



## INTERIM REPORT

12-week period ended September 24, 2022

4<sup>th</sup> Quarter 2022 and Fiscal 2022

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### HIGHLIGHTS

#### 2022 FOURTH QUARTER

- Sales of \$4,432.6 million, up 8.3%
- Food same-store sales<sup>(1)</sup> up 8.0%
- Pharmacy same-store sales<sup>(1)</sup> up 7.4%
- Net earnings of \$168.7 million, down 13.0% and adjusted net earnings<sup>(1)</sup> of \$219.4 million, up 9.4%
- Fully diluted net earnings per share of \$0.70, down 11.4%, and adjusted fully diluted net earnings per share<sup>(1)</sup> of \$0.92, up 13.6%
- Non-cash impairment of a loyalty program<sup>(1)</sup> totaling \$60.0 million

#### FISCAL 2022

- Sales of \$18,888.9 million, up 3.3%
  - Net earnings of \$849.5 million, up 2.9% and adjusted net earnings<sup>(1)</sup> of \$922.1 million, up 7.9%
  - Fully diluted net earnings per share of \$3.51, up 5.4%, and adjusted fully diluted net earnings per share<sup>(1)</sup> of \$3.82, up 11.0%
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## REPORT TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our interim report for the fourth quarter of Fiscal 2022 ended September 24, 2022.

Sales in the fourth quarter of Fiscal 2022 remained strong, reaching \$4,432.6 million, up 8.3% from the fourth quarter of 2021 mainly due to higher inflation this quarter. Food same-store sales were up 8.0% (down 2.9% in 2021) versus the same quarter last year. Online food sales were up 33.0% versus last year (flat in 2021). Our food basket inflation increased to 10.0% from 8.5% in the previous quarter. Pharmacy same-store sales were up 7.4% (4.1% in 2021), with a 6.4% increase in prescription drugs supported by COVID-related activities such as the distribution of rapid tests and a 9.9% increase in front-store sales, primarily driven by over-the-counter products and cosmetics.

Fourth quarter net earnings were \$168.7 million in Fiscal 2022 compared with \$194.0 million in 2021, and fully diluted net earnings per share were \$0.70 compared with \$0.79 in 2021, down 13.0% and 11.4% respectively. Taking into account adjustments for the 2022 and 2021 fourth quarters, the after-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition as well as a non-cash \$44.1 million impairment of a loyalty program in the fourth quarter of 2022, net of taxes of \$15.9 million, adjusted net earnings<sup>(1)</sup> for the fourth quarter of Fiscal 2022 totalled \$219.4 million compared with \$200.6 million in 2021, and adjusted fully diluted net earnings per share<sup>(1)</sup> amounted to \$0.92 versus \$0.81, up 9.4% and 13.6% respectively.

On September 26, 2022, the Board of Directors declared a quarterly dividend of \$0.275 per share, the same amount declared last quarter.

Our 2022 fiscal year ended with a solid performance in the fourth quarter as our teams worked tirelessly to offer products at affordable and competitive prices in the current high inflation environment, which we know is difficult for many consumers. Our diversified business model allowed us to maintain stable gross margins while delivering good value to our customers, as reflected in overall tonnage growth and market share gains in the quarter. We are confident that our dedicated teams, multiple banners, strong private label offering, effective weekly promotions and loyalty programs position us well to continue to meet the needs of our customers as we navigate in this period of turbulence.

Eric La Flèche  
President and Chief Executive Officer

November 16, 2022

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) sets out the financial position and consolidated results of METRO INC. on September 24, 2022 and for the 12-week period and fiscal year then ended. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes in this interim report.

The unaudited interim condensed consolidated financial statements for the 12-week period and fiscal year ended September 24, 2022 have been prepared by management in accordance with IAS 34 *Interim Financial Reporting*. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes and the MD&A presented in the Corporation's 2021 Annual Report. Unless otherwise stated, the interim report is based on information as at November 8, 2022.

Additional information, including the Certification of Interim Filings for the fiscal year ended September 24, 2022 signed by the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Treasurer, will also be available in December on the SEDAR website at: [www.sedar.com](http://www.sedar.com).

## OPERATING RESULTS

### SALES

Sales in the fourth quarter of Fiscal 2022 remained strong, reaching \$4,432.6 million, up 8.3% from the fourth quarter of 2021 mainly due to higher inflation this quarter. Food same-store sales were up 8.0% (down 2.9% in 2021) versus the same quarter last year. Online food sales were up 33.0% versus last year (flat in 2021). Our food basket inflation increased to 10.0% from 8.5% in the previous quarter. Pharmacy same-store sales were up 7.4% (4.1% in 2021), with a 6.4% increase in prescription drugs supported by COVID-related activities such as the distribution of rapid tests and a 9.9% increase in front-store sales, primarily driven by over-the-counter products and cosmetics.

Sales for Fiscal 2022 totalled \$18,888.9 million, up 3.3% compared to \$18,283.0 million for Fiscal 2021.

### OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND IMPAIRMENTS OF ASSETS, NET OF REVERSALS

This earnings measurement excludes financial costs, taxes, depreciation and amortization and impairments of assets, net of reversals.

Operating income before depreciation and amortization and impairments of assets, net of reversals for the fourth quarter of Fiscal 2022 totalled \$441.4 million, or 10.0% of sales, an increase of 9.4% versus the corresponding quarter of Fiscal 2021. Operating income before depreciation and amortization and impairments of assets, net of reversals for Fiscal 2022 totalled \$1,844.6 million or 9.8% of sales, up 6.5% versus Fiscal 2021.

Gross margin on sales<sup>(1)</sup> for the fourth quarter and Fiscal 2022 were 20.4% and 20.0% respectively, the same percentages as the corresponding periods of 2021.

Operating expenses as a percentage of sales for the fourth quarter of Fiscal 2022 were 10.7% versus 10.5% in the corresponding quarter of 2021. The increase in operating expenses is linked mainly to inflationary pressures on costs namely transportation, energy and supplies. Operating expenses as a percentage of sales were 10.4% for Fiscal 2022 versus 10.6% in 2021.

We recorded gains on disposal of assets of \$11.2 million in the fourth quarter of Fiscal 2022 compared to \$1.7 million for the corresponding quarter of 2021. Gains on disposal of assets of \$25.3 million were recorded in Fiscal 2022 compared to \$7.4 million in 2021. The gains realized on disposals of assets in 2022 are mainly attributable to the sale of properties.

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"



## DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the fourth quarter of Fiscal 2022 was \$119.8 million versus \$110.8 million for the corresponding quarter of 2021. This increase reflects the additional investments in supply chain and logistics as well as in-store technology. For Fiscal 2022, total depreciation and amortization expense was \$503.3 million versus \$478.3 million for Fiscal 2021.

## IMPAIRMENTS OF ASSETS, NET OF REVERSALS

During the fourth quarter of Fiscal 2022, the Corporation recorded \$70.1 million of impairments of assets, net of reversals, including \$60.0 million<sup>(1)</sup> resulting from our decision to have Jean Coutu withdraw from the Air Miles® loyalty program in the spring of 2023. This impairment represents the entire carrying value of the Jean Coutu loyalty program asset. Impairment losses were also recorded on store assets, mainly right-of-use assets, whose recoverable amounts were lower than their carrying amounts. Impairment reversals were recognized during the fourth quarter of 2022 for other sites, following changes in the estimates used to determine the recoverable amount.

## NET FINANCIAL COSTS

Net financial costs for the fourth quarter of Fiscal 2022 were \$25.3 million compared with \$28.7 million for the corresponding quarter of 2021. For Fiscal 2022, net financial costs were \$117.6 million compared with \$133.5 million for Fiscal 2021. The reduction is mainly due to lower debt, lower borrowing rates on new debt and higher capitalized interest.

## INCOME TAXES

The income tax expense of \$57.5 million for the fourth quarter of Fiscal 2022 represented an effective tax rate of 25.4% compared with an income tax expense of \$70.1 million and an effective tax rate of 26.5% in the fourth quarter of Fiscal 2021. The income tax expense of \$304.1 million for Fiscal 2022 and \$295.0 million for Fiscal 2021 represented an effective tax rate of 26.4% and 26.3% respectively.

## NET EARNINGS AND ADJUSTED NET EARNINGS<sup>(1)</sup>

Net earnings for the fourth quarter of Fiscal 2022 were \$168.7 million compared with \$194.0 million for the corresponding quarter of 2021, while fully diluted net earnings per share were \$0.70 compared with \$0.79 in 2021, down 13.0% and 11.4% respectively. Excluding the specific items shown in the table below, adjusted net earnings<sup>(1)</sup> for the fourth quarter of Fiscal 2022 totalled \$219.4 million compared with \$200.6 million for the corresponding quarter of 2021, and adjusted fully diluted net earnings per share<sup>(1)</sup> amounted to \$0.92 versus \$0.81, up 9.4% and 13.6% respectively.

Net earnings for Fiscal 2022 were \$849.5 million compared with \$825.7 million for Fiscal 2021, while fully diluted net earnings per share were \$3.51 compared with \$3.33 in 2021, up 2.9% and 5.4%, respectively. Excluding the specific items shown in the table below, adjusted net earnings<sup>(1)</sup> for Fiscal 2022 totalled \$922.1 million compared with \$854.2 million for Fiscal 2021, and adjusted fully diluted net earnings per share<sup>(1)</sup> amounted to \$3.82 versus \$3.44, up 7.9% and 11.0%, respectively.

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"



### Net earnings and fully diluted earnings per share (EPS) adjustments<sup>(1)</sup>

	12 weeks / Fiscal Year				Change (%)	
	2022		2021		Net earnings	Fully diluted EPS
	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)		
Per financial statements	168.7	0.70	194.0	0.79	(13.0)	(11.4)
Loss on impairment of a loyalty program, net of taxes of \$15.9	44.1		—			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$2.4	6.6		6.6			
Adjusted measures <sup>(1)</sup>	219.4	0.92	200.6	0.81	9.4	13.6

	52 weeks / Fiscal Year				Change (%)	
	2022		2021		Net earnings	Fully diluted EPS
	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)		
Per financial statements	849.5	3.51	825.7	3.33	2.9	5.4
Loss on impairment of a loyalty program, net of taxes of \$15.9	44.1		—			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$10.2	28.5		28.5			
Adjusted measures <sup>(1)</sup>	922.1	3.82	854.2	3.44	7.9	11.0

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"



## QUARTERLY HIGHLIGHTS

<i>(Millions of dollars, unless otherwise indicated)</i>	<b>2022</b>	2021	Change (%)
<b>Sales</b>			
Q4 <sup>(3)</sup>	<b>4,432.6</b>	4,092.0	8.3
Q3 <sup>(4)</sup>	<b>5,865.5</b>	5,719.8	2.5
Q2 <sup>(3)</sup>	<b>4,274.2</b>	4,193.0	1.9
Q1 <sup>(3)</sup>	<b>4,316.6</b>	4,278.2	0.9
<b>Net earnings</b>			
Q4 <sup>(3)</sup>	<b>168.7</b>	194.0	(13.0)
Q3 <sup>(4)</sup>	<b>275.0</b>	252.4	9.0
Q2 <sup>(3)</sup>	<b>198.1</b>	188.1	5.3
Q1 <sup>(3)</sup>	<b>207.7</b>	191.2	8.6
<b>Adjusted net earnings<sup>(1)</sup></b>			
Q4 <sup>(3)</sup>	<b>219.4</b>	200.6	9.4
Q3 <sup>(4)</sup>	<b>283.8</b>	261.2	8.7
Q2 <sup>(3)</sup>	<b>204.7</b>	194.7	5.1
Q1 <sup>(3)</sup>	<b>214.2</b>	197.7	8.3
<b>Fully diluted net earnings per share (Dollars)</b>			
Q4 <sup>(3)</sup>	<b>0.70</b>	0.79	(11.4)
Q3 <sup>(4)</sup>	<b>1.14</b>	1.03	10.7
Q2 <sup>(3)</sup>	<b>0.82</b>	0.75	9.3
Q1 <sup>(3)</sup>	<b>0.85</b>	0.76	11.8
<b>Adjusted fully diluted net earnings per share<sup>(1)</sup> (Dollars)</b>			
Q4 <sup>(3)</sup>	<b>0.92</b>	0.81	13.6
Q3 <sup>(4)</sup>	<b>1.18</b>	1.06	11.3
Q2 <sup>(3)</sup>	<b>0.84</b>	0.78	7.7
Q1 <sup>(3)</sup>	<b>0.88</b>	0.79	11.4

<sup>(3)</sup> 12 weeks

<sup>(4)</sup> 16 weeks

Sales in the fourth quarter of Fiscal 2022 remained strong, reaching \$4,432.6 million, up 8.3% from the fourth quarter of 2021 mainly due to higher inflation this quarter. Food same-store sales were up 8.0% (down 2.9% in 2021) versus the same quarter last year. Online food sales were up 33.0% versus last year (flat in 2021). Our food basket inflation increased to 10.0% from 8.5% in the previous quarter. Pharmacy same-store sales were up 7.4% (4.1% in 2021), with a 6.4% increase in prescription drugs supported by COVID-related activities such as the distribution of rapid tests and a 9.9% increase in front-store sales, primarily driven by over-the-counter products and cosmetics.

Sales in the third quarter of Fiscal 2022 remained strong, reaching \$5,865.5 million, up 2.5% versus elevated sales in the third quarter of 2021 due to the pandemic. Food same-store sales were up 1.1% (down 3.6% in 2021) versus the same quarter last year. Online food sales were flat versus last year (up 19.0% in 2021). Our food basket inflation was about 8.5% (5.0% in the previous quarter). Pharmacy same-store sales were up 7.2% (7.6% in 2021), with a 5.6% increase in prescription drugs supported by COVID-related activities such as the distribution of rapid tests and a 10.7% increase in front-store sales, primarily driven by over-the-counter products and cosmetics.

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"



Sales in the second quarter of Fiscal 2022 remained strong, reaching \$4,274.2 million, up 1.9% compared to \$4,193.0 million in the second quarter of 2021. Food same-store sales were up 0.8% versus the same quarter last year and were up 11.5% for the first 8 weeks of the second quarter compared to the same period of 2020 (pre-COVID period). Online food sales increased by 6.0% versus last year (up 240.0% in 2021). Our food basket inflation was slightly below 5.0% (3.5% in the previous quarter). Pharmacy same-store sales were up 9.4%, with a 7.7% increase in prescription drugs supported by COVID-related activities such as the distribution of rapid tests, and a 13.3% increase in front-store sales supported by a stronger cough and cold season as well as the lower sales last year because of the six-week ban of the sale of non-essential products. Pharmacy same-store sales were up 11.0% for the first 8 weeks of the second quarter versus 2020 (pre-COVID period).

Sales in the first quarter of Fiscal 2022 remained strong, reaching \$4,316.6 million, up 0.9% compared to \$4,278.2 million in the first quarter of 2021, and up 7.1% over two years. Food same-store sales were down 1.4% versus the same quarter last year (up 10.0% in 2021) but increased 8.5% compared to the first quarter of 2020. Online food sales were flat versus last year (up about 170% in 2021). Our food basket inflation was approximately 3.5% (2.0% in the previous quarter). Pharmacy same-store sales were up 7.7% (1.3% in 2021), with a 7.1% increase in prescription drugs due to an uptick in physician visits and a 8.9% increase in front-store sales supported by strong Over-The-Counter growth, particularly Cough & Cold products and the lower sales last year as a result of the labour conflict.

Net earnings for the fourth quarter of Fiscal 2022 were \$168.7 million compared with \$194.0 million for the fourth quarter of 2021, while fully diluted net earnings per share were \$0.70 compared with \$0.79 in 2021, down 13.0% and 11.4%, respectively. Excluding from the fourth quarters of Fiscal 2022 and 2021, the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$9.0 million, the impairment of a loyalty program of \$60.0 million in the fourth quarter of 2022 as well as income taxes relating to these items, adjusted net earnings<sup>(1)</sup> for the fourth quarter of Fiscal 2022 totalled \$219.4 million compared with \$200.6 million for the corresponding quarter of 2021 and adjusted fully diluted net earnings per share<sup>(1)</sup> amounted to \$0.92 compared with \$0.81, up 9.4% and 13.6% respectively.

Net earnings for the third quarter of Fiscal 2022 were \$275.0 million compared with \$252.4 million for the third quarter of 2021, while fully diluted net earnings per share were \$1.14 compared with \$1.03 in 2021, up 9.0% and 10.7%, respectively. Excluding from the third quarters of Fiscal 2022 and 2021 the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$11.9 million as well as income taxes relating to these items, adjusted net earnings<sup>(1)</sup> for the third quarter of Fiscal 2022 totalled \$283.8 million compared with \$261.2 million for the corresponding quarter of 2021 and adjusted fully diluted net earnings per share<sup>(1)</sup> amounted to \$1.18 compared with \$1.06, up 8.7% and 11.3% respectively.

Net earnings for the second quarter of Fiscal 2022 were \$198.1 million compared with \$188.1 million for the second quarter of 2021, while fully diluted net earnings per share were \$0.82 compared with \$0.75 in 2021, up 5.3% and 9.3%, respectively. Excluding from the second quarters of Fiscal 2022 and 2021 the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$8.9 million as well as income taxes relating to these items, adjusted net earnings<sup>(1)</sup> for the second quarter of Fiscal 2022 totalled \$204.7 million compared with \$194.7 million for the corresponding quarter of 2021 and adjusted fully diluted net earnings per share<sup>(1)</sup> amounted to \$0.84 compared with \$0.78, up 5.1% and 7.7% respectively.

Net earnings for the first quarter of Fiscal 2022 were \$207.7 million compared with \$191.2 million for the first quarter of 2021, while fully diluted net earnings per share were \$0.85 compared with \$0.76 in 2021, up 8.6% and 11.8%, respectively and up 22.0% and 26.9% respectively on a two-year basis. Excluding from the first quarters of Fiscal 2022 and 2021 the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$8.9 million as well as income taxes relating to these items, adjusted net earnings<sup>(1)</sup> for the first quarter of Fiscal 2022 totalled \$214.2 million compared with \$197.7 million for the corresponding quarter of 2021 and adjusted fully diluted net earnings per share<sup>(1)</sup> amounted to \$0.88 compared with \$0.79, up 8.3% and 11.4% respectively, and up 18.4% and 23.9% respectively over two years. The labour conflict at our Jean Coutu distribution center had an unfavorable impact of approximately \$0.05 on the fully diluted net earnings per share of the first quarter of 2021.

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"



<i>(Millions of dollars)</i>	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net earnings	168.7	275.0	198.1	207.7	194.0	252.4	188.1	191.2
Impairment of a loyalty program, after taxes	44.1	—	—	—	—	—	—	—
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	6.6	8.8	6.6	6.5	6.6	8.8	6.6	6.5
Adjusted net earnings <sup>(1)</sup>	219.4	283.8	204.7	214.2	200.6	261.2	194.7	197.7

<i>(Dollars)</i>	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Fully diluted net earnings per share	0.70	1.14	0.82	0.85	0.79	1.03	0.75	0.76
Adjustments impact	0.22	0.04	0.02	0.03	0.02	0.03	0.03	0.03
Adjusted fully diluted net earnings per share <sup>(1)</sup>	0.92	1.18	0.84	0.88	0.81	1.06	0.78	0.79

## CASH POSITION

### OPERATING ACTIVITIES

In the fourth quarter of Fiscal 2022, operating activities generated cash inflows of \$466.6 million compared with \$415.3 million in the corresponding quarter of 2021. In Fiscal 2022, operating activities generated cash inflows of \$1,461.4 million compared with \$1,583.3 million for Fiscal 2021. The variance is mainly due to the change in non-cash working capital items that required cash outflows of \$115.2 million in 2022 compared with cash inflows of \$162.2 million in 2021, net of higher earnings and lower income taxes paid in 2022.

### INVESTING ACTIVITIES

Investing activities required cash outflows of \$136.0 million for the fourth quarter of Fiscal 2022 compared with \$187.3 million for the corresponding quarter of 2021. In Fiscal 2022, investing activities required cash outflows of \$477.8 million compared with \$471.6 million for Fiscal 2021.

During Fiscal 2022, we and our retailers opened 5 stores, carried out major expansions and renovations of 17 stores, 1 store was relocated and 1 store was closed for a net increase of 141,100 square feet or 0.7% of our food retail network.

### FINANCING ACTIVITIES

In the fourth quarter of 2022, financing activities required cash outflows of \$317.2 million compared with \$193.2 million in the corresponding quarter of 2021. This difference is mainly due to higher share repurchases in 2022. In Fiscal 2022, financing activities required cash outflows of \$1,416.0 million compared with \$1,107.4 million for Fiscal 2021. This difference is mainly due to the early repayment of all Series F notes in the amount of \$300.0 million in 2022.

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"





## FINANCIAL POSITION

We do not anticipate<sup>(2)</sup> any liquidity risk and consider our financial position at the end of Fiscal 2022 as very solid. We had an unused authorized revolving credit facility of \$579.1 million.

At the end of Fiscal 2022, the main elements of our debt were as follows:

	Interest Rate	Maturity	Notional (Millions of dollars)
	Rates fluctuate with changes in bankers' acceptance rates		
Revolving Credit Facility		September 3, 2026	20.9
Series J Notes	1.92% fixed rate	December 2, 2024	300.0
Series G Notes	3.39% fixed rate	December 6, 2027	450.0
Series B Notes	5.97% fixed rate	October 15, 2035	400.0
Series D Notes	5.03% fixed rate	December 1, 2044	300.0
Series H Notes	4.27% fixed rate	December 4, 2047	450.0
Series I Notes	3.41% fixed rate	February 28, 2050	400.0

On November 30, 2021, the Corporation issued through a private placement Series J unsecured senior notes in the aggregate principal amount of \$300.0 million, bearing interest at a fixed nominal rate of 1.92%, maturing on December 2, 2024. In conjunction with this offering, Metro entered into a \$300.0 million interest rate swap effectively locking in a floating rate of interest of 11 basis points (0.11%) over the 3-month bankers' acceptance rate (CDOR) over the life of the Series J Notes. As at September 24, 2022, the balance of the Series J unsecured senior notes was \$285.1 million, reflecting a decrease in fair value adjustments relating to interest rate swaps designated as fair value hedges of \$14.9 million.

On December 1, 2021, the Corporation redeemed all of the Series C notes, bearing interest at a fixed nominal rate of 3.20%, in the amount of \$300.0 million that matured on the same day.

On June 6, 2022, the Corporation redeemed all of the Series F notes bearing interest at a fixed nominal rate of 2.68% in the amount of \$300.0 million, maturing on December 5, 2022. The early redemption premium represents an amount of \$0.4 million before tax.

In the second half of fiscal 2022, the Corporation entered into bond forward contracts designated as cash flow hedges on a component of a highly probable future debt issuance in the amount of \$250.0 million that effectively locked-in a 10-year fixed interest rate of 2.998%.

## CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at September 24, 2022	As at September 25, 2021
Number of Common Shares outstanding ( <i>Thousands</i> )	236,594	242,949
Stock options:		
Number outstanding ( <i>Thousands</i> )	2,092	2,318
Exercise prices ( <i>Dollars</i> )	40.23 to 62.82	35.42 to 57.81
Weighted average exercise price ( <i>Dollars</i> )	51.47	46.69
Performance share units:		
Number outstanding ( <i>Thousands</i> )	557	615

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"



## **NORMAL COURSE ISSUER BID PROGRAM**

Under the current normal course issuer bid program, the Corporation may repurchase up to 7,000,000 of its Common Shares between November 25, 2021 and November 24, 2022. Between November 25, 2021 and November 8, 2022, the Corporation has repurchased 7,000,000 Common Shares at an average price of \$68.81, for a total consideration of \$481.7 million. The Corporation intends<sup>(2)</sup> to renew its normal course issuer bid program as an additional option for using excess funds.

## **DIVIDENDS**

On September 26, 2022, the Board of Directors declared a quarterly dividend of \$0.275 per share, the same amount declared last quarter.

## **SHARE TRADING**

The value of METRO shares remained in the \$59.14 to \$73.54 range over Fiscal 2022. During this period, a total of 110.5 million shares were traded on the Toronto Stock Exchange. The closing price on November 8, 2022 was \$72.72 compared with \$69.84 at the end of Fiscal 2022.

## **FORWARD-LOOKING INFORMATION**

We have used, throughout this report, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein that does not constitute a historical fact may be deemed a forward-looking statement. Expressions such as "anticipate", "intend", "predict" and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food and pharmaceutical industries, the general economy, our annual budget, as well as our 2023 action plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. The arrival of a new competitor is an example of the risks described under the "Risk Management" section of the 2021 Annual Report which could have an impact on these statements. As with the preceding risks, the COVID-19 pandemic constitutes a risk that could have an impact on the business, operations, projects and performance of the Corporation as well as on the forward-looking statements contained in this document.

We believe these statements to be reasonable and pertinent as at the date of publication of this report and represent our expectations. The Corporation does not intend to update any forward-looking statement contained herein, except as required by applicable law.

## **NON-GAAP AND OTHER FINANCIAL MEASUREMENTS**

In addition to the International Financial Reporting Standards (IFRS) measurements provided, we have included certain non-GAAP and other financial measurements. These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies.

National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure sets out specific disclosure requirements for non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures, as defined in the Instrument (together the "specified financial measures").

The specified financial measures we disclose in our documents made available to the public are presented by measurement categories below.

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"



## NON-GAAP FINANCIAL MEASURES

**Adjusted net earnings** is a non-GAAP financial measurement that with respect to its composition is adjusted to exclude an amount that is included in, or include an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in our consolidated financial statements.

For measurements depicting financial performance, we believe that presenting earnings adjusted for these items, which are not necessarily reflective of the Corporation's performance, leaves readers of financial statements better informed thus enabling them to better perform trend analysis, evaluate the Corporation's financial performance and assess its future outlook. Adjusting for these items does not imply that they are non-recurring.

## NON-GAAP RATIOS

**Adjusted fully diluted net earnings per share** is a non-GAAP ratio by where a non-GAAP financial measure is used as one or more of its components.

We believe that presenting this ratio with non-GAAP financial measurements used as one or more of its components, which excludes items not necessarily reflective of the Corporation's performance, leaves readers of financial statements better informed as to the current period and corresponding prior year's period's performance, thus enabling them to better perform trend analysis, evaluate the Corporation's financial performance and assess its future outlook. Adjusting for these items does not imply that they are non-recurring.

## SUPPLEMENTARY FINANCIAL MEASURES

The supplementary financial measures listed below are, or are intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Corporation.

**Food same-store sales and pharmacy same-store sales (including total, front-store and prescription drugs)** are defined as comparable retail sales of stores with more than 52 consecutive weeks of operations, including relocated, expanded and renovated locations.

**Online food sales** are the sum of sales made from all our online channels.

**Gross margin** ratio is calculated by dividing gross profit by sales.

## OUTLOOK<sup>(2)</sup>

As we begin our new fiscal year, we continue to face market uncertainties, labour shortages and elevated levels of cost inflation and it is difficult to predict how this macroeconomic environment will evolve. We remain steadfast in our focus to deliver value to our customers through our robust merchandising programs, our strong private label offer and working with our supply chain partners. We have also decided to exit the UGI purchasing group effective March 11, 2023. This decision will have no significant impact on our financial results.

Montréal, November 16, 2022

<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

<sup>(2)</sup> See section on "Forward-looking Information"

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<sup>(1)</sup> See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"  
<sup>(2)</sup> See section on "Forward-looking Information"



Interim Condensed Consolidated Financial Statements

**METRO INC.**

September 24, 2022

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## Consolidated statements of income

Periods ended September 24, 2022 and September 25, 2021

(Unaudited) (Millions of dollars, except for net earnings per share)

	12 weeks		52 weeks	
	Fiscal Year		Fiscal Year	
	2022	2021	2022	2021
<b>Sales</b>	<b>4,432.6</b>	4,092.0	<b>18,888.9</b>	18,283.0
Cost of sales	<b>(3,526.3)</b>	(3,258.5)	<b>(15,105.6)</b>	(14,628.2)
<b>Gross profit</b>	<b>906.3</b>	833.5	<b>3,783.3</b>	3,654.8
Operating expenses	<b>(476.1)</b>	(431.6)	<b>(1,964.0)</b>	(1,929.7)
Gain on disposal of assets	<b>11.2</b>	1.7	<b>25.3</b>	7.4
<b>Operating income before depreciation and amortization and impairments of assets, net of reversals</b>	<b>441.4</b>	403.6	<b>1,844.6</b>	1,732.5
Depreciation and amortization	<b>(119.8)</b>	(110.8)	<b>(503.3)</b>	(478.3)
Impairments of assets, net of reversals (note 2)	<b>(70.1)</b>	—	<b>(70.1)</b>	—
Financial costs, net	<b>(25.3)</b>	(28.7)	<b>(117.6)</b>	(133.5)
<b>Earnings before income taxes</b>	<b>226.2</b>	264.1	<b>1,153.6</b>	1,120.7
Income taxes (note 3)	<b>(57.5)</b>	(70.1)	<b>(304.1)</b>	(295.0)
<b>Net earnings</b>	<b>168.7</b>	194.0	<b>849.5</b>	825.7
Attributable to:				
Equity holders of the parent	<b>168.0</b>	193.8	<b>846.1</b>	823.0
Non-controlling interest	<b>0.7</b>	0.2	<b>3.4</b>	2.7
	<b>168.7</b>	194.0	<b>849.5</b>	825.7
<b>Net earnings per share (Dollars) (note 4)</b>				
Basic	<b>0.71</b>	0.79	<b>3.53</b>	3.34
Fully diluted	<b>0.70</b>	0.79	<b>3.51</b>	3.33

See accompanying notes



## Consolidated statements of comprehensive income

Periods ended September 24, 2022 and September 25, 2021

(Unaudited) (Millions of dollars)

	12 weeks		52 weeks	
	Fiscal Year		Fiscal Year	
	2022	2021	2022	2021
Net earnings	168.7	194.0	849.5	825.7
Other comprehensive income				
Items that will not be reclassified to net earnings				
Changes in defined benefit plans				
Actuarial gains (losses) (note 8)	(59.4)	24.1	36.1	214.2
Asset ceiling effect	87.8	(24.9)	23.6	(41.5)
Minimum funding requirement	23.6	(21.4)	21.4	(21.4)
Corresponding income taxes	(13.8)	5.9	(21.5)	(40.1)
	38.2	(16.3)	59.6	111.2
Items that will be reclassified later to net earnings				
Change in fair value of derivatives designated as cash flow hedges	(2.5)	—	1.2	—
Corresponding income taxes	0.7	—	(0.3)	—
	(1.8)	—	0.9	—
	36.4	(16.3)	60.5	111.2
Comprehensive income	205.1	177.7	910.0	936.9
Attributable to:				
Equity holders of the parent	204.4	177.5	906.6	934.2
Non-controlling interest	0.7	0.2	3.4	2.7
	205.1	177.7	910.0	936.9

See accompanying notes





## Consolidated statements of financial position

(Unaudited) (Millions of dollars)

	As at September 24, 2022	As at September 25, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	13.4	445.8
Accounts receivable	680.3	679.2
Accounts receivable on subleases	94.8	92.8
Inventories	1,331.1	1,169.0
Prepaid expenses	54.1	46.6
Current taxes	9.6	33.4
	<b>2,183.3</b>	<b>2,466.8</b>
<b>Non-current assets</b>		
Fixed assets	3,457.7	3,129.8
Investment properties	14.5	33.4
Right-of-use assets	995.1	1,064.7
Intangible assets	2,739.0	2,854.7
Goodwill	3,301.2	3,301.2
Deferred taxes	44.8	57.1
Defined benefit assets	127.9	84.8
Accounts receivable on subleases	478.3	549.6
Other assets	59.5	50.0
	<b>13,401.3</b>	<b>13,592.1</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Bank loans	0.1	0.1
Accounts payable	1,575.3	1,546.5
Deferred revenues	38.5	35.9
Current taxes	43.6	25.9
Provisions	0.5	1.6
Current portion of debt (note 5)	18.2	318.5
Current portion of lease liabilities	276.3	269.7
	<b>1,952.5</b>	<b>2,198.2</b>
<b>Non-current liabilities</b>		
Debt (note 5)	2,324.5	2,318.2
Lease liabilities	1,502.7	1,657.5
Defined benefit liabilities	30.0	61.5
Provisions	12.8	13.5
Deferred taxes	942.2	927.7
Other liabilities	18.2	2.7
	<b>6,782.9</b>	<b>7,179.3</b>
<b>Equity</b>		
Attributable to equity holders of the parent	6,604.5	6,399.9
Attributable to non-controlling interest	13.9	12.9
	<b>6,618.4</b>	<b>6,412.8</b>
	<b>13,401.3</b>	<b>13,592.1</b>

See accompanying notes



**Consolidated statements of changes in equity**  
**Periods ended September 24, 2022 and September 25, 2021**  
(Unaudited) (Millions of dollars)

	Attributable to the equity holders of the parent					Total	Non-controlling interest	Total equity
	Capital stock (note 6)	Treasury shares (note 6)	Contributed surplus	Retained earnings	Accumulated other comprehensive income			
Balance as at September 25, 2021	1,674.3	(20.5)	24.2	4,721.9	—	6,399.9	12.9	6,412.8
Net earnings	—	—	—	846.1	—	846.1	3.4	849.5
Other comprehensive income	—	—	—	59.6	0.9	60.5	—	60.5
Comprehensive income	—	—	—	905.7	0.9	906.6	3.4	910.0
Stock options exercised	23.5	—	(2.5)	—	—	21.0	—	21.0
Shares redeemed	(48.5)	—	—	—	—	(48.5)	—	(48.5)
Share redemption premium	—	—	—	(421.5)	—	(421.5)	—	(421.5)
Share-based compensation cost	—	—	8.6	—	—	8.6	—	8.6
Performance share units settlement	—	4.3	(7.0)	(1.0)	—	(3.7)	—	(3.7)
Dividends	—	—	—	(257.9)	—	(257.9)	(1.6)	(259.5)
Buyout of minority interests	—	—	—	—	—	—	(0.8)	(0.8)
	(25.0)	4.3	(0.9)	(680.4)	—	(702.0)	(2.4)	(704.4)
Balance as at September 24, 2022	1,649.3	(16.2)	23.3	4,947.2	0.9	6,604.5	13.9	6,618.4

	Attributable to the equity holders of the parent					Total	Non-controlling interest	Total equity
	Capital stock	Treasury shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income			
Balance as at September 26, 2020	1,713.8	(25.1)	22.2	4,431.3	—	6,142.2	13.2	6,155.4
Net earnings	—	—	—	823.0	—	823.0	2.7	825.7
Other comprehensive income	—	—	—	111.2	—	111.2	—	111.2
Comprehensive income	—	—	—	934.2	—	934.2	2.7	936.9
Stock options exercised	14.2	—	(1.6)	—	—	12.6	—	12.6
Shares redeemed	(53.7)	—	—	—	—	(53.7)	—	(53.7)
Share redemption premium	—	—	—	(402.6)	—	(402.6)	—	(402.6)
Share-based compensation cost	—	—	10.6	—	—	10.6	—	10.6
Performance share units settlement	—	4.6	(7.0)	(0.9)	—	(3.3)	—	(3.3)
Dividends	—	—	—	(240.1)	—	(240.1)	(1.9)	(242.0)
Buyout of minority interests	—	—	—	—	—	—	(1.1)	(1.1)
	(39.5)	4.6	2.0	(643.6)	—	(676.5)	(3.0)	(679.5)
Balance as at September 25, 2021	1,674.3	(20.5)	24.2	4,721.9	—	6,399.9	12.9	6,412.8

See accompanying notes



## Consolidated statements of cash flows

Periods ended September 24, 2022 and September 25, 2021

(Unaudited) (Millions of dollars)

	12 weeks		52 weeks	
	Fiscal Year		Fiscal Year	
	2022	2021	2022	2021
<b>Operating activities</b>				
Earnings before income taxes	226.2	264.1	1,153.6	1,120.7
Non-cash items				
Depreciation and amortization	119.8	110.8	503.3	478.3
Gain on disposal of assets	(11.2)	(1.7)	(25.3)	(7.4)
Impairment losses of assets (note 2)	71.5	—	71.5	—
Impairment loss reversals of assets (note 2)	(1.4)	—	(1.4)	—
Share-based compensation cost	1.6	2.4	8.6	10.6
Difference between amounts paid for employee benefits and current period cost	2.7	9.0	6.3	13.5
Financial costs, net	25.3	28.7	117.6	133.5
	434.5	413.3	1,834.2	1,749.2
Net change in non-cash working capital items	92.3	55.5	(115.2)	162.2
Income taxes paid	(60.2)	(53.5)	(257.6)	(328.1)
	466.6	415.3	1,461.4	1,583.3
<b>Investing activities</b>				
Buyout of minority interests	—	(0.1)	(0.2)	(1.1)
Net change in other assets	3.3	6.4	(10.1)	1.7
Additions to fixed assets and investment properties	(162.0)	(200.2)	(522.9)	(520.0)
Disposal of fixed assets and investment properties	19.2	4.3	47.5	22.4
Additions to intangible assets	(13.3)	(15.4)	(98.2)	(79.3)
Payments received from subleases	14.1	15.3	91.2	89.0
Interest received from subleases	2.7	2.4	14.9	15.7
	(136.0)	(187.3)	(477.8)	(471.6)
<b>Financing activities</b>				
Net change in bank loans	(70.8)	0.1	—	(0.3)
Shares issued	0.8	4.5	21.0	12.6
Shares redeemed	(141.4)	(77.8)	(470.0)	(456.3)
Performance share units settlement	—	—	(3.7)	(3.3)
Increase in debt	21.6	9.2	330.5	21.9
Repayment of debt	(2.6)	(8.9)	(616.8)	(24.0)
Interest paid on debt	(7.8)	(8.0)	(105.6)	(109.1)
Payment of lease liabilities (principal)	(43.4)	(44.6)	(268.0)	(260.9)
Payment of lease liabilities (interest)	(7.9)	(7.8)	(45.6)	(48.6)
Net change in other liabilities	(0.4)	1.0	0.1	0.7
Dividends	(65.3)	(60.9)	(257.9)	(240.1)
	(317.2)	(193.2)	(1,416.0)	(1,107.4)
<b>Net change in cash and cash equivalents</b>	13.4	34.8	(432.4)	4.3
Cash and cash equivalents — beginning of period	—	411.0	445.8	441.5
Cash and cash equivalents — end of period	13.4	445.8	13.4	445.8

see accompanying notes



## Notes to interim condensed consolidated financial statements

Periods ended September 24, 2022 and September 25, 2021

(Unaudited) (Millions of dollars, unless otherwise indicated)

### 1. STATEMENT PRESENTATION

METRO INC. (the Corporation) is a company incorporated under the laws of Québec. One of Canada's leading food and pharmacy retailers and distributors, the Corporation operates a network of supermarkets, discount stores and drugstores. Its head office is located at 11011 Maurice-Duplessis Blvd., Montréal, Québec, Canada, H1C 1V6. Its two business segments, food operations and pharmacy operations, are combined into one reportable operating segment due to the similar nature of their operations.

The unaudited interim condensed consolidated financial statements for the 12-week period and fiscal year ended September 24, 2022 have been prepared by management in accordance with IAS 34 *Interim Financial Reporting* and using the same accounting policies and methods of computation as those used in preparing the audited annual consolidated financial statements for the year ended September 25, 2021. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes which were presented in the Corporation's 2021 Annual Report.

### 2. IMPAIRMENTS OF ASSETS, NET OF REVERSALS

During the fourth quarter of Fiscal 2022, the Corporation recorded \$70.1 of impairments of assets, net of reversals, including \$60.0 resulting from the decision to have Jean Coutu withdraw from the Air Miles® loyalty program in the spring of 2023. The loss represents the excess in the carrying value of the indefinite-lived intangible over the recoverable amount. The recoverable amount, based on fair value less costs of disposal, was calculated using the capitalized excess EBIT method over the remaining duration of the program. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. The key assumption is the discount rate used of 9.2% (7.6% in 2021).

Impairment losses were also recorded on store assets, mainly right-of-use assets, whose recoverable amounts were lower than their carrying amounts. Impairment reversals were recognized during the fourth quarter of 2022 for other sites, following changes in the estimates used to determine the recoverable amount.

### 3. INCOME TAXES

The effective income tax rates were as follows:

(Percentage)	12 weeks		52 weeks	
	Fiscal Year		Fiscal Year	
	2022	2021	2022	2021
Combined statutory income tax rate	26.5	26.5	26.5	26.5
Changes				
Other	(1.1)	—	(0.1)	(0.2)
	25.4	26.5	26.4	26.3



## Notes to interim condensed consolidated financial statements

Periods ended September 24, 2022 and September 25, 2021

(Unaudited) (Millions of dollars, unless otherwise indicated)

### 4. NET EARNINGS PER SHARE

Basic net earnings per share and fully diluted net earnings per share were calculated using the following number of shares:

(Millions)	12 weeks		52 weeks	
	Fiscal Year		Fiscal Year	
	2022	2021	2022	2021
Weighted average number of shares outstanding – Basic	237.9	243.7	239.9	246.2
Dilutive effect under:				
Stock option plan	0.5	0.5	0.5	0.6
Performance share unit plan	0.3	0.5	0.4	0.5
Weighted average number of shares outstanding – Fully diluted	238.7	244.7	240.8	247.3

### 5. DEBT

On November 30, 2021, the Corporation issued through a private placement Series J unsecured senior notes in the aggregate principal amount of \$300.0, bearing interest at a fixed nominal rate of 1.92%, maturing on December 2, 2024. In conjunction with this offering, Metro entered into a \$300.0 interest rate swap effectively locking in a floating rate of interest of 11 basis points (0.11%) over the 3-month bankers' acceptance rate (CDOR) over the life of the Series J Notes. As at September 24, 2022, the balance of the Series J unsecured senior notes was \$285.1, reflecting a decrease in fair value adjustments relating to interest rate swaps designated as fair value hedges of \$14.9.

On December 1, 2021, the Corporation redeemed all of the Series C notes, bearing interest at a fixed nominal rate of 3.20%, in the amount of \$300.0 that matured on the same day.

On June 6, 2022, the Corporation redeemed all of the Series F notes bearing interest at a fixed nominal rate of 2.68% in the amount of \$300.0, maturing on December 5, 2022. The early redemption premium represents an amount of \$0.4 before tax.

In the second half of fiscal 2022, the Corporation entered into bond forward contracts designated as cash flow hedges on a component of a highly probable future debt issuance in the amount of \$250.0 that effectively locked-in a 10-year fixed interest rate of 2.998%.

### 6. CAPITAL STOCK

#### COMMON SHARES ISSUED

The Common Shares issued were summarized as follows:

	Number	
	(Thousands)	
Balance as at September 26, 2020	250,795	1,713.8
Shares redeemed for cash, excluding premium of \$402.6	(7,850)	(53.7)
Stock options exercised	446	14.2
Balance as at September 25, 2021	243,391	1,674.3
Shares redeemed for cash, excluding premium of \$421.5	(7,000)	(48.5)
Stock options exercised	538	23.5
Balance as at September 24, 2022	236,929	1,649.3



## Notes to interim condensed consolidated financial statements

Periods ended September 24, 2022 and September 25, 2021

(Unaudited) (Millions of dollars, unless otherwise indicated)

### TREASURY SHARES

The treasury shares were summarized as follows:

	Number	
	(Thousands)	
Balance as at September 26, 2020	552	(25.1)
Release	(110)	4.6
Balance as at September 25, 2021	<b>442</b>	<b>(20.5)</b>
Release	<b>(107)</b>	<b>4.3</b>
Balance as at September 24, 2022	<b>335</b>	<b>(16.2)</b>

The treasury shares are held in trust for the performance share unit plan (PSU). They are released into circulation when the PSUs settle.

Excluding treasury shares from the Common Shares issued, the Corporation had 236,594,000 outstanding Common Shares issued as at September 24, 2022 (242,949,000 as at September 25, 2021).

### STOCK OPTION PLAN

The outstanding options were summarized as follows:

	Number	Weighted average exercise price
	(Thousands)	(Dollars)
Balance as at September 26, 2020	2,322	41.27
Granted	488	55.95
Exercised	(446)	28.07
Cancelled	(46)	51.88
Balance as at September 25, 2021	<b>2,318</b>	<b>46.69</b>
Granted	<b>431</b>	<b>62.82</b>
Exercised	<b>(538)</b>	<b>38.98</b>
Cancelled	<b>(119)</b>	<b>55.79</b>
Balance as at September 24, 2022	<b>2,092</b>	<b>51.47</b>

The exercise prices of the outstanding options ranged from \$40.23 to \$62.82 as at September 24, 2022 with expiration dates up to 2028. Of these options, 626,650 could be exercised at a weighted average exercise price of \$43.57.

The compensation expense for these options amounted to \$0.4 and \$2.4 for the 12-week period and fiscal year ended September 24, 2022 (\$0.5 and \$2.3 in 2021).



## Notes to interim condensed consolidated financial statements

Periods ended September 24, 2022 and September 25, 2021

(Unaudited) (Millions of dollars, unless otherwise indicated)

### PERFORMANCE SHARE UNIT PLAN

The number of PSUs outstanding was as follows:

	Number (Thousands)
Balance as at September 26, 2020	618
Granted	231
Exercised	(171)
Cancelled	(63)
Balance as at September 25, 2021	<b>615</b>
Granted	<b>200</b>
Exercised	<b>(162)</b>
Cancelled	<b>(96)</b>
Balance as at September 24, 2022	<b>557</b>

The compensation expense for the PSU plan amounted to \$1.2 and \$6.2 for the 12-week period and fiscal year ended September 24, 2022 (\$1.9 and \$8.3 in 2021).

## 7. FINANCIAL INSTRUMENTS

The book and fair values of financial instruments, other than those with carrying amounts which were a reasonable approximation of their fair values, were as follows:

	<u>As at September 24, 2022</u>		<u>As at September 25, 2021</u>	
	Book value	Fair value	Book value	Fair value
<b>Other assets</b>				
Assets measured at amortized cost				
Loans to certain customers	49.3	49.3	50.3	50.3
<b>Debt</b>				
Liabilities measured at amortized cost				
Revolving Credit Facility	20.9	20.9	—	—
Series C Notes (note 5)	—	—	300.0	303.8
Series F Notes (note 5)	—	—	300.0	308.9
Series J Notes (note 5)	285.1	285.1	—	—
Series G Notes	450.0	418.8	450.0	488.1
Series B Notes	400.0	424.5	400.0	519.9
Series D Notes	300.0	288.6	300.0	363.4
Series H Notes	450.0	384.7	450.0	494.7
Series I Notes	400.0	292.8	400.0	377.3
Loans	49.2	49.2	49.7	49.7
	<b>2,355.2</b>	<b>2,164.6</b>	2,649.7	2,905.8

The fair values of loans to certain customers and loans payable are equivalent to their carrying values since their interest rates are comparable to market rates. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market inputs.



## **Notes to interim condensed consolidated financial statements**

**Periods ended September 24, 2022 and September 25, 2021**

*(Unaudited) (Millions of dollars, unless otherwise indicated)*

The fair value of notes represents the obligations that the Corporation would have to meet in the event of the negotiation of similar notes under current market conditions. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market inputs.

### **8. CHANGES IN DEFINED BENEFIT PLANS**

The Corporation recorded, in the consolidated statements of comprehensive income, an actuarial loss of \$59.4 mainly attributable to the decrease in the discount rate of 0.37% during the fourth quarter of 2022, net of variations in the fair value of assets. During fiscal 2022, the Corporation recorded actuarial gains of \$36.1, mainly attributable to the increase in the discount rates from 3.33% at September 25, 2021 to 4.95% at September 24, 2022, net of variations in the fair value on assets.

Post-employment benefits expense recorded in the consolidated statements of income during the 12-week period and fiscal year ending September 24, 2022 were \$22.0 and \$94.6, respectively.

### **9. COMPARATIVE FIGURES**

Cost of sales, gross profit and operating expenses have been reclassified from the Note Additional information on the nature of earnings components. These headings are now presented separately in the consolidated statements of income. Gains on the disposal of assets totaling \$7.4 in 2021 have also been reclassified from operating expenses to gain on disposal of assets in the consolidated statements of income.

### **10. APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements for the 12-week period and fiscal year ended September 24, 2022 (including comparative figures) were approved for issue by the Board of Directors on November 15, 2022.

#### **INFORMATION**

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are available on the Internet at the following address: [www.metro.ca](http://www.metro.ca)



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