

# Management's Discussion and Analysis

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# Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") for George Weston Limited ("GWL" or the "Company") should be read in conjunction with the Company's first quarter 2025 unaudited interim period condensed consolidated financial statements and the accompanying notes ("interim financial statements") of this Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2024 and the related annual MD&A included in the Company's 2024 Annual Report.

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

Under International Financial Reporting Standards ("IFRS Accounting Standards" or "GAAP"), certain expenses and income must be recognized that are not necessarily reflective of the Company's underlying operating performance. Non-GAAP and other financial measures exclude the impact of certain items and are used internally when analyzing consolidated and segment underlying operating performance. These non-GAAP and other financial measures are also helpful in assessing underlying operating performance on a consistent basis. See Section 8, "Non-GAAP and Other Financial Measures", of this MD&A for more information on the Company's non-GAAP and other financial measures.

The Company operates through its two reportable operating segments: Loblaw Companies Limited ("Loblaw") and Choice Properties Real Estate Investment Trust ("Choice Properties"). The 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. For further details on the effect of consolidation, refer to Section 8, "Non-GAAP and Other Financial Measures", of this MD&A. 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. In this MD&A, unless otherwise indicated, "Consolidated" refers to the consolidated results of GWL including its subsidiaries.

A glossary of terms and ratios used throughout this Quarterly Report can be found beginning on page 157 of the Company's 2024 Annual Report.

This MD&A contains forward-looking statements, which are subject to risks and uncertainties that could cause the Company's actual results to differ materially from the forward-looking statements. For additional information related to forward-looking statements, material assumptions and material risks associated with them, see Section 6, "Enterprise Risks and Risk Management", Section 7, "Outlook" and Section 9, "Forward-Looking Statements" of this MD&A.

The information in this MD&A is current to May 5, 2025, unless otherwise noted.

# At a Glance

## Key Financial Highlights

As at or for the 12 weeks ended March 22, 2025, March 23, 2024 and December 31, 2024  
(\$ millions except where otherwise indicated)

### Consolidated

REVENUE	OPERATING INCOME	ADJUSTED EBITDA <sup>(1)</sup>	ADJUSTED EBITDA MARGIN <sup>(1)</sup> (%)
<b>\$14,285</b>	<b>\$1,077</b>	<b>\$1,690</b>	<b>11.8%</b>
<b>+4.0%</b> vs. Q1 2024	<b>+10.9%</b> vs. Q1 2024	<b>+4.1%</b> vs. Q1 2024	<b>- bps</b> vs. Q1 2024
<b>NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS</b>	<b>ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS<sup>(1)</sup></b>	<b>DILUTED NET EARNINGS PER COMMON SHARE (\$)</b>	<b>ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE<sup>(1)</sup> (\$)</b>
<b>\$83</b>	<b>\$339</b>	<b>\$0.62</b>	<b>\$2.58</b>
<b>-64.8%</b> vs. Q1 2024	<b>+8.7%</b> vs. Q1 2024	<b>-64.2%</b> vs. Q1 2024	<b>+12.2%</b> vs. Q1 2024

### GWL Corporate

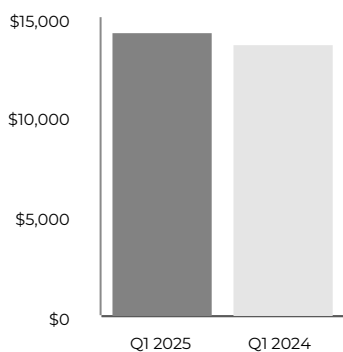
<b>GWL CORPORATE CASH FLOW FROM OPERATING BUSINESSES<sup>(1)</sup></b>	<b>GWL CORPORATE FREE CASH FLOW<sup>(1)</sup></b>	<b>QUARTERLY DIVIDENDS DECLARED PER SHARE (\$)</b>	<b>GWL CORPORATE CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>
<b>\$167</b>	<b>\$34</b>	<b>\$0.820</b>	<b>\$265</b>
<b>+98.8%</b> vs. Q1 2024	<b>-75.9%</b> vs. Q1 2024	<b>+15.0%</b> vs. Q1 2024	<b>-49.3%</b> vs. Q4 2024

(1) Refer to Section 8, "Non-GAAP and Other Financial Measures", of this MD&A.

# Key Performance Indicators

For the 12 weeks ended March 22, 2025 and March 23, 2024  
(\$ millions except where otherwise indicated)

## REVENUE

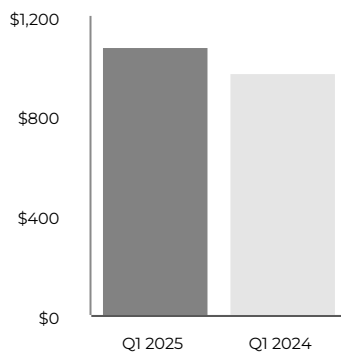


<b>Q1 2025</b>	<b>\$ 14,285</b>	<b>+4.0%</b>
Q1 2024	\$ 13,735	

### How we performed

Revenue increased in the first quarter of 2025 due to growth at Loblaw.

## OPERATING INCOME

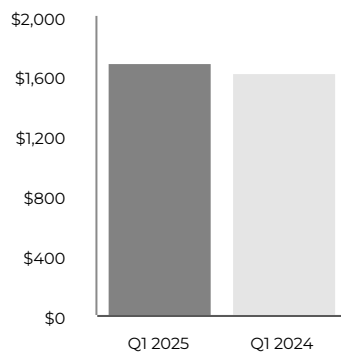


<b>Q1 2025</b>	<b>\$ 1,077</b>	<b>+10.9%</b>
Q1 2024	\$ 971	

### How we performed

Operating income increased in the first quarter of 2025 due to the improvement in the underlying operating performance of the Company driven by Loblaw and Choice Properties, and the favourable year-over-year net impact of adjusting items.

## ADJUSTED EBITDA<sup>(1)</sup>



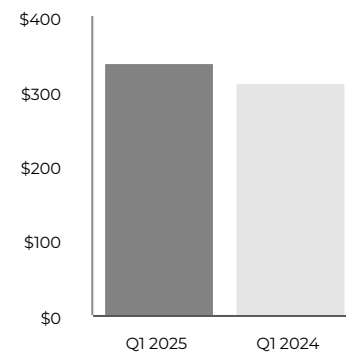
<b>Q1 2025</b>	<b>\$ 1,690</b>	<b>+4.1%</b>
Q1 2024	\$ 1,623	

### How we performed

Adjusted EBITDA<sup>(1)</sup> increased in the first quarter of 2025 mainly due to an increase at Loblaw and Choice Properties.

Adjusted EBITDA margin<sup>(1)</sup> in the first quarter of 2025 was flat compared to the same period in 2024. The decrease in Loblaw retail gross profit percentage was offset by a favourable decrease in the Company's selling, general and administrative expenses as a percentage of sales.

## ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS<sup>(1)</sup>



<b>Q1 2025</b>	<b>\$ 339</b>	<b>+8.7%</b>
Q1 2024	\$ 312	

### How we performed

Adjusted net earnings available to common shareholders<sup>(1)</sup> increased in the first quarter of 2025 due to an increase in the contribution from the publicly traded operating companies<sup>(1)</sup>, partially offset by the unfavourable year-over-year impact of GWL Corporate.

Adjusted diluted net earnings per common share<sup>(1)</sup> increased in the first quarter of 2025 due to the growth in adjusted net earnings available to common shareholders<sup>(1)</sup> and lower weighted average common shares due to share repurchases.

## ADJUSTED EBITDA MARGIN<sup>(1)</sup> (%)

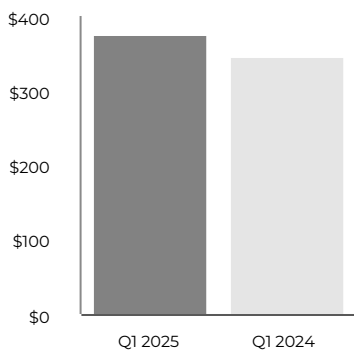
<b>11.8%</b>	<b>- bps</b>
Q1 2025	vs. Q1 2024

## ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE<sup>(1)</sup> (\$)

<b>\$ 2.58</b>	<b>+12.2%</b>
Q1 2025	vs. Q1 2024

As at or for the 12 weeks ended March 22, 2025, March 23, 2024 and December 31, 2024  
(\$ millions except where otherwise indicated)

**CONTRIBUTION TO ADJUSTED NET EARNINGS<sup>(i)</sup> FROM THE PUBLICLY TRADED OPERATING COMPANIES<sup>(i)</sup>**

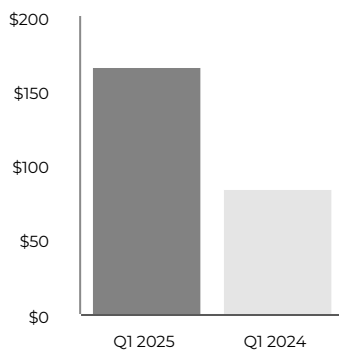


<b>Q1 2025</b>	<b>\$ 377</b>	<b>+9.3%</b>
Q1 2024	\$ 345	

**How we performed**

Contribution to adjusted net earnings available to common shareholders of the Company<sup>(i)</sup> from the publicly traded operating companies<sup>(i)</sup> increased due to the improvement in the underlying operating performance of Loblaw and Choice Properties.

**GWL CORPORATE CASH FLOW FROM OPERATING BUSINESSES<sup>(i)</sup>**

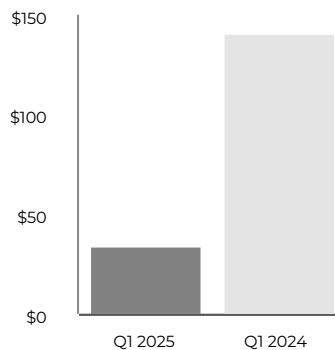


<b>Q1 2025</b>	<b>\$ 167</b>	<b>+98.8%</b>
Q1 2024	\$ 84	

**How we performed**

GWL Corporate cash flow from operating businesses<sup>(i)</sup> increased due to the timing of the dividends received from Loblaw<sup>(ii)</sup>.

**GWL CORPORATE FREE CASH FLOW<sup>(i)</sup>**



<b>Q1 2025</b>	<b>\$ 34</b>	<b>-75.9%</b>
Q1 2024	\$ 141	

**How we performed**

The decrease in GWL Corporate free cash flow<sup>(i)</sup> was primarily due to the payment of a provision<sup>(iii)</sup>, partially offset by higher GWL Corporate cash flow from operating businesses<sup>(i)</sup> and higher proceeds from GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB").

**GWL CORPORATE CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS**

<b>\$ 265</b>	<b>-49.3%</b>
<b>Q1 2025</b>	
<b>\$ 523</b>	
<b>Q4 2024</b>	

**How we performed**

The decrease in GWL Corporate cash and cash equivalents and short-term investments since 2024 year end was primarily due to the payment of a provision<sup>(iii)</sup>.

## GWL Corporate Free Cash Flow<sup>(1)</sup>

GWL Corporate free cash flow<sup>(1)</sup> is generated from the dividends received from Loblaw, distributions received from Choice Properties, and proceeds from participation in Loblaw's NCIB, less corporate expenses, interest and income taxes paid.

(\$ millions)	12 Weeks Ended	
	Mar. 22, 2025	Mar. 23, 2024
Dividends from Loblaw <sup>(ii)</sup>	<b>\$ 82</b>	\$ —
Distributions from Choice Properties	<b>85</b>	84
<b>GWL Corporate cash flow from operating businesses<sup>(i)</sup></b>	<b>\$ 167</b>	\$ 84
Proceeds from participation in Loblaw's NCIB	<b>209</b>	154
GWL Corporate, financing, and other costs <sup>(iii)(iv)</sup>	<b>(276)</b>	(21)
Income taxes paid	<b>(66)</b>	(76)
<b>GWL Corporate free cash flow<sup>(1)</sup></b>	<b>\$ 34</b>	\$ 141

(1) Refer to Section 8, "Non-GAAP and Other Financial Measures", of this MD&A.

(i) Publicly traded operating companies is the combined results from Loblaw and Choice Properties after the effect of consolidation.

(ii) Loblaw's fourth quarter of 2024 dividends were recognized in the first quarter of 2025.

(iii) Included in the first quarter of 2025, was a payment of a provision of \$247 million. Refer to note 14, "Contingent Liabilities" of the Company's first quarter 2025 interim financial statements for additional details.

(iv) GWL Corporate, financing, and other costs includes all other company level activities that are not allocated to the reportable operating segments such as net interest expense, corporate activities, administrative costs and changes in non-cash working capital. Also included are preferred share dividends.

# Management's Discussion and Analysis

## 1. Overall Financial Performance

Loblaw continued its focus on providing Canadians with quality, value, service, and convenience, across its coast-to-coast network of stores and digital platforms during the quarter. Strong customer response to everyday value offerings, personalized PC Optimum™ loyalty offers, and impactful promotions drove continued sales momentum and market share gains, underpinned by positive unit sales and larger baskets in food retail. In drug retail, pharmacy and healthcare services performed well, reflecting continued strong growth in prescription volumes and specialty drugs. Front store sales were strong across beauty categories and reflected an extended cough, cold and flu season, partially offset by the exit from certain items in the electronics category. Delivering against its capital investment plans to open approximately 80 new stores and 100 new clinics in 2025, Loblaw brought hard discount banners to five new communities and opened four new pharmacies with expanded clinics in the quarter, and opened a second T&T Supermarket in downtown Toronto.

Choice Properties delivered a solid first quarter of 2025. Occupancy remained high, and same-asset NOI growth and leasing spreads continued to be strong. Supported by a resilient tenant base and its industry leading balance sheet, Choice Properties continues to pursue growth opportunities, including the acquisition of \$340 million of investment properties subsequent to quarter end.

## 1.1 Consolidated Results of Operations

The Company operates through its two reportable operating segments: Loblaw and Choice Properties, each of which are publicly traded entities. As such, the Company's financial statements reflect and are impacted by the consolidation of Loblaw and Choice Properties. The consolidation of these entities into the Company's financial statements reflect the impact of eliminations, intersegment adjustments and other consolidation adjustments, which can positively or negatively impact the Company's consolidated results. Additionally, 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. To help our investors and stakeholders understand the Company's financial statements and the effect of consolidation, the Company reports its results in a manner that differentiates between the Loblaw segment, the Choice Properties segment, the effect of consolidation of Loblaw and Choice Properties, and lastly, GWL Corporate.

The Company's results reflect the year-over-year impact of the fair value adjustment of the Trust Unit liability as a result of the significant changes in Choice Properties' unit price, recorded in net interest expense and other financing charges. The Company's results are impacted by market price fluctuations of Choice Properties' Trust Units on the basis that the Trust Units held by Unitholders, other than the Company, are redeemable for cash at the option of the holder and are presented as a liability on the Company's consolidated balance sheet. The Company's financial results are negatively impacted when the Trust Unit price increases and positively impacted when the Trust Unit price declines.

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
<b>Revenue</b>	<b>\$ 14,285</b>	<b>\$ 13,735</b>	<b>\$ 550</b>	<b>4.0%</b>
<b>Operating income</b>	<b>\$ 1,077</b>	<b>\$ 971</b>	<b>\$ 106</b>	<b>10.9%</b>
Adjusted EBITDA <sup>(i)</sup>	<b>\$ 1,690</b>	\$ 1,623	\$ 67	4.1%
Adjusted EBITDA margin <sup>(i)</sup>	<b>11.8%</b>	11.8%		
<b>Depreciation and amortization</b>	<b>\$ 627</b>	<b>\$ 613</b>	<b>\$ 14</b>	<b>2.3%</b>
<b>Net interest expense and other financing charges</b>	<b>\$ 444</b>	<b>\$ 215</b>	<b>\$ 229</b>	<b>106.5%</b>
Adjusted net interest expense and other financing charges <sup>(i)</sup>	<b>\$ 281</b>	\$ 274	\$ 7	2.6%
<b>Income taxes</b>	<b>\$ 283</b>	<b>\$ 264</b>	<b>\$ 19</b>	<b>7.2%</b>
Adjusted income taxes <sup>(i)</sup>	<b>\$ 260</b>	\$ 245	\$ 15	6.1%
<b>Effective tax rate</b>	<b>44.7%</b>	34.9%		
Adjusted effective tax rate <sup>(i)</sup>	<b>29.0%</b>	28.8%		
<b>Net earnings attributable to shareholders of the Company</b>	<b>\$ 93</b>	<b>\$ 246</b>	<b>\$ (153)</b>	<b>(62.2)%</b>
Loblaw <sup>(i)</sup>	<b>\$ 265</b>	\$ 243	\$ 22	9.1%
Choice Properties	<b>(96)</b>	142	(238)	(167.6)%
Effect of consolidation	<b>3</b>	(64)	67	104.7%
Publicly traded operating companies	<b>\$ 172</b>	\$ 321	\$ (149)	(46.4)%
GWL Corporate	<b>(89)</b>	(85)	(4)	(4.7)%
<b>Net earnings available to common shareholders of the Company</b>	<b>\$ 83</b>	<b>\$ 236</b>	<b>\$ (153)</b>	<b>(64.8)%</b>
<b>Diluted net earnings per common share (\$)</b>	<b>\$ 0.62</b>	<b>\$ 1.73</b>	<b>\$ (1.11)</b>	<b>(64.2)%</b>
Loblaw <sup>(i)</sup>	<b>\$ 300</b>	\$ 284	\$ 16	5.6%
Choice Properties	<b>109</b>	109	—	—%
Effect of consolidation <sup>(i)</sup>	<b>(32)</b>	(48)	16	33.3%
Publicly traded operating companies	<b>\$ 377</b>	\$ 345	\$ 32	9.3%
GWL Corporate	<b>(38)</b>	(33)	(5)	(15.2)%
Adjusted net earnings available to common shareholders of the Company <sup>(i)</sup>	<b>\$ 339</b>	\$ 312	\$ 27	8.7%
Adjusted diluted net earnings per common share <sup>(i)</sup> (\$)	<b>\$ 2.58</b>	\$ 2.30	\$ 0.28	12.2%

(i) Contribution from Loblaw, net of non-controlling interests.

# Management's Discussion and Analysis

## NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY

Net earnings available to common shareholders of the Company in the first quarter of 2025 were \$83 million (\$0.62 per common share), compared to \$236 million (\$1.73 per common share) in the same period in 2024, a decrease of \$153 million (\$1.11 per common share). The decrease was due to the unfavourable year-over-year net impact of adjusting items totaling \$180 million (\$1.39 per common share) described below, partially offset by an improvement of \$27 million (\$0.28 per common share) in the consolidated underlying operating performance of the Company.

The unfavourable year-over-year net impact of adjusting items totaling \$180 million (\$1.39 per common share) was primarily due to:

- the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of \$222 million (\$1.69 per common share) as a result of the increase in Choice Properties' unit price in the first quarter of 2025; partially offset by,
- the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied Properties Real Estate Investment Trust ("Allied") of \$20 million (\$0.15 per common share) as a result of the change in Allied's unit price; and
- the favourable year-over-year impact of the fair value adjustment on investment properties of \$15 million (\$0.11 per common share) driven by Choice Properties, net of the effect of consolidation.

Adjusted net earnings available to common shareholders of the Company<sup>(1)</sup> in the first quarter of 2025 were \$339 million, an increase of \$27 million, or 8.7%, compared to the same period in 2024. The increase was driven by the favourable year-over-year impact of \$32 million from the contribution of the publicly traded operating companies, partially offset by the unfavourable year-over-year impact of \$5 million at GWL Corporate due to an increase in income tax expense as a result of GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB") program and an increase in adjusted net interest expense and other financing charges<sup>(1)</sup>.

Adjusted diluted net earnings per common share<sup>(1)</sup> were \$2.58 in the first quarter of 2025, an increase of \$0.28 per common share, or 12.2%, compared to the same period in 2024. The increase was due to the performance in adjusted net earnings available to common shareholders<sup>(1)</sup> as described above and the favourable impact of shares purchased for cancellation over the last 12 months (\$0.08 per common share) pursuant to the Company's NCIB program.

## REVENUE

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
Loblaw	\$ 14,135	\$ 13,581	\$ 554	4.1%
Choice Properties	347	349	(2)	(0.6)%
Effect of consolidation <sup>(1)</sup>	(197)	(195)	(2)	(1.0)%
Publicly traded operating companies	\$ 14,285	\$ 13,735	\$ 550	4.0%
GWL Corporate	—	—	—	—
Consolidated	\$ 14,285	\$ 13,735	\$ 550	4.0%

Revenue in the first quarter of 2025 was \$14,285 million, an increase of \$550 million, or 4.0%, compared to the same period in 2024. The increase in revenue was impacted by each of the Company's reportable operating segments as follows:

- Positively by 4.0% due to revenue growth of 4.1% at Loblaw, primarily driven by an increase in retail sales of \$547 million, or 4.1%, and an increase in financial services revenue of \$12 million, or 3.3%. The increase in retail sales was due to positive same-store sales growth.
- Negatively by a nominal amount due to a decline in revenue of 0.6% at Choice Properties. The decrease of \$2 million included revenue from the sale of residential inventory of \$11 million in the first quarter of 2024. Excluding the impact of the sale of residential inventory, revenue increased by \$9 million, or 2.7%, primarily driven by higher rental rates.

## OPERATING INCOME

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
Loblaw	\$ 904	\$ 859	\$ 45	5.2%
Choice Properties	276	207	69	33.3%
Effect of consolidation <sup>(1)</sup>	(95)	(86)	(9)	(10.5)%
Publicly traded operating companies	\$ 1,085	\$ 980	\$ 105	10.7%
GWL Corporate	(8)	(9)	1	11.1%
Consolidated	\$ 1,077	\$ 971	\$ 106	10.9%

Operating income in the first quarter of 2025 was \$1,077 million compared to \$971 million in the same period in 2024, an increase of \$106 million, or 10.9%. The increase was attributable to an improvement in the underlying operating performance of the Company of \$55 million driven by Loblaw and Choice Properties, and the favourable year-over-year net impact of adjusting items totaling \$51 million described below.

The favourable year-over-year net impact of adjusting items totaling \$51 million was primarily driven by:

- the favourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of \$21 million;
- the favourable year-over-year impact of the fair value adjustment on investment properties of \$19 million driven by Choice Properties, net of the effect of consolidation; and
- the favourable impact of the gain on sale of a non-operating property at Loblaw of \$14 million.

## ADJUSTED EBITDA<sup>(1)</sup>

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
Loblaw	\$ 1,589	\$ 1,542	\$ 47	3.0%
Choice Properties	246	241	5	2.1%
Effect of consolidation <sup>(1)</sup>	(138)	(152)	14	9.2%
Publicly traded operating companies	\$ 1,697	\$ 1,631	\$ 66	4.0%
GWL Corporate	(7)	(8)	1	12.5%
Consolidated	\$ 1,690	\$ 1,623	\$ 67	4.1%

Adjusted EBITDA<sup>(1)</sup> in the first quarter of 2025 was \$1,690 million compared to \$1,623 million in the same period in 2024, an increase of \$67 million, or 4.1%. The increase was impacted by each of the Company's segments as follows:

- positively by 2.9% due to growth of 3.0% in adjusted EBITDA<sup>(1)</sup> at Loblaw, driven by an increase in retail, partially offset by a decline in financial services. The increase in Loblaw retail adjusted EBITDA<sup>(1)</sup> of 4.1% was driven by an increase in retail gross profit, partially offset by an increase in retail selling, general and administrative expenses ("SG&A");
- positively by 0.3% due to an increase of 2.1% in adjusted EBITDA<sup>(1)</sup> at Choice Properties, primarily driven by the increase in rental income and higher fee income, partially offset by lower lease surrender revenue and income from the sale of residential inventory in the prior year; and
- positively by a nominal amount due to an increase of 12.5% at GWL Corporate.

# Management's Discussion and Analysis

## DEPRECIATION AND AMORTIZATION

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
Loblaw	\$ 705	\$ 690	\$ 15	2.2%
Choice Properties	1	1	—	—%
Effect of consolidation	(80)	(79)	(1)	(1.3)%
Publicly traded operating companies	\$ 626	\$ 612	\$ 14	2.3%
GWL Corporate	1	1	—	—%
Consolidated	\$ 627	\$ 613	\$ 14	2.3%

Depreciation and amortization in the first quarter of 2025 was \$627 million, an increase of \$14 million compared to the same period in 2024. The increase was primarily driven by higher depreciation and amortization at Loblaw. Included in depreciation and amortization was \$116 million (2024 – \$114 million) of amortization of intangible assets related to the acquisitions of Shoppers Drug Mart Corporation (“Shoppers Drug Mart”) and Lifemark Health Group (“Lifemark”), recorded by Loblaw.

## NET INTEREST EXPENSE AND OTHER FINANCING CHARGES

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
Net interest expense and other financing charges	\$ 444	\$ 215	\$ 229	106.5%
(Deduct) add impact of the following:				
Fair value adjustment of the Trust Unit liability	(163)	59	(222)	(376.3)%
Adjusted net interest expense and other financing charges <sup>(1)</sup>	\$ 281	\$ 274	\$ 7	2.6%

Net interest expense and other financing charges in the first quarter of 2025 were \$444 million, an increase of \$229 million compared to the same period in 2024. The increase was primarily due to the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of \$222 million, as a result of the increase in Choice Properties' unit price in the first quarter of 2025.

In the first quarter of 2025, adjusted net interest expense and other financing charges<sup>(1)</sup> increased by \$7 million, primarily driven by:

- an increase in interest expense from lease liabilities at Loblaw, net of the effect of consolidation;
- an increase in interest expense on long-term debt at Loblaw and Choice Properties; and
- a decrease in interest income at GWL Corporate;

partially offset by,

- the capitalization of interest expense related to Loblaw's automated distribution facility.

## INCOME TAXES

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
Income taxes	\$ 283	\$ 264	\$ 19	7.2%
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes <sup>(i)</sup>	28	33	(5)	(15.2)%
Outside basis difference in certain Loblaw shares	(51)	(52)	1	1.9%
Adjusted income taxes <sup>(i)</sup>	\$ 260	\$ 245	\$ 15	6.1%
Effective tax rate applicable to earnings before taxes	44.7%	34.9%		
Adjusted effective tax rate applicable to adjusted earnings before taxes <sup>(i)</sup>	29.0%	28.8%		

(i) See the adjusted EBITDA table and the adjusted net interest expense and other financing charges table included in Section 8, "Non-GAAP and Other Financial Measures", of this MD&A for a complete list of items excluded from adjusted earnings before taxes.

The effective tax rate in the first quarter of 2025 was 44.7%, compared to 34.9% in the same period in 2024. The increase was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability.

The adjusted effective tax rate<sup>(i)</sup> in the first quarter of 2025 was 29.0%, compared to 28.8% in the same period in 2024. The increase was primarily attributable to an increase in tax expense related to temporary differences in respect of GWL's investment in certain Loblaw shares as a result of GWL's participation in Loblaw's NCIB.

## 1.2 Consolidated Other Business Matters

**GWL CORPORATE FINANCING ACTIVITIES** The Company completed the following select financing activities during the periods indicated below. The cash impacts of these activities are set out below:

(\$ millions)	12 Weeks Ended	
	Mar. 22, 2025	Mar. 23, 2024
NCIB – purchased and cancelled <sup>(i)</sup>	\$ (174)	\$ (145)
Participation in Loblaw's NCIB <sup>(ii)</sup>	209	154
Net cash flow from above activities	\$ 35	\$ 9

(i) Included in the first quarter of 2025, was a net cash timing adjustment of \$7 million (2024 – \$13 million) of common shares repurchased under the NCIB for cancellation.

(ii) In the first quarter of 2025, \$2 million (2024 – \$28 million) of cash consideration related to the sale of Loblaw shares was received in the second quarter of 2025 (2024).

**NCIB - Purchased and Cancelled Shares** In the first quarter of 2025, the Company purchased and cancelled 0.8 million common shares (2024 – 0.9 million common shares) for aggregate consideration of \$181 million (2024 – \$158 million) under its NCIB. As at March 22, 2025, the Company had 129.3 million common shares issued and outstanding, net of shares held in trusts (March 23, 2024 – 133.8 million common shares).

In the first quarter of 2025, the Company entered into an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market.

Refer to note 11, "Share Capital" of the Company's first quarter 2025 interim financial statements for more information.

**Participation in Loblaw's NCIB** The Company participates in Loblaw's NCIB in order to maintain its proportionate percentage ownership interest. In the first quarter of 2025, Loblaw repurchased 1.1 million common shares (2024 – 1.2 million common shares) from the Company for aggregate consideration of \$211 million (2024 – \$182 million).

**SUBSEQUENT EVENT** GWL has a \$350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of December 14, 2026. Subsequent to the first quarter of 2025, the maturity date of the credit facility was extended from December 14, 2026 to March 27, 2028 with all other terms and conditions remaining substantially the same.

# Management's Discussion and Analysis

## 2. Results of Reportable Operating Segments

The following discussion provides details of the first quarter of 2025 results of operations of each of the Company's reportable operating segments.

### 2.1 Loblaw Operating Results

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
Revenue	\$ 14,135	\$ 13,581	\$ 554	4.1%
Operating income	\$ 904	\$ 859	\$ 45	5.2%
Adjusted EBITDA <sup>(1)</sup>	\$ 1,589	\$ 1,542	\$ 47	3.0%
Adjusted EBITDA margin <sup>(1)</sup>	11.2%	11.4%		
Depreciation and amortization	\$ 705	\$ 690	\$ 15	2.2%

**REVENUE** Loblaw revenue in the first quarter of 2025 was \$14,135 million, an increase of \$554 million, or 4.1%, compared to the same period in 2024, driven by an increase in retail sales and in financial services revenue.

Retail sales were \$13,837 million, an increase of \$547 million, or 4.1%, compared to the same period in 2024. The increase was primarily driven by the following factors:

- food retail sales were \$9,787 million (2024 – \$9,409 million) and food retail same-store sales growth was 2.2% (2024 – 3.4%);
  - the Consumer Price Index as measured by The Consumer Price Index for Food Purchased from Stores was 2.6% (2024 – 2.6%), which was in line with Loblaw's internal food inflation; and
  - food retail traffic was flat and basket size increased.
- drug retail sales were \$4,050 million (2024 – \$3,881 million) and drug retail same-store sales growth was 3.8% (2024 – 4.0%);
  - pharmacy and healthcare services same-store sales growth was 6.4% (2024 – 7.3%), led by specialty prescriptions. The number of prescriptions increased by 2.1% (2024 – 4.2%). On a same-store basis, the number of prescriptions increased by 2.3% (2024 – 4.0%) and the average prescription value increased by 4.4% (2024 – 2.0%); and
  - front store same-store sales growth was 0.9% (2024 – 0.7%). Front store same-store growth was primarily driven by higher sales of beauty and over-the-counter (“OTC”) products, partially offset by the decision to exit certain low margin electronics categories.

In the first quarter of 2025, 10 food and drug stores were opened and 4 food and drug stores were closed. Retail square footage was 72.3 million square feet, a net increase of 1.0 million square feet, or 1.4% compared to the same period in 2024.

Financial services revenue was \$373 million, an increase of \$12 million, or 3.3%, compared to the same period in 2024, primarily driven by higher sales attributable to The Mobile Shop™ and higher interchange income.

**OPERATING INCOME** Loblaw operating income in the first quarter of 2025 was \$904 million, an increase of \$45 million, or 5.2%, compared to the same period in 2024. The increase was driven by an improvement in underlying operating performance of \$34 million and a favourable year-over-year net impact of adjusting items totaling \$11 million, as described below:

- the improvement in underlying operating performance of \$34 million was primarily due to:
  - an improvement in retail due to an increase in retail gross profit, partially offset by an increase in retail SG&A and depreciation and amortization; partially offset by,
  - a decrease in financial services, primarily driven by the lapping of prior year marketing support funding in connection with the launch of PC Insiders World Elite Mastercard®.
- the favourable year-over-year net impact of adjusting items totaling \$11 million was primarily due to:
  - the favourable impact of the gain on sale of a non-operating property of \$14 million; and
  - the favourable impact of the gain related to the sale of Wellwise by Shoppers™ (“Wellwise”) of \$5 million; partially offset by,
  - the unfavourable year-over-year change in fair value adjustments on fuel and foreign currency contracts of \$6 million.

**ADJUSTED EBITDA<sup>(1)</sup>** Loblaw adjusted EBITDA<sup>(1)</sup> in the first quarter of 2025 was \$1,589 million, an increase of \$47 million, or 3.0%, compared to the same period in 2024, driven by an increase in retail of \$59 million, partially offset by a decrease in financial services of \$12 million.

Retail adjusted EBITDA<sup>(1)</sup> increased by \$59 million, or 4.1%, compared to the same period in 2024, driven by an increase in retail gross profit of \$156 million, partially offset by an increase in retail SG&A of \$97 million.

- Retail gross profit percentage of 31.5% decreased by 10 basis points compared to the same period in 2024, primarily driven by changes in sales mix.
- Retail SG&A as a percentage of sales was 20.6%, a favourable decrease of 10 basis points compared to the same period in 2024, primarily driven by operating leverage from higher sales, partially offset by incremental costs related to opening new stores and the automated distribution facility.

Financial services adjusted EBITDA<sup>(1)</sup> decreased by \$12 million, or 13.0%, compared to the same period in 2024, primarily driven by lapping of prior year marketing support funding in connection with the launch of PC Insiders World Elite Mastercard<sup>®</sup>, and higher loyalty program costs. The decrease was partially offset by higher revenue described above, lower contractual charge-offs and the year-over-year favourable impact of the expected credit loss provision.

**DEPRECIATION AND AMORTIZATION** Loblaw depreciation and amortization in the first quarter of 2025 was \$705 million, an increase of \$15 million compared to the same period in 2024, primarily driven by an increase in depreciation of fixed assets related to conversions of retail locations and opening new stores, and an increase in depreciation of leased assets, partially offset by the impact of prior year accelerated depreciation as a result of network optimization. Depreciation and amortization in the first quarter of 2025 included \$116 million (2024 – \$114 million) of amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark.

**CONSOLIDATION OF FRANCHISES** Loblaw has more than 500 franchise food retail stores in its network. Non-controlling interests at Loblaw represents the share of earnings that relates to Loblaw's food retail franchisees and is impacted by the timing of when profit sharing with franchisees is agreed and finalized under the terms of the agreements. Loblaw's net earnings attributable to non-controlling interests were \$19 million in the first quarter of 2025. When compared to the same period in 2024, this represented a decrease of \$8 million or 29.6%. The decrease in non-controlling interests at Loblaw was primarily driven by a decrease in franchisee earnings after profit sharing.

# Management's Discussion and Analysis

## 2.2 Choice Properties Operating Results

(\$ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended			
	Mar. 22, 2025	Mar. 23, 2024	\$ Change	% Change
Revenue	\$ 347	\$ 349	\$ (2)	(0.6)%
Net interest expense and other financing charges	\$ 372	\$ 65	\$ 307	472.3%
Net (loss) income	\$ (96)	\$ 142	\$ (238)	(167.6)%
Funds from Operations <sup>(1)</sup>	\$ 191	\$ 187	\$ 4	2.1%

**REVENUE** Choice Properties revenue in the first quarter of 2025 was \$347 million, a decrease of \$2 million, or 0.6%, compared to the same period in 2024 and included revenue of \$199 million (2024 – \$197 million) generated from tenants within Loblaw. In the first quarter of 2024, revenue included \$11 million from the sale of residential inventory. Excluding the impact of the sale of residential inventory, revenue in the first quarter of 2025 increased by \$9 million, or 2.7%, compared to the same period in 2024, primarily driven by:

- higher rental rates primarily in the retail and industrial portfolios; and
  - acquisitions, net of dispositions, and completed developments;
- partially offset by,
- lower lease surrender revenue.

**NET INTEREST EXPENSE AND OTHER FINANCING CHARGES** Choice Properties net interest expense and other financing charges in the first quarter of 2025 were \$372 million, an increase of \$307 million compared to the same period in 2024. The increase was primarily driven by the unfavourable year-over-year change in the fair value adjustment on the Class B LP units ("Exchangeable Units") of \$304 million, as a result of the increase in the unit price in the quarter.

**NET (LOSS) INCOME** Choice Properties recorded a net loss of \$96 million in the first quarter of 2025, compared to net income of \$142 million in the same period in 2024. The unfavourable change of \$238 million was primarily driven by:

- higher net interest expense and other financing charges as described above;
- partially offset by,
- the favourable year-over-year change of the fair value adjustment of investment properties, including financial real estate assets and those held within equity accounted joint ventures, of \$43 million; and
  - the favourable year-over-year change of the fair value adjustment on investment in real estate securities of \$21 million due to the change in Allied's unit price.

**FUNDS FROM OPERATIONS<sup>(1)</sup>** Funds from Operations<sup>(1)</sup> in the first quarter of 2025 were \$191 million, an increase of \$4 million, or 2.1%, compared to the same period in 2024, primarily due to an increase in rental income and higher fee income. The increase was partially offset by higher net interest expense, lower lease surrender revenue, and income from the sale of residential inventory in the prior year.

### CHOICE PROPERTIES OTHER BUSINESS MATTERS

#### Related Party Transactions

In the first quarter of 2025, cash consideration for the disposition of a retail property held within assets held for sale of \$7 million, as well as a retail property held within an equity accounted joint venture of \$18 million, both located in Aurora, Ontario, included fees paid by Wittington Investments, Limited of \$1 million and \$1 million, respectively.

In the first quarter of 2025, a mortgage receivable and interest accrued thereon totalling \$114 million, previously issued to an entity in which Choice Properties has an ownership interest, was repaid.

#### Subsequent Event

Subsequent to the end of the first quarter of 2025, Choice Properties acquired eight industrial outdoor storage sites located across Canada from a third party for a purchase price of \$158 million excluding related costs.

### 3. Liquidity and Capital Resources

#### 3.1 Cash Flows

(\$ millions) For the periods ended as indicated	12 Weeks Ended		
	Mar. 22, 2025	Mar. 23, 2024	\$ Change
Cash and cash equivalents, beginning of period	\$ 2,048	\$ 2,451	\$ (403)
Cash flows from (used in):			
Operating activities	\$ 692	\$ 854	\$ (162)
Investing activities	(434)	(225)	(209)
Financing activities	(1,001)	(1,143)	142
Effect of foreign currency exchange rate changes on cash and cash equivalents	(1)	4	(5)
Decrease in cash and cash equivalents	\$ (744)	\$ (510)	\$ (234)
Cash and cash equivalents, end of period	\$ 1,304	\$ 1,941	\$ (637)

**CASH FLOWS FROM OPERATING ACTIVITIES** Cash flows from operating activities were \$692 million in the first quarter of 2025, a decrease of \$162 million compared to the same period in 2024. The decrease in cash flows from operating activities for the first quarter of 2025 was primarily driven by payments related to provisions (see note 14, "Contingent Liabilities", of the Company's first quarter 2025 interim financial statements) and an unfavourable year-over-year change in non-cash working capital, partially offset by higher payments received from cardholders, lower income taxes paid and higher cash earnings.

**CASH FLOWS USED IN INVESTING ACTIVITIES** Cash flows used in investing activities were \$434 million in the first quarter of 2025, an increase of \$209 million compared to the same period in 2024. The increase in cash flows used in investing activities was primarily driven by higher purchases of short-term investments, partially offset by a decrease in capital investments, higher repayments of mortgages, loans and notes receivables and higher proceeds from disposal of assets.

The following table summarizes the Company's capital investments by each of its reportable operating segments:

(\$ millions) For the periods ended as indicated	12 Weeks Ended		
	Mar. 22, 2025	Mar. 23, 2024	\$ Change
Loblaw	\$ 246	\$ 387	\$ (141)
Choice Properties	65	80	(15)
Effect of consolidation	(33)	(38)	5
Publicly traded operating companies	\$ 278	\$ 429	\$ (151)
GWL Corporate	—	—	—
Total capital investments <sup>(i)</sup>	\$ 278	\$ 429	\$ (151)

(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.

**CASH FLOWS USED IN FINANCING ACTIVITIES** Cash flows used in financing activities were \$1,001 million in the first quarter of 2025, a decrease of \$142 million compared to the same period in 2024. The decrease in cash flows used in financing activities was primarily driven by higher net issuances of long-term debt, an increase in demand deposits from customers and lower repayments of short-term debt, partially offset by the redemption of all issued and outstanding Loblaw Preferred Shares, Series B and the timing of the fourth quarter 2024 Loblaw dividend payment.

# Management's Discussion and Analysis

## FREE CASH FLOW<sup>(i)</sup>

(\$ millions) For the periods ended as indicated	12 Weeks Ended		
	Mar. 22, 2025	Mar. 23, 2024	\$ Change
Cash flows from operating activities	\$ 692	\$ 854	\$ (162)
Less: Capital investments <sup>(i)</sup>	278	429	(151)
Interest paid	256	245	11
Lease payments, net	236	220	16
Free cash flow <sup>(i)</sup>	\$ (78)	\$ (40)	\$ (38)

(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.

Free cash flow<sup>(i)</sup> used in the first quarter of 2025 was \$78 million, compared to free cash flow<sup>(i)</sup> used of \$40 million in the first quarter of 2024. The increase in free cash flow<sup>(i)</sup> used was primarily driven by payments related to provisions (see note 14, "Contingent Liabilities", of the Company's first quarter 2025 interim financial statements) and an unfavourable year-over-year change in non-cash working capital, partially offset by a decrease in capital investments, higher payments received from cardholders, lower income taxes paid and higher cash earnings.

## 3.2 Liquidity

The Company (excluding Loblaw and Choice Properties) expects that cash and cash equivalents, short-term investments, future operating cash flows and the amounts available to be drawn against its committed credit facility will enable it to finance its capital investment program and fund its ongoing business requirements, including working capital, pension plan funding requirements and financial obligations, over the next 12 months. The Company (excluding Loblaw and Choice Properties) does not foresee any impediments in obtaining financing to satisfy its long-term obligations.

Loblaw expects that cash and cash equivalents, short-term investments, future operating cash flows and the amounts available to be drawn against committed credit facilities will enable it to finance its capital investment program and fund its ongoing business requirements over the next 12 months, including working capital, pension plan funding requirements and financial obligations. President's Choice Bank ("PC Bank") expects to obtain long-term financing for its credit card portfolio through the issuance of Eagle Credit Card Trust ("Eagle") notes and guaranteed investment certificates.

Choice Properties expects to fund its ongoing operations and finance future growth primarily through the use of: existing cash, cash flows from operations, short-term financing through the committed credit facility, the issuance of unsecured debentures and equity (including Exchangeable Units) (subject to market conditions), and secured mortgages. Given reasonable access to capital markets, Choice Properties does not foresee any impediments in obtaining financing to satisfy its short-term and long-term financial obligations, including its capital investment commitments.

For details on the Company's cash flows, see Section 3.1, "Cash Flows", of this MD&A.

**TOTAL DEBT** The following table presents total debt:

(\$ millions)	Mar. 22, 2025					As at									
						Mar. 23, 2024					Dec. 31, 2024				
	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Total	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Total	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Total
Bank indebtedness	\$ 22	\$ —	\$ —	\$ —	\$ 22	\$ 1	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —
Demand deposits from customers	513	—	—	—	513	170	—	—	—	170	353	—	—	—	353
Short-term debt	500	—	—	—	500	450	—	—	—	450	800	—	—	—	800
Long-term debt due within one year	624	343	—	—	967	1,188	1,042	—	200	2,430	631	682	—	—	1,313
Long-term debt	8,054	6,284	—	498	14,836	7,059	5,446	—	249	12,754	7,570	6,003	—	498	14,071
Certain other liabilities <sup>(i)</sup>	299	—	510	—	809	285	—	519	—	804	294	—	512	—	806
Total debt excluding lease liabilities	\$ 10,012	\$ 6,627	\$ 510	\$ 498	\$ 17,647	\$ 9,153	\$ 6,488	\$ 519	\$ 449	\$ 16,609	\$ 9,648	\$ 6,685	\$ 512	\$ 498	\$ 17,343
Lease liabilities due within one year	1,529	—	(556)	—	973	1,459	—	(581)	—	878	1,648	—	(603)	—	1,045
Lease liabilities	8,645	1	(3,553)	2	5,095	7,970	1	(3,414)	2	4,559	8,535	1	(3,561)	2	4,977
Total debt including lease liabilities	\$ 20,186	\$ 6,628	\$ (3,599)	\$ 500	\$ 23,715	\$ 18,582	\$ 6,489	\$ (3,476)	\$ 451	\$ 22,046	\$ 19,831	\$ 6,686	\$ (3,652)	\$ 500	\$ 23,365

- (i) As at March 22, 2025, certain other liabilities include financial liabilities of \$702 million related to the sale and leaseback of retail and industrial properties (March 23, 2024 – \$709 million; December 31, 2024 – \$704 million).

Management targets credit metrics consistent with those of an investment grade profile. GWL Corporate holds cash and cash equivalents and short-term investments, and as a result monitors its leverage on a net debt basis. GWL Corporate has total debt including lease liabilities of \$500 million (March 23, 2024 – \$451 million; December 31, 2024 – \$500 million) and cash and cash equivalents and short-term investments of \$265 million (March 23, 2024 – \$643 million; December 31, 2024 – \$523 million), resulting in a net debt (cash) position of \$235 million (March 23, 2024 – \$(192) million; December 31, 2024 – \$(23) million).

# Management's Discussion and Analysis

Loblaw's management is focused on managing its capital structure on a segmented basis to ensure that each of its operating segments is employing a capital structure that is appropriate for the industry in which it operates.

- Loblaw targets maintaining retail segment credit metrics consistent with those of investment grade retailers. Loblaw monitors the retail segment's debt to rolling year retail adjusted EBITDA<sup>(1)</sup> ratio as a measure of the leverage being employed. Loblaw retail segment debt to rolling year retail adjusted EBITDA<sup>(1)</sup> ratio as at March 22, 2025 increased compared to March 23, 2024, primarily driven by an increase in retail debt partially offset by an improvement in adjusted EBITDA<sup>(1)</sup>. Loblaw retail segment debt to rolling year retail adjusted EBITDA<sup>(1)</sup> ratio as at March 22, 2025 remained flat compared to December 31, 2024.
- PC Bank's capital management objectives are to maintain a consistently strong capital position while considering the economic risks generated by its credit card receivables portfolio and to meet all regulatory requirements as defined by the Office of the Superintendent of Financial Institutions.

During the first quarter of 2025, Eagle filed a Short Form Base Shelf Prospectus, which allows for the issuance of up to \$1.5 billion of notes over a 25-month period.

Subsequent to the first quarter of 2025, Eagle issued \$300 million of senior subordinated term notes with a maturity date of June 17, 2030 (the "Eagle 2025-1 Series notes"). These notes have a weighted average interest rate of 4.02%. In connection with the issuance, \$150 million of bond forward agreements were settled. This resulted in a fair value loss of \$1 million before income taxes, which will be reclassified to net earnings over the life of the Eagle 2025-1 Series notes. Consequently, the net effective interest rate on Eagle 2025-1 Series notes issued is 4.07%.

Subsequent to the first quarter of 2025, the total capacity of the independent funding trusts increased from \$700 million to \$1 billion and the maturity date of the trusts were extended from May 29, 2027 to March 27, 2028 with all other terms and conditions remaining substantially the same.

Loblaw has a committed credit facility with a maturity date of July 15, 2027, provided by a syndicate of lenders. Subsequent to the first quarter of 2025, the maturity date of the credit facility was extended from July 15, 2027 to March 27, 2030 with all other terms and conditions remaining substantially the same.

Choice Properties targets maintaining credit metrics consistent with those of investment grade Real Estate Investment Trusts ("REIT"). Choice Properties monitors metrics relevant to the REIT industry including targeting an appropriate debt to total assets ratio.

**COVENANTS AND REGULATORY REQUIREMENTS** 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 quarter of 2025, the Company, Loblaw and Choice Properties were in compliance with their respective covenants. As at the end of and throughout the first quarter of 2025, PC Bank met all applicable regulatory requirements.

### 3.3 Components of Total Debt

For details on the Company's components of total debt, refer to note 10, "Long-Term Debt", of the Company's first quarter 2025 interim financial statements.

### 3.4 Financial Condition

	Mar. 22, 2025	As at	
		Mar. 23, 2024	Dec. 31, 2024
Rolling year adjusted return on average equity attributable to common shareholders of the Company <sup>(1)</sup>	<b>30.4%</b>	25.4%	28.3%
Rolling year adjusted return on capital <sup>(1)</sup>	<b>14.5%</b>	14.0%	14.5%

The rolling year adjusted return on average equity attributable to common shareholders of the Company<sup>(1)</sup> increased as at the end of the first quarter of 2025 compared to the end of the first quarter of 2024 and year end 2024, primarily due to a decrease in average equity attributable to common shareholders of the Company<sup>(1)</sup> and an improvement in the Company's consolidated underlying performance.

As at the end of the first quarter of 2025, the rolling year adjusted return on capital<sup>(1)</sup> increased compared to the end of the first quarter of 2024 and was flat compared to year end 2024, primarily due to an improvement in the Company's consolidated underlying performance, which was partially offset and fully offset, respectively, by an increase in average capital<sup>(1)</sup>.

### 3.5 Credit Ratings

During 2024, Morningstar DBRS ("DBRS") confirmed the following ratings and trends, and S&P Global Ratings ("S&P") confirmed the following ratings and outlooks.

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

Credit Ratings (Canadian Standards)	DBRS		S&P	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB	Stable	BBB+	Stable
Medium term notes	BBB	Stable	BBB	n/a
Preferred shares	Pfd-3	Stable	P-2 (low)	n/a

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

Credit Ratings (Canadian Standards)	DBRS		S&P	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB (high)	Stable	BBB+	Stable
Medium term notes	BBB (high)	Stable	BBB+	n/a

The following table sets out the current credit ratings of Choice Properties:

Credit Ratings (Canadian Standards)	DBRS		S&P	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	BBB (high)	Stable	BBB+	Stable
Senior unsecured debentures	BBB (high)	Stable	BBB+	n/a

# Management's Discussion and Analysis

## 3.6 Dividends and Share Repurchases

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

(\$)	12 Weeks Ended	
	Mar. 22, 2025	Mar. 23, 2024
Dividends declared per share <sup>(i)</sup> :		
Common share	\$ 0.820	\$ 0.713
Preferred share:		
Series I	\$ 0.3625	\$ 0.3625
Series III	\$ 0.3250	\$ 0.3250
Series IV	\$ 0.3250	\$ 0.3250
Series V	\$ 0.296875	\$ 0.296875

(i) Dividends declared in the first quarter of 2025 on common shares and Preferred Shares, Series III, Series IV and Series V were payable on April 1, 2025. Dividends declared in the first quarter of 2025 on Preferred Shares, Series I were payable on March 15, 2025.

The following table summarizes the Company's cash dividends declared subsequent to the end of the first quarter of 2025:

(\$)		
Dividends declared per share <sup>(i)</sup> – Common share		\$ 0.8938
– Preferred share:		
Series I		\$ 0.3625
Series III		\$ 0.3250
Series IV		\$ 0.3250
Series V		\$ 0.296875

(i) Dividends declared in the second quarter of 2025 on common shares and Preferred Shares, Series III, Series IV and Series V are payable on July 1, 2025. Dividends declared in the second quarter of 2025 on Preferred Shares, Series I are payable on June 15, 2025.

**SHARE REPURCHASES** In the first quarter of 2025, the Company purchased and cancelled 0.8 million common shares (2024 – 0.9 million common shares) for aggregate consideration of \$181 million (2024 – \$158 million) under its NCIB. As at March 22, 2025, the Company had 129.3 million shares issued and outstanding, net of shares held in trusts (March 23, 2024 – 133.8 million shares).

For details on the Company's share capital, refer to note 11, "Share Capital", of the Company's first quarter 2025 interim financial statements.

## 3.7 Off-Balance Sheet Arrangements

The Company uses off-balance sheet arrangements including letters of credit, guarantees and cash collateralization in connection with certain obligations. There were no significant changes to these off-balance sheet arrangements during the first quarter of 2025. For a discussion of the Company's significant off-balance sheet arrangements, see Section 3.7, "Off-Balance Sheet Arrangements", of the Company's 2024 Annual Report.

#### 4. Quarterly Results of Operations

The Company's year end is December 31. Activities are reported on a fiscal year ending on the Saturday closest to December 31. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every five to six years. Each of the years ended December 31, 2024 and December 31, 2023 contained 52 weeks. The 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration. When a fiscal year such as 2025 contains 53 weeks, the fourth quarter is 13 weeks in duration.

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

##### SELECTED QUARTERLY INFORMATION

(\$ millions except where otherwise indicated)	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2024 (16 weeks)	2023 (16 weeks)	2024 (12 weeks)	2023 (12 weeks)
Revenue	\$ 14,285	\$ 13,735	\$ 15,097	\$ 14,700	\$ 18,685	\$ 18,407	\$ 14,091	\$ 13,884
Operating income	\$ 1,077	\$ 971	\$ 992	\$ 1,076	\$ 1,618	\$ 1,231	\$ 795	\$ 1,099
Adjusted EBITDA <sup>(i)</sup>	\$ 1,690	\$ 1,623	\$ 1,814	\$ 1,694	\$ 2,158	\$ 2,019	\$ 1,806	\$ 1,733
Depreciation and amortization	\$ 627	\$ 613	\$ 613	\$ 602	\$ 787	\$ 763	\$ 598	\$ 585
Net earnings	\$ 350	\$ 492	\$ 897	\$ 247	\$ 440	\$ 944	\$ 667	\$ 782
Net earnings (loss) attributable to shareholders of the Company	\$ 93	\$ 246	\$ 674	\$ (28)	\$ 29	\$ 624	\$ 410	\$ 508
Loblaw <sup>(i)</sup>	\$ 265	\$ 243	\$ 245	\$ 285	\$ 409	\$ 329	\$ 241	\$ 267
Choice Properties	(96)	142	792	(445)	(663)	435	514	536
Effect of consolidation	3	(64)	(356)	142	291	(141)	(154)	(252)
Publicly traded operating companies	\$ 172	\$ 321	\$ 681	\$ (18)	\$ 37	\$ 623	\$ 601	\$ 551
GWL Corporate	(89)	(85)	(17)	(20)	(22)	(13)	(201)	(53)
Net earnings (loss) available to common shareholders of the Company	\$ 83	\$ 236	\$ 664	\$ (38)	\$ 15	\$ 610	\$ 400	\$ 498
Net earnings (loss) per common share (\$) - basic	\$ 0.64	\$ 1.76	\$ 5.10	\$ (0.28)	\$ 0.11	\$ 4.46	\$ 3.01	\$ 3.59
Net earnings (loss) per common share (\$) - diluted	\$ 0.62	\$ 1.73	\$ 5.05	\$ (0.30)	\$ 0.08	\$ 4.41	\$ 2.97	\$ 3.55
Adjusted diluted net earnings per common share <sup>(i)</sup> (\$)	\$ 2.58	\$ 2.30	\$ 3.15	\$ 2.51	\$ 3.57	\$ 3.36	\$ 2.93	\$ 2.68

(i) Contribution from Loblaw, net of non-controlling interests.

**REVENUE** Over the last eight quarters, consolidated revenue was impacted by each of the Company's reportable operating segments as follows:

- Loblaw revenue was impacted by various factors including the following:
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays;
  - macro-economic conditions impacting food and drug retail prices; and
  - changes in net retail square footage. Over the past eight quarters, net retail square footage has increased by 1.2 million square feet to 72.3 million square feet.
- Choice Properties revenue was impacted by the following:
  - higher rental rates in the retail and industrial portfolio;
  - contribution from acquisitions, net of dispositions, and development transfers;
  - increased capital and operating recoveries;
  - lease surrender revenue; and
  - the sale of residential inventory.

# Management's Discussion and Analysis

**NET EARNINGS (LOSS) AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY AND DILUTED NET EARNINGS (LOSS) PER COMMON SHARE** Net earnings (loss) available to common shareholders of the Company and diluted net earnings (loss) per common share for the last eight quarters were impacted by the underlying operating performance of each of the Company's reportable operating segments and certain adjusting items as described in Section 8.1, "Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation", of this MD&A.

The Company's underlying operating performance for the last eight quarters included the following:

- change in Loblaw's underlying operating performance driven by:
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays; and
  - cost savings from operating efficiencies and benefits from strategic initiatives.
- change in Choice Properties' underlying operating performance driven by:
  - changes in revenue as described above;
  - the impact of acquisitions and dispositions of investment properties and development transfers; and
  - changes in general and administrative expenses.
- the year-over-year impact of changes in the effect of consolidation. Refer to Section 8, "Non-GAAP and Other Financial Measures", of this MD&A for a breakdown of effect of consolidation.
- the year-over-year impact of changes in GWL Corporate due to:
  - fluctuations in the fair value adjustment on other investments.
- diluted net earnings (loss) per common share included the favourable impact of shares purchased for cancellation.

## 5. Internal Control Over Financial Reporting

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

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

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

**CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING** There were no changes in the Company's internal control over financial reporting in the first quarter of 2025 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## 6. Enterprise Risks and Risk Management

A detailed full set of risks inherent in the Company's business are included in the Company's Annual Information Form ("AIF") for the year ended December 31, 2024 and the MD&A included in the Company's 2024 Annual Report, which are hereby incorporated by reference. The Company's 2024 Annual Report and AIF are available at [www.sedarplus.ca](http://www.sedarplus.ca). Those risks and risk management strategies remain unchanged.

## 7. Outlook<sup>(2)</sup>

The Company's 2025 outlook remains unchanged and it continues to expect adjusted net earnings<sup>(1)</sup> to increase due to the results from its operating segments, and to use excess cash to repurchase shares.

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

In 2025, Loblaw's results will include the impact of a 53rd week, which is expected to benefit adjusted net earnings per common share<sup>(1)</sup> growth by approximately 2%. On a full-year comparative basis, excluding the impact of the 53rd week, Loblaw continues to expect:

- its retail business to grow earnings faster than sales;
- adjusted net earnings per common share<sup>(1)</sup> growth in the high single-digits;
- to continue investing in its store network and distribution centres by investing a net amount of \$1.9 billion in capital expenditures, which reflects gross capital investments of approximately \$2.2 billion, net of approximately \$300 million of proceeds from property disposals; and
- to return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

**Choice Properties** Choice Properties is focused on capital preservation, delivering stable and growing cash flows and net asset value appreciation. Its high-quality portfolio is primarily leased to necessity-based tenants and logistics providers, who are less sensitive to economic volatility and therefore provide stability to its overall portfolio. Choice Properties will continue to advance its development program, with a focus on commercial developments, which provides the best opportunity to add high-quality real estate to its portfolio at a reasonable cost and drive net asset value appreciation over time.

Choice Properties is confident that its business model, stable tenant base, strong balance sheet and disciplined approach to financial management will continue to benefit its operations. In 2025, Choice Properties is targeting:

- stable occupancy across the portfolio, resulting in approximately 2% - 3% year-over-year growth in Same-Asset NOI, cash basis<sup>(i)</sup>;
- annual FFO<sup>(1)</sup> per unit diluted<sup>(i)</sup> in a range of \$1.05 to \$1.06, reflecting approximately 2% - 3% year-over-year growth; and
- strong leverage metrics, targeting Adjusted Debt to EBITDAFV<sup>(i)</sup> below 7.5x.

(i) For more information on these measures see the 2024 Annual Report filed by Choice Properties, which is available on [www.sedarplus.ca](http://www.sedarplus.ca) or at [www.choicereit.ca](http://www.choicereit.ca).

# Management's Discussion and Analysis

## 8. Non-GAAP and Other Financial Measures

The Company uses non-GAAP and other financial measures and ratios in this document, such as: adjusted EBITDA and adjusted EBITDA margin, adjusted net earnings attributable to shareholders of the Company, adjusted net earnings available to common shareholders of the Company, adjusted diluted net earnings per common share, effect of consolidation, rolling year adjusted return on average equity attributable to common shareholders of the Company, rolling year adjusted return on capital, GWL Corporate free cash flow, free cash flow and Choice Properties Funds from Operations, among others. In addition to these items, the following measures are used by management in calculating adjusted diluted net earnings per common share: adjusted operating income, adjusted net interest expense and other financing charges, adjusted earnings before income taxes, adjusted income taxes and adjusted effective tax rate. The Company believes these non-GAAP and other financial measures provide useful information to both management and investors with regard to accurately assessing the Company's financial performance and financial condition for the reasons outlined below.

Further, certain non-GAAP measures and other financial measures of Loblaw and Choice Properties are included in this document. For more information on these measures, refer to the materials filed by Loblaw and Choice Properties, which are available on [www.sedarplus.ca](http://www.sedarplus.ca) or at [www.loblaw.ca](http://www.loblaw.ca) or [www.choicereit.ca](http://www.choicereit.ca), respectively.

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

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

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

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

(\$ millions)	12 Weeks Ended									
	Mar. 22, 2025					Mar. 23, 2024				
	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated
Net earnings attributable to shareholders of the Company					\$ 93					\$ 246
Add impact of the following:										
Non-controlling interests					257					246
Income taxes					283					264
Net interest expense and other financing charges					444					215
Operating income	\$ 904	\$ 276	\$ (95)	\$ (8)	\$ 1,077	\$ 859	\$ 207	\$ (86)	\$ (9)	\$ 971
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 116	\$ —	\$ —	\$ —	\$ 116	\$ 114	\$ —	\$ —	\$ —	\$ 114
Fair value adjustment of investment in real estate securities	—	9	—	—	9	—	30	—	—	30
Gain on sale of non-operating property	(14)	—	—	—	(14)	—	—	—	—	—
Sale of <i>Wellwise</i>	(5)	—	—	—	(5)	—	—	—	—	—
Fair value adjustment on investment properties	—	(40)	37	—	(3)	—	3	13	—	16
Fair value adjustment of derivatives	(1)	—	—	—	(1)	(7)	—	—	—	(7)
Adjusting items	\$ 96	\$ (31)	\$ 37	\$ —	\$ 102	\$ 107	\$ 33	\$ 13	\$ —	\$ 153
Adjusted operating income	\$ 1,000	\$ 245	\$ (58)	\$ (8)	\$ 1,179	\$ 966	\$ 240	\$ (73)	\$ (9)	\$ 1,124
Depreciation and amortization excluding the impact of the above adjustment <sup>(i)</sup>	589	1	(80)	1	511	576	1	(79)	1	499
Adjusted EBITDA	\$ 1,589	\$ 246	\$ (138)	\$ (7)	\$ 1,690	\$ 1,542	\$ 241	\$ (152)	\$ (8)	\$ 1,623

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

# Management's Discussion and Analysis

The following items impacted adjusted EBITDA in 2025 and 2024:

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

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

**Fair value adjustment of investment in real estate securities** Choice Properties received Allied Class B Units as part of the consideration for the Choice Properties disposition of six office assets to Allied in 2022. Choice Properties recognized these units as investments in real estate securities. The investment in real estate securities is exposed to market price fluctuations of Allied trust units. An increase (decrease) in the market price of Allied trust units results in income (a charge) to operating income.

**Gain on sale of non-operating property** In the first quarter of 2025, Loblaw recorded a gain related to the sale of a non-operating property to a third party of \$14 million (2024 - nil).

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

**Fair value adjustment on investment properties** The Company measures investment properties at fair value. Under the fair value model, investment properties are initially measured at cost and subsequently measured at fair value. Fair value is determined based on available market evidence. If market evidence is not readily available in less active markets, the Company uses alternative valuation methods such as discounted cash flow projections or recent transaction prices. Gains and losses on fair value are recognized in operating income in the period in which they are incurred. Gains and losses from disposal of investment properties are determined by comparing the fair value of disposal proceeds and the carrying amount and are recognized in operating income.

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

**ADJUSTED NET INTEREST EXPENSE AND OTHER FINANCING CHARGES** The Company believes adjusted net interest expense and other financing charges is useful in assessing the ongoing net financing costs of the Company.

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

(\$ millions)	12 Weeks Ended	
	Mar. 22, 2025	Mar. 23, 2024
Net interest expense and other financing charges	\$ 444	\$ 215
(Deduct) add impact of the following:		
Fair value adjustment of the Trust Unit liability	(163)	59
Adjusted net interest expense and other financing charges	\$ 281	\$ 274

The following item impacted adjusted net interest expense and other financing charges in 2025 and 2024:

**Fair value adjustment of the Trust Unit liability** The Company is exposed to market price fluctuations as a result of the Choice Properties Trust Units held by Unitholders other than the Company. These Trust Units are presented as a liability on the Company's consolidated balance sheets as they are redeemable for cash at the option of the holder, subject to certain restrictions. This liability is recorded at fair value at each reporting date based on the market price of Trust Units at the end of each period. An increase (decrease) in the market price of Trust Units results in a charge (income) to net interest expense and other financing charges.

**ADJUSTED INCOME TAXES AND ADJUSTED EFFECTIVE TAX RATE** The Company believes the adjusted effective tax rate applicable to adjusted earnings before taxes is useful in assessing the underlying operating performance of its business.

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

(\$ millions except where otherwise indicated)	12 Weeks Ended	
	Mar. 22, 2025	Mar. 23, 2024
Adjusted operating income <sup>(i)</sup>	\$ 1,179	\$ 1,124
Adjusted net interest expense and other financing charges <sup>(i)</sup>	281	274
Adjusted earnings before taxes	\$ 898	\$ 850
Income taxes	\$ 283	\$ 264
Add (deduct) impact of the following:		
Tax impact of items excluded from adjusted earnings before taxes <sup>(ii)</sup>	28	33
Outside basis difference in certain Loblaw shares	(51)	(52)
Adjusted income taxes	\$ 260	\$ 245
Effective tax rate applicable to earnings before taxes	44.7%	34.9%
Adjusted effective tax rate applicable to adjusted earnings before taxes	29.0%	28.8%

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

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

In addition to certain items described in the “Adjusted EBITDA” and “Adjusted Net Interest Expense and Other Financing Charges” sections above, the following item impacted adjusted income taxes and the adjusted effective tax rate in 2025 and 2024:

**Outside basis difference in certain Loblaw shares** The Company recorded a deferred tax expense of \$51 million in the first quarter of 2025 (2024 – \$52 million) on temporary differences in respect of GWL's investment in certain Loblaw shares that are expected to reverse in the foreseeable future as a result of GWL's participation in Loblaw's NCIB.

**ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS AND ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE** The Company believes that adjusted net earnings available to common shareholders and adjusted diluted net earnings per common share are useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

The following table reconciles adjusted net earnings available to common shareholders of the Company and adjusted net earnings attributable to shareholders of the Company to net earnings attributable to shareholders of the Company and then to net earnings available to common shareholders of the Company reported for the periods ended as indicated.

(\$ millions except where otherwise indicated)	12 Weeks Ended	
	Mar. 22, 2025	Mar. 23, 2024
Net earnings attributable to shareholders of the Company	\$ 93	\$ 246
Less: Prescribed dividends on preferred shares in share capital	(10)	(10)
Net earnings available to common shareholders of the Company	\$ 83	\$ 236
Less: Reduction in net earnings due to dilution at Loblaw	(2)	(2)
Net earnings available to common shareholders for diluted earnings per share	\$ 81	\$ 234
Net earnings attributable to shareholders of the Company	\$ 93	\$ 246
Adjusting items (refer to the following table)	256	76
Adjusted net earnings attributable to shareholders of the Company	\$ 349	\$ 322
Less: Prescribed dividends on preferred shares in share capital	(10)	(10)
Adjusted net earnings available to common shareholders of the Company	\$ 339	\$ 312
Less: Reduction in net earnings due to dilution at Loblaw	(2)	(2)
Adjusted net earnings available to common shareholders for diluted earnings per share	\$ 337	\$ 310
Diluted weighted average common shares outstanding (in millions)	130.4	134.9

# Management's Discussion and Analysis

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

	12 Weeks Ended						Mar. 23, 2024					
	Mar. 22, 2025					Diluted Net Earnings Per Common Share (\$)	Net Earnings Available to Common Shareholders of the Company					Diluted Net Earnings Per Common Share (\$)
(\$ millions except where otherwise indicated)	Net Earnings Available to Common Shareholders of the Company						Consolidated	Net Earnings Available to Common Shareholders of the Company				
	Loblaw <sup>(i)</sup>	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated	Consolidated		Loblaw <sup>(i)</sup>	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated
As reported	\$ 265	\$ (96)	\$ 3	\$ (89)	\$ 83	\$ 0.62	\$ 243	\$ 142	\$ (64)	\$ (85)	\$ 236	\$ 1.73
Add (deduct) impact of the following <sup>(ii)</sup> :												
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 46	\$ —	\$ —	\$ —	\$ 46	\$ 0.35	\$ 45	\$ —	\$ —	\$ —	\$ 45	\$ 0.34
Fair value adjustment of investment in real estate securities	—	9	(1)	—	8	0.06	—	30	(2)	—	28	0.21
Gain on sale of non-operating property	(7)	—	—	—	(7)	(0.05)	—	—	—	—	—	—
Sale of <i>Wellwise</i>	(3)	—	—	—	(3)	(0.02)	—	—	—	—	—	—
Fair value adjustment on investment properties	—	(41)	40	—	(1)	(0.01)	—	4	10	—	14	0.10
Fair value adjustment of derivatives	(1)	—	—	—	(1)	(0.01)	(4)	—	—	—	(4)	(0.03)
Fair value adjustment of the Trust Unit liability	—	—	163	—	163	1.25	—	—	(59)	—	(59)	(0.44)
Outside basis difference in certain Loblaw shares	—	—	—	51	51	0.39	—	—	—	52	52	0.39
Fair value adjustment on Choice Properties' Exchangeable Units	—	237	(237)	—	—	—	—	(67)	67	—	—	—
Adjusting items	\$ 35	\$ 205	\$ (35)	\$ 51	\$ 256	\$ 1.96	\$ 41	\$ (33)	\$ 16	\$ 52	\$ 76	\$ 0.57
Adjusted	\$ 300	\$ 109	\$ (32)	\$ (38)	\$ 339	\$ 2.58	\$ 284	\$ 109	\$ (48)	\$ (33)	\$ 312	\$ 2.30

(i) Contribution from Loblaw, net of non-controlling interests.

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

**EFFECT OF CONSOLIDATION** The Company believes that a breakdown of the effect of consolidation is useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

The following table provides a breakdown of the effect of consolidation for certain key performance metrics.

(\$ millions)	12 Weeks Ended					Mar. 23, 2024				
	Mar. 22, 2025									
	Revenue	Operating Income	Adjusted EBITDA <sup>(i)</sup>	Net Interest Expense and Other Financing Charges	Adjusted Net Earnings Available to Common Shareholders <sup>(i)</sup>	Revenue	Operating Income	Adjusted EBITDA <sup>(i)</sup>	Net Interest Expense and Other Financing Charges	Adjusted Net Earnings Available to Common Shareholders <sup>(i)</sup>
Elimination of intercompany rental revenue	\$ (201)	\$ (7)	\$ (7)	\$ —	\$ (6)	\$ (198)	\$ (14)	\$ (14)	\$ —	\$ (12)
Elimination of internal lease arrangements	4	(19)	(116)	(32)	10	3	(14)	(108)	(28)	10
Elimination of intersegment real estate transactions	—	(15)	(15)	—	(15)	—	(30)	(30)	—	(26)
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	—	(17)	—	—	(17)	—	(15)	—	—	(15)
Fair value adjustment on investment properties	—	(37)	—	1	—	—	(13)	—	(1)	—
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	—	—	—	(76)	76	—	—	—	(75)	75
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	—	—	—	53	(53)	—	—	—	53	(53)
Fair value adjustment of the Trust Unit liability	—	—	—	163	—	—	—	—	(59)	—
Fair value adjustment on Choice Properties' Exchangeable Units	—	—	—	(237)	—	—	—	—	67	—
Tax expense on Choice Properties related earnings	—	—	—	—	(27)	—	—	—	—	(27)
<b>Total</b>	<b>\$ (197)</b>	<b>\$ (95)</b>	<b>\$ (138)</b>	<b>\$ (128)</b>	<b>\$ (32)</b>	<b>\$ (195)</b>	<b>\$ (86)</b>	<b>\$ (152)</b>	<b>\$ (43)</b>	<b>\$ (48)</b>

(i) See reconciliation of adjusted EBITDA and adjusted net earnings available to common shareholders of the Company above.

# Management's Discussion and Analysis

**FREE CASH FLOW** The Company believes free cash flow is useful in assessing the Company's cash available for additional financing and investing activities.

The following table reconciles free cash flow to GAAP measures reported for the periods ended as indicated.

(\$ millions)	12 Weeks Ended	
	Mar. 22, 2025	Mar. 23, 2024
Cash flows from operating activities	\$ 692	\$ 854
Less: Capital investments <sup>(i)</sup>	278	429
Interest paid	256	245
Lease payments, net	236	220
Free cash flow	\$ (78)	\$ (40)

(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.

**ROLLING YEAR ADJUSTED RETURN ON AVERAGE EQUITY ATTRIBUTABLE TO COMMON SHAREHOLDERS OF THE COMPANY AND ROLLING YEAR ADJUSTED RETURN ON CAPITAL** The Company uses the following metrics to measure its leverage and profitability. The definitions of these ratios are presented below.

**Rolling Year Adjusted Return on Average Equity Attributable to Common Shareholders of the Company** Adjusted net earnings available to common shareholders of the Company for the last four quarters divided by average total equity attributable to common shareholders of the Company. Refer to Section 3.4, "Financial Condition", of this MD&A.

**Rolling Year Adjusted Return on Capital** Tax-effected adjusted operating income for the last four quarters divided by average capital where capital is defined as total debt, plus equity attributable to shareholders of the Company, less cash and cash equivalents, and short-term investments. Refer to Section 3.4, "Financial Condition", of this MD&A.

**CHOICE PROPERTIES' FUNDS FROM OPERATIONS** Choice Properties considers Funds from Operations to be a useful measure of operating performance as it adjusts for items included in net income that do not arise from operating activities or do not necessarily provide an accurate depiction of its performance.

Funds from Operations is calculated in accordance with the Real Property Association of Canada's Funds from Operations & Adjusted Funds from Operations for IFRS Accounting Standards issued in January 2022.

The following table reconciles Choice Properties' Funds from Operations to net income for the periods ended as indicated.

(\$ millions)	12 Weeks Ended	
	Mar. 22, 2025	Mar. 23, 2024
Net (loss) income	\$ (96)	\$ 142
Add (deduct) add impact of the following:		
Adjustment to fair value of unit-based compensation	—	(1)
Fair value adjustment on Exchangeable Units	237	(67)
Fair value adjustment on investment properties	(30)	1
Fair value adjustment on investment properties to proportionate share	(10)	2
Fair value adjustment of investment in real estate securities	9	30
Capitalized interest on equity accounted joint ventures	3	3
Unit distributions on Exchangeable Units	76	75
Internal expenses for leasing	2	2
Funds from Operations	\$ 191	\$ 187

## 8.1 Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation

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

(\$ millions)	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	2025 (12 weeks)	2024 (12 weeks)	2024 (12 weeks)	2023 (12 weeks)	2024 (16 weeks)	2023 (16 weeks)	2024 (12 weeks)	2023 (12 weeks)
Net earnings (loss) attributable to shareholders of the Company	\$ 93	\$ 246	\$ 674	\$ (28)	\$ 29	\$ 624	\$ 410	\$ 508
Add (deduct) impact of the following:								
Non-controlling interests	\$ 257	\$ 246	\$ 223	\$ 275	\$ 411	\$ 320	\$ 257	\$ 274
Income taxes	\$ 283	\$ 264	\$ 210	\$ 169	\$ 303	\$ 202	\$ 131	\$ 244
Net interest expense (income) and other financing charges	\$ 444	\$ 215	\$ (115)	\$ 660	\$ 875	\$ 85	\$ (3)	\$ 73
Operating income	\$ 1,077	\$ 971	\$ 992	\$ 1,076	\$ 1,618	\$ 1,231	\$ 795	\$ 1,099
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 116	\$ 114	\$ 115	\$ 115	\$ 155	\$ 154	\$ 115	\$ 116
Fair value adjustment of investment in real estate securities	9	30	36	(27)	(58)	45	28	31
Gain on sale of non-operating property	(14)	—	(3)	(1)	—	(15)	—	(3)
Sale of <i>Wellwise</i>	(5)	—	23	—	—	—	—	—
Fair value adjustment on investment properties	(3)	16	21	34	(34)	1	2	(21)
Fair value adjustment of derivatives	(1)	(7)	—	14	—	(6)	2	5
<i>PC Optimum</i> loyalty program	—	—	129	—	—	—	—	—
Fair value adjustment on non-operating properties	—	—	3	9	—	—	—	—
(Recoveries) Charges related to PC Bank commodity tax matters	—	—	—	(13)	(155)	—	—	37
Charges related to settlement of class action lawsuits	—	—	—	—	—	—	420	—
Transaction costs and other related recoveries	—	—	—	—	—	—	(39)	—
Adjusting items	\$ 102	\$ 153	\$ 324	\$ 131	\$ (92)	\$ 179	\$ 528	\$ 165
Adjusted operating income	\$ 1,179	\$ 1,124	\$ 1,316	\$ 1,207	\$ 1,526	\$ 1,410	\$ 1,323	\$ 1,264
Depreciation and amortization excluding the impact of the above adjustment <sup>(i)</sup>	\$ 511	\$ 499	\$ 498	\$ 487	\$ 632	\$ 609	\$ 483	\$ 469
Adjusted EBITDA	\$ 1,690	\$ 1,623	\$ 1,814	\$ 1,694	\$ 2,158	\$ 2,019	\$ 1,806	\$ 1,733

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

# Management's Discussion and Analysis

**ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS AND ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE** The following tables reconcile adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share to GAAP net earnings (loss) available to common shareholders of the Company and diluted net earnings (loss) per common share as reported for the periods ended as indicated.

(\$ millions)	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	2025	2024	2024	2023	2024	2023	2024	2023
	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)	(12 weeks)	(12 weeks)
As reported	\$ 83	\$ 236	\$ 664	\$ (38)	\$ 15	\$ 610	\$ 400	\$ 498
Add (deduct) impact of the following <sup>(i)</sup> :								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 46	\$ 45	\$ 44	\$ 45	\$ 62	\$ 60	\$ 43	\$ 44
Fair value adjustment of investment in real estate securities	8	28	33	(25)	(53)	42	25	28
Gain on sale of non-operating property	(7)	—	(2)	(1)	—	(8)	—	(1)
Sale of <i>Wellwise</i>	(3)	—	15	—	—	—	—	—
Fair value adjustment on investment properties	(1)	14	17	(7)	(32)	1	4	(17)
Fair value adjustment of derivatives	(1)	(4)	—	5	—	(2)	2	2
Fair value adjustment of the Trust Unit liability	163	(59)	(399)	382	568	(219)	(274)	(202)
Outside basis difference in certain Loblaw shares	51	52	(8)	(16)	(18)	(18)	(20)	10
<i>PC Optimum</i> loyalty program	—	—	49	—	—	—	—	—
Fair value adjustment on non-operating properties	—	—	2	3	—	—	—	—
(Recoveries) Charges related to PC Bank commodity tax matters	—	—	—	(6)	(66)	—	—	15
Charges related to settlement of class action lawsuits	—	—	—	—	—	—	253	—
Transaction costs and other related recoveries	—	—	—	—	—	—	(39)	—
Adjusting items	\$ 256	\$ 76	\$ (249)	\$ 380	\$ 461	\$ (144)	\$ (6)	\$ (121)
Adjusted	\$ 339	\$ 312	\$ 415	\$ 342	\$ 476	\$ 466	\$ 394	\$ 377

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

(\$ except where otherwise indicated)	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	2025	2024	2024	2023	2024	2023	2024	2023
	(12 weeks)	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)	(12 weeks)	(12 weeks)
As reported	\$ 0.62	\$ 1.73	\$ 5.05	\$ (0.30)	\$ 0.08	\$ 4.41	\$ 2.97	\$ 3.55
Add (deduct) impact of the following <sup>(i)</sup> :								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	\$ 0.35	\$ 0.34	\$ 0.34	\$ 0.33	\$ 0.47	\$ 0.43	\$ 0.33	\$ 0.32
Fair value adjustment of investment in real estate securities	0.06	0.21	0.25	(0.19)	(0.40)	0.30	0.19	0.20
Gain on sale of non-operating property	(0.05)	—	(0.02)	(0.01)	—	(0.05)	—	(0.01)
Sale of <i>Wellwise</i>	(0.02)	—	0.11	—	—	—	—	—
Fair value adjustment on investment properties	(0.01)	0.10	0.13	(0.05)	(0.24)	0.01	0.03	(0.12)
Fair value adjustment of derivatives	(0.01)	(0.03)	—	0.04	—	(0.01)	0.01	0.01
Fair value adjustment of the Trust Unit liability	1.25	(0.44)	(3.04)	2.83	4.30	(1.60)	(2.05)	(1.45)
Outside basis difference in certain Loblaw shares	0.39	0.39	(0.06)	(0.12)	(0.14)	(0.13)	(0.15)	0.07
<i>PC Optimum</i> loyalty program	—	—	0.37	—	—	—	—	—
Fair value adjustment on non-operating properties	—	—	0.02	0.02	—	—	—	—
(Recoveries) Charges related to PC Bank commodity tax matters	—	—	—	(0.04)	(0.50)	—	—	0.11
Charges related to settlement of class action lawsuits	—	—	—	—	—	—	1.89	—
Transaction costs and other related recoveries	—	—	—	—	—	—	(0.29)	—
Adjusting items	\$ 1.96	\$ 0.57	\$ (1.90)	\$ 2.81	\$ 3.49	\$ (1.05)	\$ (0.04)	\$ (0.87)
Adjusted	\$ 2.58	\$ 2.30	\$ 3.15	\$ 2.51	\$ 3.57	\$ 3.36	\$ 2.93	\$ 2.68
Diluted weighted average common shares outstanding (in millions)	130.4	134.9	131.0	134.8	132.1	137.3	133.6	139.5

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

## 9. Forward-Looking Statements

The Quarterly Report, including the MD&A, contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this Quarterly Report include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of IT systems implementations. These specific forward-looking statements are contained throughout this Quarterly Report including, without limitation, in Section 3, "Liquidity and Capital Resources", Section 7, "Outlook", and Section 8, "Non-GAAP and Other Financial Measures", of this MD&A. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should" and similar expressions, as they relate to the Company and its management.

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

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in Section 8, "Enterprise Risks and Risk Management" of the Company's 2024 Annual Report and the Company's AIF for the year ended December 31, 2024. Such risks and uncertainties include:

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

# Management's Discussion and Analysis

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including, without limitation, the section entitled "Operating and Financial Risks and Risk Management" in the Company's AIF for the year ended December 31, 2024. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## 10. Additional Information

Additional information about the Company has been filed electronically with various securities regulators in Canada through SEDAR+ and is available at [www.sedarplus.ca](http://www.sedarplus.ca).

This Quarterly Report includes selected information on Loblaw, a public company with shares trading on the Toronto Stock Exchange ("TSX"), and selected information on Choice Properties, a public real estate investment trust with units trading on the TSX. For information regarding Loblaw or Choice Properties, readers should also refer to the respective materials filed on SEDAR+ from time to time. These filings are also maintained on the respective companies' corporate websites at [www.loblaw.ca](http://www.loblaw.ca) and [www.choicereit.ca](http://www.choicereit.ca).

Toronto, Canada

May 5, 2025

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Footnote Legend

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- (1) Refer to Section 8, "Non-GAAP and Other Financial Measures", of the Company's 2025 First Quarter Management's Discussion and Analysis.
- (2) To be read in conjunction with Section 9, "Forward-Looking Statements", of the Company's 2025 First Quarter Management's Discussion and Analysis.
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