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Loblaw Companies Limited

First Quarter Report to Shareholders

12 weeks ended March 28, 2026

2026 First 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 first quarter 2026 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 January 3, 2026 and the related MD&A included in the Company's 2025 Annual Report.

The Company's first quarter 2026 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.

In the third quarter of 2025, the Company completed a four-for-one stock split of its outstanding common shares. The stock split was implemented by way of a stock dividend, with shareholders receiving three additional common shares for each common share held. The stock split was effective at the close of business on August 18, 2025, for shareholders of record as of the close of business on August 14, 2025. All share and per share amounts presented herein have been retrospectively adjusted to reflect the stock split. For additional information, see note 10 "Share Capital" of the Company's interim financial statements.

In fourth quarter of 2025, the Company entered into a definitive agreement (the "Transaction Agreement") with EQB Inc. ("EQB") pursuant to which EQB will acquire President's Choice Bank ("PC Bank"), PC Financial Insurance Agency Inc., PC Financial Insurance Broker Inc. and certain other affiliated entities of PC Bank (collectively, "PC Financial") (the "Sale of PC Financial"). EQB will acquire PC Financial for consideration satisfied through a combination of 7.2 million EQB shares and cash, subject to adjustment pursuant to the terms of the Transaction Agreement. Subsequent to the end of the first quarter of 2026, the Company and EQB announced that they obtained all required regulatory approvals for the Sale of PC Financial. The transaction is anticipated to close in the Company's third quarter of 2026, subject to customary closing conditions.

As at March 28, 2026 and January 3, 2026, the assets and liabilities of PC Financial have been classified as held for sale and PC Financial's results, net of intersegment eliminations, have been presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations (Retail).

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 11 "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 2025 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 May 5, 2026, 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 4 "Liquidity and Capital Resources", Section 10 "Outlook" and Section 11 "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 2025 Annual Report, and the Company's Annual Information Form ("AIF") for the year ended January 3, 2026. 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;
- 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 attract and retain colleagues may impact the Company's ability to effectively operate and achieve financial performance goals;
- 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;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- failure to effectively manage product liability, intellectual property, and related regulatory risks associated with alternative sourcing and procurement of generic prescription drug products;
- 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 effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- 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 January 3, 2026. 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]

As a result of the announcement of the sale of PC Financial, the results of PC Financial, net of intersegment eliminations, are presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations (Retail).

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 March 28, 2026 and March 22, 2025 (millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**	2025 (12 weeks)
Revenue growth	**4.2 %**	4.1 %
Gross profit[2]	**$ 4,548**	$ 4,384
Gross profit %[2]	**31.4 %**	31.5 %
Operating income	**$ 1,010**	$ 838
Adjusted EBITDA[2]	**1,607**	1,509
Adjusted EBITDA margin[2]	**11.1 %**	10.9 %
Net earnings	**$ 619**	$ 522
Continuing operations	**612**	500
Discontinued operations	**7**	22
Net earnings available to common shareholders of the Company	**594**	503
Continuing operations	**587**	481
Discontinued operations	**7**	22
Adjusted net earnings available to common shareholders of the Company[2]	**609**	570
Continuing operations	**578**	548
Discontinued operations	**31**	22
Diluted net earnings per common share ($)	**$ 0.50**	$ 0.42
Continuing operations	**0.50**	0.40
Discontinued operations	**—**	0.02
Adjusted diluted net earnings per common share[2] ($)	**$ 0.52**	$ 0.47
Continuing operations	**0.49**	0.45
Discontinued operations	**0.03**	0.02
Cash and cash equivalents and short term investments[ii]	**$ 1,879**	$ 1,937
Cash flows from operating activities[iii]	**1,308**	953
Capital investments[i][iii]	**312**	246
Free cash flow[2][iii]	**621**	215
Financial Measures		
Debt to rolling year adjusted EBITDA[2]	**2.4 x**	2.4 x
Rolling year adjusted return on equity[2]	**26.8 %**	24.3 %
Rolling year adjusted return on capital[2]	**12.4 %**	11.8 %
Operating Statistics		
Food Retail same-store sales growth	**2.4 %**	2.2 %
Drug Retail same-store sales growth	**4.1 %**	3.8 %
Total retail square footage (in millions)	**73.5**	72.3
Total number of stores	**2,515**	2,450

(i) 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.

(ii) Cash and cash equivalents and short term investments include amounts classified as held for sale. See note 4 "Assets Held for Sale and Discontinued Operations" of the Company's interim financial statements.

(iii) These cash flow metrics are presented on a total Company basis, inclusive of continuing and discontinued operations.

3. Consolidated Results of Operations

Unless otherwise indicated, all financial information represents the Company's results from continuing operations (Retail).

The following is a summary of selected consolidated financial information for 2026:

As at or for the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**	2025 (12 weeks)	$ Change	% Change
Revenue	**$ 14,484**	$ 13,904	$ 580	4.2 %
Operating income	**1,010**	838	172	20.5 %
Gross profit(2)	**4,548**	4,384	164	3.7 %
Gross profit %(2)	**31.4 %**	31.5 %		
Adjusted EBITDA(2)	**$ 1,607**	$ 1,509	$ 98	6.5 %
Adjusted EBITDA margin(2)	**11.1 %**	10.9 %		
Depreciation and amortization	**$ 619**	$ 691	$ (72)	(10.4)%
Net interest expense and other financing charges	**181**	162	19	11.7 %
Adjusted net interest expense and other financing charges(2)	**181**	162	19	11.7 %
Income taxes	**217**	176	41	23.3 %
Adjusted income taxes(2)	**214**	205	9	4.4 %
Effective tax rate	**26.2 %**	26.0 %		
Adjusted effective tax rate(2)	**26.2 %**	26.6 %		
Net earnings attributable to non-controlling interests	**$ 25**	$ 19	$ 6	31.6 %
Net earnings available to common shareholders of the Company	**$ 594**	$ 503	$ 91	18.1 %
Continuing operations	**587**	481	106	22.0 %
Discontinued operations	**7**	22	(15)	(68.2)%
Adjusted net earnings available to common shareholders of the Company(2)	**$ 609**	$ 570	$ 39	6.8 %
Continuing operations	**578**	548	30	5.5 %
Discontinued operations	**31**	22	9	40.9 %
Diluted net earnings per common share ($)	**$ 0.50**	$ 0.42	$ 0.08	19.0 %
Continuing operations	**0.50**	0.40	0.10	25.0 %
Discontinued operations	**—**	0.02	(0.02)	(100.0)%
Adjusted diluted net earnings per common share(2) ($)	**$ 0.52**	$ 0.47	$ 0.05	10.6 %
Continuing operations	**0.49**	0.45	0.04	8.9 %
Discontinued operations	**0.03**	0.02	0.01	50.0 %
Diluted weighted average common shares outstanding (in millions)	**1,178.2**	1,210.3		

Loblaw delivered a strong first quarter with positive sales momentum. Continued same-store sales growth in Food Retail, increased customer traffic, e-commerce sales growth, and new store openings drove topline performance. The Company's discount banners outperformed again, demonstrating that Canadians are responding well to greater access to Maxi and NoFrills® stores. E-commerce sales were led by growth in PC Express™ delivery, plus the successful integration of third-party delivery options. In Drug Retail, growth continued to reflect positive trends in prescription volumes, specialty drugs, and beauty categories. Drug Retail performance underscored the strength of the Company's healthcare services and commitment to meeting the evolving needs of Canadians. Loblaw continued its focus on strategic expansion and innovation during the quarter, including opening 5 Hard Discount stores and 8 drug stores, bringing convenient access to nutritious food and essential healthcare services to more communities.

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 were $594 million ($0.50 per common share), an increase of $91 million ($0.08 per common share) or 18.1%. The increase was primarily driven by the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart"), which are now fully amortized.

Adjusted net earnings available to common shareholders of the Company[(2)] were $609 million, an increase of $39 million or 6.8%. Adjusted diluted net earnings per common share[(2)] were $0.52, an increase of $0.05 or 10.6%.

Net Earnings Available to Common Shareholders of the Company from Continuing Operations and Diluted Net Earnings Per Common Share from Continuing Operations Net earnings available to common shareholders of the Company from continuing operations were $587 million ($0.50 per common share), an increase of $106 million ($0.10 per common share) or 22.0% compared to the first quarter of 2025. The increase was driven by a favourable change in adjusting items totaling $76 million and an improvement in the underlying operating performance of $30 million as described below:

- the favourable change in adjusting items totaling $76 million ($0.06 per common share) was primarily due to the following:
  - the year-over-year favourable change in amortization of intangible assets of $79 million ($0.07 per common share) primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart, which are now fully amortized; and
  - the year-over-year favourable change in fair value adjustments on fuel, foreign currency contracts and, investments of $16 million ($0.01 per common share);

  partially offset by,
  - the prior year unfavourable impact of the gain on sale of a non-operating property of $13 million ($0.01 per common share); and
  - the prior year unfavourable impact of the gain related to the sale of Wellwise by Shoppers ("Wellwise") of $5 million ($0.01 per common share).
- the improvement in the underlying operating performance of $30 million ($0.03 per common share) was primarily due to the following:
  - an increase in gross profit[(2)], partially offset by an increase in selling, general and administrative expenses ("SG&A") and depreciation and amortization, excluding the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart, which are now fully amortized.
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months ($0.01 per common share).

Adjusted net earnings available to common shareholders of the Company[(2)] from continuing operations were $578 million, an increase of $30 million or 5.5% compared to the first quarter of 2025. Adjusted net earnings per common share[(2)] from continuing operations were $0.49 per common share, an increase of $0.04 or 8.9%.

Revenue Revenue represents retail revenue, and is primarily comprised of Food Retail and Drug Retail sales. The following table provides a breakdown of the Company's total and same-store sales.

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**		2025 (12 weeks)			
	Sales	**Same-store sales**	Sales	Same-store sales	Sales $ Change	Sales % Change
Food Retail[(i)]	**$ 10,238**	**2.4 %**	$ 9,854	2.2 %	$ 384	3.9 %
Drug Retail	**4,246**	**4.1 %**	4,050	3.8 %	196	4.8 %
Pharmacy and healthcare services	**2,384**	**6.7 %**	2,201	6.4 %	183	8.3 %
Front store	**1,862**	**1.0 %**	1,849	0.9 %	13	0.7 %
Revenue	**$ 14,484**		$ 13,904		$ 580	4.2 %

(i) As a result of the announcement of the sale of PC Financial, Food Retail sales now includes revenue related to PC Services, primarily related to sales attributable to The Mobile Shop™ in the current and comparative period presented, including revenue of $69 million in the first quarter of 2026 (2025 – $67 million).

Revenue was $14,484 million in the first quarter of 2026, an increase of $580 million or 4.2% compared to the first quarter of 2025. Excluding the impact of revenue related to Wellwise and the Theodore and Pringle® optical business, revenue increased by 4.5%. This increase was primarily driven by the following factors:

- Food Retail same-store sales growth was 2.4% (2025 – 2.2%).
  - Same-store sales growth in food was moderate;
  - Same-store sales growth in pharmacy was strong;
  - The Company's internal food inflation was significantly lower than the Consumer Price Index for Food Purchased From Stores of 4.4% (2025 – 2.6%); and
  - Food Retail traffic increased and basket size increased.
- Drug Retail same-store sales growth was 4.1% (2025 – 3.8%).
  - Pharmacy and healthcare services same-store sales growth was 6.7% (2025 – 6.4%), led by specialty prescriptions. The number of prescriptions dispensed increased by 3.5% (2025 – 2.1%). On a same-store basis, the number of prescriptions dispensed increased by 2.8% (2025 – 2.3%) and the average prescription value increased by 5.0% (2025 – 4.4%); and
  - Front store same-store sales growth was 1.0% (2025 – 0.9%), primarily driven by higher sales of beauty products, with performance moderated by a shift in timing of the cough, cold, and flu season, and inclement weather.
- The sale of Wellwise and the wind-down of the Theodore & Pringle® optical business were completed in 2025. Revenue related to Wellwise and the optical business in the first quarter of 2026 was nil (2025 – $21 million and $18 million, respectively).
- In the first quarter of 2026, 13 food and drug stores were opened and 2 food and drug stores were closed, and net retail square footage increased by 1.2 million to 73.5 million square feet or 1.7% compared to the first quarter of 2025.

Gross Profit(2) Gross profit(2) was $4,548 million in first quarter of 2026, an increase of $164 million or 3.7% compared to the first quarter of 2025. Gross profit percentage(2) of 31.4% was stable, decreasing by 10 basis points, primarily driven by changes in sales mix in Drug Retail categories, partially offset by continued improvements in shrink. Food Retail gross margin was flat.

Operating Income Operating income was $1,010 million in the first quarter of 2026, an increase of $172 million or 20.5% compared to the first quarter of 2025. The increase was driven by a favourable change in adjusting items totaling $108 million and an improvement in underlying operating performance of $64 million, as described below:

- the favourable change in adjusting items totaling $108 million was primarily due to the following:
  - the year-over-year favourable change in the 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; and
  - the year-over-year favourable change in fair value adjustments on fuel, foreign currency contracts and, investments of $22 million;

  partially offset by,
  - the prior year unfavourable impact of the gain on sale of a non-operating property of $14 million;
  - the prior year unfavourable impact of the gain related to the sale of Wellwise of $5 million; and
  - the unfavourable impact of transaction costs related to the Sale of PC Financial of $1 million.
- the improvement in underlying operating performance of $64 million was due to an increase in gross profit(2), partially offset by an increase in SG&A and depreciation and amortization, excluding the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart, which are now fully amortized.

Adjusted EBITDA[(2)] Adjusted EBITDA[(2)] was $1,607 million in the first quarter of 2026, an increase of $98 million or 6.5% compared to the first quarter of 2025. The increase was driven by an increase in gross profit[(2)] of $164 million, partially offset by an increase in SG&A of $66 million. SG&A as a percentage of sales was 20.3%, a favourable decrease of 40 basis points compared to the first quarter of 2025, primarily due to operating leverage from higher sales and the timing of certain costs, partially offset by incremental costs related to opening new stores and the automated distribution facility.

Depreciation and Amortization Depreciation and amortization was $619 million, a decrease of $72 million or 10.4% compared to the first quarter of 2025. This 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, partially offset by an increase in depreciation of leased assets and fixed assets related to opening new stores and the automated distribution facility.

Included in depreciation and amortization was the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark Health Group ("Lifemark") of $10 million (2025 – $116 million).

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges were $181 million, an increase of $19 million or 11.7% compared to the first quarter of 2025. The increase was primarily driven by lower capitalization of interest expense related to the Company's automated distribution facility and an increase in interest expense from long term debt.

Income Taxes Income tax expense in the first quarter of 2026 was $217 million (2025 – $176 million) and the effective tax rate was 26.2% (2025 – 26.0%). The increase to the effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the first quarter of 2025.

Adjusted income tax expense[(2)] in the first quarter of 2026 was $214 million (2025 – $205 million) and the adjusted effective tax rate[(2)] was 26.2% (2025 – 26.6%). The decrease to the adjusted effective tax rate[(2)] was primarily attributable to the impact of other non-deductible items.

Net Earnings Attributable To Non-Controlling Interests Net earnings attributable to non-controlling interests were $25 million, an increase of $6 million or 31.6% compared to the first quarter of 2025, primarily driven by an increase 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.

Discontinued Operations As a result of the announcement of the sale of PC Financial to EQB, the results of PC Financial are presented in discontinued operations, net of intersegment eliminations.

Revenue Revenue, included in discontinued operations, was $240 million in the first quarter of 2026, an increase of $9 million compared to the first quarter of 2025. The increase in revenue was primarily driven by higher interest and interchange income and higher insurance commission income.

Net Earnings Available to Common Shareholders of the Company from Discontinued Operations Net Earnings Available to Common Shareholders of the Company from Discontinued Operations was $7 million in the first quarter of 2026, a decrease of $15 million compared to the first quarter of 2025. The decrease was primarily driven by:

- a charge of $24 million due to a change in certain commodity tax legislation; and
- higher charge-offs;

partially offset by,

- higher revenue as described above; and
- the year-over-year favourable impact of the expected credit loss provision.

Credit Card Receivables The components of credit card receivables were as follows:

(millions of Canadian dollars except where otherwise indicated)	**As at March 28, 2026**	As at March 22, 2025	$ Change	% Change
Average quarterly net credit card receivables	**$ 4,146**	$ 4,014	$ 132	3.3 %
Credit card receivables	**4,052**	3,797	255	6.7 %
Allowance for credit card receivables	**259**	271	(12)	(4.4)%
Annualized yield on average quarterly gross credit card receivables	**15.3 %**	14.9 %		
Annualized credit loss rate on average quarterly gross credit card receivables	**4.8 %**	4.3 %		

As at March 28, 2026, credit card receivables were classified as assets held for sale. As at March 28, 2026, credit card receivables were $4,052 million, an increase of $255 million compared to March 22, 2025. This increase was primarily driven by growth in the active customer base. The expected credit loss allowance for credit card receivables was $259 million, a decrease of $12 million compared to March 22, 2025. The decrease is reflective of the current consumer credit trends.

4. Liquidity and Capital Resources

4.1 Cash Flows

The following Major Cash Flow Components are presented on a total Company basis, inclusive of continuing and discontinued operations.

Major Cash Flow Components

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**	2025 (12 weeks)	$ Change	% Change
Cash and cash equivalents, beginning of period[(i)]	**$ 1,441**	$ 1,462	$ (21)	(1.4)%
Cash flows from (used in):				
Operating activities	**$ 1,308**	$ 953	$ 355	37.3 %
Investing activities	**(672)**	(545)	(127)	(23.3)%
Financing activities	**(1,075)**	(931)	(144)	(15.5)%
Effect of foreign currency exchange rate changes on cash and cash equivalents	**1**	(1)	2	200.0 %
Change in cash and cash equivalents	**$ (438)**	$ (524)	$ 86	16.4 %
Cash and cash equivalents, end of period[(ii)]	**$ 1,003**	$ 938	$ 65	6.9 %

(i) Cash and cash equivalents at the beginning of the period ended March 28, 2026 have been adjusted to reflect the adoption of amendments to IFRS 9 and IFRS 7, resulting in a $49 million increase to the opening balance. See note 3 "Adoption of Accounting Standards and Amendments" of the Company's interim financial statements.

(ii) The major cash flow components are presented on a total operations basis. See note 4 "Assets Held for Sale and Discontinued Operations" of the Company's interim financial statements for cash flow information related to discontinued operations.

Cash Flows from Operating Activities Cash flows from operating activities were $1,308 million, an increase of $355 million compared to the first quarter of 2025. The increase was primarily driven by the favourable change in non-cash working capital, the year-over-year change in provisions, and higher cash earnings, partially offset by lower payments received from cardholders on credit card receivables.

Cash Flows used in Investing Activities Cash flows used in investing activities were $672 million, an increase of $127 million compared to the first quarter of 2025. The increase was primarily driven by the year-over-year change in security deposits, the Company's investment in equity securities, an increase in investments in fixed and intangible assets, and lower proceeds from disposal of assets and long term securities, partially offset by lower purchases of short term investments.

Capital Investments and Store Activity

	As at March 28, 2026	As at March 22, 2025	Change	As at January 3, 2026	Change
Food Retail					
Number of corporate stores[(i)]	**567**	556	11	566	1
Number of franchise stores	**565**	533	32	562	3
Total number of Food Retail stores	**1,132**	1,089	43	1,128	4
Drug Retail					
Number of Associate-owned drug stores	**1,383**	1,361	22	1,376	7
Total number of stores	**2,515**	2,450	65	2,504	11

	As at March 28, 2026	As at March 22, 2025	% Change	As at January 3, 2026	% Change
Food Retail					
Corporate square footage (in millions)	**36.2**	36.0	0.6 %	36.2	— %
Franchise square footage (in millions)	**17.5**	16.9	3.6 %	17.4	0.6 %
Food Retail square footage (in millions)	**53.7**	52.9	1.5 %	53.6	0.2 %
Drug Retail					
Associate-owned drug store square footage (in millions)	**19.8**	19.4	2.1 %	19.7	0.5 %
Total retail square footage (in millions)	**73.5**	72.3	1.7 %	73.3	0.3 %
Average store size (square feet)					
Corporate	**63,800**	64,700	(1.4)%	64,000	(0.3)%
Franchise	**31,000**	31,700	(2.2)%	31,000	— %
Associate-owned drug store	**14,300**	14,300	— %	14,300	— %

(i) Number of corporate stores includes one stand-alone BeautyBOUTIQUE by Shoppers Drug Mart. Revenue related to this store is included in Drug Retail for all periods presented.

Capital Investments Capital investments were $312 million, an increase of $66 million or 27%, compared to the first quarter of 2025. The increase was driven by higher fixed asset purchases and intangible asset additions.

Cash Flows used in Financing Activities Cash flows used in financing activities were $1,075 million, an increase of $144 million compared to the first quarter of 2025. The increase was primarily driven by higher repurchases of common shares, as well as lower issuances of long term debt, net of repayments and a decrease in demand deposits from customers, partially offset by the redemption of all issued and outstanding Preferred Shares, Series B on January 8, 2025 and lower dividends paid due to the timing of the first quarter dividend payment in 2026.

Free Cash Flow(2)

	2026 (12 weeks)			2025 (12 weeks)		
For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars)	**Continuing Operations**	**Discontinued Operations**	**Total**	Continuing Operations	Discontinued Operations	Total
Cash flows from operating activities	**$ 1,096**	**$ 212**	**$ 1,308**	$ 412	$ 541	$ 953
Less:						
Capital investments(i)	**305**	**7**	**312**	237	9	246
Interest paid	**87**	**16**	**103**	87	20	107
Lease payments, net	**272**	**—**	**272**	385	—	385
Free cash flow(2)	**$ 432**	**$ 189**	**$ 621**	$ (297)	$ 512	$ 215

(i) 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 continuing operations was $432 million, an increase of $729 million compared to the first quarter of 2025. The increase was primarily driven by the favourable change in non-cash working capital, the year-over-year change in provisions, and higher cash earnings, partially offset by higher taxes paid in the current period. Continuing operations were also impacted by lower lease payments compared to the first quarter of 2025, partially offset by an increase in capital investments.

Free cash flow(2) from discontinued operations was $189 million, a decrease of $323 million compared to the first quarter of 2025. The decrease was driven primarily by lower payments received from cardholders on credit card receivables and an unfavourable change in non-cash working capital compared to the first quarter of 2025.

4.2 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.

The following table presents total debt:

	As at March 28, 2026	As at March 22, 2025	As at January 3, 2026
(millions of Canadian dollars)	**Total**	Total	Total
Bank indebtedness	**$ —**	$ 22	$ —
Demand deposits from customers	**—**	513	—
Short term debt	**—**	500	—
Long term debt due within one year	**—**	624	—
Long term debt(i)	**6,144**	8,054	5,891
Certain other liabilities(ii)	**323**	299	315
Total debt excluding lease liabilities and liabilities associated with assets held for sale	**$ 6,467**	$ 10,012	$ 6,206
Lease liabilities due within one year	**1,611**	1,529	1,584
Lease liabilities	**8,980**	8,645	8,830
Total debt excluding liabilities associated with assets held for sale	**$ 17,058**	$ 20,186	$ 16,620
Total debt and demand deposits from customers included in liabilities associated with assets held for sale(iii)	**$ 3,981**	$ —	4,158
Total Company debt(iv)	**$ 21,039**	$ 20,186	$ 20,778

(i) The Company has a committed credit facility for $1.5 billion with maturity date of March 27, 2030, provided by a syndicate of lenders. This committed credit facility contains certain financial covenants and, as at March 28, 2026 and throughout the first quarter of 2026, the Company was in compliance with these covenants.

(ii) As at March 28, 2026, certain other liabilities include financial liabilities of $205 million that did not meet the criteria for sale (March 22, 2025 – $192 million; January 3, 2026 – $204 million) (see note 8 "Real Estate Dispositions" of the Company's interim financial statements).

(iii) As at March 28, 2026 and January 3, 2026, debt of $3,981 million and $4,158 million, respectively, related to PC Financial was included in liabilities associated with assets held for sale. See note 4 "Assets Held for Sale and Discontinued Operations" of the Company's interim financial statements. As at March 22, 2025, PC Financial debt was $3,946 million and is comprised of demand deposits from customers, short-term debt, long-term debt due within one year, and $2,309 million of long-term debt.

(iv) As at March 28, 2026, Total Company debt, excluding debt related to PC Financial was $17,058 million (March 22, 2025 – $16,240 million; January 3, 2026 – $16,620 million).

Retail Operations The Company manages its capital structure with the objective of maintaining credit metrics consistent with those of investment grade retailers. The Company calculates the Debt to Adjusted EBITDA(2) ratio to measure the leverage being employed.

	As at March 28, 2026	As at March 22, 2025	As at January 3, 2026
Debt to rolling year adjusted EBITDA(2)	**2.4 x**	2.4 x	2.3 x

The Debt to rolling year adjusted EBITDA(2) ratio as at March 28, 2026 was flat compared to March 22, 2025. The Debt to rolling year adjusted EBITDA(2) ratio as at March 28, 2026 increased compared to January 3, 2026, driven by an increase in debt, partially offset by an improvement in adjusted EBITDA(2).

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

Covenants and Regulatory Requirements The Company is required to comply with certain financial covenants for various debt instruments. As at March 28, 2026 and throughout the quarter, the Company was in compliance with such covenants. As at March 28, 2026 and throughout the quarter, PC Bank has met all applicable regulatory requirements.

4.3 Financial Condition

Rolling Year Adjusted Return on Equity(2) and Rolling Year Adjusted Return on Capital(2) Rolling year adjusted return on equity(2) and Rolling year adjusted return on capital(2) are ratios calculated on a total Company basis (including continued and discontinued operations). See Section 11 "Non-GAAP and Other Financial Measures" for the definition of these measures.

	As at March 28, 2026	As at March 22, 2025(i)	As at January 3, 2026(i)
Rolling year adjusted return on equity(2)	**26.8 %**	24.3 %	26.2 %
Rolling year adjusted return on capital(2)	**12.4 %**	11.8 %	12.4 %

(i) Certain figures have been restated due to the non-GAAP financial measures adjusting item change. See Section 11 "Non-GAAP and Other Financial Measures of the Company's 2026 First Quarter Report to Shareholders.

The rolling year adjusted return on equity(2) as at March 28, 2026 increased compared to March 22, 2025, driven by an improvement in the underlying operating performance and a decrease in average equity. The decrease in average equity was due to a decrease in share capital, partially offset by the impact of preferred shares redemption in the fourth quarter of 2024. The rolling year adjusted return on equity(2) as at March 28, 2026 increased compared to January 3, 2026, due to a decrease in average equity primarily driven by a decrease in retained earnings, and an improvement in the underlying operating performance.

The rolling year adjusted return on capital(2) as at March 28, 2026 increased compared to March 22, 2025, 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, lease liabilities, and demand deposits from customers. The rolling year adjusted return on capital(2) as at March 28, 2026 was flat compared to January 3, 2026.

4.4 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	A (low)	Stable	BBB+	Stable
Medium term notes	A (low)	Stable	BBB+	n/a

Subsequent to the end of the first quarter of 2026, Morningstar DBRS upgraded the ratings from BBB (high) to A (low) for the Company's issuer rating and medium term notes and changed the trends on all credit ratings from positive to stable.

4.5 Dividends and Share Repurchases

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

	March 28, 2026 (12 weeks)	March 22, 2025 (12 weeks)
Dividends declared per share ($)		
Common Share(i)(ii)	**$ 0.141075**	$ 0.128250
Second Preferred Share, Series B	**$ —**	$ 0.029440

(i) The Common Share dividends declared in the first quarter of 2026 of $0.141075 per share had a payment date of April 1, 2026.

(ii) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025.

In the third quarter of 2025, the Company completed a four-for-one stock split of its outstanding common shares. The stock split was implemented by way of a stock dividend, with shareholders receiving three additional common shares for each common share held. The stock split was 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 first quarter of 2026, the Board of Directors declared a quarterly dividend of $0.155183 per common share, payable on July 1, 2026 to shareholders of record on June 15, 2026.

IIn 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 59,800,244 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at March 28, 2026, the Company had purchased 10,196,922 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 George Weston Limited ("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 first quarter of 2026, 10,196,922 common shares (2025 – 9,941,620) were purchased under the NCIB for cancellation, for aggregate consideration of $648 million (2025 – $457 million), including 4,869,799 common shares (2025 – 4,595,016) purchased from Weston, for aggregate consideration of $309 million (2025 – $211 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 March 28, 2026, an obligation to repurchase shares of $250 million was recognized under the ASPP in trade payables and other liabilities.

For additional information, see note 10 "Share Capital" of the Company's interim financial statements.

4.6 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 first quarter of 2026. For a discussion of the Company's significant off-balance sheet arrangements, see Section 6.7 "Off-Balance Sheet Arrangements" of the Company's 2025 Annual Report.

5. Financial Derivative Instruments

The Company uses derivative instruments to offset certain of its financial risks. The Company uses bond forwards to manage its anticipated exposure to fluctuations in interest rates on future debt issuances. The Company also uses futures and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates in its underlying operations. These derivative instruments are designated as cash flow hedges.

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 first quarter of 2026, a nominal fair value gain (2025 – fair value loss of $10 million) was recorded in other comprehensive income related to the energy hedge. The fair value of the derivative was included in other liabilities.

The Company also uses futures 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 first quarter of 2026, see Section 11 "Non-GAAP and Other Financial Measures" of the MD&A.

6. 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 2026 and 2024 were 52 weeks and fiscal year 2025 was 53 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. As a result of the announcement of the sale of PC Financial, the results of PC Financial, net of intersegment eliminations, are presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations (Retail).

Summary of Consolidated Quarterly Results

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	**2026** **(12 weeks)**	**2025** **(12 weeks)**	2025(i) (13 weeks)	2024(i) (12 weeks)	2025(i) (16 weeks)	2024(i) (16 weeks)	2025(i) (12 weeks)	2024(i) (12 weeks)
Revenue	**$ 14,484**	**$ 13,904**	$16,382	$14,725	$ 19,160	$18,332	$14,457	$ 13,715
Adjusted EBITDA(2)	**1,607**	**1,509**	1,774	1,583	2,104	1,985	1,748	1,638
Net earnings available to common shareholders of the Company	**594**	**503**	656	462	794	777	714	457
Continuing operations	**587**	**481**	611	452	746	622	693	440
Discontinued operations	**7**	**22**	45	10	48	155	21	17
Adjusted net earnings available to common shareholders of the Company(2)	**$ 609**	**$ 570**	$ 793	$ 659	$ 818	$ 766	$ 713	$ 661
Continuing operations	**578**	**548**	748	626	770	736	692	644
Discontinued operations	**31**	**22**	45	33	48	30	21	17
Net earnings per common share:								
Basic ($)	**$ 0.51**	**$ 0.42**	$ 0.56	$ 0.38	$ 0.67	$ 0.64	$ 0.60	$ 0.37
Continuing operations	**0.50**	**0.40**	0.52	0.38	0.63	0.51	0.58	0.36
Discontinued operations	**0.01**	**0.02**	0.04	—	0.04	0.13	0.02	0.01
Diluted ($)	**$ 0.50**	**$ 0.42**	$ 0.55	$ 0.38	$ 0.66	$ 0.63	$ 0.59	$ 0.37
Continuing operations	**0.50**	**0.40**	0.51	0.37	0.62	0.51	0.58	0.36
Discontinued operations	**—**	**0.02**	0.04	0.01	0.04	0.12	0.01	0.01
Adjusted diluted net earnings per common share(2) ($)	**$ 0.52**	**$ 0.47**	$ 0.67	$ 0.54	$ 0.68	$ 0.62	$ 0.59	$ 0.54
Continuing operations	**0.49**	**0.45**	0.63	0.51	0.64	0.60	0.58	0.53
Discontinued operations	**0.03**	**0.02**	0.04	0.03	0.04	0.02	0.01	0.01
Food Retail same-store sales growth	**2.4 %**	**2.2 %**	1.5 %	2.5 %	2.0 %	0.5 %	3.5 %	0.2 %
Drug Retail same-store sales growth	**4.1 %**	**3.8 %**	3.9 %	1.3 %	4.0 %	2.9 %	4.1 %	1.5 %

(i) Certain figures have been restated due to the non-GAAP financial measures adjusting item change. See Section 11 "Non-GAAP and Other Financial Measures" of the Company's 2026 First Quarter Report to Shareholders.

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;
- the impact of the 13th week in the fourth quarter of 2025;
- 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 2.2 million square feet to 73.5 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;
- the impact of the 13th week in the fourth quarter of 2025;
- 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 11 “Non-GAAP and Other Financial Measures”, including:
    - amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark;
    - PC Financial transaction costs;
    - deferred tax on outside basis difference related to Sale of PC Financial;
    - fair value adjustment on non-operating properties;
    - PC Optimum™ loyalty program, including the revaluation of the loyalty liability;
    - wind-down of *Theodore & Pringle* optical business;
    - charges related to the settlement of class action lawsuits;
    - sale of Wellwise;
    - (gain) loss on sale of non-operating properties;
    - fair value adjustment on non-operating properties;
    - fair value adjustment on fuel, foreign currency and investments; and
    - charges (recovery) related to a PC Bank commodity tax matter.

7. 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 first quarter of 2026 that materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

8. 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 January 3, 2026 and the Company's MD&A in the Company's 2025 Annual Report, which are hereby incorporated by reference. The Company's AIF and 2025 Annual Report are available online on www.sedarplus.ca. Those risks and risk management strategies remain unchanged.

9. Adoption of Accounting Standards and Amendments

Amendments to IFRS 9 and IFRS 7 In May 2024, amendments to IFRS 9, "Financial Instruments" ("IFRS 9") and IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7") were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. In addition to these clarifications, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. Also included in the amendments, are clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance. Under the amendments, additional disclosures are required for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. The adoption of these amendments did not have a material impact on the Company's unaudited interim period condensed consolidated financial statements. For financial liabilities settled in cash using an electronic payment system, the Company applied the election to deem these financial liabilities to be discharged before the settlement date. The amendments have been applied retrospectively with no restatement of comparative information, in accordance with transition requirements on the initial application of IFRS 9. The adjustment to the cash balance reflects a $49 million increase to the opening balance of cash and cash equivalents in the condensed consolidated statements of cash flows.

Amendments to IFRS 9 and IFRS 7 In December 2024, amendments to IFRS 9 and IFRS 7 were issued to enhance the transparency of nature-dependent electricity contracts. The amendments allow a company to apply an own-use exemption to certain power purchase agreements if certain requirements are met. The amendments require further disclosure where an own-use exemption is applied regarding the contractual features exposing the company to variability in electricity volume and risk of oversupply, unrecognized contractual commitments and the effect of the contracts on an entity's financial performance. The amendments are effective for annual reporting periods beginning on or after January 1, 2026 and were adopted by the Company on a prospective basis. The adoption of these amendments did not have a material impact on the Company's unaudited interim period condensed consolidated financial statements.

10. 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 2026. The Company's businesses remain well positioned to meet the everyday needs of Canadians. The Company cannot predict the timing of the closing of the Sale of PC Financial, and its impact on the Company's financial results. In 2026, excluding this impact and the 53rd week impact in 2025, 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 approximately $2.4 billion in gross capital expenditures; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

11. Non-GAAP and Other Financial Measures

The Company uses the following non-GAAP and other financial measures and ratios: 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; revenue (including retail and PC Financial); free cash flow; debt to 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 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.

As a result of the announcement of the sale of PC Financial, the results of PC Financial, net of intersegment eliminations, are presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations (Retail).

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

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

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars)	**2026 (12 weeks)**	2025 (12 weeks)
	Total	Total
Net earnings attributable to shareholders of the Company from continuing operations	**$ 587**	$ 481
Add (deduct) impact of the following:		
Non-controlling interests	**25**	19
Net interest expense and other financing charges	**181**	162
Income taxes	**217**	176
Operating income	**$ 1,010**	$ 838
Add (deduct) impact of the following:		
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 10**	$ 116
PC Financial transaction costs	**1**	—
Sale of Wellwise	**—**	(5)
Gain on sale of non-operating property	**—**	(14)
Fair value adjustment on fuel, foreign currency contracts, and investments	**(23)**	(1)
Adjusting items	**$ (12)**	$ 96
Adjusted operating income	**$ 998**	$ 934
Depreciation and amortization	**619**	691
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(10)**	(116)
Adjusted EBITDA	**$ 1,607**	$ 1,509

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. The annual amortization associated with the acquired intangibles 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.

PC Financial transaction costs In the first quarter of 2026, the Company recorded transaction and other related costs of $1 million in connection with the Sale of PC Financial.

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 SG&A. The transaction closed in the first quarter of 2025 and the Company recorded a gain of $5 million in SG&A.

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

Fair value adjustment on fuel, foreign currency contracts, and investments 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. The Company holds certain investments, including Venture Fund investments, classified as fair value through profit and loss. Any changes in the fair value of these investments are included in operating income. Starting in the first quarter of 2026, fair value adjustments on such investments are considered an adjusting item. See "Non-GAAP and Other Financial Measures Change Effective First Quarter of 2026" section below.

Adjusted Operating Income from Discontinued Operations, Total Company Adjusted Operating Income, Adjusted EBITDA from Discontinued Operations, Total Company Adjusted EBITDA and Total Company Adjusted EBITDA Margin The following table reconciles adjusted operating income and adjusted EBITDA from discontinued operations to operating income from discontinued operations which is reconciled to net earnings attributable to shareholders of the Company from discontinued operations as reported in the condensed consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted EBITDA from discontinued operations and on a total Company basis is useful in assessing the performance of its total Company and discontinued operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

Total Company adjusted EBITDA margin is calculated as total Company adjusted EBITDA divided by revenue (including Retail and PC Financial).

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars)	**2026 (12 weeks) Total**	2025 (12 weeks) Total
Net earnings attributable to shareholders of the Company from discontinued operations(i)	**$ 7**	$ 22
Add impact of the following:		
Net interest expense and other financing charges(i)	**46**	36
Income taxes(i)	**4**	10
Operating income from discontinued operations(i)	**$ 57**	$ 68
Add impact of the following:		
Charge related to PC Bank commodity tax matter	**23**	—
Adjusting items	**$ 23**	$ —
Adjusted operating income from discontinued operations	**$ 80**	$ 68
Adjusted operating income (refer to table above)	**998**	934
Total Company adjusted operating income	**$ 1,078**	$ 1,002
Adjusted operating income from discontinued operations	**$ 80**	$ 68
Depreciation and amortization from discontinued operations	**—**	14
Adjusted EBITDA from discontinued operations	**$ 80**	$ 82
Adjusted EBITDA (refer to table above)	**1,607**	1,509
Total Company adjusted EBITDA	**$ 1,687**	$ 1,591

(i) For additional information, see note 4 "Assets Held for Sale and Discontinued Operations" of the Company's interim financial statements.

In addition to the items described in the adjusted EBITDA section above, adjusted operating income from discontinued operations and Total Company adjusted operating income were impacted by the following:

Charge related to PC Bank commodity tax matter In the first quarter of 2026, the Federal government enacted commodity tax legislation rendering PC Bank ineligible to claim notional input tax credits for certain payments it makes to Loblaws Inc. in respect of redemptions of loyalty points. As the legislation was effective beginning in fiscal year 2025, PC Bank recorded a charge of $23 million in SG&A, reversing notional input tax credit related amounts previously recorded. In addition, a charge of $10 million was recorded, reversing interest income on expected cash tax refunds.

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 condensed consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted net interest expense and other financing charges is useful in assessing the Company's underlying financial performance and in making decisions regarding the financial operations of the business.

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars)	**2026** **(12 weeks)**	2025 (12 weeks)
Net interest expense and other financing charges	**$ 181**	$ 162
Adjusted net interest expense and other financing charges	**$ 181**	$ 162

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

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars)	**2026** **(12 weeks)**	2025 (12 weeks)
Net interest expense and other financing charges from discontinued operations(i)	**$ 46**	$ 36
Deduct: Charge related to PC Bank commodity tax matter	**(10)**	—
Adjusted net interest expense and other financing charges from discontinued operations	**$ 36**	$ 36

(i) For additional information, see note 4 "Assets Held for Sale and Discontinued Operations" of the Company's interim financial statements.

Charge related to PC Bank commodity tax matter In the first quarter of 2026, a charge of $10 million was recorded, reversing interest income on expected cash tax refunds on the PC Bank commodity tax matter as discussed above.

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

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

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**	2025 (12 weeks)
Adjusted operating income[(i)]	**$ 998**	$ 934
Adjusted net interest expense and other financing charges[(i)]	**181**	162
Adjusted earnings before taxes	**$ 817**	$ 772
Income taxes	**$ 217**	$ 176
Add impact of the following:		
Tax impact of items included in adjusted earnings before taxes[(ii)]	**(3)**	29
Adjusted income taxes	**$ 214**	$ 205
Effective tax rate	**26.2 %**	26.0 %
Adjusted effective tax rate	**26.2 %**	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 From Continuing Operations and Adjusted Diluted Net Earnings Per Common Share From Continuing Operations The following table reconciles adjusted net earnings available to common shareholders of the Company from continuing operations and adjusted net earnings attributable to shareholders of the Company from continuing operations to net earnings attributable to shareholders of the Company and then to net earnings available to common shareholders of the Company from continuing operations as reported in the condensed consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted net earnings available to common shareholders from continuing operations and adjusted diluted net earnings per common share from continuing operations are useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**	2025 (12 weeks)
Net earnings attributable to shareholders of the Company	**$ 594**	$ 503
Net earnings from discontinued operations	**7**	22
Net earnings attributable to shareholders of the Company from continuing operations	**$ 587**	$ 481
Net earnings available to common shareholders of the Company from continuing operations	**$ 587**	$ 481
Net earnings attributable to shareholders of the Company from continuing operations	**$ 587**	$ 481
Adjusting items (refer to the following table)	**(9)**	67
Adjusted net earnings attributable to shareholders of the Company from continuing operations	**$ 578**	$ 548
Adjusted net earnings available to common shareholders of the Company from continuing operations	**$ 578**	$ 548
Diluted weighted average common shares outstanding[(4)] (millions)	**1,178.2**	1,210.3

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 as reported in the condensed consolidated statements of earnings for the periods ended as indicated.

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars/Canadian dollars)	**2026 (12 weeks)** Net Earnings Available to Common Shareholders of the Company	**2026 (12 weeks)** Diluted Net Earnings Per Common Share	2025 (12 weeks) Net Earnings Available to Common Shareholders of the Company	2025 (12 weeks) Diluted Net Earnings Per Common Share[4]
Continuing operations	**$ 587**	**$ 0.50**	$ 481	$ 0.40
Discontinued operations	**7**	**—**	22	0.02
As reported	**$ 594**	**$ 0.50**	$ 503	$ 0.42
Continuing operations	**$ 587**	**$ 0.50**	$ 481	$ 0.40
Add (deduct) impact of the following:				
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 7**	**$ —**	$ 86	$ 0.07
PC Financial transaction costs	**1**	**—**	—	—
Sale of Wellwise	**—**	**—**	(5)	(0.01)
Gain on sale of non-operating property	**—**	**—**	(13)	(0.01)
Fair value adjustment on fuel, foreign currency contracts, and investments	**(17)**	**(0.01)**	(1)	—
Adjusting items from continuing operations	**$ (9)**	**$ (0.01)**	$ 67	$ 0.05
Adjusted continuing operations	**$ 578**	**$ 0.49**	$ 548	$ 0.45
Discontinued operations	**$ 7**	**$ —**	$ 22	$ 0.02
Add impact of the following:				
Charges related to PC Bank commodity tax matter	**$ 24**	**$ 0.03**	$ —	$ —
Adjusting items from discontinued operations	**$ 24**	**$ 0.03**	$ —	$ —
Adjusted discontinued operations	**$ 31**	**$ 0.03**	$ 22	$ 0.02
Adjusted Total Company	**$ 609**	**$ 0.52**	$ 570	$ 0.47

Revenue (including Retail and PC Financial) The following table reconciles Revenue (including Retail and PC Financial) to Revenue for the periods ended as indicated. Revenue represents retail revenue, and is primarily comprised of Food Retail and Drug Retail sales. The Company believes that Revenue (including Retail and PC Financial) are useful in assessing the Company's underlying operating performance.

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**	2025 (12 weeks)
Food Retail[(i)]	**$ 10,238**	$ 9,854
Drug Retail	**4,246**	4,050
Pharmacy and healthcare services	**2,384**	2,201
Front store	**1,862**	1,849
Revenue	**$ 14,484**	$ 13,904
PC Financial revenue (discontinued operations)	**$ 240**	$ 231
Revenue (including Retail and PC Financial)	**$ 14,724**	$ 14,135

(i) As a result of the announcement of the sale of PC Financial, Food Retail sales now includes revenue related to PC Services, primarily related to sales attributable to The Mobile Shop™ in the current and comparative period presented, including revenue of $69 million in the first quarter of 2026 (2025 – $67 million).

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

For the periods ended March 28, 2026 and March 22, 2025 (millions of Canadian dollars)	**2026 (12 weeks)**	2025 (12 weeks)
Cash flows from operating activities Total Company	**$ 1,308**	$ 953
Cash flows from operating activities from discontinued operations	**212**	541
Cash flows from operating activities from continuing operations	**$ 1,096**	$ 412
Less:		
Capital investments[i]	**305**	237
Interest paid	**87**	87
Lease payments, net	**272**	385
Free cash flow from continuing operations	**$ 432**	$ (297)
Cash flows from operating activities from discontinued operations	**$ 212**	$ 541
Less:		
Capital investments	**7**	9
Interest paid	**16**	20
Lease payments, net	**—**	—
Free cash flow from discontinued operations	**$ 189**	$ 512
Free cash flow from Total Company	**$ 621**	$ 215

(i) 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.

Debt to Rolling Year 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.

- ***Debt to Rolling Year Adjusted EBITDA*** Total Company debt, excluding debt related to PC Financial, divided by adjusted EBITDA from continuing operations for the last four quarters. See Section 4.2 "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. See Section 4.3 "Financial Condition" of this MD&A.
- ***Rolling Year Adjusted Return on Capital*** Tax-effected total Company adjusted operating income for the last four quarters divided by average capital where capital is defined as total Company debt, plus equity attributable to shareholders of the Company, less cash and cash equivalents, and short term investments, including cash and cash equivalents and short term investments classified as held for sale. See Section 4.3 "Financial Condition" of this MD&A.

Same-Store Sales Same-store sales are retail 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 and Adjusted EBITDA 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 from continuing operations reported for the quarters ended as indicated.

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	**2026** **(12 weeks)**	**2025** **(12 weeks)**	2025[i] (13 weeks)	2024[i] (12 weeks)	2025[i] (16 weeks)	2024[i] (16 weeks)	2025[i] (12 weeks)	2024[i] (12 weeks)
Net earnings attributable to shareholders of the Company	**$ 587**	**$ 481**	$ 611	$ 459	$ 746	$ 625	$ 693	$ 443
Add (deduct) impact of the following:								
Non-controlling interests	**25**	**19**	(7)	(1)	16	40	43	38
Net interest expense and other financing charges	**181**	**162**	173	162	234	210	173	153
Income taxes	**217**	**176**	357	173	288	220	259	173
Operating income	**$ 1,010**	**$ 838**	$ 1,134	$ 793	$ 1,284	$ 1,095	$ 1,168	$ 807
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 10**	**$ 116**	$ 10	$ 115	$ 14	$ 155	$ 9	$ 115
PC Financial transaction costs	**1**	**—**	10	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	4	3	—	—	—	—
Wind-down of *Theodore & Pringle* optical business	**—**	**—**	—	—	30	—	—	—
PC Optimum loyalty program	**—**	**—**	—	99	—	—	—	—
Charges related to settlement of class action lawsuits	**—**	**—**	—	—	—	—	—	164
Sale of Wellwise	**—**	**(5)**	—	23	—	—	—	—
(Gain) loss on sale of non-operating properties	**—**	**(14)**	11	(3)	2	—	(1)	—
Fair value adjustment on fuel, foreign currency contracts, and investments	**(23)**	**(1)**	2	(12)	(12)	(1)	(7)	(2)
Adjusting items	**$ (12)**	**$ 96**	$ 37	$ 225	$ 34	$ 154	$ 1	$ 277
Adjusted operating income	**$ 998**	**$ 934**	$ 1,171	$ 1,018	$ 1,318	$ 1,249	$ 1,169	$ 1,084
Depreciation and amortization	**619**	**691**	613	680	800	891	588	669
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**(10)**	**(116)**	(10)	(115)	(14)	(155)	(9)	(115)
Adjusted EBITDA[ii]	**$ 1,607**	**$ 1,509**	$ 1,774	$ 1,583	$ 2,104	$ 1,985	$ 1,748	$ 1,638

(i) Certain figures have been restated due to the non-GAAP financial measures adjusting item change. See Section 11 "Non-GAAP and Other Financial Measures of the Company's 2026 First Quarter Report to Shareholders.

(ii) 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 Operating Income from Discontinued Operations, Total Company Adjusted Operating Income, Adjusted EBITDA from Discontinued Operations and Total Company Adjusted EBITDA The following table reconciles adjusted operating income and adjusted EBITDA from discontinued operations and on a Total Company basis to operating income from discontinued operations and Total Company, which is reconciled to net earnings attributable to shareholders of the Company from discontinued operations as reported in the notes to the consolidated financial statements for the periods ended as indicated. The Company believes that adjusted EBITDA from discontinued operations and on a Total Company basis is useful in assessing the performance of its Total Company and discontinued operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**	**2025 (12 weeks)**	2025[(i)] (13 weeks)	2024[(i)] (12 weeks)	2025[(i)] (16 weeks)	2024[(i)] (16 weeks)	2025[(i)] (12 weeks)	2024[(i)] (12 weeks)
Net earnings attributable to shareholders of the Company from discontinued operations	**$ 7**	**$ 22**	$ 45	$ 10	$ 48	$ 155	$ 21	$ 17
Add (deduct) impact of the following:								
Net interest expense and other financing charges	**46**	**36**	39	37	39	28	39	37
Income taxes	**4**	**10**	20	12	5	43	11	7
Operating income	**$ 57**	**$ 68**	$ 104	$ 59	$ 92	$ 226	$ 71	$ 61
Add (deduct) impact of the following:								
Charge (recovery) related to PC Bank commodity tax matter	**$ 23**	**$ —**	$ —	$ —	$ —	$ (155)	$ —	$ —
PC Optimum loyalty program	**—**	**—**	—	30	—	—	—	—
Adjusting items	**$ 23**	**$ —**	$ —	$ 30	$ —	$ (155)	$ —	$ —
Adjusted operating income from discontinued operations	**$ 80**	**$ 68**	$ 104	$ 89	$ 92	$ 71	$ 71	$ 61
Adjusted operating income (refer to table above)	**998**	**934**	1171	1018	1318	1249	1169	1084
Total Company adjusted operating income	**1,078**	**1,002**	1,275	1,107	1,410	1,320	1,240	1,145
Adjusted operating income from discontinued operations	**$ 80**	**$ 68**	$ 104	$ 89	$ 92	$ 71	$ 71	$ 61
Depreciation and amortization from discontinued operations	**—**	**14**	6	14	10	12	12	10
Adjusted EBITDA from discontinued operations	**$ 80**	**$ 82**	$ 110	$ 103	$ 102	$ 83	$ 83	$ 71
Adjusted EBITDA (refer to table above)	**$ 1,607**	**$ 1,509**	$ 1,774	$ 1,583	$ 2,104	$ 1,985	$ 1,748	$ 1,638
Total Company Adjusted EBITDA	**$ 1,687**	**$ 1,591**	$ 1,884	$ 1,686	$ 2,206	$ 2,068	$ 1,831	$ 1,709

(i) Certain figures have been restated due to the non-GAAP financial measures adjusting item change. See Section 11 "Non-GAAP and Other Financial Measures of the Company's 2026 First Quarter Report to Shareholders.

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.

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	**2026 (12 weeks)**	**2025 (12 weeks)**	2025[(i)] (13 weeks)	2024[(i)] (12 weeks)	2025[(i)] (16 weeks)	2024[(i)] (16 weeks)	2025[(i)] (12 weeks)	2024[(i)] (12 weeks)
Continuing operations	**$ 587**	**$ 481**	$ 611	$ 452	$ 746	$ 622	$ 693	$ 440
Discontinued operations	**$ 7**	**$ 22**	$ 45	$ 10	$ 48	$ 155	$ 21	$ 17
As reported	**$ 594**	**$ 503**	$ 656	$ 462	$ 794	$ 777	$ 714	$ 457
Continuing operations	**$ 587**	**$ 481**	$ 611	$ 452	$ 746	$ 622	$ 693	$ 440
Add (deduct) impact of the following[(ii)]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 7**	**$ 86**	$ 7	$ 84	$ 10	$ 115	$ 6	$ 84
PC Financial transaction costs	**1**	**—**	9	—	—	—	—	—
Deferred tax on outside basis difference related to Sale of PC Financial	**—**	**—**	107	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	3	3	—	—	—	—
PC Optimum loyalty program	**—**	**—**	—	71	—	—	—	—
Wind-down of *Theodore & Pringle* optical business	**—**	**—**	—	—	22	—	—	—
Charges related to settlement of class action lawsuits	**—**	**—**	—	—	—	—	—	121
Impact related to Sale of Wellwise	**—**	**(5)**	—	29	—	—	—	—
(Gain) loss on sale of non-operating properties	**—**	**(13)**	9	(3)	3	—	(1)	—
Fair value adjustment on fuel, foreign currency contracts, and investments	**(17)**	**(1)**	2	(10)	(11)	(1)	(6)	(1)
Adjusting items	**$ (9)**	**$ 67**	$ 137	$ 174	$ 24	$ 114	$ (1)	$ 204
Adjusted continuing operations	**$ 578**	**$ 548**	$ 748	$ 626	$ 770	$ 736	$ 692	$ 644
Discontinued operations	**$ 7**	**$ 22**	$ 45	$ 10	$ 48	$ 155	$ 21	$ 17
Add (deduct) impact of the following[(ii)]:								
Charge (recovery) related to PC Bank commodity tax matter	**$ 24**	**$ —**	$ —	$ —	$ —	$ (125)	$ —	$ —
PC Optimum loyalty program	**—**	**—**	—	23	—	—	—	—
Adjusting items	**$ 24**	**$ —**	$ —	$ 23	$ —	$ (125)	$ —	$ —
Adjusted discontinued operations	**$ 31**	**$ 22**	$ 45	$ 33	$ 48	$ 30	$ 21	$ 17
Adjusted[(ii)] Total Company	**$ 609**	**$ 570**	$ 793	$ 659	$ 818	$ 766	$ 713	$ 661

(i) Certain figures have been restated due to the non-GAAP financial measures adjusting item change. See Section 11 "Non-GAAP and Other Financial Measures of the Company's 2026 First Quarter Report to Shareholders.

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

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
(millions of Canadian dollars except where otherwise indicated)	**2026** **(12 weeks)**	**2025** **(12 weeks)**	2025[i] (13 weeks)	2024[i] (12 weeks)	2025[i] (16 weeks)	2024[i] (16 weeks)	2025[i] (12 weeks)	2024[i] (12 weeks)
Continuing operations	**$ 0.50**	**$ 0.40**	$ 0.51	$ 0.37	$ 0.62	$ 0.51	$ 0.58	$ 0.36
Discontinued operations	**$ —**	**$ 0.02**	$ 0.04	$ 0.01	$ 0.04	$ 0.12	$ 0.01	$ 0.01
As reported	**$ 0.50**	**$ 0.42**	$ 0.55	$ 0.38	$ 0.66	$ 0.63	$ 0.59	$ 0.37
Continuing operations	**$ 0.50**	**$ 0.40**	$ 0.51	$ 0.37	$ 0.62	$ 0.51	$ 0.58	$ 0.36
Add (deduct) impact of the following[ii]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ —**	**$ 0.07**	$ 0.01	$ 0.07	$ 0.01	$ 0.09	$ 0.01	$ 0.07
PC Financial transaction costs	**—**	**—**	0.01	—	—	—	—	—
Deferred tax on outside basis difference related to Sale of PC Financial	**—**	**—**	0.09	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	—	—	—	—	—	—
PC Optimum loyalty program	**—**	**—**	—	0.06	—	—	—	—
Wind-down of *Theodore & Pringle* optical business	**—**		—	—	0.02	—		—
Charges related to settlement of class action lawsuits	**—**	**—**	—	—	—	—	—	0.10
Impact related to Sale of Wellwise	**—**	**(0.01)**	—	0.02	—	—	—	—
(Gain) loss on sale of non-operating properties	**—**	**(0.01)**	0.01	—	—	—	—	—
Fair value adjustment on fuel, foreign currency contracts, and investments	**(0.01)**	**—**	—	(0.01)	(0.01)	—	(0.01)	—
Adjusting items	**$ (0.01)**	**$ 0.05**	$ 0.12	$ 0.14	$ 0.02	$ 0.09	$ —	$ 0.17
Adjusted continuing operations	**$ 0.49**	**$ 0.45**	$ 0.63	$ 0.51	$ 0.64	$ 0.60	$ 0.58	$ 0.53
Discontinued operations	**$ —**	**$ 0.02**	$ 0.04	$ 0.01	$ 0.04	$ 0.12	$ 0.01	$ 0.01
Add (deduct) impact of the following[ii]:								
Charge (recovery) related to PC Bank commodity tax matter	**$ 0.03**	**$ —**	$ —	$ —	$ —	$ (0.10)	$ —	$ —
PC Optimum loyalty program	**—**	**—**	—	0.02	—	—	—	—
Adjusting items	**$ 0.03**	**$ —**	$ —	$ 0.02	$ —	$ (0.10)	$ —	$ —
Adjusted discontinued operations	**$ 0.03**	**$ 0.02**	$ 0.04	$ 0.03	$ 0.04	$ 0.02	$ 0.01	$ 0.01
Adjusted[ii] Total Company	**$ 0.52**	**$ 0.47**	$ 0.67	$ 0.54	$ 0.68	$ 0.62	$ 0.59	$ 0.54
Diluted weighted average common shares outstanding (millions)	**1,178.2**	**1,210.3**	1,188.0	1,217.8	1,195.4	1,227.7	1,203.9	1,235.4

(i) Certain figures have been restated due to the non-GAAP financial measures adjusting item change. See Section 11 "Non-GAAP and Other Financial Measures of the Company's 2026 First Quarter Report to Shareholders.

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

Non-GAAP and Other Financial Measures Change Effective First Quarter of 2026 Starting in the first quarter of 2026, fair value adjustments on certain investments, including venture investments, classified as fair value through profit and loss are considered an adjusting item given their nature, magnitude and propensity to re-occur. The adjusting item meets the requisite criteria under the Company's Non-GAAP and Other Financial Measures Policy effective since 2021. These fair value adjustments are reported together with other fair value adjustments on fuel and foreign currency. This change is effective as of the first quarter of 2026 with restatement of comparative periods.

The below summary reconciles the non-GAAP and other financial measures as reported to those reported under the new policy starting in the first quarter of 2026. Adjusted operating income and Adjusted EBITDA from continuing operations are presented below:

					2025					2024
(millions of Canadian dollars)	**First Quarter (12 weeks)**	**Second Quarter (12 weeks)**	**Third Quarter (16 weeks)**	**Fourth Quarter (13 weeks)**	**Total (53 weeks)**	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)
Adjusted (as reported)										
EBITDA	**$ 1,509**	**$ 1,757**	**$ 2,115**	**$ 1,775**	**$ 7,156**	$ 1,450	$ 1,642	$ 1,986	$ 1,595	$ 6,673
Operating income	**$ 934**	**$ 1,178**	**$ 1,329**	**$ 1,172**	**$ 4,613**	$ 886	$ 1,088	$ 1,250	$ 1,030	$ 4,254
Add (deduct):										
Fair value adjustments on investments	**$ —**	**$ (9)**	**$ (11)**	**$ (1)**	**$ (21)**	$ 1	$ (4)	$ (1)	$ (12)	$ (16)
Adjusted (restated)										
EBITDA	**$ 1,509**	**$ 1,748**	**$ 2,104**	**$ 1,774**	**$ 7,135**	$ 1,451	$ 1,638	$ 1,985	$ 1,583	$ 6,657
Operating income	**$ 934**	**$ 1,169**	**$ 1,318**	**$ 1,171**	**$ 4,592**	$ 887	$ 1,084	$ 1,249	$ 1,018	$ 4,238

Adjusted net earnings available to common shareholders and adjusted diluted net earnings per common share are presented below:

										2025
	First Quarter (12 weeks)		**Second Quarter (12 weeks)**		**Third Quarter (16 weeks)**		**Fourth Quarter (13 weeks)**		**Total (53 weeks)**	
(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**	**Net Earnings Available to Common Shareholders of the Company**	**Diluted Net Earnings Per Common Share**
Adjusted (as reported)										
Continuing operations	$ 548	$ 0.45	$ 700	$ 0.59	$ 780	$ 0.65	$ 749	$ 0.63	$ 2,777	$ 2.32
Discontinued operations	$ 22	$ 0.02	$ 21	$ 0.01	$ 48	$ 0.04	$ 45	$ 0.04	$ 136	$ 0.11
Total Company(i)	**$ 570**	**$ 0.47**	**$ 721**	**$ 0.60**	**$ 828**	**$ 0.69**	**$ 794**	**$ 0.67**	**$ 2,913**	**$ 2.43**
Add (deduct):										
Fair value adjustments on investments(ii)	**$ —**	**$ —**	**$ (8)**	**$ (0.01)**	**$ (10)**	**$ (0.01)**	**$ (1)**	**$ —**	**$ (19)**	**$ (0.02)**
Adjusted (restated)										
Continuing operations	$ 548	$ 0.45	$ 692	$ 0.58	$ 770	$ 0.64	$ 748	$ 0.63	$ 2,758	$ 2.30
Discontinued operations	$ 22	$ 0.02	$ 21	$ 0.01	$ 48	$ 0.04	$ 45	$ 0.04	$ 136	$ 0.11
Total Company(i)(iii)	**$ 570**	**$ 0.47**	**$ 713**	**$ 0.59**	**$ 818**	**$ 0.68**	**$ 793**	**$ 0.67**	**$ 2,894**	**$ 2.41**

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

(ii) Fair value adjustments on investments relate to continuing operations.

(iii) Excluding the 53rd week in 2025, restated total Company adjusted diluted net earnings per common share for the fourth quarter and full year 2025 were $0.60 and $2.35, respectively.

	2024									
	First Quarter (12 weeks)		Second Quarter (12 weeks)		Third Quarter (16 weeks)		Fourth Quarter (12 weeks)		Total (52 weeks)	
(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	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share
Adjusted (as reported)										
Continuing operations	$ 504	$ 0.40	$ 647	$ 0.53	$ 737	$ 0.60	$ 636	$ 0.52	$ 2,524	$ 2.05
Discontinued operations	$ 33	$ 0.03	$ 17	$ 0.01	$ 30	$ 0.02	$ 33	$ 0.03	$ 113	$ 0.09
Total Company[(i)]	**$ 537**	**$ 0.43**	**$ 664**	**$ 0.54**	**$ 767**	**$ 0.62**	**$ 669**	**$ 0.55**	**$ 2,637**	**$ 2.14**
Add (deduct):										
Fair value adjustments on investments[(ii)]	**$ 1**	**$ —**	**$ (3)**	**$ —**	**$ (1)**	**$ —**	**$ (10)**	**$ (0.01)**	**$ (13)**	**$ (0.01)**
Adjusted (restated)										
Continuing operations	$ 505	$ 0.40	$ 644	$ 0.53	$ 736	$ 0.60	$ 626	$ 0.51	$ 2,511	$ 2.04
Discontinued operations	$ 33	$ 0.03	$ 17	$ 0.01	$ 30	$ 0.02	$ 33	$ 0.03	$ 113	$ 0.09
Total Company[(i)]	**$ 538**	**$ 0.43**	**$ 661**	**$ 0.54**	**$ 766**	**$ 0.62**	**$ 659**	**$ 0.54**	**$ 2,624**	**$ 2.13**

(i) Net of income taxes and non-controlling interests, as applicable.
(ii) Fair value adjustments on investments relate to continuing operations.

This change did not impact previously reported gross profit, gross profit percentage, or adjusted net interest expense and other financing charges, as reported in the Company's 2025 annual and 2025 interim MD&A.

12. 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.

May 5, 2026
Toronto, Canada

MD&A Endnotes

(1) For financial definitions and ratios, see the Glossary of Terms section included within the Company's 2025 Annual Report.

(2) See Section 11 "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".

(4) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025. For additional information, see note 10 "Share Capital" of the Company's interim financial statements.

Financial Results

Condensed Consolidated Statements of Earnings

(millions of Canadian dollars except where otherwise indicated) (unaudited)	**March 28, 2026 (12 weeks)**	March 22, 2025[i] (12 weeks)
Revenue	**$ 14,484**	$ 13,904
Cost of sales	**9,936**	9,520
Selling, general and administrative expenses	**3,538**	3,546
Operating income	**$ 1,010**	$ 838
Net interest expense and other financing charges (note 5)	**181**	162
Earnings before income taxes	**$ 829**	$ 676
Income taxes	**217**	176
Net earnings from continuing operations	**$ 612**	$ 500
Net earnings from discontinued operations	**7**	22
Net earnings	**$ 619**	$ 522
Attributable to:		
Shareholders of the Company (note 6)	**$ 594**	$ 503
Non-controlling interests	**25**	19
Net earnings	**$ 619**	$ 522
Net earnings per common share ($) - Basic[ii] (note 6)	**$ 0.51**	$ 0.42
Continuing operations	**0.50**	0.40
Discontinued operations	**0.01**	0.02
Net earnings per common share ($) - Diluted[ii] (note 6)	**$ 0.50**	$ 0.42
Continuing operations	**0.50**	0.40
Discontinued operations	**—**	0.02
Weighted average common shares outstanding (millions)[ii] (note 6)		
Basic	**1,167.7**	1,199.6
Diluted	**1,178.2**	1,210.3

(i) Adjusted to reflect discontinued operations. See note 4 “Assets Held for Sale and Discontinued Operations”.

(ii) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025.

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

Condensed Consolidated Statements of Comprehensive Income

(millions of Canadian dollars) (unaudited)	**March 28, 2026 (12 weeks)**	March 22, 2025[(i)] (12 weeks)
Net earnings from continuing operations	**$ 612**	$ 500
Other comprehensive loss, net of taxes		
Items that are or may be subsequently reclassified to profit or loss:		
Foreign currency translation gains	**$ 1**	$ —
Unrealized gains (losses) on cash flow hedges (note 12)	**1**	(9)
Items that will not be reclassified to profit or loss:		
Unrealized losses on investments	**(1)**	—
Net defined benefit plan actuarial losses (note 11)	**(50)**	(34)
Other comprehensive loss, net of taxes, from continuing operations	**$ (49)**	$ (43)
Comprehensive income from continuing operations	**$ 563**	$ 457
Net earnings from discontinued operations	**$ 7**	$ 22
Other comprehensive loss, net of taxes, from discontinued operations	**—**	(2)
Comprehensive income from discontinued operations	**$ 7**	$ 20
Total comprehensive income	**$ 570**	$ 477
Attributable to:		
Shareholders of the Company	**$ 545**	$ 458
Non-controlling interests	**25**	19
Total comprehensive income	**$ 570**	$ 477

(i) Adjusted to reflect discontinued operations. See note 4 “Assets Held for Sale and Discontinued Operations”.

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 January 3, 2026	**$6,075**	**$4,804**	**$ 126**	$ 45	$ (28)	$ 6	**$ 23**	**$ 164**	**$ 11,192**
Net earnings	**$ —**	**$ 594**	**$ —**	$ —	$ —	$ —	**$ —**	**$ 25**	**$ 619**
Other comprehensive loss	**—**	**(50)**	**—**	1	1	(1)	**1**	**—**	**(49)**
Total comprehensive income	**$ —**	**$ 544**	**$ —**	$ 1	$ 1	$ (1)	**$ 1**	**$ 25**	**$ 570**
Common shares purchased and cancelled (note 10)	**(42)**	**(490)**	**—**	—	—	—	**—**	**—**	**(532)**
Effect of equity-based compensation (note 10)	**21**	**—**	**(23)**	—	—	—	**—**	**—**	**(2)**
Shares released from trust (note 10)	**6**	**30**	**—**	—	—	—	**—**	**—**	**36**
Dividends declared per common share – $0.141075 (note 10)	**—**	**(166)**	**—**	—	—	—	**—**	**—**	**(166)**
Net distribution to non-controlling interests	**—**	**—**	**—**	—	—	—	**—**	**(47)**	**(47)**
	$ (15)	**$ (82)**	**$ (23)**	$ 1	$ 1	$ (1)	**$ 1**	**$ (22)**	**$ (141)**
Balance as at March 28, 2026	**$6,060**	**$4,722**	**$ 103**	$ 46	$ (27)	$ 5	**$ 24**	**$ 142**	**$ 11,051**

(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	**$ —**	**$ 503**	**$ —**	$ —	$ —	$ —	**$ —**	**$ 19**	**$ 522**
Other comprehensive loss	**—**	**(34)**	**—**	—	(11)	—	**(11)**	**—**	**(45)**
Total comprehensive income	**$ —**	**$ 469**	**$ —**	$ —	$ (11)	$ —	**$ (11)**	**$ 19**	**$ 477**
Common shares purchased and cancelled (note 10)	**(51)**	**(415)**	**—**	—	—	—	**—**	**—**	**(466)**
Effect of equity-based compensation (note 10)	**25**	**—**	**(25)**	—	—	—	**—**	**—**	**—**
Shares released from trust (note 10)	**7**	**29**	**—**	—	—	—	**—**	**—**	**36**
Dividends declared per common share – $0.128250(i) (note 10)	**—**	**(155)**	**—**	—	—	—	**—**	**—**	**(155)**
Net distribution to non-controlling interests	**—**	**—**	**—**	—	—	—	**—**	**(47)**	**(47)**
	$ (19)	**$ (72)**	**$ (25)**	$ —	$ (11)	$ —	**$ (11)**	**$ (28)**	**$ (155)**
Balance as at March 22, 2025	**$ 6,177**	**$4,676**	**$ 90**	$ 44	$ (29)	$ 6	**$ 21**	**$ 147**	**$ 11,111**

(i) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025.

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

Condensed Consolidated Balance Sheets

(millions of Canadian dollars) (unaudited)	**As at March 28, 2026**	As at March 22, 2025	As at January 3, 2026
Assets			
Current assets			
Cash and cash equivalents	**$ 906**	$ 938	$ 1,002
Short term investments	**54**	999	39
Accounts receivable	**1,485**	1,445	1,290
Credit card receivables (note 4)	**—**	3,797	—
Inventories	**6,619**	6,301	6,491
Prepaid expenses and other assets	**411**	413	446
Assets held for sale (note 4)	**5,445**	46	5,660
Total current assets	**$ 14,920**	$ 13,939	$ 14,928
Fixed assets	**7,642**	7,046	7,670
Right-of-use assets	**8,633**	8,247	8,558
Investment properties	**57**	58	57
Intangible assets	**5,143**	5,294	5,160
Goodwill	**4,436**	4,373	4,433
Deferred income tax assets	**67**	111	66
Other assets (note 11)	**716**	935	705
Total assets	**$ 41,614**	$ 40,003	$ 41,577
Liabilities			
Current liabilities			
Bank indebtedness	**$ —**	$ 22	$ —
Trade payables and other liabilities	**7,136**	6,589	7,127
Loyalty liability	**132**	216	124
Provisions	**76**	95	85
Income taxes payable	**86**	84	102
Demand deposits from customers	**—**	513	—
Short term debt	**—**	500	—
Long term debt due within one year	**—**	624	—
Lease liabilities due within one year	**1,611**	1,529	1,584
Associate interest	**376**	351	396
Liabilities associated with assets held for sale (note 4)	**4,257**	—	4,452
Total current liabilities	**$ 13,674**	$ 10,523	$ 13,870
Provisions	**134**	129	134
Long term debt (note 9)	**6,144**	8,054	5,891
Lease liabilities	**8,980**	8,645	8,830
Deferred income tax liabilities	**972**	881	1,007
Other liabilities (note 8 and 11)	**659**	660	653
Total liabilities	**$ 30,563**	$ 28,892	$ 30,385
Equity			
Share capital (note 10)	**$ 6,060**	$ 6,177	$ 6,075
Retained earnings	**4,722**	4,676	4,804
Contributed surplus	**103**	90	126
Accumulated other comprehensive income	**24**	21	23
Total equity attributable to shareholders of the Company	**$ 10,909**	$ 10,964	$ 11,028
Non-controlling interests	**142**	147	164
Total equity	**$ 11,051**	$ 11,111	$ 11,192
Total liabilities and equity	**$ 41,614**	$ 40,003	$ 41,577

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

Condensed Consolidated Statements of Cash Flows

(millions of Canadian dollars) (unaudited)	**March 28, 2026 (12 weeks)**	March 22, 2025 (12 weeks)
Operating activities		
Net earnings from total operations	**$ 619**	$ 522
Add (deduct):		
Income taxes	**221**	186
Net interest expense and other financing charges (note 5)	**227**	198
Depreciation and amortization	**619**	705
Change in allowance for credit card receivables (note 4)	**4**	8
Change in provisions	**(5)**	(163)
Change in non-cash working capital (note 7)	**(370)**	(688)
Change in gross credit card receivables (note 4)	**184**	425
Income taxes paid	**(259)**	(237)
Interest received	**5**	6
Other	**63**	(9)
Cash flows from operating activities	**$ 1,308**	$ 953
Investing activities		
Fixed asset purchases	**$ (219)**	$ (176)
Intangible asset additions	**(93)**	(70)
Purchase of short term investments	**(173)**	(351)
Investment in equity securities	**(76)**	—
Increase in security deposits (note 4)	**(101)**	—
Proceeds from disposal of assets (note 8)	**13**	55
Lease payments received from finance leases	**2**	2
Disposal of long term securities	**—**	30
Other	**(25)**	(35)
Cash flows used in investing activities	**$ (672)**	(545)
Financing activities		
Increase in bank indebtedness	**$ —**	$ 22
Decrease in short term debt	**(200)**	(300)
(Decrease) increase in demand deposits from customers	**(1)**	160
Long term debt (note 9)		
Issued (net)	**280**	491
Repayments	**(4)**	(9)
Interest paid	**(103)**	(107)
Cash rent paid on lease liabilities - Interest (note 5)	**(106)**	(104)
Cash rent paid on lease liabilities - Principal	**(168)**	(283)
Dividends paid on common and preferred shares (note 10)	**—**	(158)
Common share capital		
Issued	**18**	22
Purchased and cancelled (note 10)	**(629)**	(452)
Preferred share capital		
Purchased and cancelled (note 10)	**—**	(225)
Tax paid on repurchases of share capital	**(34)**	(37)
Other	**(128)**	49
Cash flows used in financing activities	**$ (1,075)**	$ (931)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 1**	$ (1)
Change in cash and cash equivalents	**$ (438)**	$ (524)
Cash and cash equivalents, beginning of period	**$ 1,392**	$ 1,462
Impact of adopting amendments to IFRS 9 and IFRS 7 (note 3)	**49**	
Adjusted cash and cash equivalents, beginning of period	**$ 1,441**	
Cash and cash equivalents, end of period[(i)]	**$ 1,003**	$ 938

(i) The condensed consolidated statements of cash flows are presented on a total operations basis. See note 4 “Assets Held for Sale and Discontinued Operations” for cash flow information related to discontinued operations.

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

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. 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.

Loblaw provides customers with grocery, pharmacy and healthcare services, other health and beauty products, apparel, general merchandise, and wireless mobile products and services. The Company also provides credit card and everyday banking services and insurance brokerage services.

In fourth quarter of 2025, Loblaw entered into a definitive agreement (the "Transaction Agreement") with EQB Inc. ("EQB") pursuant to which EQB will acquire President's Choice Bank ("PC Bank"), PC Financial Insurance Agency Inc., PC Financial Insurance Broker Inc. and certain other affiliated entities of PC Bank (collectively, "PC Financial") (the "Sale of PC Financial"). EQB will acquire PC Financial for consideration satisfied through a combination of 7.2 million EQB shares and cash, subject to adjustment pursuant to the terms of the Transaction Agreement. Subsequent to the end of the first quarter of 2026, the Company and EQB announced that they obtained all required regulatory approvals for the Sale of PC Financial. The transaction is anticipated to close in the Company's third quarter of 2026, subject to customary closing conditions.

As at March 28, 2026 and January 3, 2026, the assets and liabilities of PC Financial have been classified as held for sale, and PC Financial's results, net of intersegment eliminations, have been presented separately as discontinued operations in the Company's current and comparative results (see note 4). All notes to the unaudited interim period condensed consolidated financial statements relate to continuing operations unless indicated otherwise.

In connection with the closing of the Sale of PC Financial, EQB will enter into a long-term strategic relationship with Loblaw pursuant to a commercial agreement to become the exclusive financial partner of the PC Optimum™ loyalty program. Additionally, in connection with the closing of the Sale of PC Financial, EQB and Loblaw will enter into an investor rights agreement pursuant to which Loblaw will have Board of Directors nomination rights, registration rights and pre-emptive rights, and will be subject to a four-year lock-up and a standstill restricting Loblaw and its affiliates from acquiring common shares of EQB if it would bring Loblaw's ownership above 25% of the issued and outstanding EQB common shares.

The Company's continuing retail operations are comprised of several operating segments and now represent the only reportable segment due to the similar nature of the products and services offered. All material operations are carried out in Canada. No additional segment information is reported.

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 2025 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements, with the exception of the amendments adopted in fiscal year 2026. 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 2025 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors ("Board") on May 5, 2026.

Note 3. Adoption of Accounting Standards and Amendments

Amendments to IFRS 9 and IFRS 7 In May 2024, amendments to IFRS 9, "Financial Instruments" ("IFRS 9") and IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7") were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. In addition to these clarifications, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. Also included in the amendments, are clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance. Under the amendments, additional disclosures are required for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026. The adoption of these amendments did not have a material impact on the Company's unaudited interim period condensed consolidated financial statements. For financial liabilities settled in cash using an electronic payment system, the Company applied the election to deem these financial liabilities to be discharged before the settlement date. The amendments have been applied retrospectively with no restatement of comparative information, in accordance with transition requirements on the initial application of IFRS 9. The adjustment to the cash balance reflects a $49 million increase to the opening balance of cash and cash equivalents in the condensed consolidated statements of cash flows.

Amendments to IFRS 9 and IFRS 7 In December 2024, amendments to IFRS 9 and IFRS 7 were issued to enhance the transparency of nature-dependent electricity contracts. The amendments allow a company to apply an own-use exemption to certain power purchase agreements if certain requirements are met. The amendments require further disclosure where an own-use exemption is applied regarding the contractual features exposing the company to variability in electricity volume and risk of oversupply, unrecognized contractual commitments and the effect of the contracts on an entity's financial performance. The amendments are effective for annual reporting periods beginning on or after January 1, 2026 and were adopted by the Company on a prospective basis. The adoption of these amendments did not have a material impact on the Company's unaudited interim period condensed consolidated financial statements.

Note 4. Assets Held for Sale and Discontinued Operations

(millions of Canadian dollars)	**As at March 28, 2026**	As at March 22, 2025	As at January 3, 2026
Assets held for sale	**$ 5,445**	$ 46	$ 5,660
PC Financial	**5,438**	—	5,654
Other[i]	**7**	46	6
Liabilities associated with assets held for sale	**$ 4,257**	$ —	$ 4,452
PC Financial	**4,257**	—	4,452

(i) The Company classifies certain assets, primarily land and buildings, that it expects to sell in the next 12 months, as assets held for sale. These assets were either originally used or held in investment properties.

PC Financial The results of discontinued operations presented in the condensed consolidated statements of earnings were as follows:

(millions of Canadian dollars) (unaudited)	**March 28, 2026 (12 weeks)**	March 22, 2025 (12 weeks)
Revenue	**$ 240**	$ 231
Selling, general and administrative expenses	**183**	163
Operating income	**$ 57**	$ 68
Net interest expense and other financing charges	**46**	36
Earnings before income taxes	**$ 11**	$ 32
Income taxes	**4**	10
Net earnings from discontinued operations	**$ 7**	$ 22
Attributable to:		
Shareholders of the Company	**$ 7**	$ 22

The major classes of assets and liabilities of PC Financial classified as held for sale were as follows:

(millions of Canadian dollars) (unaudited)	**As at March 28, 2026**	As at January 3, 2026
Assets		
Cash and cash equivalents	**$ 97**	$ 390
Security deposits	**101**	—
Short term investments	**822**	664
Accounts receivable	**167**	46
Credit card receivables(i)	**4,052**	4,240
Prepaid expenses and other assets	**46**	46
Fixed assets	**1**	1
Intangible assets	**75**	68
Deferred income tax assets	**43**	43
Other assets	**34**	156
Assets held for sale	**$ 5,438**	$ 5,654
Liabilities		
Trade payables and other liabilities	**$ 198**	$ 205
Loyalty liability	**50**	50
Provisions	**25**	21
Income taxes payable	**2**	17
Demand deposits from customers	**785**	786
Debt(ii)	**3,196**	3,372
Other liabilities	**1**	1
Liabilities associated with assets held for sale	**$ 4,257**	$ 4,452

Upon closing of the Sale of PC Financial, cash in excess of a certain threshold will be distributed to Loblaw pursuant to the terms of the Transaction Agreement. As at March 28, 2026, this excess amount represented $348 million and was included in assets held for sale. This amount will vary each reporting period based on the financial position of PC Bank.

The net cash flows from (used in) discontinued operations were as follows:

(millions of Canadian dollars) (unaudited)	**March 28, 2026 (12 weeks)**	March 22, 2025 (12 weeks)
Cash flows from operating activities	**$ 212**	$ 541
Cash flows used in investing activities	**(266)**	(342)
Cash flows used in financing activities	**(239)**	(182)
Cash flows (used in) from discontinued operations	**$ (293)**	$ 17

(i) Credit Card Receivables

The components of credit card receivables were as follows:

(millions of Canadian dollars)	**As at March 28, 2026**	As at March 22, 2025	As at January 3, 2026
Gross credit card receivables	**$ 4,311**	$ 4,068	$ 4,495
Allowance for credit card receivables	**(259)**	(271)	(255)
Credit card receivables	**$ 4,052**	$ 3,797	$ 4,240
Securitized to independent securitization trusts:			
Securitized to Eagle Credit Card Trust	**$ 1,450**	$ 1,450	$ 1,450
Securitized to Other Independent Securitization Trusts	**450**	500	650
Total securitized to independent securitization trusts	**$ 1,900**	$ 1,950	$ 2,100

The Company, through 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 liabilities of credit card receivables securitized to Eagle and Other Independent Securitization Trusts are recorded as debt.

As at March 28, 2026, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was $41 million (March 22, 2025 – $45 million; January 3, 2026 – $59 million), which represented 9% (March 22, 2025 – 9%; January 3, 2026 – 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 March 28, 2026 and throughout the first quarter of 2026.

(ii) Debt related to PC Financial

The components of debt related to PC Financial were as follows:

(millions of Canadian dollars)	**As at March 28, 2026**	As at January 3, 2026
Guaranteed investment certificates (0.80% – 5.45%, due 2026 – 2031)	**$ 1,305**	$ 1,282
Eagle Credit Card Trust	**1,450**	1,450
Other Independent Securitization Trusts	**450**	650
Transaction costs and other	**(9)**	(10)
Total debt	**$ 3,196**	$ 3,372

Note 5. Net Interest Expense and Other Financing Charges

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

(millions of Canadian dollars)	March 28, 2026 (12 weeks)	March 22, 2025[i] (12 weeks)
Interest expense and other financing charges		
Lease liabilities	**$ 106**	$ 104
Long term debt[ii]	**69**	57
Independent funding trusts	**8**	7
Financial liabilities (note 8)	**3**	3
Post-employment and other long term employee benefits (note 11)	**1**	—
	$ 187	$ 171
Interest income		
Accretion income	**$ (1)**	$ (1)
Short term interest income	**(5)**	(7)
Post-employment and other long term employee benefits (note 11)	**—**	(1)
	$ (6)	$ (9)
Net interest expense and other financing charges from continuing operations	**$ 181**	$ 162

(i) Adjusted to reflect discontinued operations. See note 4 "Assets Held for Sale and Discontinued Operations".

(ii) Includes borrowing costs of $3 million (2025 – $11 million), which were capitalized related to the construction of the Company's automated distribution facilities.

Note 6. Basic and Diluted Net Earnings per Common Share

(millions of Canadian dollars unless otherwise indicated)	March 28, 2026 (12 weeks)	March 22, 2025[i] (12 weeks)
Net earnings attributable to shareholders of the Company	**$ 594**	$ 503
Less: Net earnings from discontinued operations	**(7)**	(22)
Net earnings from continuing operations attributable to shareholders of the Company	**$ 587**	$ 481
Net earnings from continuing operations available to common shareholders	**$ 587**	$ 481
Basic weighted average common shares outstanding (in millions)[ii] (note 10)	**1,167.7**	1,199.6
Dilutive effect of equity-based compensation[ii]	**8.6**	8.5
Dilutive effect of certain other liabilities[ii]	**1.9**	2.2
Diluted weighted average common shares outstanding (in millions)[ii]	**1,178.2**	1,210.3
Net earnings per common share ($) - Basic[ii]	**$ 0.51**	$ 0.42
Continuing operations	**0.50**	0.40
Discontinued operations	**0.01**	0.02
Net earnings per common share ($) - Diluted[ii]	**$ 0.50**	$ 0.42
Continuing operations	**0.50**	0.40
Discontinued operations	**—**	0.02

(i) Adjusted to reflect discontinued operations. See note 4 "Assets Held for Sale and Discontinued Operations".

(ii) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025.

In the first quarter of 2026, there were 4,097 (2025 – 34,528[ii]) potentially dilutive instruments excluded from the computation of diluted net earnings per common share as they were anti-dilutive.

Note 7. Change in Non-cash Working Capital

(millions of Canadian dollars)	March 28, 2026 (12 weeks)	March 22, 2025 (12 weeks)
Accounts receivable	$ (191)	$ 17
Prepaid expenses and other assets	60	(42)
Inventories	(128)	29
Trade payables and other liabilities	(105)	(690)
Other	(6)	(2)
Change in non-cash working capital[i]	$ (370)	$ (688)

(i) The change in non-cash working capital is presented on a total operations basis.

Note 8. Real Estate Dispositions

As at March 28, 2026, $11 million (March 22, 2025 – $11 million; January 3, 2026 – $11 million) was recorded in trade payables and other liabilities and $194 million (March 22, 2025 – $181 million; January 3, 2026 – $193 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 9. Long Term Debt

The components of long term debt were as follows:

(millions of Canadian dollars)	As at March 28, 2026	As at March 22, 2025	As at January 3, 2026
Debentures	$ 5,202	$ 4,705	$ 5,203
Guaranteed investment certificates (note 4)	—	1,495	—
Eagle Credit Card Trust (note 4)	—	1,450	—
Independent funding trusts[i]	732	600	704
Committed credit facility[ii]	225	454	—
Transaction costs and other	(15)	(26)	(16)
Total long term debt	$ 6,144	$ 8,678	$ 5,891
Long term debt due within one year	—	624	—
Long term debt	$ 6,144	$ 8,054	$ 5,891

(i) The Company has a $1 billion revolving committed credit facility that is the source of funding to the independent funding trusts that has a maturity date of March 27, 2028.

(ii) The Company has a committed credit facility for $1.5 billion with maturity date of March 27, 2030, provided by a syndicate of lenders. This committed credit facility contains certain financial covenants and, as at March 28, 2026 and throughout the first quarter of 2026, the Company was in compliance with these covenants.

Note 10. 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:

	March 28, 2026 (12 weeks)		March 22, 2025 (12 weeks)	
(millions of Canadian dollars except where otherwise indicated)	**Number of Common Shares**	**Common Share Capital**	Number of Common Shares(i)	Common Share Capital
Issued and outstanding, beginning of period	**1,175,146,201**	**$ 6,090**	1,206,944,212	$ 6,215
Issued for settlement of stock options	**906,112**	**21**	1,202,160	25
Purchased and cancelled	**(10,196,922)**	**(42)**	(9,941,620)	(51)
Issued and outstanding, end of period	**1,165,855,391**	**$ 6,069**	1,198,204,752	$ 6,189
Shares held in trust, beginning of period	**(3,211,428)**	**$ (15)**	(3,928,496)	$ (19)
Released for settlement of RSUs and PSUs	**1,244,261**	**6**	1,495,380	7
Shares held in trust, end of period	**(1,967,167)**	**$ (9)**	(2,433,116)	$ (12)
Issued and outstanding, net of shares held in trust, end of period	**1,163,888,224**	**$ 6,060**	1,195,771,636	$ 6,177
Weighted average outstanding, net of shares held in trust (note 6)	**1,167,731,911**		1,199,597,616	

(i) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025.

In the third quarter of 2025, the Company completed a four-for-one stock split of its outstanding common shares. The stock split was implemented by way of a stock dividend, with shareholders receiving three additional common shares for each common share held. The stock split was 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:

	March 28, 2026 (12 weeks)	March 22, 2025 (12 weeks)
Dividends declared per share ($)		
Common Share(i)(ii)	**$ 0.141075**	$ 0.128250
Second Preferred Share, Series B	**$ —**	$ 0.029440

(i) The Common Share dividends declared in the first quarter of 2026 of $0.141075 per share had a payment date of April 1, 2026.
(ii) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025.

Subsequent to the end of the first quarter of 2026, the Board declared a quarterly dividend of $0.155183 per common share, payable on July 1, 2026 to shareholders of record on June 15, 2026.

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)	March 28, 2026 (12 weeks)	March 22, 2025 (12 weeks)
Common shares repurchased under the NCIB for cancellation (number of shares)[(i)(ii)]	**10,196,922**	9,941,620
Cash consideration paid	**$ 629**	$ 452
Premium charged to retained earnings[(iii)]	**490**	415
Reduction in common share capital[(iv)]	**42**	51

(i) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025.
(ii) Common shares repurchased and cancelled as at March 28, 2026 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.
(iii) Premium charged to retained earnings includes $234 million related to the automatic share purchase plan, as described below.
(iv) Includes $21 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 59,800,244 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at March 28, 2026, the Company had purchased 10,196,922 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 first quarter of 2026, 10,196,922 common shares (2025 – 9,941,620) were purchased under the NCIB for cancellation, for aggregate consideration of $648 million (2025 – $457 million), including 4,869,799 common shares (2025 – 4,595,016) purchased from Weston, for aggregate consideration of $309 million (2025 – $211 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 March 28, 2026, an obligation to repurchase shares of $250 million was recognized under the ASPP in trade payables and other liabilities.

Note 11. 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)	**March 28, 2026 (12 weeks)**	March 22, 2025 (12 weeks)
Current service cost		
Post-employment benefit costs[(i)]	**$ 31**	$ 38
Other long term employee benefit costs[(ii)]	**10**	9
Net interest cost (income) on net defined benefit plan obligations (note 5)	**1**	(1)
Total post-employment defined benefit cost	**$ 42**	$ 46

(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) recognized in other comprehensive loss, net of taxes for defined benefit plans during the periods were as follows:

(millions of Canadian dollars)	**March 28, 2026 (12 weeks)**	March 22, 2025 (12 weeks)
Loss on plan assets, excluding amounts included in net interest expense and other financing charges	**$ (36)**	$ (13)
Actuarial gains from changes in financial assumptions[(i)]	**32**	—
Change in liability arising from asset ceiling[(i)]	**(65)**	(34)
Total net actuarial losses recognized in other comprehensive loss before income taxes	**$ (69)**	$ (47)
Income tax recoveries on actuarial (losses)	**19**	13
Actuarial losses net of income tax recoveries	**$ (50)**	$ (34)

(i) In the first quarter of 2026, 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 March 28, 2026**	As at March 22, 2025	As at January 3, 2026
Other assets			
Accrued benefit plan asset	**$ 181**	$ 303	$ 254
Other liabilities			
Net defined benefit plan obligation	**$ 212**	$ 234	$ 217
Other long term employee benefit obligation	**146**	135	136

Note 12. 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 March 28, 2026				As at March 22, 2025				As at January 3, 2026
(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	**$ —**	**$ —**	**$ —**	**$ —**	$ 90	$ —	$ —	$ 90	$ —	$ —	$ —	$ —
Investment in equity securities[i]	**79**	**—**	**—**	**79**	—	—	—	—	—	—	—	—
Fair value through profit and loss:												
Certain other assets[ii]	**—**	**—**	**117**	**117**	—	—	76	76	—	—	114	114
Derivatives included in prepaid expenses and other assets	**20**	**2**	**—**	**22**	—	4	—	4	—	—	1	1
Financial liabilities												
Amortized cost:												
Long term debt	**$ —**	**$6,221**	**$ —**	**$6,221**	$ —	$8,698	$ —	$8,698	$ —	$6,270	$ —	$6,270
Associate interest	**—**	**—**	**376**	**376**	—	—	351	351	—	—	396	396
Certain other liabilities[iii]	**—**	**—**	**329**	**329**	—	—	306	306	—	—	321	321
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	**—**	**—**	**27**	**27**	—	4	25	29	—	—	27	27
Fair value through profit and loss:												
Derivatives included in trade payables and other liabilities	**—**	**—**	**—**	**—**	—	—	2	2	2	1	—	3

(i) Investment in equity securities relates to the investment in EQB common shares.

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

(iii) Certain other liabilities relate primarily to financial liabilities associated with properties that did not meet the criteria for sale (see note 8).

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

During the first quarter of 2026, the Company recognized a gain of $1 million (2025 – loss of $1 million) in operating income on financial instruments designated as amortized cost. In addition, during the first quarter of 2026, a net gain of $23 million (2025 – net gain of $4 million) was recorded in earnings before income taxes related to financial instruments required to be classified as fair value through profit and loss.

Other Derivatives The Company uses bond forwards and foreign exchange forwards to manage its anticipated exposure to exchange rates on its underlying operations and anticipated fixed asset purchases. The Company also uses swaps, futures, 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 consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes related to the Company's other derivatives:

			March 28, 2026 (12 weeks)
(millions of Canadian dollars)	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges			
Bond Forwards[(i)]	**$ —**	**$ 1**	**$ (1)**
Energy Hedge[(ii)]	**(27)**	**—**	**(2)**
Total derivatives designated as cash flow hedges	**$ (27)**	**$ 1**	**$ (3)**
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	**$ 2**	**$ —**	**$ 5**
Other Non-Financial Derivatives	**20**	**—**	**18**
Total derivatives not designated in a formal hedging relationship	**$ 22**	**$ —**	**$ 23**
Total derivatives from continuing operations	**$ (5)**	**$ 1**	**$ 20**

(i) The Company uses bond forwards to manage its interest risk related to future debt issuances.
(ii) 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 was included in other liabilities.

			March 22, 2025[(i)] (12 weeks)
(millions of Canadian dollars)	Net asset/ (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges			
Foreign Exchange Forwards	$ (2)	$ (3)	$ —
Bond Forwards[(ii)]	—	1	(1)
Energy Hedge[(iii)]	(25)	(10)	—
Total derivatives designated as cash flow hedges	$ (27)	$ (12)	$ (1)
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	$ 4	$ —	$ —
Other Non-Financial Derivatives	(2)	—	4
Total derivatives not designated in a formal hedging relationship	$ 2	$ —	$ 4
Total derivatives from continuing operations	$ (25)	$ (12)	$ 3

(i) Adjusted to reflect discontinued operations. See note 4 "Assets Held for Sale and Discontinued Operations".
(ii) The Company uses bond forwards to manage its interest risk related to future debt issuances.
(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 was included in other liabilities.

Note 13. 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 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. A hearing has been scheduled for December 2026 to establish a procedure for determining individual issues. 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 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. Certain taxation years subsequent to the periods covered by the FCA decision remain under review by the tax authorities. In the first quarter of 2026, the Federal government enacted commodity tax legislation rendering PC Bank ineligible to claim such notional input tax credits. As the legislation was effective beginning in fiscal year 2025, PC Bank recorded a charge of $23 million in selling, general and administrative expenses, reversing notional input tax credit related amounts previously recorded. In addition, a charge of $10 million was recorded, reversing interest income on expected cash tax refunds.

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.

Corporate Profile

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. The Company's continuing retail operations are comprised of several operating segments and now represent the only reportable segment due to the similar nature of the products and services offered. All material operations are carried out in Canada. The segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores and e-commerce platforms, and includes in-store pharmacies, healthcare services, other health and beauty products, apparel, other general merchandise, wireless products and services, logistics services, retail media and the PC Optimum™ loyalty program. The Company also provides credit card and everyday banking services and insurance brokerage services through its PC Financial business. PC Financial's results, net of intersegment eliminations, have been presented separately as discontinued operations in the Company's current and comparative results.

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.

2025 Annual Report and 2026 First Quarter Report to Shareholders

The Company's 2025 Annual Report and 2026 First Quarter Report to Shareholders are available in the "Investors" section of the Company's website at loblaw.ca and sedarplus.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, PC Bank. The Company holds an analyst call shortly following the release of its quarterly results.

Conference Call and Webcast

Loblaw will host a conference call as well as an audio webcast on May 6, 2026 at 10:00 a.m. (ET).

To access via audio webcast please go to the "Investors" section of loblaw.ca, and note that pre-registration will be available. Alternatively, please dial (647) 932-3411 or Toll-Free (800) 715-9871. Following the live event, the webcast will be archived and available to replay for 12 months.

Full details about the conference call and webcast, including archived calls, are available on the Loblaw website at loblaw.ca.

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