Q1 2023 Quarterly Report

12 Weeks Ended March 25, 2023

WESTON GEORGE WESTON LIMITED

ESTABLISHED 1882

Footnote Legend

(1) Refer to Section 8, “Non-GAAP and Other Financial Measures”, of the Company’s 2023 First Quarter Management’s Discussion and Analysis.

(2) GWL Corporate refers to the non-consolidated financial results and metrics of George Weston Limited. GWL Corporate is a subset of Other and Intersegment.

(3) To be read in conjunction with Section 9, “Forward-Looking Statements”, of the Company’s 2023 First Quarter Management’s Discussion and Analysis.

Management's Discussion and Analysis

Management’s Discussion and Analysis

The following Management’s Discussion and Analysis (“MD&A”) for George Weston Limited (“GWL” or the “Company”) should be read in conjunction with the Company’s first quarter 2023 unaudited interim period condensed consolidated financial statements and the accompanying notes of this Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2022 and the related annual MD&A included in the Company’s 2022 Annual Report.

The Company’s first quarter 2023 unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). These unaudited interim period condensed 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 International Financial Reporting Standards (“IFRS” or “GAAP”), certain expenses and income must be recognized that are not necessarily reflective of the Company’s underlying operating performance. Non-GAAP financial measures exclude the impact of certain items and are used internally when analyzing consolidated and segment underlying operating performance. These non-GAAP financial measures are also helpful in assessing underlying operating performance on a consistent basis. See Section 8, “Non-GAAP and Other Financial Measures”, of this MD&A for more information on the Company’s non-GAAP financial measures.

The Company operates through its two reportable operating segments, Loblaw Companies Limited (“Loblaw”) and Choice Properties Real Estate Investment Trust (“Choice Properties”). Other and Intersegment includes eliminations, intersegment adjustments related to the consolidation and cash and short-term investments held by the Company. All other company level activities that are not allocated to the reportable operating segments, such as net interest expense, corporate activities and administrative costs are included in Other and Intersegment. Loblaw has two reportable operating segments, retail and financial services. Loblaw’s retail segment consists primarily of food retail and drug retail. Loblaw provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise and financial services. Choice Properties owns, manages and develops a high-quality portfolio of commercial and residential properties across Canada.

In this MD&A, “Consolidated” refers to the consolidated results of GWL including its subsidiaries under continuing operations, while “GWL Corporate” refers to the non-consolidated financial results and metrics of GWL, such as dividends paid by GWL to its shareholders or cash flows received by GWL from its operating businesses. GWL Corporate is a subset of Other and Intersegment.

A glossary of terms and ratios used throughout this Quarterly Report can be found beginning on page 174 of the Company’s 2022 Annual Report.

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

The information in this MD&A is current to May 8, 2023, unless otherwise noted.

At a Glance

Key Financial Highlights

As at or for the 12 weeks ended March 25, 2023, March 26, 2022 and December 31, 2022
($ millions except where otherwise indicated)

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

Consolidated

REVENUE	OPERATING INCOME	ADJUSTED EBITDA[1]	ADJUSTED EBITDA MARGIN[1] (%)
$13,133	**$957**	**$1,507**	**11.5%**
+5.9%	**-17.9%**	**+6.0%**	**– bps**
vs. Q1 2022	vs. Q1 2022	vs. Q1 2022	vs. Q1 2022

NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS FROM CONTINUING OPERATIONS	ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1] FROM CONTINUING OPERATIONS	DILUTED NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS ($)	ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1] FROM CONTINUING OPERATIONS ($)
$426	**$282**	**$3.01**	**$1.99**
+17.4%	**—%**	**+22.9%**	**+4.7%**
vs. Q1 2022	vs. Q1 2022	vs. Q1 2022	vs. Q1 2022

GWL Corporate[2]

CASH FLOW FROM OPERATING BUSINESSES[1] FROM CONTINUING OPERATIONS	GWL CORPORATE[2] FREE CASH FLOW[1] FROM CONTINUING OPERATIONS	QUARTERLY DIVIDENDS DECLARED PER SHARE ($)	GWL CORPORATE[2] CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS
$83	**$186**	**$0.66**	**$699**
—%	**+415.3%**	**+10.0%**	**-14.5%**
vs. Q1 2022	vs. Q1 2022	vs. Q1 2022	vs. Q4 2022

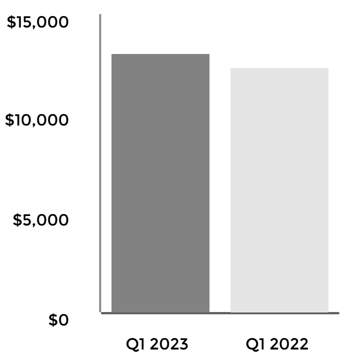
(1) Refer to Section 8, "Non-GAAP and Other Financial Measures", of this MD&A.
(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.

Key Performance Indicators

For the 12 weeks ended March 25, 2023 and March 26, 2022
($ millions except where otherwise indicated)

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

REVENUE

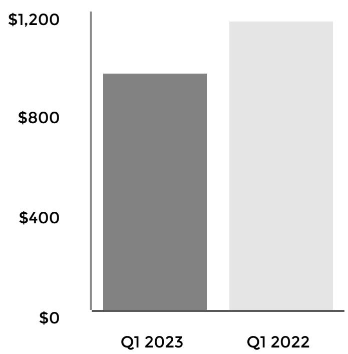


Q1 2023	**$ 13,133**	**+5.9%**
Q1 2022	$ 12,407	

How we performed

Revenue increased in the first quarter of 2023 due to growth at Loblaw.

OPERATING INCOME

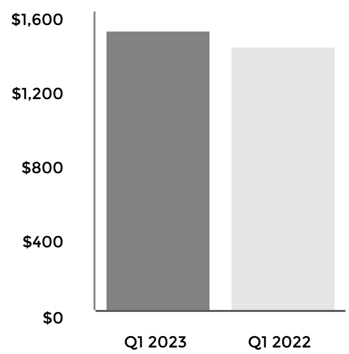


Q1 2023	**$ 957**	**-17.9%**
Q1 2022	$ 1,166	

How we performed

Operating income decreased in the first quarter of 2023 due to the unfavourable year-over-year net impact of adjusting items, partially offset by the improvement in the underlying operating performance of the Company driven by Loblaw and Choice Properties.

ADJUSTED EBITDA[1]



Q1 2023	**$ 1,507**	**+6.0%**
Q1 2022	$ 1,422	

How we performed

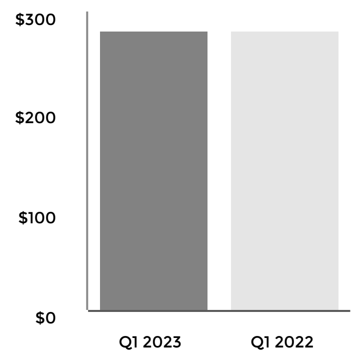
Adjusted EBITDA[1] increased in the first quarter of 2023 mainly due to an increase at Loblaw and Choice Properties.

Adjusted EBITDA margin[1] in the first quarter of 2023 was flat compared to the same period in 2022. The improvement in Loblaw retail adjusted gross profit percentage[1] was offset by an increase in the Company's selling, general and administrative expenses.

ADJUSTED EBITDA MARGIN[1] (%)

11.5%	**– bps**
Q1 2023	vs. Q1 2022

ADJUSTED NET EARNINGS AVAILABLE TO COMMON SHAREHOLDERS[1] FROM CONTINUING OPERATIONS



Q1 2023	**$ 282**	**–%**
Q1 2022	$ 282	

How we performed

Adjusted net earnings available to common shareholders[1] from continuing operations in the first quarter of 2023 was flat compared to the same period in 2022. The improvement in the underlying operating performance at Loblaw and Choice Properties was offset by an increase in tax expense, the unfavourable year-over-year impact of Other and Intersegment, and an increase in adjusted net interest expense and other financing charges[1].

Adjusted diluted net earnings per common share[1] from continuing operations increased in the first quarter of 2023 driven by lower weighted average common shares due to share repurchases.

ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE[1] FROM CONTINUING OPERATIONS ($)

$ 1.99	**+4.7%**
Q1 2023	vs. Q1 2022

(1) Refer to Section 8, "Non-GAAP and Other Financial Measures", of this MD&A.
(2) GWL Corporate refers to the non-consolidated financial results and metrics of GWL. GWL Corporate is a subset of Other and Intersegment.

GWL Corporate[2] Free Cash Flow[1] from Continuing Operations

GWL Corporate[2] free cash flow[1] from continuing operations is generated from the dividends received from Loblaw, distributions received from Choice Properties, and proceeds from participation in Loblaw's Normal Course Issuer Bid, less corporate expenses, interest and income taxes paid.

($ millions)	12 Weeks Ended Mar. 25, 2023	12 Weeks Ended Mar. 26, 2022
Dividends from Loblaw	**$ –**	$ –
Distributions from Choice Properties	**83**	83
GWL Corporate[2] cash flow from operating businesses[1] from Continuing Operations	**$ 83**	**$ 83**
Proceeds from participation in Loblaw's Normal Course Issuer Bid	**188**	10
GWL Corporate, financing, and other costs[i]	**(24)**	(58)
Income taxes paid	**(61)**	(94)
GWL Corporate[2] free cash flow[1] from (used in) Continuing Operations	**$ 186**	**$ (59)**

(i) Included in Other and Intersegment. GWL Corporate includes all other company level activities that are not allocated to the reportable operating segments such as net interest expense, corporate activities and administrative costs. Also included are preferred share dividends.

As at or for the 12 weeks ended March 25, 2023, March 26, 2022 and December 31, 2022
($ millions except where otherwise indicated)

GWL CORPORATE[2] CASH FLOW FROM OPERATING BUSINESSES[1] FROM CONTINUING OPERATIONS

$ 83 **–%**
Q1 2023 vs. Q1 2022

$ 83
Q1 2022

How we performed

Cash flow from operating businesses from continuing operations remained consistent with the prior year period.

GWL CORPORATE[2] FREE CASH FLOW[1] FROM (USED IN) CONTINUING OPERATIONS

$ 186 **+415.3%**
Q1 2023 vs. Q1 2022

$ (59)
Q1 2022

How we performed

The increase was primarily due to higher proceeds from GWL's participation in Loblaw's Normal Course Issuer Bid and lower income taxes paid.

GWL CORPORATE[2] CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

$ 699 **-14.5%**
Q1 2023 vs. Q4 2022

How we performed

The decrease in GWL Corporate[2] cash and cash equivalents and short-term investments since 2022 year end was primarily due to GWL share repurchases and income taxes paid, partially offset by proceeds received from GWL's participation in Loblaw's Normal Course Issuer Bid.

Management's Discussion and Analysis

1. Overall Financial Performance

Loblaw revenue and earnings growth continued to reflect its focus on retail excellence. Drug retail sales were led by continued strength in higher margin beauty and cough and cold products. Drug retail sales growth rates were further magnified by lapping Omicron related lockdowns last year. Food retail sales growth accelerated through the quarter, after lapping lockdown related benefits in the first part of 2022. This was the case in both market and discount stores, though the latter continued to outperform, benefiting from the heightened consumer focus on price. Total retail gross margin increased due to higher sales growth in more profitable front-store sales in drug stores, offsetting a slight decline in food retail gross margin as costs continued to increase faster than prices. Higher sales and cost control leverage drove earnings in the quarter.

Choice Properties delivered consistent operating and financial results in the quarter, driven by the strength of its portfolio and the quality and resiliency of its tenants. Choice Properties further strengthened its market leading portfolio through capital recycling and took steps to ensure its industry leading balance sheet was maintained amidst on-going market volatility. Choice Properties completed $268 million of transactions and raised $737 million of financing, including issuing $550 million of unsecured debentures with a ten-year term. Looking ahead, Choice Properties' business is strong and well positioned to execute on its strategic framework.

1.1 Consolidated Results of Operations

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 positively impacted when the Trust Unit price declines and negatively impacted when the Trust Unit price increases.

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

($ millions except where otherwise indicated)	12 Weeks Ended			
For the periods ended as indicated	**Mar. 25, 2023**	Mar. 26, 2022	$ Change	% Change
Revenue	**$ 13,133**	**$ 12,407**	**$ 726**	**5.9%**
Operating income	**$ 957**	**$ 1,166**	**$ (209)**	**(17.9)%**
Adjusted EBITDA[1]	**$ 1,507**	$ 1,422	$ 85	6.0%
Adjusted EBITDA margin[1]	**11.5%**	11.5%		
Depreciation and amortization	**$ 582**	**$ 549**	**$ 33**	**6.0%**
Net interest expense and other financing charges	**$ 71**	**$ 322**	**$ (251)**	**(78.0)%**
Adjusted net interest expense and other financing charges[1]	**$ 263**	$ 240	$ 23	9.6%
Income taxes	**$ 234**	**$ 229**	**$ 5**	**2.2%**
Adjusted income taxes[1]	**$ 228**	$ 205	$ 23	11.2%
Adjusted effective tax rate[1]	**29.4%**	27.3%		
Net earnings attributable to shareholders of the Company from continuing operations	**$ 436**	**$ 373**	**$ 63**	**16.9%**
Net earnings available to common shareholders of the Company from continuing operations	**$ 426**	**$ 363**	**$ 63**	**17.4%**
Adjusted net earnings available to common shareholders of the Company[1] from continuing operations	**$ 282**	$ 282	$ –	–%
Diluted net earnings per common share from continuing operations ($)	**$ 3.01**	**$ 2.45**	**$ 0.56**	**22.9%**
Adjusted diluted net earnings per common share[1] from continuing operations ($)	**$ 1.99**	$ 1.90	$ 0.09	4.7%

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

In the first quarter of 2023, the Company recorded net earnings available to common shareholders of the Company from continuing operations of $426 million ($3.01 per common share), an increase of $63 million ($0.56 per common share) compared to the same period in 2022. The increase was due to the favourable year-over-year net impact of adjusting items totaling $63 million. The Company's consolidated underlying operating performance was flat compared to the same period in 2022.

- The favourable year-over-year net impact of adjusting items totaling $63 million ($0.47 per common share) was primarily due to:
  - the favourable year-over-year impact of the fair value adjustment of the Trust Unit liability of $285 million ($2.00 per common share) as a result of the decrease in Choice Properties' unit price;

  partially offset by,
  - the unfavourable year-over-year impact of the fair value adjustment on investment properties of $200 million ($1.35 per common share) driven by Choice Properties, net of consolidation adjustments in Other and Intersegment; and
  - the unfavourable year-over-year impact of the prior year recovery related to a favourable Court ruling regarding a Glenhuron Bank Limited ("Glenhuron") matter at Loblaw of $23 million ($0.16 per common share).

- The Company's consolidated underlying operating performance was flat compared to the same period in 2022 driven by:
  - the favourable underlying operating performance of Loblaw and Choice Properties;

  offset by,
  - an increase in the adjusted effective tax rate[1] primarily attributable to an increase in tax expense as a result of GWL's participation in Loblaw's Normal Course Issuer Bid ("NCIB") program;
  - the unfavourable year-over-year impact of Other and Intersegment, primarily driven by the elimination of internal lease arrangements; and
  - an increase in adjusted net interest expense and other financing charges[1].

- Diluted net earnings per common share from continuing operations included the favourable impact of shares purchased for cancellation over the last 12 months ($0.09 per common share) pursuant to the Company's NCIB.

Adjusted net earnings available to common shareholders of the Company[1] from continuing operations in the first quarter of 2023 were $282 million, flat compared to the same period in 2022 due to the Company's consolidated underlying operating performance described above.

Adjusted diluted net earnings per common share[1] from continuing operations in the first quarter of 2023 were $1.99, an increase of $0.09 per common share, or 4.7%, compared to the same period in 2022. The increase was due to the favourable impact of share repurchases.

REVENUE

($ millions except where otherwise indicated)	12 Weeks Ended			
For the periods ended as indicated	**Mar. 25, 2023**	Mar. 26, 2022	$ Change	% Change
Loblaw	**$ 12,995**	$ 12,262	$ 733	6.0%
Choice Properties	**$ 325**	$ 328	$ (3)	(0.9)%
Other and Intersegment[i]	**$ (187)**	$ (183)		
Consolidated	**$ 13,133**	$ 12,407	$ 726	5.9%

(i) Other and Intersegment includes intercompany eliminations.

Revenue in the first quarter of 2023 was $13,133 million, an increase of $726 million, or 5.9%, compared to the same period in 2022. The increase in revenue in the first quarter of 2023 was impacted by each of the Company's reportable operating segments as follows:

- Positively by 5.9% due to revenue growth of 6.0% at Loblaw, primarily driven by an increase in retail sales of $690 million, or 5.7%, and an improvement in financial services revenue of $52 million, or 19.0%. The increase in retail sales was due to positive same-store sales growth and Lifemark Health Group ("Lifemark") revenues of $118 million.

- Negatively by a nominal amount due to decline in revenue of 0.9% at Choice Properties. The decrease of $3 million was mainly due to foregone revenue following the disposition of six office assets (the "Office Asset Sale") to Allied Properties Real Estate Investment Trust ("Allied") in the second quarter of 2022, partially offset by an increase in rental revenues from the retail and industrial portfolios driven by improved occupancy and higher rental rates, the impact of acquisitions and completed developments and increased capital recoveries.

OPERATING INCOME

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022	$ Change	% Change
Loblaw	**$ 767**	$ 736	$ 31	4.2%
Choice Properties	**$ 306**	$ 629	$ (323)	(51.4)%
Other and Intersegment	**$ (116)**	$ (199)		
Consolidated	**$ 957**	$ 1,166	$ (209)	(17.9)%

Operating income in the first quarter of 2023 was $957 million compared to $1,166 million in the same period in 2022, a decrease of $209 million, or 17.9%. The decrease was mainly attributable to the unfavourable year-over-year net impact of adjusting items totaling $258 million, partially offset by the improvement in underlying operating performance of $49 million, as described below:

- the unfavourable year-over-year net impact of adjusting items totaling $258 million was primarily due to:
  - the unfavourable year-over-year impact of the fair value adjustment of investment properties of $242 million driven by Choice Properties, net of consolidation adjustments in Other and Intersegment; and
  - the unfavourable year-over-year impact of the fair value adjustment of derivatives at Loblaw of $17 million.

- the improvement in underlying operating performance of $49 million was due to:
  - the favourable underlying operating performance of Loblaw driven by an improvement in retail; and
  - the favourable underlying operating performance at Choice Properties;

  partially offset by,
  - an increase in depreciation and amortization at Loblaw; and
  - the unfavourable year-over-year impact of Other and Intersegment, primarily driven by the elimination of internal lease arrangements.

ADJUSTED EBITDA[1]

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022	$ Change	% Change
Loblaw	**$ 1,446**	$ 1,341	$ 105	7.8%
Choice Properties	**$ 230**	$ 225	$ 5	2.2%
Other and Intersegment	**$ (169)**	$ (144)		
Consolidated	**$ 1,507**	$ 1,422	$ 85	6.0%

Adjusted EBITDA[1] in the first quarter of 2023 was $1,507 million compared to $1,422 million in the same period in 2022, an increase of $85 million, or 6.0%. The increase was impacted by each of the Company's reportable operating segments as follows:

- Positively by 7.4% due to growth of 7.8% in adjusted EBITDA[1] at Loblaw driven by an increase in retail. Financial services adjusted EBITDA[1] was flat compared to the same period in 2022. The increase in Loblaw retail adjusted EBITDA[1] was driven by an increase in retail gross profit, partially offset by an increase in retail selling, general and administrative expenses ("SG&A").

- Positively by 0.4% due to an increase of 2.2% in adjusted EBITDA[1] at Choice Properties, primarily driven by the increase in rental revenues from the retail and industrial portfolios and distribution income from the investment in Allied, partially offset by higher general and administrative expenses and foregone revenue following the Office Asset Sale.

DEPRECIATION AND AMORTIZATION

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022	$ Change	% Change
Loblaw	**$ 675**	$ 631	$ 44	7.0%
Choice Properties	**$ 1**	$ 1	$ –	–%
Other and Intersegment	**$ (94)**	$ (83)		
Consolidated	**$ 582**	$ 549	$ 33	6.0%

Depreciation and amortization in the first quarter of 2023 was $582 million, an increase of $33 million compared to the same period in 2022. Depreciation and amortization included $114 million (2022 – $117 million) of amortization of intangible assets related to the acquisitions of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") and Lifemark, recorded by Loblaw. Excluding these amounts, depreciation and amortization increased by $36 million, primarily driven by an increase in depreciation of information technology ("IT") and leased assets at Loblaw and accelerated depreciation of $7 million (2022 – nil) as a result of network optimization at Loblaw.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022	$ Change	% Change
Net interest expense and other financing charges	**$ 71**	$ 322	$ (251)	(78.0)%
Add (deduct) impact of the following:				
Fair value adjustment of the Trust Unit liability	**192**	(93)	285	306.5%
Recovery related to Glenhuron	**–**	11	(11)	(100.0)%
Adjusted net interest expense and other financing charges[1]	**$ 263**	$ 240	$ 23	9.6%

Net interest expense and other financing charges in the first quarter of 2023 were $71 million, a decrease of $251 million compared to the same period in 2022. The decrease was due to the favourable year-over-year net impact of adjusting items totaling $274 million, itemized in the table above and an increase in adjusted net interest expense and other financing charges[1] of $23 million. Included in the adjusting items in 2023 was the favourable year-over-year fair value adjustment of the Trust Unit liability of $285 million, as a result of the decrease in Choice Properties' unit price in the quarter. The Company is exposed to market price fluctuations as a result of units held by unitholders other than the Company which are redeemable for cash at the option of the holder and are presented as a liability on the Company's consolidated balance sheet.

Adjusted net interest expense and other financing charges[1] in 2023 increased by $23 million, primarily driven by:

- an increase in interest expense on long-term debt at Loblaw and Choice Properties mainly due to higher interest rates and a higher average balance compared to the same period in 2022; and
- an increase in interest expense from borrowings related to credit card receivables at Loblaw;

partially offset by,

- an increase in interest income on certain short-term investments due to higher interest rates, and on mortgages and loans receivable at Choice Properties due to a higher average outstanding balance in the period.

INCOME TAXES

($ millions except where otherwise indicated) For the years ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022	$ Change	% Change
Income taxes	**$ 234**	$ 229	$ 5	2.2%
Add (deduct) impact of the following:				
Tax impact of items excluded from adjusted earnings before taxes(i)	**26**	(20)	46	230.0%
Recovery related to Glenhuron	**–**	33	(33)	(100.0)%
Outside basis difference in certain Loblaw shares	**(32)**	(37)	5	13.5%
Adjusted income taxes[1]	**$ 228**	$ 205	$ 23	11.2%
Effective tax rate applicable to earnings before taxes	**26.4%**	27.1%		
Adjusted effective tax rate applicable to adjusted earnings before taxes[1]	**29.4%**	27.3%		

(i) See the adjusted EBITDA[1] table and the adjusted net interest expense and other financing charges[1] table included in Section 8, "Non-GAAP and Other Financial Measures", of this MD&A for a complete list of items excluded from adjusted earnings before taxes[1].

The effective tax rate in 2023 was 26.4%, compared to 27.1% in 2022. The decrease was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability and the non-taxable portion of the gain from real estate dispositions in the first quarter of 2023 at Loblaw, partially offset by the recovery of income taxes related to Glenhuron in 2022.

The adjusted effective tax rate[1] in 2023 was 29.4%, compared to 27.3% in 2022. The increase was primarily attributable to an increase in current tax expense related to GWL's participation in Loblaw's NCIB, partially offset by the non-taxable portion of the gain from the real estate dispositions in the first quarter of 2023 at Loblaw.

1.2 Consolidated Other Business Matters

GWL CORPORATE[2] FINANCING ACTIVITIES The Company completed the following financing activities during the periods indicated below. The cash impacts of these activities are set out below:

	12 Weeks Ended	
($ millions)	**Mar. 25, 2023**	Mar. 26, 2022
NCIB – purchased and cancelled[(i)(ii)]	**$ (227)**	$ (47)
Participation in Loblaw's NCIB	**188**	10
Credit facility repayment	**–**	(121)
Net cash flow used in above activities	**$ (39)**	$ (158)

(i) $4 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2023 was paid in the second quarter of 2023.
(ii) $16 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2022 was paid in the second quarter of 2022. $6 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the fourth quarter of 2021 was paid in the first quarter of 2022.

NCIB - Purchased and Cancelled Shares In the first quarter of 2023, the Company purchased and cancelled 1.4 million shares under its NCIB (2022 – 0.4 million shares) at a cost of $231 million (2022 – $57 million). As at March 25, 2023, the Company had 139.3 million shares issued and outstanding, net of shares held in trusts (March 26, 2022 – 146.5 million shares).

In the first quarter of 2023, the Company entered into an automatic share purchase plan ("ASPP") with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market.

Refer to Note 11, "Share Capital" of the Company's first quarter 2023 unaudited interim period condensed consolidated financial statements for more information.

Participation in Loblaw's NCIB The Company participates in Loblaw's NCIB in order to maintain its proportionate percentage ownership interest. During the first quarter of 2023, GWL received proceeds of $188 million (2022 – $10 million) from the sale of Loblaw shares.

2. Results of Reportable Operating Segments

The following discussion provides details of the first quarter of 2023 results of operations of each of the Company's reportable operating segments.

2.1 Loblaw Operating Results

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022	$ Change	% Change
Revenue	**$ 12,995**	$ 12,262	$ 733	6.0%
Operating income	**$ 767**	$ 736	$ 31	4.2%
Adjusted EBITDA[1]	**$ 1,446**	$ 1,341	$ 105	7.8%
Adjusted EBITDA margin[1]	**11.1%**	10.9%		
Depreciation and amortization	**$ 675**	$ 631	$ 44	7.0%

REVENUE Loblaw revenue in the first quarter of 2023 was $12,995, an increase of $733 million, or 6.0%, compared to the same period in 2022, driven by an increase in retail sales and an improvement in financial services revenue.

Retail sales were $12,735 million, an increase of $690 million, or 5.7%, compared to the same period in 2022. The increase was primarily driven by the following factors:

- food retail sales were $9,011 million (2022 – $8,682 million) and food retail same-store sales growth was 3.1% (2022 – 2.1%), including the negative impact of 1.1% related to the timing of New Year's Day. Food retail same-store sales were also negatively impacted by higher than normal eat-at-home levels in the prior year;
  - the Consumer Price Index as measured by The Consumer Price Index for Food Purchased from Stores was 10.5% (2022 – 7.5%), which was generally in line with Loblaw's internal food inflation; and
  - food retail traffic increased and basket size decreased.

- drug retail sales were $3,724 million (2022 – $3,363 million) and drug retail same-store sales growth was 7.4% (2022 – 5.2%);
  - pharmacy and healthcare services same-store sales growth was 4.7% (2022 – 6.8%). Pharmacy and healthcare services same-store sales growth benefited from an increase in acute and chronic prescription volumes. The number of prescriptions dispensed decreased by 2.4% (2022 – increased by 5.8%) driven by a decline in COVID testing and vaccines. On a same-store basis, the number of prescriptions dispensed decreased by 1.9% (2022 – increased by 5.8%) and the average prescription value increased by 6.0% (2022 – 0.4%);
  - pharmacy and healthcare services sales included Lifemark revenue of $118 million. Lifemark revenues are excluded from same-store sales; and
  - front store same-store sales growth was 10.3% (2022 – 3.6%). Front store same-store sales growth benefited from the economic re-opening and higher consumer spending.

In the last 12 months, 11 food and drug stores were opened, and 9 food and drug stores were closed, and net retail square footage has remained consistent at 71.1 million square feet.

Financial services revenue in the first quarter of 2023 increased by $52 million, or 19.0%, compared to the same period in 2022, primarily driven by higher interest income from growth in credit card receivables and higher interchange income and credit card related revenue due to an increase in customer spending.

OPERATING INCOME Operating income in the first quarter of 2023 was $767 million, an increase of $31 million, or 4.2%, compared to the same period in 2022. The increase was driven by an improvement in underlying operating performance of $58 million, partially offset by an unfavourable year-over-year net impact of adjusting items totaling $27 million, as described below:

- the improvement in underlying operating performance of $58 million was primarily due to:
  - an improvement in the underlying operating performance of retail due to an increase in retail gross profit, partially offset by an increase in SG&A and depreciation and amortization.

- the unfavourable year-over-year net impact of adjusting items totaling $27 million was primarily due to:
  - the unfavourable year-over-year impact of the change in fair value adjustments on fuel and foreign currency contracts of $17 million; and
  - the unfavourable year-over-year impact of prior year restructuring and other related recoveries of $15 million.

ADJUSTED EBITDA[(1)] Loblaw adjusted EBITDA[(1)] in the first quarter of 2023 was $1,446 million, an increase of $105 million, or 7.8%, compared to the same period in 2022, driven by an increase in retail. Financial services adjusted EBITDA[(1)] was flat compared to the same period in 2022.

Retail adjusted EBITDA[(1)] increased by $105 million compared to the same period in 2022, driven by an increase in retail gross profit of $237 million, partially offset by an increase in retail SG&A of $132 million.

- Retail gross profit percentage of 31.3% increased by 20 basis points compared to the same period in 2022, primarily driven by growth in higher margin drug retail front store categories, partially offset by a slight decrease in food retail margins.

- Retail SG&A as a percentage of sales was 20.3%, a favourable decrease of 10 basis points compared to the same period in 2022. The favourable decrease was primarily due to operating leverage from higher sales.

Financial services adjusted EBITDA[(1)] was flat compared to the same period in 2022, primarily driven by the unfavourable year-over-year impact of the expected credit loss provision from lapping a prior year release of $5 million versus the current year increase of $6 million and higher loyalty program costs, operating costs, and contractual charge-off from an increase in consumer spending and the growth of the credit card portfolio, which was offset by higher revenue as described above.

DEPRECIATION AND AMORTIZATION Loblaw depreciation and amortization in the first quarter of 2023 was $675 million, an increase of $44 million compared to the same period in 2022. The increase in depreciation and amortization was primarily driven by an increase in depreciation of IT and leased assets, accelerated depreciation of $10 million (2022 – nil) due to the reassessment of the estimated useful life of certain IT assets and accelerated depreciation of $7 million (2022 – nil) as a result of network optimization. Depreciation and amortization in the first quarter of 2023 included $114 million (2022 – $117 million) of amortization of intangible assets related to the acquisitions of Shoppers Drug Mart and Lifemark.

CONSOLIDATION OF FRANCHISES Loblaw has more than 500 franchise food retail stores in its network. Non-controlling interests at Loblaw represent 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 $16 million in the first quarter of 2023. When compared to the same period in 2022, this represented a decrease of $17 million or 51.5%. The decrease in non-controlling interests at Loblaw was primarily driven by a decline in franchisee earnings after profit sharing.

LOBLAW OTHER BUSINESS MATTERS

Network Optimization In the first quarter of 2023, Loblaw recorded charges of $15 million associated with network optimization, which include accelerated depreciation of $7 million, as described above, and other charges.

Real Estate Dispositions In the first quarter of 2023, Loblaw disposed of sixteen real estate properties for proceeds of $87 million (2022 – $13 million). Real estate disposition proceeds will be used to partially fund increased capital investments.

2.2 Choice Properties Operating Results

($ millions except where otherwise indicated) For the periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022	$ Change	% Change
Revenue	**$ 325**	$ 328	$ (3)	(0.9)%
Net interest expense and other financing charges	**$ 35**	$ 242	$ (207)	(85.5)%
Net income	**$ 271**	$ 387	$ (116)	(30.0)%
Funds from Operations[(1)]	**$ 177**	$ 175	$ 2	1.1%

REVENUE Choice Properties revenue in the first quarter of 2023 was $325 million, a decrease of $3 million, or 0.9%, compared to the same period in 2022 and included $189 million (2022 – $184 million) generated from tenants within Loblaw retail. The decrease in revenue was primarily driven by:

- foregone revenue following the Office Asset Sale;

partially offset by,

- an increase in rental revenues from the retail and industrial portfolios driven by improved occupancy and higher rental rates;
- the impact of acquisitions and completed developments; and
- higher capital recoveries.

NET INTEREST EXPENSE AND OTHER FINANCING CHARGES Choice Properties net interest expense and other financing charges in the first quarter of 2023 were $35 million compared to $242 million in the same period in 2022. The decrease of $207 million was primarily driven by:

- the favourable year-over-year impact of the fair value adjustment on the Class B LP units ("Exchangeable Units") of $214 million as a result of the decrease in the unit price in the quarter; and
- an increase in interest income on mortgages and loans receivable due to a higher average outstanding balance in the period;

partially offset by,

- an increase in interest expense on long-term debt due to higher interest rates and a higher average balance compared to the same period in 2022.

NET INCOME Choice Properties recorded net income of $271 million in the first quarter of 2023, compared to $387 million in the same period in 2022. The decrease of $116 million was primarily driven by:

- the unfavourable year-over-year change in the adjustment to fair value of investment properties, including those held within equity accounted joint ventures of $318 million; and
- the unfavourable change in the adjustment to fair value of investment in real estate securities as a result of a decrease in Allied's unit price of $15 million;

partially offset by,

- lower net interest expense and other financing charges as described above.

FUNDS FROM OPERATIONS[(1)] Funds from operations[(1)] in the first quarter of 2023 were $177 million, an increase of $2 million compared to the same period in 2022. The increase was primarily due to an increase in rental revenues from the retail and industrial portfolios and an increase in interest income, which was partially offset by increases in interest expense and general and administrative expenses and the impact of the Office Asset Sale. The impact of the Office Asset Sale includes foregone rental income, partially offset by the distributions from Choice Properties' investment in real estate securities of Allied and interest income from the consideration received in exchange for assets sold.

CHOICE PROPERTIES OTHER BUSINESS MATTERS

Subsequent Events On March 30, 2023, Choice Properties completed an exchange of office properties with its partner. The exchange resulted in Choice Properties disposing of its 50% interest in Calgary Place in exchange for the partner's 50% interest in Altius Centre and a vendor take-back mortgage with a face value of $14 million (fair value of $11 million). As at March 25, 2023, $48 million related to the disposed property was recorded in Assets Held for Sale on the Company's condensed consolidated balance sheet.

3. Liquidity and Capital Resources

3.1 Cash Flows

The following Major Cash Flow Components are inclusive of continuing and discontinued operations.

MAJOR CASH FLOW COMPONENTS

($ millions) For the periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022[i]	$ Change
Cash and cash equivalents, beginning of period	**$ 2,313**	$ 2,984	$ (671)
Cash flows from operating activities	**$ 914**	$ 780	$ 134
Cash flows used in investing activities	**$ (362)**	$ (373)	$ 11
Cash flows used in financing activities	**$ (991)**	$ (564)	$ (427)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ –**	$ 1	$ (1)
Cash and cash equivalents, end of period	**$ 1,874**	$ 2,828	$ (954)

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

CASH FLOWS FROM OPERATING ACTIVITIES Cash flows from operating activities were $914 million in the first quarter of 2023, an increase of $134 million compared to the same period in 2022. The increase in cash flows from operating activities for the first quarter of 2023 was primarily driven by a favourable change in non-cash working capital, higher cash earnings and higher payments from cardholders, partially offset by net lower income taxes paid in 2022 due to the recovery of cash taxes related to Glenhuron.

CASH FLOWS USED IN INVESTING ACTIVITIES Cash flows used in investing activities were $362 million in the first quarter of 2023, a decrease of $11 million compared to the same period in 2022. The decrease in cash flows used in investing activities was primarily driven by higher proceeds from the disposal of assets, lower purchases of short-term investments and higher payments received from 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 periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022[i]	$ Change
Loblaw	**$ 315**	$ 186	$ 129
Choice Properties	**82**	12	70
Other and Intersegment	**–**	1	(1)
Total Capital Investments	**$ 397**	$ 199	$ 198

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

CASH FLOWS USED IN FINANCING ACTIVITIES Cash flows used in financing activities were $991 million in the first quarter of 2023, an increase of $427 million compared to the same period in 2022. The increase in cash flows used in financing activities was primarily driven by higher GWL and Loblaw repurchases of common shares under their respective NCIB programs and a decrease in bank indebtedness, partially offset by higher net issuances of long-term debt in the current year.

FREE CASH FLOW[1]

The following Free Cash Flow[1] is presented on a continuing operations basis.

($ millions) For the periods ended as indicated	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022[i]	$ Change
Cash flows from operating activities from continuing operations	**$ 914**	$ 780	$ 134
Less: Interest paid	**239**	214	25
Capital investments[ii]	**397**	199	198
Lease payments, net	**204**	143	61
Free cash flow[1] from continuing operations	**$ 74**	$ 224	$ (150)

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Capital investments are the sum of fixed asset and investment property purchases and intangible asset additions as presented in the Company's condensed consolidated statements of cash flows.

Free cash flow[1] from continuing operations in the first quarter of 2023 was $74 million, a decrease of $150 million compared to the same period in 2022. The decrease in free cash flow[1] was primarily driven by an increase in capital investments and lower income taxes paid in 2022 due to the recovery of cash taxes related to Glenhuron, partially offset by a favourable change in non-cash working capital, higher cash earnings and higher payments from cardholders.

3.2 Liquidity

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

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

Choice Properties expects to obtain long-term financing for the acquisition of properties primarily through the issuance of unsecured debentures and equity.

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

TOTAL DEBT The following table presents total debt from Continuing Operations by reportable segment:

	As at											
	Mar. 25, 2023				Mar. 26, 2022				Dec. 31, 2022			
($ millions)	**Loblaw**	**Choice Properties**	**Other and Intersegment**	**Total**	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Bank indebtedness	**$ 25**	**$ –**	**$ –**	**$ 25**	$ 250	$ –	$ –	$ 250	$ 8	$ –	$ –	$ 8
Demand deposits from customers	**131**	**–**	**–**	**131**	87	–	–	87	125	–	–	125
Short-term debt	**600**	**–**	**–**	**600**	400	–	–	400	700	–	–	700
Long-term debt due within one year	**708**	**558**	**–**	**1,266**	1,027	838	–	1,865	727	656	–	1,383
Long-term debt	**7,031**	**6,149**	**449**	**13,629**	6,216	5,389	449	12,054	7,056	5,896	449	13,401
Certain other liabilities(i)	**80**	**667**	**–**	**747**	74	671	–	745	80	668	–	748
Total debt excluding lease liabilities	**$ 8,575**	**$ 7,374**	**$ 449**	**$ 16,398**	$ 8,054	$ 6,898	$ 449	$ 15,401	$ 8,696	$ 7,220	$ 449	$ 16,365
Lease liabilities due within one year(ii)	**$ 1,409**	**$ 2**	**$ (570)**	**$ 841**	$ 1,361	$ 2	$ (562)	$ 801	$ 1,401	$ 2	$ (568)	$ 835
Lease liabilities(ii)	**$ 7,782**	**$ 1**	**$ (3,361)**	**$ 4,422**	$ 7,469	$ 2	$ (3,225)	$ 4,246	$ 7,714	$ 2	$ (3,393)	$ 4,323
Total debt including lease liabilities	**$ 17,766**	**$ 7,377**	**$ (3,482)**	**$ 21,661**	$ 16,884	$ 6,902	$ (3,338)	$ 20,448	$ 17,811	$ 7,224	$ (3,512)	$ 21,523

(i) Includes financial liabilities of $667 million (March 26, 2022 – $671 million; December 31, 2022 – $668 million) recorded primarily as a result of Choice Properties' transactions.

(ii) Lease liabilities due within one year of $2 million (March 26, 2022 – $2 million; December 31, 2022 – $2 million) and lease liabilities of $4 million (March 26, 2022 – $7 million; December 31, 2022 – $5 million) relating to GWL Corporate are included in Other and Intersegment.

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 $455 million (March 26, 2022 – $458 million; December 31, 2022 – $456 million) and cash and cash equivalents and short-term investments of $699 million (March 26, 2022 – $1,048 million; December 31, 2022 – $818 million), resulting in a net cash position of $244 million (March 26, 2022 – $590 million; December 31, 2022 – $362 million).

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

- Loblaw targets maintaining retail segment credit metrics consistent with those of investment grade retailers. Loblaw monitors the retail segment's debt to rolling year retail adjusted EBITDA(1) ratio as a measure of the leverage being employed. Loblaw retail segment debt to rolling year retail adjusted EBITDA(1) ratio decreased compared to the first quarter of 2022 due to an improvement in rolling year adjusted EBITDA(1). The retail debt to rolling year retail adjusted EBITDA(1) ratio as at March 25, 2023 remained consistent with the ratio as at December 31, 2022.

- PC Bank 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.

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

COVENANTS AND REGULATORY REQUIREMENTS The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of and throughout the first quarter of 2023, the Company, Loblaw and Choice Properties were in compliance with their respective covenants.

As at the end of and throughout the first quarter of 2023, PC Bank and Choice Properties met all applicable regulatory requirements.

3.3 Components of Total Debt

For details on the Company's components of total debt, refer to Note 10, "Long-Term Debt", of the Company's first quarter 2023 unaudited interim period condensed consolidated financial statements.

3.4 Financial Condition

	As at		
	Mar. 25, 2023	Mar. 26, 2022	Dec. 31, 2022
Rolling year adjusted return on average equity attributable to common shareholders of the Company[1]	**23.4%**	19.7%	23.5%
Rolling year adjusted return on capital[1]	**13.6%**	12.7%	13.8%

The rolling year adjusted return on average equity attributable to common shareholders of the Company[1] increased as at the end of the first quarter of 2023 compared to the end of the first quarter of 2022, primarily due to an increase in adjusted net earnings available to common shareholders of the Company[1] from continuing operations and a decrease in average equity attributable to common shareholders of the Company[1]. The rolling year adjusted return on average equity attributable to common shareholders of the Company[1] decreased as at the end of the first quarter of 2023 compared to year end 2022, primarily due to an increase in average equity attributable to common shareholders[1].

The rolling year adjusted return on capital[1] increased as at the end of the first quarter of 2023 compared to the end of the first quarter of 2022, primarily due to an increase in adjusted operating income[1] as a result of an improvement in the Company's consolidated underlying performance. The rolling year adjusted return on capital[1] decreased as at the end of the first quarter of 2023 compared to year end 2022, primarily due to an increase in average capital[1].

3.5 Credit Ratings

During 2022, S&P Global Ratings ("S&P") confirmed the following ratings and outlooks, and Dominion Bond Rating Service Morningstar ("DBRS") confirmed the following ratings and trends.

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	Stable	BBB	Stable
Medium term notes	BBB	Stable	BBB-	n/a
Other notes and debentures	BBB	Stable	BBB	n/a
Preferred shares	Pfd-3	Stable	P-3 (high)	n/a

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)	Stable	BBB	Stable
Medium term notes	BBB (high)	Stable	BBB	n/a
Other notes and debentures	BBB (high)	Stable	BBB	n/a
Second Preferred shares, Series B	Pfd-3 (high)	Stable	P-3 (high)	n/a

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)	Stable	BBB	Stable
Senior unsecured debentures	BBB (high)	Stable	BBB	n/a

3.6 Dividends and Share Repurchases

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

	12 Weeks Ended	
($)	**Mar. 25, 2023**	Mar. 26, 2022
Dividends declared per share(i):		
Common share	**$ 0.660**	$ 0.600
Preferred share:		
Series I	**$ 0.3625**	$ 0.3625
Series III	**$ 0.3250**	$ 0.3250
Series IV	**$ 0.3250**	$ 0.3250
Series V	**$ 0.296875**	$ 0.296875

(i) Dividends declared on Common Shares and Preferred Shares, Series III, Series IV and Series V were paid on April 1, 2023. Dividends declared on Preferred Shares, Series I were paid on March 15, 2023.

The following table summarizes the Company's cash dividends declared subsequent to the end of the first quarter of 2023:

($)		
Dividends declared per share(i)	– Common share	$ 0.713
	– Preferred share:	
	Series I	$ 0.3625
	Series III	$ 0.3250
	Series IV	$ 0.3250
	Series V	$ 0.296875

(i) Dividends declared on Common Shares and Preferred Shares, Series III, Series IV and Series V are payable on July 1, 2023. Dividends declared on Preferred Shares, Series I are payable on June 15, 2023.

SHARE REPURCHASES In the first quarter of 2023, the Company purchased and cancelled 1.4 million shares under its NCIB (2022 – 0.4 million shares) at a cost of $231 million (2022 – $57 million). As at March 25, 2023, the Company had 139.3 million shares issued and outstanding, net of shares held in trusts (March 26, 2022 – 146.5 million shares).

For the details of the Company's share capital, refer to Note 11, "Share Capital", of the Company's first quarter 2023 unaudited interim period condensed consolidated financial statements.

3.7 Off-Balance Sheet Arrangements

The Company uses off-balance sheet arrangements including letters of credit, guarantees and cash collateralization in connection with certain obligations. There were no significant changes to these off-balance sheet arrangements during 2023. For a discussion of the Company's significant off-balance sheet arrangements see Section 3.7, "Off-Balance Sheet Arrangements", of the Company's 2022 Annual Report.

4. Quarterly Results of Operations

The Company's year end is December 31. Activities are reported on a fiscal year ending on the Saturday closest to December 31. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every five to six years. The years ended December 31, 2022 and December 31, 2021 contained 52 weeks. The 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration. When a fiscal year contains 53 weeks, the fourth quarter is 13 weeks in duration.

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

The following is a summary of selected consolidated financial information derived from the Company's unaudited interim period condensed consolidated financial statements for each of the eight most recently completed quarters.

SELECTED QUARTERLY INFORMATION

($ millions except where otherwise indicated)	First Quarter 2023 (12 weeks)	First Quarter 2022 (12 weeks)	Fourth Quarter 2022 (12 weeks)	Fourth Quarter 2021 (12 weeks)	Third Quarter 2022 (16 weeks)	Third Quarter 2021 (16 weeks)	Second Quarter 2022 (12 weeks)	Second Quarter 2021 (12 weeks)
Revenue	**$ 13,133**	$ 12,407	$ 14,142	$ 12,902	$ 17,520	$ 16,192	$ 12,979	$ 12,637
Operating income	**957**	1,166	1,264	1,009	1,474	1,125	649	1,065
Adjusted EBITDA[(1)]	**1,507**	1,422	1,590	1,453	1,951	1,780	1,588	1,462
Depreciation and amortization[(i)]	**582**	549	577	537	729	704	552	541
Net earnings from continuing operations	**$ 652**	$ 615	$ 135	$ 755	$ 1,185	$ 513	$ 874	$ 361
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**436**	373	(104)	428	903	252	650	125
Net earnings (loss) available to common shareholders of the Company	**426**	363	(114)	217	889	124	634	108
Continuing operations	**426**	363	(114)	418	889	238	640	115
Discontinued operations[(ii)]	**–**	–	–	(201)	–	(114)	(6)	(7)
Net earnings (loss) per common share ($) - basic	**$ 3.04**	$ 2.47	$ (0.81)	$ 1.48	$ 6.20	$ 0.83	$ 4.35	$ 0.71
Continuing operations	**3.04**	2.47	(0.81)	2.84	6.20	1.59	4.39	0.75
Discontinued operations[(ii)]	**–**	–	–	(1.36)	–	(0.76)	(0.04)	(0.04)
Net earnings (loss) per common share ($) - diluted	**$ 3.01**	$ 2.45	$ (0.83)	$ 1.44	$ 6.14	$ 0.82	$ 4.32	$ 0.70
Continuing operations	**3.01**	2.45	(0.83)	2.80	6.14	1.58	4.36	0.74
Discontinued operations[(ii)]	**–**	–	–	(1.36)	–	(0.76)	(0.04)	(0.04)
Adjusted diluted net earnings per common share[(1)] from continuing operations ($)	**$ 1.99**	$ 1.90	$ 2.59	$ 2.32	$ 3.12	$ 2.43	$ 2.23	$ 1.80

(i) Depreciation and amortization includes amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark, recorded by Loblaw.

(ii) In 2021, the Company completed the sale of the Weston Foods bakery business. The Company's interest in Weston Foods is presented separately as discontinued operations in the Company's results.

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

- Loblaw revenue was impacted by various factors including the following:
    - COVID-19 pandemic related impacts;
    - seasonality, which was greatest in the fourth quarter and least in the first quarter;
    - the timing of holidays;
    - macro-economic conditions impacting food and drug retail prices; and
    - changes in net retail square footage. Over the past eight quarters, net retail square footage has increased by 0.1 million square feet to 71.1 million square feet.

- Choice Properties revenue was impacted by the following:
  - foregone revenue from dispositions;
  - increased capital recoveries;
  - higher rental rates on renewals in the retail and industrial portfolio;
  - contribution from acquisitions, and development transfers;
  - vacancies in select office assets; and
  - increase in lease surrender revenue.

NET EARNINGS (LOSS) AVAILABLE TO COMMON SHAREHOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS AND DILUTED NET EARNINGS (LOSS) PER COMMON SHARE FROM CONTINUING OPERATIONS Net earnings (loss) available to common shareholders of the Company from continuing operations and diluted net earnings (loss) 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 8.1, "Non-GAAP and Other Financial Measures - Selected Comparative Reconciliation", of this MD&A.

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

- changes in Loblaw's underlying operating performance driven by:
  - COVID-19 pandemic related impacts;
  - seasonality, which was greatest in the fourth quarter and least in the first quarter;
  - the timing of holidays;
  - cost savings from operating efficiencies and benefits from strategic initiatives; and
  - the 2021 reversal of certain commodity taxes accrued.

- changes in Choice Properties' underlying operating performance driven by:
  - distributions from the investment in real estate securities of Allied;
  - the change in revenue as described above; and
  - a decline in expected credit loss provisions.

- changes in Other and Intersegment driven by:
  - the elimination of internal lease arrangements;
  - the impact of asset impairments, net of recoveries; and
  - certain one-time gains related to Choice Properties' transactions recorded on consolidation.

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

5. Internal Control Over Financial Reporting

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

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

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. Additionally, management is required to use judgment in evaluating controls and procedures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING There were no changes in the Company's internal control over financial reporting in the first quarter of 2023 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

6. Enterprise Risks and Risk Management

A detailed full set of risks inherent in the Company's business are included in the Company's Annual Information Form ("AIF") for the year ended December 31, 2022 and the MD&A included in the Company's 2022 Annual Report, which are hereby incorporated by reference. The Company's 2022 Annual Report and AIF are available at www.sedar.com. Those risks and risk management strategies remain unchanged.

7. Outlook[3]

The Company's 2023 outlook remains unchanged and it continues to expect adjusted net earnings[1] from continuing operations to increase due to the results from its operating segments, and to use excess cash to repurchase shares.

Loblaw Loblaw will continue to execute on retail excellence while advancing its growth initiatives in 2023. Loblaw's businesses remain well placed to service the everyday needs of Canadians. However, Loblaw cannot predict the precise impacts of global economic uncertainties, including the inflationary environment, on its 2023 financial results.

For the full year 2023, Loblaw continues to expect:
- its retail business to grow earnings faster than sales;
- adjusted net earnings per common share[1] growth in the low double digits;
- to increase investments in its store network and distribution centres by investing a net amount of $1.6 billion in capital expenditures, which reflects gross capital investments of approximately $2.1 billion offset by approximately $500 million of proceeds from real estate dispositions; 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, all with a long-term focus. Choice Properties' 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 continues to experience positive leasing momentum across its portfolio and is well positioned to handle its 2023 lease renewal exposure. Choice Properties also continues to advance its development program, with a focus on industrial opportunities, which provides it with 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 position it well for future success. However, Choice Properties cannot predict the precise impacts of the broader economic environment on its 2023 financial results. In 2023, Choice Properties will continue to focus on its core business of essential retail and industrial, its growing residential platform and its robust development pipeline, and is targeting:
- stable occupancy across the portfolio, resulting in 2-3% year-over-year growth in Same-Asset NOI, Cash Basis[i];
- annual FFO[1] per Unit Diluted[i] in a range of $0.98 to $0.99, reflecting 2-3% year-over-year growth; and
- stable leverage metrics, targeting Adjusted Debt to EBITDAFV[i] of approximately 7.5x.

(i) For more information on these measures see the 2022 Annual Report filed by Choice Properties, which is available on sedar.com or at choicereit.ca.

8. Non-GAAP and Other Financial Measures

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

Further, certain non-GAAP measures and other financial measures of Loblaw and Choice Properties are included in this document. For more information on these measures, refer to the materials filed by Loblaw and Choice Properties, which are available on sedar.com or at loblaw.ca or 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. Unless otherwise indicated, all financial information represents the Company's results from continuing operations.

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

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

	12 Weeks Ended							
				Mar. 25, 2023				Mar. 26, 2022
($ millions)	Loblaw	Choice Properties	Other and Intersegment	Consolidated	Loblaw	Choice Properties	Other and Intersegment	Consolidated
Net earnings attributable to shareholders of the Company from continuing operations				$ 436				$ 373
Add impact of the following:								
Non-controlling interests				216				242
Income taxes				234				229
Net interest expense and other financing charges				71				322
Operating income	$ 767	$ 306	$ (116)	$ 957	$ 736	$ 629	$ (199)	$ 1,166
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	$ 114	$ –	$ –	$ 114	$ 117	$ –	$ –	$ 117
Fair value adjustment on investment properties	–	(92)	43	(49)	–	(410)	119	(291)
Loss (gain) on sale of non-operating properties	1	–	(2)	(1)	–	–	–	–
Fair value adjustment of investment in real estate securities	–	15	–	15	–	–	–	–
Fair value adjustment of derivatives	3	–	–	3	(14)	–	–	(14)
Transaction costs and other related expenses	–	–	–	–	3	5	–	8
Restructuring and other related (recoveries) costs	–	–	–	–	(15)	–	19	4
Adjusting items	$ 118	$ (77)	$ 41	$ 82	$ 91	$ (405)	$ 138	$ (176)
Adjusted operating income	$ 885	$ 229	$ (75)	$ 1,039	$ 827	$ 224	$ (61)	$ 990
Depreciation and amortization excluding the impact of the above adjustment[(i)]	561	1	(94)	468	514	1	(83)	432
Adjusted EBITDA	$1,446	$ 230	$ (169)	$ 1,507	$ 1,341	$ 225	$ (144)	$ 1,422

(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 2023 and 2022:

Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark The acquisition of Shoppers Drug Mart in 2014 included approximately $6 billion of definite life intangible assets, which are being amortized over their estimated useful lives. Annual amortization associated with the acquired intangible assets will be approximately $500 million until 2024 and will decrease thereafter.

The acquisition of Lifemark in the second quarter of 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.

Loss (gain) on sale of non-operating properties In the first quarter of 2023, Loblaw recorded a loss related to the sale of non-operating properties of $1 million.

In the first quarter of 2023, Choice Properties disposed of an investment property recorded at fair value. On consolidation, the Company recorded the property in fixed assets, which was recognized at cost less accumulated depreciation. As a result, in the first quarter of 2023, on consolidation, an incremental $2 million gain was recognized in Other and Intersegment.

Fair value adjustment of investment in real estate securities Choice Properties received Allied Class B Units as part of the consideration for the Office Asset Sale on March 31, 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.

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.

Transaction costs and other related expenses In connection with the acquisition of Lifemark, Loblaw recorded acquisition costs of $3 million in operating income during the first quarter of 2022.

During the first quarter of 2022, Choice Properties recorded advisory, legal, personnel, and other costs related to the Office Asset Sale totaling $5 million.

Restructuring and other related (recoveries) costs The Company continuously evaluates strategic and cost reduction initiatives related to its store infrastructure, distribution networks and administrative infrastructure with the objective of ensuring a low cost operating structure. Only restructuring activities that are publicly announced related to these initiatives are considered adjusting items.

In the first quarter of 2022, Loblaw recorded approximately $15 million of restructuring and other related recoveries in connection to the previously announced closure of two distribution centres in Laval and Ottawa. Loblaw disposed of one of the distribution centres for proceeds of $26 million and recognized a gain of $19 million, which was partially offset by $4 million of restructuring and other related costs. Loblaw is investing to build a modern and efficient expansion to its Cornwall distribution centre to serve its food and drug retail businesses in Ontario and Quebec and volumes have been transferred.

In the first quarter of 2022, included in Loblaw's restructuring and other related recoveries was a gain of $19 million related to the disposition of a property to Choice Properties. On consolidation, the $19 million recovery recorded by Loblaw was reversed as it was an intercompany transaction.

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.

	12 Weeks Ended	
($ millions)	**Mar. 25, 2023**	Mar. 26, 2022
Net interest expense and other financing charges	**$ 71**	$ 322
Add (deduct) impact of the following:		
Fair value adjustment of the Trust Unit liability	**192**	(93)
Recovery related to Glenhuron	**–**	11
Adjusted net interest expense and other financing charges	**$ 263**	$ 240

In addition to certain items described in the "Adjusted EBITDA" section above, the following items impacted adjusted net interest expense and other financing charges in 2023 and 2022:

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.

Recovery related to Glenhuron In 2021, the Supreme Court ruled in favour of Loblaw on the Glenhuron matter. As a result of related reassessments received during the first quarter of 2022, Loblaw reversed $35 million of previously recorded charges, of which $2 million was recorded as interest income and $33 million was recorded as an income tax recovery, and an additional $9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds.

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.

	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 25, 2023**	Mar. 26, 2022
Adjusted operating income[(i)]	**$ 1,039**	$ 990
Adjusted net interest expense and other financing charges[(i)]	**263**	240
Adjusted earnings before taxes	**$ 776**	$ 750
Income taxes	**$ 234**	$ 229
Add (deduct) impact of the following:		
Tax impact of items excluded from adjusted earnings before taxes[(ii)]	**26**	(20)
Outside basis difference in certain Loblaw shares	**(32)**	(37)
Recovery related to Glenhuron	**–**	33
Adjusted income taxes	**$ 228**	$ 205
Effective tax rate applicable to earnings before taxes	**26.4%**	27.1%
Adjusted effective tax rate applicable to adjusted earnings before taxes	**29.4%**	27.3%

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

In addition to certain items described in the "Adjusted EBITDA" and "Adjusted Net Interest Expense and Other Financing Charges" sections above, the following items impacted adjusted income taxes and the adjusted effective tax rate in 2023 and 2022:

Outside basis difference in certain Loblaw shares The Company recorded deferred tax expense of $32 million in the first quarter of 2023 (2022 – $37 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.

	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 25, 2023**	Mar. 26, 2022
Net earnings attributable to shareholders of the Company	**$ 436**	$ 373
Less: Net earnings from discontinued operations	**–**	–
Net earnings attributable to shareholders of the Company from continuing operations	**$ 436**	$ 373
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)
Net earnings available to common shareholders of the Company from continuing operations	**$ 426**	$ 363
Less: Reduction in net earnings due to dilution at Loblaw	**(2)**	(2)
Net earnings available to common shareholders from continuing operations for diluted earnings per share	**$ 424**	$ 361
Net earnings attributable to shareholders of the Company from continuing operations	**$ 436**	$ 373
Adjusting items (refer to the following table)	**(144)**	(81)
Adjusted net earnings attributable to shareholders of the Company from continuing operations	**$ 292**	$ 292
Less: Prescribed dividends on preferred shares in share capital	**(10)**	(10)
Adjusted net earnings available to common shareholders of the Company from continuing operations	**$ 282**	$ 282
Less: Reduction in net earnings due to dilution at Loblaw	**(2)**	(2)
Adjusted net earnings available to common shareholders for diluted earnings per share from continuing operations	**$ 280**	$ 280
Diluted weighted average common shares outstanding (in millions)	**140.7**	147.3

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

	12 Weeks Ended			
	Mar. 25, 2023		Mar. 26, 2022	
($ except where otherwise indicated)	**Net Earnings Available to Common Shareholders of the Company ($ millions)**	**Diluted Net Earnings Per Common Share**	Net Earnings Available to Common Shareholders of the Company ($ millions)	Diluted Net Earnings Per Common Share
Continuing Operations	**$ 426**	**$ 3.01**	$ 363	$ 2.45
Add (deduct) impact of the following[i]:				
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 45**	**$ 0.32**	$ 46	$ 0.31
Fair value adjustment on investment properties	**(43)**	**(0.30)**	(243)	(1.65)
Gain on sale of non-operating properties	**(1)**	**(0.01)**	–	–
Fair value adjustment of investment in real estate securities	**14**	**0.10**	–	–
Fair value adjustment of derivatives	**1**	**0.01**	(6)	(0.04)
Transaction costs and other related expenses	**–**	**–**	5	0.03
Restructuring and other related costs	**–**	**–**	10	0.08
Fair value adjustment of the Trust Unit liability	**(192)**	**(1.37)**	93	0.63
Outside basis difference in certain Loblaw shares	**32**	**0.23**	37	0.25
Recovery related to Glenhuron	**–**	**–**	(23)	(0.16)
Adjusting items Continuing Operations	**$ (144)**	**$ (1.02)**	$ (81)	$ (0.55)
Adjusted Continuing Operations	**$ 282**	**$ 1.99**	$ 282	$ 1.90

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

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

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

	12 Weeks Ended	
($ millions)	**Mar. 25, 2023**	Mar. 26, 2022[i]
Cash flows from operating activities	**$ 914**	$ 780
Less: Cash flows from operating activities from discontinued operations	**–**	–
Cash flows from operating activities from continuing operations	**$ 914**	$ 780
Less: Interest paid	**239**	214
Capital investments[ii]	**397**	199
Lease payments, net	**204**	143
Free cash flow from continuing operations	**$ 74**	$ 224

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Capital investments are the sum of fixed asset and investment property purchases and intangible asset additions as presented in the Company's condensed consolidated statements of cash flows.

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

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

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

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

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

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

	12 Weeks Ended	
($ millions)	**Mar. 25, 2023**	Mar. 26, 2022
Net Income	**$ 271**	$ 387
Add (deduct) impact of the following:		
Transaction costs and other related expenses	**–**	5
Adjustment to fair value of unit-based compensation	**(1)**	1
Fair value adjustment on Exchangeable Units	**(95)**	119
Fair value adjustment on investment properties	**(76)**	(303)
Fair value adjustment on investment property held in equity accounted joint ventures	**(16)**	(110)
Fair value adjustment of investment in real estate securities	**15**	–
Capitalized interest on equity accounted joint ventures	**3**	–
Unit distributions on Exchangeable Units	**74**	73
Internal expenses for leasing	**2**	2
Other	**–**	1
Funds from Operations	**$ 177**	$ 175

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

The following table provides a reconciliation of adjusted EBITDA 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.

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	2023	2022	2022	2021	2022	2021	2022	2021
($ millions)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)	(12 weeks)	(12 weeks)
Net earnings (loss) attributable to shareholders of the Company from continuing operations	**$ 436**	$ 373	$ (104)	$ 428	$ 903	$ 252	$ 650	$ 125
Add (deduct) impact of the following:								
Non-controlling interests	**$ 216**	$ 242	$ 239	$ 327	$ 282	$ 261	$ 224	$ 236
Income taxes	**$ 234**	$ 229	$ 213	$ 64	$ 276	$ 200	$ 113	$ 201
Net interest expense (income) and other financing charges	**$ 71**	$ 322	$ 916	$ 190	$ 13	$ 412	$ (338)	$ 503
Operating income	**$ 957**	$ 1,166	$ 1,264	$ 1,009	$ 1,474	$ 1,125	$ 649	$ 1,065
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 114**	$ 117	$ 115	$ 117	$ 151	$ 155	$ 114	$ 117
Fair value adjustment on investment properties	**(49)**	(291)	(226)	(87)	(313)	(41)	102	(149)
Gain on sale of non-operating properties	**(1)**	–	(50)	(2)	(3)	(9)	(4)	–
Fair value adjustment of investment in real estate securities	**15**	–	20	–	69	–	159	–
Fair value adjustment of derivatives	**3**	(14)	11	6	(6)	(8)	4	(3)
Transaction costs and other related expenses	**–**	8	–	–	–	–	13	–
Restructuring and other related costs (recoveries)	**–**	4	–	(8)	–	9	–	8
Fair value adjustment on non-operating properties	**–**	–	(6)	(2)	–	–	–	–
Charge related to PC Bank commodity tax matter	**–**	–	–	–	–	–	111	–
Foreign currency translation and other company level activities	**–**	–	–	–	1	–	2	–
Adjusting items	**$ 82**	$ (176)	$ (136)	$ 24	$ (101)	$ 106	$ 501	$ (27)
Adjusted operating income	**$ 1,039**	$ 990	$ 1,128	$ 1,033	$ 1,373	$ 1,231	$ 1,150	$ 1,038
Depreciation and amortization excluding the impact of the above adjustment(i)	**$ 468**	$ 432	$ 462	$ 420	$ 578	$ 549	$ 438	$ 424
Adjusted EBITDA	**$ 1,507**	$ 1,422	$ 1,590	$ 1,453	$ 1,951	$ 1,780	$ 1,588	$ 1,462

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

The following tables reconcile adjusted net earnings available to common shareholders of the Company from continuing operations and adjusted diluted net earnings per common share from continuing operations 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.

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	2023	2022	2022	2021	2022	2021	2022	2021
($ millions)	**(12 weeks)**	(12 weeks)	(12 weeks)	(12 weeks)	(16 weeks)	(16 weeks)	(12 weeks)	(12 weeks)
Continuing Operations	**$ 426**	$ 363	$ (114)	$ 418	$ 889	$ 238	$ 640	$ 115
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 45**	$ 46	$ 41	$ 47	$ 60	$ 58	$ 44	$ 46
Fair value adjustment on investment properties	**(43)**	(243)	(225)	(72)	(262)	(35)	85	(125)
Gain on sale of non-operating properties	**(1)**	–	(19)	(2)	(1)	(5)	(2)	–
Fair value adjustment of investment in real estate securities	**14**	–	18	–	64	–	146	–
Fair value adjustment of derivatives	**1**	(6)	5	1	(3)	(3)	2	(1)
Transaction costs and other related expenses	**–**	5	–	–	–	–	7	–
Restructuring and other related costs (recoveries)	**–**	10	–	(4)	–	5	–	2
Fair value adjustment on non-operating properties	**–**	–	(2)	–	–	–	–	–
Charge related to PC Bank commodity tax matter	**–**	–	–	–	–	–	45	–
Fair value adjustment of the Trust Unit liability	**(192)**	93	662	122	(277)	52	(576)	188
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	–	–	3	–	64	–	50
Outside basis difference in certain Loblaw shares	**32**	37	3	(1)	(18)	(9)	(18)	–
Remeasurement of deferred tax balances	**–**	–	–	–	–	–	(46)	–
Recovery related to Glenhuron	**–**	(23)	–	(165)	–	–	–	–
Foreign currency translation and other company level activities	**–**	–	–	–	1	–	1	–
Adjusting items Continuing Operations	**$ (144)**	$ (81)	$ 483	$ (71)	$ (436)	$ 127	$ (312)	$ 160
Adjusted Continuing Operations	**$ 282**	$ 282	$ 369	$ 347	$ 453	$ 365	$ 328	$ 275

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

($ except where otherwise indicated)	First Quarter 2023 (12 weeks)	First Quarter 2022 (12 weeks)	Fourth Quarter 2022 (12 weeks)	Fourth Quarter 2021 (12 weeks)	Third Quarter 2022 (16 weeks)	Third Quarter 2021 (16 weeks)	Second Quarter 2022 (12 weeks)	Second Quarter 2021 (12 weeks)
Continuing Operations	**$ 3.01**	$ 2.45	$ (0.83)	$ 2.80	$ 6.14	$ 1.58	$ 4.36	$ 0.74
Add (deduct) impact of the following[i]:								
Amortization of intangible assets acquired with Shoppers Drug Mart and Lifemark	**$ 0.32**	$ 0.31	$ 0.29	$ 0.31	$ 0.42	$ 0.39	$ 0.31	$ 0.30
Fair value adjustment on investment properties	**(0.30)**	(1.65)	(1.60)	(0.48)	(1.82)	(0.24)	0.58	(0.81)
Gain on sale of non-operating properties	**(0.01)**	–	(0.13)	(0.01)	(0.01)	(0.03)	(0.02)	–
Fair value adjustment of investment in real estate securities	**0.10**	–	0.13	–	0.45	–	0.99	–
Fair value adjustment of derivatives	**0.01**	(0.04)	0.03	0.01	(0.02)	(0.02)	0.01	(0.01)
Transaction costs and other related expenses	**–**	0.03	–	–	–	–	0.05	–
Restructuring and other related costs (recoveries)	**–**	0.08	–	(0.03)	–	0.03	–	0.01
Fair value adjustment on non-operating properties	**–**	–	(0.01)	–	–	–	–	–
Charge related to PC Bank commodity tax matter	**–**	–	–	–	–	–	0.31	–
Fair value adjustment of the Trust Unit liability	**(1.37)**	0.63	4.69	0.83	(1.92)	0.35	(3.94)	1.24
Fair value adjustment of the forward sale agreement for Loblaw common shares	**–**	–	–	0.02	–	0.43	–	0.33
Outside basis difference in certain Loblaw shares	**0.23**	0.25	0.02	(0.01)	(0.13)	(0.06)	(0.12)	–
Remeasurement of deferred tax balances	**–**	–	–	–	–	–	(0.31)	–
Recovery related to Glenhuron	**–**	(0.16)	–	(1.12)	–	–	–	–
Foreign currency translation and other company level activities	**–**	–	–	–	0.01	–	0.01	–
Adjusting items Continuing Operations	**$ (1.02)**	$ (0.55)	$ 3.42	$ (0.48)	$ (3.02)	$ 0.85	$ (2.13)	$ 1.06
Adjusted Continuing Operations	**$ 1.99**	$ 1.90	$ 2.59	$ 2.32	$ 3.12	$ 2.43	$ 2.23	$ 1.80
Diluted Weighted Average Common Shares	**140.7**	147.3	141.3	147.6	144.1	149.7	146.3	151.8

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

9. Forward-Looking Statements

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

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

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in the "Enterprise Risks and Risk Management" sections of the Company's 2022 Annual Report and the Company's AIF for the year ended December 31, 2022. Such risks and uncertainties include:

- changes in economic conditions, including inflation, 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;
- failure to attract and retain colleagues may impact the Company's ability to effectively operate and achieve financial performance goals;
- 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 maintain an effective supply chain and consequently an appropriate assortment of available product at the store and digital retail level;
- 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;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- 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;
- 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 adapt to environmental and social risks, including failure to execute against the Company's climate change and social equity initiatives;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- adverse outcomes of legal and regulatory proceedings and related matters;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- 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;
- 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 Associates;
- failure to realize benefits from investments in the Company's new IT systems and related processes;
- inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory or control shrink;
- 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, 2022. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

10. Additional Information

Additional information about the Company has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.

This Quarterly 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 website at www.loblaw.ca and www.choicereit.ca.

Toronto, Canada
May 8, 2023

Financial Results

Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	12 Weeks Ended **Mar. 25, 2023**	 Mar. 26, 2022
Revenue	**$ 13,133**	$ 12,407
Operating Expenses		
Cost of inventories sold	**8,788**	8,334
Selling, general and administrative expenses	**3,388**	2,907
	12,176	11,241
Operating Income	**957**	1,166
Net Interest Expense and Other Financing Charges (note 4)	**71**	322
Earnings Before Income Taxes	**886**	844
Income Taxes (note 5)	**234**	229
Net Earnings from Continuing Operations	**652**	615
Net Earnings from Discontinued Operations	**–**	–
Net Earnings	**652**	615
Attributable to:		
Shareholders of the Company (note 6)	**436**	373
Non-Controlling Interests	**216**	242
Net Earnings	**$ 652**	$ 615
Net Earnings per Common Share - Basic ($) (note 6)	**$ 3.04**	$ 2.47
Continuing Operations	**$ 3.04**	$ 2.47
Discontinued Operations	**$ –**	$ –
Net Earnings per Common Share - Diluted ($) (note 6)	**$ 3.01**	$ 2.45
Continuing Operations	**$ 3.01**	$ 2.45
Discontinued Operations	**$ –**	$ –

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

Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	12 Weeks Ended Mar. 25, 2023	 Mar. 26, 2022
Net Earnings from Continuing Operations	**$ 652**	$ 615
Other comprehensive income (loss), net of taxes		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment	**1**	(1)
(Losses) Gains on cash flow hedges (note 13)	**(4)**	6
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial gains (note 12)	**99**	13
Adjustment to fair value of investment properties	**–**	17
Other comprehensive income from continuing operations	**96**	35
Comprehensive Income from Continuing Operations	**748**	650
Net Earnings from Discontinued Operations	**–**	–
Other comprehensive income from discontinued operations	**–**	–
Comprehensive Income from Discontinued Operations	**–**	–
Total Comprehensive Income	**748**	650
Attributable to:		
Shareholders of the Company	**484**	403
Non-Controlling Interests	**264**	247
Total Comprehensive Income	**$ 748**	$ 650

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

Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	As at Mar. 25, 2023	Mar. 26, 2022	Dec. 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	**$ 1,874**	$ 2,828	$ 2,313
Short-term investments	**558**	962	503
Accounts receivable	**1,320**	1,002	1,273
Credit card receivables (note 8)	**3,748**	3,333	3,954
Income taxes recoverable	**–**	128	–
Inventories	**5,735**	5,288	5,855
Prepaid expenses and other assets	**698**	504	675
Assets held for sale	**99**	840	80
Total Current Assets	**14,032**	14,885	14,653
Fixed Assets (note 9)	**11,137**	10,665	11,130
Right-of-Use Assets	**4,295**	4,086	4,208
Investment Properties	**5,368**	4,780	5,144
Equity Accounted Joint Ventures	**874**	700	996
Intangible Assets	**6,406**	6,305	6,527
Goodwill	**4,859**	4,482	4,853
Deferred Income Taxes	**95**	100	98
Security Deposits	**38**	77	36
Other Assets (note 12)	**1,464**	1,077	1,313
Total Assets	**$ 48,568**	$ 47,157	$ 48,958
LIABILITIES			
Current Liabilities			
Bank indebtedness	**$ 25**	$ 250	$ 8
Trade payables and other liabilities	**6,209**	5,914	6,730
Loyalty liability	**191**	218	180
Provisions	**107**	99	116
Income taxes payable	**217**	75	246
Demand deposits from customers	**131**	87	125
Short-term debt	**600**	400	700
Long-term debt due within one year (note 10)	**1,266**	1,865	1,383
Lease liabilities due within one year	**841**	801	835
Associate interest	**404**	418	434
Total Current Liabilities	**9,991**	10,127	10,757
Provisions	**87**	88	84
Long-Term Debt (note 10)	**13,629**	12,054	13,401
Lease Liabilities	**4,422**	4,246	4,323
Trust Unit Liability (note 13)	**3,920**	4,303	4,112
Deferred Income Taxes	**2,003**	2,056	2,007
Other Liabilities (note 12)	**1,091**	1,117	1,094
Total Liabilities	**35,143**	33,991	35,778
EQUITY			
Share Capital (note 11)	**3,415**	3,519	3,433
Retained Earnings	**5,270**	4,873	5,075
Contributed Surplus	**(1,936)**	(1,560)	(1,864)
Accumulated Other Comprehensive Income	**193**	106	197
Total Equity Attributable to Shareholders of the Company	**6,942**	6,938	6,841
Non-Controlling Interests	**6,483**	6,228	6,339
Total Equity	**13,425**	13,166	13,180
Total Liabilities and Equity	**$ 48,568**	$ 47,157	$ 48,958

Contingent liabilities (note 14). Subsequent events (note 17).

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

Condensed Consolidated Statements of Changes in Equity

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2022	$ 2,616	$ 817	**$ 3,433**	**$ 5,075**	**$ (1,864)**	$ 28	$ 5	$ 164	**$ 197**	**$ 6,339**	**$ 13,180**
Net earnings	–	–	**–**	**436**	**–**	–	–	–	**–**	**216**	**652**
Other comprehensive income (loss)(i)	–	–	**–**	**52**	**–**	1	(5)	–	**(4)**	**48**	**96**
Comprehensive income (loss)	$ –	$ –	**$ –**	**$ 488**	**$ –**	$ 1	$ (5)	$ –	**$ (4)**	**$ 264**	**$ 748**
Effect of equity-based compensation (note 11)	5	–	**5**	**2**	**(21)**	–	–	–	**–**	**(11)**	**(25)**
Shares purchased and cancelled (note 11)	(24)	–	**(24)**	**(199)**	**–**	–	–	–	**–**	**–**	**(223)**
Net effect of shares held in trusts (note 11)	1	–	**1**	**7**	**–**	–	–	–	**–**	**–**	**8**
Loblaw capital transactions and dividends	–	–	**–**	**–**	**(51)**	–	–	–	**–**	**(109)**	**(160)**
Dividends declared											
Per common share ($) (note 11)											
– $0.660	–	–	**–**	**(92)**	**–**	–	–	–	**–**	**–**	**(92)**
Per preferred share ($) (note 11)											
– Series I – $0.3625	–	–	**–**	**(4)**	**–**	–	–	–	**–**	**–**	**(4)**
– Series III – $0.3250	–	–	**–**	**(3)**	**–**	–	–	–	**–**	**–**	**(3)**
– Series IV – $0.3250	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
– Series V – $0.296875	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
	$ (18)	$ –	**$ (18)**	**$ (293)**	**$ (72)**	$ –	$ –	$ –	**$ –**	**$ (120)**	**$ (503)**
Balance as at Mar. 25, 2023	$ 2,598	$ 817	**$ 3,415**	**$ 5,270**	**$ (1,936)**	$ 29	$ –	$ 164	**$ 193**	**$ 6,483**	**$ 13,425**

(millions of Canadian dollars except where otherwise indicated) (unaudited)	Common Shares	Preferred Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Foreign Currency Translation Adjustment	Cash Flow Hedges	Adjustment to Fair Value on Transfer of Investment Properties	Total Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Equity
Balance as at Dec. 31, 2021	$ 2,712	$ 817	**$ 3,529**	**$ 4,808**	**$ (1,462)**	$ 25	$ (14)	$ 73	**$ 84**	**$ 6,178**	**$ 13,137**
Net earnings	–	–	**–**	**373**	**–**	–	–	–	**–**	**242**	**615**
Other comprehensive income (loss)(i)	–	–	**–**	**8**	**–**	(1)	6	17	**22**	**5**	**35**
Comprehensive income (loss)	$ –	$ –	**$ –**	**$ 381**	**$ –**	$ (1)	$ 6	$ 17	**$ 22**	**$ 247**	**$ 650**
Effect of equity-based compensation (note 11)	20	–	**20**	**–**	**(21)**	–	–	–	**–**	**(10)**	**(11)**
Shares purchased and cancelled (note 11)	(32)	–	**(32)**	**(225)**	**–**	–	–	–	**–**	**–**	**(257)**
Net effect of shares held in trusts (note 11)	2	–	**2**	**8**	**–**	–	–	–	**–**	**–**	**10**
Loblaw capital transactions and dividends	–	–	**–**	**–**	**(77)**	–	–	–	**–**	**(187)**	**(264)**
Dividends declared											
Per common share ($) (note 11)											
– $0.600	–	–	**–**	**(88)**	**–**	–	–	–	**–**	**–**	**(88)**
Per preferred share ($) (note 11)								–			
– Series I – $0.3625	–	–	**–**	**(4)**	**–**	–	–		**–**	**–**	**(4)**
– Series III – $0.3250	–	–	**–**	**(3)**	**–**	–	–	–	**–**	**–**	**(3)**
– Series IV – $0.3250	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
– Series V – $0.296875	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
	$ (10)	$ –	**$ (10)**	**$ (316)**	**$ (98)**	$ –	$ –	$ –	**$ –**	**$ (197)**	**$ (621)**
Balance as at Mar. 26, 2022	$ 2,702	$ 817	**$ 3,519**	**$ 4,873**	**$ (1,560)**	$ 24	$ (8)	$ 90	**$ 106**	**$ 6,228**	**$ 13,166**

(i) Other comprehensive income (loss) includes an actuarial gain of $99 million (2022 – gain of $13 million), of which $52 million (2022 – gain of $8 million) is presented in retained earnings, and $47 million (2022 – gain of $5 million) in non-controlling interests. Also included in non-controlling interests was a nominal gain on foreign currency translation adjustments (2022 – nil) and a gain of $1 million on cash flow hedges (2022 – nil).

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

Condensed Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)	12 Weeks Ended Mar. 25, 2023	 Mar. 26, 2022[(i)]
Operating Activities		
Net earnings	**$ 652**	$ 615
Add (deduct):		
Net interest expense and other financing charges (note 4)	**71**	322
Income taxes (note 5)	**234**	229
Depreciation and amortization	**582**	549
Asset impairments, net of recoveries	**–**	3
Adjustment to fair value of investment properties and assets held for sale	**(49)**	(291)
Adjustment to fair value of investment in real estate securities (note 13)	**15**	–
Change in allowance for credit card receivables (note 8)	**6**	(5)
Change in provisions	**(6)**	(21)
Change in non-cash working capital (note 7)	**(478)**	(580)
Change in gross credit card receivables (note 8)	**200**	115
Income taxes paid	**(298)**	(191)
Interest received	**17**	18
Interest received from finance leases	**1**	1
Other	**(33)**	16
Cash Flows from Operating Activities	**914**	780
Investing Activities		
Fixed asset and investment properties purchases	**(305)**	(118)
Intangible asset additions	**(92)**	(81)
Purchases of short-term investments	**(55)**	(83)
Proceeds from disposal of assets (note 9)	**123**	47
Lease payments received from finance leases	**3**	3
Repayments (advances) of mortgages, loans, and notes receivable	**4**	(21)
Other	**(40)**	(120)
Cash Flows used in Investing Activities	**(362)**	(373)
Financing Activities		
Increase in bank indebtedness	**17**	198
Decrease in short-term debt	**(100)**	(50)
Increase in demand deposits from customers	**6**	12
Long-term debt – Issued (note 10)	**702**	97
– Repayments (note 10)	**(623)**	(176)
Interest paid	**(239)**	(214)
Cash rent paid on lease liabilities – Interest	**(46)**	(42)
Cash rent paid on lease liabilities – Principal	**(161)**	(104)
Share capital – Issued (note 11)	**5**	17
– Purchased and cancelled (note 11)	**(227)**	(47)
Loblaw common share capital – Issued	**15**	43
– Purchased and held in trusts	**–**	(28)
– Purchased and cancelled	**(195)**	(115)
Dividends – To common shareholders	**(85)**	(81)
– To preferred shareholders	**(11)**	(11)
Proceeds from financial liabilities	**–**	8
Other	**(49)**	(71)
Cash Flows used in Financing Activities	**(991)**	(564)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**–**	1
Decrease in Cash and Cash Equivalents	**(439)**	(156)
Cash and Cash Equivalents, Beginning of Period	**2,313**	2,984
Cash and Cash Equivalents, End of Period	**$ 1,874**	$ 2,828

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

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

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Note 1. Nature and Description of the Reporting Entity

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

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

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

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

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

Note 2. Significant Accounting Policies

The significant accounting policies and critical accounting estimates and judgments as disclosed in the Company's 2022 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements.

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

STATEMENT OF COMPLIANCE These unaudited interim period condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. These unaudited interim period condensed consolidated financial statements should be read in conjunction with the Company's 2022 audited annual consolidated financial statements and accompanying notes.

These unaudited interim period condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on May 8, 2023.

Note 3. Subsidiaries

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

		As at					
		Mar. 25, 2023		Mar. 26, 2022		Dec. 31, 2022	
		Number of shares / units held	**Ownership interest**	**Number of shares / units held**	**Ownership interest**	**Number of shares / units held**	**Ownership interest**
Loblaw	Common shares(i)	**169,004,155**	**52.6%**	175,273,168	52.6%	170,606,070	52.6%
	Class B LP Units(ii)	395,786,525	n/a	395,786,525	n/a	395,786,525	n/a
	Trust Units	50,661,415	n/a	50,661,415	n/a	50,661,415	n/a
Choice Properties		**446,447,940**	**61.7%**	446,447,940	61.7%	446,447,940	61.7%

(i) GWL participates in Loblaw's Normal Course Issuer Bid ("NCIB") program in order to maintain its proportionate percentage ownership.
(ii) Class B LP Units ("Exchangeable Units") are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable, at the holder's option, into Trust Units.

Note 4. Net Interest Expense and Other Financing Charges

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

	12 Weeks Ended	
($ millions)	**Mar. 25, 2023**	Mar. 26, 2022
Interest expense:		
Long-term debt	**$ 146**	$ 130
Lease liabilities	**46**	42
Borrowings related to credit card receivables	**19**	10
Trust Unit distributions	**52**	51
Independent funding trusts	**10**	3
Post-employment and other long-term employee benefits (note 12)	**4**	–
Bank indebtedness	**–**	1
Financial liabilities	**10**	11
Capitalized interest	**(1)**	(1)
	$ 286	$ 247
Interest income:		
Accretion income	**$ (1)**	$ (1)
Interest income	**(22)**	(6)
	$ (23)	$ (7)
Fair value adjustment of the Trust Unit liability (note 13)	**$ (192)**	$ 93
Recovery related to Glenhuron Bank Limited	**–**	(11)
Net interest expense and other financing charges from Continuing Operations	**$ 71**	$ 322

Note 5. Income Taxes

For the first quarter of 2023, income tax expense from continuing operations was $234 million (2022 – $229 million) and the effective tax rate was 26.4% (2022 – 27.1%). The decrease in the effective tax rate was primarily attributable to the year-over-year impact of the non-taxable fair value adjustment of the Trust Unit liability and the non-taxable portion of the gain from real estate dispositions (see note 9), partially offset by the recovery of income taxes related to Glenhuron Bank Limited in 2022.

Note 6. Basic and Diluted Net Earnings per Common Share

($ millions except where otherwise indicated)	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022
Net earnings attributable to shareholders of the Company	**$ 436**	$ 373
Less: Discontinued Operations	**–**	–
Net earnings from continuing operations attributable to shareholders of the Company	**$ 436**	$ 373
Prescribed dividends on preferred shares in share capital	**(10)**	(10)
Net earnings from continuing operations available to common shareholders of the Company	**$ 426**	$ 363
Reduction in net earnings due to dilution at Loblaw	**(2)**	(2)
Net earnings from continuing operations available to common shareholders for diluted earnings per share	**$ 424**	$ 361
Weighted average common shares outstanding (in millions) (note 11)	**140.0**	146.7
Dilutive effect of equity-based compensation(i) (in millions)	**0.7**	0.6
Diluted weighted average common shares outstanding (in millions)	**140.7**	147.3
Net earnings per common share – Basic ($)		
Continuing Operations	**$ 3.04**	$ 2.47
Discontinued Operations	**$ –**	$ –
Net earnings per common share – Diluted ($)		
Continuing Operations	**$ 3.01**	$ 2.45
Discontinued Operations	**$ –**	$ –

(i) In the first quarter of 2023, nominal (2022 – nominal) potentially dilutive instruments were excluded from the computation of diluted net earnings per common share as they were anti-dilutive.

Note 7. Change in Non-Cash Working Capital

($ millions)	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022
Change in:		
Accounts receivable	**$ (87)**	$ 8
Prepaid expenses and other assets	**(65)**	(89)
Inventories	**120**	(122)
Trade payables and other liabilities	**(478)**	(307)
Other	**32**	(70)
Total change in non-cash working capital	**$ (478)**	$ (580)

Note 8. Credit Card Receivables

The components of credit card receivables were as follows:

	As at		
($ millions)	**Mar. 25, 2023**	Mar. 26, 2022	Dec. 31, 2022
Gross credit card receivables	**$ 3,960**	$ 3,533	$ 4,160
Allowance for credit card receivables	**(212)**	(200)	(206)
Credit card receivables	**$ 3,748**	$ 3,333	$ 3,954
Securitized to independent securitization trusts:			
Securitized to *Eagle Credit Card Trust*® (note 10)	**$ 1,350**	$ 1,350	$ 1,350
Securitized to Other Independent Securitization Trusts	**600**	400	700
Total securitized to independent securitization trusts	**$ 1,950**	$ 1,750	$ 2,050

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

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

As at the end of the first quarter of 2023, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was $54 million (March 26, 2022 – $36 million; December 31, 2022 – $63 million), which represented 9% (March 26, 2022 – 9%; December 31, 2022 – 9%) of the securitized credit card receivables amount.

Under its securitization programs, PC Bank is required to maintain, at all times, a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability. PC Bank was in compliance with this requirement as at the end of the first quarter of 2023 and throughout the quarter.

Note 9. Real Estate Dispositions

LOBLAW In the first quarter of 2023, Loblaw disposed of sixteen real estate properties for proceeds of $87 million (2022 – $13 million). These properties were subsequently leased back by Loblaw.

Note 10. Long-Term Debt

The components of long-term debt were as follows:

($ millions)	Mar. 25, 2023	Mar. 26, 2022	Dec. 31, 2022
		As at	
Debentures	**$ 10,260**	$ 9,887	$ 10,086
Long-term debt secured by mortgage	**1,087**	1,052	949
Construction loans	**58**	16	39
Guaranteed investment certificates	**1,536**	1,023	1,567
Independent securitization trusts (note 8)	**1,350**	1,350	1,350
Independent funding trusts	**560**	573	574
Committed credit facilities	**85**	55	260
Transaction costs and other	**(41)**	(37)	(41)
Total long-term debt	**$ 14,895**	$ 13,919	$ 14,784
Long-term debt due within one year	**(1,266)**	(1,865)	(1,383)
Long-term debt	**$ 13,629**	$ 12,054	$ 13,401

The Company, Loblaw and Choice Properties are required to comply with certain financial covenants for various debt instruments. As at the end of and throughout the first quarter of 2023, the Company, Loblaw and Choice Properties were in compliance with the financial covenants.

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

($ millions)	Interest Rate	Maturity Date	12 Weeks Ended Mar. 25, 2023 Principal Amount	Mar. 26, 2022 Principal Amount
Choice Properties senior unsecured debenture				
– Series S	5.40%	March 1, 2033	**$ 550**	$ –
Total debenture issued			**$ 550**	$ –

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

($ millions)	Interest Rate	Maturity Date	12 Weeks Ended Mar. 25, 2023 Principal Amount	Mar. 26, 2022 Principal Amount
Choice Properties senior unsecured debentures				
– Series G	3.20%	March 7, 2023	**$ 250**	$ –
– Series D-C	3.30%	January 18, 2023	**125**	–
Total debentures repaid			**$ 375**	$ –

COMMITTED CREDIT FACILITIES The components of the committed lines of credit available in the periods ended as indicated:

		Mar. 25, 2023		Mar. 26, 2022 (As at)		Dec. 31, 2022	
($ millions)	Maturity Date	Available Credit	Drawn	Available Credit	Drawn	Available Credit	Drawn
George Weston	September 13, 2024	**$ 350**	**$ –**	$ 350	$ –	$ 350	$ –
Loblaw	July 15, 2027	**1,000**	**–**	1,000	–	1,000	–
Choice Properties	September 1, 2027	**1,500**	**85**	1,500	55	1,500	260
Total committed credit facilities		**$ 2,850**	**$ 85**	$ 2,850	$ 55	$ 2,850	$ 260

Note 11. Share Capital

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

	12 Weeks Ended					
			Mar. 25, 2023			Mar. 26, 2022
($ millions except where otherwise indicated)	**Number of Common Shares**		**Common Share Capital**	Number of Common Shares		Common Share Capital
Issued and outstanding, beginning of period	**140,737,942**	**$**	**2,619**	146,789,503	$	2,714
Issued for settlement of stock options	**45,160**		**5**	168,052		20
Purchased and cancelled[(i)]	**(1,366,650)**		**(24)**	(369,500)		(32)
Issued and outstanding, end of period	**139,416,452**	**$**	**2,600**	146,588,055	$	2,702
Shares held in trusts, beginning of period	**(160,465)**	**$**	**(3)**	(141,106)	$	(2)
Released for settlement of RSUs and PSUs	**79,447**		**1**	75,740		2
Shares held in trusts, end of period	**(81,018)**	**$**	**(2)**	(65,366)	$	–
Issued and outstanding, net of shares held in trusts, end of period	**139,335,434**	**$**	**2,598**	146,522,689	$	2,702
Weighted average outstanding, net of shares held in trusts (note 6)	**140,001,197**			146,721,667		

(i) Number of common shares repurchased and cancelled as at March 25, 2023, does not include shares that may be repurchased subsequent to quarter end under the automatic share purchase plan ("ASPP"), as described below.

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

	12 Weeks Ended			
($ millions except where otherwise indicated)		**Mar. 25, 2023**		Mar. 26, 2022
Purchased for current settlement of DSUs (number of shares)		**7,521**		–
Purchased and cancelled (number of shares)		**1,366,650**		369,500
Cash consideration paid				
Purchased and settled	**$**	**(1)**	$	–
Purchased and cancelled[(i)]	**$**	**(227)**	$	(47)
Premium charged to retained earnings				
Purchased and settled	**$**	**(2)**	$	–
Purchased and cancelled[(ii)]	**$**	**199**	$	225
Reduction in share capital[(iii)]	**$**	**24**	$	32

(i) Included in the first quarter of 2023 is a net cash timing adjustment of $(4) million (2022 – $(10) million) of common shares repurchased under the NCIB for cancellation.
(ii) Includes $126 million (2022 – $176 million) related to the ASPP, as described below.
(iii) Includes $16 million (2022 – $24 million) related to the ASPP, as described below.

In the second quarter of 2022, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 7,304,927 of its common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, the Company may purchase its common shares from time to time at the then market price of such shares.

From time to time, the Company participates in an ASPP with a broker in order to facilitate the purchase 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 March 25, 2023, an obligation to repurchase shares of $142 million (2022 – $200 million) was recognized under the ASPP in trade payables and other liabilities.

As of March 25, 2023, 6,160,963 common shares were purchased under the Company's current NCIB.

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

	12 Weeks Ended	
($)	**Mar. 25, 2023**	Mar. 26, 2022
Dividends declared per share[(i)]:		
Common Share	**$ 0.660**	$ 0.600
Preferred Share:		
Series I	**$ 0.3625**	$ 0.3625
Series III	**$ 0.3250**	$ 0.3250
Series IV	**$ 0.3250**	$ 0.3250
Series V	**$ 0.296875**	$ 0.296875

(i) Dividends declared on Common Shares and Preferred Shares, Series III, Series IV and Series V were paid on April 1, 2023. Dividends declared on Preferred Shares, Series I were paid on March 15, 2023.

The following table summarizes the Company's cash dividends declared subsequent to the end of the first quarter of 2023:

($)		
Dividends declared per share[(i)]	– Common Share	**$ 0.713**
	– Preferred Share:	
	Series I	**$ 0.3625**
	Series III	**$ 0.3250**
	Series IV	**$ 0.3250**
	Series V	**$ 0.296875**

(i) Dividends declared on Common Shares and Preferred Shares, Series III, Series IV and Series V are payable on July 1, 2023. Dividends declared on Preferred Shares, Series I are payable on June 15, 2023.

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

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

($ millions)	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022
Current service cost		
Post-employment benefit costs[(i)]	**$ 37**	$ 44
Other long-term employee benefit costs[(ii)]	**9**	8
Net interest cost on net defined benefit plan obligations	**4**	–
Total post-employed defined benefit cost	**$ 50**	$ 52

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

The actuarial (gains) losses recognized in other comprehensive income (loss) net of taxes from continuing operations for defined benefit plans during the periods were as follows:

($ millions)	12 Weeks Ended Mar. 25, 2023	Mar. 26, 2022
(Return) loss on plan assets, excluding amounts included in net interest expense and other financing charges	**$ (87)**	$ 405
Actuarial losses (gains) from changes in financial assumptions[(i)]	**94**	(423)
Change in liability arising from asset ceiling[(i)]	**(141)**	–
Total net actuarial (gains) recognized in other comprehensive income before income taxes	**$ (134)**	$ (18)
Income tax expenses on actuarial gains	**35**	5
Actuarial gains, net of income tax expenses	**$ (99)**	$ (13)

(i) The actuarial losses from changes in financial assumptions and the change in liability arising from asset ceiling were primarily driven by a decrease in discount rates.

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

($ millions)	As at Mar. 25, 2023	Mar. 26, 2022	Dec. 31, 2022
Other assets			
Net accrued benefit plan asset	**$ 194**	$ 467	$ 65
Other liabilities			
Net defined benefit plan obligation	**$ 276**	$ 310	$ 279
Other long-term employee benefit obligation	**$ 110**	$ 115	$ 107

Note 13. Financial Instruments

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

	As at											
	Mar. 25, 2023				Mar. 26, 2022				Dec. 31, 2022			
($ millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Amortized cost:												
Mortgages, loans and notes receivable(i)	$ –	$ –	$ 338	$ 338	$ –	$ –	$ 298	$ 298	$ –	$ –	$ 342	$ 342
Fair value through other comprehensive income:												
Long-term securities(i)	247	–	–	247	95	–	–	95	246	–	–	246
Derivatives included in prepaid expenses and other assets	–	12	–	12	–	9	–	9	–	6	–	6
Fair value through profit and loss:												
Security deposits	38	–	–	38	77	–	–	77	36	–	–	36
Mortgages, loans and notes receivable(i)	–	–	161	161	–	–	103	103	–	–	163	163
Investments in real estate securities(i)	–	288	–	288	–	–	–	–	–	302	–	302
Certain other assets(i)	–	18	121	139	–	20	84	104	–	19	132	151
Derivatives included in prepaid expenses and other assets	–	19	–	19	14	8	2	24	1	26	–	27
Financial liabilities												
Amortized cost:												
Long-term debt	–	8,509	6,306	14,815	–	8,161	6,165	14,326	–	8,592	5,947	14,539
Certain other liabilities(i)(ii)	–	–	675	675	–	–	674	674	–	–	677	677
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	–	–	–	–	–	8	–	8	–	–	–	–
Fair value through profit and loss:												
Trust Unit liability	3,920	–	–	3,920	4,303	–	–	4,303	4,112	–	–	4,112
Derivatives included in trade payables and other liabilities	1	2	2	5	–	1	–	1	–	–	3	3

(i) Included in the consolidated balance sheets in Other Assets and Other Liabilities.
(ii) Certain other liabilities relate primarily to financial liabilities associated with properties that did not meet the criteria for sale.

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

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

During the first quarter of 2023, a gain of $1 million (2022 – loss of $1 million) was recognized in operating income on financial instruments designated as amortized cost. In addition, a net gain of $166 million (2022 – net gain of $77 million) was recognized in earnings before income taxes from continuing operations on financial instruments required to be classified as fair value through profit and loss.

Investments in Real Estate Securities Choice Properties' investment in Allied Properties Real Estate Investment Trust ("Allied") Class B Units are recorded at their fair value based on market trading prices of Allied's publicly traded units. As at the end of the first quarter of 2023, Choice Properties held 11,809,145 Allied Class B Units with a value of $288 million (2022 – nil). In the first quarter of 2023, a fair value loss of $15 million (2022 – nil) was recorded in SG&A (2022 – nil).

Trust Unit Liability In the first quarter of 2023, a fair value gain of $192 million (2022 – loss of $93 million) was recorded in net interest expense and other financing charges (see note 4).

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 futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices and exchange rates in its underlying operations. The following is a summary of the fair values recognized in the unaudited interim period condensed consolidated balance sheets and the net realized and unrealized gains (losses) before income taxes from continuing operations related to the Company's other derivatives:

			Mar. 25, 2023
			12 Weeks Ended
($ 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[(i)]	$ 11	$ 2	$ 1
Bond Forwards[(ii)]	1	2	(1)
Interest Rate Swaps[(iii)]	6	(8)	–
Total derivatives designated as cash flow hedges	**$ 18**	**$ (4)**	**$ –**
Derivatives not designated in a formal hedging relationship			
Foreign Exchange and Other Forwards	$ 11	$ –	$ 5
Other Non-Financial Derivatives	(1)	–	(2)
Total derivatives not designated in a formal hedging relationship	**$ 10**	**$ –**	**$ 3**
Total derivatives	**$ 28**	**$ (4)**	**$ 3**

(i) PC Bank uses foreign exchange forwards, with a notional value of $29 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in prepaid expenses and other assets.

(ii) PC Bank uses bond forwards, with a notional value of $160 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets. During the first quarter of 2023, PC Bank entered into $135 million of bond forwards to hedge its exposure to interest rate fluctuations against the future issuance of debt instruments.

(iii) PC Bank uses interest rate swaps, with a notional value of $180 million to mitigate the impact of increases in interest rate. The fair value of the derivatives is included partially in prepaid expenses and other assets and partially in trade payables and other liabilities. Choice Properties uses interest rate swaps, with a notional value of $54 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in other assets or other liabilities.

($ millions)		Net asset (liability) fair value		Gain/(loss) recorded in OCI		Gain/(loss) recorded in operating income
						Mar. 26, 2022
						12 Weeks Ended
Derivatives designated as cash flow hedges						
Foreign Exchange Forwards[(i)]	$	(8)	$	(8)	$	–
Bond Forwards[(ii)]		7		9		(1)
Interest Rate Swaps[(iii)]		9		7		–
Total derivatives designated as cash flow hedges	$	8	$	8	$	(1)
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	$	(1)	$	–	$	(4)
Other Non-Financial Derivatives		14		–		17
Total derivatives not designated in a formal hedging relationship	$	13	$	–	$	13
Total derivatives	$	21	$	8	$	12

(i) PC Bank uses foreign exchange forwards, with a notional amount of $32 million USD, to manage its foreign exchange risk related to certain U.S. payables. The fair value of the derivatives is included in trade payables and other liabilities.

(ii) PC Bank uses bond forwards, with a notional value of $185 million, to manage interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets.

(iii) PC Bank uses interest rate swaps, with notional value of $225 million, to manage its interest risk related to future debt issuances. The fair value of the derivatives is included in prepaid expenses and other assets. Choice Properties uses interest rate swaps, with a notional value of $68 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in other assets or other liabilities.

Note 14. Contingent Liabilities

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

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

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

Shoppers Drug Mart was previously served with an Amended Statement of Claim in a class action proceeding that has been filed in the Ontario Superior Court of Justice ("Superior Court") by two Shoppers Drug Mart licensees ("Associates"), claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who were parties to Shoppers Drug Mart's 2002 and 2010 forms of the Associate Agreement. On July 9, 2013, the Superior Court certified as a class proceeding portions of the action. A summary judgment trial of the matter was held in December 2022 and on February 17, 2023, the Superior Court released its decision in relation to those summary judgment motions (the "Decision"). The Superior Court dismissed the plaintiffs' claims on the majority of the issues including a request for damages at this stage of proceedings. The Court also held that Shoppers Drug Mart breached the 2002 form of Associate Agreement when it did not remit certain amounts that it received from generic drug manufacturers to Associates. On March 20, 2023, the plaintiffs filed a Notice of Appeal and on April 4, 2023, Loblaw filed a Notice of Cross-Appeal. 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 have been commenced against the Company and Loblaw as well as a number of other major grocery retailers and another bread wholesaler. In December 2019, a proposed class action on behalf of independent distributors was commenced against the Company. It is too early to predict the outcome of such legal proceedings. Neither the Company nor Loblaw believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. The Company's and Loblaw's cash balances far exceed any realistic damages scenario and therefore the Company and Loblaw do not anticipate any impacts on the Company's or Loblaw's dividend, dividend policy or share buyback plan. The Company and Loblaw have not recorded any amounts related to the potential civil liability associated with the class action lawsuits in 2022 or prior on the basis that a reliable estimate of the liability cannot be determined at this time. The Company and Loblaw will continue to assess whether a provision for civil liability associated with the class action lawsuits can be reliably estimated and will record an amount in the period at the earlier of when a reliable estimate of liability can be determined or the matter is ultimately resolved. As a result of admission of participation in the arrangement and cooperation in the Competition Bureau's investigation, the Company and Loblaw will not face criminal charges or penalties.

In August 2018, the Province of British Columbia filed a class action against numerous opioid manufacturers and distributors, including Loblaw and its subsidiaries, Shoppers Drug Mart Inc. and Sanis Health Inc. The claim contains allegations of breach of the Competition Act, fraudulent misrepresentation and deceit and negligence, and seeks unquantified damages for the expenses incurred by the federal government, provinces, and territories of Canada in paying for opioid prescriptions and other healthcare costs related to opioid addiction and abuse in Canada. During the second quarter of 2021, the claim against Loblaw Companies Limited was discontinued. In May 2019, two further opioid-related class actions were commenced in each of Ontario and Quebec against a large group of defendants, including Sanis Health Inc. In February 2022, the plaintiff and Sanis Health Inc. agreed to settle the Quebec action for a nominal amount, with no admission of liability and for the express purpose of avoiding the delays, disruption, and expenses associated with the litigation. The settlement has been approved by the court and is now final. In December 2019, a further opioid-related class action was commenced in British Columbia against a large group of defendants, including Sanis Health Inc., Shoppers Drug Mart Inc. and Loblaw. The allegations in the Ontario, Quebec and the civil British Columbia class actions are similar to the allegations against manufacturer defendants in the Province of British Columbia class action, except that these May 2019 and December 2019 claims seek recovery of damages on behalf of opioid users directly. In April 2021, Loblaw, Shoppers Drug Mart Inc., and Sanis Health Inc. were served with another opioid-related class action that was started in Alberta against multiple defendants. The claim seeks damages on behalf of municipalities and local governments in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. In September 2021, Loblaw, Shoppers Drug Mart Inc. and Sanis Health Inc. were served with a class action started in Saskatchewan by Peter Ballantyne Cree Nation and Lac La Ronge Indian Band on behalf of all Indigenous, Metis, First Nation and Inuit communities and governments in Canada to recover costs they have incurred as a result of the opioid crisis, including healthcare costs, policing costs and societal costs. Loblaw believes these proceedings are without merit and is vigorously defending them. Loblaw does not currently have any significant accruals or provisions for these matters recorded in the unaudited interim period condensed consolidated financial statements.

In July 2022, the Tax Court of Canada released a decision relating to PC Bank, a subsidiary of Loblaw. The Tax Court of Canada ruled that PC Bank is not entitled to claim notional input tax credits for certain payments it made to Loblaws Inc. in respect of redemptions of loyalty points. On September 29, 2022, PC Bank filed a Notice of Appeal with the Federal Court of Appeal and in early 2023 both PC Bank and the Crown submitted their respective facta for the appeal. Although Loblaw believes in the merits of its position, Loblaw recorded a charge of $111 million, inclusive of interest, in the second quarter of 2022. Loblaw believes that this provision is sufficient to cover its liability, if the appeal is ultimately unsuccessful.

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

Note 15. Related Party Transaction

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. To date, the Company has invested $48 million in the Venture Fund I, of which $3 million was invested in the first quarter of 2023 (2022 – $3 million) and recorded in Other Assets.

During the third quarter of 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 general 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. To date, a $1 million investment was made by Loblaw in Venture Fund II in the first quarter of 2023.

Note 16. Segment Information

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

The accounting policies of the reportable operating segments are the same as those described in the Company's 2022 audited annual consolidated financial statements and accompanying notes. The Company measures each reportable operating segment's performance based on adjusted operating income before depreciation and amortization ("Adjusted EBITDA"). No reportable operating segment is reliant on any single external customer.

	12 Weeks Ended											
	Mar. 25, 2023						Mar. 26, 2022					
($ millions)	Loblaw	Choice Properties	Other and Inter-segment	Total Segment Measure	Elim-inations	Total	Loblaw	Choice Properties	Other and Inter-segment	Total Segment Measure	Elim-inations	Total
Revenue	**$ 12,995**	**$ 325**	**$ 2**	**$ 13,322**	**$ (189)**	**$ 13,133**	$ 12,262	$ 328	$ 2	$ 12,592	$ (185)	$ 12,407
Operating income	$ 767	$ 306	$ (116)	$ 957	$ –	$ 957	$ 736	$ 629	$ (199)	$ 1,166	$ –	$ 1,166
Net interest expense and other financing charges	181	35	(145)	71	–	71	142	242	(62)	322	–	322
Earnings before income taxes from continuing operations	**$ 586**	**$ 271**	**$ 29**	**$ 886**	**$ –**	**$ 886**	$ 594	$ 387	$ (137)	$ 844	$ –	$ 844
Operating income	**$ 767**	**$ 306**	**$ (116)**	**$ 957**	**$ –**	**$ 957**	$ 736	$ 629	$ (199)	$ 1,166	$ –	$ 1,166
Depreciation and amortization	675	1	(94)	582			631	1	(83)	549		
Adjusting items(i)	4	(77)	41	(32)			(26)	(405)	138	(293)		
Adjusted EBITDA(i)	**$ 1,446**	**$ 230**	**$ (169)**	**$ 1,507**			$ 1,341	$ 225	$ (144)	$ 1,422		

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

	12 Weeks Ended							
	Mar. 25, 2023				Mar. 26, 2022			
($ millions)	Loblaw	Choice Properties	Other and Intersegment	Total Segment Measure	Loblaw	Choice Properties	Other and Intersegment	Total Segment Measure
Fair value adjustment on investment properties	$ –	$ (92)	$ 43	$ (49)	$ –	$ (410)	$ 119	$ (291)
Loss (gain) on sale of non-operating properties	1	–	(2)	(1)	–	–	–	–
Fair value adjustment of investment in real estate securities	–	15	–	15	–	–	–	–
Fair value adjustment of derivatives	3	–	–	3	(14)	–	–	(14)
Transaction costs and other related expenses	–	–	–	–	3	5	–	8
Restructuring and other related (recoveries) costs	–	–	–	–	(15)	–	19	4
Adjusting Items	$ 4	$ (77)	$ 41	$ (32)	$ (26)	$ (405)	$ 138	$ (293)

Other and Intersegment includes the following items:

	12 Weeks Ended					
			Mar. 25, 2023			Mar. 26, 2022
($ millions)	**Revenue**	**Operating Income**	**Net Interest Expense and Other Financing Charges**	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Internal lease arrangements	**$ –**	**$ (55)**	**$ (27)**	$ –	$ (38)	$ (22)
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	**–**	**–**	**–**	–	(10)	–
Fair value adjustment on investment properties	**–**	**(43)**	**–**	–	(119)	3
Fair value adjustment on Choice Properties' Exchangeable Units	**–**	**–**	**95**	–	–	(119)
Fair value adjustment on Trust Unit liability	**–**	**–**	**(192)**	–	–	93
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	**–**	**–**	**(74)**	–	–	(73)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	**–**	**–**	**52**	–	–	51
Reversal of Loblaw gain on sale of disposition of property to Choice Properties	**–**	**–**	**–**	–	(19)	–
Other	**2**	**(18)**	**1**	2	(13)	5
Total	**$ 2**	**$ (116)**	**$ (145)**	$ 2	$ (199)	$ (62)
Elimination of intercompany rental revenue	**(189)**	**–**	**–**	(185)	–	–
Total including Eliminations	**$ (187)**	**$ (116)**	**$ (145)**	$ (183)	$ (199)	$ (62)

	As at		
($ millions)	**Mar. 25, 2023**	Mar. 26, 2022	Dec. 31, 2022
Total Assets			
Loblaw	**$ 37,734**	$ 36,613	$ 38,147
Choice Properties	**16,970**	16,430	16,820
Other and Intersegment	**(6,136)**	(5,886)	(6,009)
Consolidated	**$ 48,568**	$ 47,157	$ 48,958

($ millions)	**Mar. 25, 2023**	Mar. 26, 2022(i)
Additions to Fixed Assets, Investment Properties and Intangible Assets		
Loblaw	**$ 315**	$ 186
Choice Properties	**82**	12
Other and Intersegment	**–**	1
Consolidated	**$ 397**	$ 199

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

Note 17. Subsequent Events

CHOICE PROPERTIES On March 30, 2023, Choice Properties completed an exchange of office properties with its partner. The exchange resulted in Choice Properties disposing of its 50% interest in Calgary Place in exchange for the partner's 50% interest in Altius Centre and a vendor take-back mortgage with a face value of $14 million (fair value of $11 million). As at March 25, 2023, $48 million related to the disposed property was recorded in Assets Held for Sale.

Financial Summary[i]

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

As at or for the periods ended as indicated ($ millions except where otherwise indicated)	12 Weeks Ended Mar. 25, 2023	 Mar. 26, 2022[ii]
Consolidated Operating Results		
Revenue	**$ 13,133**	$ 12,407
Operating income	**957**	1,166
Adjusted EBITDA[iii]	**1,507**	1,422
Depreciation and amortization	**582**	549
Net interest expense and other financing charges	**71**	322
Adjusted net interest expense and other financing charges[iii]	**263**	240
Income taxes	**234**	229
Adjusted income taxes[iii]	**228**	205
Net earnings from continuing operations	**652**	615
Net earnings attributable to shareholders of the Company from continuing operations	**436**	373
Net earnings available to common shareholders of the Company from continuing operations	**426**	363
Adjusted net earnings available to common shareholders of the Company[iii] from continuing operations	**282**	282
Consolidated Financial Position and Cash Flows		
Cash and cash equivalents, short-term investments and security deposits	**$ 2,470**	$ 3,867
Cash flows from operating activities	**914**	780
Capital investments	**397**	199
Free cash flow[iii]	**74**	224
Total debt including lease liabilities	**21,661**	20,448
Total equity attributable to shareholders of the Company	**6,942**	6,938
Total equity	**13,425**	13,166
Consolidated Per Common Share ($)		
Diluted net earnings per common share from continuing operations	**$ 3.01**	$ 2.45
Adjusted diluted net earnings per common share from continuing operations[iii]	**1.99**	1.90
Consolidated Financial Measures and Ratios		
Adjusted EBITDA margin[iii] (%)	**11.5**	11.5
Rolling year adjusted return on average equity attributable to common shareholders of the Company[iii] (%)	**23.4**	19.7
Rolling year adjusted return on capital[iii] (%)	**13.6**	12.7
Reportable Operating Segments		
Loblaw		
Revenue	**$ 12,995**	$ 12,262
Operating income	**767**	736
Adjusted EBITDA[iii]	**1,446**	1,341
Adjusted EBITDA margin[iii] (%)	**11.1**	10.9
Depreciation and amortization	**675**	631
Choice Properties		
Revenue	**$ 325**	$ 328
Net interest expense and other financing charges	**35**	242
Net income	**271**	387
Funds from operations[iii]	**177**	175

(i) For financial definitions and ratios refer to the Glossary beginning on page 174 of the Company's 2022 Annual Report.
(ii) Certain comparative figures have been restated to conform with current year presentation.
(iii) Refer to section 8, "Non-GAAP and Other Financial Measures" of the Company's First Quarter Management Discussion and Analysis.

Corporate Profile

George Weston Limited ("GWL" or the "Company") is a Canadian public company, founded in 1882. The Company operates through its two reportable operating segments, Loblaw Companies Limited ("Loblaw") and Choice Properties Real Estate Investment Trust ("Choice Properties"). Loblaw has two reportable operating segments, retail and financial services. Loblaw's retail segment consists primarily of food retail and drug retail. Loblaw provides Canadians with grocery, pharmacy and healthcare services, health and beauty products, apparel, general merchandise and financial services. Choice Properties owns, manages and develops a high-quality portfolio of commercial and residential properties across Canada.

Trademarks

GWL, Loblaw, Choice Properties and their respective subsidiaries own a number of trademarks. These trademarks are the exclusive property of GWL, Loblaw, Choice Properties and their respective subsidiary companies. Trademarks where used in this report are in italics.

Shareholder Information

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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 information about the Company has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.

This Quarterly 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 website at www.loblaw.ca and www.choicereit.ca.

Annual Meeting

The George Weston Limited Annual Meeting of Shareholders will be held on Tuesday, May 9, 2023 at 11:00 a.m. (ET) at the Royal Conservatory, TELUS Centre for Performance and Learning, Koerner Hall, 273 Bloor Street West, Toronto, Ontario, Canada. Shareholders who are not able to attend in person will be able to listen, participate and vote at the meeting in real time through a web-based platform at **https://web.lumiagm.com/249009731** (meeting password: george2023). To access via audio-conference please dial (416) 764-8688 or 1-888-390-0546. Playback will be available two hours after the event at (416) 764-8677 or 1-888-390-0541, password: 370303#.

Ce rapport est disponible en français.

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