



INTERIM REPORT

12-week period ended December 21, 2024

1st Quarter 2025

HIGHLIGHTS

2025 FIRST QUARTER

- Sales of \$5,117.1 million, up 2.9%
- Food same-store sales⁽¹⁾ up 1.0% and up 2.4% when adjusting for the Christmas week shift⁽³⁾
- Pharmacy same-store sales⁽¹⁾ up 5.1%
- Net earnings of \$259.5 million, up 13.6% and adjusted net earnings⁽¹⁾ of \$245.4 million, up 4.4%
- Fully diluted net earnings per share of \$1.16, up 17.2% and adjusted fully diluted net earnings per share⁽¹⁾ of \$1.10, up 7.8%
- Declared dividend of \$0.37 per share, up 10.4% versus last year

⁽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"

⁽³⁾ This measure compares same-store-sales⁽¹⁾ for the 12-week period ending December 21, 2024 with that ending December 23, 2023.



REPORT TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our interim report for the first quarter of Fiscal 2025 ended December 21, 2024.

Sales in the first quarter of Fiscal 2025 ended on December 21, 2024 were \$5,117.1 million, up 2.9% versus the first quarter of the prior year which ended on December 23, 2023. Sales were negatively impacted by the transfer of two significant pre-Christmas shopping days to the second quarter this year.

Food same-store sales⁽¹⁾ were up 1.0% in the first quarter of Fiscal 2025 and up 2.4% when adjusting for the Christmas shift⁽³⁾. Online food sales⁽¹⁾ were up 18.6% versus last year. When adjusting for the sales tax holiday, our food basket inflation was slightly higher than the reported CPI for food purchased from stores. Pharmacy same-store sales⁽¹⁾ were up 5.1% with a 7.3% increase in prescription drugs⁽¹⁾ and a 0.5% increase in front-store sales⁽¹⁾. When adjusting for the Christmas shift⁽³⁾, the increase in front-store sales was 1.9%.

First quarter net earnings were \$259.5 million in Fiscal 2025 compared with \$228.5 million in 2024 and fully diluted net earnings per share were \$1.16 compared with \$0.99 in 2024, up 13.6% and 17.2% respectively. Adjusted net earnings⁽¹⁾ for the first quarter of Fiscal 2025 totalled \$245.4 million compared with \$235.0 million for the corresponding quarter of 2024, up 4.4%. Adjusted fully diluted net earnings per share⁽¹⁾ for the first quarter of Fiscal 2025 were \$1.10, versus \$1.02 in 2024, up 7.8%. The first quarters of 2025 and 2024 included an adjustment for the after-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition and the first quarter of 2025 also included a \$20.6 million adjustment regarding the favorable resolution of an income tax position related to prior years.

On January 27, 2025, the Board of Directors declared a quarterly dividend of \$0.37 per share, an increase of 10.4% versus last year's quarterly dividend.

We are pleased with our first quarter results which were driven by solid revenue growth and good expense control. Our commercial programs continue to resonate with customers, aided by the successful launch of our Moi Rewards program in Ontario this fall, leading to increased traffic and tonnage. Our teams are focused on delivering value in all our banners and leveraging our recent supply chain investments. We are confident in our ability to continue to create long term shareholder value⁽²⁾.

Eric La Flèche
President and Chief Executive Officer

January 28, 2025

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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 December 21, 2024 for the 12-week period 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 ended December 21, 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 2024 Annual Report. Unless otherwise stated, the interim report is based on information as at January 17, 2025.

Additional information, including the Certification of Interim Filings for the quarter ended December 21, 2024 signed by the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Treasurer, will also be available on the SEDAR website at: www.sedarplus.ca.

OPERATING RESULTS

SALES

Sales in the first quarter of Fiscal 2025 ended on December 21, 2024 were \$5,117.1 million, up 2.9% versus the first quarter of the prior year which ended on December 23, 2023. Sales were negatively impacted by the transfer of two significant pre-Christmas shopping days to the second quarter this year.

Food same-store sales⁽¹⁾ were up 1.0% in the first quarter of Fiscal 2025 and up 2.4% when adjusting for the Christmas shift⁽³⁾. Online food sales⁽¹⁾ were up 18.6% versus last year. When adjusting for the sales tax holiday, our food basket inflation was slightly higher than the reported CPI for food purchased from stores. Pharmacy same-store sales⁽¹⁾ were up 5.1% with a 7.3% increase in prescription drugs⁽¹⁾ and a 0.5% increase in front-store sales⁽¹⁾. When adjusting for the Christmas shift⁽³⁾, the increase in front-store sales was 1.9%.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

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

Operating income before depreciation and amortization for the first quarter of Fiscal 2025 totalled \$481.5 million, or 9.4% of sales, an increase of 2.9% versus the corresponding quarter of Fiscal 2024.

Gross margin⁽¹⁾ for the first quarter of Fiscal 2025 was 19.7% versus 19.6% for the corresponding quarter of 2024.

Operating expenses as a percentage of sales for the first quarter of Fiscal 2025 were 10.3% versus 10.2% in the corresponding quarter of 2024. The increase in operating expenses is mainly due to the launch of the Moi Rewards program in Ontario and the recording of professional fees regarding the resolution of a tax position related to prior years. If not for these two items, operating expense as a percentage of sales would have been similar to last year.

DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the first quarter of Fiscal 2025 was \$133.6 million versus \$131.1 million for the corresponding quarter of 2024.

NET FINANCIAL COSTS

Net financial costs for the first quarter of Fiscal 2025 were \$30.7 million compared with \$32.4 million for the corresponding quarter of 2024. The decrease is mainly due to the recording of interest receivable regarding the resolution of a tax position related to prior years partly offset by the fact that we no longer capitalize interest due to the completion of our distribution center automation projects.

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INCOME TAXES

The income tax expense of \$57.7 million for the first quarter of Fiscal 2025 represented an effective tax rate of 18.2% compared with an income tax expense of \$76.1 million and an effective tax rate of 25.0% for the first quarter of Fiscal 2024. The decrease in the effective tax rate in 2025 is mainly attributable to the resolution of an income tax position related to prior years which had a favorable impact of \$20.6 million and a provincial tax holiday of \$6.1 million related to the commissioning of our new automated distribution center for fresh and frozen products in Terrebonne. The total tax holiday represents approximately \$66 million and we estimate it will be recognized over a period of 3 years⁽²⁾.

NET EARNINGS AND ADJUSTED NET EARNINGS⁽¹⁾

Net earnings for the first quarter of Fiscal 2025 were \$259.5 million compared with \$228.5 million for the corresponding quarter of 2024, while fully diluted net earnings per share were \$1.16 compared with \$0.99 in 2024, up 13.6% and 17.2% respectively. Excluding the specific items shown in the table below, adjusted net earnings⁽¹⁾ for the first quarter of Fiscal 2025 totalled \$245.4 million compared with \$235.0 million for the corresponding quarter of 2024, up 4.4%. Adjusted fully diluted net earnings per share⁽¹⁾ for the first quarter of Fiscal 2025 were \$1.10, versus \$1.02 in 2024, up 7.8%.

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

	12 weeks / Fiscal Year				Change (%)	
	2025		2024		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	259.5	1.16	228.5	0.99	13.6	17.2
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$2.4	6.5		6.5			
Favorable resolution of a tax position in respect of prior years	(20.6)		—			
Adjusted measures ⁽¹⁾	245.4	1.10	235.0	1.02	4.4	7.8

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QUARTERLY HIGHLIGHTS

<i>(Millions of dollars, unless otherwise indicated)</i>	2025	2024	2023	Change (%)
Sales				
Q1 ⁽³⁾	5,117.1	4,974.2	—	2.9
Q4 ⁽⁴⁾	—	4,938.4	5,071.7	(2.6)
Q3 ⁽⁵⁾	—	6,651.8	6,427.5	3.5
Q2 ⁽³⁾	—	4,655.5	4,554.5	2.2
Net earnings				
Q1 ⁽³⁾	259.5	228.5	—	13.6
Q4 ⁽⁴⁾	—	219.9	222.2	(1.0)
Q3 ⁽⁵⁾	—	296.2	346.7	(14.6)
Q2 ⁽³⁾	—	187.1	218.8	(14.5)
Adjusted net earnings⁽¹⁾				
Q1 ⁽³⁾	245.4	235.0	—	4.4
Q4 ⁽⁴⁾	—	226.5	228.8	(1.0)
Q3 ⁽⁵⁾	—	305.0	314.8	(3.1)
Q2 ⁽³⁾	—	206.4	225.4	(8.4)
Fully diluted net earnings per share (Dollars)				
Q1 ⁽³⁾	1.16	0.99	—	17.2
Q4 ⁽⁴⁾	—	0.98	0.96	2.1
Q3 ⁽⁵⁾	—	1.31	1.49	(12.1)
Q2 ⁽³⁾	—	0.83	0.93	(10.8)
Adjusted fully diluted net earnings per share⁽¹⁾ (Dollars)				
Q1 ⁽³⁾	1.10	1.02	—	7.8
Q4 ⁽⁴⁾	—	1.02	0.99	3.0
Q3 ⁽⁵⁾	—	1.35	1.35	—
Q2 ⁽³⁾	—	0.91	0.96	(5.2)

⁽³⁾ 12 weeks

⁽⁴⁾ 12 weeks in 2025 and 2024, 13 weeks in 2023

⁽⁵⁾ 16 weeks

Sales in the first quarter of Fiscal 2025 ended on December 21, 2024 were \$5,117.1 million, up 2.9% versus the first quarter of the prior year which ended on December 23, 2023. Sales were negatively impacted by the transfer of two significant pre-Christmas shopping days to the second quarter this year. Food same-store sales⁽¹⁾ were up 1.0% in the first quarter of Fiscal 2025 and up 2.4% when adjusting for the Christmas shift⁽³⁾. Online food sales⁽¹⁾ were up 18.6% versus last year. When adjusting for the sales tax holiday, our food basket inflation was slightly higher than the reported CPI for food purchased from stores. Pharmacy same-store sales⁽¹⁾ were up 5.1% with a 7.3% increase in prescription drugs⁽¹⁾ and a 0.5% increase in front-store sales⁽¹⁾. When adjusting for the Christmas shift⁽³⁾, the increase in front-store sales was 1.9%.

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.

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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.

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.

Net earnings for the first quarter of Fiscal 2025 were \$259.5 million compared with \$228.5 million for the corresponding quarter of 2024, while fully diluted net earnings per share were \$1.16 compared with \$0.99 in 2024, up 13.6% and 17.2% respectively. Adjusted net earnings⁽¹⁾ for the first quarter of Fiscal 2025 totalled \$245.4 million compared with \$235.0 million for the corresponding quarter of 2024, up 4.4%. Adjusted fully diluted net earnings per share⁽¹⁾ for the first quarter of Fiscal 2025 were \$1.10, versus \$1.02 in 2024, up 7.8%. The first quarters of 2025 and 2024 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 and the first quarter of 2025 also included a \$20.6 million adjustment regarding the favorable resolution of an income tax position related to prior years.

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.

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	2025	2024				2023		
<i>(Millions of dollars)</i>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net earnings	259.5	219.9	296.2	187.1	228.5	222.2	346.7	218.8
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	6.5	6.6	8.8	6.6	6.5	6.6	8.8	6.6
Favorable resolution of a tax position in respect of prior years	(20.6)	—	—	—	—	—	(40.7)	—
Adjusted net earnings ⁽¹⁾	245.4	226.5	305.0	206.4	235.0	228.8	314.8	225.4

	2025	2024				2023		
<i>(Dollars)</i>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Fully diluted net earnings per share	1.16	0.98	1.31	0.83	0.99	0.96	1.49	0.93
Adjustments impact	(0.06)	0.04	0.04	0.08	0.03	0.03	(0.14)	0.03
Adjusted fully diluted net earnings per share ⁽¹⁾	1.10	1.02	1.35	0.91	1.02	0.99	1.35	0.96

CASH POSITION

OPERATING ACTIVITIES

In the first quarter of Fiscal 2025, operating activities generated cash inflows of \$165.5 million compared with \$172.3 million in the corresponding quarter of 2024. The decrease is mainly due to higher taxes paid and to changes in non-cash working capital items during the quarter compared to last year.

INVESTING ACTIVITIES

Investing activities required cash outflows of \$56.8 million for the first quarter of Fiscal 2025 compared with \$87.2 million for the corresponding quarter of 2024. This difference stemmed mainly from lower investments in tangible and intangible assets of \$28.0 million in 2025.

During the first quarter of 2025, we and our retailers opened 2 stores, carried out major expansions and renovations of 8 stores and 3 stores were closed for a net increase of 18,300 square feet or 0.1% of our food retail network.

FINANCING ACTIVITIES

In the first quarter of 2025, financing activities required cash outflows of \$138.1 million compared with \$114.1 million in the corresponding quarter of 2024. The variation is mainly due to a lower variation in net debt in 2025.

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FINANCIAL POSITION

We do not anticipate⁽²⁾ any liquidity risk and consider our financial position at the end of the first quarter of 2025 as very solid. We had an unused authorized revolving credit facility of \$600.0 million.

At the end of the first quarter of 2025, 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		December 11, 2029	—
Series G Notes	3.39% fixed nominal rate	December 6, 2027	450.0
Series L Notes	4.00% fixed nominal rate	November 27, 2029	500.0
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 November 27, 2024, the Corporation issued through a private placement Series L unsecured senior notes in the aggregate principal amount of \$500.0 million, bearing interest at a fixed nominal rate of 3.998%, maturing on November 27, 2029. In anticipation of this issuance, on November 22, 2024, the Corporation entered into a bond forward contract designated as cash flow hedge on a portion of a highly probable future debt issuance in the amount of \$100.0 million that effectively locked-in a 5-year fixed underlying Government of Canada yield of 3.351%. The effective part of the loss on the hedging instrument was recognized in Other Comprehensive Income. Following the Series L Notes issuance, the amounts accumulated in equity will be reclassified to net financial costs on a linear basis over the life of the debt.

On December 2, 2024, the Corporation redeemed all of the Series J notes, bearing interest at a fixed nominal rate of 1.92%, in the amount of \$300.0 that matured on the same day.

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at December 21, 2024	As at September 28, 2024
Number of Common Shares outstanding (<i>Thousands</i>)	221,385	222,414
Stock options:		
Number outstanding (<i>Thousands</i>)	2,299	2,179
Exercise prices (<i>Dollars</i>)	41.16 to 93.15	41.16 to 77.75
Weighted average exercise price (<i>Dollars</i>)	66.81	61.15
Performance share units:		
Number outstanding (<i>Thousands</i>)	564	571

NORMAL COURSE ISSUER BID PROGRAM

Under the current normal course issuer bid program, the Corporation may repurchase up to 10,000,000 of its Common Shares between November 27, 2024 and November 26, 2025. Between November 27, 2024 and January 17, 2025, the Corporation has repurchased 1,425,000 Common Shares at an average price of \$90.95, for a total consideration of \$129.6 million.

DIVIDENDS

On January 27, 2025, the Board of Directors declared a quarterly dividend of \$0.37 per share, an increase of 10.4% versus last year's quarterly dividend.

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SHARE TRADING

The value of METRO shares remained in the \$81.01 to \$94.86 range over first quarter of Fiscal 2025. During the first quarter of 2025, a total of 31.3 million shares were traded on the Toronto Stock Exchange. The closing price on January 17, 2025 was \$90.59 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 January 1 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.

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", "continue", "estimate", "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 2024.

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.

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

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.

⁽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"

⁽³⁾ This measure compares same-store-sales⁽¹⁾ for the 12-week period ending December 21, 2024 with that ending December 23, 2023.



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.

OUTLOOK⁽²⁾

The significant investments in the modernization of our supply chain are largely behind us, and we are now focussed 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, January 28, 2025

⁽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"

⁽³⁾ This measure compares same-store-sales⁽¹⁾ for the 12-week period ending December 21, 2024 with that ending December 23, 2023.

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

⁽³⁾ This measure compares same-store-sales⁽¹⁾ for the 12-week period ending December 21, 2024 with that ending December 23, 2023.



Interim Condensed Consolidated Financial Statements
(Unaudited)

METRO INC.

December 21, 2024

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Consolidated statements of net income

Periods ended December 21, 2024 and December 23, 2023

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

	12 weeks	
	Fiscal Year	
	2025	2024
Sales (note 3)	5,117.1	4,974.2
Cost of sales	(4,108.8)	(4,000.9)
Gross profit	1,008.3	973.3
Operating expenses	(528.5)	(506.4)
Gains on disposal of assets	1.7	1.2
Operating income before depreciation and amortization	481.5	468.1
Depreciation and amortization	(133.6)	(131.1)
Net financial costs	(30.7)	(32.4)
Earnings before income taxes	317.2	304.6
Income taxes (note 4)	(57.7)	(76.1)
Net earnings	259.5	228.5
Attributable to:		
Equity holders of the parent	258.8	227.0
Non-controlling interest	0.7	1.5
	259.5	228.5
Net earnings per share (Dollars) (note 5)		
Basic	1.17	0.99
Fully diluted	1.16	0.99

See accompanying notes



Consolidated statements of comprehensive income

Periods ended December 21, 2024 and December 23, 2023

(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year	
	2025	2024
Net earnings	259.5	228.5
Other comprehensive income		
Items that will not be reclassified to net earnings		
Changes in defined benefit plans		
Actuarial gains (losses) (note 9)	10.5	(24.3)
Asset ceiling effect	(0.1)	1.3
Corresponding income taxes	(2.8)	6.1
	7.6	(16.9)
Items that will be reclassified later to net earnings		
Change in fair value of derivatives designated as cash flow hedges	(0.7)	—
Corresponding income taxes	0.2	—
	(0.5)	—
	7.1	(16.9)
Comprehensive income	266.6	211.6
Attributable to:		
Equity holders of the parent	265.9	210.1
Non-controlling interest	0.7	1.5
	266.6	211.6

See accompanying notes



Consolidated statements of financial position

(Unaudited) (Millions of dollars)

	As at December 21, 2024	As at September 28, 2024
ASSETS		
Current assets		
Cash and cash equivalents	—	29.4
Accounts receivable	862.8	749.7
Accounts receivable on subleases	96.7	96.1
Inventories	1,756.1	1,508.3
Prepaid expenses	67.3	73.2
Current taxes	66.5	17.3
	2,849.4	2,474.0
Non-current assets		
Fixed assets	3,949.7	3,951.3
Right-of-use assets	940.8	953.9
Intangible assets	2,689.4	2,698.9
Goodwill	3,317.1	3,314.2
Deferred taxes	35.9	35.9
Defined benefit assets	228.9	225.9
Accounts receivable on subleases	385.1	404.7
Other assets	78.4	81.8
	14,474.7	14,140.6
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	1,748.8	1,645.9
Deferred revenues	60.6	42.7
Current taxes	5.7	16.2
Current portion of debt (note 6)	18.1	317.2
Current portion of lease liabilities	280.0	263.6
	2,113.2	2,285.6
Non-current liabilities		
Debt (note 6)	2,821.3	2,357.1
Lease liabilities	1,313.2	1,372.6
Defined benefit liabilities	38.5	37.5
Deferred taxes	1,049.5	1,042.2
Other liabilities	6.3	6.7
	7,342.0	7,101.7
Equity		
Attributable to equity holders of the parent	7,115.6	7,021.7
Attributable to non-controlling interest	17.1	17.2
	7,132.7	7,038.9
	14,474.7	14,140.6

See accompanying notes



Consolidated statements of changes in equity
Periods ended December 21, 2024 and December 23, 2023
(Unaudited) (Millions of dollars)

	Attributable to the equity holders of the parent					Total	Non-controlling interest	Total equity
	Capital stock (note 7)	Treasury shares (note 7)	Contributed surplus	Retained earnings	Accumulated other comprehensive income			
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
Net earnings	—	—	—	258.8	—	258.8	0.7	259.5
Other comprehensive income	—	—	—	7.6	(0.5)	7.1	—	7.1
Comprehensive income	—	—	—	266.4	(0.5)	265.9	0.7	266.6
Stock options exercised	8.3	—	(1.0)	—	—	7.3	—	7.3
Shares redeemed (note 7)	(8.5)	—	—	—	—	(8.5)	—	(8.5)
Share redemption premium (note 7)	—	—	—	(96.5)	—	(96.5)	—	(96.5)
Tax on share redemption	—	—	—	(2.1)	—	(2.1)	—	(2.1)
Share-based compensation cost	—	—	2.1	—	—	2.1	—	2.1
Dividends	—	—	—	(74.3)	—	(74.3)	—	(74.3)
Buyout of minority interests	—	—	—	—	—	—	(0.8)	(0.8)
	(0.2)	—	1.1	(172.9)	—	(172.0)	(0.8)	(172.8)
Balance as at December 21, 2024	1,575.3	(19.6)	26.6	5,534.9	(1.6)	7,115.6	17.1	7,132.7

	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 30, 2023	1,601.1	(17.9)	23.6	5,195.6	(1.2)	6,801.2	15.1	6,816.3
Net earnings	—	—	—	227.0	—	227.0	1.5	228.5
Other comprehensive income	—	—	—	(16.9)	—	(16.9)	—	(16.9)
Comprehensive income	—	—	—	210.1	—	210.1	1.5	211.6
Stock options exercised	3.8	—	(0.5)	—	—	3.3	—	3.3
Shares redeemed (note 7)	(11.9)	—	—	—	—	(11.9)	—	(11.9)
Share redemption premium (note 7)	—	—	—	(104.6)	—	(104.6)	—	(104.6)
Share-based compensation cost	—	—	2.2	—	—	2.2	—	2.2
Dividends	—	—	—	(69.1)	—	(69.1)	(0.3)	(69.4)
	(8.1)	—	1.7	(173.7)	—	(180.1)	(0.3)	(180.4)
Balance as at December 23, 2023	1,593.0	(17.9)	25.3	5,232.0	(1.2)	6,831.2	16.3	6,847.5

See accompanying notes



Consolidated statements of cash flows

Periods ended December 21, 2024 and December 23, 2023

(Unaudited) (Millions of dollars)

	12 weeks Fiscal Year	
	2025	2024
Operating activities		
Earnings before income taxes	317.2	304.6
Non-cash items		
Depreciation and amortization	133.6	131.1
Gains on disposal of assets	(1.7)	(1.2)
Share-based compensation cost	3.0	2.9
Difference between amounts paid for employee benefits and current period cost	9.9	0.3
Net financial costs	30.7	32.4
	492.7	470.1
Net change in non-cash working capital items	(212.4)	(240.6)
Income taxes paid	(114.8)	(57.2)
	165.5	172.3
Investing activities		
Buyout of minority interests	(1.0)	—
Net change in other assets	0.1	2.1
Additions to fixed assets	(76.5)	(97.1)
Disposal of fixed assets	4.9	0.3
Additions to intangible assets	(12.8)	(20.2)
Payments received from subleases	24.2	24.0
Interest received from subleases	4.3	3.7
	(56.8)	(87.2)
Financing activities		
Shares issued	7.3	3.3
Shares redeemed	(105.0)	(116.5)
Increase in debt (note 6)	498.5	209.2
Repayment of debt (note 6)	(335.5)	(13.7)
Interest paid on debt	(46.3)	(46.5)
Payment of lease liabilities (principal)	(69.7)	(68.6)
Payment of lease liabilities (interest)	(13.5)	(12.1)
Net change in other liabilities	0.4	(0.1)
Dividends	(74.3)	(69.1)
	(138.1)	(114.1)
Net change in cash and cash equivalents	(29.4)	(29.0)
Cash and cash equivalents — beginning of period	29.4	29.5
Cash and cash equivalents — end of period	—	0.5

see accompanying notes



Notes to interim condensed consolidated financial statements

Periods ended December 21, 2024 and December 23, 2023

(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 ended December 21, 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 28, 2024. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes which were presented in the Corporation's 2024 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 January 1 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:

	12 weeks Fiscal Year	
	2025	2024
Food	3,944.4	3,869.8
Pharmacy	1,172.7	1,104.4
	5,117.1	4,974.2



Notes to interim condensed consolidated financial statements

Periods ended December 21, 2024 and December 23, 2023

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

4. INCOME TAXES

The effective income tax rates were as follows:

(Percentage)	12 weeks Fiscal Year	
	2025	2024
Combined statutory income tax rate	26.5	26.5
Changes		
Favorable adjustment resulting from a tax holiday on a large investment project	(1.9)	—
Favorable tax adjustment in respect of prior years	(6.6)	(1.6)
Other	0.2	0.1
	18.2	25.0

5. 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 Fiscal Year	
	2025	2024
Weighted average number of shares outstanding – Basic	221.9	228.3
Dilutive effect under:		
Stock option plan	0.5	0.4
Performance share unit plan	0.3	0.3
Weighted average number of shares outstanding – Fully diluted	222.7	229.0

6. DEBT

On November 27, 2024, the Corporation issued through a private placement Series L unsecured senior notes in the aggregate principal amount of \$500.0, bearing interest at a fixed nominal rate of 3.998%, maturing on November 27, 2029. In anticipation of this issuance, on November 22, 2024, the Corporation entered into a bond forward contract designated as cash flow hedge on a portion of a highly probable future debt issuance in the amount of \$100.0 that effectively locked-in a 5-year fixed underlying Government of Canada yield of 3.351%. The effective part of the loss on the hedging instrument was recognized in Other Comprehensive Income. Following the Series L Notes issuance, the amounts accumulated in equity will be reclassified to net financial costs on a linear basis over the life of the debt.

On December 2, 2024, the Corporation redeemed all of the Series J notes, bearing interest at a fixed nominal rate of 1.92%, in the amount of \$300.0 that matured on the same day.



Notes to interim condensed consolidated financial statements

Periods ended December 21, 2024 and December 23, 2023

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

7. CAPITAL STOCK

COMMON SHARES ISSUED

The Common Shares issued and the changes during the 12-week period ended December 21, 2024 were summarized as follows:

	Number (Thousands)	
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
Shares redeemed for cash, excluding premium of \$96.5	(1,200)	(8.5)
Stock options exercised	171	8.3
Balance as at December 21, 2024	221,673	1,575.3

TREASURY SHARES

The treasury shares changes during the 12-week period ended December 21, 2024 are summarized as follows:

	Number (Thousands)	
Balance as at September 30, 2023	296	(17.9)
Acquisition	105	(7.5)
Release	(113)	5.8
Balance as at September 28, 2024 and December 21, 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 221,385,000 outstanding Common Shares issued as at December 21, 2024 (222,414,000 as at September 28, 2024).



Notes to interim condensed consolidated financial statements

Periods ended December 21, 2024 and December 23, 2023

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

STOCK OPTION PLAN

The outstanding options and the changes during the 12-week period ended December 21, 2024 were summarized as follows:

	Number (Thousands)	Weighted average exercise price (Dollars)
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
Granted	311	93.15
Exercised	(171)	42.59
Cancelled	(20)	67.14
Balance as at December 21, 2024	2,299	66.81

The exercise prices of the outstanding options ranged from \$41.16 to \$93.15 as at December 21, 2024 with expiration dates up to 2031. Of these options, 742,426 could be exercised at a weighted average exercise price of \$57.51.

The compensation expense for these options amounted to \$0.8 for the 12-week period ended December 21, 2024 (\$0.7 in 2024).

PERFORMANCE SHARE UNIT PLAN

PSUs outstanding and the changes during the 12-week period ended December 21, 2024 are summarized as follows:

	Number (Thousands)
Balance as at September 30, 2023	572
Granted	210
Exercised	(151)
Cancelled	(60)
Balance as at September 28, 2024	571
Cancelled	(7)
Balance as at December 21, 2024	564

The compensation expense for the PSU plan amounted to \$2.2 for the 12-week period ended December 21, 2024 (\$2.2 in 2024).



Notes to interim condensed consolidated financial statements

Periods ended December 21, 2024 and December 23, 2023

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

8. 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 December 21, 2024		As at September 28, 2024	
	Book value	Fair value	Book value	Fair value
Other assets				
Assets measured at amortized cost				
Loans to certain customers	45.9	45.9	47.1	47.1
Debt				
Liabilities measured at amortized cost				
Revolving Credit Facility	—	—	35.4	35.4
Series J Notes (note 6)	—	—	298.8	298.8
Series G Notes	450.0	448.0	450.0	453.1
Series L Notes (note 6)	500.0	506.3	—	—
Series K Notes	300.0	314.9	300.0	314.5
Series B Notes	400.0	452.7	400.0	462.7
Series D Notes	300.0	305.2	300.0	310.6
Series H Notes	450.0	411.4	450.0	418.9
Series I Notes	400.0	318.2	400.0	317.8
Loans, nets of deferred financing costs	39.4	39.4	40.1	40.1
	2,839.4	2,796.1	2,674.3	2,651.9

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.

9. CHANGES IN DEFINED BENEFIT PLANS

During the 12-week period ended December 21, 2024, the Corporation recorded, in the consolidated statements of comprehensive income, actuarial gains of \$10.5, attributable to the increase in the fair value on assets. The discount rates as at December 21, 2024 was 4.75%, the same rate as at September 28, 2024.

During the 12-week period ended December 23, 2023, the Corporation recorded, in the consolidated statements of comprehensive income, actuarial losses of \$24.3 mainly attributable to the decrease in the discount rate of 0.93%, net of variations in the fair value of assets.

Post-employment benefits expense recorded in the consolidated statements of income during the 12-week period ending December 21, 2024 was \$19.2 (\$17.2 in 2024).



Notes to interim condensed consolidated financial statements

Periods ended December 21, 2024 and December 23, 2023

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

10. APPROVAL OF FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the 12-week period ended December 21, 2024 (including comparative figures) were approved for issue by the Board of Directors on January 27, 2025.

INFORMATION

METRO INC.'s Investor Relations Department

Telephone: (514) 643-1000

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

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