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Helping Canadians *Live Life Well*[®]

In 2022, we once again proved that our business is uniquely positioned to help address the prevailing forces of the day. As Canadians demonstrated an eagerness to return to school, work and play, we were there – with cosmetic, cough and cold sales reaching record levels. As Canadians faced an inflationary crisis unseen in decades, we were there – with an unprecedented freeze on no name[®] prices and over 1 billion in PC Optimum[™] point awards and redemptions. As Canadians continued to demand more engagement around the issues that matter most to them and their families, we were there – actively fighting climate change and advancing social equity. Being a purpose-led organization is tough but important work, and we're unapologetically proud of our efforts.

None of this is possible without our 221,000 colleagues and employees, who serve their communities with pride and passion every day, and the millions of Canadians who offer us their trust each and every week. To all of you, we say thank you.

2022 Annual Report - Financial Review

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Financial Highlights⁽¹⁾

As at or for the years ended December 31, 2022 and January 1, 2022
(millions of Canadian dollars except where otherwise indicated)

	2022 (52 weeks)	2021 (52 weeks)
Consolidated Results of Operations		
Revenue	\$ 56,504	\$ 53,170
Revenue growth	6.3 %	0.9 %
Operating income	\$ 3,342	\$ 2,937
Adjusted EBITDA ⁽²⁾	6,181	5,587
Adjusted EBITDA margin ⁽²⁾	10.9 %	10.5 %
Net interest expense and other financing charges	\$ 683	\$ 495
Adjusted net interest expense and other financing charges ⁽²⁾	694	684
Income taxes	665	466
Adjusted income taxes ⁽²⁾	841	721
Adjusted effective tax rate ⁽²⁾	26.4 %	26.3 %
Net earnings	\$ 1,994	\$ 1,976
Net earnings attributable to shareholders of the Company	1,921	1,875
Net earnings available to common shareholders of the Company ⁽ⁱ⁾	1,909	1,863
Adjusted net earnings available to common shareholders of the Company ⁽²⁾	2,263	1,911
Consolidated per Common Share (\$)		
Diluted net earnings	\$ 5.75	\$ 5.45
Adjusted diluted net earnings ⁽²⁾	\$ 6.82	\$ 5.59
Dividends		
Dividends declared per common share (\$)	\$ 1.580	\$ 1.400
Consolidated Financial Position and Cash Flows		
Cash and cash equivalents and short term investments	\$ 1,934	\$ 2,440
Cash flows from operating activities	4,755	4,827
Capital investments	1,571	1,183
Free cash flow ⁽²⁾	1,528	1,959
Financial Measures		
Retail debt to retail adjusted EBITDA ⁽²⁾	2.4 x	2.6 x
Adjusted return on equity ⁽²⁾	20.2 %	17.3 %
Adjusted return on capital ⁽²⁾	10.8 %	9.8 %

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B.

Financial Highlights⁽¹⁾

As at or for the years ended December 31, 2022 and January 1, 2022
(millions of Canadian dollars except where otherwise indicated)

	2022 (52 weeks)	2021 (52 weeks)
Retail Results of Operations		
Sales	\$ 55,492	\$ 52,269
Operating income	3,260	2,713
Adjusted gross profit ⁽²⁾	17,165	16,041
Adjusted gross profit % ⁽²⁾	30.9 %	30.7 %
Adjusted EBITDA ⁽²⁾	\$ 5,939	\$ 5,322
Adjusted EBITDA margin ⁽²⁾	10.7 %	10.2 %
Depreciation and amortization	\$ 2,746	\$ 2,623
Retail Operating Statistics		
Food retail same-store sales growth	4.7 %	0.3 %
Drug retail same-store sales growth	6.9 %	5.0 %
Drug retail same-store pharmacy sales growth	5.7 %	8.4 %
Drug retail same-store front store sales growth	8.2 %	2.1 %
Total retail square footage (in millions)	71.2	71.2
Number of corporate stores ⁽⁴⁾	547	548
Number of franchise stores	551	551
Number of Associate-owned drug stores	1,346	1,342
Financial Services Results of Operations		
Revenue	\$ 1,338	\$ 1,182
Earnings (Losses) before income taxes	(2)	160
Financial Services Operating Measures and Statistics		
Average quarterly net credit card receivables	\$ 3,607	\$ 3,128
Credit card receivables	3,954	3,443
Allowance for credit card receivables	206	205
Annualized yield on average quarterly gross credit card receivables	13.0 %	12.7 %
Annualized credit loss rate on average quarterly gross credit card receivables	2.7 %	2.5 %

9 Quarterly Results of Operations

9.1 Results by Quarter

The Company follows a 52-week reporting cycle which periodically necessitates a fiscal year of 53 weeks due to an accounting convention common in the retail industry. Fiscal years 2022 and 2021 were both 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.

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

Summary of Consolidated Quarterly Results

	2022					2021				
(millions of Canadian dollars except where otherwise indicated)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)	First Quarter (12 weeks)	Second Quarter (12 weeks)	Third Quarter (16 weeks)	Fourth Quarter (12 weeks)	Total (52 weeks)
Revenue	\$12,262	\$12,847	\$17,388	\$14,007	\$56,504	\$ 11,872	\$ 12,491	\$16,050	\$12,757	\$53,170
Adjusted EBITDA⁽²⁾	1,343	1,499	1,846	1,493	6,181	1,218	1,371	1,674	1,324	5,587
Net earnings available to common shareholders of the Company	437	387	556	529	1,909	313	375	431	744	1,863
Adjusted net earnings available to common shareholders of the Company ⁽²⁾	459	566	663	575	2,263	392	464	540	515	1,911
Net earnings per common share:										
Basic (\$)	\$ 1.31	\$ 1.17	\$ 1.71	\$ 1.63	\$ 5.82	\$ 0.91	\$ 1.10	\$ 1.28	\$ 2.23	\$ 5.49
Diluted (\$)	\$ 1.30	\$ 1.16	\$ 1.69	\$ 1.62	\$ 5.75	\$ 0.90	\$ 1.09	\$ 1.27	\$ 2.20	\$ 5.45
Adjusted diluted net earnings per common share ⁽²⁾ (\$)	\$ 1.36	\$ 1.69	\$ 2.01	\$ 1.76	\$ 6.82	\$ 1.13	\$ 1.35	\$ 1.59	\$ 1.52	\$ 5.59
Food Retail same-store sales growth/ (decline)	2.1 %	0.9 %	6.9 %	8.4 %	4.7 %	0.1 %	(0.1)%	0.2 %	1.1 %	0.3 %
Drug Retail same-store sales growth/ (decline)	5.2 %	5.6 %	7.7 %	8.7 %	6.9 %	(1.7)%	9.6 %	4.4 %	7.9 %	5.0 %