

Management's Discussion and Analysis

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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 third quarter 2025 unaudited interim period condensed consolidated financial statements and the accompanying notes ("interim financial statements") included within the Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 28, 2024 and the related MD&A included in the Company's 2024 Annual Report.

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

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, equity award and per share amounts presented herein have been retrospectively adjusted to reflect the stock split. For additional information please refer to Note 11 "Share Capital" of the Company's interim financial statements.

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

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

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

The information in this MD&A is current to November 11, 2025, unless otherwise noted.

1. Forward-Looking Statements

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

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

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

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

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities ("securities regulators") from time to time, including, without limitation, the section entitled "Risks" in the Company's AIF for the year ended December 28, 2024. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2. Key Financial Performance Indicators⁽¹⁾

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

As at or for the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (16 weeks)	2024 (16 weeks)
Consolidated:		
Revenue growth	4.6 %	1.5 %
Operating income	\$ 1,376	\$ 1,321
Adjusted EBITDA ⁽²⁾	2,217	2,069
Adjusted EBITDA margin ⁽²⁾	11.4 %	11.2 %
Net earnings	\$ 810	\$ 820
Net earnings attributable to shareholders of the Company	794	780
Net earnings available to common shareholders of the Company ⁽ⁱ⁾	794	777
Adjusted net earnings available to common shareholders of the Company ⁽²⁾	828	767
Diluted net earnings per common share ⁽⁴⁾ (\$)	\$ 0.66	\$ 0.63
Adjusted diluted net earnings per common share ^{(2) (4)} (\$)	\$ 0.69	\$ 0.62
Cash and cash equivalents and short term investments	\$ 2,245	\$ 1,529
Cash flows from operating activities	1,751	1,958
Capital investments ⁽ⁱⁱ⁾	685	690
Total number of stores ⁽ⁱⁱⁱ⁾	2,479	2,467
Free cash flow ⁽²⁾	396	622
Financial Measures:		
Retail debt to rolling year retail adjusted EBITDA ⁽²⁾	2.4 x	2.4 x
Rolling year adjusted return on equity ⁽²⁾	24.8 %	23.3 %
Rolling year adjusted return on capital ⁽²⁾	11.9 %	11.8 %
Retail Segment:		
Food retail same-store sales growth	2.0 %	0.5 %
Drug retail same-store sales growth	4.0 %	2.9 %
Operating income	\$ 1,287	\$ 1,091
Gross profit ⁽²⁾	5,940	5,642
Gross profit % ⁽²⁾	31.1 %	30.9 %
Adjusted EBITDA ⁽²⁾	\$ 2,116	\$ 1,982
Adjusted EBITDA margin ⁽²⁾	11.1 %	10.9 %
Financial Services Segment:		
Earnings before income taxes	\$ 49	\$ 201
Annualized yield on average quarterly gross credit card receivables	14.5 %	14.4 %
Annualized credit loss rate on average quarterly gross credit card receivables	4.3 %	4.6 %

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

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

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

3. Consolidated Results of Operations

For the periods ended October 4, 2025 and October 5, 2024

(millions of Canadian dollars except where otherwise indicated)

	2025				2024			
	(16 weeks)	(16 weeks)	\$ Change	% Change	(40 weeks)	(40 weeks)	\$ Change	% Change
Revenue	\$19,395	\$18,538	\$ 857	4.6 %	\$48,202	\$46,066	\$ 2,136	4.6 %
Operating income	1,376	1,321	55	4.2 %	3,521	3,050	471	15.4 %
Adjusted EBITDA ⁽²⁾	2,217	2,069	148	7.2 %	5,648	5,326	322	6.0 %
Adjusted EBITDA margin ⁽²⁾	11.4 %	11.2 %			11.7 %	11.6 %		
Depreciation and amortization	\$ 810	\$ 903	\$ (93)	(10.3)%	\$ 2,115	\$ 2,272	\$ (157)	(6.9)%
Net interest expense and other financing charges	273	238	35	14.7 %	683	622	61	9.8 %
Adjusted net interest expense and other financing charges ⁽²⁾	273	248	25	10.1%	683	632	51	8.1 %
Income taxes	293	263	30	11.4 %	749	621	128	20.6 %
Adjusted income taxes ⁽²⁾	304	263	41	15.6 %	792	724	68	9.4 %
Effective tax rate	26.6 %	24.3 %			26.4 %	25.6 %		
Adjusted effective tax rate ⁽²⁾	26.5 %	24.5 %			26.5 %	25.8 %		
Net earnings attributable to non-controlling interests	\$ 16	\$ 40	\$ (24)	(60.0)%	\$ 78	\$ 105	\$ (27)	(25.7)%
Net earnings attributable to shareholders of the Company	\$ 794	\$ 780	\$ 14	1.8 %	\$ 2,011	\$ 1,702	\$ 309	18.2 %
Net earnings available to common shareholders of the Company⁽ⁱ⁾	794	777	17	2.2 %	2,011	1,693	318	18.8 %
Adjusted net earnings available to common shareholders of the Company ⁽²⁾	828	767	61	8.0 %	2,119	1,968	151	7.7 %
Diluted net earnings per common share⁽⁴⁾ (\$)	\$ 0.66	\$ 0.63	\$ 0.03	4.8 %	\$ 1.67	\$ 1.37	\$ 0.30	21.9 %
Adjusted diluted net earnings per common share ^{(2) (4)} (\$)	\$ 0.69	\$ 0.62	\$ 0.07	11.3 %	\$ 1.76	\$ 1.59	\$ 0.17	10.7 %
Diluted weighted average common shares outstanding ⁽⁴⁾ (in millions)	1,195.4	1,227.7			1,203.1	1,236.9		

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

Loblaw delivered another quarter of consistent operational and financial performance. The combination of everyday value offerings, personalized PC Optimum™ loyalty rewards, impactful promotions, and new store openings drove higher levels of customer engagement. Canadians recognized its differentiated value, quality, service, and convenience across its nationwide network of stores and digital platforms, driving sales growth of \$857 million in the quarter. The Food Retail business attracted more customers and larger baskets, resulting in both the Super Market and Hard Discount banners outperforming their peer group on tonnage market share growth in the quarter. The Company's Hard Discount and Real Canadian Superstore banners again outperformed conventional stores, benefitting from the consumer shift to value. The Company opened 19 Maxi and NoFrills stores in the quarter, bringing discount options to more communities across the country. In Drug Retail, Pharmacy and Healthcare Services contributed to strong results, led by specialty drug growth. Front store sales momentum continued in cosmetics and over-the-counter categories, which were only partially offset by the previously announced strategic exit from certain electronics items. Loblaw remains on track with its full-year plan to open approximately 76 new stores and 100 new pharmacy clinics, opening 47 new stores and 55 new pharmacy clinics year-to-date, providing access to affordable, quality groceries and healthcare to underserved communities across Canada.

Net Earnings Available to Common Shareholders of the Company and Diluted Net Earnings Per Common Share

Net earnings available to common shareholders of the Company in the third quarter of 2025 were \$794 million (\$0.66 per common share). When compared to the third quarter of 2024, this was an increase of \$17 million (\$0.03 per common share) or 2.2%. The increase included an improvement in the underlying operating performance of \$61 million and an unfavourable change in adjusting items totaling \$44 million as described below:

- the improvement in underlying operating performance of \$61 million (\$0.05 per common share) was primarily due to the following:
 - an improvement in the underlying operating performance in the Retail segment driven by an increase in gross profit⁽²⁾, partially offset by an increase in selling, general and administrative expenses ("SG&A").
- the unfavourable change in adjusting items totaling \$44 million (\$0.04 per common share) was primarily due to the following:
 - the unfavourable impact of the prior year recovery related to the President's Choice Bank ("PC Bank") commodity tax matter of \$125 million (\$0.10 per common share); and
 - the unfavourable impact of the wind-down of the Theodore & Pringle optical business of \$22 million (\$0.02 per common share);partially offset by,
 - the year-over-year favourable change in amortization of intangible assets of \$105 million (\$0.08 per common share) primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") which are now fully amortized.
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months (\$0.02 per common share).

Adjusted net earnings available to common shareholders of the Company⁽²⁾ were \$828 million, an increase of \$61 million or 8.0% compared to the third quarter of 2024. Adjusted net earnings per common share⁽²⁾ were \$0.69, an increase of \$0.07 or 11.3%. The increase includes the favourable impact from the repurchase of common shares.

Year-to-date net earnings available to common shareholders of the Company were \$2,011 million (\$1.67 per common share), an increase of \$318 million (\$0.30 per common share) or 18.8% compared to the same period in 2024. The increase included a favourable change in adjusting items totaling \$167 million and an improvement in the underlying operating performance of \$151 million as described below:

- the favourable change in adjusting items totaling \$167 million (\$0.13 per common share) was primarily due to the following:
 - the year-over-year favourable change in amortization of intangible assets of \$181 million (\$0.14 per common share) primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
 - the favourable impact of the prior year charges related to the settlement of class action lawsuits of \$121 million (\$0.10 per common share);
 - the favourable impact of the gain on sale of non-operating properties of \$11 million (\$0.01 per common share); and
 - the favourable impact of the gain related to the sale of Wellwise by Shoppers™ (“Wellwise”) of \$5 million (\$0.01 per common share);
 partially offset by,
 - the unfavourable impact of the prior year recovery related to the PC Bank commodity tax matter of \$125 million (\$0.10 per common share);
 - the unfavourable impact of the wind-down of the Theodore & Pringle optical business of \$22 million (\$0.02 per common share); and
 - the prior year unfavourable change of fair value adjustments on fuel and foreign currency contracts of \$4 million (\$0.01 per common share).
- the improvement in the underlying operating performance of \$151 million (\$0.12 per common share) was primarily due to the following:
 - an improvement in the underlying operating performance in the Retail segment driven by an increase in gross profit⁽²⁾, partially offset by an increase in SG&A and depreciation and amortization.
- diluted net earnings per common share also included the favourable impact from the repurchase of common shares over the last 12 months (\$0.05 per common share).

Year-to-date adjusted net earnings available to common shareholders of the Company⁽²⁾ were \$2,119 million, an increase of \$151 million or 7.7% compared to the same period in 2024. Adjusted net earnings per common share⁽²⁾ were \$1.76 per common share, an increase of \$0.17 or 10.7%. The increase includes the favourable impact from the repurchase of common shares.

Revenue

For the periods ended October 4, 2025 and October 5, 2024
(millions of Canadian dollars except where otherwise indicated)

	2025				2024			
	(16 weeks)	(16 weeks)	\$ Change	% Change	(40 weeks)	(40 weeks)	\$ Change	% Change
Retail	\$ 19,082	\$ 18,259	\$ 823	4.5 %	\$ 47,308	\$ 45,207	\$ 2,101	4.6 %
Financial Services	403	382	21	5.5 %	1,153	1,110	43	3.9 %
Eliminations	(90)	(103)	13	12.6 %	(259)	(251)	(8)	(3.2)%
Revenue	\$ 19,395	\$ 18,538	\$ 857	4.6 %	\$ 48,202	\$ 46,066	\$ 2,136	4.6 %

Revenue was \$19,395 million in the third quarter of 2025. When compared to the third quarter of 2024, this was an increase of \$857 million, or 4.6%. The increase was primarily driven by an increase in Retail segment sales of \$823 million due to positive same-store sales growth and an increase in retail square footage due to the opening of new stores. In addition, the sale of *Wellwise* was completed in the first quarter of 2025. Revenue related to *Wellwise* in the third quarter of 2025 was nil (2024 – \$27 million). Excluding the impact of revenue related to *Wellwise*, revenue increased by 4.8%. There was also an increase in Financial Services segment sales of \$21 million.

Year-to-date revenue was \$48,202 million, an increase of \$2,136 million, or 4.6%, compared to the same period in 2024. The increase was primarily driven by an increase in Retail segment sales of \$2,101 million, due to positive same-store sales growth and an increase in retail square footage due to the opening of new stores. Year-to-date revenue related to *Wellwise* was \$21 million (2024 – \$68 million). Excluding the impact of revenue related to *Wellwise*, revenue increased by 4.7%. There was also an increase in Financial Services segment sales of \$43 million.

Operating Income Operating income was \$1,376 million in the third quarter of 2025. When compared to the third quarter of 2024, this was an increase of \$55 million, or 4.2%. The increase was driven by an improvement in underlying operating performance of \$100 million and an unfavourable change in adjusting items totaling \$45 million as described below:

- the improvement in underlying operating performance of \$100 million was primarily due to the following:
 - an improvement in the Retail Segment due to an increase in gross profit⁽²⁾, partially offset by an increase in SG&A and depreciation and amortization; and
 - an improvement in the underlying operating performance in the Financial Services segment.
- the unfavourable change in adjusting items totaling \$45 million was primarily due to the following:
 - the unfavourable impact of the prior year recovery related to the PC Bank commodity tax matter of \$155 million; and
 - the unfavourable impact of the wind-down of the Theodore & Pringle optical business of \$30 million. partially offset by,
 - the year-over-year favourable change in amortization of intangible assets of \$141 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized.

Year-to-date operating income was \$3,521 million, an increase of \$471 million, or 15.4%, compared to the same period in 2024. The increase in operating income was driven by a favourable change in adjusting items totaling \$237 million and an improvement in the underlying operating performance of \$234 million, as described below:

- the favourable change in adjusting items totaling \$237 million was primarily due to the following:
 - the year-over-year favourable change in amortization of intangible assets of \$245 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
 - the favourable impact of the prior year charges related to the settlement of class action lawsuits of \$164 million;
 - the favourable impact of the gain on sale of non-operating properties of \$13 million; and
 - the favourable impact of the gain related to the sale of *Wellwise* of \$5 million;partially offset by,
 - the unfavourable impact of the prior year recovery related to the PC Bank commodity tax matter of \$155 million;
 - the unfavourable impact of the wind-down of the Theodore & Pringle optical business of \$30 million; and
 - the prior year unfavourable change of fair value adjustments on fuel and foreign currency contracts of \$5 million.
- the improvement in the underlying operating performance of \$234 million was primarily due to the following:
 - an improvement in the underlying operating performance of the Retail segment due to an increase in gross profit⁽²⁾, partially offset by an increase in SG&A and depreciation and amortization.

Adjusted EBITDA⁽²⁾

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025		2024		2025		2024	
	(16 weeks)	(16 weeks)	\$ Change	% Change	(40 weeks)	(40 weeks)	\$ Change	% Change
Retail	\$ 2,116	\$ 1,982	\$ 134	6.8 %	\$ 5,386	\$ 5,083	\$ 303	6.0 %
Financial Services	101	87	14	16.1 %	262	243	19	7.8 %
Adjusted EBITDA ⁽²⁾	\$ 2,217	\$ 2,069	\$ 148	7.2 %	\$ 5,648	\$ 5,326	\$ 322	6.0 %

Adjusted EBITDA⁽²⁾ was \$2,217 million in the third quarter of 2025. When compared to the third quarter of 2024, this was an increase of \$148 million or 7.2%, driven by an increase in the Retail segment of \$134 million and an increase in the Financial Services segment of \$14 million.

Year-to-date adjusted EBITDA⁽²⁾ was \$5,648 million, an increase of \$322 million, or 6.0% compared to the same period in 2024, driven by an increase in the Retail segment of \$303 million, and an increase in the Financial Services segment of \$19 million.

Depreciation and Amortization Depreciation and amortization was \$810 million in the third quarter of 2025, a decrease of \$93 million or 10.3% compared to the third quarter of 2024, driven by a decrease in the Retail segment of \$93 million. Year-to-date depreciation and amortization was \$2,115 million, a decrease of \$157 million or 6.9% compared to the same period in 2024, primarily driven by a decrease in the Retail segment of \$159 million.

Depreciation and amortization in the third quarter of 2025 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark Health Group ("Lifemark") of \$14 million (2024 – \$155 million) and \$139 million (2024 – \$384 million), respectively.

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges were \$273 million, an increase of \$35 million or 14.7% compared to the third quarter of 2024. The increase was primarily driven by an increase in interest expense from lease liabilities and long term debt, and the unfavourable impact of the prior year recovery related to the PC Bank commodity tax matter. Year-to-date net interest expense and other financing charges were \$683 million, an increase of \$61 million or 9.8% compared to the same period in 2024. The year-to-date increase was primarily driven by an increase in interest expense from lease liabilities and long term debt and the unfavourable impact of the prior year recovery related to the PC Bank commodity tax matter.

Income Taxes Income tax expense in the third quarter of 2025 was \$293 million (2024 – \$263 million) and the effective tax rate was 26.6% (2024 – 24.3%). The increase in the effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the third quarter of 2024. Year-to-date income tax expense was \$749 million (2024 – \$621 million) and the effective tax rate was 26.4% (2024 – 25.6%). The increase to the year-to-date effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during the third quarter of 2024.

Adjusted income tax expense⁽²⁾ in the third quarter of 2025 was \$304 million (2024 – \$263 million) and the adjusted effective tax rate⁽²⁾ was 26.5% (2024 – 24.5%). The increase in the adjusted effective tax rate⁽²⁾ was primarily attributed to the non-taxable portion of the gain from real estate dispositions during the third quarter of 2024. Year-to-date adjusted income tax expense⁽²⁾ was \$792 million (2024 – \$724 million) and the adjusted effective tax rate⁽²⁾ was 26.5% (2024 – 25.8%). The increase to the year-to-date adjusted effective tax rate⁽²⁾ was primarily attributable to the non-taxable portion of the gain from real estate dispositions during 2024.

Net Earnings Attributable To Non-Controlling Interests Net earnings attributable to non-controlling interests were \$16 million, a decrease of \$24 million or 60.0% compared to the third quarter of 2024, primarily driven by a decrease in franchisee earnings after profit sharing. Year-to-date net earnings attributable to non-controlling interests were \$78 million, a decrease of \$27 million or 25.7% compared to the same period in 2024, primarily driven by a decline in franchisee earnings after profit sharing. Non-controlling interests represent the share of earnings that relates to the Company's Food Retail franchisees and is impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements.

4. Reportable Operating Segments Results of Operations

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

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

4.1 Retail Segment

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025				2024			
	(16 weeks)	(16 weeks)	\$ Change	% Change	(40 weeks)	(40 weeks)	\$ Change	% Change
Sales	\$19,082	\$18,259	\$ 823	4.5 %	\$47,308	\$45,207	\$ 2,101	4.6 %
Operating income	1,287	1,091	196	18.0 %	3,297	2,688	609	22.7 %
Gross profit ⁽²⁾	5,940	5,642	298	5.3 %	14,908	14,216	692	4.9 %
Gross profit % ⁽²⁾	31.1 %	30.9 %			31.5 %	31.4 %		
Adjusted EBITDA ⁽²⁾	\$ 2,116	\$ 1,982	\$ 134	6.8 %	\$5,386	\$ 5,083	\$ 303	6.0 %
Adjusted EBITDA margin ⁽²⁾	11.1 %	10.9 %			11.4 %	11.2 %		
Depreciation and amortization	\$ 798	\$ 891	\$ (93)	(10.4)%	\$ 2,077	\$ 2,236	\$ (159)	(7.1)%

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

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (16 weeks)		2024 (16 weeks)			
	Sales	Same-store sales	Sales	Same-store sales	Sales \$ Change	Sales % Change
Food retail	\$ 13,588	2.0 %	\$ 12,966	0.5 %	\$ 622	4.8 %
Drug retail	5,494	4.0 %	5,293	2.9 %	201	3.8 %
Pharmacy and healthcare services	2,953	5.9 %	2,783	6.3 %	170	6.1 %
Front store	2,541	1.9 %	2,510	(0.5)%	31	1.2 %

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (40 weeks)		2024 (40 weeks)			
	Sales	Same-store sales	Sales	Same-store sales	Sales \$ Change	Sales % Change
Food retail	\$ 33,588	2.5 %	\$ 32,028	1.3 %	1,560	4.9 %
Drug retail	13,720	4.0 %	13,179	2.8 %	541	4.1 %
Pharmacy and healthcare services	7,409	6.1 %	6,952	6.3 %	457	6.6 %
Front store	6,311	1.6 %	6,227	(0.7)%	84	1.3 %

Sales Retail segment sales were \$19,082 million in the third quarter of 2025, an increase of \$823 million, or 4.5% compared to the third quarter of 2024. Food retail sales were \$13,588 million, an increase of \$622 million, or 4.8%. Drug retail sales were \$5,494 million, an increase of \$201 million, or 3.8%. The improvement in Retail segment sales was primarily driven by the following factors:

- Food retail same-store sales growth was 2.0% (2024 – 0.5%) for the quarter.
 - Sales growth in food was moderate;
 - Sales growth in pharmacy was moderate;
 - The Company’s internal food inflation was lower than the Consumer Price Index for Food Purchased From Stores of 3.6% (2024 – 2.3%); and
 - Food Retail traffic increased and basket size increased.
- Drug retail same-store sales growth was 4.0% (2024 – 2.9%) for the quarter.
 - Pharmacy and healthcare services same-store sales growth was 5.9% (2024 – 6.3%) led by specialty prescriptions. The number of prescriptions increased by 2.8% (2024 – 2.3%). On a same-store basis, the number of prescriptions increased by 2.8% (2024 – 2.3%) and the average prescription value increased by 3.7% (2024 – 3.5%); and
 - Front store same-store sales growth was 1.9% (2024 – decline of 0.5%). Front store same-store sales growth was primarily driven by higher sales of beauty and over-the-counter (“OTC”) products, partially offset by the decision to exit certain low margin electronics categories.

In the third quarter of 2025, 27 food and drug stores were opened and 7 food and drug stores were closed. Retail square footage was 72.9 million square feet, a net increase of 1.4 million square feet, or 2.0%, compared to the third quarter of 2024.

On a year-to-date basis, Retail segment sales were \$47,308 million, an increase of \$2,101 million, or 4.6% when compared to the same period in 2024. Food retail sales of \$33,588 million increased by \$1,560 million, or 4.9%. Food retail same-store sales grew by 2.5% (2024 – 1.3%). Drug retail sales of \$13,720 million increased by \$541 million, or 4.1%. Drug retail same-store sales growth was 4.0% (2024 – 2.8%), with pharmacy and healthcare services same-store sales growth of 6.1% (2024 – 6.3%), and front store same-store sales growth of 1.6% (2024 – decline of 0.7%).

Operating Income Operating income was \$1,287 million in the third quarter of 2025, an increase of \$196 million, or 18.0% compared to the third quarter of 2024. The increase was driven by a favourable change in adjusting items totaling \$110 million and an improvement in the underlying operating performance of \$86 million as described below:

- the favourable change in adjusting items totaling \$110 million was primarily due to the following:
 - the year-over-year favourable change in amortization of intangible assets of \$141 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;partially offset by;
 - the unfavourable impact of the wind-down of the Theodore & Pringle optical business of \$30 million.
- the improvement in underlying operating performance of \$86 million was due to an increase in gross profit⁽²⁾, partially offset by an increase in SG&A.

Year-to-date operating income was \$3,297 million, an increase of \$609 million, or 22.7% compared to the same period in 2024. The increase was driven by a favourable change in adjusting items totaling \$392 million and an improvement in underlying operating performance of \$217 million as described below:

- the favourable change in adjusting items totaling \$392 million was primarily due to the following:
 - the year-over-year favourable change in amortization of intangible assets of \$245 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
 - the favourable impact of prior year charges related to the settlement of class action lawsuits of \$164 million;
 - the favourable impact of the gain on sale of non-operating properties of \$13 million; and
 - the favourable impact of the gain related to the sale of *Wellwise* of \$5 million;partially offset by,
 - the unfavourable impact of the wind-down of the Theodore & Pringle optical business of \$30 million; and
 - the prior year unfavourable change in fair value adjustments on fuel and foreign currency contracts of \$5 million.
- the improvement in underlying operating performance of \$217 million was due to an increase in gross profit⁽²⁾, partially offset by an increase in SG&A.

Gross Profit⁽²⁾ Gross profit⁽²⁾ in the third quarter of 2025 was \$5,940 million, an increase of \$298 million, or 5.3% compared to the third quarter of 2024. The gross profit percentage⁽²⁾ of 31.1% increased by 20 basis points, primarily driven by improvements in shrink.

Year-to-date gross profit⁽²⁾ was \$14,908 million in 2025, an increase of \$692 million, or 4.9% compared to the same period in 2024. Gross profit percentage⁽²⁾ of 31.5% increased by 10 basis points when compared to the same period in 2024, primarily driven by improvements in shrink, partially offset by changes in sales mix in Drug Retail pharmacy categories.

Adjusted EBITDA⁽²⁾ Adjusted EBITDA⁽²⁾ was \$2,116 million in the third quarter of 2025, an increase of \$134 million, or 6.8% compared to the third quarter of 2024. The increase was driven by an increase in gross profit⁽²⁾ of \$298 million, partially offset by an increase in SG&A of \$164 million. SG&A as a percentage of sales was flat at 20.0%, primarily due to operating leverage from higher sales offset by incremental costs related to opening new stores and the automated distribution facility and the year-over-year impact of certain real estate activities.

Year-to-date adjusted EBITDA⁽²⁾ was \$5,386 million in 2025, an increase of \$303 million, or 6.0% compared to the same period in 2024. The increase was driven by an increase in gross profit of \$692 million, partially offset by an increase in SG&A of \$389 million. SG&A as a percentage of sales was 20.1%, a favourable decrease of 10 basis points when compared to the same period in 2024, primarily due to operating leverage from higher sales and the year-over-year impact of certain real estate activities partially offset by incremental costs related to opening new stores and the automated distribution facility.

Depreciation and Amortization Depreciation and amortization was \$798 million in the third quarter of 2025, a decrease of \$93 million or 10.4% when compared to the third quarter of 2024. The decrease in depreciation and amortization in the third quarter of 2025 was primarily driven by the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized, partially offset by an increase in depreciation of leased assets, and an increase in depreciation of fixed assets related to opening new stores and conversions of retail locations.

Year-to-date depreciation and amortization was \$2,077 million, a decrease of \$159 million compared to the same period in 2024. The year-to-date decrease was primarily driven by the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized, a decrease in depreciation of IT assets, and the impact of prior year accelerated depreciation as a result of network optimization. This was partially offset by an increase in depreciation of leased assets, and an increase in depreciation of fixed assets related to opening new stores and conversions of retail locations.

Depreciation and amortization in the third quarter of 2025 and year-to-date included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of \$14 million (2024 – \$155 million) and \$139 million (2024 – \$384 million), respectively.

4.2 Financial Services Segment

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025	2024		2025	2024			
	(16 weeks)	(16 weeks)	\$ Change	% Change	(40 weeks)	(40 weeks)	\$ Change	% Change
Revenue	\$ 403	\$ 382	\$ 21	5.5 %	\$ 1,153	\$ 1,110	\$ 43	3.9 %
Earnings before income taxes	49	201	(152)	(75.6)%	109	261	(152)	(58.2)%

(millions of Canadian dollars except where otherwise indicated)	As at October 4, 2025	As at October 5, 2024	\$ Change	% Change
Average quarterly net credit card receivables	\$ 4,004	\$ 3,956	\$ 48	1.2 %
Credit card receivables	4,012	3,890	122	3.1 %
Allowance for credit card receivables	269	275	(6)	(2.2)%
Annualized yield on average quarterly gross credit card receivables	14.5 %	14.4 %		
Annualized credit loss rate on average quarterly gross credit card receivables	4.3 %	4.6 %		

Revenue Revenue was \$403 million, an increase of \$21 million compared to the third quarter of 2024. The increase in revenue was primarily driven by:

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

Year-to-date revenue was \$1,153 million, an increase of \$43 million compared to the same period in 2024. The increase in the year-to-date revenue was primarily driven by:

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

Earnings before income taxes Earnings before income taxes were \$49 million in the third quarter of 2025, a decrease of \$152 million compared to the third quarter of 2024. The decrease in the third quarter was primarily driven by:

- lapping of prior year recovery of \$165 million related to a commodity tax matter, including \$10 million of interest income; and
 - higher customer acquisition expense from lapping of prior year ongoing benefits associated with the renewal of a long-term agreement with Mastercard International Incorporated;
- partially offset by,
- higher revenue described above; and
 - the year-over-year favourable impact of the expected credit loss provision.

Year-to-date earnings before income taxes were \$109 million in 2025, a decrease of \$152 million when compared to the same period in 2024, primarily driven by:

- lapping of prior year recovery of \$165 million related to a commodity tax matter, including \$10 million of interest income;
 - higher customer acquisition expenses and operating costs from lapping of prior year ongoing benefits associated with the renewal of a long-term agreement with Mastercard International Incorporated;
 - higher loyalty program costs; and
 - higher funding costs
- partially offset by,
- higher revenue described above; and
 - the year-over-year favourable impact of the expected credit loss provision and lower credit card charge-offs.

Credit Card Receivables As at October 4, 2025, credit card receivables were \$4,012 million, an increase of \$122 million compared to October 5, 2024. The increase was primarily driven by an increase in customer spending partially offset by higher payments received from cardholders. The expected credit loss allowance for credit card receivables was \$269 million, a decrease of \$6 million compared to October 5, 2024.

5. Liquidity and Capital Resources

5.1 Cash Flows

Major Cash Flow Components

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025				2024			
	(16 weeks)	(16 weeks)	\$ Change	% Change	(40 weeks)	(40 weeks)	\$ Change	% Change
Cash and cash equivalents, beginning of period	\$ 950	\$ 1,282	\$ (332)	(25.9)%	\$ 1,462	\$ 1,488	\$ (26)	(1.7)%
Cash flows from (used in):								
Operating activities	\$ 1,751	\$ 1,958	\$ (207)	(10.6)%	\$ 4,067	\$ 4,215	\$ (148)	(3.5)%
Investing activities	(318)	(341)	23	6.7 %	(1,303)	(1,306)	3	0.2 %
Financing activities	(1,035)	(1,905)	870	45.7 %	(2,873)	(3,407)	534	15.7 %
Effect of foreign currency exchange rate changes on cash and cash equivalents	2	(1)	3	300.0 %	(3)	3	(6)	(200.0)%
Increase (decrease) in cash and cash equivalents	\$ 400	\$ (289)	\$ 689	238.4 %	\$ (112)	\$ (495)	\$ 383	77.4 %
Cash and cash equivalents, end of period	\$ 1,350	\$ 993	\$ 357	36.0 %	\$ 1,350	\$ 993	\$ 357	36.0 %

Cash Flows from Operating Activities Cash flows from operating activities in the third quarter of 2025 were \$1,751 million, a decrease of \$207 million when compared to the third quarter of 2024. The decrease was primarily driven by an unfavourable year-over-year change in non-cash working capital and an increase in credit card receivables, partially offset by a decrease in other long term receivables. Year-to-date cash flows from operating activities were \$4,067 million, a decrease of \$148 million compared to the same period in 2024. The decrease was primarily driven by an unfavourable year-over-year change in non-cash working capital and payments related to provisions, partially offset by higher cash earnings, lower income taxes paid in the current year and a decrease in other long term receivables.

Cash Flows used in Investing Activities Cash flows used in investing activities in the third quarter of 2025 were \$318 million, a decrease of \$23 million when compared to the third quarter of 2024. The decrease in cash flows used in investing activities was primarily driven by higher disposals of short term investment and a decrease in security deposits, partially offset by lower proceeds from the disposal of assets.

Year-to-date cash flows used in investing activities were \$1,303 million, a decrease of \$3 million compared to the same period in 2024. The decrease in cash flows used in investing activities was primarily driven by a decrease in investments in fixed assets, partially offset by higher purchases of short term investments.

Capital Investments and Store Activity

	As at October 4, 2025	As at October 5, 2024	Change ⁽ⁱ⁾	As at December 28, 2024	Change ⁽ⁱ⁾
Number of corporate stores	565	594	(29)	603	(38)
Number of franchise stores	551	519	32	528	23
Number of Associate-owned drug stores	1,363	1,354	9	1,361	2
Total number of stores	2,479	2,467	12	2,492	(13)
	As at October 4, 2025	As at October 5, 2024	% Change	As at December 28, 2024	% Change
Corporate square footage (in millions)	36.2	35.6	1.7 %	35.9	0.8 %
Franchise square footage (in millions)	17.2	16.7	3.0 %	16.8	2.4 %
Associate-owned drug store square footage (in millions)	19.5	19.2	1.6 %	19.3	1.0 %
Total retail square footage (in millions)	72.9	71.5	2.0 %	72.0	1.3 %
Average store size (square feet)					
Corporate	64,100	59,900	7.0 %	59,500	7.7 %
Franchise	31,200	32,200	(3.1)%	31,800	(1.9)%
Associate-owned drug store	14,300	14,200	0.7 %	14,200	0.7 %

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

Capital Investments Capital investments in the third quarter of 2025 were \$685 million, a decrease of \$5 million or 0.7%, compared to the third quarter of 2024. Year-to-date capital investments were \$1,340 million, a decrease of \$232 million or 14.8%, compared to the same period in 2024.

Cash Flows used in Financing Activities Cash flows used in financing activities in the third quarter of 2025 were \$1,035 million, a decrease of \$870 million when compared to the third quarter of 2024. The decrease was primarily driven by higher net issuance of long term debt and an increase in demand deposits from customers.

Year-to-date cash flows used in financing activities were \$2,873 million, a decrease of \$534 million when compared to the same period in 2024. The decrease was primarily driven by, an increase in demand deposits from customers and lower repayments of long term debt, partially offset by the redemption of all issued and outstanding Preferred Shares, Series B on January 8, 2025 and higher dividends paid due to timing of the fourth quarter 2024 dividend payment.

Free Cash Flow⁽²⁾

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)	2025 (16 weeks)				2024 (16 weeks)			
	Retail	Financial Services	Elimi- nations ⁽ⁱ⁾	Total	Retail	Financial Services	Elimi- nations ⁽ⁱ⁾	Total
Cash flows from operating activities	\$ 1,617	\$ 83	\$ 51	\$ 1,751	\$ 1,829	\$ 75	\$ 54	\$ 1,958
Less:								
Capital investments ⁽ⁱⁱ⁾	673	12	—	685	675	15	—	690
Interest paid	91	—	51	142	94	—	54	148
Lease payments, net	528	—	—	528	498	—	—	498
Free cash flow ⁽²⁾	\$ 325	\$ 71	\$ —	\$ 396	\$ 562	\$ 60	\$ —	\$ 622

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)	2025 (40 weeks)				2024 (40 weeks)			
	Retail	Financial Services	Elimi- nations ⁽ⁱ⁾	Total	Retail	Financial Services	Elimi- nations ⁽ⁱ⁾	Total
Cash flow from operating activities	\$ 3,566	\$ 406	\$ 95	\$ 4,067	\$ 3,701	\$ 414	\$ 100	\$ 4,215
Less:								
Capital investments ⁽ⁱⁱ⁾	1,312	28	—	1,340	1,541	31	—	1,572
Interest paid	249	—	95	344	244	—	100	344
Lease payments, net	1,304	—	—	1,304	1,238	—	—	1,238
Free cash flow ⁽²⁾	\$ 701	\$ 378	\$ —	\$ 1,079	\$ 678	\$ 383	\$ —	\$ 1,061

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

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

Free cash flow⁽²⁾ from the Retail segment in the third quarter of 2025 was \$325 million, a decrease of \$237 million when compared to the third quarter of 2024. The decrease was primarily due to an unfavourable year-over-year change in non-cash working capital and higher interest and lease payments compared to the third quarter of 2024. Year-to-date Free cash flow⁽²⁾ from the Retail segment was \$701 million, an increase of \$23 million when compared to the same period in 2024. The increase was primarily driven by lower capital investments in the current year, partially offset by higher interest and lease payments compared to the same period in 2024.

Free cash flow⁽²⁾ from the Financial Services segment in the third quarter of 2025 was \$71 million, an increase of \$11 million when compared to the third quarter of 2024. The increase was primarily due to a favourable year-over-year change in non-cash working capital, partially offset by an increase in credit card receivables. Year-to-date free cash flow⁽²⁾ from the Financial Services segment was \$378 million, a decrease of \$5 million compared to the same period in 2024. The decrease was primarily driven by higher income tax paid.

5.2 Liquidity and Capital Structure

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

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

The following table presents total debt by reportable operating segment:

(millions of Canadian dollars)	As at October 4, 2025			As at October 5, 2024			As at December 28, 2024		
	Retail	Financial Services	Total	Retail	Financial Services	Total	Retail	Financial Services	Total
Bank indebtedness	\$ —	\$ —	\$ —	\$ 167	\$ —	\$ 167	\$ —	\$ —	\$ —
Demand deposits from customers	—	847	847	—	187	187	—	353	353
Short term debt	—	550	550	—	600	600	—	800	800
Long term debt due within one year	—	545	545	—	686	686	—	631	631
Long term debt ⁽ⁱ⁾	6,139	2,235	8,374	5,086	2,211	7,297	5,288	2,282	7,570
Certain other liabilities ⁽ⁱⁱⁱ⁾	306	—	306	294	—	294	294	—	294
Total debt excluding lease liabilities	\$ 6,445	\$ 4,177	\$ 10,622	\$ 5,547	\$ 3,684	\$ 9,231	\$ 5,582	\$ 4,066	\$ 9,648
Lease liabilities due within one year	1,577	—	1,577	1,501	—	1,501	1,648	—	1,648
Lease liabilities	8,878	—	8,878	8,500	—	8,500	8,535	—	8,535
Total debt including total lease liabilities	\$16,900	\$ 4,177	\$ 21,077	\$15,548	\$ 3,684	\$ 19,232	\$15,765	\$ 4,066	\$ 19,831

- (i) In the second quarter of 2025, the total capacity of the independent funding trusts increased from \$700 million to \$1 billion and the maturity date of the trusts were extended from May 29, 2027 to March 27, 2028 with all other terms and conditions remaining substantially the same.
- (ii) The Company has a committed credit facility with maturity date of March 27, 2030, provided by a syndicate of lenders. The facility contains certain financial covenants and as at October 4, 2025 and throughout the first three quarters of the year, the Company was in compliance with these covenants.
- (iii) As at October 4, 2025, certain other liabilities include financial liabilities of \$193 million related to the sale and leaseback of retail properties (October 5, 2024 – \$191 million December 28, 2024 – \$192 million).

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

	As at October 4, 2025	As at October 5, 2024	As at December 28, 2024
Retail debt to rolling year retail adjusted EBITDA ⁽²⁾	2.4 x	2.4 x	2.4 x

The Retail debt to rolling year retail adjusted EBITDA⁽²⁾ as at October 4, 2025 remained flat compared to October 5, 2024. The Retail debt to rolling year retail adjusted EBITDA⁽²⁾ as at October 4, 2025 remained flat compared to December 28, 2024.

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

Covenants and Regulatory Requirements The Company is required to comply with certain financial covenants for various debt instruments. As at October 4, 2025 and throughout the quarter, the Company was in compliance with such covenants. As at October 4, 2025 and throughout the quarter, PC Bank has met all applicable regulatory requirements.

5.3 Financial Condition

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

	As at October 4, 2025	As at October 5, 2024	As at December 28, 2024
Rolling year adjusted return on equity ⁽²⁾	24.8 %	23.3 %	23.6 %
Rolling year adjusted return on capital ⁽²⁾	11.9 %	11.8 %	11.8 %

Rolling year adjusted return on equity⁽²⁾ as at October 4, 2025 increased compared to October 5, 2024, due to an improvement in the underlying operating performance partially offset by an increase in average equity. Increase in average equity is primarily due to the impact of preferred shares redemption in the fourth quarter of 2024, partially offset by decrease in share capital. The Rolling year adjusted return on equity⁽²⁾ as at October 4, 2025 increased compared to December 28, 2024, due to an improvement in the underlying operating performance partially offset an increase in average equity.

Rolling year adjusted return on capital⁽²⁾ as at October 4, 2025 increased compared to October 5, 2024, due to an improvement in adjusted operating income⁽²⁾ partially offset by an increase in average capital, primarily due to an increase in lease liabilities, long term debt and demand deposits from customers. Rolling year adjusted return on capital⁽²⁾ as at October 4, 2025 increased compared to December 28, 2024, due to an improvement in adjusted operating income⁽²⁾ partially offset by an increase in average capital, primarily due to an increase in lease liabilities, long term debt and demand deposits from customers.

5.4 Credit Ratings

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

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

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

5.5 Dividends and Share Repurchases

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

	October 4, 2025 ⁽ⁱ⁾ (16 weeks)	October 5, 2024 (16 weeks)	October 4, 2025 ⁽ⁱ⁾ (40 weeks)	October 5, 2024 (40 weeks)
Dividends declared per share (\$)				
Common Share ⁽ⁱⁱ⁾	\$ 0.141075	\$ 0.128250	\$ 0.410400	\$ 0.368000
Second Preferred Share, Series B	\$ —	\$ 0.331250	\$ 0.029440	\$ 0.993750

(i) The Common Share dividends declared in the third quarter of 2025 of \$0.141 per share had a payment date of October 1, 2025.

(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 third quarter of 2025, the Board of Directors declared a quarterly dividend of \$0.141075 per common share, payable on December 30, 2025 to shareholders of record on December 15, 2025.

In the second quarter of 2025, the Company renewed its Normal Course Issuer Bid ("NCIB") to purchase on the Toronto Stock Exchange or through alternative trading systems up to 59,800,244 of the Company's common shares, representing approximately 5% of issued and outstanding common shares. As at October 4, 2025, the Company had purchased 12,073,755 common shares for cancellation under its current NCIB. The Company is still permitted to purchase its common shares from George Weston Limited ("Weston") under its NCIB, pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Weston, in order for Weston to maintain its proportionate ownership interest in the Company. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Weston.

During the third quarter of 2025, 6,799,143 common shares (2024 – 10,601,552) were purchased under the NCIB for cancellation, for aggregate consideration of \$381 million (2024 – \$450 million), including 3,479,842 common shares (2024 – 4,494,300) purchased from Weston, for aggregate consideration of \$195 million (2024 – \$193 million). On a year-to-date basis, 24,949,583 common shares (2024 – 36,085,400) were purchased under the NCIB for cancellation, for aggregate consideration of \$1,283 million (2024 – \$1,402 million), including 11,783,798 common shares (2024 – 14,453,832) purchased from Weston, for aggregate consideration of \$606 million (2024 – \$565 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 October 4, 2025, an obligation to repurchase shares of \$150 million was recognized under the ASPP in trade payables and other liabilities.

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

5.6 Off-Balance Sheet Arrangements

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

6. Financial Derivative Instruments

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

During the third quarter of 2025, PC bank settled bond forward agreements with notional value of \$50 million (2024 – \$75 million). On a year-to-date basis, PC Bank entered into bond forward agreements with a notional value of \$250 million (2024 – \$275 million), and settled bond forward agreement with a notional value of \$250 million (2024 – \$250 million), primarily relating to the \$300 million Eagle Series 2025-1 notes (2024 – \$350 million Eagle Series 2024-1 notes).

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 third quarter of 2025 and year-to-date, a fair value loss of \$1 million (2024 – fair value loss of \$3 million) and a fair value loss of \$5 million (2024 – fair value loss of \$18 million), respectively, was recorded in other comprehensive income related to the energy hedge. The fair value of the derivative is included in other liabilities.

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

7. Results by Quarter

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

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

Summary of Consolidated Quarterly Results

	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2025 (16 weeks)	2024 (16 weeks)	2025 (12 weeks)	2024 (12 weeks)	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)
(millions of Canadian dollars except where otherwise indicated)								
Revenue	\$ 19,395	\$ 18,538	\$14,672	\$13,947	\$ 14,135	\$ 13,581	\$ 14,948	\$ 14,531
Adjusted EBITDA⁽²⁾	2,217	2,069	1,840	1,713	1,591	1,544	1,698	1,633
Net earnings available to common shareholders of the Company	794	777	714	457	503	459	462	541
Adjusted net earnings available to common shareholders of the Company ⁽²⁾	828	767	721	664	570	537	669	630
Net earnings per common share:								
Basic⁽⁴⁾ (\$)	\$ 0.67	\$ 0.64	\$ 0.60	\$ 0.37	\$ 0.42	\$ 0.37	\$ 0.38	\$ 0.43
Diluted⁽⁴⁾ (\$)	\$ 0.66	\$ 0.63	\$ 0.59	\$ 0.37	\$ 0.42	\$ 0.37	\$ 0.38	\$ 0.43
Adjusted diluted net earnings per common share ^{(2) (4)} (\$)	\$ 0.69	\$ 0.62	\$ 0.60	\$ 0.54	\$ 0.47	\$ 0.43	\$ 0.55	\$ 0.50
Food retail same-store sales growth	2.0 %	0.5 %	3.5 %	0.2 %	2.2 %	3.4 %	2.5 %	2.0 %
Drug retail same-store sales growth	4.0 %	2.9 %	4.1 %	1.5 %	3.8 %	4.0 %	1.3 %	4.6 %

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

- seasonality, which was greatest in the fourth quarter and least in the first quarter;
- the timing of holidays;
- macro-economic conditions impacting food and drug retail prices; and
- changes in net retail square footage. Over the past eight quarters, net retail square footage has increased by 1.7 million square feet to 72.9 million square feet.

Net Earnings Available to Common Shareholders of the Company and Diluted Net Earnings Per Common Share

Net earnings available to common shareholders of the Company and diluted net earnings per common share for the last eight quarters were impacted by the following items:

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

8. Internal Control over Financial Reporting

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

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

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

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

9. Enterprise Risks and Risk Management

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

10. Related Party Transactions

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

11. Outlook⁽³⁾

Loblaw will continue to execute on retail excellence while advancing its growth initiatives with the goal of delivering consistent operational and financial results in 2025. The Company's businesses remain well positioned to meet the everyday needs of Canadians.

In 2025, the Company's results will include the impact of a 53rd week, which is expected to benefit adjusted net earnings per common share⁽²⁾ growth by approximately 2%. On a full-year comparative basis, excluding the impact of the 53rd week, the Company continues to expect:

- its Retail business to grow earnings faster than sales;
- to continue investing in our store network and distribution centres by investing a net amount of \$1.9 billion in capital expenditures, which reflects gross capital investments of approximately \$2.2 billion, net of approximately \$300 million of proceeds from property disposals; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

Based on its year-to-date operating and financial performance and momentum exiting the third quarter, the Company now expects full year adjusted net earnings per common share⁽²⁾ growth to increase slightly from high single-digits into the low double-digits, excluding the impact of the 53rd week.

12. Non-GAAP and Other Financial Measures

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

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

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

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

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

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)	2025 (16 weeks)				2024 (16 weeks)			
	Retail	Financial Services	Elimi- nations	Total	Retail	Financial Services	Elimi- nations	Total
Revenue	\$19,082	\$ 403	\$ (90)	\$19,395	\$ 18,259	\$ 382	\$ (103)	\$ 18,538
Cost of sales	13,142	51	—	13,193	12,617	48	—	12,665
Gross profit	\$ 5,940	\$ 352	\$ (90)	\$ 6,202	\$ 5,642	\$ 334	\$ (103)	\$ 5,873
Adjusted gross profit	\$ 5,940	\$ 352	\$ (90)	\$ 6,202	\$ 5,642	\$ 334	\$ (103)	\$ 5,873

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)	2025 (40 weeks)				2024 (40 weeks)			
	Retail	Financial Services	Elimi- nations	Total	Retail	Financial Services	Elimi- nations	Total
Revenue	\$47,308	\$ 1,153	\$ (259)	\$48,202	\$45,207	\$ 1,110	\$ (251)	\$46,066
Cost of sales	32,400	136	—	32,536	30,991	126	—	31,117
Gross profit	\$14,908	\$ 1,017	\$ (259)	\$15,666	\$ 14,216	\$ 984	\$ (251)	\$ 14,949
Adjusted gross profit	\$14,908	\$ 1,017	\$ (259)	\$15,666	\$ 14,216	\$ 984	\$ (251)	\$ 14,949

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

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

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)	2025 (16 weeks)			2024 (16 weeks)		
	Retail	Financial Services	Total	Retail	Financial Services	Total
Net earnings attributable to shareholders of the Company			\$ 794			\$ 780
Add impact of the following:						
Non-controlling interests			16			40
Net interest expense and other financing charges			273			238
Income taxes			293			263
Operating income	\$ 1,287	\$ 89	\$ 1,376	\$ 1,091	\$ 230	\$ 1,321
Add (deduct) impact of the following:						
Wind-down of Theodore & Pringle optical business	\$ 30	\$ —	\$ 30	\$ —	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	14	—	14	155	—	155
Loss on sale of non-operating properties	2	—	2	—	—	—
Recovery related to PC Bank commodity tax matter	—	—	—	—	(155)	(155)
Fair value adjustment on fuel and foreign currency contracts	(1)	—	(1)	—	—	—
Adjusting items	\$ 45	\$ —	\$ 45	\$ 155	\$ (155)	\$ —
Adjusted operating income	\$ 1,332	\$ 89	\$ 1,421	\$ 1,246	\$ 75	\$ 1,321
Depreciation and amortization	798	12	810	891	12	903
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	(14)	—	(14)	(155)	—	(155)
Adjusted EBITDA	\$ 2,116	\$ 101	\$ 2,217	\$ 1,982	\$ 87	\$ 2,069

	2025 (40 weeks)			2024 (40 weeks)		
	Retail	Financial Services	Total	Retail	Financial Services	Total
For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)						
Net earnings attributable to shareholders of the Company			\$ 2,011			\$ 1,702
Add impact of the following:						
Non-controlling interests			78			105
Net interest expense and other financing charges			683			622
Income taxes			749			621
Operating income	\$ 3,297	\$ 224	\$ 3,521	\$ 2,688	\$ 362	\$ 3,050
Add (deduct) impact of the following:						
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 139	\$ —	\$ 139	\$ 384	\$ —	\$ 384
Wind-down of Theodore & Pringle optical business	30	—	30	—	—	—
Charges related to settlement of class action lawsuits	—	—	—	164	—	164
Fair value adjustment on fuel and foreign currency contracts	—	—	—	(5)	—	(5)
Recovery related to PC Bank commodity tax matter	—	—	—	—	(155)	(155)
Sale of <i>Wellwise</i>	(5)	—	(5)	—	—	—
Loss (gain) on sale of non-operating properties	(13)	—	(13)	—	—	—
Adjusting items	\$ 151	\$ —	\$ 151	\$ 543	\$ (155)	\$ 388
Adjusted operating income	\$ 3,448	\$ 224	\$ 3,672	\$ 3,231	\$ 207	\$ 3,438
Depreciation and amortization	2,077	38	2,115	2,236	36	2,272
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	(139)	—	(139)	(384)	—	(384)
Adjusted EBITDA	\$ 5,386	\$ 262	\$ 5,648	\$ 5,083	\$ 243	\$ 5,326

In addition to the items described in the Retail segment adjusted gross profit section above, when applicable, adjusted EBITDA was impacted by the following:

Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark The acquisition of Shoppers Drug Mart in 2014 included approximately \$6,050 million of definite life intangible assets, which are being amortized over their estimated useful lives. In 2024, the annual amortization associated with the acquired intangibles was \$479 million. The annual amortization will decrease to approximately \$130 million in 2025, of which \$110 million, \$6 million and \$8 million was recorded in the first, second and third quarters of 2025, respectively. Annual amortization will be approximately \$30 million in 2026 and thereafter.

The acquisition of Lifemark in 2022 included approximately \$299 million of definite life intangible assets, which are being amortized over their estimated useful lives.

Wind-down of Theodore & Pringle optical business In the third quarter of 2025, the Company entered into an agreement with Specsavers Canada Inc. (“Specsavers”) to open Specsavers locations in select Loblaw grocery stores nationwide, resulting in the wind-down of the Theodore & Pringle optical business operations. Accordingly, the Company recorded charges of \$30 million in the Retail segment in SG&A, primarily related to the write-down of optical equipment, labour and other closure costs.

Charges related to settlement of class action lawsuits On July 24, 2024, the Company and Weston entered into binding Minutes of Settlement and on January 31, 2025, the Company and Weston entered into a Settlement Agreement to resolve nationwide class action lawsuits against them relating to their role in an industry-wide price-fixing arrangement involving certain packaged bread products. In the second quarter of 2024, charges of \$164 million were recorded in SG&A, relating to the Company’s portion of the total settlement and related costs. The Settlement Agreement was approved by the Ontario Superior Court of Justice in May 2025 and the Quebec Superior Court in July 2025.

Fair value adjustment on fuel and foreign currency contracts The Company is exposed to commodity price and U.S. dollar exchange rate fluctuations. In accordance with the Company’s commodity risk management policy, the Company enters into exchange traded futures contracts and forward contracts to minimize cost volatility relating to fuel prices and the U.S. dollar exchange rate. These derivatives are not acquired for trading or speculative purposes. Pursuant to the Company’s derivative instruments accounting policy, changes in the fair value of these instruments, which include realized and unrealized gains and losses, are recorded in operating income. Despite the impact of accounting for these commodity and foreign currency derivatives on the Company’s reported results, the derivatives have the economic impact of largely mitigating the associated risks arising from price and exchange rate fluctuations in the underlying commodities and U.S. dollar commitments.

Recovery related to PC Bank commodity tax matter In 2022, the Tax Court of Canada (“Tax Court”) released a decision relating to PC Bank, a subsidiary of the Company. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. PC Bank subsequently filed a Notice of Appeal with the Federal Court of Appeal (“FCA”) and in March 2024, the matter was heard by the FCA. In the third quarter of 2024, the FCA released its decision and reversed the decision of the Tax Court. As a result, PC Bank reversed charges of \$155 million, including \$111 million initially recorded in 2022. In addition, \$10 million was recorded related to interest income on cash tax refunds.

Sale of Wellwise In the fourth quarter of 2024, the Company entered into an agreement with a third party to sell all of the shares of its *Wellwise* business, including 42 *Wellwise* locations, for cash proceeds and recorded a net fair value write-down of \$23 million in the Retail segment in SG&A. The transaction closed in the first quarter of 2025 and the Company recorded a gain of \$5 million in the Retail segment in SG&A.

Loss (gain) on sale of non-operating properties In the third quarter of 2025, the Company recorded a loss related to the sale of non-operating properties to a third party of \$2 million (2024 – nil). Year-to-date, the Company recorded a gain related to the sale of non-operating properties of \$13 million (2024 – nil).

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

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)	2025 (16 weeks)	2024 (16 weeks)	2025 (40 weeks)	2024 (40 weeks)
Net interest expense and other financing charges	\$ 273	\$ 238	\$ 683	\$ 622
Add: Recovery related to PC Bank commodity tax matter	—	10	—	10
Adjusted net interest expense and other financing charges	\$ 273	\$ 248	\$ 683	\$ 632

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

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

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (16 weeks)	2024 (16 weeks)	2025 (40 weeks)	2024 (40 weeks)
Adjusted operating income ⁽ⁱ⁾	\$ 1,421	\$ 1,321	\$ 3,672	\$ 3,438
Adjusted net interest expense and other financing charges ⁽ⁱ⁾	273	248	683	632
Adjusted earnings before taxes	\$ 1,148	\$ 1,073	\$ 2,989	\$ 2,806
Income taxes	\$ 293	\$ 263	\$ 749	\$ 621
Add impact of the following:				
Tax impact of items included in adjusted earnings before taxes ⁽ⁱⁱ⁾	11	—	43	103
Adjusted income taxes	\$ 304	\$ 263	\$ 792	\$ 724
Effective tax rate	26.6 %	24.3 %	26.4 %	25.6 %
Adjusted effective tax rate	26.5 %	24.5 %	26.5 %	25.8 %

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

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

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

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

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars except where otherwise indicated)	2025 (16 weeks)	2024 (16 weeks)	2025 (40 weeks)	2024 (40 weeks)
Net earnings attributable to shareholders of the Company	\$ 794	\$ 780	\$ 2,011	\$ 1,702
Prescribed dividends on preferred shares in share capital	—	(3)	—	(9)
Net earnings available to common shareholders of the Company	\$ 794	\$ 777	\$ 2,011	\$ 1,693
Net earnings attributable to shareholders of the Company	\$ 794	\$ 780	\$ 2,011	\$ 1,702
Adjusting items (refer to the following table)	34	(10)	108	275
Adjusted net earnings attributable to shareholders of the Company	\$ 828	\$ 770	\$ 2,119	\$ 1,977
Prescribed dividends on preferred shares in share capital	—	(3)	—	(9)
Adjusted net earnings available to common shareholders of the Company	\$ 828	\$ 767	\$ 2,119	\$ 1,968
Diluted weighted average common shares outstanding ⁽⁴⁾ (millions)	1,195.4	1,227.7	1,203.1	1,236.9

Management's Discussion and Analysis

The following table reconciles adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share to net earnings available to common shareholders of the Company and diluted net earnings per common share for the periods ended as indicated.

	2025 (16 weeks)		2024 (16 weeks)		2025 (40 weeks)		2024 (40 weeks)	
	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ⁽⁴⁾	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 ⁽⁴⁾
For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars/Canadian dollars)								
As reported	\$ 794	\$0.66	\$ 777	\$ 0.63	\$ 2,011	\$ 1.67	\$ 1,693	\$ 1.37
Add (deduct) impact of the following:								
Wind-down of Theodore & Pringle optical business	\$ 22	\$0.02	\$ —	\$ —	\$ 22	\$0.02	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	10	0.01	115	0.09	102	0.09	283	0.23
Loss (gain) on sale of non-operating properties	3	—	—	—	(11)	(0.01)	—	—
Charges related to settlement of class action lawsuits	—	—	—	—	—	—	121	0.10
Recovery related to PC Bank commodity tax matter	—	—	(125)	(0.10)	—	—	(125)	(0.10)
Fair value adjustment on fuel and foreign currency contracts	(1)	—	—	—	—	—	(4)	(0.01)
Sale of <i>Wellwise</i>	—	—	—	—	(5)	(0.01)	—	—
Adjusting items	\$ 34	\$0.03	\$ (10)	\$ (0.01)	\$ 108	\$0.09	\$ 275	\$ 0.22
Adjusted	\$ 828	\$0.69	\$ 767	\$ 0.62	\$ 2,119	\$ 1.76	\$ 1,968	\$ 1.59

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

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)	2025 (16 weeks)				2024 (16 weeks)			
	Retail	Financial Services	Elimi- nations ⁽ⁱ⁾	Total	Retail	Financial Services	Elimi- nations ⁽ⁱ⁾	Total
Cash flows from operating activities	\$ 1,617	\$ 83	\$ 51	\$ 1,751	\$ 1,829	\$ 75	\$ 54	\$ 1,958
Less:								
Capital investments ⁽ⁱⁱ⁾	673	12	—	685	675	15	—	690
Interest paid ⁽ⁱ⁾	91	—	51	142	94	—	54	148
Lease payments, net	528	—	—	528	498	—	—	498
Free cash flow	\$ 325	\$ 71	\$ —	\$ 396	\$ 562	\$ 60	\$ —	\$ 622

For the periods ended October 4, 2025 and October 5, 2024 (millions of Canadian dollars)	2025 (40 weeks)				2024 (40 weeks)			
	Retail	Financial Services	Elimi- nations ⁽ⁱ⁾	Total	Retail	Financial Services	Elimi- nations ⁽ⁱ⁾	Total
Cash flows from operating activities	\$ 3,566	\$ 406	\$ 95	\$ 4,067	\$ 3,701	\$ 414	\$ 100	\$ 4,215
Less:								
Capital investments ⁽ⁱⁱ⁾	1,312	28	—	1,340	1,541	31	—	1,572
Interest paid ⁽ⁱ⁾	249	—	95	344	244	—	100	344
Lease payments, net	1,304	—	—	1,304	1,238	—	—	1,238
Free cash flow	\$ 701	\$ 378	\$ —	\$ 1,079	\$ 678	\$ 383	\$ —	\$ 1,061

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

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

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

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

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

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

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

(millions of Canadian dollars except where otherwise indicated)	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2025 (16 weeks)	2024 (16 weeks)	2025 (12 weeks)	2024 (12 weeks)	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)
Net earnings attributable to shareholders of the Company	\$ 794	\$ 780	\$ 714	\$ 460	\$ 503	\$ 462	\$ 469	\$ 544
Add (deduct) impact of the following:								
Non-controlling interests	16	40	43	38	19	27	(1)	16
Net interest expense and other financing charges	273	238	212	190	198	194	199	195
Income taxes	293	263	270	180	186	178	185	188
Operating income	\$ 1,376	\$ 1,321	\$ 1,239	\$ 868	\$ 906	\$ 861	\$ 852	\$ 943
Add (deduct) impact of the following:								
Wind-down of Theodore & Pringle optical business	\$ 30	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	14	155	9	115	116	114	115	115
Loss (gain) on sale of non-operating properties	2	—	(1)	—	(14)	—	(3)	—
PC Optimum loyalty program	—	—	—	—	—	—	129	—
Fair value adjustment on non-operating properties	—	—	—	—	—	—	3	9
Charges related to settlement of class action lawsuits	—	—	—	164	—	—	—	—
Sale of Wellwise	—	—	—	—	(5)	—	23	—
Recoveries related to PC Bank commodity tax matters	—	(155)	—	—	—	—	—	(13)
Fair value adjustment on fuel and foreign currency contracts	(1)	—	2	2	(1)	(7)	—	14
Adjusting items	\$ 45	\$ —	\$ 10	\$ 281	\$ 96	\$ 107	\$ 267	\$ 125
Adjusted operating income	\$ 1,421	\$ 1,321	\$ 1,249	\$ 1,149	\$ 1,002	\$ 968	\$ 1,119	\$ 1,068
Depreciation and amortization	810	903	600	679	705	690	694	680
Less: Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	(14)	(155)	(9)	(115)	(116)	(114)	(115)	(115)
Adjusted EBITDA ⁽ⁱ⁾	\$ 2,217	\$ 2,069	\$ 1,840	\$ 1,713	\$ 1,591	\$ 1,544	\$ 1,698	\$ 1,633

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

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

	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2025 (16 weeks)	2024 (16 weeks)	2025 (12 weeks)	2024 (12 weeks)	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)
(millions of Canadian dollars except where otherwise indicated)								
As reported	\$ 794	\$ 777	\$ 714	\$ 457	\$ 503	\$ 459	\$ 462	\$ 541
Add (deduct) impact of the following ⁽ⁱ⁾ :								
Wind-down of Theodore & Pringle optical business	\$ 22	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	10	115	6	84	86	84	84	85
Loss (gain) on sale of non-operating properties	3	—	(1)	—	(13)	—	(3)	—
PC Optimum loyalty program	—	—	—	—	—	—	94	—
Fair value adjustment on non-operating properties	—	—	—	—	—	—	3	6
Charges related to settlement of class action lawsuits	—	—	—	121	—	—	—	—
Sale of Wellwise	—	—	—	—	(5)	—	29	—
Recoveries related to PC Bank commodity tax matters	—	(125)	—	—	—	—	—	(12)
Fair value adjustment on fuel and foreign currency contracts	(1)	—	2	2	(1)	(6)	—	10
Adjusting items	\$ 34	\$ (10)	\$ 7	\$ 207	\$ 67	\$ 78	\$ 207	\$ 89
Adjusted⁽ⁱ⁾	\$ 828	\$ 767	\$ 721	\$ 664	\$ 570	\$ 537	\$ 669	\$ 630

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

(millions of Canadian dollars except where otherwise indicated)	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2025 (16 weeks)	2024 ⁽⁴⁾ (16 weeks)	2025 ⁽⁴⁾ (12 weeks)	2024 ⁽⁴⁾ (12 weeks)	2025 ⁽⁴⁾ (12 weeks)	2024 ⁽⁴⁾ (12 weeks)	2024 ⁽⁴⁾ (12 weeks)	2023 ⁽⁴⁾ (12 weeks)
As reported	\$ 0.66	\$ 0.63	\$ 0.59	\$ 0.37	\$ 0.42	\$ 0.37	\$ 0.38	\$ 0.43
Add (deduct) impact of the following ⁽ⁱ⁾ :								
Wind-down of Theodore & Pringle optical business	\$ 0.02	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	0.01	0.09	0.01	0.07	0.07	0.07	0.07	0.07
Loss (gain) on sale of non-operating properties	—	—	—	—	(0.01)	—	—	—
PC Optimum loyalty program	—	—	—	—	—	—	0.08	—
Charges related to settlement of class action lawsuits	—	—	—	0.10	—	—	—	—
Sale of Wellwise	—	—	—	—	(0.01)	—	0.02	—
Recoveries related to PC Bank commodity tax matters	—	(0.10)	—	—	—	—	—	(0.01)
Fair value adjustment on fuel and foreign currency contracts	—	—	—	—	—	(0.01)	—	0.01
Adjusting items	\$ 0.03	\$ (0.01)	\$ 0.01	\$ 0.17	\$ 0.05	\$ 0.06	\$ 0.17	\$ 0.07
Adjusted⁽ⁱ⁾	\$ 0.69	\$ 0.62	\$ 0.60	\$ 0.54	\$ 0.47	\$ 0.43	\$ 0.55	\$ 0.50
Diluted weighted average common shares outstanding (millions)	1,195.4	1,227.7	1,203.9	1,235.4	1,210.3	1,247.7	1,217.8	1,259.6

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

13. Additional Information

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

November 11, 2025
Toronto, Canada

MD&A Endnotes

- (1) For financial definitions and ratios refer to the Glossary of Terms section included within the Company's 2024 Annual Report.
- (2) See Section 12 "Non-GAAP and Other Financial Measures", which includes the reconciliation of such non-GAAP and other measures to the most directly comparable GAAP measures.
- (3) To be read in conjunction with Section 1 "Forward-Looking Statements".
- (4) Adjusted to reflect the four-for-one stock split effective at the close of business on August 18, 2025. For additional information please refer to Note 11 "Share Capital" of the Company's interim financial statements.