

# Financial Results

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# Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020 <sup>(i)</sup>	Oct. 9, 2021	Oct. 3, 2020 <sup>(i)</sup>
<b>Revenue</b>	\$ 16,192	\$ 15,806	\$ 40,846	\$ 39,840
<b>Operating Expenses</b>				
Cost of inventories sold (note 11)	11,026	10,981	27,730	27,446
Selling, general and administrative expenses	4,041	3,861	10,098	10,388
	15,067	14,842	37,828	37,834
<b>Operating Income</b>	1,125	964	3,018	2,006
Net Interest Expense and Other Financing Charges (note 6)	412	323	1,460	585
<b>Earnings Before Income Taxes</b>	713	641	1,558	1,421
Income Taxes (note 7)	200	157	566	333
<b>Net Earnings from Continuing Operations</b>	513	484	992	1,088
<b>Net (Loss) Earnings from Discontinued Operations</b> (note 4)	(114)	14	(121)	(19)
<b>Net Earnings</b>	399	498	871	1,069
Attributable to:				
Shareholders of the Company (note 8)	138	317	204	664
Non-Controlling Interests	261	181	667	405
<b>Net Earnings</b>	\$ 399	\$ 498	\$ 871	\$ 1,069
<b>Net Earnings (Loss) per Common Share - Basic (\$)</b> (note 8)	\$ 0.83	\$ 1.98	\$ 1.13	\$ 4.10
Continuing Operations	\$ 1.59	\$ 1.89	\$ 1.93	\$ 4.23
Discontinued Operations	\$ (0.76)	\$ 0.09	\$ (0.80)	\$ (0.13)
<b>Net Earnings (Loss) per Common Share - Diluted (\$)</b> (note 8)	\$ 0.82	\$ 1.96	\$ 1.10	\$ 4.08
Continuing Operations	\$ 1.58	\$ 1.87	\$ 1.90	\$ 4.21
Discontinued Operations	\$ (0.76)	\$ 0.09	\$ (0.80)	\$ (0.13)

(i) Comparative figures have been restated (note 4).

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

# Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020 <sup>(i)</sup>	Oct. 9, 2021	Oct. 3, 2020 <sup>(i)</sup>
Net Earnings from Continuing Operations	\$ 513	\$ 484	\$ 992	\$ 1,088
Other comprehensive income (loss), net of taxes				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment (note 20)	3	(24)	(19)	23
Gains (losses) on cash flow hedges (note 20)	2	13	5	(35)
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial gains (losses) (note 18)	29	(26)	226	(37)
Adjustment to fair value of investment properties	–	1	(12)	8
Other comprehensive income (loss) from continuing operations	34	(36)	200	(41)
Comprehensive Income from Continuing Operations	547	448	1,192	1,047
Net (Loss) Earnings from Discontinued Operations (note 4)	(114)	14	(121)	(19)
Other comprehensive income (loss) from discontinued operations	–	(1)	–	(1)
Comprehensive (Loss) Income from Discontinued Operations	(114)	13	(121)	(20)
<b>Total Comprehensive Income</b>	<b>433</b>	<b>461</b>	<b>1,071</b>	<b>1,027</b>
Attributable to:				
Shareholders of the Company	159	287	299	653
Non-Controlling Interests	274	174	772	374
<b>Total Comprehensive Income</b>	<b>\$ 433</b>	<b>\$ 461</b>	<b>\$ 1,071</b>	<b>\$ 1,027</b>

(i) Comparative figures have been restated (note 4).

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

# Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	As at		
	Oct. 9, 2021	Oct. 3, 2020	Dec. 31, 2020 <sup>(i)</sup>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents (note 9)	\$ 2,013	\$ 2,436	\$ 2,581
Short-term investments (note 9)	633	397	575
Accounts receivable	901	1,193	1,192
Credit card receivables (note 10)	3,154	3,008	3,109
Inventories (note 11)	5,214	5,554	5,385
Prepaid expenses and other assets	518	397	304
Assets held for sale and discontinued operations (note 4)	1,938	170	108
<b>Total Current Assets</b>	<b>14,371</b>	<b>13,155</b>	<b>13,254</b>
Fixed Assets	10,856	11,813	11,943
Right-of-Use Assets	4,030	4,060	4,043
Investment Properties	5,190	4,835	4,930
Equity Accounted Joint Ventures	576	562	573
Intangible Assets	6,532	7,145	7,032
Goodwill	4,479	4,780	4,772
Deferred Income Taxes	116	186	139
Security Deposits (note 9)	74	77	75
Other Assets (note 12)	871	1,221	1,314
<b>Total Assets</b>	<b>\$ 47,095</b>	<b>\$ 47,834</b>	<b>\$ 48,075</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Bank indebtedness	\$ 166	\$ 193	\$ 86
Trade payables and other liabilities	5,726	5,751	6,023
Loyalty liability	220	232	194
Provisions	130	151	98
Income taxes payable	253	124	128
Demand deposits from customers	59	–	24
Short-term debt (note 13)	549	1,250	1,335
Long-term debt due within one year (note 14)	1,874	984	924
Lease liabilities due within one year	813	802	799
Associate interest	387	315	349
Liabilities held for sale and discontinued operations (note 4)	372	–	–
<b>Total Current Liabilities</b>	<b>10,549</b>	<b>9,802</b>	<b>9,960</b>
Provisions	88	92	116
Long-Term Debt (note 14)	12,228	13,653	13,519
Lease Liabilities	4,162	4,217	4,206
Trust Unit Liability (note 20)	4,086	3,556	3,600
Deferred Income Taxes	1,962	2,069	2,059
Other Liabilities (note 15)	1,120	953	1,197
<b>Total Liabilities</b>	<b>34,195</b>	<b>34,342</b>	<b>34,657</b>
<b>EQUITY</b>			
Share Capital (note 16)	3,524	3,622	3,599
Retained Earnings	4,704	5,124	5,226
Contributed Surplus (notes 17 & 19)	(1,404)	(1,098)	(1,180)
Accumulated Other Comprehensive Income	126	205	166
<b>Total Equity Attributable to Shareholders of the Company</b>	<b>6,950</b>	<b>7,853</b>	<b>7,811</b>
Non-Controlling Interests	5,950	5,639	5,607
<b>Total Equity</b>	<b>12,900</b>	<b>13,492</b>	<b>13,418</b>
<b>Total Liabilities and Equity</b>	<b>\$ 47,095</b>	<b>\$ 47,834</b>	<b>\$ 48,075</b>

(i) Certain comparative figures have been restated to conform with current year presentation.

Contingent liabilities (note 21). Subsequent events (note 24).

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

# Condensed Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2020	\$ 2,782	\$ 817	\$ 3,599	\$ 5,226	\$ (1,180)	\$ 153	\$ (22)	\$ 35	\$ 166	\$ 5,607	\$ 13,418
Net earnings	-	-	-	204	-	-	-	-	-	667	871
Other comprehensive income (loss) <sup>(i)</sup>	-	-	-	123	-	(20)	4	(12)	(28)	105	200
Comprehensive income (loss)	\$ -	\$ -	\$ -	\$ 327	\$ -	\$ (20)	\$ 4	\$ (12)	\$ (28)	\$ 772	\$ 1,071
Effect of equity-based compensation (notes 16 & 19)	24	-	24	-	3	-	-	-	-	-	27
Shares purchased and cancelled (note 16)	(100)	-	(100)	(578)	-	-	-	-	-	-	(678)
Net effect of shares held in trusts (notes 16 & 19)	1	-	1	6	-	-	-	-	-	-	7
Loblaw capital transactions and dividends (notes 17 & 19)	-	-	-	-	(227)	-	-	-	-	(429)	(656)
Transfer of remeasurement gain on sale of investment properties	-	-	-	12	-	-	-	(12)	(12)	-	-
Dividends declared											
Per common share (\$) (note 16)											
- \$1.700	-	-	-	(257)	-	-	-	-	-	-	(257)
Per preferred share (\$) (note 16)											
- Series I - \$1.0875	-	-	-	(10)	-	-	-	-	-	-	(10)
- Series III - \$0.9750	-	-	-	(8)	-	-	-	-	-	-	(8)
- Series IV - \$0.9750	-	-	-	(7)	-	-	-	-	-	-	(7)
- Series V - \$0.890625	-	-	-	(7)	-	-	-	-	-	-	(7)
	\$ (75)	\$ -	\$ (75)	\$ (849)	\$ (224)	\$ -	\$ -	\$ (12)	\$ (12)	\$ (429)	\$ (1,589)
Balance as at Oct. 9, 2021	\$ 2,707	\$ 817	\$ 3,524	\$ 4,704	\$ (1,404)	\$ 133	\$ (18)	\$ 11	\$ 126	\$ 5,950	\$ 12,900

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2019	\$ 2,809	\$ 817	\$ 3,626	\$ 4,766	\$ (979)	\$ 182	\$ (4)	\$ 18	\$ 196	\$ 5,566	\$ 13,175
Net earnings	-	-	-	664	-	-	-	-	-	405	1,069
Other comprehensive income (loss) <sup>(i)</sup>	-	-	-	(20)	-	22	(21)	8	9	(31)	(42)
Comprehensive income (loss)	\$ -	\$ -	\$ -	\$ 644	\$ -	\$ 22	\$ (21)	\$ 8	\$ 9	\$ 374	\$ 1,027
Effect of equity-based compensation (notes 16 & 19)	-	-	-	(1)	5	-	-	-	-	-	4
Net effect of shares held in trusts (notes 16 & 19)	(4)	-	(4)	(11)	-	-	-	-	-	-	(15)
Loblaw capital transactions and dividends (notes 17 & 19)	-	-	-	-	(124)	-	-	-	-	(301)	(425)
Dividends declared											
Per common share (\$) (note 16)											
- \$1.575	-	-	-	(242)	-	-	-	-	-	-	(242)
Per preferred share (\$) (note 16)											
- Series I - \$1.0875	-	-	-	(10)	-	-	-	-	-	-	(10)
- Series III - \$0.9750	-	-	-	(8)	-	-	-	-	-	-	(8)
- Series IV - \$0.9750	-	-	-	(7)	-	-	-	-	-	-	(7)
- Series V - \$0.890625	-	-	-	(7)	-	-	-	-	-	-	(7)
	\$ (4)	\$ -	\$ (4)	\$ (286)	\$ (119)	\$ -	\$ -	\$ -	\$ -	\$ (301)	\$ (710)
Balance as at Oct. 3, 2020	\$ 2,805	\$ 817	\$ 3,622	\$ 5,124	\$ (1,098)	\$ 204	\$ (25)	\$ 26	\$ 205	\$ 5,639	\$ 13,492

(i) Other comprehensive income (loss) includes actuarial gains of \$226 million (2020 - losses of \$38 million), of which \$123 million (2020 - loss of \$20 million) is presented in retained earnings, and \$103 million (2020 - loss of \$18 million) in non-controlling interests. Also included in non-controlling interests was a gain of \$1 million on foreign currency translation adjustments (2020 - gain of \$1 million) and a gain of \$1 million on cash flow hedges (2020 - loss of \$14 million).

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

# Condensed Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020 <sup>(i)</sup>	Oct. 9, 2021	Oct. 3, 2020 <sup>(i)</sup>
<b>Operating Activities</b>				
Net earnings	\$ 399	\$ 498	\$ 871	\$ 1,069
Add (deduct):				
Net interest expense and other financing charges (note 6)	413	323	1,462	586
Income taxes (note 7)	203	162	568	327
Depreciation and amortization	753	729	1,886	1,855
Asset impairments, net of recoveries	7	1	8	15
Non-cash goodwill impairment related to discontinued operations (note 4)	87	–	87	–
Adjustment to fair value of investment properties and assets held for sale	(41)	(7)	(236)	188
Change in allowance for credit card receivables (note 10)	–	(3)	(32)	51
Change in provisions	18	(3)	19	10
	<b>1,839</b>	<b>1,700</b>	<b>4,633</b>	<b>4,101</b>
Change in gross credit card receivables (note 10)	(121)	(171)	(13)	459
Change in non-cash working capital	(148)	(208)	(175)	(343)
Income taxes paid	(228)	(145)	(511)	(342)
Interest received	3	6	14	19
Interest received from finance leases	2	–	3	1
Other	(8)	(11)	6	52
<b>Cash Flows from Operating Activities</b>	<b>1,339</b>	<b>1,171</b>	<b>3,957</b>	<b>3,947</b>
<b>Investing Activities</b>				
Fixed asset and investment properties purchases	(311)	(358)	(675)	(673)
Intangible asset additions	(119)	(111)	(294)	(284)
Cash assumed on initial consolidation of franchises (note 5)	–	–	–	14
Proceeds from disposal of assets	39	30	90	176
Lease payments received from finance leases	2	3	6	5
Change in short-term investments (note 9)	10	149	(27)	(168)
Change in security deposits (note 9)	–	71	–	–
Other	3	(60)	(71)	(159)
<b>Cash Flows used in Investing Activities</b>	<b>(376)</b>	<b>(276)</b>	<b>(971)</b>	<b>(1,089)</b>
<b>Financing Activities</b>				
Change in bank indebtedness	28	60	80	175
Change in short-term debt	5	(15)	(251)	(239)
Change in demand deposits from customers	9	–	35	–
Change in other financing (note 15)	–	(1)	(1)	(4)
Interest paid	(241)	(284)	(680)	(703)
Settlement of net debt associated with equity forward sale agreement (note 14)	(462)	–	(515)	–
Long-term debt – Issued (note 14)	469	407	778	2,328
– Repayments (note 14)	(471)	(781)	(802)	(2,229)
Cash rent paid on lease liabilities – Interest	(56)	(61)	(145)	(160)
Cash rent paid on lease liabilities – Principal	(203)	(204)	(460)	(505)
Share capital – Issued (notes 16 & 19)	11	–	20	–
– Purchased and held in trusts (note 16)	–	–	–	(21)
– Purchased and cancelled (note 16)	(411)	–	(577)	–
Loblaw common share capital – Issued (notes 17 & 19)	29	5	78	29
– Purchased and held in trusts (note 17)	–	–	–	(10)
– Purchased and cancelled (note 17)	(164)	(181)	(526)	(277)
Dividends – To common shareholders	(172)	(162)	(335)	(323)
– To preferred shareholders	(19)	(19)	(41)	(41)
– To non-controlling interests	(117)	(111)	(174)	(225)
Other	19	28	(38)	(51)
<b>Cash Flows used in Financing Activities</b>	<b>(1,746)</b>	<b>(1,319)</b>	<b>(3,554)</b>	<b>(2,256)</b>
Effect of foreign currency exchange rate changes on cash and cash equivalents	1	(1)	–	–
Change in Cash and Cash Equivalents	<b>(782)</b>	<b>(425)</b>	<b>(568)</b>	<b>602</b>
Cash and Cash Equivalents, Beginning of Period	<b>2,795</b>	<b>2,861</b>	<b>2,581</b>	<b>1,834</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 2,013</b>	<b>\$ 2,436</b>	<b>\$ 2,013</b>	<b>\$ 2,436</b>

(i) Certain comparative figures have been restated to conform with current year presentation.

See note 4. Discontinued Operations for additional cash flow information.

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

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## Note 1. Nature and Description of the Reporting Entity

George Weston Limited ("GWL" or the "Company") is a Canadian public company incorporated in 1928, with its registered office located at 22 St. Clair Avenue East, Toronto, Canada M4T 2S5. The Company's parent is Wittington Investments, Limited ("Wittington").

The Company operates through its two reportable operating segments, Loblaw Companies Limited ("Loblaw"), and Choice Properties Real Estate Investment Trust ("Choice Properties"). Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation and cash and short-term investments held by the Company. All other company level activities that are not allocated to the reportable operating segments, such as interest expense, corporate activities and administrative costs are included in Other and Intersegment.

Loblaw has two reportable operating segments, retail and financial services. Loblaw's retail segment consists primarily of food retail and drug retail. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise and financial services.

Choice Properties owns, manages and develops a high-quality portfolio of commercial retail, industrial, office and residential properties across Canada.

As at October 9, 2021, Weston Foods met the criteria to be classified as assets held for sale and discontinued operations. Refer to Note 4, "Assets Held for Sale and Discontinued Operations" for details.

Quarterly net earnings are affected by seasonality and the timing of holidays, relative to the Company's interim period. Accordingly, quarterly performance is not necessarily indicative of annual performance. Historically, Loblaw has earned more revenue in the fourth quarter relative to the preceding quarters in its fiscal year.

## Note 2. Significant Accounting Policies

The significant accounting policies and critical accounting estimates and judgments as disclosed in the Company's 2020 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements, except for discontinued operations, as described below.

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographic areas of operations; or is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operations occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale or distribution.

When an operation is classified as a discontinued operation, the comparative statements of earnings and comprehensive income are re-presented as if the operation has been discontinued from the start of the comparative year.

The Company's discontinued operations are excluded from the results of continuing operations and are presented as a single amount, net of tax, as net earnings from discontinued operations in the consolidated statements of earnings. The consolidated statements of cash flows include cash flows of the discontinued operations, and has not been restated to reflect discontinued operations. The details of the cash flows from discontinued operations are presented in the notes to the financial statements. The consolidated balance sheets have not been restated to reflect discontinued operations.

These unaudited interim period condensed consolidated financial statements are presented in Canadian dollars.

**STATEMENT OF COMPLIANCE** These unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. These unaudited interim period condensed consolidated financial statements should be read in conjunction with the Company's 2020 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on November 22, 2021.

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## Note 3. Subsidiaries

The table below summarizes the Company's principal subsidiaries. The proportion of ownership interests held equals the voting rights held by the Company. GWL's ownership in Loblaw and Choice Properties is impacted by changes in Loblaw's common share equity and Choice Properties' trust units, respectively.

		As at					
		Oct. 9, 2021		Oct. 3, 2020		Dec. 31, 2020	
		Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest
<b>Loblaw</b>	Common shares <sup>(i)</sup>	176,394,602	52.6%	184,020,849	52.2%	182,874,456	52.6%
	Class B LP Units <sup>(ii)</sup>	395,786,525	n/a	389,961,783	n/a	395,786,525	n/a
	Trust Units	50,661,415	n/a	50,661,415	n/a	50,661,415	n/a
<b>Choice Properties</b>		<b>446,447,940</b>	<b>61.7%</b>	<b>440,623,198</b>	<b>61.5%</b>	<b>446,447,940</b>	<b>61.8%</b>

- (i) Includes 3.02 million Loblaw common shares pledged (October 3, 2020 and December 31, 2020 – 9.6 million Loblaw common shares) under the equity forward sale agreement (see note 20). Additionally, commencing in the first quarter of 2020, GWL participated in Loblaw's Normal Course Issuer Bid ("NCIB") program, in order to maintain its proportionate percentage ownership (see note 17).
- (ii) Class B LP Units ("Exchangeable Units") are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units.

## Note 4. Assets Held for Sale and Discontinued Operations

(\$ millions)	As at		
	Oct. 9, 2021	Oct. 3, 2020	Dec. 31, 2020
<b>Loblaw</b>	\$ 85	\$ 111	\$ 108
<b>Choice Properties</b>	\$ –	\$ 59	\$ –
Assets Held for Sale	\$ 1,853	\$ –	\$ –
Liabilities Held for Sale	372	–	–
<b>Weston Foods</b>	\$ 1,481	\$ –	\$ –
<b>Assets Held for Sale and Discontinued Operations</b>	\$ 1,938	\$ 170	\$ 108
<b>Liabilities Held for Sale and Discontinued Operations</b>	\$ 372	\$ –	\$ –

**WESTON FOODS** On March 23, 2021, the Company announced its intention to launch a process to sell the Weston Foods business, comprised of the fresh, frozen and ambient bakery businesses. As at October 9, 2021, Weston Foods was classified as assets held for sale and discontinued operations. The assets and liabilities of Weston Foods have been classified as held for sale and the Weston Foods results, net of eliminations, have been presented as discontinued operations on the consolidated statements of earnings and comprehensive income. Unless otherwise specified, all other notes to the consolidated financial statements include amounts from both Continuing and Discontinued Operations.

Subsequent to the end of the third quarter of 2021, the Company announced on October 26, 2021, an agreement to sell the fresh and frozen bakery businesses, for aggregate cash consideration of \$1.2 billion and on November 15, 2021, an agreement to sell the ambient business for aggregate cash consideration of \$370 million. The transactions are subject to compliance with applicable competition law and regulatory reviews and other closing conditions customary for transactions of this nature. Subject to the receipt of all regulatory approvals and satisfaction of customary closing conditions, the Company expects to close each of the transactions before the end of the first quarter of 2022. Upon closing of each respective transaction, the respective purchaser will enter into a supply agreement with Loblaw.

The results of Discontinued Operations presented in the consolidated statements of earnings is as follows:

(\$ millions)	16 Weeks Ended					
	Oct. 9, 2021			Oct. 3, 2020		
	Weston Foods	Intersegment Eliminations	Discontinued Operations	Weston Foods	Intersegment Eliminations	Discontinued Operations
<b>Revenue</b>	\$ 584	\$ (181)	\$ 403	\$ 592	\$ (189)	\$ 403
<b>Operating Expenses</b>						
Cost of inventories sold	442	(178)	264	421	(189)	232
Selling, general and administrative expenses	152	(7)	145	155	(3)	152
	\$ 594	\$ (185)	\$ 409	\$ 576	\$ (192)	\$ 384
<b>Operating (Loss) Income</b>			\$ (6)			\$ 19
Net interest expense and other financing charges			1			–
<b>(Loss) Earnings before Income Taxes</b>			\$ (7)			\$ 19
Income tax (recovery) expense			(2)			5
<b>Net (Loss) Earnings after Income Taxes</b>			\$ (5)			\$ 14
Goodwill impairment, net of tax			79			–
Transaction and other related costs, net of tax			13			–
Deferred tax on outside basis difference			17			–
<b>Net (Loss) Earnings from Discontinued Operations</b>			\$ (114)			\$ 14

(\$ millions)	40 Weeks Ended					
	Oct. 9, 2021			Oct. 3, 2020		
	Weston Foods	Intersegment Eliminations	Discontinued Operations	Weston Foods	Intersegment Eliminations	Discontinued Operations
<b>Revenue</b>	\$ 1,487	\$ (455)	\$ 1,032	\$ 1,539	\$ (480)	\$ 1,059
<b>Operating Expenses</b>						
Cost of inventories sold	1,100	(447)	653	1,122	(478)	644
Selling, general and administrative expenses	403	(15)	388	449	(10)	439
	\$ 1,503	\$ (462)	\$ 1,041	\$ 1,571	\$ (488)	\$ 1,083
<b>Operating (Loss) Income</b>			\$ (9)			\$ (24)
Net interest expense and other financing charges			2			2
<b>Loss before Income Taxes</b>			\$ (11)			\$ (26)
Income tax (recovery) expense			(3)			(7)
<b>Net Loss after Income Taxes</b>			\$ (8)			\$ (19)
Goodwill impairment, net of tax			79			–
Transaction and other related costs, net of tax			17			–
Deferred tax on outside basis difference			17			–
<b>Net Loss from Discontinued Operations</b>			\$ (121)			\$ (19)

Upon classifying Weston Foods as held for sale, the net assets of fresh and frozen, and ambient businesses were separately measured at the lower of their carrying value or fair value less costs to sell, which resulted in a non-cash goodwill impairment of \$79 million, net of \$8 million deferred tax recovery. Fair value less costs to sell represents expected aggregate proceeds from the sale less estimated closing costs and estimated adjustments customary of transactions of this nature.

Transaction and other related costs of \$13 million, net of \$4 million of taxes, and \$17 million, net of \$4 million of taxes, were incurred in connection with the sale of Weston Foods in the third quarter and year-to-date of 2021.

Upon classifying Weston Foods as held for sale, the Company recorded a deferred tax expense of \$17 million on outside basis difference of Weston Foods, as the temporary differences in respect of GWL's investment in Weston Foods are expected to reverse in the foreseeable future. This charge is noted as deferred tax on outside basis difference in the table above.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

As at the end of the third quarter of 2021, cumulative foreign exchange translation gains related to Weston Foods of approximately \$108 million were included in Accumulative Other Comprehensive Income. These amounts will be reclassified into income upon closing and remain subject to change from movements in foreign exchange rates until closing.

The assets and liabilities in connection with Discontinued Operations are classified as held for sale as follows:

(\$ millions)	As at	
	Oct. 9, 2021	
Accounts receivable	\$	240
Inventories		215
Prepaid expenses and other assets		18
Fixed Assets		1,011
Right-of-Use Assets		26
Intangible Assets		134
Goodwill		203
Other Assets		6
<b>Assets Held for Sale and Discontinued Operations</b>	<b>\$</b>	<b>1,853</b>

(\$ millions)	As at	
	Oct. 9, 2021	
Trade account payables and other liabilities	\$	241
Lease liabilities		29
Provisions		10
Deferred income taxes		81
Other liabilities		11
<b>Liabilities Held for Sale and Discontinued Operations</b>	<b>\$</b>	<b>372</b>

Subsequent to the end of the third quarter, Weston Foods completed an annuity purchase and paid \$39 million from the impacted plans' assets to settle \$37 million of pension obligations. Weston Foods recognized a loss of \$2 million on completion of annuity purchase.

The net cash flows (used in) provided by the Discontinued Operations are as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Cash flows (used in) from operating activities	\$ (28)	\$ 32	\$ (12)	\$ 101
Cash flows used in investing activities	\$ (37)	\$ (49)	\$ (76)	\$ (107)
Cash flows used in financing activities	\$ (2)	\$ (3)	\$ (6)	\$ (7)
Effect of foreign currency rate changes on cash and cash equivalents	\$ -	\$ 1	\$ 2	\$ (2)
<b>Cash flows used in Discontinued Operations</b>	<b>\$ (67)</b>	<b>\$ (19)</b>	<b>\$ (92)</b>	<b>\$ (15)</b>

## Note 5. Business Acquisitions

**CONSOLIDATION OF FRANCHISES** Loblaw accounted for the consolidation of existing franchises as business acquisitions and consolidated its franchisees as of the date the franchisee entered into a simplified franchise agreement with Loblaw. The assets acquired and liabilities assumed through the consolidation were valued at the acquisition date using fair values, which approximated the franchise carrying values at the date of acquisition. The results of operations of the acquired franchisees have been included in Loblaw's results of operations from the date of acquisition.

Loblaw has more than 500 franchise food retail stores in its network. As at the end of the first quarter of 2020, Loblaw consolidated all of its remaining franchisees for accounting purposes under the simplified franchise agreement implemented in 2015.

No franchisees were consolidated in the third quarter of 2021 and 2020. On a year-to-date basis, the following table summarizes the amounts recognized for the assets acquired, the liabilities assumed and the non-controlling interests recognized at the acquisition dates:

(\$ millions)	40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020
Net assets acquired:		
Cash and cash equivalents	\$ -	\$ 14
Inventories	-	42
Fixed assets	-	44
Trade payables and other liabilities <sup>(i)</sup>	-	(54)
Other liabilities <sup>(i)</sup>	-	(30)
Non-controlling interests	-	(16)
Total net assets acquired	\$ -	\$ -

- (i) On consolidation, trade payables and other liabilities and other liabilities eliminate against existing accounts receivable, franchise loans receivable and franchise investments held by Loblaw.

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## Note 6. Net Interest Expense and Other Financing Charges

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Interest expense:				
Long-term debt	\$ 159	\$ 179	\$ 446	\$ 492
Lease liabilities	58	62	147	160
Borrowings related to credit card receivables	10	17	27	37
Trust Unit distributions	51	51	154	147
Independent funding trusts	4	3	10	11
Post-employment and other long-term employee benefits (note 18)	3	2	7	6
Bank indebtedness	1	2	3	3
Financial liabilities (note 15)	11	7	33	20
Capitalized interest	(1)	(2)	(2)	(3)
	\$ 296	\$ 321	\$ 825	\$ 873
Interest income:				
Accretion income	\$ (1)	\$ (1)	\$ (4)	\$ (4)
Short-term interest income	(7)	(6)	(16)	(20)
	\$ (8)	\$ (7)	\$ (20)	\$ (24)
Forward sale agreement <sup>(i)</sup>	\$ 72	\$ 21	\$ 176	\$ (5)
Fair value adjustment of the Trust Unit liability (note 20)	52	(12)	479	(259)
Net interest expense and other financing charges from Continuing Operations	\$ 412	\$ 323	\$ 1,460	\$ 585

- (i) Included in the third quarter of 2021 and year-to-date is a charge of \$73 million (2020 - charge of \$27 million) and \$184 million (2020 - charge of \$14 million), respectively, related to the fair value adjustment of the forward sale agreement for the Loblaw common shares (see note 20). The fair value adjustment of the forward sale agreement results from changes in the value of the underlying Loblaw common shares. Also included in the third quarter of 2021 and year-to-date is forward accretion income of \$7 million (2020 - income of \$12 million) and \$24 million (2020 - income of \$35 million), respectively, and the forward fee of \$6 million (2020 - \$6 million) and \$16 million (2020 - \$16 million), respectively, associated with the forward sale agreement.

## Note 7. Income Taxes

In the third quarter of 2021, income tax expense from continuing operations was \$200 million (2020 - \$157 million) and the effective tax rate was 28.1% (2020 - 24.5%). The increase in the effective tax rate was primarily attributable to the quarter-over-quarter impact of the non-taxable fair value adjustment of the Trust Unit liability and the impact of certain other non-deductible items, partially offset by higher earnings of lower tax rate entities.

On a year-to-date basis, income tax expense from continuing operations was \$566 million (2020 - \$333 million) and the effective tax rate was 36.3% (2020 - 23.4%). The increase in the effective tax rate was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability, an increase in tax expense related to temporary differences in respect of GWL's investment in certain Loblaw shares as a result of GWL's participation in Loblaw's NCIB program, and the impact of certain other non-deductible items, partially offset by higher earnings of lower tax rate entities.

On April 23, 2020, the Federal Court of Appeal released its decision in the Glenhuron Bank Limited ("Glenhuron") case in favour of Loblaw and reversed the decision of the Tax Court of Canada ("Tax Court"). On October 29, 2020, the Supreme Court of Canada ("Supreme Court") granted the Crown leave to appeal and on May 13, 2021, the Supreme Court heard the Crown's appeal, reserving judgment until a later date. Loblaw has not reversed any portion of the \$367 million of charges recorded during the third quarter of 2018, of which \$176 million was recorded in interest and \$191 million was recorded in income taxes (see note 21).

## Note 8. Basic and Diluted Net Earnings per Common Share

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020 <sup>(ii)</sup>	Oct. 9, 2021	Oct. 3, 2020 <sup>(ii)</sup>
Net earnings attributable to shareholders of the Company	\$ 138	\$ 317	\$ 204	\$ 664
Discontinued Operations (note 4)	(114)	14	(121)	(19)
Net earnings from continuing operations attributable to shareholders of the Company	252	303	325	683
Prescribed dividends on preferred shares in share capital	(14)	(14)	(34)	(34)
Net earnings from continuing operations available to common shareholders of the Company	\$ 238	\$ 289	\$ 291	\$ 649
Reduction in net earnings due to dilution at Loblaw	(1)	(2)	(4)	(3)
Net earnings from continuing operations available to common shareholders for diluted earnings per share	\$ 237	\$ 287	\$ 287	\$ 646
Weighted average common shares outstanding (in millions) (note 16)	149.2	153.4	150.8	153.5
Dilutive effect of equity-based compensation <sup>(i)</sup> (in millions)	0.5	0.1	0.2	0.1
Diluted weighted average common shares outstanding (in millions)	149.7	153.5	151.0	153.6
Basic net earnings (loss) per common share (\$) - Continuing Operations	\$ 1.59	\$ 1.89	\$ 1.93	\$ 4.23
Discontinued Operations	\$ (0.76)	\$ 0.09	\$ (0.80)	\$ (0.13)
Diluted net earnings (loss) per common share (\$) - Continuing Operations	\$ 1.58	\$ 1.87	\$ 1.90	\$ 4.21
Discontinued Operations	\$ (0.76)	\$ 0.09	\$ (0.80)	\$ (0.13)

(i) In the third quarter of 2021 and year-to-date, nominal (2020 – 1.3 million) and 0.5 million (2020 – 1.2 million) potentially dilutive instruments, respectively, were excluded from the computation of diluted net earnings (loss) per common share as they were anti-dilutive.

(ii) Certain comparative figures have been restated to conform with current year presentation.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

### Note 9. Cash and Cash Equivalents, Short-Term Investments and Security Deposits

The components of cash and cash equivalents, short-term investments and security deposits were as follows:

#### CASH AND CASH EQUIVALENTS

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Cash	\$ 1,028	\$ 939	\$ 1,228
Cash equivalents:			
Government treasury bills	421	643	758
Bankers' acceptances	557	833	570
Corporate commercial paper	3	–	–
Guaranteed investment certificates	–	21	22
Other	4	–	3
Cash and cash equivalents	\$ 2,013	\$ 2,436	\$ 2,581

#### SHORT-TERM INVESTMENTS

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Government treasury bills	\$ 587	\$ 337	\$ 485
Bankers' acceptances	12	51	81
Corporate commercial paper	2	3	1
Guaranteed Investment Certificates	27	–	7
Other	5	6	1
Short-term investments	\$ 633	\$ 397	\$ 575

#### SECURITY DEPOSITS

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Cash	\$ 70	\$ 55	\$ 52
Government treasury bills	4	22	23
Total security deposits	\$ 74	\$ 77	\$ 75

## Note 10. Credit Card Receivables

The components of credit card receivables were as follows:

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Gross credit card receivables	\$ 3,359	\$ 3,255	\$ 3,346
Allowance for credit card receivables	(205)	(247)	(237)
Credit card receivables	\$ 3,154	\$ 3,008	\$ 3,109
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> <sup>®</sup> (note 14)	\$ 1,350	\$ 1,050	\$ 1,050
Securitized to Other Independent Securitization Trusts (note 13)	300	500	575
Total securitized to independent securitization trusts	\$ 1,650	\$ 1,550	\$ 1,625

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

The associated liability of *Eagle* is recorded in long-term debt (see note 14). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short-term debt (see note 13).

During the third quarter of 2021, *Eagle* issued \$300 million of senior and subordinated term notes with a maturity date of June 17, 2026. These notes have a weighted average interest rate of 1.61%. In connection with this issuance, \$175 million of bond forward agreements were settled during the second quarter of 2021. This resulted in a realized fair value loss of \$1 million before income taxes, which was cumulatively recorded in other comprehensive loss as unrealized prior to the settlement of the agreement. The loss will be reclassified to the statements of earnings over the life of the *Eagle* notes. This settlement resulted in a net effective interest rate of 1.65% on the *Eagle* notes issued.

During the third quarter of 2020, *Eagle* issued \$300 million of senior and subordinated term notes with a maturity date of July 17, 2025 at a weighted average interest rate of 1.34%. In connection with this issuance, \$200 million of bond forward agreements were settled, resulting in a realized fair value loss of \$11 million before income taxes, which was cumulatively recorded in other comprehensive loss as unrealized prior to settlement. The loss will be reclassified to the statements of earnings over the life of the aforementioned *Eagle* notes. This settlement also resulted in a net effective interest rate of 2.07% on the *Eagle* notes issued. In addition, \$250 million of senior and subordinated term notes at a weighted average interest rate of 2.23%, previously issued by *Eagle*, matured and were repaid on September 17, 2020. As a result, during the third quarter of 2020, there was a net change in the balances related to *Eagle* notes of \$50 million.

On a year-to-date basis in 2021, PC Bank recorded a \$275 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts as a result of the issuance of *Eagle* notes in 2021.

As at the end of the third quarter of 2021, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$27 million (October 3, 2020 - \$45 million; December 31, 2020 - \$52 million), which represented 9% (October 3, 2020 - 9%; December 31, 2020 - 9%) of the securitized credit card receivables amount.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at the end of the third quarter of 2021 and throughout 2021 year-to-date.

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## Note 11. Inventories

The components of inventories were as follows:

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Raw materials and supplies	\$ –	\$ 73	\$ 71
Finished goods	5,214	5,481	5,314
Inventories	\$ 5,214	\$ 5,554	\$ 5,385

As at the end of the third quarter of 2021, Loblaw recorded an inventory provision of \$56 million (October 3, 2020 – \$34 million; December 31, 2020 – \$34 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold. There were no reversals of previously recorded write-downs of inventories during the quarters and year-to-date ended October 9, 2021 and October 3, 2020.

## Note 12. Other Assets

The components of other assets were as follows:

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Fair value of equity forward <sup>(i)</sup> (note 20)	\$ 126	\$ 558	\$ 630
Sundry investments and other receivables <sup>(ii)</sup>	155	119	145
Net accrued benefit plan asset (note 18)	393	193	184
Finance lease receivable	68	78	77
Mortgages, loans and notes receivable	181	178	168
Other	125	171	159
Total Other Assets	\$ 1,048	\$ 1,297	\$ 1,363
Current portion of mortgages, loans and notes receivable <sup>(iii)</sup>	(51)	(76)	(49)
Current portion of fair value of equity forward <sup>(i)</sup>	(126)	–	–
Other Assets	\$ 871	\$ 1,221	\$ 1,314

(i) See note 14 for details on the settlement of the Net debt associated with the equity forward sale agreement. Current portion of fair value of equity forward is included in prepaid expenses and other assets in the consolidated balance sheets.

(ii) In 2020, Shoppers Drug Mart Inc. agreed to invest a total of \$75 million in Maple Corporation ("Maple"), the leading virtual care provider in Canada, in exchange for a significant minority stake. As at October 9, 2021, Loblaw had invested \$75 million in exchange for approximately 28% of the ownership interest in Maple.

(iii) Current portion of mortgages, loans and notes receivable are included in prepaid expenses and other assets in the consolidated balance sheets.

## Note 13. Short-Term Debt

The components of short-term debt were as follows:

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Other Independent Securitization Trusts (note 10)	\$ 300	\$ 500	\$ 575
Series B Debentures <sup>(i)</sup>	249	750	760
Short-term debt	\$ 549	\$ 1,250	\$ 1,335

(i) Series B Debentures issued by CWL are due on demand and are secured by a pledge of 3.02 million Loblaw common shares (October 3, 2020 and December 31, 2020 – 9.6 million Loblaw common shares). See note 14 for details on the settlement of the Net debt associated with the equity forward sale agreement.

**OTHER INDEPENDENT SECURITIZATION TRUSTS** The outstanding short-term debt balances relate to credit card receivables securitized to the Other Independent Securitization Trusts with recourse (see note 10).

## Note 14. Long-Term Debt

The components of long-term debt were as follows:

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Debentures	\$ 9,984	\$ 10,494	\$ 10,505
Long-term debt secured by mortgage	1,174	1,209	1,207
Construction loans	9	25	25
Guaranteed Investment Certificates	949	1,380	1,185
Independent Securitization Trusts (note 10)	1,350	1,050	1,050
Independent funding trusts	574	494	512
Committed credit facilities	100	25	–
Transaction costs and other	(38)	(40)	(41)
Total long-term debt	\$ 14,102	\$ 14,637	\$ 14,443
Long-term debt due within one year	(1,874)	(984)	(924)
Long-term debt	\$ 12,228	\$ 13,653	\$ 13,519

The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of and throughout the first three quarters of 2021, the Company, Loblaw and Choice Properties were in compliance with the financial covenants.

**DEBENTURES** There were no debentures issued on a year-to-date basis in 2021. The following table summarizes the debentures issued in the periods ended as indicated:

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Loblaw Companies Limited debenture	2.28%	May 7, 2030 <sup>(i)</sup>	\$ –	\$ –	\$ –	\$ 350
Choice Properties senior unsecured debentures						
– Series N	2.98%	March 4, 2030	\$ –	\$ –	\$ –	\$ 400
– Series O	3.83%	March 4, 2050	–	–	–	100
– Series P	2.85%	May 21, 2027	–	–	–	500
Total debentures issued			\$ –	\$ –	\$ –	\$ 1,350

- (i) In 2020, Loblaw settled a bond forward with a notional value of \$350 million, resulting in a realized fair value loss of \$34 million before income taxes, which was recorded in other comprehensive loss as unrealized prior to settlement. The loss will be reclassified to the statements of earnings over the life of the aforementioned notes.

## Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

The following table summarizes the debentures repaid in the periods ended as indicated:

(\$ millions)	Interest Rate	Maturity Date	16 Weeks Ended		40 Weeks Ended	
			Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
George Weston debenture – Series A <sup>(i)</sup>	7.00%	November 10, 2031	\$ 283	\$ –	\$ 319	\$ –
Loblaw Companies Limited debenture	5.22%	June 18, 2020	–	350	–	350
Choice Properties senior unsecured debentures						
– Series 8	3.60%	April 20, 2020	–	–	–	300
– Series 9	3.60%	September 20, 2021 <sup>(ii)</sup>	200	–	200	–
– Series B-C	4.32%	January 15, 2021	–	–	–	100
– Series C	3.50%	February 8, 2021	–	–	–	250
– Series E	2.30%	September 14, 2020	–	–	–	250
<b>Total debentures repaid</b>			<b>\$ 483</b>	<b>\$ 350</b>	<b>\$ 519</b>	<b>\$ 1,250</b>

(i) In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement. In the third quarter of 2021 (year-to-date 2021), the Company paid \$462 million (\$515 million), net of the \$298 million gain (\$341 million gain) on the settlement of 5.83 million (6.58 million) of the 9.6 million shares under the agreement, to redeem \$283 million (\$319 million) of the Series A Debentures and \$475 million (\$535 million) of the Series B Debentures (note 13), plus accrued interest.

Subsequent to the end of the third quarter of 2021, in November 2021, the Company paid \$275 million to settle the remaining balance, resulting in the extinguishment of the Series A Debentures, Series B Debentures and the settlement of the equity forward sale agreement. In aggregate, \$790 million was paid to extinguish the net debt associated with the equity forward sale agreement. The 9.6 million Loblaw shares securing the net debt have been released and the Company's economic interest in Loblaw is now equal to its voting interest in Loblaw.

(ii) Choice Properties seniors unsecured debentures Series 9 was redeemed on June 21, 2021.

Subsequent to the end of the third quarter of 2021, Choice Properties announced that on December 10, 2021, it will redeem in full, at par, plus accrued and unpaid interest thereon, the \$300 million aggregate principal amount of series I senior unsecured debentures outstanding bearing interest at 3.01% with an original maturity date of March 21, 2022.

Subsequent to the end of the third quarter of 2021, Choice Properties agreed to issue, on a private placement basis, \$350 million aggregate principal amount of series Q senior unsecured debentures, bearing interest at a rate of 2.456% per annum and maturing on November 30, 2026.

**GUARANTEED INVESTMENT CERTIFICATES (“GICs”)** The following table summarizes PC Bank's GIC activity, before commissions, for the periods ended as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Balance, beginning of period	\$ 1,048	\$ 1,452	\$ 1,185	\$ 1,311
GICs issued	40	58	196	344
GICs matured	(139)	(130)	(432)	(275)
<b>Balance, end of period</b>	<b>\$ 949</b>	<b>\$ 1,380</b>	<b>\$ 949</b>	<b>\$ 1,380</b>

**INDEPENDENT FUNDING TRUSTS** Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts in the amount of \$64 million (October 3, 2020 and December 31, 2020 – \$64 million), representing not less than 10% (October 3, 2020 and December 31, 2020 – not less than 10%) of the principal amount of loans outstanding.

The revolving committed credit facility relating to the independent funding trusts has a maturity date of May 27, 2022.

**COMMITTED CREDIT FACILITIES** The components of the committed lines of credit available were as follows:

(\$ millions)	Maturity Date	Oct. 9, 2021		As at			
		Available Credit	Drawn	Oct. 3, 2020		Dec. 31, 2020	
		Available Credit	Drawn	Available Credit	Drawn	Available Credit	Drawn
George Weston	September 13, 2024	\$ 350	\$ –	\$ –	\$ –	\$ –	\$ –
Loblaw	October 7, 2023	1,000	–	1,000	–	1,000	–
Choice Properties <sup>(i)</sup>	June 24, 2026	1,500	100	1,500	25	1,500	–
Total committed credit facilities		\$ 2,850	\$ 100	\$ 2,500	\$ 25	\$ 2,500	\$ –

(i) Choice Properties repaid \$90 million of its committed credit facility on October 1, 2021.

In the third quarter of 2021, GWL entered into a \$350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. The credit facility contains certain financial covenants. Subsequent to the end of the third quarter of 2021, the Company drew \$275 million on its credit facility to fund the settlement of the net debt associated with the equity forward sale agreement.

**LONG-TERM DEBT DUE WITHIN ONE YEAR** The components of long-term debt due within one year were as follows:

(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020	Dec. 31, 2020
Debentures	\$ 742	\$ 197	\$ 196
GICs	307	683	597
Independent funding trusts	574	–	–
Long-term debt secured by mortgage	246	79	106
Construction Loans	5	25	25
Long-term debt due within one year	\$ 1,874	\$ 984	\$ 924

**RECONCILIATION OF LONG-TERM DEBT** The following table reconciles the changes in cash flows from financing activities for long-term debt for the periods ended as indicated:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Total long-term debt, beginning of period	\$ 14,385	\$ 15,010	\$ 14,443	\$ 14,554
Long-term debt issuances <sup>(i)</sup>	469	407	778	2,328
Long-term debt repayments <sup>(ii)</sup>	(754)	(781)	(1,121)	(2,229)
Total cash flow (used in)/from long-term debt financing activities	(285)	(374)	(343)	99
Other non-cash changes	2	1	2	(16)
Total long-term debt, end of period	\$ 14,102	\$ 14,637	\$ 14,102	\$ 14,637

(i) Includes net movements from the independent funding trusts, which are revolving debt instruments.

(ii) Includes George Weston Series A debenture repayments of \$283 million in the third quarter of 2021 and \$319 million year-to-date which are presented within the line "Settlement of net debt associated with equity forward sale agreement" in the condensed consolidated statements of cash flows.

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## Note 15. Other Liabilities

The components of other liabilities were as follows:

(\$ millions)	As at		
	Oct. 9, 2021	Oct. 3, 2020	Dec. 31, 2020
Financial liabilities <sup>(i)</sup>	\$ 661	\$ 426	\$ 661
Net defined benefit plan obligation (note 18)	321	380	382
Other long-term employee benefit obligation	123	123	129
Equity-based compensation liability (note 19)	7	6	7
Other	8	18	18
<b>Other liabilities</b>	<b>\$ 1,120</b>	<b>\$ 953</b>	<b>\$ 1,197</b>

- (i) Financial liabilities represent land and buildings disposed or partially disposed of by Choice Properties to third parties. On consolidation, these transactions were not recognized as a sale of assets as under the terms of the leases, the Company did not relinquish control of the properties for purposes of IFRS 16 "Leases" and IFRS 15 "Revenue from Contracts with Customers". Instead, the proceeds from the transactions were recognized as financial liabilities and as at October 9, 2021, \$3 million (October 3, 2020 – \$4 million; December 31, 2020 – \$5 million) was recorded in trade payables and other liabilities and \$661 million (October 3, 2020 – \$426 million; December 31, 2020 – \$661 million) was recorded in other liabilities.

## Note 16. Share Capital

**COMMON SHARE CAPITAL** The following table summarizes the activity in the Company's common shares issued and outstanding for the periods ended as indicated:

(\$ millions except where otherwise indicated)	16 Weeks Ended				40 Weeks Ended			
	Oct. 9, 2021		Oct. 3, 2020		Oct. 9, 2021		Oct. 3, 2020	
	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	150,781,841	\$ 2,742	153,670,563	\$ 2,809	152,374,416	\$ 2,786	153,667,750	\$ 2,809
Issued for settlement of stock options (note 19)	111,384	13	–	–	215,929	24	2,813	–
Purchased and cancelled <sup>(i)(ii)</sup>	(3,203,339)	(45)	–	–	(4,900,459)	(100)	–	–
Issued and outstanding, end of period	147,689,886	\$ 2,710	153,670,563	\$ 2,809	147,689,886	\$ 2,710	153,670,563	\$ 2,809
Shares held in trusts, beginning of period	(181,099)	\$ (3)	(259,596)	\$ (4)	(254,525)	\$ (4)	(88,832)	\$ –
Purchased for future settlement of RSUs and PSUs	–	–	–	–	–	–	(229,000)	(4)
Released for settlement of RSUs and PSUs (note 19)	158	–	2,749	–	73,584	1	60,985	–
Shares held in trusts, end of period	(180,941)	\$ (3)	(256,847)	\$ (4)	(180,941)	\$ (3)	(256,847)	\$ (4)
Issued and outstanding, net of shares held in trusts, end of period	147,508,945	\$ 2,707	153,413,716	\$ 2,805	147,508,945	\$ 2,707	153,413,716	\$ 2,805
Weighted average outstanding, net of shares held in trusts (note 8)	149,194,965		153,412,133		150,755,363		153,458,583	

- (i) The number of common shares purchased and cancelled as at October 9, 2021, does not include the outstanding obligation to repurchase shares from the automatic share purchase plan, as described below.
- (ii) Includes 1,930 shares cancelled during the third quarter of 2021 in a private transaction and are excluded from the Company's Normal Course Issuer Bid.

**NORMAL COURSE ISSUER BID PROGRAM** The following table summarizes the Company's activity under its Normal Course Issuer Bid ("NCIB") program:

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Purchased for future settlement of RSUs and PSUs (number of shares)	–	–	–	229,000
Purchased for current settlement of RSUs and DSUs (number of shares)	–	365	1,588	33,325
Purchased and cancelled (number of shares)	<b>3,201,409</b>	–	<b>4,898,529</b>	–
Cash consideration paid				
Purchased and held in trusts	\$ –	\$ –	\$ –	\$ (21)
Purchased and settled	\$ –	\$ –	\$ –	\$ (3)
Purchased and cancelled <sup>(i)(iii)</sup>	\$ (411)	\$ –	\$ (577)	\$ –
Premium charged to retained earnings				
Purchased and held in trusts	\$ –	\$ –	\$ –	\$ 17
Purchased and cancelled <sup>(iii)</sup>	\$ 286	\$ –	\$ 578	\$ –
Reduction in share capital <sup>(iv)</sup>	\$ 45	\$ –	\$ 100	\$ –

- (i) \$26 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the second quarter of 2021 was paid in the third quarter of 2021.
- (ii) \$31 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the third quarter of 2021 was paid in the fourth quarter of 2021.
- (iii) Includes \$60 million related to the automatic share purchase plan, as described below.
- (iv) Includes \$10 million related to the automatic share purchase plan, as described below.

In the second quarter of 2021, GWL renewed its NCIB program to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 7,596,891 of its common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, the Company may purchase its common shares from time to time at the then market price of such shares.

In the second quarter of 2021, the Company entered into 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 9, 2021, an obligation to repurchase shares of approximately \$70 million was recognized under the ASPP in trade payables and other liabilities.

As of October 9, 2021, 3,934,229 common shares were purchased under the Company's current NCIB.

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

(\$)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Dividends declared per share <sup>(i)</sup> :				
Common share	\$ 0.600	\$ 0.525	\$ 1.700	\$ 1.575
Preferred share:				
Series I	\$ 0.3625	\$ 0.3625	\$ 1.0875	\$ 1.0875
Series III	\$ 0.3250	\$ 0.3250	\$ 0.9750	\$ 0.9750
Series IV	\$ 0.3250	\$ 0.3250	\$ 0.9750	\$ 0.9750
Series V	\$ 0.296875	\$ 0.296875	\$ 0.890625	\$ 0.890625

- (i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V were paid on October 1, 2021. Dividends declared on Preferred Shares, Series I were paid on September 15, 2021.

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The following table summarizes the Company's cash dividends declared subsequent to the end of the third quarter of 2021:

(\$)			
Dividends declared per share <sup>(i)</sup>	- Common share	\$	0.600
	- Preferred share:		
	Series I	\$	0.3625
	Series III	\$	0.3250
	Series IV	\$	0.3250
	Series V	\$	0.296875

(i) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V are payable on January 1, 2022. Dividends declared on Preferred Shares, Series I are payable on December 15, 2021.

### Note 17. Loblaw Capital Transactions

**LOBLAW PREFERRED SHARES** As at the end of the third quarter of 2021, the Second Preferred Shares, Series B in the amount of \$221 million net of \$4 million of after-tax issuance costs, and related cash dividends, were presented as a component of non-controlling interests in the Company's condensed consolidated balance sheet. In the third quarter of 2021 and year-to-date, Loblaw declared dividends of \$3 million (2020 - \$3 million) and \$9 million (2020 - \$9 million), respectively, related to the Second Preferred Shares, Series B.

**LOBLAW COMMON SHARES** The following table summarizes Loblaw's common share activity under its equity-based compensation arrangements and NCIB program, and includes the impact on the Company's unaudited interim period condensed consolidated financial statements for the periods ended as indicated:

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Issued (number of shares)	556,177	214,119	1,960,081	1,107,959
Purchased and held in trusts (number of shares)	-	-	-	(145,000)
Purchased and cancelled (number of shares)	(3,426,200)	(5,045,210)	(13,604,162)	(7,802,787)
	(2,870,023)	(4,831,091)	(11,644,081)	(6,839,828)
Cash consideration received (paid)				
Equity-based compensation	\$ 29	\$ 5	\$ 78	\$ 29
Purchased and held in trusts	-	-	-	(10)
Purchased and cancelled	(300)	(350)	(1,000)	(538)
	\$ (271)	\$ (345)	\$ (922)	\$ (519)
Increase (decrease) in contributed surplus				
Equity-based compensation	\$ 8	\$ 3	\$ 29	\$ 15
Purchased and held in trusts	-	-	-	(3)
Purchased and cancelled	(79)	(87)	(256)	(136)
	\$ (71)	\$ (84)	\$ (227)	\$ (124)

**NORMAL COURSE ISSUER BID** During the first quarter of 2020, the TSX accepted an amendment to Loblaw's NCIB. The amendment permitted Loblaw to purchase its common shares from GWL under Loblaw's NCIB, pursuant to an automatic disposition plan agreement among Loblaw's broker, Loblaw and GWL ("ADP Agreement"), in order for GWL to maintain its proportionate ownership interest in Loblaw.

In the second quarter of 2021, Loblaw renewed its NCIB to purchase on the TSX or through alternative trading systems up to 17,106,459 of Loblaw's common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, Loblaw may purchase its common shares from time to time at the then market price of such shares. Loblaw will continue to be permitted to purchase its common shares from GWL in accordance with the exemption granted by the TSX. Purchases from GWL will be made pursuant to the ADP Agreement. As at October 9, 2021, Loblaw had purchased 8,216,903 common shares for cancellation under its current NCIB.

In the third quarter of 2021, 3,410,805 (2020 – 5,045,210) Loblaw common shares were purchased under the Loblaw NCIB for cancellation, for aggregate consideration of \$300 million (2020 – \$350 million), including 1,542,706 (2020 – 2,439,210) Loblaw common shares purchased from GWL, for aggregate consideration of \$136 million (2020 – \$169 million). On a year-to-date basis, 13,588,767 (2020 – 7,802,787) Loblaw common shares were purchased under the NCIB for cancellation, for aggregate consideration of \$1 billion (2020 – \$538 million), including 6,479,854 (2020 – 3,794,287) Loblaw common shares purchased from GWL, for aggregate consideration of \$474 million (2020 – \$261 million).

## Note 18. Post-Employment and Other Long-Term Employee Benefits

The costs and actuarial gains (losses) from Continuing Operations related to the Company's post-employment and other long-term employee benefits were as follows:

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Post-employment benefit costs recognized in operating income <sup>(i)</sup>	\$ 51	\$ 54	\$ 144	\$ 132
Other long-term employee benefit costs recognized in operating income <sup>(ii)</sup>	\$ 11	\$ 7	\$ 29	\$ 21
Net interest on net defined benefit obligation included in net interest expense and other financing charges (note 6)	\$ 3	\$ 2	\$ 7	\$ 6
Actuarial gains (losses) before income taxes recognized in other comprehensive income	\$ 39	\$ (34)	\$ 307	\$ (50)

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

The actuarial gains recognized in the third quarter and year-to-date of 2021 were primarily driven by an increase in discount rates, partially offset by lower than expected returns on assets. The actuarial losses recognized in the third quarter and year-to-date of 2020 were primarily driven by a decrease in discount rates, partially offset by higher than expected return on assets.

## Note 19. Equity-Based Compensation

The Company's equity-based compensation arrangements include Stock Option, Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), Director Deferred Share Unit ("DSU") and Executive Deferred Share Unit ("EDSU") plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its equity-based compensation arrangements for the third quarter of 2021 and year-to-date were \$22 million (2020 – \$20 million) and \$61 million (2020 – \$49 million), respectively.

The following is the carrying amount of the Company's equity-based compensation arrangements:

(\$ millions)	As at		
	Oct. 9, 2021	Oct. 3, 2020	Dec. 31, 2020
Trade payables and other liabilities	\$ 11	\$ 7	\$ 9
Other liabilities (note 15)	\$ 7	\$ 6	\$ 7
Contributed surplus	\$ 128	\$ 118	\$ 125

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Details related to certain equity-based compensation plans of GWL and Loblaw are as follows:

**STOCK OPTION PLANS** The following is a summary of GWL's stock option plan activity:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Outstanding options, beginning of period	<b>2,035,691</b>	1,776,571	<b>1,746,483</b>	1,246,718
Granted	–	–	<b>397,183</b>	548,868
Exercised	<b>(111,384)</b>	–	<b>(215,929)</b>	(2,813)
Forfeited/cancelled	–	(18,836)	<b>(3,430)</b>	(35,038)
Outstanding options, end of period	<b>1,924,307</b>	1,757,735	<b>1,924,307</b>	1,757,735

During the third quarter of 2021, GWL issued common shares on the exercise of stock options with a weighted average market share price of \$132.97 per common share with cash consideration of \$11 million. There were no stock options exercised in the third quarter of 2020.

In the year-to-date of 2021, GWL issued common shares on the exercise of stock options with a weighted average market share price of \$120.91 (2020 – \$89.60) per common share and received \$20 million cash consideration (2020 – nominal).

There were no stock options granted during the third quarter of 2021 and 2020. In the year-to-date of 2021, GWL granted stock options with a weighted average exercise price of \$100.86 (2020 – \$104.15) per common share and a fair value of \$6 million (2020 – \$6 million). The assumptions used to measure the grant date fair value of the GWL options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	2021	2020
Expected dividend yield	<b>2.2%</b>	2.0%
Expected share price volatility	<b>19.1% - 19.5%</b>	14.3% - 14.9%
Risk-free interest rate	<b>0.9% - 1.1%</b>	0.9%
Expected life of options	<b>4.9 - 6.7 years</b>	4.9 - 6.7 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the third quarter of 2021 was 1.4% (2020 – 0.8%).

The following is a summary of Loblaw's stock option plan activity:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Outstanding options, beginning of period	<b>7,653,843</b>	7,558,254	<b>7,259,645</b>	6,317,922
Granted	<b>21,019</b>	27,268	<b>1,891,187</b>	1,842,845
Exercised	<b>(500,839)</b>	(107,427)	<b>(1,407,615)</b>	(586,434)
Forfeited/cancelled	<b>(267,634)</b>	(158,667)	<b>(836,828)</b>	(254,905)
Outstanding options, end of period	<b>6,906,389</b>	7,319,428	<b>6,906,389</b>	7,319,428

During the third quarter of 2021, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of \$86.19 (2020 – \$69.18) per common share and received cash consideration of \$29 million (2020 – \$5 million). In the year-to-date of 2021, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of \$77.05 (2020 – \$68.25) per common share and received cash consideration of \$78 million (2020 – \$29 million).

During the third quarter of 2021, Loblaw granted stock options with a weighted average exercise price of \$86.30 (2020 – \$69.86) per common share and a nominal fair value (2020 – nominal). In the year-to-date of 2021, Loblaw granted stock options with a weighted average exercise price of \$63.65 (2020 – \$70.05) per common share and a fair value of \$17 million (2020 – \$13 million). The assumptions used to measure the grant date fair value of the Loblaw options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Expected dividend yield	1.6%	1.8%	1.8%	1.8%
Expected share price volatility	18.3% - 20.3%	18.6% - 19.9%	18.3% - 20.4%	13.5% - 19.9%
Risk-free interest rate	0.7% - 0.9%	0.3%	0.6% - 1.2%	0.3% - 1.2%
Expected life of options	3.8 - 6.2 years	3.7 - 6.2 years	3.8 - 6.2 years	3.7 - 6.2 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the third quarter of 2021 was 9.0% (2020 – 8.0%).

**RESTRICTED SHARE UNIT PLANS** The following is a summary of GWL's RSU plan activity:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Outstanding RSUs, beginning of period	113,146	128,286	133,038	136,788
Granted	–	2,701	31,721	40,429
Reinvested	1,029	1,367	2,364	2,741
Settled	(158)	(2,643)	(51,566)	(47,239)
Forfeited	(3,298)	(1,048)	(4,838)	(4,056)
Outstanding RSUs, end of period <sup>(i)</sup>	110,719	128,663	110,719	128,663

i) RSUs outstanding include RSUs from continuing and discontinued operations.

During the third quarter of 2021, there were no GWL RSUs granted resulting in a fair value of nil (2020 - nominal). In the year-to-date of 2021, the fair value of GWL RSUs granted was \$3 million (2020 – \$4 million).

The following is a summary of Loblaw's RSU plan activity:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Outstanding RSUs, beginning of period	888,056	1,024,518	894,272	1,032,832
Granted	20,998	8,857	350,685	241,641
Reinvested	7,472	9,136	11,994	18,804
Settled	(49,244)	(88,136)	(328,617)	(321,642)
Forfeited	(38,058)	(12,972)	(99,110)	(30,232)
Outstanding RSUs, end of period	829,224	941,403	829,224	941,403

During the third quarter of 2021, the fair value of Loblaw's RSUs granted was \$2 million (2020 – \$1 million). In the year-to-date of 2021, the fair value of Loblaw's RSUs was \$23 million (2020 – \$17 million).

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**PERFORMANCE SHARE UNIT PLANS** The following is a summary of GWL's PSU plan activity:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Outstanding PSUs, beginning of period	182,041	152,369	151,058	114,473
Granted	119	–	58,335	58,555
Reinvested	1,681	1,622	3,455	3,026
Settled	–	(471)	(23,606)	(19,155)
Forfeited	–	(1,160)	(5,401)	(4,539)
Outstanding PSUs, end of period	183,841	152,360	183,841	152,360

During the third quarter of 2021, the fair value of GWL's PSUs granted was nominal. There were no PSUs granted in the third quarter of 2020. In the year-to-date of 2021 the fair value of GWL's PSUs granted were \$6 million (2020 – \$6 million).

The following is a summary of Loblaw's PSU plan activity:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Outstanding PSUs, beginning of period	654,532	704,645	666,400	662,695
Granted	3,251	3,847	272,862	235,473
Reinvested	5,586	6,450	8,974	12,768
Settled	(6,460)	(19,013)	(224,215)	(200,340)
Forfeited	(24,003)	(10,711)	(91,115)	(25,378)
Outstanding PSUs, end of period	632,906	685,218	632,906	685,218

During the third quarter of 2021, the fair value of Loblaw's PSUs granted were nominal (2020 – \$1 million). In the year-to-date of 2021, the fair value of Loblaw's PSUs granted were \$17 million (2020 – \$17 million).

**SETTLEMENT OF AWARDS FROM SHARES HELD IN TRUSTS** The following table summarizes GWL's settlement of RSUs and PSUs from shares held in trusts for the periods ended as indicated:

(Number of awards)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020	Oct. 9, 2021	Oct. 3, 2020
Settled	158	3,114	75,172	66,394
Released from trusts (note 16)	158	2,749	73,584	60,985

The settlement of awards from shares held in trusts in the third quarter of 2021 resulted in a nominal increase (2020 – nominal) in retained earnings and a nominal increase (2020 – nominal) in share capital. The settlements of awards from shares held in trusts year-to-date for 2021 resulted in a \$6 million increase (2020 – \$6 million) in retained earnings and a \$1 million increase (2020 – nominal) in share capital.

## Note 20. Financial Instruments

The following table presents the fair value and fair value hierarchy of the Company's financial instruments and excludes financial instruments measured at amortized cost that are short-term in nature. The carrying values of the Company's financial instruments approximate their fair values except for long-term debt.

(\$ millions)	Oct. 9, 2021				As at Oct. 3, 2020 <sup>(i)</sup>				Dec. 31, 2020 <sup>(i)</sup>			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>												
Amortized cost:												
Certain other assets <sup>(ii)</sup>	\$ -	\$ -	\$ 88	\$ 88	\$ -	\$ -	\$ 96	\$ 96	\$ -	\$ -	\$ 113	\$ 113
Fair value through other comprehensive income:												
Certain long-term investments and other assets <sup>(ii)</sup>	116	-	-	116	117	-	-	117	117	-	-	117
Derivatives included in prepaid expenses and other assets	-	1	-	1	-	-	-	-	-	-	-	-
Fair value through profit and loss:												
Security deposits	74	-	-	74	77	-	-	77	75	-	-	75
Certain long-term investments and other assets <sup>(ii)</sup>	-	20	116	136	-	20	82	102	-	20	73	93
Derivatives included in prepaid expenses and other assets	10	2	1	13	-	2	1	3	-	-	3	3
Derivatives included in other assets	-	126	-	126	-	558	-	558	-	630	-	630
<b>Financial liabilities</b>												
Amortized cost:												
Long-term debt	-	15,418	-	15,418	-	16,563	-	16,563	-	16,389	-	16,389
Certain other liabilities <sup>(ii)</sup>	-	-	667	667	-	-	435	435	-	-	671	671
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	-	4	-	4	-	9	-	9	-	-	-	-
Fair value through profit and loss:												
Trust Unit liability	4,086	-	-	4,086	3,556	-	-	3,556	3,600	-	-	3,600
Derivatives included in trade payables and other liabilities	-	1	-	1	15	2	-	17	4	16	-	20

(i) Certain comparative figures have been restated to conform with current year presentation.

(ii) Certain other assets, certain other long-term investments and other assets, and certain other liabilities are included in the consolidated balance sheets in Other Assets and Other Liabilities, respectively.

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

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During the third quarter of 2021 and year-to-date, a loss of nil (2020 – loss of \$1 million) and a loss of \$2 million (2020 – gain of \$2 million), respectively, was recognized in operating income on financial instruments designated as amortized cost. In addition, during the third quarter of 2021 and year-to-date, a net loss of \$117 million (2020 – net gain of \$5 million) and a net loss of \$650 million (2020 – net gain of \$254 million) was recognized in earnings before income taxes from continuing operations on financial instruments required to be classified as fair value through profit or loss.

**Cash and Cash Equivalents, Short-Term Investments and Security Deposits** As at the end of the third quarter of 2021, the Company had cash and cash equivalents, short-term investments and security deposits of \$2,720 million (October 3, 2020 – \$2,910 million; December 31, 2020 – \$3,231 million), including U.S. dollars of \$122 million (October 3, 2020 – \$172 million; December 31, 2020 – \$199 million).

During the third quarter of 2021 and year-to-date, a gain of \$3 million (2020 – loss of \$24 million) and a loss of \$19 million (2020 – gain of \$23 million), respectively, was recognized in other comprehensive income related to the effect of foreign currency translation on the Company's U.S. net investment in foreign operations.

**Embedded Derivatives** The Level 3 financial instruments classified as fair value through profit or loss consist of Loblaw embedded derivatives on purchase orders placed in neither Canadian dollars nor the functional currency of the vendor. These derivatives are valued using a market approach based on the differential in exchange rates and timing of settlement. The significant unobservable input used in the fair value measurement is the cost of purchase orders. Significant increases (decreases) in any one of the inputs would result in a significantly higher (lower) fair value measurement.

In the third quarter of 2021, a loss of \$1 million (2020 – gain of \$2 million) and a loss of \$2 million (2020 – nominal gain) year-to-date were recorded in operating income related to these derivatives. In addition, a corresponding \$1 million asset was included in prepaid expense and other assets as at October 9, 2021 (October 3, 2020 – \$1 million asset included in prepaid expenses and other assets; December 31, 2020 – \$3 million asset included in prepaid expenses and other assets). As at October 9, 2021, a 1% increase (decrease) in foreign currency exchange rates would result in a gain (loss) in fair value of \$1 million.

**Equity Derivative Contracts** As at the end of the third quarter of 2021, Weston Holdings Limited, a subsidiary of GWL, held an outstanding equity forward sale agreement based on 3.02 million Loblaw common shares (October 3, 2020 and December 31, 2020 – 9.6 million Loblaw common shares) at an initial forward sale price of \$48.50 per Loblaw common share. As at the end of the third quarter of 2021, the forward rate was \$131.49 (October 3, 2020 – \$127.26; December 31, 2020 – \$128.30) per Loblaw common share. In the third quarter of 2021 and year-to-date, a fair value loss of \$73 million (2020 – loss of \$27 million) and a fair value loss of \$184 million (2020 – loss of \$14 million) was recorded in net interest expense and other financing charges related to this agreement (see note 6).

**Trust Unit Liability** In the third quarter of 2021 and year-to-date, a fair value loss of \$52 million (2020 – gain of \$12 million) and a fair value loss of \$479 million (2020 – gain of \$259 million) was recorded in net interest expense and other financing charges (see note 6).

**Other Derivatives** The Company uses bond forwards and interest rate swaps to manage its anticipated exposure to fluctuations in interest rates on future debt issuances. The Company also uses futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates in its underlying operations. The following is a summary of the fair values recognized in the consolidated balance sheet and the net realized and unrealized gains (losses) before income taxes from continuing operations related to the Company's other derivatives:

(\$ millions)	16 Weeks Ended			Oct. 9, 2021 40 Weeks Ended	
	Net asset (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
<b>Derivatives designated as cash flow hedges</b>					
Foreign Exchange Currency Risk - Foreign Exchange Forwards <sup>(i)</sup>	\$ -	\$ -	\$ -	\$ -	\$ (1)
Interest Rate Risk - Bond Forwards <sup>(ii)</sup>	-	2	(2)	5	(5)
Interest Rate Risk - Interest Rate Swaps <sup>(iii)</sup>	(1)	(1)	-	3	-
<b>Total derivatives designated as cash flow hedges</b>	<b>\$ (1)</b>	<b>\$ 1</b>	<b>\$ (2)</b>	<b>\$ 8</b>	<b>\$ (6)</b>
<b>Derivatives not designated in a formal hedging relationship</b>					
Foreign Exchange and Other Forwards	\$ (1)	\$ -	\$ 2	\$ -	\$ (4)
Other Non-Financial Derivatives	10	-	7	-	19
<b>Total derivatives not designated in a formal hedging relationship</b>	<b>\$ 9</b>	<b>\$ -</b>	<b>\$ 9</b>	<b>\$ -</b>	<b>\$ 15</b>
<b>Total derivatives</b>	<b>\$ 8</b>	<b>\$ 1</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>\$ 9</b>

- (i) PC Bank uses foreign exchange forwards, with a notional amount of \$29 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.
- (ii) PC Bank uses bond forwards, with a notional value of \$30 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets.
- (iii) Choice Properties uses interest rate swaps, with a notional value of \$111 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in the other assets or other liabilities.

(\$ millions)	16 Weeks Ended			Oct. 3, 2020 40 Weeks Ended	
	Net asset (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
<b>Derivatives designated as cash flow hedges</b>					
Interest Rate Risk - Bond Forwards <sup>(i)</sup>	\$ -	\$ 1	\$ (2)	\$ (42)	\$ (3)
Interest Rate Risk - Interest Rate Swaps <sup>(ii)</sup>	(9)	3	(1)	(5)	(3)
<b>Total derivatives designated as cash flow hedges</b>	<b>\$ (9)</b>	<b>\$ 4</b>	<b>\$ (3)</b>	<b>\$ (47)</b>	<b>\$ (6)</b>
<b>Derivatives not designated in a formal hedging relationship</b>					
Foreign Exchange and Other Forwards	\$ 1	\$ -	\$ (7)	\$ -	\$ 11
Other Non-Financial Derivatives	(15)	-	(1)	-	(31)
<b>Total derivatives not designated in a formal hedging relationship</b>	<b>\$ (14)</b>	<b>\$ -</b>	<b>\$ (8)</b>	<b>\$ -</b>	<b>\$ (20)</b>
<b>Total derivatives</b>	<b>\$ (23)</b>	<b>\$ 4</b>	<b>\$ (11)</b>	<b>\$ (47)</b>	<b>\$ (26)</b>

- (i) PC Bank settled \$200 million of bond forward in the third quarter of 2020. The purpose of the bond forward was to hedge the interest rate risk for the \$300 million *Eagle* notes issued during the third quarter of 2020.
- (ii) PC Bank uses interest rate swaps, with a notional value of \$300 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in trade payables and other liabilities. Choice Properties uses interest rate swaps, with a notional value of \$259 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in the other assets or other liabilities.

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## Note 21. Contingent Liabilities

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

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

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

Shoppers Drug Mart has been served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by two licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement, in the amount of \$500 million. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who are parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. The Superior Court imposed a class closing date based on the date of certification. New Associates after July 9, 2013 are not members of the class. Loblaw believes this claim is without merit and is vigorously defending it. Loblaw does not currently have any significant accruals or provisions for this matter recorded in the unaudited interim period condensed consolidated financial statements.

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. In December 2019, a proposed class action on behalf of independent distributors was commenced against the Company and Weston Foods. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Loblaw believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's cash balances far exceed any realistic damages scenario and therefore it does not anticipate any impacts on its or Loblaw's dividend, dividend policy or share buyback plans. The Company has not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2021 or prior on the basis that a reliable estimate of the liability cannot be determined at this time. The Company and Loblaw will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the Ontario, Quebec and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek recovery of damages on behalf of opioid users directly. In April 2021, Loblaw, Shoppers Drug Mart Inc., and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the unaudited interim period condensed consolidated financial statements.

Loblaw has been reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. The reassessments, which were received between 2015 and 2019, are for the 2000 to 2013 taxation years. On September 7, 2018, the Tax Court released its decision relating to the 2000 to 2010 taxation years. The Tax Court ruled that certain income earned by Glenhuron should be taxed in Canada based on a technical interpretation of the applicable legislation. On October 4, 2018, Loblaw filed a Notice of Appeal with the Federal Court of Appeal. On October 15, 2019, the matter was heard by the Federal Court of Appeal and on April 23, 2020, the Federal Court of Appeal released its decision and reversed the decision of the Tax Court. On October 29, 2020, the Supreme Court granted the Crown leave to appeal and on May 13, 2021, the Supreme Court heard the Crown's appeal, reserving judgment for a later date. Loblaw has not reversed any portion of the \$367 million of charges recorded during the third quarter of 2018, of which \$176 million was recorded in interest and \$191 million was recorded in income taxes.

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

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## Note 22. Segment Information

The Company has two reportable operating segments: Loblaw and Choice Properties. Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation, cash and short-term investments held by the Company and all other company level activities that are not allocated to the reportable operating segments, as further illustrated below.

The accounting policies of the reportable operating segments are the same as those described in the Company's summary of significant accounting policies (see note 2). The Company measures each reportable operating segment's performance based on adjusted EBITDA<sup>(i)</sup> and adjusted operating income<sup>(i)</sup>. No reportable operating segment is reliant on any single external customer.

(\$ millions)	16 Weeks Ended							
	Oct. 9, 2021				Oct. 3, 2020 <sup>(ii)</sup>			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
<b>Revenue</b>	<b>\$ 16,050</b>	<b>\$ 316</b>	<b>\$ (174)</b>	<b>\$ 16,192</b>	<b>\$ 15,671</b>	<b>\$ 309</b>	<b>\$ (174)</b>	<b>\$ 15,806</b>
Operating income	\$ 861	\$ 276	\$ (12)	\$ 1,125	\$ 716	\$ 242	\$ 6	\$ 964
Net interest expense (income) and other financing charges	203	113	96	412	228	145	(50)	323
<b>Earnings before income taxes</b>	<b>\$ 658</b>	<b>\$ 163</b>	<b>\$ (108)</b>	<b>\$ 713</b>	<b>\$ 488</b>	<b>\$ 97</b>	<b>\$ 56</b>	<b>\$ 641</b>
<b>Operating income</b>	<b>\$ 861</b>	<b>\$ 276</b>	<b>\$ (12)</b>	<b>\$ 1,125</b>	<b>\$ 716</b>	<b>\$ 242</b>	<b>\$ 6</b>	<b>\$ 964</b>
Depreciation and amortization	817	1	(114)	704	795	1	(114)	682
Adjusting items <sup>(i)</sup>	(6)	(51)	8	(49)	5	(18)	11	(2)
Adjusted EBITDA <sup>(i)</sup>	\$ 1,672	\$ 226	\$ (118)	\$ 1,780	\$ 1,516	\$ 225	\$ (97)	\$ 1,644
Depreciation and amortization <sup>(iii)</sup>	662	1	(114)	549	640	1	(114)	527
<b>Adjusted operating income<sup>(i)</sup></b>	<b>\$ 1,010</b>	<b>\$ 225</b>	<b>\$ (4)</b>	<b>\$ 1,231</b>	<b>\$ 876</b>	<b>\$ 224</b>	<b>\$ 17</b>	<b>\$ 1,117</b>

- (i) Certain items are excluded from operating income to derive adjusted EBITDA<sup>(i)</sup>. Adjusted EBITDA<sup>(i)</sup> is used internally by management when analyzing segment underlying operating performance.
- (ii) Certain figures have been restated due to the non-GAAP financial measures policy change. See section 9.1, "Non-GAAP Financial Measures Policy Change Effective First Quarter of 2021" of the Company's 2021 Third Quarter MD&A.
- (iii) Excludes \$155 million (2020 - \$155 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw.

(\$ millions)	40 Weeks Ended							
	Oct. 9, 2021				Oct. 3, 2020 <sup>(ii)</sup>			
	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
<b>Revenue</b>	<b>\$ 40,413</b>	<b>\$ 967</b>	<b>\$ (534)</b>	<b>\$ 40,846</b>	<b>\$ 39,428</b>	<b>\$ 949</b>	<b>\$ (537)</b>	<b>\$ 39,840</b>
Operating income	\$ 2,226	\$ 1,064	\$ (272)	\$ 3,018	\$ 1,657	\$ 290	\$ 59	\$ 2,006
Net interest expense (income) and other financing charges	524	878	58	1,460	576	(44)	53	585
<b>Earnings before income taxes</b>	<b>\$ 1,702</b>	<b>\$ 186</b>	<b>\$ (330)</b>	<b>\$ 1,558</b>	<b>\$ 1,081</b>	<b>\$ 334</b>	<b>\$ 6</b>	<b>\$ 1,421</b>
<b>Operating income</b>	<b>\$ 2,226</b>	<b>\$ 1,064</b>	<b>\$ (272)</b>	<b>\$ 3,018</b>	<b>\$ 1,657</b>	<b>\$ 290</b>	<b>\$ 59</b>	<b>\$ 2,006</b>
Depreciation and amortization	2,041	3	(274)	1,770	1,987	2	(267)	1,722
Adjusting items <sup>(i)</sup>	(10)	(393)	157	(246)	41	361	(170)	232
Adjusted EBITDA <sup>(i)</sup>	\$ 4,257	\$ 674	\$ (389)	\$ 4,542	\$ 3,685	\$ 653	\$ (378)	\$ 3,960
Depreciation and amortization <sup>(iii)</sup>	1,652	3	(274)	1,381	1,595	2	(267)	1,330
<b>Adjusted operating income<sup>(i)</sup></b>	<b>\$ 2,605</b>	<b>\$ 671</b>	<b>\$ (115)</b>	<b>\$ 3,161</b>	<b>\$ 2,090</b>	<b>\$ 651</b>	<b>\$ (111)</b>	<b>\$ 2,630</b>

- (i) Certain items are excluded from operating income to derive adjusted EBITDA<sup>(i)</sup>. Adjusted EBITDA<sup>(i)</sup> is used internally by management when analyzing segment underlying operating performance.
- (ii) Certain figures have been restated due to the non-GAAP financial measures policy change. See section 9.1, "Non-GAAP Financial Measures Policy Change Effective 2021" of the Company's 2021 Third Quarter MD&A.
- (iii) Excludes \$389 million (2020 - \$392 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw.

Other and Intersegment includes the following items:

(\$ millions)	16 Weeks Ended					
	Oct. 9, 2021			Oct. 3, 2020		
	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	\$ (127)	\$ 21	\$ (35)	\$ (128)	\$ 24	\$ (43)
Elimination of cost recovery	(47)	–	–	(46)	–	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	(9)	–	–	(6)	–
Fair value adjustment on investment properties	–	(10)	–	–	(11)	–
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	16	–	–	(15)
Fair value adjustment on Trust Unit liability	–	–	52	–	–	(12)
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(74)	–	–	(72)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	52	–	–	51
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	73	–	–	27
Gain on sale of a property	–	–	–	–	15	–
Other	–	(14)	12	–	(16)	14
<b>Total Consolidated</b>	<b>\$ (174)</b>	<b>\$ (12)</b>	<b>\$ 96</b>	<b>\$ (174)</b>	<b>\$ 6</b>	<b>\$ (50)</b>

(\$ millions)	40 Weeks Ended					
	Oct. 9, 2021			Oct. 3, 2020		
	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	\$ (382)	\$ (52)	\$ (85)	\$ (384)	\$ (60)	\$ (107)
Elimination of cost recovery	(152)	–	–	(153)	–	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	–	(33)	–	–	(32)	–
Fair value adjustment on investment properties	–	(157)	–	–	172	–
Fair value adjustment on Choice Properties' Exchangeable Units	–	–	(491)	–	–	441
Fair value adjustment on Trust Unit liability	–	–	479	–	–	(259)
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	–	–	(220)	–	–	(216)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	–	–	154	–	–	147
Fair value adjustment of the forward sale agreement for Loblaw common shares	–	–	184	–	–	14
Gain on sale of a property	–	–	–	–	15	–
Other	–	(30)	37	–	(36)	33
<b>Total Consolidated</b>	<b>\$ (534)</b>	<b>\$ (272)</b>	<b>\$ 58</b>	<b>\$ (537)</b>	<b>\$ 59</b>	<b>\$ 53</b>

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(\$ millions)	Oct. 9, 2021	As at	
		Oct. 3, 2020 <sup>(i)</sup>	Dec. 31, 2020 <sup>(i)</sup>
Total Assets			
Loblaw	\$ 36,118	\$ 36,020	\$ 36,018
Choice Properties	16,163	15,398	15,647
Other and Intersegment	(7,039)	(3,584)	(3,590)
Assets held for sale and discontinued operations	1,853	–	–
Consolidated	\$ 47,095	\$ 47,834	\$ 48,075

(i) Certain comparative figures have been restated to conform with current year presentation.

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 9, 2021	Oct. 3, 2020 <sup>(ii)</sup>	Oct. 9, 2021	Oct. 3, 2020 <sup>(ii)</sup>
Additions to Fixed Assets, Investment Properties and Intangible Assets				
Loblaw <sup>(i)</sup>	\$ 330	\$ 396	\$ 791	\$ 806
Choice Properties	63	33	101	102
Other	–	6	2	7
Discontinued Operations	37	50	76	108
Consolidated	\$ 430	\$ 485	\$ 970	\$ 1,023

(i) During the year-to-date 2021, additions to fixed assets in Loblaw included \$1 million of prepayments that were made in 2020 and transferred from other assets. There were no transfers in the third quarter of 2021. During 2020, additions to fixed assets in Loblaw included prepayments that were made in 2019 and transferred from other assets of \$16 million in the third quarter of 2020 and \$66 million year-to-date of 2020.

(ii) Certain comparative figures have been restated to conform with current year presentation.

### **Note 23. Related Party Transaction**

**VENTURE FUND** During the second quarter of 2020, GWL, Loblaw and a wholly-owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington (the "Venture Fund"). A wholly-owned subsidiary of Wittington is the general partner of the Venture Fund, which hired an external fund manager to oversee the Venture Fund. The purpose of the Venture Fund is to pursue venture capital investing in innovative businesses that are in technology-oriented companies at all stages of the start-up life cycle that operate in commerce, healthcare, and food sectors and are based in North America. Each of the three limited partners have a 33% interest in the Venture Fund. The Company participates in the Venture Fund's Investment Committee which, among other items, approves the initial investments. The Company uses the equity method of accounting to record its consolidated 66% interest in the Venture Fund. The Company has a consolidated capital commitment of \$66 million over a 10-year period. To date, on a consolidated basis, the Company has invested \$28 million in the Venture Fund, of which \$4 million (2020 - \$12 million) and \$16 million (2020 - \$12 million) were invested in the third quarter and year-to-date of 2021, respectively, and recorded in Other Assets.

### **Note 24. Subsequent Events**

**LOBLAW** Subsequent to the end of the third quarter of 2021, Loblaw finalized network optimization plans that will result in banner conversions, closures and right-sizing of approximately 20 unprofitable retail locations across a range of banners and formats, the majority of which will be banner conversions and 3 will be closures within Loblaw's food retail. Loblaw expects to record charges of approximately \$25 million to \$35 million resulting from this network optimization.

**CHOICE PROPERTIES** Subsequent to the end of the third quarter of 2021, Choice Properties announced that the TSX accepted its intention to make a NCIB to purchase on the TSX or through alternative trading systems up to 27,558,665 of its Trust Units during a 12-month period commencing November 19, 2021 and terminating November 18, 2022.