



PRESS RELEASE

METRO REPORTS 2023 SECOND QUARTER RESULTS

(Montréal, April 19, 2023) - METRO INC. (TSX: MRU) today announced its results for the second quarter of fiscal 2023 ended March 11, 2023.

2023 SECOND QUARTER HIGHLIGHTS

- Sales of \$4,554.5 million, up 6.6%
- Food same-store sales⁽¹⁾ up 5.8%
- Pharmacy same-store sales⁽¹⁾ up 7.3%
- Net earnings of \$218.8 million, up 10.4%, and adjusted net earnings⁽¹⁾ of \$225.4 million, up 10.1%
- Fully diluted net earnings per share of \$0.93, up 13.4%, and adjusted fully diluted net earnings per share⁽¹⁾ of \$0.96, up 14.3%

(Millions of dollars, except for net earnings per share)	2023	12 weeks / Fiscal Year			
		%	2022	%	Change (%)
Sales	4,554.5	100.0	4,274.2	100.0	6.6
Operating income before depreciation and amortization	447.3	9.8	414.0	9.7	8.0
Net earnings	218.8	4.8	198.1	4.6	10.4
Fully diluted net earnings per share	0.93	—	0.82	—	13.4
Adjusted net earnings ⁽¹⁾	225.4	4.9	204.7	4.8	10.1
Adjusted fully diluted net earnings per share ⁽¹⁾	0.96	—	0.84	—	14.3

(Millions of dollars, except for net earnings per share)	2023	24 weeks / Fiscal Year			
		%	2022	%	Change (%)
Sales	9,225.4	100.0	8,590.8	100.0	7.4
Operating income before depreciation and amortization	909.3	9.9	838.1	9.8	8.5
Net earnings	449.9	4.9	405.8	4.7	10.9
Fully diluted net earnings per share	1.90	—	1.67	—	13.8
Adjusted net earnings ⁽¹⁾	463.0	5.0	418.9	4.9	10.5
Adjusted fully diluted net earnings per share ⁽¹⁾	1.96	—	1.72	—	14.0

PRESIDENT'S MESSAGE

"We are pleased with our results in the second quarter as our teams continued to deliver value to our customers in the current high food inflation environment with competitive everyday prices, growing private label sales and effective promotional strategies. We will continue to invest in our people, our retail network and the modernization of our supply chain, and we are well-positioned to achieve our long-term growth objectives⁽²⁾. Finally, we are looking forward to the launch of our new loyalty program MOI later this spring⁽²⁾", declared Eric La Flèche, President and Chief Executive Officer.

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

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

OPERATING RESULTS

SALES

Sales in the second quarter of Fiscal 2023 remained strong, reaching \$4,554.5 million, up 6.6% compared to elevated sales last year due to COVID-related restrictions in both provinces. Food same-store sales were up 5.8% versus the same quarter last year mainly due to higher inflation this quarter (0.8% in the second quarter of 2022). Online food sales⁽¹⁾ were up 41.0% versus last year (6.0% in the second quarter of 2022), mostly driven by new partnership sales. Our food basket inflation was 9.0%, down slightly from the previous quarter. Pharmacy same-store sales were up 7.3% (9.4% in the second quarter of 2022), with a 5.0% increase in prescription drugs⁽¹⁾ and a 12.2% increase in front-store sales⁽¹⁾, primarily driven by over-the-counter products, cosmetics and health and beauty.

Sales in the first 24 weeks of Fiscal 2023 totalled \$9,225.4 million, up 7.4% compared to \$8,590.8 million for the corresponding period of 2022.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

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

Operating income before depreciation and amortization for the second quarter of Fiscal 2023 totalled \$447.3 million, or 9.8% of sales, an increase of 8.0% versus the corresponding quarter of Fiscal 2022. Operating income before depreciation and amortization for the first 24 weeks of Fiscal 2023 totalled \$909.3 million or 9.9% of sales, up 8.5% versus the corresponding period of 2022.

Gross margin⁽¹⁾ for the second quarter and the first 24 weeks of Fiscal 2023 were 20.1% and 19.8% respectively, versus 20.1% and 20.0% for the corresponding periods of 2022. Gross margin⁽¹⁾ in the second quarter for both food and pharma divisions was stable year over year. For the year to date, food margins have declined, mainly due to higher cost of sales, partly offset by higher margins in pharmacy.

Operating expenses as a percentage of sales for the second quarter of Fiscal 2023 were 10.3% versus 10.4% in the corresponding quarter of 2022 mainly due to good cost containment. In the second quarter of last year, gift cards totalling \$8 million were paid to all front-line employees. For the first 24 weeks of Fiscal 2023, operating expenses as a percentage of sales were 10.0% versus 10.3% in 2022.

DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the second quarter of Fiscal 2023 was \$120.6 million versus \$116.3 million for the corresponding quarter of 2022. This increase reflects the additional investments in supply chain and logistics as well as in-store technology. For the first 24 weeks of Fiscal 2023, total depreciation and amortization expense was \$240.7 million versus \$228.8 million for the corresponding period of 2022.

NET FINANCIAL COSTS

Net financial costs for the second quarter of Fiscal 2023 were \$28.3 million compared with \$27.8 million for the corresponding quarter of 2022. For the first 24 weeks of Fiscal 2023, net financial costs were \$55.4 million compared with \$56.5 million for the corresponding period of 2022.

INCOME TAXES

The income tax expense of \$79.6 million for the second quarter of Fiscal 2023 represented an effective tax rate of 26.7% compared with an income tax expense of \$71.8 million and an effective tax rate of 26.6% in the second quarter of Fiscal 2022. The 24-week period income tax expense of \$163.3 million for Fiscal 2023 and \$147.0 million for Fiscal 2022 represented an effective tax rate of 26.6% same rate as the corresponding period of Fiscal 2022.

NET EARNINGS AND ADJUSTED NET EARNINGS⁽¹⁾

Net earnings for the second quarter of Fiscal 2023 were \$218.8 million compared with \$198.1 million for the corresponding quarter of 2022, while fully diluted net earnings per share were \$0.93 compared with \$0.82 in 2022, up 10.4% and 13.4% respectively. Excluding the specific item shown in the table below, adjusted net earnings⁽¹⁾ for the second quarter of Fiscal 2023 totalled \$225.4 million compared with \$204.7 million for the corresponding quarter of 2022 and adjusted fully diluted net earnings per share⁽¹⁾ were \$0.96 versus \$0.84, up 10.1% and 14.3% 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 for the first 24 weeks of Fiscal 2023 were \$449.9 million compared with \$405.8 million for the corresponding period of 2022, while fully diluted net earnings per share were \$1.90 compared with \$1.67 in 2022, up 10.9% and 13.8%, respectively. Excluding the specific item shown in the table below, adjusted net earnings⁽¹⁾ for the first 24 weeks of Fiscal 2023 totalled \$463.0 million compared with \$418.9 million for the corresponding period of 2022, and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$1.96 versus \$1.72, up 10.5% and 14.0%, respectively.

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

	12 weeks / Fiscal Year					
	2023		2022		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	218.8	0.93	198.1	0.82	10.4	13.4
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$2.3	6.6		6.6			
Adjusted measures ⁽¹⁾	225.4	0.96	204.7	0.84	10.1	14.3

	24 weeks / Fiscal Year					
	2023		2022		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	449.9	1.90	405.8	1.67	10.9	13.8
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$4.7	13.1		13.1			
Adjusted measures ⁽¹⁾	463.0	1.96	418.9	1.72	10.5	14.0

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, 2022 and November 24, 2023. Between November 25, 2022 and March 31, 2023, the Corporation has repurchased 2,932,000 Common Shares at an average price of \$71.81, for a total consideration of \$210.5 million.

DIVIDENDS

On April 18, 2023, the Board of Directors declared a quarterly dividend of \$0.3025 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 "continue", "looking forward", "remain" 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

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

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

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.

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.

⁽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⁾

We remain focused on offering quality products at competitive prices as higher than normal inflation and market challenges persist. While we are not able to predict how the current macro-economic environment will evolve, we are seeing some moderation in food inflation, although it is still elevated compared to pre-pandemic levels. With this backdrop, we remain resilient and committed to providing the best value for our customers.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2023 second quarter** results at **9:00 a.m. (EDT) today, April 19, 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. second 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 Second Quarter Results.

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