

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. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Revenue	\$ 18,685	\$ 18,407	\$ 46,511	\$ 45,424
Operating Expenses				
Cost of inventories sold	12,665	12,534	31,126	30,634
Selling, general and administrative expenses	4,402	4,642	12,001	11,503
	17,067	17,176	43,127	42,137
Operating Income	1,618	1,231	3,384	3,287
Net Interest Expense and Other Financing Charges (note 5)	875	85	1,087	229
Earnings Before Income Taxes	743	1,146	2,297	3,058
Income Taxes (note 6)	303	202	698	680
Net Earnings	440	944	1,599	2,378
Attributable to:				
Shareholders of the Company (note 7)	29	624	685	1,568
Non-Controlling Interests	411	320	914	810
Net Earnings	\$ 440	\$ 944	\$ 1,599	\$ 2,378
Net Earnings per Common Share (\$) (note 7)				
Basic	\$ 0.11	\$ 4.46	\$ 4.89	\$ 11.09
Diluted	\$ 0.08	\$ 4.41	\$ 4.80	\$ 10.98

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. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Net earnings	\$ 440	\$ 944	\$ 1,599	\$ 2,378
Other comprehensive income (loss), net of taxes				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment	(1)	5	1	5
(Losses) gains on cash flow hedges (note 13)	(10)	—	(17)	6
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial (losses) gains (note 12)	(7)	(37)	26	58
Adjustment to fair value of investment properties	30	2	49	2
Other comprehensive income (loss)	12	(30)	59	71
Comprehensive Income	452	914	1,658	2,449
Attributable to:				
Shareholders of the Company	49	611	739	1,609
Non-Controlling Interests	403	303	919	840
Comprehensive Income	\$ 452	\$ 914	\$ 1,658	\$ 2,449

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

Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)		As at	
	Oct. 5, 2024	Oct. 7, 2023	Dec. 31, 2023
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,628	\$ 1,767	\$ 2,451
Short-term investments	536	677	472
Accounts receivable	1,356	1,328	1,377
Credit card receivables (note 9)	3,890	3,946	4,132
Inventories	6,043	5,897	5,829
Prepaid expenses and other assets	866	935	629
Assets held for sale	94	91	46
Total Current Assets	14,413	14,641	14,936
Fixed Assets	12,316	11,552	11,857
Right-of-Use Assets	4,979	4,302	4,408
Investment Properties	5,484	5,399	5,366
Equity Accounted Joint Ventures	838	879	884
Intangible Assets	5,586	6,136	6,009
Goodwill	4,894	4,883	4,879
Deferred Income Taxes	131	133	138
Security Deposits	36	39	38
Other Assets (note 12)	1,296	1,027	1,255
Total Assets	\$ 49,973	\$ 48,991	\$ 49,770
LIABILITIES			
Current Liabilities			
Bank indebtedness	\$ 167	\$ 22	\$ 13
Trade payables and other liabilities	6,731	6,669	6,887
Loyalty liability	129	195	123
Provisions (note 14)	514	127	121
Income taxes payable	150	222	307
Demand deposits from customers	187	147	166
Short-term debt (note 9)	600	650	850
Long-term debt due within one year (note 10)	1,132	2,373	2,355
Lease liabilities due within one year	915	871	880
Associate interest	360	408	370
Total Current Liabilities	10,885	11,684	12,072
Provisions	99	85	96
Long-Term Debt (note 10)	13,994	12,667	12,641
Lease Liabilities	5,091	4,369	4,563
Trust Unit Liability	4,115	3,498	3,881
Deferred Income Taxes	1,661	1,881	1,870
Other Liabilities (note 12)	1,217	1,112	1,184
Total Liabilities	37,062	35,296	36,307
EQUITY			
Share Capital (note 11)	3,301	3,346	3,325
Retained Earnings	5,037	5,645	5,421
Contributed Surplus	(2,703)	(2,147)	(2,275)
Accumulated Other Comprehensive Income	244	207	204
Total Equity Attributable to Shareholders of the Company	5,879	7,051	6,675
Non-Controlling Interests	7,032	6,644	6,788
Total Equity	12,911	13,695	13,463
Total Liabilities and Equity	\$ 49,973	\$ 48,991	\$ 49,770

Contingent liabilities (note 14).

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 and Other	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2023	\$ 2,508	\$ 817	\$ 3,325	\$ 5,421	\$ (2,275)	\$ 28	\$ 1	\$ 175	\$ 204	\$ 6,788	\$ 13,463
Net earnings	—	—	—	685	—	—	—	—	—	914	1,599
Other comprehensive income (loss) ⁽ⁱ⁾	—	—	—	14	—	1	(10)	49	40	5	59
Comprehensive income	\$ —	\$ —	\$ —	\$ 699	\$ —	\$ 1	\$ (10)	\$ 49	\$ 40	\$ 919	\$ 1,658
Effect of equity-based compensation (note 11)	49	—	49	—	(11)	—	—	—	—	(15)	23
Shares purchased and cancelled (note 11)	(74)	—	(74)	(736)	—	—	—	—	—	—	(810)
Net effect of shares held in trusts (note 11)	1	—	1	(3)	—	—	—	—	—	—	(2)
Loblaw capital transactions and dividends	—	—	—	—	(417)	—	—	—	—	(660)	(1,077)
Dividends declared											
Per common share (\$) (note 11)											
– \$2.353	—	—	—	(31)	—	—	—	—	—	—	(31)
Per preferred share (\$) (note 11)											
– Series I – \$1.0875	—	—	—	(10)	—	—	—	—	—	—	(10)
– Series III – \$0.9750	—	—	—	(8)	—	—	—	—	—	—	(8)
– Series IV – \$0.9750	—	—	—	(8)	—	—	—	—	—	—	(8)
– Series V – \$0.890625	—	—	—	(7)	—	—	—	—	—	—	(7)
	\$ (24)	\$ —	\$ (24)	\$ (1,083)	\$ (428)	\$ —	\$ —	\$ —	\$ —	\$ (675)	\$ (2,210)
Balance as at Oct. 5, 2024	\$ 2,484	\$ 817	\$ 3,301	\$ 5,037	\$ (2,703)	\$ 29	\$ (9)	\$ 224	\$ 244	\$ 7,032	\$ 12,911

(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 and Other	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2022	\$ 2,616	\$ 817	\$ 3,433	\$ 5,075	\$ (1,864)	\$ 28	\$ 5	\$ 164	\$ 197	\$ 6,339	\$ 13,180
Net earnings	—	—	—	1,568	—	—	—	—	—	810	2,378
Other comprehensive income ⁽ⁱ⁾	—	—	—	31	—	3	5	2	10	30	71
Comprehensive income	\$ —	\$ —	\$ —	\$ 1,599	\$ —	\$ 3	\$ 5	\$ 2	\$ 10	\$ 840	\$ 2,449
Effect of equity-based compensation (note 11)	8	—	8	—	1	—	—	—	—	3	12
Shares purchased and cancelled (note 11)	(96)	—	(96)	(710)	—	—	—	—	—	—	(806)
Net effect of shares held in trusts (note 11)	1	—	1	1	—	—	—	—	—	—	2
Loblaw capital transactions and dividends	—	—	—	—	(284)	—	—	—	—	(538)	(822)
Dividends declared											
Per common share (\$) (note 11)											
– \$2.086	—	—	—	(287)	—	—	—	—	—	—	(287)
Per preferred share (\$) (note 11)											
– Series I – \$1.0875	—	—	—	(10)	—	—	—	—	—	—	(10)
– Series III – \$0.9750	—	—	—	(8)	—	—	—	—	—	—	(8)
– Series IV – \$0.9750	—	—	—	(8)	—	—	—	—	—	—	(8)
– Series V – \$0.890625	—	—	—	(7)	—	—	—	—	—	—	(7)
	\$ (87)	\$ —	\$ (87)	\$ (1,029)	\$ (283)	\$ —	\$ —	\$ —	\$ —	\$ (535)	\$ (1,934)
Balance as at Oct. 7, 2023	\$ 2,529	\$ 817	\$ 3,346	\$ 5,645	\$ (2,147)	\$ 31	\$ 10	\$ 166	\$ 207	\$ 6,644	\$ 13,695

(i) Other comprehensive income (loss) includes an actuarial gain of \$26 million (2023 – gain of \$58 million), of which \$14 million (2023 – gain of \$31 million) is presented in retained earnings, and \$12 million (2023 – gain of \$27 million) in non-controlling interests. Also included in non-controlling interests is a \$7 million loss on cash flow hedges (2023 – gain of \$1 million). There is no gain or loss on foreign currency translation adjustments (2023 – \$2 million gain) included in non-controlling interests.

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. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Operating Activities				
Net earnings	\$ 440	\$ 944	\$ 1,599	\$ 2,378
Add (deduct):				
Net interest expense and other financing charges (note 5)	875	85	1,087	229
Income taxes (note 6)	303	202	698	680
Depreciation and amortization	787	763	1,998	1,930
Asset impairments, net of recoveries	1	1	1	1
Adjustment to fair value of investment properties	(34)	1	(16)	(69)
Adjustment to fair value of investment in real estate securities (note 13)	(58)	45	—	91
Change in allowance for credit card receivables (note 9)	9	11	19	25
Change in provisions (note 14)	(28)	(19)	396	12
Change in non-cash working capital (note 8)	216	277	(513)	(136)
Change in gross credit card receivables (note 9)	55	15	223	(17)
Income taxes paid	(333)	(283)	(1,063)	(876)
Interest received	23	22	65	57
Other	(140)	36	(118)	33
Cash Flows from Operating Activities	2,116	2,100	4,376	4,338
Investing Activities				
Fixed asset and investment properties purchases	(609)	(624)	(1,393)	(1,316)
Intangible asset additions	(124)	(132)	(286)	(316)
Purchase of short-term investments	(124)	(146)	(64)	(174)
Proceeds from disposal of assets	225	33	286	216
Lease payments received from finance leases	2	4	8	10
(Advances) repayments of mortgages, loans, and notes receivable	(15)	5	3	42
Disposal of long-term securities	19	76	82	76
Decrease (increase) in security deposits (note 9)	249	246	2	(3)
Other	(74)	(18)	(89)	(61)
Cash Flows used in Investing Activities	(451)	(556)	(1,451)	(1,526)
Financing Activities				
Increase in bank indebtedness	129	4	154	14
Decrease in short-term debt (note 9)	(50)	—	(250)	(50)
Increase in demand deposits from customers	12	10	21	22
Long-term debt – Issued (note 10)	287	451	2,228	1,776
– Repayments (note 10)	(1,206)	(677)	(2,141)	(1,530)
Interest paid	(300)	(268)	(750)	(706)
Cash rent paid on lease liabilities – Interest (note 5)	(76)	(65)	(180)	(158)
Cash rent paid on lease liabilities – Principal	(226)	(221)	(575)	(543)
Share capital – Issued (note 11)	9	1	44	7
– Purchased and held in trusts (note 11)	(10)	(7)	(10)	(7)
– Purchased and cancelled (note 11)	(289)	(376)	(779)	(836)
Loblaw common share capital – Issued	19	9	145	39
– Purchased and held in trusts	(72)	(72)	(72)	(72)
– Purchased and cancelled	(255)	(170)	(835)	(626)
Dividends – To common shareholders	(216)	(196)	(399)	(373)
– To preferred shareholders	(22)	(19)	(41)	(41)
– To non-controlling interests	(154)	(138)	(221)	(203)
Proceeds from financial liabilities	—	—	—	29
Other	(36)	(11)	(91)	(99)
Cash Flows used in Financing Activities	(2,456)	(1,745)	(3,752)	(3,357)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(1)	(2)	4	(1)
Decrease in Cash and Cash Equivalents	(792)	(203)	(823)	(546)
Cash and Cash Equivalents, Beginning of Period	2,420	1,970	2,451	2,313
Cash and Cash Equivalents, End of Period	\$ 1,628	\$ 1,767	\$ 1,628	\$ 1,767

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”). Effect of consolidation includes eliminations, intersegment adjustments and other consolidation adjustments. Cash and short-term investments and other investments held by the Company, and all other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in GWL Corporate.

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 and healthcare services, health and beauty products, apparel, general merchandise and financial services.

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

Quarterly net earnings are affected by seasonality and the timing of holidays, relative to the Company’s interim periods. 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. Material Accounting Policies

The material accounting policies and critical accounting estimates and judgments as disclosed in the Company’s 2023 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements.

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

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

STATEMENT OF COMPLIANCE These unaudited interim period condensed consolidated financial statements are prepared in accordance with IAS 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board and should be read in conjunction with the Company’s 2023 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company’s Board of Directors on November 18, 2024.

Note 3. Future IFRS Accounting Standard and Amendments

Amendments to IFRS 9 and IFRS 7 In May 2024, amendments to IFRS 9, “Financial Instruments” and IFRS 7, “Financial Instruments: Disclosures” were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. In addition to these clarifications, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. Also included in the amendments, are clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance. Under the amendments, additional disclosures are required for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets. The adoption will not have a material impact on the Company’s consolidated financial statements.

IFRS 18 In April 2024, IFRS 18, “Presentation and Disclosure in Financial Statements” was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1 “Presentation of Financial Statements”, impacts the presentation of primary financial statements and notes, including the statement of earnings where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Company is currently assessing the impact of the new standard.

Note 4. 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.

	Oct. 5, 2024		As at Oct. 7, 2023		Dec. 31, 2023	
	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest	Number of shares / units held	Ownership interest
Loblaw						
Common shares ⁽ⁱ⁾	159,860,033	52.6%	165,458,003	52.6%	163,473,491	52.6%
Class B LP Units ⁽ⁱⁱ⁾	395,786,525	n/a	395,786,525	n/a	395,786,525	n/a
Trust Units	50,661,415	n/a	50,661,415	n/a	50,661,415	n/a
Choice Properties	446,447,940	61.7%	446,447,940	61.7%	446,447,940	61.7%

(i) GWL participates in Loblaw's Normal Course Issuer Bid ("NCIB") program in order to maintain its proportionate percentage ownership.

(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 5. Net Interest Expense and Other Financing Charges

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Interest expense:				
Long-term debt	\$ 175	\$ 172	\$ 492	\$ 466
Lease liabilities	76	65	180	158
Borrowings related to credit card receivables	31	16	63	60
Trust Unit distributions	53	53	158	156
Independent funding trusts	10	11	30	30
Post-employment and other long-term employee benefits ^(note 12)	2	4	4	12
Bank indebtedness	1	1	1	1
Financial liabilities	11	11	33	33
Capitalized interest	(16)	(2)	(27)	(5)
	\$ 343	\$ 331	\$ 934	\$ 911
Interest income:				
Accretion income	\$ (1)	\$ (1)	\$ (2)	\$ (2)
Interest income	(25)	(26)	(70)	(67)
Other interest income ^(note 14)	(10)	—	(10)	—
	\$ (36)	\$ (27)	\$ (82)	\$ (69)
Fair value adjustment of the Trust Unit liability	\$ 568	\$ (219)	\$ 235	\$ (613)
Net interest expense and other financing charges	\$ 875	\$ 85	\$ 1,087	\$ 229

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 6. Income Taxes

For the third quarter of 2024, income tax expense was \$303 million (2023 – \$202 million) and the effective tax rate was 40.8% (2023 – 17.6%). On a year-to-date basis, income tax expense was \$698 million (2023 – \$680 million) and the effective tax rate was 30.4% (2023 – 22.2%). The increase in the effective tax rate in the third quarter of 2024 and year-to-date was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability and adjustments to certain tax provisions during 2023, partially offset by the impact of other non-deductible items.

Note 7. Basic and Diluted Net Earnings per Common Share

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Net earnings attributable to shareholders of the Company	\$ 29	\$ 624	\$ 685	\$ 1,568
Prescribed dividends on preferred shares in share capital	(14)	(14)	(34)	(34)
Net earnings available to common shareholders of the Company	\$ 15	\$ 610	\$ 651	\$ 1,534
Reduction in net earnings due to dilution at Loblaw	(4)	(4)	(9)	(9)
Net earnings available to common shareholders for diluted earnings per share	\$ 11	\$ 606	\$ 642	\$ 1,525
Weighted average common shares outstanding (in millions) (note 11)	131.5	136.7	133.2	138.3
Dilutive effect of equity-based compensation ⁽ⁱ⁾ (in millions)	0.6	0.6	0.6	0.6
Diluted weighted average common shares outstanding (in millions)	132.1	137.3	133.8	138.9
Basic net earnings per common share (\$)	\$ 0.11	\$ 4.46	\$ 4.89	\$ 11.09
Diluted net earnings per common share (\$)	\$ 0.08	\$ 4.41	\$ 4.80	\$ 10.98

(i) In the third quarter of 2024 and year-to-date, nominal (2023 – nominal) potentially dilutive instruments were excluded from the computation of diluted net earnings per common share as they were anti-dilutive.

Note 8. Change in Non-Cash Working Capital

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Change in:				
Accounts receivable	\$ (40)	\$ (23)	\$ 43	\$ (93)
Prepaid expenses and other assets	(63)	(54)	(157)	(171)
Inventories	(269)	(316)	(214)	(23)
Trade payables and other liabilities	591	630	(176)	118
Other	(3)	40	(9)	33
Change in non-cash working capital	\$ 216	\$ 277	\$ (513)	\$ (136)

Note 9. Credit Card Receivables

The components of credit card receivables were as follows:

(\$ millions)	Oct. 5, 2024	As at	
		Oct. 7, 2023	Dec. 31, 2023
Gross credit card receivables	\$ 4,165	\$ 4,177	\$ 4,388
Allowance for credit card receivables	(275)	(231)	(256)
Credit card receivables	\$ 3,890	\$ 3,946	\$ 4,132
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> [®] (note 10)	\$ 1,450	\$ 1,350	\$ 1,350
Securitized to Other Independent Securitization Trusts ⁽ⁱ⁾	600	650	850
Total securitized to independent securitization trusts	\$ 2,050	\$ 2,000	\$ 2,200

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

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 Credit Card Trust*[®] ("*Eagle*") and Other Independent Securitization Trusts, in accordance with its financing requirements.

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

As at the end of the third quarter of 2024, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$54 million (October 7, 2023 – \$59 million; December 31, 2023 – \$77 million), which represented 9% (October 7, 2023 – 9%; December 31, 2023 – 9%) of the securitized credit card receivables amount.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at the end of the third quarter of 2024 and throughout the first three quarters of 2024.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 10. Long-Term Debt

The components of long-term debt were as follows:

(\$ millions)	Oct. 5, 2024	As at	
		Oct. 7, 2023	Dec. 31, 2023
Debentures	\$ 10,207	\$ 10,410	\$ 10,409
Long-term debt secured by mortgage	1,201	1,020	977
Construction loans	65	82	90
Guaranteed investment certificates	1,459	1,725	1,654
Independent securitization trusts (note 9)	1,450	1,350	1,350
Independent funding trusts	588	494	558
Committed credit facilities	200	—	—
Transaction costs and other	(44)	(41)	(42)
Total long-term debt	\$ 15,126	\$ 15,040	\$ 14,996
Long-term debt due within one year	(1,132)	(2,373)	(2,355)
Long-term debt	\$ 13,994	\$ 12,667	\$ 12,641

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 2024, the Company, Loblaw and Choice Properties were in compliance with the financial covenants.

DEBENTURES 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. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
George Weston senior unsecured notes	4.19%	September 5, 2029	\$ 250	\$ —	\$ 250	\$ —
Loblaw senior unsecured notes	5.12%	March 4, 2054	—	—	400	—
Choice Properties senior unsecured debentures						
– Series U	5.03%	February 28, 2031	—	—	500	—
– Series S	5.40%	March 1, 2033	—	—	—	550
– Series T	5.70%	February 28, 2034	—	350	—	350
Total debentures issued			\$ 250	\$ 350	\$ 1,150	\$ 900

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. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
George Weston senior unsecured notes	4.12%	June 17, 2024	\$ 200	\$ —	\$ 200	\$ —
Loblaws senior unsecured notes	3.92%	June 20, 2024 ⁽ⁱ⁾	—	—	400	—
Choice Properties senior unsecured debentures						
– Series K	3.56%	September 9, 2024	550	—	550	—
– Series D	4.29%	February 8, 2024	—	—	200	—
– Series G	3.20%	March 7, 2023	—	—	—	250
– Series B	4.90%	July 5, 2023	—	200	—	200
– Series D-C	3.30%	January 18, 2023	—	—	—	125
Total debentures repaid			\$ 750	\$ 200	\$ 1,350	\$ 575

(i) Loblaws senior unsecured debenture was redeemed on June 10, 2024.

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

(\$ millions)	Maturity Date	Oct. 5, 2024		As at			
		Available Credit	Drawn	Oct. 7, 2023		Dec. 31, 2023	
		Available Credit	Drawn	Available Credit	Drawn	Available Credit	Drawn
George Weston	December 14, 2026	\$ 350	\$ —	\$ 350	\$ —	\$ 350	\$ —
Loblaws	July 15, 2027	1,500	200	1,000	—	1,500	—
Choice Properties	June 13, 2029 ⁽ⁱ⁾	1,500	—	1,500	—	1,500	—
Total committed credit facilities		\$ 3,350	\$ 200	\$ 2,850	\$ —	\$ 3,350	\$ —

(i) During the second quarter of 2024, Choice Properties extended its credit facility maturity date from September 1, 2028 to June 13, 2029.

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Note 11. 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. 5, 2024		Oct. 7, 2023		Oct. 5, 2024		Oct. 7, 2023	
	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	132,185,495	\$ 2,503	137,977,074	\$ 2,574	134,546,581	\$ 2,511	140,737,942	\$ 2,619
Issued for settlement of stock options	86,310	10	10,529	1	431,412	49	67,210	8
Purchased and cancelled ⁽ⁱ⁾	(1,337,098)	(27)	(2,383,362)	(44)	(4,043,286)	(74)	(5,200,911)	(96)
Issued and outstanding, end of period	130,934,707	\$ 2,486	135,604,241	\$ 2,531	130,934,707	\$ 2,486	135,604,241	\$ 2,531
Shares held in trusts, beginning of period	(41,540)	\$ (1)	(81,018)	\$ (2)	(123,895)	\$ (3)	(160,465)	\$ (3)
Purchased for future settlement of RSUs and PSUs	(46,000)	(1)	(44,000)	(1)	(46,000)	(1)	(44,000)	(1)
Released for settlement of RSUs and PSUs	154	—	259	1	82,509	2	79,706	2
Shares held in trusts, end of period	(87,386)	\$ (2)	(124,759)	\$ (2)	(87,386)	\$ (2)	(124,759)	\$ (2)
Issued and outstanding, net of shares held in trusts, end of period	130,847,321	\$ 2,484	135,479,482	\$ 2,529	130,847,321	\$ 2,484	135,479,482	\$ 2,529
Weighted average outstanding, net of shares held in trusts (note 7)	131,521,004		136,743,131		133,216,884		138,346,099	

(i) Number of common shares repurchased and cancelled as at October 5, 2024 does not include shares that may be repurchased subsequent to the end of the quarter under the automatic share purchase plan ("ASPP"), as described below.

NORMAL COURSE ISSUER BID PROGRAM The following table summarizes the Company's activity under its NCIB:

(\$ millions except where otherwise indicated)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Purchased for future settlement of RSUs and PSUs (number of shares)	46,000	44,000	46,000	44,000
Purchased for current settlement of DSUs (number of shares)	—	—	1,721	7,521
Purchased and cancelled (number of shares)	1,337,098	2,383,362	4,043,286	5,200,911
Cash consideration paid				
Purchased and held in trusts	\$ (10)	\$ (7)	\$ (10)	\$ (7)
Purchased and settled	\$ —	\$ —	\$ —	\$ (1)
Purchased and cancelled ⁽ⁱ⁾	\$ (289)	\$ (376)	\$ (779)	\$ (836)
Premium charged to retained earnings				
Purchased and held in trusts	\$ 9	\$ 6	\$ 9	\$ 6
Purchased and settled	\$ —	\$ —	\$ —	\$ (2)
Purchased and cancelled ⁽ⁱⁱ⁾	\$ 293	\$ 310	\$ 736	\$ 710
Reduction in share capital ⁽ⁱⁱⁱ⁾	\$ 27	\$ 44	\$ 74	\$ 96

(i) Included in the third quarter of 2024 and year-to-date is a net cash timing adjustment of \$5 million (2023 – \$12 million) and \$(2) million (2023 – nil), respectively, of common shares repurchased under the NCIB for cancellation.

(ii) Includes \$136 million (2023 – \$105 million) related to the ASPP, as described below.

(iii) Includes \$13 million (2023 – \$15 million) related to the ASPP, as described below.

In the second quarter of 2024, GWL renewed its NCIB to purchase on the Toronto Stock Exchange (“TSX”) or through alternative trading systems up to 6,646,057 of its common shares, representing approximately 5% of issued and outstanding common shares.

Consistent with the exemption originally granted by the TSX in 2023, Wittington, the Company’s controlling shareholder, is permitted to participate in the NCIB in a fixed proportion equal to 50% of Wittington’s pro rata share of the issued and outstanding common shares of the Company. Purchases of common shares from Wittington will be made during the TSX’s Special Trading Session pursuant to an automatic disposition plan agreement among the Company’s broker, the Company and Wittington. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Wittington.

In the third quarter of 2024, 1,337,098 common shares (2023 – 2,383,362 common shares) were purchased under the NCIB for cancellation for aggregate consideration of \$284 million (2023 – \$364 million), including 390,465 common shares (2023 – 393,877 common shares) purchased from Wittington for aggregate consideration of \$83 million (2023 – \$60 million). On a year-to-date basis, 4,043,286 common shares (2023 – 5,200,911 common shares) were purchased under the NCIB for cancellation for aggregate consideration of \$781 million (2023 – \$836 million), including 1,174,789 common shares (2023 – 393,877 common shares) purchased from Wittington for aggregate consideration of \$227 million (2023 – \$60 million).

From time to time, the Company participates in an ASPP with a broker in order to facilitate the repurchase of the Company’s common shares under its NCIB. During the effective period of the ASPP, the Company’s broker may purchase common shares at times when the Company would not be active in the market. As at October 5, 2024, an obligation to repurchase shares of \$149 million (2023 – \$120 million) was recognized under the ASPP in trade payables and other liabilities.

As of October 5, 2024, 1,880,651 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. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Dividends declared per share ⁽ⁱ⁾ :				
Common share	\$ 0.820	\$ 0.713	\$ 2.353	\$ 2.086
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 in the third quarter of 2024 on common shares and Preferred Shares, Series III, Series IV and Series V were payable on October 1, 2024. Dividends declared in the third quarter of 2024 on Preferred Shares, Series I were payable on September 15, 2024.

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

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Current service cost				
Post-employment benefit costs ⁽ⁱ⁾	\$ 45	\$ 47	\$ 119	\$ 119
Other long-term employee benefit costs ⁽ⁱⁱ⁾	12	14	29	33
Net interest cost on net defined benefit plan obligations (note 5)	2	4	4	12
Total post-employment defined benefit cost	\$ 59	\$ 65	\$ 152	\$ 164

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

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

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

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Return (loss) on plan assets, excluding amounts included in net interest expense and other financing charges	\$ 12	\$ (81)	\$ 78	\$ —
Actuarial gains from changes in financial assumptions ⁽ⁱ⁾	50	134	72	87
Change in liability arising from asset ceiling ⁽ⁱ⁾	(72)	(104)	(116)	(9)
Total net actuarial (losses) gains recognized in other comprehensive income before income taxes	\$ (10)	\$ (51)	\$ 34	\$ 78
Income tax recoveries (expenses) on actuarial (losses) gains	3	14	(8)	(20)
Actuarial (losses) gains net of income tax recoveries (expenses)	\$ (7)	\$ (37)	\$ 26	\$ 58

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

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

(\$ millions)	Oct. 5, 2024	As at	
		Oct. 7, 2023	Dec. 31, 2023
Other assets			
Net accrued benefit plan asset	\$ 300	\$ 95	\$ 309
Other liabilities			
Net defined benefit plan obligation	\$ 266	\$ 249	\$ 282
Other long-term employee benefit obligation	\$ 139	\$ 117	\$ 129

Note 13. 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, and certain other assets for which the carrying value approximates fair value. The carrying values of the Company's financial instruments approximate their fair values except for long-term debt.

(\$ millions)	Oct. 5, 2024				As at Oct. 7, 2023				Dec. 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Amortized cost:												
Mortgages, loans and notes receivable ⁽ⁱ⁾	\$ —	\$ —	\$ 247	\$ 247	\$ —	\$ —	\$ 372	\$ 372	\$ —	\$ —	\$ 205	\$ 205
Fair value through other comprehensive income:												
Long-term securities ⁽ⁱ⁾	119	—	—	119	170	—	—	170	201	—	—	201
Derivatives included in prepaid expenses and other assets	—	—	—	—	—	11	—	11	—	8	—	8
Fair value through profit and loss:												
Security deposits	36	—	—	36	39	—	—	39	38	—	—	38
Mortgages, loans and notes receivable ⁽ⁱ⁾	—	—	138	138	—	—	166	166	—	—	161	161
Investments in real estate securities ⁽ⁱ⁾	—	239	—	239	—	212	—	212	—	238	—	238
Certain other assets ⁽ⁱ⁾	—	15	118	133	—	16	117	133	—	17	95	112
Derivatives included in prepaid expenses and other assets	—	6	1	7	—	20	—	20	—	8	2	10
Financial liabilities												
Amortized cost:												
Long-term debt	—	8,700	6,466	15,166	—	8,175	6,247	14,422	—	8,627	6,599	15,226
Associate interest	—	—	360	360	—	—	408	408	—	—	370	370
Certain other liabilities ⁽ⁱ⁾⁽ⁱⁱ⁾	—	—	816	816	—	—	715	715	—	—	807	807
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	—	1	22	23	—	—	4	4	—	—	4	4
Fair value through profit and loss:												
Trust Unit liability	4,115	—	—	4,115	3,498	—	—	3,498	3,881	—	—	3,881
Derivatives included in trade payables and other liabilities	1	2	—	3	—	—	—	—	4	4	—	8

(i) Included in the condensed consolidated balance sheets in Other Assets and Other Liabilities.

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

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

In the third quarter of 2024 and year-to-date, a loss of \$1 million (2023 – gain of \$2 million) and a gain of \$4 million (2023 – nominal loss), respectively, was recognized in operating income on financial instruments designated as amortized cost. In addition, in the third quarter of 2024 and year-to-date, a net loss of \$512 million (2023 – net gain of \$189 million) and a net loss of \$215 million (2023 – net gain of \$509 million), respectively, was recognized in earnings before income taxes on financial instruments required to be classified as fair value through profit and loss.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Investments in Real Estate Securities Choice Properties' investment in Allied Properties Real Estate Investment Trust ("Allied") Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units. In the third quarter of 2024 and year-to-date, a fair value gain of \$58 million (2023 – loss of \$45 million) and a nominal fair value gain (2023 – loss of \$91 million), respectively, was recorded in selling, general and administrative expenses ("SG&A").

Co-Investment In the second quarter of 2024, GWL and two Wittington subsidiaries co-invested \$14 million (\$10 million USD) in a third-party company, of which the Company contributed \$6 million (\$4 million USD). This co-investment is included in certain other assets.

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

	Oct. 5, 2024				
	16 Weeks Ended			40 Weeks Ended	
(\$ millions)	Net asset (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges					
Foreign Exchange Forwards ⁽ⁱ⁾	\$ —	\$ (2)	\$ 1	\$ (7)	\$ 1
Bond Forwards ⁽ⁱⁱ⁾	(1)	(2)	—	3	(2)
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	3	(5)	—	(4)	1
Energy Hedge ^(iv)	(22)	(3)	—	(18)	—
Total derivatives designated as cash flow hedges	\$ (20)	\$ (12)	\$ 1	\$ (26)	\$ —
Derivatives not designated in a formal hedging relationship					
Foreign Exchange and Other Forwards	\$ —	\$ —	\$ (3)	\$ —	\$ 9
Other Non-Financial Derivatives	(1)	—	(2)	—	1
Total derivatives not designated in a formal hedging relationship	\$ (1)	\$ —	\$ (5)	\$ —	\$ 10
Total derivatives	\$ (21)	\$ (12)	\$ (4)	\$ (26)	\$ 10

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$8 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.
- (ii) PC Bank uses bond forwards, with a notional value of \$25 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in trade payables and other liabilities.
- (iii) PC Bank uses interest rate swaps, with a notional value of \$180 million, to mitigate the impact of increases in interest rates. The fair value of the derivatives is included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of \$77 million as derivative assets and \$75 million as derivative liabilities, to manage its interest risk related to variable rate mortgages. The fair values of the derivatives held by Choice Properties are included in other assets and other liabilities.
- (iv) In 2023, Loblaw entered into a 20-year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of \$223 million. The fair value of the derivative is included in trade payables and other liabilities.

(\$ millions)	16 Weeks Ended			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	
Derivatives designated as cash flow hedges						
Foreign Exchange Forwards ⁽ⁱ⁾	\$ 7	\$ 1	\$ —	\$ (3)	\$ 1	
Bond Forwards ⁽ⁱⁱ⁾	2	2	(2)	10	(4)	
Interest Rate Swaps ⁽ⁱⁱⁱ⁾	19	3	—	6	1	
Energy Hedge ^(iv)	(5)	(9)	—	(5)	—	
Total derivatives designated as cash flow hedges	\$ 23	\$ (3)	\$ (2)	\$ 8	\$ (2)	
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	\$ 4	\$ —	\$ 12	\$ —	\$ 5	
Other Non-Financial Derivatives	—	—	—	—	(3)	
Total derivatives not designated in a formal hedging relationship	\$ 4	\$ —	\$ 12	\$ —	\$ 2	
Total derivatives	\$ 27	\$ (3)	\$ 10	\$ 8	\$ —	

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$19 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.
- (ii) PC Bank uses bond forwards, with 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) PC Bank uses interest rate swaps, with a notional value of \$180 million, to mitigate the impact of increases in interest rates. The fair value of the derivatives is included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of \$208 million as derivative assets, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives held by Choice Properties is included in other assets.
- (iv) In the second quarter of 2023, Loblaw entered into a 20-year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of \$223 million. The fair value of the derivative is included in trade payables and other liabilities.

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Note 14. Contingent Liabilities

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

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

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

Shoppers Drug Mart was previously served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by licensed Associates ("Associates"), claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who were parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. A summary judgment trial of the matter was held in December 2022 and on February 17, 2023, the Superior Court released its decision in relation to those summary judgment motions (the "Decision"). The Superior Court dismissed the plaintiffs' claims on the majority of the issues including a request for damages at this stage of proceedings. The Court also held that Shoppers Drug Mart breached the 2002 form of Associate Agreement when it did not remit certain amounts that it received from generic drug manufacturers to Associates. On March 20, 2023, the plaintiffs filed a Notice of Appeal and on April 4, 2023, Loblaw filed a Notice of Cross-Appeal. A hearing for the appeals was held on February 14, 2024 and on February 15, 2024. On August 29, 2024, the Court of Appeal dismissed both the appeal and cross appeal, with the exception that the plaintiff's appeal was allowed to correct the amount Shoppers Drug Mart received in professional allowances during the class period. Accordingly, Loblaw has not recorded any amounts related to the potential liability associated with this lawsuit. Loblaw does not believe that the ultimate resolution of this matter will have a material adverse impact on its financial condition or prospects.

In 2017, the Company and 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 were commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. On July 24, 2024, the Company and Loblaw entered into binding Minutes of Settlement with the lawyers representing consumers to settle those class action lawsuits for \$500 million. The Company and Loblaw will each pay for a portion of the settlement, with the Company paying \$247 million and Loblaw paying \$253 million. Loblaw will receive credit for the \$96 million it previously paid to customers in the form of Loblaw cards, resulting in it being required to pay \$157 million in cash towards the settlement. The settlement is subject to entering into a binding Settlement Agreement and the approval of the courts. In December 2019, a proposed class action on behalf of independent distributors was commenced against the Company (the "ID Class Action"). It is too early to predict the outcome of the ID Class Action but the Company does not believe that the ultimate resolution of such legal proceeding will have a material adverse impact on its financial condition or prospects. 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 response to such class action lawsuits, certain major grocery retailers have crossclaimed against the Company and Loblaw, and the Company and Loblaw believe such crossclaims are without merit.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including 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 February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and 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 in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. In October 2024, the claim was discontinued against Shoppers Drug Mart Inc. In January 2024, Shoppers Drug Mart Inc. was served with a second class action in Saskatchewan started by Lac La Ronge Indian Band. The case is brought on behalf of Band members and is claiming damages relating to abatement costs, the diversion of financial and other resources, the reduction in the value of the reserve lands and interests, and lost tax revenues. Shoppers Drug Mart Inc. is being sued as a representative of an international defendant subclass of opioid “dealers” and Sanis Health Inc. is a proposed supplier class member. 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.

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

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

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 15. Segment Information

The Company has two reportable operating segments: Loblaw and Choice Properties. Effect of consolidation includes eliminations, intersegment adjustments and other consolidation adjustments. Cash and short-term investments and other investments held by the Company, and all other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in GWL Corporate.

The accounting policies of the reportable operating segments are the same as those described in the Company's summary of material accounting policies (see note 2). The Company measures each reportable operating segment's performance based on operating income less adjusting items and before depreciation and amortization ("Adjusted EBITDA"). No reportable operating segment is reliant on any single external customer.

(\$ millions)	16 Weeks Ended						16 Weeks Ended					
	Oct. 5, 2024						Oct. 7, 2023					
	Loblaw	Choice Properties	Total Segment Measure	Effect of consolidation	GWL Corporate	Total	Loblaw	Choice Properties	Total Segment Measure	Effect of consolidation	GWL Corporate	Total
Revenue	\$ 18,538	\$ 340	\$ 18,878	\$ (193)	\$ —	\$ 18,685	\$ 18,265	\$ 325	\$ 18,590	\$ (183)	\$ —	\$ 18,407
Operating income	\$ 1,319	\$ 376	\$ 1,695	\$ (69)	\$ (8)	\$ 1,618	\$ 1,063	\$ 214	\$ 1,277	\$ (37)	\$ (9)	\$ 1,231
Net interest expense (income) and other financing charges	238	1,039	1,277	(404)	2	875	234	(221)	13	73	(1)	85
Earnings (loss) before income taxes	\$ 1,081	\$ (663)	\$ 418	\$ 335	\$ (10)	\$ 743	\$ 829	\$ 435	\$ 1,264	\$ (110)	\$ (8)	\$ 1,146
Operating income	\$ 1,319	\$ 376	\$ 1,695	\$ (69)	\$ (8)	\$ 1,618	\$ 1,063	\$ 214	\$ 1,277	\$ (37)	\$ (9)	\$ 1,231
Depreciation and amortization	903	1	904				880	1	881			
Adjusting items ⁽ⁱ⁾	(155)	(140)	(295)				(19)	19	—			
Adjusted EBITDA⁽ⁱ⁾	\$ 2,067	\$ 237	\$ 2,304				\$ 1,924	\$ 234	\$ 2,158			

(i) Certain items are excluded from operating income to derive adjusted EBITDA:

(\$ millions)	16 Weeks Ended			16 Weeks Ended		
	Oct. 5, 2024			Oct. 7, 2023		
	Loblaw	Choice Properties	Total Segment Measure	Loblaw	Choice Properties	Total Segment Measure
Recovery related to PC Bank commodity tax matter	\$ (155)	\$ —	\$ (155)	\$ —	\$ —	\$ —
Fair value adjustment of investment in real estate securities	—	(58)	(58)	—	45	45
Fair value adjustment on investment properties	—	(82)	(82)	—	(26)	(26)
Gain on sale of non-operating properties	—	—	—	(13)	—	(13)
Fair value adjustment of derivatives	—	—	—	(6)	—	(6)
Adjusting Items	\$ (155)	\$ (140)	\$ (295)	\$ (19)	\$ 19	\$ —

40 Weeks Ended

(\$ millions)	Oct. 5, 2024						Oct. 7, 2023					
	Loblaw	Choice Properties	Total Segment Measure	Effect of consolidation	GWL Corporate	Total	Loblaw	Choice Properties	Total Segment Measure	Effect of consolidation	GWL Corporate	Total
Revenue	\$46,066	\$ 1,025	\$ 47,091	\$ (580)	\$ —	\$ 46,511	\$ 44,998	\$ 980	\$ 45,978	\$ (554)	\$ —	\$ 45,424
Operating income	\$ 3,044	\$ 856	\$ 3,900	\$ (237)	\$ (279)	\$ 3,384	\$ 2,755	\$ 810	\$ 3,565	\$ (239)	\$ (39)	\$ 3,287
Net interest expense (income) and other financing charges	622	863	1,485	(399)	1	1,087	608	(432)	176	55	(2)	229
Earnings (loss) before income taxes	\$ 2,422	\$ (7)	\$ 2,415	\$ 162	\$ (280)	\$ 2,297	\$ 2,147	\$ 1,242	\$ 3,389	\$ (294)	\$ (37)	\$ 3,058
Operating income	\$ 3,044	\$ 856	\$ 3,900	\$ (237)	\$ (279)	\$ 3,384	\$ 2,755	\$ 810	\$ 3,565	\$ (239)	\$ (39)	\$ 3,287
Depreciation and amortization	2,272	3	2,275				2,226	3	2,229			
Adjusting items ⁽ⁱ⁾	4	(141)	(137)				27	(111)	(84)			
Adjusted EBITDA⁽ⁱ⁾	\$ 5,320	\$ 718	\$ 6,038				\$ 5,008	\$ 702	\$ 5,710			

(i) Certain items are excluded from operating income to derive adjusted EBITDA:

40 Weeks Ended

(\$ millions)	Oct. 5, 2024			Oct. 7, 2023		
	Loblaw	Choice Properties	Total Segment Measure	Loblaw	Choice Properties	Total Segment Measure
(Recovery) charge related to PC Bank commodity tax matters	\$ (155)	\$ —	\$ (155)	\$ 37	\$ —	\$ 37
Fair value adjustment of investment in real estate securities	—	—	—	—	91	91
Fair value adjustment on investment properties	—	(102)	(102)	—	(202)	(202)
Gain on sale of non-operating properties	—	—	—	(12)	—	(12)
Fair value adjustment of derivatives	(5)	—	(5)	2	—	2
Charges related to settlement of class action lawsuits	164	—	164	—	—	—
Transaction costs and other related recoveries	—	(39)	(39)	—	—	—
Adjusting Items	\$ 4	\$ (141)	\$ (137)	\$ 27	\$ (111)	\$ (84)

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Effect of consolidation includes the following items:

(\$ millions)	16 Weeks Ended					
	Oct. 5, 2024			Oct. 7, 2023		
	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of intercompany rental revenue	\$ (195)	\$ 56	\$ —	\$ (185)	\$ 35	\$ —
Elimination of internal lease arrangements	2	18	(44)	2	(37)	(39)
Elimination of intersegment real estate transactions	—	(87)	—	—	(1)	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(8)	—	—	(7)	—
Fair value adjustment on investment properties	—	(48)	1	—	(27)	—
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	—	—	(75)	—	—	(74)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	—	—	52	—	—	53
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	(906)	—	—	352
Fair value adjustment of the Trust Unit liability	—	—	568	—	—	(219)
Total	\$ (193)	\$ (69)	\$ (404)	\$ (183)	\$ (37)	\$ 73

(\$ millions)	40 Weeks Ended					
	Oct. 5, 2024			Oct. 7, 2023		
	Revenue	Operating Income	Net Interest Expense and Other Financing Charges	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of intercompany rental revenue	\$ (588)	\$ 29	\$ —	\$ (562)	\$ 1	\$ —
Elimination of internal lease arrangements	8	(26)	(102)	8	(88)	(91)
Elimination of intersegment real estate transactions	—	(119)	—	—	(5)	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(35)	—	—	(14)	—
Fair value adjustment on investment properties	—	(86)	3	—	(133)	2
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	—	—	(225)	—	—	(222)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	—	—	157	—	—	156
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	(467)	—	—	823
Fair value adjustment of the Trust Unit liability	—	—	235	—	—	(613)
Total	\$ (580)	\$ (237)	\$ (399)	\$ (554)	\$ (239)	\$ 55

(\$ millions)	Oct. 5, 2024	As at	
		Oct. 7, 2023	Dec. 31, 2023
Total Assets			
Loblaw	\$ 39,261	\$ 38,252	\$ 38,979
Choice Properties	17,405	17,260	17,309
Total Segment Measure	\$ 56,666	\$ 55,512	\$ 56,288
GWL Corporate	12,159	12,231	12,507
Effect of consolidation	(18,852)	(18,752)	(19,025)
Consolidated	\$ 49,973	\$ 48,991	\$ 49,770

(\$ millions)	16 Weeks Ended		40 Weeks Ended	
	Oct. 5, 2024	Oct. 7, 2023	Oct. 5, 2024	Oct. 7, 2023
Capital Investments				
Loblaw	\$ 690	\$ 695	\$ 1,572	\$ 1,433
Choice Properties	129	60	251	294
Total Segment Measure	\$ 819	\$ 755	\$ 1,823	\$ 1,727
GWL Corporate	—	—	—	1
Effect of consolidation	(86)	1	(144)	(96)
Consolidated ⁽ⁱ⁾	\$ 733	\$ 756	\$ 1,679	\$ 1,632

- (i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's condensed consolidated statements of cash flows, and prepayments transferred to fixed assets in the current period.