INTERIM REPORT

12-week period ended September 28, 2024

4th Quarter 2024 and Fiscal 2024

HIGHLIGHTS

2024 FOURTH QUARTER

- **12-week quarter versus 13 weeks in 2023**
- **Sales of $4,938.4 million, down 2.6% and up 5.7% based on 12 weeks in 2023**
- **Food same-store sales[1] up 2.2%**
- **Pharmacy same-store sales[1] up 5.7%**
- **Net earnings of $219.9 million, down 1.0% and adjusted net earnings[1] of $226.5 million, down 1.0%**
- **Fully diluted net earnings per share of $0.98, up 2.1% and adjusted fully diluted net earnings per share[1] of $1.02, up 3.0%**
- **Transfer to the last phase of our automated fresh facility in Toronto completed**

FISCAL 2024

- **52-week fiscal year versus 53 weeks in 2023**
- **Sales of $21,219.9 million, up 2.4% and up 4.4% based on 52 weeks in 2023**
- **Net earnings of $931.7 million, down 8.5% and adjusted net earnings[1] of $972.9 million, down 3.3%**
- **Fully diluted net earnings per share of $4.11, down 5.5% and adjusted fully diluted net earnings per share[1] of $4.30, unchanged versus last year**
- **Successful completion of supply chain modernization program**

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[2] See section on "Forward-looking Information"

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REPORT TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our interim report for the fourth quarter of Fiscal 2024 ended September 28, 2024.

Sales in the fourth quarter of Fiscal 2024 ended on September 28, 2024 were $4,938.4 million, down 2.6% versus the fourth quarter of the prior year, and up 5.7% based on 12 weeks in 2023, driven by higher sales in our retail network this year and the negative impact of a labour conflict at 27 Metro stores in the Greater Toronto Area in the fourth quarter of 2023. Our food basket inflation was slightly higher than the reported CPI for food purchased from stores of 1.7%.

Food same-store sales(1) were up 2.2% in the fourth quarter of Fiscal 2024 (6.8% in the fourth quarter of 2023). Online food sales(1) were up 27.6% versus the comparable 12-week period last year (116.0% in the fourth quarter of 2023). Pharmacy same-store sales(1) were up 5.7% (5.5% in the fourth quarter of 2023), with a 6.8% increase in prescription drugs(1) and a 3.3% increase in front-store sales(1), primarily driven by over-the-counter products, cosmetics and health and beauty.

Fourth quarter net earnings were $219.9 million in Fiscal 2024 compared with $222.2 million in 2023 and fully diluted net earnings per share were $0.98 compared with $0.96 in 2023, down 1.0% and up 2.1% respectively. Adjusted net earnings(1) for the fourth quarter of Fiscal 2024 totalled $226.5 million compared with $228.8 million for the corresponding quarter of 2023, down 1.0%. Adjusted fully diluted net earnings per share(1) were $1.02, versus $0.99 in 2023, up 3.0%. In the fourth quarter of 2023, the labour conflict at 27 Metro stores in the Greater Toronto Area had an unfavorable impact of approximately $27.0 million after-tax or $0.12 per share and the 13th week had a favorable impact of $27.0 million net of tax or $0.12 per share. The fourth quarters of 2024 and 2023 included an adjustment for the after-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition.

On September 30, 2024, the Board of Directors declared a quarterly dividend of $0.3350 per share, the same amount declared last quarter.

Our 2024 fiscal year ended with a solid fourth quarter driven by strong comparable sales growth in both food and pharmacy on top of a very strong quarter last year. Our results for this transition year met our expectations and have landed well within the guidance provided last year. With the transfer to the last phase of our automated fresh facility in Toronto now complete, we have reached the final milestone of our 7-year, nearly billion-dollar investment in the modernization of our supply chain, providing capacity for future growth and efficiency. Finally, our MOI Rewards program was successfully launched in Ontario at the end of October, and we are very pleased with the customer response to date with more than 1,000,000 new members in just under four weeks.

Eric La Flèche
President and Chief Executive Officer

November 20, 2024

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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 28, 2024 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 28, 2024 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 2023 Annual Report. Unless otherwise stated, the interim report is based on information as at November 12, 2024.

Additional information, including the Certification of Interim Filings for the quarter ended September 28, 2024 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.sedarplus.ca.

OPERATING RESULTS

SALES

Sales in the fourth quarter of Fiscal 2024 ended on September 28, 2024 were $4,938.4 million, down 2.6% versus the fourth quarter of the prior year, and up 5.7% based on 12 weeks in 2023, driven by higher sales in our retail network this year and the negative impact of a labour conflict at 27 Metro stores in the Greater Toronto Area in the fourth quarter of 2023. Our food basket inflation was slightly higher than the reported CPI for food purchased from stores of 1.7%.

Food same-store sales(1) were up 2.2% in the fourth quarter of Fiscal 2024 (6.8% in the fourth quarter of 2023). Online food sales(1) were up 27.6% versus the comparable 12-week period last year (116.0% in the fourth quarter of 2023). Pharmacy same-store sales(1) were up 5.7% (5.5% in the fourth quarter of 2023), with a 6.8% increase in prescription drugs(1) and a 3.3% increase in front-store sales(1), primarily driven by over-the-counter products, cosmetics and health and beauty.

Sales for Fiscal 2024 totalled $21,219.9 million, up 2.4% compared to $20,724.6 million for Fiscal 2023, and up 4.4% based on 52 weeks in 2023.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND IMPAIRMENTS OF ASSETS

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

Operating income before depreciation and amortization and impairments of assets for the fourth quarter of Fiscal 2024 totalled $459.6 million, or 9.3% of sales, an increase of 2.6% versus the corresponding quarter of Fiscal 2023. For Fiscal 2024, operating income before depreciation and amortization and impairments of assets totalled $1,987.0 million or 9.4% of sales, up 0.9% versus Fiscal 2023. Fiscal 2024 included gains on disposal of assets of $6.8 million versus gains of $4.2 million last year.

Gross margin(1) for the fourth quarter and Fiscal 2024 were 19.7% versus 19.5% and 19.7% for the corresponding periods of 2023.

Operating expenses as a percentage of sales for the fourth quarter of Fiscal 2024 were 10.4% versus 10.7% in the corresponding quarter of 2023. Excluding the impact of the labour conflict last year, our operating expense as a percentage of sales for the fourth quarter of Fiscal 2023 would have been similar to this year. For Fiscal 2024, operating expenses as a percentage of sales were 10.4% versus 10.2% for Fiscal 2023. The increase in operating expenses is mainly due to the commissioning of our new automated distribution centre for fresh and frozen products in Terrebonne and the launch of the final phase of our fresh distribution centre in Toronto.

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DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the fourth quarter of Fiscal 2024 was $135.8 million versus $125.0 million for the corresponding quarter of 2023. For Fiscal 2024, total depreciation and amortization expense was $570.4 million versus $525.2 million for Fiscal 2023. The increase in depreciation and amortization expense is mainly due to the commissioning of our new automated distribution centre for fresh and frozen products in Terrebonne and the final phase of our fresh distribution centre in Toronto.

IMPAIRMENTS OF ASSETS

During the second quarter of Fiscal 2024, the Corporation recorded $20.8 million of impairments of assets resulting from the decision to have Metro stores in Ontario withdraw from the Air Miles® loyalty program in the summer of 2024. This impairment represents the entire carrying value of the loyalty program asset.

NET FINANCIAL COSTS

Net financial costs for the fourth quarter of Fiscal 2024 were $32.6 million compared with $30.1 million for the corresponding quarter of 2023. For Fiscal 2024, net financial costs were $145.7 million compared with $122.6 million for Fiscal 2023. The increase is mainly due to an increase in average debt and lower capitalized interest related to our distribution center automation projects.

INCOME TAXES

The income tax expense of $71.3 million for the fourth quarter of Fiscal 2024 represented an effective tax rate of 24.5% compared with an income tax expense of $70.7 million and an effective tax rate of 24.1% for the fourth quarter of Fiscal 2023. The income tax expense of $318.4 million for Fiscal 2024 and $303.0 million for Fiscal 2023 represented effective tax rates of 25.5% and 22.9% respectively. The increase in the effective tax rate in 2024 is mainly attributable to a favorable $40.7 million income tax entry in respect of prior years recorded in the third quarter of Fiscal 2023.

NET EARNINGS AND ADJUSTED NET EARNINGS(1)

Net earnings for the fourth quarter of Fiscal 2024 were $219.9 million compared with $222.2 million for the corresponding quarter of 2023, while fully diluted net earnings per share were $0.98 compared with $0.96 in 2023, down 1.0% and up 2.1% respectively. Excluding the specific item shown in the table below, adjusted net earnings(1) for the fourth quarter of Fiscal 2024 totalled $226.5 million compared with $228.8 million for the corresponding quarter of 2023, down 1.0%. Adjusted fully diluted net earnings per share(1) for the fourth quarter of Fiscal 2024 were $1.02, versus $0.99 in 2023, up 3.0%. In the fourth quarter of 2023, the labour conflict at 27 Metro stores in the Greater Toronto Area had an unfavorable impact of approximately $27.0 million after-tax or $0.12 per share and the 13th week had a favorable impact of $27.0 million net of tax or $0.12 per share.

Net earnings for Fiscal 2024 were $931.7 million compared with $1,018.8 million for Fiscal 2023, while fully diluted net earnings per share were $4.11 compared with $4.35 in 2023, down 8.5% and 5.5% respectively. Excluding the specific items shown in the table below, adjusted net earnings(1) for Fiscal 2024 totalled $972.9 million compared with $1,006.6 million for Fiscal 2023, down 3.3%. Adjusted fully diluted net earnings per share(1) for Fiscal 2024 amounted to $4.30 the same amount as Fiscal 2023. In 2023, the labour conflict at 27 Metro stores in the Greater Toronto Area had an unfavorable impact of approximately $27.0 million after-tax or $0.12 per share and the 53rd week had a favorable impact of $27.0 million net of tax or $0.12 per share.

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(2) See section on "Forward-looking Information"

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Net earnings and fully diluted net earnings per share (EPS) adjustments[1]

	2024 *(12 weeks)*		2023 *(13 weeks)*		Change (%)	
	Net earnings (Millions of dollars)	**Fully diluted EPS (Dollars)**	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Per financial statements	**219.9**	**0.98**	222.2	0.96	(1.0)	2.1
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[1]	**226.5**	**1.02**	228.8	0.99	(1.0)	3.0

	2024 *(52 weeks)*		2023 *(53 weeks)*		Change (%)	
	Net earnings (Millions of dollars)	**Fully diluted EPS (Dollars)**	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Per financial statements	**931.7**	**4.11**	1,018.8	4.35	(8.5)	(5.5)
Loss on impairment of a loyalty program, net of taxes of $2.7	**18.1**		—			
Gain on disposal of an investment in an associate, net of taxes of $1.6	**(5.4)**		—			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of $10.2	**28.5**		28.5			
Favorable tax adjustment in respect of prior years	**—**		(40.7)			
Adjusted measures[1]	**972.9**	**4.30**	1,006.6	4.30	(3.3)	—

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[2] *See section on "Forward-looking Information"*

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QUARTERLY HIGHLIGHTS

(Millions of dollars, unless otherwise indicated)	**2024**	2023	Change *(%)*
Sales			
Q4[3]	**4,938.4**	5,071.7	(2.6)
Q3[4]	**6,651.8**	6,427.5	3.5
Q2[5]	**4,655.5**	4,554.5	2.2
Q1[5]	**4,974.2**	4,670.9	6.5
Net earnings			
Q4[3]	**219.9**	222.2	(1.0)
Q3[4]	**296.2**	346.7	(14.6)
Q2[5]	**187.1**	218.8	(14.5)
Q1[5]	**228.5**	231.1	(1.1)
Adjusted net earnings[1]			
Q4[3]	**226.5**	228.8	(1.0)
Q3[4]	**305.0**	314.8	(3.1)
Q2[5]	**206.4**	225.4	(8.4)
Q1[5]	**235.0**	237.6	(1.1)
Fully diluted net earnings per share ***(Dollars)***			
Q4[3]	**0.98**	0.96	2.1
Q3[4]	**1.31**	1.49	(12.1)
Q2[5]	**0.83**	0.93	(10.8)
Q1[5]	**0.99**	0.97	2.1
Adjusted fully diluted net earnings per share[1] ***(Dollars)***			
Q4[3]	**1.02**	0.99	3.0
Q3[4]	**1.35**	1.35	—
Q2[5]	**0.91**	0.96	(5.2)
Q1[5]	**1.02**	1.00	2.0

[3] 12 weeks in 2024, 13 weeks in 2023
[4] 16 weeks
[5] 12 weeks

Sales in the fourth quarter of Fiscal 2024 ended on September 28, 2024 were $4,938.4 million, down 2.6% versus the fourth quarter of the prior year, and up 5.7% based on 12 weeks in 2023, driven by higher sales in our retail network this year and the negative impact of a labour conflict at 27 Metro stores in the Greater Toronto Area in the fourth quarter of 2023. Our food basket inflation was slightly higher than the reported CPI for food purchased from stores of 1.7%. Food Same-store sales[1] were up 2.2% in the fourth quarter of Fiscal 2024 (6.8% in the fourth quarter of 2023). Online food sales[1] were up 27.6% versus the comparable 12-week period last year (116.0% in the fourth quarter of 2023). Pharmacy same-store sales[1] were up 5.7% (5.5% in the fourth quarter of 2023), with a 6.8% increase in prescription drugs[1] and a 3.3% increase in front-store sales[1], primarily driven by over-the-counter products, cosmetics and health and beauty.

Sales in the third quarter of Fiscal 2024 ended on July 6, 2024 were $6,651.8 million, up 3.5% versus the third quarter of the prior year which ended on July 1, 2023, driven by higher sales in our retail network. Our food basket inflation was slightly lower than the reported CPI for food purchased from stores of 1.1%. Food same-store sales[1] were up 2.4% in the third quarter of Fiscal 2024 (9.4% in the third quarter of 2023). Pharmacy same-store sales[1] were up 5.2% (5.9% in the third quarter of 2023), with a 6.3% increase in prescription drugs[1] and a 3.0% increase in front-store sales[1], primarily driven by over-the-counter products, cosmetics and health and beauty.

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Sales in the second quarter of Fiscal 2024 ended on March 16, 2024 were $4,655.5 million, up 2.2% versus the second quarter of the prior year which ended on March 11, 2023, driven by higher sales in our retail network. Our food basket inflation was about 3.0%, down from 4.0% in the previous quarter. Food same-store sales[(1)] were up 0.2% in the second quarter of Fiscal 2024 (5.8% in the second quarter of 2023), and up 2.7% when adjusting for the Christmas shift. Pharmacy same-store sales[(1)] were up 5.9% (7.3% in the second quarter of 2023), with a 6.0% increase in prescription drugs[(1)] and a 5.8% increase in front-store sales[(1)], driven by a strong cough and cold season and effective merchandising strategies.

Sales in the first quarter of Fiscal 2024 ended on December 23, 2023 were $4,974.2 million, up 6.5% versus the first quarter of the prior year which ended on December 17, 2022. Food same-store sales[(1)] were up 6.1% (7.5% in the first quarter of 2023), and up 3.4% when adjusting for the Christmas shift. Our food basket inflation was about 4.0%, lower than reported CPI and down from 5.5% in the previous quarter. Pharmacy same-store sales[(1)] were up 3.9% (7.7% in the first quarter of 2023), with a 6.6% increase in prescription drugs[(1)] and a 1.2% decrease in front-store sales[(1)], as we cycled very high sales last year due to an exceptionally strong cough and cold season.

Net earnings for the fourth quarter of Fiscal 2024 were $219.9 million compared with $222.2 million for the corresponding quarter of 2023, while fully diluted net earnings per share were $0.98 compared with $0.96 in 2023, down 1.0% and up 2.1% respectively. Adjusted net earnings[(1)] for the fourth quarter of Fiscal 2024 totalled $226.5 million compared with $228.8 million for the corresponding quarter of 2023, down 1.0%. Adjusted fully diluted net earnings per share[(1)] for the fourth quarter of Fiscal 2024 were $1.02, versus $0.99 in 2023, up 3.0%. In the fourth quarter of 2023, the labour conflict at 27 Metro stores in the Greater Toronto Area had an unfavorable impact of approximately $27.0 million after-tax or $0.12 per share and the 13th week had a favorable impact of $27.0 million net of tax or $0.12 per share. The fourth quarters of 2024 and 2023 included an adjustment for the pre-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of $9.0 million, as well as the income taxes relating to this item.

Net earnings for the third quarter of Fiscal 2024 were $296.2 million compared with $346.7 million for the corresponding quarter of 2023, while fully diluted net earnings per share were $1.31 compared with $1.49 in 2023, down 14.6% and 12.1% respectively. Adjusted net earnings[(1)] for the third quarter of Fiscal 2024 totalled $305.0 million compared with $314.8 million for the corresponding quarter of 2023, down 3.1% and adjusted fully diluted net earnings per share[(1)] were $1.35, the same amount as the corresponding quarter of 2023. The third quarters of 2024 and 2023 included an adjustment for the pre-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of $11.9 million, as well as the income taxes relating to this item and the third quarter of 2023 also included an adjustment for a favorable $40.7 million income tax entry in respect of prior years.

Net earnings for the second quarter of Fiscal 2024 were $187.1 million compared with $218.8 million for the corresponding quarter of 2023, while fully diluted net earnings per share were $0.83 compared with $0.93 in 2023, down 14.5% and 10.8% respectively. Adjusted net earnings[(1)] for the second quarter of Fiscal 2024 totalled $206.4 million compared with $225.4 million for the corresponding quarter of 2023 and adjusted fully diluted net earnings per share[(1)] were $0.91 versus $0.96, down 8.4% and 5.2% respectively. The second quarters of 2024 and 2023 included an adjustment for the pre-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of $8.9 million and the second quarter of 2024 also included a loss on the impairment of a loyalty program of $20.8 million and a gain on disposal of an investment in an associate of $7.0 million, as well as the income taxes relating to these items.

Net earnings for the first quarter of Fiscal 2024 were $228.5 million compared with $231.1 million for the corresponding quarter of 2023, while fully diluted net earnings per share were $0.99 compared with $0.97 in 2023, down 1.1% and up 2.1% respectively. Adjusted net earnings[(1)] for the first quarter of Fiscal 2024 totalled $235.0 million compared with $237.6 million for the corresponding quarter of 2023 and adjusted fully diluted net earnings per share[(1)] were $1.02 versus $1.00, down 1.1% and up 2.0% respectively. The first quarters of 2024 and 2023 included an adjustment for the pre-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of $8.9 million as well as the income taxes relating to this item.

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[(2)] *See section on "Forward-looking Information"*

(Millions of dollars)	**2024** Q4	Q3	Q2	Q1	2023 Q4	Q3	Q2	Q1
Net earnings	**219.9**	**296.2**	**187.1**	**228.5**	222.2	346.7	218.8	231.1
Loss on impairment of a loyalty program, net of taxes	**—**	**—**	**18.1**	**—**	—	—	—	—
Gain on disposal of an investment in an associate, net of taxes	**—**	**—**	**(5.4)**	**—**	—	—	—	—
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes	**6.6**	**8.8**	**6.6**	**6.5**	6.6	8.8	6.6	6.5
Favorable tax adjustment in respect of prior years	**—**	**—**	**—**	**—**	—	(40.7)	—	—
Adjusted net earnings(1)	**226.5**	**305.0**	**206.4**	**235.0**	228.8	314.8	225.4	237.6

(Dollars)	**2024** Q4	Q3	Q2	Q1	2023 Q4	Q3	Q2	Q1
Fully diluted net earnings per share	**0.98**	**1.31**	**0.83**	**0.99**	0.96	1.49	0.93	0.97
Adjustments impact	**0.04**	**0.04**	**0.08**	**0.03**	0.03	(0.14)	0.03	0.03
Adjusted fully diluted net earnings per share(1)	**1.02**	**1.35**	**0.91**	**1.02**	0.99	1.35	0.96	1.00

CASH POSITION

OPERATING ACTIVITIES

In the fourth quarter of Fiscal 2024, operating activities generated cash inflows of $456.7 million compared with $387.1 million in the corresponding quarter of 2023. The increase is mainly due to changes in non-cash working capital items during the quarter compared to last year. In Fiscal 2024, operating activities generated cash inflows of $1,680.0 million compared with $1,563.5 million for Fiscal 2023. The increase is mainly due to changes in non-cash working capital items during the year compared to last year.

INVESTING ACTIVITIES

Investing activities required cash outflows of $150.1 million for the fourth quarter of Fiscal 2024 compared with $207.6 million for the corresponding quarter of 2023. This difference stemmed mainly from lower investments in tangible and intangible assets of $58.5 million in 2024.

In Fiscal 2024, investing activities required cash outflows of $456.4 million compared with $572.5 million in 2023. This difference stemmed mainly from lower investments in tangible and intangible assets of $100.2 million in 2024 notably due to our investment in our automated distribution center in Terrebonne in Fiscal 2023.

During Fiscal 2024, we and our retailers opened 9 stores, carried out major expansions and renovations of 11 stores, 2 stores were relocated and 5 stores were closed for a net increase of 318,100 square feet or 1.5% of our food retail network.

FINANCING ACTIVITIES

In the fourth quarter of 2024, financing activities required cash outflows of $282.5 million compared with $174.7 million in the corresponding quarter of 2023. The variation is mainly due to higher debt repayments in 2024. In Fiscal 2024, financing activities required cash outflows of $1,223.7 million compared with $974.9 million in 2023. This difference is mainly due to lower debt increase of $148.2 million and higher debt repayments of $173.4 million in 2024 compared to 2023, partially offset by lower share repurchases in 2024.

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FINANCIAL POSITION

We do not anticipate[2] any liquidity risk and consider our financial position at the end of Fiscal 2024 as very solid. We had an unused authorized revolving credit facility of $564.6 million.

At the end of Fiscal 2024, the main elements of our debt were as follows:

	Interest Rate	Maturity	Notional *(Millions of dollars)*
Revolving Credit Facility	Rates fluctuate with changes in bankers' acceptance rates	October 27, 2028	35.4
Series J Notes	1.92% fixed nominal rate	December 2, 2024	300.0
Series G Notes	3.39% fixed nominal rate	December 6, 2027	450.0
Series K Notes	4.66% fixed nominal rate	February 7, 2033	300.0
Series B Notes	5.97% fixed nominal rate	October 15, 2035	400.0
Series D Notes	5.03% fixed nominal rate	December 1, 2044	300.0
Series H Notes	4.27% fixed nominal rate	December 4, 2047	450.0
Series I Notes	3.41% fixed nominal rate	February 28, 2050	400.0

On February 6, 2023, the Corporation issued through a private placement Series K unsecured senior notes in the aggregate principal amount of $300.0 million, bearing interest at a fixed nominal rate of 4.66%, maturing on February 7, 2033. In anticipation of this issuance, on November 14, 2022, the Corporation entered into a bond forward contract designated as cash flow hedge 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 2.996%. The effective part of the loss on the hedging instrument was recognized in Other Comprehensive Income. Following the Series K Notes issuance, the amounts accumulated in equity were reclassified to net financial costs on a linear basis over the life of the debt.

During Fiscal 2022, the Corporation 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 28, 2024, the balance of the Series J unsecured senior notes was $298.8 million ($288.9 million as at September 30, 2023), reflecting an increase in fair value adjustments relating to interest rate swaps designated as fair value hedges of $9.9 million in 2024 (increase of $3.8 million in 2023).

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at September 28, 2024	As at September 30, 2023
Number of Common Shares outstanding *(Thousands)*	**222,414**	228,653
Stock options:		
Number outstanding *(Thousands)*	**2,179**	2,226
Exercise prices *(Dollars)*	**41.16 to 77.75**	40.23 to 77.75
Weighted average exercise price *(Dollars)*	**61.15**	56.42
Performance share units:		
Number outstanding *(Thousands)*	**571**	572

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 27, 2023 and November 26, 2024. Between November 27, 2023 and November 12, 2024, the Corporation has repurchased 7,000,000 Common Shares at an average price of $72.90, for a total consideration of $510.3 million. The Corporation intends[2] to renew its normal course issuer bid program as an additional option for using excess funds.

[1] This measurement is presented for information purpose only. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies. See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

[2] See section on "Forward-looking Information"

metro

DIVIDENDS

On September 30, 2024, the Board of Directors declared a quarterly dividend of $0.3350 per share, the same amount declared last quarter.

SHARE TRADING

The value of METRO shares remained in the $65.43 to $87.22 range over Fiscal 2024. During this period, a total of 113.0 million shares were traded on the Toronto Stock Exchange. The closing price on November 12, 2024 was $87.68 compared with $84.84 at the end of Fiscal 2024.

NEW ACCOUNTING STANDARD

ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*, and consequential amendments to several other standards. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, with prescribed subtotals for each new category. It also requires disclosure of management-defined performance measures which will now form part of the audited financial statements.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Corporation is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

CONTINGENCIES

In the normal course of business, various proceedings and claims are instituted against the Corporation. The Corporation contests the validity of these claims and proceedings and at this stage, the Corporation does not believe that these matters will have a material effect on the Corporation's financial position or on consolidated earnings. However, since any litigation involves uncertainty, it is not possible to predict the outcome of these claims or the amount of potential losses. No accruals or provisions for contingent losses have been recognized in the Corporation's annual consolidated financial statements.

In May 2019, two (2) proposed class actions relating to opioids were filed in Ontario and in Québec by opioid end users against a large group of defendants including, in Québec, a subsidiary of the Corporation, Pro Doc, and, in Ontario, Pro Doc and Jean Coutu Group. In December 2023, the Ontario Superior Court of Justice dismissed the class action against Pro Doc, Jean Coutu Group and the distributor defendants. As plaintiff did not appeal the decision, this decision is therefore final. In April 2024, the Quebec Superior Court authorized the class action, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. In October 2024, the Quebec Court of Appeal dismissed defendants' applications for leave to appeal.

In February 2020, a proposed class action relating to opioids was filed in British Columbia by opioid end users against a large group of defendants including subsidiaries of the Corporation, Pro Doc and Jean Coutu Group. In April 2021, multiple defendants, including Pro Doc and Jean Coutu Group, were served with a proposed class action relating to opioids and filed by the City of Grande Prairie, in Alberta. In September 2021, multiple defendants, including Pro Doc and Jean Coutu Group, were served with a proposed class action relating to opioids and filed by the Peter Ballantyne Cree Nation and the Lac La Ronge Indian Band, in Saskatchewan. The allegations in these proposed class actions are similar to the allegations contained in the proposed class action filed by the Province of British Columbia in August 2018 against numerous manufacturers and distributors of opioids, including subsidiaries of the Corporation, Pro Doc and Jean Coutu Group. All these proposed class actions contain allegations of breach of the *Competition Act*, of fraudulent misrepresentation and deceit, and negligence. The Province of British Columbia seeks damages (unquantified) on behalf of all federal, provincial and territorial governments and agencies for expenses allegedly incurred in paying for opioid prescriptions and other healthcare costs that would be related to opioid addiction and abuse while the Québec claim and the British Columbia proposed claim filed by opioid end users seek recovery of

(1) This measurement is presented for information purpose only. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies. See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

(2) See section on "Forward-looking Information"

damages on behalf of opioid end users in general. The City of Grande Prairie, on its behalf and on behalf of all Canadian municipalities and local governments, seeks damages which are unquantified in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. The Peter Ballantyne Cree Nation and the Lac La Ronge Indian Band are attempting a similar recourse, claiming unquantified damages from multiple defendants on their own behalf and on behalf of all Indigenous, First Nations, Inuit and Metis communities and governments in Canada. The Corporation believes these proceedings are without merits and that, in certain cases, there is no jurisdiction. No provisions for contingent losses have been recognized in the Corporation's annual financial statements.

In 2017, the Canadian Competition Bureau began an investigation into the supply and sale of commercial bread which involves certain Canadian suppliers and retailers, including the Corporation. Based on the information available to date, the Corporation does not believe that it or any of its employees have violated the *Competition Act*. Proposed class-action lawsuits have also been filed against the Corporation, suppliers and other retailers. On December 19, 2019, the Québec Superior Court granted the application for authorization to institute one of these class actions, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. On December 31, 2021, the Ontario Superior Court of Justice partially certified another of these class actions. The Corporation is contesting all these actions at the certification and on the merits. No provisions for contingent losses have been recognized in the Corporation's annual consolidated financial statements.

During the 2016 fiscal year, an application for authorization to institute a class action was served on Jean Coutu Group by Sopropharm, an association incorporated under the *Professional Syndicates Act* of which certain franchised drugstore owners of the Jean Coutu Group are members. The application seeks to have the class action authorized in the form of a declaratory action seeking amongst others (i) to set aside certain contractual provisions of the Jean Coutu Group's standard franchise agreements, including the clause providing for the payment of royalties on sales of medication by franchised establishments; (ii) to restore certain benefits; and (iii) to reduce certain contractual obligations. On November 1, 2018, the Québec Superior Court granted the application for authorization to institute a class action, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. The Corporation contests this action on the merits. No provisions for contingent losses have been recognized in the Corporation's annual consolidated financial statements.

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", "expect" 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 2025 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. Risk factors that could cause actual results or events to differ materially from our expectations as expressed in, or implied by, our forward-looking statements are described and discussed under the "Risk Management" section in our Annual Report 2023.

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.

(1) This measurement is presented for information purpose only. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies. See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

(2) See section on "Forward-looking Information"

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.

NON-GAAP FINANCIAL MEASURES

Adjusted net earnings is a non-GAAP financial measurement that, with respect to its composition, is adjusted to exclude special items from the composition of the most directly comparable financial measure disclosed in our consolidated financial statements, which is net earnings. Special items may include acquisition and restructuring charges, gains or losses on the disposal of investments, amortization and impairment losses of intangible assets resulting from a business acquisition, and significant prior-year tax adjustments.

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. The non-GAAP component used is adjusted net earnings(1). Adjusted fully diluted net earnings per share is calculated by dividing the adjusted net earnings(1) attributable to equity holders of the parent by the weighted average number of Common Shares outstanding during the year, adjusted to reflect all potential dilutive shares.

We believe that presenting this ratio, in which a non-GAAP financial measurement is used as one or more of its components, 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 are defined as comparable retail sales of stores with more than 52 consecutive weeks of operations, including relocated, expanded and renovated locations. Food same-store sales is a measure based on all stores in our network, including those whose sales are not included in the Corporation's consolidated financial statements.

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

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. Pharmacy same-store sales do not form part of the Corporation’s consolidated financial statements because the pharmacies are held by pharmacist owners.

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

(1) *This measurement is presented for information purpose only. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies. See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"*

(2) *See section on "Forward-looking Information"*

OUTLOOK[2]

As we begin our 2025 fiscal year, the significant investments in the modernization of our supply chain are largely behind us, and we are now focused on realizing efficiency gains and improving the service to our store network. These investments have also positioned us well for growth through the expansion of our retail network in the years ahead. We expect to gradually resume our profit growth in Fiscal 2025 and we maintain our publicly disclosed annual growth target of between 8% and 10% of adjusted net earnings per share over the medium and long term.

Montréal, November 20, 2024

(1) This measurement is presented for information purpose only. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies. See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

(2) See section on "Forward-looking Information"

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[(1)] This measurement is presented for information purpose only. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies. See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

[(2)] See section on "Forward-looking Information"

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Interim Condensed Consolidated Financial Statements
(*Unaudited)*

METRO INC.

September 28, 2024

metro

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Consolidated statements of net income

Periods ended September 28, 2024 and September 30, 2023

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

	Fiscal Year		Fiscal Year	
	2024	2023	**2024**	2023
	(12 weeks)	*(13 weeks)*	***(52 weeks)***	*(53 weeks)*
Sales *(note 3)*	**4,938.4**	5,071.7	**21,219.9**	20,724.6
Cost of sales	**(3,964.1)**	(4,083.3)	**(17,040.6)**	(16,642.4)
Gross profit	**974.3**	988.4	**4,179.3**	4,082.2
Operating expenses	**(514.8)**	(540.3)	**(2,199.1)**	(2,116.8)
Gains (losses) on disposal of assets	**0.1**	(0.1)	**6.8**	4.2
Operating income before depreciation and amortization and impairments of assets	**459.6**	448.0	**1,987.0**	1,969.6
Depreciation and amortization	**(135.8)**	(125.0)	**(570.4)**	(525.2)
Impairments of assets *(note 4)*	**—**	—	**(20.8)**	—
Net financial costs	**(32.6)**	(30.1)	**(145.7)**	(122.6)
Earnings before income taxes	**291.2**	292.9	**1,250.1**	1,321.8
Income taxes *(note 5)*	**(71.3)**	(70.7)	**(318.4)**	(303.0)
Net earnings	**219.9**	222.2	**931.7**	1,018.8
Attributable to:				
Equity holders of the parent	**219.4**	221.6	**928.8**	1,014.8
Non-controlling interest	**0.5**	0.6	**2.9**	4.0
	219.9	222.2	**931.7**	1,018.8
Net earnings per share *(Dollars) (note 6)*				
Basic	**0.99**	0.96	**4.13**	4.36
Fully diluted	**0.98**	0.96	**4.11**	4.35

See accompanying notes

metro

Consolidated statements of comprehensive income

Periods ended September 28, 2024 and September 30, 2023

(Unaudited) (Millions of dollars)

	Fiscal Year		Fiscal Year	
	2024	2023	**2024**	2023
	(12 weeks)	*(13 weeks)*	***(52 weeks)***	*(53 weeks)*
Net earnings	**219.9**	222.2	**931.7**	1,018.8
Other comprehensive income				
Items that will not be reclassified to net earnings				
Changes in defined benefit plans				
Actuarial gains *(note 11)*	**29.7**	11.7	**45.0**	73.0
Asset ceiling effect	**29.0**	2.5	**22.9**	(21.8)
Corresponding income taxes	**(15.6)**	(3.8)	**(18.0)**	(13.6)
	43.1	10.4	**49.9**	37.6
Items that will be reclassified later to net earnings				
Change in fair value of derivatives designated as cash flow hedges	**—**	—	**—**	(3.0)
Reclassification of the change in fair value of derivatives designated as cash flow hedges to net earnings	**—**	—	**0.1**	0.1
Corresponding income taxes	**—**	—	**—**	0.8
	—	—	**0.1**	(2.1)
	43.1	10.4	**50.0**	35.5
Comprehensive income	**263.0**	232.6	**981.7**	1,054.3
Attributable to:				
Equity holders of the parent	**262.5**	232.0	**978.8**	1,050.3
Non-controlling interest	**0.5**	0.6	**2.9**	4.0
	263.0	232.6	**981.7**	1,054.3

See accompanying notes

metro

Consolidated statements of financial position

(Unaudited) (Millions of dollars)

	As at September 28, 2024	As at September 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	**29.4**	29.5
Accounts receivable	**749.7**	728.3
Accounts receivable on subleases	**96.1**	96.1
Inventories	**1,508.3**	1,451.0
Prepaid expenses	**73.2**	65.9
Current taxes	**17.3**	32.8
	2,474.0	2,403.6
Non-current assets		
Fixed assets	**3,951.3**	3,768.3
Right-of-use assets	**953.9**	942.8
Intangible assets	**2,698.9**	2,733.0
Goodwill	**3,314.2**	3,307.4
Deferred taxes	**35.9**	37.9
Defined benefit assets	**225.9**	160.5
Accounts receivable on subleases	**404.7**	426.5
Other assets	**81.8**	85.3
	14,140.6	13,865.3
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	**1,645.9**	1,619.4
Deferred revenues	**42.7**	36.8
Current taxes	**16.2**	6.9
Current portion of debt *(note 7)*	**317.2**	19.3
Current portion of lease liabilities	**263.6**	278.4
	2,285.6	1,960.8
Non-current liabilities		
Debt *(note 7)*	**2,357.1**	2,646.3
Lease liabilities	**1,372.6**	1,380.3
Defined benefit liabilities	**37.5**	29.4
Deferred taxes	**1,042.2**	1,001.6
Other liabilities	**6.7**	30.6
	7,101.7	7,049.0
Equity		
Attributable to equity holders of the parent	**7,021.7**	6,801.2
Attributable to non-controlling interest	**17.2**	15.1
	7,038.9	6,816.3
	14,140.6	13,865.3

See accompanying notes

metro

Consolidated statements of changes in equity

Periods ended September 28, 2024 and September 30, 2023

(Unaudited) (Millions of dollars)

	Attributable to the equity holders of the parent							
	Capital stock *(note 8)*	Treasury shares *(note 8)*	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interest	Total equity
Balance as at September 30, 2023	**1,601.1**	**(17.9)**	**23.6**	**5,195.6**	**(1.2)**	**6,801.2**	**15.1**	**6,816.3**
Net earnings	**—**	**—**	**—**	**928.8**	**—**	**928.8**	**2.9**	**931.7**
Other comprehensive income	**—**	**—**	**—**	**49.9**	**0.1**	**50.0**	**—**	**50.0**
Comprehensive income	**—**	**—**	**—**	**978.7**	**0.1**	**978.8**	**2.9**	**981.7**
Stock options exercised	**21.4**	**—**	**(2.5)**	**—**	**—**	**18.9**	**—**	**18.9**
Shares redeemed *(note 8)*	**(47.0)**	**—**	**—**	**—**	**—**	**(47.0)**	**—**	**(47.0)**
Share redemption premium *(note 8)*	**—**	**—**	**—**	**(431.2)**	**—**	**(431.2)**	**—**	**(431.2)**
Tax on share redemption	**—**	**—**	**—**	**(7.1)**	**—**	**(7.1)**	**—**	**(7.1)**
Acquisition of treasury shares	**—**	**(7.5)**	**—**	**—**	**—**	**(7.5)**	**—**	**(7.5)**
Share-based compensation cost	**—**	**—**	**9.6**	**—**	**—**	**9.6**	**—**	**9.6**
Performance share units settlement	**—**	**5.8**	**(5.2)**	**—**	**—**	**0.6**	**—**	**0.6**
Dividends	**—**	**—**	**—**	**(294.6)**	**—**	**(294.6)**	**(0.8)**	**(295.4)**
	(25.6)	**(1.7)**	**1.9**	**(732.9)**	**—**	**(758.3)**	**(0.8)**	**(759.1)**
Balance as at September 28, 2024	**1,575.5**	**(19.6)**	**25.5**	**5,441.4**	**(1.1)**	**7,021.7**	**17.2**	**7,038.9**

	Attributable to the equity holders of the parent							
	Capital stock	Treasury shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interest	Total equity
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
Net earnings	—	—	—	1,014.8	—	1,014.8	4.0	1,018.8
Other comprehensive income	—	—	—	37.6	(2.1)	35.5	—	35.5
Comprehensive income	—	—	—	1,052.4	(2.1)	1,050.3	4.0	1,054.3
Stock options exercised	8.8	—	(1.0)	—	—	7.8	—	7.8
Shares redeemed *(note 8)*	(57.0)	—	—	—	—	(57.0)	—	(57.0)
Share redemption premium *(note 8)*	—	—	—	(529.0)	—	(529.0)	—	(529.0)
Acquisition of treasury shares	—	(7.6)	—	—	—	(7.6)	—	(7.6)
Share-based compensation cost	—	—	7.2	—	—	7.2	—	7.2
Performance share units settlement	—	5.9	(5.9)	—	—	—	—	—
Dividends	—	—	—	(275.0)	—	(275.0)	(1.4)	(276.4)
Buyout of minority interests	—	—	—	—	—	—	(1.4)	(1.4)
	(48.2)	(1.7)	0.3	(804.0)	—	(853.6)	(2.8)	(856.4)
Balance as at September 30, 2023	1,601.1	(17.9)	23.6	5,195.6	(1.2)	6,801.2	15.1	6,816.3

See accompanying notes

metro

Consolidated statements of cash flows

Periods ended September 28, 2024 and September 30, 2023

(Unaudited) (Millions of dollars)

	Fiscal Year		Fiscal Year	
	2024	2023	**2024**	2023
	(12 weeks)	*(13 weeks)*	***(52 weeks)***	*(53 weeks)*
Operating activities				
Earnings before income taxes	**291.2**	292.9	**1,250.1**	1,321.8
Non-cash items				
Depreciation and amortization	**135.8**	125.0	**570.4**	525.2
(Gains) losses on disposal of assets	**(0.1)**	0.1	**(6.8)**	(4.2)
Impairment losses of assets *(note 4)*	**—**	—	**20.8**	—
Share-based compensation cost	**3.0**	3.1	**13.1**	12.0
Difference between amounts paid for employee benefits and current period cost	**1.8**	6.3	**17.1**	21.0
Net financial costs	**32.6**	30.1	**145.7**	122.6
	464.3	457.5	**2,010.4**	1,998.4
Net change in non-cash working capital items	**65.4**	(3.3)	**(54.3)**	(125.5)
Income taxes paid	**(73.0)**	(67.1)	**(276.1)**	(309.4)
	456.7	387.1	**1,680.0**	1,563.5
Investing activities				
Net proceed on disposal of an investment in an associate	**—**	—	**13.3**	—
Buyout of minority interests	**—**	—	**—**	(1.4)
Net change in other assets	**0.2**	1.1	**0.7**	0.3
Additions to fixed assets	**(155.8)**	(211.2)	**(499.0)**	(597.2)
Disposal of fixed assets	**0.1**	0.8	**0.8**	1.2
Additions to intangible assets	**(12.4)**	(15.5)	**(80.7)**	(82.7)
Payments received from subleases	**15.1**	14.6	**93.4**	92.9
Interest received from subleases	**2.7**	2.6	**15.1**	14.4
	(150.1)	(207.6)	**(456.4)**	(572.5)
Financing activities				
Shares issued	**2.6**	0.8	**18.9**	7.8
Shares redeemed	**(21.5)**	(79.0)	**(478.2)**	(586.0)
Acquisition of treasury shares *(note 8)*	**—**	—	**(7.5)**	(7.6)
Performance share units settlement	**—**	—	**(2.1)**	—
Increase in debt *(note 7)*	**1.0**	41.4	**327.5**	500.9
Repayment of debt *(note 7)*	**(123.4)**	(4.3)	**(336.4)**	(188.2)
Interest paid on debt	**(15.4)**	(14.4)	**(132.0)**	(113.1)
Payment of lease liabilities (principal)	**(41.9)**	(41.6)	**(267.8)**	(269.1)
Payment of lease liabilities (interest)	**(8.7)**	(7.4)	**(50.6)**	(44.8)
Net change in other liabilities	**(0.7)**	(0.9)	**(0.9)**	0.2
Dividends	**(74.5)**	(69.3)	**(294.6)**	(275.0)
	(282.5)	(174.7)	**(1,223.7)**	(974.9)
Net change in cash and cash equivalents	**24.1**	4.8	**(0.1)**	16.1
Cash and cash equivalents — beginning of period	**5.3**	24.7	**29.5**	13.4
Cash and cash equivalents — end of period	**29.4**	29.5	**29.4**	29.5

see accompanying notes

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

1. STATEMENT PRESENTATION

METRO INC. (the Corporation), is incorporated under the laws of Québec. The Corporation is one of Canada's leading food and pharmacy retailers and distributors. It 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 business segments, food operations and pharmaceutical operations, are combined into a single 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 28, 2024 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 30, 2023. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes which were presented in the Corporation's 2023 Annual Report.

2. NEW ACCOUNTING STANDARD

ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*, and consequential amendments to several other standards. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, with prescribed subtotals for each new category. It also requires disclosure of management-defined performance measures which will now form part of the audited financial statements.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Corporation is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

3. SALES

The following table disaggregates the Corporation's sales based upon where the ultimate sales to consumers occur in our network of stores:

	Fiscal Year		Fiscal Year	
	2024	2023	**2024**	2023
	(12 weeks)	*(13 weeks)*	***(52 weeks)***	*(53 weeks)*
Food	**3,862.9**	3,969.7	**16,577.4**	16,214.8
Pharmacy	**1,075.5**	1,102.0	**4,642.5**	4,509.8
	4,938.4	5,071.7	**21,219.9**	20,724.6

4. IMPAIRMENTS OF ASSETS

During the second quarter of Fiscal 2024, the Corporation recorded $20.8 of impairments of assets resulting from the decision to have Metro stores in Ontario withdraw from the Air Miles® loyalty program in the summer of 2024. The loss represents the excess in the carrying value of the indefinite-lived intangible over the recoverable amount. The recoverable amount is based on fair value less costs of disposal 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 use of 8.3%.

5. INCOME TAXES

The effective income tax rates were as follows:

	Fiscal Year		Fiscal Year	
(Percentage)	**2024** ***(12 weeks)***	2023 *(13 weeks)*	**2024** ***(52 weeks)***	2023 *(53 weeks)*
Combined statutory income tax rate	**26.5**	26.5	**26.5**	26.5
Changes				
Favorable tax adjustment in respect of prior years	**(2.1)**	(1.8)	**(1.3)**	(3.5)
Other	**0.1**	(0.6)	**0.3**	(0.1)
	24.5	24.1	**25.5**	22.9

6. NET EARNINGS PER SHARE

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

	Fiscal Year		Fiscal Year	
(Millions)	**2024** ***(12 weeks)***	2023 *(13 weeks)*	**2024** ***(52 weeks)***	2023 *(53 weeks)*
Weighted average number of shares outstanding – Basic	**222.6**	229.0	**225.1**	232.5
Dilutive effect under:				
Stock option plan	**0.5**	0.5	**0.4**	0.5
Performance share unit plan	**0.3**	0.3	**0.3**	0.3
Weighted average number of shares outstanding – Fully diluted	**223.4**	229.8	**225.8**	233.3

7. DEBT

On February 6, 2023, the Corporation issued through a private placement Series K unsecured senior notes in the aggregate principal amount of $300.0, bearing interest at a fixed nominal rate of 4.66%, maturing on February 7, 2033. In anticipation of this issuance, on November 14, 2022, the Corporation entered into a bond forward contract designated as cash flow hedge 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 2.996%. The effective part of the loss on the hedging instrument was recognized in Other Comprehensive Income. Following the Series K Notes issuance, the amounts accumulated in equity were reclassified to net financial costs on a linear basis over the life of the debt.

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Notes to interim condensed consolidated financial statements
Periods ended September 28, 2024 and September 30, 2023
(Unaudited) (Millions of dollars, unless otherwise indicated)

8. CAPITAL STOCK

COMMON SHARES ISSUED

The Common Shares issued and the changes during the fiscal year ended September 28, 2024 were summarized as follows:

	Number *(Thousands)*	
Balance as at September 24, 2022	236,929	1,649.3
Shares redeemed for cash, excluding premium of $529.0	(8,170)	(57.0)
Stock options exercised	190	8.8
Balance as at September 30, 2023	**228,949**	**1,601.1**
Shares redeemed for cash, excluding premium of $431.2	**(6,680)**	**(47.0)**
Stock options exercised	**433**	**21.4**
Balance as at September 28, 2024	**222,702**	**1,575.5**

TREASURY SHARES

The treasury shares changes during the fiscal year ended September 28, 2024 are summarized as follows:

	Number *(Thousands)*	
Balance as at September 24, 2022	335	(16.2)
Acquisition	99	(7.6)
Release	(138)	5.9
Balance as at September 30, 2023	**296**	**(17.9)**
Acquisition	**105**	**(7.5)**
Release	**(113)**	**5.8**
Balance as at September 28, 2024	**288**	**(19.6)**

Treasury shares are held in trust for the performance share unit (PSU) plan. They will be released into circulation when the PSUs settle. The trust, considered a structured entity, is consolidated in the Corporation's financial statements.

Excluding treasury shares from the Common Shares issued, the Corporation had 222,414,000 outstanding Common Shares issued as at September 28, 2024 (228,653,000 as at September 30, 2023).

STOCK OPTION PLAN

The outstanding options and the changes during the fiscal year ended September 28, 2024 were summarized as follows:

	Number	Weighted average exercise price
	(Thousands)	*(Dollars)*
Balance as at September 24, 2022	2,092	51.47
Granted	363	77.62
Exercised	(190)	42.23
Cancelled	(39)	58.03
Balance as at September 30, 2023	**2,226**	**56.42**
Granted	**407**	**68.86**
Exercised	**(433)**	**43.62**
Cancelled	**(21)**	**70.47**
Balance as at September 28, 2024	**2,179**	**61.15**

The exercise prices of the outstanding options ranged from $41.16 to $77.75 as at September 28, 2024 with expiration dates up to 2030. Of these options, 708,816 could be exercised at a weighted average exercise price of $51.40.

The compensation expense for these options amounted to $0.8 and $3.7 for the 12-week period and fiscal year ended September 28, 2024 ($0.8 and $3.1 in 2023).

PERFORMANCE SHARE UNIT PLAN

PSUs outstanding and the changes during the fiscal year ended September 28, 2024 are summarized as follows:

	Number
	(Thousands)
Balance as at September 24, 2022	557
Granted	209
Exercised	(138)
Cancelled	(56)
Balance as at September 30, 2023	**572**
Granted	**210**
Exercised	**(151)**
Cancelled	**(60)**
Balance as at September 28, 2024	**571**

The compensation expense for the PSU plan amounted to $2.2 and $9.4 the 12-week period and fiscal year ended September 28, 2024 ($2.2 and $8.8 in 2023).

9. CONTINGENCIES

In the normal course of business, various proceedings and claims are instituted against the Corporation. The Corporation contests the validity of these claims and proceedings and at this stage, the Corporation does not believe that these matters will have a material effect on the Corporation's financial position or on consolidated earnings. However, since any litigation involves uncertainty, it is not possible to predict the outcome of these claims or the amount of potential losses. No accruals or provisions for contingent losses have been recognized in the Corporation's annual consolidated financial statements.

In May 2019, two (2) proposed class actions relating to opioids were filed in Ontario and in Québec by opioid end users against a large group of defendants including, in Québec, a subsidiary of the Corporation, Pro Doc, and, in Ontario, Pro Doc and Jean Coutu Group. In December 2023, the Ontario Superior Court of Justice dismissed the class action against Pro Doc, Jean Coutu Group and the distributor defendants. As plaintiff did not appeal the decision, this decision is therefore final. In April 2024, the Quebec Superior Court authorized the class action, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. In October 2024, the Quebec Court of Appeal dismissed defendants' applications for leave to appeal.

In February 2020, a proposed class action relating to opioids was filed in British Columbia by opioid end users against a large group of defendants including subsidiaries of the Corporation, Pro Doc and Jean Coutu Group. In April 2021, multiple defendants, including Pro Doc and Jean Coutu Group, were served with a proposed class action relating to opioids and filed by the City of Grande Prairie, in Alberta. In September 2021, multiple defendants, including Pro Doc and Jean Coutu Group, were served with a proposed class action relating to opioids and filed by the Peter Ballantyne Cree Nation and the Lac La Ronge Indian Band, in Saskatchewan. The allegations in these proposed class actions are similar to the allegations contained in the proposed class action filed by the Province of British Columbia in August 2018 against numerous manufacturers and distributors of opioids, including subsidiaries of the Corporation, Pro Doc and Jean Coutu Group. All these proposed class actions contain allegations of breach of the *Competition Act*, of fraudulent misrepresentation and deceit, and negligence. The Province of British Columbia seeks damages (unquantified) on behalf of all federal, provincial and territorial governments and agencies for expenses allegedly incurred in paying for opioid prescriptions and other healthcare costs that would be related to opioid addiction and abuse while the Québec claim and the British Columbia proposed claim filed by opioid end users seek recovery of damages on behalf of opioid end users in general. The City of Grande Prairie, on its behalf and on behalf of all Canadian municipalities and local governments, seeks damages which are unquantified in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. The Peter Ballantyne Cree Nation and the Lac La Ronge Indian Band are attempting a similar recourse, claiming unquantified damages from multiple defendants on their own behalf and on behalf of all Indigenous, First Nations, Inuit and Metis communities and governments in Canada. The Corporation believes these proceedings are without merits and that, in certain cases, there is no jurisdiction. No provisions for contingent losses have been recognized in the Corporation's annual financial statements.

In 2017, the Canadian Competition Bureau began an investigation into the supply and sale of commercial bread which involves certain Canadian suppliers and retailers, including the Corporation. Based on the information available to date, the Corporation does not believe that it or any of its employees have violated the *Competition Act*. Proposed class-action lawsuits have also been filed against the Corporation, suppliers and other retailers. On December 19, 2019, the Québec Superior Court granted the application for authorization to institute one of these class actions, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. On December 31, 2021, the Ontario Superior Court of Justice partially certified another of these class actions. The Corporation is contesting all these actions at the certification and on the merits. No provisions for contingent losses have been recognized in the Corporation's annual consolidated financial statements.

During the 2016 fiscal year, an application for authorization to institute a class action was served on Jean Coutu Group by Sopropharm, an association incorporated under the *Professional Syndicates Act* of which certain franchised drugstore owners of the Jean Coutu Group are members. The application seeks to have the class action authorized in the form of a declaratory action seeking amongst others (i) to set aside certain contractual provisions of the Jean Coutu Group's standard franchise agreements, including the clause providing for the payment of royalties on sales of medication by franchised establishments; (ii) to restore certain benefits; and (iii) to reduce certain contractual obligations. On November 1, 2018, the Québec Superior Court granted the application for authorization to institute a class action, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. The Corporation contests this action on the merits. No provisions for contingent losses have been recognized in the Corporation's annual consolidated financial statements.

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

10. 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:

	As at September 28, 2024		As at September 30, 2023	
	Book value	**Fair value**	Book value	Fair value
Other assets				
Assets measured at amortized cost				
Loans to certain customers	**47.1**	**47.1**	43.9	43.9
Debt				
Liabilities measured at amortized cost				
Revolving Credit Facility	**35.4**	**35.4**	39.9	39.9
Series J Notes	**298.8**	**298.8**	288.9	288.9
Series G Notes	**450.0**	**453.1**	450.0	421.0
Series K Notes *(note 7)*	**300.0**	**314.5**	300.0	281.0
Series B Notes	**400.0**	**462.7**	400.0	418.7
Series D Notes	**300.0**	**310.6**	300.0	276.4
Series H Notes	**450.0**	**418.9**	450.0	366.9
Series I Notes	**400.0**	**317.8**	400.0	273.4
Loans, nets of deferred financing costs	**40.1**	**40.1**	36.8	36.8
	2,674.3	**2,651.9**	2,665.6	2,403.0

The fair value 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.

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.

During Fiscal 2022, the Corporation 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 28, 2024, the balance of the Series J unsecured senior notes was $298.8 ($288.9 as at September 30, 2023), reflecting an increase in fair value adjustments relating to interest rate swaps designated as fair value hedges of $9.9 in 2024 (increase of $3.8 in 2023).

11. CHANGES IN DEFINED BENEFIT PLANS

During the 12-week period and fiscal year ended September 28, 2024, the Corporation recorded, in the consolidated statements of comprehensive income, actuarial gains of $29.7 and $45.0 respectively, attributable to the increase in the fair value on assets, partially offset by an increase in the obligation due to the decrease in the discount rates from 5.60% at September 30, 2023 to 4.75% at September 28, 2024.

During the fourth quarter of 2023, the Corporation recorded, in the consolidated statements of comprehensive income, an actuarial gain of $11.7 mainly attributable to the increase in the discount rate of 0.63%, net of variations in the fair value of assets. During Fiscal 2023, the Corporation recorded an actuarial gain of $73.0, mainly attributable to the increase in the discount rates from 4.95% at September 24, 2022 to 5.60% at September 30, 2023, 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 28, 2024 was $17.3 and $76.7, respectively ($20.7 and $81.5 in 2023).

In the third quarter of Fiscal 2024, the Corporation converted $335.9 of qualifying annuity buy-in contracts purchased in Fiscal 2022 for six of the seven defined benefit pension plans to qualifying annuity buy-out contracts to complete the full transfer of these obligations. The contracts were effective on June 30, 2024. These annuity buy-out contracts eliminated all further legal or constructive obligations to the Corporation. Accordingly, the Corporation derecognized the buy-in annuity assets and corresponding defined benefit obligations previously recognized on a net basis. The transactions did not result in a settlement charge as the defined benefit obligations being settled and the qualifying annuity buy-in contracts were of equal value.

12. APPROVAL OF FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the 12-week period and fiscal year ended September 28, 2024 (including comparative figures) were approved for issue by the Board of Directors on November 19, 2024.

INFORMATION

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METRO INC.'s corporate information and press releases are available on our website: www.corpo.metro.ca

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