



PRESS RELEASE

METRO REPORTS 2023 FIRST QUARTER RESULTS

(Montréal, January 24, 2023) - METRO INC. (TSX: MRU) today announced its results for the first quarter of fiscal 2023 ended December 17, 2022.

2023 FIRST QUARTER HIGHLIGHTS

- Sales of \$4,670.9 million, up 8.2%
- Food same-store sales⁽¹⁾ up 7.5%
- Pharmacy same-store sales⁽¹⁾ up 7.7%
- Net earnings of \$231.1 million, up 11.3%, and adjusted net earnings⁽¹⁾ of \$237.6 million, up 10.9%
- Fully diluted net earnings per share of \$0.97, up 14.1%, and adjusted fully diluted net earnings per share⁽¹⁾ of \$1.00, up 13.6%
- Declared dividend of \$0.3025 per share, up 10.0% versus last year

(Millions of dollars, except for net earnings per share)	2023	12 weeks / Fiscal Year			
		%	2022	%	Change (%)
Sales	4,670.9	100.0	4,316.6	100.0	8.2
Operating income before depreciation and amortization	462.0	9.9	424.1	9.8	8.9
Net earnings	231.1	4.9	207.7	4.8	11.3
Fully diluted net earnings per share	0.97	—	0.85	—	14.1
Adjusted net earnings ⁽¹⁾	237.6	5.1	214.2	5.0	10.9
Adjusted fully diluted net earnings per share ⁽¹⁾	1.00	—	0.88	—	13.6

PRESIDENT'S MESSAGE

"We delivered solid results in the first quarter, gaining market share in a very competitive environment. As inflationary pressures persist, our teams did an excellent job to offer the best value possible to customers in our stores, pharmacies and online and I thank them for their hard work. We will continue⁽²⁾ to execute on our business plans to deliver a strong value proposition to our customers, invest in our retail network and infrastructure, and support our communities. As the Company proudly celebrates its 75th anniversary, we look forward to continued growth⁽²⁾ and success for all stakeholders", declared Eric La Flèche, President and Chief Executive Officer.

OPERATING RESULTS

SALES

Sales in the first quarter of Fiscal 2023 remained strong, reaching \$4,670.9 million, up 8.2% from the first quarter of 2022 mainly due to higher inflation this quarter. Food same-store sales were up 7.5% versus the same quarter last year (down 1.4% in the first quarter of 2022). Online food sales⁽¹⁾ were up 40.0% versus last year (flat in 2022). Our food basket inflation was 10.0%, the same level as the previous quarter. Pharmacy same-store sales were up 7.7% (7.7% in the first quarter of 2022), with a 6.5% increase in prescription drugs⁽¹⁾ and a 10.2% increase in front-store sales⁽¹⁾, primarily driven by over-the-counter products, cosmetics and health and beauty.

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

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

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 2023 totalled \$462.0 million, or 9.9% of sales, an increase of 8.9% versus the corresponding quarter of Fiscal 2022.

Gross margin⁽¹⁾ for the first quarter of Fiscal 2023 was 19.6% versus 19.9% for the corresponding period of 2022, resulting mainly from higher cost of goods sold in food.

Operating expenses as a percentage of sales for the first quarter of Fiscal 2023 were 9.8% versus 10.2% in the corresponding quarter of 2022. The decrease in the percentage of operating expenses on sales is mainly due to good cost control and good leverage on the high level of sales.

DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the first quarter of Fiscal 2023 was \$120.1 million versus \$112.5 million for the corresponding quarter of 2022. This increase reflects the additional investments in supply chain and logistics as well as in-store technology.

NET FINANCIAL COSTS

Net financial costs for the first quarter of Fiscal 2023 were \$27.1 million compared with \$28.7 million for the corresponding quarter of 2022. This reduction is mainly due to the decrease in interest on pension assets and liabilities as well as higher capitalized interest.

INCOME TAXES

The income tax expense of \$83.7 million for the first quarter of Fiscal 2023 represented an effective tax rate of 26.6% compared with an income tax expense of \$75.2 million and an effective tax rate of 26.6% in the first quarter of Fiscal 2022.

NET EARNINGS AND ADJUSTED NET EARNINGS⁽¹⁾

Net earnings for the first quarter of Fiscal 2023 were \$231.1 million compared with \$207.7 million for the corresponding quarter of 2022, while fully diluted net earnings per share were \$0.97 compared with \$0.85 in 2022, up 11.3% and 14.1% respectively. Excluding the specific item shown in the table below, adjusted net earnings⁽¹⁾ for the first quarter of Fiscal 2023 totalled \$237.6 million compared with \$214.2 million for the corresponding quarter of 2022 and adjusted fully diluted net earnings per share⁽¹⁾ were to \$1.00 versus \$0.88, up 10.9% and 13.6% respectively.

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

	12 weeks / Fiscal Year				Change (%)	
	2023		2022		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	231.1	0.97	207.7	0.85	11.3	14.1
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$2.4	6.5		6.5			
Adjusted measures ⁽¹⁾	237.6	1.00	214.2	0.88	10.9	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"

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, 2022 and November 24, 2023. Between November 25, 2022 and January 13, 2023, the Corporation has repurchased 696,000 Common Shares at an average price of \$74.94, for a total consideration of \$52.2 million.

DIVIDENDS

On January 23, 2023, the Board of Directors declared a quarterly dividend of \$0.3025 per share, an increase of 10.0% versus last year quarterly dividend.

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. Expression such as "continue" 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. 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 2022.

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.

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

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

We believe that presenting this ratio, in which a non-GAAP financial measurements 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 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.

OUTLOOK⁽²⁾

As we begin our second quarter, market challenges and inflationary pressures persist, and our focus remains on delivering value to our customers while executing on our strategic priorities. In a very competitive market environment, we are well positioned to meet our customers' high expectations and continue to create long-term value for our shareholders.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2023 first quarter** results at **1:30 p.m. (EST) today, January 24, 2023**. 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 2023 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at www.corpo.metro.ca - Corporate Site - Investors - 2023 Quarterly Results - 2023 First 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"