2025 Annual Report

WESTON GEORGE WESTON LIMITED

ESTABLISHED 1882


MEALS

Report to Shareholders



Dear Fellow Shareholders,

During 2025, George Weston Limited continued to serve more than 18 million Canadians through market-leading businesses in real estate and retail, building on a tradition of supporting our communities that is now in its 144th year. Anchored in everyday essentials, our belief remains that the better Canada does, the better we do. It is why we have applied our world-class expertise not only to help our companies deliver strong financial performance, but also to build businesses that contribute to the communities they serve.

In real estate, Choice Properties maintained its long-standing commitment to both capital preservation and stable and growing cash flows, while also providing net asset value appreciation and distribution growth over time. These results were driven by robust tenant demand across its national grocery-anchored retail portfolio and new leasing activity in its well-located industrial assets. Choice Properties increased occupancy to 98.2%, up 60 basis points from last year, while delivering strong Same-Asset Cash NOI and FFO growth. At the same time, Choice Properties remained focused on the quality of its assets, completing $801 million of combined acquisitions and dispositions, and continued to deliver value through development, completing 0.8 million square feet of new commercial space. These improvements to Choice Properties' portfolio took place while maintaining a conservative, strong, and flexible balance sheet, underpinned by $13.8 billion of unencumbered properties and an Adjusted Debt to EBITDAFV ratio of 7.0x. With continued conviction in Choice Properties' high-quality portfolio, we are well-positioned to generate enduring value through places where people thrive.



In retail, Loblaw worked hard to make everyday essentials more affordable, and healthcare more accessible, while once again delivering against its well-established financial framework. With 77 new store openings, Loblaw brought pharmacy care clinics – now totalling 250 across the country – and hard discount stores into more markets, immediately lowering the cost of food in those communities. As even more hard discount supermarkets open in 2026, Loblaw remains focused on providing lower everyday prices, compelling promotions, unique control brands, and Canada's most loved loyalty program to customers who redeemed over $1 billion in PC Optimum™ points last year. And, with the announcement of the sale of PC Financial® to Equitable Bank, Loblaw set the stage for even more Canadians to benefit from the uniquely rewarding combination of the PC Financial® MasterCard and PC Optimum™ program. At the same time, Loblaw invested $2.1 billion opening stores and one of the country's most advanced distribution centres, creating thousands of jobs, while lowering its cost to serve. These investments position Loblaw to provide even better value to its customers amidst a prolonged period of economic uncertainty, a key part of how we are helping Canadians *Live Life Well*®.

As we think back on 2025, we are proud of how our operating businesses served their tenants and customers. Alongside our 220,000 colleagues, we continue to work with each business's management team to confidently pursue their long-term growth strategies. That work includes specific inclusion and net-zero carbon goals at Loblaw and Choice Properties where our group continues to lean in.

Looking ahead, we are building on our momentum in 2026 as we create value and serve Canadians with a sense of purpose every day.

Anchored in places where people thrive, and helping Canadians *Live Life Well*®, we are proud of how our operating businesses and their 220,000 colleagues served our tenants and customers with a sense of purpose.

Sincerely,

[signed]

Galen Weston
Chairman & CEO

[signed]

Richard Dufresne
President & CFO

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 audited annual consolidated financial statements and the accompanying notes on pages 99 to 172 of this Annual Report. The Company's audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2025 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP"). The audited annual consolidated 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 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. Refer to Section 13, "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 13, "Non-GAAP and Other Financial Measures", of this MD&A. In this MD&A, unless otherwise indicated, "Consolidated" refers to the consolidated results of GWL including its subsidiaries.

On December 3, 2025, Loblaw entered into a definitive agreement (the "Transaction Agreement") with EQB Inc. ("EQB") pursuant to which EQB will acquire President's Choice Bank ("PC Bank"), PC Financial Insurance Agency Inc., PC Financial Insurance Broker Inc. and certain other affiliated entities of PC Bank (collectively, "PC Financial") (the "Sale of PC Financial"). EQB will acquire PC Financial for consideration satisfied through a combination of 7.2 million EQB shares and cash, subject to adjustment pursuant to the terms of the Transaction Agreement. Closing is expected to occur within calendar 2026, subject to customary closing conditions and regulatory approvals.

As at December 31, 2025, the assets and liabilities of PC Financial have been classified as held for sale and PC Financial's results have been presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

Unless otherwise indicated, the Company's results include an extra week of operations (the "13th week" or "53rd week")[1] in the fourth quarter and full year 2025 results when compared to 2024 as a result of the Company's reporting calendar.

The information in this MD&A is current to March 3, 2026, unless otherwise noted.

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FOOTNOTE LEGEND

1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2025 Management's Discussion & Analysis.
2 Certain comparative figures have been adjusted to separately present the results of PC Financial at Loblaw, as discontinued operations.
3 Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025. For further details, refer to Section 1.2, "Consolidated Other Business Matters", of the Company's 2025 Management's Discussion and Analysis.
4 Results are presented on a comparable number of week basis. Comparable number of weeks would be 52 weeks versus 52 weeks or 12 weeks versus 12 weeks.
5 To be read in conjunction with "Forward-Looking Statements" beginning on page 97.
6 For financial definitions and ratios refer to Glossary beginning on page 175.

At a Glance

Key Financial Highlights

As at or for the year ended December 31, 2025
($ millions except where otherwise indicated)

Consolidated

REVENUE

$64,511

+6.2%
vs. 2024[2]

ADJUSTED EBITDA[1]

$7,580

+7.5%
vs. 2024[2]

OPERATING INCOME

$5,100

+29.2%
vs. 2024[2]

ADJUSTED EBITDA MARGIN[1] (%)

11.7%

+10bps
vs. 2024[2]

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS

$1,098

-16.5%
vs. 2024

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1]

$1,741

+9.0%
vs. 2024

DILUTED NET EARNINGS PER COMMON SHARE[3] ($)

$2.80

-14.4%
vs. 2024

ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1][3] ($)

$4.46

+12.1%
vs. 2024

GWL Corporate

GWL CORPORATE CASH FLOW FROM OPERATING BUSINESSES[1]

$769

+33.7%
vs. 2024

GWL CORPORATE FREE CASH FLOW[1]

$1,208

+9.5%
vs. 2024

ANNUALIZED DIVIDENDS DECLARED PER SHARE[3] ($)

$1.19

+9.0%
vs. 2024

GWL CORPORATE CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

$301

-42.4%
vs. 2024

Net Asset Value

NET ASSET VALUE[1]

$43,969

+25.8%
vs. 2024

NET ASSET VALUE PER COMMON SHARE[1] ($)

$115.86

+29.3%
vs. 2024

CLOSING SHARE PRICE ($)

$94.69

+27.1%
vs. 2024

1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2025 Management's Discussion & Analysis.
2 Certain comparative figures have been adjusted to separately present the results of PC Financial at Loblaw, as discontinued operations.
3 Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025. For further details, refer to Section 1.2, "Consolidated Other Business Matters", of the Company's 2025 Management's Discussion and Analysis.

Our Business

Our history as a family business

In 1882, a young Toronto bread salesman and former baker's apprentice named George Weston went into business for himself when he bought a bread route from his employer. By the turn of the century, Weston's Bread was known throughout the city and George Weston had become Canada's biggest baker.

In 1924, George's eldest son, Garfield Weston, followed in his father's footsteps and became president of George Weston Limited. In spite of war and the depression, Garfield transformed his father's Toronto bakery into a commercial food empire with holdings on several continents.

In 1953, George Weston Limited expanded its grocery business, acquiring majority control of Loblaws Inc. In 1956, Loblaw Companies Limited was incorporated, and over the next two decades, Loblaw continued to expand its operations throughout Canada and the United States.

In the early 1970s, a third generation took charge as W. Galen Weston successfully consolidated the large conglomerate, reinventing Loblaw in the process and transforming it into Canada's largest grocery chain and GWL's largest asset.

In 2006, Galen G. Weston assumed responsibility for Loblaw and guided Loblaw through a period of transformation and growth in response to a rapidly changing business environment, including the creation and initial public offering of Choice Properties Real Estate Investment Trust in 2013 and the acquisition of Shoppers Drug Mart shortly thereafter. In 2017, Galen G. Weston was appointed CEO of George Weston Limited.

In 2018, as part of GWL's transformation initiative and long-term commitment to create shareholder value, the Company completed a reorganization where Loblaw spun out its majority interest in Choice Properties to GWL. GWL's acquisition of a majority ownership of Choice Properties was a critical milestone in the recent history of the Company. With the addition of Choice Properties to the portfolio, the Company became more balanced, with three strong and well-positioned businesses in retail, real estate and consumer goods.

In 2021, George Weston Limited made the decision to sell its Weston Foods bakery business. The business had been the foundation for the Weston Group in Canada since its establishment in 1882. The sale of the business was completed at the end of 2021, positioning the Company to focus on its market-leading retail and real estate businesses.

For more than a century and a quarter, thousands of employees of George Weston Limited and its subsidiaries have built an enterprise that has persevered and prospered through good times and bad to become one of Canada's most successful companies.

What we do

George Weston Limited is a Canadian public company, founded in 1882 and listed on the Toronto Stock Exchange (TSX:WN) since January 1928. The Company owns two businesses in retail and real estate.

WESTON
GEORGE WESTON LIMITED



52.6%

Loblaw

Loblaw (TSX: L) is Canada's food and pharmacy leader and the nation's largest retailer. All material operations are carried out in Canada. Loblaw consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores and e-commerce platforms, and includes in-store pharmacies, healthcare services, other health and beauty products, apparel, other general merchandise, wireless products and services, logistics services, retail media and the PC Optimum™ loyalty program. Loblaw also provides credit card and everyday banking services and insurance brokerage services through its PC Financial business.



61.7%

Choice Properties

Choice Properties REIT (TSX: CHP.UN) is a leading Real Estate Investment Trust that creates enduring value through places where people thrive, from its ownership, operation, and development of high-quality commercial and residential properties. Choice Properties' portfolio is comprised of necessity-based grocery anchored retail properties, well-located high-quality industrial sites, and mixed-use and residential assets, concentrated in attractive markets across Canada.

Our Operating and Value Creation Strategy

George Weston Limited's mission is to build generational value with actively managed market-leading businesses in retail and real estate through expertise in strategy, mergers and acquisitions, capital allocation and talent development.

Over the years, the Company has successfully executed strategic transactions and has tightly managed its leverage and capital structure.

The Company is a leader in each of its operating segments, retail and real estate, with market-leading brands in retail and coveted locations in real estate.

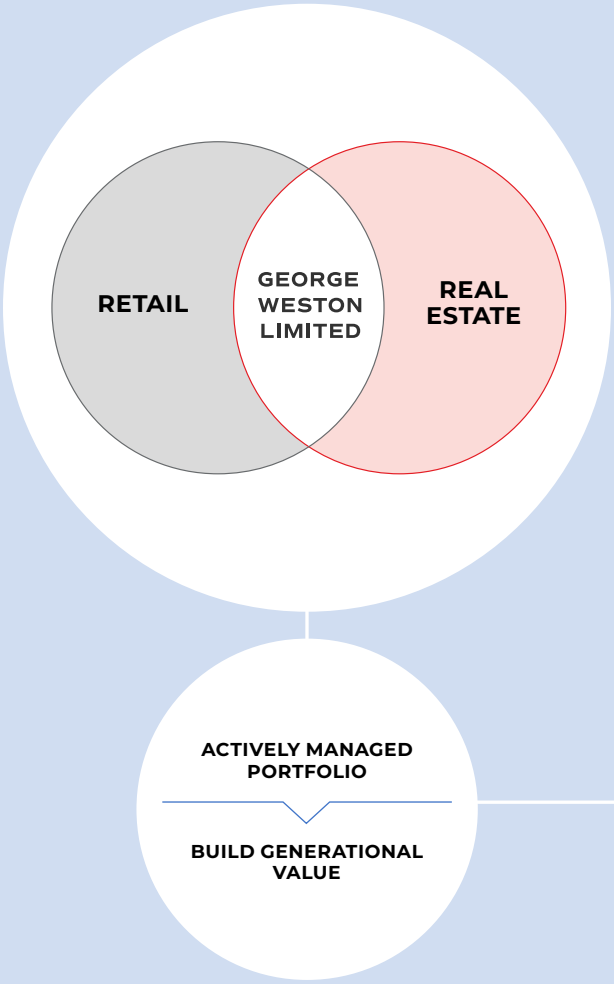
The Company is committed to supporting its portfolio of companies, providing expertise and decision support. This support includes expertise in areas such as strategy, talent development, capital allocation and mergers and acquisitions.

The Company brings a unique perspective to its operating businesses, having a viewpoint that spans across the retail and real estate sectors, enabling the identification of opportunities and the sharing of best practices.

By accumulating capital from its existing businesses and prudently leveraging its debt capacity, the Company supports investments in strategic transactions that create value at its portfolio of companies. The Company also considers strategic initiatives where it can leverage its existing capabilities and expertise to create long-term value for shareholders and other stakeholders.

The Company has a track record of providing stability and maintaining a long-term outlook. The Company seeks to deploy its capital optimally, including returning capital to shareholders and re-investing capital in its portfolio of companies, where it can further enhance earnings capability.

Our Operating and Value Creation Strategy



Built on what we have in common

Together, these four concepts unite our operating companies and are core to our identity:

CORE VALUES

Our actions are shaped by a set of CORE Values, which express a shared commitment to Care, Ownership, Respect and Excellence across the group of companies.

ETHICS & COMPLIANCE

Throughout our interactions, our decisions are grounded in a strong sense of Ethics & Compliance.

BLUE CULTURE

Represents how our values come to life every day in our interactions with our businesses, each other and our customers.

SOCIAL RESPONSIBILITY

As a generational investor, long-term social, demographic and environmental trends matter and underpin the importance we place on Social Responsibility.

Impacting

Through active management and by leveraging our culture and values we seek to positively impact:

STAKEHOLDERS

We create value for our stakeholders by enhancing the value of our market-leading businesses, supporting operational excellence, investing in strategic initiatives, and fostering strong relationships. Our commitment to sustainability, innovation, and community engagement ensures that we positively impact everyone connected to our company.

COLLEAGUES

Our talent is central to achieving our long-term goals. Our focus on attracting and developing exceptional colleagues is a strategic imperative and we are proud to offer challenging and rewarding careers.

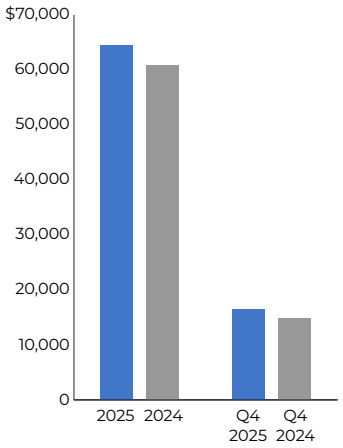
COMMUNITIES

Consistent with our heritage and values, we are focused on improving the quality of life in the communities where we live and work.

Key Performance Indicators

As at and for the unaudited quarters and audited years ended December 31
($ millions except where otherwise indicated)

REVENUE

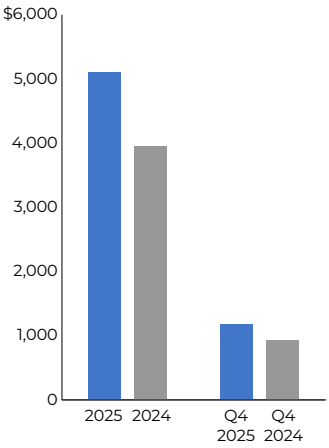


2025	**64,511**	**+6.2%**
2024[2]	60,717	
Q4 2025	**16,536**	**+11.2%**
Q4 2024[2]	14,874	

Performance in 2025

Revenue growth of $3,794 million driven by Loblaw and Choice Properties.

OPERATING INCOME

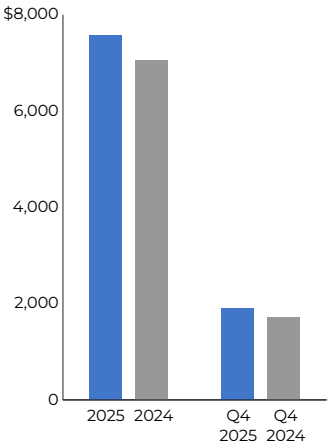


2025	**5,100**	**+29.2%**
2024[2]	3,948	
Q4 2025	**1,176**	**+26.0%**
Q4 2024[2]	933	

Performance in 2025

Operating income increased by $1,152 million. The increase was attributable to the favourable year-over-year net impact of adjusting items and an improvement in the underlying operating performance of Loblaw and Choice Properties, partially offset by the unfavourable year-over-year impact of GWL Corporate.

ADJUSTED EBITDA[1]



2025	**7,580**	**+7.5%**
2024[2]	7,050	
Q4 2025	**1,894**	**+10.7%**
Q4 2024[2]	1,711	

Performance in 2025

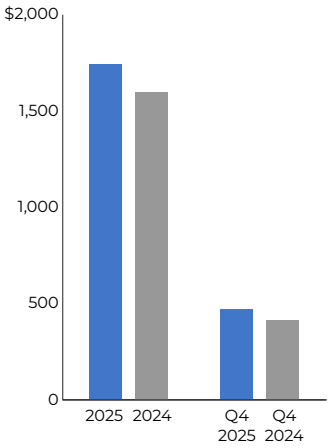
Adjusted EBITDA[1] increased by $530 million primarily driven by an improvement in the underlying operating performance of Loblaw and Choice Properties, partially offset by the unfavourable year-over-year impact of GWL Corporate.

ADJUSTED EBITDA MARGIN[1] (%)

11.7% **+10bps**
2025 vs. 2024[2]

11.5% **– bps**
Q4 2025 vs. Q4 2024[2]

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1]



2025	**1,741**	**+9.0%**
2024	1,597	
Q4 2025	**468**	**+12.8%**
Q4 2024	415	

Performance in 2025

Adjusted net earnings available to common shareholders[1] increased by $144 million primarily driven by an improvement in the underlying operating performance of Loblaw and Choice Properties, partially offset by the unfavourable year-over-year impact of GWL Corporate.

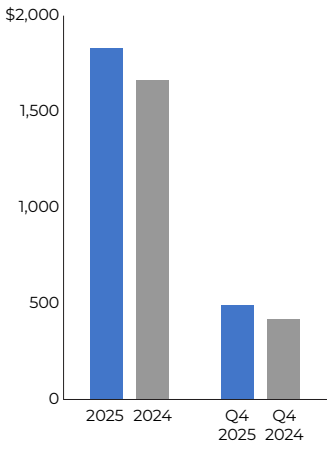
ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1][3] ($)

$4.46 **+12.1%**
2025 vs. 2024

$1.21 **+15.2%**
Q4 2025 vs. Q4 2024



CONTRIBUTION TO ADJUSTED NET EARNINGS[1] FROM CONTINUING OPERATIONS FROM THE PUBLICLY TRADED OPERATING COMPANIES[i]

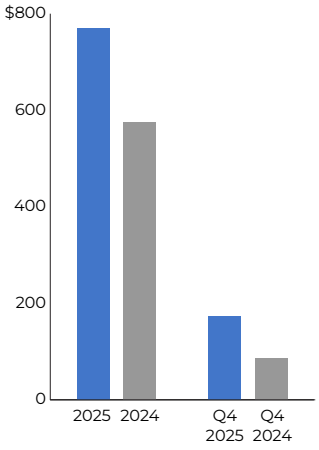


2025	**1,834**	**+10.0%**
2024[2]	1,667	
Q4 2025	**494**	**+17.1%**
Q4 2024[2]	422	

Performance in 2025

Contribution to adjusted net earnings available to common shareholders[1] from continuing operations from the publicly traded operating companies[i] increased by $167 million driven by an improvement in the underlying operating performance of Loblaw and Choice Properties.

GWL CORPORATE CASH FLOW FROM OPERATING BUSINESSES[1]

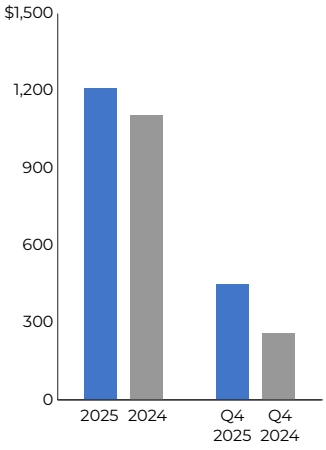


2025	**769**	**+33.7%**
2024	575	
Q4 2025	**173**	**+103.5%**
Q4 2024	85	

Performance in 2025

GWL Corporate cash flow from operating businesses[1] were higher in 2025 primarily due to the timing of the dividends received from Loblaw.

GWL CORPORATE FREE CASH FLOW[1]



2025	**1,208**	**+9.5%**
2024	1,103	
Q4 2025	**448**	**+73.6%**
Q4 2024	258	

Performance in 2025

GWL Corporate free cash flow[1] increased primarily due to higher GWL Corporate cash flow from operating businesses[1], higher proceeds from GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB") and lower income taxes paid, partially offset by the payment of a provision[ii].

See page 10 of this MD&A for a calculation of this metric.

GWL CORPORATE CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

$301 **-42.4%**

2025 vs. 2024

$523

2024

Performance in 2025

The decrease in GWL Corporate cash and cash equivalents and short-term investments since 2024 year end was primarily due to GWL share repurchases and the payment of a provision[ii], partially offset by proceeds received from GWL's participation in Loblaw's NCIB.

(i) Publicly traded operating companies is the combined results from Loblaw's continuing operations and Choice Properties after the effect of consolidation.
(ii) Includes a payment of a provision of $247 million recorded in the first quarter of 2025. Refer to note 32, "Contingent Liabilities", of the Company's 2025 consolidated financial statements for additional details.
1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2025 Management's Discussion and Analysis.
2 Certain comparative figures have been adjusted to separately present the results of PC Financial at Loblaw, as discontinued operations.
3 Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025. For further details, refer to Section 1.2, "Consolidated Other Business Matters", of the Company's 2025 Management's Discussion and Analysis.

GWL Corporate Free Cash Flow[1]

GWL Corporate free cash flow[1] 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.

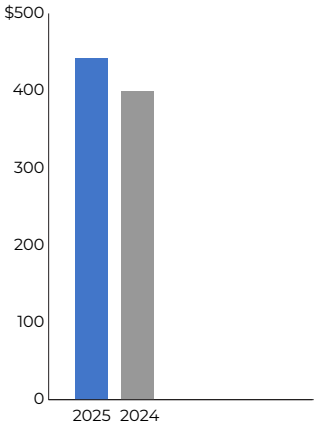
For the quarters and years ended December 31 ($ millions)	Quarters ended		Years ended	
	2025	**2024**	**2025**	**2024**
Dividends from Loblaw[i]	**87**	—	**426**	237
Distributions from Choice Properties	**86**	85	**343**	338
GWL Corporate cash flow from operating businesses[1]	**173**	85	**769**	575
Proceeds from participation in Loblaw's NCIB	**301**	184	**906**	746
GWL Corporate, financing, and other costs[ii][iii]	**(10)**	(7)	**(348)**	(76)
Income taxes paid	**(16)**	(4)	**(119)**	(142)
GWL Corporate free cash flow[1]	**448**	258	**1,208**	1,103

(i) Loblaw's fourth quarter of 2024 dividends were recognized in the first quarter of 2025.
(ii) Includes a payment of a provision of $247 million recorded in the first quarter of 2025. Refer to note 32, "Contingent Liabilities", of the Company's 2025 consolidated financial statements for additional details.
(iii) 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.

Dividends

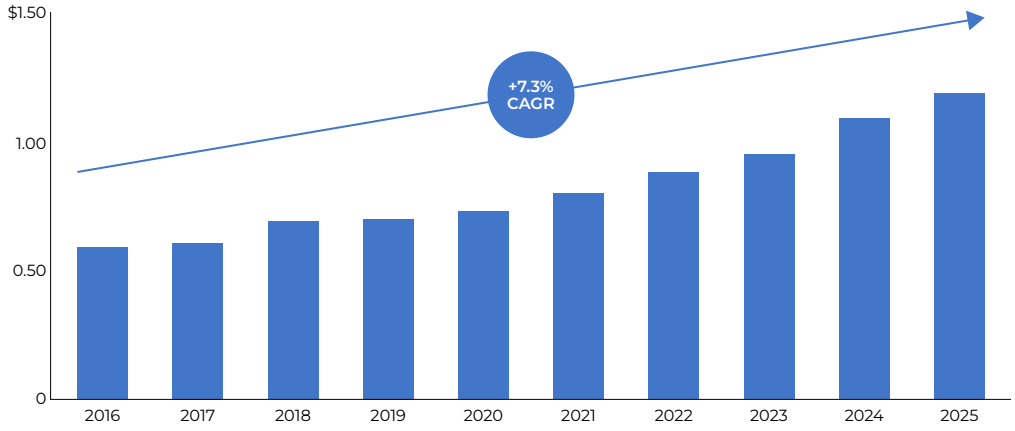
For the years ended December 31
($ millions except where otherwise indicated)

DIVIDENDS PAID



2025	442	+10.8%
2024	399	

DIVIDENDS PER COMMON SHARE[3] ($)



Performance in 2025

GWL Corporate dividends paid were higher due to an increase in the dividend per common share of 9.0% in the second quarter of 2025.

10 Year Summary

GWL declared an annualized dividend of $1.19 per common share in 2025. The Company's objective is to increase the dividend per common share over time while retaining appropriate free cash flow to finance future growth. Since 2016, the dividend per common share has increased at a 7.3% Compound Average Growth Rate ("CAGR").

Net Asset Value[1]

Net Asset Value ("NAV") is presented for GWL and represents management's estimate of the current value of the participating shareholders' equity of the Company. The Company seeks to create value for shareholders by increasing its NAV[1].

The calculation of NAV[1] is determined by the market value of the Company's interest in its operating businesses, Loblaw and Choice Properties, less the net debt and preferred shares of GWL Corporate, as set out below. NAV[1] is calculated using objective data, including the share and unit prices of the Company's two publicly traded operating companies, Loblaw and Choice Properties, which are subject to market fluctuations and other factors beyond the Company's control, including changes in the macroeconomic environment, capital market dynamics and investor sentiment.

The values below are for illustrative purposes and are not intended to forecast or predict future events or to measure intrinsic value.

NET ASSET VALUE[1]
As at December 31, 2025
($ billions except where otherwise indicated)

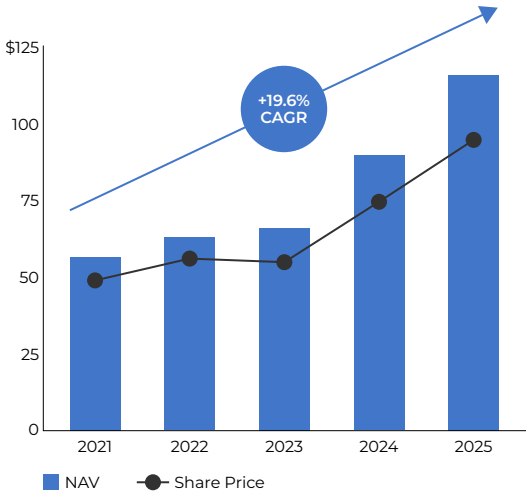
Loblaw Companies Limited			ChoiceProperties			WESTON	
618.7M SHARES HELD	X	**$62.05** SHARE PRICE	**446.4M** UNITS HELD[ii]	X	**$14.81** UNIT PRICE	NET DEBT AND PREFERRED SHARES OF GWL CORPORATE[iii]	
$38.4[i]	+		$6.6[i]	+		$(1.0)	=

WESTON	NET ASSET VALUE PER COMMON SHARE[1][iv] ($)	CLOSING SHARE PRICE[v] ($)
NET ASSET VALUE[1]		
$44.0	$115.86	$94.69
+25.8% vs. 2024	**+29.3%** vs. 2024	**+27.1%** vs. 2024

(i) The value of GWL's interest in its operating businesses is calculated by the number of shares or units held by the Company, multiplied by Loblaw and Choice Properties' respective Toronto Stock Exchange ("TSX") closing prices on the reporting date of December 31.
(ii) The number of Choice Properties units held by GWL includes both Class B LP Units and Trust Units. Class B LP Units ("Exchangeable Units") are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units.
(iii) GWL Corporate is calculated as GWL Corporate debt, preferred shares and certain provisions, less GWL Corporate cash and cash equivalents and short-term investments.
(iv) Total net asset value per common share is calculated as total net asset value divided by common shares outstanding of the Company.
(v) The GWL share price reflects the TSX:WN closing price on the reporting date of December 31.

Refer to Section 3.4, "Net Asset Value", of the Company's 2025 Management's Discussion & Analysis for further details.

NET ASSET VALUE PER COMMON SHARE[1] ($)



5 Year Summary

Net asset value per common share[1] in 2025 was $115.86. The Company's objective is to increase net asset value per common share[1] over the long-term. Since 2021, net asset value per common share[1] has increased at a 19.6% CAGR.

1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2025 Management's Discussion and Analysis.
3 Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025. For further details, refer to Section 1.2, "Consolidated Other Business Matters", of the Company's 2025 Management's Discussion and Analysis.

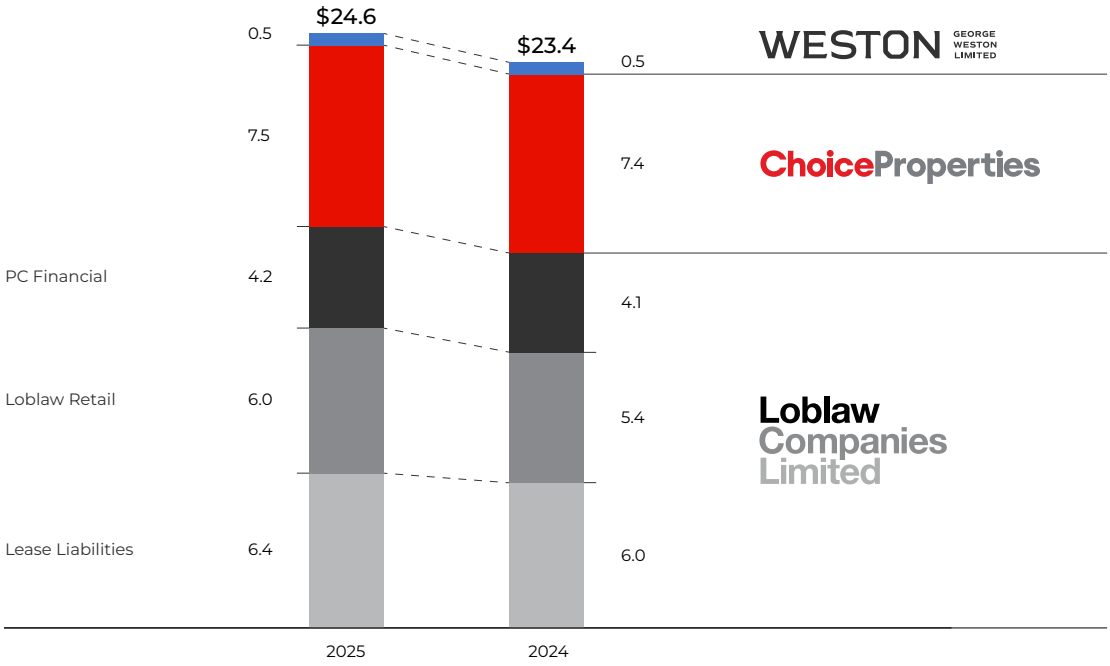
Total Debt

The following is presented on a total Company basis, inclusive of continuing and discontinued operations.

The Company manages its debt on a segmented basis to ensure that each of its businesses is employing leverage that is appropriate. The following chart presents total consolidated debt by reportable operating segment after effect of consolidation as at December 31, 2025 and 2024. There is no recourse to the Company for debt incurred by its operating businesses.

The consolidated debt for the group as at December 31, 2025 was $24.6 billion. Indebtedness of Loblaw and Choice Properties is fully serviced by their respective operating cash flows. Indebtedness of GWL Corporate is comprised of $500 million of senior unsecured debentures.

TOTAL DEBT
As at December 31
($ billions)




NATURALLY LOW PRICES

Loblaw

Loblaw (TSX: L) provides customers with grocery, pharmacy and healthcare services, other health and beauty products, apparel, general merchandise, and wireless mobile products and services. Loblaw also provides credit card and everyday banking services and insurance brokerage services.

Strategy

Loblaw is driven by its purpose to help Canadians *Live Life Well*® which guides its strategic framework. This framework centres around Loblaw's three strategic pillars of Delivering Retail Excellence, Driving Growth, and Investing for the Future, while embedding Environmental, Social, and Governance ("ESG") initiatives in everything it does. Underpinning these strategic pillars is a sharp focus on leveraging data driven insights and process efficiency excellence to deliver strong financial performance. The framework is supported by colleagues with a shared set of CORE values and culture principles that encourages colleagues to be authentic, build trust and make connections.

Loblaw strives to be the "best in food, health and beauty" and with its focus on retail excellence, it is constantly improving its retail operations to differentiate its customer offerings, to lower cost to serve and to deliver scale through its national logistics infrastructure. Building for the future, its purpose guides its investments in strategic growth initiatives to further differentiate its portfolio of assets, generate competitive advantages in products, services and price, improve its operational efficiencies, and create new areas of growth to service the changing needs of Canadians and to personalize their experiences.

Loblaw's purpose-led approach to addressing ESG issues ensures that ESG considerations are central to decisions made across Loblaw. By integrating consideration of environmental and social risks and good governance practices in its day-to-day business activities, implementing robust compliance and ethics programs and supporting its colleagues and the communities in which it operates, Loblaw aims to be a leading contributor to Canadian society both today and for generations to come.

Key highlights for the year

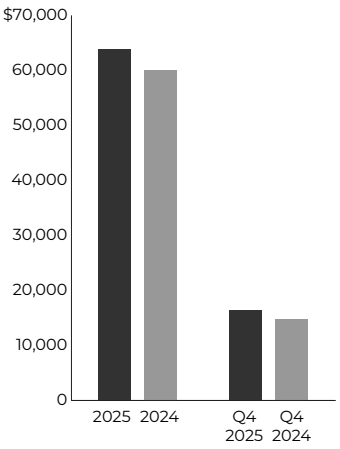
Loblaw's performance in the fourth quarter capped a successful 2025. Loblaw continued to invest in its future growth by opening 77 new stores across its banners, and successfully ramping the first of two automated, one million square foot distribution centres. The previously announced sale of PC Financial to EQ Bank will streamline Loblaw's operations, and the associated long-term strategic relationship as the exclusive financial partner of the PC Optimum™ loyalty program is expected to result in expanded growth of high-value, loyalty-based financial services customers. 2025 also marked significant growth rates in Loblaw's margin accretive logistics as a service, retail media and Lifemark businesses. Loblaw is confident that its best-in-class assets, resilient business model and investments for the future position it well to meet the evolving needs of Canadians, creating a foundation for consistent and sustainable growth.

Key performance indicators

As at or for the unaudited quarters and audited years ended December 31
($ millions except where otherwise indicated)

As a result of the announcement of the Sale of PC Financial, the results of PC Financial are presented separately as discontinued operations in Loblaw's current and comparative results. Unless otherwise indicated, all financial information represents Loblaw's results from continuing operations.

REVENUE

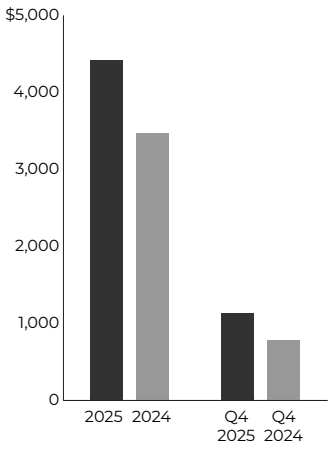


2025	**63,903**	**+6.3%**
2024[2]	60,123	
Q4 2025	**16,382**	**+11.3%**
Q4 2024[2]	14,725	

Performance in 2025

Revenue increased by $3,780 million which included the impact of the 53rd week. The increase was primarily driven by positive same-store sales[i] growth[4] in both food retail and drug retail, and a net increase in retail square footage.

OPERATING INCOME



2025	**4,416**	**+27.4%**
2024[2]	3,466	
Q4 2025	**1,132**	**+43.1%**
Q4 2024[2]	791	

Performance in 2025

Operating income increased by $950 million compared to 2024, which included the impact of the 53rd week. The increase was driven by the favourable year-over-year net impact of adjusting items and an improvement in the underlying operating performance.

Loblaw Offerings

DIVISIONS:

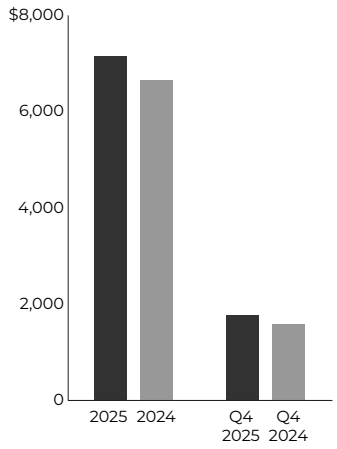
Super Market
Hard Discount
Shoppers Drug Mart®
Joe Fresh®
PC Financial®

TOP BRANDS:

President's Choice®
no name®
Farmer's Market™
T&T®
Life Brand™
PC Optimum™



ADJUSTED EBITDA[1]



2025	**7,148**	**+7.2%**
2024[2]	6,665	
Q4 2025	**1,773**	**+11.3%**
Q4 2024[2]	1,593	

Performance in 2025

Adjusted EBITDA[1] increased by $483 million compared to 2024, due to an increase in gross profit, partially offset by an increase in selling, general and administrative expenses ("SG&A"). Adjusted EBITDA[1] in 2025 included the impact of the 53rd week.

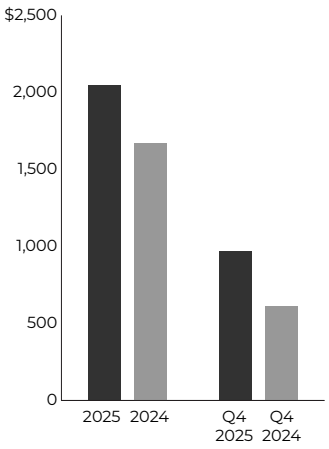
Adjusted EBITDA margin[1] increased due to a favourable decrease in SG&A as a percentage of sales primarily driven by operating leverage from higher sales and the year-over-year impact of certain real estate activities, partially offset by incremental costs related to opening new stores and the automated distribution facility.

ADJUSTED EBITDA MARGIN[1] (%)

11.2% **+10bps**
2025 vs. 2024[2]

10.8% **– bps**
Q4 2025 vs. Q4 2024[2]

FREE CASH FLOW[1][i][ii]



2025	**2,049**	**+22.6%**
2024	1,671	
Q4 2025	**970**	**+59.0%**
Q4 2024	610	

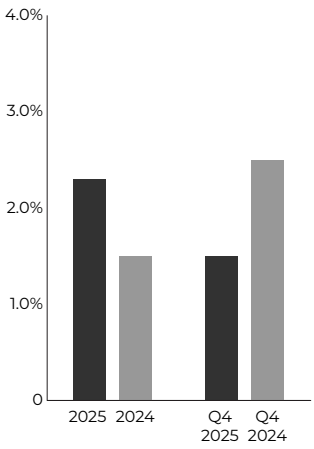
Performance in 2025

Free cash flow[1][i][ii] increased primarily due to higher cash earnings, a decrease in capital investments and lower income taxes paid, partially offset by the year-over-year change in provisions, higher interest and lease payments, and an unfavourable change in non-cash working capital.

CAPITAL EXPENDITURES[ii]

2.1 billion **-6.3%**
2025 vs. 2024

FOOD RETAIL SAME-STORE SALES[i] (%)



2025	**2.3%**	**+80bps**
2024	1.5%	
Q4 2025	**1.5%**	**-100bps**
Q4 2024	2.5%	

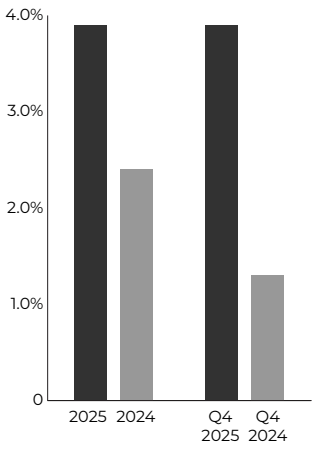
Performance in 2025

Food retail same-store sales[i] growth[4] was 2.3%. Loblaw's internal food inflation was lower than the Consumer Price Index of 3.5% (2024 – 2.2%). Food retail traffic increased[4] and basket size increased[4].

DEBT TO ADJUSTED EBITDA[1][i]

2.3x **-0.1x**
2025 vs. 2024

DRUG RETAIL SAME-STORE SALES[i] (%)



2025	**3.9%**	**+150bps**
2024	2.4%	
Q4 2025	**3.9%**	**+260bps**
Q4 2024	1.3%	

Performance in 2025

Drug retail same-store sales[i] growth[4] was 3.9%. Pharmacy and healthcare services same-store sales[i] growth[4] was led by specialty prescriptions, and front store same-store sales[i] growth[4] was primarily driven by higher sales of beauty and over-the-counter products, partially offset by the decision to exit certain low margin electronics categories.

(i) For more information on these measures see the 2025 Annual Report filed by Loblaw, which is available on www.sedarplus.ca or at www.loblaw.ca.
(ii) Presented on a total basis, inclusive of continuing and discontinued operations.
1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2025 Management's Discussion and Analysis.
2 Certain comparative figures have been adjusted to separately present the results of PC Financial at Loblaw, as discontinued operations.
4 Results are presented on a comparable number of week basis. Comparable number of weeks would be 52 weeks versus 52 weeks or 12 weeks versus 12 weeks.

Choice Properties

Choice Properties REIT (TSX: CHP.UN) is Canada's largest Real Estate Investment Trust, guided by a clear purpose: to create places where people thrive, through its ownership, operation and development of high-quality commercial and residential real estate.

Strategy

Choice Properties' financial goals are anchored in capital preservation, generating stable and growing cash flows, and delivering appreciation in net asset value and distributions, supported by its proven strategy and a strong, differentiated foundation. Choice Properties continues to focus on maintaining a market-leading portfolio, sustaining operational excellence, and delivering on its development pipeline.

Key highlights for the year

Choice Properties delivered another strong year of financial and operational results, as it advanced its capacity to execute on future opportunities. Choice Properties' high-quality assets, combined with its strong balance sheet and disciplined capital allocation, enabled Choice Properties to navigate market volatility, deliver positive 2025 financial results and create long-term value for its Unitholders. Choice Properties increased occupancy, and achieved strong leasing spreads and growth in Funds from Operations[1]. Each of its three strategic asset classes, retail, industrial, and mixed use and residential, plays a distinct role in generating stable cash flows and supporting long-term value creation. Choice Properties advanced its ESG initiatives in ways that support both its business and the communities it serves, making good progress against its three-year climate action roadmap through low-carbon development initiatives, retrofits of LED lighting and dual-fuel HVAC unit installations, and the signing of new green leases with several national retailers.

Top Retail tenants

1. Loblaw
2. Canadian Tire
3. Dollarama
4. TJX Companies
5. Goodlife
6. Liquor Control Board of Ontario (LCBO)
7. TD Canada Trust
8. Walmart
9. Sobeys
10. Staples

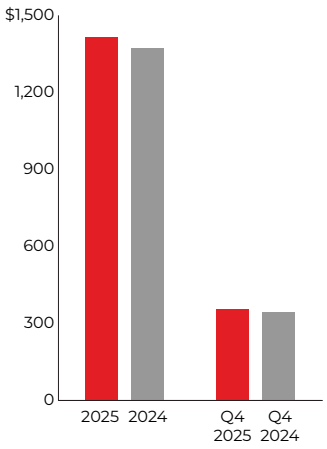
Top Industrial tenants

1. Loblaw
2. Amazon
3. Canada Cartage
4. TEN Canada Ltd.
5. Wonderbrands Inc.
6. Pet Valu
7. NFI IPD
8. Uline Canada Corporation
9. Kimberly-Clark
10. Alberta Gaming, Liquor and Cannabis

Key performance indicators

As at or for the unaudited quarters and audited years ended December 31
($ millions except where otherwise indicated)

REVENUE

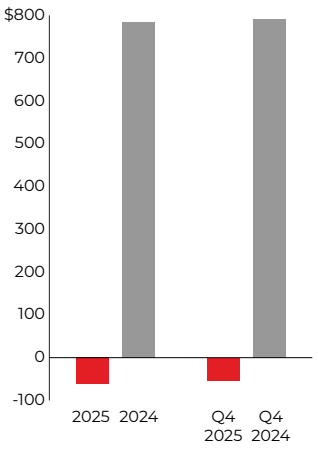


2025	**1,415**	**+3.4%**
2024	1,369	
Q4 2025	**355**	**+3.2%**
Q4 2024	344	

Performance in 2025

Revenue increased by $46 million due to an increase in rental revenue, partially offset by the prior year impact of revenue from the sale of residential inventory. The increase in rental revenue was driven by higher rental rates in the retail and industrial portfolios and contributions from acquisitions, net of dispositions, and completed developments, partially offset by lower lease surrender revenue.

NET (LOSS) INCOME



2025	**(61)**	**-107.8%**
2024	785	
Q4 2025	**(53)**	**-106.7%**
Q4 2024	792	

Performance in 2025

Net (loss) income changed by $846 million due to the unfavourable year-over-year impact of the fair value adjustment on the exchangeable units, as a result of the change in Choice Properties' Trust Unit price, and the unfavourable impact of the prior year reversal of a transaction related provision that was determined to be no longer required. The decrease was partially offset by an increase in revenue.

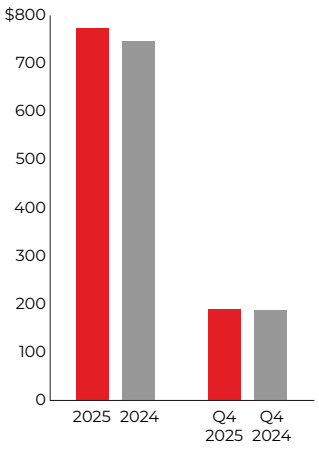
OCCUPANCY RATE

98.2% **+60bps**

2025 vs. 2024



FUNDS FROM OPERATIONS[1]

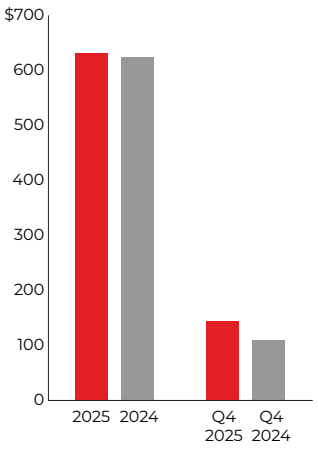


2025	**774**	**+3.6%**
2024	747	
Q4 2025	**190**	**+1.1%**
Q4 2024	188	

Performance in 2025

FFO[1] increased by $27 million primarily due to an increase in rental income and lower general and administrative expenses, partially offset by higher interest expense, lower interest income, and lower lease surrender revenue.

ADJUSTED FUNDS FROM OPERATIONS[i]

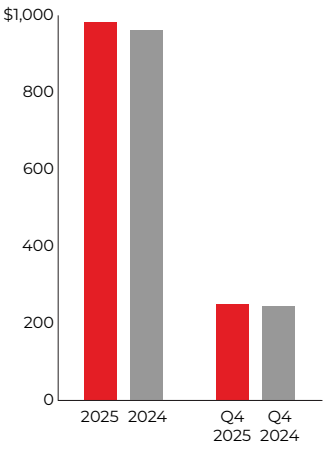


2025	**632**	**+1.1%**
2024	625	
Q4 2025	**145**	**+33.0%**
Q4 2024	109	

Performance in 2025

AFFO[i] increased by $7 million primarily due to an increase in FFO[1], partially offset by higher tenant improvement expenditures.

SAME-ASSET NOI, CASH BASIS[i]

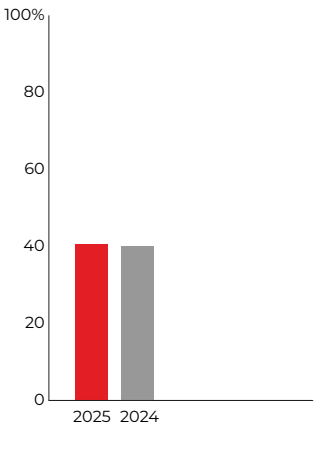


2025	**983**	**+2.2%**
2024	962	
Q4 2025	**250**	**+2.5%**
Q4 2024	244	

Performance in 2025

Same-Asset NOI, cash basis[i] growth was 2.2%, primarily due to increased revenue from higher rental rates on renewals, new leasing, and contractual rent steps, mainly in the retail and industrial portfolios, partially offset by the impact of provision reversals in the prior year.

ADJUSTED DEBT TO TOTAL ASSETS[i]



2025	**40.5%**	**+50bps**
2024	40.0%	

Performance in 2025

Adjusted debt to total assets[i] increased primarily due to the increase in the overall level of debt relative to the increase in total assets.

ADJUSTED DEBT TO EBITDAFV[i]

7.0x
2025

0.0x
vs. 2024

DEBT SERVICE COVERAGE[i]

2.9x
2025

-0.1x
vs. 2024

(i) For more information on Choice Properties measures see the 2025 Annual Report filed by Choice Properties, which is available on www.sedarplus.ca or at www.choicereit.ca.

1 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2025 Management's Discussion and Analysis.


JOE FRESH


Atlantic
Superstore
PHARMACY


Choice
has a place
with your
name on it




Canadian
Seafood


THE
WESTON
CENTRE


Loblaws
great food


BIG


SHOPPERS
DRUG MART
SHOPPERS
DRUG MART

Financial Highlights[6]

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

As at or for the years ended December 31 ($ millions except where otherwise indicated)	2025 (53 weeks)	2024[2] (52 weeks)	% Change
CONSOLIDATED OPERATING RESULTS			
Revenue	**$ 64,511**	$ 60,717	6.2%
Operating income	**5,100**	3,948	29.2%
Adjusted EBITDA[1]	**7,580**	7,050	7.5%
Depreciation and amortization	**2,338**	2,563	(8.8)%
Net interest expense and other financing charges	**1,493**	834	79.0%
Adjusted net interest expense and other financing charges[1]	**1,086**	998	8.8%
Income taxes	**1,270**	833	52.5%
Adjusted income taxes[1]	**1,209**	1,095	10.4%
Net earnings	**2,473**	2,496	(0.9)%
Continuing operations	**2,337**	2,281	2.5%
Discontinued operations	**136**	215	(36.7)%
Net earnings available to common shareholders of the Company	**1,098**	1,315	(16.5)%
Continuing operations	**1,026**	1,202	(14.6)%
Discontinued operations	**72**	113	(36.3)%
Adjusted net earnings available to common shareholders of the Company[1]	**1,741**	1,597	9.0%
Continuing operations	**1,669**	1,537	8.6%
Discontinued operations	**72**	60	20.0%
Contribution to adjusted net earnings available to common shareholders[1] from continuing operations from the publicly traded operating companies[i]	**1,834**	1,667	10.0%
GWL CORPORATE			
Cash flow from operating businesses[1]	**$ 769**	$ 575	33.7%
Free cash flow[1]	**1,208**	1,103	9.5%
CONSOLIDATED FINANCIAL POSITION AND CASH FLOWS			
Cash and cash equivalents, short-term investments and security deposits[ii]	**$ 2,585**	$ 2,734	(5.4)%
Cash flows from operating activities[iii]	**6,262**	6,065	3.2%
Capital investments[iii][iv]	**2,411**	2,395	0.7%
Free cash flow[1][iii]	**1,841**	1,811	1.7%
Total debt[ii] including lease liabilities	**24,556**	23,365	5.1%
Total equity attributable to shareholders of the Company	**5,280**	6,242	(15.4)%
Total equity	**12,610**	13,137	(4.0)%
Net asset value[1]	**43,969**	34,950	25.8%
Net asset value per common share[1] ($)	**115.86**	89.59	29.3%
CONSOLIDATED PER COMMON SHARE			
Diluted net earnings per common share[3] ($)	**$ 2.80**	$ 3.27	(14.4)%
Continuing operations	**2.62**	2.99	(12.4)%
Discontinued operations	**0.18**	0.28	(35.7)%
Adjusted diluted net earnings per common share[1][3] ($)	**4.46**	3.98	12.1%
Continuing operations	**4.28**	3.83	11.7%
Discontinued operations	**0.18**	0.15	20.0%
CONSOLIDATED FINANCIAL MEASURES AND RATIOS			
Adjusted EBITDA margin[1] (%)	**11.7%**	11.6%	
Adjusted return on average equity attributable to common shareholders of the Company[1] (%)	**35.2%**	28.3%	
Adjusted return on capital[1] (%)	**15.2%**	14.5%	
REPORTABLE OPERATING SEGMENTS			
Loblaw			
Revenue	**$ 63,903**	$ 60,123	6.3%
Operating income	**4,416**	3,466	27.4%
Adjusted EBITDA[1]	**7,148**	6,665	7.2%
Adjusted EBITDA margin[1] (%)	**11.2%**	11.1%	
Depreciation and amortization	**2,692**	2,918	(7.7)%
Choice Properties			
Revenue	**$ 1,415**	$ 1,369	3.4%
Net (loss) income	**(61)**	785	(107.8)%
Funds from operations[1]	**774**	747	3.6%

(i) Publicly traded operating companies is the combined results from Loblaw's continuing operations and Choice Properties after the effect of consolidation.
(ii) As at December 31, 2025, includes amounts classified as assets, or liabilities associated with, held for sale. Refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's 2025 consolidated financial statements.
(iii) Cash flow metrics presented on a total Company basis, inclusive of continuing and discontinued operations.
(iv) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the year. There were no prepayments transferred to fixed assets for the years ended 2025 and 2024.

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1. Overall Financial Performance

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 reflects 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.

As a result of the announcement of the Sale of PC Financial at Loblaw, the results of PC Financial are presented separately as discontinued operations in the Company's current and comparative results. Refer to "Discontinued Operations" below for further information. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

($ millions except where otherwise indicated) For the years ended as indicated	2025 (53 weeks)	2024[2] (52 weeks)	$ Change	% Change
Revenue	**$ 64,511**	**$ 60,717**	**$ 3,794**	**6.2%**
Operating income	**$ 5,100**	**$ 3,948**	**$ 1,152**	**29.2%**
Adjusted EBITDA[1]	**$ 7,580**	$ 7,050	$ 530	7.5%
Adjusted EBITDA margin[1]	**11.7%**	11.6%		
Depreciation and amortization	**$ 2,338**	**$ 2,563**	**$ (225)**	**(8.8)%**
Net interest expense and other financing charges	**$ 1,493**	**$ 834**	**$ 659**	**79.0%**
Adjusted net interest expense and other financing charges[1]	**$ 1,086**	$ 998	$ 88	8.8%
Income taxes	**$ 1,270**	**$ 833**	**$ 437**	**52.5%**
Adjusted income taxes[1]	**$ 1,209**	$ 1,095	$ 114	10.4%
Effective tax rate	**35.2%**	**26.8%**		
Adjusted effective tax rate[1]	**28.1%**	27.5%		
Net earnings attributable to shareholders of the Company	**$ 1,142**	**$ 1,359**	**$ (217)**	**(16.0)%**
Loblaw[i]	**$ 1,335**	$ 1,025	$ 310	30.2%
Choice Properties	**(61)**	785	(846)	(107.8)%
Effect of consolidation	**(71)**	(283)	212	74.9%
Publicly traded operating companies	**$ 1,203**	$ 1,527	$ (324)	(21.2)%
GWL Corporate	**(177)**	(325)	148	45.5%
Net earnings available to common shareholders of the Company from continuing operations	**$ 1,026**	$ 1,202	$ (176)	(14.6)%
Discontinued operations	**72**	113	(41)	(36.3)%
Net earnings available to common shareholders of the Company	**$ 1,098**	**$ 1,315**	**$ (217)**	**(16.5)%**
Diluted net earnings per common share[3] ($)	**$ 2.80**	**$ 3.27**	**$ (0.47)**	**(14.4)%**
Continuing operations	**$ 2.62**	$ 2.99	$ (0.37)	(12.4)%
Discontinued operations	**$ 0.18**	$ 0.28	$ (0.10)	(35.7)%
Loblaw[i]	**$ 1,465**	$ 1,332	$ 133	10.0%
Choice Properties	**446**	426	20	4.7%
Effect of consolidation[1]	**(77)**	(91)	14	15.4%
Publicly traded operating companies	**$ 1,834**	$ 1,667	$ 167	10.0%
GWL Corporate	**(165)**	(130)	(35)	(26.9)%
Adjusted net earnings available to common shareholders of the Company[1] from continuing operations	**$ 1,669**	$ 1,537	$ 132	8.6%
Discontinued operations	**72**	60	12	20.0%
Adjusted net earnings available to common shareholders of the Company[1]	**$ 1,741**	$ 1,597	$ 144	9.0%
Adjusted diluted net earnings per common share[1][3] ($)	**$ 4.46**	$ 3.98	$ 0.48	12.1%
Continuing operations	**$ 4.28**	$ 3.83	$ 0.45	11.7%
Discontinued operations	**$ 0.18**	$ 0.15	$ 0.03	20.0%

(i) Contribution from Loblaw's net earnings from continuing operations, net of non-controlling interests.

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY AND DILUTED NET EARNINGS PER COMMON SHARE

Net earnings available to common shareholders of the Company in 2025 were $1,098 million, a decrease of $217 million, or 16.5%, compared to $1,315 million in 2024. Diluted net earnings per common share were $2.80, a decrease of $0.47 per common share, or 14.4%. The decrease was primarily driven by the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability.

Adjusted net earnings available to common shareholders of the Company[1] in 2025 were $1,741 million, an increase of $144 million, or 9.0%. Adjusted diluted net earnings per common share[1] were $4.46, an increase of $0.48 per common share, or 12.1%.

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS

Net earnings available to common shareholders of the Company from continuing operations in 2025 were $1,026 million ($2.62 per common share), a decrease of $176 million ($0.37 per common share) compared to $1,202 million ($2.99 per common share) in 2024. The decrease was due to the unfavourable year-over-year net impact of adjusting items totaling $308 million ($0.82 per common share) described below, partially offset by an improvement of $132 million ($0.45 per common share) in the consolidated underlying operating performance of the Company.

The unfavourable year-over-year net impact of adjusting items totaling $308 million ($0.82 per common share) was primarily due to:

- the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $571 million ($1.46 per common share) as a result of the increase in Choice Properties' unit price;
- the unfavourable impact of deferred tax on the outside basis difference related to the Sale of PC Financial at Loblaw of $56 million ($0.14 per common share);
- the unfavourable year-over-year impact of the fair value adjustment on investment properties of $50 million ($0.12 per common share) driven by Choice Properties, net of the effect of consolidation; and
- the unfavourable year-over-year impact of the prior year reversal of a transaction related provision of $39 million ($0.10 per common share) that was determined to be no longer required at Choice Properties;

partially offset by,

- the favourable year-over-year impact of the prior year charges related to the settlement of class action lawsuits of $253 million ($0.63 per common share);
- the favourable year-over-year impact of lower amortization of intangible assets at Loblaw of $137 million ($0.34 per common share) primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") which are now fully amortized; and
- the favourable year-over-year impact of the prior year charge related to the PC Optimum™ loyalty program at Loblaw of $36 million ($0.09 per common share).

Adjusted net earnings available to common shareholders of the Company[1] from continuing operations in 2025 were $1,669 million, an increase of $132 million, or 8.6%, compared to 2024. The increase was due to the favourable year-over-year impact of $167 million from the contribution of the publicly traded operating companies. The increase was partially offset by the unfavourable year-over-year impact of $35 million at GWL Corporate primarily driven by an increase in income tax expense related to GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB"), an increase in adjusted net interest expense and other financing charges[1], and the unfavourable year-over-year impact of the fair value adjustment of other investments.

Adjusted diluted net earnings per common share[1] from continuing operations in 2025 were $4.28, an increase of $0.45 per common share, or 11.7%. The increase was due to the favourable performance in adjusted net earnings available to common shareholders of the Company[1] from continuing operations as described above, and the favourable impact of shares purchased for cancellation over the last 12 months ($0.13 per common share) pursuant to the Company's NCIB.

REVENUE

($ millions except where otherwise indicated) For the years ended as indicated	2025 (53 weeks)	2024[2] (52 weeks)	$ Change	% Change
Loblaw	**$ 63,903**	$ 60,123	$ 3,780	6.3%
Choice Properties	**1,415**	1,369	46	3.4%
Effect of consolidation[1]	**(807)**	(775)	(32)	(4.1)%
Publicly traded operating companies	**$ 64,511**	$ 60,717	$ 3,794	6.2%
GWL Corporate	**—**	—		
Consolidated	**$ 64,511**	$ 60,717	$ 3,794	6.2%

The Company's 2025 consolidated revenue was $64,511 million, an increase of $3,794 million, or 6.2%, compared to 2024. The Company's consolidated revenue was impacted by each of the Company's reportable operating segments as follows:

- Positively by 6.2% due to revenue growth of 6.3% at Loblaw. The increase was primarily due to positive same-store sales growth[4] in both food retail and drug retail, and a net increase in retail square footage.
- Positively by 0.1% due to revenue growth of 3.4% at Choice Properties. The increase of $46 million was driven by an increase in rental revenue of $57 million, partially offset by the prior year impact of revenue from the sale of residential inventory. The increase in rental revenue was primarily driven by higher rental rates and contributions from acquisitions, net of dispositions, and completed developments, partially offset by lower lease surrender revenue.

OPERATING INCOME

($ millions except where otherwise indicated) For the years ended as indicated	2025 (53 weeks)	2024[2] (52 weeks)	$ Change	% Change
Loblaw	**$ 4,416**	$ 3,466	$ 950	27.4%
Choice Properties	**1,075**	1,080	(5)	(0.5)%
Effect of consolidation[1]	**(364)**	(320)	(44)	(13.8)%
Publicly traded operating companies	**$ 5,127**	$ 4,226	$ 901	21.3%
GWL Corporate	**(27)**	(278)	251	90.3%
Consolidated	**$ 5,100**	$ 3,948	$ 1,152	29.2%

The Company's 2025 operating income was $5,100 million compared to $3,948 million in 2024, an increase of $1,152 million, or 29.2%. The increase was attributable to the favourable year-over-year net impact of adjusting items totaling $747 million described below, and an improvement in the underlying operating performance of the Company of $405 million driven by Loblaw and Choice Properties, partially offset by the unfavourable year-over-year impact of GWL Corporate.

The favourable year-over-year net impact of adjusting items totaling $747 million was primarily driven by:

- the favourable year-over-year impact of the prior year charges related to the settlement of class action lawsuits of $420 million;
- the favourable year-over-year impact of lower amortization of intangible assets at Loblaw of $350 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
- the favourable year-over-year impact of the prior year charge related to the *PC Optimum* loyalty program at Loblaw of $99 million; and
- the favourable year-over-year impact related to the sale of Wellwise at Loblaw of $28 million;

partially offset by,

- the unfavourable year-over-year impact of the fair value adjustment on investment properties of $52 million driven by Choice Properties, net of the effect of consolidation;
- the unfavourable year-over-year impact of the prior year reversal of a transaction related provision of $39 million that was determined to be no longer required at Choice Properties; and
- the unfavourable impact of the wind-down of the Theodore & Pringle® optical business at Loblaw of $30 million.

ADJUSTED EBITDA[1]

($ millions except where otherwise indicated) For the years ended as indicated	2025 (53 weeks)	2024[2] (52 weeks)	$ Change	% Change
Loblaw	**$ 7,148**	$ 6,665	$ 483	7.2%
Choice Properties	**1,009**	965	44	4.6%
Effect of consolidation[1]	**(553)**	(561)	8	1.4%
Publicly traded operating companies	**$ 7,604**	$ 7,069	$ 535	7.6%
GWL Corporate	**(24)**	(19)	(5)	(26.3)%
Consolidated	**$ 7,580**	$ 7,050	$ 530	7.5%

The Company's 2025 adjusted EBITDA[1] was $7,580 million compared to $7,050 million in 2024, an increase of $530 million, or 7.5%. The increase was impacted by each of the Company's segments as follows:

- positively by 6.9% due to growth of 7.2% at Loblaw, driven by an increase in gross profit, partially offset by an increase in selling, general and administrative expenses ("SG&A");
- positively by 0.6% due to an increase of 4.6% at Choice Properties, primarily driven by an increase in rental income and lower general and administrative expenses, partially offset by lower lease surrender revenue and the prior year impact of revenue from the sale of residential inventory; and
- negatively by 0.1% due to a decrease of 26.3% at GWL Corporate, primarily due to the unfavourable year-over-year impact of the fair value adjustment on other investments.

DEPRECIATION AND AMORTIZATION

($ millions except where otherwise indicated) For the years ended as indicated	2025 (53 weeks)	2024[2] (52 weeks)	$ Change	% Change
Loblaw	**$ 2,692**	$ 2,918	$ (226)	(7.7)%
Choice Properties	**4**	4	—	—%
Effect of consolidation	**(361)**	(362)	1	0.3%
Publicly traded operating companies	**$ 2,335**	$ 2,560	$ (225)	(8.8)%
GWL Corporate	**3**	3	—	—%
Consolidated	**$ 2,338**	$ 2,563	$ (225)	(8.8)%

Depreciation and amortization in 2025 was $2,338 million, a decrease of $225 million compared to 2024. The decrease was driven by the impact of lower amortization of intangible assets at Loblaw primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized, partially offset by an increase in depreciation at Loblaw.

Depreciation and amortization in 2025 included $149 million (2024 – $499 million) of amortization of intangible assets related to the acquisitions of 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 years ended as indicated	2025 (53 weeks)	2024[2] (52 weeks)	$ Change	% Change
Net interest expense and other financing charges	**$ 1,493**	$ 834	$ 659	79.0%
(Deduct) add impact of the following:				
Fair value adjustment of the Trust Unit liability	**(407)**	164	(571)	(348.2)%
Adjusted net interest expense and other financing charges[1]	**$ 1,086**	$ 998	$ 88	8.8%

Net interest expense and other financing charges in 2025 were $1,493 million, an increase of $659 million compared to 2024. The increase was primarily due to the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $571 million as a result of the increase in Choice Properties' unit price during 2025.

Adjusted net interest expense and other financing charges[1] in 2025 increased by $88 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; and
- lower interest income on cash and cash equivalents and certain short-term investments.

INCOME TAXES

($ millions except where otherwise indicated) For the years ended as indicated	2025 (53 weeks)	2024[2] (52 weeks)	$ Change	% Change
Income taxes	**$ 1,270**	$ 833	$ 437	52.5%
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes[i]	**58**	268	(210)	(78.4)%
Outside basis difference in certain Loblaw shares	**(12)**	(6)	(6)	(100.0)%
Deferred tax on outside basis difference - Sale of PC Financial	**(107)**	—	(107)	(100.0)%
Adjusted income taxes[1]	**$ 1,209**	$ 1,095	$ 114	10.4%
Effective tax rate applicable to earnings before taxes	**35.2%**	26.8%		
Adjusted effective tax rate applicable to adjusted earnings before taxes[1]	**28.1%**	27.5%		

(i) Refer to the adjusted EBITDA table and the adjusted net interest expense and other financing charges table included in Section 13, "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 2025 was 35.2%, compared to 26.8% 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 recognition of deferred tax on the outside basis difference upon classifying PC Financial as held for sale, and the non-taxable portion of the gain from real estate dispositions during 2024.

The adjusted effective tax rate[1] in 2025 was 28.1%, compared to 27.5% in 2024. The increase was primarily attributable to an increase in current tax expense related to the Company's participation in Loblaw's NCIB and the non-taxable portion of the gain from real estate dispositions during 2024.

DISCONTINUED OPERATIONS

As a result of the announcement of the sale of PC Financial, the results of PC Financial are presented in discontinued operations. Refer to "Loblaw Other Business Matters" in Section 2.1, "Loblaw Operating Results", of this MD&A for more information.

Net Earnings Available to Common Shareholders of the Company from Discontinued Operations

Net earnings available to common shareholders of the Company from discontinued operations were $72 million in 2025, a decrease of $41 million compared to 2024. The decrease was primarily driven by:

- lapping of prior year recovery of $66 million (net of income taxes and non-controlling interests) relating to a commodity tax matter; and
- higher customer acquisition expenses and operating costs, from lapping of prior year ongoing benefits associated with the renewal of a long-term agreement with Mastercard International Incorporated ("Mastercard");

partially offset by,

- lapping of prior year *PC Optimum* loyalty liability charge of $13 million (net of income taxes and non-controlling interests) relating to the revaluation of the existing loyalty liability for outstanding points to reflect a higher anticipated redemption rate;
- increase in revenue of $20 million[i] driven by higher insurance commission income and higher interchange income; and
- the year-over-year favourable impact of the expected credit loss provision and lower charge-offs.

(i) Revenue included in discontinued operations in 2025 was $911 million compared to $891 million in 2024.

1.2 Consolidated Other Business Matters

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

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024 (12 weeks)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024 (52 weeks)
NCIB – purchased and cancelled[(i)]	**$ (291)**	$ (211)	**$ (993)**	$ (990)
Participation in Loblaw's NCIB[(ii)]	**301**	184	**906**	746
Debenture repaid - 4.12%, due June 17, 2024	**—**	—	**—**	(200)
Debenture issued - 4.19%, due September 5, 2029	**—**	—	**—**	250
Net cash flow from (used in) above activities	**$ 10**	$ (27)	**$ (87)**	$ (194)

(i) In the fourth quarter of 2025, GWL Corporate paid $1 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the third quarter of 2025.

(ii) In the fourth quarter of 2025, GWL Corporate received $1 million of cash consideration related to Loblaw shares sold in the third quarter of 2025.

NCIB - Purchased and Cancelled Shares In the fourth quarter and year-to-date 2025, the Company purchased and cancelled 3.2 million common shares (2024 – 2.8 million common shares) for aggregate consideration of $290 million (2024 – $209 million) and 11.5 million common shares (2024 – 14.9 million common shares) for aggregate consideration of $993 million (2024 – $990 million), respectively, under its NCIB. As at December 31, 2025, the Company had 379.3 million shares issued and outstanding, net of shares held in trusts (December 31, 2024 – 389.9 million common shares).

The Company has 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.

In the third quarter of 2025, the Toronto Stock Exchange ("TSX") accepted an amendment to the Company's NCIB to allow Wittington Investments, Limited ("Wittington"), the Company's controlling shareholder, to participate in the NCIB to maintain its proportionate ownership interest in the Company at approximately 59.2%. Purchases of common shares from Wittington will be made during the TSX's Special Trading Session pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Wittington. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Wittington.

Refer to Section 3.7, "Share Capital", of this MD&A 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 fourth quarter and year-to-date 2025, Loblaw repurchased 5.0 million common shares (2024 – 4.0 million common shares[(i)]) from the Company for aggregate consideration of $300 million (2024 – $181 million) and 16.8 million common shares[(i)] (2024 – 18.5 million common shares[(i)]) for aggregate consideration of $906 million (2024 – $746 million), respectively.

(i) Adjusted retrospectively to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.

GWL STOCK SPLIT In the third quarter of 2025, the Company completed a three-for-one stock split of its outstanding common shares. The stock split was implemented by way of a stock dividend, with shareholders receiving two additional common shares for each common share held. The stock split was effective at the close of business on August 18, 2025, for shareholders of record as of the close of business on August 14, 2025. All share, equity award and per share amounts presented herein have been retrospectively adjusted to reflect the stock split.

1.3 Selected Annual Information

The selected information presented below has been derived from and should be read in conjunction with the annual consolidated financial statements of the Company dated December 31, 2025, 2024 and 2023 included within the 2025 and 2024 Annual Reports. The analysis of the data contained in the table focuses on the trends and significant events or items affecting the results of operations and financial condition of the Company over the latest three year period.

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

($ millions except where otherwise indicated) For the years ended as indicated	2025 (53 weeks)	2024[2] (52 weeks)	2023[2] (52 weeks)
Revenue	**$ 64,511**	**$ 60,717**	**$ 59,276**
Operating income	**$ 5,100**	**$ 3,948**	**$ 4,174**
Adjusted EBITDA[1]	**$ 7,580**	$ 7,050	$ 6,684
Adjusted EBITDA margin[1]	**11.7%**	11.6%	11.3%
Depreciation and amortization	**$ 2,338**	$ 2,563	$ 2,476
Net interest expense and other financing charges	**$ 1,493**	$ 834	$ 746
Adjusted net interest expense and other financing charges[1]	**$ 1,086**	$ 998	$ 977
Income taxes	**$ 1,270**	$ 833	$ 852
Adjusted income taxes[1]	**$ 1,209**	$ 1,095	$ 1,015
Adjusted effective tax rate[1]	**28.1%**	27.5%	27.2%
Net earnings	**$ 2,473**	**$ 2,496**	**$ 2,625**
Net earnings attributable to shareholders of the Company	**$ 1,142**	**$ 1,359**	**$ 1,540**
Continuing operations	**$ 1,070**	$ 1,246	$ 1,514
Discontinued operations	**$ 72**	$ 113	$ 26
Loblaw[i]	**$ 1,335**	$ 1,025	$ 1,076
Choice Properties	**(61)**	785	797
Effect of consolidation	**(71)**	(283)	(248)
Publicly traded operating companies	**$ 1,203**	$ 1,527	$ 1,625
GWL Corporate	**(177)**	(325)	(155)
Net earnings available to common shareholders of the Company from continuing operations	**$ 1,026**	$ 1,202	$ 1,470
Discontinued operations	**72**	113	26
Net earnings available to common shareholders of the Company	**$ 1,098**	**$ 1,315**	**$ 1,496**
Diluted net earnings per common share[3] ($)	**$ 2.80**	**$ 3.27**	**$ 3.58**
Continuing operations	**$ 2.62**	$ 2.99	$ 3.52
Discontinued operations	**$ 0.18**	$ 0.28	$ 0.06
Loblaw[i]	**$ 1,465**	$ 1,332	$ 1,274
Choice Properties	**446**	426	409
Effect of consolidation[1]	**(77)**	(91)	(104)
Publicly traded operating companies	**$ 1,834**	$ 1,667	$ 1,579
GWL Corporate	**(165)**	(130)	(147)
Adjusted net earnings available to common shareholders of the Company[1] from continuing operations	**$ 1,669**	$ 1,537	$ 1,432
Discontinued operations	**72**	60	35
Adjusted net earnings available to common shareholders of the Company[1]	**$ 1,741**	$ 1,597	$ 1,467
Adjusted diluted net earnings per common share[1][3] ($)	**$ 4.46**	$ 3.98	$ 3.51
Continuing operations	**$ 4.28**	$ 3.83	$ 3.43
Discontinued operations	**$ 0.18**	$ 0.15	$ 0.08
Dividends declared per share ($):			
Common shares[3]	**$ 1.167132**	$ 1.057666	$ 0.933001
Preferred shares – Series I	**$ 1.45**	$ 1.45	$ 1.45
Preferred shares – Series III	**$ 1.30**	$ 1.30	$ 1.30
Preferred shares – Series IV	**$ 1.30**	$ 1.30	$ 1.30
Preferred shares – Series V	**$ 1.1875**	$ 1.1875	$ 1.1875
Total Assets and Long-Term Financial Liabilities			
Total assets	**$ 52,167**	**$ 51,436**	**$ 49,770**
Total long-term debt[ii]	**$ 15,916**	$ 15,384	$ 14,996
Financial liabilities	**708**	704	710
Lease liabilities	**6,385**	6,022	5,443
Trust Unit liability	**4,122**	3,715	3,881
Total long-term financial liabilities[ii]	**$ 27,131**	**$ 25,825**	**$ 25,030**

(i) Contribution from Loblaw's net earnings from continuing operations, net of non-controlling interests.
(ii) As at December 31, 2025, includes $2,722 million of long-term debt classified as liabilities associated with assets held for sale. Refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's 2025 consolidated financial statements for additional details.

REVENUE The Company's reportable operating segments had the following sales trends over the last three years:

- Loblaw's retail sales have continued to grow despite the pressure of a highly competitive retail market, and impacts of global economic uncertainties over the last three years. In 2023, amidst global inflationary pressures, consumers increased their focus on value, which benefited Loblaw's sales due to its strength in private label products, discount banners, and personalized promotions, including its *PC Optimum* loyalty program. In drug retail, strong cosmetics and over-the-counter ("OTC") product sales continued, while pharmacy services demonstrated strong growth, partially off-setting a decline in COVID-19 related services. In 2024, consumers remained focused on value, which benefited Loblaw's sales due to its strength in private label products, hard discount banners, and personalized promotions, including its *PC Optimum* loyalty program. In drug retail, strong cosmetics sales continued and OTC sales normalized as the cough and cold season returned to more normal trends, while pharmacy services demonstrated strong growth. In 2025, consumers remained focused on value which benefitted Loblaw's sales due to its high mix of hard discount stores, strength in private label products, and personalized promotions through its *PC Optimum* loyalty program. In drug retail, strong cosmetics and OTC sales continued, while pharmacy services demonstrated strong growth. 2025 included the impact of the 53rd week of $1,138 million.

- In 2023, Choice Properties revenue increased due to higher rental rates in the retail and industrial portfolios, higher capital and operating recoveries, acquisitions and completed developments and higher lease surrender revenue, partially offset by foregone revenue following dispositions completed in 2023 including the impact of the six office assets disposed of in 2022 ("Office Asset Sale"). The increase in Choice Properties revenue in 2023 also included revenue from the sale of residential inventory. In 2024, revenue at Choice Properties increased due to continued higher rental rates primarily in the retail and industrial portfolios, higher recoveries, and the impact of acquisitions, net of dispositions, and completed developments. The increase was partially offset by lower lease surrender revenue and lower revenue on the sale of residential inventory. In 2025, Choice Properties revenue increased due to higher rental rates in the retail and industrial portfolios, acquisitions and completed developments, partially offset by lower surrender revenue.

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS AND DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS

Net earnings available to common shareholders of the Company from continuing operations and diluted net earnings per common share from continuing operations for the last three years were impacted by certain adjusting items as described in Section 13, "Non-GAAP and Other Financial Measures", of this MD&A and by the underlying operating performance of each of the Company's reportable operating segments.

Over the last three years, the Company's underlying operating performance was impacted by the following:

- changes in the underlying operating performance of Loblaw due to:
  - positive same-store sales growth[(4)] in both Loblaw's food retail and drug retail in 2025, 2024 and 2023. Loblaw's financial results for 2025 and 2024 had higher revenue and cost of sales when compared to 2023;
  - the impact of the 53rd week in fiscal year 2025; and
  - cost savings, operating efficiencies and investments in and benefits from strategic initiatives.

- changes in the underlying operating performance of Choice Properties due to:
  - fluctuations in rental income from the favourable impact of contributions from acquisition and development transfers, the year-over-year improvement in rental income from the retail and industrial portfolios driven by an increase in rental rates, higher recoveries, lease surrender revenue, and the unfavourable impact of dispositions;
  - in 2023, the underlying operating performance was impacted by the Office Asset Sale which resulted in the unfavourable impact of foregone rental income, partially offset by the favourable impact from distribution income from Choice Properties' investment in real estate securities of Allied Properties Real Estate Investment Trust ("Allied");
  - in 2023 and 2024, the underlying operating performance included income from the sale of residential inventory; and
  - fluctuations in general and administrative expenses.

- the year-over-year impact of changes in the effect of consolidation. Refer to Section 13, "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; and
  - higher income tax expense as a result of GWL's participation in Loblaw's NCIB.

- diluted net earnings per common share included the favourable impact of shares purchased for cancellation.

TOTAL ASSETS AND LONG-TERM FINANCIAL LIABILITIES

In 2025, total assets of $52,167 million increased by 1.4% compared to 2024. The increase was primarily driven by an increase in fixed assets and right-of-use assets. This was partially offset by a decrease in intangible assets and cash and cash equivalents held at GWL Corporate. Total long-term financial liabilities of $27,131 million increased by 5.1% compared to 2024 primarily driven by an increase in lease liabilities, higher net issuance of long-term debt at Loblaw and Choice Properties, and an increase in the Trust Unit liability due to an increase in the unit price.

In 2024, total assets of $51,436 million increased by 3.3% compared to 2023. The increase was primarily driven by an increase in fixed assets, right-of-use assets, inventories, short-term investments and investment properties. This was partially offset by a decrease in intangible assets, and cash and cash equivalents held at GWL Corporate. Total long-term financial liabilities of $25,825 million increased by 3.2% compared to 2023 primarily driven by an increase in lease liabilities and higher net issuance of long-term debt at Loblaw and GWL Corporate. The increase in long-term financial liabilities was partially offset by a decline in the Trust Unit liability due to a decrease in the unit price.

The Trust Unit liability is recognized at fair value on the consolidated balance sheets and fluctuates due to issuances and changes in the fair value of Choice Properties' Trust Units. As at December 31, 2025, 277,362,857 Units were held by Unitholders other than the Company (2024 – 277,262,557; 2023 – 277,198,557). The Company held an approximate 61.7% (2024 – 61.7%; 2023 – 61.7%) effective ownership interest in Choice Properties.

2. Results of Reportable Operating Segments

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

2.1 Loblaw Operating Results

The results of PC Financial are presented separately as discontinued operations in Loblaw's current and comparative results. Unless otherwise indicated, all financial information represents Loblaw's results from continuing operations.

($ millions except where otherwise indicated) For the years ended as indicated		**2025** **(53 weeks)**		2024[2] (52 weeks)		$ Change	% Change
Revenue[i]	**$**	**63,903**	$	60,123	$	3,780	6.3%
Operating income	**$**	**4,416**	$	3,466	$	950	27.4%
Adjusted EBITDA[1]	**$**	**7,148**	$	6,665	$	483	7.2%
Adjusted EBITDA margin[1]		**11.2%**		11.1%			
Depreciation and amortization	**$**	**2,692**	$	2,918	$	(226)	(7.7)%

(i) As a result of the Sale of PC Financial, PC Services revenue, primarily related to sales attributable to *The Mobile Shop,* in 2025 of $353 million (2024 – $337 million) continues to be recorded in revenue (now part of food retail sales) in the current and comparative results.

REVENUE Loblaw revenue in 2025 was $63,903 million, an increase of $3,780 million, or 6.3%, compared to 2024, which included the impact of the 53rd week of $1,138 million. This increase was primarily driven by the following factors:

- food retail sales[i] were $45,234 million (2024 – $42,503 million) and food retail same-store sales growth[4] was 2.3% (2024 – 1.5%);
  - Loblaw's internal food inflation was lower than the Consumer Price Index for Food Purchased From Stores of 3.5% (2024 – 2.2%); and
  - food retail traffic increased[4] and basket size increased[4].
- drug retail sales were $18,669 million (2024 – $17,620 million) and drug retail same-store sales growth[4] was 3.9% (2024 – 2.4%);
  - pharmacy and healthcare services same-store sales growth[4] was 6.0% (2024 – 6.3%) led by specialty prescriptions. The number of prescriptions dispensed increased by 4.6% (2024 – 2.5%). On a same-store[4] basis, the number of prescriptions dispensed increased by 2.8% (2024 – 2.5%) and the average prescription value increased by 3.9% (2024 – 2.9%); and
  - front store same-store sales growth[4] was 1.7% (2024 – decline of 1.3%). The growth[4] in front store same-store sales was primarily driven by higher sales of beauty and OTC products, partially offset by the decision to exit certain low margin electronics categories.

In 2025, 77 food and drug stores were opened, and 65 food and drug stores were closed, and net retail square footage increased by 1.3 million to 73.3 million square feet, or 1.8%, compared to 2024.

OPERATING INCOME Loblaw operating income in 2025 was $4,416 million, an increase of $950 million, or 27.4%, compared to 2024, which included the impact of the 53rd week of $106 million. The increase was driven by a favourable year-over-year net impact of adjusting items totaling $591 million and an improvement in underlying operating performance of $359 million as described below:

- the favourable year-over-year net impact of adjusting items totaling $591 million was primarily due to:
  - the favourable year-over-year impact of lower amortization of intangible assets of $350 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
  - the favourable year-over-year impact of the prior year charges related to the settlement of class action lawsuits of $164 million;
  - the favourable year-over-year impact of the prior year charge related to the *PC Optimum* loyalty program of $99 million; and
  - the favourable year-over-year impact related to the sale of Wellwise of $28 million. Refer to "Loblaw Other Business Matters" below for more details;

  partially offset by,
  - the unfavourable impact of the wind-down of the *Theodore & Pringle* optical business of $30 million. Refer to "Loblaw Other Business Matters" below for more details;
  - the unfavourable impact of the charges related to the Sale of PC Financial of $10 million. Refer to "Loblaw Other Business Matters" below for more details;
  - the unfavourable year-over-year impact of the fair value adjustment on fuel and foreign currency contracts of $8 million;
  - the unfavourable year-over-year impact of the fair value adjustment on non-operating properties of $1 million; and
  - the unfavourable year-over-year impact of the gain on sale of non-operating properties of $1 million.
- the improvement in underlying operating performance of $359 million was primarily due to an increase in gross profit, partially offset by an increase in SG&A and depreciation and amortization.

ADJUSTED EBITDA[1] Loblaw adjusted EBITDA[1] in 2025 was $7,148 million, an increase of $483 million, or 7.2%, compared to 2024, which included the impact of the 53rd week of $106 million. The increase was primarily driven by an increase in gross profit of $1,197 million, partially offset by an increase in SG&A of $714 million.

- Gross profit percentage of 31.3% was flat compared to 2024. On a 52-week comparable basis, gross profit percentage increased by 10 basis points, primarily driven by improvements in shrink, partially offset by changes in sales mix in drug retail pharmacy categories.
- SG&A as a percentage of sales was 20.1%, a favourable decrease of 10 basis points compared to 2024. On a 52-week comparable basis, SG&A as a percentage of sales was flat at 20.2%, primarily driven by operating leverage from higher sales and the year-over-year impact of certain real estate activities, offset by incremental costs related to opening new stores and the automated distribution facility.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in 2025 was $2,692 million, a decrease of $226 million compared to 2024. The decrease in depreciation and amortization was primarily driven by the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized, a decrease in depreciation of information technology ("IT") assets, and the impact of prior year accelerated depreciation as a result of network optimization. This was partially offset by an increase in depreciation of leased assets, and an increase in depreciation of fixed assets related to opening new stores and the automated distribution facility, and conversions of retail locations. Depreciation and amortization in 2025 included $149 million (2024 – $499 million) of amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark.

CONSOLIDATION OF FRANCHISES Loblaw has more than 550 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 $71 million in 2025. When compared to 2024, this represented a decrease of $33 million or 31.7%. The decrease in non-controlling interests at Loblaw was primarily driven by a decrease in franchisee earnings after profit sharing.

LOBLAW OTHER BUSINESS MATTERS

Sale of PC Financial On December 3, 2025, Loblaw entered into a definitive agreement with EQB pursuant to which EQB will acquire PC Bank, PC Financial Insurance Agency Inc., PC Financial Insurance Broker Inc. and certain other affiliated entities of PC Bank. EQB will acquire PC Financial for consideration satisfied through a combination of 7.2 million EQB shares and cash, subject to adjustment pursuant to the terms of the Transaction Agreement. Closing is expected to occur within calendar 2026, subject to customary closing conditions and regulatory approvals.

In connection with the closing of the Sale of PC Financial, EQB will enter into a long-term strategic relationship with Loblaw pursuant to a commercial agreement to become the exclusive financial partner of the *PC Optimum* loyalty program. Additionally, in connection with the closing of the Sale of PC Financial, EQB and Loblaw will enter into an investor rights agreement pursuant to which Loblaw will have Board of Directors nomination rights, registration rights and pre-emptive rights, and will be subject to a four-year lock-up and a standstill restricting Loblaw and its affiliates from acquiring common shares of EQB if it would bring Loblaw's ownership above 25% of the issued and outstanding EQB common shares.

In the fourth quarter of 2025, Loblaw recorded transaction and other related costs of $10 million in connection with the Sale of PC Financial. Loblaw also recorded a deferred tax expense of $107 million on temporary differences in respect of Loblaw's investment in PC Financial that are expected to reverse in the foreseeable future.

Wind-down of *Theodore & Pringle* optical business In the third quarter of 2025, Loblaw entered into an agreement with Specsavers Canada Inc. ("Specsavers") to open Specsavers locations in select Loblaw grocery stores nationwide, resulting in the wind-down of the *Theodore & Pringle* optical business operations. Accordingly, Loblaw recorded charges of $30 million in SG&A, primarily related to the write-down of optical equipment, labour and other closure costs.

Sale of Wellwise by Shoppers ("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.

2.2 Choice Properties Operating Results

($ millions except where otherwise indicated) For the years ended as indicated	**2025 (52 weeks)**	2024 (52 weeks)	$ Change	% Change
Revenue	**$ 1,415**	$ 1,369	$ 46	3.4%
Net interest expense and other financing charges	**$ 1,134**	$ 296	$ 838	283.1%
Net (loss) income	**$ (61)**	$ 785	$ (846)	(107.8)%
Funds from Operations[1]	**$ 774**	$ 747	$ 27	3.6%

REVENUE Choice Properties revenue in 2025 was $1,415 million, an increase of $46 million, or 3.4%, compared to 2024 and included revenue of $816 million (2024 – $783 million) generated from tenants within Loblaw. Revenue in 2024 included $11 million from the sale of residential inventory. Excluding the impact of the sale of residential inventory in the prior year, revenue increased by $57 million, or 4.2%, compared to the same period in 2024, primarily driven by:

- higher rental rates, primarily in the retail and industrial portfolios; and
- contributions from 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 2025 were $1,134 million, compared to $296 million in 2024. The increase of $838 million was primarily driven by:

- the unfavourable year-over-year impact of the fair value adjustment on the Class B LP units ("Exchangeable Units") of $816 million as a result of the change in the unit price;
- lower interest income earned on excess cash; and
- higher interest expense due to new debt issuances over the past twelve months bearing interest at higher rates than maturing debt and a higher average debt balance.

NET (LOSS) INCOME Choice Properties recorded a net loss of $61 million in 2025, compared to net income of $785 million in 2024. The decrease of $846 million was primarily driven by:

- higher net interest expense and other financing charges as described above;
- the unfavourable year-over-year impact of the prior year reversal of a transaction related provision of $39 million that was determined to be no longer required; and
- the unfavourable year-over-year change in the fair value adjustment of investment in real estate securities of $9 million as a result of the change in Allied's unit price;

partially offset by,

- an increase in revenue as described above.

FUNDS FROM OPERATIONS[1] Funds from Operations[1] in 2025 were $774 million, an increase of $27 million, compared to 2024. The increase was primarily due to an increase in rental income and lower general and administrative expenses. The increase was partially offset by higher interest expense, lower interest income, and lower lease surrender revenue.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

Subsequent Events

Subsequent to year end, Choice Properties acquired two retail properties for an aggregate price of $28 million.

On February 18, 2026, Choice Properties announced an increase in the annual distribution by 1.3% to $0.78 per unit. The increase will be effective for Choice Properties' Unitholders of record on March 31, 2026.

3. Liquidity and Capital Resources

3.1 Cash Flows

The following Cash Flow components are presented on a total Company basis, inclusive of continuing and discontinued operations.

($ millions) For the years ended as indicated	**2025 (53 weeks)**	2024 (52 weeks)	$ Change
Cash and cash equivalents, beginning of year	**$ 2,048**	$ 2,451	$ (403)
Cash flows from (used in):			
Operating activities	**$ 6,262**	$ 6,065	$ 197
Investing activities	**(2,143)**	(2,300)	157
Financing activities	**(4,321)**	(4,180)	(141)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**(6)**	12	(18)
Decrease in cash and cash equivalents	**$ (208)**	$ (403)	$ 195
Cash and cash equivalents, end of year[(i)]	**$ 1,840**	$ 2,048	$ (208)

(i) The cash flow components are presented on a total Company basis. Refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's consolidated financial statements for cash flow information related to discontinued operations.

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were $6,262 million in 2025, an increase of $197 million compared to 2024. The increase in cash flows from operating activities was primarily driven by higher cash earnings and lower income taxes paid in the current year, partially offset by the year-over-year change in provisions.

CASH FLOWS USED IN INVESTING ACTIVITIES Cash flows used in investing activities were $2,143 million in 2025, a decrease of $157 million compared to 2024. The decrease in cash flows used in investing activities was primarily driven by lower purchases of short-term investments and higher repayments of mortgages, loans and notes receivable, partially offset by an increase in capital investments.

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

($ millions) For the years ended as indicated	**2025 (53 weeks)**	2024 (52 weeks)
Loblaw	**$ 2,062**	$ 2,200
Choice Properties	**566**	354
Effect of consolidation	**(218)**	(160)
Publicly traded operating companies	**$ 2,410**	$ 2,394
GWL Corporate	**1**	1
Total capital investments[(i)]	**$ 2,411**	$ 2,395

(i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the year. There were no prepayments transferred to fixed assets for the years ended 2025 and 2024.

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were $4,321 million in 2025, an increase of $141 million compared to 2024. The increase in cash flows used in financing activities was primarily driven by the redemption of all issued and outstanding Loblaw Preferred Shares, Series B, the timing of the fourth quarter 2024 Loblaw dividend payment and higher lease payments, partially offset by an increase in demand deposits from customers and lower repayments of long-term debt, net of issuances.

The Company's significant long-term debt transactions are set out in Section 3.3, "Components of Total Debt".

FREE CASH FLOW[1]

	2025 (53 weeks)			2024 (52 weeks)		
($ millions) For the years ended as indicated	**Continuing Operations**	**Discontinued Operations**	**Total**	Continuing Operations	Discontinued Operations	Total
Cash flows from operating activities	**$ 5,943**	**$ 319**	**$ 6,262**	$ 5,749	$ 316	$ 6,065
Less: Capital investments[i]	**2,379**	**32**	**2,411**	2,357	38	2,395
Interest paid	**831**	**148**	**979**	812	148	960
Lease payments, net	**1,031**	**—**	**1,031**	899	—	899
Free cash flow[1]	**$ 1,702**	**$ 139**	**$ 1,841**	$ 1,681	$ 130	$ 1,811

(i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the year. There were no prepayments transferred to fixed assets for the years ended 2025 and 2024.

Free cash flow[1] from continuing operations in 2025 was $1,702 million, an increase of $21 million compared to 2024. The increase in free cash flow[1] from continuing operations was primarily driven by higher cash earnings and lower income taxes paid in the current year, partially offset by the year-over-year change in provisions. Continuing operations were also impacted by an increase in capital investments, and higher interest and lease payments compared to 2024.

Free cash flow[1] from discontinued operations was $139 million, an increase of $9 million compared to 2024. The increase was driven by higher cash earnings and a decrease in capital investments compared to 2024.

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.

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, refer to Section 3.1, "Cash Flows", of this MD&A.

TOTAL DEBT The following table presents total debt:

	As at									
	Dec. 31, 2025					Dec. 31, 2024				
($ millions)	**Loblaw**	**Choice Properties**	**Effect of consolidation**	**GWL Corporate**	**Total**	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Total
Demand deposits from customers	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ 353	$ —	$ —	$ —	$ 353
Short-term debt	**—**	**—**	**—**	**—**	**—**	800	—	—	—	800
Long-term debt due within one year	**—**	**507**	**—**	**—**	**507**	631	682	—	—	1,313
Long-term debt	**5,891**	**6,298**	**—**	**498**	**12,687**	7,570	6,003	—	498	14,071
Certain other liabilities[(i)]	**315**	**—**	**504**	**—**	**819**	294	—	512	—	806
Total debt excluding lease liabilities and liabilities associated with assets held for sale	**$ 6,206**	**$ 6,805**	**$ 504**	**$ 498**	**$ 14,013**	$ 9,648	$ 6,685	$ 512	$ 498	$ 17,343
Lease liabilities due within one year	**1,584**	**—**	**(575)**	**1**	**1,010**	1,648	—	(603)	—	1,045
Lease liabilities	**8,830**	**1**	**(3,456)**	**—**	**5,375**	8,535	1	(3,561)	2	4,977
Total debt excluding liabilities associated with assets held for sale	**$ 16,620**	**$ 6,806**	**$ (3,527)**	**$ 499**	**$ 20,398**	$ 19,831	$ 6,686	$ (3,652)	$ 500	$ 23,365
Total debt and demand deposits from customers included in liabilities associated with assets held for sale[(ii)]	**4,158**	**—**	**—**	**—**	**4,158**	—	—	—	—	—
Total Company debt	**$ 20,778**	**$ 6,806**	**$ (3,527)**	**$ 499**	**$ 24,556**	$ 19,831	$ 6,686	$ (3,652)	$ 500	$ 23,365

(i) As at December 31, 2025, certain other liabilities include financial liabilities of $708 million that did not meet the criteria for sale (December 31, 2024 – $704 million). Refer to note 23, "Other Liabilities", of the Company's consolidated financial statements.

(ii) As at December 31, 2025, debt of $4,158 million related to PC Financial was included in liabilities associated with assets held for sale. Refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's consolidated financial statements. As at December 31, 2024, PC Financial debt was $4,066 million and is comprised of demand deposits from customers, short-term debt, long-term debt due within one year, and $2,282 million of long-term debt.

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 $499 million (December 31, 2024 – $500 million) and cash and cash equivalents and short-term investments of $301 million (December 31, 2024 – $523 million), resulting in a net debt position of $198 million (December 31, 2024 – net cash of $23 million).

Loblaw's management is focused on employing a capital structure that is appropriate for the industry in which it operates.

- Loblaw targets maintaining its credit metrics consistent with those of investment grade retailers. Loblaw monitors its total Debt to Adjusted EBITDA[1] ratio as a measure of the leverage being employed. Loblaw's Debt to Adjusted EBITDA[1] ratio decreased compared to 2024, primarily driven by an improvement in adjusted EBITDA[1], partially offset by an increase in debt.
- 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 ("OSFI").

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 year end 2025 and throughout the year, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

As at year end 2025 and throughout the year, PC Bank and Choice Properties met all applicable regulatory requirements.

3.3 Components of Total Debt

DEBENTURES The following table summarizes the debentures issued in the years ended as indicated:

			2025	2024
($ millions)	Interest Rate	Maturity Date	**Principal Amount**	Principal Amount
George Weston senior unsecured notes	4.19%	September 5, 2029	**$ —**	$ 250
Loblaw				
– Senior unsecured notes	4.39%	June 16, 2035	**500**	—
– Senior unsecured notes[(i)]	3.56%	December 12, 2029	**—**	400
– Senior unsecured notes	5.12%	March 4, 2054	**—**	400
Choice Properties senior unsecured debentures				
– Series V	4.29%	January 16, 2030	**300**	—
– Series W	4.63%	August 8, 2035	**350**	—
– Series X	5.37%	August 8, 2055	**150**	—
– Series U	5.03%	February 28, 2031	**—**	500
Total debentures issued			**$ 1,300**	$ 1,550

(i) Loblaw used the net proceeds of this issuance to redeem all issued and outstanding Second Preferred Shares, Series B on January 8, 2025.

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

($ millions)	Interest Rate	Maturity Date	2025 Principal Amount	2024 Principal Amount
George Weston senior unsecured notes	4.12%	June 17, 2024	**$ —**	$ 200
Loblaw senior unsecured notes	3.92%	June 10, 2024	**—**	400
Choice Properties senior unsecured debentures				
– Series F[(i)]	4.06%	November 24, 2025	**200**	—
– Series J	3.55%	January 10, 2025	**350**	—
– Series K	3.56%	September 9, 2024	**—**	550
– Series D	4.29%	February 8, 2024	**—**	200
Total debentures repaid			**$ 550**	$ 1,350

(i) Choice Properties senior unsecured debenture was redeemed on September 5, 2025.

COMMITTED CREDIT FACILITIES The components of the committed lines of credit available as at year end 2025 and 2024 were as follows:

		As at			
		Dec. 31, 2025		Dec. 31, 2024	
($ millions)	Maturity Date[(i)]	**Available Credit**	**Drawn**	Available Credit	Drawn
George Weston	March 27, 2028	**$ 350**	**$ —**	$ 350	$ —
Loblaw	March 27, 2030	**1,500**	**—**	1,500	—
Choice Properties	May 21, 2030	**1,500**	**—**	1,500	—
Total committed credit facilities		**$ 3,350**	**$ —**	$ 3,350	$ —

(i) In 2025, the maturity dates of the credit facilities were extended as follows: GWL from December 14, 2026 to March 27, 2028; Loblaw from July 15, 2027 to March 27, 2030; and Choice Properties from June 13, 2029 to May 21, 2030. All other terms and conditions remained substantially the same.

These facilities contain certain financial covenants.

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

The following table summarizes the amounts securitized to independent securitization trusts:

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Securitized to independent securitization trusts:		
Securitized to Eagle Credit Card Trust	**$ 1,450**	$ 1,450
Securitized to Other Independent Securitization Trusts	**650**	800
Total securitized to independent securitization trusts[(i)]	**$ 2,100**	$ 2,250

(i) Refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's consolidated financial statements.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at year end 2025 and throughout the year.

During 2025, Eagle issued $300 million (2024 – $350 million) of senior and subordinated term notes with a maturity date of June 17, 2030 (2024 – June 17, 2029). These notes have a weighted average interest rate of 4.02% (2024 – 5.03%). In connection with this issuance, $150 million (2024 – $150 million) of bond forward agreements were settled, resulting in a realized fair value loss of $1 million (2024 – gain of $2 million) before income taxes. The loss on the bond forwards will be reclassified to net earnings over the life of the notes. This settlement resulted in a net effective interest rate of 4.07% (2024 – 4.91%) on the notes issued.

Senior and subordinated term notes of $300 million (2024 – $250 million) at a weighted average interest rate of 1.34% (2024 – 2.28%), previously issued by Eagle, matured and were repaid on July 17, 2025 (2024 – July 17, 2024).

INDEPENDENT FUNDING TRUSTS As at year end 2025, the independent funding trusts had drawn $704 million (December 31, 2024 – $590 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts. Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts. As at year end 2025, Loblaw provided a credit enhancement of $80 million (2024 – $64 million) for the benefit of the independent funding trusts representing not less than 10% (2024 – not less than 10%) of the principal amount of loans outstanding.

Loblaw has a $1 billion revolving committed credit facility that is the source of funding to the independent funding trusts that has a maturity date of March 27, 2028.

GUARANTEED INVESTMENT CERTIFICATES The following table summarizes PC Bank's Guaranteed Investment Certificates ("GICs") activity, before commissions, for the years ended as indicated:

($ millions)		**2025**		2024
Balance, beginning of year	**$**	**1,477**	$	1,654
GICs issued		**145**		375
GICs matured		**(340)**		(552)
Balance, end of year[(i)]	**$**	**1,282**	$	1,477

(i) Refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's consolidated financial statements.

GWL CORPORATE DEBT The following table summarizes the GWL Corporate debt:

			As at	
($ millions)	**Maturity Date**	**Dec. 31, 2025**		Dec. 31, 2024
Debentures	**2029 - 2033**	**$**	**500**	$ 500
George Weston credit facility	**2028**		**—**	—
Transaction costs and other	**n/a**		**(2)**	(2)
GWL Corporate debt		**$**	**498**	$ 498

ASSOCIATE GUARANTEES Loblaw has arranged for its pharmacist owners of corporations licensed to operate retail drug stores at specific locations using Loblaw's trademarks ("Associates") to obtain financing to facilitate their inventory purchases and fund their working capital requirements by providing guarantees to various Canadian chartered banks that support Associate loans. As at year end 2025, Loblaw's maximum obligation in respect of such guarantees was $580 million (2024 – $580 million) with an aggregate amount of $32 million (2024 – $476 million) in available lines of credit allocated to the Associates by the various banks. As at year end 2025, Associates had drawn a nominal amount (2024 – nominal) against these available lines of credit. Any amounts drawn by the Associates are included in bank indebtedness on the Company's consolidated balance sheets. As recourse, in the event that any payments are made under the guarantees, Loblaw holds a first-ranking security interest on all assets of Associates, subject to certain prior-ranking statutory claims.

3.4 Net Asset Value

Net Asset Value ("NAV") is presented for GWL and represents management's estimate of the current value of the participating shareholders' equity of the Company. The Company seeks to create value for shareholders by increasing its NAV[1].

The calculation of NAV[1] is determined by the market value of the Company's interest in its operating businesses, Loblaw and Choice Properties, less the net debt and preferred shares of GWL Corporate, as set out below. NAV[1] is calculated using objective data, including the share and unit prices of the Company's two publicly traded operating companies, Loblaw and Choice Properties, which are subject to market fluctuations and other factors beyond the Company's control, including changes in the macroeconomic environment, capital market dynamics and investor sentiment.

The values below are for illustrative purposes and are not intended to forecast or predict future events or to measure intrinsic value.

The following table provides the components used to determine net asset value and net asset value per common share of the Company.

($ millions except where otherwise indicated) For the years ended as indicated	As at **Dec. 31, 2025**	Dec. 31, 2024	$ Change	% Change
Add:				
Loblaw share price[i] ($)	**$ 62.05**	$ 47.29	$ 14.76	31.2 %
Number of Loblaw shares[i] held by GWL[ii] (in millions)	**618.7**	635.4	(16.7)	(2.6)%
Market value of investment in Loblaw[iii]	**$ 38,390**	$ 30,048	$ 8,342	27.8 %
Add:				
Choice Properties unit price ($)	**$ 14.81**	$ 13.35	$ 1.46	10.9 %
Number of Choice Properties units held by GWL[iv] (in millions)	**446.4**	446.4	—	—%
Market value of investment in Choice Properties[iii]	**$ 6,611**	$ 5,959	$ 652	10.9 %
Deduct:				
GWL Corporate debt[v]	**$ (498)**	$ (498)	$ —	—%
Preferred shares	**(835)**	(835)	—	—%
Certain provisions[vi]	**—**	(247)	247	100.0 %
GWL Corporate cash and cash equivalents and short-term investments	**301**	523	(222)	(42.4)%
Net debt and preferred shares of GWL Corporate	**$ (1,032)**	$ (1,057)	$ 25	2.4 %
Net asset value[1]	**$ 43,969**	$ 34,950	$ 9,019	25.8 %
Common shares outstanding[3] (in millions)	**379.5**	390.1	(10.6)	(2.7)%
Net asset value per common share[1] ($)	**$ 115.86**	$ 89.59	$ 26.27	29.3 %

(i) Adjusted retrospectively to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.
(ii) GWL participates in Loblaw's NCIB program in order to maintain its proportionate percentage ownership.
(iii) The value of GWL's interest in its operating businesses is calculated by the number of shares or units held by the Company, multiplied by Loblaw and Choice Properties' respective TSX closing prices on the reporting date of December 31, or on the nearest trading day preceding the reporting date when the reporting date does not fall on a trading day. In 2025, this was December 31 (2024 – December 31).
(iv) The number of Choice Properties units held by GWL includes both Class B LP Units and Trust Units. Class B LP Units are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units.
(v) Excluding lease liabilities.
(vi) The provision was paid in the first quarter of 2025. Refer to note 32, "Contingent Liabilities", of the Company's 2025 consolidated financial statements for additional details.

Net asset value per common share[1] was $115.86 as at December 31, 2025, compared to $89.59 as at December 31, 2024. The increase of $26.27, or 29.3%, represents an increase in the share and unit price of Loblaw and Choice Properties, respectively, and the favourable impact of lower outstanding common shares at GWL due to share repurchases, partially offset by the impact of a decrease in the number of Loblaw shares held by GWL as a result of GWL's participation in Loblaw's NCIB.

3.5 Financial Condition

Adjusted return on average equity attributable to common shareholders of the Company[1] and Adjusted return on capital[1] are ratios calculated on a total Company basis (including continued and discontinued operations). Refer to Section 13, "Non-GAAP and Other Financial Measures", of this MD&A for the definition of these measures.

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Adjusted return on average equity attributable to common shareholders of the Company[1]	**35.2%**	28.3%
Adjusted return on capital[1]	**15.2%**	14.5%

The adjusted return on average equity attributable to common shareholders of the Company[1] increased as at year end 2025 compared to 2024, primarily due to a decrease in average equity attributable to common shareholders of the Company[1] and an improvement in the Company's consolidated underlying performance.

The adjusted return on capital[1] increased as at year end 2025 compared to 2024, primarily due to an improvement in the Company's consolidated underlying performance, partially offset by an increase in average capital[1].

3.6 Credit Ratings

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

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

During 2025, Morningstar DBRS ("DBRS") confirmed the credit ratings of GWL and changed the trend from stable to positive, and Standard and Poor's Global Ratings ("S&P") confirmed the credit ratings and outlook of GWL.

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

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

During 2025, DBRS confirmed the credit ratings of Loblaw and changed the trend from stable to positive, and S&P confirmed the credit ratings and outlook of Loblaw.

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

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

During 2025, DBRS confirmed the credit ratings of Choice Properties and changed the trend from stable to positive, and S&P confirmed the credit ratings and outlook of Choice Properties.

3.7 Share Capital

OUTSTANDING SHARE CAPITAL AND CAPITAL SECURITIES GWL's outstanding share capital is comprised of common shares and preferred shares. The following table details the authorized and outstanding common shares and preferred shares as at December 31, 2025:

(number of common shares)		Authorized	Outstanding
Common shares[3]		Unlimited	379,506,166
Preferred shares	– Series I	10,000,000	9,400,000
	– Series II	10,600,000	—
	– Series III	10,000,000	8,000,000
	– Series IV	8,000,000	8,000,000
	– Series V	8,000,000	8,000,000

COMMON SHARE CAPITAL Common shares issued are fully paid and have no par value. The following table summarizes the activity in the Company's common shares issued and outstanding for the years ended December 31, 2025 and December 31, 2024:

	2025		2024	
($ millions except where otherwise indicated)	**Number of Common Shares[3]**	**Common Share Capital**	Number of Common Shares[3]	Common Share Capital
Issued and outstanding, beginning of year	**390,134,334**	**$ 2,478**	403,639,743	$ 2,511
Issued for settlement of stock options	**869,109**	**35**	1,419,138	53
Purchased and cancelled[(i)]	**(11,497,277)**	**(78)**	(14,924,547)	(86)
Issued and outstanding, end of year	**379,506,166**	**$ 2,435**	390,134,334	$ 2,478
Shares held in trusts, beginning of year	**(259,881)**	**$ (2)**	(371,685)	$ (3)
Purchased for future settlement of RSUs and PSUs	**(81,000)**	**(1)**	(138,000)	(1)
Released for settlement of RSUs and PSUs	**106,332**	**1**	249,804	2
Shares held in trusts, end of year	**(234,549)**	**$ (2)**	(259,881)	$ (2)
Issued and outstanding, net of shares held in trusts, end of year	**379,271,617**	**$ 2,433**	389,874,453	$ 2,476
Weighted average outstanding, net of shares held in trusts	**384,721,950**		396,488,607	

(i) Number of common shares repurchased and cancelled as at December 31, 2025, does not include shares that may be repurchased subsequent to year end under the automatic share purchase plan ("ASPP"), as described below.

In the third quarter of 2025, the Company completed a three-for-one stock split of its outstanding common shares. The stock split was implemented by way of a stock dividend, with shareholders receiving two additional common shares for each common share held. The stock split was effective at the close of business on August 18, 2025, for shareholders of record as of the close of business on August 14, 2025.

PREFERRED SHARE CAPITAL GWL may, at its option, redeem for cash, in whole or in part, the preferred shares Series I, Series III, Series IV and Series V outstanding on or after the redemption dates specified by the terms of each series of preferred shares. GWL may, at any time after issuance, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

DIVIDENDS The declaration and payment of dividends on the Company's common shares and the amount thereof are at the discretion of the Company's Board of Directors ("Board") which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time. Over time, it is the Company's intention to increase the amount of the dividend while retaining appropriate free cash flow to finance future growth. In the second quarter of 2025 and in the second quarter of 2024, the Board raised the quarterly common share dividend by $0.0246 to $0.297933 and by $0.035666 to $0.273333 per share, respectively. The Board declared dividends for the years ended as follows:

($)		**2025**		2024
Dividends declared per share[(i)]:				
Common share[(3)]	**$**	**1.167132**	$	1.057666
Preferred share:				
Series I	**$**	**1.45**	$	1.45
Series III	**$**	**1.30**	$	1.30
Series IV	**$**	**1.30**	$	1.30
Series V	**$**	**1.1875**	$	1.1875

(i) Dividends declared in the fourth quarter of 2025 on common shares and Preferred Shares, Series III, Series IV and Series V were payable on January 1, 2026. Dividends declared in the fourth quarter of 2025 on Preferred Shares, Series I were payable on December 15, 2025.

The following table summarizes the Company's quarterly dividends declared subsequent to year end 2025:

($)			
Dividends declared per share[(i)]	– Common share	$	0.297933
	– Preferred share:		
	Series I	$	0.3625
	Series III	$	0.3250
	Series IV	$	0.3250
	Series V	$	0.296875

(i) Dividends declared in the first quarter of 2026 on common shares and Preferred Shares, Series III, Series IV and Series V are payable on April 1, 2026. Dividends declared in the first quarter of 2026 on Preferred Shares, Series I are payable on March 15, 2026.

NORMAL COURSE ISSUER BID PROGRAM The following table summarizes the Company's activity under its NCIB for the years ended as follows:

($ millions except where otherwise indicated)	**2025**	2024
Purchased for future settlement of RSUs and PSUs[(3)] (number of shares)	**81,000**	138,000
Purchased for current settlement of DSUs[(3)] (number of shares)	**929**	5,163
Purchased and cancelled[(3)] (number of shares)	**11,497,277**	14,924,547
Cash consideration paid		
Purchased and held in trusts	**$ (7)**	$ (10)
Purchased and cancelled	**(993)**	(990)
Premium charged to retained earnings		
Purchased and held in trusts	**$ 7**	$ 9
Purchased and cancelled[(i)]	**1,020**	876
Reduction in share capital[(ii)]	**$ 78**	$ 86

(i) Includes $163 million (2024 – $82 million) related to the ASPP, as described below.
(ii) Includes $12 million (2024 – $8 million) related to the ASPP, as described below.

In 2025, GWL renewed its NCIB to purchase on the TSX or through alternative trading systems up to 19,344,552 of its common shares, representing approximately 5% of issued and outstanding common shares.

In the third quarter of 2025, the TSX accepted an amendment to the Company's NCIB to allow Wittington, the Company's controlling shareholder, to participate in the NCIB to maintain its proportionate ownership interest in the Company at approximately 59.2%. Purchases of common shares from Wittington will be made during the TSX's Special Trading Session pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Wittington. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Wittington.

In 2025, 11,497,277 common shares (2024 – 14,924,547 common shares) were purchased under the NCIB for cancellation for aggregate consideration of $993 million (2024 – $990 million), including 4,417,067 common shares (2024 – 4,343,712 common shares) purchased from Wittington for aggregate consideration of $387 million (2024 – $288 million).

The Company participates in an ASPP with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at December 31, 2025, an obligation to repurchase shares of $175 million was recognized under the ASPP in trade payables and other liabilities in the Company's consolidated financial statements.

As of December 31, 2025, 6,907,384 common shares were purchased under the Company's current NCIB.

3.8 Off-Balance Sheet Arrangements

The following is a summary of the Company's off-balance sheet arrangements. Certain significant arrangements have also been discussed in Section 3.3, "Components of Total Debt".

LETTERS OF CREDIT Standby and documentary letters of credit are used in connection with certain obligations mainly related to real estate transactions, benefit programs, purchase orders and other performance guarantees, surety bond, securitization of PC Financial's credit card receivables, letters of credit and third-party financing made available to Loblaw's franchisees. As at year end 2025, the aggregate gross potential liability related to the Company's letters of credit was approximately $586 million (2024 – $587 million).

GUARANTEES In addition to the letters of credit mentioned above, the Company has entered into various guarantee arrangements including obligations to indemnify third parties in connection with leases and other transactions in the normal course of the Company's business.

LEASE OBLIGATIONS In connection with historical dispositions of certain of its assets and Wellwise (see note 6, "Wind-down and Business Disposition", of the Company's consolidated financial statements), Loblaw has assigned leases to third parties. Loblaw remains contingently liable for these lease obligations in the event any of the assignees are in default until 2033. As at year end 2025, Loblaw has guaranteed lease obligations in the amount of $9 million (2024 – $2 million).

FINANCIAL SERVICES Loblaw has provided a guarantee on behalf of PC Bank to Mastercard for accepting PC Bank as a card member and licensee of Mastercard. As at year end 2025, the guarantee on behalf of PC Bank to Mastercard was $190 million USD (2024 – $190 million USD).

CASH COLLATERALIZATION As at year end 2025, Loblaw had agreements to cash collateralize certain of its uncommitted credit facilities up to an amount of $93 million (2024 – $94 million). As at year end 2025, no cash (2024 – nil) was deposited with major financial institutions and classified as security deposits.

3.9 Contractual Obligations

The following table summarizes certain of the Company's significant contractual obligations and other obligations as at year end 2025:

SUMMARY OF CONTRACTUAL OBLIGATIONS

	Payments due by year						
($ millions)	2026	2027	2028	2029	2030	Thereafter	Total
Total debt (including interest payments)[(i)]	$ 1,120	$ 1,291	$ 3,370	$ 2,110	$ 1,621	$ 10,392	$ 19,904
Trade payables and other liabilities	7,535	—	—	—	—	—	7,535
Foreign exchange forward contracts	336	—	—	—	—	—	336
Financial liabilities[(ii)]	63	62	55	58	55	268	561
Lease obligations	1,009	937	756	705	565	2,563	6,535
Associate interest	396	—	—	—	—	—	396
Contracts for purchases of real property and capital investment projects[(iii)]	522	400	210	8	—	1	1,141
Purchase obligations[(iv)]	907	184	119	54	35	13	1,312
Total contractual obligations from continuing operations	$ 11,888	$ 2,874	$ 4,510	$ 2,935	$ 2,276	$ 13,237	$ 37,720
Total contractual obligation from discontinued operations	$ 2,371	$ 668	$ 693	$ 694	$ 479	$ 25	$ 4,930
Total Company contractual obligations	$ 14,259	$ 3,542	$ 5,203	$ 3,629	$ 2,755	$ 13,262	$ 42,650

(i) Fixed interest payments on long-term debt which are based on the maturing face values and annual interest for each instrument, including an independent funding trust, as well as annual payment obligations for consolidated structured entities and mortgages. Variable interest payments are based on the forward rates as at year end 2025.

(ii) Represents the contractual payments that Loblaw is committed to related to properties disposed of to third parties.

(iii) Includes agreements for the purchase of equipment, real property and capital commitments for construction, expansion and renovation of buildings, and other contractual obligations such as operating rents. Approximately $361 million of commitments relate to equity accounted joint ventures. These agreements may contain conditions that may or may not be satisfied. If the conditions are not satisfied, it is possible the Company will no longer have the obligation to proceed with the underlying transactions.

(iv) Includes contractual obligations of a material amount to purchase goods or services where the contract prescribes fixed or minimum volumes to be purchased or payments to be made within a fixed period of time for a set or variable price. These are only estimates of anticipated financial commitments under these arrangements and the amount of actual payments will vary. The purchase obligations do not include purchase orders issued or agreements made in the ordinary course of business which are solely for goods that are meant for resale, nor do they include any contracts which may be terminated on relatively short notice or with relatively insignificant cost or liability to the Company.

As at year end 2025, the Company had additional long-term liabilities which included post-employment and other long-term employee benefit plan liabilities, deferred vendor allowances, deferred income tax liabilities, Trust Unit liability and provisions, including insurance liabilities. These long-term liabilities have not been included in the table above as the timing and amount of future payments are uncertain.

4. Quarterly Results of Operations

4.1 Quarterly Financial Information

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. The years ended December 31, 2025 and December 31, 2024 contained 53 weeks and 52 weeks, respectively. 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 contains 53 weeks, the fourth quarter is 13 weeks in duration.

The following is a summary of selected consolidated financial information derived from the Company's interim period condensed consolidated financial statements for each of the eight most recently completed quarters. As a result of the announcement of the Sale of PC Financial at Loblaw, the results of PC Financial are presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

	2025[2]					2024[2]				
($ millions except where otherwise indicated)	**First Quarter (12 weeks)**	**Second Quarter (12 weeks)**	**Third Quarter (16 weeks)**	**Fourth Quarter (13 weeks)**	**Total (53 weeks)**	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)
Revenue	**$ 14,054**	**$ 14,608**	**$ 19,313**	**$ 16,536**	**$ 64,511**	$ 13,505	$ 13,859	$ 18,479	$ 14,874	$ 60,717
Operating income	**$ 1,009**	**$ 1,369**	**$ 1,546**	**$ 1,176**	**$ 5,100**	$ 889	$ 734	$ 1,392	$ 933	$ 3,948
Adjusted EBITDA[1]	**$ 1,608**	**$ 1,840**	**$ 2,238**	**$ 1,894**	**$ 7,580**	$ 1,529	$ 1,735	$ 2,075	$ 1,711	$ 7,050
Depreciation and amortization	**$ 613**	**$ 506**	**$ 682**	**$ 537**	**$ 2,338**	$ 601	$ 588	$ 775	$ 599	$ 2,563
Net earnings	**$ 350**	**$ 648**	**$ 882**	**$ 593**	**$ 2,473**	$ 492	$ 667	$ 440	$ 897	$ 2,496
Net earnings attributable to shareholders of the Company	**$ 93**	**$ 268**	**$ 491**	**$ 290**	**$ 1,142**	$ 246	$ 410	$ 29	$ 674	$ 1,359
Loblaw[i]	**$ 253**	**$ 366**	**$ 394**	**$ 322**	**$ 1,335**	$ 225	$ 233	$ 327	$ 240	$ 1,025
Choice Properties	**(96)**	**(154)**	**242**	**(53)**	**(61)**	142	514	(663)	792	785
Effect of consolidation	**3**	**61**	**(157)**	**22**	**(71)**	(64)	(154)	291	(356)	(283)
Publicly traded operating companies	**$ 160**	**$ 273**	**$ 479**	**$ 291**	**$ 1,203**	$ 303	$ 593	$ (45)	$ 676	$ 1,527
GWL Corporate	**(89)**	**(26)**	**(27)**	**(35)**	**(177)**	(85)	(201)	(22)	(17)	(325)
Net earnings available to common shareholders of the Company from continuing operations	**$ 71**	**$ 247**	**$ 452**	**$ 256**	**$ 1,026**	$ 218	$ 392	$ (67)	$ 659	$ 1,202
Discontinued operations	**12**	**11**	**25**	**24**	**72**	18	8	82	5	113
Net earnings available to common shareholders of the Company	**$ 83**	**$ 258**	**$ 477**	**$ 280**	**$ 1,098**	$ 236	$ 400	$ 15	$ 664	$ 1,315
Net earnings per common share[3] ($) - basic	**$ 0.21**	**$ 0.67**	**$ 1.24**	**$ 0.73**	**$ 2.86**	$ 0.59	$ 1.00	$ 0.04	$ 1.70	$ 3.32
Continuing operations	**$ 0.18**	**$ 0.64**	**$ 1.18**	**$ 0.67**	**$ 2.67**	$ 0.54	$ 0.98	$ (0.17)	$ 1.69	$ 3.03
Discontinued operations	**$ 0.03**	**$ 0.03**	**$ 0.06**	**$ 0.06**	**$ 0.19**	$ 0.05	$ 0.02	$ 0.21	$ 0.01	$ 0.29
Net earnings per common share[3] ($) - diluted	**$ 0.21**	**$ 0.65**	**$ 1.23**	**$ 0.72**	**$ 2.80**	$ 0.58	$ 0.99	$ 0.03	$ 1.68	$ 3.27
Continuing operations	**$ 0.18**	**$ 0.62**	**$ 1.17**	**$ 0.66**	**$ 2.62**	$ 0.53	$ 0.97	$ (0.18)	$ 1.67	$ 2.99
Discontinued operations	**$ 0.03**	**$ 0.03**	**$ 0.06**	**$ 0.06**	**$ 0.18**	$ 0.05	$ 0.02	$ 0.21	$ 0.01	$ 0.28
Adjusted diluted net earnings per common share[1][3] ($)	**$ 0.86**	**$ 1.02**	**$ 1.37**	**$ 1.21**	**$ 4.46**	$ 0.77	$ 0.98	$ 1.19	$ 1.05	$ 3.98
Continuing operations	**$ 0.83**	**$ 0.99**	**$ 1.31**	**$ 1.15**	**$ 4.28**	$ 0.72	$ 0.96	$ 1.15	$ 1.00	$ 3.83
Discontinued operations	**$ 0.03**	**$ 0.03**	**$ 0.06**	**$ 0.06**	**$ 0.18**	$ 0.05	$ 0.02	$ 0.04	$ 0.05	$ 0.15

(i) Contribution from Loblaw's net earnings from continuing operations, 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;
  - the 13th week in the fourth quarter of 2025;
  - 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 2.1 million square feet to 73.3 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;
  - lease surrender revenue;
  - increased capital and operating recoveries; and
  - the sale of residential inventory.

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS AND DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS Net earnings available to common shareholders of the Company from continuing operations and diluted net earnings per common share from continuing operations 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 13.1, "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 was driven by:
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays;
  - the impact of the 13th week in the fourth quarter of 2025; and
  - cost savings, operating efficiencies and benefits from strategic initiatives.
- change in Choice Properties' underlying operating performance was 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 13, "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 per common share included the favourable impact of shares purchased for cancellation.

4.2 Fourth Quarter Results

Loblaw delivered solid fourth quarter results, demonstrating strong execution against its strategic plan. On a comparable 12-week basis, revenue increased 3.5%, gross profit percentage improved by 10 basis points, and SG&A as a percentage of sales was flat. Customer visits increased in the fourth quarter as Canadians recognized the differentiated value, quality, service, and convenience Loblaw offers across its nationwide network. This increased traffic resulted in continued market share gains across its banners. E-commerce sales experienced robust growth, as omnichannel convenience remained a customer priority. Food retail same-store sales growth[(4)] steadily improved through the quarter. Across Shoppers Drug Mart and Pharmaprix[(MD)], Loblaw continued to demonstrate momentum in front store, driven by strong beauty and over-the-counter ("OTC") sales. Pharmacy and healthcare services was again led by strong growth in specialty prescriptions and healthcare services.

Choice Properties delivered strong operational and financial results in the fourth quarter and throughout 2025. Choice Properties' high-quality portfolio of grocery-anchored centres and well-located industrial assets continued to benefit from strong tenant demand, driving improved occupancy and cash flow growth. The strength of Choice Properties' balance sheet and its disciplined approach to operations, capital recycling, and development execution positions Choice Properties well for continued stability and growth in line with its proven strategy for long-term value creation. Looking ahead, Choice Properties remains confident in its business and announced its fourth consecutive annual distribution increase for unitholders.

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 announcement of the Sale of PC Financial at Loblaw, the results of PC Financial are presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2025 (13 weeks)	Dec. 31, 2024[2] (12 weeks)	$ Change	% Change
Revenue	**$ 16,536**	**$ 14,874**	**$ 1,662**	**11.2%**
Operating income	**$ 1,176**	**$ 933**	**$ 243**	**26.0%**
Adjusted EBITDA[1]	**$ 1,894**	$ 1,711	$ 183	10.7%
Adjusted EBITDA margin[1]	**11.5%**	11.5%		
Depreciation and amortization	**$ 537**	**$ 599**	**$ (62)**	**(10.4)%**
Net interest expense (income) and other financing charges	**$ 255**	**$ (152)**	**$ 407**	**267.8%**
Adjusted net interest expense and other financing charges[1]	**$ 266**	$ 247	$ 19	7.7%
Income taxes	**$ 373**	**$ 198**	**$ 175**	**88.4%**
Adjusted income taxes[1]	**$ 300**	$ 266	$ 34	12.8%
Effective tax rate	**40.5%**	18.2%		
Adjusted effective tax rate[1]	**27.2%**	27.1%		
Net earnings attributable to shareholders of the Company	**$ 290**	**$ 674**	**$ (384)**	**(57.0)%**
Loblaw[i]	**$ 322**	$ 240	$ 82	34.2%
Choice Properties	**(53)**	792	(845)	(106.7)%
Effect of consolidation	**22**	(356)	378	106.2%
Publicly traded operating companies	**$ 291**	$ 676	$ (385)	(57.0)%
GWL Corporate	**(35)**	(17)	(18)	(105.9)%
Net earnings available to common shareholders of the Company from continuing operations	**$ 256**	$ 659	$ (403)	(61.2)%
Discontinued operations	**24**	5	19	380.0%
Net earnings available to common shareholders of the Company	**$ 280**	**$ 664**	**(384)**	**(57.8)%**
Diluted net earnings per common share[3] ($)	**$ 0.72**	**$ 1.68**	**$ (0.96)**	**(57.1)%**
Continuing operations	**$ 0.66**	$ 1.67	$ (1.01)	(60.5)%
Discontinued operations	**$ 0.06**	$ 0.01	$ 0.05	500.0%
Loblaw[i]	**$ 395**	$ 335	$ 60	17.9%
Choice Properties	**106**	110	(4)	(3.6)%
Effect of consolidation[1]	**(7)**	(23)	16	69.6%
Publicly traded operating companies	**$ 494**	$ 422	$ 72	17.1%
GWL Corporate	**(50)**	(25)	(25)	(100.0)%
Adjusted net earnings available to common shareholders of the Company[1] from continuing operations	**$ 444**	$ 397	$ 47	11.8%
Discontinued operations	**24**	18	6	33.3%
Adjusted net earnings available to common shareholders of the Company[1]	**$ 468**	$ 415	$ 53	12.8%
Adjusted diluted net earnings per common share[1][3] ($)	**$ 1.21**	$ 1.05	$ 0.16	15.2%
Continuing operations	**$ 1.15**	$ 1.00	$ 0.15	15.0%
Discontinued operations	**$ 0.06**	$ 0.05	$ 0.01	20.0%
Dividends declared per share ($):				
Common shares[3]	**$ 0.297933**	$ 0.273333		
Preferred shares – Series I	**$ 0.3625**	$ 0.3625		
Preferred shares – Series III	**$ 0.3250**	$ 0.3250		
Preferred shares – Series IV	**$ 0.3250**	$ 0.3250		
Preferred shares – Series V	**$ 0.296875**	$ 0.296875		

(i) Contribution from Loblaw's net earnings from continuing operations, net of non-controlling interests.

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY AND DILUTED NET EARNINGS PER COMMON SHARE

Net earnings available to common shareholders of the Company in the fourth quarter of 2025 were $280 million, a decrease of $384 million, or 57.8%, compared to $664 million in the fourth quarter of 2024. Diluted net earnings per common share were $0.72, a decrease of $0.96 per common share, or 57.1%. The decrease was primarily driven by the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $388 million ($0.99 per common share) due to a decrease in Choice Properties' unit price, which resulted in a fair value gain of $11 million in the fourth quarter of 2025 compared to a fair value gain of $399 million in the fourth quarter of 2024.

Adjusted net earnings available to common shareholders of the Company[1] were $468 million, an increase of $53 million, or 12.8%. Adjusted diluted net earnings per common share[1] were $1.21, an increase of $0.16 per common share, or 15.2%.

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS

Net earnings available to common shareholders of the Company from continuing operations in the fourth quarter of 2025 were $256 million ($0.66 per common share), a decrease of $403 million ($1.01 per common share) compared to the fourth quarter of 2024. The decrease was due to the unfavourable year-over-year net impact of adjusting items totaling $450 million ($1.16 per common share) described below, partially offset by an improvement of $47 million ($0.15 per common share) in the consolidated underlying operating performance of the Company.

The unfavourable year-over-year net impact of adjusting items totaling $450 million ($1.16 per common share) was primarily due to:

- the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $388 million ($0.99 per common share);
- the unfavourable impact of deferred tax on the outside basis difference related to the Sale of PC Financial at Loblaw of $56 million ($0.14 per common share);
- the unfavourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $47 million ($0.12 per common share) as a result of the decrease in Allied's unit price; and
- the unfavourable year-over-year impact of the fair value adjustment on investment properties of $44 million ($0.12 per common share) driven by Choice Properties, net of the effect of consolidation;

partially offset by,

- the favourable year-over-year impact of lower amortization of intangible assets at Loblaw of $41 million ($0.10 per common share) primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized; and
- the favourable year-over-year impact of the prior year charge related to the *PC Optimum* loyalty program at Loblaw of $36 million ($0.09 per common share).

Adjusted net earnings available to common shareholders of the Company[1] from continuing operations in the fourth quarter of 2025 were $444 million, an increase of $47 million, or 11.8%, compared to the fourth quarter of 2024. The increase was driven by the favourable year-over-year impact of $72 million from the contribution of the publicly traded operating companies. The increase was partially offset by the unfavourable year-over-year impact of $25 million at GWL Corporate primarily due to the year-over-year impact of the fair value adjustment of other investments and an increase in income tax expense related to GWL's participation in Loblaw's NCIB.

Adjusted diluted net earnings per common share[1] from continuing operations were $1.15 in the fourth quarter of 2025, an increase of $0.15 per common share, or 15.0%, compared to the fourth quarter of 2024. The increase was due to the performance in adjusted net earnings available to common shareholders of the Company[1] from continuing operations as described above, and the favourable impact of shares purchased for cancellation over the last 12 months ($0.03 per common share) pursuant to the Company's NCIB.

REVENUE

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2025 (13 weeks)	Dec. 31, 2024[2] (12 weeks)	$ Change	% Change
Loblaw	**$ 16,382**	$ 14,725	$ 1,657	11.3%
Choice Properties	**355**	344	11	3.2%
Effect of consolidation[1]	**(201)**	(195)	(6)	(3.1)%
Publicly traded operating companies	**$ 16,536**	$ 14,874	$ 1,662	11.2%
GWL Corporate	**—**	—		
Consolidated	**$ 16,536**	$ 14,874	$ 1,662	11.2%

Revenue in the fourth quarter of 2025 was $16,536 million, an increase of $1,662 million, or 11.2%, compared to the fourth quarter of 2024. The increase in revenue was impacted by each of the Company's reportable operating segments as follows:

- Positively by 11.1% due to revenue growth of 11.3% at Loblaw. The increase was primarily driven by positive same-store sales growth[4].
- Positively by 0.1% due to revenue growth of 3.2% at Choice Properties. The increase of $11 million was primarily driven by higher rental rates, contributions from acquisitions, net of dispositions, and completed developments, partially offset by lower lease surrender revenue.

OPERATING INCOME

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2025 (13 weeks)	Dec. 31, 2024[2] (12 weeks)	$ Change	% Change
Loblaw	**$ 1,132**	$ 791	$ 341	43.1%
Choice Properties	**134**	224	(90)	(40.2)%
Effect of consolidation[1]	**(80)**	(83)	3	3.6%
Publicly traded operating companies	**$ 1,186**	$ 932	$ 254	27.3%
GWL Corporate	**(10)**	1	(11)	(1,100.0)%
Consolidated	**$ 1,176**	$ 933	$ 243	26.0%

Operating income in the fourth quarter of 2025 was $1,176 million compared to $933 million in the fourth quarter of 2024, an increase of $243 million, or 26.0%. The increase was mainly attributable to an improvement in underlying operating performance of $140 million driven by Loblaw and Choice Properties, partially offset by the unfavourable year-over-year impact of GWL Corporate. The increase was further impacted by the favourable year-over-year net impact of adjusting items totaling $103 million, described below.

The favourable year-over-year net impact of adjusting items totaling $103 million was primarily due to:

- the favourable year-over-year impact of lower amortization of intangible assets at Loblaw of $105 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized; and
- the favourable year-over-year impact of the prior year charge related to the *PC Optimum* loyalty program at Loblaw of $99 million;

partially offset by,

- the unfavourable year-over-year impact of the fair value adjustment on Choice Properties' investment in real estate securities of Allied of $51 million; and
- the unfavourable year-over-year impact of the fair value adjustment on investment properties of $45 million driven by Choice Properties, net of the effect of consolidation.

ADJUSTED EBITDA[1]

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2025 (13 weeks)	Dec. 31, 2024[2] (12 weeks)	$ Change	% Change
Loblaw	**$ 1,773**	$ 1,593	$ 180	11.3%
Choice Properties	**250**	247	3	1.2%
Effect of consolidation[1]	**(120)**	(130)	10	7.7%
Publicly traded operating companies	**$ 1,903**	$ 1,710	$ 193	11.3%
GWL Corporate	**(9)**	1	(10)	(1,000.0)%
Consolidated	**$ 1,894**	$ 1,711	$ 183	10.7%

Adjusted EBITDA[1] in the fourth quarter of 2025 was $1,894 million compared to $1,711 million in the fourth quarter of 2024, an increase of $183 million, or 10.7%. The increase was impacted by each of the Company's segments as follows:

- positively by 10.5% due to an increase of 11.3% at Loblaw, driven by an increase in gross profit, partially offset by an increase in SG&A;
- positively by 0.2% due to an increase of 1.2% at Choice Properties, primarily driven by an increase in rental income, partially offset by lower lease surrender revenue, higher general and administrative expenses and lower investment income as a result of the reduction in Allied's distribution; and
- negatively by 0.6% due to a decrease at GWL Corporate, primarily due to the unfavourable year-over-year impact of the fair value adjustment on other investments.

DEPRECIATION AND AMORTIZATION

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2025 (13 weeks)	Dec. 31, 2024[2] (12 weeks)	$ Change	% Change
Loblaw	**$ 613**	$ 680	$ (67)	(9.9)%
Choice Properties	**1**	1	—	—%
Effect of consolidation	**(78)**	(82)	4	4.9%
Publicly traded operating companies	**$ 536**	$ 599	$ (63)	(10.5)%
GWL Corporate	**1**	—	1	100.0%
Consolidated	**$ 537**	$ 599	$ (62)	(10.4)%

Depreciation and amortization in the fourth quarter of 2025 was $537 million, a decrease of $62 million compared to the fourth quarter of 2024. The decrease was driven by the impact of lower amortization of intangible assets at Loblaw primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized, partially offset by an increase in depreciation at Loblaw. Depreciation and amortization in the fourth quarter included $10 million (2024 – $115 million) of amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark, recorded by Loblaw.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2025 (13 weeks)	Dec. 31, 2024[2] (12 weeks)	$ Change	% Change
Net interest expense (income) and other financing charges	**$ 255**	$ (152)	$ 407	267.8%
Add impact of the following:				
Fair value adjustment of the Trust Unit liability	**11**	399	(388)	(97.2)%
Adjusted net interest expense and other financing charges[1]	**$ 266**	$ 247	$ 19	7.7%

Net interest expense and other financing charges in the fourth quarter of 2025 were $255 million, compared to net interest income and other financing charges of $152 million in the fourth quarter of 2024, an increase of $407 million. The increase was primarily due to the unfavourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $388 million, due to a decrease in Choice Properties' unit price, which resulted in a fair value gain of $11 million in the fourth quarter of 2025 compared to a fair value gain of $399 million in the fourth quarter of 2024.

In the fourth quarter of 2025, adjusted net interest expense and other financing charges[1] increased by $19 million, primarily driven by:

- an increase in interest expense from lease liabilities at Loblaw, net of the effect of consolidation;
- lower interest income on cash and cash equivalents and certain short-term investments; and
- lower capitalization of interest expense related to Loblaw's automated distribution facility.

INCOME TAXES

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2025 (13 weeks)	Dec. 31, 2024[2] (12 weeks)	$ Change	% Change
Income taxes	**$ 373**	$ 198	$ 175	88.4%
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes[i]	**19**	60	(41)	(68.3)%
Deferred tax on outside basis difference - Sale of PC Financial	**(107)**	—	(107)	(100.0)%
Outside basis difference in certain Loblaw shares	**15**	8	7	87.5%
Adjusted income taxes[1]	**$ 300**	$ 266	$ 34	12.8%
Effective tax rate applicable to earnings before taxes	**40.5%**	18.2%		
Adjusted effective tax rate applicable to adjusted earnings before taxes[1]	**27.2%**	27.1%		

(i) Refer to the adjusted EBITDA table and the adjusted net interest expense and other financing charges table included in Section 13, "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 fourth quarter of 2025 was 40.5%, compared to 18.2% in the fourth quarter of 2024. The increase was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability and the recognition of deferred tax on the outside basis difference upon classifying PC Financial as held for sale.

The adjusted effective tax rate[1] for the fourth quarter of 2025 was 27.2%, compared to 27.1% in the fourth quarter of 2024. The increase was primarily attributable to an increase in current tax expense related to the Company's participation in Loblaw's NCIB, partially offset by the impact of other non-deductible items.

DISCONTINUED OPERATIONS

As a result of the announcement of the sale of PC Financial, the results of PC Financial are presented in discontinued operations. Refer to "Loblaw Other Business Matters" in section 2.1, "Loblaw Operating Results", of this MD&A for more information.

Net Earnings Available to Common Shareholders of the Company from Discontinued Operations

Net earnings available to common shareholders of the Company from discontinued operations were $24 million in the fourth quarter of 2025, an increase of $19 million compared to the fourth quarter of 2024. The increase was primarily driven by lapping a prior year *PC Optimum* loyalty liability charge of $13 million (net of income taxes and non-controlling interests) relating to the revaluation of the existing loyalty liability for outstanding points to reflect a higher anticipated redemption rate, an increase in revenue of $7 million[(i)] driven by higher insurance commission income and higher interest income, and the year-over-year favourable impact of expected credit loss provision.

(i) Revenue included in discontinued operations in the fourth quarter of 2025 was $230 million compared to $223 million in the fourth quarter of 2024.

CASH FLOWS The following Cash Flow components are presented on a total Company basis, inclusive of continuing and discontinued operations.

	Quarters Ended		
($ millions)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024 (12 weeks)	$ Change
Cash and cash equivalents, beginning of period	**$ 1,545**	$ 1,628	$ (83)
Cash flow from (used in):			
Operating activities	**$ 2,306**	$ 1,689	$ 617
Investing activities	**(583)**	(849)	266
Financing activities	**(1,426)**	(428)	(998)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**(2)**	8	(10)
Increase in cash and cash equivalents	**$ 295**	$ 420	$ (125)
Cash and cash equivalents, end of period	**$ 1,840**	$ 2,048	$ (208)

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were $2,306 million in the fourth quarter of 2025, an increase of $617 million compared to the fourth quarter of 2024. The increase in cash flows from operating activities was primarily due to higher cash earnings and a favourable change in non-cash working capital.

CASH FLOWS USED IN INVESTING ACTIVITIES Cash flows used in investing activities were $583 million in the fourth quarter of 2025, a decrease of $266 million compared to the fourth quarter of 2024. The decrease in cash flows used in investing activities was primarily due to higher disposals of short-term investments, partially offset by an increase in capital investments.

The following table summarizes the Company's capital investments by each of its reportable operating segments for the quarters ended as indicated:

	Quarters Ended	
($ millions)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024 (12 weeks)
Loblaw	**$ 722**	$ 628
Choice Properties	**95**	103
Effect of consolidation	**(17)**	(16)
Publicly traded operating companies	**$ 800**	$ 715
GWL Corporate	**1**	1
Capital investments[(i)]	**$ 801**	$ 716

(i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the quarter. There were no prepayments transferred to fixed assets for the quarters ended 2025 and 2024.

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were $1,426 million in the fourth quarter of 2025, an increase of $998 million compared to the fourth quarter of 2024. The increase in cash flows used in financing activities was primarily driven by higher issuances of long-term debt net of repayments in the prior year, a decrease in demand deposits from customers, and higher repurchases of Loblaw common shares.

FREE CASH FLOW[1]

	Quarters Ended					
	Dec. 31, 2025 (13 weeks)			Dec. 31, 2024 (12 weeks)		
($ millions)	**Continuing Operations**	**Discontinued Operations**	**Total**	Continuing Operations	Discontinued Operations	Total
Cash flows from (used in) operating activities	**$ 2,516**	**$ (210)**	**$ 2,306**	$ 1,903	$ (214)	$ 1,689
Less: Capital investments[i]	**795**	**6**	**801**	707	9	716
Interest paid	**164**	**53**	**217**	162	48	210
Lease payments, net	**238**	**—**	**238**	152	—	152
Free cash flow[1]	**$ 1,319**	**$ (269)**	**$ 1,050**	$ 882	$ (271)	$ 611

(i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the quarter. There were no prepayments transferred to fixed assets for the quarters ended 2025 and 2024.

Free cash flow[1] from continuing operations in the fourth quarter of 2025 was $1,319 million, an increase of $437 million compared to the fourth quarter of 2024. The increase in free cash flow[1] was primarily driven by higher cash earnings and a favourable change in non-cash working capital. Continuing operations were also impacted by an increase in capital investments and higher interest and lease payments when compared to the fourth quarter of 2024.

Free cash flow[1] used in discontinued operations in the fourth quarter of 2025 was $269 million, which was relatively consistent when compared to the fourth quarter of 2024.

5. Fourth Quarter Results of Reportable Operating Segments

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

5.1 Loblaw Fourth Quarter Operating Results

The results of PC Financial are presented separately as discontinued operations in Loblaw's current and comparative results. Unless otherwise indicated, all financial information represents Loblaw's results from continuing operations.

	Quarters Ended			
($ millions except where otherwise indicated)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024[2] (12 weeks)	$ Change	% Change
Revenue[i]	**$ 16,382**	$ 14,725	$ 1,657	11.3%
Operating income	**$ 1,132**	$ 791	$ 341	43.1 %
Adjusted EBITDA[1]	**$ 1,773**	$ 1,593	$ 180	11.3%
Adjusted EBITDA margin[1]	**10.8%**	10.8%		
Depreciation and amortization	**$ 613**	$ 680	$ (67)	(9.9)%

(i) As a result of the Sale of PC Financial, PC Services revenue, primarily related to sales attributable to *The Mobile Shop,* in the fourth quarter of 2025 of $140 million (2024 – $146 million) continues to be recorded in revenue (now part of food retail sales) in the current and comparative results.

REVENUE Loblaw revenue in the fourth quarter of 2025 was $16,382 million, an increase of $1,657 million, or 11.3%, compared to the fourth quarter of 2024, which included the impact of the 13th week of $1,138 million. This increase was primarily driven by the following factors:

- food retail sales[i] were $11,433 million (2024 – $10,284 million) and food retail same-store sales growth[4] was 1.5% (2024 – 2.5%) for the quarter;
  - Loblaw's internal food inflation was significantly lower than the Consumer Price Index for Food Purchased From Stores of 4.4% (2024 – 2.4%); and
  - food retail traffic increased[4] and basket size increased[4].
- drug retail sales were $4,949 million (2024 – $4,441 million) and drug retail same-store sales growth[4] was 3.9% (2024 – 1.3%) for the quarter;
  - pharmacy and healthcare services same-store sales growth[4] was 5.6% (2024 – 6.3%) led by specialty prescriptions. The number of prescriptions dispensed increased by 10.4% (2024 – 1.7%). On a same-store basis[4], the number of prescriptions dispensed increased by 2.9% (2024 – 1.7%) and the average prescription value increased by 3.9% (2024 – 4.0%); and
  - front store same-store sales growth[4] was 2.2% (2024 – decline of 3.1%). The growth[4] in front store same-store sales was primarily driven by higher sales of beauty and OTC products, partially offset by the decision to exit certain low margin electronics categories.

In the fourth quarter of 2025, 30 food and drug stores were opened, and 5 food and drug stores were closed. Retail square footage was 73.3 million square feet, a net increase of 1.3 million square feet, or 1.8%, compared to the fourth quarter of 2024.

OPERATING INCOME Loblaw operating income in the fourth quarter of 2025 was $1,132 million, an increase of $341 million, or 43.1%, compared to the fourth quarter of 2024, which included the impact of the 13th week of $106 million. The increase was driven by a favourable year-over-year net impact of adjusting items totaling $199 million, and an improvement in underlying operating performance of $142 million, as described below:

- the favourable year-over-year net impact of adjusting items totaling $199 million was primarily due to:
  - the favourable year-over-year impact of amortization of intangible assets of $105 million primarily related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized;
  - the favourable year-over-year impact of the prior year charge related to the *PC Optimum* loyalty program at Loblaw of $99 million; and
  - the favourable year-over-year impact of the prior year fair value write-down related to the sale of Wellwise of $23 million;

  partially offset by,
  - the unfavourable year-over-year impact of the sale of non-operating properties of $14 million;
  - the unfavourable impact of the charges related to the Sale of PC Financial of $10 million;
  - the unfavourable impact of the fair value adjustment on fuel and foreign currency contracts of $3 million; and
  - the unfavourable year-over-year impact of the fair value adjustment on non-operating properties of $1 million.
- the improvement in underlying operating performance of $142 million was primarily due to an increase in gross profit, partially offset by an increase in SG&A and depreciation and amortization.

ADJUSTED EBITDA[1] Loblaw adjusted EBITDA[1] in the fourth quarter of 2025 was $1,773 million, an increase of $180 million, or 11.3%, compared to the fourth quarter of 2024, which included the impact of the 13th week of $106 million. The increase was driven by an increase in gross profit of $493 million, partially offset by an increase in SG&A of $313 million.

- Gross profit percentage was 30.8%, a decrease of 10 basis points compared to the fourth quarter of 2024. On a 12-week comparable basis, gross profit percentage was 31.0%, an increase of 10 basis points, primarily driven by continued improvements in shrink.

- SG&A as a percentage of sales was 20.0%, a favourable decrease of 10 basis points compared to the fourth quarter of 2024. On a 12-week comparable basis, SG&A as a percentage of sales was flat at 20.1%, primarily due to operating leverage from higher sales, offset by incremental costs related to opening new stores and the automated distribution facility.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in the fourth quarter of 2025 was $613 million, a decrease of $67 million compared to the fourth quarter of 2024, primarily driven by the impact of lower amortization related to certain intangible assets associated with the 2014 acquisition of Shoppers Drug Mart which are now fully amortized, partially offset by an increase in depreciation of leased assets, and an increase in depreciation of fixed assets related to opening new stores and the automated distribution facility, and conversions of retail locations. Depreciation and amortization in the fourth quarter of 2025 included the amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark of $10 million (2024 – $115 million).

CONSOLIDATION OF FRANCHISES Loblaw's net losses attributable to non-controlling interests were $7 million in the fourth quarter of 2025, compared to net losses attributable to non-controlling interests of $1 million in the fourth quarter of 2024. This represented a decrease of $6 million, primarily driven by a decrease in franchisee earnings after profit sharing.

LOBLAW OTHER BUSINESS MATTERS

For details, refer to Section 2.1, "Loblaw Operating Results", of this MD&A.

5.2 Choice Properties Fourth Quarter Operating Results

	Quarters Ended			
($ millions except where otherwise indicated)	**Dec. 31, 2025 (12 weeks)**	Dec. 31, 2024 (12 weeks)	$ Change	% Change
Revenue	**$ 355**	$ 344	$ 11	3.2 %
Net interest expense (income) and other financing charges	**$ 185**	$ (567)	$ 752	132.6 %
Net (loss) income	**$ (53)**	$ 792	$ (845)	(106.7%)
Funds from Operations[1]	**$ 190**	$ 188	$ 2	1.1%

REVENUE Choice Properties revenue in the fourth quarter of 2025 was $355 million, an increase of $11 million, or 3.2%, compared to the same period in 2024 and included revenue of $203 million (2024 – $197 million) generated from tenants within Loblaw. The increase in the fourth quarter of 2025 was primarily driven by:

- higher rental rates primarily in the retail and industrial portfolios; and
- contributions from acquisitions, net of dispositions, and completed developments;

partially offset by,

- lower lease surrender revenue.

NET INTEREST EXPENSE (INCOME) AND OTHER FINANCING CHARGES Choice Properties net interest expense and other financing charges in the fourth quarter of 2025 were $185 million, compared to net interest income and other financing charges of $567 million in the same period in 2024. The change of $752 million was primarily driven by:

- the unfavourable year-over-year change in the fair value adjustment on the Exchangeable Units of $749 million, as a result of the change in the unit price;
- higher interest expense due to new debt issuances over the past twelve months bearing interest at higher rates than maturing debt and a higher average debt balance; and
- lower interest income earned on excess cash.

NET (LOSS) INCOME Choice Properties net loss in the fourth quarter of 2025 was $53 million, compared to a net income of $792 million in the same period in 2024. The change of $845 million was primarily driven by:

- the change in net interest expense (income) and other financing charges as described above;
- the unfavourable year-over-year change in the fair value adjustment of investment in real estate securities of $51 million driven by the change in Allied's unit price; and
- the unfavourable year-over-year change in the fair value adjustment on investment properties, including those held within equity accounted joint ventures, of $42 million;

partially offset by,

- an increase in rental revenue as described above.

FUNDS FROM OPERATIONS[1] Funds from Operations[1] in the fourth quarter of 2025 increased by $2 million to $190 million compared to the same period in 2024. The increase was primarily due to an increase in rental income, partially offset by higher interest expense, lower lease surrender revenue, lower interest income, and lower investment income as a result of the reduction in Allied's distribution.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

For details, refer to Section 2.2, "Choice Properties Operating Results", of this MD&A.

6. Disclosure Controls and Procedures

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.

As required by National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") the Chairman & Chief Executive Officer ("CEO") and the President & Chief Financial Officer ("CFO") have caused the effectiveness of the disclosure controls and procedures to be evaluated. Based on that evaluation, management, under the supervision of the Chairman & CEO and the President & CFO, have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2025.

7. Internal Control Over Financial Reporting

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.

As required by NI 52-109, the Chairman & CEO and the President & CFO have caused the effectiveness of the internal controls over financial reporting to be evaluated using the framework established in 'Internal Control - Integrated Framework (COSO Framework)' published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), 2013. Based on that evaluation, management, under the supervision of the Chairman & CEO and the President & CFO, have concluded that the design and operation of the Company's internal controls over financial reporting were effective as at December 31, 2025.

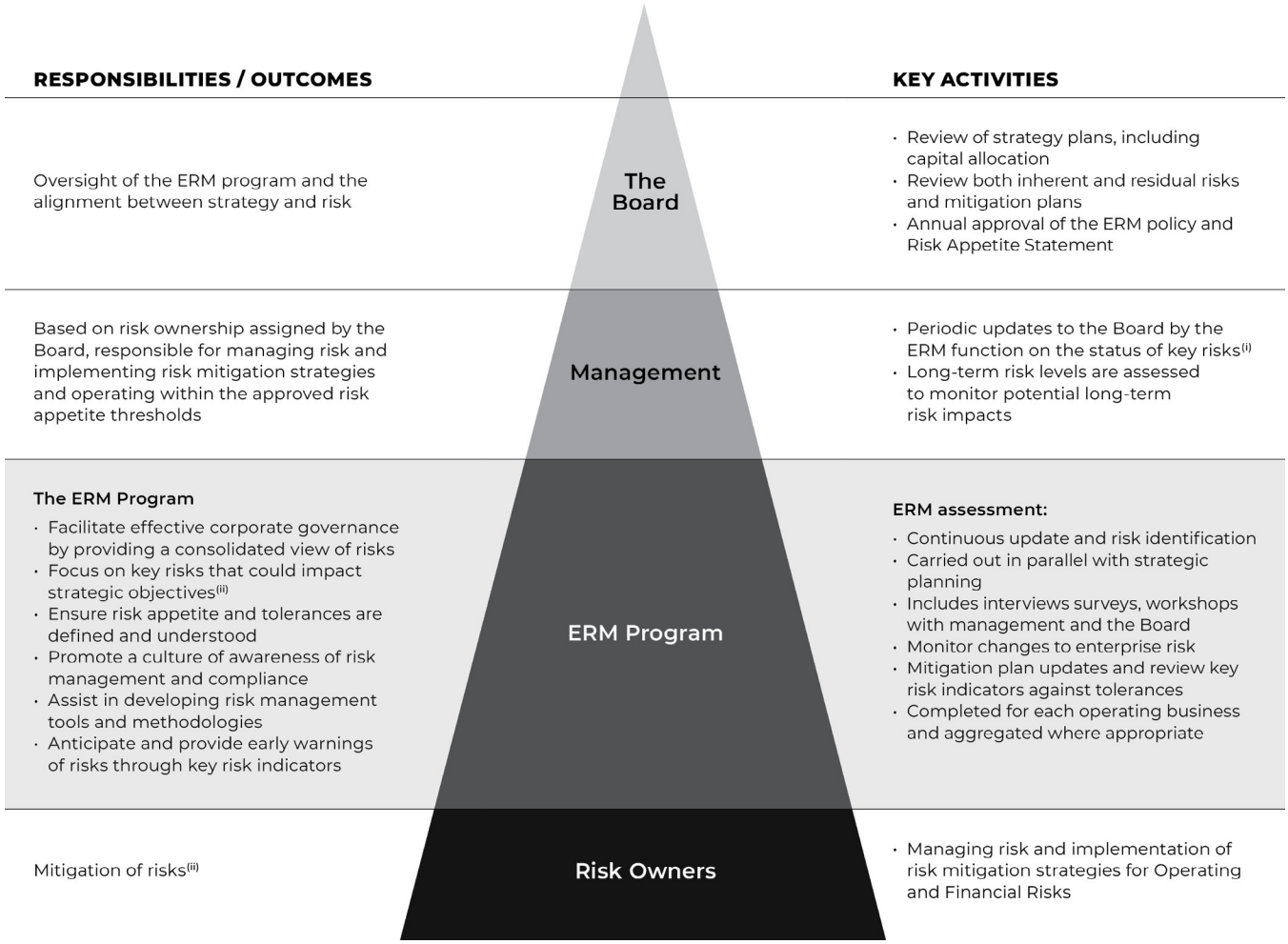
In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of 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 controls over financial reporting in 2025 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

8. Enterprise Risks and Risk Management

The Company is committed to maintaining a framework that ensures risk management is an integral part of its activities. The Company's Enterprise Risk Management ("ERM") program assists all areas of the business in managing risks within appropriate levels of tolerance by bringing a systematic approach and methodology for evaluating, measuring and monitoring key risks. The results of the ERM program and other business planning processes are used to identify emerging risks to the Company, prioritize risk mitigation activities and develop a risk-based internal audit plan.

Risks are not eliminated through the ERM program, but rather, are identified and managed in line with the Company's Risk Appetite Statement and within approved risk tolerances. The Risk Appetite Statement articulates key aspects of the Company's businesses, values, and brands and provides directional guidance on risk taking.



(i) Risks are assessed and evaluated based on the Company's vulnerability to the risk and the potential impact that the underlying risks would have on the Company's ability to execute on its strategies and achieve its objectives.

(ii) Any of the key risks have the potential to affect the Company and its financial performance negatively. The Company has risk management strategies in place for key risks. However, there can be no assurance that the risks will be mitigated or will not materialize or that events or circumstances will not occur that could adversely affect the reputation, operations or financial condition or performance of the Company.

8.1 Operating Risks and Risk Management

OPERATING RISKS The following discussion of risks identifies significant factors that could have a material adverse effect on the Company's business, operations, financial condition or future financial performance.

The following risks are a subset of the key risks identified through the ERM program. They should be read in conjunction with the full set of risks inherent in the Company's business, as included in the Company's Annual Information Form ("AIF") for the year ended December 31, 2025, which is hereby incorporated by reference:

Economic Conditions	Alternative Arrangements for Sourcing Generic Drug Products
Cybersecurity, Privacy and Data Breaches	Asset Management
IT Systems Implementations and Data Management	Food, Drug, Product and Services Safety
Healthcare Reform	Competitive Environment and Strategy
Distribution and Supply Chain	Change Management, Process and Efficiency
Associate-owned Drug Store Network and Relationships with Associates	Labour Relations
Property Development and Construction	Environmental and Social
Property Valuation	Business Continuity
Capitalization Rate Risk	Legal Proceedings
Colleague Attraction, Development and Succession Planning	Service Providers
Electronic Commerce and Disruptive Technologies	Franchisee Relationships
Inventory Management and Shrink	Execution of Strategic Initiatives
Regulatory Compliance	

ECONOMIC CONDITIONS The Company's revenue, profitability, brand and reputation may be impacted by general economic conditions. These economic conditions include inflation, the impact of tariffs, cost increases from suppliers, levels of employment, costs of borrowing, level of 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. A number of these conditions could impact consumer behaviour including levels of consumer spending, the choice of stores in which consumers choose to shop and the types of products that they purchase. As a result, these economic conditions may adversely impact demand for the Company's products and services which could adversely affect the Company's operations, financial performance, brand or reputation.

CYBERSECURITY, PRIVACY AND DATA BREACHES The Company depends on the uninterrupted operation of its IT systems, networks and services including internal and public internet sites, data hosting and processing facilities, and cloud-based services and hardware, such as point-of-sale processing at stores, to operate its business.

In the ordinary course of business, the Company collects, processes, transmits and retains confidential, sensitive and personal information ("Confidential Information"), including payment card industry data and personal health and financial information regarding the Company and its employees, franchisees, Associates, vendors, customers, patients, credit card and *PC Money* Account holders and loyalty program members. Some of this Confidential Information is held and managed by third party service providers. As with other large companies, the Company is regularly subject to cyberattacks and such attempts are occurring more frequently, are constantly evolving in nature and are becoming more sophisticated.

The Company has implemented security measures, including employee training, monitoring and testing, maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access of Confidential Information and to reduce the likelihood of disruptions to its IT systems. The Company continues to make strategic investments in this area in order to mitigate cyber threats. The Company also has security processes, protocols and standards that are applicable to its third party service providers.

Despite these measures, all of the Company's information systems, including its back-up systems and any third party service provider systems that it employs, are vulnerable to damage, interruption, disability or failures due to a variety of reasons, including physical theft, electronic theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events.

The Company or its third party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach the Company's security measures or its third party service providers' information systems.

As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the Company's security measures or those of its third party service providers. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of the Company's or its third party service providers'

security measures, which could result in a breach of employee, franchisee, Associate, customer, patient, credit card or *PC Money* Account holder or loyalty program member privacy or Confidential Information.

If the Company does not allocate and effectively manage the resources necessary to build and sustain reliable IT infrastructure, fails to identify or respond to cybersecurity incidents in a timely or appropriate manner, or the Company's or its third party service providers' information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the Company's business could be disrupted and the Company could, among other things, be subject to: transaction errors; processing inefficiencies; the loss of or failure to attract new customers; the loss of revenue; the loss or unauthorized access to Confidential Information or other assets; the loss of or damage to intellectual property or trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs. Any such occurrences could adversely affect the reputation, operations or financial performance of the Company.

IT SYSTEMS IMPLEMENTATIONS AND DATA MANAGEMENT The operations of the Company are reliant on the continuous and uninterrupted operations of critical technology systems, including the increasing use of automation technology. Any technology failure/outage pertaining to the availability, capacity or sustainability of the Company's IT systems may result in disruptions impacting the Company's customers or financial performance, or may negatively impact the Company's reputation. The Company continues to make investments in new IT systems to improve the operating effectiveness of the organization. Failure to successfully migrate from legacy systems to new IT systems or a significant disruption in the Company's current IT systems during the implementation of new systems could result in a lack of accurate data to effectively manage day-to-day operations of the business or achieve its operational objectives, causing significant disruptions to the business and potential financial losses.

Failure to successfully adopt or implement appropriate processes to support the new IT systems, or failure to effectively leverage or convert data from one system to another, may preclude the Company from optimizing its overall performance and could result in inefficiencies and duplication in processes, which in turn could adversely affect the reputation, operations or financial performance of the Company. Failure to realize the anticipated strategic benefits including revenue growth, anticipated cost savings or operating efficiencies associated with new IT systems could adversely affect the reputation, operations or financial performance of the Company.

The Company also depends on relevant and reliable information to operate its business. As the volume of data being generated and reported continues to increase across the Company, data accuracy, quality and governance are required for effective decision making. Failure by the Company to leverage data, including customer data, in a timely manner may adversely affect the Company's ability to execute its strategy and therefore its financial performance. Moreover, lack of sensitive data classification, protection and use case approval may result in operational or reputational risk.

HEALTHCARE REFORM Loblaw is reliant on prescription drug sales for a significant portion of its sales and profits. Prescription drugs and their sales are subject to numerous federal, provincial, territorial and local laws and regulations. Changes to these laws and regulations, including the potential implementation of a national pharmacare system, changes in the models used to fund prescription drugs such as the introduction of a pharmacare system, or non-compliance with these laws and regulations, could adversely affect the reputation, operations or financial performance of the Company.

Federal and provincial laws and regulations that establish public drug plans typically regulate prescription drug coverage, patient eligibility, pharmacy reimbursement, drug product eligibility and drug pricing. With respect to pharmacy reimbursement, such laws and regulations typically regulate the allowable drug cost of a prescription drug product, the permitted mark-up on a prescription drug product and the professional or dispensing fees that may be charged on prescription drug sales to patients eligible under the public drug plan. With respect to drug product eligibility, such laws and regulations typically regulate the requirements for listing the manufacturer's products as a benefit or partial benefit under the applicable governmental drug plan, drug pricing and, in the case of generic prescription drug products, the requirements for designating the product as interchangeable with a branded prescription drug product. In addition, other federal, provincial, territorial and local laws and regulations govern the approval, packaging, labeling, sale, marketing, advertising, handling, storage, distribution, dispensing and disposal of prescription drugs.

Sales of prescription drugs, pharmacy reimbursement and drug prices may be affected by changes to the healthcare industry, including legislative or other changes that impact patient eligibility, drug product eligibility, the allowable cost of a prescription drug product, the mark-up permitted on a prescription drug product, the amount of professional or dispensing fees paid by payers or the provision or receipt of manufacturer allowances by pharmacies and pharmacy suppliers.

The majority of prescription drug sales are reimbursed or paid by three types of payers: (i) government or public, (ii) private insurers or employers, and (iii) out-of-pocket by the patient. These payers have pursued and continue to pursue measures to manage the costs of their drug plans. Canada and each of the provinces has implemented legislative and/or other measures directed towards managing pharmacy service costs and controlling increasing drug costs incurred by public drug plans and private payers, which impact pharmacy reimbursement levels and the availability of manufacturer allowances. Legislative measures to control drug costs include lowering of generic drug pricing. Additionally, the pan-Canadian Pharmaceutical Alliance continues its work regarding cost reduction initiatives for pharmaceutical products and services.

Legislation in certain provincial jurisdictions establishes listing requirements that ensure that the selling price for a prescription drug product will not be higher than any selling price established by the manufacturer for the same prescription drug product under other provincial drug insurance programs. In some provinces, elements of the laws and regulations that impact pharmacy reimbursement and manufacturer allowances for sales to the public drug plans are extended by legislation to sales to private payers. Also, private payers (such as corporate employers and their insurers) are looking or may look to benefit from any measures implemented by government payers to reduce prescription drug costs for public plans by attempting to extend these measures to prescription drug plans they own or manage. Accordingly, changes to pharmacy reimbursement and manufacturer allowances for a public drug plan could also impact pharmacy reimbursement and manufacturer allowances for private payers. In addition, private payers could reduce pharmacy reimbursement for prescription drugs provided to their members or could elect to reimburse members only for products included on closed formularies or available from preferred providers.

Changes impacting pharmacy reimbursement programs and prescription drug pricing, legislative or otherwise, are expected to continue to put downward pressure on the value of prescription drug sales. These changes may have a material adverse effect on Loblaw's business, sales and profitability. In addition, Loblaw could incur significant costs in the course of complying with any changes in the regulatory regime affecting prescription drugs and pharmacy services. Non-compliance with any such existing or proposed laws or regulations, particularly those that provide for the licensing and conduct of wholesalers, the licensing and conduct of pharmacists, the regulation and ownership of pharmacies, the advertising of pharmacies and prescription services, the provision of information concerning prescription drug products, the pricing of prescription drugs, privacy and confidentiality and interactions with provincial drug and eHealth systems, could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

DISTRIBUTION AND SUPPLY CHAIN Loblaw's ability to satisfy its customers' demands and achieve its cost objectives depends on its ability to maintain key logistic and transport arrangements. Loblaw's distribution and supply chain could be negatively affected by unforeseen disruptions due to fire, severe weather conditions, natural disasters or other catastrophic events, public health events, labour disagreements, disruptions to critical technology systems, including automation, or other transportation problems. The loss of or disruption to these types of arrangements could interrupt product supply, which in turn could adversely affect the assortment and product availability at the store and digital retail level. If not effectively managed or remedied, these events could negatively impact customer experience and Loblaw's ability to attract and retain customers, and could adversely affect the Company's operations or financial performance.

ASSOCIATE-OWNED DRUG STORE NETWORK AND RELATIONSHIPS WITH ASSOCIATES The success of Loblaw and the reputation of its brands are closely tied to the performance of the Shoppers Drug Mart Associate-owned drug stores. Accordingly, Loblaw relies on Associates to successfully operate, manage and execute retail programs and strategies at their respective drug store locations. Associates are independent business operators that have entered into agreements with Loblaw to own and operate retail stores in accordance with prescribed procedures and standards. The success of the operations and financial performance of their respective drug stores may be beyond Loblaw's control. In addition, Associates are subject to franchise legislation. Disruptions to Loblaw's relationships with Shoppers Drug Mart Associate-owned drug stores or changes in legislation could negatively affect revenue from Associates, which in turn could adversely affect the reputation, operations or financial performance of the Company.

PROPERTY DEVELOPMENT AND CONSTRUCTION Choice Properties engages in development, redevelopment and major renovation activities with respect to certain properties. It is subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or availability at all; (b) the availability and timely receipt of zoning, occupancy, land use and other regulatory and governmental approvals; (c) changes in zoning and land use laws; (d) the ability to achieve an acceptable level of occupancy upon completion; (e) the potential that Choice Properties may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (f) the potential that Choice Properties may expend funds on and devote management time to projects which are not completed; (g) construction or redevelopment costs of a project, including rising construction costs and development charges and shortages of experienced labour in certain construction related trades, may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (h) the time required to complete the construction or redevelopment of a project or to lease-up the completed project may be greater than originally anticipated, thereby adversely affecting Choice Properties' cash flows and liquidity; (i) the cost and timely completion of construction (including risks beyond Choice Properties' control, such as weather, labour conditions or material shortages); (j) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (k) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and (l) Choice Properties' ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development activities or the completion of development activities once undertaken. In addition, development projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its accompanying risks) with contractors, subcontractors, suppliers, partners and others. Any failure by Choice Properties to develop quality assets and effectively manage all development, redevelopment and major renovation initiatives may negatively impact the reputation and financial performance of the Company.

PROPERTY VALUATION Choice Properties conducts a valuation assessment of its properties on a quarterly basis. As property values fluctuate over time in response to market factors, or as underlying assumptions and inputs to the valuation model change, the fair value of Choice Properties' portfolio could change materially. Choice Properties is responsible for the reasonableness of the assumptions and for the accuracy of the inputs into the property valuation model. Errors in the inputs to the valuation model or inappropriate assumptions may result in an inaccurate valuation of the properties. In addition to a market activity report that is tailored to Choice Properties' portfolio, management uses the market information obtained in external appraisals, across multiple firms, commissioned during the reporting period to assess whether changes to market-related assumptions are required for the balance of the portfolio. Choice Properties is responsible for monitoring the value of its portfolio going forward and evaluating the impact of any changes in property value over time. Any changes in the value of the properties may impact Unitholder value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the above-mentioned valuations.

CAPITALIZATION RATE RISK The property valuation process is dependent on several inputs, including the current market capitalization rate. Risks associated with Choice Properties' property valuation model include fluctuations in the current market capitalization rate which can significantly impact the value of Choice Properties' overall real estate portfolio. In addition, Choice Properties is subject to certain financial and non-financial covenants in Choice Properties' existing financial instruments that include maintaining certain leverage ratios. Changes in the market capitalization rate could impact Choice Properties' property valuation which in turn could impact financial covenants.

COLLEAGUE ATTRACTION, DEVELOPMENT AND SUCCESSION PLANNING The Company's operations and continued growth are dependent on its ability to hire, retain and develop colleagues, including leaders. Any failure to effectively attract and retain colleagues and leaders, including those with scarce and/or specialized skills, and to establish adequate leadership succession planning, could result in a lack of requisite knowledge, skill and experience. This could erode the Company's competitive position or result in increased costs due to the competition for, or high turn-over of, colleagues. Any of the foregoing could negatively affect the Company's ability to operate its business, which in turn could adversely affect the Company's reputation, operations or financial performance.

ELECTRONIC COMMERCE AND DISRUPTIVE TECHNOLOGIES Loblaw's e-commerce strategy is a growing business initiative. Customers expect innovative concepts and a positive customer experience, including a user-friendly website, customer offerings that are integrated with Loblaw's loyalty program, reliable data, safe and reliable processing of payments and a well-executed merchandise pick up or delivery process. If systems are damaged or cease to function properly, capital investment may be required. Loblaw is also vulnerable to various additional uncertainties associated with e-commerce including website downtime and other technical failures, changes in applicable federal and provincial regulations, security breaches, and consumer privacy concerns. If these technology-based systems and related processes do not function effectively, or if Loblaw is unable to identify and adapt to technological efficiencies, such as artificial/cognitive intelligence or automation in a timely manner, Loblaw's ability to grow its e-commerce business could be adversely affected. Loblaw has increased its investment in improving the digital customer experience, but there can be no assurances that Loblaw will be able to recover the costs incurred to date.

A large portion of Choice Properties' existing real estate portfolio is comprised of necessity-based retail tenants. Shifting consumer preferences toward e-commerce may result in a decrease in the demand for physical space by retail tenants. The failure of Choice Properties to adapt to changes in the retail landscape, including finding new tenants to replace any lost income stream from existing tenants that reduce the amount of physical space they rent from Choice Properties, could adversely affect Choice Properties' operations or financial performance.

INVENTORY MANAGEMENT AND SHRINK Loblaw is subject to risks associated with managing its inventory and controlling shrink. Failure to successfully manage such risks could result in shortages of inventory, excess or obsolete inventory which cannot be sold profitably or increases in levels of inventory shrink. Any of these outcomes could adversely affect the financial performance of the Company. Although Loblaw has implemented new IT systems, which are intended to provide increased visibility to integrated inventory and sales information at store level, Loblaw's failure to effectively implement such new IT systems and applicable processes may increase the risks associated with managing inventory, including the risk that inaccurate inventory could result in inaccurate financial statements.

Loblaw's retail segment is also examining its fundamental processes related to article lifecycle management, with the goal of making existing processes more efficient. This will impact existing workflow and system processes across procurement, supply chain and merchandising. Such simplification and efficiency processes are critical to Loblaw's ability to implement longer term system solutions and achieve efficiencies across its retail divisions. Any failure to effectively deliver this enterprise core solution could negatively impact Loblaw's operations or financial performance.

REGULATORY COMPLIANCE The Company is subject to a wide variety of laws, regulations and orders across all countries in which it does business, including those laws involving product liability, labour and employment, anti-trust and competition, pharmacy, food safety, intellectual property, privacy, environmental and other matters.

The Company is subject to taxation by various taxation authorities in Canada and a number of foreign jurisdictions. Changes to any of the laws, rules, regulations or policies applicable to the Company's business, including tax laws, minimum wage laws, and laws affecting the production, processing, preparation, distribution, packaging and labelling of food, pharmaceuticals and general merchandise products, could adversely affect the operations, financial condition or performance of the Company.

Failure by the Company to comply with applicable laws, regulations and orders could subject the Company to civil or regulatory actions, investigations or proceedings, including fines, assessments, injunctions, recalls or seizures, which in turn could adversely affect the reputation, operations or financial condition or performance of the Company. In the course of complying with changes to laws, the Company could incur significant costs. Changing laws or interpretations of such laws or enhanced enforcement of existing laws could restrict the Company's operations or profitability and thereby threaten the Company's competitive position and ability to efficiently conduct business.

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

Loblaw is subject to capital requirements from OSFI, the primary regulator of PC Bank. 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 capital requirements as defined by OSFI. PC Bank uses Basel III as its regulatory capital management framework which includes a target common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5% and a total capital ratio of 10.5%. In addition to the regulatory capital ratios requirement, PC Bank is subject to the Basel III Leverage ratio and OSFI's Guideline on Liquidity Adequacy Requirements ("LARs"). The LARs guideline establishes standards based on the Basel III framework. PC Bank would be assessed fines and other penalties for non-compliance with these and other regulations. In addition, failure by PC Bank to comply, understand, acknowledge and effectively respond to applicable regulations could result in regulatory intervention and reputational damage.

Choice Properties is currently classified as a "unit trust" and a "mutual fund trust" under the Income Tax Act (Canada). It also qualifies for the Real Estate Investment Trust Exception under the Income Tax Act (Canada) and as such is not subject to specified investment flow-through rules. There can be no assurance that the Canadian federal income tax laws will not be changed in a manner which adversely affects Choice Properties. If Choice Properties ceases to qualify for these and other classifications and exceptions, the taxation of Choice Properties and Unitholders, including the Company, could be materially adversely different in certain respects, which could in turn materially adversely affect the trading price of the Trust Units.

ALTERNATIVE ARRANGEMENTS FOR SOURCING GENERIC DRUG PRODUCTS As the utilization rate of generic prescription drugs increases, Loblaw is pursuing alternative sourcing and procurement models for generic prescription drug products. As part of this alternative sourcing and procurement initiative, Loblaw has entered into contracts for the fabrication of private label generic prescription drug products. These alternative sourcing and procurement models contain certain additional risks beyond those associated with Loblaw's conventional procurement strategy. The most significant of these additional risks are product liability and intellectual property infringement. Product liability claims may arise in the event that the use of Loblaw's products cause, or are alleged to have caused, injury to consumers. Intellectual property infringement claims may arise in the event that Loblaw's products infringe or violate, or are alleged to infringe or violate, the patents or other intellectual property rights of third parties, including the brand manufacturer. Both product liability and intellectual property infringement claims could be costly to defend and could result in significant liabilities and monetary damages. Failure to successfully implement these alternative sourcing and procurement models could adversely affect the reputation, operations or financial performance of the Company.

In addition, the market for generic prescription drug products and eligibility for reimbursement from governmental and other third-party payers will depend on the extent to which the products are designated as interchangeable with the branded products and are included as a benefit on the public drug plans in Canada. These interchangeability designations and benefit listings are highly regulated and will be dependent on the products and the procurement model meeting the regulatory requirements. If the demand for generic products, including private label generic prescription drug products, is negatively affected by fewer designations or limitations placed on private label prescription drug products, it could adversely affect the reputation, operations or financial performance of the Company.

ASSET MANAGEMENT Certain significant expenditures, including property taxes, maintenance costs, debt service payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space, increase tenant demand and to generate adequate revenue over the long-term, Choice Properties must maintain or, in some cases, improve each property's condition to meet market demand. Property management services, including lease management and facility repairs and maintenance must be executed in a timely and cost-effective manner. Maintaining a rental property in accordance with market standards can entail significant costs, which Choice Properties may not be able to recover from its tenants. All the Loblaw leases contain exclusions on certain operating costs and/or property tax recoveries. In addition, property tax reassessments based on updated appraised values may occur, which Choice Properties may not be able to recover from its tenants. As a result, Choice Properties may bear the economic cost of such operating costs and/or property taxes which may adversely impact the financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. In addition, the timing and amount of capital expenditures may indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when Choice Properties deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed Choice Properties' estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, additional and unexpected costs may be incurred. If similar properties located in the vicinity of one of the properties in Choice Properties' portfolio are substantially refurbished and the property is not similarly refurbished, the net operating income derived from, and the value of, such property could be reduced. Any failure by Choice Properties to undertake appropriate maintenance and refurbishment work in response to the factors described above could adversely affect the rental income that is earned from such properties. Any such event could have a material adverse effect on Choice Properties' business, cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

In addition, a failure by Choice Properties to allocate operational capital adequately could negatively impact occupancy levels, attraction of high-quality tenants and lease renewals, which could have a material adverse effect on Choice Properties' operations and financial performance.

FOOD, DRUG, PRODUCT AND SERVICES SAFETY Loblaw's products may expose it to risks associated with product safety and defects and product handling in relation to the manufacturing, design, packaging and labeling, storage, distribution, and display of products. Loblaw cannot be certain that active management of these risks, including maintaining strict and rigorous controls and processes in its manufacturing facilities and distribution systems, will eliminate all the risks related to food and product safety. Loblaw could be adversely affected in the event of a significant outbreak of food-borne illness or food safety issues, including food tampering or contamination. In addition, failure to trace or locate any contaminated or defective products could affect Loblaw's ability to be effective in a recall situation. Loblaw is also subject to risk associated with the distribution of drug products, errors related to medication dispensing or compounding, injections, patient services or consultation. The occurrence of such events or incidents, as well as any failure to maintain the cleanliness and health standards at Loblaw's store level, could result in harm to customers and negative publicity, could adversely affect the Company's brands, reputation, operations or financial performance and could lead to unforeseen liabilities from legal claims or otherwise.

COMPETITIVE ENVIRONMENT AND STRATEGY The Company operates in highly competitive industries.

Loblaw competes against a wide variety of retailers including supermarket and retail drug store operators, as well as mass merchandisers, warehouse clubs, online retailers, mail order prescription drug distributors, limited assortment stores, discount stores, convenience stores and specialty stores. Many of these competitors offer a selection of food, drug and general merchandise, while others remain focused on supermarket-type merchandise. In addition, Loblaw is subject to competitive pressures from new entrants into the marketplace and from the expansion or renovation of existing competitors, particularly those expanding into the grocery and retail drug markets and those offering e-commerce retail platforms. Loblaw's loyalty program is a valuable offering to customers and provides a key differentiating marketing tool for the business. The marketing, promotional and other business activities related to Loblaw's loyalty program must be well managed and coordinated to preserve positive customer perception. Loblaw has made significant investments in support of its strategic growth areas of Everyday Digital Retail, Payments and Rewards and Connected Health, which are all subject to competitive pressures. Failure to achieve these or other strategic priorities could adversely affect the Company's financial position and its competitiveness.

Loblaw's inability to effectively predict market activity, leverage customer preferences and spending patterns and respond in a timely manner to trends, or compete effectively with its current or future competitors could result in, among other things, reduced market share and reduced profitability. If Loblaw is ineffective in responding to consumer trends or in executing its strategic plans, its financial performance could be adversely affected. Loblaw's failure to effectively respond to customer trends may adversely impact Loblaw's relationship with its customers. Loblaw closely monitors market developments and market share trends.

Choice Properties competes with other investors, developers, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Competitors may have newer or better located properties, greater financial or other resources, or greater operating flexibility than Choice Properties. An increase in the availability of funds for investment or an increase in interest in real estate property investments may increase the competition for real estate property investments, thereby increasing purchase prices and reducing the yield on the investment. Increased competition to lease properties could adversely impact Choice Properties' ability to find suitable tenants at the appropriate rent and may negatively impact the financial performance of Choice Properties.

Failure by Loblaw or Choice Properties to sustain their competitive position could adversely affect the Company's financial performance.

CHANGE MANAGEMENT, PROCESS AND EFFICIENCY Many initiatives are underway to reduce the complexity and cost of the Company's business operations, and support a low cost operating structure that allows for continued investments in the Company's strategic growth areas. These efforts include initiatives focused on improving processes and generating efficiencies across the administrative, store and distribution network infrastructures of the Company and its operating segments. The success of these initiatives is dependent on effective leadership and realizing intended benefits. Ineffective change management could result in a lack of integrated processes and procedures, unclear accountabilities and decision-making rights, decreased colleague engagement, ineffective communication and training or a lack of requisite knowledge. Any of the foregoing could disrupt operations, increase the risk of customer dissatisfaction, adversely affect the Company's reputation or financial performance or adversely affect the ability of the Company to implement and achieve its long-term strategic objectives.

LABOUR RELATIONS Loblaw's workforce is comprised of both unionized and non-unionized colleagues. With respect to those colleagues that are covered by collective agreements, there can be no assurance as to the outcome of any labour negotiations or the timing of their completion. Renegotiating collective agreements or the failure to successfully renegotiate collective agreements and changes to business operations could result in strikes, work stoppages or business interruptions, and if any of these events were to occur, they could adversely affect the reputation, operations and financial performance of Loblaw and the financial performance of the Company. If non-unionized colleagues become unionized, the terms of the resulting collective agreements would have implications for the affected operations, such as higher labour costs.

ENVIRONMENTAL AND SOCIAL The Company and its operating segments believes its customers, investors, employees and other stakeholders expect it to contribute to the prosperity of Canadians through meaningful environment and social stewardship. Any failure or perceived failure to advance the environmental or social priorities of the Company or its stakeholders may negatively affect the Company's reputation, operations or financial performance.

Environmental

The Company and its operating segments face environmental risks that could, directly or indirectly, negatively impact the Company's reputation, operations or performance over the short or long-term.

In particular, the Company and its operating segments are confronted with issues relating to climate change. To address this opportunity, the Company and its operating segments are focused on several strategic initiatives, including reducing emissions, food and plastic waste. Federal and provincial governments are also striving to combat climate change, including through the consideration and/or implementation of carbon reduction targets and financial mechanisms to reduce carbon emissions, such as carbon taxes, carbon pricing and caps and trade. In addition to its own initiatives, the Company and its operating segments may be required to make operational changes and/or incur significant financial costs to comply with the various governmental reforms, which may differ across jurisdictions. Additionally, certain global climate change patterns (e.g. rising sea levels, changing rainfall) may impact sourcing of food and food ingredients. Any failure to meet its strategic objectives, adhere to climate change reforms or to adapt to the impacts of climate change, such as failure to reduce emissions, eliminate food and plastic waste or mitigate sourcing and supply chain disruptions, could result in fines or could adversely affect the Company's reputation, operations or financial performance.

The Company and its operating segments maintain a portfolio of real estate and other facilities and are subject to environmental risks associated with the contamination of such properties and facilities, whether by previous owners or occupants, neighbouring properties or by the Company itself. In particular, Loblaw has a number of underground fuel storage tanks, the majority of which are used for its supply chain transport fleets. Contamination resulting from leaks from these tanks is possible. Additional environmental issues relating to matters or sites may require the Company to incur significant additional costs. Loblaw also operates refrigeration equipment in its stores and distribution centres to preserve perishable products as they pass through the supply chain and ultimately to consumers. These systems contain refrigerant gases which could be released if equipment fails or leaks. A release of these gases could have adverse effects on the environment. Failure to properly manage any of these environmental risks could adversely affect the reputation, operations or financial performance of the Company.

Loblaw is subject to legislation that imposes liabilities on retailers, brand owners and importers for costs associated with recycling and disposal of consumer goods packaging and printed materials distributed to consumers. There is a risk that the Company will be subject to increased costs associated with these laws. In addition, the Company could be subject to increased or unexpected costs associated with environmental incidents and the related remediation activities, including litigation and regulatory related costs, all of which could adversely affect the reputation or financial performance of the Company.

Social

The Company and its operating segments face risks related to social issues and have established key priorities to address them, including enhancing representation of traditionally underrepresented groups across both management and the broader colleague population, fostering a culture of inclusion and investing in communities — with a particular focus on initiatives that support women's and children's health. In the event that the Company is not perceived to have robust diversity and inclusion programs, its ability to attract, develop and retain colleagues could be compromised. The Company recognizes its responsibility to respect and protect the human rights of all people who support and intersect with the business, and is committed to not tolerating abuse, discrimination or harassment in any form. Ineffective action or inaction in response to social matters, including a failure or perceived failure to adequately address its priorities, could adversely affect the Company's reputation or financial performance.

BUSINESS CONTINUITY The Company's ability to continue critical operations and processes could be negatively impacted by adverse events resulting from various incidents, including severe weather, work stoppages, prolonged IT systems failure, terrorist activity, power failures, border closures or a pandemic or other national or international catastrophe. The Company has business continuity plans in place to manage any such events. Despite this, ineffective contingency planning, business interruptions, crises or potential disasters could adversely affect the reputation, operations or financial performance of the Company.

LEGAL PROCEEDINGS In the ordinary course of business, the Company is involved in and potentially subject to legal proceedings. The proceedings may involve suppliers, customers, patients, Associates, franchisees, regulators, tax authorities or other persons. The potential outcome of legal proceedings and claims is uncertain.

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

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits were commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. On July 24, 2024, the Company and Loblaw entered into binding Minutes of Settlement and on January 31, 2025, the Company and Loblaw entered into a Settlement Agreement with the lawyers representing consumers to settle those class action lawsuits for $500 million. The Company and Loblaw will each pay for a portion of the settlement, with the Company paying $247 million and Loblaw paying $253 million. Loblaw will receive credit for the $96 million it previously paid to customers in the form of Loblaw cards, resulting in it being required to pay $157 million in cash towards the settlement. On March 3, 2025, the settlement funds were paid into a trust account. The Settlement Agreement was approved by the Ontario Superior Court in May 2025 and the Quebec Superior Court in July 2025. In December 2019, a proposed class action on behalf of independent distributors was commenced against the Company (the "ID Class Action"). It is too early to predict the outcome of the ID Class Action but the Company does not believe that the ultimate resolution of such legal proceeding will have a material adverse impact on its financial condition or prospects. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties. In response to such class action lawsuits, certain major grocery retailers have crossclaimed against the Company and Loblaw, and the Company and Loblaw believe such crossclaims are without merit.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. On December 12, 2024, the Ontario action was dismissed against Sanis Health Inc., with costs. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the civil British Columbia class action are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that the December 2019 claim seeks recovery of damages on behalf of opioid users directly. In April 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. In February 2025, the Company and Loblaws Inc. were also served with the claim. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social services, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. In October 2024, the claim was discontinued against Shoppers Drug Mart Inc. In January 2024, Shoppers Drug Mart Inc. was served with a second class action in Saskatchewan started by Lac La Ronge Indian Band. The case is brought on behalf of Band members and is claiming damages relating to abatement costs, the diversion of financial and other resources, the reduction in the value of the reserve lands and interests, and lost tax revenues. Shoppers Drug Mart Inc. is being sued as a representative of an international defendant subclass of opioid "dealers" and Sanis Health Inc. is a proposed supplier class member. The Company and Loblaw believe these proceedings are without merit and are vigorously defending them. The Company and Loblaw do not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

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

SERVICE PROVIDERS The Company has a wide range of key business relationships with third parties including vendors, suppliers, distributors and contractors. The Company relies on vendors, including offshore vendors in both mature and developing markets, to provide the Company with goods and services. Offshore sourcing increases certain risks to the Company, including risks associated with food safety and general merchandise product defects, non-compliance with ethical and safe business practices and inadequate supply of products. The Company has no direct influence over how vendors are managed. Negative events affecting vendors or inefficient, ineffective or incomplete vendor management strategies, policies and/or procedures, including those related to ethical sourcing, could adversely impact the Company's reputation and impair the Company's ability to meet customer needs or control costs and quality, which could adversely affect the reputation, operations or financial performance of the Company.

Loblaw relies on service providers including transport carriers or other delivery service providers, logistic service providers and operators of warehouses and distribution facilities. Ineffective selection, contractual terms or relationship management could impact Loblaw's ability to source products (both national brand and control brand products), to have products available for customers, to market to customers or to operate efficiently and effectively. Disruption in services from suppliers could interrupt the delivery of merchandise to stores or customers, which in turn could adversely affect the operations or financial performance of the Company.

PC Bank uses third party service providers to process credit card transactions, operate call centres and operationalize certain risk management strategies for the PC® Mastercard® and *PC Money* Account. A significant disruption in the services provided by third party service providers could adversely affect the financial performance of PC Bank and the Company.

The Company has outsourced certain administrative functions of its business to service providers including account payments, payroll services, IT support, investment management and custodial relationships, and benefit plan administration. Any disruption in the services provided by these suppliers could adversely affect the return on these assets or liquidity of the Company.

FRANCHISEE RELATIONSHIPS Loblaw has entered into agreements with third party franchisees that permit the franchisees to own and operate retail stores in accordance with prescribed procedures and standards. A substantial portion of Loblaw's revenues and earnings comes from amounts paid by franchisees in connection with their store operations and leased property. Franchisees are independent operators and their operations may be negatively affected by factors beyond Loblaw's control. If franchisees do not operate their stores in accordance with Loblaw's standards or otherwise in accordance with good business practices, franchisee fees and rent paid to Loblaw could be negatively affected, which in turn could adversely affect the Company's reputation, operations or financial performance. In addition, the Company's reputation could be harmed if a significant number of franchisees were to experience operational failures, health and safety exposures or were unable to pay Loblaw for products, fees or rent.

Loblaw's franchise system is also subject to franchise legislation enacted by a number of provinces. Any new legislation or failure to comply with existing legislation could adversely affect operations and could add administrative costs and burdens, any of which could affect Loblaw's relationship with its franchisees.

Supply chain or system changes by Loblaw could cause or be perceived to cause disruptions to franchised store operations and could result in negative effects on the financial performance of franchisees. Relationships with franchisees could pose significant risks if they are disrupted, which could adversely affect the reputation, operations or financial performance of the Company.

EXECUTION OF STRATEGIC INITIATIVES The Company undertakes from time to time acquisitions and dispositions that meet its strategic objectives. The Company holds cash and short-term investments and is continuing to evaluate strategic opportunities for the use or deployment of these funds. The use or deployment of the funds and the execution of the Company's capital plans could pose a risk if they do not align with the Company's strategic objectives or if the Company experiences integration difficulties on the acquisition of any businesses. Execution of the strategic plan requires prudent operational planning, availability and attention of key personnel, timely implementation and effective change management. In addition, the Company may not be able to realize upon the synergies, business opportunities and growth prospects expected from any such investment opportunities or from the execution of the Company's strategies. Finally, any acquisition or divestiture activities may present unanticipated costs and managerial and operational risks, including the diversion of management's time and attention from day-to-day activities. If the Company's strategies are not effectively developed and executed, it could negatively affect the reputation, operations or financial performance of the Company.

8.2 Financial Risks and Risk Management

FINANCIAL RISKS The Company is exposed to a number of financial risks, including those associated with financial instruments, which have the potential to affect its operating and financial performance. The Company uses over-the-counter derivative instruments to offset certain of these risks. Policies and guidelines prohibit the use of any derivative instrument for trading or speculative purposes. The fair value of derivative instruments is subject to changing market conditions which could adversely affect the financial performance of the Company.

The following is a summary of the Company's financial risks which are discussed in detail below:

Liquidity	Trust Unit Prices
Commodity Prices	Interest Rates
Currency Exchange Rates	Credit Ratings
Credit	

LIQUIDITY Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost effective manner to fund its obligations as they come due. The Company is exposed to liquidity risk through, among other areas, PC Bank, which requires a reliable source of funding for its credit card business. PC Bank relies on its securitization programs, demand deposits from customers and the acceptance of guaranteed investment certificate deposits to fund the receivables of its credit cards. The Company would experience liquidity risks if it fails to maintain appropriate levels of cash and short-term investments, is unable to access sources of funding or fails to appropriately diversify sources of funding. If any of these events were to occur, they could adversely affect the financial performance of the Company.

Liquidity risk is mitigated by maintaining appropriate levels of cash and cash equivalents and short-term investments, actively monitoring market conditions, and by diversifying sources of funding, including the Company's committed credit facilities, and maintaining a well-diversified maturity profile of debt and capital obligations.

COMMODITY PRICES Loblaw is exposed to increases in the prices of commodities in operating its stores and distribution networks, as well as to the indirect effect of changing commodity prices on the price of consumer products. Rising commodity prices could adversely affect the financial performance of Loblaw. To manage a portion of this exposure, Loblaw uses purchase commitments and derivative instruments in the form of exchange traded futures contracts and forward contracts to minimize cost volatility related to commodities.

CURRENCY EXCHANGE RATES The Company is exposed to foreign currency exchange rate variability, primarily on its U.S. dollar denominated purchases in trade payables and other liabilities. A depreciating Canadian dollar relative to the U.S. dollar will have a negative impact on year-over-year changes in reported operating income and net earnings, while an appreciating Canadian dollar relative to the U.S. dollar will have the opposite impact. To manage a portion of this exposure, the Company uses derivative instruments in the form of futures contracts and forward contracts to minimize cost volatility related to foreign exchange.

CREDIT The Company is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to the Company, including derivative instruments, cash and cash equivalents, short-term investments, security deposits, PC Bank's credit card receivables, Loblaw's finance lease receivable, pension assets held in the Company's defined benefit plans and Loblaw's accounts receivable, including amounts due from government and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors. Failure to manage credit risk could adversely affect the financial performance of the Company.

The risk related to derivative instruments, cash and cash equivalents, short-term investments and security deposits is reduced by policies and guidelines that require that the Company enters into transactions only with counterparties or issuers that have a minimum long-term "A-" credit rating from a recognized credit rating agency and place minimum and maximum limits for exposures to specific counterparties and instruments.

Choice Properties mitigates the risk of credit loss relating to rent receivables by evaluating the creditworthiness of new tenants, obtaining security deposits wherever permitted by legislation, ensuring its tenant mix is diversified and limiting its exposure to any one tenant, except Loblaw. Choice Properties establishes an allowance for expected credit losses with respect to rent receivables. The allowance is determined on a tenant-by-tenant basis based on the specific factors related to the tenant.

PC Bank manages its credit card receivable risk by employing stringent credit scoring techniques, actively monitoring the credit card portfolio and reviewing techniques and technology that can improve the effectiveness of the collection process. In addition, these receivables are dispersed among a large, diversified group of credit card customers.

Loblaw's finance lease receivable and Loblaw's accounts receivable, including amounts due from governments and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors and tenants, are actively monitored on an ongoing basis and settled on a frequent basis in accordance with the terms specified in the applicable agreements.

Despite the mitigation strategies described above, it is possible that the Company's financial performance could be negatively impacted by the failure of a counterparty to fulfill its obligations.

TRUST UNIT PRICES The Company is exposed to market price risk from Choice Properties' Trust Units that are 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 holders. The liability is recorded at fair value at each reporting period based on the market price of Trust Units. The change in the fair value of the liability negatively impacts net earnings when the Trust Unit price increases and positively impacts net earnings when the Trust Unit price declines.

INTEREST RATES The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt and from the refinancing of existing financial instruments. An increase in interest rates could adversely affect the operations or financial performance of the Company. The Company manages interest rate risk by monitoring the respective mix of fixed and floating rate debt and by taking action as necessary to maintain an appropriate balance considering current market conditions, with the objective of maintaining the majority of its debt at fixed interest rates.

CREDIT RATINGS Credit ratings assigned to the Company and any of its securities may be changed at any time based on the judgment of the credit rating agencies and may also be impacted by a change in the credit rating of Loblaw, Choice Properties and their respective affiliates. In addition, the Company, Loblaw, Choice Properties and their respective affiliates may incur additional indebtedness in the future, which could impact current and future credit ratings. A reduction in credit ratings could materially adversely affect the market value of the Company's outstanding securities and the Company's access to and cost of financing.

9. Related Party Transactions

Galen G. Weston beneficially owns or controls, directly and indirectly, including through Wittington, a total of 225,794,884 of GWL's common shares, representing approximately 59.5% of GWL's outstanding common shares (2024 – 59.0%).

Transactions between the Company and its consolidated entities have been eliminated on consolidation and are not disclosed below.

JOINT VENTURE During 2025, Choice Properties and Wittington formed a joint venture, with each party holding a 50% ownership interest. This joint venture completed two acquisitions of mixed-use properties located in Toronto, Ontario: an acquisition from a third party for a purchase price of $80 million and an acquisition from Choice Properties for a purchase price of $152 million, in each case excluding transaction costs. This joint venture is equity accounted.

TRANSACTION WITH WITTINGTON During 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 of $1 million and $1 million, respectively.

TRANSACTION WITH OTHER RELATED PARTY During 2025, a mortgage receivable and interest accrued thereon totalling $114 million issued to an entity in which Choice Properties has an ownership interest, was repaid.

VENTURE FUNDS During 2020, GWL, Loblaw and a wholly owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington ("Venture Fund I"). A wholly owned subsidiary of Wittington is the general partner of Venture Fund I, which hired an external fund manager to oversee it. The purpose of Venture Fund I is to pursue venture capital investing in innovative businesses that are in technology-oriented companies at all stages of the start-up life cycle that operate in commerce, healthcare, and food sectors and are based in North America. Each of the three limited partners have a 33% interest in Venture Fund I. The Company has a consolidated capital commitment of $66 million over a 10-year period.

During 2022, Loblaw became a limited partner in another limited partnership formed by Wittington ("Venture Fund II"). A wholly owned subsidiary of Wittington is also the general partner of Venture Fund II, and the purpose of Venture Fund II is consistent with Venture Fund I. Loblaw has a 50% interest in Venture Fund II and has a total capital commitment of $60 million over a 10-year period.

CO-INVESTMENT During 2024, GWL and two Wittington subsidiaries co-invested $14 million ($10 million USD) in a third-party company, of which the Company contributed $6 million ($4 million USD).

POST-EMPLOYMENT BENEFIT PLANS The Company sponsors a number of post-employment plans, which are related parties. Contributions made by the Company to these plans are disclosed in the notes to the consolidated financial statements.

INCOME TAX MATTERS From time to time, the Company and Wittington may enter into agreements to make elections that are permitted or required under applicable income tax legislation with respect to affiliated corporations.

COMPENSATION OF KEY MANAGEMENT PERSONNEL The Company's key management personnel is comprised of certain members of the executive teams of GWL, Loblaw and Wittington, as well as members of the Boards of GWL, Loblaw and Wittington to the extent that they have the authority and responsibility for planning, directing and controlling the day-to-day activities of the Company.

Annual compensation of key management personnel that is directly attributable to the Company was as follows:

($ millions)	**2025**	2024
Salaries, director fees and other short-term employee benefits	**$ 15**	$ 15
Equity-based compensation	**17**	12
Total compensation	**$ 32**	$ 27

10. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and judgments in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of the 2025 Annual Report, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key estimation uncertainty that the Company believes could have the most significant impact on the amounts recognized in the consolidated financial statements.

BASIS OF CONSOLIDATION
Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining the entities that it controls and therefore consolidates. The Company controls an entity when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entity's returns. The Company consolidates all of its wholly owned subsidiaries. Judgment is applied in determining whether the Company controls the entities in which it does not have ownership rights or does not have full ownership rights. Most often, judgment involves reviewing contractual rights to determine if rights are participating (giving power over the entity) or protective rights (protecting the Company's interest without giving it power).

INVENTORIES
Key Estimations Inventories are carried at the lower of cost and net realizable value which requires the Company to utilize estimates related to fluctuations in shrink, future retail prices, the impact of vendor rebates on cost, seasonality and costs necessary to sell the inventory.

IMPAIRMENT OF NON-FINANCIAL ASSETS (GOODWILL, INTANGIBLE ASSETS, FIXED ASSETS AND RIGHT-OF-USE ASSETS)
Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining cash generating units ("CGUs") for the purpose of testing fixed assets, right-of-use assets and intangible assets for impairment. Judgment is also used to determine the goodwill CGUs for the purpose of testing goodwill for impairment. The Company has determined that each retail location is a separate CGU. Intangible assets are allocated to the CGUs (or groups of CGUs) to which they relate. Goodwill is allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to CGUs (or groups of CGUs) that are expected to benefit from the synergies and future growth of the business combination from which they arose. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed. In applying this judgment management considers profitability of the CGU and other qualitative factors.

Key Estimations In determining the recoverable amount of a CGU or a group of CGUs, various estimates are employed. The Company determines fair value less costs to sell using such estimates as market rental rates for comparable properties, discount rates and capitalization rates. The Company determines value in use by using estimates including projected future sales and earnings, and discount rates consistent with external industry information reflecting the risk associated with the specific cash flows.

IMPAIRMENT OF CREDIT CARD RECEIVABLES
Judgments Made in Relation to Accounting Policies Applied and Key Estimations In each stage of the expected credit loss ("ECL") model, impairment is determined based on the probability of default, loss given default, and expected exposures at default on drawn and undrawn exposures on credit card receivables. The application of the ECL model requires management to apply the following significant judgments, assumptions and estimations:

- Movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on credit card receivables. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- Thresholds for significant increase in credit risk based on changes in probability of default over the expected life of the instrument relative to initial recognition; and
- Forecasts of future economic conditions, namely the unemployment rate. Management uses an average of unemployment rate forecasts published by major Canadian Chartered Banks and the Conference Board of Canada to establish the base case scenario and other representative ranges of possible forecast scenarios.

CUSTOMER LOYALTY AWARDS PROGRAM

Key Estimations The Company defers revenue at the time the award is earned by loyalty program members based on the relative fair value of the award. The relative fair value is determined by allocating consideration between the fair value of the loyalty awards earned by loyalty program members, net of breakage, and the goods and services on which the awards were earned, based on their relative stand-alone selling price. The estimated fair value per point for the *PC Optimum* loyalty program is determined based on the program reward schedule and is $1 for every 1,000 points earned. The breakage rate of the program is an estimate of the amount of points that will never be redeemed. The rate is reviewed on an ongoing basis and is estimated utilizing historical redemption activity and anticipated earn and redeem behaviour of loyalty program members. In 2024, Loblaw recorded a charge of $129 million related to the revaluation of the loyalty liability for outstanding points.

FAIR VALUE OF INCOME PRODUCING PROPERTIES

Key Estimations The fair value of income producing properties is dependent on significant assumptions related to discount rates and terminal capitalization rates, and other assumptions related to the future cash flows over the holding period. The review of future cash flows involves assumptions relating to market rents, as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs. In addition to reviewing future cash flows, management assesses changes in the business climate and other factors, which may affect the ultimate value of the property. These assumptions may not ultimately be achieved.

INCOME AND OTHER TAXES

Judgments Made in Relation to Accounting Policies Applied The calculation of current and deferred income taxes requires management to make certain judgments including expectations about future operating results, the timing and reversal of temporary differences, and the interpretation of tax rules in jurisdictions where the Company performs activities. Where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on the most likely amount of the liability or recovery.

PROVISIONS

Judgments Made in Relation to Accounting Policies Applied and Key Estimations The recording of provisions requires management to make certain judgments regarding whether there is a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and if a reliable estimate of the amount of the obligation can be made. The Company has recorded provisions primarily in respect of self-insurance and legal claims. The Company reviews the merits, risks and uncertainties of each provision, based on current information, and the amount expected to be required to settle the obligation. Provisions are reviewed on an ongoing basis and are adjusted accordingly when new facts and events become known to the Company.

LEASES

Judgments Made in Relation to Accounting Policies Applied Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, store performances, past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the retail industry may impact management's assessment of lease terms, and any changes in management's estimate of lease terms may have a material impact on the Company's consolidated balance sheets and statements of earnings.

Key Estimations In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base risk-free interest rate estimated by reference to the Government of Canada bond yield with an adjustment that reflects the Company's credit rating, the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

11. IFRS Accounting Standards and Amendments

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

Amendments to IFRS 9 and IFRS 7 In December 2024, amendments to IFRS 9 and IFRS 7 were issued to enhance the transparency of nature-dependent electricity contracts. The amendments allow a company to apply an own-use exemption to certain power purchase agreements if certain requirements are met. The amendments require further disclosure where an own-use exemption is applied regarding the contractual features exposing the company to variability in electricity volume and risk of oversupply, unrecognized contractual commitments and the effect of the contracts on an entity's financial performance. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The adoption is not expected to have a material impact on the Company's consolidated financial statements.

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

12. Outlook[5]

For 2026, the Company expects adjusted net earnings[1] to increase due to the results from its operating segments, and to use excess cash to repurchase shares.

Loblaw Loblaw will remain focused on retail excellence while advancing its growth initiatives with the goal of delivering consistent operational and financial results in 2026. Loblaw's businesses remain well positioned to meet the everyday needs of Canadians. Loblaw cannot predict the timing of the closing of the sale of PC Financial, and its impact on Loblaw's financial results. In 2026, excluding this impact, and the 53rd week impact in 2025, Loblaw expects:

- its retail business to grow earnings faster than sales;
- adjusted net earnings per common share[1] growth in the high single-digits;
- to continue investing in its store network and distribution centres by investing approximately $2.4 billion in gross capital expenditures; 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 2026, Choice Properties is targeting:

- stable occupancy across the portfolio, resulting in approximately 2% - 3% year-over-year growth in Same-Asset NOI, cash basis[(i)];
- annual FFO[1] per unit diluted[(i)] in a range of approximately $1.08 to $1.10; and
- strong leverage metrics, targeting Adjusted Debt to EBITDAFV[(i)] below 7.5x.

(i) For more information on these measures see the 2025 Annual Report filed by Choice Properties, which is available on www.sedarplus.ca or at www.choicereit.ca.

13. 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 operating income, 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, adjusted return on average equity attributable to common shareholders of the Company, adjusted return on capital, GWL Corporate free cash flow, free cash flow, net asset value, net asset value per common share, 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 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 or at www.loblaw.ca or 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.

As a result of the announcement of the Sale of PC Financial at Loblaw, the results of PC Financial are presented separately as discontinued operations in the Company's current and comparative results. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

ADJUSTED OPERATING INCOME, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN The following table reconciles adjusted operating income and adjusted EBITDA to operating income, which is reconciled to GAAP net earnings attributable to shareholders of the Company from continuing operations reported for the periods ended as indicated.

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.

Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue.

	Quarters Ended									
	Dec. 31, 2025 (13 weeks)					Dec. 31, 2024[2] (12 weeks)				
($ millions)	**Loblaw**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Consolidated**	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations					**$ 266**					$ 669
Add (deduct) impact of the following:										
Non-controlling interests from continuing operations					**282**					218
Income taxes					**373**					198
Net interest expense (income) and other financing charges					**255**					(152)
Operating income	**$ 1,132**	**$ 134**	**$ (80)**	**$ (10)**	**$ 1,176**	$ 791	$ 224	$ (83)	$ 1	$ 933
Add (deduct) impact of the following:										
Fair value adjustment of investment in real estate securities	**$ —**	**$ 87**	**$ —**	**$ —**	**$ 87**	$ —	$ 36	$ —	$ —	$ 36
Fair value adjustment on investment properties	**—**	**28**	**38**	**—**	**66**	—	(14)	35	—	21
Loss (gain) on sale of non-operating properties	**11**	**—**	**—**	**—**	**11**	(3)	—	—	—	(3)
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**10**	**—**	**—**	**—**	**10**	115	—	—	—	115
Sale of PC Financial	**10**	**—**	**—**	**—**	**10**	—	—	—	—	—
Fair value adjustment on non-operating properties	**4**	**—**	**—**	**—**	**4**	3	—	—	—	3
Fair value adjustment of derivatives	**3**	**—**	**—**	**—**	**3**	—	—	—	—	—
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	99	—	—	—	99
Sale of Wellwise	**—**	**—**	**—**	**—**	**—**	23	—	—	—	23
Adjusting items	**$ 38**	**$ 115**	**$ 38**	**$ —**	**$ 191**	$ 237	$ 22	$ 35	$ —	$ 294
Adjusted operating income	**$ 1,170**	**$ 249**	**$ (42)**	**$ (10)**	**$ 1,367**	$ 1,028	$ 246	$ (48)	$ 1	$ 1,227
Depreciation and amortization excluding the impact of the above adjustment[i]	**603**	**1**	**(78)**	**1**	**527**	565	1	(82)	—	484
Adjusted EBITDA	**$ 1,773**	**$ 250**	**$ (120)**	**$ (9)**	**$ 1,894**	$ 1,593	$ 247	$ (130)	$ 1	$ 1,711

(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.

	Years Ended									
	Dec. 31, 2025 (53 weeks)					Dec. 31, 2024[2] (52 weeks)				
($ millions)	**Loblaw**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Consolidated**	Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations					**$ 1,070**					$ 1,246
Add impact of the following:										
Non-controlling interests from continuing operations					**1,267**					1,035
Income taxes					**1,270**					833
Net interest expense and other financing charges					**1,493**					834
Operating income	**$ 4,416**	**$ 1,075**	**$ (364)**	**$ (27)**	**$ 5,100**	$ 3,466	$ 1,080	$ (320)	$ (278)	$ 3,948
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 149**	**$ —**	**$ —**	**$ —**	**$ 149**	$ 499	$ —	$ —	$ —	$ 499
Fair value adjustment on investment properties	**—**	**(115)**	**172**	**—**	**57**	—	(116)	121	—	5
Fair value adjustment of investment in real estate securities	**—**	**45**	**—**	**—**	**45**	—	36	—	—	36
Wind-down of *Theodore & Pringle* optical business	**30**	**—**	**—**	**—**	**30**	—	—	—	—	—
Sale of PC Financial	**10**	**—**	**—**	**—**	**10**	—	—	—	—	—
Fair value adjustment on non-operating properties	**4**	**—**	**—**	**—**	**4**	3	—	—	—	3
Fair value adjustment of derivatives	**3**	**—**	**—**	**—**	**3**	(5)	—	—	—	(5)
Sale of Wellwise	**(5)**	**—**	**—**	**—**	**(5)**	23	—	—	—	23
Gain on sale of non-operating properties	**(2)**	**—**	**—**	**—**	**(2)**	(3)	—	—	—	(3)
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	**—**	**—**	164	—	—	256	420
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	99	—	—	—	99
Transaction costs and other related recoveries	**—**	**—**	**—**	**—**	**—**	—	(39)	—	—	(39)
Adjusting items	**$ 189**	**$ (70)**	**$ 172**	**$ —**	**$ 291**	$ 780	$ (119)	$ 121	$ 256	$ 1,038
Adjusted operating income	**$ 4,605**	**$ 1,005**	**$ (192)**	**$ (27)**	**$ 5,391**	$ 4,246	$ 961	$ (199)	$ (22)	$ 4,986
Depreciation and amortization excluding the impact of the above adjustment[i]	**2,543**	**4**	**(361)**	**3**	**2,189**	2,419	4	(362)	3	2,064
Adjusted EBITDA	**$ 7,148**	**$ 1,009**	**$ (553)**	**$ (24)**	**$ 7,580**	$ 6,665	$ 965	$ (561)	$ (19)	$ 7,050

(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.

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 $6,050 million 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 and decreased to $132 million in 2025. Annual amortization will be 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 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 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.

Wind-down of *Theodore & Pringle* optical business In the third quarter of 2025, Loblaw entered into an agreement with Specsavers to open Specsavers locations in select Loblaw grocery stores nationwide, resulting in the wind-down of the *Theodore & Pringle* optical business operations. Accordingly, Loblaw recorded charges of $30 million in SG&A, primarily related to the write-down of optical equipment, labour and other closure costs.

Sale of PC Financial In the fourth quarter of 2025, Loblaw recorded transaction and other related costs of $10 million in connection with the Sale of PC Financial.

Fair value adjustment on non-operating properties The Company measures non-operating properties, which are investment properties and assets held for sale that were transferred from investment properties, at fair value. Under the fair value model, non-operating properties are initially measured at cost and subsequently measured at fair value. Fair value using the income approach include assumptions as to market rental rates for properties of similar size and condition located within the same geographical areas, recoverable operating costs for leases with tenants, non-recoverable operating costs, vacancy periods, tenant inducements and terminal capitalization rates. Gains and losses arising from changes in the fair value are recognized in operating income in the period in which they arise.

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.

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.

Loss (gain) on sale of non-operating properties In the fourth quarter of 2025, Loblaw recorded a loss related to the sale of non-operating properties to a third party of $11 million (2024 – gain of $3 million). Year-to-date, Loblaw recorded a gain related to the sale of non-operating properties of $2 million (2024 – $3 million).

Charges related to settlement of class action lawsuits On July 24, 2024, the Company and Loblaw entered into binding Minutes of Settlement and on January 31, 2025, the Company and Loblaw entered into a Settlement Agreement to resolve nationwide class action lawsuits against them relating to their role in an industry-wide price-fixing arrangement involving certain packaged bread products. In the second quarter of 2024, the Company and Loblaw recorded charges of $256 million and $164 million, respectively, in SG&A, relating to the settlement and related costs. The Settlement Agreement was approved by the Ontario Superior Court of Justice in May 2025 and the Quebec Superior Court in July 2025.

***PC Optimum* loyalty program** In the fourth quarter of 2024, Loblaw recorded a charge of $129 million, of which $99 million was recorded in the results of continuing operations and $30 million was recorded in the results of discontinued operations. This charge represents the revaluation of the loyalty liability for outstanding points, reflecting higher *PC Optimum* member participation and higher redemption rates.

Transaction costs and other related recoveries In the second quarter of 2024, Choice Properties recorded a reversal of a transaction related provision for $39 million that was determined to be no longer required.

ADJUSTED OPERATING INCOME FROM DISCONTINUED OPERATIONS AND TOTAL COMPANY ADJUSTED OPERATING INCOME
The following table reconciles adjusted operating income to operating income from discontinued operations, which is reconciled to net earnings attributable to shareholders of the Company from discontinued operations as reported in the notes to the consolidated financial statements for the periods ended as indicated. The Company believes that adjusted operating income is useful in assessing the performance of its discontinued operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024 (12 weeks)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024 (52 weeks)
Net earnings attributable to shareholders of the Company from discontinued operations[(i)]	**$ 24**	$ 5	**$ 72**	$ 113
Add impact of the following:				
Non-controlling interests[(i)]	**21**	5	**64**	102
Income taxes[(i)]	**20**	12	**46**	75
Net interest expense and other financing charges[(i)]	**39**	37	**153**	138
Operating income from discontinued operations[(i)]	**$ 104**	$ 59	**$ 335**	$ 428
Add (deduct) impact of the following:				
PC Optimum loyalty program	**—**	30	**—**	30
Recovery related to PC Bank commodity tax matter	**—**	—	**—**	(155)
Adjusting items	**$ —**	$ 30	**$ —**	$ (125)
Adjusted operating income from discontinued operations	**$ 104**	$ 89	**$ 335**	$ 303
Adjusted operating income (refer to table above)	**1,367**	1,227	**5,391**	4,986
Total Company adjusted operating income	**$ 1,471**	$ 1,316	**$ 5,726**	$ 5,289

(i) For additional information, refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's consolidated financial statements.

In addition to the items described in the adjusted operating income, adjusted EBITDA and adjusted EBITDA margin section above, adjusted operating income from discontinued operations and total Company adjusted operating income were impacted by the following:

Recovery related to PC Bank commodity tax matter In 2022, the Tax Court released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. PC Bank subsequently filed a Notice of Appeal with the FCA and in March 2024, the matter was heard by the FCA. In the third quarter of 2024, the FCA released its decision and reversed the decision of the Tax Court. As a result, PC Bank reversed charges of $155 million, including $111 million initially recorded in 2022. In addition, $10 million was recorded related to interest income on cash tax refunds.

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.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024[(2)] (12 weeks)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024[(2)] (52 weeks)
Net interest expense (income) and other financing charges	**$ 255**	$ (152)	**$ 1,493**	$ 834
Add (deduct) impact of the following:				
Fair value adjustment of the Trust Unit liability	**11**	399	**(407)**	164
Adjusted net interest expense and other financing charges	**$ 266**	$ 247	**$ 1,086**	$ 998

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.

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024[2] (12 weeks)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024[2] (52 weeks)
Adjusted operating income[i]	**$ 1,367**	$ 1,227	**$ 5,391**	$ 4,986
Adjusted net interest expense and other financing charges[i]	**266**	247	**1,086**	998
Adjusted earnings before taxes	**$ 1,101**	$ 980	**$ 4,305**	$ 3,988
Income taxes	**$ 373**	$ 198	**$ 1,270**	$ 833
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes[ii]	**19**	60	**58**	268
Deferred tax on outside basis difference - Sale of PC Financial	**(107)**	—	**(107)**	—
Outside basis difference in certain Loblaw shares	**15**	8	**(12)**	(6)
Adjusted income taxes	**$ 300**	$ 266	**$ 1,209**	$ 1,095
Effective tax rate applicable to earnings before taxes	**40.5%**	18.2%	**35.2%**	26.8%
Adjusted effective tax rate applicable to adjusted earnings before taxes	**27.2%**	27.1%	**28.1%**	27.5%

(i) See reconciliations of adjusted operating income and adjusted net interest expense and other financing charges above.
(ii) See the adjusted operating income and 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 Operating Income, Adjusted EBITDA and Adjusted EBITDA Margin" and "Adjusted Net Interest Expense and Other Financing Charges" sections above, the following items impacted adjusted income taxes and the adjusted effective tax rate in 2025 and 2024:

Deferred tax on outside basis difference - Sale of PC Financial In the fourth quarter of 2025, Loblaw recorded a deferred tax expense of $107 million on temporary differences in respect of Loblaw's investment in PC Financial that are expected to reverse in the foreseeable future.

Outside basis difference in certain Loblaw shares The Company recorded a deferred tax recovery of $15 million in the fourth quarter of 2025 (2024 – $8 million) and a deferred tax expense of $12 million year-to-date (2024 – $6 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 FROM CONTINUING OPERATIONS AND ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS The Company believes that adjusted net earnings available to common shareholders from continuing operations and adjusted diluted net earnings per common share from continuing operations 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 from continuing operations and adjusted net earnings attributable to shareholders of the Company from continuing operations to net earnings attributable to shareholders of the Company and then to net earnings available to common shareholders of the Company from continuing operations reported for the periods ended as indicated.

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024[2] (12 weeks)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024[2] (52 weeks)
Net earnings attributable to shareholders of the Company	**$ 290**	$ 674	**$ 1,142**	$ 1,359
Less: Net earnings attributable to shareholders of the Company from discontinued operations	**(24)**	(5)	**(72)**	(113)
Net earnings attributable to shareholders of the Company from continuing operations	**$ 266**	$ 669	**$ 1,070**	$ 1,246
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(44)**	(44)
Net earnings available to common shareholders of the Company from continuing operations	**$ 256**	$ 659	**$ 1,026**	$ 1,202
Less: Reduction in net earnings from continuing operations due to dilution at Loblaw	**(3)**	(3)	**(13)**	(11)
Net earnings available to common shareholders from continuing operations for diluted earnings per share	**$ 253**	$ 656	**$ 1,013**	$ 1,191
Net earnings attributable to shareholders of the Company from continuing operations	**$ 266**	$ 669	**$ 1,070**	$ 1,246
Adjusting items (refer to the following table)	**188**	(262)	**643**	335
Adjusted net earnings attributable to shareholders of the Company from continuing operations	**$ 454**	$ 407	**$ 1,713**	$ 1,581
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(44)**	(44)
Adjusted net earnings available to common shareholders of the Company from continuing operations	**$ 444**	$ 397	**$ 1,669**	$ 1,537
Less: Reduction in net earnings from continuing operations due to dilution at Loblaw	**(3)**	(3)	**(13)**	(11)
Adjusted net earnings available to common shareholders from continuing operations for diluted earnings per share	**$ 441**	$ 394	**$ 1,656**	$ 1,526
Diluted weighted average common shares outstanding[3] (in millions)	**382.7**	392.9	**386.7**	398.6

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 reported for the periods ended as indicated.

	Quarters Ended														
	Dec. 31, 2025 (13 weeks)							Dec. 31, 2024[2] (12 weeks)							
	Net Earnings (Loss) Available to Common Shareholders of the Company					**Diluted Net Earnings Per Common Share ($)**		Net Earnings Available to Common Shareholders of the Company					Diluted Net Earnings Per Common Share[3] ($)		
($ millions except where otherwise indicated)	**Loblaw[i]**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Consol-idated**	**Consol-idated**		Loblaw[i]	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Consol-idated		
Continuing operations	**$ 322**	**$ (53)**	**$ 22**	**$ (35)**	**$ 256**	**$ 0.66**		$ 240	$ 792	$ (356)	$ (17)	$ 659	$ 1.67		
Discontinued operations	**24**	**—**	**—**	**—**	**24**	**0.06**		5	—	—	—	5	0.01		
As reported	**$ 346**	**$ (53)**	**$ 22**	**$ (35)**	**$ 280**	**$ 0.72**		$ 245	$ 792	$ (356)	$ (17)	$ 664	$ 1.68		
Continuing operations	**$ 322**	**$ (53)**	**$ 22**	**$ (35)**	**$ 256**	**$ 0.66**		$ 240	$ 792	$ (356)	$ (17)	$ 659	$ 1.67		
Add (deduct) impact of the following[ii]:															
Fair value adjustment of investment in real estate securities	**$ —**	**$ 87**	**$ (7)**	**$ —**	**$ 80**	**$ 0.21**		$ —	$ 36	$ (3)	$ —	$ 33	$ 0.09		
Fair value adjustment on investment properties	**—**	**28**	**33**	**—**	**61**	**0.16**		—	(13)	30	—	17	0.04		
Loss (gain) on sale of non-operating properties	**5**	**—**	**—**	**—**	**5**	**0.01**		(2)	—	—	—	(2)	(0.01)		
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**3**	**—**	**—**	**—**	**3**	**0.01**		44	—	—	—	44	0.11		
Sale of PC Financial	**5**	**—**	**—**	**—**	**5**	**0.01**		—	—	—	—	—	—		
Fair value adjustment on non-operating properties	**2**	**—**	**—**	**—**	**2**	**0.01**		2	—	—	—	2	0.01		
Fair value adjustment of derivatives	**2**	**—**	**—**	**—**	**2**	**0.01**		—	—	—	—	—	—		
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	**—**		36	—	—	—	36	0.09		
Sale of Wellwise	**—**	**—**	**—**	**—**	**—**	**—**		15	—	—	—	15	0.04		
Deferred tax on outside basis difference - Sale of PC Financial	**56**	**—**	**—**	**—**	**56**	**0.14**		—	—	—	—	—	—		
Outside basis difference in certain Loblaw shares	**—**	**—**	**—**	**(15)**	**(15)**	**(0.04)**		—	—	—	(8)	(8)	(0.02)		
Fair value adjustment of the Trust Unit liability	**—**	**—**	**(11)**	**—**	**(11)**	**(0.03)**		—	—	(399)	—	(399)	(1.02)		
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**44**	**(44)**	**—**	**—**	**—**		—	(705)	705	—	—	—		
Adjusting items from continuing operations	**$ 73**	**$ 159**	**$ (29)**	**$ (15)**	**$ 188**	**$ 0.49**		$ 95	$ (682)	$ 333	$ (8)	$ (262)	$ (0.67)		
Adjusted continuing operations	**$ 395**	**$ 106**	**$ (7)**	**$ (50)**	**$ 444**	**$ 1.15**		$ 335	$ 110	$ (23)	$ (25)	$ 397	$ 1.00		
Discontinued operations	**$ 24**	**$ —**	**$ —**	**$ —**	**$ 24**	**$ 0.06**		$ 5	$ —	$ —	$ —	$ 5	$ 0.01		
Add (deduct) impact of the following[ii]:															
PC Optimum loyalty program	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**		$ 13	$ —	$ —	$ —	$ 13	$ 0.04		
Adjusting items from discontinued operations	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**		$ 13	$ —	$ —	$ —	$ 13	$ 0.04		
Adjusted discontinued operations	**$ 24**	**$ —**	**$ —**	**$ —**	**$ 24**	**$ 0.06**		$ 18	$ —	$ —	$ —	$ 18	$ 0.05		
Adjusted total Company	**$ 419**	**$ 106**	**$ (7)**	**$ (50)**	**$ 468**	**$ 1.21**		$ 353	$ 110	$ (23)	$ (25)	$ 415	$ 1.05		

(i) Contribution from Loblaw, net of non-controlling interests.
(ii) Net of income taxes and non-controlling interests, as applicable.

	Years Ended													
	Dec. 31, 2025 (53 weeks)							Dec. 31, 2024[2] (52 weeks)						
	Net Earnings (Loss) Available to Common Shareholders of the Company						**Diluted Net Earnings Per Common Share[3] ($)**	Net Earnings Available to Common Shareholders of the Company						Diluted Net Earnings Per Common Share[3] ($)
($ millions except where otherwise indicated)	**Loblaw[i]**	**Choice Properties**	**Effect of consol-idation**	**GWL Corporate**	**Consol-idated**	**Consol-idated**	Loblaw[i]	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Consol-idated
Continuing operations	**$ 1,335**	**$ (61)**	**$ (71)**	**$ (177)**	**$ 1,026**	**$ 2.62**	$ 1,025	$ 785	$ (283)	$ (325)	$ 1,202	$ 2.99
Discontinued operations	**72**	**—**	**—**	**—**	**72**	**0.18**	113	—	—	—	113	0.28
As reported	**$ 1,407**	**$ (61)**	**$ (71)**	**$ (177)**	**$ 1,098**	**$ 2.80**	$ 1,138	$ 785	$ (283)	$ (325)	$ 1,315	$ 3.27
Continuing operations	**$ 1,335**	**$ (61)**	**$ (71)**	**$ (177)**	**$ 1,026**	**$ 2.62**	$ 1,025	$ 785	$ (283)	$ (325)	$ 1,202	$ 2.99
Add (deduct) impact of the following[ii]:												
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 57**	**$ —**	**$ —**	**$ —**	**$ 57**	**$ 0.15**	$ 194	$ —	$ —	$ —	$ 194	$ 0.49
Fair value adjustment on investment properties	**—**	**(116)**	**169**	**—**	**53**	**0.13**	—	(118)	121	—	3	0.01
Fair value adjustment of investment in real estate securities	**—**	**45**	**(4)**	**—**	**41**	**0.11**	—	36	(3)	—	33	0.08
Wind-down of *Theodore & Pringle* optical business	**12**	**—**	**—**	**—**	**12**	**0.03**	—	—	—	—	—	—
Sale of PC Financial	**5**	**—**	**—**	**—**	**5**	**0.01**	—	—	—	—	—	—
Fair value adjustment on non-operating properties	**2**	**—**	**—**	**—**	**2**	**0.01**	2	—	—	—	2	0.01
Fair value adjustment of derivatives	**2**	**—**	**—**	**—**	**2**	**0.01**	(2)	—	—	—	(2)	(0.01)
Sale of Wellwise	**(3)**	**—**	**—**	**—**	**(3)**	**(0.01)**	15	—	—	—	15	0.04
Gain on sale of non-operating properties	**(1)**	**—**	**—**	**—**	**(1)**	**—**	(2)	—	—	—	(2)	(0.01)
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	**—**	**—**	**—**	64	—	—	189	253	0.63
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	**—**	36	—	—	—	36	0.09
Transaction costs and other related recoveries	**—**	**—**	**—**	**—**	**—**	**—**	—	(39)	—	—	(39)	(0.10)
Fair value adjustment of the Trust Unit liability	**—**	**—**	**407**	**—**	**407**	**1.05**	—	—	(164)	—	(164)	(0.41)
Deferred tax on outside basis difference - Sale of PC Financial	**56**	**—**	**—**	**—**	**56**	**0.14**	—	—	—	—	—	—
Outside basis difference in certain Loblaw shares	**—**	**—**	**—**	**12**	**12**	**0.03**	—	—	—	6	6	0.02
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**578**	**(578)**	**—**	**—**	**—**	—	(238)	238	—	—	—
Adjusting items from continuing operations	**$ 130**	**$ 507**	**$ (6)**	**$ 12**	**$ 643**	**$ 1.66**	$ 307	$ (359)	$ 192	$ 195	$ 335	$ 0.84
Adjusted continuing operations	**$ 1,465**	**$ 446**	**$ (77)**	**$ (165)**	**$ 1,669**	**$ 4.28**	$ 1,332	$ 426	$ (91)	$ (130)	$ 1,537	$ 3.83
Discontinued operations	**$ 72**	**$ —**	**$ —**	**$ —**	**$ 72**	**$ 0.18**	$ 113	$ —	$ —	$ —	$ 113	$ 0.28
Add (deduct) impact of the following[ii]:												
Recovery related to PC Bank commodity tax matter	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ (66)	$ —	$ —	$ —	$ (66)	$ (0.16)
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	**—**	13	—	—	—	13	0.03
Adjusting items from discontinued operations	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ (53)	$ —	$ —	$ —	$ (53)	$ (0.13)
Adjusted discontinued operations	**$ 72**	**$ —**	**$ —**	**$ —**	**$ 72**	**$ 0.18**	$ 60	$ —	$ —	$ —	$ 60	$ 0.15
Adjusted total Company	**$ 1,537**	**$ 446**	**$ (77)**	**$ (165)**	**$ 1,741**	**$ 4.46**	$ 1,392	$ 426	$ (91)	$ (130)	$ 1,597	$ 3.98

(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.

	Quarters Ended									
	Dec. 31, 2025 (13 weeks)					Dec. 31, 2024 (12 weeks)				
($ millions)	**Revenue**	**Operating Income**	Adjusted EBITDA[i]	**Net Interest Expense and Other Financing Charges**	Adjusted Net Earnings Available to Common Shareholders[i]	Revenue	Operating Income	Adjusted EBITDA[i]	Net Interest Expense and Other Financing Charges	Adjusted Net Earnings Available to Common Shareholders[i]
Elimination of intercompany rental revenue	**$ (204)**	**$ (7)**	$ (7)	**$ —**	$ (5)	$ (200)	$ (13)	$ (13)	$ —	$ (11)
Elimination of internal lease arrangements	**3**	**(33)**	(131)	**(31)**	(1)	5	(18)	(114)	(34)	12
Elimination of intersegment real estate transactions	**—**	**—**	—	**—**	2	—	(13)	(13)	—	(11)
Gains on real estate disposals	**—**	**13**	13	**—**	13	—	—	—	—	—
Asset recoveries, net of impairments	**—**	**5**	5	**—**	4	—	10	10	—	7
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	**—**	**(20)**	—	**—**	(19)	—	(14)	—	—	(14)
Fair value adjustment on investment properties	**—**	**(38)**	—	**—**	—	—	(35)	—	(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)	—	—	—	54	(54)
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**—**	—	**(44)**	—	—	—	—	705	—
Fair value adjustment of the Trust Unit liability	**—**	**—**	—	**(11)**	—	—	—	—	(399)	—
Tax expense on Choice Properties related earnings	**—**	**—**	—	**—**	(24)	—	—	—	—	(27)
Total	**$ (201)**	**$ (80)**	$ (120)	**$ (109)**	$ (7)	$ (195)	$ (83)	$ (130)	$ 250	$ (23)

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

($ millions)	Years Ended Dec. 31, 2025 (53 weeks) Revenue	Operating Income	Adjusted EBITDA[i]	Net Interest Expense and Other Financing Charges	Adjusted Net Earnings Available to Common Shareholders[i]	Dec. 31, 2024 (52 weeks) Revenue	Operating Income	Adjusted EBITDA[i]	Net Interest Expense and Other Financing Charges	Adjusted Net Earnings Available to Common Shareholders[i]
Elimination of intercompany rental revenue	**$ (821)**	**$ 21**	$ 21	**$ —**	$ 18	$ (788)	$ 16	$ 16	$ —	$ 13
Elimination of internal lease arrangements	**14**	**(88)**	(511)	**(142)**	40	13	(44)	(455)	(136)	68
Elimination of intersegment real estate transactions	**—**	**(91)**	(91)	**—**	(79)	—	(132)	(132)	—	(116)
Gain on real estate disposals	**—**	**23**	23	**—**	23	—	—	—	—	—
Asset recoveries, net of impairments	**—**	**5**	5	**—**	4	—	10	10	—	7
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	**—**	**(62)**	—	**—**	(61)	—	(49)	—	—	(50)
Fair value adjustment on investment properties	**—**	**(172)**	—	**1**	—	—	(121)	—	2	—
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	**—**	**—**	—	**(304)**	304	—	—	—	(300)	300
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	**—**	**—**	—	**213**	(213)	—	—	—	211	(211)
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**—**	—	**(578)**	—	—	—	—	238	—
Fair value adjustment of the Trust Unit liability	**—**	**—**	—	**407**	—	—	—	—	(164)	—
Tax expense on Choice Properties related earnings	**—**	**—**	—	**—**	(113)	—	—	—	—	(102)
Total	**$ (807)**	**$ (364)**	$ (553)	**$ (403)**	$ (77)	$ (775)	$ (320)	$ (561)	$ (149)	$ (91)

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

IMPACT OF 13TH OR 53RD WEEK The following table provides the approximate impact of the extra week of operations on the consolidated results of the Company in the fourth quarter and full year of 2025:

($ millions except where otherwise indicated) For the quarter and year ended	Dec. 31, 2025 Loblaw	Dec. 31, 2025 Total
Revenue	**$ 1,138**	**$ 1,138**
Operating income	**$ 106**	**$ 106**
Adjusted EBITDA	$ 106	$ 106
Adjusted EBITDA margin	9.3%	9.3%
Depreciation and amortization	$ —	$ —
Net interest expense and other financing charges	—	—
Income taxes	27	27
Net earnings		**$ 79**
Net earnings attributable to non-controlling interests		39
Net earnings available to common shareholders of the Company		**$ 40**
Diluted net earnings per common share ($)		**$ 0.10**

FREE CASH FLOW The following table reconciles cash flows from operating activities to free cash flow. The Company believes free cash flow is the appropriate measure 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.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2025 (13 weeks)**	Dec. 31, 2024[2] (12 weeks)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024[2] (52 weeks)
Cash flows from operating activities from Total Company	**$ 2,306**	$ 1,689	**$ 6,262**	$ 6,065
Less: Cash flows (used in) from operating activities from discontinued operations	**(210)**	(214)	**319**	316
Cash flows from operating activities from continuing operations	**$ 2,516**	$ 1,903	**$ 5,943**	$ 5,749
Less: Capital investments[i]	**795**	707	**2,379**	2,357
Interest paid	**164**	162	**831**	812
Lease payments, net	**238**	152	**1,031**	899
Free cash flow from continuing operations	**$ 1,319**	$ 882	**$ 1,702**	$ 1,681
Cash flows from operating activities from discontinued operations	**$ (210)**	$ (214)	**$ 319**	$ 316
Less: Capital Investments	**6**	9	**32**	38
Interest paid	**53**	48	**148**	148
Free cash flow (used in) from discontinued operations	**$ (269)**	$ (271)	**$ 139**	$ 130
Free cash flow from Total Company	**$ 1,050**	$ 611	**$ 1,841**	$ 1,811

(i) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the year. There were no prepayments transferred to fixed assets for the years ended 2025 and 2024.

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

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 3.5, "Financial Condition", of this MD&A.

Adjusted Return on Capital Tax-effected total Company adjusted operating income for the last four quarters divided by average capital where capital is defined as total Company debt, plus equity attributable to shareholders of the Company, less cash and cash equivalents, and short-term investments, including cash and cash equivalents and short-term investments classified as held for sale. Refer to Section 3.5, "Financial Condition", of this MD&A.

NET ASSET VALUE AND NET ASSET VALUE PER COMMON SHARE The Company believes net asset value and net asset value per common share is useful in assessing the value of the participating shareholders' equity of the Company.

The following table provides the components used to determine net asset value and net asset value per common share of the Company.

($ millions except where otherwise indicated) For the years ended as indicated	As at **Dec. 31, 2025**	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Add:					
Loblaw share price[i] ($)	**$ 62.05**	$ 47.29	$ 32.07	$ 29.93	$ 25.91
Number of Loblaw shares[i] held by GWL[ii] (in millions)	**618.7**	635.4	653.9	682.4	701.9
Market value of investment in Loblaw[iii]	**$ 38,390**	$ 30,048	$ 20,971	$ 20,424	$ 18,186
Add:					
Choice Properties unit price ($)	**$ 14.81**	$ 13.35	$ 13.95	$ 14.76	$ 15.19
Number of Choice Properties units held by GWL[iv] (in millions)	**446.4**	446.4	446.4	446.4	446.4
Market value of investment in Choice Properties[iii]	**$ 6,611**	$ 5,959	$ 6,227	$ 6,589	$ 6,781
Deduct:					
GWL Corporate debt[v]	**(498)**	(498)	(449)	(449)	(570)
Preferred shares	**(835)**	(835)	(835)	(835)	(835)
Certain provisions[vi]	**—**	(247)	—	—	—
GWL Corporate cash and cash equivalents and short-term investments	**301**	523	719	818	1,338
Net debt and preferred shares of GWL Corporate	**$ (1,032)**	$ (1,057)	$ (565)	$ (466)	$ (67)
Net asset value	**$ 43,969**	$ 34,950	$ 26,633	$ 26,547	$ 24,900
Common shares outstanding (in millions)	**379.5**	390.1	403.6	422.2	440.4
Net asset value per common share ($)	**$ 115.86**	$ 89.59	$ 65.99	$ 62.88	$ 56.54

(i) Adjusted retrospectively to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.
(ii) GWL participates in Loblaw's NCIB program in order to maintain its proportionate percentage ownership.
(iii) The value of GWL's interest in its operating businesses is calculated by the number of shares or units held by the Company, multiplied by Loblaw and Choice Properties' respective TSX closing prices on the reporting date of December 31, or on the nearest trading day preceding the reporting date when the reporting date does not fall on a trading day. In 2025, this was December 31 (2024 – December 31, 2023 – December 29, 2022 – December 30, and 2021 – December 31).
(iv) The number of Choice Properties units held by GWL includes both Class B LP Units and Trust Units. Class B LP Units are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units.
(v) Excluding lease liabilities.
(vi) The provision was paid in the first quarter of 2025. Refer to note 32, "Contingent Liabilities", of the Company's 2025 consolidated financial statements for additional details.

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.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024	**Dec. 31, 2025**	Dec. 31, 2024
Net (loss) income	**$ (53)**	$ 792	**$ (61)**	$ 785
Add (deduct) impact of the following:				
Amortization of intangible assets	**—**	—	**1**	1
Transaction costs and other related recoveries	**—**	—	**—**	(39)
Adjustment to fair value of unit-based compensation	**1**	(2)	**2**	(1)
Fair value adjustment on Exchangeable Units	**44**	(705)	**578**	(238)
Fair value adjustment on investment properties	**(2)**	16	**(144)**	(93)
Fair value adjustment on investment properties to proportionate share	**30**	(29)	**28**	(25)
Fair value adjustment of investment in real estate securities	**87**	36	**45**	36
Capitalized interest on equity accounted joint ventures	**2**	3	**9**	12
Unit distributions on Exchangeable Units	**76**	75	**304**	300
Internal expenses for leasing	**3**	3	**10**	10
Income tax expense (recovery)	**2**	(1)	**2**	(1)
Funds from Operations	**$ 190**	$ 188	**$ 774**	$ 747

13.1 Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

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

	2025									2024[2]	2023[2]
($ millions)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (13 weeks)	Total (53 weeks)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)	Total (52 weeks)
Net earnings attributable to shareholders of the Company from continuing operations	**$ 81**	**$ 257**	**$ 466**	**$ 266**	**$ 1,070**	$ 228	$ 402	$ (53)	$ 669	$ 1,246	$ 1,514
Add (deduct) impact of the following:											
Non-controlling interests from continuing operations	**247**	**370**	**368**	**282**	**1,267**	231	248	338	218	1,035	1,062
Income taxes	**273**	**291**	**333**	**373**	**1,270**	251	124	260	198	833	852
Net interest expense (income) and other financing charges	**408**	**451**	**379**	**255**	**1,493**	179	(40)	847	(152)	834	746
Operating income	**$ 1,009**	**$ 1,369**	**$ 1,546**	**$ 1,176**	**$ 5,100**	$ 889	$ 734	$ 1,392	$ 933	$ 3,948	$ 4,174
Add (deduct) impact of the following:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 116**	**$ 9**	**$ 14**	**$ 10**	**$ 149**	$ 114	$ 115	$ 155	$ 115	$ 499	$ 499
Fair value adjustment on investment properties	**(3)**	**(27)**	**21**	**66**	**57**	16	2	(34)	21	5	(35)
Fair value adjustment of investment in real estate securities	**9**	**(9)**	**(42)**	**87**	**45**	30	28	(58)	36	36	64
Wind-down of *Theodore & Pringle* optical business	**—**	**—**	**30**	**—**	**30**	—	—	—	—	—	—
Sale of PC Financial	**—**	**—**	**—**	**10**	**10**	—	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	**—**	**4**	**4**	—	—	—	3	3	9
Fair value adjustment of derivatives	**(1)**	**2**	**(1)**	**3**	**3**	(7)	2	—	—	(5)	16
Sale of Wellwise	**(5)**	**—**	**—**	**—**	**(5)**	—	—	—	23	23	—
(Gain) loss on sale of non-operating properties	**(14)**	**(1)**	**2**	**11**	**(2)**	—	—	—	(3)	(3)	(20)
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	**—**	**—**	—	420	—	—	420	—
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	—	—	—	99	99	—
Transaction costs and other related expenses	**—**	**—**	**—**	**—**	**—**	—	(39)	—	—	(39)	—
Adjusting items	**$ 102**	**$ (26)**	**$ 24**	**$ 191**	**$ 291**	$ 153	$ 528	$ 63	$ 294	$ 1,038	$ 533
Adjusted operating income	**$ 1,111**	**$ 1,343**	**$ 1,570**	**$ 1,367**	**$ 5,391**	$ 1,042	$ 1,262	$ 1,455	$ 1,227	$ 4,986	$ 4,707
Depreciation and amortization excluding the impact of the above adjustment[(i)]	**497**	**497**	**668**	**527**	**2,189**	487	473	620	484	2,064	1,977
Adjusted EBITDA	**$ 1,608**	**$ 1,840**	**$ 2,238**	**$ 1,894**	**$ 7,580**	$ 1,529	$ 1,735	$ 2,075	$ 1,711	$ 7,050	$ 6,684

(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.

ADJUSTED OPERATING INCOME FROM DISCONTINUED OPERATIONS AND TOTAL COMPANY ADJUSTED OPERATING INCOME
The following table reconciles adjusted operating income to operating income from discontinued operations, which is reconciled to net earnings attributable to shareholders of the Company from discontinued operations as reported in the notes to the consolidated financial statements for the periods ended as indicated. The Company believes that adjusted operating income is useful in assessing the performance of its discontinued operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

		Years Ended	
($ millions)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024 (52 weeks)	Dec. 31, 2023 (52 weeks)
Net earnings attributable to shareholders of the Company from discontinued operations	**$ 72**	$ 113	$ 26
Add impact of the following:			
Non-controlling interests	**64**	102	23
Income taxes	**46**	75	(3)
Net interest expense and other financing charges	**153**	138	143
Operating income from discontinued operations	**$ 335**	$ 428	$ 189
Add (deduct) impact of the following:			
PC Optimum loyalty program	**—**	30	—
(Recovery) charge related to PC Bank commodity tax matter	**—**	(155)	24
Adjusting items	**$ —**	$ (125)	$ 24
Adjusted operating income from discontinued operations	**$ 335**	$ 303	$ 213
Adjusted operating income (refer to table above)	**5,391**	4,986	4,707
Total Company adjusted operating income	**$ 5,726**	$ 5,289	$ 4,920

ADJUSTED NET INTEREST EXPENSE AND OTHER FINANCING CHARGES 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.

		Years Ended	
($ millions)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024[2] (52 weeks)	Dec. 31, 2023[2] (52 weeks)
Net interest expense and other financing charges	**$ 1,493**	$ 834	$ 746
Add impact of the following:			
Fair value adjustment of the Trust Unit liability	**(407)**	164	231
Adjusted net interest expense and other financing charges	**$ 1,086**	$ 998	$ 977

ADJUSTED INCOME TAXES AND ADJUSTED EFFECTIVE TAX RATE 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.

		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2025 (53 weeks)**	Dec. 31, 2024[2] (52 weeks)	Dec. 31, 2023[2] (52 weeks)
Adjusted operating income[i]	**$ 5,391**	$ 4,986	$ 4,707
Adjusted net interest expense and other financing charges[i]	**1,086**	998	977
Adjusted earnings before taxes	**$ 4,305**	$ 3,988	$ 3,730
Income taxes	**$ 1,270**	$ 833	$ 852
Add (deduct) impact of the following:			
Tax impact of items excluded from adjusted earnings before taxes[ii]	**58**	268	171
Deferred tax on outside basis difference - Sale of PC Financial	**(107)**	—	—
Outside basis difference in certain Loblaw shares	**(12)**	(6)	(8)
Adjusted income taxes	**$ 1,209**	$ 1,095	$ 1,015
Effective tax rate applicable to earnings before taxes	**35.2%**	26.8%	24.9%
Adjusted effective tax rate applicable to adjusted earnings before taxes	**28.1%**	27.5%	27.2%

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

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

($ millions)	**First Quarter (12 weeks)**	**Second Quarter (12 weeks)**	**Third Quarter (16 weeks)**	**Fourth Quarter (13 weeks)**	**2025 Total (53 weeks)**	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	2024[2] Total (52 weeks)	2023[2] Total (52 weeks)
Continuing operations	**$ 71**	**$ 247**	**$ 452**	**$ 256**	**$ 1,026**	$ 218	$ 392	$ (67)	$ 659	$ 1,202	$ 1,470
Discontinued operations	**12**	**11**	**25**	**24**	**72**	18	8	82	5	113	26
As reported	**$ 83**	**$ 258**	**477**	**$ 280**	**$ 1,098**	$ 236	$ 400	$ 15	$ 664	$ 1,315	$ 1,496
Continuing operations	**$ 71**	**$ 247**	**452**	**$ 256**	**$ 1,026**	$ 218	$ 392	$ (67)	$ 659	$ 1,202	$ 1,470
Add (deduct) impact of the following[i]:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 46**	**$ 2**	**$ 6**	**$ 3**	**$ 57**	$ 45	$ 43	$ 62	$ 44	$ 194	$ 194
Fair value adjustment on investment properties	**(1)**	**(25)**	**18**	**61**	**53**	14	4	(32)	17	3	(66)
Fair value adjustment of investment in real estate securities	**8**	**(8)**	**(39)**	**80**	**41**	28	25	(53)	33	33	59
Wind-down of *Theodore & Pringle* optical business	**—**	**—**	**12**	**—**	**12**	—	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	**1**	**2**	**2**	—	—	—	2	2	3
Fair value adjustment of derivatives	**(1)**	**2**	**(1)**	**2**	**2**	(4)	2	—	—	(2)	6
Sale of PC Financial	**—**	**—**	**—**	**5**	**5**	—	—	—	—	—	—
(Gain) loss on sale of non-operating properties	**(7)**	**—**	**—**	**5**	**(1)**	—	—	—	(2)	(2)	(11)
Sale of Wellwise	**(3)**	**—**	**—**	**—**	**(3)**	—	—	—	15	15	—
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	**—**	**—**	—	253	—	—	253	—
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	—	—	—	36	36	—
Transaction costs and other related expenses	**—**	**—**	**—**	**—**	**—**	—	(39)	—	—	(39)	—
Fair value adjustment of the Trust Unit liability	**163**	**188**	**67**	**(11)**	**407**	(59)	(274)	568	(399)	(164)	(231)
Deferred tax on outside basis difference - Sale of PC Financial	**—**	**—**	**—**	**56**	**56**	—	—	—	—	—	—
Outside basis difference in certain Loblaw shares	**51**	**(16)**	**(8)**	**(15)**	**12**	52	(20)	(18)	(8)	6	8
Adjusting items from continuing operations	**$ 256**	**$ 143**	**$ 56**	**$ 188**	**$ 643**	$ 76	$ (6)	$ 527	$ (262)	$ 335	$ (38)
Adjusted continuing operations	**$ 327**	**$ 390**	**$ 508**	**$ 444**	**$ 1,669**	$ 294	$ 386	$ 460	$ 397	$ 1,537	$ 1,432
Discontinued operations	**$ 12**	**$ 11**	**$ 25**	**$ 24**	**$ 72**	$ 18	$ 8	$ 82	$ 5	$ 113	$ 26
Add (deduct) impact of the following[i]:											
(Recovery) charge related to PC Bank commodity tax matters	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ —	$ —	$ (66)	$ —	$ (66)	$ 9
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	—	—	—	13	13	—
Adjusting items from discontinued operations	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ —	$ —	$ (66)	$ 13	$ (53)	$ 9
Adjusted discontinued operations	**$ 12**	**$ 11**	**$ 25**	**$ 24**	**$ 72**	$ 18	$ 8	$ 16	$ 18	$ 60	$ 35
Adjusted total Company	**$ 339**	**$ 401**	**$ 533**	**$ 468**	**$ 1,741**	$ 312	$ 394	$ 476	$ 415	$ 1,597	$ 1,467

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

($ except where otherwise indicated)	2025 First Quarter[3] (12 weeks)	2025 Second Quarter[3] (12 weeks)	2025 Third Quarter (16 weeks)	2025 Fourth Quarter (13 weeks)	2025 Total[3] (53 weeks)	2024[2] First Quarter[3] (12 weeks)	2024[2] Second Quarter[3] (12 weeks)	2024[2] Third Quarter[3] (16 weeks)	2024[2] Fourth Quarter[3] (12 weeks)	2024[2] Total[3] (52 weeks)	2023[2] Total[3] (52 weeks)
Continuing operations	**$ 0.18**	**$ 0.62**	**$ 1.17**	**$ 0.66**	**$ 2.62**	$ 0.53	$ 0.97	$ (0.18)	$ 1.67	$ 2.99	$ 3.52
Discontinued operations	**0.03**	**0.03**	**0.06**	**0.06**	**0.18**	0.05	0.02	0.21	0.01	0.28	0.06
As reported	**$ 0.21**	**$ 0.65**	**$ 1.23**	**$ 0.72**	**$ 2.80**	$ 0.58	$ 0.99	$ 0.03	$ 1.68	$ 3.27	$ 3.58
Continuing operations	**$ 0.18**	**$ 0.62**	**$ 1.17**	**$ 0.66**	**$ 2.62**	$ 0.53	$ 0.97	$ (0.18)	$ 1.67	$ 2.99	$ 3.52
Add (deduct) impact of the following[i]:											
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 0.12**	**$ 0.01**	**$ 0.01**	**$ 0.01**	**$ 0.15**	$ 0.11	$ 0.11	$ 0.16	$ 0.11	$ 0.49	$ 0.47
Fair value adjustment on investment properties	**—**	**(0.06)**	**0.05**	**0.16**	**0.13**	0.04	0.01	(0.08)	0.04	0.01	(0.16)
Fair value adjustment of investment in real estate securities	**0.02**	**(0.02)**	**(0.10)**	**0.21**	**0.11**	0.07	0.06	(0.13)	0.09	0.08	0.14
Wind-down of *Theodore & Pringle* optical business	**—**	**—**	**0.03**	**—**	**0.03**	—	—	—	—	—	—
Sale of PC Financial	**—**	**—**	**—**	**0.01**	**0.01**	—	—	—	—	—	—
Fair value adjustment on non-operating properties	**—**	**—**	**—**	**0.01**	**0.01**	—	—	—	0.01	0.01	0.01
Fair value adjustment of derivatives	**—**		**—**	**0.01**	**0.01**	(0.01)	0.01	—	—	(0.01)	0.02
Sale of Wellwise	**(0.01)**	**—**	**—**	**—**	**(0.01)**	—	—	—	0.04	0.04	—
(Gain) loss on sale of non-operating properties	**(0.02)**	**—**	**—**	**0.01**	**—**	—	—	—	(0.01)	(0.01)	(0.03)
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	**—**	**—**	—	0.63	—	—	0.63	—
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	—	—	—	0.09	0.09	—
Transaction costs and other related expenses	**—**	**—**	**—**	**—**	**—**	—	(0.10)	—	—	(0.10)	—
Fair value adjustment of the Trust Unit liability	**0.41**	**0.48**	**0.17**	**(0.03)**	**1.05**	(0.15)	(0.68)	1.43	(1.02)	(0.41)	(0.56)
Deferred tax on outside basis difference - Sale of PC Financial	**—**	**—**	**—**	**0.14**	**0.14**	—	—	—	—	—	—
Outside basis difference in certain Loblaw shares	**0.13**	**(0.04)**	**(0.02)**	**(0.04)**	**0.03**	0.13	(0.05)	(0.05)	(0.02)	0.02	0.02
Adjusting items from continuing operations	**$ 0.65**	**$ 0.37**	**$ 0.14**	**$ 0.49**	**$ 1.66**	$ 0.19	$ (0.01)	$ 1.33	$ (0.67)	$ 0.84	$ (0.09)
Adjusted continuing operations	**$ 0.83**	**$ 0.99**	**$ 1.31**	**$ 1.15**	**$ 4.28**	$ 0.72	$ 0.96	$ 1.15	$ 1.00	$ 3.83	$ 3.43
Discontinued operations	**$ 0.03**	**$ 0.03**	**$ 0.06**	**$ 0.06**	**$ 0.18**	$ 0.05	$ 0.02	$ 0.21	$ 0.01	$ 0.28	$ 0.06
Add (deduct) impact of the following[i]:											
(Recovery) charge related to PC Bank commodity tax matters	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ —	$ —	$ (0.17)	$ —	$ (0.16)	$ 0.02
PC Optimum loyalty program	**—**	**—**	**—**	**—**	**—**	—	—	—	0.04	0.03	—
Adjusting items from discontinued operations	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ —	$ —	$ (0.17)	$ 0.04	$ (0.13)	$ 0.02
Adjusted discontinued operations	**$ 0.03**	**$ 0.03**	**$ 0.06**	**$ 0.06**	**$ 0.18**	$ 0.05	$ 0.02	$ 0.04	$ 0.05	$ 0.15	$ 0.08
Adjusted total Company	**$ 0.86**	**$ 1.02**	**$ 1.37**	**$ 1.21**	**$ 4.46**	$ 0.77	$ 0.98	$ 1.19	$ 1.05	$ 3.98	$ 3.51
Diluted weighted average common shares outstanding (in millions)	**391.1**	**388.7**	**385.2**	**382.7**	**386.7**	404.6	400.7	396.4	392.9	398.6	414.1

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

13.2 Non-GAAP and Other Financial Measures Change Effective First Quarter of 2026

Starting in the first quarter of 2026, fair value adjustments on certain investments, including venture investments, classified as fair value through profit and loss will be considered an adjusting item given their nature, magnitude and propensity to re-occur. The adjusting item meets the requisite criteria under the Company's Non-GAAP and Other Financial Measures Policy effective since 2021. These fair value adjustments will be reported together with other fair value adjustments of derivatives. This change will take effect in the first quarter of 2026 with restatement of comparative periods at that time.

The summaries below reconcile the non-GAAP and other financial measures as reported to those reported under the new policy starting in the first quarter of 2026.

Adjusted operating income and adjusted EBITDA from continuing operations are presented below:

	Quarters Ended														
	March 22, 2025 (12 weeks)					June 14, 2025 (12 weeks)					October 4, 2025 (16 weeks)				
($ millions)	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated
Adjusted (as reported)															
EBITDA	$1,507	$ 246	$ (138)	$ (7)	**$1,608**	$1,755	$ 252	$ (157)	$ (10)	**$1,840**	$ 2,113	$ 261	$ (138)	$ 2	**$2,238**
Operating income	$ 932	$ 245	$ (58)	$ (8)	**$ 1,111**	$ 1,176	$ 251	$ (73)	$ (11)	**$ 1,343**	$1,327	$ 260	$ (19)	$ 2	**$ 1,570**
Add (deduct):															
Fair value adjustments on investments	$ —	$ —	$ —	$ —	**$ —**	$ (9)	$ —	$ —	$ —	**$ (9)**	$ (11)	$ —	$ —	$ (11)	**$ (22)**
Adjusted (restated)															
EBITDA	$1,507	$ 246	$ (138)	$ (7)	**$1,608**	$1,746	$ 252	$ (157)	$ (10)	**$ 1,831**	$2,102	$ 261	$ (138)	$ (9)	**$ 2,216**
Operating income	$ 932	$ 245	$ (58)	$ (8)	**$ 1,111**	$ 1,167	$ 251	$ (73)	$ (11)	**$ 1,334**	$ 1,316	$ 260	$ (19)	$ (9)	**$ 1,548**

	Quarter Ended					Year Ended				
	December 31, 2025 (13 weeks)					December 31, 2025 (53 weeks)				
($ millions)	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated
Adjusted (as reported)										
EBITDA	$1,773	$ 250	$ (120)	$ (9)	**$1,894**	$7,148	$ 1,009	$ (553)	$ (24)	**$7,580**
Operating income	$ 1,170	$ 249	$ (42)	$ (10)	**$ 1,367**	$4,605	$ 1,005	$ (192)	$ (27)	**$ 5,391**
Add (deduct):										
Fair value adjustments on investments	$ (1)	$ —	$ —	$ (1)	**$ (2)**	$ (21)	$ —	$ —	$ (12)	**$ (33)**
Adjusted (restated)										
EBITDA	$1,772	$ 250	$ (120)	$ (10)	**$ 1,892**	$7,127	$ 1,009	$ (553)	$ (36)	**$7,547**
Operating income	$ 1,169	$ 249	$ (42)	$ (11)	**$ 1,365**	$4,584	$ 1,005	$ (192)	$ (39)	**$5,358**

	Quarters Ended														
	March 23, 2024 (12 weeks)					June 15, 2024 (12 weeks)					October 5, 2024 (16 weeks)				
($ millions)	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated	Loblaw	Choice Properties	Effect of consolidation	GWL Corporate	Consolidated
Adjusted (as reported)															
EBITDA	$1,448	$ 241	$ (152)	$ (8)	$ 1,529	$1,640	$ 240	$ (140)	$ (5)	$ 1,735	$1,984	$ 237	$ (139)	$ (7)	$ 2,075
Operating income	$ 884	$ 240	$ (73)	$ (9)	$ 1,042	$1,086	$ 239	$ (57)	$ (6)	$ 1,262	$1,248	$ 236	$ (21)	$ (8)	$ 1,455
Add (deduct):															
Fair value adjustments on investments	$ 1	$ —	$ —	$ 1	$ 2	$ (4)	$ —	$ —	$ (4)	$ (8)	$ (1)	$ —	$ —	$ —	$ (1)
Adjusted (restated)															
EBITDA	$1,449	$ 241	$ (152)	$ (7)	$ 1,531	$1,636	$ 240	$ (140)	$ (9)	$ 1,727	$1,983	$ 237	$ (139)	$ (7)	$ 2,074
Operating income	$ 885	$ 240	$ (73)	$ (8)	$ 1,044	$1,082	$ 239	$ (57)	$ (10)	$ 1,254	$1,247	$ 236	$ (21)	$ (8)	$ 1,454

($ millions)	Quarter Ended December 31, 2024 (12 weeks) Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated	Year Ended December 31, 2024 (52 weeks) Loblaw	Choice Properties	Effect of consol-idation	GWL Corporate	Consol-idated
Adjusted (as reported)										
EBITDA	$1,593	$ 247	$ (130)	$ 1	$ 1,711	$6,665	$ 965	$ (561)	$ (19)	$7,050
Operating income	$1,028	$ 246	$ (48)	$ 1	$ 1,227	$4,246	$ 961	$ (199)	$ (22)	$4,986
Add (deduct):										
Fair value adjustments on investments	$ (12)	$ —	$ —	$ (12)	$ (24)	$ (16)	$ —	$ —	$ (15)	$ (31)
Adjusted (restated)										
EBITDA	$ 1,581	$ 247	$ (130)	$ (11)	$ 1,687	$6,649	$ 965	$ (561)	$ (34)	$ 7,019
Operating income	$1,016	$ 246	$ (48)	$ (11)	$ 1,203	$4,230	$ 961	$ (199)	$ (37)	$ 4,955

Adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share are presented below:

($ millions except where otherwise indicated)	Quarters Ended March 22, 2025 (12 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)	June 14, 2025 (12 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)	October 4, 2025 (16 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)	December 31, 2025 (13 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)	Year Ended December 31, 2025 (53 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)
Adjusted (as reported)										
Continuing operations	$ 327	$ 0.83	$ 390	$ 0.99	$ 508	$ 1.31	$ 444	$ 1.15	$ 1,669	$ 4.28
Discontinued operations	$ 12	$ 0.03	$ 11	$ 0.03	$ 25	$ 0.06	$ 24	$ 0.06	$ 72	$ 0.18
Total Company	**$ 339**	**$ 0.86**	**$ 401**	**$ 1.02**	**$ 533**	**$ 1.37**	**$ 468**	**$ 1.21**	**$ 1,741**	**$ 4.46**
Add (deduct):										
Fair value adjustments on investments[i][ii]	$ —	$ —	$ (4)	$ (0.01)	$ (15)	$ (0.04)	$ (2)	$ —	$ (21)	$ (0.05)
Adjusted (restated)										
Continuing operations	$ 327	$ 0.83	$ 386	$ 0.98	$ 493	$ 1.27	$ 442	$ 1.15	$ 1,648	$ 4.23
Discontinued operations	$ 12	$ 0.03	$ 11	$ 0.03	$ 25	$ 0.06	$ 24	$ 0.06	$ 72	$ 0.18
Total Company[iii]	**$ 339**	**$ 0.86**	**$ 397**	**$ 1.01**	**$ 518**	**$ 1.33**	**$ 466**	**$ 1.21**	**$ 1,720**	**$ 4.41**

(i) Net of income taxes and non-controlling interests, as applicable.
(ii) Fair value adjustments on investments relate to continuing operations.
(iii) Excluding the 53rd week impact in 2025, restated total Company adjusted diluted net earnings per common share for the fourth quarter and full year 2025 were $1.11 and $4.31, respectively.

($ millions except where otherwise indicated)	Quarters Ended March 23, 2024 (12 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)	June 15, 2024 (12 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)	October 5, 2024 (16 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)	December 31, 2024 (12 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)	Year Ended December 31, 2024 (52 weeks) Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share ($)
Adjusted (as reported)										
Continuing operations	$ 294	$ 0.72	$ 386	$ 0.96	$ 460	$ 1.15	$ 397	$ 1.00	$ 1,537	$ 3.83
Discontinued operations	$ 18	$ 0.05	$ 8	$ 0.02	$ 16	$ 0.04	$ 18	$ 0.05	$ 60	$ 0.15
Total Company	**$ 312**	**$ 0.77**	**$ 394**	**$ 0.98**	**$ 476**	**$ 1.19**	**$ 415**	**$ 1.05**	**$ 1,597**	**$ 3.98**
Add (deduct):										
Fair value adjustments on investments[i][ii]	$ 2	$ —	$ (5)	$ (0.02)	$ (1)	$ —	$ (15)	$ (0.04)	$ (19)	$ (0.05)
Adjusted (restated)										
Continuing operations	$ 296	$ 0.72	$ 381	$ 0.94	$ 459	$ 1.15	$ 382	$ 0.96	$ 1,518	$ 3.78
Discontinued operations	$ 18	$ 0.05	$ 8	$ 0.02	$ 16	$ 0.04	$ 18	$ 0.05	$ 60	$ 0.15
Total Company	**$ 314**	**$ 0.77**	**$ 389**	**$ 0.96**	**$ 475**	**$ 1.19**	**$ 400**	**$ 1.01**	**$ 1,578**	**$ 3.93**

(i) Net of income taxes and non-controlling interests, as applicable.
(ii) Fair value adjustments on investments relate to continuing operations.

There were no impacts to previously reported adjusted net interest expense and other financing charges as a result of this change as reported in the Company's 2025 annual and interim MD&A.

14. Forward-Looking Statements

The Annual 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 Annual 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 Annual Report including, without limitation, in Section 3, "Liquidity and Capital Resources", Section 10, "Critical Accounting Estimates and Judgments", Section 11, "IFRS Accounting Standards and Amendments", Section 12, "Outlook", and Section 13, "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 2025 Annual Report and the Company's AIF for the year ended December 31, 2025. 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;
- 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 attract and retain colleagues may impact the Company's ability to effectively operate and achieve financial performance goals;
- 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;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- failure to effectively manage product liability, intellectual property, and related regulatory risks associated with alternative sourcing and procurement of generic prescription drug products;
- failure by Choice Properties to effectively and efficiently manage its property and leasing management processes;
- 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 effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- 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.

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, 2025. 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.

15. 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.

This Annual Report includes selected information on Loblaw, a public company with shares trading on the 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 and www.choicereit.ca.

Toronto, Canada
March 3, 2026

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Management's Statement of Responsibility for Financial Reporting

Management of George Weston Limited is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements, Management's Discussion and Analysis and all other information in the 2025 Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgments and estimates necessary to prepare the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. It also includes ensuring that the financial information presented elsewhere in the 2025 Annual Report is consistent with that in the consolidated financial statements.

Management is also responsible for providing reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced. Management is required to design a system of internal controls and certify as to the design and operating effectiveness of internal controls over financial reporting. A dedicated control compliance team reviews and evaluates internal controls, the results of which are shared with management on a quarterly basis.

PricewaterhouseCoopers LLP, whose report follows, were appointed as independent auditors by a vote of the Company's shareholders to audit the consolidated financial statements.

The Board of Directors, acting through an Audit Committee comprised solely of directors who are independent, are responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders. The Audit Committee meets regularly with senior and financial management, internal auditors and the independent auditors to discuss internal controls, auditing activities and financial reporting matters. The independent auditors and internal auditors have unrestricted access to the Audit Committee. These consolidated financial statements and Management's Discussion and Analysis have been approved by the Board of Directors for inclusion in the 2025 Annual Report based on the review and recommendation of the Audit Committee.

[signed]
Galen G. Weston
Chairman and
Chief Executive Officer

[signed]
Richard Dufresne
President and
Chief Financial Officer

Toronto, Canada
March 3, 2026

Independent Auditor's Report

To the Shareholders of George Weston Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of George Weston Limited and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of earnings for the years ended December 31, 2025 and 2024;
- the consolidated statements of comprehensive income for the years ended December 31, 2025 and 2024;
- the consolidated balance sheets as at December 31, 2025 and 2024;
- the consolidated statements of changes in equity for the years ended December 31, 2025 and 2024;
- the consolidated statements of cash flows for the years ended December 31, 2025 and 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment indicators for fixed assets and right-of-use assets for retail locations

Refer to note 2 – Material Accounting Policies, note 3 – Critical Accounting Estimates and Judgments, note 14 *– Fixed Assets and note 29 – Leases to the consolidated financial statements.*

As at December 31, 2025, the Company had fixed assets of $13,418 million and right-of-use assets of $5,335 million. At each balance sheet date, management reviews the carrying amounts of its fixed assets and right-of-use assets at the Cash Generating Unit (CGU) level to determine whether there is any indication of impairment. Judgment is used to determine whether an indication of impairment exists; if any such indication exists, the CGU is then tested for impairment. In applying this judgment, management considers profitability of the CGU and other qualitative factors. Management determined that each retail location is a separate CGU for purposes of fixed asset and right-of-use asset impairment testing. The fixed assets and right-of-use assets related to the retail location CGUs represent a significant portion of the Company's fixed assets and right-of-use assets.

Management identified indications of impairment for certain retail location CGUs and therefore an impairment test was performed for these CGUs. An impairment loss is recognized for the amount by which the CGU's carrying value exceeds its recoverable amount. For the year ended December 31, 2025, the Company recorded $27 million of impairment losses on fixed assets and $18 million of impairment losses on right-of-use assets in respect of 18 retail location CGUs.

We considered this a key audit matter due to the judgments made by management in assessing the indications of impairment. This resulted in significant audit effort and subjectivity in performing procedures to assess the indications of impairment.

Our approach to addressing the matter included the following procedures, among others:

- Evaluated management's assessment of indications of impairment, which included the following:
  - Assessed the reasonableness of the profitability of the CGUs on a sample basis by considering the actual historical performance of the CGUs.
  - Assessed other qualitative factors by considering evidence obtained in other areas of the audit.
  - Tested the underlying data used in the indications of impairment assessment on a sample basis by tracing to supporting documentation and testing the mathematical accuracy.
  - Performed a sensitivity analysis over indications of impairment.
- Tested the disclosures made in the consolidated financial statements with regards to the impairment assessments of the retail location CGUs.

Valuation of income producing properties

Refer to note 2 – Material Accounting Policies, note 3 – Critical Accounting Estimates and Judgments and note 15 – Investment Properties to the consolidated financial statements.

The Company measures its income producing properties at fair value and, as at December 31, 2025, these assets were valued at $5,361 million. The fair values of these assets are prepared by the Company's internal valuations team and reviewed by management. As part of management's internal valuation program, the Company considers external valuations performed by independent national real estate valuation firms for a cross section of properties that represent different geographical locations and asset classes across the Company's portfolio. Income producing properties are valued primarily using the discounted cash flow method. The significant assumptions under this method include the discount rates and terminal capitalization rates applicable to those assets.

We considered this a key audit matter due to (i) significant audit effort required to assess the fair values of income producing properties; (ii) critical judgments by management when determining the fair values of the income producing properties, including the development of the significant assumptions; and (iii) a high degree of complexity in assessing audit evidence related to the significant assumptions developed by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.

Our approach to addressing the matter included the following procedures, among others:

- Developed a point estimate of the fair value of each individual income producing property using external market data and compared each independent point estimate to management's estimate of each property to evaluate the reasonableness of management's estimate.
- For the individual estimates that fell outside of the expected range established from the point estimate, tested how management determined the fair value estimate of the income producing property, which included the following:
  - Evaluated the appropriateness of the valuation methodology used.
  - Evaluated the reasonableness of the discount rates and terminal capitalization rates by comparing to externally available market data. For certain properties, professionals with specialized skill and knowledge in the field of real estate valuations assisted in evaluating the reasonableness of the discount rates and terminal capitalization rates.
  - Tested the underlying data used in the discounted cash flow method.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anita McOuat.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 3, 2026

Consolidated Statements of Earnings

For the years ended December 31 (millions of Canadian dollars except where otherwise indicated)		**2025** **(53 weeks)**		2024[i] (52 weeks)
Revenue	**$**	**64,511**	$	60,717
Operating Expenses				
Cost of inventories sold (note 13)		**43,871**		41,297
Selling, general and administrative expenses		**15,540**		15,472
		59,411		56,769
Operating Income		**5,100**		3,948
Net Interest Expense and Other Financing Charges (note 8)		**1,493**		834
Earnings Before Income Taxes		**3,607**		3,114
Income Taxes (note 9)		**1,270**		833
Net Earnings from Continuing Operations		**2,337**		2,281
Net Earnings from Discontinued Operations		**136**		215
Net Earnings		**2,473**		2,496
Attributable to:				
Shareholders of the Company (note 10)		**1,142**		1,359
Continuing Operations		**1,070**		1,246
Discontinued Operations		**72**		113
Non-Controlling Interests		**1,331**		1,137
Net Earnings	**$**	**2,473**	$	2,496
Net Earnings per Common Share – Basic[ii] ($) (note 10)	**$**	**2.86**	$	3.32
Continuing Operations		**2.67**		3.03
Discontinued Operations		**0.19**		0.29
Net Earnings per Common Share – Diluted[ii] ($) (note 10)	**$**	**2.80**	$	3.27
Continuing Operations		**2.62**		2.99
Discontinued Operations		**0.18**		0.28

(i) Adjusted to reflect discontinued operations (see note 5).
(ii) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025 (see note 2).

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31 (millions of Canadian dollars)		**2025** **(53 weeks)**		2024[i] (52 weeks)
Net Earnings from Continuing Operations	**$**	**2,337**	$	2,281
Other comprehensive (loss) income, net of taxes				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustment		**(1)**		4
Unrealized losses on cash flow hedges (note 30)		**(8)**		(10)
Items that will not be reclassified to profit or loss:				
Net defined benefit plan actuarial (losses) gains (note 26)		**(41)**		78
Adjustment to fair value of investment properties		**15**		53
Other comprehensive (loss) income from continuing operations		**(35)**		125
Comprehensive Income from Continuing Operations		**2,302**		2,406
Net Earnings from Discontinued Operations		**136**		215
Other comprehensive (loss) income, net of taxes, from discontinued operations		**(3)**		1
Comprehensive Income from Discontinued Operations		**133**		216
Total Comprehensive Income		**2,435**		2,622
Attributable to:				
Shareholders of the Company from Continuing Operations		**1,058**		1,337
Shareholders of the Company from Discontinued Operations		**70**		114
Non-Controlling Interests		**1,307**		1,171
Total Comprehensive Income	**$**	**2,435**	$	2,622

(i) Adjusted to reflect discontinued operations (see note 5).

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

As at December 31 (millions of Canadian dollars)	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (note 11)	**$ 1,450**	$ 2,048
Short-term investments	**43**	648
Accounts receivable (note 12)	**1,314**	1,503
Credit card receivables (note 5)	**—**	4,230
Inventories (note 13)	**6,493**	6,332
Prepaid expenses and other assets	**728**	737
Assets held for sale (note 5)	**5,660**	62
Total Current Assets	**15,688**	15,560
Fixed Assets (note 14)	**13,418**	12,686
Right-of-Use Assets (note 29)	**5,335**	4,920
Investment Properties (note 15)	**5,514**	5,506
Equity Accounted Joint Ventures (note 16)	**962**	884
Intangible Assets (note 17)	**5,173**	5,460
Goodwill (note 18)	**4,963**	4,902
Deferred Income Taxes (note 9)	**76**	128
Security Deposits	**38**	38
Other Assets (note 19)	**1,000**	1,352
Total Assets	**$ 52,167**	$ 51,436
LIABILITIES		
Current Liabilities		
Trade payables and other liabilities (note 20)	**$ 7,535**	$ 7,894
Loyalty liability	**124**	212
Provisions (note 21)	**92**	509
Income taxes payable	**124**	141
Demand deposits from customers	**—**	353
Short-term debt	**—**	800
Long-term debt due within one year (note 22)	**507**	1,313
Lease liabilities due within one year (note 29)	**1,010**	1,045
Associate interest	**396**	255
Liabilities associated with assets held for sale (note 5)	**4,452**	—
Total Current Liabilities	**14,240**	12,522
Provisions (note 21)	**102**	105
Long-Term Debt (note 22)	**12,687**	14,071
Lease Liabilities (note 29)	**5,375**	4,977
Trust Unit Liability	**4,122**	3,715
Deferred Income Taxes (note 9)	**1,826**	1,675
Other Liabilities (note 23)	**1,205**	1,234
Total Liabilities	**39,557**	38,299
EQUITY		
Share Capital (note 24)	**3,250**	3,293
Retained Earnings	**5,106**	5,490
Contributed Surplus	**(3,320)**	(2,787)
Accumulated Other Comprehensive Income	**244**	246
Total Equity Attributable to Shareholders of the Company	**5,280**	6,242
Non-Controlling Interests	**7,330**	6,895
Total Equity	**12,610**	13,137
Total Liabilities and Equity	**$ 52,167**	$ 51,436

Contingent liabilities (note 32). Subsequent events (note 36).

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	**Total Share Capital**	**Retained Earnings**	**Contributed Surplus**	Foreign Currency Translation Adjustment	Cash Flow Hedges and Other	Adjustment to Fair Value on Transfer of Investment Properties	**Total Accumulated Other Comprehensive Income**	**Non-Controlling Interests**	**Total Equity**
Balance as at Dec. 31, 2024	$ 2,476	$ 817	**$ 3,293**	**$ 5,490**	**$ (2,787)**	$ 31	$ (5)	$ 220	**$ 246**	**$ 6,895**	**$ 13,137**
Net earnings	—	—	**—**	**1,142**	**—**	—	—	—	**—**	**1,331**	**2,473**
Other comprehensive (loss) income[(i)]	—	—	**—**	**(21)**	**—**	(2)	(6)	15	**7**	**(24)**	**(38)**
Comprehensive income	$ —	$ —	**$ —**	**$ 1,121**	**$ —**	$ (2)	$ (6)	$ 15	**$ 7**	**$ 1,307**	**$ 2,435**
Transfer of revaluation reserve upon disposal of investment properties	—	—	**—**	**9**	**—**	—	—	(9)	**(9)**	**—**	**—**
Effect of equity-based compensation (notes 24 & 27)	35	—	**35**	**(1)**	**20**	—	—	—	**—**	**7**	**61**
Shares purchased and cancelled (note 24)	(78)	—	**(78)**	**(1,020)**	**—**	—	—	—	**—**	**—**	**(1,098)**
Net effect of shares held in trusts (notes 24 & 27)	—	—	**—**	**(2)**	**—**	—	—	—	**—**	**—**	**(2)**
Loblaw capital transactions and dividends	—	—	**—**	**—**	**(553)**	—	—	—	**—**	**(879)**	**(1,432)**
Dividends declared											
Per common share[(ii)] ($) (note 24)											
– $1.167132	—	—	**—**	**(448)**	**—**	—	—	—	**—**	**—**	**(448)**
Per preferred share ($) (note 24)											
– Series I – $1.45	—	—	**—**	**(13)**	**—**	—	—	—	**—**	**—**	**(13)**
– Series III – $1.30	—	—	**—**	**(10)**	**—**	—	—	—	**—**	**—**	**(10)**
– Series IV – $1.30	—	—	**—**	**(10)**	**—**	—	—	—	**—**	**—**	**(10)**
– Series V – $1.1875	—	—	**—**	**(10)**	**—**	—	—	—	**—**	**—**	**(10)**
	$ (43)	$ —	**$ (43)**	**$ (1,505)**	**$ (533)**	$ —	$ —	$ (9)	**$ (9)**	**$ (872)**	**$ (2,962)**
Balance as at Dec. 31, 2025	$ 2,433	$ 817	**$ 3,250**	**$ 5,106**	**$ (3,320)**	$ 29	$ (11)	$ 226	**$ 244**	**$ 7,330**	**$ 12,610**

(millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	**Total Share Capital**	**Retained Earnings**	**Contributed Surplus**	Foreign Currency Translation Adjustment	Cash Flow Hedges and Other	Adjustment to Fair Value on Transfer of Investment Properties	**Total Accumulated Other Comprehensive Income**	**Non-Controlling Interests**	**Total Equity**
Balance as at Dec. 31, 2023	$ 2,508	$ 817	**$ 3,325**	**$ 5,421**	**$ (2,275)**	$ 28	$ 1	$ 175	**$ 204**	**$ 6,788**	**$ 13,463**
Net earnings	—	—	**—**	**1,359**	**—**	—	—	—	**—**	**1,137**	**2,496**
Other comprehensive income (loss)[(i)]	—	—	**—**	**42**	**—**	3	(6)	53	**50**	**34**	**126**
Comprehensive income	$ —	$ —	**$ —**	**$ 1,401**	**$ —**	$ 3	$ (6)	$ 53	**$ 50**	**$ 1,171**	**$ 2,622**
Transfer of revaluation reserve upon disposal of investment properties	—	—	**—**	**8**	**—**	—	—	(8)	**(8)**	**—**	**—**
Effect of equity-based compensation (notes 24 & 27)	53	—	**53**	**(1)**	**(3)**	—	—	—	**—**	**(10)**	**39**
Shares purchased and cancelled (note 24)	(86)	—	**(86)**	**(876)**	**—**	—	—	—	**—**	**—**	**(962)**
Net effect of shares held in trusts (notes 24 & 27)	1	—	**1**	**(2)**	**—**	—	—	—	**—**	**—**	**(1)**
Loblaw capital transactions and dividends	—	—	**—**	**—**	**(509)**	—	—	—	**—**	**(1,054)**	**(1,563)**
Dividends declared											
Per common share[(ii)] ($) (note 24)											
– $1.057666	—	—	**—**	**(418)**	**—**	—	—	—	**—**	**—**	**(418)**
Per preferred share ($) (note 24)											
– Series I – $1.45	—	—	**—**	**(13)**	**—**	—	—	—	**—**	**—**	**(13)**
– Series III – $1.30	—	—	**—**	**(10)**	**—**	—	—	—	**—**	**—**	**(10)**
– Series IV – $1.30	—	—	**—**	**(10)**	**—**	—	—	—	**—**	**—**	**(10)**
– Series V – $1.1875	—	—	**—**	**(10)**	**—**	—	—	—	**—**	**—**	**(10)**
	$ (32)	$ —	**$ (32)**	**$ (1,332)**	**$ (512)**	$ —	$ —	$ (8)	**$ (8)**	**$ (1,064)**	**$ (2,948)**
Balance as at Dec. 31, 2024	$ 2,476	$ 817	**$ 3,293**	**$ 5,490**	**$ (2,787)**	$ 31	$ (5)	$ 220	**$ 246**	**$ 6,895**	**$ 13,137**

(i) Other comprehensive (loss) income includes an actuarial loss of $41 million (2024 – gain of $78 million), of which $21 million (2024 – gain of $42 million) is presented in retained earnings, and $20 million (2024 – gain of $36 million) in non-controlling interests. Also included in non-controlling interests is a $5 million loss on cash flow hedges (2024 – loss of $3 million) and a gain of $1 million on foreign currency translation adjustments (2024 – gain of $1 million).

(ii) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025 (see note 2).

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31 (millions of Canadian dollars)	2025 (53 weeks)	2024 (52 weeks)
Operating Activities		
Net earnings	**$ 2,473**	$ 2,496
Add (deduct):		
Net interest expense and other financing charges (note 8)	**1,646**	972
Income taxes (note 9)	**1,316**	908
Depreciation and amortization	**2,380**	2,611
Asset impairments, net of recoveries (notes 14 & 29)	**41**	22
Adjustment to fair value of investment properties (note 15)	**61**	8
Adjustment to fair value of investment in real estate securities (note 30)	**45**	36
Change in allowance for credit card receivables (note 5)	**(8)**	7
Change in provisions (note 21)	**(399)**	397
Change in non-cash working capital (note 11)	**(197)**	35
Change in gross credit card receivables (note 5)	**(2)**	(105)
Income taxes paid	**(1,121)**	(1,285)
Interest received	**71**	81
Other	**(44)**	(118)
Cash Flows from Operating Activities	**6,262**	6,065
Investing Activities		
Fixed asset and investment properties purchases (notes 14 & 15)	**(2,061)**	(2,018)
Intangible asset additions (note 17)	**(350)**	(377)
Purchase of short-term investments	**(59)**	(176)
Proceeds from disposal of assets (notes 14, 15 & 29)	**337**	331
Lease payments received from finance leases	**5**	9
Repayments (advances) of mortgages, loans and notes receivable (note 19)	**76**	(35)
Disposal of long-term securities (note 19)	**100**	81
Other	**(191)**	(115)
Cash Flows used in Investing Activities	**(2,143)**	(2,300)
Financing Activities		
Decrease in bank indebtedness (note 33)	**—**	(13)
Decrease in short-term debt	**(150)**	(50)
Increase in demand deposits from customers	**433**	187
Long-term debt – Issued (note 22)	**1,855**	2,613
– Repayments (note 22)	**(1,320)**	(2,285)
Interest paid	**(979)**	(960)
Cash rent paid on lease liabilities – Interest (notes 8 & 29)	**(267)**	(236)
Cash rent paid on lease liabilities – Principal (note 29)	**(769)**	(672)
Share capital – Issued (notes 24 & 27)	**31**	48
– Purchased and held in trusts (note 24)	**(7)**	(10)
– Purchased and cancelled (note 24)	**(993)**	(990)
Loblaw common share capital – Issued (note 27)	**59**	147
– Purchased and held in trusts	**(69)**	(72)
– Purchased and cancelled	**(969)**	(1,008)
Loblaw preferred share capital – Purchased and cancelled	**(225)**	—
Taxes paid on repurchases of share capital	**(55)**	—
Dividends – To common shareholders	**(442)**	(399)
– To preferred shareholders	**(44)**	(44)
– To non-controlling interests	**(385)**	(221)
Proceeds from financial liabilities	**11**	—
Other	**(36)**	(215)
Cash Flows used in Financing Activities	**(4,321)**	(4,180)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**(6)**	12
Decrease in Cash and Cash Equivalents	**(208)**	(403)
Cash and Cash Equivalents, Beginning of Year	**2,048**	2,451
Cash and Cash Equivalents, End of Year[i]	**$ 1,840**	$ 2,048

(i) The consolidated statements of cash flows is presented on a total Company basis. Refer to note 5 for cash flow information related to discontinued operations.

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 1. Nature and Description of the Reporting Entity

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

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

Loblaw provides customers with grocery, pharmacy and healthcare services, other health and beauty products, apparel, general merchandise, and wireless mobile products and services. Loblaw also provides credit card and everyday banking services and insurance brokerage services.

On December 3, 2025, Loblaw entered into a definitive agreement (the "Transaction Agreement") with EQB Inc. ("EQB") pursuant to which EQB will acquire President's Choice Bank ("PC Bank"), PC Financial Insurance Agency Inc., PC Financial Insurance Broker Inc. and certain other affiliated entities of PC Bank (collectively, "PC Financial") (the "Sale of PC Financial"). EQB will acquire PC Financial for consideration satisfied through a combination of 7.2 million EQB shares and cash, subject to adjustment pursuant to the terms of the Transaction Agreement. Closing is expected to occur within calendar 2026, subject to customary closing conditions and regulatory approvals.

As at December 31, 2025, the assets and liabilities of PC Financial have been classified as held for sale, and PC Financial's results, net of intersegment eliminations at Loblaw, have been presented separately as discontinued operations in the Company's current and comparative results (see note 5). All notes to the consolidated financial statements relate to continuing operations unless indicated otherwise.

In connection with the closing of the Sale of PC Financial, EQB will enter into a long-term strategic relationship with Loblaw pursuant to a commercial agreement to become the exclusive financial partner of the PC Optimum™ loyalty program. Additionally, in connection with the closing of the Sale of PC Financial, EQB and Loblaw will enter into an investor rights agreement pursuant to which Loblaw will have Board of Directors nomination rights, registration rights and pre-emptive rights, and will be subject to a four-year lock-up and a standstill restricting Loblaw and its affiliates from acquiring common shares of EQB if it would bring Loblaw's ownership above 25% of the issued and outstanding EQB common shares.

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

Note 2. Material Accounting Policies

STATEMENT OF COMPLIANCE The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP") and using the accounting policies described herein.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors ("Board") on March 3, 2026.

BASIS OF PREPARATION The consolidated financial statements were prepared on a historical cost basis except for the following items that were measured at fair value:

- investment properties as described in note 15;
- defined benefit pension plan assets with the obligations related to these pension plans measured at their discounted present value as described in note 26;
- amounts recognized for cash-settled equity-based compensation arrangements as described in note 27; and
- certain financial instruments as described in note 30.

The accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all years presented.

The consolidated financial statements are presented in Canadian dollars.

In the third quarter of 2025, the Company completed a three-for-one stock split of its outstanding common shares. The stock split was implemented by way of a stock dividend, with shareholders receiving two additional common shares for each common share held. The stock split was effective at the close of business on August 18, 2025, for shareholders of record as of the close of business on August 14, 2025. All share, equity award and per share amounts presented herein have been retrospectively adjusted to reflect the stock split.

FISCAL YEAR 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. The years ended December 31, 2025 and December 31, 2024 contained 53 weeks and 52 weeks, respectively.

BASIS OF CONSOLIDATION The consolidated financial statements include the accounts of GWL and other entities that the Company controls. Control exists when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company assesses control on an ongoing basis. The Company's interest in the voting share capital of its subsidiaries is 100%, except for Loblaw and Choice Properties (see note 7).

Structured entities are entities controlled by the Company which were designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Structured entities are consolidated if, based on an evaluation of the substance of its relationship with the Company, the Company concludes that it controls the structured entity. Structured entities controlled by the Company were established under terms that impose strict limitations on the decision-making powers of the structured entities' management and that results in the Company receiving the majority of the benefits related to the structured entities' operations and net assets, being exposed to the majority of risks incident to the structured entities' activities, and retaining the majority of the residual or ownership risks related to the structured entities or their assets.

Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

Non-controlling interests are recorded in the consolidated financial statements and represent the non-controlling shareholders' portion of the net assets and net earnings of Loblaw. Transactions with non-controlling interests are treated as transactions with equity owners of the Company. Changes in GWL's ownership interest in its subsidiaries are accounted for as equity transactions.

Choice Properties' Trust Units held by non-controlling interests are presented as a liability as the Trust Units are redeemable for cash at the option of the holder, subject to certain restrictions.

Loblaw consolidates the licensed associates ("Associates"), as well as the franchisees of its food retail stores that are subject to a simplified franchise agreement implemented in 2015. An "Associate" is a pharmacist-owner of a corporation that is licensed to operate a retail drug store at a specific location using Loblaw's trademarks. The consolidation of Associates and franchisees is based on the concept of control, for accounting purposes, which was determined to exist through the agreements that govern the relationships between Loblaw and the Associates and franchisees. Loblaw does not have any direct or indirect shareholdings in the corporations that operate the Associates. Associate interest reflects the investment the Associates have in the net assets of their businesses. Under the terms of the Associate Agreements, Shoppers Drug Mart Inc. (or an affiliate thereof) agrees to purchase the assets that the Associates use in store operations, primarily at the carrying value to the Associate, when Associate Agreements are terminated by either party. The Associates' corporations and the franchisees remain separate legal entities.

BUSINESS COMBINATIONS Business combinations are accounted for using the acquisition method as of the date when control is transferred to the Company. The Company measures goodwill as the excess of the sum of the fair value of the consideration transferred over the net identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

NET EARNINGS PER COMMON SHARE Basic net earnings per common share ("EPS") is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by adjusting the net earnings available to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive instruments.

REVENUE RECOGNITION The Company recognizes revenue when control of the goods or services has been transferred. Revenue is measured at the amount of consideration to which the Company expects to be entitled to.

Loblaw Retail Revenue includes the sale of goods and services to customers through corporate, franchise-owned retail food and Associate-owned drug stores, which includes in-store pharmacies, health care services and other health and beauty products, apparel and other general merchandise. Revenue is measured at the amount of consideration to which the Company expects to be entitled to, net of estimated returns and sales incentives. The Company recognizes revenue made through corporate, franchise and Associate stores at the time the point of sale is made or when service is delivered to the customers. The Company recognizes revenue made through independent wholesale customers at the time of delivery of inventory.

For certain sale of goods in which the Company earns commissions, including but not limited to lottery and third party gift cards, the Company records net revenue as an agent on the basis that the Company does not control pricing or bear inventory risk.

Loblaw Financial Services Revenue includes interest income on credit card loans, credit card membership fees and service fees, commissions, and other revenue related to financial services. Interest income is recognized using the effective interest method. Credit card membership fees and service fees are recognized when services are rendered. Commission revenue is recorded on a net basis. Other revenue is recognized periodically or according to contractual provisions.

Choice Properties Revenue includes rental revenue on lease components, including the recovery of property taxes and insurance, earned from tenants under lease agreements. The rental revenue is recognized on a straight-line basis over the terms of the respective leases. Property operating cost recoveries are recognized in the period that recoverable costs are incurred or services are performed. Contingent rental income is recognized when it arises.

INCOME TAXES Current and deferred taxes are recognized in the consolidated statements of earnings, except for current and deferred taxes related to a business combination, or amounts charged directly to equity or other comprehensive income, which are recognized in the consolidated balance sheets.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method of accounting on temporary differences arising between the financial statement carrying values of existing assets and liabilities and their respective income tax bases. Deferred tax is measured using enacted or substantively enacted income tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. A deferred tax asset is recognized for temporary differences as well as unused tax losses and credits to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities where the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recorded on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

As at December 31, 2025 the Company applied the temporary exception and does not recognize or disclose information about deferred tax assets and liabilities related to enacted legislation that implements the Organization for Economic Co-operation and Development ("OECD") Pillar Two model rules ("Pillar Two").

Choice Properties qualifies as a "mutual fund trust" and a real estate investment trust ("REIT") under the Income Tax Act (Canada). Certain legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships ("SIFT") provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations.

Under the SIFT rules, the taxation regime will not apply to a REIT that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Conditions") and distributions may be deducted against the REIT's taxable income. Choice Properties has reviewed the SIFT rules and has assessed its interpretation and application to Choice Properties' assets and revenue and has determined that it meets the REIT Conditions. The Trustees intend to distribute annually all taxable income directly earned by Choice Properties to Unitholders and to deduct such distributions for income tax purposes and, accordingly, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated financial statements of Choice Properties related to its Canadian investment properties.

Choice Properties also consolidates certain taxable entities in Canada for which current and deferred income taxes are recorded. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

CASH EQUIVALENTS Cash equivalents consist of highly liquid marketable investments, such as government treasury bills with an original maturity date of 90 days or less from the date of acquisition. Credit card and debit card transactions that typically process in three days or less are also classified as cash equivalents.

SHORT-TERM INVESTMENTS Short-term investments are investments in highly liquid and rated certificates of deposit, commercial paper or other securities, primarily Canadian and United States government securities and notes of other creditworthy parties, with an original term to maturity of more than 90 days and remaining term to maturity of less than one year from the date of acquisition.

SECURITY DEPOSITS Security deposits consist of cash and cash equivalents and short-term investments. Security deposits also include amounts which are required to be placed with counterparties as collateral to enter into and maintain certain outstanding letters of credit and certain financial derivative contracts.

CREDIT CARD RECEIVABLES Loblaw, through PC Bank, a wholly-owned subsidiary of Loblaw, has credit card receivables that are stated net of an allowance. Interest income is recorded in revenue and interest expense is recorded in net interest expense and other financing charges using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the credit card receivable (or, where appropriate, a shorter period) to the carrying amount. When calculating the effective interest rate, Loblaw estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. For credit-impaired credit card receivables, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The Company applies the expected credit loss ("ECL") model to assess impairment on its credit card receivables at each balance sheet date. Credit card receivables are assessed collectively for impairment by applying the three-stage approach. Refer to the Impairment of Financial Assets policy for details of each stage. The application of the ECL model requires PC Bank to apply significant judgments, assumptions and estimations (see note 3).

Impairment losses and reversals are recorded in selling, general and administrative expenses ("SG&A") in the consolidated statements of earnings with the carrying amount of the credit card receivables adjusted through the use of allowance accounts.

Loblaw, through PC Bank, participates in various securitization programs that provide the primary source of funds for the operation of its credit card business. PC Bank maintains and monitors co-ownership interest in credit card receivables with independent securitization trusts, in accordance with its financing requirements. PC Bank is required to absorb a portion of the related credit losses. As a result, Loblaw has not transferred all of the risks and rewards related to these assets and continues to recognize these assets in credit card receivables. The transferred receivables are accounted for as financing transactions. The associated liabilities secured by these assets are included in either short-term debt or long-term debt based on their characteristics and are carried at amortized cost. Loblaw provides a standby letter of credit for the benefit of the independent securitization trusts.

Eagle Credit Card Trust PC Bank participates in a single seller revolving co-ownership securitization program with Eagle Credit Card Trust ("Eagle") and continues to service the credit card receivables on behalf of Eagle, but does not receive any fee for its servicing obligations and has a retained interest in the securitized receivables represented by the right to future cash flows after obligations to investors have been met. Loblaw consolidates Eagle as a structured entity.

Other Independent Securitization Trusts The Other Independent Securitization Trusts administer multi-seller, multi-asset securitization programs that acquire assets from various participants, including credit card receivables from PC Bank. These trusts are managed by major Canadian chartered banks. PC Bank does not control the trusts through voting interests and does not exercise any control over the trusts' management, administration or assets. The activities of these trusts are conducted on behalf of the participants and each trust is a conduit through which funds are raised to purchase assets through the issuance of senior and subordinated short-term and medium-term asset backed notes. These trusts are unconsolidated structured entities.

INVENTORIES The Company values inventories at the lower of cost and net realizable value.

Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring inventories to their present location and condition. The cost of inventories are measured at weighted average cost.

Loblaw estimates net realizable value as the amount that inventories are expected to be sold taking into consideration fluctuations in retail prices due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead and certain selling costs related to inventories are expensed in the period that these costs are incurred.

VENDOR ALLOWANCES Loblaw receives allowances from certain of its vendors whose products it purchases. These allowances are received for a variety of buying and/or merchandising activities, including vendor programs such as volume purchase allowances, purchase discounts, listing fees and exclusivity allowances. Allowances received from a vendor are a reduction in the cost of the vendor's products and services, and are recognized as a reduction in the cost of sales and the related inventory in the consolidated statements of earnings and the consolidated balance sheets, respectively, when it is probable that they will be received and the amount of the allowance can be reliably estimated. Amounts received but not yet earned are presented in other liabilities as deferred vendor allowances.

Certain exceptions apply if the consideration is a payment for goods or services delivered to the vendor or for direct reimbursement of selling costs incurred to promote goods. The consideration is then recognized as a reduction of the cost incurred in the consolidated statements of earnings.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS Non-current assets or disposal groups are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of the carrying amount or fair value less cost to sell and are not depreciated. The fair value measurement of assets held for sale is categorized within Level 2 of the fair value hierarchy. Assets that were previously classified as investment properties are measured using the fair value model consistent with properties classified as investment properties.

The Company classifies as discontinued operations a component or an entity that has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in net earnings from discontinued operations in the consolidated statements of earnings. Comparative amounts are re-presented as if the operation had been discontinued from the beginning of the comparative year.

FIXED ASSETS Fixed assets are recognized and subsequently measured at cost less accumulated depreciation and any net accumulated impairment losses.

Borrowing costs directly attributable to the acquisition, construction or production of fixed assets that necessarily take a substantial period of time to prepare for their intended use and a proportionate share of general borrowings, are capitalized to the cost of those fixed assets, based on a quarterly weighted average cost of borrowing. All other borrowing costs are expensed as incurred and recognized in net interest expense and other financing charges.

Gains and losses on disposal of fixed assets are determined by comparing the fair value of proceeds from disposal with the net book value of the assets and are recognized net in operating income. For transactions in which the sale of a fixed asset satisfies the requirements of IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), and the asset is leased back by the Company, the Company recognizes, in operating income, only the amount of gains or losses that relate to the rights transferred to the purchaser.

Fixed assets are depreciated on a straight-line basis over their estimated useful lives to their estimated residual value when the assets are available for use. When significant parts of a fixed asset have different useful lives, they are accounted for as separate components and depreciated separately. Estimated useful lives are as follows:

Buildings	10 to 40 years
Equipment and fixtures	2 to 20 years
Building improvements	up to 10 years
Leasehold improvements	Lesser of term of the lease and useful life up to 25 years[(i)]

(i) If it is reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the associated leasehold improvements are depreciated over the useful life of the asset on the same basis as owned assets.

Fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Refer to the Impairment of Non-Financial Assets policy.

LEASES

As a Lessee At inception of a contract, the Company determines whether a contract is or contains a lease. When a contract contains both lease and non-lease components, the Company will allocate the consideration in the contract to each of the components on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Relative stand-alone prices are determined by maximizing the most observable supplier prices for a similar asset and/or service.

The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the leased asset is available for use by the Company. Lease payments for assets that are exempt through the short-term or low-value exemptions and variable payments not based on an index or rate are recognized in cost of sales and SG&A on the most systematic basis.

The measurement of lease liabilities includes the fixed and in-substance fixed payments and variable lease payments that depend on an index or a rate, less any lease incentives receivable. If applicable, lease liabilities will also include a purchase option exercise price if the Company is reasonably certain to exercise that option, termination penalties if the lease term also reflects the termination option and amounts expected to be payable under a residual value guarantee. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in management's assessment of whether it will exercise a renewal or termination option or a change in future lease payments due to a change in index or rate. Right-of-use assets are adjusted by the same remeasurement amount.

Right-of-use assets are measured at the initial amount of the lease liabilities plus any initial direct costs, lease payments made at or before the commencement date net of lease incentives received, and decommissioning costs. Subsequent to initial measurement, the Company applies the cost model with the exception of the fair value model application to right-of-use assets that meet the definition of investment properties. Right-of-use assets are measured at cost less accumulated depreciation, net accumulated impairment losses, and any remeasurements of lease liabilities. The assets are depreciated on a straight-line basis over the earlier of the assets' useful lives or the end of the lease terms. Right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Refer to the Impairment of Non-Financial Assets policy.

Discount rates used in the present value calculation are the interest rates implicit in the leases, or if the rates cannot be readily determined, the Company's incremental borrowing rates. Lease terms applied are the contractual non-cancellable periods of the leases plus periods covered by an option to renew the leases if the Company is reasonably certain to exercise that option and the periods covered by an option to terminate the leases if the Company is reasonably certain not to exercise that option.

For sale and leaseback transactions, the Company applies the requirements of IFRS 15 to determine whether the transfer of the asset should be accounted for as a sale. If the transfer of the asset is a sale in accordance with IFRS 15, the Company will measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. If the transfer of the asset is not a sale in accordance with IFRS 15, the Company will continue to account for the asset under International Accounting Standard ("IAS") 16, "Property, Plant and Equipment" and recognize the proceeds received as financial liabilities.

As a Lessor At the date the Company makes the underlying leased asset available for use to the lessee, the Company classifies each lease as either an operating lease or a finance lease. A lease is a finance lease if it transfers substantially all the risks and rewards of the underlying asset to the lessee; otherwise, the lease is an operating lease. Rental income from operating leases is recognized on a straight-line basis over the lease term. Rental income from finance leases is recognized on a systematic basis that reflects the Company's rate of return on the net investment in the leased asset.

When the Company is an intermediate lessor, it will assess the sublease classification by reference to the right-of-use asset. The Company considers factors such as whether the sublease term covers a major portion of the head lease term.

INVESTMENT PROPERTIES Investment properties include income producing properties and properties under development that are owned by the Company and held to either earn rental income, for capital appreciation, or both. The Company's investment properties include single tenant properties held to earn rental income and certain multiple tenant properties. Land and buildings leased to franchisees are not accounted for as investment properties as these properties are related to the Company's operating activities.

Income producing properties are measured using the fair value model. 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. Under the discounted cash flow methodology, discount rates are applied to the future cash flows over the holding period, generally over a minimum term of ten years, including a terminal value of the investment properties based on a terminal capitalization rate applied to the estimated net operating income in the terminal year. 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.

When a property changes from own use to investment property, the property is remeasured to fair value. Any gain arising from the remeasurement is recognized in operating income to the extent that it reverses a previous impairment loss on that property, with any remaining gain recognized in other comprehensive income. Any loss on remeasurement is recognized in operating income. All subsequent changes in fair value of the property are recognized in operating income. Upon sale of an investment property that was previously classified as fixed assets, amounts included in the revaluation reserve are transferred to retained earnings.

When an investment property carried at fair value changes to own use, the property is recognized in fixed assets at the fair value at the date of change in use. The property is subsequently accounted for under the accounting policy for fixed assets.

Properties under development include specifically identifiable costs incurred in the period before construction is complete, and are transferred to income producing properties at their fair value upon practical completion.

JOINT ARRANGEMENTS The Company, through Choice Properties, owns investments under joint arrangements. Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures depending on Choice Properties' rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

Joint Ventures A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Company's investment in a joint venture is recorded using the equity method and is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize Choice Properties' share of the profit or loss and other comprehensive income or loss of the joint venture. The Company's share of the joint venture's profit or loss is recognized in the Company's operating income and other comprehensive income.

A joint venture is considered to be impaired if there is objective evidence of impairment, as a result of one or more events that occurred after initial recognition of the joint venture, and that event has a negative impact on the future cash flows of the joint venture that can be reliably estimated.

Joint Operations A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The financial statements of the joint operations are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company's. The Company recognizes its proportionate share of assets, liabilities, revenues and expenses of the joint operations.

GOODWILL Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized but is tested for impairment on an annual basis or more frequently if there are indicators that goodwill may be impaired as described in the Impairment of Non-Financial Assets policy.

INTANGIBLE ASSETS Intangible assets with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses. These intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from 3 to 30 years, and are tested for impairment as described in the Impairment of Non-Financial Assets policy. Useful lives, residual values and amortization methods for intangible assets with finite useful lives are reviewed at least annually. Amortization expense for intangible assets is recognized in SG&A.

Indefinite life intangible assets are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired as described in the Impairment of Non-Financial Assets policy.

IMPAIRMENT OF NON-FINANCIAL ASSETS At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets at the cash generating unit ("CGU") level, other than inventories, deferred tax assets and investment properties, to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value. Goodwill and indefinite life intangible assets are tested for impairment at least annually.

For the purpose of impairment testing, assets, including right-of-use assets, are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a CGU. The Company has determined that each retail location is a separate CGU for purposes of impairment testing.

Goodwill arising from a business combination is tested for impairment at the minimum grouping of CGUs that are expected to benefit from the synergies of the business combination from which the goodwill arose.

The recoverable amount of a CGU or CGU grouping is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows from the CGU or CGU grouping discounted to their present value using a pre-tax discount rate in a discounted cash flow model that reflects current market assessments of the time value of money and the risks specific to the CGU or CGU grouping. If the CGU or CGU grouping includes right-of-use assets in its carrying amount, the pre-tax discount rate reflects the risks associated with the exclusion of lease payments from the estimated future cash flows. The fair value less costs to sell reflects the amount that could be obtained from the disposal of the CGU or CGU grouping in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

An impairment loss is recognized if the carrying amount of a CGU or CGU grouping exceeds its recoverable amount. For asset impairments other than goodwill, the impairment loss reduces the carrying amounts of the non-financial assets in the CGU on a pro-rata basis, up to an asset's individual recoverable amount. Any loss identified from goodwill impairment testing is first applied to reduce the carrying amount of goodwill allocated to the CGU grouping, and then to reduce the carrying amounts of the other non-financial assets in the CGU or CGU grouping on a pro-rata basis.

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

Impairment losses and reversals are recognized in SG&A.

CUSTOMER LOYALTY AWARDS PROGRAM Loblaw defers revenue at the time the award is earned by loyalty program members based on the relative fair value of the award. The relative fair value is determined by allocating consideration between the fair value of the loyalty awards earned by loyalty program members, net of breakage, and the goods and services on which the awards were earned, based on their relative stand-alone selling price. The estimated fair value per point for the *PC Optimum* loyalty program is determined based on the program reward schedule and is $1 for every 1,000 points earned. The breakage rate of the program is an estimate of the amount of points that will never be redeemed. The rate is reviewed on an ongoing basis and is estimated utilizing historical redemption activity and anticipated earn and redeem behaviour of loyalty program members. The majority of Loblaw's loyalty liability, a contract liability, is expected to be redeemed and recognized as revenue within one year of issuance.

FINANCIAL INSTRUMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument. Upon initial recognition, financial instruments, including derivatives and embedded derivatives in certain contracts, are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial instruments that are not classified as fair value through profit or loss.

Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using valuation methodologies, primarily discounted cash flows taking into account external market inputs where possible. The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

The following table summarizes the classification and measurement of the Company's financial assets and liabilities:

Asset / Liability	Classification / Measurement
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Credit card receivables	Amortized cost
Security deposits	Fair value through profit and loss
Certain other assets	Amortized cost / fair value through profit and loss
Long-term securities	Fair value through other comprehensive income
Bank indebtedness	Amortized cost
Trade payables and other liabilities	Amortized cost
Demand deposits from customers	Amortized cost
Short-term debt	Amortized cost
Long-term debt	Amortized cost
Trust Unit liability	Fair value through profit and loss
Associate interest	Amortized cost
Certain other liabilities	Amortized cost
Derivatives	Fair value through profit and loss / fair value through other comprehensive income

Financial derivative instruments in the form of forwards and futures, as well as non-financial derivatives in the form of futures contracts, options contracts and forward contracts, are recorded at fair value on the consolidated balance sheet. The Company does not use derivative instruments for speculative purposes. Embedded derivatives are separated from the host contract and accounted for separately on the consolidated balance sheet at fair value if the host contract is not a financial asset. Derivative instruments are recorded in current or non-current assets and liabilities based on their remaining terms to maturity. All changes in fair values of the derivative instruments are recorded in net earnings unless the derivative qualifies and is effective as a hedging item in a designated hedging relationship.

The Company has cash flow hedges which are used to manage exposure to fluctuations in foreign currency exchange and interest rates. The effective portion of the change in fair value of the hedging item is recorded in other comprehensive income. If the change in fair value of the hedging item is not completely offset by the change in fair value of the hedged item, the ineffective portion of the hedging relationship is recorded in net earnings. Amounts accumulated in other comprehensive income are reclassified to net earnings when the hedged item is recognized in net earnings. The Company ensures that the hedge accounting relationships are aligned with the Company's risk management objectives and strategy and applies a more qualitative and forward-looking approach to assessing hedge effectiveness. The Company's risk management strategy and hedging activities are disclosed in note 30, "Financial Instruments" and note 31, "Financial Risk Management".

Gains and losses on financial assets and financial liabilities classified as fair value through profit and loss ("FVTPL") are recognized in net earnings in the period in which they are incurred. Settlement date accounting is used to account for the purchase and sale of financial assets. Gains or losses between the trade date and settlement date on FVTPL financial assets are recorded in net earnings. Financial instruments classified as fair value though other comprehensive income ("FVOCI") are measured at fair value with changes in fair value recorded in other comprehensive income in the period in which they arise. Subsequent changes in fair value are accumulated in other comprehensive income and are reclassified to the consolidated statement of earnings as the financial asset or liability is derecognized.

Valuation Process The determination of the fair value of financial instruments is performed by the Company's treasury and financial reporting departments on a quarterly basis. There was no change in the valuation techniques applied to financial instruments during the current year. The following table describes the valuation techniques used in the determination of the fair values of financial instruments:

Type	Valuation Approach
Cash and cash equivalents, Short-term investments, Security deposits, Accounts receivable, Credit card receivables, Bank indebtedness, Trade payables and other liabilities, Demand deposits from customers and Short-term debt	The carrying amount approximates fair value due to the short-term maturity of these instruments.
Derivatives	Specific valuation techniques used to value derivative financial instruments include: • Quoted market prices or dealer quotes for similar instruments; and • The fair values of other derivative instruments are determined based on observable market information as well as valuations determined by external valuators with experience in financial markets.
Long-term debt, Trust Unit liability and Certain other financial instruments	The fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

Impairment of Financial Assets The Company applies a forward-looking ECL model at each balance sheet date to financial assets measured at amortized cost or those measured at fair value through other comprehensive income, except for investments in equity instruments.

The ECL model applied to financial assets requires judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. Consideration of how changes in economic factors affect ECLs are determined on a probability-weighted basis.

Impairment losses and reversals are recorded in SG&A with the carrying amount of the financial asset or group of financial assets adjusted through the use of allowance accounts.

FOREIGN CURRENCY TRANSLATION The functional currency of the Company is the Canadian dollar.

Transactions in foreign currencies are translated into the functional currency at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in operating income.

The assets and liabilities of foreign operations that have a functional currency different from that of the Company, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the foreign currency exchange rate in effect at the balance sheet date. Revenues and expenses of foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are transacted. The resulting foreign currency exchange gains or losses are recognized in the foreign currency translation adjustment as part of other comprehensive income. When such foreign operation is disposed of, the related foreign currency translation reserve is recognized in net earnings as part of the gain or loss on disposal. On the partial disposal of such foreign operation, the relevant proportion is reclassified to net earnings.

DEFINED BENEFIT POST-EMPLOYMENT PLANS The Company has a number of contributory and non-contributory defined benefit post-employment plans providing pension and other benefits to eligible employees. The defined benefit pension plans provide a pension based on length of service and eligible pay. The other defined benefits include health care, life insurance and dental benefits provided to eligible employees who retire at certain ages having met certain service requirements. The Company's net defined benefit plan obligations (assets) for each plan are actuarially calculated by a qualified actuary at the end of each annual reporting period using the projected unit credit method pro-rated based on service and management's best estimate of the discount rate, the rate of compensation increase, retirement rates, termination rates, mortality rates and expected growth rate of health care costs. The discount rate used to value the defined benefit plan obligation is based on high quality corporate bonds denominated in the same currency with cash flows that match the terms of the defined benefit plan obligations. Past service costs (credits) arising from plan amendments are recognized in operating income in the year that they arise. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in net interest expense and other financing charges.

The fair values of plan assets are deducted from the defined benefit plan obligations to arrive at the net defined benefit plan obligations (assets). For plans that result in a net defined benefit asset, the recognized asset is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan ("asset ceiling"). If it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements, the net defined benefit asset is reduced to the amount of the asset ceiling. When the payment in the future of minimum funding requirements related to past service would result in a net defined benefit surplus or an increase in a surplus, the minimum funding requirements are recognized as a liability to the extent that the surplus would not be fully available as a refund or a reduction in future contributions.

Remeasurements including actuarial gains and losses, the effect of the asset ceiling (if applicable) and the impact of any minimum funding requirements are recognized through other comprehensive income and subsequently reclassified from accumulated other comprehensive income to retained earnings.

OTHER LONG-TERM EMPLOYEE BENEFIT PLANS The Company offers other long-term employee benefits including contributory long-term disability benefits and non-contributory continuation of health care and dental benefits to employees who are on long-term disability leave. As the amount of the long-term disability benefit does not depend on length of service, the obligation is recognized when an event occurs that gives rise to an obligation to make payments. The accounting for other long-term employee benefit plans is similar to the method used for defined benefit plans except that all actuarial gains and losses are recognized in operating income.

DEFINED CONTRIBUTION PLANS The Company maintains a number of defined contribution pension plans for employees in which the Company pays fixed contributions for eligible employees into a registered plan and has no further significant obligation to pay any further amounts. The costs of benefits for defined contribution plans are expensed as employees have rendered service.

MULTI-EMPLOYER PENSION PLANS The Company participates in multi-employer pension plans ("MEPPs") which are accounted for as defined contribution plans. The Company's responsibility to make contributions to these plans is limited to amounts established pursuant to its collective agreements. Defined benefit MEPPs are accounted for as defined contribution plans as adequate information to account for the Company's participation in the plans is not available due to the size and number of contributing employers in the plans. The contributions made by the Company to MEPPs are expensed as contributions are due.

EQUITY-SETTLED EQUITY-BASED COMPENSATION PLANS Stock options, Restricted Share Units ("RSUs"), Performance Share Units ("PSUs"), Director Deferred Share Units ("DSUs") and Executive Deferred Share Units ("EDSUs") issued by the Company are substantially all settled in common shares and are accounted for as equity-settled awards.

The Company and Loblaw's stock options outstanding have a seven year term to expiry, vest 20% cumulatively on each anniversary date of the grant and are exercisable at the designated common share price, which is based on the greater of the volume weighted average trading prices of GWL or Loblaw common shares for either the five trading days prior to the date of grant or the trading day immediately preceding the grant date. The fair value of each tranche of options granted is measured separately at the grant date using a Black-Scholes option pricing model, and includes the following assumptions:

- The expected dividend yield is estimated based on the expected annual dividend prior to the option grant date and the closing share price as at the option grant date;
- The expected share price volatility is estimated based on the historical volatility of GWL or Loblaw over a period consistent with the expected life of the options;
- The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the grant date for a term to maturity equal to the expected life of the options; and
- The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on historical experience and general option holder behaviour.

RSUs and PSUs vest after the end of a three year performance period. The number of PSUs that vest is based on the achievement of specified performance measures. The fair value of each RSU and PSU granted is measured separately at the grant date based on the market value of a GWL or Loblaw common share. Dividends paid may be reinvested in RSUs and PSUs and are treated as capital transactions.

GWL and Loblaw established trusts for each of their RSU and PSU plans to facilitate the purchase of shares for future settlement upon vesting. Each company is the sponsor of their respective trusts and has assigned Computershare Trust Company of Canada as the trustee. GWL and Loblaw fund the purchase of shares for settlement. The trusts are considered structured entities and are consolidated in the Company's financial statements with the cost of the acquired shares recorded at book value as a reduction to share capital. Any premium on the acquisition of the shares above book value is applied to retained earnings until the shares are issued to settle RSU and PSU plan obligations.

Members of GWL's and Loblaw's Board, who are not management, may elect to receive a portion of their annual retainers and fees in the form of DSUs. Eligible executives of the Company may elect to defer up to 100% of the Short-Term Incentive Plan earned in any year into the EDSU plan. Dividends paid earn fractional DSUs and EDSUs, respectively and are treated as capital transactions. DSUs and EDSUs vest upon grant.

The compensation expense for equity-settled plans is prorated over the vesting or performance period, with a corresponding increase to contributed surplus. Forfeitures are estimated at the grant date and are revised to reflect changes in expected or actual forfeitures.

Upon exercise of options, the amount accumulated in contributed surplus for the award plus the cash received upon exercise is recognized as an increase in share capital. Upon settlement of RSUs and PSUs, the amount accumulated in contributed surplus for the award is reclassified to share capital, with any premium or discount applied to retained earnings.

CASH-SETTLED EQUITY-BASED COMPENSATION PLANS Unit Options, Restricted Units ("RUs"), Performance Units ("PUs"), Trustee Deferred Units ("DUs"), and Unit-Settled Restricted Units ("URUs") issued by Choice Properties are accounted for as cash-settled awards. The fair value of the amount payable to recipients in respect of these cash settled awards is re-measured at each balance sheet date, and a compensation expense is recognized in SG&A over the vesting period for each tranche with a corresponding change in the liability.

Choice Properties' Unit Options have a five to ten year term, vest 25% cumulatively on each anniversary date of the grant and are exercisable at the designated Unit price, which is based on the greater of the volume weighted average trading price of a Unit for the five trading days prior to the date of grant or the trading day immediately preceding the grant date. The fair value of each tranche is valued separately using a Black-Scholes option pricing model, and includes the following assumptions:

- The expected distribution yield is estimated based on the expected annual distribution prior to the balance sheet date and the closing Unit price as at the balance sheet date;
- The expected Unit price volatility is estimated based on the average volatility of Choice Properties' Unit price over a period consistent with the expected life of the options;
- The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the balance sheet date for a term to maturity equal to the expected life of the options; and
- The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on expectations of option holder behaviour.

On February 18, 2026, Choice Properties' Board of Trustees approved the termination of the Unit Option plan.

RUs entitle certain employees to receive the value of the RU award in cash or Units at the employee's discretion at the end of the applicable vesting period, which is usually three years in length. The RU plan provides for the crediting of additional RUs in respect of distributions paid on Units for the period when a RU is outstanding. The fair value of each RU granted is measured based on the market value of a Unit at the balance sheet date.

PUs entitle certain employees to receive the value of the PU award in cash or Units at the end of the applicable performance period, which is usually three years in length, based on Choice Properties achieving certain performance conditions. The PU plan provides for the crediting of additional PUs in respect of distributions paid on Units for the period when a PU is outstanding. The fair value of each PU granted is measured based on the market value of a Unit and an estimate of the performance conditions being met at the balance sheet date.

Members of the Choice Properties' Board of Trustees, who are not management of Choice Properties, are required to receive a portion of their annual retainer in the form of DUs and may also elect to receive up to 100% of their remaining fees in DUs. Distributions paid earn fractional DUs, which are treated as additional awards. DUs vest upon grant. The fair value of each DU granted is measured based on the market value of a Unit at the balance sheet date.

URUs are accounted for as cash-settled awards. Typically, full vesting of the URUs would not occur until the employee had remained with Choice Properties for three years from the grant date. Depending on the nature of the grant, the URUs are subject to a six-year holding period during which the Units cannot be disposed. The fair value of each URU granted is measured based on the market value of a Unit at the balance sheet date, less a discount to account for the vesting and holding period restriction placed on the URUs.

EMPLOYEE SHARE OWNERSHIP PLAN GWL's and Loblaw's contributions to the Employee Share Ownership Plan ("ESOP") are measured at cost and recorded as compensation expense in operating income when the contribution is made. The ESOPs are administered through a trust which purchases GWL's and Loblaw's common shares on the open market on behalf of its employees.

Note 3. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make estimates and judgments in applying the Company's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key estimation uncertainty that the Company believes could have the most significant impact on the amounts recognized in the consolidated financial statements. The Company's material accounting policies are disclosed in note 2.

BASIS OF CONSOLIDATION

Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining the entities that it controls and therefore consolidates. The Company controls an entity when the Company has the existing rights that give it the current ability to direct the activities that significantly affect the entity's returns. The Company consolidates all of its wholly owned subsidiaries. Judgment is applied in determining whether the Company controls the entities in which it does not have ownership rights or does not have full ownership rights. Most often, judgment involves reviewing contractual rights to determine if rights are participating (giving power over the entity) or protective rights (protecting the Company's interest without giving it power).

INVENTORIES

Key Estimations Inventories are carried at the lower of cost and net realizable value which requires the Company to utilize estimates related to fluctuations in shrink, future retail prices, the impact of vendor rebates on cost, seasonality and costs necessary to sell the inventory.

IMPAIRMENT OF NON-FINANCIAL ASSETS (GOODWILL, INTANGIBLE ASSETS, FIXED ASSETS AND RIGHT-OF-USE ASSETS)

Judgments Made in Relation to Accounting Policies Applied The Company uses judgment in determining CGUs for the purpose of testing fixed assets, right-of-use assets and intangible assets for impairment. Judgment is also used to determine the goodwill CGUs for the purpose of testing goodwill for impairment. The Company has determined that each retail location is a separate CGU. Intangible assets are allocated to the CGUs (or groups of CGUs) to which they relate. Goodwill is allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to CGUs (or groups of CGUs) that are expected to benefit from the synergies and future growth of the business combination from which they arose. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed. In applying this judgment management considers profitability of the CGU and other qualitative factors.

Key Estimations In determining the recoverable amount of a CGU or a group of CGUs, various estimates are employed. The Company determines fair value less costs to sell using such estimates as market rental rates for comparable properties, discount rates and capitalization rates. The Company determines value in use by using estimates including projected future sales and earnings, and discount rates consistent with external industry information reflecting the risk associated with the specific cash flows.

IMPAIRMENT OF CREDIT CARD RECEIVABLES

Judgments Made in Relation to Accounting Policies Applied and Key Estimations In each stage of the ECL model, impairment is determined based on the probability of default, loss given default, and expected exposures at default on drawn and undrawn exposures on credit card receivables. The application of the ECL model requires management to apply the following significant judgments, assumptions and estimations:

- Movement of impairment measurement between the three stages of the ECL model, based on the assessment of the increase in credit risks on credit card receivables. The assessment of changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss experience and external credit scores;
- Thresholds for significant increase in credit risk based on changes in probability of default over the expected life of the instrument relative to initial recognition; and
- Forecasts of future economic conditions, namely the unemployment rate. Management uses an average of unemployment rate forecasts published by major Canadian Chartered Banks and the Conference Board of Canada to establish the base case scenario and other representative ranges of possible forecast scenarios.

CUSTOMER LOYALTY AWARDS PROGRAM

Key Estimations The Company defers revenue at the time the award is earned by loyalty program members based on the relative fair value of the award. The relative fair value is determined by allocating consideration between the fair value of the loyalty awards earned by loyalty program members, net of breakage, and the goods and services on which the awards were earned, based on their relative stand-alone selling price. The estimated fair value per point for the *PC Optimum* loyalty program is determined based on the program reward schedule and is $1 for every 1,000 points earned. The breakage rate of the program is an estimate of the amount of points that will never be redeemed. The rate is reviewed on an ongoing basis and is estimated utilizing historical redemption activity and anticipated earn and redeem behaviour of loyalty program members. In 2024, Loblaw recorded a charge of $129 million related to the revaluation of the loyalty liability for outstanding points.

FAIR VALUE OF INCOME PRODUCING PROPERTIES

Key Estimations The fair value of income producing properties is dependent on significant assumptions related to discount rates and terminal capitalization rates, and other assumptions related to the future cash flows over the holding period. The review of future cash flows involves assumptions relating to market rents, as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs. In addition to reviewing future cash flows, management assesses changes in the business climate and other factors, which may affect the ultimate value of the property. These assumptions may not ultimately be achieved.

INCOME AND OTHER TAXES

Judgments Made in Relation to Accounting Policies Applied The calculation of current and deferred income taxes requires management to make certain judgments including expectations about future operating results, the timing and reversal of temporary differences, and the interpretation of tax rules in jurisdictions where the Company performs activities. Where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on the most likely amount of the liability or recovery.

PROVISIONS

Judgments Made in Relation to Accounting Policies Applied and Key Estimations The recording of provisions requires management to make certain judgments regarding whether there is a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation and if a reliable estimate of the amount of the obligation can be made. The Company has recorded provisions primarily in respect of self-insurance and legal claims. The Company reviews the merits, risks and uncertainties of each provision, based on current information, and the amount expected to be required to settle the obligation. Provisions are reviewed on an ongoing basis and are adjusted accordingly when new facts and events become known to the Company.

LEASES

Judgments Made in Relation to Accounting Policies Applied Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option including investments in major leaseholds, store performances, past business practice and the length of time remaining before the option is exercisable. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Management considers reasonably certain to be a high threshold. Changes in the economic environment or changes in the retail industry may impact management's assessment of lease terms, and any changes in management's estimate of lease terms may have a material impact on the Company's consolidated balance sheets and statements of earnings.

Key Estimations In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate using a base risk-free interest rate estimated by reference to the Government of Canada bond yield with an adjustment that reflects the Company's credit rating, the security, lease term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change due to changes in the business and macroeconomic environment.

Note 4. IFRS Accounting Standards and Amendments

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

Amendments to IFRS 9 and IFRS 7 In December 2024, amendments to IFRS 9 and IFRS 7 were issued to enhance the transparency of nature-dependent electricity contracts. The amendments allow a company to apply an own-use exemption to certain power purchase agreements if certain requirements are met. The amendments require further disclosure where an own-use exemption is applied regarding the contractual features exposing the company to variability in electricity volume and risk of oversupply, unrecognized contractual commitments and the effect of the contracts on an entity's financial performance. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The adoption is not expected to have a material impact on the Company's consolidated financial statements.

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

Note 5. Assets Held for Sale and Discontinued Operations

The components of assets and liabilities held for sale, net of intercompany transactions, were as follows:

($ millions)	As at Dec. 31, 2025	Dec. 31, 2024
Loblaw		
PC Financial	**$ 5,654**	$ —
Other[(i)]	**6**	43
Choice Properties	**—**	19
Total Assets Held for Sale	**$ 5,660**	$ 62
Loblaw		
PC Financial	**4,452**	—
Total Liabilities Held for Sale	**$ 4,452**	$ —

(i) In 2025, Loblaw disposed of six properties (2024 – three) included in assets held for sale for proceeds of $41 million (2024 – $24 million), and recognized a net gain of $2 million (2024 – net gain of $3 million).

PC Financial

The results of discontinued operations presented in the consolidated statements of earnings is as follows:

For the years ended December 31 ($ millions)	2025 (53 weeks)	2024 (52 weeks)
Revenue	**$ 911**	$ 891
Operating Expenses		
Selling, general and administrative expenses	**576**	463
Operating Income	**335**	428
Net Interest Expense and Other Financing Changes	**153**	138
Earnings Before Income Taxes	**182**	290
Income Taxes	**46**	75
Net Earnings from Discontinued Operations	**136**	215
Attributable to:		
Shareholders of the Company	**72**	113
Non-Controlling Interests	**64**	102
Net Earnings from Discontinued Operations	**$ 136**	$ 215

The major classes of assets and liabilities of PC Financial classified as held for sale were as follows:

As at December 31 (millions of Canadian dollars)		2025
ASSETS		
Cash and cash equivalents	**$**	**390**
Short-term investments		**664**
Accounts receivable		**46**
Credit card receivables (note 5 (i))		**4,240**
Prepaid expenses and other assets		**46**
Fixed assets		**1**
Intangible assets		**68**
Deferred income tax assets		**43**
Other assets		**156**
Assets held for sale	**$**	**5,654**
LIABILITIES		
Trade payables and other liabilities	**$**	**205**
Loyalty liability		**50**
Provisions		**21**
Income taxes payable		**17**
Demand deposits from customers		**786**
Debt (note 5 (ii))		**3,372**
Other liabilities		**1**
Liabilities associated with assets held for sale	**$**	**4,452**

Upon closing of the Sale of PC Financial, cash in excess of a certain threshold will be distributed to Loblaw pursuant to the terms of the Transaction Agreement. As at December 31, 2025, this excess amount represented $344 million and was included in assets held for sale. This amount will vary each reporting period based on the financial position of PC Bank.

The net cash flows from (used in) discontinued operations are as follows:

For the years ended December 31 (millions of Canadian dollars)		2025 (53 weeks)		2024 (52 weeks)
Cash flows from operating activities	**$**	**319**	$	316
Cash flows from (used in) investing activities		**40**		(157)
Cash flows used in financing activities		**(260)**		(378)
Cash flows from (used in) discontinued operations	**$**	**99**	$	(219)

(i) Credit Card Receivables

The components of credit card receivables were as follows:

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Gross credit card receivables	**$ 4,495**	$ 4,493
Allowance for credit card receivables	**(255)**	(263)
Credit card receivables	**$ 4,240**	$ 4,230
Securitized to independent securitization trusts:		
Securitized to Eagle Credit Card Trust	**$ 1,450**	$ 1,450
Securitized to Other Independent Securitization Trusts	**650**	800
Total securitized to independent securitization trusts	**$ 2,100**	$ 2,250

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

The associated liabilities of credit card receivables securitized to the Eagle and Other Independent Securitization Trusts are recorded in debt.

The securitization agreements between PC Bank and the Other Independent Securitization Trusts are renewed and extended on an annual basis. The existing agreements were renewed in 2025, with their respective maturity dates extended to 2027 and with all other terms and conditions remaining substantially the same.

As at year end 2025, PC Bank recorded a $150 million net decrease of co-ownership interest in the securitized receivables held with the Independent Securitization Trusts as a result of rebalancing of the funding portfolio.

The undrawn commitments on facilities available from the Other Independent Securitization Trusts as at year end 2025 were $150 million (2024 – $100 million).

Loblaw has arranged letters of credit on behalf of PC Bank for the benefit of the independent securitization trusts (see note 33).

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at year end 2025 and throughout the year.

The following table provides gross carrying amounts of credit card receivables by internal risk ratings for credit risk management purposes:

	As at Dec. 31, 2025			
($ millions)	**12-month ECL (Stage 1)**	**Lifetime ECL- not credit impaired (Stage 2)**	**Lifetime ECL- credit impaired (Stage 3)**	**Total**
Low risk	**$ 2,217**	**$ 9**	**$ —**	**$ 2,226**
Moderate risk	**1,251**	**36**	**—**	**1,287**
High risk	**618**	**305**	**59**	**982**
Total gross carrying amount	**$ 4,086**	**$ 350**	**$ 59**	**$ 4,495**
ECL allowance	**(107)**	**(101)**	**(47)**	**(255)**
Net carrying amount	**$ 3,979**	**$ 249**	**$ 12**	**$ 4,240**

($ millions)	12-month ECL (Stage 1)	Lifetime ECL-not credit impaired (Stage 2)	Lifetime ECL-credit impaired (Stage 3)	Total
				As at Dec. 31, 2024
Low risk	$ 2,264	$ 10	$ —	$ 2,274
Moderate risk	1,240	41	—	1,281
High risk	587	298	53	938
Total gross carrying amount	$ 4,091	$ 349	$ 53	$ 4,493
ECL allowance	(112)	(108)	(43)	(263)
Net carrying amount	$ 3,979	$ 241	$ 10	$ 4,230

The following are continuities of Loblaw's allowance for credit card receivables for the years ended December 31, 2025 and December 31, 2024:

($ millions)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
				2025
Balance, beginning of year	**$ 112**	**$ 108**	**$ 43**	**$ 263**
Increase / (decrease) during the year:				
Transfers[(i)]				
To Stage 1	**30**	**(30)**	**—**	**—**
To Stage 2	**(7)**	**9**	**(2)**	**—**
To Stage 3	**(4)**	**(31)**	**35**	**—**
New loans originated[(ii)]	**20**	**14**	**7**	**41**
Net remeasurements[(iii)]	**(44)**	**31**	**145**	**132**
Write-offs	**—**	**—**	**(220)**	**(220)**
Recoveries	**—**	**—**	**39**	**39**
Balance, end of year	**$ 107**	**$ 101**	**$ 47**	**$ 255**

(i) Transfers reflect allowance movements between stages for loans that were recognized as of the beginning of the year.
(ii) New loans originated reflect the stage of loan, and the related loan balance, as of the end of the year.
(iii) Net remeasurements includes the impact from changes in loan balances, model enhancements and credit quality during the year.

($ millions)	Stage 1	Stage 2	Stage 3	Total
				2024
Balance, beginning of year	$ 104	$ 110	$ 42	$ 256
Increase / (decrease) during the year:				
Transfers[(i)]				
To Stage 1	41	(41)	—	—
To Stage 2	(7)	9	(2)	—
To Stage 3	(4)	(28)	32	—
New loans originated[(ii)]	16	9	3	28
Net remeasurements[(iii)]	(38)	49	155	166
Write-offs	—	—	(218)	(218)
Recoveries	—	—	31	31
Balance, end of year	$ 112	$ 108	$ 43	$ 263

(i) Transfers reflect allowance movements between stages for loans that were recognized as of the beginning of the year.
(ii) New loans originated reflect the stage of loan, and the related loan balance, as of the end of the year.
(iii) Net remeasurements includes the impact from changes in loan balances, model enhancements and credit quality during the year.

The allowances for credit card receivables recorded in the consolidated balance sheets are maintained at a level which is considered adequate to endure credit-related losses on credit card receivables.

(ii) Debt Related To PC Financial

The components of debt related to PC Financial were as follows:

($ millions)		As at Dec. 31, 2025
Guaranteed Investment Certificates	0.70% - 5.45%, due 2026 - 2031	**1,282**
Eagle Credit Card Trust	1.61%, due 2026	**300**
	4.78%, due 2027	**232**
	5.63%, due 2027	**9**
	6.83%, due 2027	**9**
	5.13%, due 2028	**232**
	6.11%, due 2028	**9**
	7.36%, due 2028	**9**
	4.92%, due 2029	**325**
	5.87%, due 2029	**12**
	7.12%, due 2029	**12**
	3.92%, due 2030	**279**
	4.77%, due 2030	**11**
	6.07%, due 2030	**11**
Other Independent Securitization Trusts		**650**
Transaction costs and other		**(10)**
Total debt		**$ 3,372**

Significant debt transactions are described below.

GUARANTEED INVESTMENT CERTIFICATES The following table summarizes PC Bank's Guaranteed Investment Certificates ("GICs") activity, before commissions, in 2025:

($ millions)	2025
Balance, beginning of year	**$ 1,477**
GICs issued	**145**
GICs matured	**(340)**
Balance, end of year	**$ 1,282**

EAGLE CREDIT CARD TRUST The notes issued by Eagle are debentures, which are collateralized by PC Bank's credit card receivables.

During 2025, Eagle issued $300 million of senior and subordinated term notes with a maturity date of June 17, 2030. These notes have a weighted average interest rate of 4.02%. In connection with this issuance, $150 million of bond forward agreements were settled, resulting in a realized fair value loss of $1 million before income taxes. The loss on the bond forwards will be reclassified to net earnings over the life of the notes. This settlement resulted in a net effective interest rate of 4.07% on the notes issued.

Senior and subordinated term notes of $300 million at a weighted average interest rate of 1.34%, previously issued by Eagle, matured and were repaid on July 17, 2025.

COVENANTS AND REGULATORY REQUIREMENTS Loblaw is subject to externally imposed capital requirements from the Office of the Superintendent of Financial Institutions ("OSFI"), the primary regulator of PC Bank. 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 capital requirements as defined by OSFI. PC Bank uses Basel III as its regulatory capital management framework, which includes a target common equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5% and a total capital ratio of 10.5%. In addition to the regulatory capital ratios requirement, PC Bank is subject to the Basel III Leverage ratio. PC Bank is also subject to OSFI's Guideline on Liquidity Adequacy Requirements ("LARs"). The LARs guideline establishes standards based on the Basel III framework, including a Liquidity Coverage Ratio standard. As at year end 2025 and throughout the year, PC Bank has met all applicable regulatory requirements.

Note 6. Wind-down and Business Disposition

Wind-down of Theodore & Pringle® optical business In the third quarter of 2025, Loblaw entered into an agreement with Specsavers Canada Inc. ("Specsavers") to open Specsavers locations in select Loblaw grocery stores nationwide, resulting in the wind-down of the *Theodore & Pringle* optical business operations. Accordingly, Loblaw recorded charges of $30 million in SG&A, primarily related to the write-down of optical equipment, labour and other closure costs.

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 by Shoppers ("Wellwise") business for cash proceeds. As at year end 2024, $43 million of assets and $19 million of liabilities related to the disposal group were classified as held-for-sale. The transaction closed in the first quarter of 2025. In 2025, Loblaw recorded a gain of $5 million (2024 – write-down of $23 million) in SG&A.

Note 7. Subsidiaries

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

		As at			
		Dec. 31, 2025		Dec. 31, 2024	
		Number of shares / units held	**Ownership interest**	Number of shares / units held	Ownership interest
Loblaw	Common shares[i][ii]	**618,657,687**	**52.6%**	635,413,872	52.6%
	Class B LP Units[iii]	395,786,525	n/a	395,786,525	n/a
	Trust Units	50,661,415	n/a	50,661,415	n/a
Choice Properties		**446,447,940**	**61.7%**	446,447,940	61.7%

(i) Adjusted retrospectively to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.
(ii) GWL participates in Loblaw's Normal Course Issuer Bid ("NCIB") program in order to maintain its proportionate percentage ownership.
(iii) Class B LP Units ("Exchangeable Units") are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units.

Note 8. Net Interest Expense and Other Financing Charges

($ millions)		**2025**		2024[i]
Interest expense:				
Long-term debt	**$**	**619**	$	591
Lease liabilities (note 29)		**267**		236
Trust Unit distributions		**213**		210
Independent funding trusts		**30**		35
Post-employment and other long-term employee benefits (note 26)[ii]		**3**		7
Bank indebtedness		**1**		1
Financial liabilities (note 23)		**44**		44
Capitalized interest[iii]		**(33)**		(40)
	$	**1,144**	$	1,084
Interest income:				
Accretion income	**$**	**(3)**	$	(2)
Interest income		**(55)**		(84)
	$	**(58)**	$	(86)
Fair value adjustment of the Trust Unit liability (note 30)	**$**	**407**	$	(164)
Net interest expense and other financing charges from continuing operations	**$**	**1,493**	$	834

(i) Adjusted to reflect discontinued operations (see note 5).
(ii) Includes $3 million (2024 – $1 million) net interest income from post-employment benefits and $6 million (2024 – $6 million) interest expense from other long-term employee benefits.
(iii) Includes borrowing costs of $29 million (2024 – $37 million) at Loblaw, which were capitalized related to the construction of the automated distribution facilities, and $4 million (2024 – $3 million) of interest at Choice Properties that was capitalized to qualifying development projects.

Note 9. Income Taxes

The components of income taxes recognized in the consolidated statements of earnings from continuing operations were as follows:

($ millions)	2025	2024[i]
Current income taxes		
Current period	**$ 1,104**	$ 1,058
Adjustments in respect of prior periods	**(11)**	—
Deferred income taxes		
Origination and reversal of temporary differences	**161**	(217)
Adjustments in respect of prior periods	**16**	(8)
Income taxes from continuing operations	**$ 1,270**	$ 833

(i) Adjusted to reflect discontinued operations (see note 5).

Income tax (recovery) expense recognized in equity and other comprehensive (loss) income from continuing operations was as follows:

($ millions)	2025	2024
Net defined benefit plan actuarial (losses) gains (note 26)	**$ (15)**	$ 28
Adjustment to fair value on transfer of investment properties	**1**	8
Unrealized losses on cash flow hedges (note 30)	**(2)**	(3)
Equity-based compensation expenses	**(9)**	—
Net income tax (recovery) expense recognized in equity and other comprehensive (loss) income	**$ (25)**	$ 33

The effective tax rates in the consolidated statements of earnings from continuing operations were reported at rates different than the weighted average basic Canadian federal and provincial statutory income tax rates for the following reasons:

	2025	2024[i]
Weighted average basic Canadian federal and provincial statutory income tax rate	**26.5%**	26.5%
Net increase (decrease) resulting from:		
Non-deductible and non-taxable items	**0.4%**	(0.2)%
Impact of fair value adjustment of Trust Unit liability	**3.0%**	(1.4)%
Adjustments in respect of prior periods	**0.1%**	(0.3)%
Tax on GWL participation in Loblaw's NCIB	**2.6%**	2.2%
Deferred tax on outside basis difference	**3.0%**	—%
Other	**(0.4)%**	—%
Effective tax rate applicable to earnings before income taxes	**35.2%**	26.8%

(i) Adjusted to reflect discontinued operations (see note 5).

Deferred income tax assets which were not recognized on the consolidated balance sheets were as follows:

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Deductible temporary differences	**$ 20**	$ 21
Income tax losses and credits	**389**	396
Unrecognized deferred income tax assets	**$ 409**	$ 417

Certain non-capital loss carryforwards expire in the years 2026 to 2044. The deductible temporary differences do not expire under current income tax legislation. Deferred income tax assets were not recognized in respect of these items because it is not probable that future taxable income will be available to the Company to utilize the benefits.

Deferred income tax assets and liabilities recognized on the consolidated balance sheets were attributable to the following:

($ millions)	As at Dec. 31, 2025	Dec. 31, 2024
Trade payables and other liabilities	**$ 50**	$ 177
Other liabilities	**337**	352
Lease liabilities	**1,676**	1,582
Fixed assets	**(1,232)**	(1,275)
Right-of-use assets	**(1,393)**	(1,284)
Goodwill and intangible assets	**(1,124)**	(1,145)
Non-capital loss carryforwards (expiring 2026 to 2044)	**20**	47
Capital loss carryforwards	**10**	10
Outside basis difference	**(107)**	—
Other	**13**	(11)
Net deferred income tax liabilities	**$ (1,750)**	$ (1,547)
Recorded on the consolidated balance sheets as follows:		
Deferred income tax assets	**$ 76**	$ 128
Deferred income tax liabilities	**(1,826)**	(1,675)
Net deferred income tax liabilities	**$ (1,750)**	$ (1,547)

Global Minimum Tax (Pillar Two) In December 2021, the OECD issued model rules for a new global minimum tax framework. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates, and is effective for the Company's 2025 fiscal year.

The Company is applying the exception to recognizing and disclosing information about deferred tax asset and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Company has not recognized any Pillar Two income taxes in the consolidated statements of earnings from continuing operations in 2025 or 2024.

Note 10. Basic and Diluted Net Earnings per Common Share

($ millions except where otherwise indicated)	2025	2024[i]
Net earnings attributable to shareholders of the Company	**$ 1,142**	$ 1,359
Less: Net earnings attributable to shareholders of the Company from discontinued operations (note 5)	**72**	113
Net earnings attributable to shareholders of the Company from continuing operations	**$ 1,070**	$ 1,246
Prescribed dividends on preferred shares in share capital	**(44)**	(44)
Net earnings available to common shareholders of the Company from continuing operations	**$ 1,026**	$ 1,202
Reduction in net earnings from continuing operations due to dilution at Loblaw	**(13)**	(11)
Net earnings available to common shareholders of the Company from continuing operations for diluted earnings per share	**$ 1,013**	$ 1,191
Weighted average common shares outstanding[ii] (in millions) (note 24)	**384.7**	396.5
Dilutive effect of equity-based compensation[ii][iii] (in millions)	**2.0**	2.1
Diluted weighted average common shares outstanding[ii] (in millions)	**386.7**	398.6
Net earnings per common share – Basic[ii] ($)	**$ 2.86**	$ 3.32
Continuing Operations	**2.67**	3.03
Discontinued Operations	**0.19**	0.29
Net earnings per common share – Diluted[ii] ($)	**$ 2.80**	$ 3.27
Continuing Operations	**2.62**	2.99
Discontinued Operations[iv]	**0.18**	0.28

(i) Adjusted to reflect discontinued operations (see note 5).
(ii) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025 (see note 2).
(iii) In 2025, 0.3 million (2024 – 0.3 million) potentially dilutive instruments were excluded from the computation of diluted net earnings per common share as they were anti-dilutive.
(iv) In 2025, a $1 million (2024 – $1 million) reduction in net earnings from discontinued operations due to dilution at Loblaw was included in the computation of diluted net earnings per common share from discontinued operations.

Note 11. Cash and Cash Equivalents and Change in Non-Cash Working Capital

The components of cash and cash equivalents and change in non-cash working capital were as follows:

CASH AND CASH EQUIVALENTS

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Cash	**$ 1,446**	$ 1,821
Cash equivalents	**4**	227
Cash and cash equivalents	**$ 1,450**	$ 2,048

CHANGE IN NON-CASH WORKING CAPITAL

	Years Ended	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Change in:		
Accounts receivable	**$ 124**	$ (133)
Prepaid expenses and other assets	**(126)**	(45)
Inventories	**(161)**	(503)
Trade payables and other liabilities	**(115)**	742
Other	**81**	(26)
Change in non-cash working capital[i]	**$ (197)**	$ 35

(i) The change in non-cash working capital is presented on a total Company basis.

Note 12. Accounts Receivable

The following are continuities of allowances for uncollectible accounts receivable for the years ended December 31, 2025 and December 31, 2024:

($ millions)	2025	2024
Allowances, beginning of year	**$ (48)**	$ (50)
Net write-offs	**3**	2
Allowances, end of year	**$ (45)**	$ (48)

Credit risk associated with accounts receivable is discussed in note 31.

Note 13. Inventories

For inventories recorded as at year end 2025, Loblaw has an inventory provision of $29 million (2024 – $32 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold. There were no reversals of previously recorded write-downs of inventories during 2025 and 2024.

Note 14. Fixed Assets

The following is a continuity of the cost and accumulated depreciation and impairment losses of fixed assets for the year ended December 31, 2025:

($ millions)	Land	Buildings and building improvements	Equipment and fixtures	Leasehold improvements	Assets under construction	Total
Cost, beginning of year	**$ 2,003**	**$ 9,374**	**$ 11,760**	**$ 2,981**	**$ 1,525**	**$ 27,643**
Additions	**2**	**6**	**368**	**80**	**1,443**	**1,899**
Disposals	**(26)**	**(65)**	**(98)**	**(15)**	**—**	**(204)**
Net transfer to assets held for sale (note 5)	**—**	**—**	**(44)**	**—**	**—**	**(44)**
Net transfer from (to) investment properties (note 15)	**2**	**(11)**	**—**	**—**	**—**	**(9)**
Transfer from assets under construction	**19**	**903**	**843**	**216**	**(1,981)**	**—**
Business acquisitions	**—**	**—**	**—**	**1**	**—**	**1**
Cost, end of year	**$ 2,000**	**$ 10,207**	**$ 12,829**	**$ 3,263**	**$ 987**	**$ 29,286**
Accumulated depreciation and impairment losses, beginning of year	**$ 5**	**$ 4,418**	**$ 8,546**	**$ 1,985**	**$ 3**	**$ 14,957**
Depreciation	**—**	**247**	**677**	**143**	**—**	**1,067**
Impairment losses	**—**	**6**	**18**	**16**	**—**	**40**
Reversal of impairment losses	**(1)**	**(6)**	**(2)**	**(4)**	**—**	**(13)**
Disposals	**—**	**(21)**	**(96)**	**(12)**	**—**	**(129)**
Net transfer to assets held for sale (note 5)	**—**	**—**	**(43)**	**—**	**—**	**(43)**
Net transfer to investment properties (note 15)	**—**	**(11)**	**—**	**—**	**—**	**(11)**
Accumulated depreciation and impairment losses, end of year	**$ 4**	**$ 4,633**	**$ 9,100**	**$ 2,128**	**$ 3**	**$ 15,868**
Carrying amount as at:						
December 31, 2025	**$ 1,996**	**$ 5,574**	**$ 3,729**	**$ 1,135**	**$ 984**	**$ 13,418**

The following is a continuity of the cost and accumulated depreciation and impairment losses of fixed assets for the year ended December 31, 2024:

($ millions)	Land	Buildings and building improvements	Equipment and fixtures	Leasehold improvements	Assets under construction	Total
Cost, beginning of year	$ 1,992	$ 9,417	$ 10,774	$ 2,799	$ 1,065	$ 26,047
Additions	19	13	128	74	1,766	2,000
Disposals	(18)	(123)	(86)	(39)	—	(266)
Net transfer to assets held for sale	(18)	(12)	(12)	(14)	—	(56)
Net transfer to investment properties (note 15)	—	(83)	—	—	—	(83)
Transfer from assets under construction	28	162	956	160	(1,306)	—
Business acquisitions	—	—	—	1	—	1
Cost, end of year	$ 2,003	$ 9,374	$ 11,760	$ 2,981	$ 1,525	$ 27,643
Accumulated depreciation and impairment losses, beginning of year	$ 5	$ 4,306	$ 8,011	$ 1,865	$ 3	$ 14,190
Depreciation	—	214	616	161	—	991
Impairment losses	—	1	13	10	—	24
Reversal of impairment losses	—	(4)	(5)	(1)	—	(10)
Disposals	—	(57)	(81)	(40)	—	(178)
Net transfer to assets held for sale	—	(2)	(8)	(10)	—	(20)
Net transfer to investment properties (note 15)	—	(40)	—	—	—	(40)
Accumulated depreciation and impairment losses, end of year	$ 5	$ 4,418	$ 8,546	$ 1,985	$ 3	$ 14,957
Carrying amount as at:						
December 31, 2024	$ 1,998	$ 4,956	$ 3,214	$ 996	$ 1,522	$ 12,686

SECURITY AND ASSETS PLEDGED As at year end 2025, the Company had fixed assets with a carrying amount of $302 million (2024 – $379 million) which were encumbered by mortgages of $355 million (2024 – $436 million) (see note 22).

FIXED ASSET COMMITMENTS As at year end 2025, the Company had entered into commitments of $769 million (2024 – $455 million) for the construction, expansion and renovation of buildings and the purchase of real property.

IMPAIRMENT LOSSES AND REVERSALS OF FIXED ASSETS AND RIGHT-OF-USE ASSETS Management identified indications of impairment for certain retail location CGUs and therefore an impairment test was performed for these CGUs. For the year ended December 31, 2025, the Company recorded $27 million (2024 – $21 million) of impairment losses on fixed assets and $18 million (2024 – $8 million) of impairment losses on right-of-use assets (see note 29) in respect of 18 CGUs (2024 – 14 CGUs). Of the total CGUs, no CGUs (2024 – no CGUs) were impaired on the basis of their carrying values exceeding their fair value less costs to sell.

For the year ended December 31, 2025, the Company recorded $13 million (2024 – $10 million) of impairment reversals on fixed assets and $4 million (2024 – $1 million) of impairment reversals on right-of-use assets (see note 29) in respect to 10 CGUs (2024 – 6 CGUs). Impairment reversals are recorded where the recoverable amount of the retail location exceeds its carrying values. 2 CGUs (2024 – 4 CGUs) with impairment reversals had fair value less costs to sell greater than their carrying values.

When determining the value in use of a retail location, the Company develops a discounted cash flow model for each CGU. The duration of the cash flow projections for individual CGUs varies based on the remaining useful life of the significant assets within the CGU. Projected future sales and earnings for cash flows are based on actual operating results, operating budgets, and long-term growth rates that are consistent with industry averages, all of which are consistent with strategic plans presented to GWL's and Loblaw's Boards. The estimate of the value in use of relevant CGUs was determined using a pre-tax discount rate of 8.0% to 9.8% at the end of 2025 (2024 – 7.8% to 9.2%).

Additional impairment losses on fixed assets of $13 million (2024 – $3 million) were incurred related to Loblaw's store closures, renovations, and conversions of retail locations.

Note 15. Investment Properties

The following are continuities of investment properties for the years ended December 31, 2025 and December 31, 2024:

($ millions)		2025		2024
Balance, beginning of the year	**$**	**5,506**	$	5,366
Adjustment to fair value of investment properties		**(33)**		(22)
Additions		**254**		138
Disposals		**(104)**		(47)
Net transfer from fixed assets[(i)] (note 14)		**15**		93
Net transfer to assets held for sale		**(33)**		(54)
Net transfer (to) from equity accounted joint ventures		**(101)**		21
Other		**10**		11
Balance, end of the year[(ii)]	**$**	**5,514**	$	5,506

(i) Includes the fair value gain of $17 million (2024 – $50 million) recognized in other comprehensive income related to the transfer of fixed assets to investment properties.

(ii) Includes $5,361 million (2024 – $5,348 million) of income producing properties and $153 million (2024 – $158 million) of properties under development.

During 2025, the Company recognized in operating income $454 million (2024 – $396 million) of rental revenue and incurred direct operating costs of $141 million (2024 – $147 million) related to its investment properties, including nominal (2024 – $2 million) of direct operating costs related to its investment properties for which no rental revenue was earned.

INTERNAL APPRAISALS

Investment properties are measured at fair value, which was primarily determined by using the discounted cash flow method.

Management reviews the valuation process and results prepared by the internal valuation team at least once per quarter. The valuations exclude any portfolio premium or value for the management platform and reflect the highest and best use for each of the Company's investment properties. As part of management's internal valuation process, the Company considers external valuations performed by independent national real estate valuation firms for a cross-section of properties that represent different geographical locations and asset classes across the Company's portfolio. On a quarterly basis, the internal valuation team reviews and updates, as deemed necessary, the valuation models to reflect current market data. Updates may be made to capitalization rates, discount rates, market rents, as well as current leasing and/or development activity, renewal probability, downtime on lease expiry, vacancy allowances, and expected maintenance costs. As at year end 2025, the pre-tax discount rates used in the valuations for investment properties ranged from 5.3% to 9.8% (2024 – 5.0% to 9.8%) and the terminal capitalization rates ranged from 4.5% to 8.5% (2024 – 4.5% to 8.5%).

INDEPENDENT APPRAISALS

Properties are typically independently appraised at the time of acquisition. In addition, the Company has engaged independent nationally-recognized valuation firms to appraise its investment properties such that the majority of the portfolio will be independently appraised at least once over a four-year period. When an independent appraisal is obtained, the internal valuation team assesses all major inputs used by the independent valuators in preparing their reports and holds discussions with them on the reasonableness of their assumptions. Where warranted, adjustments will be made to the internal valuations to reflect the assumptions contained in the external valuations. The Company will record the internal value in its consolidated financial statements.

Note 16. Equity Accounted Joint Ventures

The Company accounts for its investments in joint ventures using the equity method. These investments hold primarily income producing properties and some development properties. The table below summarizes the Company's investment, through Choice Properties, in joint ventures:

	As at			
	Dec. 31, 2025		Dec. 31, 2024	
	Number of joint ventures	**Ownership interest**	Number of joint ventures	Ownership interest
Retail	**9**	**50% - 75%**	12	50% - 75%
Industrial	**1**	**75%**	1	75%
Mixed-Use & Residential[(i)]	**6**	**50%**	4	50%
Land held for development	**2**	**50% - 85%**	1	85%
Total equity accounted joint ventures	**18**		18	
Investment in equity accounted joint ventures ($ millions)		**$ 962**		$ 884

(i) During 2025, Choice Properties and Wittington formed a joint venture (see note 34).

During 2025, the Company's share of net income and comprehensive income from the joint ventures was nominal (2024 – $49 million).

Note 17. Intangible Assets

The following is a continuity of the cost and accumulated amortization and impairment losses of intangible assets for the year ended December 31, 2025:

($ millions)	**Indefinite life intangible assets**	**Software**	**Other definite life intangible assets**	**Total**
Cost, beginning of year	**$ 3,757**	**$ 5,003**	**$ 6,258**	**$ 15,018**
Additions	**3**	**341**	**6**	**350**
Net transfer to assets held for sale (note 5)	**—**	**(374)**	**—**	**(374)**
Business acquisitions	**—**	**—**	**27**	**27**
Disposals	**—**	**(10)**	**—**	**(10)**
Cost, end of year	**$ 3,760**	**$ 4,960**	**$ 6,291**	**$ 15,011**
Accumulated amortization and impairment losses, beginning of year	**$ —**	**$ 3,977**	**$ 5,581**	**$ 9,558**
Amortization	**—**	**427**	**169**	**596**
Net transfer to assets held for sale (note 5)	**—**	**(306)**	**—**	**(306)**
Disposals	**—**	**(10)**	**—**	**(10)**
Accumulated amortization and impairment losses, end of year	**$ —**	**$ 4,088**	**$ 5,750**	**$ 9,838**
Carrying amount as at:				
December 31, 2025	**$ 3,760**	**$ 872**	**$ 541**	**$ 5,173**

The following is a continuity of the cost and accumulated amortization and impairment losses of intangible assets for the year ended December 31, 2024:

($ millions)	Indefinite life intangible assets	Software	Other definite life intangible assets[(i)]	Total
Cost, beginning of year	$ 3,756	$ 4,629	$ 6,240	$ 14,625
Additions	1	372	4	377
Net transfer to assets held for sale	—	3	—	3
Business acquisitions	—	—	15	15
Disposals	—	(1)	(1)	(2)
Cost, end of year	$ 3,757	$ 5,003	$ 6,258	$ 15,018
Accumulated amortization and impairment losses, beginning of year	$ —	$ 3,552	$ 5,064	$ 8,616
Amortization	—	426	518	944
Disposals	—	(1)	(1)	(2)
Accumulated amortization and impairment losses, end of year	$ —	$ 3,977	$ 5,581	$ 9,558
Carrying amount as at:				
December 31, 2024	$ 3,757	$ 1,026	$ 677	$ 5,460

(i) Other definite life intangible assets includes prescription files with a net book value of $104 million related to the acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") in 2014, which were fully amortized at the end of 2025.

INDEFINITE LIFE INTANGIBLE ASSETS Indefinite life intangible assets recorded by Loblaw are comprised of brand names, trademarks, import purchase quotas and certain liquor licenses. The brand names and trademarks are a result of Loblaw's acquisition of Shoppers Drug Mart, Lifemark Health Group ("Lifemark"), and T&T Supermarket Inc. Loblaw expects to renew the registration of the brand names, trademarks, import purchase quotas and liquor licenses at each expiry date indefinitely, and expects these assets to generate economic benefit in perpetuity. As such, the Company has assigned these intangible assets indefinite useful lives.

SOFTWARE Software is comprised of software purchases and development costs. There were no capitalized borrowing costs included in 2025 and 2024.

OTHER DEFINITE LIFE INTANGIBLE ASSETS Other definite life intangible assets recorded by Loblaw primarily consist of prescription files, the customer loyalty awards program and customer relationships.

Note 18. Goodwill

The following are continuities of the cost and accumulated impairment losses of goodwill for the years ended December 31, 2025 and December 31, 2024:

($ millions)	2025	2024
Cost, beginning of year	**$ 5,896**	$ 5,873
Business acquisitions	**61**	23
Cost, end of year	**$ 5,957**	$ 5,896
Accumulated impairment losses	**$ 994**	$ 994
Carrying amount, end of year	**$ 4,963**	$ 4,902

The carrying amount of goodwill attributed to each CGU was as follows:

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Shoppers Drug Mart	**$ 3,012**	$ 3,006
Market	**139**	139
Discount	**703**	703
Lifemark	**443**	388
T&T Supermarket Inc.	**129**	129
Other	**537**	537
Carrying amount of goodwill	**$ 4,963**	$ 4,902

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLES The Company tests goodwill and indefinite life intangible assets for impairment annually or more frequently if indicators of impairment are identified.

The key assumptions used to calculate the fair value less costs to sell are revenue and gross margin forecasts, growth/attrition rates, discount rate, and terminal rate. These assumptions are considered to be Level 3 in the fair value hierarchy.

The weighted average cost of capital was determined to be 5.5% to 9.3% (2024 – 7.1% to 9.8%) and is based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, an after-tax cost of debt based on corporate bond yields and the capital structure of comparable publicly traded companies.

Cash flow projections have been discounted using a rate derived from an after-tax weighted average cost of capital.

The Company included a minimum of three years of cash flows in its discounted cash flow model. The cash flow forecasts were extrapolated beyond the forecasting period using an estimated long-term growth rate of 2.2% to 2.5% (2024 – 2.0% to 2.5%). The budgeted EBITDA growth was based on the Company's strategic plan approved by the Board.

The Company completed its annual impairment tests for goodwill and indefinite life intangible assets and concluded there was no impairment.

Note 19. Other Assets

The components of other assets were as follows:

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Mortgages, loans and notes receivable	**$ 340**	$ 418
Net accrued benefit plan asset (note 26)	**265**	370
Investments and other receivables	**207**	171
Investment in real estate securities (note 30)	**158**	203
Investments accounted for under the equity method	**81**	85
Finance lease receivable	**16**	19
Long-term receivable[(i)]	**—**	133
Long-term securities	**—**	120
Other	**212**	172
Total Other Assets	**$ 1,279**	$ 1,691
Current portion of mortgages, loans, notes and finance lease receivable[(ii)]	**(279)**	(339)
Other Assets	**$ 1,000**	$ 1,352

(i) Balance includes recovery related to the PC Bank commodity tax matter (see note 32).
(ii) Current portion of mortgages, loans, notes and finance lease receivable is included in prepaid expenses and other assets in the consolidated balance sheets.

Note 20. Supplier Financing Arrangements

In 2024, Loblaw started a supplier financing program with a third-party financial institution that provides financing to suppliers. This arrangement allows these suppliers to elect to be paid by the financial institution at a discount earlier than the maturity date of the receivable which generally ranges between 30 and 60 days. Participating suppliers can sell one or more of Loblaw's payment obligations at their sole discretion, and Loblaw's rights and obligations to suppliers are not impacted. Loblaw will pay the full amount owing to the financial institution according to the terms negotiated with the supplier on the maturity dates. The amount outstanding under this program as at year end 2025 was $242 million (2024 – $52 million) and is presented within trade payables and other liabilities. Of this amount, suppliers have received payment of $187 million (2024 – $44 million) from the financial institution under the program. The activity related to this program is classified as an operating activity within the consolidated statements of cash flows.

Note 21. Provisions

The following are continuities of provisions for the years ended December 31, 2025 and December 31, 2024:

($ millions)		**2025**		2024
Balance, beginning of year	**$**	**614**	$	217
Additions (note 32)		**79**		482
Payments[(i)]		**(471)**		(82)
Reversals		**(6)**		(4)
Impact of foreign currency translation		**(1)**		1
Transfer to liabilities associated with assets held for sale (note 5)		**(21)**		—
Balance, end of year	**$**	**194**	$	614
Recorded on the consolidated balance sheets as follows:				
Current provisions	**$**	**92**	$	509
Non-current provisions	**$**	**102**	$	105

(i) Includes payments of $412 million related to the settlement of class action lawsuits in connection with the industry-wide price-fixing arrangement involving certain packaged bread products (note 32).

Note 22. Long-Term Debt

The components of long-term debt were as follows:

($ millions)		As at Dec. 31, 2025	Dec. 31, 2024
Debentures			
George Weston Limited Notes	4.19%, due 2029	**$ 250**	$ 250
	7.10%, due 2032	**150**	150
	6.69%, due 2033	**100**	100
Loblaw Companies Limited Notes	6.65%, due 2027	**100**	100
	6.45%, due 2028	**200**	200
	4.49%, due 2028	**400**	400
	6.50%, due 2029	**175**	175
	3.56%, due 2029	**400**	400
	2.28%, due 2030	**350**	350
	11.40%, due 2031		
	Principal	**151**	151
	Effect of coupon repurchase	**22**	25
	6.85%, due 2032	**200**	200
	5.01%, due 2032	**400**	400
	6.54%, due 2033	**200**	200
	8.75%, due 2033	**200**	200
	6.05%, due 2034	**200**	200
	6.15%, due 2035	**200**	200
	4.39%, due 2035	**500**	—
	5.90%, due 2036	**300**	300
	6.45%, due 2039	**200**	200
	7.00%, due 2040	**150**	150
	5.86%, due 2043	**55**	55
	5.34%, due 2052	**400**	400
	5.12%, due 2054	**400**	400
Choice Properties Debentures	Series F 4.06%, due 2025	**—**	200
	Series H 5.27%, due 2046	**100**	100
	Series J 3.55%, due 2025	**—**	350
	Series L 4.18%, due 2028	**750**	750
	Series M 3.53%, due 2029	**750**	750
	Series N 2.98%, due 2030	**400**	400
	Series O 3.83%, due 2050	**100**	100
	Series P 2.85%, due 2027	**500**	500
	Series Q 2.46%, due 2026	**350**	350
	Series R 6.00%, due 2032	**500**	500
	Series S 5.40%, due 2033	**550**	550
	Series T 5.70%, due 2034	**350**	350
	Series U 5.03%, due 2031	**500**	500
	Series V 4.29%, due 2030	**300**	—
	Series W 4.63%, due 2035	**350**	—
	Series X 5.37%, due 2055	**150**	—
Long-Term Debt Secured by Mortgage (note 14)	2.04% - 5.65%, due 2026 - 2044	**1,170**	1,300
Guaranteed Investment Certificates (note 5)	0.60% - 5.50%, due 2024 - 2029	**—**	1,477
Eagle Credit Card Trust (note 5)		**—**	1,450
Independent Funding Trusts		**704**	590
Choice Properties Construction Loans		**5**	5
Transaction costs and other		**(38)**	(44)
Total long-term debt		**$ 13,194**	$ 15,384
Less amount due within one year		**507**	1,313
Long-term debt		**$ 12,687**	$ 14,071

Significant long-term debt transactions are described below:

DEBENTURES The following table summarizes the debentures issued in the years ended as indicated:

($ millions)	Interest Rate	Maturity Date	2025 Principal Amount	2024 Principal Amount
George Weston senior unsecured notes	4.19%	September 5, 2029	**$ —**	$ 250
Loblaw				
– Senior unsecured notes	4.39%	June 16, 2035	**500**	—
– Senior unsecured notes[(i)]	3.56%	December 12, 2029	**—**	400
– Senior unsecured notes	5.12%	March 4, 2054	**—**	400
Choice Properties senior unsecured debentures				
– Series V	4.29%	January 16, 2030	**300**	—
– Series W	4.63%	August 8, 2035	**350**	—
– Series X	5.37%	August 8, 2055	**150**	—
– Series U	5.03%	February 28, 2031	**—**	500
Total debentures issued			**$ 1,300**	$ 1,550

(i) Loblaw used the net proceeds of this issuance to redeem all issued and outstanding Second Preferred Shares, Series B on January 8, 2025.

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

($ millions)	Interest Rate	Maturity Date	2025 Principal Amount	2024 Principal Amount
George Weston senior unsecured notes	4.12%	June 17, 2024	**$ —**	$ 200
Loblaw senior unsecured notes	3.92%	June 10, 2024	**—**	400
Choice Properties senior unsecured debentures				
– Series F[(i)]	4.06%	November 24, 2025	**200**	—
– Series J	3.55%	January 10, 2025	**350**	—
– Series K	3.56%	September 9, 2024	**—**	550
– Series D	4.29%	February 8, 2024	**—**	200
Total debentures repaid			**$ 550**	$ 1,350

(i) Choice Properties senior unsecured debenture was redeemed on September 5, 2025.

COMMITTED CREDIT FACILITY The components of the committed lines of credit available as at year end 2025 and 2024 were as follows:

		As at Dec. 31, 2025		Dec. 31, 2024	
($ millions)	Maturity Date[(i)]	**Available Credit**	**Drawn**	Available Credit	Drawn
George Weston	March 27, 2028	**$ 350**	**$ —**	$ 350	$ —
Loblaw	March 27, 2030	**1,500**	**—**	1,500	—
Choice Properties	May 21, 2030	**1,500**	**—**	1,500	—
Total committed credit facilities		**$ 3,350**	**$ —**	$ 3,350	$ —

(i) In 2025, the maturity dates of the credit facilities were extended as follows: GWL from December 14, 2026 to March 27, 2028; Loblaw from July 15, 2027 to March 27, 2030; and Choice Properties from June 13, 2029 to May 21, 2030. All other terms and conditions remained substantially the same.

These facilities contain certain financial covenants (see note 25).

INDEPENDENT FUNDING TRUSTS Loblaw has a $1 billion revolving committed credit facility that is the source of funding to the independent funding trusts that has a maturity date of March 27, 2028.

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

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Debentures	**$ 347**	$ 547
GICs	**—**	331
Independent Securitization Trust	**—**	300
Long-term debt secured by mortgage	**155**	130
Construction Loans	**5**	5
Long-term debt due within one year	**$ 507**	$ 1,313

SCHEDULE OF REPAYMENTS The schedule of repayments of long-term debt, based on maturity, is as follows:

($ millions)	**Dec. 31, 2025**
2026	**$ 511**
2027	**695**
2028	**2,104**
2029	**1,615**
2030	**1,183**
Thereafter	**7,124**
Total long-term debt (excludes transaction costs)	**$ 13,232**

Refer to note 30 for the fair value of long-term debt.

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

($ millions)	**2025**	2024
Total long-term debt, beginning of year	**$ 15,384**	$ 14,996
Long-term debt issuances[(i)(ii)]	**1,855**	2,613
Long-term debt repayments[(ii)]	**(1,320)**	(2,285)
Total cash flow from long-term debt financing activities	**535**	328
Other non-cash changes[(ii)]	**(3)**	60
Transfer to liabilities associated with assets held for sale (note 5)	**(2,722)**	—
Total long-term debt, end of year	**$ 13,194**	$ 15,384

(i) Includes net movements from the Independent Funding Trust, which are revolving debt instruments.
(ii) Cash flows from financing activities for long-term debt and other non-cash changes are presented on a total Company basis.

Note 23. Other Liabilities

The components of other liabilities were as follows:

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Financial liabilities[(i)]	**$ 697**	$ 695
Net defined benefit plan obligation (note 26)	**252**	271
Other long-term employee benefit obligation	**137**	134
Equity-based compensation liability (note 27)	**10**	6
Other	**109**	128
Other liabilities	**$ 1,205**	$ 1,234

(i) Financial liabilities represent properties disposed of by Choice Properties or Loblaw to third parties. On consolidation, these transactions were not recognized as a sale of assets under the terms of the leases, as the Company did not relinquish control of the properties for purposes of IFRS 16 "Leases" and IFRS 15 "Revenue from Contracts with Customers". As at December 31, 2025, $11 million (December 31, 2024 – $9 million) was recorded in trade payables and other liabilities and $697 million (December 31, 2024 – $695 million) was recorded in other liabilities for all properties recognized as financial liabilities.

Note 24. Share Capital

The components of share capital were as follows:

($ millions)	As at Dec. 31, 2025	Dec. 31, 2024
Common share capital	**$ 2,433**	$ 2,476
Preferred shares, Series I	**228**	228
Preferred shares, Series III	**196**	196
Preferred shares, Series IV	**197**	197
Preferred shares, Series V	**196**	196
Share capital	**$ 3,250**	$ 3,293

COMMON SHARE CAPITAL (AUTHORIZED – UNLIMITED) Common shares issued are fully paid and have no par value. The following table summarizes the activity in the Company's common shares issued and outstanding for the years ended December 31, 2025 and December 31, 2024:

	2025		2024	
($ millions except where otherwise indicated)	**Number of Common Shares[(i)]**	**Common Share Capital**	Number of Common Shares[(i)]	Common Share Capital
Issued and outstanding, beginning of year	**390,134,334**	**$ 2,478**	403,639,743	$ 2,511
Issued for settlement of stock options (note 27)	**869,109**	**35**	1,419,138	53
Purchased and cancelled[(ii)]	**(11,497,277)**	**(78)**	(14,924,547)	(86)
Issued and outstanding, end of year	**379,506,166**	**$ 2,435**	390,134,334	$ 2,478
Shares held in trusts, beginning of year	**(259,881)**	**$ (2)**	(371,685)	$ (3)
Purchased for future settlement of RSUs and PSUs	**(81,000)**	**(1)**	(138,000)	(1)
Released for settlement of RSUs and PSUs (note 27)	**106,332**	**1**	249,804	2
Shares held in trusts, end of year	**(234,549)**	**$ (2)**	(259,881)	$ (2)
Issued and outstanding, net of shares held in trusts, end of year	**379,271,617**	**$ 2,433**	389,874,453	$ 2,476
Weighted average outstanding, net of shares held in trusts (note 10)	**384,721,950**		396,488,607	

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025 (see note 2).

(ii) Number of common shares repurchased and cancelled as at December 31, 2025, does not include shares that may be repurchased subsequent to year end under the automatic share purchase plan ("ASPP"), as described below.

In the third quarter of 2025, the Company completed a three-for-one stock split of its outstanding common shares. The stock split was implemented by way of a stock dividend, with shareholders receiving two additional common shares for each common share held. The stock split was effective at the close of business on August 18, 2025, for shareholders of record as of the close of business on August 14, 2025.

Preferred Shares, Series I (authorized – 10.0 million) GWL has 9.4 million 5.80% non-voting Preferred Shares, Series I outstanding, with a face value of $235 million, which entitle the holders to a fixed cumulative preferred cash dividend of $1.45 per share per annum which will, if declared, be payable quarterly. GWL may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares at $25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

Preferred Shares, Series III (authorized – 10.0 million) GWL has 8.0 million 5.20% non-voting Preferred Shares, Series III outstanding, with a face value of $200 million, which entitle the holders to a fixed cumulative preferred cash dividend of $1.30 per share per annum which will, if declared, be payable quarterly. GWL may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares at $25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

Preferred Shares, Series IV (authorized – 8.0 million) GWL has 8.0 million 5.20% non-voting Preferred Shares, Series IV outstanding, with a face value of $200 million, which entitle the holders to a fixed cumulative preferred cash dividend of $1.30 per share per annum which will, if declared, be payable quarterly. GWL may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares at $25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

Preferred Shares, Series V (authorized – 8.0 million) GWL has 8.0 million 4.75% non-voting Preferred Shares, Series V outstanding, with a face value of $200 million, which entitle the holders to a fixed cumulative preferred cash dividend of $1.1875 per share per annum which will, if declared, be payable quarterly. GWL may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares at $25.00 per share, together with all accrued and unpaid dividends to the redemption date.

At any time after issuance, GWL may, at its option, give the holders of these preferred shares the right, at the option of the holders, to convert their preferred shares into preferred shares of a further series designated by GWL on a share-for-share basis on a date specified by GWL.

DIVIDENDS The declaration and payment of dividends on the Company's common shares and the amount thereof are at the discretion of the Company's Board which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time. Over time, it is the Company's intention to increase the amount of the dividend while retaining appropriate free cash flow to finance future growth. In the second quarter of 2025 and in the second quarter of 2024, the Board raised the quarterly common share dividend by $0.0246 to $0.297933 and by $0.035666 to $0.273333 per share, respectively. The Board declared dividends for the years ended as follows:

($)		**2025**		2024
Dividends declared per share[(i)]:				
Common share[(ii)]	**$**	**1.167132**	$	1.057666
Preferred share:				
Series I	**$**	**1.45**	$	1.45
Series III	**$**	**1.30**	$	1.30
Series IV	**$**	**1.30**	$	1.30
Series V	**$**	**1.1875**	$	1.1875

(i) Dividends declared in the fourth quarter of 2025 on common shares and Preferred Shares, Series III, Series IV and Series V were payable on January 1, 2026. Dividends declared in the fourth quarter of 2025 on Preferred Shares, Series I were payable on December 15, 2025.

(ii) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025 (see note 2).

The following table summarizes the Company's quarterly dividends declared subsequent to year end 2025:

($)			
Dividends declared per share[(i)]	– Common share	$	0.297933
	– Preferred share:		
	Series I	$	0.3625
	Series III	$	0.3250
	Series IV	$	0.3250
	Series V	$	0.296875

(i) Dividends declared in the first quarter of 2026 on common shares and Preferred Shares, Series III, Series IV and Series V are payable on April 1, 2026. Dividends declared in the first quarter of 2026 on Preferred Shares, Series I are payable on March 15, 2026.

NORMAL COURSE ISSUER BID PROGRAM The following table summarizes the Company's activity under its NCIB for the years ended as follows:

($ millions except where otherwise indicated)	2025	2024
Purchased for future settlement of RSUs and PSUs[(i)] (number of shares)	**81,000**	138,000
Purchased for current settlement of DSUs[(i)] (number of shares)	**929**	5,163
Purchased and cancelled[(i)] (number of shares)	**11,497,277**	14,924,547
Cash consideration paid		
Purchased and held in trusts	**$ (7)**	$ (10)
Purchased and cancelled	**(993)**	(990)
Premium charged to retained earnings		
Purchased and held in trusts	**$ 7**	$ 9
Purchased and cancelled[(ii)]	**1,020**	876
Reduction in share capital[(iii)]	**$ 78**	$ 86

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025 (see note 2).
(ii) Includes $163 million (2024 – $82 million) related to the ASPP, as described below.
(iii) Includes $12 million (2024 – $8 million) related to the ASPP, as described below.

In 2025, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 19,344,552 of its common shares, representing approximately 5% of issued and outstanding common shares.

In the third quarter of 2025, the Toronto Stock Exchange ("TSX") accepted an amendment to the Company's NCIB to allow Wittington, the Company's controlling shareholder, to participate in the NCIB to maintain its proportionate ownership interest in the Company at approximately 59.2%. Purchases of common shares from Wittington will be made during the TSX's Special Trading Session pursuant to an automatic disposition plan agreement among the Company's broker, the Company and Wittington. The maximum number of common shares that may be purchased pursuant to the NCIB will be reduced by the number of common shares purchased from Wittington.

In 2025, 11,497,277 common shares (2024 – 14,924,547 common shares) were purchased under the NCIB for cancellation for aggregate consideration of $993 million (2024 – $990 million), including 4,417,067 common shares (2024 – 4,343,712 common shares) purchased from Wittington for aggregate consideration of $387 million (2024 – $288 million).

The Company participates in an ASPP with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at December 31, 2025, an obligation to repurchase shares of $175 million was recognized under the ASPP in trade payables and other liabilities in the Company's consolidated financial statements.

As of December 31, 2025, 6,907,384 common shares were purchased under the Company's current NCIB.

Note 25. Capital Management

In order to manage its capital structure, the Company may, among other activities, adjust the amount of dividends paid to shareholders, purchase shares for cancellation pursuant to its NCIB, issue new shares or issue or repay long-term debt with the objective of:

- ensuring sufficient liquidity is available to support its financial obligations and to execute its operating and strategic plans;
- maintaining financial capacity and flexibility through access to capital to support future development of the business;
- minimizing the after-tax cost of its capital while taking into consideration current and future industry, market and economic risks and conditions;
- utilizing short-term funding sources to manage its working capital requirements and long-term funding sources to manage the long-term capital investments of the business;
- returning an appropriate amount of capital to shareholders; and
- targeting an appropriate leverage and capital structure for the Company and each of its reportable operating segments.

The Company has policies in place which govern debt financing plans and risk management strategies for liquidity, interest rates and foreign exchange. These policies outline measures and targets for managing capital, including a range for leverage consistent with the desired credit rating. Management and the Audit Committee regularly review the Company's compliance with, and performance against, these policies. In addition, management regularly reviews these policies to ensure they remain consistent with the risk tolerance acceptable to the Company.

The following table summarizes the Company's total capital under management:

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Demand deposits from customer	**$ —**	$ 353
Short-term debt	**—**	800
Long-term debt due within one year	**507**	1,313
Long-term debt	**12,687**	14,071
Certain other liabilities[(i)]	**819**	806
Total debt excluding lease liabilities and liabilities associated with assets held for sale	**$ 14,013**	$ 17,343
Lease liabilities due within one year	**1,010**	1,045
Lease liabilities	**5,375**	4,977
Total debt excluding liabilities associated with assets held for sale	**$ 20,398**	$ 23,365
Total debt and demand deposits from customers included in liabilities associated with assets held for sale (note 5)	**4,158**	—
Equity attributable to shareholders of the Company	**5,280**	6,242
Total capital under management	**$ 29,836**	$ 29,607

(i) As at December 31, 2025, certain other liabilities include financial liabilities of $708 million that did not meet the criteria for sale (December 31, 2024 – $704 million) (see note 23).

COVENANTS AND REGULATORY REQUIREMENTS The Company and Loblaw are subject to certain key financial and non-financial covenants under their existing credit facilities, debentures and letters of credit. These covenants, which include interest coverage and leverage ratios, as defined in the respective agreements, are measured by the Company and Loblaw on a quarterly basis to ensure compliance with these agreements. As at year end 2025 and throughout the year, the Company and Loblaw were in compliance with each of their covenants under their agreements.

Choice Properties has certain key financial covenants in its debentures and committed credit facility. The key financial covenants include debt service ratios and leverage ratios, as defined in the respective agreements. These ratios are measured by Choice Properties on an ongoing basis to ensure compliance with the agreements. As at year end 2025 and throughout the year, Choice Properties was in compliance with each of the key financial covenants under these agreements.

In addition, the Company has wholly-owned subsidiaries that engage in insurance related activities. These subsidiaries each exceeded their minimum regulatory capital and surplus requirements as at year end 2025.

Note 26. Post-Employment Benefits

POST-EMPLOYMENT BENEFITS The Company sponsors a number of pension plans, including registered defined benefit pension plans, registered defined contribution pension plans and supplemental retirement arrangements providing pension benefits in excess of statutory limits. Certain obligations of the Company under these supplemental pension arrangements are secured by a standby letter of credit issued by a major Canadian chartered bank.

The Loblaw Governance, Talent and Compensation Committee, which assumed responsibilities from the former Loblaw Pension Committee in January 2025, and the GWL Governance, Human Resource, Nominating and Compensation Committee (collectively, the "Committees") oversee the Company's and Loblaw's pension plans. The Committees are responsible for assisting the Company's and Loblaw's Boards in fulfilling their general oversight responsibilities for the plans.

The Company's defined benefit pension plans are primarily funded by the Company, predominantly non-contributory and the benefits are, in general, based on career average earnings subject to limits. The funding is based on regulatory going concern and solvency valuations for which the assumptions may differ from the assumptions used for accounting purposes as detailed in this note.

The Company also offers certain other defined benefit plans other than pension plans. These other defined benefit plans are generally not funded, are mainly non-contributory and include health care, life insurance and dental benefits. Employees eligible for these other defined benefit plans are those who retire at certain ages having met certain service requirements. The majority of other defined benefit plans for current and future retirees include a limit on the total benefits payable by the Company.

The Company's defined benefit pension plans and other defined benefit plans expose it to a number of actuarial risks, such as longevity risk, interest rate risk and market risk.

In Canada, the Company also has a national defined contribution plan. All newly hired employees who are not eligible to participate in the defined benefit pension plans and the Canadian Commercial Workers Industry Pension Plan ("CCWIPP") are eligible to participate in this defined contribution plan. The Company also contributes to various MEPPs, which are administered by independent boards of trustees generally consisting of an equal number of union and employer representatives.

The Company, together with its franchises, is the largest participating employer in the CCWIPP, with approximately 52,000 (2024 – 53,000) employees as members. The Company's responsibility to make contributions to these plans is limited by amounts established pursuant to its collective agreements (see note 28).

The Company expects to make contributions in 2026 to its defined benefit and defined contribution plans and the MEPPs in which it participates as well as make benefit payments to the beneficiaries of the supplemental unfunded defined benefit pension plans, other defined benefit plans and other long-term employee benefit plans.

DEFINED BENEFIT PENSION PLANS AND OTHER DEFINED BENEFIT PLANS Information on the Company's defined benefit pension plans and other defined benefit plans, in aggregate, is summarized as follows:

	As at			
	Dec. 31, 2025		Dec. 31, 2024	
($ millions)	**Defined Benefit Pension Plans**	**Other Defined Benefit Plans**	Defined Benefit Pension Plans	Other Defined Benefit Plans
Present value of funded obligations	**$ (1,159)**	**$ —**	$ (1,514)	$ —
Present value of unfunded obligations	**(144)**	**(102)**	(154)	(108)
Total present value of defined benefit obligations	**$ (1,303)**	**$ (102)**	$ (1,668)	$ (108)
Fair value of plan assets	**1,539**	**—**	1,889	—
Total funded status of surpluses (obligations)	**$ 236**	**$ (102)**	$ 221	$ (108)
Assets not recognized due to asset ceiling	**(121)**	**—**	(14)	—
Total net defined benefit plan surpluses (obligations)	**$ 115**	**$ (102)**	$ 207	$ (108)
Recorded on the consolidated balance sheets as follows:				
Other assets (note 19)	**$ 265**	**$ —**	$ 370	$ —
Other liabilities (note 23)	**$ (150)**	**$ (102)**	$ (163)	$ (108)

The following are continuities of the fair value of plan assets and the present value of the defined benefit plan obligations:

($ millions)	2025 Defined Benefit Pension Plans	2025 Other Defined Benefit Plans	2025 Total	2024 Defined Benefit Pension Plans	2024 Other Defined Benefit Plans	2024 Total
Changes in the fair value of plan assets						
Fair value, beginning of year	**$ 1,889**	**$ —**	**$ 1,889**	$ 1,793	$ —	$ 1,793
Employer contributions, net of surplus utilization[(i)]	**(3)**	**—**	**(3)**	—	—	—
Employee contributions	**3**	**—**	**3**	2	—	2
Benefits paid	**(61)**	**—**	**(61)**	(52)	—	(52)
Interest income	**87**	**—**	**87**	81	—	81
Actuarial (losses) gains in other comprehensive income	**(12)**	**—**	**(12)**	69	—	69
Settlement[(ii)]	**(359)**	**—**	**(359)**	—	—	—
Other	**(5)**	**—**	**(5)**	(4)	—	(4)
Fair value, end of year	**$ 1,539**	**$ —**	**$ 1,539**	$ 1,889	$ —	$ 1,889
Changes in the present value of the defined benefit plan obligations						
Balance, beginning of year	**$ 1,668**	**$ 108**	**$ 1,776**	$ 1,637	$ 116	$ 1,753
Current service cost	**43**	**2**	**45**	43	2	45
Interest cost	**78**	**5**	**83**	76	5	81
Benefits paid	**(73)**	**(4)**	**(77)**	(63)	(5)	(68)
Employee contributions	**3**	**—**	**3**	2	—	2
Actuarial gains in other comprehensive income	**(53)**	**(9)**	**(62)**	(27)	(10)	(37)
Settlement[(ii)]	**(359)**	**—**	**(359)**	—	—	—
Gain on settlement[(ii)]	**(4)**	**—**	**(4)**	—	—	—
Balance, end of year	**$ 1,303**	**$ 102**	**$ 1,405**	$ 1,668	$ 108	$ 1,776
Total funded status of surpluses (obligations)	**$ 236**	**$ (102)**	**$ 134**	$ 221	$ (108)	$ 113
Changes in the assets not recognized due to asset ceiling						
Balance, beginning of year	**$ 14**	**$ —**	**$ 14**	$ 13	$ —	$ 13
Change in liability arising from change in asset ceiling	**106**	**—**	**106**	—	—	—
Interest expense on assets not recognized due to asset ceiling	**1**	**—**	**1**	1	—	1
Balance, end of year	**$ 121**	**$ —**	**$ 121**	$ 14	$ —	$ 14
Total net defined benefit plan surpluses (obligations)	**$ 115**	**$ (102)**	**$ 13**	$ 207	$ (108)	$ 99

(i) Net amount reflects $4 million of contributions to the defined benefit plan and $7 million of surplus assets used to fund employer contributions to the defined contribution plan.
(ii) Settlement relates to annuity purchases.

For the year ended 2025, the actual gain on plan assets was $75 million (2024 – $150 million).

The net defined benefit obligation can be allocated to the plans' participants as follows:

- Active plan participants – 59% (2024 – 49%)
- Deferred plan participants – 10% (2024 – 12%)
- Retirees – 31% (2024 – 39%)

During 2026, the Company expects to contribute nominal amounts (2025 – nominal amounts) to its registered defined benefit pension plans due to the surplus position of the total funded status of the pension plans. During 2026, the Company expects to contribute $43 million (2025 – $56 million) to MEPPs. The actual amount of contributions may vary from the estimate depending on the funded positions of the plans, filing of any actuarial valuations, any new regulatory requirements, or other factors related to its registered defined benefit pension plans.

The net cost recognized in net earnings before income taxes for the Company's defined benefit pension plans and other defined benefit plans was as follows:

	2025			2024		
($ millions)	**Defined Benefit Pension Plans**	**Other Defined Benefit Plans**	**Total**	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total
Current service cost	**$ 43**	**$ 2**	**$ 45**	$ 43	$ 2	$ 45
Net interest (income) cost on net defined benefit plan assets (obligations)	**(8)**	**5**	**(3)**	(4)	5	1
Gain on settlement[(i)]	**(4)**	**—**	**(4)**	—	—	—
Other	**5**	**—**	**5**	4	—	4
Net post-employment defined benefit cost	**$ 36**	**$ 7**	**$ 43**	$ 43	$ 7	$ 50

(i) Settlement relates to annuity purchases.

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

	2025			2024		
($ millions)	**Defined Benefit Pension Plans**	**Other Defined Benefit Plans**	**Total**	Defined Benefit Pension Plans	Other Defined Benefit Plans	Total
(Loss) return on plan assets excluding amounts included in net interest expense and other financing charges	**$ (12)**	**$ —**	**$ (12)**	$ 69	$ —	$ 69
Experience adjustments	**1**	**7**	**8**	5	2	7
Actuarial gains from change in demographic assumptions	**—**	**—**	**—**	—	7	7
Actuarial gains from change in financial assumptions[(i)]	**52**	**2**	**54**	22	1	23
Change in liability arising from change in asset ceiling[(i)]	**(106)**	**—**	**(106)**	—	—	—
Total net actuarial (losses) gains recognized in other comprehensive (loss) income before income taxes	**$ (65)**	**$ 9**	**$ (56)**	$ 96	$ 10	$ 106
Income tax recoveries (expenses) on actuarial (losses) gains (note 9)	**18**	**(3)**	**15**	(25)	(3)	(28)
Actuarial (losses) gains net of income tax recoveries (expenses)	**$ (47)**	**$ 6**	**$ (41)**	$ 71	$ 7	$ 78

(i) The actuarial gains and the change in liability arising from change in asset ceiling were primarily driven by an increase in discount rates.

The cumulative actuarial gains before income taxes recognized in equity for the Company's defined benefit plans were as follows:

($ millions)	2025 Defined Benefit Pension Plans	2025 Other Defined Benefit Plans	2025 Total	2024 Defined Benefit Pension Plans	2024 Other Defined Benefit Plans	2024 Total
Cumulative amount, beginning of year	**$ 385**	**$ 147**	**$ 532**	$ 289	$ 137	$ 426
Net actuarial (losses) gains recognized in the year before income taxes	**(65)**	**9**	**(56)**	96	10	106
Cumulative amount, end of year	**$ 320**	**$ 156**	**$ 476**	$ 385	$ 147	$ 532

COMPOSITION OF PLAN ASSETS The defined benefit pension plan assets are held in trust and consist of the following asset categories:

($ millions except where otherwise indicated)	As at Dec. 31, 2025		Dec. 31, 2024	
Equity securities				
Canadian – pooled funds	**$ 23**	**1%**	$ 25	1%
Foreign – pooled funds	**654**	**43%**	853	45%
Total equity securities	**$ 677**	**44%**	$ 878	46%
Debt securities				
Fixed income securities:				
– government	**$ 425**	**28%**	$ 600	32%
– corporate	**91**	**6%**	171	9%
Total debt securities	**$ 516**	**34%**	$ 771	41%
Other investments	**$ 261**	**17%**	$ 235	12%
Cash and cash equivalents	**$ 85**	**5%**	$ 5	1%
Total	**$ 1,539**	**100%**	$ 1,889	100%

As at year end 2025 and 2024, the defined benefit pension plans did not directly include any GWL, Loblaw or Choice Properties securities.

All equity and debt securities and other investments are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities or based on inputs other than quoted prices in active markets that are observable for the asset or liability, either directly as prices or indirectly, either derived from prices or as per agreements for contractual returns.

The Company's asset allocation reflects a balance of interest rate sensitive investments, such as fixed income investments, and equities, which are expected to provide higher returns over the long-term. The Company's targeted asset allocations are actively monitored and adjusted on a plan by plan basis to align the asset mix with the liability profiles of the plans.

PRINCIPAL ACTUARIAL ASSUMPTIONS The principal actuarial assumptions used in calculating the Company's defined benefit plan obligations and net defined benefit plan cost for the year were as follows (expressed as weighted averages):

	2025		2024	
	Defined Benefit Pension Plans	**Other Defined Benefit Plans**	Defined Benefit Pension Plans	Other Defined Benefit Plans
Defined Benefit Plan Obligations				
Discount rate	**5.00%**	**4.90%**	4.70%	4.70%
Rate of compensation increase	**3.00%**	**n/a**	3.00%	n/a
Mortality table[(i)]	**CPM-RPP2014Pub/Priv Generational**	**CPM-RPP2014Pub/Priv Generational**	CPM-RPP2014Pub/Priv Generational	CPM-RPP2014Pub/Priv Generational
Net Defined Benefit Plan Cost				
Discount rate	**4.70%**	**4.70%**	4.60%	4.60%
Rate of compensation increase	**3.00%**	**n/a**	3.00%	n/a
Mortality table[(i)]	**CPM-RPP2014Pub/Priv Generational**	**CPM-RPP2014Pub/Priv Generational**	CPM-RPP2014Pub/Priv Generational	CPM-RPP2014Pub/Priv Generational

n/a – not applicable

(i) An adjusted public or private sector mortality table is used depending on the prominent demographics and actual experience for each plan.

The weighted average duration of the defined benefit obligations as at year end 2025 is 13.5 years (2024 – 13.7 years).

The growth rate of health care costs, primarily drug and other medical costs, for the other defined benefit plan obligations as at year end 2025 was estimated at 5.30% and is expected to remain at 5.30% as at year end 2026.

SENSITIVITY OF KEY ACTUARIAL ASSUMPTIONS The following table outlines the key assumptions for 2025 (expressed as weighted averages) and the sensitivity of these assumptions on the defined benefit plan obligations.

The sensitivity analysis provided in the table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.

		Defined Benefit Pension Plans	**Other Defined Benefit Plans**
Increase (Decrease) ($ millions except where otherwise indicated)		**Defined Benefit Plan Obligations**	**Defined Benefit Plan Obligations**
Discount rate		**5.00%**	**4.90%**
Impact of:	1% increase	**$ (151)**	**$ (11)**
	1% decrease	**$ 187**	**$ 13**
Expected growth rate of health care costs			**5.30%**
Impact of:	1% increase	**n/a**	**$ 9**
	1% decrease	**n/a**	**$ (7)**
Mortality rates			
Impact of:	One year increase in life expectancy	**$ 25**	**$ 2**
	One year decrease in life expectancy	**$ (24)**	**$ (1)**

n/a – not applicable

Note 27. Equity-Based Compensation

The Company's equity-based compensation arrangements include stock option plans, RSU plans, PSU plans, DSU plans, EDSU plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its equity-based compensation arrangements in 2025 were $88 million (2024 – $78 million).

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

	As at	
($ millions)	**Dec. 31, 2025**	Dec. 31, 2024
Trade payables and other liabilities	**$ 16**	$ 13
Other liabilities (note 23)	**$ 10**	$ 6
Contributed surplus	**$ 160**	$ 140

All share, equity award and per share amounts presented herein have been retrospectively adjusted to reflect GWL's three-for-one stock split (see note 2) and Loblaw's four-for-one stock split. Details related to the equity-based compensation plans of GWL and Loblaw are as follows:

STOCK OPTION PLANS GWL maintains a stock option plan for certain employees. Under this plan, GWL may grant options for up to 19,361,178 of its common shares.

Loblaw maintains a stock option plan for certain employees. Under this plan, Loblaw may grant options for up to 112,548,648 of its common shares.

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

	2025[i]		2024[i]	
	Options (number of shares)	**Weighted Average Exercise Price/Share**	Options (number of shares)	Weighted Average Exercise Price/Share
Outstanding options, beginning of year	**3,962,376**	**$ 39.97**	5,086,971	$ 36.89
Granted	**285,357**	**$ 77.71**	337,971	$ 59.40
Exercised (note 24)	**(869,109)**	**$ 35.55**	(1,419,138)	$ 33.66
Forfeited/cancelled	**(2,304)**	**$ 43.89**	—	$ —
Expired	**—**	**$ —**	(43,428)	$ 37.51
Outstanding options, end of year	**3,376,320**	**$ 44.29**	3,962,376	$ 39.97
Options exercisable, end of year	**2,172,291**	**$ 37.39**	2,248,212	$ 35.58

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025.

The following table summarizes information about GWL's outstanding stock options as at December 31, 2025:

	2025					
	Outstanding Options			Exercisable Options		
Range of Exercise Prices	Number of Options Outstanding[i]	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price/Share[i]	Number of Exercisable Options[i]	Weighted Average Exercise Price/Share[i]	
$31.06 - $34.17	**1,414,681**	**2**	**$ 32.81**	**1,177,327**	**$**	**32.65**
$34.18 - $53.80	**1,016,942**	**2**	**$ 41.96**	**812,072**	**$**	**39.69**
$53.81 - $88.76	**944,697**	**5**	**$ 63.98**	**182,892**	**$**	**57.63**
	3,376,320		**$ 44.29**	**2,172,291**	**$**	**37.39**

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025.

During 2025, GWL issued common shares on the exercise of stock options with a weighted average market share price of $85.38 (2024 – $65.03) per common share and received cash consideration of $31 million (2024 – $48 million).

The fair value of stock options granted by GWL during 2025 was $5 million (2024 – $4 million). The assumptions used to measure the grant date fair value of the GWL options granted during the years ended under the Black-Scholes stock option valuation model were as follows:

	2025	2024
Expected dividend yield	**1.4%**	1.6%
Expected share price volatility	**18.6% - 22.3%**	20.1% - 21.8%
Risk-free interest rate	**2.5% - 2.9%**	3.3% - 3.7%
Expected life of options	**5.0 - 6.6 years**	5.0 - 6.6 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at year end 2025 was 0.7% (2024 – 1.1%).

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

	2025[i]		2024[i]	
	Options (number of shares)	**Weighted Average Exercise Price/Share**	Options (number of shares)	Weighted Average Exercise Price/Share
Outstanding options, beginning of year	**14,368,752**	**$ 23.96**	21,984,896	$ 19.97
Granted	**1,857,589**	**$ 47.16**	2,022,140	$ 36.92
Exercised	**(2,976,888)**	**$ 19.65**	(8,712,528)	$ 16.92
Forfeited/cancelled	**(463,140)**	**$ 33.77**	(869,224)	$ 24.39
Expired	**(4,052)**	**$ 29.34**	(56,532)	$ 14.75
Outstanding options, end of year	**12,782,261**	**$ 27.98**	14,368,752	$ 23.96
Options exercisable, end of year	**5,514,216**	**$ 21.76**	4,817,084	$ 19.65

(i) Adjusted to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.

The following table summarizes information about Loblaw's outstanding stock options as at December 31, 2025:

	2025				
	Outstanding Options			**Exercisable Options**	
Range of Exercise Prices	**Number of Options Outstanding[i]**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price/Share[i]**	**Number of Exercisable Options[i]**	**Weighted Average Exercise Price/Share[i]**
$15.67 - $24.60	**3,978,298**	**2**	**$ 16.63**	**3,073,782**	**$ 16.74**
$24.61 - $29.46	**4,692,418**	**4**	**$ 26.90**	**1,945,226**	**$ 26.58**
$29.47 - $60.98	**4,111,545**	**5**	**$ 40.20**	**495,208**	**$ 33.98**
	12,782,261		**$ 27.98**	**5,514,216**	**$ 21.76**

(i) Adjusted to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.

During 2025, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of $52.66 (2024 – $38.36) per common share and received cash consideration of $59 million (2024 – $147 million).

The fair value of stock options granted by Loblaw during 2025 was $17 million (2024 – $15 million). The assumptions used to measure the grant date fair value of the Loblaw options granted during the years ended as indicated under the Black-Scholes stock option valuation model were as follows:

	2025	2024
Expected dividend yield	**1.0%**	1.2%
Expected share price volatility	**17.6% - 21.3%**	17.6% - 22.0%
Risk-free interest rate	**2.6% - 3.1%**	3.1% - 3.8%
Expected life of options	**3.8 - 6.3 years**	3.8 - 6.2 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at year end 2025 was 10.0% (2024 – 10.0%).

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

	GWL[i]		Loblaw[ii]	
(Number of awards)	**2025**	2024	**2025**	2024
Outstanding RSUs, beginning of year	**56,112**	67,200	**2,349,588**	3,011,392
Granted	**16,364**	14,304	**502,909**	639,760
Reinvested	**730**	969	**26,672**	22,712
Settled	**(18,798)**	(23,178)	**(843,201)**	(1,166,964)
Forfeited	**(5,545)**	(3,183)	**(94,084)**	(157,312)
Outstanding RSUs, end of year	**48,863**	56,112	**1,941,884**	2,349,588

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025.
(ii) Adjusted to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.

The fair value of GWL's and Loblaw's RSUs granted during 2025 was $1 million (2024 – $1 million) and $25 million (2024 – $25 million), respectively.

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

	GWL[i]		Loblaw[ii]	
(Number of awards)	**2025**	2024	**2025**	2024
Outstanding PSUs, beginning of year	**218,862**	330,300	**1,756,676**	2,304,300
Granted	**65,592**	111,213	**850,895**	1,219,888
Reinvested	**2,824**	3,993	**19,609**	17,380
Settled	**(87,534)**	(226,626)	**(1,114,196)**	(1,661,496)
Forfeited	**(26)**	(18)	**(75,814)**	(123,396)
Outstanding PSUs, end of year	**199,718**	218,862	**1,437,170**	1,756,676

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025.
(ii) Adjusted to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.

The fair value of GWL's and Loblaw's PSUs granted during 2025 was $4 million (2024 – $4 million) and $22 million (2024 – $18 million), respectively.

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

(Number of awards[i])	**2025**	2024
Settled	**106,332**	249,804
Released from trusts (note 24)	**106,332**	249,804

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025.

During 2025, the settlement of awards from shares held in trusts resulted in a $5 million increase (2024 – $7 million) in retained earnings and a $1 million increase (2024 – $2 million) in share capital.

DIRECTOR DEFERRED SHARE UNIT PLANS The following table is a summary of GWL's and Loblaw's DSU plan activity:

	GWL[(i)]		Loblaw[(ii)]	
(Number of awards)	**2025**	2024	**2025**	2024
Outstanding DSUs, beginning of year	**524,757**	493,440	**1,302,676**	1,406,544
Granted	**21,834**	23,541	**63,647**	72,692
Reinvested	**7,176**	7,776	**17,003**	12,596
Settled	**—**	—	**—**	(189,156)
Outstanding DSUs, end of year	**553,767**	524,757	**1,383,326**	1,302,676

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025.
(ii) Adjusted to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.

The fair value of GWL's and Loblaw's DSUs granted during 2025 was $2 million (2024 – $2 million) and $3 million (2024 – $3 million), respectively.

EXECUTIVE DEFERRED SHARE UNIT PLANS The following table is a summary of GWL's and Loblaw's EDSU plan activity:

	GWL[(i)]		Loblaw[(ii)]	
(Number of awards)	**2025**	2024	**2025**	2024
Outstanding EDSUs, beginning of year	**135,126**	138,198	**158,764**	153,360
Granted	**—**	—	**6,252**	10,684
Reinvested	**1,817**	2,091	**2,042**	1,428
Settled	**(929)**	(5,163)	**(6,500)**	(6,708)
Outstanding EDSUs, end of year	**136,014**	135,126	**160,558**	158,764

(i) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025.
(ii) Adjusted to reflect Loblaw's four-for-one stock split effective at the close of business on August 18, 2025.

There were no GWL EDSUs granted in 2025 and 2024. The fair value of Loblaw's EDSUs granted during 2025 was nominal (2024 – nominal).

CHOICE PROPERTIES The following are details related to the unit-based compensation plans of Choice Properties:

UNIT OPTION PLAN Choice Properties maintained a Unit Option plan for certain employees. Under this plan, Choice Properties may grant Unit Options totaling up to 19,744,697 Units, as approved at the annual and special meeting of Unitholders on April 29, 2015. The Unit Options vest in tranches over a period of four years.

The following table is a summary of Choice Properties' Unit Option plan activity:

	2025			2024		
	Number of awards		**Weighted average exercise price/unit**	Number of awards		Weighted average exercise price/unit
Outstanding Unit Options, beginning of year	**100,300**	**$**	**11.92**	164,300	$	11.92
Exercised	**(100,300)**	**$**	**11.92**	(64,000)	$	11.92
Outstanding Unit Options, end of year	**—**	**$**	**—**	100,300	$	11.92
Unit Options exercisable, end of year	**—**	**$**	**—**	100,300	$	11.92

The assumptions used to measure the fair value of the Unit Options under the Black-Scholes model were as follows:

	2025	2024
Expected distribution yield	**n/a**	5.7%
Expected Unit price volatility	**n/a**	14.5%
Risk-free interest rate	**n/a**	0.03%
Expected life of options	**n/a**	0.1 years

As at year end 2025, there were no Unit Options outstanding. All remaining awards were exercised during the year. On February 18, 2026, Choice Properties' Board of Trustees approved the termination of the Unit Option plan.

RESTRICTED UNIT PLAN RUs entitle certain employees to receive the value of the RU award in cash or Units at the end of the applicable vesting period, which is usually three years in length. The RU plan provides for the crediting of additional RUs in respect of distributions paid on Units for the period when a RU is outstanding. The fair value of each RU granted is measured based on the market value of a Trust Unit at the balance sheet date. There were no RUs vested as at year end 2025 and 2024.

The following table is a summary of Choice Properties' RU plan activity:

(Number of awards)	**2025**	2024
Outstanding RUs, beginning of year	**275,501**	265,338
Granted	**118,451**	119,867
Reinvested	**16,831**	15,544
Exercised	**(73,668)**	(96,610)
Forfeited	**(18,649)**	(28,638)
Outstanding RUs, end of year	**318,466**	275,501

UNIT-SETTLED RESTRICTED UNIT PLAN Under the terms of the URU plan, certain employees are granted URUs, which are subject to vesting conditions and disposition restrictions. Typically, full vesting of the URUs occurs three years after the date of grant. Depending on the nature of the grant, the URUs are subject to a six-year holding period during which the Units cannot be disposed. There were 1,022,679 URUs vested, but still subject to disposition restrictions as at year end 2025 (2024 – 1,573,240).

The following table is a summary of Choice Properties' URU plan activity for units not yet vested:

(Number of awards)	**2025**	2024
Outstanding URUs, beginning of year	**771,081**	705,401
Granted	**282,657**	304,610
Forfeited	**(444)**	(10,486)
Vested	**(257,194)**	(228,444)
Outstanding URUs, end of year	**796,100**	771,081

PERFORMANCE UNIT PLAN PUs entitle certain employees to receive the value of the PU award in cash or Units at the end of the applicable performance period, which is usually three years in length, based on Choice Properties achieving certain performance conditions. The PU plan provides for the crediting of additional PUs in respect of distributions paid on Units for the period when a PU is outstanding. The fair value of each PU granted is measured based on the market value of a Trust Unit at the balance sheet date. There were no PUs vested as at year end 2025 and 2024.

The following table is a summary of Choice Properties' PU plan activity:

(Number of awards)	**2025**	2024
Outstanding PUs, beginning of year	**253,533**	256,674
Granted	**93,835**	94,335
Reinvested	**13,667**	14,000
Exercised	**(94,560)**	(116,832)
Forfeited	**(13,470)**	(14,562)
Added by performance factor	**8,421**	19,918
Outstanding PUs, end of year	**261,426**	253,533

TRUSTEE DEFERRED UNIT PLAN Non-management members of the Choice Properties' Board of Trustees are required to receive a portion of their annual retainer in the form of DUs and may also elect to receive up to 100% of their remaining fees in DUs. Distributions paid earn fractional DUs, which are treated as additional awards. The fair value of each DU granted is measured based on the market value of a Unit at the balance sheet date. All DUs vest when granted, however, they cannot be exercised while Trustees are members of the Board.

During 2025, a former Trustee exercised their option to have their awards under the Trustee Deferred Unit Plan settled in Units. The Trust issued 41,441 Units (net) to settle this obligation.

The following table is a summary of Choice Properties' DU plan activity:

(Number of awards)	**2025**	2024
Outstanding Trustee DUs, beginning of year	**703,641**	559,380
Granted	**109,806**	110,696
Reinvested	**40,241**	33,565
Exercised	**(89,179)**	—
Outstanding Trustee DUs, end of year	**764,509**	703,641

Note 28. Employee Costs

Included in operating income were the following employee costs from continuing operations:

($ millions)	**2025**	2024[(i)]
Wages, salaries and other short-term employee benefits	**$ 8,377**	$ 7,942
Post-employment benefits (note 26)[(ii)(iii)]	**144**	157
Other long-term employee benefits (note 26)	**34**	31
Equity-based compensation	**76**	72
Capitalized to fixed assets and intangible assets	**(137)**	(128)
Total employee costs from continuing operations	**$ 8,494**	$ 8,074

(i) Adjusted to reflect discontinued operations (see note 5).
(ii) Includes $42 million (2024 - $39 million) of the Company's contributions made in connection with defined contribution pension plans.
(iii) Includes $56 million (2024 - $69 million) of the Company's contributions made in connection with the MEPPs, of which $55 million (2024 - $68 million) relates to CCWIPP.

Note 29. Leases

The Company leases certain of Loblaw's retail stores and distribution centres, corporate offices, passenger vehicles, trailers and information technology equipment. Leases of Loblaw's retail stores are a substantial portion of the Company's lease portfolio. Loblaw retail store leases typically have an initial contractual period of 10 to 15 years with additional renewal options available thereafter.

The Company has owned and leased properties that are leased and subleased to third parties, respectively. Owned properties are held to either earn rental income, for capital appreciation, or both. Subleases are primarily related to non-consolidated franchise stores, medical centres and ancillary tenants within Loblaw stores.

AS A LESSEE

Right-of-Use Assets The following are continuities of the cost and accumulated depreciation of right-of-use assets for the years ended December 31, 2025 and December 31, 2024:

			2025			2024
($ millions)	**Property**	**Other**	**Total**	Property	Other	Total
Cost						
Balance, beginning of year	**$ 8,307**	**$ 199**	**$ 8,506**	$ 7,176	$ 185	$ 7,361
Lease additions, net of lease terminations	**397**	**23**	**420**	468	17	485
Lease extensions and other items	**701**	**27**	**728**	724	(3)	721
Retired leases	**(38)**	**—**	**(38)**	(49)	—	(49)
Reclassification to asset held for sale (note 5)	**—**	**—**	**—**	(12)	—	(12)
Balance, end of year	**$ 9,367**	**$ 249**	**$ 9,616**	$ 8,307	$ 199	$ 8,506
Accumulated depreciation						
Balance, beginning of year	**$ 3,459**	**$ 127**	**$ 3,586**	$ 2,849	$ 104	$ 2,953
Depreciation	**691**	**28**	**719**	652	23	675
Net impairment losses (note 14)	**14**	**—**	**14**	7	—	7
Retired leases	**(38)**	**—**	**(38)**	(49)	—	(49)
Balance, end of year	**$ 4,126**	**$ 155**	**$ 4,281**	$ 3,459	$ 127	$ 3,586
Carrying amount, end of year	**$ 5,241**	**$ 94**	**$ 5,335**	$ 4,848	$ 72	$ 4,920

Lease Liabilities The following are continuities of lease liabilities for the years ended December 31, 2025 and December 31, 2024:

($ millions)	**2025**	2024
Balance, beginning of year	**$ 6,022**	$ 5,443
Lease additions, net of lease terminations	**473**	641
Lease extensions and other items	**659**	624
Lease payments	**(1,036)**	(908)
Interest expense on lease liabilities (note 8)	**267**	236
Reclassification to assets held for sale (note 5)	**—**	(14)
Balance, end of year	**$ 6,385**	$ 6,022
Recorded on the consolidated balance sheets as follows:		
Lease liabilities due within one year	**$ 1,010**	$ 1,045
Lease liabilities	**$ 5,375**	$ 4,977

Liquidity The future undiscounted contractual lease obligations are as follows:

	Due by year						As at	
							Dec. 31, 2025	Dec. 31, 2024
($ millions)	2026	2027	2028	2029	2030	Thereafter	**Total**	Total
Lease obligations	$ 1,009	$ 937	$ 756	$ 705	$ 565	$ 2,563	**$ 6,535**	$ 6,241

As at December 31, 2025, the Company also had commitments of $1,020 million (December 31, 2024 – $552 million) related to leases not yet commenced.

Short-Term Leases The Company has short-term leases that are primarily related to trailer rentals and certain properties. During 2025, $43 million (2024 – $44 million) was recognized in cost of inventories sold and SG&A.

Variable Lease Payments The Company makes variable lease payments for property tax and insurance charges on leased properties. The Company also has certain retail store leases where portions of the lease payments are contingent on a percentage of retail sales. During 2025, $269 million (2024 – $255 million) of variable lease payments were recognized in SG&A.

Extension Options Substantially all of Loblaw's retail store leases have extension options for additional lease terms. As at December 31, 2025, approximately 20% (December 31, 2024 – 20%) of the lease liabilities are related to extension options that were deemed reasonably certain to be exercised.

As at December 31, 2025, approximately $7 billion (December 31, 2024 – $7 billion) of discounted future lease payments are related to extension options that were not deemed to be reasonably certain to be exercised and were not included in lease liabilities. These future lease payments are discounted at the incremental borrowing rates associated with the current lease liability profile.

Sale and Leaseback Transactions During 2025, the Company disposed of and leased back five retail properties and one distribution centre (2024 – three retail properties and two distribution centres) for proceeds of $229 million (2024 – $180 million), and recognized a gain of $23 million (2024 – gain of $25 million) in SG&A.

AS A LESSOR

Operating Leases During 2025, the Company recognized operating lease income of $424 million (2024 – $398 million), of which $23 million (2024 – $19 million) is related to subleases of right-of-use assets.

The future undiscounted operating lease payments to be received by the Company are as follows:

	Payments to be received by year						As at	
							Dec. 31, 2025	Dec. 31, 2024
($ millions)	2026	2027	2028	2029	2030	Thereafter	**Total**	Total
Operating lease income	$ 397	$ 361	$ 316	$ 262	$ 208	$ 909	**$ 2,453**	$ 2,375

The Company has certain owned land and buildings that it leases to third parties, which as at December 31, 2025 had a net carrying amount of $810 million (2024 – $781 million).

Note 30. Financial Instruments

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

	As at							
	Dec. 31, 2025				Dec. 31, 2024			
($ millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Amortized cost:								
Mortgages, loans and notes receivable[(i)]	**$ —**	**$ —**	**$ 297**	**$ 297**	$ —	$ —	$ 260	$ 260
Fair value through other comprehensive income:								
Long-term securities[(i)]	**—**	**—**	**—**	**—**	120	—	—	120
Derivatives included in prepaid expenses and other assets	**—**	**—**	**—**	**—**	—	1	—	1
Fair value through profit and loss:								
Security deposits	**38**	**—**	**—**	**38**	38	—	—	38
Mortgages, loans and notes receivable[(i)]	**—**	**—**	**45**	**45**	—	—	163	163
Investment in real estate securities[(i)]	**—**	**158**	**—**	**158**	—	203	—	203
Certain other assets[(i)]	**—**	**15**	**185**	**200**	—	15	134	149
Derivatives included in prepaid expenses and other assets	**—**	**4**	**1**	**5**	—	11	—	11
Financial liabilities								
Amortized cost:								
Long-term debt	**—**	**6,809**	**7,020**	**13,829**	—	9,216	6,811	16,027
Associate interest	**—**	**—**	**396**	**396**	—	—	255	255
Certain other liabilities[(i)(ii)]	**—**	**—**	**825**	**825**	—	—	813	813
Fair value through other comprehensive income:								
Derivatives included in trade payables and other liabilities	**—**	**—**	**27**	**27**	—	—	16	16
Fair value through profit and loss:								
Trust Unit liability	**4,122**	**—**	**—**	**4,122**	3,715	—	—	3,715
Derivatives included in trade payables and other liabilities	**2**	**3**	**—**	**5**	—	2	6	8

(i) Included in the consolidated balance sheets in Other Assets or Other Liabilities.
(ii) Certain other liabilities relate primarily to financial liabilities associated with properties that did not meet the criteria for sale.

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

In 2025, a loss of $6 million (2024 – gain of $10 million) was recognized in operating income on financial instruments designated as amortized cost. In addition, a net loss of $423 million (2024 – net gain of $186 million) was recognized in earnings before income taxes on financial instruments required to be classified as fair value through profit or loss.

Investments in Real Estate Securities On March 31, 2022, Choice Properties disposed of its interests in a portfolio of six office assets to Allied Properties Real Estate Investment Trust ("Allied"). The consideration received consisted of 11,809,145 exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Allied Class B Units"), an affiliated entity of Allied, with a fair value of $551 million on the transaction date. Also included as consideration was a promissory note with a fair value of $193 million (face value of $200 million), which was repaid by Allied on December 29, 2023. As at year end 2025, Choice Properties holds an approximate 8.4% effective interest in Allied through its ownership of the Allied Class B Units. The Allied Class B Units are exchangeable into, and are economically equivalent to, the publicly traded trust units of Allied ("Allied Units"), and were accompanied by a corresponding number of special voting units of Allied. There are no restrictions on the exchange of Allied Class B Units into Allied Units. As a holder of the Allied Class B Units, Choice Properties is entitled to distributions paid by Allied.

The Allied Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units, and included in investment in real estate securities in the table above. As at year end 2025, Choice Properties held 11,809,145 Allied Class B Units (2024 – 11,809,145 Allied Class B Units) with a value of $158 million (2024 – $203 million). In 2025, a fair value loss of $45 million (2024 – loss of $36 million) was recorded in SG&A.

Subsequent to year end, Allied completed an equity offering of 56,000,000 units. As a result of this offering, in which Choice Properties did not participate, Choice Properties now holds approximately 6.0% ownership interest in Allied.

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

			2025
($ millions)	Net asset (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges			
Foreign Exchange Forwards	**$ —**	**$ (1)**	**$ (2)**
Bond Forwards[(i)]	**—**	**3**	**(3)**
Interest Rate Swaps[(ii)]	**3**	**(1)**	**—**
Energy Hedge[(iii)]	**(27)**	**(11)**	**(7)**
Total derivatives designated as cash flow hedges	**$ (24)**	**$ (10)**	**$ (12)**
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	**$ (1)**	**$ —**	**$ (14)**
Other Non-Financial Derivatives	**(2)**	**—**	**5**
Total derivatives not designated in a formal hedging relationship	**$ (3)**	**$ —**	**$ (9)**
Total derivatives from continuing operations	**$ (27)**	**$ (10)**	**$ (21)**

(i) The Company uses bond forwards to manage its interest risk related to future debt issuances.
(ii) Choice Properties uses interest rate swaps, with a notional value of $63 million as derivative assets and a notional value of $74 million as derivative liabilities, to manage its interest rate risk related to variable rate mortgages. The fair values of the derivatives held by Choice Properties are included in other assets and other liabilities.
(iii) In 2023, Loblaw entered into a 20-year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million. The fair value of the derivative is included in other liabilities.

			2024[(i)]
($ millions)	Net asset (liability) fair value	Gain/(loss) recorded in OCI	Gain/(loss) recorded in operating income
Derivatives designated as cash flow hedges			
Foreign Exchange Forwards	$ 1	$ (1)	$ —
Bond Forwards[(ii)]	—	3	(3)
Interest Rate Swaps[(iii)]	4	(3)	—
Energy Hedge[(iv)]	(15)	(12)	—
Total derivatives designated as cash flow hedges	$ (10)	$ (13)	$ (3)
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	$ 5	$ —	$ 26
Other Non-Financial Derivatives	—	—	2
Total derivatives not designated in a formal hedging relationship	$ 5	$ —	$ 28
Total derivatives from continuing operations	$ (5)	$ (13)	$ 25

(i) Adjusted to reflect discontinued operations (see note 5).
(ii) The Company uses bond forwards to manage its interest risk related to future debt issuances.
(iii) Choice Properties uses interest rate swaps, with a notional value of $76 million as derivative assets and a notional value of $75 million as derivative liabilities, to manage its interest rate risk related to variable rate mortgages. The fair values of the derivatives held by Choice Properties are included in other assets and other liabilities.
(iv) In 2023, Loblaw entered into a 20-year arrangement to hedge energy pricing on its purchases in Alberta beginning on January 1, 2025. The hedge has a notional value of $223 million. The fair value of the derivative is included in other liabilities.

Note 31. Financial Risk Management

As a result of holding and issuing financial instruments, the Company is exposed to certain risks. The following is a description of those risks and how the exposures are managed:

LIQUIDITY RISK Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost effective manner to fund its obligations as they come due. The Company would experience liquidity risks if it fails to maintain appropriate levels of cash and short-term investments, is unable to access sources of funding or fails to appropriately diversify sources of funding. If any of these events were to occur, they could adversely affect the financial performance of the Company.

Liquidity risk is mitigated by maintaining appropriate levels of cash and cash equivalents and short-term investments, actively monitoring market conditions, and by diversifying sources of funding, including the Company's committed credit facilities, and maintaining a well-diversified maturity profile of debt and capital obligations.

Maturity Analysis The following are the undiscounted contractual maturities of significant financial liabilities (excluding lease liabilities - see note 29) as at December 31, 2025:

($ millions)	2026	2027	2028	2029	2030	Thereafter	Total[(i)]
Long-term debt including interest payments[(ii)]	$ 1,120	$ 1,291	$ 3,370	$ 2,110	$ 1,621	$ 10,392	$ 19,904
Trade payables and other liabilities	7,535	—	—	—	—	—	7,535
Foreign exchange forward contracts	336	—	—	—	—	—	336
Financial liabilities (note 23)	63	62	55	58	55	268	561
Associate interest	396	—	—	—	—	—	396
Total	$ 9,450	$ 1,353	$ 3,425	$ 2,168	$ 1,676	$ 10,660	$ 28,732

(i) The Trust Unit liability has been excluded as this liability does not have a contractual maturity date.
(ii) Fixed interest payments are based on the maturing face values and annual interest for each instrument, including an independent funding trust and annual payment obligations for structured entities and mortgages. Variable interest payments are based on the forward rates as at year end 2025.

CREDIT RISK The Company is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to the Company, including derivative instruments, cash and cash equivalents, short-term investments, security deposits, Loblaw's finance lease receivable, pension assets held in the Company's defined benefit plans and Loblaw's accounts receivable, including amounts due from government and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors. Failure to manage credit risk could adversely affect the financial performance of the Company.

The risk related to derivative instruments, cash and cash equivalents, short-term investments and security deposits is reduced by policies and guidelines that require that the Company enters into transactions only with counterparties or issuers that have a minimum long-term "A-" credit rating from a recognized credit rating agency and place minimum and maximum limits for exposures to specific counterparties and instruments.

Choice Properties mitigates the risk of credit loss relating to rent receivables by evaluating the creditworthiness of new tenants, obtaining security deposits wherever permitted by legislation, ensuring its tenant mix is diversified and limiting its exposure to any one tenant, except Loblaw. Choice Properties establishes an allowance for expected credit losses with respect to rent receivables. The allowance is determined on a tenant-by-tenant basis based on the specific factors related to the tenant.

Loblaw's finance lease receivable and Loblaw's accounts receivable, including amounts due from governments and third-party drug plans arising from prescription drug sales, independent accounts and amounts owed from vendors and tenants, are actively monitored on an ongoing basis and settled on a frequent basis in accordance with the terms specified in the applicable agreements.

The Company's maximum exposure to credit risk as it relates to derivative instruments is approximated by the positive fair market value of the derivatives on the consolidated balance sheets (see note 30).

Refer to note 12 for additional information on the credit quality performance of the Company's other receivables mentioned above.

TRUST UNIT PRICE RISK The Company is exposed to market price risk from Choice Properties' Trust Units that are 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 holders. The liability is recorded at fair value at each reporting period based on the market price of Trust Units. The change in the fair value of the liability negatively impacts net earnings when the Trust Unit price increases and positively impacts net earnings when the Trust Unit price declines. A one dollar increase in the market value of Trust Units, with all other variables held constant, would result in an increase of $277 million in net interest expense and other financing charges.

INTEREST RATE RISK The Company is exposed to interest rate risk from fluctuations in interest rates on its floating rate debt and from the refinancing of existing financial instruments. An increase in interest rates could adversely affect the operations or financial performance of the Company. The Company manages interest rate risk by monitoring the respective mix of fixed and floating rate debt and by taking action as necessary to maintain an appropriate balance considering current market conditions, with the objective of maintaining the majority of its debt at fixed interest rates. The Company estimates that a 1% increase (decrease) in short-term interest rates, with all other variables held constant, would result in a decrease (increase) of $1 million in net interest expense and other financing charges.

CURRENCY EXCHANGE RATE RISK The Company is exposed to foreign currency exchange rate variability, primarily on its U.S. dollar denominated purchases in trade payables and other liabilities. A depreciating Canadian dollar relative to the U.S. dollar will have a negative impact on year-over-year changes in reported operating income and net earnings, while an appreciating Canadian dollar relative to the U.S. dollar will have the opposite impact. To manage a portion of this exposure, the Company uses derivative instruments in the form of futures contracts and forward contracts to minimize cost volatility related to foreign exchange.

COMMODITY PRICE RISK Loblaw is exposed to increases in the prices of commodities in operating its stores and distribution networks, as well as to the indirect effect of changing commodity prices on the price of consumer products. Rising commodity prices could adversely affect the financial performance of Loblaw. To manage a portion of this exposure, Loblaw uses purchase commitments and derivative instruments in the form of exchange traded futures contracts and forward contracts to minimize cost volatility related to commodities. Loblaw estimates that, based on the outstanding derivative contracts held as at year end 2025, a 10% decrease in relevant commodity prices, with all other variables held constant, would result in a loss of $2 million in earnings before income taxes.

Note 32. Contingent Liabilities

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

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

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

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

In 2017, the Company and Loblaw announced actions taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. Class action lawsuits were commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. On July 24, 2024, the Company and Loblaw entered into binding Minutes of Settlement and on January 31, 2025, the Company and Loblaw entered into a Settlement Agreement with the lawyers representing consumers to settle those class action lawsuits for $500 million. The Company and Loblaw will each pay for a portion of the settlement, with the Company paying $247 million and Loblaw paying $253 million. Loblaw will receive credit for the $96 million it previously paid to customers in the form of Loblaw cards, resulting in it being required to pay $157 million in cash towards the settlement. On March 3, 2025, the settlement funds were paid into a trust account. The Settlement Agreement was approved by the Ontario Superior Court in May 2025 and the Quebec Superior Court in July 2025. In December 2019, a proposed class action on behalf of independent distributors was commenced against the Company (the "ID Class Action"). It is too early to predict the outcome of the ID Class Action but the Company does not believe that the ultimate resolution of such legal proceeding will have a material adverse impact on its financial condition or prospects. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties. In response to such class action lawsuits, certain major grocery retailers have crossclaimed against the Company and Loblaw, and the Company and Loblaw believe such crossclaims are without merit.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. On December 12, 2024, the Ontario action was dismissed against Sanis Health Inc., with costs. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the civil British Columbia class action are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that the December 2019 claim seeks recovery of damages on behalf of opioid users directly. In April 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. In February 2025, the Company and Loblaws Inc. were also served with the claim. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social services, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. In October 2024, the claim was discontinued against Shoppers Drug Mart Inc. In January 2024, Shoppers Drug Mart Inc. was served with a second class action in Saskatchewan started by Lac La Ronge Indian Band. The case is brought on behalf of Band members and is claiming damages relating to abatement costs, the diversion of financial and other resources, the reduction in the value of the reserve lands and interests, and lost tax revenues. Shoppers Drug Mart Inc. is being sued as a representative of an international defendant subclass of opioid "dealers" and Sanis Health Inc. is a proposed supplier class member. The Company and Loblaw believe these proceedings are without merit and are vigorously defending them. The Company and Loblaw do not currently have any significant accruals or provisions for these matters recorded in the consolidated financial statements.

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

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

Note 33. Financial Guarantees

The Company established letters of credit used in connection with certain obligations mainly related to real estate transactions, benefit programs, purchase orders and guarantees with a gross potential liability of approximately $418 million as at year end 2025 (2024 – $416 million). In addition, Loblaw and Choice Properties have provided to third parties the following significant guarantees:

ASSOCIATE GUARANTEES Loblaw has arranged for its Associates to obtain financing to facilitate their inventory purchases and fund their working capital requirements by providing guarantees to various Canadian chartered banks that support Associate loans. As at year end 2025, Loblaw's maximum obligation in respect of such guarantees was $580 million (2024 – $580 million) with an aggregate amount of $32 million (2024 – $476 million) in available lines of credit allocated to the Associates by the various banks. As at year end 2025, Associates had drawn a nominal amount (2024 – nominal) against these available lines of credit. Any amounts drawn by the Associates are included in bank indebtedness on the Company's consolidated balance sheets. As recourse, in the event that any payments are made under the guarantees, Loblaw holds a first-ranking security interest on all assets of Associates, subject to certain prior-ranking statutory claims.

INDEPENDENT FUNDING TRUSTS The full balance relating to the debt of the independent funding trusts has been consolidated on the balance sheets of the Company (see note 22). As at year end 2025, Loblaw provided a credit enhancement of $80 million (2024 – $64 million) in the form of a standby letter of credit for the benefit of the independent funding trusts representing not less than 10% (2024 – not less than 10%) of the principal amount of loans outstanding. This credit enhancement allows the independent funding trusts to provide financing to Loblaw's franchisees. As well, each franchisee provides security to the independent funding trusts for its obligations by way of a general security agreement. In the event that a franchisee defaults on its loan and Loblaw has not, within a specified time period, assumed the loan, or the default is not otherwise remedied, the independent funding trusts would assign the loan to Loblaw and draw upon this standby letter of credit. This standby letter of credit has never been drawn upon. Loblaw has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit.

LEASE OBLIGATIONS In connection with historical dispositions of certain of its assets and Wellwise (see note 6), Loblaw has assigned leases to third parties. Loblaw remains contingently liable for these lease obligations in the event any of the assignees are in default until 2033. As at year end 2025, Loblaw has guaranteed lease obligations in the amount of $9 million (2024 – $2 million).

CASH COLLATERALIZATION As at year end 2025, Loblaw had agreements to cash collateralize certain of its uncommitted credit facilities up to an amount of $93 million (2024 – $94 million). As at year end 2025, no cash (2024 – nil) was deposited with major financial institutions and classified as security deposits.

FINANCIAL SERVICES Loblaw has provided a guarantee on behalf of PC Bank to Mastercard International Incorporated ("Mastercard") for accepting PC Bank as a card member and licensee of Mastercard. As at year end 2025, the guarantee on behalf of PC Bank to Mastercard was $190 million USD (2024 – $190 million USD).

Letters of credit for the benefit of independent securitization trusts with respect to the securitization programs of PC Bank have been issued by major financial institutions. These standby letters of credit can be drawn upon in the event of a major decline in the income flow from or in the value of the securitized credit card receivables. Loblaw has agreed to reimburse the issuing banks for any amount drawn on the standby letters of credit. The aggregate gross potential liability under these arrangements for the Other Independent Securitization Trusts was $59 million (2024 – $72 million), which represented approximately 9% (2024 – 9%) of the securitized credit card receivables amount (see note 5).

CHOICE PROPERTIES Letters of credit to support guarantees related to its investment properties including maintenance and development obligations to municipal authorities are issued by Choice Properties. As at year end 2025, the aggregate gross potential liability related to these letters of credit totalled $30 million (2024 – $37 million). Choice Properties' credit facility and debentures are guaranteed by each of the General Partner, the Partnership and any other person that becomes a subsidiary of Choice Properties (with certain exceptions). In the case of default by Choice Properties, the indenture trustee will be entitled to seek redress from the guarantors for the guaranteed obligations in the same manner and upon the same terms that it may seek to enforce the obligations of Choice Properties. These guarantees are intended to eliminate structural subordination, which would otherwise arise as a consequence of Choice Properties' assets being primarily held in its various subsidiaries.

Note 34. Related Party Transactions

Galen G. Weston beneficially owns or controls, directly and indirectly, including through Wittington, a total of 225,794,884 of GWL's common shares, representing approximately 59.5% of GWL's outstanding common shares (2024 – 59.0%).

Transactions between the Company and its consolidated entities have been eliminated on consolidation and are not disclosed in this note.

JOINT VENTURE During 2025, Choice Properties and Wittington formed a joint venture, with each party holding a 50% ownership interest. This joint venture completed two acquisitions of mixed-use properties located in Toronto, Ontario: an acquisition from a third party for a purchase price of $80 million and an acquisition from Choice Properties for a purchase price of $152 million, in each case excluding transaction costs. This joint venture is equity accounted.

TRANSACTION WITH WITTINGTON During 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 of $1 million and $1 million, respectively.

TRANSACTION WITH OTHER RELATED PARTY During 2025, a mortgage receivable and interest accrued thereon totalling $114 million issued to an entity in which Choice Properties has an ownership interest, was repaid.

VENTURE FUNDS During 2020, GWL, Loblaw and a wholly owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington ("Venture Fund I"). A wholly owned subsidiary of Wittington is the general partner of Venture Fund I, which hired an external fund manager to oversee it. The purpose of Venture Fund I is to pursue venture capital investing in innovative businesses that are in technology-oriented companies at all stages of the start-up life cycle that operate in commerce, healthcare, and food sectors and are based in North America. Each of the three limited partners have a 33% interest in Venture Fund I. The Company has a consolidated capital commitment of $66 million over a 10-year period.

During 2022, Loblaw became a limited partner in another limited partnership formed by Wittington ("Venture Fund II"). A wholly owned subsidiary of Wittington is also the general partner of Venture Fund II, and the purpose of Venture Fund II is consistent with Venture Fund I. Loblaw has a 50% interest in Venture Fund II and has a total capital commitment of $60 million over a 10-year period.

CO-INVESTMENT During 2024, GWL and two Wittington subsidiaries co-invested $14 million ($10 million USD) in a third-party company, of which the Company contributed $6 million ($4 million USD).

POST-EMPLOYMENT BENEFIT PLANS The Company sponsors a number of post-employment plans, which are related parties. Contributions made by the Company to these plans are disclosed in note 26.

INCOME TAX MATTERS From time to time, the Company and Wittington may enter into agreements to make elections that are permitted or required under applicable income tax legislation with respect to affiliated corporations.

COMPENSATION OF KEY MANAGEMENT PERSONNEL The Company's key management personnel is comprised of certain members of the executive teams of GWL, Loblaw and Wittington, as well as members of the Boards of GWL, Loblaw and Wittington to the extent that they have the authority and responsibility for planning, directing and controlling the day-to-day activities of the Company.

Annual compensation of key management personnel that is directly attributable to the Company was as follows:

($ millions)	**2025**	2024
Salaries, director fees and other short-term employee benefits	**$ 15**	$ 15
Equity-based compensation	**17**	12
Total compensation	**$ 32**	$ 27

Note 35. Segment Information

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

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

	2025						2024[i]					
($ millions)	**Loblaw[ii]**	**Choice Properties**	**Total Segment Measure**	**Effect of consol-idation**	**GWL Corporate**	**Total**	Loblaw[ii]	Choice Properties	Total Segment Measure	Effect of consol-idation	GWL Corporate	Total
Revenue	**$63,903**	**$ 1,415**	**$ 65,318**	**$ (807)**	**$ —**	**$ 64,511**	$ 60,123	$ 1,369	$ 61,492	$ (775)	$ —	$ 60,717
Cost of inventories sold	43,871	—	43,871	—	—	43,871	41,288	9	41,297	—	—	41,297
Selling, general and administrative expenses	15,616	340	15,956	(443)	27	15,540	15,369	280	15,649	(455)	278	15,472
Operating income	$ 4,416	$ 1,075	$ 5,491	$ (364)	$ (27)	$ 5,100	$ 3,466	$ 1,080	$ 4,546	$ (320)	$ (278)	$ 3,948
Net interest expense (income) and other financing charges	742	1,134	1,876	(403)	20	1,493	683	296	979	(149)	4	834
Earnings before income taxes	**$ 3,674**	**$ (59)**	**$ 3,615**	**$ 39**	**$ (47)**	**$ 3,607**	$ 2,783	$ 784	$ 3,567	$ (171)	$ (282)	$ 3,114
Operating income	**$ 4,416**	**$ 1,075**	**$ 5,491**	**$ (364)**	**$ (27)**	**$ 5,100**	$ 3,466	$ 1,080	$ 4,546	$ (320)	$ (278)	$ 3,948
Depreciation and amortization	2,692	4	2,696				2,918	4	2,922			
Adjusting items[iii]	40	(70)	(30)				281	(119)	162			
Adjusted EBITDA[iii]	**$ 7,148**	**$ 1,009**	**$ 8,157**				$ 6,665	$ 965	$ 7,630			

(i) Adjusted to reflect discontinued operations (see note 5).
(ii) Presented on a continuing basis due to the Sale of PC Financial.
(iii) Certain items are excluded from operating income to derive adjusted EBITDA:

	2025			2024		
($ millions)	**Loblaw**	**Choice Properties**	**Total Segment Measure**	Loblaw	Choice Properties	Total Segment Measure
Fair value adjustment of investment in real estate securities	**$ —**	**$ 45**	**$ 45**	$ —	$ 36	$ 36
Wind-down of *Theodore & Pringle* optical business	**30**	**—**	**30**	—	—	—
Sale of PC Financial	**10**	**—**	**10**	—	—	—
Fair value adjustment on non-operating properties	**4**	**—**	**4**	3	—	3
Fair value adjustment of derivatives	**3**	**—**	**3**	(5)	—	(5)
Charges related to settlement of class action lawsuits	**—**	**—**	**—**	164	—	164
PC Optimum loyalty program	**—**	**—**	**—**	99	—	99
Transaction costs and other related recoveries	**—**	**—**	**—**	—	(39)	(39)
Gain on sale of non-operating properties	**(2)**	**—**	**(2)**	(3)	—	(3)
Sale of Wellwise	**(5)**	**—**	**(5)**	23	—	23
Fair value adjustment on investment properties	**—**	**(115)**	**(115)**	—	(116)	(116)
Adjusting Items	**$ 40**	**$ (70)**	**$ (30)**	$ 281	$ (119)	$ 162

Effect of consolidation includes the following items:

($ millions)	2025 Revenue	2025 Operating Income	2025 Net Interest Expense and Other Financing Charges	2024 Revenue	2024 Operating Income	2024 Net Interest Expense and Other Financing Charges
Elimination of intercompany rental revenue	**$ (821)**	**$ 21**	**$ —**	$ (788)	$ 16	$ —
Elimination of internal lease arrangements	**14**	**(88)**	**(142)**	13	(44)	(136)
Elimination of intersegment real estate transactions	**—**	**(91)**	**—**	—	(132)	—
Gain on real estate disposals	**—**	**23**	**—**	—	—	—
Asset recoveries, net of impairments	**—**	**5**	**—**	—	10	—
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	**—**	**(62)**	**—**	—	(49)	—
Fair value adjustment on investment properties	**—**	**(172)**	**1**	—	(121)	2
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	**—**	**—**	**(304)**	—	—	(300)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	**—**	**—**	**213**	—	—	211
Fair value adjustment on Choice Properties' Exchangeable Units	**—**	**—**	**(578)**	—	—	238
Fair value adjustment on Trust Unit liability	**—**	**—**	**407**	—	—	(164)
Total	**$ (807)**	**$ (364)**	**$ (403)**	$ (775)	$ (320)	$ (149)

($ millions)	As at Dec. 31, 2025	Dec. 31, 2024
Total Assets		
Loblaw	**$ 41,577**	$ 40,880
Choice Properties	**17,913**	17,558
Total Segment Measure	**59,490**	58,438
GWL Corporate	**12,076**	12,376
Effect of consolidation	**(19,399)**	(19,378)
Consolidated	**$ 52,167**	$ 51,436

($ millions)	2025	2024
Capital Investments[(i)]		
Loblaw	**$ 2,062**	$ 2,200
Choice Properties	**566**	354
Total Segment Measure	**2,628**	2,554
GWL Corporate	**1**	1
Effect of consolidation	**(218)**	(160)
Consolidated[(ii)]	**$ 2,411**	$ 2,395

(i) Capital investments are presented on a Total Company basis. Refer to note 5 for more information related to discontinued operations.
(ii) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the year. There were no prepayments transferred to fixed assets for the years ended 2025 and 2024.

Note 36. Subsequent Events

CHOICE PROPERTIES Subsequent to year end, Choice Properties acquired two retail properties for an aggregate price of $28 million.

On February 18, 2026, Choice Properties announced an increase in the annual distribution by 1.3% to $0.78 per unit. The increase will be effective for Choice Properties' Unitholders of record on March 31, 2026.

Three Year Summary

Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

CONSOLIDATED INFORMATION[1]

As at or for the years ended December 31 ($ millions except where otherwise indicated)	**2025 (53 weeks)**	2024[2] (52 weeks)	2023[2] (52 weeks)
Operating Results			
Revenue	**64,511**	60,717	59,276
Operating income	**5,100**	3,948	4,174
Adjusted EBITDA[3]	**7,580**	7,050	6,684
Depreciation and amortization	**2,338**	2,563	2,476
Net interest expense and other financing charges	**1,493**	834	746
Adjusted net interest expense and other financing charges[3]	**1,086**	998	977
Income taxes	**1,270**	833	852
Adjusted income taxes[3]	**1,209**	1,095	1,015
Net earnings	**2,473**	2,496	2,625
Continuing operations	**2,337**	2,281	2,576
Discontinued operations	**136**	215	49
Net earnings attributable to shareholders of the Company	**1,142**	1,359	1,540
Net earnings available to common shareholders of the Company	**1,098**	1,315	1,496
Continuing operations	**1,026**	1,202	1,470
Discontinued operations	**72**	113	26
Adjusted net earnings available to common shareholders of the Company[3]	**1,741**	1,597	1,467
Continuing operations	**1,669**	1,537	1,432
Discontinued operations	**72**	60	35
Financial Position			
Fixed assets	**13,418**	12,686	11,857
Goodwill and intangible assets	**10,136**	10,362	10,888
Total assets	**52,167**	51,436	49,770
Cash and cash equivalents, short-term investments and security deposits[i]	**2,585**	2,734	2,961
Total debt including lease liabilities[i]	**24,556**	23,365	22,268
Total equity attributable to shareholders of the Company	**5,280**	6,242	6,675
Total equity	**12,610**	13,137	13,463
Net asset value[3]	**43,969**	34,950	26,633
Net asset value per common share[3] ($)	**115.86**	89.59	65.99
Cash Flows[ii]			
Cash flows from operating activities	**6,262**	6,065	5,851
Capital investments	**2,411**	2,395	2,379
Per Common Share ($)			
Diluted net earnings (loss) per common share[iii]	**2.80**	3.27	3.58
Continuing operations	**2.62**	2.99	3.52
Discontinued operations	**0.18**	0.28	0.06
Adjusted diluted net earnings per common share[3][iii]	**4.46**	3.98	3.51
Continuing operations	**4.28**	3.83	3.43
Discontinued operations	**0.18**	0.15	0.08
Financial Measures and Ratios			
Adjusted EBITDA margin[3] (%)	**11.7**	11.6	11.3
Adjusted return on average equity attributable to common shareholders of the Company[3] (%)	**35.2**	28.3	24.7
Adjusted return on capital[3] (%)	**15.2**	14.5	14.0

(i) As at December 31, 2025, includes amounts classified as assets, or liabilities associated with, held for sale. Refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's 2025 consolidated financial statements.
(ii) Cash flow metrics presented on a total Company basis, inclusive of continuing and discontinued operations.
(iii) Adjusted to reflect the three-for-one stock split effective at the close of business on August 18, 2025. Refer to note 2, "Material Accounting Policies", of the Company's 2025 consolidated financial statements.

Three Year Summary

SEGMENT INFORMATION[1]

As at or for the years ended December 31		2025	2024[2]	2023[2]
($ millions except where otherwise indicated)		(53 weeks)	(52 weeks)	(52 weeks)
OPERATING RESULTS				
Revenue	Loblaw	**63,903**	60,123	58,681
	Choice Properties	**1,415**	1,369	1,335
	Effect of consolidation	**(807)**	(775)	(740)
	GWL Corporate	**—**	—	—
	Consolidated	**64,511**	60,717	59,276
Operating Income	Loblaw	**4,416**	3,466	3,507
	Choice Properties	**1,075**	1,080	1,001
	Effect of consolidation	**(364)**	(320)	(284)
	GWL Corporate	**(27)**	(278)	(50)
	Consolidated	**5,100**	3,948	4,174
Adjusted EBITDA[3]	Loblaw	**7,148**	6,665	6,370
	Choice Properties	**1,009**	965	940
	Effect of consolidation	**(553)**	(561)	(579)
	GWL Corporate	**(24)**	(19)	(47)
	Consolidated	**7,580**	7,050	6,684
Adjusted EBITDA Margin[3] (%)	Loblaw	**11.2**	11.1	10.9
Depreciation and Amortization	Loblaw	**2,692**	2,918	2,850
	Choice Properties	**4**	4	3
	Effect of consolidation	**(361)**	(362)	(380)
	GWL Corporate	**3**	3	3
	Consolidated	**2,338**	2,563	2,476
FINANCIAL POSITION				
Total Assets	Loblaw	**41,577**	40,880	38,979
	Choice Properties	**17,913**	17,558	17,309
	Effect of consolidation	**(19,399)**	(19,378)	(19,025)
	GWL Corporate	**12,076**	12,376	12,507
	Consolidated	**52,167**	51,436	49,770
CASH FLOWS				
Capital Investments[i]	Loblaw	**2,062**	2,200	2,109
	Choice Properties	**566**	354	459
	Effect of consolidation	**(218)**	(160)	(191)
	GWL Corporate	**1**	1	2
	Consolidated[ii]	**2,411**	2,395	2,379

(i) Cash flow metrics presented on a total Company basis, inclusive of continuing and discontinued operations.

(ii) Capital investments are the sum of fixed asset and investment properties purchases and intangible asset additions as presented in the Company's consolidated statements of cash flows, and prepayments transferred to fixed assets in the year. There were no prepayments transferred to fixed assets for the years ended 2025 and 2024.

THREE YEAR SUMMARY ENDNOTES

1 For financial definitions and ratios refer to the Glossary beginning on page 175.

2 Certain comparative figures have been adjusted to conform with current year presentation. Refer to note 5, "Assets Held for Sale and Discontinued Operations", of the Company's 2025 consolidated financial statements.

3 Refer to Section 13, "Non-GAAP and Other Financial Measures", of the Company's 2025 Management's Discussion and Analysis.

Glossary

Term	Definition
Adjusted diluted net earnings per common share	Adjusted net earnings available to common shareholders of the Company including the effect of all dilutive instruments divided by the weighted average number of common shares outstanding during the period adjusted for the impact of dilutive items (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted EBITDA	Adjusted operating income before depreciation and amortization (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted earnings before income taxes	Adjusted operating income less adjusted net interest expense and other financing charges (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted effective tax rate	Adjusted income taxes divided by adjusted operating income less adjusted net interest expense and other financing charges (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted income taxes	Income taxes adjusted for the tax impact of items included in adjusted operating income less adjusted net interest expense and other financing charges (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted net earnings attributable to shareholders of the Company	Net earnings attributable to shareholders of the Company adjusted for items that are not necessarily reflective of the Company's underlying operating performance (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted net earnings available to common shareholders of the Company	Adjusted net earnings attributable to shareholders of the Company less preferred dividends (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted net interest expense and other financing charges	Net interest expense and other financing charges adjusted for items that are not necessarily reflective of the Company's ongoing net financing costs (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Adjusted operating income	Operating income adjusted for items that are not necessarily reflective of the Company's underlying operating performance (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
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 (see Section 3.5, "Financial Condition" and Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
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 (see Section 3.5, "Financial Condition" and Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Basic net earnings per common share	Net earnings available to common shareholders of the Company divided by the weighted average number of common shares outstanding during the period.
Capital under management	Total debt plus total equity attributable to shareholders of the Company.
Capital investments	Sum of fixed asset and investment properties purchases, intangible asset additions, and prepayments transferred to fixed assets in the current year, as applicable (see notes 14, 15 and 17 of the Company's consolidated financial statements).
Choice Properties' Adjusted Debt to Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value ("EBITDAFV")	Choice Properties' leverage ratio calculated as Total Adjusted Debt divided by EBITDAFV, used to assess the Trust's financial leverage and its ability to service debt. For more information on these measures see the 2025 Annual Report filed by Choice Properties.
Choice Properties' Funds from Operations	Choice Properties' net income (loss) adjusted for items that are not necessarily reflective of Choice Properties' underlying operating performance (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Choice Properties' Same-Asset NOI, Cash Basis	Choice Properties' cash-basis net operating income from properties in operation in both comparable periods, excluding acquisitions, dispositions and non-stabilized or redevelopment properties. For more information on these measures see the 2025 Annual Report filed by Choice Properties.

Glossary

Term	Definition
Compound Average Growth Rate	Measure of annualized growth over a period longer than one year. It is the mean annual growth rate over a two year period, 2023 to 2025.
Control brand	A brand and associated trademark that is owned by Loblaw for use in connection with its own products and services.
Conversion	A store that changes from one Loblaw banner to another Loblaw banner.
Debt to adjusted EBITDA	Loblaw total debt divided by Loblaw adjusted EBITDA.
Diluted net earnings per common share	Net earnings available to common shareholders of the Company adjusted for the impact of dilutive items divided by the weighted average number of common shares outstanding during the period adjusted for the impact of dilutive items.
Diluted weighted average common shares outstanding	Weighted average number of common shares outstanding including the effects of all dilutive instruments.
Food retail basket size	The dollar value of products sold in a single Loblaw retail transaction.
Food retail traffic	The number of customers entering stores across all Loblaw banners.
Free cash flow	Cash flows from operating activities less capital investments, interest paid and net lease payments (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Gross profit	Revenue less cost of sales.
Gross profit percentage	Gross profit divided by revenue.
Net asset value	Net asset value is presented for GWL and represents management's estimate of the current value of the participating shareholders' equity of the Company. The calculation of NAV is determined by the market value of the Company's interest in its operating segments, Loblaw and Choice Properties, less the net debt and preferred shares of GWL Corporate. Net debt and preferred shares at GWL Corporate is calculated as GWL Corporate debt, preferred shares and certain provisions, less GWL Corporate cash and cash equivalents and short-term investments (see Section 13, "Non-GAAP and Other Financial Measures", of the Company's Management's Discussion and Analysis).
Net earnings attributable to shareholders of the Company	Net earnings less non-controlling interests.
Net earnings available to common shareholders of the Company	Net earnings attributable to shareholders of the Company less preferred dividends.
Operating income	Net earnings before net interest expense and other financing charges and income taxes.
Publicly traded operating companies	The contribution to the Company's financial performance from its controlling interest in Loblaw and Choice Properties after the effect of consolidation, each of which are publicly traded entities (see notes 2 and 7 of the Company's consolidated financial statements).
Retail square footage	Retail square footage includes Loblaw's corporate stores, franchised stores and associate-owned drug stores.
Same-store sales	Loblaw retail sales for stores in operation in both comparable periods, including relocated, converted, expanded, contracted or renovated stores.
Total equity attributable to common shareholders of the Company	Total equity less preferred shares outstanding and non-controlling interests.
Total equity attributable to shareholders of the Company	Total equity less non-controlling interests.
Weighted average common shares outstanding	The number of common shares outstanding determined by relating the portion of time within the period the common shares were outstanding to the total time in that period.
Year	The Company's year end is December 31. Activities are reported on a fiscal year ending on the Saturday closest to December 31, usually 52 weeks in duration but includes a 53rd week every five to six years. Each of the years ended December 31, 2025 and December 31, 2024 contained 53 weeks and 52 weeks, respectively.

Corporate Directory

Board of Directors

Galen G. Weston, B.A., M.B.A.
Chairman and Chief Executive Officer of the Corporation; Chairman, Loblaw Companies Limited; Chairman, Wittington Investments, Limited; Chairman, President's Choice Bank; President, Weston Family Foundation; former Chair and Trustee of Choice Properties Real Estate Investment Trust.

M. Marianne Harris, B.Sc., J.D., M.B.A. (1, 2)
Corporate Director; Former Managing Director and President, Corporate and Investment Banking, Merrill Lynch Canada Inc., Former Head of Financial Institutions Group Americas, Merrill Lynch Pierce Fenner & Smith; Director, Loblaw Companies Limited; Director, Public Sector Pension Investment Board; Former Director, Sun Life Financial Inc.; Former Director, Hydro One Inc./ Hydro One Limited; Former Chair, Investment Industry Regulatory Organization of Canada (IIROC); Member of Dean's Advisory Council, Schulich School of Business; Former member of Advisory Council, Hennick Centre for Business and Law.

Nancy H.O. Lockhart, O. Ont. (1, 2)
Corporate Director; Trustee, Choice Properties Real Estate Investment Trust; Director, Atrium Mortgage Investment Corporation, and Chair Emeritus, Crow's Theatre Company; former Chief Administrative Officer, Frum Development Group, former Vice President, Shoppers Drug Mart Corporation; former Chair, Ontario Science Centre, Canadian Film Centre and Alignvest Student Housing; former Director, The Royal Conservatory of Music; former President, Canadian Club of Toronto; former Director, Loblaw Companies Limited, Gluskin Sheff & Associates Inc., Barrick Gold Corporation, Canada Deposit Insurance Corporation, Centre for Addiction and Mental Health Foundation, and the Loran Scholars Foundation.

Gordon M. Nixon, C.M., O. Ont. (1, 2*)
Corporate Director; Chair, Fiserv; Chair, BCE Inc. .(Mr. Nixon will not be standing for re-election at BCE Inc.'s 2026 AGM); Director, BlackRock, Inc.; former President and Chief Executive Officer, Royal Bank of Canada; Advisory Board, KingSett Canadian Real Estate Income Fund L.P.; Director Emeritus, Art Gallery of Ontario; Honorary Director of Hospital for Sick Children.

Barbara G. Stymiest, C.M., F.C.P.A. (1*,2)
Corporate Director; Director, President's Choice Bank; Board member of Resolution Re Ltd.; Premium Income Corporation, Premium Global Income Split Corporation; Vice-Chair, Age-Well NCE Inc.; Director, CIFAR; Director, Health Data Research Network Canada; former Member, Group Executive, Royal Bank of Canada; former Chief Executive Officer, TMX Group Inc., former Executive Vice-President and Chief Financial Officer, BMO Capital Markets; former Partner, Ernst & Young LLP; former Trustee, University Health Network; former Director, Blackberry Limited and Sun Life Financial Inc..

Cornell Wright, J.D., M.B.A.
President and Director of Wittington Investments, Limited; Trustee, Choice Properties Real Estate Investment Trust; Director, Loblaw Companies Limited; Director, BCE Inc., Trustee, University Health Network; Executive in Residence, Member of Dean's Advisory Board, University of Toronto's Rotman School of Management; former Chair, National Ballet of Canada.

(1) Audit Committee
(2) Governance, Human Resource, Nominating and Compensation Committee
* Chair of the Committee

Corporate Officers

Galen G. Weston
Chairman and Chief Executive Officer

Richard Dufresne
President
and Chief Financial Officer

Anna Filipopoulos
Chief Talent Officer

Andrew Bunston
Chief Legal Officer and Secretary

Katie McCullam
Chief Strategy Officer

John Williams
Senior Vice President and Group Treasurer

Lina Taglieri
Senior Vice President and Group Head, Controller

Jeff Gobeil
Senior Vice President and Group Head, Tax

Anemona Turcu
Senior Vice President and Group Chief Risk Officer

Shareholder and Corporate Information

Executive Office
George Weston Limited
22 St. Clair Avenue East
Toronto, Canada M4T 2S5
Tel: 416.922.2500
www.weston.ca

Stock Exchange Listing and Symbols
The Company's common and preferred shares are listed on the Toronto Stock Exchange and trade under the symbols: "WN", "WN.PR.A", "WN.PR.C", "WN.PR.D" and "WN.PR.E".

Common Shares
At year end 2025, there were 379,506,166 common shares issued and outstanding.

The average 2025 daily trading volume of the Company's common shares was 375,341.

Preferred Shares
As at year end 2025, there were 9,400,000 preferred shares Series I, 8,000,000 preferred shares Series III, 8,000,000 preferred shares Series IV and 8,000,000 preferred shares Series V issued and outstanding.

The average 2025 daily trading volume of the Company's preferred shares was:

Series I:	4,306
Series III:	3,285
Series IV:	3,407
Series V:	5,110

Preferred Dividend Dates
The declaration and payment of quarterly preferred dividends are made subject to approval by the Board of Directors. The record and payment dates for 2026 are:

Series I

Record Date	Payment Date
Feb. 28	March 15
May 31	June 15
Aug. 31	Sept. 15
Nov. 30	Dec. 15

Series III, Series IV and Series V

Record Date	Payment Date
March 15	April 1
June 15	July 1
Sept. 15	Oct. 1
Dec. 15	Jan. 1

Common Dividend Policy
The declaration and payment of dividends on the Company's common shares and the amount thereof are at the discretion of the Board of Directors which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time. Over time, it is the Company's intention to increase the amount of the dividend while retaining appropriate free cash flow to finance future growth.

Common Dividend Dates
The declaration and payment of quarterly common dividends are made subject to approval by the Board of Directors. The anticipated record and payment dates for 2026 are:

Record Date	Payment Date
March 15	April 1
June 15	July 1
Sept. 15	Oct. 1
Dec. 15	Jan. 1

Design: Q30 Design Inc. **Printing:** TC Transcontinental

Normal Course Issuer Bid
The Company has a Normal Course Issuer Bid on the Toronto Stock Exchange.

Value of Common Shares
For capital gains purposes, the valuation day (December 22, 1971) cost base for the Company, adjusted for the four-for-one stock split (effective May 27, 1986), the three-for-one stock split (effective May 8, 1998), and the three-for-one stock split (effective August 18, 2025), is $0.50 per share. The value on February 22, 1994 was $4.39 per share.

Registrar and Transfer Agent
Computershare Investor Services Inc.
100 University Avenue, 8th Floor,
Toronto, Canada M5J 2Y1

Toll Free Tel:	1.800.564.6253 (Canada and U.S.A.)
International Tel:	514.982.7555 (direct dial)
Fax:	416.263.9394
Toll Free Fax:	1.888.453.0330

To change your address or eliminate multiple mailings, or for other shareholder account inquiries, please contact Computershare Investor Services Inc.

Annual Meeting
The 2026 Annual Meeting of Shareholders of George Weston Limited will be held on Tuesday, May 12, 2026 at 10:00 a.m. (EDT) at Massey Hall, 178 Victoria Street, Toronto, Ontario, Canada and virtually via a live webcast.

Trademarks
George Weston Limited, Loblaw Companies Limited, Choice Properties Real Estate Investment Trust and their respective subsidiaries own a number of trademarks. These trademarks are the exclusive property of George Weston Limited, Loblaw Companies Limited, Choice Properties Real Estate Investment Trust and their respective subsidiary companies. Trademarks where used in this report are marked with ™ or ® symbols, or written in italics.

Investor Relations
Shareholders, security analysts and investment professionals should direct their requests to Roy MacDonald, Group Vice-President, Investor Relations, at the Company's Executive Office or by e-mail at investor@weston.ca.

Additional financial information has been filed electronically with the Canadian securities regulatory authorities in Canada through SEDAR+.

This Annual Report includes selected information on Loblaw Companies Limited, a public company with shares, and Choice Properties Real Estate Investment Trust, a public entity with units, both of which are traded on the Toronto Stock Exchange.

Ce rapport est disponible en français.


Loblaws
CityMarket
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PHARMACY

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