



PRESS RELEASE

METRO REPORTS 2022 FIRST QUARTER RESULTS

(Montréal, January 25, 2022) - METRO INC. (TSX: MRU) today announced its results for the first quarter of fiscal 2022 ended December 18, 2021.

2022 FIRST QUARTER HIGHLIGHTS

- Sales of \$4,316.6 million, up 0.9%, and up 7.1% vs 2020
- Food same-store sales down 1.4%, and up 8.5% vs 2020
- Pharmacy same-store sales up 7.7%, and up 9.1% vs 2020
- Net earnings of \$207.7 million, up 8.6% and adjusted net earnings⁽¹⁾ of \$214.2 million, up 8.3%, and up 22.0% and 18.4% respectively vs 2020
- Fully diluted net earnings per share of \$0.85, up 11.8%, and adjusted fully diluted net earnings per share⁽¹⁾ of \$0.88, up 11.4%, and up 26.9% and 23.9% respectively vs 2020
- Declared dividend of \$0.275 per share, up 10.0%

(Millions of dollars, except for net earnings per share)	2022	12 weeks / Fiscal Year			
		%	2021	%	Change (%)
Sales	4,316.6	100.0	4,278.2	100.0	0.9
Operating income before depreciation and amortization	424.1	9.8	399.2	9.3	6.2
Net earnings	207.7	4.8	191.2	4.5	8.6
Fully diluted net earnings per share	0.85	—	0.76	—	11.8
Adjusted net earnings ⁽¹⁾	214.2	5.0	197.7	4.6	8.3
Adjusted fully diluted net earnings per share ⁽¹⁾	0.88	—	0.79	—	11.4

PRESIDENT'S MESSAGE

"We delivered strong results in our first quarter of 2022, driven by continued sales growth on top of record sales last year and good expense control. Our industry is facing higher than normal inflationary pressures and our teams are working hard to provide the best value possible to our customers. The rapid spread of the omicron variant since the end of the quarter has caused challenges in our operations and I want to thank all our front-line employees for their commitment in these trying times. Today we are unveiling our 2022-2026 Corporate Responsibility Plan which builds on the progress we achieved over the last decade and sets ambitious goals for the company in the context of global sustainable development", declared Eric La Flèche, President and Chief Executive Officer.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

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

OPERATING RESULTS

SALES

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

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 2022 totalled \$424.1 million, or 9.8% of sales, an increase of 6.2% versus the corresponding quarter of Fiscal 2021.

Gross margin on sales for the first quarter of Fiscal 2022 was 19.9%, versus 19.7% for the corresponding period of 2021.

Operating expenses as a percentage of sales for the first quarter of Fiscal 2022 were 10.1% versus 10.4% for the corresponding quarter of 2021 mainly due to the reduction in COVID-related costs.

DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS

Total depreciation and amortization expense for the first quarter of Fiscal 2022 was \$112.5 million versus \$107.3 million for the corresponding quarter of 2021. This increase reflects the additional investments in supply chain and logistics as well as in-store technology.

Net financial costs for the first quarter of Fiscal 2022 were \$28.7 million compared with \$31.4 million for the corresponding quarter of 2021.

INCOME TAXES

The income tax expense of \$75.2 million for the first quarter of Fiscal 2022 represented an effective tax rate of 26.6% compared with an income tax expense of \$69.3 million and 26.6% in the first quarter of Fiscal 2021.

NET EARNINGS AND ADJUSTED NET EARNINGS⁽¹⁾

Net earnings for the first quarter of Fiscal 2022 were \$207.7 million compared with \$191.2 million for the corresponding quarter of 2021, while fully diluted net earnings per share were \$0.85 compared with \$0.76 in 2021, up 8.6% and 11.8% respectively, and up 22.0% and 26.9% respectively on a two-year basis. Excluding the specific item shown in the table below, adjusted net earnings⁽¹⁾ for the first quarter of Fiscal 2022 totalled \$214.2 million compared with \$197.7 million for the corresponding quarter of 2021, and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$0.88 versus \$0.79, up 8.3% and 11.4% respectively, and up 18.4% and 23.9% respectively over two years. The labour conflict at our Jean Coutu distribution center had an unfavorable impact of approximately \$0.05 on the fully diluted net earnings per share of the first quarter of 2021.

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Net earnings adjustments⁽¹⁾

	12 weeks / Fiscal Year				Change (%)	
	2022		2021		Net earnings	Fully diluted EPS
	(Millions of dollars)	Fully diluted EPS (Dollars)	(Millions of dollars)	Fully diluted EPS (Dollars)		
Net earnings	207.7	0.85	191.2	0.76	8.6	11.8
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	6.5		6.5			
Adjusted net earnings ⁽¹⁾	214.2	0.88	197.7	0.79	8.3	11.4

NORMAL COURSE ISSUER BID PROGRAM

Under the current normal course issuer bid program, the Corporation may repurchase up to 7,000,000 of its Common Shares between November 25, 2021 and November 24, 2022. Between November 25, 2021 and January 14, 2022, the Corporation has repurchased 650,000 Common Shares at an average price of \$63.38, for a total consideration of \$41.2 million.

DIVIDENDS

On January 24, 2022, the Board of Directors declared a quarterly dividend of \$0.275 per share, an increase of 10.0% versus the same quarter last year.

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 2022 action plan.

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

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

NON-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

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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⁽²⁾

Government measures to curb the impact of the pandemic were tightened at the start of the second quarter, similar to what transpired a year ago, and it remains difficult to predict how they will evolve and the impact they will have on our business. In the short term, food sales are expected to remain relatively stable as restaurant closures and work from home advisories persist. On the pharmacy side, we expect sales to increase versus the prior year with launch of COVID rapid test distribution in our network coupled with less restrictive government measures as 2021 was unfavourably impacted by a six-week ban on the sale of non-essential goods in Quebec. Our industry continues to experience cost inflationary pressures, particularly in cost of goods, and labour shortages which have increased with the latest strain of COVID. Labour shortages are also affecting our suppliers and logistics providers which in turn impact our supply chain and it is difficult to predict how long this situation will last. Despite this challenging environment, our teams continue to focus on delivering quality products at competitive prices to our customers.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2022 first quarter** results at **1:30 p.m. (EST) today, January 25, 2022**. 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. first quarter of 2022 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at www.metro.ca - Corporate Site - Investor Relations - 2022 Quarterly Results - 2022 First Quarter Results.

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