PRESS RELEASE

METRO REPORTS 2021 THIRD QUARTER RESULTS

(Montréal, August 11, 2021) - METRO INC. (TSX: MRU) today announced its results for the third quarter of fiscal 2021 ended July 3, 2021.

2021 THIRD QUARTER HIGHLIGHTS

- **Sales of $5,719.8 million, down 2.0%, and up 9.4% vs 2019**
- **Food same-store sales down 3.6%, and up 11.4% vs 2019**
- **Pharmacy same-store sales up 7.6%, and up 8.6% vs 2019**
- **Net earnings of $252.4 million, down 4.2% and adjusted net earnings[1] of $261.2 million, down 4.1%**
- **Fully diluted net earnings per share of $1.03, down 1.0%, and adjusted fully diluted net earnings per share[1] of $1.06, down 1.9%**
- **Expenses related to COVID-19 totalling $38 million, including $8 million of gift cards to front-line employees**
- **Transition to new Ontario fresh distribution center completed, adding $8 million of non-recurring costs**

	16 weeks / Fiscal Year				
(Millions of dollars, except for net earnings per share)	**2021**	**%**	2020	%	Change (%)
Sales	**5,719.8**	**100.0**	5,835.2	100.0	(2.0)
Operating income before depreciation and amortization	**533.6**	**9.3**	542.9	9.3	(1.7)
Adjusted operating income before depreciation and amortization[2]	**533.6**	**9.3**	542.9	9.3	(1.7)
Net earnings	**252.4**	**4.4**	263.5	4.5	(4.2)
Fully diluted net earnings per share	**1.03**	**—**	1.04	—	(1.0)
Adjusted net earnings[1]	**261.2**	**4.6**	272.3	4.7	(4.1)
Adjusted fully diluted net earnings per share[1]	**1.06**	**—**	1.08	—	(1.9)

	40 weeks / Fiscal Year				
(Millions of dollars, except for net earnings per share)	**2021**	**%**	2020	%	Change (%)
Sales	**14,191.0**	**100.0**	13,853.9	100.0	2.4
Operating income before depreciation and amortization	**1,328.9**	9.4	1,280.1	9.2	3.8
Adjusted operating income before depreciation and amortization[2]	**1,328.9**	9.4	1,287.6	9.3	3.2
Net earnings	**631.7**	4.5	609.9	4.4	3.6
Fully diluted net earnings per share	**2.54**	—	2.40	—	5.8
Adjusted net earnings[1]	**653.6**	4.6	636.0	4.6	2.8
Adjusted fully diluted net earnings per share[1]	**2.63**	—	2.50	—	5.2

[1] See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
[2] See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"
[3] See section on "Forward-looking Information"

PRESIDENT'S MESSAGE

"We are pleased with the solid results of our third quarter considering we cycled exceptionally strong sales and earnings last year at the height of the pandemic. Our sales and earnings growth over 2019 levels is strong. Despite the challenging operating environment caused by the pandemic, our teams successfully completed three key strategic initiatives during the quarter: the transition to our new automated Fresh distribution center in Toronto; the integration of our pharmacy distribution operations into the Jean Coutu distribution center in Varennes; and the opening of our dedicated store for online grocery in Montréal. These achievements position us well to meet our growth objectives going forward", declared Eric La Flèche, President and Chief Executive Officer.

OPERATING RESULTS

SALES

Sales in the third quarter of Fiscal 2021 remained strong, reaching $5,719.8 million, down 2.0% compared to $5,835.2 million in the third quarter of 2020 as we cycled the peak sales experienced at the start of the pandemic but up 9.4% over two years. Food same-store sales were down 3.6% versus the same quarter last year (up 15.6% in 2020) but increased 11.4% compared to the third quarter of 2019. Online food sales increased by 19% versus last year (about 300% in 2020). Our food basket inflation was approximately 1.0% (3.0% in 2020). Pharmacy same-store sales were up 7.6% (1.0% in 2020), with a 9.3% increase in prescription drugs and a 3.8% increase in front-store sales.

Sales in the first 40 weeks of Fiscal 2021 totalled $14,191.0 million, up 2.4% compared to $13,853.9 million for the corresponding period of 2020.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

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

Operating income before depreciation and amortization for the third quarter of Fiscal 2021 totalled $533.6 million, or 9.3% of sales, down 1.7% versus the corresponding quarter of last year.

Operating income before depreciation and amortization for the first 40 weeks of Fiscal 2021 totalled $1,328.9 million or 9.4% of sales, up 3.8% versus the corresponding period of 2020. During the first 40 weeks of Fiscal 2020, we recognized a loss of $7.5 million on disposal of our meal-kit subsidiary. Excluding this item, adjusted operating income before depreciation and amortization[(2)] for the first 40 weeks of Fiscal 2021 increased by 3.2% versus the corresponding period of 2020.

Operating income before depreciation and amortization adjustments (OI)[(2)]

	40 weeks / Fiscal Year					
	2021			2020		
(Millions of dollars, unless otherwise indicated)	**OI**	**Sales**	***(%)***	OI	Sales	*(%)*
Operating income before depreciation and amortization	**1,328.9**	**14,191.0**	**9.4**	1,280.1	13,853.9	9.2
Loss on disposal of a subsidiary	**—**			7.5		
Adjusted operating income before depreciation and amortization[(2)]	**1,328.9**	**14,191.0**	**9.4**	1,287.6	13,853.9	9.3

Gross margin on sales for the third quarter and the first 40 weeks of Fiscal 2021 were 19.8% and 19.9% respectively, versus 20.0% and 19.8% for the corresponding periods of 2020.

Operating expenses as a percentage of sales for the third quarter of Fiscal 2021 were 10.5% versus 10.7% for the corresponding quarter of 2020. COVID-19 related expenses for the third quarter of Fiscal 2021 were approximately $38 million, including $8 million of gift cards to front-line employees, versus approximately $107 million in the same quarter last year. This decrease of $69 million was partly offset by an increase in other operating expenses, mainly related to activities and services that have been reinstated after initially being halted at the start of the pandemic, and non-recurring costs of approximately $8 million related to the transition to our new fresh distribution center in Ontario.

(1) See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
(2) See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"
(3) See section on "Forward-looking Information"

For the first 40 weeks of Fiscal 2021, operating expenses as a percentage of sales were 10.5% versus 10.6% (10.5% excluding the loss on disposal of our meal-kit subsidiary) for the corresponding period of 2020. The costs related to COVID-19 for the first 40 weeks of Fiscal 2021 were approximately $95 million, including $24 million of gift cards to front-line employees, compared to $110 million in 2020.

DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS

Total depreciation and amortization expense for the third quarter of Fiscal 2021 was $149.4 million versus $140.5 million for the corresponding quarter of 2020. For the first 40 weeks of Fiscal 2021, total depreciation and amortization expense was $367.5 million versus $344.0 million for the corresponding period of 2020. These increases reflect the additional investments in supply chain and logistics as well as in-store technology.

Net financial costs for the third quarter of Fiscal 2021 were $42.1 million compared with $43.0 million for the corresponding quarter of 2020. For the first 40 weeks of Fiscal 2021, net financial costs were $104.8 million compared with $106.0 million for the corresponding period of 2020.

INCOME TAXES

The income tax expense of $89.7 million for the third quarter of Fiscal 2021 represented an effective tax rate of 26.2% compared with an income tax expense of $95.9 million in the third quarter of Fiscal 2020 which represented an effective tax rate of 26.7%. The 40-week period income tax expense of $224.9 million for Fiscal 2021 and $220.2 million for Fiscal 2020 represented an effective tax rate of 26.3% and 26.5% respectively.

NET EARNINGS AND ADJUSTED NET EARNINGS[1]

Net earnings for the third quarter of Fiscal 2021 were $252.4 million compared with $263.5 million for the corresponding quarter of 2020, while fully diluted net earnings per share were $1.03 compared with $1.04 in 2020, down 4.2% and 1.0%, respectively but up 13.5% and 19.8% respectively on a two-year basis. Excluding the specific items shown in the table below, adjusted net earnings[1] for the third quarter of Fiscal 2021 totalled $261.2 million compared with $272.3 million for the corresponding quarter of 2020, and adjusted fully diluted net earnings per share[1] amounted to $1.06 versus $1.08, down 4.1% and 1.9%, respectively but up 13.4% and 17.8% respectively over two years.

Net earnings for the first 40 weeks of Fiscal 2021 were $631.7 million compared with $609.9 million for the corresponding period of 2020, while fully diluted net earnings per share were $2.54 compared with $2.40 in 2020, up 3.6% and 5.8%, respectively. Excluding the specific items shown in the table below, adjusted net earnings[1] for the first 40 weeks of Fiscal 2021 totalled $653.6 million compared with $636.0 million for the corresponding period of 2020, and adjusted fully diluted net earnings per share[1] amounted to $2.63 versus $2.50, up 2.8% and 5.2%, respectively. The impact of the labour conflict at the Jean Coutu distribution center in the first quarter of Fiscal 2021, was approximately $0.05 per share.

Net earnings adjustments[1]

	16 weeks / Fiscal Year					
	2021		2020		Change (%)	
	(Millions of dollars)	**Fully diluted EPS (Dollars)**	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	**252.4**	**1.03**	263.5	1.04	(4.2)	(1.0)
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	**8.8**		8.8			
Adjusted net earnings[1]	**261.2**	**1.06**	272.3	1.08	(4.1)	(1.9)

[1] See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
[2] See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"
[3] See section on "Forward-looking Information"

	40 weeks / Fiscal Year					
	2021		2020		Change (%)	
	(Millions of dollars)	**Fully diluted EPS (Dollars)**	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	**631.7**	**2.54**	609.9	2.40	3.6	5.8
Loss on disposal of a subsidiary, after taxes	**—**		4.2			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	**21.9**		21.9			
Adjusted net earnings[1]	**653.6**	**2.63**	636.0	2.50	2.8	5.2

NORMAL COURSE ISSUER BID PROGRAM

Under the current normal course issuer bid program, the Corporation may repurchase up to 7,000,000 of its Common Shares between November 25, 2020 and November 24, 2021. As at July 30, 2021, the Corporation has repurchased 5,875,000 Common Shares at an average price of $56.78, for a total consideration of $333.6 million.

DIVIDENDS

On August 10, 2021, the Board of Directors declared a quarterly dividend of $0.25 per share, the same amount declared last quarter.

CONTINGENCIES

In the normal course of business, the Corporation is exposed to various contingencies as described in the Corporation's audited annual consolidated financial statements for the fiscal year ended September 26, 2020.

In May 2019, two proposed class actions relating to opioids were filed in Ontario and in Québec by opioid end users against a large group of defendants including a subsidiary of the Corporation, Pro Doc Ltée. 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 Ltée. and The Jean Coutu Group (PJC) Inc. In April 2021, multiple defendants, including Pro Doc Ltée and The Jean Coutu Group (PJC) Inc., were served with a proposed class action relating to opioids and filed by the City of Grande Prairie, in Alberta. 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 Ltée and The Jean Coutu Group (PJC) Inc. 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 Ontario, Québec and British Columbia proposed claims 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 Corporation believes these proceedings are without merits and that, in certain cases, there is no jurisdiction. No provision for contingent losses has 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 "predict", "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 2021 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

[1] See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
[2] See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"
[3] See section on "Forward-looking Information"

significantly. The arrival of a new competitor is an example of the risks described under the “Risk Management” section of the 2020 Annual Report which could have an impact on these statements. As with the preceding risks, the COVID-19 pandemic constitutes a risk that could have an impact on the business, operations, projects and performance of the Corporation as well as on the forward-looking statements contained in this document.

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

NON-IFRS MEASUREMENTS

In addition to the International Financial Reporting Standards (IFRS) earnings measurements provided, we have included certain non-IFRS earnings 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.

ADJUSTED OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, ADJUSTED NET EARNINGS AND ADJUSTED FULLY DILUTED NET EARNINGS PER SHARE

Adjusted operating income before depreciation and amortization, adjusted net earnings and adjusted fully diluted net earnings per share are earnings measurements that exclude some items that must be recognized under IFRS. They are non-IFRS measurements. We believe that presenting earnings without these items, which are not necessarily reflective of the Corporation's performance, leaves readers of financial statements better informed as to the current period and corresponding prior year's period's operating earnings, thus enabling them to better perform trend analysis, evaluate the Corporation's financial performance and judge its future outlook. The exclusion of these items does not imply that they are non-recurring.

OUTLOOK[3]

While the COVID-19 related restrictions have been significantly eased over the last few months, it is still uncertain whether we are gradually transitioning to a pre-pandemic environment, or whether we will face further restrictive measures due to a fourth wave of infections. It is also difficult to predict the impact the pandemic will have on the long-term shopping patterns of our customers. With the COVID-19 related restrictions ramping down, we expect our food sales in the short term to continue to decline versus last year’s exceptionally high levels, but to compare favourably to pre-pandemic levels. On the pharmacy side, the easing of restrictions should have a positive impact on certain commercial categories that were negatively affected by the pandemic, such as beauty, cosmetics and cold and flu products.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2021 third quarter** results at **9:00 a.m. (EDT) today, August 11, 2021**. To access the conference call, please dial (416) 764-8651 or 1 (888) 390-0620. The media and investing public may access this conference via a listen mode only.

Notice to readers: *METRO INC. third quarter of 2021 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at* ***www.metro.ca*** *- Corporate Site - Investor Relations - 2021 Quarterly Results - 2021 Third Quarter Results.*

(30)

[1] *See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"*
[2] *See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"*
[3] *See section on "Forward-looking Information"*

Source: METRO INC.

Information: François Thibault
Executive Vice-President,
Chief Financial Officer and Treasurer
Tel.: (514) 643-1003

Investor Relations Department: Tel.: (514) 643-1000
www.metro.ca

(1) See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
(2) See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"
(3) See section on "Forward-looking Information"