



PRESS RELEASE

METRO REPORTS 2024 SECOND QUARTER RESULTS

(Montréal, April 24, 2024) - METRO INC. (TSX: MRU) today announced its results for the second quarter of Fiscal 2024 ended March 16, 2024.

2024 SECOND QUARTER HIGHLIGHTS

- Sales of \$4,655.5 million, up 2.2%
- Food same-store sales⁽¹⁾ up 0.2%, and up 2.7% when adjusting for the Christmas week shift⁽²⁾
- Pharmacy same-store sales⁽¹⁾ up 5.9%
- Net earnings of \$187.1 million, down 14.5%, and adjusted net earnings⁽¹⁾ of \$206.4 million, down 8.4%
- Fully diluted net earnings per share of \$0.83, down 10.8%, and adjusted fully diluted net earnings per share⁽¹⁾ of \$0.91, down 5.2%
- Ramp up of new automated Terrebonne distribution centre on track

(Millions of dollars, except for net earnings per share)	12 weeks / Fiscal Year				
	2024	%	2023	%	Change (%)
Sales	4,655.5	100.0	4,554.5	100.0	2.2
Operating income before depreciation and amortization and impairments of assets	439.1	9.4	447.3	9.8	(1.8)
Net earnings	187.1	4.0	218.8	4.8	(14.5)
Fully diluted net earnings per share	0.83	—	0.93	—	(10.8)
Adjusted net earnings ⁽¹⁾	206.4	4.4	225.4	4.9	(8.4)
Adjusted fully diluted net earnings per share ⁽¹⁾	0.91	—	0.96	—	(5.2)

(Millions of dollars, except for net earnings per share)	24 weeks / Fiscal Year				
	2024	%	2023	%	Change (%)
Sales	9,629.7	100.0	9,225.4	100.0	4.4
Operating income before depreciation and amortization and impairments of assets	907.2	9.4	909.3	9.9	(0.2)
Net earnings	415.6	4.3	449.9	4.9	(7.6)
Fully diluted net earnings per share	1.82	—	1.90	—	(4.2)
Adjusted net earnings ⁽¹⁾	441.4	4.6	463.0	5.0	(4.7)
Adjusted fully diluted net earnings per share ⁽¹⁾	1.93	—	1.96	—	(1.5)

⁽¹⁾ This measurement is presented for information purpose only. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies. See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

⁽²⁾ This measure compares same-store sales⁽¹⁾ for the 12-week period ending March 16, 2024, with that ending March 18, 2023.

⁽³⁾ See section on "Forward-looking Information"

PRESIDENT'S MESSAGE

"We are pleased with our sales performance in the second quarter on top of a strong quarter last year and with inflation continuing to decline. Our results met our expectations as we completed the bulk of the transition to our new automated fresh and frozen facility in Terrebonne. Going forward our teams are focused on ramping up productivity and we are now gearing up for the launch of the final phase of our Toronto automated fresh facility this summer. Finally, we are announcing today the launch of our MOI Rewards program in our Ontario food stores later this year, which will provide even more savings to our customers. We are confident that our sustained investments in our supply chain, our retail networks and our digital capabilities will continue to create long term value for our shareholders⁽³⁾", declared Eric La Flèche, President and Chief Executive Officer.

OPERATING RESULTS

SALES

Sales in the second quarter of Fiscal 2024 ended on March 16, 2024 were \$4,655.5 million, up 2.2% versus the second quarter of the prior year which ended on March 11, 2023, driven by higher sales in our retail network. Our food basket inflation was about 3.0%, down from 4.0% in the previous quarter.

Food same-store sales⁽¹⁾ were up 0.2% in the second quarter of Fiscal 2024 (5.8% in the second quarter of 2023), and up 2.7% when adjusting for the Christmas shift⁽²⁾. Pharmacy same-store sales⁽¹⁾ were up 5.9% (7.3% in the second quarter of 2023), with a 6.0% increase in prescription drugs⁽¹⁾ and a 5.8% increase in front-store sales⁽¹⁾, driven by a strong cough and cold season and effective merchandising strategies.

Sales in the first 24 weeks of Fiscal 2024 totalled \$9,629.7 million, up 4.4% compared to \$9,225.4 million for the corresponding period of 2023.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND IMPAIRMENTS OF ASSETS

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

Operating income before depreciation and amortization and impairments of assets for the second quarter of Fiscal 2024 totalled \$439.1 million, or 9.4% of sales, a decrease of 1.8% versus the corresponding quarter of Fiscal 2023. This year, operating income before depreciation and amortization and impairments of assets included a gain on disposal of assets of \$7.2 million versus a loss of \$0.3 million last year. Operating income before depreciation and amortization and impairments of assets for the first 24 weeks of Fiscal 2024 totalled \$907.2 million or 9.4% of sales, down 0.2% versus the corresponding period of 2023.

Gross margin⁽¹⁾ for the second quarter and the first 24 weeks of Fiscal 2024 were 19.9% and 19.7% respectively, versus 20.1% and 19.8% for the corresponding periods of 2023, reflecting a lower food margin.

Operating expenses as a percentage of sales for the second quarter of Fiscal 2024 were 10.7% versus 10.3% in the corresponding quarter of 2023. The increase in operating expenses is mainly due to the commissioning of our new automated distribution centre for fresh and frozen products in Terrebonne. For the first 24 weeks of Fiscal 2024, operating expenses as a percentage of sales were 10.4% versus 10.0% for the corresponding period of 2023.

DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the second quarter of Fiscal 2024 was \$129.5 million versus \$120.6 million for the corresponding quarter of 2023. The increase in depreciation and amortization expense is mainly due to the commissioning of our new automated distribution centre for fresh and frozen products in Terrebonne. For the first 24 weeks of Fiscal 2024, total depreciation and amortization expense was \$260.6 million versus \$240.7 million for the corresponding period of 2023.

IMPAIRMENTS OF ASSETS

During the second quarter of Fiscal 2024, the Corporation recorded \$20.8 million of impairments of assets resulting from the decision to have Metro stores in Ontario withdraw from the Air Miles® loyalty program in the fall of 2024. This impairment represents the entire carrying value of the loyalty program asset.

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⁽³⁾ See section on "Forward-looking Information"

NET FINANCIAL COSTS

Net financial costs for the second quarter of Fiscal 2024 were \$34.1 million compared with \$28.3 million for the corresponding quarter of 2023. The increase is mainly due to an increase in debt and lower capitalized interest related to our distribution center automation projects. For the first 24 weeks of Fiscal 2024, net financial costs were \$66.5 million compared with \$55.4 million for the corresponding period of 2023.

INCOME TAXES

The income tax expense of \$67.6 million for the second quarter of Fiscal 2024 represented an effective tax rate of 26.5% compared with an income tax expense of \$79.6 million and an effective tax rate of 26.7% for the second quarter of Fiscal 2023. The 24-week period income tax expense of \$143.7 million for Fiscal 2024 and \$163.3 million for Fiscal 2023 represented effective tax rates of 25.7% and 26.6% respectively.

NET EARNINGS AND ADJUSTED NET EARNINGS⁽¹⁾

Net earnings for the second quarter of Fiscal 2024 were \$187.1 million compared with \$218.8 million for the corresponding quarter of 2023, while fully diluted net earnings per share were \$0.83 compared with \$0.93 in 2023, down 14.5% and 10.8% respectively. Excluding the specific items shown in the table below, adjusted net earnings⁽¹⁾ for the second quarter of Fiscal 2024 totalled \$206.4 million compared with \$225.4 million for the corresponding quarter of 2023 and adjusted fully diluted net earnings per share⁽¹⁾ were \$0.91 versus \$0.96, down 8.4% and 5.2% respectively.

Net earnings for the first 24 weeks of Fiscal 2024 were \$415.6 million compared with \$449.9 million for the corresponding period of 2023, while fully diluted net earnings per share were \$1.82 compared with \$1.90 in 2023, down 7.6% and 4.2% respectively. Excluding the specific items shown in the table below, adjusted net earnings⁽¹⁾ for the first 24 weeks of Fiscal 2024 totalled \$441.4 million compared with \$463.0 million for the corresponding period of 2023, and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$1.93 versus \$1.96, down 4.7% and 1.5% respectively.

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

	12 weeks / Fiscal Year					
	2024		2023		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	187.1	0.83	218.8	0.93	(14.5)	(10.8)
Loss on impairment of a loyalty program, net of taxes of \$2.7	18.1		—			
Gain on disposal of an investment in an associate, net of taxes of \$1.6	(5.4)		—			
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⁾	206.4	0.91	225.4	0.96	(8.4)	(5.2)

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⁽³⁾ See section on "Forward-looking Information"

	24 weeks / Fiscal Year					
	2024		2023		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	415.6	1.82	449.9	1.90	(7.6)	(4.2)
Loss on impairment of a loyalty program, net of taxes of \$2.7	18.1		—			
Gain on disposal of an investment in an associate, net of taxes of \$1.6	(5.4)		—			
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⁾	441.4	1.93	463.0	1.96	(4.7)	(1.5)

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, 2023 and November 24, 2024. Between November 25, 2023 and April 5, 2024, the Corporation has repurchased 3,945,000 Common Shares at an average price of \$70.18, for a total consideration of \$276.9 million.

DIVIDENDS

On April 23, 2024, the Board of Directors declared a quarterly dividend of \$0.3350 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", "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 2024 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 2023.

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.

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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 special items from the composition of the most directly comparable financial measure disclosed in our consolidated financial statements, which is net earnings. Special items may include acquisition and restructuring charges, gains or losses on the disposal of investments, amortization and impairment losses of intangible assets resulting from a business acquisition, and significant prior-year tax adjustments.

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. The non-GAAP component used is adjusted net earnings⁽¹⁾. Adjusted fully diluted net earnings per share is calculated by dividing the adjusted net earnings⁽¹⁾ attributable to equity holders of the parent by the weighted average number of Common Shares outstanding during the year, adjusted to reflect all potential dilutive shares.

We believe that presenting this ratio, in which a non-GAAP financial measurement 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 are defined as comparable retail sales of stores with more than 52 consecutive weeks of operations, including relocated, expanded and renovated locations. Food same-store sales is a measure based on all stores in our network, including those which do not form part of the Company's consolidated financial statements.

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. Pharmacy same-store sales do not form part of the Company's consolidated financial statements because the pharmacies are held by pharmacist owners.

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

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OUTLOOK⁽³⁾

With the ongoing transition to our new state-of-the-art automated distribution centre in Terrebonne, and the launch of the final phase of our automated fresh distribution centre in Toronto this summer, we are facing significant headwinds in Fiscal 2024 as we incur some temporary duplication of costs and learning curve inefficiencies, as well as higher depreciation and lower capitalized interest. While these investments position us well for continued long-term profitable growth, we will not fully absorb these additional expenses in the current fiscal year and are forecasting operating income before depreciation and amortization and impairments of assets to grow by less than 2% and adjusted net earnings per share to be flat to down \$0.10 in Fiscal 2024 versus the level reported in Fiscal 2023. We expect to resume our profit growth post Fiscal 2024 and are maintaining our publicly disclosed annual growth target of between 8% and 10% for net earnings per share over the medium and long term.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2024 second quarter** results at **9:00 a.m. (EDT) today, April 24, 2024**. 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 2024 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at **www.corpo.metro.ca** - Corporate Site - Investors - 2024 Quarterly Results - 2024 Second Quarter Results.

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