



PRESS RELEASE

METRO REPORTS 2022 FOURTH QUARTER RESULTS

(Montréal, November 16, 2022) - METRO INC. (TSX: MRU) today announced its results for the fourth quarter of fiscal 2022 ended September 24, 2022.

2022 FOURTH QUARTER HIGHLIGHTS

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

2022 FISCAL HIGHLIGHTS

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

(Millions of dollars, except for net earnings per share)	2022	12 weeks / Fiscal Year			
		%	2021	%	Change (%)
Sales	4,432.6	100.0	4,092.0	100.0	8.3
Operating income before depreciation and amortization and impairments of assets, net of reversals	441.4	10.0	403.6	9.9	9.4
Net earnings	168.7	3.8	194.0	4.7	(13.0)
Fully diluted net earnings per share	0.70	—	0.79	—	(11.4)
Adjusted net earnings ⁽¹⁾	219.4	4.9	200.6	4.9	9.4
Adjusted fully diluted net earnings per share ⁽¹⁾	0.92	—	0.81	—	13.6

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

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

(Millions of dollars, except for net earnings per share)	2022	52 weeks / Fiscal Year			
		%	2021	%	Change (%)
Sales	18,888.9	100.0	18,283.0	100.0	3.3
Operating income before depreciation and amortization and impairments of assets, net of reversals	1,844.6	9.8	1,732.5	9.5	6.5
Net earnings	849.5	4.5	825.7	4.5	2.9
Fully diluted net earnings per share	3.51	—	3.33	—	5.4
Adjusted net earnings ⁽¹⁾	922.1	4.9	854.2	4.7	7.9
Adjusted fully diluted net earnings per share ⁽¹⁾	3.82	—	3.44	—	11.0

PRESIDENT'S MESSAGE

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

OPERATING RESULTS

SALES

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

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

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

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

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

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

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

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

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

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

DEPRECIATION AND AMORTIZATION

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

IMPAIRMENTS OF ASSETS, NET OF REVERSALS

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

NET FINANCIAL COSTS

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

INCOME TAXES

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

NET EARNINGS AND ADJUSTED NET EARNINGS⁽¹⁾

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

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

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

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

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

	12 weeks / Fiscal Year					
	2022		2021		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	168.7	0.70	194.0	0.79	(13.0)	(11.4)
Loss on impairment of a loyalty program, net of taxes of \$15.9	44.1		—			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$2.4	6.6		6.6			
Adjusted measures ⁽¹⁾	219.4	0.92	200.6	0.81	9.4	13.6

	52 weeks / Fiscal Year					
	2022		2021		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	849.5	3.51	825.7	3.33	2.9	5.4
Loss on impairment of a loyalty program, net of taxes of \$15.9	44.1		—			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$10.2	28.5		28.5			
Adjusted measures ⁽¹⁾	922.1	3.82	854.2	3.44	7.9	11.0

NORMAL COURSE ISSUER BID PROGRAM

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

DIVIDENDS

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

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 "intend", "predict" and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food and pharmaceutical industries, the general economy, our annual budget, as well as our 2023 action plan.

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

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

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

NON-GAAP AND OTHER FINANCIAL MEASUREMENTS

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

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

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

NON-GAAP FINANCIAL MEASURES

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

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

NON-GAAP RATIOS

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

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

SUPPLEMENTARY FINANCIAL MEASURES

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

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

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

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

⁽¹⁾ 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 new fiscal year, we continue to face market uncertainties, labour shortages and elevated levels of cost inflation and it is difficult to predict how this macroeconomic environment will evolve. We remain steadfast in our focus to deliver value to our customers through our robust merchandising programs, our strong private label offer and working with our supply chain partners. We have also decided to exit the UGI purchasing group effective March 11, 2023. This decision will have no significant impact on our financial results.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2022 fourth quarter** results at **9:00 a.m. (EST) today, November 16, 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. fourth 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 - Investors - 2022 Quarterly Results - 2022 Fourth Quarter Results.*

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

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