Financial Results

Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021[i]
Revenue	**$ 12,407**	$ 12,017
Operating Expenses		
Cost of inventories sold (note 10)	**8,334**	8,175
Selling, general and administrative expenses	**2,907**	3,014
	11,241	11,189
Operating Income	**1,166**	828
Net Interest Expense and Other Financing Charges (note 5)	**322**	545
Earnings Before Income Taxes	**844**	283
Income Taxes (note 6)	**229**	165
Net Earnings from Continuing Operations	**615**	118
Net Earnings from Discontinued Operations (note 4)	**–**	–
Net Earnings	**615**	118
Attributable to:		
Shareholders of the Company (note 7)	**373**	(52)
Non-Controlling Interests	**242**	170
Net Earnings	**$ 615**	$ 118
Net Earnings (Loss) per Common Share - Basic ($) (note 7)	**$ 2.47**	$ (0.41)
Continuing Operations	**$ 2.47**	$ (0.41)
Discontinued Operations	**$ –**	$ –
Net Earnings (Loss) per Common Share - Diluted ($) (note 7)	**$ 2.45**	$ (0.41)
Continuing Operations	**$ 2.45**	$ (0.41)
Discontinued Operations	**$ –**	$ –

(i) Comparative figures have been restated (note 4).

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. 26, 2022	 Mar. 27, 2021(i)
Net Earnings from Continuing Operations	**$ 615**	$ 118
Other comprehensive income (loss), net of taxes		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment (note 20)	**(1)**	(13)
Gains on cash flow hedges (note 20)	**6**	–
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial gains (note 18)	**13**	67
Adjustment to fair value of investment properties	**17**	–
Other comprehensive income from continuing operations	**35**	54
Comprehensive Income from Continuing Operations	**650**	172
Net Earnings from Discontinued Operations (note 4)	**–**	–
Other comprehensive income from discontinued operations	**–**	–
Comprehensive Income from Discontinued Operations	**–**	–
Total Comprehensive Income, net of taxes	**650**	172
Attributable to:		
Shareholders of the Company	**403**	(30)
Non-Controlling Interests	**247**	202
Total Comprehensive Income, net of taxes	**$ 650**	$ 172

(i) Comparative figures have been restated (note 4).

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

Condensed Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)	Mar. 26, 2022	As at Mar. 27, 2021	Dec. 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents (note 8)	**$ 2,828**	$ 2,827	$ 2,984
Short-term investments (note 8)	**962**	314	879
Accounts receivable	**1,002**	1,057	1,010
Credit card receivables (note 9)	**3,333**	2,902	3,443
Income taxes recoverable	**128**	–	301
Inventories (note 10)	**5,288**	5,404	5,166
Prepaid expenses and other assets	**504**	333	348
Assets held for sale (note 11)	**840**	99	91
Total Current Assets	**14,885**	12,936	14,222
Fixed Assets	**10,665**	11,905	10,782
Right-of-Use Assets	**4,086**	4,095	4,059
Investment Properties	**4,780**	5,043	5,344
Equity Accounted Joint Ventures	**700**	414	564
Intangible Assets	**6,305**	6,921	6,430
Goodwill	**4,482**	4,770	4,479
Deferred Income Taxes	**100**	124	113
Security Deposits (note 8)	**77**	75	75
Other Assets (note 12)	**1,077**	1,255	1,015
Total Assets	**$ 47,157**	$ 47,538	$ 47,083
LIABILITIES			
Current Liabilities			
Bank indebtedness	**$ 250**	$ 282	$ 52
Trade payables and other liabilities	**5,914**	5,548	5,923
Loyalty liability	**218**	209	190
Provisions	**99**	90	119
Income taxes payable	**75**	85	269
Demand deposits from customers	**87**	36	75
Short-term debt (note 13)	**400**	1,070	450
Long-term debt due within one year (note 14)	**1,865**	1,244	1,520
Lease liabilities due within one year	**801**	799	742
Associate interest	**418**	339	433
Total Current Liabilities	**10,127**	9,702	9,773
Provisions	**88**	118	90
Long-Term Debt (note 14)	**12,054**	13,175	12,490
Lease Liabilities	**4,246**	4,294	4,242
Trust Unit Liability (note 20)	**4,303**	3,838	4,209
Deferred Income Taxes	**2,056**	2,079	2,003
Other Liabilities (note 15)	**1,117**	1,136	1,139
Total Liabilities	**33,991**	34,342	33,946
EQUITY			
Share Capital (note 16)	**3,519**	3,599	3,529
Retained Earnings	**4,873**	5,076	4,808
Contributed Surplus (notes 17 & 19)	**(1,560)**	(1,269)	(1,462)
Accumulated Other Comprehensive Income	**106**	153	84
Total Equity Attributable to Shareholders of the Company	**6,938**	7,559	6,959
Non-Controlling Interests	**6,228**	5,637	6,178
Total Equity	**13,166**	13,196	13,137
Total Liabilities and Equity	**$ 47,157**	$ 47,538	$ 47,083

Contingent liabilities (note 21). Subsequent events (note 24).

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, 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 (notes 16 & 19)	20	–	**20**	**–**	**(21)**	–	–	–	**–**	**(10)**	**(11)**
Shares purchased and cancelled (note 16)	(32)	–	**(32)**	**(225)**	**–**	–	–	–	**–**	**–**	**(257)**
Net effect of shares held in trusts (notes 16 & 19)	2	–	**2**	**8**	**–**	–	–	–	**–**	**–**	**10**
Loblaw capital transactions and dividends (notes 17 & 19)	–	–	**–**	**–**	**(77)**	–	–	–	**–**	**(187)**	**(264)**
Dividends declared											
Per common share ($) (note 16)											
– $0.600	–	–	**–**	**(88)**	**–**	–	–	–	**–**	**–**	**(88)**
Per preferred share ($) (note 16)											
– 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**

(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, 2020	$ 2,782	$ 817	**$ 3,599**	**$ 5,226**	**$ (1,180)**	$ 153	$ (22)	$ 35	**$ 166**	**$ 5,607**	**$ 13,418**
Net earnings	–	–	**–**	**(52)**	**–**	–	–	–	**–**	**170**	**118**
Other comprehensive income (loss)(i)	–	–	**–**	**35**	**–**	(13)	–	–	**(13)**	**32**	**54**
Comprehensive income (loss)	$ –	$ –	**$ –**	**$ (17)**	**$ –**	$ (13)	$ –	$ –	**$ (13)**	**$ 202**	**$ 172**
Effect of equity-based compensation (notes 16 & 19)	8	–	**8**	**–**	**(9)**	–	–	–	**–**	**(6)**	**(7)**
Shares purchased and cancelled (note 16)	(9)	–	**(9)**	**(46)**	**–**	–	–	–	**–**	**–**	**(55)**
Net effect of shares held in trusts (notes 16 & 19)	1	–	**1**	**7**	**–**	–	–	–	**–**	**–**	**8**
Loblaw capital transactions and dividends (notes 17 & 19)	–	–	**–**	**–**	**(80)**	–	–	–	**–**	**(166)**	**(246)**
Dividends declared											
Per common share ($) (note 16)											
– $0.550	–	–	**–**	**(83)**	**–**	–	–	–	**–**	**–**	**(83)**
Per preferred share ($) (note 16)								–			
– Series I – $0.3625	–	–	**–**	**(4)**	**–**	–	–		**–**	**–**	**(4)**
– Series III – $0.3250	–	–	**–**	**(3)**	**–**	–	–	–	**–**	**–**	**(3)**
– Series IV – $0.3250	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
– Series V – $0.296875	–	–	**–**	**(2)**	**–**	–	–	–	**–**	**–**	**(2)**
	$ –	$ –	**$ –**	**$ (133)**	**$ (89)**	$ –	$ –	$ –	**$ –**	**$ (172)**	**$ (394)**
Balance as at Mar. 27, 2021	$ 2,782	$ 817	**$ 3,599**	**$ 5,076**	**$ (1,269)**	$ 140	$ (22)	$ 35	**$ 153**	**$ 5,637**	**$ 13,196**

(i) Other comprehensive income (loss) includes actuarial gains of $13 million (2021 – $67 million), of which $8 million (2021 – $35 million) is presented in retained earnings, and $5 million (2021 – $32 million) in non-controlling interests. There were no foreign currency translation adjustments or unrealized gains or losses on cash flow hedges included in non-controlling interests in the first quarter of 2022 and 2021.

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. 26, 2022	 Mar. 27, 2021
Operating Activities		
Net earnings	**$ 615**	$ 118
Add (deduct):		
Net interest expense and other financing charges (note 5)	**322**	546
Income taxes (note 6)	**229**	166
Depreciation and amortization	**549**	560
Asset impairments, net of recoveries	**3**	1
Adjustment to fair value of investment properties and assets held for sale	**(291)**	(46)
Change in allowance for credit card receivables (note 9)	**(5)**	(20)
Change in provisions	**(21)**	(2)
Change in gross credit card receivables (note 9)	**115**	227
Change in non-cash working capital	**(602)**	(451)
Income taxes paid	**(191)**	(196)
Interest received	**18**	5
Interest received from finance leases	**1**	1
Other	**15**	2
Cash Flows from Operating Activities	**757**	911
Investing Activities		
Fixed asset and investment properties purchases	**(126)**	(151)
Intangible asset additions	**(81)**	(84)
Proceeds from disposal of assets	**47**	41
Lease payments received from finance leases	**3**	2
Change in short-term investments (note 8)	**(83)**	261
Other	**(106)**	54
Cash Flows (used in) from Investing Activities	**(346)**	123
Financing Activities		
Change in bank indebtedness	**198**	196
Change in short-term debt (note 13)	**(50)**	(265)
Change in demand deposits from customers	**12**	12
Change in other financing	**7**	–
Interest paid	**(214)**	(244)
Long-term debt – Issued (note 14)	**97**	30
– Repayments (note 14)	**(176)**	(55)
Cash rent paid on lease liabilities – Interest	**(42)**	(46)
Cash rent paid on lease liabilities – Principal	**(104)**	(97)
Share capital – Issued (notes 16 & 19)	**17**	7
– Purchased and cancelled (note 16)	**(47)**	(25)
Loblaw common share capital – Issued (notes 17 & 19)	**43**	7
– Purchased and held in trusts (note 17)	**(28)**	–
– Purchased and cancelled (note 17)	**(115)**	(155)
Dividends – To common shareholders	**(81)**	(79)
– To preferred shareholders	**(11)**	(11)
Other	**(74)**	(63)
Cash Flows used in Financing Activities	**(568)**	(788)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**1**	–
Change in Cash and Cash Equivalents	**(156)**	246
Cash and Cash Equivalents, Beginning of Period	**2,984**	2,581
Cash and Cash Equivalents, End of Period	**$ 2,828**	$ 2,827

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

See note 4. Discontinued Operations for additional cash flow information.

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

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

In December 2021, the Company completed the sale of the entire Weston Foods bakery business. Refer to note 4, "Discontinued Operations" for details.

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 2021 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 2021 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 9, 2022.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

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. 26, 2022		Mar. 27, 2021		Dec. 31, 2021	
		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)]	**175,273,168**	**52.6%**	180,096,379	52.6%	175,475,019	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	61.8%	446,447,940	61.7%

(i) In 2021, GWL settled the equity forward sale agreement, releasing all Loblaw common shares pledged under the equity forward sale agreement (March 27, 2021 – 9.6 million Loblaw common shares pledged). Additionally, GWL participates in Loblaw's Normal Course Issuer Bid ("NCIB") program, in order to maintain its proportionate percentage ownership (see note 17).

(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. Discontinued Operations

WESTON FOODS On December 10, 2021, the Company completed the sale of Weston Foods' fresh and frozen bakery business to FGF Brands Inc. for gross proceeds of $1,100 million, and on December 29, 2021, the Company completed the sale of Weston Foods' ambient business to affiliated entities of Hearthside Foods Solution, LLC for gross proceeds of $370 million. In aggregate, the Company sold its entire Weston Foods bakery business for total gross proceeds of $1,470 million. After closing adjustments, net consideration was $1,207 million, and a loss on sale of $317 million, after income taxes, was recorded in discontinued operations in 2021. Net consideration reflects management's best estimate of working capital adjustments and is subject to finalization, in accordance with the sale agreements. There were no adjustments recorded during the first quarter of 2022.

Unless otherwise specified, all other notes to the consolidated financial statements include amounts from both continuing and discontinued operations.

The results of Discontinued Operations presented in the consolidated statements of earnings is as follows:

	12 Weeks Ended					
	Mar. 26, 2022			Mar. 27, 2021		
($ millions)	**Weston Foods**	**Intersegment Eliminations**	**Discontinued Operations**	Weston Foods	Intersegment Eliminations	Discontinued Operations
Revenue	**$ –**	**$ –**	**$ –**	$ 472	$ (137)	$ 335
Operating Expenses						
Cost of inventories sold	**–**	**–**	**–**	345	(134)	211
Selling, general and administrative expenses	**–**	**–**	**–**	127	(5)	122
	$ –	**$ –**	**$ –**	$ 472	$ (139)	$ 333
Operating Income			**$ –**			$ 2
Net interest expense and other financing charges			–			1
Earnings before Income Taxes			**$ –**			$ 1
Income tax expense			–			1
Net Earnings from Discontinued Operations			**$ –**			$ –

The net cash flows used in Discontinued Operations are as follows:

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Cash flows from operating activities	**$ –**	$ (3)
Cash flows used in investing activities	**$ –**	$ (13)
Cash flows used in financing activities	**$ –**	$ (1)
Effect of foreign currency rate changes on cash and cash equivalents	**$ –**	$ 1
Cash flows used in Discontinued Operations	**$ –**	$ (16)

Note 5. 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. 26, 2022**	Mar. 27, 2021[(i)]
Interest expense:		
Long-term debt	**$ 130**	$ 140
Lease liabilities	**42**	45
Borrowings related to credit card receivables	**10**	9
Trust Unit distributions	**51**	51
Independent funding trusts	**3**	3
Post-employment and other long-term employee benefits (note 18)	**–**	2
Bank indebtedness	**1**	–
Financial liabilities (note 15)	**11**	12
Capitalized interest	**(1)**	(1)
	$ 247	$ 261
Interest income:		
Accretion income	**$ (1)**	$ (1)
Short-term interest income	**(6)**	(4)
	$ (7)	$ (5)
Forward sale agreement[(ii)]	**$ –**	$ 50
Fair value adjustment of the Trust Unit liability (note 20)	**93**	239
Recovery related to Glenhuron Bank Limited (note 6)	**(11)**	–
Net interest expense and other financing charges from Continuing Operations	**$ 322**	$ 545

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

(ii) In the second quarter of 2021, the Company began to settle the net debt associated with the equity forward sale agreement, and was fully settled in the fourth quarter of 2021. Included in the first quarter of 2021 is a charge of $53 million related to the fair value adjustment of the forward sale agreement for the Loblaw common shares. The fair value adjustment of the forward sale agreement results from changes in the value of the underlying Loblaw common shares. Also included in the first quarter of 2021 is forward accretion income of $8 million and the forward fee of $5 million associated with the forward sale agreement.

Note 6. Income Taxes

For the first quarter of 2022, income tax expense from continuing operations was $229 million (2021 – $165 million) and the effective tax rate was 27.1% (2021 – 58.3%). The decrease was primarily attributable to a decrease in the non-taxable fair value adjustment of the Trust Unit liability, the recovery of income taxes related to Glenhuron Bank Limited ("Glenhuron") and the impact of certain non-deductible items.

Loblaw had been reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. In 2021, the Supreme Court of Canada ("Supreme Court") ruled in favour of Loblaw on the Glenhuron matter. As a result of related assessments received during the first quarter of 2022, Loblaw reversed in the quarter $35 million of previously recorded charges, of which $33 million is recorded as income tax recovery and $2 million is recorded as interest income. In addition, interest of $9 million, before taxes, was recorded in respect of interest income earned on expected cash tax refunds (see note 21).

Note 7. Basic and Diluted Net Earnings per Common Share

($ millions except where otherwise indicated)	12 Weeks Ended Mar. 26, 2022	12 Weeks Ended Mar. 27, 2021[(i)]
Net earnings (loss) attributable to shareholders of the Company	**$ 373**	$ (52)
Less: Discontinued Operations (note 4)	**–**	–
Net earnings (loss) from continuing operations attributable to shareholders of the Company	**373**	(52)
Prescribed dividends on preferred shares in share capital	**(10)**	(10)
Net earnings (loss) from continuing operations available to common shareholders of the Company	**$ 363**	$ (62)
Reduction in net earnings due to dilution at Loblaw	**(2)**	(1)
Net earnings (loss) from continuing operations available to common shareholders for diluted earnings per share	**$ 361**	$ (63)
Weighted average common shares outstanding (in millions) (note 16)	**146.7**	152.1
Dilutive effect of equity-based compensation[(ii)] (in millions)	**0.6**	–
Diluted weighted average common shares outstanding (in millions)	**147.3**	152.1
Net earnings (loss) per common share - Basic ($)		
Continuing Operations	**$ 2.47**	$ (0.41)
Discontinued Operations	**$ –**	$ –
Net earnings (loss) per common share - Diluted ($)		
Continuing Operations	**$ 2.45**	$ (0.41)
Discontinued Operations	**$ –**	$ –

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) In the first quarter of 2022, nominal (2021 – 1.9 million) potentially dilutive instruments, were excluded from the computation of diluted net earnings (loss) per common share as they were anti-dilutive.

Note 8. Cash and Cash Equivalents, Short-Term Investments and Security Deposits

The components of cash and cash equivalents, short-term investments and security deposits were as follows:

CASH AND CASH EQUIVALENTS

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Cash	**$ 832**	$ 993	$ 1,255
Cash equivalents:			
Government treasury bills	**717**	883	632
Bankers' acceptances	**1,256**	944	1,073
Corporate commercial paper	**2**	7	3
Guaranteed investment certificates	**21**	–	21
Cash and cash equivalents	**$ 2,828**	$ 2,827	$ 2,984

SHORT-TERM INVESTMENTS

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Government treasury bills	**$ 928**	$ 228	$ 776
Bankers' acceptances	**31**	60	97
Corporate commercial paper	**–**	–	1
Guaranteed Investment Certificates	**3**	26	5
Short-term investments	**$ 962**	$ 314	$ 879

SECURITY DEPOSITS

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Cash	**$ 48**	$ 56	$ 46
Government treasury bills	**29**	19	29
Total security deposits	**$ 77**	$ 75	$ 75

Note 9. Credit Card Receivables

The components of credit card receivables were as follows:

($ millions)	Mar. 26, 2022		As at Mar. 27, 2021		Dec. 31, 2021	
Gross credit card receivables	**$**	**3,533**	$	3,119	$	3,648
Allowance for credit card receivables		**(200)**		(217)		(205)
Credit card receivables	**$**	**3,333**	$	2,902	$	3,443
Securitized to independent securitization trusts:						
Securitized to *Eagle Credit Card Trust*® (note 14)	**$**	**1,350**	$	1,050	$	1,350
Securitized to Other Independent Securitization Trusts (note 13)		**400**		300		450
Total securitized to independent securitization trusts	**$**	**1,750**	$	1,350	$	1,800

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* and the Other Independent Securitization Trusts, in accordance with its financing requirements.

The associated liability of *Eagle* is recorded in long-term debt (see note 14). The associated liabilities of credit card receivables securitized to the Other Independent Securitization Trusts are recorded in short-term debt (see note 13).

During the first quarter of 2022, PC Bank recorded a $50 million net decrease of co-ownership interest in the securitized receivables held with the Other Independent Securitization Trusts.

As at the end of the first quarter of 2022, the aggregate gross potential liability under letters of credit for the benefit of the Other Independent Securitization Trusts was $36 million (March 27, 2021 – $27 million; December 31, 2021 – $41 million), which represented 9% (March 27, 2021 – 9%; December 31, 2021 – 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 2022 and throughout the quarter.

Note 10. Inventories

The components of inventories were as follows:

($ millions)	Mar. 26, 2022		As at Mar. 27, 2021		Dec. 31, 2021	
Finished goods	**$**	**5,288**	$	5,340	$	5,166
Raw materials and supplies		**–**		64		–
Inventories	**$**	**5,288**	$	5,404	$	5,166

As at the end of the first quarter of 2022, Loblaw recorded an inventory provision of $68 million (March 27, 2021 – $41 million; December 31, 2021 – $67 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold. There were no reversals of previously recorded write-downs of inventories during the quarters ended March 26, 2022 and March 27, 2021.

Note 11. Assets Held for Sale

($ millions)	Mar. 26, 2022	As at Mar. 27, 2021	Dec. 31, 2021
Loblaw	$ 101	$ 99	$ 91
Choice Properties	739	–	–
Assets Held for Sale	$ 840	$ 99	$ 91

LOBLAW Loblaw classifies certain assets, primarily land and buildings, that it intends to dispose of in the next 12 months, as assets held for sale. These assets were either originally used in Loblaw's retail business segment or held in investment properties. In the first quarter of 2022, Loblaw recorded a gain of $19 million (2021 – net gain of $5 million) from the sale of these assets. On consolidation, the gain recognized in the first quarter of 2022 was reversed as it was an intercompany transaction. No fair value changes or impairment charges were recognized on assets held for sale in the first quarters of 2022 and 2021.

CHOICE PROPERTIES Subsequent to the end of the Company's first quarter of 2022, on March 31, 2022, Choice Properties disposed of its interests in a portfolio of six office properties to Allied Properties Real Estate Investment Trust ("Allied"). The consideration received consisted of 11,809,145 exchangeable Class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Allied Class B Units"), an affiliated entity of Allied, with a fair value of $551 million on the transaction date, and a promissory note with a fair value of $193 million (face value of $200 million). Following the transaction, Choice Properties holds approximately an 8.5% effective interest in Allied through its ownership of the Allied Class B Units. Choice Properties does not have significant influence over Allied.

The Allied Class B Units are exchangeable into, and are economically equivalent to, the publicly traded trust units of Allied ("Allied Units"), and were accompanied by a corresponding number of special voting units of Allied. There are no restrictions on the exchange of Allied Class B Units into Allied Units, but the Allied Units (if exchanged) are subject to a lock-up from the closing of the transaction, such that 25% of the Allied Class B Units or Allied Units, as applicable, will be released from lock up every three months following the first anniversary of closing of the transaction. As a holder of the Allied Class B Units, Choice Properties is entitled to distributions paid by Allied.

The promissory note is secured by the six office assets and bears interest at a rate of 1% for the remainder of the 2022 calendar year and 2% subsequently until its maturity on December 31, 2023.

At the end of the first quarter of 2022, these properties were classified as Assets Held for Sale on the Company's consolidated balance sheet.

Note 12. Other Assets

The components of other assets were as follows:

($ millions)	Mar. 26, 2022	As at Mar. 27, 2021(i)	Dec. 31, 2021(i)
Sundry investments and other receivables	$ 217	$ 132	$ 206
Net accrued benefit plan asset (note 18)	467	231	495
Finance lease receivable	69	77	70
Mortgages, loans and notes receivable	207	152	185
Other	210	167	137
Fair value of equity forward	–	585	–
Total Other Assets	$ 1,170	$ 1,344	$ 1,093
Current portion of mortgages, loans, note and finance lease receivable(ii)	(93)	(43)	(78)
Current portion of fair value of equity forward(iii)	–	(46)	–
Other Assets	$ 1,077	$ 1,255	$ 1,015

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Current portion of mortgages, loans, note and finance lease receivable is included in prepaid expenses and other assets in the consolidated balance sheets.
(iii) Current portion of fair value of equity forward is included in prepaid expenses and other assets in the consolidated balance sheets.

Note 13. Short-Term Debt

The components of short-term debt were as follows:

($ millions)	Mar. 26, 2022	As at Mar. 27, 2021	Dec. 31, 2021
Other Independent Securitization Trusts (note 9)	**$ 400**	$ 300	$ 450
Series B Debentures	**–**	770	–
Short-term debt	**$ 400**	$ 1,070	$ 450

OTHER INDEPENDENT SECURITIZATION TRUSTS The outstanding short-term debt balances relate to credit card receivables securitized to the Other Independent Securitization Trusts with recourse (see note 9).

Note 14. Long-Term Debt

The components of long-term debt were as follows:

($ millions)	Mar. 26, 2022	As at Mar. 27, 2021	Dec. 31, 2021
Debentures	**$ 9,887**	$ 10,504	$ 9,888
Long-term debt secured by mortgage	**1,052**	1,225	1,112
Construction loans	**16**	5	13
Guaranteed Investment Certificates	**1,023**	1,159	996
Independent Securitization Trusts (note 9)	**1,350**	1,050	1,350
Independent funding trusts	**573**	514	570
Committed credit facilities	**55**	–	121
Transaction costs and other	**(37)**	(38)	(40)
Total long-term debt	**$ 13,919**	$ 14,419	$ 14,010
Long-term debt due within one year	**(1,865)**	(1,244)	(1,520)
Long-term debt	**$ 12,054**	$ 13,175	$ 12,490

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 2022, the Company, Loblaw and Choice Properties were in compliance with the financial covenants.

DEBENTURES There were no debentures issued or repaid in the first quarters of 2022 and 2021.

GUARANTEED INVESTMENT CERTIFICATES ("GICs") The following table summarizes PC Bank's GIC activity, before commissions, for the periods ended as follows:

($ millions)	12 Weeks Ended Mar. 26, 2022	Mar. 27, 2021
Balance, beginning of period	**$ 996**	$ 1,185
GICs issued	**34**	1
GICs matured	**(7)**	(27)
Balance, end of period	**$ 1,023**	$ 1,159

INDEPENDENT FUNDING TRUSTS Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts in the amount of $64 million (March 27, 2021 and December 31, 2021 – $64 million), representing not less than 10% (March 27, 2021 and December 31, 2021 – not less than 10%) of the principal amount of loans outstanding.

The revolving committed credit facility that is the source of funding to the independent funding trusts has a maturity date of May 27, 2022. Subsequent to the end of the first quarter of 2022, Loblaw extended the maturity date to April 14, 2025 with all other terms and conditions remaining substantially the same.

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

		As at					
		Mar. 26, 2022		Mar. 27, 2021		Dec. 31, 2021	
($ millions)	**Maturity Date**	**Available Credit**	**Drawn**	**Available Credit**	**Drawn**	**Available Credit**	**Drawn**
George Weston	September 13, 2024	**$ 350**	**$ –**	$ –	$ –	$ 350	$ 121
Loblaw	October 7, 2023	**1,000**	**–**	1,000	–	1,000	–
Choice Properties	June 24, 2026	**1,500**	**55**	1,500	–	1,500	–
Total committed credit facilities		**$ 2,850**	**$ 55**	$ 2,500	$ –	$ 2,850	$ 121

These facilities contain certain financial covenants.

In the third quarter of 2021, GWL entered into a $350 million revolving committed credit facility provided by a syndicate of lenders with a maturity date of September 13, 2024. As at December 31, 2021, $121 million was drawn on the facility which was repaid in the first quarter of 2022. As at March 26, 2022, no amounts were drawn on the facility.

LONG-TERM DEBT DUE WITHIN ONE YEAR The components of long-term debt due within one year were as follows:

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Debentures	**$ 670**	$ 532	$ 296
GICs	**204**	576	182
Independent Securitization Trusts	**250**	–	250
Independent funding trusts	**573**	–	570
Long-term debt secured by mortgage	**163**	131	217
Construction Loans	**5**	5	5
Long-term debt due within one year	**$ 1,865**	$ 1,244	$ 1,520

RECONCILIATION OF LONG-TERM DEBT The following table reconciles the changes in cash flows from/(used in) long-term debt financing activities for the periods ended as indicated:

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Long-term debt, beginning of period	**$ 14,010**	$ 14,443
Long-term debt issuances(i)	**97**	30
Long-term debt repayments	**(176)**	(55)
Total cash flow from long-term debt financing activities	**(79)**	(25)
Other non-cash changes	**(12)**	1
Total long-term debt, end of period	**$ 13,919**	$ 14,419

(i) Includes net movements from the independent funding trusts, which are revolving debt instruments.

Note 15. Other Liabilities

The components of other liabilities were as follows:

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Financial liabilities[i]	**$ 667**	$ 663	$ 660
Net defined benefit plan obligation (note 18)	**310**	346	340
Other long-term employee benefit obligation	**115**	128	115
Equity-based compensation liability (note 19)	**5**	5	6
Other	**20**	(6)	18
Other liabilities	**$ 1,117**	$ 1,136	$ 1,139

(i) Financial liabilities represent land and buildings disposed or partially disposed of by Choice Properties to third parties. On consolidation, these transactions were not recognized as a sale of assets as under the terms of the leases, the Company did not relinquish control of the properties for purposes of IFRS 16 "Leases" and IFRS 15 "Revenue from Contracts with Customers". Instead, the proceeds from the transactions were recognized as financial liabilities and as at March 26, 2022, $4 million (March 27, 2021 – $3 million; December 31, 2021 – $4 million) was recorded in trade payables and other liabilities and $667 million (March 27, 2021 – $663 million; December 31, 2021 – $660 million) was recorded in other liabilities.

Note 16. 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. 26, 2022			Mar. 27, 2021
($ 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	**146,789,503**	**$**	**2,714**	152,374,416	$	2,786
Issued for settlement of stock options (note 19)	**168,052**		**20**	90,495		8
Purchased and cancelled(i)	**(369,500)**		**(32)**	(531,164)		(9)
Issued and outstanding, end of period	**146,588,055**	**$**	**2,702**	151,933,747	$	2,785
Shares held in trusts, beginning of period	**(141,106)**	**$**	**(2)**	(254,525)	$	(4)
Released for settlement of RSUs and PSUs (note 19)	**75,740**		**2**	72,900		1
Shares held in trusts, end of period	**(65,366)**	**$**	**–**	(181,625)	$	(3)
Issued and outstanding, net of shares held in trusts, end of period	**146,522,689**	**$**	**2,702**	151,752,122	$	2,782
Weighted average outstanding, net of shares held in trusts (note 7)	**146,721,667**			152,092,797		

(i) Number of common shares repurchased and cancelled as at March 26, 2022, does not include shares that may be repurchased subsequent to the end of the quarter under the automatic share purchase plan ("ASPP"), as described below.

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

	12 Weeks Ended			
($ millions except where otherwise indicated)		**Mar. 26, 2022**		Mar. 27, 2021
Purchased for current settlement of RSUs and DSUs (number of shares)		**–**		1,588
Purchased and cancelled (number of shares)		**369,500**		531,164
Cash consideration paid				
Purchased and cancelled(i)(ii)	**$**	**(47)**	$	(25)
Premium charged to retained earnings				
Purchased and cancelled(iii)	**$**	**225**	$	46
Reduction in share capital(iv)	**$**	**32**	$	9

(i) $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.

(ii) $30 million of cash consideration related to common shares repurchased under the NCIB for cancellation in the first quarter of 2021 was paid in the second quarter of 2021.

(iii) Includes $176 million related to the ASPP, as described below.

(iv) Includes $24 million related to the ASPP, as described below.

In the second quarter of 2021, GWL renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or through alternative trading systems up to 7,596,891 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.

In the first quarter of 2022, the Company entered into an ASPP with a broker in order to facilitate the repurchase of the Company's common shares under its NCIB. During the effective period of the ASPP, the Company's broker may purchase common shares at times when the Company would not be active in the market. As at March 26, 2022, an obligation to repurchase shares of $200 million was recognized under the ASPP in trade payables and other liabilities.

As of March 26, 2022, 5,320,918 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	
($)	**Mar. 26, 2022**	Mar. 27, 2021
Dividends declared per share[i]:		
Common share	**$ 0.600**	$ 0.550
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, 2022. Dividends declared on Preferred Shares, Series I were paid on March 15, 2022.

Note 17. Loblaw Capital Transactions

LOBLAW PREFERRED SHARES As at the end of the first quarter of 2022, the Second Preferred Shares, Series B in the amount of $221 million net of $4 million of after-tax issuance costs, and related cash dividends, were presented as a component of non-controlling interests in the Company's condensed consolidated balance sheet. In the first quarter of 2022, Loblaw declared dividends of $3 million (2021 – $3 million), related to the Second Preferred Shares, Series B.

LOBLAW COMMON SHARES The following table summarizes Loblaw's common share activity under its equity-based compensation arrangements and NCIB, and includes the impact on the Company's unaudited interim period condensed consolidated financial statements for the periods ended as indicated:

	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 26, 2022**	Mar. 27, 2021
Issued (number of shares)	**1,170,693**	555,769
Purchased and held in trusts (number of shares)	**(252,000)**	–
Purchased and cancelled (number of shares)	**(1,339,251)**	(5,371,864)
	(420,558)	(4,816,095)
Cash consideration received (paid)		
Equity-based compensation	**$ 43**	$ 7
Purchased and held in trusts	**(28)**	–
Purchased and cancelled[i]	**(125)**	(321)
	$ (110)	$ (314)
Increase (decrease) in contributed surplus		
Equity-based compensation	**$ 19**	$ 7
Purchased and held in trusts	**(10)**	–
Purchased and cancelled	**(86)**	(87)
	$ (77)	$ (80)

(i) $23 million of cash consideration related to common shares repurchased under the NCIB in the first quarter of 2022 was paid in the second quarter of 2022.

NORMAL COURSE ISSUER BID During the first quarter of 2020, the TSX accepted an amendment to Loblaw's NCIB. The amendment permitted Loblaw to purchase its common shares from GWL under Loblaw's NCIB, pursuant to an automatic disposition plan agreement among Loblaw's broker, Loblaw and GWL ("ADP Agreement"), in order for GWL to maintain its proportionate ownership interest in Loblaw.

In the second quarter of 2021, Loblaw renewed its NCIB to purchase on the TSX or through alternative trading systems up to 17,106,459 of Loblaw's common shares, representing approximately 5% of issued and outstanding common shares. In accordance with the rules of the TSX, Loblaw may purchase its common shares from time to time at the then market price of such shares. Loblaw will continue to be permitted to purchase its common shares from GWL in accordance with the exemption granted by the TSX. Purchases from GWL will be made pursuant to the ADP Agreement. As at March 26, 2022, Loblaw had purchased 11,615,273 common shares for cancellation under its current NCIB.

In the first quarter of 2022, 1,339,251 (2021 – 5,371,864) Loblaw common shares were purchased under the Loblaw NCIB for cancellation, for aggregate consideration of $148 million (2021 – $350 million), including 201,851 (2021 – 2,778,077) Loblaw common shares purchased from GWL, for aggregate consideration of $22 million (2021 – $181 million).

In the first quarter of 2022, Loblaw entered into an ASPP with a broker in order to facilitate the repurchase of the Loblaw's common shares under its NCIB. During the effective period of the ASPP, Loblaw's broker may purchase common shares at times when Loblaw would not be active in the market. As at March 26, 2022, an obligation to repurchase shares of $150 million was recognized under the ASPP in trade payables and other liabilities.

Note 18. Post-Employment and Other Long-Term Employee Benefits

The costs and actuarial gains from Continuing Operations related to the Company's post-employment and other long-term employee benefits were as follows:

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Post-employment benefit costs recognized in operating income(i)	**$ 44**	$ 46
Other long-term employee benefit costs recognized in operating income(ii)	**$ 8**	$ 8
Net interest on net defined benefit obligation included in net interest expense and other financing charges (note 5)	**$ –**	$ 2
Actuarial gains before income taxes recognized in other comprehensive income	**$ 18**	$ 91

(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 recognized in the first quarter of 2022 and 2021 were primarily driven by an increase in discount rates, partially offset by lower than expected returns on assets.

Note 19. Equity-Based Compensation

The Company's equity-based compensation arrangements include Stock Option, Restricted Share Unit ("RSU"), Performance Share Unit ("PSU"), Director Deferred Share Unit ("DSU") and Executive Deferred Share Unit ("EDSU") plans and Choice Properties' unit-based compensation plans. The Company's costs recognized in SG&A related to its equity-based compensation arrangements for the first quarter of 2022 were $24 million (2021 – $21 million).

The following is the carrying amount of the Company's equity-based compensation arrangements:

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021	Dec. 31, 2021
Trade payables and other liabilities	**$ 11**	$ 9	$ 11
Other liabilities (note 15)	**$ 5**	$ 5	$ 6
Contributed surplus	**$ 110**	$ 116	$ 131

Details related to certain equity-based compensation plans of GWL and Loblaw are as follows:

STOCK OPTION PLANS The following is a summary of GWL's stock option plan activity:

	12 Weeks Ended	
	Mar. 26, 2022	Mar. 27, 2021
Outstanding options, beginning of period	**1,817,548**	1,746,483
Granted	**167,657**	397,183
Exercised (note 16)	**(168,052)**	(90,495)
Forfeited/cancelled	**–**	(2,352)
Outstanding options, end of period	**1,817,153**	2,050,819

During the first quarter of 2022, GWL issued common shares on the exercise of stock options with a weighted average market share price of $150.63 (2021 – $106.88) per common share with cash consideration of $17 million (2021 – $7 million).

During the first quarter of 2022, GWL granted stock options with a weighted average exercise price of $152.97 (2021 – $100.86) per common share and a fair value of $4 million (2021 – $6 million). The assumptions used to measure the grant date fair value of the GWL options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	2022	2021
Expected dividend yield	**1.6%**	2.2%
Expected share price volatility	**19.0% - 20.0%**	19.1% - 19.5%
Risk-free interest rate	**1.6%**	0.9% - 1.1%
Expected life of options	**4.9 - 6.6 years**	4.9 - 6.7 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the first quarter of 2022 was 1.3% (2021 – 1.4%).

The following is a summary of Loblaw's stock option plan activity:

	12 Weeks Ended	
	Mar. 26, 2022	Mar. 27, 2021
Outstanding options, beginning of period	**6,431,449**	7,259,645
Granted	**1,112,762**	1,714,053
Exercised	**(733,355)**	(124,674)
Forfeited/cancelled	**(69,652)**	(24,629)
Outstanding options, end of period	**6,741,204**	8,824,395

During the first quarter of 2022, Loblaw issued common shares on the exercise of stock options with a weighted average market share price of $108.54 (2021 – $65.87) per common share and received cash consideration of $43 million (2021 – $7 million).

During the first quarter of 2022, Loblaw granted stock options with a weighted average exercise price of $99.33 (2021 – $62.67) per common share and a $20 million fair value (2021 – $15 million). The assumptions used to measure the grant date fair value of the Loblaw options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	12 Weeks Ended	
	Mar. 26, 2022	Mar. 27, 2021
Expected dividend yield	**1.4%**	2.1%
Expected share price volatility	**18.4% - 20.9%**	18.6 - 20.3%
Risk-free interest rate	**1.6%**	0.6 - 1.0%
Expected life of options	**3.7 - 6.2 years**	3.8 - 6.2 years

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the first quarter of 2022 was 11.0% (2021 – 9.0%).

RESTRICTED SHARE UNIT PLANS The following is a summary of GWL's RSU plan activity:

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Outstanding RSUs, beginning of period	**29,777**	133,038
Granted	**6,498**	31,286
Reinvested	**156**	771
Settled	**(5,283)**	(50,882)
Forfeited	**(1,574)**	(428)
Outstanding RSUs, end of period[(i)]	**29,574**	113,785

i) RSUs outstanding in the first quarter of 2021 include RSUs from continuing and discontinued operations.

During the first quarter of 2022, the fair value of GWL RSUs granted was $1 million (2021 – $3 million).

The following is a summary of Loblaw's RSU plan activity:

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Outstanding RSUs, beginning of period	**799,345**	894,272
Granted	**181,322**	278,117
Settled	**(210,577)**	(234,437)
Forfeited	**(7,630)**	(5,446)
Outstanding RSUs, end of period	**762,460**	932,506

During the first quarter of 2022, the fair value of Loblaw's RSUs granted was $18 million (2021 – $17 million).

PERFORMANCE SHARE UNIT PLANS The following is a summary of GWL's PSU plan activity:

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Outstanding PSUs, beginning of period	**183,841**	151,058
Granted	**27,466**	58,216
Reinvested	**747**	872
Settled	**(70,457)**	(23,606)
Forfeited	**(8)**	(5,401)
Outstanding PSUs, end of period	**141,589**	181,139

During the first quarter of 2022, the fair value of GWL's PSUs granted was $4 million (2021 – $6 million).

The following is a summary of Loblaw's PSU plan activity:

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Outstanding PSUs, beginning of period	**616,417**	666,400
Granted	**220,344**	245,874
Settled	**(234,069)**	(196,658)
Forfeited	**(6,801)**	(14,288)
Outstanding PSUs, end of period	**595,891**	701,328

During the first quarter of 2022, the fair value of Loblaw's PSUs granted was $16 million (2021 – $15 million).

SETTLEMENT OF AWARDS FROM SHARES HELD IN TRUSTS The following table summarizes GWL's settlement of RSUs and PSUs from shares held in trusts for the periods ended as indicated:

	12 Weeks Ended	
(Number of awards)	**Mar. 26, 2022**	Mar. 27, 2021
Settled	**75,740**	74,488
Released from trusts (note 16)	**75,740**	72,900

The settlement of awards from shares held in trusts in the first quarter of 2022 resulted in a $5 million increase (2021 – $7 million) in retained earnings and a $2 million increase (2021 – $1 million) in share capital.

Note 20. 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. 26, 2022				Mar. 27, 2021(i)				Dec. 31, 2021(i)			
($ 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:												
Certain other assets(ii)	**$ –**	**$ –**	**$ 298**	**$ 298**	$ –	$ –	$ 97	$ 97	$ –	$ –	$ 89	$ 89
Fair value through other comprehensive income:												
Certain long-term investments and other assets(ii)	**95**	**–**	**–**	**95**	117	–	–	117	96	–	–	96
Derivatives included in prepaid expenses and other assets	**–**	**9**	**–**	**9**	–	1	–	1	–	1	–	1
Fair value through profit and loss:												
Security deposits	**77**	**–**	**–**	**77**	75	–	–	75	75	–	–	75
Certain long-term investments and other assets(ii)	**–**	**20**	**126**	**146**	–	21	84	105	–	20	119	139
Derivatives included in prepaid expenses and other assets	**14**	**8**	**2**	**24**	5	–	3	8	3	4	–	7
Derivatives included in other assets	**–**	**–**	**–**	**–**	–	585	–	585	–	–	–	–
Financial liabilities												
Amortized cost:												
Long-term debt	**–**	**8,161**	**6,165**	**14,326**	–	9,030	6,858	15,888	–	8,643	6,527	15,170
Certain other liabilities(ii)	**–**	**–**	**674**	**674**	–	–	672	672	–	–	668	668
Fair value through other comprehensive income:												
Derivatives included in trade payables and other liabilities	**–**	**8**	**–**	**8**	–	–	–	–	–	5	–	5
Fair value through profit and loss:												
Trust Unit liability	**4,303**	**–**	**–**	**4,303**	3,838	–	–	3,838	4,209	–	–	4,209
Derivatives included in trade payables and other liabilities	**–**	**1**	**–**	**1**	–	14	–	14	–	–	–	–

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Certain other assets, certain other long-term investments and other assets, and certain other liabilities are included in the consolidated balance sheets in Other Assets and Other Liabilities, respectively.

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

During the first quarter of 2022 a loss of $1 million (2021 – loss of $1 million) was recognized in operating income on financial instruments designated as amortized cost. In addition, during the first quarter of 2022, a net gain of $77 million (2021 – net loss of $288 million) was recognized in earnings before income taxes from continuing operations on financial instruments required to be classified as fair value through profit or loss.

Cash and Cash Equivalents, Short-Term Investments and Security Deposits As at the end of the first quarter of 2022, the Company had cash and cash equivalents, short-term investments and security deposits of $3,867 million (March 27, 2021 – $3,216 million; December 31, 2021 – $3,938 million), including U.S. dollars of $121 million (March 27, 2021 – $224 million; December 31, 2021 – $221 million).

During the first quarter of 2022, a loss of $1 million (2021 – loss of $13 million) was recognized in other comprehensive income related to the effect of foreign currency translation on the Company's U.S. net investment in foreign operations.

Embedded Derivatives The Level 3 financial instruments classified as fair value through profit or loss consist of Loblaw embedded derivatives on purchase orders placed in neither Canadian dollars nor the functional currency of the vendor. These derivatives are valued using a market approach based on the differential in exchange rates and timing of settlement. The significant unobservable input used in the fair value measurement is the cost of purchase orders. Significant increases (decreases) in any one of the inputs would result in a significantly higher (lower) fair value measurement.

In the first quarter of 2022, a gain of $3 million (2021 – nominal loss) was recorded in operating income related to these derivatives. In addition, a corresponding $2 million asset was included in prepaid expense and other assets as at March 26, 2022 (March 27, 2021 – $3 million asset included in prepaid expenses and other assets; December 31, 2021 – $1 million liability included in trade payables and other liabilities). As at March 26, 2022, a 1% increase (decrease) in foreign currency exchange rates would result in a gain (loss) in fair value of $1 million.

Trust Unit Liability In the first quarter of 2022, a fair value loss of $93 million (2021 – loss of $239 million) was recorded in net interest expense and other financing charges (see note 5).

Other Derivatives The Company uses bond forwards, interest rate swaps and foreign exchange forwards to manage its anticipated exposure to fluctuations in interest rates on future debt issuances and in exchange rates in 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 consolidated balance sheet and the net realized and unrealized gains (losses) before income taxes from continuing operations related to the Company's other derivatives:

			March 26, 2022
			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 Currency Risk - Foreign Exchange Forwards(i)	$ (8)	$ (8)	$ –
Interest Rate Risk - Bond Forwards(ii)	7	9	(1)
Interest Rate Risk - 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. During the first quarter of 2022, Loblaw entered into foreign exchange forwards, as described below.

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

(iii) PC Bank uses interest rate swaps, with 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 the other assets or other liabilities.

During the first quarter of 2022, Loblaw entered into foreign exchange forwards. The purpose of these forward exchange forwards was to hedge the risk that the future cash flows of an anticipated fixed asset purchase transaction will fluctuate because of changes in foreign exchange rates. Loblaw concluded that these hedges were effective and accordingly, the gains or losses on these foreign exchange forwards are recognized in other comprehensive income. Upon settlement of these foreign exchange forwards, the accumulated other comprehensive income will be included in the initial cost of the fixed asset.

						Mar. 27, 2021
						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						
Interest Rate Risk - Bond Forwards[(i)]	$	1	$	2	$	(2)
Interest Rate Risk - Interest Rate Swaps[(ii)]		(6)		(1)		–
Total derivatives designated as cash flow hedges	**$**	**(5)**	**$**	**1**	**$**	**(2)**
Derivatives not designated in a formal hedging relationship						
Foreign Exchange and Other Forwards	$	(6)	$	–	$	(5)
Other Non-Financial Derivatives		5		–		11
Total derivatives not designated in a formal hedging relationship	**$**	**(1)**	**$**	**–**	**$**	**6**
Total derivatives	**$**	**(6)**	**$**	**1**	**$**	**4**

(i) PC Bank uses bond forwards, with a notional value of $100 million, to manager its interest risk related to future debt issuances. The fair value of derivatives is included in prepaid expenses and other assets.

(ii) Choice Properties uses interest rate swaps, with a notional value of $194 million, to manage its interest risk related to variable rate mortgages. The fair value of the derivatives is included in the other assets or other liabilities.

Note 21. 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 has been 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 licensed Associates, claiming various declarations and damages resulting from Shoppers Drug Mart's alleged breaches of the Associate Agreement, in the amount of $500 million. The class action comprises all of Shoppers Drug Mart's current and former licensed Associates residing in Canada, other than in Québec, who are 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. The Superior Court imposed a class closing date based on the date of certification. New Associates after July 9, 2013 are not members of the class. Loblaw believes this claim is without merit and is vigorously defending it. Loblaw does not currently have any significant accruals or provisions for this matter recorded in the consolidated financial statements.

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. 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 cash balances far exceed any realistic damages scenario and therefore it does not anticipate any impacts on its or Loblaw's dividend, dividend policy or share buyback plans. The Company has 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 requires the approval of the court, which is pending. 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 consolidated financial statements.

Loblaw had been reassessed by the Canada Revenue Agency and the Ontario Ministry of Finance on the basis that certain income earned by Glenhuron, a wholly owned Barbadian subsidiary of Loblaw that was wound up in 2013, should be treated, and taxed, as income in Canada. 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 has reversed in the quarter $35 million of previously recorded charges, of which $33 million is recorded as income tax recovery and $2 million is recorded as interest income.

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 22. 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 summary of significant accounting policies (see note 2). The Company measures each reportable operating segment's performance based on adjusted EBITDA[(ii)] and adjusted operating income[(ii)]. No reportable operating segment is reliant on any single external customer.

	12 Weeks Ended							
				Mar. 26, 2022				Mar. 27, 2021[(i)]
($ millions)	Loblaw	Choice Properties	Other and Intersegment	Total	Loblaw	Choice Properties	Other and Intersegment	Total
Revenue	**$ 12,262**	**$ 328**	**$ (183)**	**$ 12,407**	$ 11,872	$ 327	$ (182)	$ 12,017
Operating income	$ 736	$ 629	$ (199)	$ 1,166	$ 615	$ 285	$ (72)	$ 828
Net interest expense and other financing charges	142	242	(62)	322	160	347	38	545
Earnings (loss) before income taxes from continuing operations	**$ 594**	**$ 387**	**$ (137)**	**$ 844**	$ 455	$ (62)	$ (110)	$ 283
Operating income	**$ 736**	**$ 629**	**$ (199)**	**$ 1,166**	$ 615	$ 285	$ (72)	$ 828
Depreciation and amortization	631	1	(83)	549	610	1	(86)	525
Adjusting items[(ii)]	(26)	(405)	138	(293)	(9)	(61)	17	(53)
Adjusted EBITDA[(ii)]	$ 1,341	$ 225	$ (144)	$ 1,422	$ 1,216	$ 225	$ (141)	$ 1,300
Depreciation and amortization[(iii)]	514	1	(83)	432	493	1	(86)	408
Adjusted operating income[(ii)]	**$ 827**	**$ 224**	**$ (61)**	**$ 990**	$ 723	$ 224	$ (55)	$ 892

(i) Certain comparative figures have been restated to conform with current year presentation.
(ii) Certain items are excluded from operating income to derive adjusted EBITDA[(1)]. Adjusted EBITDA[(1)] is used internally by management when analyzing segment underlying operating performance.
(iii) Excludes $117 million (2021 – $117 million) of amortization of intangible assets acquired with Shoppers Drug Mart, recorded by Loblaw.

Notes to the Unaudited Interim Period Condensed Consolidated Financial Statements

Other and Intersegment includes the following items:

	12 Weeks Ended					
	Mar. 26, 2022			Mar. 27, 2021[i]		
($ millions)	**Revenue**	**Operating Income**	**Net Interest Expense and Other Financing Charges**	Revenue	Operating Income	Net Interest Expense and Other Financing Charges
Elimination of internal lease arrangements	**$ (134)**	**$ (38)**	**$ (22)**	$ (128)	$ (39)	$ (25)
Elimination of cost recovery	**(49)**	**–**	**–**	(54)	–	–
Recognition of depreciation on Choice Properties' investment properties classified as fixed assets by the Company and measured at cost	**–**	**(10)**	**–**	–	(6)	–
Fair value adjustment on investment properties	**–**	**(119)**	**3**	–	(15)	–
Fair value adjustment on Choice Properties' Exchangeable Units	**–**	**–**	**(119)**	–	–	(218)
Fair value adjustment on Trust Unit liability	**–**	**–**	**93**	–	–	239
Unit distributions on Exchangeable Units paid by Choice Properties to GWL	**–**	**–**	**(73)**	–	–	(74)
Unit distributions on Trust Units paid by Choice Properties, excluding amounts paid to GWL	**–**	**–**	**51**	–	–	51
Reversal of Loblaw gain on sale of disposition of property to Choice Properties	**–**	**(19)**	**–**	–	–	–
Fair value adjustment of the forward sale agreement of Loblaw common shares	**–**	**–**	**–**	–	–	53
Other	**–**	**(13)**	**5**	–	(12)	12
Total	**$ (183)**	**$ (199)**	**$ (62)**	$ (182)	$ (72)	$ 38

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

	As at		
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021[i]	Dec. 31, 2021[i]
Total Assets			
Loblaw	**$ 36,613**	$ 35,248	$ 36,614
Choice Properties	**16,430**	15,739	16,173
Other and Intersegment	**(5,886)**	(3,449)	(5,704)
Consolidated	**$ 47,157**	$ 47,538	$ 47,083

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2022**	Mar. 27, 2021
Additions to Fixed Assets, Investment Properties and Intangible Assets		
Loblaw[i]	**$ 186**	$ 203
Choice Properties	**20**	18
Other and Intersegment	**1**	2
Discontinued Operations	**–**	13
Consolidated	**$ 207**	$ 236

(i) In the first quarter of 2022, there were no additions to fixed assets in Loblaw related to prepayments in 2021 and transferred from other assets. In the first quarter of 2021, additions to fixed assets in Loblaw includes prepayments that were made in 2020 and transferred from other assets in 2021 of $1 million.

Note 23. Related Party Transaction

VENTURE FUND During 2020, GWL, Loblaw and a wholly-owned subsidiary of Wittington became limited partners in a limited partnership formed by Wittington (the "Venture Fund"). A wholly-owned subsidiary of Wittington is the general partner of the Venture Fund, which hired an external fund manager to oversee the Venture Fund. The purpose of the Venture Fund 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 the Venture Fund. The Company participates in the Venture Fund's Investment Committee which, among other items, approves the initial investments. The Company uses the equity method of accounting to record its consolidated 66% interest in the Venture Fund. The Company has a consolidated capital commitment of $66 million over a 10-year period. To date, on a consolidated basis, the Company has invested $34 million in the Venture Fund, of which $3 million (2021 – $6 million) was invested in the first quarter of 2022 and recorded in Other Assets.

Note 24. Subsequent Events

LOBLAW During the first quarter of 2022, Loblaw agreed to acquire Lifemark Health Group ("Lifemark") for aggregate cash consideration of $845 million. Lifemark is the leading provider of outpatient physiotherapy, massage therapy, occupational therapy, chiropractic, mental health, and other ancillary rehabilitation services through its more than 300 clinics across Canada. Regulatory approvals have been received and the transaction is expected to close on or about May 10, 2022.

CHOICE PROPERTIES On April 19, 2022, Choice Properties completed the acquisition of land in Caledon, Ontario within one of its equity accounted joint ventures. Choice Properties' share of the purchase price, at its 85% ownership interest, was $85 million.