

Financial Results

Condensed Consolidated Statements of Earnings	2
Condensed Consolidated Statements of Comprehensive Income	3
Condensed Consolidated Statements of Changes in Equity	4
Condensed Consolidated Balance Sheets	5
Condensed Consolidated Statements of Cash Flows	6
Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements	7
Note 1. Nature and Description of the Reporting Entity	7
Note 2. Accounting Policies	7
Note 3. Future Accounting Standards and Amendments	8
Note 4. Net Interest Expense and Other Financing Charges	8
Note 5. Income Taxes	9
Note 6. Basic and Diluted Net Earnings per Common Share	9
Note 7. Change in Non-cash Working Capital	9
Note 8. Credit Card Receivables	10
Note 9. Real Estate Dispositions	11
Note 10. Long Term Debt	11
Note 11. Share Capital	12
Note 12. Post-Employment and Other Long Term Employee Benefits	14
Note 13. Financial Instruments	15
Note 14. Contingent Liabilities	18
Note 15. Related Party Transactions	19
Note 16. Segment Information	20

Condensed Consolidated Statements of Earnings

(millions of Canadian dollars except where otherwise indicated) (unaudited)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Revenue	\$ 18,538	\$ 18,265	\$ 46,066	\$ 44,998
Cost of sales	12,665	12,534	31,117	30,634
Selling, general and administrative expenses	4,552	4,666	11,899	11,603
Operating income	\$ 1,321	\$ 1,065	\$ 3,050	\$ 2,761
Net interest expense and other financing charges (note 4)	238	234	622	608
Earnings before income taxes	\$ 1,083	\$ 831	\$ 2,428	\$ 2,153
Income taxes (note 5)	263	182	621	526
Net earnings	\$ 820	\$ 649	\$ 1,807	\$ 1,627
Attributable to:				
Shareholders of the Company (note 6)	\$ 780	\$ 624	\$ 1,702	\$ 1,556
Non-controlling interests	40	25	105	71
Net earnings	\$ 820	\$ 649	\$ 1,807	\$ 1,627
Net earnings per common share (\$) (note 6)				
Basic	\$ 2.55	\$ 1.97	\$ 5.53	\$ 4.86
Diluted	\$ 2.53	\$ 1.95	\$ 5.47	\$ 4.81
Weighted average common shares outstanding (millions) (note 6)				
Basic	304.2	315.2	306.1	318.2
Diluted	306.9	318.4	309.2	321.6

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

Condensed Consolidated Statements of Comprehensive Income

(millions of Canadian dollars) (unaudited)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Net earnings	\$ 820	\$ 649	\$ 1,807	\$ 1,627
Other comprehensive income, net of taxes				
Items that are or may be subsequently reclassified to profit or loss:				
Foreign currency translation (losses) gains	\$ (1)	\$ 4	\$ 1	\$ 4
(Losses) gains on cash flow hedges (note 13)	(5)	(3)	(13)	3
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial (losses) gains (note 12)	(8)	(38)	24	57
Other comprehensive income, net of taxes	\$ (14)	\$ (37)	\$ 12	\$ 64
Total comprehensive income	\$ 806	\$ 612	\$ 1,819	\$ 1,691
Attributable to:				
Shareholders of the Company	\$ 766	\$ 587	\$ 1,714	\$ 1,620
Non-controlling interests	40	25	105	71
Total comprehensive income	\$ 806	\$ 612	\$ 1,819	\$ 1,691

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	Preferred Share Capital	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Fair Value Adjustments	Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at December 30, 2023	\$ 6,256	\$ 221	\$ 6,477	\$ 4,816	\$ 136	\$ 41	\$ (11)	\$ 5	\$ 35	\$ 155	\$ 11,619
Net earnings	\$ —	\$ —	\$ —	\$ 1,702	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 105	\$ 1,807
Other comprehensive income	—	—	—	24	—	1	(13)	—	(12)	—	12
Total comprehensive income	\$ —	\$ —	\$ —	\$ 1,726	\$ —	\$ 1	\$ (13)	\$ —	\$ (12)	\$ 105	\$ 1,819
Common shares purchased and cancelled (note 11)	(193)	—	(193)	(1,341)	—	—	—	—	—	—	(1,534)
Effect of equity-based compensation (note 11)	163	—	163	—	(31)	—	—	—	—	—	132
Shares purchased and held in trust (note 11)	(8)	—	(8)	(65)	—	—	—	—	—	—	(73)
Shares released from trust (note 11)	13	—	13	31	—	—	—	—	—	—	44
Dividends declared per common share – \$1.472 (note 11)	—	—	—	(450)	—	—	—	—	—	—	(450)
Dividends declared per preferred share – \$0.99375 (note 11)	—	—	—	(9)	—	—	—	—	—	—	(9)
Net distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	(72)	(72)
	\$ (25)	\$ —	\$ (25)	\$ (108)	\$ (31)	\$ 1	\$ (13)	\$ —	\$ (12)	\$ 33	\$ (143)
Balance as at October 5, 2024	\$ 6,231	\$ 221	\$ 6,452	\$ 4,708	\$ 105	\$ 42	\$ (24)	\$ 5	\$ 23	\$ 188	\$ 11,476

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Share Capital	Preferred Share Capital	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Fair Value Adjustments	Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at December 31, 2022	\$ 6,465	\$ 221	\$ 6,686	\$ 4,461	\$ 122	\$ 41	\$ (15)	\$ 4	\$ 30	\$ 157	\$ 11,456
Net earnings	\$ —	\$ —	\$ —	\$ 1,556	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 71	\$ 1,627
Other comprehensive income	—	—	—	57	—	4	3	—	7	—	64
Total comprehensive income	\$ —	\$ —	\$ —	\$ 1,613	\$ —	\$ 4	\$ 3	\$ —	\$ 7	\$ 71	\$ 1,691
Common shares purchased and cancelled (note 11)	(186)	—	(186)	(899)	—	—	—	—	—	—	(1,085)
Effect of equity-based compensation (note 11)	44	—	44	—	5	—	—	—	—	—	49
Shares purchased and held in trust (note 11)	(13)	—	(13)	(59)	—	—	—	—	—	—	(72)
Shares released from trust (note 11)	11	—	11	29	—	—	—	—	—	—	40
Dividends declared per common share – \$1.297 (note 11)	—	—	—	(411)	—	—	—	—	—	—	(411)
Dividends declared per preferred share – \$0.99375 (note 11)	—	—	—	(9)	—	—	—	—	—	—	(9)
Net distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	(76)	(76)
	\$ (144)	\$ —	\$ (144)	\$ 264	\$ 5	\$ 4	\$ 3	\$ —	\$ 7	\$ (5)	\$ 127
Balance as at October 7, 2023	\$ 6,321	\$ 221	\$ 6,542	\$ 4,725	\$ 127	\$ 45	\$ (12)	\$ 4	\$ 37	\$ 152	\$ 11,583

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

Condensed Consolidated Balance Sheets

(millions of Canadian dollars) (unaudited)	As at October 5, 2024	As at October 7, 2023	As at December 30, 2023
Assets			
Current assets			
Cash and cash equivalents	\$ 993	\$ 1,228	\$ 1,488
Short term investments	536	595	464
Accounts receivable	1,284	1,266	1,298
Credit card receivables (note 8)	3,890	3,946	4,132
Inventories	6,041	5,870	5,820
Prepaid expenses and other assets	427	372	324
Assets held for sale	71	80	52
Total current assets	\$ 13,242	\$ 13,357	\$ 13,578
Fixed assets (note 9)	6,792	6,116	6,346
Right-of-use assets (note 15)	8,180	7,507	7,662
Investment properties	49	48	53
Intangible assets	5,572	6,121	5,994
Goodwill	4,364	4,353	4,349
Deferred income tax assets	121	120	125
Other assets (note 12)	941	630	872
Total assets	\$ 39,261	\$ 38,252	\$ 38,979
Liabilities			
Current liabilities			
Bank indebtedness	\$ 167	\$ 22	\$ 13
Trade payables and other liabilities	6,283	6,187	6,324
Loyalty liability	129	195	123
Provisions (note 14)	253	121	115
Income taxes payable	125	181	240
Demand deposits from customers	187	147	166
Short term debt (note 8)	600	650	850
Long term debt due within one year (note 10)	686	1,274	1,191
Lease liabilities due within one year	1,501	1,442	1,455
Associate interest	360	408	370
Total current liabilities	\$ 10,291	\$ 10,627	\$ 10,847
Provisions	128	110	123
Long term debt (note 10)	7,297	6,586	6,661
Lease liabilities (note 15)	8,500	7,718	8,003
Deferred income tax liabilities	935	1,091	1,132
Other liabilities (notes 9 and 12)	634	537	594
Total liabilities	\$ 27,785	\$ 26,669	\$ 27,360
Equity			
Share capital (note 11)	\$ 6,452	\$ 6,542	\$ 6,477
Retained earnings	4,708	4,725	4,816
Contributed surplus	105	127	136
Accumulated other comprehensive income	23	37	35
Total equity attributable to shareholders of the Company	\$ 11,288	\$ 11,431	\$ 11,464
Non-controlling interests	188	152	155
Total equity	\$ 11,476	\$ 11,583	\$ 11,619
Total liabilities and equity	\$ 39,261	\$ 38,252	\$ 38,979

Contingent Liabilities (note 14).

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

Condensed Consolidated Statements of Cash Flows

(millions of Canadian dollars) (unaudited)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Operating activities				
Net earnings	\$ 820	\$ 649	\$ 1,807	\$ 1,627
Add (deduct):				
Income taxes (note 5)	263	182	621	526
Net interest expense and other financing charges (note 4)	238	234	622	608
Depreciation and amortization	903	880	2,272	2,226
Asset impairments, net of recoveries	1	1	1	1
Change in allowance for credit card receivables (note 8)	9	11	19	25
Change in provisions (note 14)	(25)	(19)	143	12
Change in non-cash working capital (note 7)	172	317	(426)	(37)
Change in gross credit card receivables (note 8)	55	15	223	(17)
Income taxes paid	(315)	(263)	(925)	(774)
Interest received	7	7	22	18
Other (note 14)	(170)	31	(164)	34
Cash flows from operating activities	\$ 1,958	\$ 2,045	\$ 4,215	\$ 4,249
Investing activities				
Fixed asset purchases	\$ (566)	\$ (563)	\$ (1,286)	\$ (1,117)
Intangible asset additions	(124)	(132)	(286)	(316)
Purchase of short term investments	(124)	(64)	(72)	(269)
Increase in security deposits (note 8)	250	250	—	—
Proceeds from disposal of assets (note 9 and 15)	261	19	320	139
Lease payments received from finance leases	3	6	11	15
Disposal of long term securities	19	76	82	76
Other	(60)	(23)	(75)	(43)
Cash flows used in investing activities	\$ (341)	\$ (431)	\$ (1,306)	\$ (1,515)
Financing activities				
Increase in bank indebtedness	\$ 129	\$ 4	\$ 154	\$ 14
Decrease in short term debt (note 8)	(50)	—	(250)	(50)
Increase in demand deposits from customers	12	10	21	22
Long term debt (note 10)				
Issued (net)	(74)	87	1,194	678
Repayments	(421)	(385)	(1,059)	(601)
Interest paid	(148)	(122)	(344)	(320)
Cash rent paid on lease liabilities - Interest (note 4)	(127)	(114)	(313)	(281)
Cash rent paid on lease liabilities - Principal	(374)	(364)	(936)	(901)
Dividends paid on common and preferred shares (note 11)	(319)	(287)	(459)	(420)
Common share capital				
Issued	19	9	145	39
Purchased and held in trust (note 11)	(72)	(72)	(72)	(72)
Purchased and cancelled (note 11)	(445)	(341)	(1,397)	(1,235)
Proceeds from financial liabilities (note 9)	—	—	—	115
Other	(35)	(17)	(91)	(101)
Cash flows used in financing activities	\$ (1,905)	\$ (1,592)	\$ (3,407)	\$ (3,113)
Effect of foreign currency exchange rate changes on cash and cash equivalents	\$ (1)	\$ (3)	\$ 3	\$ (1)
(Decrease) increase in cash and cash equivalents	\$ (289)	\$ 19	\$ (495)	\$ (380)
Cash and cash equivalents, beginning of period	1,282	1,209	1,488	1,608
Cash and cash equivalents, end of period	\$ 993	\$ 1,228	\$ 993	\$ 1,228

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

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

For the periods ended October 5, 2024 and October 7, 2023 (millions of Canadian dollars except where otherwise indicated)

Note 1. Nature and Description of the Reporting Entity

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

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

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

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

Note 2. Accounting Policies

The accounting policies and critical accounting estimates and judgments as disclosed in the Company's 2023 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements. These unaudited interim period condensed consolidated financial statements are presented in Canadian dollars.

Amendments to IAS 7 and IFRS 7 In May 2023, amendments to International Accounting Standard ("IAS") 7, "Statement of Cash Flows" and IFRS 7, "Financial Instruments: Disclosures" were issued to enhance the transparency of supplier finance arrangements. The amendments require further disclosure for supplier finance arrangements regarding the terms and conditions, the range of payment due dates, and how they affect an entity's cash flows, liabilities and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and required disclosures will be included in the notes to the Company's 2024 audited annual consolidated financial statements.

Statement of Compliance These unaudited interim period condensed consolidated financial statements are prepared in accordance with IAS 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 2023 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 November 12, 2024.

Note 3. Future Accounting Standards and Amendments

Amendments to IFRS 9 and IFRS 7 In May 2024, amendments to IFRS 9, “Financial Instruments” and IFRS 7, “Financial Instruments: Disclosures” 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. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets. The adoption will not have a material impact on the Company’s consolidated financial statements.

IFRS 18, “Presentation and Disclosure in Financial Statements” (“IFRS 18”), has been issued to achieve comparability of the financial performance of similar entities. The standard, which replaces International Accounting standard 1, “Presentation of Financial Statements” (“IAS 1”), impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

Note 4. Net Interest Expense and Other Financing Charges

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

(millions of Canadian dollars)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Interest expense and other financing charges				
Lease liabilities	\$ 127	\$ 114	\$ 313	\$ 281
Long term debt ⁽ⁱ⁾	80	95	235	242
Borrowings related to credit card receivables	31	16	63	60
Post-employment and other long term employee benefits (note 12)	1	4	3	11
Independent funding trusts	10	11	30	30
Financial liabilities (note 9 and 15)	5	4	11	9
Bank indebtedness	1	1	1	1
	\$ 255	\$ 245	\$ 656	\$ 634
Interest income				
Accretion income	\$ (1)	\$ (1)	\$ (2)	\$ (2)
Short term interest income	(6)	(10)	(22)	(24)
Other interest income (note 14)	(10)	—	(10)	—
	\$ (17)	\$ (11)	\$ (34)	\$ (26)
Net interest expense and other financing charges	\$ 238	\$ 234	\$ 622	\$ 608

(i) In the third quarter of 2024 and year-to-date, borrowing costs of \$15 million and \$25 million, respectively, were capitalized related to the construction of the Company’s automated distribution facility.

Note 5. Income Taxes

Income tax expense in the third quarter of 2024 was \$263 million (2023 – \$182 million) and the effective tax rate was 24.3% (2023 – 21.9%). Year-to-date income tax expense was \$621 million (2023 – \$526 million) and the effective tax rate was 25.6% (2023 – 24.4%). The increase to the third quarter of 2024 and year-to-date effective tax rate from the comparative period was primarily attributable to the adjustments to certain tax provisions during 2023, partially offset by the impact of other non-deductible items.

Note 6. Basic and Diluted Net Earnings per Common Share

(millions of Canadian dollars except where otherwise indicated)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Net earnings attributable to shareholders of the Company	\$ 780	\$ 624	\$ 1,702	\$ 1,556
Dividends on preferred shares in equity	(3)	(3)	(9)	(9)
Net earnings available to common shareholders	\$ 777	\$ 621	\$ 1,693	\$ 1,547
Basic weighted average common shares outstanding (in millions) (note 11)	304.2	315.2	306.1	318.2
Dilutive effect of equity-based compensation	2.1	2.5	2.5	2.7
Dilutive effect of certain other liabilities	0.6	0.7	0.6	0.7
Diluted weighted average common shares outstanding (in millions)	306.9	318.4	309.2	321.6
Basic net earnings per common share (\$)	\$ 2.55	\$ 1.97	\$ 5.53	\$ 4.86
Diluted net earnings per common share (\$)	\$ 2.53	\$ 1.95	\$ 5.47	\$ 4.81

In the third quarter of 2024 and year-to-date, 443,372 (2023 – 859,636) and nil (2023 – 49,863), respectively, potentially dilutive instruments were 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)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Change in:				
Accounts receivable	\$ (76)	\$ (42)	\$ 36	\$ (105)
Prepaid expenses and other assets	(62)	(15)	(109)	(68)
Inventories	(268)	(314)	(220)	(15)
Trade payables and other liabilities	583	647	(125)	117
Other	(5)	41	(8)	34
Change in non-cash working capital	\$ 172	\$ 317	\$ (426)	\$ (37)

Note 8. Credit Card Receivables

The components of credit card receivables were as follows:

(millions of Canadian dollars)	As at October 5, 2024	As at October 7, 2023	As at December 30, 2023
Gross credit card receivables	\$ 4,165	\$ 4,177	\$ 4,388
Allowance for credit card receivables	(275)	(231)	(256)
Credit card receivables	\$ 3,890	\$ 3,946	\$ 4,132
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> [®] (note 10)	\$ 1,450	\$ 1,350	\$ 1,350
Securitized to Other Independent Securitization Trusts ⁽ⁱ⁾	600	650	850
Total securitized to independent securitization trusts	\$ 2,050	\$ 2,000	\$ 2,200

(i) On a year-to-date basis, PC Bank recorded a \$250 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.

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

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

As at October 5, 2024, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$54 million (October 7, 2023 – \$59 million; December 30, 2023 – \$77 million), which represented 9% (October 7, 2023 – 9%; December 30, 2023 – 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 October 5, 2024 and throughout the first three quarters of 2024.

Note 9. Real Estate Dispositions

Assets Held for Sale In the third quarter of 2024, the Company disposed of one property (2023 – one) included in assets held for sale for proceeds of \$4 million (2023 – \$18 million) and recognized a nominal net loss (2023 – net gain of \$13 million). On a year-to-date basis, the Company disposed of one property (2023 – four) included in assets held for sale for proceeds of \$4 million (2023 – \$26 million) and recognized a nominal net loss (2023 – net gain of \$12 million).

Fixed Assets In the third quarter of 2024, the Company disposed of three real estate properties included in fixed assets for proceeds of \$253 million, all of which were subsequently leased back by the Company. On a year-to-date basis, the Company disposed of five (2023 – nineteen) real estate properties included in fixed assets for proceeds of \$311 million (2023 – \$112 million), all (2023 – all) of which were subsequently leased back (see note 15).

Financial Liabilities As at October 5, 2024, \$11 million (October 7, 2023 – \$11 million; December 30, 2023 – \$11 million) was recorded in trade payables and other liabilities and \$180 million (October 7, 2023 – \$178 million; December 30, 2023 – \$179 million) was recorded in other liabilities for all properties sold and subsequently leased back by the Company that did not meet the criteria for sale.

Note 10. Long Term Debt

The components of long term debt were as follows:

(millions of Canadian dollars)	As at October 5, 2024	As at October 7, 2023	As at December 30, 2023
Debentures ⁽ⁱ⁾	\$ 4,307	\$ 4,310	\$ 4,309
Guaranteed investment certificates	1,459	1,725	1,654
Independent securitization trusts (note 8)	1,450	1,350	1,350
Independent funding trusts	588	494	558
Committed credit facility ⁽ⁱⁱ⁾	200	—	—
Transaction costs and other	(21)	(19)	(19)
Total long term debt	\$ 7,983	\$ 7,860	\$ 7,852
Long term debt due within one year	686	1,274	1,191
Long term debt	\$ 7,297	\$ 6,586	\$ 6,661

- (i) In the first quarter of 2024, the Company completed an issuance of \$400 million aggregate principal amount of senior unsecured notes bearing interest at 5.115% per annum with a maturity date of March 4, 2054. The Company used the net proceeds of the issuance to partially fund the redemption of the \$400 million aggregate principal amount of 3.918% senior unsecured notes on June 10, 2024.
- (ii) The Company has a committed credit facility with maturity date of July 15, 2027, provided by a syndicate of lenders. The facility contains certain financial covenants and as at October 5, 2024 and throughout the first three quarters of the year, the Company was in compliance with these covenants.

Note 11. Share Capital

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

	October 5, 2024 (16 weeks)		October 7, 2023 (16 weeks)		October 5, 2024 (40 weeks)		October 7, 2023 (40 weeks)	
(millions of Canadian dollars except where otherwise indicated)	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	306,047,785	\$ 6,289	317,079,146	\$ 6,387	310,526,379	\$ 6,281	324,062,608	\$ 6,489
Issued for settlement of stock options	247,643	21	138,973	10	2,140,011	163	639,811	44
Purchased and cancelled	(2,650,388)	(59)	(2,926,260)	(50)	(9,021,350)	(193)	(10,410,560)	(186)
Issued and outstanding, end of period	303,645,040	\$ 6,251	314,291,859	\$ 6,347	303,645,040	\$ 6,251	314,291,859	\$ 6,347
Shares held in trust, beginning of period	(656,147)	\$ (13)	(709,488)	\$ (14)	(1,269,239)	\$ (25)	(1,222,278)	\$ (24)
Purchased for future settlement of RSUs and PSUs	(420,000)	(8)	(625,000)	(13)	(420,000)	(8)	(625,000)	(13)
Released for settlement of RSUs and PSUs	49,429	1	51,387	1	662,521	13	564,177	11
Shares held in trust, end of period	(1,026,718)	\$ (20)	(1,283,101)	\$ (26)	(1,026,718)	\$ (20)	(1,283,101)	\$ (26)
Issued and outstanding, net of shares held in trust, end of period	302,618,322	\$ 6,231	313,008,758	\$ 6,321	302,618,322	\$ 6,231	313,008,758	\$ 6,321
Weighted average outstanding, net of shares held in trust (note 6)	304,166,012		315,178,099		306,117,858		318,243,863	

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

	October 5, 2024 ⁽ⁱ⁾ (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Dividends declared per share (\$)				
Common Share	\$ 0.513	\$ 0.446	\$ 1.472	\$ 1.297
Second Preferred Share, Series B	\$ 0.33125	\$ 0.33125	\$ 0.99375	\$ 0.99375

(i) The Common Share dividends declared in the third quarter of 2024 of \$0.513 per share had a payment date of October 1, 2024. The Second Preferred Shares, Series B dividends declared in the third quarter of 2024 of \$0.33125 per share had a payment date of September 30, 2024.

Subsequent to the end of the third quarter of 2024, the Board declared a quarterly dividend of \$0.513 per common share, payable on December 30, 2024 to shareholders of record on December 15, 2024 and a quarterly dividend of \$0.33125 per share on the Second Preferred Shares, Series B payable on December 31, 2024 to shareholders of record on December 15, 2024.

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)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Common shares repurchased under the NCIB for cancellation (number of shares) ⁽ⁱ⁾	2,650,388	2,926,260	9,021,350	10,410,560
Cash consideration paid	\$ 445	\$ 341	\$ 1,397	\$ 1,235
Premium charged to retained earnings ⁽ⁱⁱ⁾	451	236	1,341	899
Reduction in common share capital ⁽ⁱⁱⁱ⁾	59	50	193	186
Common shares repurchased under the NCIB and held in trust (number of shares)	420,000	625,000	420,000	625,000
Cash consideration paid	\$ 72	\$ 72	\$ 72	\$ 72
Premium charged to retained earnings	65	59	65	59
Reduction in common share capital	8	13	8	13

(i) Common shares repurchased and cancelled as at October 5, 2024 do not include the shares that may be repurchased subsequent to the end of the quarter under the automatic share repurchase plan, as described below.

(ii) Premium charged to retained earnings includes \$96 million related to the automatic share purchase plan, as described below.

(iii) Includes \$24 million related to the automatic share purchase plan, as described below.

In the second quarter of 2024, the Company renewed its NCIB to purchase on the Toronto Stock Exchange or through alternative trading systems up to 15,336,875 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at October 5, 2024, the Company had purchased 4,000,560 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 third quarter of 2024, 2,650,388 common shares (2023 – 2,926,260) were purchased under the NCIB for cancellation, for aggregate consideration of \$450 million (2023 – \$341 million), including 1,123,575 common shares (2023 – 1,473,813) purchased from Weston, for aggregate consideration of \$193 million (2023 – \$171 million). On a year-to-date basis, 9,021,350 common shares (2023 – 10,410,560) were purchased under the NCIB for cancellation, for aggregate consideration of \$1,402 million (2023 – \$1,235 million), including 3,613,458 common shares (2023 – 5,148,067) purchased from Weston, for aggregate consideration of \$565 million (2023 – \$609 million).

From time to time, the Company participates in an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at October 5, 2024, an obligation to repurchase shares of \$200 million was recognized under the ASPP in trade payables and other liabilities.

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

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

(millions of Canadian dollars)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Current service cost				
Post-employment benefit costs ⁽ⁱ⁾	\$ 45	\$ 46	\$ 117	\$ 116
Other long term employee benefit costs ⁽ⁱⁱ⁾	12	14	29	33
Net interest cost on net defined benefit plan obligations (note 4)	1	4	3	11
Total post-employment defined benefit cost	\$ 58	\$ 64	\$ 149	\$ 160

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

(ii) Includes costs related to the Company's long term disability plans.

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

(millions of Canadian dollars)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Return (loss) on plan assets, excluding amounts included in net interest expense and other financing charges	\$ 12	\$ (75)	\$ 78	\$ 4
Actuarial gains from changes in financial assumptions ⁽ⁱ⁾	48	128	69	83
Change in liability arising from asset ceiling ⁽ⁱ⁾	(71)	(105)	(115)	(10)
Total net actuarial (losses) gains recognized in other comprehensive income before income taxes	\$ (11)	\$ (52)	\$ 32	\$ 77
Income tax recoveries (expenses) on actuarial (losses) gains	3	14	(8)	(20)
Actuarial (losses) gains net of income tax recoveries (expenses)	\$ (8)	\$ (38)	\$ 24	\$ 57

(i) In the third quarter of 2024 and on a year-to-date basis, the actuarial gains from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by an increase in the discount rate.

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

(millions of Canadian dollars)	As at October 5, 2024	As at October 7, 2023	As at December 30, 2023
Other assets			
Accrued benefit plan asset	\$ 287	\$ 83	\$ 297
Other liabilities			
Net defined benefit plan obligation	\$ 227	\$ 209	\$ 242
Other long term employee benefit obligation	138	116	128

Note 13. Financial Instruments

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

(millions of Canadian dollars)	As at October 5, 2024				As at October 7, 2023				As at December 30, 2023			
	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	\$ 119	\$ —	\$ —	\$ 119	\$ 170	\$ —	\$ —	\$ 170	\$ 201	\$ —	\$ —	\$ 201
Derivatives included in prepaid expenses and other assets	—	—	—	—	—	11	—	11	—	8	—	8
Fair value through profit and loss:												
Certain other assets ⁽ⁱ⁾	—	—	68	68	—	—	54	54	—	—	56	56
Derivatives included in prepaid expenses and other assets	—	—	1	1	—	4	—	4	—	—	2	2
Financial liabilities												
Amortized cost:												
Long term debt	\$ —	\$ 8,167	\$ —	\$ 8,167	\$ —	\$ 7,722	\$ —	\$ 7,722	\$ —	\$ 8,151	\$ —	\$ 8,151
Associate Interest	—	—	360	360	—	—	408	408	—	—	370	370
Certain other liabilities ⁽ⁱⁱ⁾	—	—	301	301	—	—	211	211	—	—	287	287
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	—	1	22	23	—	—	4	4	—	—	4	4
Fair value through profit and loss:												
Derivatives included in trade payables and other liabilities	1	—	—	1	—	—	—	—	4	3	—	7

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

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

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

During the third quarter of 2024, the Company recognized a loss of \$1 million (2023 – gain of \$2 million) and a gain of \$3 million (2023 – nominal loss) year-to-date in operating income on financial instruments designated as amortized cost. In addition, the Company recognized a net loss of \$3 million during the third quarter of 2024 (2023 – net gain of \$14 million), and a year-to-date net gain of \$13 million (2023 – net loss of \$2 million) in earnings before income taxes related to financial instruments required to be classified as fair value through profit and loss.

Securities Investments PC Bank holds investments which are considered part of the liquid securities required to be held to meet its Liquidity Coverage Ratio. These securities are classified as fair value through other comprehensive income and were included in long term securities and other assets on the consolidated balance sheets.

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

	(16 weeks)			October 5, 2024 (40 weeks)		
(millions of Canadian dollars)	Net asset/ (liability) fair value	Gain/ (loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	
Derivatives designated as cash flow hedges						
Foreign Exchange Forwards ⁽ⁱ⁾	\$ —	\$ (2)	\$ 1	\$ (7)	\$ 1	
Bond Forwards ⁽ⁱⁱ⁾	(1)	(2)	—	3	(2)	
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	—	(1)	—	(1)	1	
Energy Hedge ^(iv)	(22)	(3)	—	(18)	—	
Total derivatives designated as cash flow hedges	\$ (23)	\$ (8)	\$ 1	\$ (23)	\$ —	
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	\$ —	\$ —	\$ (3)	\$ —	\$ 9	
Other Non-Financial Derivatives	(1)	—	(2)	—	1	
Total derivatives not designated in a formal hedging relationship	\$ (1)	\$ —	\$ (5)	\$ —	\$ 10	
Total derivatives	\$ (24)	\$ (8)	\$ (4)	\$ (23)	\$ 10	

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$8 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.
- (ii) PC Bank uses bond forwards, with a notional value of \$25 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in trade payables and other liabilities.
- (iii) PC Bank uses interest rate swaps, with a notional value of \$180 million, to mitigate the impact of increases in interest rates. The fair value of the derivatives is included in prepaid expenses and other assets.
- (iv) In 2023, the Company entered into a 20 year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of \$223 million. The fair value of the derivative is included in trade payables and other liabilities.

October 7, 2023

	(16 weeks)			October 7, 2023 (40 weeks)	
(millions of Canadian dollars)	Net asset/ (liability) fair value	Gain/ (loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges					
Foreign Exchange Forwards ⁽ⁱ⁾	\$ 7	\$ 1	\$ —	\$ (3)	\$ 1
Bond Forwards ⁽ⁱⁱ⁾	2	2	(2)	10	(4)
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	3	1	—	3	1
Energy Hedge ^(iv)	(5)	(9)	—	(5)	—
Total derivatives designated as cash flow hedges	\$ 7	\$ (5)	\$ (2)	\$ 5	\$ (2)
Derivatives not designated in a formal hedging relationship					
Foreign Exchange and Other Forwards	\$ 4	\$ —	\$ 12	\$ —	\$ 5
Other Non-Financial Derivatives	—	—	—	—	(3)
Total derivatives not designated in a formal hedging relationship	\$ 4	\$ —	\$ 12	\$ —	\$ 2
Total derivatives	\$ 11	\$ (5)	\$ 10	\$ 5	\$ —

(i) PC Bank uses foreign exchange forwards, with a notional value of \$19 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.

(ii) PC Bank uses bond forwards, with notional value of \$30 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets.

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

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

Note 14. Contingent Liabilities

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

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

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

Shoppers Drug Mart was previously served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by licensed Associates ("Associates"), claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, 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 Court also held that Shoppers Drug Mart breached the 2002 form of Associate Agreement when it did not remit certain amounts that it received from generic drug manufacturers to Associates. On March 20, 2023, the plaintiffs filed a Notice of Appeal and on April 4, 2023, the Company filed a Notice of Cross-Appeal. A hearing for the appeals was held on February 14, 2024 and on February 15, 2024. On August 29, 2024, the Court of Appeal dismissed both the appeal and cross appeal, with the exception that the plaintiff's appeal was allowed to correct the amount Shoppers Drug Mart received in professional allowances during the class period. Accordingly, the Company has not recorded any amounts related to the potential liability associated with this lawsuit. The Company does not believe that the ultimate resolution of this matter will have a material adverse impact on its financial condition or prospects.

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

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including the Company and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to

settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. 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 Ontario, Quebec, and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek 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. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, 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 July 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 August 2024, the FCA released its decision and reversed the decision of the Tax Court. As a result, PC Bank reversed charges of \$155 million, including \$111 million initially recorded in the second quarter of 2022. In addition, \$10 million was recorded related to interest income on cash tax refunds. Certain taxation years subsequent to the periods covered by the FCA decision remain under review by the tax authorities.

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

Note 15. Related Party Transactions

Sale and Leaseback During the third quarter of 2024, the Company sold three properties to joint arrangements between a third party and Choice Properties Real Estate Investment Trust (“Choice Properties”) for proceeds of \$253 million and recognized a gain of \$37 million. Year to date, the Company sold four properties (2023 – one) to related parties for proceeds of \$291 million (2023 – \$12 million) and recognized a gain of \$51 million (2023 – a gain of \$3 million). These properties were leased back by the Company (see note 9).

Financial Liabilities During the first quarter of 2023, the Company disposed of two retail properties to Choice Properties for proceeds of \$86 million. These properties were leased back by the Company and did not meet the criteria for sale in accordance with IFRS 15, “Revenue from Contracts with Customers” as the Company did not relinquish control of the properties under the terms of the lease (see note 9).

Lease with Choice Properties In the first quarter of 2022, the Company entered into a lease agreement for land in Caledon upon which it intends to build an industrial facility. The land is owned by a joint arrangement in which Choice Properties has an ownership interest. The Company took possession of the land on October 1, 2024, and as a result recorded a right-of-use asset and lease liability of \$232 million related to a 40 year-term.

Note 16. Segment Information

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

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

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

Information for each reportable operating segment is included below:

	October 5, 2024 (16 weeks)					October 7, 2023 (16 weeks)				
(millions of Canadian dollars)	Retail	Financial Services	Total Segment Measure	Eliminations ⁽ⁱ⁾	Total	Retail	Financial Services	Total Segment Measure	Eliminations ⁽ⁱ⁾	Total
Revenue⁽ⁱⁱ⁾	\$ 18,259	\$ 382	\$ 18,641	\$ (103)	\$ 18,538	\$ 17,982	\$ 379	\$ 18,361	\$ (96)	\$ 18,265
Operating income	\$ 1,091	\$ 230	\$ 1,321	\$ —	\$ 1,321	\$ 1,006	\$ 59	\$ 1,065	\$ —	\$ 1,065
Net interest expense and other financing charges	209	29	238	—	238	197	37	234	—	234
Earnings before income taxes	\$ 882	\$ 201	\$ 1,083	\$ —	\$ 1,083	\$ 809	\$ 22	\$ 831	\$ —	\$ 831
Operating income	\$ 1,091	\$ 230	\$ 1,321	\$ —	\$ 1,321	\$ 1,006	\$ 59	\$ 1,065	\$ —	\$ 1,065
Depreciation and amortization	891	12	903			865	15	880		
Adjusting items ⁽ⁱⁱⁱ⁾	—	(155)	(155)			(19)	—	(19)		
Adjusted EBITDA⁽ⁱⁱⁱ⁾	\$ 1,982	\$ 87	\$ 2,069			\$ 1,852	\$ 74	\$ 1,926		

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

(ii) Included in Financial Services revenue is \$163 million (2023 – \$164 million) of interest income.

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

	2024 (16 weeks)			2023 (16 weeks)		
(millions of Canadian dollars)	Retail	Financial Services	Total Segment Measure	Retail	Financial Services	Total Segment Measure
Fair value adjustment on fuel and foreign currency contracts	\$ —	\$ —	\$ —	\$ (6)	\$ —	\$ (6)
Gain on sale of non-operating properties	—	—	—	(13)	—	(13)
Recovery related to PC Bank commodity tax matter	—	(155)	(155)	—	—	—
Adjusting items	\$ —	\$ (155)	\$ (155)	\$ (19)	\$ —	\$ (19)

	October 5, 2024 (40 weeks)					October 7, 2023 (40 weeks)				
(millions of Canadian dollars)	Retail	Financial Services	Total Segment Measure	Eliminations ⁽ⁱ⁾	Total	Retail	Financial Services	Total Segment Measure	Eliminations ⁽ⁱ⁾	Total
Revenue⁽ⁱⁱ⁾	\$45,207	\$ 1,110	\$ 46,317	\$ (251)	\$46,066	\$ 44,188	\$1,053	\$ 45,241	\$ (243)	\$44,998
Operating income	\$ 2,688	\$ 362	\$ 3,050	\$ —	\$ 3,050	\$ 2,657	\$ 104	\$ 2,761	\$ —	\$ 2,761
Net interest expense and other financing charges	521	101	622	—	622	504	104	608	—	608
Earnings before income taxes	\$ 2,167	\$ 261	\$ 2,428	\$ —	\$ 2,428	\$ 2,153	\$ —	\$ 2,153	\$ —	\$ 2,153
Operating income	\$ 2,688	\$ 362	\$ 3,050	\$ —	\$ 3,050	\$ 2,657	\$ 104	\$ 2,761	\$ —	\$ 2,761
Depreciation and amortization	2,236	36	2,272			2,182	44	2,226		
Adjusting items ⁽ⁱⁱⁱ⁾	159	(155)	4			(10)	37	27		
Adjusted EBITDA⁽ⁱⁱⁱ⁾	\$ 5,083	\$ 243	\$ 5,326			\$ 4,829	\$ 185	\$ 5,014		

- (i) Eliminations include intercompany revenue related to PC[®] Mastercard[®] loyalty awards in the Financial Services segment.
- (ii) Included in Financial Services revenue is \$497 million (2023 – \$467 million) of interest income.
- (iii) Certain items are excluded from operating income to derive adjusted EBITDA.

	2024 (40 weeks)			2023 (40 weeks)		
For the periods ended October 5, 2024 and October 7, 2023 (millions of Canadian dollars)	Retail	Financial Services	Total Segment Measure	Retail	Financial Services	Total Segment Measure
Charges related to settlement of class action lawsuits	\$ 164	\$ —	\$ 164	\$ —	\$ —	\$ —
(Recovery) Charge related to PC Bank commodity tax matters	—	(155)	(155)	—	37	37
Gain on sale of non-operating properties	—	—	—	(12)	—	(12)
Fair value adjustment on fuel and foreign currency contracts	(5)	—	(5)	2	—	2
Adjusting items	\$ 159	\$ (155)	\$ 4	\$ (10)	\$ 37	\$ 27

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

(millions of Canadian dollars)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Food retail	\$ 12,966	\$ 12,843	\$ 32,028	\$ 31,414
Drug retail	5,293	5,139	13,179	12,774
Retail total	\$ 18,259	\$ 17,982	\$ 45,207	\$ 44,188
Financial Services	382	379	1,110	1,053
Eliminations ⁽ⁱ⁾	(103)	(96)	(251)	(243)
Total	\$ 18,538	\$ 18,265	\$ 46,066	\$ 44,998

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

(millions of Canadian dollars)	As at October 5, 2024	As at October 7, 2023	As at December 30, 2023
Total assets			
Retail	\$ 33,369	\$ 32,446	\$ 32,870
Financial Services	5,892	5,806	6,109
	\$ 39,261	\$ 38,252	\$ 38,979

(millions of Canadian dollars)	October 5, 2024 (16 weeks)	October 7, 2023 (16 weeks)	October 5, 2024 (40 weeks)	October 7, 2023 (40 weeks)
Additions to fixed assets and intangible assets				
Retail	\$ 675	\$ 681	\$ 1,541	\$ 1,403
Financial Services	15	14	31	30
	\$ 690	\$ 695	\$ 1,572	\$ 1,433