)] from the Financial Services segment was $307 million, a decrease of $16 million compared to the same period in 2024. The decrease was primarily driven by an unfavourable year-over-year change in non-cash working capital, partially offset by higher payments received from the cardholders.

5.2 Liquidity and Capital Structure

The Company expects that cash and cash equivalents, short term investments, future operating cash flows and the amounts available to be drawn against committed credit facilities will enable the Company to finance its capital investment program and fund its ongoing business requirements over the next 12 months, including working capital, pension plan funding requirements and financial obligations.

President's Choice Bank ("PC Bank") expects to obtain long term financing for its credit card portfolio through the issuance of Eagle Credit Card Trust ("Eagle") notes and guaranteed investment certificates ("GICs").

The following table presents total debt by reportable operating segment:

			As at June 14, 2025			As at June 15, 2024			As at December 28, 2024
(millions of Canadian dollars)	**Retail**	**Financial Services**	**Total**	Retail	Financial Services	Total	Retail	Financial Services	Total
Bank indebtedness	**$ 59**	**$ —**	**$ 59**	$ 38	$ —	$ 38	$ —	$ —	$ —
Demand deposits from customers	**—**	**673**	**673**	—	175	175	—	353	353
Short term debt	**—**	**500**	**500**	—	650	650	—	800	800
Long term debt due within one year	**—**	**543**	**543**	—	741	741	—	631	631
Long term debt(i)(ii)	**5,524**	**2,575**	**8,099**	5,230	2,511	7,741	5,288	2,282	7,570
Certain other liabilities(iii)	**302**	**—**	**302**	290	—	290	294	—	294
Total debt excluding lease liabilities	**$ 5,885**	**$ 4,291**	**$ 10,176**	$ 5,558	$ 4,077	$ 9,635	$ 5,582	$ 4,066	$ 9,648
Lease liabilities due within one year	**1,560**	**—**	**1,560**	1,477	—	1,477	1,648	—	1,648
Lease liabilities	**8,754**	**—**	**8,754**	7,968	—	7,968	8,535	—	8,535
Total debt including total lease liabilities	**$16,199**	**$ 4,291**	**$20,490**	$15,003	$ 4,077	$19,080	$15,765	$ 4,066	$19,831

(i) In the second quarter of 2025, the total capacity of the independent funding trusts increased from $700 million to $1 billion and the maturity date of the trusts were extended from May 29, 2027 to March 27, 2028 with all other terms and conditions remaining substantially the same.

(ii) In the second quarter of 2025, the maturity date of the Company's committed credit facility, provided by a syndicate of lenders, was extended from July 15, 2027 to March 27, 2030 with all other terms and conditions remaining substantially the same. The facility contains certain financial covenants and as at June 14, 2025 and throughout the quarter, the Company was in compliance with these covenants.

(iii) As at June 14, 2025, certain other liabilities include financial liabilities of $192 million related to the sale and leaseback of retail properties (June 15, 2024 – $190 million December 28, 2024 — $192 million).

Retail The Company manages its capital structure with the objective of maintaining Retail segment credit metrics consistent with those of investment grade retailers. The Company calculates the Retail segment's debt to rolling year retail adjusted EBITDA(2) ratio to measure the leverage being employed.

	As at June 14, 2025	As at June 15, 2024	As at December 28, 2024
Retail debt to rolling year retail adjusted EBITDA(2)	**2.4 x**	2.3 x	2.4 x

The Retail debt to rolling year retail adjusted EBITDA(2) as at June 14, 2025 increased compared to June 15, 2024, primarily driven by an increase in retail debt partially offset by an improvement in adjusted EBITDA(2). The Retail debt to rolling year retail adjusted EBITDA(2) as at June 14, 2025 remained flat compared to December 28, 2024.

President's Choice Bank PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory requirements as defined by the Office of the Superintendent of Financial Institutions ("OSFI").

In the second quarter of 2025, Eagle issued $300 million of senior subordinated term notes with a maturity date of June 17, 2030 (the "Eagle 2025-1 Series notes"). These notes have a weighted average interest rate of 4.02%. In connection with the issuance, $150 million of bond forward agreements were settled. This resulted in a fair value loss of $1 million before income taxes, which will be reclassified to net earnings over the life of the Eagle 2025-1 Series notes. Consequently, the net effective interest rate on Eagle 2025-1 Series notes issued is 4.07%.

Covenants and Regulatory Requirements The Company is required to comply with certain financial covenants for various debt instruments. As at June 14, 2025 and throughout the quarter, the Company was in compliance with such covenants. As at June 14, 2025 and throughout the quarter, PC Bank has met all applicable regulatory requirements.

5.3 Financial Condition

Rolling year adjusted return on equity(2) and Rolling year adjusted return on capital(2)

	As at June 14, 2025	As at June 15, 2024	As at December 28, 2024
Rolling year adjusted return on equity(2)	**24.7 %**	23.1 %	23.6 %
Rolling year adjusted return on capital(2)	**11.9 %**	11.6 %	11.8 %

Rolling year adjusted return on equity(2) as at June 14, 2025 increased compared to June 15, 2024, due to an improvement in the underlying operating performance and a decrease in average equity, primarily due to a decrease in share capital including the impact of preferred shares redemption in the fourth quarter of 2024. The Rolling year adjusted return on equity(2) as at June 14, 2025 increased compared to December 28, 2024, due to an improvement in the underlying operating performance and a decrease in average equity.

Rolling year adjusted return on capital(2) as at June 14, 2025 increased compared to June 15, 2024, due to an improvement in adjusted operating income(2) partially offset by an increase in average capital, primarily due to an increase in lease liabilities, long term debt and demand deposits from customers. Rolling year adjusted return on capital(2) as at June 14, 2025 increased compared to December 28, 2024, due to an improvement in adjusted operating income(2) partially offset by an increase in average capital, primarily due to an increase in long term debt.

5.4 Credit Ratings

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

	Morningstar DBRS		Standard & Poor's	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB (high)	Positive	BBB+	Stable
Medium term notes	BBB (high)	Positive	BBB+	n/a

In the second quarter of 2025, Morningstar Dominion Bond Rating Service ("DBRS") confirmed the credit ratings of the Company and changed the trend from stable to positive. Standard and Poor's Global Ratings confirmed the credit ratings and outlook of the Company.

5.5 Dividends and Share Repurchases

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

	June 14, 2025 (12 weeks)	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Dividends declared per share ($)				
Common Share	**$ 0.564**	$ 0.513	**$ 1.077**	$ 0.959
Second Preferred Share, Series B	**$ —**	$ 0.33125	**$ 0.02944**	$ 0.66250

(i) The Common Share dividends declared in the second quarter of 2025 of $0.564 per share had a payment date of July 2, 2025.

Subsequent to the end of the second quarter of 2025, the Company's Board of Directors approved a 4-for-1 stock split of the Company's outstanding common shares. The stock split will be implemented by way of a stock dividend where the Company will issue to shareholders three additional common shares for each common share held. The stock split will be effective at the close of business on August 18, 2025 for shareholders of record as of the close of business on August 14, 2025.

Subsequent to the end of the second quarter of 2025, the Board of Directors declared a quarterly dividend of $0.5643 per common share (on a pre-stock split basis), payable on October 1, 2025 to shareholders of record on September 15, 2025.

In the second quarter of 2025, the Company renewed its Normal Course Issuer Bid ("NCIB") to purchase on the Toronto Stock Exchange or through alternative trading systems up to 14,950,061 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at June 14, 2025, the Company had purchased 1,361,868 common shares for cancellation under its current NCIB. The Company is still permitted to purchase its common shares from George Weston Limited ("Weston") under its NCIB, pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Weston, in order for Weston to maintain its proportionate ownership interest in the Company. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Weston.

During the second quarter of 2025, 2,052,205 common shares (2024 – 3,157,109) were purchased under the NCIB for cancellation, for aggregate consideration of $445 million (2024 – $482 million), including 927,235 common shares (2024 – 1,252,690) purchased from Weston, for aggregate consideration of $200 million (2024 – $190 million). On a year-to-date basis, 4,537,610 common shares (2024 – 6,370,962) were purchased under the NCIB for cancellation, for aggregate consideration of $902 million (2024 – $952 million), including 2,075,989 common shares (2024 – 2,489,883) purchased from Weston, for aggregate consideration of $411 million (2024 – $372 million).

The Company participates in an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at June 14, 2025, an obligation to repurchase shares of $200 million was recognized under the ASPP in trade payables and other liabilities.

For additional information please refer to Note 11 "Share Capital" of the Company's interim financial statements.

5.6 Off-Balance Sheet Arrangements

The Company uses off-balance sheet arrangements including letters of credit, guarantees and cash collateralization in connection with certain obligations. There were no significant changes to these off-balance sheet arrangements during the second quarter of 2025. For a discussion of the Company's significant off-balance sheet arrangements see Section 7.7 "Off-Balance Sheet Arrangements" of the Company's 2024 Annual Report.

6. Financial Derivative Instruments

The Company uses derivative instruments to offset certain of its financial risks. The Company uses bond forwards, interest rate swaps and foreign exchange forwards to mitigate the impact of increases in interest rates and manage its anticipated exposure to exchange rates on its underlying operations and anticipated fixed asset purchases. These derivative instruments are designated as cash flow hedges.

During the second quarter of 2025, PC bank settled bond forward agreements with notional value of $200 million (2024 – $175 million), primarily related to the $300 million Eagle Series 2025-1 notes (2024 – $350 million Eagle Series 2024-1 notes) issued during the quarter. This resulted in a fair value loss of $1 million (2024 – $2 million fair value gain) which will be reclassified to net earnings over the life of the Eagle Series 2025-1 notes (2024 – Eagle Series 2024-1 notes). On a year-to-date basis, PC Bank entered into bond forward agreements with a notional value of $250 million (2024 – $275 million), and settled bond forward agreement with a notional value of $200 million (2024 – $175 million).

In 2023, the Company entered into a 20 year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million. In the second quarter of 2025 and year-to-date, a fair value gain of $6 million (2024 – fair value loss of $12 million) and a fair value loss of $4 million (2024 – fair value loss of $19 million), respectively, was recorded in other comprehensive income related to the energy hedge. The fair value of the derivative is included in other liabilities.

The Company also uses interest rate swaps, futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates on its underlying operations. These derivative instruments are not designated in a formal hedging relationship. For further details on the impact of these instruments during the second quarter of 2025 see Section 12 "Non-GAAP and Other Financial Measures" of the MD&A.

7. Results by Quarter

The Company follows a 52-week reporting cycle which periodically necessitates a fiscal year of 53 weeks due to an accounting convention common in the retail industry. Fiscal years 2024 and 2023 below were all 52 weeks. The 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration. When a fiscal year such as 2025 contains 53 weeks, the fourth quarter is 13 weeks in duration.

The following is a summary of selected consolidated quarterly financial information for each of the eight most recently completed quarters:

Summary of Consolidated Quarterly Results

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
(millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	**2024 (12 weeks)**	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2024 (16 weeks)	2023 (16 weeks)
Revenue	**$ 14,672**	**$ 13,947**	$ 14,135	$ 13,581	$ 14,948	$ 14,531	$ 18,538	$ 18,265
Adjusted EBITDA[(2)]	**1,840**	**1,713**	1,591	1,544	1,698	1,633	2,069	1,926
Net earnings available to common shareholders of the Company	**714**	**457**	503	459	462	541	777	621
Adjusted net earnings available to common shareholders of the Company[(2)]	**721**	**664**	570	537	669	630	767	719
Net earnings per common share:								
Basic ($)	**$ 2.39**	**$ 1.49**	$ 1.68	$ 1.48	$ 1.53	$ 1.73	$ 2.55	$ 1.97
Diluted ($)	**$ 2.37**	**$ 1.48**	$ 1.66	$ 1.47	$ 1.52	$ 1.72	$ 2.53	$ 1.95
Adjusted diluted net earnings per common share[(2)] ($)	**$ 2.40**	**$ 2.15**	$ 1.88	$ 1.72	$ 2.20	$ 2.00	$ 2.50	$ 2.26
Food retail same-store sales growth	**3.5 %**	**0.2 %**	2.2 %	3.4 %	2.5 %	2.0 %	0.5 %	4.5 %
Drug retail same-store sales growth	**4.1 %**	**1.5 %**	3.8 %	4.0 %	1.3 %	4.6 %	2.9 %	4.6 %

Revenue Revenue for the last eight quarters was impacted by various factors including the following:

- seasonality, which was greatest in the fourth quarter and least in the first quarter;
- the timing of holidays;
- macro-economic conditions impacting food and drug retail prices; and
- changes in net retail square footage. Over the past eight quarters, net retail square footage has increased by 1.3 million square feet to 72.5 million square feet.

Net Earnings Available to Common Shareholders of the Company and Diluted Net Earnings Per Common Share Net earnings available to common shareholders of the Company and diluted net earnings per common share for the last eight quarters were impacted by the following items:

- seasonality, which was greatest in the fourth quarter and least in the first quarter;
- the timing of holidays;
- cost savings from operating efficiencies and benefits from strategic initiatives;
- the favourable impact of the repurchase of common shares for cancellation; and
- the impact of adjusting items, as set out in Section 12 "Non-GAAP and Other Financial Measures", including:
    - amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark;
    - fair value adjustment on fuel and foreign currency;
    - the *PC Optimum* loyalty program, including the revaluation of the loyalty liability;
    - fair value adjustment on non-operating properties;
    - the recoveries related to PC Bank commodity tax matters;
    - charges related to the settlement of class action lawsuits;
    - the sale of *Wellwise*; and
    - the gain on sale of non-operating properties.

8. Internal Control over Financial Reporting

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS Accounting Standards.

In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes in Internal Control over Financial Reporting There were no changes in the Company's internal control over financial reporting in the second quarter of 2025 that materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

9. Enterprise Risks and Risk Management

A detailed full set of risks inherent in the Company's business are included in the Company's AIF for the year ended December 28, 2024 and the Company's MD&A in the Company's 2024 Annual Report, which are hereby incorporated by reference. The Company's 2024 Annual Report and AIF are available online on www.sedarplus.ca. Those risks and risk management strategies remain unchanged.

10. Related Party Transactions

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

11. 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.

12. Non-GAAP and Other Financial Measures

The Company uses the following non-GAAP and other financial measures and ratios: Retail segment gross profit; Retail segment adjusted gross profit; Retail segment adjusted gross profit percentage; adjusted earnings before income taxes, net interest expense and other financing charges and depreciation and amortization ("adjusted EBITDA"); adjusted EBITDA margin; adjusted operating income; adjusted net interest expense and other financing charges; adjusted income taxes; adjusted effective tax rate; adjusted net earnings available to common shareholders; adjusted diluted net earnings per common share; free cash flow; retail debt to retail adjusted EBITDA; adjusted return on equity; adjusted return on capital; and same-store sales. The Company believes these non-GAAP and other financial measures and ratios provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below.

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

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

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

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

				2025 (12 weeks)				2024 (12 weeks)
For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Elimi-nations**	**Total**	Retail	Financial Services	Elimi-nations	Total
Revenue	**$ 14,389**	**$ 377**	**$ (94)**	**$ 14,672**	$ 13,658	$ 367	$ (78)	$ 13,947
Cost of sales	**9,781**	**42**	**—**	**9,823**	9,288	38	—	9,326
Gross profit	**$ 4,608**	**$ 335**	**$ (94)**	**$ 4,849**	$ 4,370	$ 329	$ (78)	$ 4,621
Adjusted gross profit	**$ 4,608**	**$ 335**	**$ (94)**	**$ 4,849**	$ 4,370	$ 329	$ (78)	$ 4,621

				2025 (24 weeks)				2024 (24 weeks)
For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Elimi-nations**	**Total**	Retail	Financial Services	Elimi-nations	Total
Revenue	**$ 28,226**	**$ 750**	**$ (169)**	**$ 28,807**	$ 26,948	$ 728	$ (148)	$ 27,528
Cost of sales	**19,258**	**85**	**—**	**19,343**	18,374	78	—	18,452
Gross profit	**$ 8,968**	**$ 665**	**$ (169)**	**$ 9,464**	$ 8,574	$ 650	$ (148)	$ 9,076
Adjusted gross profit	**$ 8,968**	**$ 665**	**$ (169)**	**$ 9,464**	$ 8,574	$ 650	$ (148)	$ 9,076

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)
For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Total**	Retail	Financial Services	Total
Net earnings attributable to shareholders of the Company			**$ 714**			$ 460
Add impact of the following:						
Non-controlling interests			**43**			38
Net interest expense and other financing charges			**212**			190
Income taxes			**270**			180
Operating income	**$ 1,170**	**$ 69**	**$ 1,239**	$ 815	$ 53	$ 868
Add (deduct) impact of the following:						
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 9**	**$ —**	**$ 9**	$ 115	$ —	$ 115
Fair value adjustment on fuel and foreign currency contracts	**2**	**—**	**2**	2	—	2
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	164	—	164
Gain on sale of non-operating property	**(1)**	**—**	**(1)**	—	—	—
Adjusting items	**$ 10**	**$ —**	**$ 10**	$ 281	$ —	$ 281
Adjusted operating income	**$ 1,180**	**$ 69**	**$ 1,249**	$ 1,096	$ 53	$ 1,149
Depreciation and amortization	**588**	**12**	**600**	668	11	679
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(9)**	**—**	**(9)**	(115)	—	(115)
Adjusted EBITDA	**$ 1,759**	**$ 81**	**$ 1,840**	$ 1,649	$ 64	$ 1,713

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**2025 (24 weeks) Retail**	**Financial Services**	**Total**	2024 (24 weeks) Retail	Financial Services	Total
Net earnings attributable to shareholders of the Company			**$ 1,217**			$ 922
Add impact of the following:						
Non-controlling interests			**62**			65
Net interest expense and other financing charges			**410**			384
Income taxes			**456**			358
Operating income	**$ 2,010**	**$ 135**	**$ 2,145**	$ 1,597	$ 132	$ 1,729
Add (deduct) impact of the following:						
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 125**	**$ —**	**$ 125**	$ 229	$ —	$ 229
Fair value adjustment on fuel and foreign currency contracts	**1**	**—**	**1**	(5)	—	(5)
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	164	—	164
Sale of *Wellwise*	**(5)**	**—**	**(5)**	—	—	—
Gain on sale of non-operating properties	**(15)**	**—**	**(15)**	—	—	—
Adjusting items	**$ 106**	**$ —**	**$ 106**	$ 388	$ —	$ 388
Adjusted operating income	**$ 2,116**	**$ 135**	**$ 2,251**	$ 1,985	$ 132	$ 2,117
Depreciation and amortization	**1,279**	**26**	**1,305**	1,345	24	1,369
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(125)**	**—**	**(125)**	(229)	—	(229)
Adjusted EBITDA	**$ 3,270**	**$ 161**	**$ 3,431**	$ 3,101	$ 156	$ 3,257

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, of which $110 million and $6 million was recorded in the first and second quarters of 2025, respectively. Annual amortization will be 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.

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 involving certain packaged bread products. In the second quarter of 2024, charges of $164 million were recorded in SG&A, relating to the Company's portion of the total settlement and related costs. The Settlement Agreement was approved by the Ontario Superior Court of Justice in May 2025 and if approved by the court in Quebec, it will resolve all of the consumers' claims against the Company and Weston relating to this matter.

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, 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 properties In the second quarter of 2025, the Company recorded a gain related to the sale of a non-operating property to a third party of $1 million (2024 – nil). Year-to-date, the Company recorded a gain related to the sale of non-operating properties of $15 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 June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**2025 (12 weeks)**	2024 (12 weeks)	**2025 (24 weeks)**	2024 (24 weeks)
Net interest expense and other financing charges	**$ 212**	$ 190	**$ 410**	$ 384
Adjusted net interest expense and other financing charges	**$ 212**	$ 190	**$ 410**	$ 384

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

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

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	2024 (12 weeks)	**2025 (24 weeks)**	2024 (24 weeks)
Adjusted operating income(i)	**$ 1,249**	$ 1,149	**$ 2,251**	$ 2,117
Adjusted net interest expense and other financing charges(i)	**212**	190	**410**	384
Adjusted earnings before taxes	**$ 1,037**	$ 959	**$ 1,841**	$ 1,733
Income taxes	**$ 270**	$ 180	**$ 456**	$ 358
Add impact of the following:				
Tax impact of items included in adjusted earnings before taxes(ii)	**3**	74	**32**	103
Adjusted income taxes	**$ 273**	$ 254	**$ 488**	$ 461
Effective tax rate	**26.3 %**	26.5 %	**26.3 %**	26.6 %
Adjusted effective tax rate	**26.3 %**	26.5 %	**26.5 %**	26.6 %

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

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

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	2024 (12 weeks)	**2025 (24 weeks)**	2024 (24 weeks)
Net earnings attributable to shareholders of the Company	**$ 714**	$ 460	**$ 1,217**	$ 922
Prescribed dividends on preferred shares in share capital	**—**	(3)	**—**	(6)
Net earnings available to common shareholders of the Company	**$ 714**	$ 457	**$ 1,217**	$ 916
Net earnings attributable to shareholders of the Company	**$ 714**	$ 460	**$ 1,217**	$ 922
Adjusting items (refer to the following table)	**7**	207	**74**	285
Adjusted net earnings attributable to shareholders of the Company	**$ 721**	$ 667	**$ 1,291**	$ 1,207
Prescribed dividends on preferred shares in share capital	**—**	(3)	**—**	(6)
Adjusted net earnings available to common shareholders of the Company	**$ 721**	$ 664	**$ 1,291**	$ 1,201
Diluted weighted average common shares outstanding (millions)	**300.9**	308.8	**301.8**	310.6

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)		**2025 (24 weeks)**		2024 (24 weeks)	
For the periods ended June 14, 2025 and June 15, 2024 (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	**$ 714**	**$ 2.37**	$ 457	$ 1.48	**$ 1,217**	**$ 4.03**	$ 916	$ 2.95
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 6**	**$ 0.02**	$ 84	$ 0.27	**$ 92**	**$ 0.30**	$ 168	$ 0.54
Fair value adjustment on fuel and foreign currency contracts	**2**	**0.01**	2	0.01	**1**	**0.01**	(4)	(0.01)
Charges related to settlement of class action lawsuits	**—**	**—**	121	0.39	**—**	**—**	121	0.39
Sale of *Wellwise*	**—**	**—**	—	—	**(5)**	**(0.02)**	—	—
Gain on sale of non-operating properties	**(1)**	**—**	—	—	**(14)**	**(0.04)**	—	—
Adjusting items	**$ 7**	**$ 0.03**	$ 207	$ 0.67	**$ 74**	**$ 0.25**	$ 285	$ 0.92
Adjusted	**$ 721**	**$ 2.40**	$ 664	$ 2.15	**$ 1,291**	**$ 4.28**	$ 1,201	$ 3.87

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)			
For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Eliminations(i)**	**Total**	Retail	Financial Services	Eliminations(i)	Total
Cash flows from (used in) operating activities	**$ 1,505**	**$ (166)**	**$ 24**	**$ 1,363**	$ 1,410	$ (32)	$ 23	$ 1,401
Less:								
Capital investments(ii)	**403**	**6**	**—**	**409**	489	6	—	495
Interest paid(i)	**71**	**—**	**24**	**95**	73	—	23	96
Lease payments, net	**391**	**—**	**—**	**391**	373	—	—	373
Free cash flow	**$ 640**	**$ (172)**	**$ —**	**$ 468**	$ 475	$ (38)	$ —	$ 437

	2025 (24 weeks)				2024 (24 weeks)			
For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**Retail**	**Financial Services**	**Elimi nations(i)**	**Total**	Retail	Financial Services	Eliminations(i)	Total
Cash flows from operating activities	**$ 1,949**	**$ 323**	**$ 44**	**$ 2,316**	$ 1,872	$ 339	$ 46	$ 2,257
Less:								
Capital investments(ii)	**639**	**16**	**—**	**655**	866	16	—	882
Interest paid(i)	**158**	**—**	**44**	**202**	150	—	46	196
Lease payments, net	**776**	**—**	**—**	**776**	740	—	—	740
Free cash flow	**$ 376**	**$ 307**	**$ —**	**$ 683**	$ 116	$ 323	$ —	$ 439

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

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

Retail Debt to Rolling Year Retail Adjusted EBITDA, Rolling Year Adjusted Return on Equity and Rolling Year Adjusted Return on Capital The Company uses the following metrics to measure its leverage and profitability. The definitions of these ratios are presented below.

- ***Retail Debt to Rolling Year Retail Adjusted EBITDA*** Retail segment total debt divided by Retail segment adjusted EBITDA for the last four quarters. Please refer to section "5.2 Liquidity and Capital Structure" of this MD&A.
- ***Rolling Year Adjusted Return on Equity*** Adjusted net earnings available to common shareholders of the Company for the last four quarters divided by average total equity attributable to common shareholders of the Company. Please refer to section "5.3 Financial Condition" of this MD&A.
- ***Rolling Year Adjusted Return on Capital*** Tax-effected adjusted operating income for the last four quarters divided by average capital where capital is defined as total debt, plus equity attributable to shareholders of the Company, less cash and cash equivalents, and short term investments. Please refer to section "5.3 Financial Condition" of this MD&A.

Same-Store Sales Same-store sales are retail segment sales for stores in operation in both comparable periods, including relocated, converted, expanded, contracted or renovated stores. The Company believes this metric is useful in assessing sales trends excluding the effect of the opening and closure of stores.

Non-GAAP and Other Financial Measures - Selected Comparative Reconciliations to GAAP Measures

Adjusted Operating Income, Adjusted EBITDA and Adjusted EBITDA Margin The following table provides a reconciliation of adjusted EBITDA to operating income, which is reconciled to GAAP net earnings attributable to shareholders of the Company reported for the quarters ended as indicated.

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
(millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	**2024 (12 weeks)**	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2024 (16 weeks)	2023 (16 weeks)
Net earnings attributable to shareholders of the Company	**$ 714**	**$ 460**	$ 503	$ 462	$ 469	$ 544	$ 780	$ 624
Add (deduct) impact of the following:								
Non-controlling interests	**43**	**38**	19	27	(1)	16	40	25
Net interest expense and other financing charges	**212**	**190**	198	194	199	195	238	234
Income taxes	**270**	**180**	186	178	185	188	263	182
Operating income	**$ 1,239**	**$ 868**	$ 906	$ 861	$ 852	$ 943	$ 1,321	$ 1,065
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 9**	**$ 115**	$ 116	$ 114	$ 115	$ 115	$ 155	$ 154
Fair value adjustment on fuel and foreign currency contracts	**2**	**2**	(1)	(7)	—	14	—	(6)
PC Optimum loyalty program	**—**	**—**	—	—	129	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	—	—	3	9	—	—
Recoveries related to PC Bank commodity tax matters	**—**	**—**	—	—	—	(13)	(155)	—
Charges related to settlement of class action lawsuits	**—**	**164**	—	—	—	—	—	—
Sale of *Wellwise*	**—**	**—**	(5)	—	23	—	—	—
Gain on sale of non-operating properties	**(1)**	**—**	(14)	—	(3)	—	—	(13)
Adjusting items	**$ 10**	**$ 281**	$ 96	$ 107	$ 267	$ 125	$ —	$ 135
Adjusted operating income	**$ 1,249**	**$ 1,149**	$ 1,002	$ 968	$ 1,119	$ 1,068	$ 1,321	$ 1,200
Depreciation and amortization	**600**	**679**	705	690	694	680	903	880
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(9)**	**(115)**	(116)	(114)	(115)	(115)	(155)	(154)
Adjusted EBITDA(i)	**$ 1,840**	**$ 1,713**	$ 1,591	$ 1,544	$ 1,698	$ 1,633	$ 2,069	$ 1,926

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

Adjusted Net Earnings Available to Common Shareholders and Adjusted Diluted Net Earnings Per Common Share The following tables reconcile adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share to GAAP net earnings available to common shareholders of the Company and diluted net earnings per common share as reported for the quarters ended as indicated.

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
(millions of Canadian dollars except where otherwise indicated)	**2025 (12 weeks)**	**2024 (12 weeks)**	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2024 (16 weeks)	2023 (16 weeks)
As reported	**$ 714**	**$ 457**	$ 503	$ 459	$ 462	$ 541	$ 777	$ 621
Add (deduct) impact of the following[(i)]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 6**	**$ 84**	$ 86	$ 84	$ 84	$ 85	$ 115	$ 113
Fair value adjustment on fuel and foreign currency contracts	**2**	**2**	(1)	(6)	—	10	—	(4)
PC Optimum loyalty program	**—**	**—**	—	—	94	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	—	—	3	6	—	—
Recoveries related to PC Bank commodity tax matters	**—**	**—**	—	—	—	(12)	(125)	—
Charges related to settlement of class action lawsuits	**—**	**121**	—	—	—	—	—	—
Sale of *Wellwise*	**—**	**—**	(5)	—	29	—	—	—
Gain on sale of non-operating properties	**(1)**	**—**	(13)	—	(3)	—	—	(11)
Adjusting items	**$ 7**	**$ 207**	$ 67	$ 78	$ 207	$ 89	$ (10)	$ 98
Adjusted[(i)]	**$ 721**	**$ 664**	$ 570	$ 537	$ 669	$ 630	$ 767	$ 719

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

(millions of Canadian dollars except where otherwise indicated)	**Second Quarter**		First Quarter		Fourth Quarter		Third Quarter	
	2025 (12 weeks)	**2024 (12 weeks)**	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2024 (16 weeks)	2023 (16 weeks)
As reported	**$ 2.37**	**$ 1.48**	$ 1.66	$ 1.47	$ 1.52	$ 1.72	$ 2.53	$ 1.95
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 0.02**	**$ 0.27**	$ 0.28	$ 0.27	$ 0.27	$ 0.27	$ 0.38	$ 0.35
Fair value adjustment on fuel and foreign currency contracts	**0.01**	**0.01**	—	(0.02)	—	0.03	—	(0.01)
PC Optimum loyalty program	**—**	**—**	—	—	0.31	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	—	—	0.01	0.02	—	—
Recoveries related to PC Bank commodity tax matters	**—**	**—**	—	—	—	(0.04)	(0.41)	—
Charges related to settlement of class action lawsuits	**—**	**0.39**	—	—	—	—	—	—
Sale of *Wellwise*	**—**	**—**	(0.02)	—	0.10	—	—	—
Gain on sale of non-operating properties	**—**	**—**	(0.04)	—	(0.01)	—	—	(0.03)
Adjusting items	**$ 0.03**	**$ 0.67**	$ 0.22	$ 0.25	$ 0.68	$ 0.28	$ (0.03)	$ 0.31
Adjusted[i]	**$ 2.40**	**$ 2.15**	$ 1.88	$ 1.72	$ 2.20	$ 2.00	$ 2.50	$ 2.26
Diluted weighted average common shares outstanding (millions)	**300.9**	**308.8**	302.6	311.9	304.4	314.9	306.9	318.4

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

13. Additional Information

Additional information about the Company has been filed electronically with various securities regulators in Canada through SEDAR+ and is available online at www.sedarplus.ca and with OSFI as the primary regulator for the Company's subsidiary, PC Bank.

July 23, 2025
Toronto, Canada

MD&A Endnotes

(1) For financial definitions and ratios refer to the Glossary of Terms section included within the Company's 2024 Annual Report.

(2) See Section 12 "Non-GAAP and Other Financial Measures", which includes the reconciliation of such non-GAAP and other measures to the most directly comparable GAAP measures.

(3) To be read in conjunction with Section 1 "Forward-Looking Statements".

Condensed Consolidated Statements of Earnings

(millions of Canadian dollars except where otherwise indicated) (unaudited)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Revenue	**$ 14,672**	$ 13,947	**$ 28,807**	$ 27,528
Cost of sales	**9,823**	9,326	**19,343**	18,452
Selling, general and administrative expenses	**3,610**	3,753	**7,319**	7,347
Operating income	**$ 1,239**	$ 868	**$ 2,145**	$ 1,729
Net interest expense and other financing charges (note 3)	**212**	190	**410**	384
Earnings before income taxes	**$ 1,027**	$ 678	**$ 1,735**	$ 1,345
Income taxes (note 4)	**270**	180	**456**	358
Net earnings	**$ 757**	$ 498	**$ 1,279**	$ 987
Attributable to:				
Shareholders of the Company (note 5)	**$ 714**	$ 460	**$ 1,217**	$ 922
Non-controlling interests	**43**	38	**62**	65
Net earnings	**$ 757**	$ 498	**$ 1,279**	$ 987
Net earnings per common share ($) (note 5)				
Basic	**$ 2.39**	$ 1.49	**$ 4.07**	$ 2.98
Diluted	**$ 2.37**	$ 1.48	**$ 4.03**	$ 2.95
Weighted average common shares outstanding (millions) (note 5)				
Basic	**298.2**	305.9	**299.1**	307.4
Diluted	**300.9**	308.8	**301.8**	310.6

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

Condensed Consolidated Statements of Comprehensive Income

(millions of Canadian dollars) (unaudited)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Net earnings	**$ 757**	$ 498	**$ 1,279**	$ 987
Other comprehensive income, net of taxes				
Items that are or may be subsequently reclassified to profit or loss:				
Foreign currency translation (losses) gains	**$ (3)**	$ 2	**$ (3)**	$ 2
Unrealized gain (loss) on cash flow hedges (note 13)	**6**	(7)	**(5)**	(8)
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial (losses) gains (note 12)	**(72)**	70	**(106)**	32
Other comprehensive (loss) income, net of taxes	**$ (69)**	$ 65	**$ (114)**	$ 26
Total comprehensive income	**$ 688**	$ 563	**$ 1,165**	$ 1,013
Attributable to:				
Shareholders of the Company	**$ 645**	$ 525	**$ 1,103**	$ 948
Non-controlling interests	**43**	38	**62**	65
Total comprehensive income	**$ 688**	$ 563	**$ 1,165**	$ 1,013

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

Condensed Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Fair Value Adjustments	Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at December 28, 2024	**$6,196**	**$4,748**	**$ 115**	$ 44	$ (18)	$ 6	**$ 32**	**$ 175**	**$11,266**
Net earnings	**$ —**	**$ 1,217**	**$ —**	$ —	$ —	$ —	**$ —**	**$ 62**	**$ 1,279**
Other comprehensive income	**—**	**(106)**	**—**	(3)	(5)	—	**(8)**	**—**	**(114)**
Total comprehensive income	**$ —**	**$ 1,111**	**$ —**	$ (3)	$ (5)	$ —	**$ (8)**	**$ 62**	**$ 1,165**
Common shares purchased and cancelled (note 11)	**(91)**	**(829)**	**—**	—	—	—	**—**	**—**	**(920)**
Effect of equity-based compensation (note 11)	**53**	**—**	**(16)**	—	—	—	**—**	**—**	**37**
Shares released from trust (note 11)	**8**	**33**	**—**	—	—	—	**—**	**—**	**41**
Dividends declared per common share – $1.077 (note 11)	**—**	**(321)**	**—**	—	—	—	**—**	**—**	**(321)**
Net distribution to non-controlling interests	**—**	**—**	**—**	—	—	—	**—**	**(64)**	**(64)**
	$ (30)	**$ (6)**	**$ (16)**	$ (3)	$ (5)	$ —	**$ (8)**	**$ (2)**	**$ (62)**
Balance as at June 14, 2025	**$6,166**	**$4,742**	**$ 99**	$ 41	$ (23)	$ 6	**$ 24**	**$ 173**	**$11,204**

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Share Capital	Preferred Share Capital	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Fair Value Adjustments	Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at December 30, 2023	$ 6,256	$ 221	**$ 6,477**	**$4,816**	**$ 136**	$ 41	$ (11)	$ 5	**$ 35**	**$ 155**	**$11,619**
Net earnings	$ —	$ —	**$ —**	**$ 922**	**$ —**	$ —	$ —	$ —	**$ —**	**$ 65**	**$ 987**
Other comprehensive income	—	—	**—**	**32**	**—**	2	(8)	—	**(6)**	**—**	**26**
Total comprehensive income	$ —	$ —	**$ —**	**$ 954**	**$ —**	$ 2	$ (8)	$ —	**$ (6)**	**$ 65**	**$ 1,013**
Common shares purchased and cancelled (note 11)	(134)	—	**(134)**	**(890)**	**—**	—	—	—	**—**	**—**	**(1,024)**
Effect of equity-based compensation (note 11)	142	—	**142**	**—**	**(31)**	—	—	—	**—**	**—**	**111**
Shares released from trust (note 11)	12	—	**12**	**27**	**—**	—	—	—	**—**	**—**	**39**
Dividends declared per common share – $0.959 (note 11)	—	—	**—**	**(294)**	**—**	—	—	—	**—**	**—**	**(294)**
Dividends declared per preferred share – $0.66250 (note 11)	—	—	**—**	**(6)**	**—**	—	—	—	**—**	**—**	**(6)**
Net distribution to non-controlling interests	—	—	**—**	**—**	**—**	—	—	—	**—**	**(60)**	**(60)**
	$ 20	$ —	**$ 20**	**$ (209)**	**$ (31)**	$ 2	$ (8)	$ —	**$ (6)**	**$ 5**	**$ (221)**
Balance as at June 15, 2024	$ 6,276	$ 221	**$ 6,497**	**$4,607**	**$ 105**	$ 43	$ (19)	$ 5	**$ 29**	**$ 160**	**$11,398**

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

Condensed Consolidated Balance Sheets

(millions of Canadian dollars) (unaudited)		**As at June 14, 2025**		As at June 15, 2024		As at December 28, 2024
Assets						
Current assets						
Cash and cash equivalents	**$**	**950**	$	1,282	$	1,462
Short term investments		**950**		412		648
Security deposits (note 7)		**300**		250		—
Accounts receivable		**1,369**		1,190		1,455
Credit card receivables (note 7)		**3,975**		3,954		4,230
Inventories		**6,477**		5,772		6,330
Prepaid expenses and other assets		**370**		371		376
Assets held for sale (note 8)		**48**		33		47
Total current assets	**$**	**14,439**	$	13,264	$	14,548
Fixed assets (note 9)		**7,026**		6,605		7,098
Right-of-use assets		**8,389**		7,692		8,239
Investment properties		**56**		85		56
Intangible assets		**5,265**		5,726		5,446
Goodwill		**4,377**		4,354		4,372
Deferred income tax assets		**116**		124		118
Other assets		**782**		762		1,003
Total assets	**$**	**40,450**	$	38,612	$	40,880
Liabilities						
Current liabilities						
Bank indebtedness	**$**	**59**	$	38	$	—
Trade payables and other liabilities		**6,659**		5,794		7,531
Loyalty liability		**220**		129		212
Provisions		**93**		284		252
Income taxes payable		**150**		119		86
Demand deposits from customers		**673**		175		353
Short term debt (note 7)		**500**		650		800
Long term debt due within one year (note 10)		**543**		741		631
Lease liabilities due within one year		**1,560**		1,477		1,648
Associate interest		**353**		378		255
Total current liabilities	**$**	**10,810**	$	9,785	$	11,768
Provisions		**131**		122		135
Long term debt (note 10)		**8,099**		7,741		7,570
Lease liabilities		**8,754**		7,968		8,535
Deferred income tax liabilities		**807**		1,003		957
Other liabilities		**645**		595		649
Total liabilities	**$**	**29,246**	$	27,214		29,614
Equity						
Share capital (note 11)	**$**	**6,166**	$	6,497	$	6,196
Retained earnings		**4,742**		4,607		4,748
Contributed surplus		**99**		105		115
Accumulated other comprehensive income		**24**		29		32
Total equity attributable to shareholders of the Company	**$**	**11,031**	$	11,238	$	11,091
Non-controlling interests		**173**		160		175
Total equity	**$**	**11,204**	$	11,398	$	11,266
Total liabilities and equity	**$**	**40,450**	$	38,612	$	40,880

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

Condensed Consolidated Statements of Cash Flows

(millions of Canadian dollars) (unaudited)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Operating activities				
Net earnings	**$ 757**	$ 498	**$ 1,279**	$ 987
Add (deduct):				
Income taxes (note 4)	**270**	180	**456**	358
Net interest expense and other financing charges (note 3)	**212**	190	**410**	384
Depreciation and amortization	**600**	679	**1,305**	1,369
Asset impairments, net of recoveries	**1**	—	**1**	—
Change in allowance for credit card receivables (note 7)	**2**	1	**10**	10
Change in provisions	**—**	165	**(163)**	168
Change in non-cash working capital (note 6)	**(36)**	43	**(724)**	(598)
Change in gross credit card receivables (note 7)	**(180)**	(109)	**245**	168
Income taxes paid	**(246)**	(284)	**(483)**	(610)
Interest received	**5**	11	**11**	15
Other	**(22)**	27	**(31)**	6
Cash flows from operating activities	**$ 1,363**	$ 1,401	**$ 2,316**	$ 2,257
Investing activities				
Fixed asset purchases	**$ (331)**	$ (413)	**$ (507)**	$ (720)
Intangible asset additions	**(78)**	(82)	**(148)**	(162)
Disposal (purchase) of short term investments	**49**	(91)	**(302)**	52
Increase in security deposits (note 7)	**(300)**	(250)	**(300)**	(250)
Proceeds from disposal of assets (note 8 and 9)	**170**	20	**225**	59
Lease payments received from finance leases	**3**	3	**5**	8
Disposal of long term securities	**50**	64	**80**	63
Other	**(3)**	(20)	**(38)**	(15)
Cash flows used in investing activities	**$ (440)**	$ (769)	**$ (985)**	(965)
Financing activities				
Increase in bank indebtedness	**$ 37**	$ 37	**$ 59**	$ 25
Increase (decrease) in short term debt (note 7)	**—**	200	**(300)**	(200)
Increase in demand deposits from customers	**160**	5	**320**	9
Long term debt (note 10)				
Issued (net)	**142**	861	**633**	1,268
Repayments	**(178)**	(626)	**(187)**	(638)
Interest paid	**(95)**	(96)	**(202)**	(196)
Cash rent paid on lease liabilities - Interest (note 3)	**(104)**	(93)	**(208)**	(186)
Cash rent paid on lease liabilities - Principal	**(290)**	(283)	**(573)**	(562)
Dividends paid on common and preferred shares (note 11)	**(153)**	(140)	**(311)**	(140)
Common share capital				
Issued (note 11)	**24**	69	**46**	126
Purchased and cancelled (note 11)	**(433)**	(537)	**(885)**	(952)
Preferred share capital				
Purchased and cancelled (note 11)	**—**	—	**(225)**	—
Tax paid on repurchases of share capital	**—**	—	**(37)**	—
Other	**(17)**	(36)	**32**	(56)
Cash flows used in financing activities	**$ (907)**	$ (639)	**$ (1,838)**	$ (1,502)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ (4)**	$ 1	**$ (5)**	$ 4
Increase (decrease) in cash and cash equivalents	**$ 12**	$ (6)	**$ (512)**	$ (206)
Cash and cash equivalents, beginning of period	**938**	1,288	**1,462**	1,488
Cash and cash equivalents, end of period	**$ 950**	$ 1,282	**$ 950**	$ 1,282

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

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars except where otherwise indicated)

Note 1. Nature and Description of the Reporting Entity

Loblaw Companies Limited is a Canadian public company incorporated in 1956 and is Canada's food and pharmacy leader, and the nation's largest retailer. Loblaw Companies Limited provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise, financial services, and wireless mobile products and services. Its registered office is located at 22 St. Clair Avenue East, Toronto, Canada M4T 2S5. Loblaw Companies Limited and its subsidiaries are together referred to, in these consolidated financial statements, as the “Company” or “Loblaw”.

The Company’s controlling shareholder is George Weston Limited (“Weston”), which owns approximately 52.6% of the Company’s outstanding common shares. The Company’s ultimate parent is Wittington Investments, Limited. The remaining common shares are widely held.

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

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

Note 2. Accounting Policies

The accounting policies and critical accounting estimates and judgments as disclosed in the Company’s 2024 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements. These unaudited interim period condensed consolidated financial statements are presented in Canadian dollars.

Statement of Compliance These unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IFRS Accounting Standards” or “GAAP”) and should be read in conjunction with the Company’s 2024 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company’s Board of Directors on July 23, 2025.

Note 3. Net Interest Expense and Other Financing Charges

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

(million of Canadian dollars)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Interest expense and other financing charges				
Lease liabilities	**$ 104**	$ 93	**$ 208**	$ 186
Long term debt[(i)]	**86**	79	**159**	155
Borrowings related to credit card receivables	**14**	13	**34**	32
Post-employment and other long term employee benefits (note 12)	**1**	1	**—**	2
Independent funding trusts	**8**	10	**15**	20
Financial liabilities (note 9)	**3**	3	**6**	6
	$ 216	$ 199	**$ 422**	$ 401
Interest income				
Accretion income	**$ —**	$ —	**$ (1)**	$ (1)
Short term interest income	**(4)**	(9)	**(11)**	(16)
	$ (4)	$ (9)	**$ (12)**	$ (17)
Net interest expense and other financing charges	**$ 212**	$ 190	**$ 410**	$ 384

(i) Included in the second quarter of 2025 and year-to-date are borrowing costs of $5 million and $16 million (2024 – $10 million and $10 million), respectively, which were capitalized related to the construction of the Company's automated distribution facility.

Note 4. Income Taxes

Income tax expense in the second quarter of 2025 was $270 million (2024 – $180 million) and the effective tax rate was 26.3% (2024 – 26.5%). The decrease in the effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the quarter. Year-to-date income tax expense was $456 million (2024 – $358 million) and the effective tax rate was 26.3% (2024 – 26.6%). The decrease to the year-to-date effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during 2025.

Note 5. Basic and Diluted Earnings per Common Share

(millions of Canadian dollars unless otherwise indicated)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Net earnings attributable to shareholders of the Company	**$ 714**	$ 460	**$ 1,217**	$ 922
Dividends on preferred shares in equity	**—**	(3)	**—**	(6)
Net earnings available to common shareholders	**$ 714**	$ 457	**$ 1,217**	$ 916
Basic weighted average common shares outstanding (in millions) (note 11)	**298.2**	305.9	**299.1**	307.4
Dilutive effect of equity-based compensation	**2.2**	2.3	**2.2**	2.6
Dilutive effect of certain other liabilities	**0.5**	0.6	**0.5**	0.6
Diluted weighted average common shares outstanding (in millions)	**300.9**	308.8	**301.8**	310.6
Basic net earnings per common share ($)	**$ 2.39**	$ 1.49	**$ 4.07**	$ 2.98
Diluted net earnings per common share ($)	**$ 2.37**	$ 1.48	**$ 4.03**	$ 2.95

In the second quarter of 2025 and year-to-date, there was nil (2024 – 491,670) and 80 (2024 – 3,228), respectively, potentially dilutive instruments excluded from the computation of diluted net earnings per common share as they were anti-dilutive.

Note 6. Change in Non-cash Working Capital

(millions of Canadian dollars)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Change in:				
Accounts receivable	**$ 101**	$ 2	**$ 118**	$ 112
Prepaid expenses and other assets	**34**	4	**(8)**	(47)
Inventories	**(176)**	176	**(147)**	48
Trade payables and other liabilities	**23**	(147)	**(667)**	(708)
Other	**(18)**	8	**(20)**	(3)
Change in non-cash working capital	**$ (36)**	$ 43	**$ (724)**	$ (598)

Note 7. Credit Card Receivables

The components of credit card receivables were as follows:

(millions of Canadian dollars)	As at June 14, 2025	As at June 15, 2024	As at December 28, 2024
Gross credit card receivables	**$ 4,248**	$ 4,220	$ 4,493
Allowance for credit card receivables	**(273)**	(266)	(263)
Credit card receivables	**$ 3,975**	$ 3,954	$ 4,230
Securitized to independent securitization trusts:			
Securitized to Eagle Credit Card Trust (note 10)	**$ 1,750**	$ 1,700	$ 1,450
Securitized to Other Independent Securitization Trusts	**500**	650	800
Total securitized to independent securitization trusts	**$ 2,250**	$ 2,350	$ 2,250

The Company, through President's Choice Bank ("PC Bank"), participates in various securitization programs that provide a source of funds for the operation of its credit card business. PC Bank maintains and monitors a co-ownership interest in credit card receivables with independent securitization trusts, including Eagle Credit Card Trust ("Eagle") and Other Independent Securitization Trusts, in accordance with its financing requirements.

The associated liability of Eagle is recorded in long term debt (see note 10). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short term debt.

As at June 14, 2025, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was $45 million (June 15, 2024 – $59 million; December 28, 2024 – $72 million), which represented 9% (June 15, 2024 – 9%; December 28, 2024 – 9%) of the securitized credit card receivables amount.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at June 14, 2025 and throughout the first two quarters of 2025.

Security Deposits During the second quarter of 2025, a repayment accumulation process was triggered due to the upcoming maturity of the Eagle $300 million senior and subordinated term notes due July 17, 2025. As at June 14, 2025, $300 million had been accumulated and was recorded in security deposits.

Note 8. Assets Held for Sale and Dispositions

In the second quarter of 2025, the Company disposed of one property included in assets held for sale for proceeds of $2 million and recognized a net gain of $1 million. On a year-to-date basis, the Company disposed of two properties included in assets held for sale for proceeds of $21 million and recognized a net gain of $15 million.

In the first quarter of 2025, the Company completed the sale of its Wellwise by Shoppers™ ("*Wellwise*") business, and recorded a gain of $5 million, net of related costs, in selling, general and administrative expenses.

Note 9. Real Estate Dispositions

Fixed Assets In the second quarter of 2025, the Company disposed of two (2024 – one) real estate properties included in fixed assets for proceeds of $185 million (2024 – $20 million), and recognized a net gain of $20 million (2024 – net gain of $5 million). The properties were subsequently leased back by the Company (see note 15). On a year-to-date basis, the Company disposed of three (2024 – two) real estate properties included in fixed assets for proceeds of $218 million (2024 – $58 million), and recognized a net gain of $30 million (2024 – $18 million). All (2024 – All) of the properties were subsequently leased back by the Company (see note 15).

Financial Liabilities As at June 14, 2025, $11 million (June 15, 2024 – $11 million; December 28, 2024 – $12 million) was recorded in trade payables and other liabilities and $181 million (June 15, 2024 – $179 million; December 28, 2024 – $180 million) was recorded in other liabilities for all properties sold and subsequently leased back by the Company that did not meet the criteria for sale.

Note 10. Long Term Debt

The components of long term debt were as follows:

(millions of Canadian dollars)		**As at June 14, 2025**		As at June 15, 2024		As at December 28, 2024
Debentures	**$**	**4,705**	$	4,307	$	4,706
Guaranteed investment certificates		**1,380**		1,565		1,477
Independent securitization trusts (note 7)		**1,750**		1,700		1,450
Independent funding trusts[(i)]		**634**		577		590
Committed credit facility[(ii)]		**200**		350		—
Transaction costs and other		**(27)**		(17)		(22)
Total long term debt	**$**	**8,642**	$	8,482	$	8,201
Long term debt due within one year		**543**		741		631
Long term debt	**$**	**8,099**	$	7,741	$	7,570

(i) In the second quarter of 2025, the total capacity of the independent funding trusts increased from $700 million to $1 billion and the maturity date of the trusts were extended from May 29, 2027 to March 27, 2028 with all other terms and conditions remaining substantially the same.

(ii) In the second quarter of 2025, the maturity date of the Company's committed credit facility, provided by a syndicate of lenders, was extended from July 15, 2027 to March 27, 2030 with all other terms and conditions remaining substantially the same. The facility contains certain financial covenants and as at June 14, 2025 and throughout the quarter, the Company was in compliance with these covenants.

Independent Securitization Trusts In the second quarter of 2025, Eagle issued $300 million of senior subordinated term notes with a maturity date of June 17, 2030 (the "Eagle 2025-1 Series notes"). These notes have a weighted average interest rate of 4.02%. In connection with the issuance, $150 million of bond forward agreements were settled. This resulted in a fair value loss of $1 million before income taxes, which will be reclassified to net earnings over the life of the Eagle 2025-1 Series notes. Consequently, the net effective interest rate on Eagle 2025-1 Series notes issued is 4.07%.

Note 11. Share Capital

Common Shares (authorized – unlimited) Common shares issued are fully paid and have no par value. The activities in the common shares issued and outstanding were as follows:

	June 14, 2025 (12 weeks)		June 15, 2024 (12 weeks)		**June 14, 2025 (24 weeks)**		June 15, 2024 (24 weeks)	
(millions of Canadian dollars except where otherwise indicated)	**Number of Common Shares**	**Common Share Capital**	Number of Common Shares	Common Share Capital	**Number of Common Shares**	**Common Share Capital**	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	**299,551,188**	**$ 6,189**	308,158,675	$ 6,261	**301,736,053**	**$ 6,215**	310,526,379	$ 6,281
Issued for settlement of stock options	**292,920**	**28**	1,046,219	78	**593,460**	**53**	1,892,368	142
Purchased and cancelled	**(2,052,205)**	**(40)**	(3,157,109)	(50)	**(4,537,610)**	**(91)**	(6,370,962)	(134)
Issued and outstanding, end of period	**297,791,903**	**$ 6,177**	306,047,785	$6,289	**297,791,903**	**$ 6,177**	306,047,785	$6,289
Shares held in trust, beginning of period	**(608,279)**	**$ (12)**	(753,100)	$ (15)	**(982,124)**	**$ (19)**	(1,269,239)	$ (25)
Released for settlement of RSUs and PSUs	**42,804**	**1**	96,953	2	**416,649**	**8**	613,092	12
Shares held in trust, end of period	**(565,475)**	**$ (11)**	(656,147)	$ (13)	**(565,475)**	**$ (11)**	(656,147)	$ (13)
Issued and outstanding, net of shares held in trust, end of period	**297,226,428**	**$ 6,166**	305,391,638	$ 6,276	**297,226,428**	**$ 6,166**	305,391,638	$6,276
Weighted average outstanding, net of shares held in trust (note 5)	**298,244,844**		305,949,876		**299,072,124**		307,419,088	

Subsequent to the end of the second quarter of 2025, the Company's Board of Directors approved a 4-for-1 stock split of the Company's outstanding common shares. The stock split will be implemented by way of a stock dividend where the Company will issue to shareholders three additional common shares for each common share held. The stock split will be effective at the close of business on August 18, 2025 for shareholders of record as of the close of business on August 14, 2025.

Second Preferred Shares (authorized - unlimited) In the fourth quarter of 2024, pursuant to the terms of the Series B preferred share agreement, the Company announced its intention to redeem for cash all of its 9.0 million 5.3% non-voting Second Preferred Shares, Series B. The redemption occurred on January 8, 2025 and the shares were redeemed for an aggregate amount of $225 million, plus accrued and unpaid dividends ($0.02944 per share) up to but excluding the redemption date, less any tax required to be deducted and withheld by the Company.

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

	June 14, 2025[(i)] (12 weeks)	June 15, 2024 (12 weeks)	**June 14, 2025[(i)] (24 weeks)**	June 15, 2024 (24 weeks)
Dividends declared per share ($)				
Common Share	**$ 0.564**	$ 0.513	**$ 1.077**	$ 0.959
Second Preferred Share, Series B	**$ —**	$ 0.33125	**$ 0.02944**	$ 0.66250

(i) The Common Share dividends declared in the second quarter of 2025 of $0.564 per share had a payment date of July 2, 2025.

Subsequent to the end of the second quarter of 2025, the Board declared a quarterly dividend of $0.5643 per common share (on a pre-stock split basis), payable on October 1, 2025 to shareholders of record on September 15, 2025.

Normal Course Issuer Bid Activities under the Company's Normal Course Issuer Bid ("NCIB") during the periods were as follows:

(millions of Canadian dollars except where otherwise indicated)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Common shares repurchased under the NCIB for cancellation (number of shares)(i)	**2,052,205**	3,157,109	**4,537,610**	6,370,962
Cash consideration paid(ii)	**$ 433**	$ 537	**$ 885**	$ 952
Premium charged to retained earnings(iii)	**414**	314	**829**	890
Reduction in common share capital(iv)	**40**	50	**91**	134

(i) Common shares repurchased and cancelled as at June 14, 2025 do not include the shares that may be repurchased subsequent to the end of the quarter under the automatic share repurchase plan, as described below.

(ii) $5 million of cash consideration related to common shares repurchased under NCIB for cancellation in the first quarter of 2025 was paid in the second quarter of 2025.

(iii) Premium charged to retained earnings includes $185 million related to the automatic share purchase plan, as described below.

(iv) Includes $19 million related to the automatic share purchase plan, as described below.

In the second quarter of 2025, the Company renewed its NCIB to purchase on the Toronto Stock Exchange or through alternative trading systems up to 14,950,061 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at June 14, 2025, the Company had purchased 1,361,868 common shares for cancellation under its current NCIB. The Company is still permitted to purchase its common shares from Weston under its NCIB, pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Weston, in order for Weston to maintain its proportionate ownership interest in the Company. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Weston.

During the second quarter of 2025, 2,052,205 common shares (2024 – 3,157,109) were purchased under the NCIB for cancellation, for aggregate consideration of $445 million (2024 – $482 million), including 927,235 common shares (2024 – 1,252,690) purchased from Weston, for aggregate consideration of $200 million (2024 – $190 million). On a year-to-date basis, 4,537,610 common shares (2024 – 6,370,962) were purchased under the NCIB for cancellation, for aggregate consideration of $902 million (2024 – $952 million), including 2,075,989 common shares (2024 – 2,489,883) purchased from Weston, for aggregate consideration of $411 million (2024 – $372 million).

The Company participates in an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at June 14, 2025, an obligation to repurchase shares of $200 million was recognized under the ASPP in trade payables and other liabilities.

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

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

(millions of Canadian dollars)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Current service cost				
Post-employment benefit costs[(i)]	**$ 35**	$ 35	**$ 73**	$ 72
Other long term employee benefit costs[(ii)]	**8**	8	**17**	17
Net interest cost on net defined benefit plan obligations (note 3)	**1**	1	**—**	2
Total post-employment defined benefit cost	**$ 44**	$ 44	**$ 90**	$ 91

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

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

(millions of Canadian dollars)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
(Loss) return on plan assets, excluding amounts included in net interest expense and other financing charges	**$ (25)**	$ 41	**$ (38)**	$ 66
Actuarial gains (losses) from changes in financial assumptions[(i)]	**62**	(43)	**62**	21
Change in liability arising from asset ceiling[(i)]	**(134)**	97	**(168)**	(44)
Total net actuarial (losses) gains recognized in other comprehensive (loss) income before income taxes	**$ (97)**	$ 95	**$ (144)**	$ 43
Income tax recoveries (expenses) on actuarial (losses) gains	**25**	(25)	**38**	(11)
Actuarial (losses) gains net of income tax recoveries (expenses)	**$ (72)**	$ 70	**$ (106)**	$ 32

(i) In the second quarter of 2025 and on a year-to-date basis, the actuarial gains from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by an increase in the discount rate.

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

(millions of Canadian dollars)	**As at June 14, 2025**	As at June 15, 2024	As at December 28, 2024
Other assets			
Accrued benefit plan asset	**$ 190**	$ 321	$ 356
Other liabilities			
Net defined benefit plan obligation	**$ 226**	$ 240	$ 231
Other long term employee benefit obligation	**135**	134	133

Note 13. Financial Instruments

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

	As at June 14, 2025				As at June 15, 2024				As at December 28, 2024			
(millions of Canadian dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Fair value through other comprehensive income:												
Long term securities	**$ 40**	**$ —**	**$ —**	**$ 40**	$ 138	$ —	$ —	$ 138	$ 120	$ —	$ —	$ 120
Derivatives included in prepaid expenses and other assets	**—**	**—**	**—**	**—**	—	3	—	3	—	1	—	1
Fair value through profit and loss:												
Certain other assets[(i)]	**—**	**—**	**91**	**91**	—	—	60	60	—	—	76	76
Security deposits	**300**	**—**	**—**	**300**	250	—	—	250	—	—	—	—
Derivatives included in prepaid expenses and other assets	**1**	**—**	**3**	**4**	—	2	—	2	—	5	—	5
Financial liabilities												
Amortized cost:												
Long term debt	**$ —**	**$8,769**	**$ —**	**$8,769**	$ —	$8,429	$ —	$8,429	$ —	$8,680	$ —	$8,680
Associate interest	**—**	**—**	**353**	**353**	—	—	378	378	—	—	255	255
Certain other liabilities[(ii)]	**—**	**—**	**310**	**310**	—	—	297	297	—	—	301	301
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	**—**	**1**	**20**	**21**	—	—	19	19	—	—	16	16
Fair value through profit and loss:												
Derivatives included in trade payables and other liabilities	**—**	**8**	**—**	**8**	1	—	1	2	—	—	6	6

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

(ii) Certain other liabilities relate primarily to financial liabilities associated with properties that did not meet the criteria for sale. (see note 9)

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

During the second quarter of 2025, the Company recognized a loss of $4 million (2024 – gain of $1 million) and a year-to-date loss of $5 million (2024 – gain of $4 million) in operating income on financial instruments designated as amortized cost. In addition, during the second quarter of 2025 and year-to-date, a net loss of $5 million (2024 – net gain of $7 million) and a net loss of $1 million (2024 – net gain of $16 million), respectively were recorded in earnings before income taxes related to financial instruments required to be classified as fair value through profit and loss.

Securities Investments PC Bank holds investments which are considered part of the liquid securities required to be held to meet its Liquidity Coverage Ratio. These securities are classified as fair value through other comprehensive income and were included in long term securities and other assets on the consolidated balance sheets. No material amounts were recognized in other comprehensive income pertaining to these investments for the second quarter and year-to-date periods presented.

Other Derivatives The Company uses bond forwards, interest rate swaps and foreign exchange forwards to mitigate the impact of increases in interest rates and manage its anticipated exposure to exchange rates on its underlying operations and anticipated fixed asset purchases. The Company also uses swaps, futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates in its underlying operations. The following is a summary of the fair values recognized in the unaudited interim period condensed consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes related to the Company's other derivatives:

					June 14, 2025
			(12 weeks)		(24 weeks)
(millions of Canadian dollars)	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges					
Foreign Exchange Forwards[(i)]	**$ (1)**	**$ 1**	**$ (2)**	**$ (2)**	**$ (2)**
Bond Forwards[(ii)]	**—**	**2**	**(1)**	**—**	**(1)**
Energy Hedge[(iii)]	**(20)**	**6**	**(3)**	**(4)**	**(3)**
Total derivatives designated as cash flow hedges	**$ (21)**	**$ 9**	**$ (6)**	**$ (6)**	**$ (6)**
Derivatives not designated in a formal hedging relationship					
Foreign Exchange and Other Forwards	**$ (8)**	**$ —**	**$ (20)**	**$ —**	**$ (20)**
Other Non-Financial Derivatives	**5**	**—**	**6**	**—**	**10**
Total derivatives not designated in a formal hedging relationship	**$ (3)**	**$ —**	**$ (14)**	**$ —**	**$ (10)**
Total derivatives	**$ (24)**	**$ 9**	**$ (20)**	**$ (6)**	**$ (16)**

(i) PC Bank uses foreign exchange forwards, with a notional value of $28 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in trade payables and other liabilities. During the first quarter of 2025, the Company entered into a foreign exchange forward agreement with a notional value of $315 million USD, to hedge its foreign exchange exposure on certain borrowings denominated in USD. It was settled during the second quarter of 2025 and a loss of $2 million was recorded in operating income.

(ii) The Company uses bond forwards to manage its interest risk related to future debt issuances. The notional value of PC Bank's bond forwards is $50 million. The fair value of the derivatives is included in trades payable and other liabilities.

(iii) In 2023, the Company entered into a 20 year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million. The fair value of the derivative is included in other liabilities.

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

(i) PC Bank uses foreign exchange forwards, with a notional value of $8 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.

(ii) The Company uses bond forwards to manage its interest risk related to future debt issuances. The notional value of PC Bank's bond forwards is $100 million. The fair value of the derivatives is included in both prepaid expenses and other assets.

(iii) PC Bank uses interest rate swaps, with a notional value of $180 million, to mitigate the impact of increases in interest rate. The fair value of the derivatives is included in prepaid expenses and other assets.

(iv) In 2023, the Company entered into a 20 year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million. The fair value of the derivative is included in other liabilities.

Note 14. Contingent Liabilities

In the ordinary course of business, the Company is involved in and potentially subject to, legal actions and proceedings. In addition, the Company is subject to tax audits from various tax authorities on an ongoing basis. As a result, from time to time, tax authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation could be amended or interpretations of current legislation could change, any of which events could lead to reassessments.

There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, there is a possibility that the ultimate resolution of these matters may result in a material adverse effect on the Company's reputation, operations, financial condition or performance in future periods. It is not currently possible to predict the outcome of the Company's legal actions and proceedings with certainty. Management regularly assesses its position on the adequacy of accruals or provisions related to such matters and will make any necessary adjustments.

The following is a description of the Company's significant legal proceedings:

Shoppers Drug Mart was previously served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by licensed associates ("Associates"), claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Quebec, who were parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. A summary judgment trial of the matter was held in December 2022 and on February 17, 2023, the Superior Court released its decision in relation to those summary judgment motions (the "Decision"). The Superior Court dismissed the plaintiffs' claims on the majority of the issues including a request for damages at this stage of proceedings. The Superior Court also held that Shoppers Drug Mart breached the 2002 form of Associate Agreement when it did not remit certain amounts that it received from generic drug manufacturers to Associates. On March 20, 2023, the plaintiffs filed a Notice of Appeal and on April 4, 2023, the Company filed a Notice of Cross-Appeal. A hearing for the appeals was held on February 14, 2024 and on February 15, 2024. On August 29, 2024, the Court of Appeal dismissed both the appeal and cross appeal, with the exception that the plaintiff's appeal was allowed to correct the amount Shoppers Drug Mart received in professional allowances during the class period. Accordingly, the Company has not recorded any amounts related to the potential liability associated with this lawsuit. The Company does not believe that the ultimate resolution of this matter will have a material adverse impact on its financial condition or prospects.

In 2017, the Company and Weston announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits were commenced against the Company and Weston as well as a number of other major grocery retailers and another bread wholesaler. On July 24, 2024, the Company and Weston entered into binding Minutes of Settlement and on January 31, 2025, the Company and Weston entered into a Settlement Agreement with the lawyers representing consumers to settle those class action lawsuits for $500 million. The Company and Weston will each pay for a portion of the settlement, with Loblaw paying $253 million and Weston paying $247 million. The Company will receive credit for the $96 million it previously paid to customers in the form of Loblaw cards, resulting in it being required to pay $157 million in cash towards the settlement. The Settlement Agreement was approved by the Ontario Superior Court in May 2025 but remains subject to the approval of the court in Quebec. On March 3, 2025, the settlement funds were paid into a trust account where they will remain until the courts decide whether to approve the settlement. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Weston will not face criminal charges or penalties. In response to such class action lawsuits, certain major grocery retailers have crossclaimed against the Company and Weston, and the Company and Weston believe such crossclaims are without merit.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including the Company and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. On December 12, 2024, the Ontario action was dismissed against Sanis Health Inc., with costs. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and the Company. The allegations in the civil British Columbia class action are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that the December 2019 claim seeks recovery of damages on behalf of opioid users directly. In April 2021, the Company, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. In February 2025, Loblaws Inc. and Weston were also served with the claim. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social services, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, the Company, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. In October 2024, the claim was discontinued against Shoppers Drug Mart Inc. In January 2024, Shoppers Drug Mart Inc. was served with a second class action in Saskatchewan started by Lac La Ronge Indian Band. The case is brought on behalf of Band members and is claiming damages relating to abatement costs, the diversion of financial and other resources, the reduction in the value of the reserve lands and interests, and lost tax revenues. Shoppers Drug Mart Inc. is being sued as a representative of an international defendant subclass of opioid "dealers" and Sanis Health Inc. is a proposed supplier class member. The Company believes these proceedings are without merit and is vigorously defending them. The Company does not currently have any significant accruals or provisions for these matters recorded in the unaudited interim period condensed consolidated financial statements.

In 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. Certain taxation years subsequent to the periods covered by the FCA decision remain under review by the tax authorities.

Indemnification Provisions The Company from time to time enters into agreements in the normal course of its business, such as service and outsourcing arrangements, lease agreements in connection with business or asset acquisitions or dispositions, and other types of commercial agreements. These agreements by their nature may provide for indemnification of counterparties. These indemnification provisions may be in connection with breaches of representations and warranties or in respect of future claims for certain liabilities, including liabilities related to tax and environmental matters. The terms of these indemnification provisions vary in duration and may extend for an unlimited period of time. In addition, the terms of these indemnification provisions vary in amount and certain indemnification provisions do not provide for a maximum potential indemnification amount. Indemnity amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. As a result, the Company is unable to reasonably estimate its total maximum potential liability in respect of indemnification provisions. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

Note 15. Related Party Transactions

Sale and Leaseback During the second quarter of 2025, the Company sold one industrial distribution centre in Ajax, Ontario to Choice Properties Real Estate Investment Trust for proceeds of $182 million and recognized a gain of $19 million. The property was subsequently leased back by the Company (see note 9). Year-to-date, the Company sold two properties (2024 – one) to related parties for proceeds of $215 million (2024 – $38 million) and recognized a gain of $29 million (2024 – $14 million). These properties were leased back by the Company (see note 9).

Note 16. Segment Information

The Company has two reportable operating segments, with all material operations carried out in Canada:

- The Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores, and includes in-store pharmacies, healthcare services, other health and beauty products, apparel and other general merchandise. This segment is comprised of several operating segments that are aggregated primarily due to similarities in the nature of products and services offered for sale in the retail operations and the customer base; and
- The Financial Services segment provides credit card and everyday banking services, the PC Optimum™ loyalty program, insurance brokerage services, and telecommunication services.

The Company's chief operating decision maker evaluates segment performance on the basis of adjusted operating income before depreciation and amortization ("adjusted EBITDA"), as reported to internal management, on a periodic basis.

Information for each reportable operating segment is included below:

					June 14, 2025 (12 weeks)					June 15, 2024 (12 weeks)
(millions of Canadian dollars)	**Retail**	**Financial Services**	**Total Segment Measure**	**Elimi-nations[(i)]**	**Total**	Retail	Financial Services	Total Segment Measure	Elimi-nations[(i)]	Total
Revenue[(ii)]	**$14,389**	**$ 377**	**$14,766**	**$ (94)**	**$ 14,672**	$13,658	$ 367	$14,025	$ (78)	$ 13,947
Cost of sales	**9,781**	**42**	**9,823**	**—**	**9,823**	9,288	38	9,326	—	9,326
Gross profit	**4,608**	**335**	**4,943**	**(94)**	**4,849**	4,370	329	4,699	(78)	4,621
Operating Income	$ 1,170	$ 69	$ 1,239	$ —	$ 1,239	$ 815	$ 53	$ 868	$ —	$ 868
Net interest expense and other financing charges (note 3)	173	39	212	—	212	153	37	190	—	190
Earnings before income taxes	**$ 997**	**$ 30**	**$ 1,027**	**$ —**	**$ 1,027**	$ 662	$ 16	$ 678	$ —	$ 678
Operating Income	**$ 1,170**	**$ 69**	**$ 1,239**	**$ —**	**$ 1,239**	$ 815	$ 53	$ 868	$ —	$ 868
Depreciation and amortization	588	12	600			668	11	679		
Adjusting items[(iii)]	1	—	1			166	—	166		
Adjusted EBITDA[(iii)]	**$ 1,759**	**$ 81**	**$ 1,840**			$ 1,649	$ 64	$ 1,713		

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

(ii) Included in Financial Services revenue is $157 million (2024 – $164 million) of interest income.

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

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	**2025 (12 weeks) Retail**	**Financial Services**	**Total Segment Measure**	2024 (12 weeks) Retail	Financial Services	Total Segment Measure
Fair value adjustment on fuel and foreign currency contracts	**$ 2**	**$ —**	**$ 2**	$ 2	$ —	$ 2
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	164	—	164
Gain on sale of non-operating property[(1)]	**(1)**	**—**	**(1)**	—	—	—
Adjusting items	**$ 1**	**$ —**	**$ 1**	$ 166	$ —	$ 166

(1) The gain on sale of non-operating property relates to the Company's investment properties.

(millions of Canadian dollars)	June 14, 2025 (24 weeks) Retail	Financial Services	Total Segment Measure	Elimi-nations[(i)]	Total	June 15, 2024 (24 weeks) Retail	Financial Services	Total Segment Measure	Elimi-nations[(i)]	Total
Revenue[(ii)]	**$ 28,226**	**$ 750**	**$ 28,976**	**$ (169)**	**$ 28,807**	$ 26,948	$ 728	$ 27,676	$ (148)	$ 27,528
Cost of sales	**19,258**	**85**	**19,343**	**—**	**19,343**	18,374	78	18,452	—	18,452
Gross profit	**8,968**	**665**	**9,633**	**(169)**	**9,464**	8,574	650	9,224	(148)	9,076
Operating income	$ 2,010	$ 135	$ 2,145	$ —	$ 2,145	$ 1,597	$ 132	$ 1,729	$ —	$ 1,729
Net interest expense and other financing charges (note 3)	335	75	410	—	410	312	72	384	—	384
Earnings before income taxes	**$ 1,675**	**$ 60**	**$ 1,735**	**$ —**	**$ 1,735**	$ 1,285	$ 60	$ 1,345	$ —	$ 1,345
Operating income	**$ 2,010**	**$ 135**	**$ 2,145**	**$ —**	**$ 2,145**	$ 1,597	$ 132	$ 1,729	$ —	$ 1,729
Depreciation and amortization	**1,279**	**26**	**1,305**			1,345	24	1,369		
Adjusting items[(iii)]	**(19)**	**—**	**(19)**			159	—	159		
Adjusted EBITDA[(iii)]	**$ 3,270**	**$ 161**	**$ 3,431**			$ 3,101	$ 156	$ 3,257		

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

(ii) Included in Financial Services revenue is $325 million (2024 – $334 million) of interest income.

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

For the periods ended June 14, 2025 and June 15, 2024 (millions of Canadian dollars)	2025 (24 weeks) Retail	Financial Services	Total Segment Measure	2024 (24 weeks) Retail	Financial Services	Total Segment Measure
Fair value adjustment on fuel and foreign currency contracts	**$ 1**	**$ —**	**$ 1**	$ (5)	$ —	$ (5)
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	164	—	164
Sale of *Wellwise*	**(5)**	**—**	**(5)**	—	—	—
Gain on sale of non-operating properties[(1)]	**(15)**	**—**	**(15)**	—	—	—
Adjusting items	**$ (19)**	**$ —**	**$ (19)**	$ 159	$ —	$ 159

(1) The gain on sale of non-operating properties relates to the Company's investment properties.

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

(millions of Canadian dollars)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Food retail	**$ 10,213**	$ 9,653	**$ 20,000**	$ 19,062
Drug retail	**4,176**	4,005	**8,226**	7,886
Retail total	**$ 14,389**	$ 13,658	**$ 28,226**	$ 26,948
Financial Services	**377**	367	**750**	728
Eliminations(i)	**(94)**	(78)	**(169)**	(148)
Total	**$ 14,672**	$ 13,947	**$ 28,807**	$ 27,528

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

(millions of Canadian dollars)	**As at June 14, 2025**	As at June 15, 2024	As at December 28, 2024
Total assets			
Retail	**$ 34,005**	$ 32,466	$ 34,585
Financial Services	**6,445**	6,146	6,295
	$ 40,450	$ 38,612	$ 40,880

(millions of Canadian dollars)	**June 14, 2025 (12 weeks)**	June 15, 2024 (12 weeks)	**June 14, 2025 (24 weeks)**	June 15, 2024 (24 weeks)
Additions to fixed assets and intangible assets				
Retail	**$ 403**	$ 489	**$ 639**	$ 866
Financial Services	**6**	6	**16**	16
	$ 409	$ 495	**$ 655**	$ 882

Corporate Profile

Loblaw Companies Limited ("Loblaw") is Canada's food and pharmacy leader, and the nation's largest retailer. Loblaw provides Canadians with grocery, pharmacy and healthcare services, other health and beauty products, apparel, general merchandise, financial services, and wireless mobile products and services. With more than 2,800 locations, Loblaw, its franchisees and Associate-owners employ more than 220,000 full- and part-time employees, making it one of Canada's largest private sector employers.

Trademarks

Loblaw Companies Limited and its subsidiaries own a number of trademarks. Several subsidiaries are licensees of additional trademarks. These trademarks are the exclusive property of Loblaw Companies Limited, its subsidiaries or the licensor and where used in this report, are marked with ™ or ® symbols, or written in italics.

Shareholder Information

Registrar and Transfer Agent

Computershare Investor Services Inc.
320 Bay Street, 14th Floor
Toronto, Canada
M5H 4A6

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

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

Investor Relations

Investor inquiries, contact:
Roy MacDonald
Vice President, Investor Relations
investor@loblaw.ca

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

Additional financial information has been filed electronically with various securities regulators in Canada through SEDAR+ and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, President's Choice Bank. The Company holds an analyst call shortly following the release of its quarterly results. These calls are archived in the "Investors" section of the Company's website at loblaw.ca.

Conference Call and Webcast

Loblaw Companies Limited will host a conference call as well as an audio webcast on July 24, 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: 28537#. To access via audio webcast, please go to the "Investor" section of loblaw.ca. Pre-registration will be available.

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

Loblaw Companies Limited

loblaw.ca

pcexpress.ca

shoppersdrugmart.ca

pharmaprix.ca

pcfinancial.ca

presidentschoice.ca

pcoptimum.ca

joefresh.com

noname.ca

tntsupermarket.com

loblawadvance.ca

Apps

PC Express™

PC Optimum™

PC Health™

Shoppers Drug Mart®

PC Financial®

Joe Fresh®

T&T®