

# Financial Results

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## Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
<b>Revenue</b>	\$ 14,091	\$ 13,884	\$ 27,826	\$ 27,017
<b>Operating Expenses</b>				
Cost of inventories sold	9,326	9,312	18,461	18,100
Selling, general and administrative expenses	3,970	3,473	7,599	6,861
	13,296	12,785	26,060	24,961
<b>Operating Income</b>	795	1,099	1,766	2,056
Net Interest (Income) Expense and Other Financing Charges (note 5)	(3)	73	212	144
<b>Earnings Before Income Taxes</b>	798	1,026	1,554	1,912
Income Taxes (note 6)	131	244	395	478
<b>Net Earnings</b>	667	782	1,159	1,434
Attributable to:				
Shareholders of the Company (note 7)	410	508	656	944
Non-Controlling Interests	257	274	503	490
<b>Net Earnings</b>	\$ 667	\$ 782	\$ 1,159	\$ 1,434
<b>Net Earnings per Common Share (\$) (note 7)</b>				
Basic	\$ 3.01	\$ 3.59	\$ 4.76	\$ 6.63
Diluted	\$ 2.97	\$ 3.55	\$ 4.70	\$ 6.56

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

## Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
Net earnings	\$ 667	\$ 782	\$ 1,159	\$ 1,434
Other comprehensive income, net of taxes				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment	2	(1)	2	—
(Losses) gains on cash flow hedges (note 13)	(10)	11	(7)	6
Loss on long-term securities (note 13)	—	(1)	—	—
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial gains (losses) (note 12)	70	(4)	33	95
Adjustment to fair value of investment properties	12	—	19	—
Other comprehensive income	74	5	47	101
<b>Comprehensive Income</b>	741	787	1,206	1,535
Attributable to:				
Shareholders of the Company	453	514	690	998
Non-Controlling Interests	288	273	516	537
<b>Comprehensive Income</b>	\$ 741	\$ 787	\$ 1,206	\$ 1,535

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

# Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	As at		
	Jun. 15, 2024	Jun. 17, 2023	Dec. 31, 2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 2,420	\$ 1,970	\$ 2,451
Short-term investments	412	531	472
Security deposits (note 9)	250	250	—
Accounts receivable	1,290	1,294	1,377
Credit card receivables (note 9)	3,954	3,972	4,132
Inventories	5,774	5,582	5,829
Prepaid expenses and other assets	758	912	629
Assets held for sale	63	28	46
<b>Total Current Assets</b>	<b>14,921</b>	14,539	14,936
Fixed Assets	12,099	11,193	11,857
Right-of-Use Assets	4,516	4,349	4,408
Investment Properties	5,399	5,438	5,366
Equity Accounted Joint Ventures	852	888	884
Intangible Assets	5,740	6,287	6,009
Goodwill	4,884	4,865	4,879
Deferred Income Taxes	135	107	138
Security Deposits	35	35	38
Other Assets (note 12)	1,026	1,277	1,255
<b>Total Assets</b>	<b>\$ 49,607</b>	\$ 48,978	\$ 49,770
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Bank indebtedness	\$ 38	\$ 18	\$ 13
Trade payables and other liabilities	6,204	6,246	6,887
Loyalty liability	129	186	123
Provisions (note 14)	547	145	121
Income taxes payable	131	225	307
Demand deposits from customers	175	137	166
Short-term debt (note 9)	650	650	850
Long-term debt due within one year (note 10)	1,953	1,587	2,355
Lease liabilities due within one year	891	858	880
Associate interest	378	413	370
<b>Total Current Liabilities</b>	<b>11,096</b>	10,465	12,072
Provisions	94	86	96
Long-Term Debt (note 10)	14,045	13,670	12,641
Lease Liabilities	4,617	4,458	4,563
Trust Unit Liability	3,545	3,717	3,881
Deferred Income Taxes	1,716	1,954	1,870
Other Liabilities (note 12)	1,174	1,115	1,184
<b>Total Liabilities</b>	<b>36,287</b>	35,465	36,307
<b>EQUITY</b>			
Share Capital (note 11)	3,319	3,389	3,325
Retained Earnings	5,432	5,465	5,421
Contributed Surplus	(2,541)	(2,066)	(2,275)
Accumulated Other Comprehensive Income	221	201	204
<b>Total Equity Attributable to Shareholders of the Company</b>	<b>6,431</b>	6,989	6,675
Non-Controlling Interests	6,889	6,524	6,788
<b>Total Equity</b>	<b>13,320</b>	13,513	13,463
<b>Total Liabilities and Equity</b>	<b>\$ 49,607</b>	\$ 48,978	\$ 49,770

Contingent liabilities (note 14). Subsequent events (note 16).

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	—	—	—	656	—	—	—	—	—	503	1,159
Other comprehensive income (loss) <sup>(i)</sup>	—	—	—	17	—	1	(3)	19	17	13	47
Comprehensive income	\$ —	\$ —	\$ —	\$ 673	\$ —	\$ 1	\$ (3)	\$ 19	\$ 17	\$ 516	\$ 1,206
Effect of equity-based compensation (note 11)	39	—	39	—	(16)	—	—	—	—	(15)	8
Shares purchased and cancelled (note 11)	(47)	—	(47)	(443)	—	—	—	—	—	—	(490)
Net effect of shares held in trusts (note 11)	2	—	2	7	—	—	—	—	—	—	9
Loblaw capital transactions and dividends	—	—	—	—	(250)	—	—	—	—	(400)	(650)
Dividends declared											
Per common share (\$) (note 11)											
– \$1.533	—	—	—	(204)	—	—	—	—	—	—	(204)
Per preferred share (\$) (note 11)											
– Series I – \$0.7250	—	—	—	(7)	—	—	—	—	—	—	(7)
– Series III – \$0.6500	—	—	—	(5)	—	—	—	—	—	—	(5)
– Series IV – \$0.6500	—	—	—	(5)	—	—	—	—	—	—	(5)
– Series V – \$0.593750	—	—	—	(5)	—	—	—	—	—	—	(5)
	\$ (6)	\$ —	\$ (6)	\$ (662)	\$ (266)	\$ —	\$ —	\$ —	\$ —	\$ (415)	\$ (1,349)
Balance as at Jun. 15, 2024	\$ 2,502	\$ 817	\$ 3,319	\$ 5,432	\$ (2,541)	\$ 29	\$ (2)	\$ 194	\$ 221	\$ 6,889	\$ 13,320

(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	—	—	—	944	—	—	—	—	—	490	1,434
Other comprehensive income <sup>(i)</sup>	—	—	—	50	—	—	4	—	4	47	101
Comprehensive income	\$ —	\$ —	\$ —	\$ 994	\$ —	\$ —	\$ 4	\$ —	\$ 4	\$ 537	\$ 1,535
Effect of equity-based compensation (note 11)	7	—	7	1	(12)	—	—	—	—	(6)	(10)
Shares purchased and cancelled (note 11)	(52)	—	(52)	(400)	—	—	—	—	—	—	(452)
Net effect of shares held in trusts (note 11)	1	—	1	7	—	—	—	—	—	—	8
Loblaw capital transactions and dividends	—	—	—	—	(190)	—	—	—	—	(346)	(536)
Dividends declared											
Per common share (\$) (note 11)											
– \$1.373	—	—	—	(190)	—	—	—	—	—	—	(190)
Per preferred share (\$) (note 11)											
– Series I – \$0.7250	—	—	—	(7)	—	—	—	—	—	—	(7)
– Series III – \$0.6500	—	—	—	(5)	—	—	—	—	—	—	(5)
– Series IV – \$0.6500	—	—	—	(5)	—	—	—	—	—	—	(5)
– Series V – \$0.593750	—	—	—	(5)	—	—	—	—	—	—	(5)
	\$ (44)	\$ —	\$ (44)	\$ (604)	\$ (202)	\$ —	\$ —	\$ —	\$ —	\$ (352)	\$ (1,202)
Balance as at Jun. 17, 2023	\$ 2,572	\$ 817	\$ 3,389	\$ 5,465	\$ (2,066)	\$ 28	\$ 9	\$ 164	\$ 201	\$ 6,524	\$ 13,513

(i) Other comprehensive income (loss) includes an actuarial gain of \$33 million (2023 – gain of \$95 million), of which \$17 million (2023 – gain of \$50 million) is presented in retained earnings, and \$16 million (2023 – gain of \$45 million) in non-controlling interests. Also included in non-controlling interests is a \$4 million loss on cash flow hedges (2023 – gain of \$2 million) and a \$1 million gain on foreign currency translation adjustments (2023 – nominal gain).

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

# Condensed Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
<b>Operating Activities</b>				
Net earnings	\$ 667	\$ 782	\$ 1,159	\$ 1,434
Add (deduct):				
Net interest (income) expense and other financing charges (note 5)	(3)	73	212	144
Income taxes (note 6)	131	244	395	478
Depreciation and amortization	598	585	1,211	1,167
Adjustment to fair value of investment properties	2	(21)	18	(70)
Adjustment to fair value of investment in real estate securities (note 13)	28	31	58	46
Change in allowance for credit card receivables (note 9)	1	8	10	14
Change in provisions (note 14)	421	37	424	31
Change in non-cash working capital (note 8)	(56)	65	(729)	(413)
Change in gross credit card receivables (note 9)	(109)	(232)	168	(32)
Income taxes paid	(328)	(295)	(730)	(593)
Interest received	25	17	42	35
Other	29	30	22	(3)
<b>Cash Flows from Operating Activities</b>	<b>1,406</b>	<b>1,324</b>	<b>2,260</b>	<b>2,238</b>
<b>Investing Activities</b>				
Fixed asset and investment properties purchases	(435)	(387)	(784)	(692)
Intangible asset additions	(82)	(92)	(162)	(184)
(Purchase) disposal of short-term investments	(91)	27	60	(28)
Proceeds from disposal of assets	37	60	61	183
Lease payments received from finance leases	2	3	6	6
(Advances) repayments of mortgages, loans, and notes receivable	(2)	33	18	37
Disposal of long-term securities	64	1	63	—
Increase in security deposits (note 9)	(249)	(249)	(247)	(249)
Other	(19)	(4)	(15)	(43)
<b>Cash Flows used in Investing Activities</b>	<b>(775)</b>	<b>(608)</b>	<b>(1,000)</b>	<b>(970)</b>
<b>Financing Activities</b>				
Increase (decrease) in bank indebtedness	37	(7)	25	10
Increase (decrease) in short-term debt (note 9)	200	50	(200)	(50)
Increase in demand deposits from customers	5	6	9	12
Long-term debt – Issued (note 10)	1,483	623	1,941	1,325
– Repayments (note 10)	(665)	(230)	(935)	(853)
Interest paid	(205)	(199)	(450)	(438)
Cash rent paid on lease liabilities – Interest (note 5)	(52)	(47)	(104)	(93)
Cash rent paid on lease liabilities – Principal	(177)	(161)	(349)	(322)
Share capital – Issued (note 11)	19	1	35	6
– Purchased and cancelled (note 11)	(345)	(233)	(490)	(460)
Loblaw common share capital – Issued	69	15	126	30
– Purchased and cancelled	(319)	(261)	(580)	(456)
Dividends – To common shareholders	(96)	(92)	(183)	(177)
– To preferred shareholders	(8)	(11)	(19)	(22)
– To non-controlling interests	(67)	(65)	(67)	(65)
Proceeds from financial liabilities	—	29	—	29
Other	(32)	(39)	(55)	(88)
<b>Cash Flows used in Financing Activities</b>	<b>(153)</b>	<b>(621)</b>	<b>(1,296)</b>	<b>(1,612)</b>
Effect of foreign currency exchange rate changes on cash and cash equivalents	1	1	5	1
Increase (decrease) in Cash and Cash Equivalents	479	96	(31)	(343)
Cash and Cash Equivalents, Beginning of Period	1,941	1,874	2,451	2,313
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 2,420</b>	<b>\$ 1,970</b>	<b>\$ 2,420</b>	<b>\$ 1,970</b>

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 July 29, 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.

		Jun. 15, 2024		As at Jun. 17, 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
<b>Loblaw</b>	Common shares <sup>(i)</sup>	<b>160,983,608</b>	<b>52.6%</b>	166,931,816	52.6%	163,473,491	52.6%
	Class B LP Units <sup>(ii)</sup>	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
<b>Choice Properties</b>		<b>446,447,940</b>	<b>61.7%</b>	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)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
Interest expense:				
Long-term debt	\$ 166	\$ 148	\$ 317	\$ 294
Lease liabilities	52	47	104	93
Borrowings related to credit card receivables	13	25	32	44
Trust Unit distributions	53	51	105	103
Independent funding trusts	10	9	20	19
Post-employment and other long-term employee benefits <sup>(note 12)</sup>	1	4	2	8
Financial liabilities	10	12	22	22
Capitalized interest	(10)	(2)	(11)	(3)
	\$ 295	\$ 294	\$ 591	\$ 580
Interest income:				
Accretion income	\$ —	\$ —	\$ (1)	\$ (1)
Interest income	(24)	(19)	(45)	(41)
	\$ (24)	\$ (19)	\$ (46)	\$ (42)
Fair value adjustment of the Trust Unit liability	\$ (274)	\$ (202)	\$ (333)	\$ (394)
Net interest (income) expense and other financing charges	\$ (3)	\$ 73	\$ 212	\$ 144

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## Note 6. Income Taxes

For the second quarter of 2024, income tax expense was \$131 million (2023 – \$244 million) and the effective tax rate was 16.4% (2023 – 23.8%). The decrease in the effective tax rate was primarily attributable to a decrease in tax expense related to temporary differences in respect of the Company's investment in certain Loblaw shares as a result of GWL's participation in Loblaw's NCIB and the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability.

On a year-to-date basis, income tax expense was \$395 million (2023 – \$478 million) and the effective tax rate was 25.4% (2023 – 25.0%). The increase in the effective tax rate was primarily attributable to the non-taxable portion of the gain from real estate dispositions during 2023.

## Note 7. Basic and Diluted Net Earnings per Common Share

(\$ millions except where otherwise indicated)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
Net earnings attributable to shareholders of the Company	\$ 410	\$ 508	\$ 656	\$ 944
Prescribed dividends on preferred shares in share capital	(10)	(10)	(20)	(20)
Net earnings available to common shareholders of the Company	\$ 400	\$ 498	\$ 636	\$ 924
Reduction in net earnings due to dilution at Loblaw	(3)	(3)	(5)	(5)
Net earnings available to common shareholders for diluted earnings per share	\$ 397	\$ 495	\$ 631	\$ 919
Weighted average common shares outstanding (in millions) (note 11)	133.0	138.8	133.6	139.4
Dilutive effect of equity-based compensation <sup>(i)</sup> (in millions)	0.6	0.7	0.6	0.7
Diluted weighted average common shares outstanding (in millions)	133.6	139.5	134.2	140.1
Basic net earnings per common share (\$)	\$ 3.01	\$ 3.59	\$ 4.76	\$ 6.63
Diluted net earnings per common share (\$)	\$ 2.97	\$ 3.55	\$ 4.70	\$ 6.56

(i) In the second 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)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
Change in:				
Accounts receivable	\$ (9)	\$ 17	\$ 83	\$ (70)
Prepaid expenses and other assets	34	(52)	(94)	(117)
Inventories	176	173	55	293
Trade payables and other liabilities	(261)	(34)	(767)	(512)
Other	4	(39)	(6)	(7)
Change in non-cash working capital	\$ (56)	\$ 65	\$ (729)	\$ (413)

## Note 9. Credit Card Receivables

The components of credit card receivables were as follows:

(\$ millions)	Jun. 15, 2024	As at	
		Jun. 17, 2023	Dec. 31, 2023
Gross credit card receivables	\$ 4,220	\$ 4,192	\$ 4,388
Allowance for credit card receivables	(266)	(220)	(256)
Credit card receivables	\$ 3,954	\$ 3,972	\$ 4,132
Securitized to independent securitization trusts:			
Securitized to <i>Eagle Credit Card Trust</i> <sup>®</sup> (note 10)	\$ 1,700	\$ 1,600	\$ 1,350
Securitized to Other Independent Securitization Trusts <sup>(i)</sup>	650	650	850
Total securitized to independent securitization trusts	\$ 2,350	\$ 2,250	\$ 2,200

(i) During the second quarter of 2024, PC Bank recorded a \$200 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*<sup>®</sup> ("*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.

During the second quarter of 2024, *Eagle* issued \$350 million of senior subordinated term notes with a maturity date of June 17, 2029 (the "*Eagle* 2024-1 Series notes"). The notes have a weighted average interest rate of 5.03%. In connection with the issuance, \$150 million of bond forward agreements were settled. This resulted in a fair value gain of \$2 million before income taxes, which will be reclassified to net earnings over the life of the *Eagle* 2024-1 Series notes. Consequently, the net effective interest rate on *Eagle* 2024-1 Series notes issued is 4.90%.

As at the end of the second quarter of 2024, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was \$59 million (June 17, 2023 – \$59 million; December 31, 2023 – \$77 million), which represented 9% (June 17, 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 second quarter of 2024 and throughout the first half of 2024.

**Security Deposits** During the second quarter of 2024, a repayment accumulation process was triggered due to the upcoming maturity of the *Eagle* \$250 million senior and subordinated term notes due July 17, 2024. As at June 15, 2024, \$250 million had been accumulated and was recorded in security deposits.

# 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)	Jun. 15, 2024	As at	
		Jun. 17, 2023	Dec. 31, 2023
Debentures	\$ 10,707	\$ 10,260	\$ 10,409
Long-term debt secured by mortgage	1,054	1,026	977
Construction loans	84	68	90
Guaranteed investment certificates	1,565	1,748	1,654
Independent securitization trusts (note 9)	1,700	1,600	1,350
Independent funding trusts	577	518	558
Committed credit facilities	350	79	—
Transaction costs and other	(39)	(42)	(42)
Total long-term debt	\$ 15,998	\$ 15,257	\$ 14,996
Long-term debt due within one year	(1,953)	(1,587)	(2,355)
Long-term debt	\$ 14,045	\$ 13,670	\$ 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 half of 2024, the Company, Loblaw and Choice Properties were in compliance with the financial covenants.

**DEBENTURES** The following table summarizes the debenture issued in the periods ended as indicated:

(\$ millions)	Interest Rate	Maturity Date	12 Weeks Ended		24 Weeks Ended	
			Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Loblaw						
– Senior unsecured note	5.12%	March 4, 2054	\$ —	\$ —	\$ 400	\$ —
Choice Properties senior unsecured debentures						
– Series U	5.03%	February 28, 2031	500	—	500	—
– Series S	5.40%	March 1, 2033	—	—	—	550
Total debentures issued			\$ 500	\$ —	\$ 900	\$ 550

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

(\$ millions)	Interest Rate	Maturity Date	12 Weeks Ended		24 Weeks Ended	
			Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
			Principal Amount	Principal Amount	Principal Amount	Principal Amount
Loblaw senior unsecured note	3.92%	June 20, 2024 <sup>(i)</sup>	\$ 400	\$ —	\$ 400	\$ —
Choice Properties senior unsecured debentures						
– Series G	3.20%	March 7, 2023	—	—	—	250
– Series D-C	3.30%	January 18, 2023	—	—	—	125
– Series D	4.29%	February 8, 2024	—	—	200	—
<b>Total debentures repaid</b>			<b>\$ 400</b>	<b>\$ —</b>	<b>\$ 600</b>	<b>\$ 375</b>

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

Subsequent to the end of the second quarter of 2024, the Company redeemed in full, at par, plus accrued and unpaid interest thereon, the \$200 million aggregate principal amount of senior unsecured debenture outstanding bearing interest at 4.12% with a maturity date of June 17, 2024.

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

(\$ millions)	Maturity Date	Jun. 15, 2024		As at			
		Available Credit	Drawn	Jun. 17, 2023		Dec. 31, 2023	
		Available Credit	Drawn	Available Credit	Drawn	Available Credit	Drawn
George Weston	December 14, 2026	\$ 350	\$ —	\$ 350	\$ —	\$ 350	\$ —
Loblaw	July 15, 2027	1,500	350	1,000	—	1,500	—
Choice Properties	June 13, 2029 <sup>(i)</sup>	1,500	—	1,500	79	1,500	—
<b>Total committed credit facilities</b>		<b>\$ 3,350</b>	<b>\$ 350</b>	<b>\$ 2,850</b>	<b>\$ 79</b>	<b>\$ 3,350</b>	<b>\$ —</b>

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

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## 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:

	12 Weeks Ended				24 Weeks Ended			
	Jun. 15, 2024		Jun. 17, 2023		Jun. 15, 2024		Jun. 17, 2023	
(\$ millions except where otherwise indicated)	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	<b>133,803,851</b>	<b>\$ 2,510</b>	139,416,452	\$ 2,600	<b>134,546,581</b>	<b>\$ 2,511</b>	140,737,942	\$ 2,619
Issued for settlement of stock options	<b>194,327</b>	<b>22</b>	11,521	2	<b>345,102</b>	<b>39</b>	56,681	7
Purchased and cancelled <sup>(i)</sup>	<b>(1,812,683)</b>	<b>(29)</b>	(1,450,899)	(28)	<b>(2,706,188)</b>	<b>(47)</b>	(2,817,549)	(52)
Issued and outstanding, end of period	<b>132,185,495</b>	<b>\$ 2,503</b>	137,977,074	\$ 2,574	<b>132,185,495</b>	<b>\$ 2,503</b>	137,977,074	\$ 2,574
Shares held in trusts, beginning of period	<b>(41,701)</b>	<b>\$ (1)</b>	(81,018)	\$ (2)	<b>(123,895)</b>	<b>\$ (3)</b>	(160,465)	\$ (3)
Released for settlement of RSUs and PSUs	<b>161</b>	<b>—</b>	—	—	<b>82,355</b>	<b>2</b>	79,447	1
Shares held in trusts, end of period	<b>(41,540)</b>	<b>\$ (1)</b>	(81,018)	\$ (2)	<b>(41,540)</b>	<b>\$ (1)</b>	(81,018)	\$ (2)
Issued and outstanding, net of shares held in trusts, end of period	<b>132,143,955</b>	<b>\$ 2,502</b>	137,896,056	\$ 2,572	<b>132,143,955</b>	<b>\$ 2,502</b>	137,896,056	\$ 2,572
Weighted average outstanding, net of shares held in trusts (note 7)	<b>132,966,134</b>		138,828,293		<b>133,564,920</b>		139,414,745	

(i) Number of common shares repurchased and cancelled as at June 15, 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:

	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
(\$ millions except where otherwise indicated)				
Purchased for current settlement of DSUs (number of shares)	<b>1,721</b>	—	<b>1,721</b>	7,521
Purchased and cancelled (number of shares)	<b>1,812,683</b>	1,450,899	<b>2,706,188</b>	2,817,549
Cash consideration paid				
Purchased and settled	<b>\$ —</b>	\$ —	<b>\$ —</b>	\$ (1)
Purchased and cancelled <sup>(i)</sup>	<b>\$ (345)</b>	\$ (233)	<b>\$ (490)</b>	\$ (460)
Premium charged to retained earnings				
Purchased and settled	<b>\$ —</b>	\$ —	<b>\$ —</b>	\$ (2)
Purchased and cancelled <sup>(ii)</sup>	<b>\$ 271</b>	\$ 201	<b>\$ 443</b>	\$ 400
Reduction in share capital <sup>(iii)</sup>	<b>\$ 29</b>	\$ 28	<b>\$ 47</b>	\$ 52

(i) Included in the second quarter of 2024 and year-to-date is a net cash timing adjustment of \$6 million (2023 – \$(8) million) and \$(7) million (2023 – \$(12) million), respectively, of common shares repurchased under the NCIB for cancellation.

(ii) Includes \$108 million (2023 – \$114 million) related to the ASPP, as described below.

(iii) Includes \$12 million (2023 – \$16 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.

During the second quarter of 2024, 1,812,683 common shares (2023 – 1,450,899 common shares) were purchased under the NCIB for cancellation for aggregate consideration of \$339 million (2023 – \$241 million), including 526,097 common shares (2023 – nil) purchased from Wittington for aggregate consideration of \$98 million (2023 – nil). On a year-to-date basis, 2,706,188 common shares (2023 – 2,817,549 common shares) were purchased under the NCIB for cancellation for aggregate consideration of \$497 million (2023 – \$472 million), including 784,324 common shares (2023 – nil) purchased from Wittington for aggregate consideration of \$144 million (2023 – nil).

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 June 15, 2024, an obligation to repurchase shares of \$120 million (2023 – \$130 million) was recognized under the ASPP in trade payables and other liabilities.

As of June 15, 2024, 497,553 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:

(\$)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
Dividends declared per share <sup>(i)</sup> :				
Common share	\$ 0.820	\$ 0.713	\$ 1.533	\$ 1.373
Preferred share:				
Series I	\$ 0.3625	\$ 0.3625	\$ 0.7250	\$ 0.7250
Series III	\$ 0.3250	\$ 0.3250	\$ 0.6500	\$ 0.6500
Series IV	\$ 0.3250	\$ 0.3250	\$ 0.6500	\$ 0.6500
Series V	\$ 0.296875	\$ 0.296875	\$ 0.593750	\$ 0.593750

(i) Dividends declared in the second quarter of 2024 on common shares and Preferred Shares, Series III, Series IV and Series V were payable on July 1, 2024. Dividends declared in the second quarter of 2024 on Preferred Shares, Series I were payable on June 15, 2024.

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## 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)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
Current service cost				
Post-employment benefit costs <sup>(i)</sup>	\$ 35	\$ 35	\$ 74	\$ 72
Other long-term employee benefit costs <sup>(ii)</sup>	8	10	17	19
Net interest cost on net defined benefit plan obligations (note 5)	1	4	2	8
<b>Total post-employment defined benefit cost</b>	<b>\$ 44</b>	<b>\$ 49</b>	<b>\$ 93</b>	<b>\$ 99</b>

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

(\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
Return (loss) on plan assets, excluding amounts included in net interest expense and other financing charges	\$ 43	\$ (6)	\$ 66	\$ 81
Actuarial (losses) gains from changes in financial assumptions <sup>(i)</sup>	(45)	47	22	(47)
Change in liability arising from asset ceiling <sup>(i)</sup>	97	(46)	(44)	95
Total net actuarial gains (losses) recognized in other comprehensive income before income taxes	\$ 95	\$ (5)	\$ 44	\$ 129
Income tax (expenses) recoveries on actuarial gains (losses)	(25)	1	(11)	(34)
<b>Actuarial gains (losses) net of income tax (expenses) recoveries</b>	<b>\$ 70</b>	<b>\$ (4)</b>	<b>\$ 33</b>	<b>\$ 95</b>

(i) In the second quarter of 2024, the actuarial losses from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by a decrease in the discount rate. 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)	Jun. 15, 2024	As at	
		Jun. 17, 2023	Dec. 31, 2023
<b>Other assets</b>			
Net accrued benefit plan asset	\$ 333	\$ 174	\$ 309
<b>Other liabilities</b>			
Net defined benefit plan obligation	\$ 280	\$ 264	\$ 282
Other long-term employee benefit obligation	\$ 135	\$ 121	\$ 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. The carrying values of the Company's financial instruments approximate their fair values except for long-term debt.

(\$ millions)	Jun. 15, 2024				As at Jun. 17, 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
<b>Financial assets</b>												
Amortized cost:												
Mortgages, loans and notes receivable <sup>(i)</sup>	\$ —	\$ —	\$ 217	\$ 217	\$ —	\$ —	\$ 378	\$ 378	\$ —	\$ —	\$ 205	\$ 205
Fair value through other comprehensive income:												
Long-term securities <sup>(i)</sup>	138	—	—	138	246	—	—	246	201	—	—	201
Derivatives included in prepaid expenses and other assets	—	3	—	3	—	10	4	14	—	8	—	8
Fair value through profit and loss:												
Security deposits	285	—	—	285	285	—	—	285	38	—	—	38
Mortgages, loans and notes receivable <sup>(i)</sup>	—	—	138	138	—	—	164	164	—	—	161	161
Investments in real estate securities <sup>(i)</sup>	—	181	—	181	—	256	—	256	—	238	—	238
Certain other assets <sup>(i)</sup>	—	15	110	125	—	16	113	129	—	17	95	112
Derivatives included in prepaid expenses and other assets	—	10	—	10	—	14	2	16	—	8	2	10
<b>Financial liabilities</b>												
Amortized cost:												
Long-term debt	—	8,907	6,882	15,789	—	8,802	6,219	15,021	—	8,627	6,599	15,226
Associate interest	—	—	378	378	—	—	413	413	—	—	370	370
Certain other liabilities <sup>(i)(ii)</sup>	—	—	815	815	—	—	695	695	—	—	814	814
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	—	—	19	19	—	—	—	—	—	—	4	4
Fair value through profit and loss:												
Trust Unit liability	3,545	—	—	3,545	3,717	—	—	3,717	3,881	—	—	3,881
Derivatives included in trade payables and other liabilities	1	—	1	2	—	2	—	2	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.

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

During the second quarter of 2024 and year-to-date, a gain of \$2 million (2023 – loss of \$3 million) and a gain of \$5 million (2023 – loss of \$2 million), respectively, was recognized in operating income on financial instruments designated as amortized cost. In addition, during the second quarter of 2024 and year-to-date, a net gain of \$260 million (2023 – \$154 million) and a net gain of \$297 million (2023 – \$320 million), respectively, was recognized in earnings before income taxes on financial instruments required to be classified as fair value through profit and loss.

**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 second quarter of 2024 and year-to-date, a fair value loss of \$28 million (2023 – \$31 million) and a fair value loss of \$58 million (2023 – \$46 million) 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:

	Jun. 15, 2024					
	12 Weeks Ended			24 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	
<b>Derivatives designated as cash flow hedges</b>						
Foreign Exchange Forwards <sup>(i)</sup>	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —
Bond Forwards <sup>(ii)</sup>	1	4	(1)	5	(2)	
Interest Rate Swaps and Other <sup>(iii)</sup>	(10)	(14)	—	(18)	1	
<b>Total derivatives designated as cash flow hedges</b>	<b>\$ (8)</b>	<b>\$ (10)</b>	<b>\$ (1)</b>	<b>\$ (13)</b>	<b>\$ (1)</b>	
<b>Derivatives not designated in a formal hedging relationship</b>						
Foreign Exchange and Other Forwards	\$ 2	\$ —	\$ 3	\$ —	\$ 12	
Other Non-Financial Derivatives	(1)	—	(1)	—	3	
<b>Total derivatives not designated in a formal hedging relationship</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 15</b>	
<b>Total derivatives</b>	<b>\$ (7)</b>	<b>\$ (10)</b>	<b>\$ 1</b>	<b>\$ (13)</b>	<b>\$ 14</b>	

- (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 \$100 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in both 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. 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. As at June 15, 2024, a fair value loss of \$19 million was recorded in other comprehensive income related to the energy hedge. The fair values of the derivatives held by PC Bank and Loblaw are included in both prepaid expenses and other assets and trade payables and other liabilities. Choice Properties uses interest rate swaps, with a notional value of \$78 million as derivative assets and \$76 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.

(\$ millions)	12 Weeks Ended			24 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 Forwards <sup>(i)</sup>	\$ 5	\$ (6)	\$ —	\$ (4)	\$ 1	
Bond Forwards <sup>(ii)</sup>	2	6	(1)	8	(2)	
Interest Rate Swaps and Other <sup>(iii)</sup>	20	15	1	7	1	
<b>Total derivatives designated as cash flow hedges</b>	<b>\$ 27</b>	<b>\$ 15</b>	<b>\$ —</b>	<b>\$ 11</b>	<b>\$ —</b>	
<b>Derivatives not designated in a formal hedging relationship</b>						
Foreign Exchange and Other Forwards	\$ (1)	\$ —	\$ (12)	\$ —	\$ (7)	
Other Non-Financial Derivatives	—	—	(1)	—	(3)	
<b>Total derivatives not designated in a formal hedging relationship</b>	<b>\$ (1)</b>	<b>\$ —</b>	<b>\$ (13)</b>	<b>\$ —</b>	<b>\$ (10)</b>	
<b>Total derivatives</b>	<b>\$ 26</b>	<b>\$ 15</b>	<b>\$ (13)</b>	<b>\$ 11</b>	<b>\$ (10)</b>	

- (i) PC Bank uses foreign exchange forwards, with a notional value of \$20 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 settled \$140 million of bond forwards in the second quarter of 2023. The purpose of the bond forwards was to hedge the interest rate risk for the \$250 million *Eagle* notes issued in the second quarter of 2023. Loblaw has concluded that the hedge was effective as at the settlement date, which resulted in a \$4 million fair value gain recorded in other comprehensive income and which will be reclassified to net earnings over the life of the new *Eagle* notes.
- (iii) PC Bank uses interest rate swaps, with a notional value of \$180 million, to mitigate the impact of increases in interest rates. During 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 and resulted in a fair value gain of \$4 million, which has been recorded in other comprehensive income. The fair values of the derivatives held by PC Bank and Loblaw are included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of \$211 million as derivative assets, to manage its interest risk related to variable rate mortgages. Choice Properties also uses cross currency swaps, with a notional value of \$20 million as derivative assets and \$60 million as derivative liabilities, to hedge foreign exchange associated with the equivalent amount borrowed in USD on its credit facility. The fair values of the derivatives held by Choice Properties are included in other assets and other liabilities.

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

## 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, and a decision is pending. 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 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 released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court of Canada ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaw Inc. in respect of redemptions of loyalty points. On September 29, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal and on March 6, 2024, the matter was heard by the Federal Court of Appeal, which reserved judgment for a later date. Loblaw has not reversed any portion of the charge of \$111 million, inclusive of interest, recorded in the second quarter of 2022. Loblaw believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

**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)	12 Weeks Ended						12 Weeks Ended					
	Jun. 15, 2024						Jun. 17, 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
<b>Revenue</b>	<b>\$ 13,947</b>	<b>\$ 336</b>	<b>\$ 14,283</b>	<b>\$ (192)</b>	<b>\$ —</b>	<b>\$ 14,091</b>	\$ 13,738	\$ 330	\$ 14,068	\$ (184)	\$ —	\$ 13,884
Operating income	\$ 866	\$ 273	\$ 1,139	\$ (82)	\$ (262)	\$ 795	\$ 925	\$ 290	\$ 1,215	\$ (100)	\$ (16)	\$ 1,099
Net interest expense (income) and other financing charges	190	(241)	(51)	48	—	(3)	193	(246)	(53)	127	(1)	73
<b>Earnings before income taxes</b>	<b>\$ 676</b>	<b>\$ 514</b>	<b>\$ 1,190</b>	<b>\$ (130)</b>	<b>\$ (262)</b>	<b>\$ 798</b>	\$ 732	\$ 536	\$ 1,268	\$ (227)	\$ (15)	\$ 1,026
<b>Operating income</b>	<b>\$ 866</b>	<b>\$ 273</b>	<b>\$ 1,139</b>	<b>\$ (82)</b>	<b>\$ (262)</b>	<b>\$ 795</b>	\$ 925	\$ 290	\$ 1,215	\$ (100)	\$ (16)	\$ 1,099
Depreciation and amortization	679	1	680				671	1	672			
Adjusting items <sup>(i)</sup>	166	(34)	132				42	(53)	(11)			
<b>Adjusted EBITDA<sup>(i)</sup></b>	<b>\$ 1,711</b>	<b>\$ 240</b>	<b>\$ 1,951</b>				\$ 1,638	\$ 238	\$ 1,876			

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

(\$ millions)	12 Weeks Ended			12 Weeks Ended		
	Jun. 15, 2024			Jun. 17, 2023		
	Loblaw	Choice Properties	Total Segment Measure	Loblaw	Choice Properties	Total Segment Measure
Charges related to settlement of class action lawsuits	\$ 164	\$ —	\$ 164	\$ —	\$ —	\$ —
Fair value adjustment of investment in real estate securities	—	28	28	—	31	31
Fair value adjustment on investment properties	—	(23)	(23)	—	(84)	(84)
Fair value adjustment of derivatives	2	—	2	5	—	5
Transaction costs and other related recoveries	—	(39)	(39)	—	—	—
Charge related to PC Bank commodity tax matter	—	—	—	37	—	37
Adjusting Items	\$ 166	\$ (34)	\$ 132	\$ 42	\$ (53)	\$ (11)

24 Weeks Ended

(\$ millions)	Jun. 15, 2024						Jun. 17, 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
<b>Revenue</b>	<b>\$ 27,528</b>	<b>\$ 685</b>	<b>\$ 28,213</b>	<b>\$ (387)</b>	<b>\$ —</b>	<b>\$ 27,826</b>	\$ 26,733	\$ 655	\$ 27,388	\$ (371)	\$ —	\$ 27,017
Operating income	\$ 1,725	\$ 480	\$ 2,205	\$ (168)	\$ (271)	\$ 1,766	\$ 1,692	\$ 596	\$ 2,288	\$ (202)	\$ (30)	\$ 2,056
Net interest expense (income) and other financing charges	384	(176)	208	5	(1)	212	374	(211)	163	(18)	(1)	144
<b>Earnings before income taxes</b>	<b>\$ 1,341</b>	<b>\$ 656</b>	<b>\$ 1,997</b>	<b>\$ (173)</b>	<b>\$ (270)</b>	<b>\$ 1,554</b>	\$ 1,318	\$ 807	\$ 2,125	\$ (184)	\$ (29)	\$ 1,912
<b>Operating income</b>	<b>\$ 1,725</b>	<b>\$ 480</b>	<b>\$ 2,205</b>	<b>\$ (168)</b>	<b>\$ (271)</b>	<b>\$ 1,766</b>	\$ 1,692	\$ 596	\$ 2,288	\$ (202)	\$ (30)	\$ 2,056
Depreciation and amortization	1,369	2	1,371				1,346	2	1,348			
Adjusting items <sup>(i)</sup>	159	(1)	158				46	(130)	(84)			
<b>Adjusted EBITDA<sup>(i)</sup></b>	<b>\$ 3,253</b>	<b>\$ 481</b>	<b>\$ 3,734</b>				\$ 3,084	\$ 468	\$ 3,552			

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

24 Weeks Ended

(\$ millions)	Jun. 15, 2024			Jun. 17, 2023		
	Loblaw	Choice Properties	Total Segment Measure	Loblaw	Choice Properties	Total Segment Measure
Charges related to settlement of class action lawsuits	\$ 164	\$ —	\$ 164	\$ —	\$ —	\$ —
Fair value adjustment of investment in real estate securities	—	58	58	—	46	46
Fair value adjustment on investment properties	—	(20)	(20)	—	(176)	(176)
Fair value adjustment of derivatives	(5)	—	(5)	8	—	8
Transaction costs and other related recoveries	—	(39)	(39)	—	—	—
Charge related to PC Bank commodity tax matter	—	—	—	37	—	37
Loss on sale of non-operating properties	—	—	—	1	—	1
Adjusting Items	\$ 159	\$ (1)	\$ 158	\$ 46	\$ (130)	\$ (84)

# Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Effect of consolidation includes the following items:

(\$ millions)	12 Weeks Ended					
	Jun. 15, 2024			Jun. 17, 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)	\$ (13)	\$ —	\$ (188)	\$ (6)	\$ —
Elimination of internal lease arrangements	3	(30)	(30)	4	(30)	(26)
Elimination of intersegment real estate transactions	—	(2)	—	—	6	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(12)	—	—	(7)	—
Fair value adjustment on investment properties	—	(25)	3	—	(63)	2
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	—	—	51
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	372	—	—	376
Fair value adjustment of the Trust Unit liability	—	—	(274)	—	—	(202)
<b>Total</b>	<b>\$ (192)</b>	<b>\$ (82)</b>	<b>\$ 48</b>	<b>\$ (184)</b>	<b>\$ (100)</b>	<b>\$ 127</b>

(\$ millions)	24 Weeks Ended					
	Jun. 15, 2024			Jun. 17, 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	\$ (393)	\$ (27)	\$ —	\$ (377)	\$ (34)	\$ —
Elimination of internal lease arrangements	6	(44)	(58)	6	(51)	(52)
Elimination of intersegment real estate transactions	—	(32)	—	—	(4)	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(27)	—	—	(7)	—
Fair value adjustment on investment properties	—	(38)	2	—	(106)	2
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	—	—	(150)	—	—	(148)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	—	—	105	—	—	103
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	439	—	—	471
Fair value adjustment of the Trust Unit liability	—	—	(333)	—	—	(394)
<b>Total</b>	<b>\$ (387)</b>	<b>\$ (168)</b>	<b>\$ 5</b>	<b>\$ (371)</b>	<b>\$ (202)</b>	<b>\$ (18)</b>

(\$ millions)	Jun. 15, 2024	As at	
		Jun. 17, 2023	Dec. 31, 2023
Total Assets			
Loblaw	\$ 38,612	\$ 38,096	\$ 38,979
Choice Properties	17,648	17,111	17,309
Total Segment Measure	\$ 56,260	\$ 55,207	\$ 56,288
GWL Corporate	12,215	12,454	12,507
Effect of consolidation	(18,868)	(18,683)	(19,025)
Consolidated	\$ 49,607	\$ 48,978	\$ 49,770

(\$ millions)	12 Weeks Ended		24 Weeks Ended	
	Jun. 15, 2024	Jun. 17, 2023	Jun. 15, 2024	Jun. 17, 2023
Capital Investments				
Loblaw	\$ 495	\$ 423	\$ 882	\$ 738
Choice Properties	42	54	122	234
Total Segment Measure	\$ 537	\$ 477	\$ 1,004	\$ 972
GWL Corporate	—	1	—	1
Effect of consolidation	(20)	1	(58)	(97)
Consolidated <sup>(i)</sup>	\$ 517	\$ 479	\$ 946	\$ 876

(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.

## Note 16. Subsequent Events

**DEBTURE REPAYMENT** Subsequent to the end of the second quarter of 2024, the Company redeemed in full, at par, plus accrued and unpaid interest thereon, the \$200 million aggregate principal amount of senior unsecured debenture outstanding bearing interest at 4.12% with a maturity date of June 17, 2024.

**SETTLEMENT OF CLASS ACTION LAWSUITS** On July 24, 2024, the Company and Loblaw entered into binding Minutes of Settlement to resolve nationwide class action lawsuits against them relating to their role in an industry-wide price-fixing arrangement involving certain packaged bread products which occurred between 2001 and 2015. The binding Minutes of Settlement provide for a total settlement of \$500 million. The Company will pay \$247 million and Loblaw will pay \$253 million (made up of \$157 million in cash and credit for \$96 million previously paid to customers by Loblaw under the Loblaw Card Program). The \$500 million settlement amount was negotiated with lawyers representing consumers in a mediation presided over by the Chief Justice of the Ontario Superior Court of Justice. The settlement is subject to finalizing a binding Settlement Agreement between the Company and Loblaw, and the lawyers representing consumers, and Court approval. If the settlement is approved, it will resolve all of the consumers' claims against the Company and Loblaw relating to this matter. In the second quarter of 2024, charges of \$420 million (\$253 million, net of income taxes and non-controlling interests) were recorded in SG&A, relating to the settlement and related costs.

**CHOICE PROPERTIES** On June 19, 2024, Choice Properties disposed of its interest in two retail properties held within equity accounted joint ventures for proceeds of \$37 million. Consideration included a vendor take-back mortgage of \$4 million, bearing interest at a rate of 6.50%. Choice Properties retained its share of mortgages payable of \$26 million previously secured by the disposed properties. Choice Properties also assumed mortgages payable of \$33 million from its partner, previously secured by the partner's interest in the disposed properties. These mortgages have been secured by other properties held by Choice Properties.

On June 20, 2024, Choice Properties acquired a retail property for \$12 million.

On June 21, 2024, Choice Properties acquired its partner's interest in a retail property for \$21 million.

On June 21, 2024, Choice Properties advanced a \$20 million loan to a development partner, bearing interest at a rate of 7.00%.