

NEWS RELEASE

George Weston Limited Reports Second Quarter 2018 Results⁽²⁾

TORONTO, ONTARIO July 31, 2018 George Weston Limited (TSX: WN) (“GWL” or the “Company”) today announced its consolidated unaudited results for the 12 weeks ended June 16, 2018.

GWL’s 2018 Second Quarter Report to Shareholders has been filed with SEDAR and is available at sedar.com and in the Investor Centre section of the Company’s website at weston.ca.

Galen Weston, Chairman and Chief Executive Officer, George Weston Limited, commented that “Loblaw’s base businesses continued to deliver solid results in an extremely competitive environment, and is rapidly advancing its e-Commerce and loyalty offerings across Canada. Weston Foods had a challenging quarter, but we are also starting to see the benefits of our transformation program. We are focused on delivering results and continue the roll out of our transformation program.”

2018 SECOND QUARTER HIGHLIGHTS

(unaudited)
(\$ millions except where otherwise indicated)

For the periods ended as indicated	12 Weeks Ended			24 Weeks Ended		
	Jun. 16, 2018	Jun. 17, 2017 ⁽³⁾	Change	Jun. 16, 2018	Jun. 17, 2017 ⁽³⁾	Change
Sales	\$ 11,245	\$ 11,436	(1.7)%	\$ 21,989	\$ 22,239	(1.1)%
Operating income	\$ 589	\$ 640	(8.0)%	\$ 1,091	\$ 1,153	(5.4)%
Adjusted EBITDA ⁽¹⁾	\$ 1,073	\$ 1,038	3.4 %	\$ 1,991	\$ 1,965	1.3 %
Adjusted EBITDA margin ⁽¹⁾	9.5%	9.1%		9.1%	8.8%	
Net earnings attributable to shareholders of the Company	\$ 38	\$ 170	(77.6)%	\$ 228	\$ 288	(20.8)%
Net earnings available to common shareholders of the Company	\$ 28	\$ 160	(82.5)%	\$ 208	\$ 268	(22.4)%
Adjusted net earnings available to common shareholders of the Company ⁽¹⁾	\$ 210	\$ 216	(2.8)%	\$ 388	\$ 400	(3.0)%
Diluted net earnings per common share (\$)	\$ 0.21	\$ 1.23	(82.9)%	\$ 1.61	\$ 2.08	(22.6)%
Adjusted diluted net earnings per common share ⁽¹⁾ (\$)	\$ 1.63	\$ 1.67	(2.4)%	\$ 3.01	\$ 3.10	(2.9)%

CONSOLIDATED RESULTS OF OPERATIONS

Net earnings available to common shareholders of the Company in the second quarter of 2018 were \$28 million (\$0.21 per common share), a decrease of \$132 million (\$1.02 per common share) compared to the same period in 2017. The decrease included the decline in the underlying operating performance of \$6 million (\$0.04 per common share) and the unfavourable year-over-year net impact of adjusting items totaling \$126 million (\$0.98 per common share), as described below.

- The decline in underlying operating performance of \$6 million (\$0.04 per common share) was primarily due to:
 - the unfavourable underlying operating performance of Weston Foods;
 - the unfavourable underlying operating performance of Loblaw Companies Limited's ("Loblaw") Retail segment, which as previously announced, the year-over-year performance was expected to be negatively impacted by minimum wage increases, incremental healthcare reform, and the disposition of Loblaw's gas bar operations in the third quarter of 2017; and
 - the unfavourable impact of an increase in depreciation and amortization, as described below; partially offset by,
 - the favourable underlying operating performance of Loblaw's Financial Services segment.

In the second quarter of 2018, Loblaw's Choice Properties segment completed the acquisition of Canadian Real Estate Investment Trust ("CREIT"). The impact of the acquisition of CREIT to net earnings available to common shareholders of the Company for the second quarter of 2018 was nominal, as set out in "Loblaw Segment Results" section of the MD&A in the Quarterly Report.

- The unfavourable year-over-year net impact of adjusting items totaling \$126 million (\$0.98 per common share) was primarily due to:
 - the fair value adjustment of the Trust Unit liability of \$86 million (\$0.68 per common share);
 - the unfavourable impact of acquisition and other costs related to Choice Properties' acquisition of CREIT of \$51 million (\$0.39 per common share); and
 - the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares of \$15 million (\$0.12 per common share); partially offset by,
 - the foreign currency translation of \$14 million (\$0.12 per common share);
 - the fair value adjustment of derivatives of \$6 million (\$0.05 per common share); and
 - the favourable impact of the reversal of provisions related to the Loblaw Card Program of \$4 million (\$0.03 per common share).
- Net earnings available to common shareholders of the Company also included the positive contribution from the increase in the Company's ownership interest in Loblaw, as a result of Loblaw's share repurchases for cancellation.

Adjusted net earnings available to common shareholders of the Company⁽¹⁾ decreased by \$6 million (\$0.04 per common share) to \$210 million (\$1.63 per common share) in the second quarter of 2018 compared to the same period in 2017. Adjusted diluted net earnings per common share⁽¹⁾ also included the positive contribution from the increase in the Company's ownership interest in Loblaw (\$0.09 per common share). Normalized for the disposition of Loblaw's gas bar operations, adjusted net earnings available to common shareholders of the Company⁽¹⁾ were relatively flat (increased by \$0.01 per common share, or 0.6%) compared to the same period in 2017.

REPORTABLE OPERATING SEGMENTS

The Company has two reportable operating segments, Loblaw and Weston Foods. The Company also holds cash, short term investments and a direct interest in Choice Properties of approximately 3.8% (2017 – 6.0%). Loblaw has three reportable operating segments: Retail, Financial Services and Choice Properties. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise, financial services, and wireless mobile products and services. Loblaw also holds approximately 61.7% (2017 – 82.5%) effective interest in Choice Properties, which owns, manages and develops a high quality portfolio of commercial retail, industrial, office and residential properties across Canada. During the second quarter of 2018, Choice Properties completed the acquisition of CREIT. The Company’s effective interest reflects the issuance of 182,836,481 new Trust Units to Trust Unitholders other than the Company in connection with the acquisition of CREIT.

Weston Foods is a leading North American bakery that offers packaged bread and rolls in Canada as well as frozen and artisan bread and rolls, cakes, donuts, pies, biscuits and alternatives throughout Canada and the U.S.

Weston Foods Segment Results

(unaudited)

(\$ millions except where otherwise indicated)

For the periods ended as indicated	12 Weeks Ended			24 Weeks Ended		
	Jun. 16, 2018	Jun. 17, 2017	Change	Jun. 16, 2018	Jun. 17, 2017	Change
Sales	\$ 468	\$ 509	(8.1)%	\$ 985	\$ 1,048	(6.0)%
Operating income	\$ 21	\$ 24	(12.5)%	\$ 31	\$ 47	(34.0)%
Adjusted EBITDA ⁽¹⁾	\$ 48	\$ 54	(11.1)%	\$ 92	\$ 115	(20.0)%
Adjusted EBITDA margin ⁽¹⁾	10.3%	10.6%		9.3%	11.0%	
Depreciation and amortization ⁽ⁱ⁾	\$ 28	\$ 25	12.0 %	\$ 59	\$ 49	20.4 %

(i) Depreciation and amortization includes \$4 million year-to-date of accelerated depreciation related to restructuring and other related costs recorded in the first quarter of 2018.

Sales Weston Foods sales in the second quarter of 2018 were \$468 million, a decrease of \$41 million, or 8.1%, compared to the same period in 2017. Sales included the unfavourable impact of foreign currency translation of approximately 2.4%. Excluding the unfavourable impact of foreign currency translation, sales decreased by 5.7% mainly due to a decrease in volume, including the impact of product rationalization, and the negative impact of changes in sales mix.

Operating Income Weston Foods operating income in the second quarter of 2018 was \$21 million, a decrease of \$3 million, or 12.5%, compared to the same period in 2017. The decrease was primarily due to the decline in underlying operating performance of \$9 million, partially offset by the favourable year-over-year net impact of adjusting items totaling \$6 million, as described below:

- the fair value adjustment of derivatives of \$6 million; and
- the impact of restructuring and other related costs of \$3 million, partially offset by,
- the unfavourable year-over-year impact of the net proceeds from insurance claims of \$3 million.

Adjusted EBITDA⁽¹⁾ Weston Foods adjusted EBITDA⁽¹⁾ in the second quarter of 2018 was \$48 million, a decrease of \$6 million, or 11.1%, compared to the same period in 2017. The decrease was driven by the decline in sales and higher input and distribution costs, partially offset by productivity improvements and benefits realized from the transformation program, net of costs.

Weston Foods adjusted EBITDA margin⁽¹⁾ in the second quarter of 2018 decreased to 10.3% compared to 10.6% in the same period in 2017. The decline in adjusted EBITDA margin⁽¹⁾ in the second quarter of 2018 was driven by the factors as described above.

Depreciation and Amortization Weston Foods depreciation and amortization in the second quarter of 2018 was \$28 million, an increase of \$3 million, or 12.0% compared to the same period in 2017 due to investments in capital.

Weston Foods Other Business Matters

Restructuring and other related costs Weston Foods continuously evaluates strategic and cost reduction initiatives related to its manufacturing assets, distribution networks and administrative infrastructure with the objective of ensuring a low cost operating structure. In the second quarter of 2018, Weston Foods recorded restructuring and other related costs of \$2 million (2017 – \$5 million), which were primarily related to the reorganization costs from the transformation program and the previously announced closure of an unprofitable manufacturing facility in the U.S. that was completed in the first quarter of 2018. Restructuring and other related costs recorded in the second quarter of 2018 was \$2 million of severance and exit costs.

Loblaw Segment Results

(unaudited)

(\$ millions except where otherwise indicated)

For the periods ended as indicated	12 Weeks Ended			24 Weeks Ended		
	Jun. 16, 2018	Jun. 17, 2017 ⁽³⁾	Change	Jun. 16, 2018	Jun. 17, 2017 ⁽³⁾	Change
Sales	\$ 10,923	\$ 11,080	(1.4)%	\$ 21,290	\$ 21,484	(0.9)%
Operating income	\$ 559	\$ 625	(10.6)%	\$ 1,037	\$ 1,118	(7.2)%
Adjusted EBITDA ⁽¹⁾	\$ 1,025	\$ 984	4.2 %	\$ 1,899	\$ 1,850	2.6 %
Adjusted EBITDA margin ⁽¹⁾	9.4%	8.9%		8.9%	8.6%	
Depreciation and amortization ⁽ⁱ⁾	\$ 372	\$ 360	3.3 %	\$ 741	\$ 720	2.9 %

(i) Depreciation and amortization in the second quarter of 2018 includes \$119 million (2017 – \$121 million) of amortization of intangible assets acquired with Shoppers Drug Mart Corporation (“Shoppers Drug Mart”).

As previously announced, Loblaw’s year-over-year financial performance was negatively impacted by minimum wage increases and incremental healthcare reform. In addition, the disposition of Loblaw’s gas bar operations, in the third quarter of 2017, had a negative year-over-year impact on financial performance.

In addition, sales, operating income and adjusted EBITDA⁽¹⁾ in the second quarter of 2018 included the impacts of Choice Properties’ acquisition of CREIT, as described below, and the consolidation of franchises as set out in “Loblaw Other Business Matters”.

In the second quarter of 2018, Choice Properties completed the acquisition of CREIT. The impact of the CREIT acquisition on consolidated results was an increase in revenue of \$69 million, adjusted EBITDA⁽¹⁾ of approximately \$48 million and net interest expense and other financing charges of \$48 million in the second quarter of 2018. The acquisition had a nominal impact on adjusted net earnings available to common shareholders of the Company⁽¹⁾.

Sales Loblaw sales in the second quarter of 2018 were \$10,923 million, a decrease of \$157 million, or 1.4%, compared to the same period in 2017. The decrease was primarily driven by Retail, partially offset by Choice Properties net of consolidation and eliminations, driven by the acquisition of CREIT. Retail sales decreased by \$271 million, or 2.5%, compared to the same period in 2017 and included food retail sales of \$7,676 million (2017 – \$7,988 million) and drug retail sales of \$2,924 million (2017 – \$2,883 million).

Excluding the consolidation of franchises, Retail sales decreased by \$370 million, or 3.5%, primarily driven by the following factors:

- the impact of the disposition of gas bar operations of \$376 million; and
- the impact of incremental healthcare reform on drug retail;

partially offset by,

- food retail same-store sales growth was 0.8% for the quarter after excluding gas bar operations. Including gas bar operations, food retail same-store sales growth was 0.8%. The timing of Easter had a nominal impact on food retail same-store sales growth in the second quarter of 2018. In the second quarter of 2017, food retail sales were relatively flat excluding the favourable impact of Easter. Loblaw's food retail average quarterly internal food price index was marginally lower than the average quarterly national food price inflation of 0.1% as measured by "The Consumer Price Index for Food Purchased from Stores" ("CPI"). CPI does not necessarily reflect the effect of inflation on the specific mix of goods sold in Loblaw stores;
- drug retail same-store sales growth was 1.7%, including pharmacy same-store sales growth of 0.3% and front store same-store sales growth of 3.0%; and
- in the last 12 months, Retail net square footage increased by 0.1 million square feet, or 0.1%.

The redemption of Loblaw Cards resulted in the delivery of approximately \$36 million of free products to customers in the second quarter of 2018, which was provided for in the fourth quarter of 2017. The redemptions did not benefit sales or Loblaw's financial performance and Loblaw's management does not believe it had a significant impact on food retail same-store sales.

Operating Income Loblaw operating income in the second quarter of 2018 was \$559 million, a decrease of \$66 million, or 10.6% compared to the same period in 2017. The decrease in operating income included the improvements in underlying operating performance of \$27 million, which was more than offset by the unfavourable year-over-year net impact of certain adjusting items totaling \$93 million, as described below:

- the improvement in underlying operating performance of \$27 million was primarily due to Choice Properties net of consolidation and eliminations driven by the acquisition of CREIT, and Financial Services. The improvement was partially offset by Retail which included the unfavourable impact of the disposition of gas bar operations. Retail's year-over-year second quarter performance was negatively impacted by minimum wage increases and incremental healthcare reform. The decline in underlying operating performance also included the favourable year-over-year contribution from the consolidation of franchises in the second quarter of 2018; and
- the unfavourable year-over-year net impact of certain adjusting items totaling \$93 million was primarily due to the following:
 - the impact of acquisition and other costs related to Choice Properties' acquisition of CREIT of \$108 million; and
 - the change in the fair value adjustment to investment properties of \$10 million;partially offset by,
 - the impact of the reversal of provisions related to the Loblaw Card Program of \$11 million;
 - the fair value adjustment of derivatives of \$5 million; and
 - the favourable impact of income earned, net of certain costs incurred, from the wind-down of PC Financial banking services of \$3 million.

Adjusted EBITDA⁽¹⁾ Loblaw adjusted EBITDA⁽¹⁾ in the second quarter of 2018 was \$1,025 million, an increase of \$41 million, or 4.2% compared to the same period in 2017. The increase was driven by Choice Properties net of consolidation and eliminations driven by the acquisition of CREIT, and Financial Services, partially offset by Retail. Retail adjusted EBITDA⁽¹⁾ decreased \$19 million driven by an increase in Retail selling, general and administrative expenses (“SG&A”), partially offset by an increase in Retail gross profit. The decrease in Retail adjusted EBITDA⁽¹⁾ included the unfavourable impact of the disposition of Loblaw’s gas bar operations of approximately \$20 million and the favourable contribution from the consolidation of franchises of \$13 million.

- Retail gross profit percentage was 29.5%, an increase of 140 basis points compared to the same period in 2017. Excluding the consolidation of franchises, Retail gross profit decreased by \$7 million. Retail gross profit percentage, excluding the consolidation of franchises, was 27.9%, an increase of 90 basis points compared to the second quarter of 2017. The increase in Retail gross profit percentage was primarily due to the favourable impact from the disposition of gas bar operations of approximately 70 basis points. Margins were positively impacted by food retail and negatively impacted by healthcare reform.
- Retail SG&A as a percentage of sales was 20.9%, an unfavourable increase of 140 basis points compared to the second quarter of 2017. Excluding the consolidation of franchises, Retail SG&A increased by \$25 million. SG&A as a percentage of sales, excluding the consolidation of franchises, was 19.3%, an unfavourable increase of 90 basis points compared to the second quarter of 2017, mainly driven by:
 - the unfavourable impact from the disposition of gas bar operations of approximately 60 basis points;
 - higher store costs driven by minimum wage increases; and
 - the unfavourable impact of foreign exchange;partially offset by,
 - previously announced cost saving initiatives.

Loblaw adjusted EBITDA⁽¹⁾ included an increase in Choice Properties adjusted EBITDA⁽¹⁾, net of consolidations and eliminations, of \$50 million, primarily due to the contribution from the investment properties included in the acquisition of CREIT, as well as the expansion of the portfolio through other acquisitions and development of properties and an increase in base rent and operating cost recoveries from existing properties; and an increase in Financial Services adjusted EBITDA⁽¹⁾ of \$10 million, primarily driven by higher year-over-year interchange income due to an industry-wide reduction in interchange rates imposed on MasterCard International Incorporated[®] (“MasterCard[®]”) issuers affecting the first half of 2017 and growth in credit card receivables.

Depreciation and Amortization Loblaw’s depreciation and amortization was \$372 million in the second quarter of 2018, an increase of \$12 million, or 3.3% compared to the same period in 2017, primarily driven by the consolidation of franchises and an increase in information technology (“IT”) assets. Depreciation and amortization in the second quarter of 2018 included \$119 million (2017 – \$121 million) of amortization of intangible assets related to the acquisition of Shoppers Drug Mart.

Loblaw Other Business Matters

Consolidation of Franchises Loblaw has more than 500 franchise food retail stores in its network. As at the end of the second quarter of 2018, 352 of these stores were consolidated for accounting purposes under a new, simplified franchise agreement (“Franchise Agreement”) implemented in 2015.

Loblaw will convert the remaining franchises to the Franchise Agreement as existing agreements expire, at the end of which all franchises will be consolidated. The following table presents the number of franchises consolidated in the second quarter of 2018, and the total impact of the consolidation of franchises included in the consolidated results of the Company.

(unaudited)

(\$ millions except where otherwise indicated)

For the periods ended as indicated	12 Weeks Ended	
	Jun. 16, 2018	Jun. 17, 2017
Number of Consolidated Franchise stores, beginning of period	331	225
Add: Net Number of Consolidated Franchise stores in the period	21	16
Number of Consolidated Franchise stores, end of period	352	241
Sales	\$ 254	\$ 155
Operating income	12	2
Adjusted EBITDA ⁽¹⁾	25	12
Depreciation and amortization	13	10
Net income attributable to Non-Controlling Interests	12	3

Operating income included in the table above does not significantly impact net earnings available to common shareholders of the Company as the related income is largely attributable to non-controlling interests.

Loblaw expects⁽²⁾ that the estimated annual impact in 2018 of new and current consolidated franchises will be revenue of approximately \$1,000 million, adjusted EBITDA⁽¹⁾ of approximately \$80 million, depreciation and amortization of approximately \$60 million and net earnings attributable to non-controlling interests of approximately \$22 million.

Wind-down of PC Financial banking services In the third quarter of 2017, President’s Choice Bank (“PC Bank”) entered into an agreement to end its business relationship with a major Canadian chartered bank, which represented the personal banking services offered under the *PC Financial* brand. As a result of this agreement, PC Bank received a payment of approximately \$44 million, net of certain costs incurred, \$20 million of which was recognized in the first half of 2018, \$3 million of which was recognized in the second quarter of 2018, and \$24 million of which was recognized in 2017.

PC Bank will continue to operate the PC MasterCard[®] program and customers will earn *PC Optimum* points. PC Bank remains committed to providing payment products to its customers and continues to strengthen its credit card services and loyalty program.

Acquisition of Investment Properties In the second quarter of 2018, in addition to the acquisition of CREIT, Choice Properties acquired one investment property from third-party vendors for an aggregate purchase price of \$2 million, excluding acquisition costs, which was fully settled in cash.

Choice Properties’ Acquisition of Canadian Real Estate Investment Trust On May 4, 2018, Choice Properties acquired all the assets and assumed all the liabilities, including outstanding debt, of CREIT for total consideration of \$3,708 million. The consideration was comprised of \$1,652 million of cash and the issuance of 182,836,481 Trust Units.

In anticipation of the acquisition, Choice Properties arranged a new \$1,500 million committed revolving credit facility. Concurrent with the closing of the acquisition of CREIT, Choice Properties repaid and cancelled its existing credit facilities prior to the acquisition and those acquired from CREIT.

Also, concurrent with the closing of the acquisition, Loblaw, Choice Properties’ controlling unitholder, converted all of its outstanding Class C LP Units with the face value of \$925 million into Class B LP Units of Choice Properties Limited Partnership. Choice Properties issued to Loblaw 70,881,226 Class B LP Units upon the conversion and the shortfall in value of approximately \$99 million was paid in cash. In connection with this conversion, the Company

recognized capital gains income tax expense of approximately \$4 million in contributed surplus and \$4 million in non-controlling interest.

The cash portion of the acquisition and other transactions in relation to CREIT was financed as follows:

- \$1,300 million of proceeds from the issuance of senior unsecured debentures Series K and L; and
- \$800 million was obtained through two unsecured term loan facilities, of which \$175 million is due in four years and \$625 million is due in five years.

The preliminary purchase equation is based on management’s best estimate of fair value. The actual amount allocated to certain identifiable net assets could vary as the purchase equation is finalized. The preliminary purchase price allocation at the acquisition date is as follows:

(\$ millions)	As at May 4, 2018
Net Assets Acquired:	
Cash and cash equivalents	\$ 28
Accounts receivable and other assets	45
Mortgages, loans and notes receivable	204
Equity accounted joint ventures	683
Investment properties	4,730
Intangible assets	30
Goodwill	381
Trade payables and other liabilities	(171)
Long term debt	(1,841)
Deferred income tax liabilities	(381)
Total Net Assets Acquired	\$ 3,708

Choice Properties has one year to finalize the fair value of the assets acquired and the liabilities assumed.

The goodwill is generated on consolidation of Choice Properties and is attributable to deferred income tax recorded on temporary differences arising between the fair value of the investment properties acquired and their respective income tax bases for the Company’s effective ownership interest in Choice Properties. The goodwill arising from this acquisition is not deductible for tax purposes. Management has allocated this goodwill to Loblaw segment for impairment testing.

As at June 16, 2018, on a year-to-date basis, Loblaw, through Choice Properties incurred costs totaling to \$120 million related to the acquisition of CREIT which were recorded in SG&A. Of this amount, \$108 million was recognized during the second quarter of 2018.

Included in the unaudited interim period condensed consolidated financial statements for the second quarter of 2018 are approximately \$69 million in revenue and \$48 million of operating income related to CREIT since the date of acquisition, excluding the impact of acquisition transaction costs and any adjustment to the fair value of the investment properties acquired.

On a year-to-date pro forma basis, the impact of the CREIT acquisition on Choice Properties revenue and net income in the first half of 2018 would have amounted to approximately \$210 million and \$75 million, respectively, excluding the impact of acquisition transaction costs and any adjustment to the fair value of the investment properties acquired. This pro forma information incorporates the effect of the preliminary purchase equation as if the acquisition had been effective January 1, 2018.

The following table provides the impacts of the acquisition of CREIT on the consolidated results of the Company in the second quarter of 2018:

(\$ millions unless where otherwise indicated)	12 Weeks Ended Jun. 16, 2018
Revenue	\$ 69
Adjusted EBITDA ⁽¹⁾	48
Adjusted net interest expense and other financing charges ⁽¹⁾	48
Adjusted net earnings available to common shareholders of the Company ⁽¹⁾	—
Adjusted diluted net earnings per common share ⁽¹⁾ (\$)	—

On a year-to-date pro forma basis, the impact of the CREIT acquisition on the Company’s revenue and net income attributable to shareholders of the Company in the first half of 2018 would have amounted to approximately \$207 million and \$5 million, respectively, excluding the impact in the quarter of acquisition transaction costs and any adjustment to the fair value of the investment properties acquired. This pro forma information incorporates the effect of the preliminary purchase equation as if the acquisition had been effective January 1, 2018.

OUTLOOK⁽²⁾

In the second half of 2018, Weston Foods expects:

- Sales will trend in a similar fashion to the first half of 2018, when compared to last year. Sales are expected to be negatively impacted by volume declines, including the loss of sales from key customers and product rationalization;
- Adjusted EBITDA⁽¹⁾ will trend in similar fashion to the first half of 2018, when compared to last year. Adjusted EBITDA⁽¹⁾ will be impacted by sales trends as described above, headwinds from higher input and distribution costs in an inflationary environment and minimum wage increases, partially offset by improvements from the transformation program and productivity;
- Investment in capital expenditures of approximately \$230 million for 2018, related to growth, regulatory and maintenance; and
- Depreciation will increase.

Loblaw is focused on its strategic framework, delivering best in food and health and beauty, using data driven insights underpinned by process and efficiency excellence. This framework is supported by Loblaw’s financial plan of maintaining a stable trading environment that targets positive same-store sales and stable gross margin, creating efficiencies to deliver operating leverage, investing for the future and returning capital to shareholders.

Headwinds from minimum wage increases and healthcare reform will negatively impact Loblaw’s financial performance in 2018. The first half of the year was characterized by incremental cost headwinds and a very competitive retail market. In the second half, management expects cost pressures to increase, including from the newly imposed surtax on certain U.S. imports. Management continues to focus on overcoming these headwinds.

In 2018, on a full-year comparative basis, normalized for the disposition of Loblaw’s gas bar business and the impact of the CREIT acquisition, Loblaw expects to:

- deliver positive same-store sales and stable gross margin in its Retail segment in a highly competitive market;
- deliver essentially flat adjusted net earnings⁽¹⁾ growth with positive adjusted earnings per share⁽¹⁾ growth based on our share buyback program;
- invest approximately \$1.3 billion in capital expenditures, including \$1.0 billion in its Retail segment; and
- return capital to shareholders by allocating a significant portion of free cash flow⁽¹⁾ to share repurchases.

For 2018, the Company expects adjusted net earnings⁽¹⁾ to be lower when compared to prior year due to the results of Weston Foods and Loblaw, as described above.

DECLARATION OF QUARTERLY DIVIDENDS

Subsequent to the end of the second quarter of 2018, the Company's Board of Directors declared a quarterly dividend on GWL Common Shares, Preferred Shares, Series I, Preferred Shares, Series III, Preferred Shares, Series IV and Preferred Shares, Series V payable as follows:

Common Shares	\$0.49 per share payable October 1, 2018, to shareholders of record September 15, 2018;
Preferred Shares, Series I	\$0.3625 per share payable September 15, 2018, to shareholders of record August 31, 2018;
Preferred Shares, Series III	\$0.3250 per share payable October 1, 2018, to shareholders of record September 15, 2018;
Preferred Shares, Series IV	\$0.3250 per share payable October 1, 2018, to shareholders of record September 15, 2018;
Preferred Shares, Series V	\$0.296875 per share payable October 1, 2018, to shareholders of record September 15, 2018.

NON-GAAP FINANCIAL MEASURES

The Company uses the following non-GAAP financial measures: adjusted EBITDA and adjusted EBITDA margin, adjusted net earnings attributable to shareholders of the Company, adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share. In addition to these items, the following measures are used by management in calculating adjusted diluted net earnings per common share: adjusted operating income, adjusted net interest expense and other financing charges, adjusted income taxes and adjusted income tax rate. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance of the Company for the reasons outlined below.

Management uses these and other non-GAAP 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. The excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. From time to time, the Company may exclude additional 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 they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

For details on the nature of items excluded in the calculation of any of the non-GAAP financial measures detailed below, see the "Non-GAAP Financial Measures" section of the Company's 2018 Second Quarterly Report to Shareholders.

Adjusted EBITDA The Company believes adjusted EBITDA is useful in assessing and making decisions regarding the underlying operating performance of the Company’s ongoing operations and in assessing the Company’s ability to generate cash flows to fund its cash requirements, including its capital investment program.

The following table reconciles adjusted EBITDA to operating income, which is reconciled to GAAP net earnings attributable to shareholders of the Company reported for the periods ended as indicated.

(unaudited) (\$ millions)	12 Weeks Ended							
	Jun. 16, 2018				Jun. 17, 2017 ⁽³⁾			
	Weston Foods	Loblaw	Other	Consolidated	Weston Foods	Loblaw	Other	Consolidated
Net earnings attributable to shareholders of the Company				\$ 38				\$ 170
Add impact of the following:								
Non-controlling interests				40				195
Income taxes				126				140
Net interest expense and other financing charges				385				135
Operating income	\$ 21	\$ 559	\$ 9	\$ 589	\$ 24	\$ 625	\$ (9)	\$ 640
Add impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ —	\$ 119	\$ —	\$ 119	\$ —	\$ 121	\$ —	\$ 121
CREIT acquisition and other related costs	—	108	—	108	—	—	—	—
Fair value adjustment on investment properties	—	10	—	10	—	—	—	—
Loblaw Card Program	—	(11)	—	(11)	—	—	—	—
Pension annuities and buy-outs	—	1	—	1	—	—	—	—
Restructuring and other related costs	2	(5)	—	(3)	5	—	—	5
Fair value adjustment of derivatives	(2)	(6)	—	(8)	4	(1)	—	3
Wind-down of PC Financial banking services	—	(3)	—	(3)	—	—	—	—
Inventory loss, net of recoveries	(1)	—	—	(1)	(4)	—	—	(4)
Asset impairments, net of recoveries	—	—	—	—	—	—	3	3
Foreign currency translation ⁽ⁱ⁾	—	—	(9)	(9)	—	—	6	6
Adjusting items	\$ (1)	\$ 213	\$ (9)	\$ 203	\$ 5	\$ 120	\$ 9	\$ 134
Adjusted operating income	\$ 20	\$ 772	\$ —	\$ 792	\$ 29	\$ 745	\$ —	\$ 774
Depreciation and amortization excluding the impact of the above adjustments ⁽ⁱⁱ⁾	28	253	—	281	25	239	—	264
Adjusted EBITDA	\$ 48	\$ 1,025	\$ —	\$ 1,073	\$ 54	\$ 984	\$ —	\$ 1,038

- (i) Represents the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations.
- (ii) Depreciation and amortization for the calculation of adjusted EBITDA excludes \$119 million (2017 – \$121 million) of amortization of intangible assets, acquired with Shoppers Drug Mart, recorded by Loblaw.

(unaudited) (\$ millions)	24 Weeks Ended				Jun. 17, 2017 ⁽³⁾			
	Jun. 16, 2018				Weston Foods	Loblaw	Other	Consolidated
Net earnings attributable to shareholders of the Company				\$ 228				\$ 288
Add impact of the following:								
Non-controlling interests				228				319
Income taxes				232				241
Net interest expense and other financing charges				403				305
Operating income	\$ 31	\$ 1,037	\$ 23	\$ 1,091	\$ 47	\$ 1,118	\$ (12)	\$ 1,153
Add impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ —	\$ 240	\$ —	\$ 240	\$ —	\$ 242	\$ —	\$ 242
CREIT acquisition and other related costs	—	120	—	120	—	—	—	—
Impact of healthcare reform on inventory balances	—	19	—	19	—	—	—	—
Fair value adjustment on investment properties	—	10	—	10	—	—	—	—
Loblaw Card Program	—	8	—	8	—	—	—	—
Pension annuities and buy-outs	—	1	—	1	—	7	—	7
Restructuring and other related costs	17	(6)	—	11	14	—	—	14
Fair value adjustment of derivatives	(10)	(11)	—	(21)	9	5	—	14
Wind-down of PC Financial banking services	—	(20)	—	(20)	—	—	—	—
Inventory loss, net of recoveries	(1)	—	—	(1)	(4)	—	—	(4)
Asset impairments, net of recoveries	—	—	—	—	—	—	3	3
Foreign currency translation ⁽ⁱ⁾	—	—	(23)	(23)	—	—	9	9
Adjusting items	\$ 6	\$ 361	\$ (23)	\$ 344	\$ 19	\$ 254	\$ 12	\$ 285
Adjusted operating income	\$ 37	\$ 1,398	\$ —	\$ 1,435	\$ 66	\$ 1,372	\$ —	\$ 1,438
Depreciation and amortization excluding the impact of the above adjustments ⁽ⁱⁱ⁾	55	501	—	556	49	478	—	527
Adjusted EBITDA	\$ 92	\$ 1,899	\$ —	\$ 1,991	\$ 115	\$ 1,850	\$ —	\$ 1,965

- (i) Represents the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations.
- (ii) Depreciation and amortization for the calculation of adjusted EBITDA excludes \$240 million (2017 – \$242 million) of amortization of intangible assets, acquired with Shoppers Drug Mart, recorded by Loblaw and \$4 million (2017 – nil) of accelerated depreciation recorded by Weston Foods, related to restructuring and other related costs.

The following new item impacted operating income in the second quarter of 2018:

Fair value adjustment to investment properties In conjunction with the acquisition of CREIT, the Company elected to change the measurement of investment properties from cost model to fair value model. Prior to the second quarter of 2018, the Company recognized investment properties at cost less accumulated depreciation and any accumulated impairment losses. Under the fair value model, investment properties are initially measured at cost and subsequently measured at fair value. Fair value is determined based on available market evidence. If market evidence is not readily available in less active markets, the Company uses alternative valuation methods such as discounted cash flow projections or recent transaction prices. Gains and losses on fair value are recognized in operating income in the period in which they are incurred. Gains and losses from disposal of investment properties are determined by comparing the fair value of disposal proceeds and the carrying amount and are recognized in operating income.

Adjusted Net Interest Expense and Other Financing Charges The Company believes adjusted net interest expense and other financing charges is useful in assessing the ongoing net financing costs of the Company.

The following table reconciles adjusted net interest expense and other financing charges to GAAP net interest expense and other financing charges reported for the periods ended as indicated.

(unaudited) (\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 16, 2018	Jun. 17, 2017	Jun. 16, 2018	Jun. 17, 2017
Net interest expense and other financing charges	\$ 385	\$ 135	\$ 403	\$ 305
Add: Fair value adjustment of the Trust Unit liability	(180)	1	(99)	(23)
Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares	(23)	(2)	19	(19)
Adjusted net interest expense and other financing charges	\$ 182	\$ 134	\$ 323	\$ 263

Adjusted Income Taxes and Adjusted Income Tax Rate The Company believes the adjusted income tax rate applicable to adjusted earnings before taxes is useful in assessing the underlying operating performance of its business.

The following table reconciles the effective income tax rate applicable to adjusted earnings before taxes to the GAAP effective income tax rate applicable to earnings before taxes as reported for the periods ended as indicated.

(unaudited) (\$ millions except where otherwise indicated)	12 Weeks Ended		24 Weeks Ended	
	Jun. 16, 2018	Jun. 17, 2017 ⁽³⁾	Jun. 16, 2018	Jun. 17, 2017 ⁽³⁾
Adjusted operating income ⁽ⁱ⁾	\$ 792	\$ 774	\$ 1,435	\$ 1,438
Adjusted net interest expense and other financing charges ⁽ⁱ⁾	182	134	323	263
Adjusted earnings before taxes	\$ 610	\$ 640	\$ 1,112	\$ 1,175
Income taxes	\$ 126	\$ 140	\$ 232	\$ 241
Add: Tax impact of items excluded from adjusted earnings before taxes ⁽ⁱⁱ⁾	38	33	67	78
Adjusted income taxes	\$ 164	\$ 173	\$ 299	\$ 319
Effective income tax rate applicable to earnings before taxes	61.8%	27.7%	33.7%	28.4%
Adjusted income tax rate applicable to adjusted earnings before taxes	26.9%	27.0%	26.9%	27.1%

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

(ii) See the adjusted EBITDA table and the adjusted net interest expense and other financing charges table above for a complete list of items excluded from adjusted earnings before taxes.

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

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 reported for the periods ended as indicated.

(unaudited) (\$ millions except where otherwise indicated)	12 Weeks Ended		24 Weeks Ended	
	Jun. 16, 2018	Jun. 17, 2017 ⁽³⁾	Jun. 16, 2018	Jun. 17, 2017 ⁽³⁾
Net earnings attributable to shareholders of the Company	\$ 38	\$ 170	\$ 228	\$ 288
Less: Prescribed dividends on preferred shares in share capital	(10)	(10)	(20)	(20)
Net earnings available to common shareholders of the Company	\$ 28	\$ 160	\$ 208	\$ 268
Less: Reduction in net earnings due to dilutive instruments at Loblaw	(1)	(2)	(2)	(2)
Net earnings available to common shareholders for diluted earnings per share	\$ 27	\$ 158	\$ 206	\$ 266
Net earnings attributable to shareholders of the Company	\$ 38	\$ 170	\$ 228	\$ 288
Adjusting items (refer to the following table)	182	56	180	132
Adjusted net earnings attributable to shareholders of the Company	\$ 220	\$ 226	\$ 408	\$ 420
Less: Prescribed dividends on preferred shares in share capital	(10)	(10)	(20)	(20)
Adjusted net earnings available to common shareholders of the Company	\$ 210	\$ 216	\$ 388	\$ 400
Less: Reduction in net earnings due to dilutive instruments at Loblaw	(1)	(2)	(2)	(2)
Adjusted net earnings available to common shareholders for diluted earnings per share	\$ 209	\$ 214	\$ 386	\$ 398
Weighted average common shares outstanding (millions) ⁽ⁱ⁾	128.2	128.3	128.2	128.3

(i) Includes impact of dilutive instruments for purposes of calculating adjusted diluted net earnings per common share.

The following table reconciles 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 periods ended as indicated.

	12 Weeks Ended			
	Jun. 16, 2018		Jun. 17, 2017 ⁽³⁾	
	Net Earnings Available to Common Shareholders of the Company (\$ millions)	Diluted Net Earnings Per Common Share	Net Earnings Available to Common Shareholders of the Company (\$ millions)	Diluted Net Earnings Per Common Share
(\$ except where otherwise indicated)				
As reported	\$ 28	\$ 0.21	\$ 160	\$ 1.23
Add impact of the following ⁽ⁱ⁾ :				
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 42	\$ 0.33	\$ 42	\$ 0.33
CREIT acquisition and other related costs	51	0.39	—	—
Fair value adjustment on investment properties	4	0.03	—	—
Loblaw Card Program	(4)	(0.03)	—	—
Pension annuities and buy-outs	1	0.01	—	—
Restructuring and other related costs	—	—	3	0.02
Fair value adjustment of derivatives	(3)	(0.02)	3	0.03
Wind-down of PC Financial banking services	(2)	(0.02)	—	—
Inventory loss, net of recoveries	(1)	(0.01)	(2)	(0.02)
Asset impairments, net of recoveries	—	—	3	0.02
Fair value adjustment of the Trust Unit liability	85	0.67	(1)	(0.01)
Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares	17	0.14	2	0.02
Foreign currency translation	(8)	(0.07)	6	0.05
Adjusting items	\$ 182	\$ 1.42	\$ 56	\$ 0.44
Adjusted	\$ 210	\$ 1.63	\$ 216	\$ 1.67

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

	24 Weeks Ended			
	Jun. 16, 2018		Jun. 17, 2017 ⁽³⁾	
	Net Earnings Available to Common Shareholders of the Company (\$ millions)	Diluted Net Earnings Per Common Share	Net Earnings Available to Common Shareholders of the Company (\$ millions)	Diluted Net Earnings Per Common Share
(\$ except where otherwise indicated)				
As reported	\$ 208	\$ 1.61	\$ 268	\$ 2.08
Add impact of the following ⁽ⁱ⁾ :				
Amortization of intangible assets acquired with Shoppers Drug Mart	\$ 86	\$ 0.67	\$ 84	\$ 0.65
CREIT acquisition and other related costs	55	0.43	—	—
Impact of healthcare reform on inventory balances	7	0.05	—	—
Fair value adjustment on investment properties	4	0.03	—	—
Loblaw Card Program	3	0.02	—	—
Pension annuities and buy-outs	1	0.01	2	0.02
Restructuring and other related costs	11	0.09	10	0.08
Fair value adjustment of derivatives	(11)	(0.08)	9	0.07
Wind-down of PC Financial banking services	(7)	(0.05)	—	—
Inventory loss, net of recoveries	(1)	(0.01)	(2)	(0.02)
Asset impairments, net of recoveries	—	—	3	0.02
Fair value adjustment of the Trust Unit liability	66	0.51	4	0.03
Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares	(14)	(0.11)	14	0.11
Foreign currency translation	(20)	(0.16)	8	0.06
Adjusting items	\$ 180	\$ 1.40	\$ 132	\$ 1.02
Adjusted	\$ 388	\$ 3.01	\$ 400	\$ 3.10

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

FORWARD-LOOKING STATEMENTS

This News Release contains forward-looking statements about the Company’s objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Specific forward-looking statements in this News Release include, but are not limited to, statements with respect to the Company’s anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including minimum wage increases and further healthcare reform, future liquidity, planned capital investments, and the status and impact of IT systems implementations. These specific forward-looking statements are contained throughout this News Release including, without limitation, in the “Outlook” section of this News Release. Forward-looking statements are typically identified by words such as “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may”, “maintain”, “achieve”, “grow”, “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 expectation of operating and financial performance in 2018 is based on certain assumptions including assumptions about sales and volume growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, anticipated minimum wage increases and healthcare reform impacts. 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 "Enterprise Risks and Risk Management" section of the Management's Discussion and Analysis in the Company's 2017 Annual Report and the Company's Annual Information Form ("AIF") for the year ended December 31, 2017. Such risks and uncertainties include:

- 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 effectively manage Loblaw's loyalty program;
- the 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 execute Loblaw's e-commerce initiative or to adapt its business model to the shifts in the retail landscape caused by digital advances;
- failure to realize benefits from investments in the Company's new IT systems;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business, including increases to minimum wage;
- public health events including those related to food and drug safety;
- failure to realize the anticipated benefits, including revenue growth, anticipated cost savings or operating efficiencies, associated with the Company's investment in major initiatives that support its strategic priorities, including Choice Properties' failure to realize the anticipated benefits from the acquisition of CREIT;
- adverse outcomes of legal and regulatory proceedings and related matters;
- reliance on the performance and retention of third party service providers, including those associated with the Company's supply chain and Loblaw's apparel business, including issues with vendors in both advanced and developing markets;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink;
- changes in economic conditions, including economic recession or changes in the rate of inflation or deflation, employment rates and household debt, political uncertainty, tariff disputes, which may include newly imposed surtaxes, interest rates, currency exchange rates or derivative and commodity prices;
- the inability of the Company to effectively develop and execute its strategy; and
- the inability of the Company to anticipate, identify and react to consumer and retail trends.

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 from time to time, including without limitation, the section entitled "Operating and Financial Risks and Risk Management" in the Company's AIF for the year ended December 31, 2017. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this News Release. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2018 SECOND QUARTER REPORT TO SHAREHOLDERS

The Company's 2017 Annual Report and 2018 Second Quarter Report to Shareholders are available in the Investor Centre section of the Company's website at www.weston.ca and have been filed with SEDAR and are available online at www.sedar.com.

INVESTOR RELATIONS

Shareholders, security analysts and investment professionals should direct their requests to Mr. Geoffrey H. Wilson, Senior Vice President, Investor Relations, Business Intelligence and Communications, at the Company's Executive Office or by e-mail at investor@weston.ca.

Additional financial information has been filed electronically with various securities regulators in Canada through SEDAR. This News Release includes selected information on Loblaw Companies Limited, a public company with shares trading on the Toronto Stock Exchange. For information regarding Loblaw, readers should also refer to the materials filed by Loblaw with SEDAR from time to time. These filings are also maintained at Loblaw's corporate website at www.loblaw.ca.

SECOND QUARTER CONFERENCE CALL AND WEBCAST

George Weston Limited will host a conference call as well as an audio webcast on Tuesday, July 31, 2018 at 9:00 a.m. (ET). To access via tele-conference, please dial (647) 427-7450 or 1-888-231-8191. The playback will be available two hours after the event at (416) 849-0833 or 1-855-859-2056, passcode: 4076844#. To access via audio webcast, please visit the Investor Centre section of www.weston.ca. Pre-registration will be available.

Ce rapport est disponible en français.

Endnotes

- (1) See "Non-GAAP Financial Measures" section of this News Release beginning on page 10.
 - (2) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release beginning on page 16 for a discussion of material factors that could cause actual results to differ materially from the forecasts and projections herein and of the material factors, estimates, beliefs and assumptions that were applied in presenting the conclusions, forecasts and projections presented herein. This News Release must be read in conjunction with GWL's filings with securities regulators made from time to time, all of which can be found at www.weston.ca and www.sedar.com.
 - (3) Certain figures have been restated as a result of IFRS 15, "Revenue from Contracts with Customers". See Note 2 in the Company's 2018 second quarter unaudited interim period condensed consolidated financial statements.
-