



## PRESS RELEASE

### METRO REPORTS 2024 THIRD QUARTER RESULTS

(Montréal, August 14, 2024) - METRO INC. (TSX: MRU) today announced its results for the third quarter of Fiscal 2024 ended July 6, 2024.

#### 2024 THIRD QUARTER HIGHLIGHTS

- Sales of \$6,651.8 million, up 3.5%
- Food same-store sales<sup>(1)</sup> up 2.4%
- Pharmacy same-store sales<sup>(1)</sup> up 5.2%
- Net earnings of \$296.2 million, down 14.6%, and adjusted net earnings<sup>(1)</sup> of \$305.0 million, down 3.1%
- Fully diluted net earnings per share of \$1.31, down 12.1%, and adjusted fully diluted net earnings per share<sup>(1)</sup> of \$1.35, unchanged versus last year
- Transition to the new automated Terrebonne distribution centre completed

(Millions of dollars, except for net earnings per share)	16 weeks / Fiscal Year				
	2024	%	2023	%	Change (%)
Sales	6,651.8	100.0	6,427.5	100.0	3.5
Operating income before depreciation and amortization and impairments of assets	620.2	9.3	612.3	9.5	1.3
Net earnings	296.2	4.5	346.7	5.4	(14.6)
Fully diluted net earnings per share	1.31	—	1.49	—	(12.1)
Adjusted net earnings <sup>(1)</sup>	305.0	4.6	314.8	4.9	(3.1)
Adjusted fully diluted net earnings per share <sup>(1)</sup>	1.35	—	1.35	—	—

(Millions of dollars, except for net earnings per share)	40 weeks / Fiscal Year				
	2024	%	2023	%	Change (%)
Sales	16,281.5	100.0	15,652.9	100.0	4.0
Operating income before depreciation and amortization and impairments of assets	1,527.4	9.4	1,521.6	9.7	0.4
Net earnings	711.8	4.4	796.6	5.1	(10.6)
Fully diluted net earnings per share	3.13	—	3.39	—	(7.7)
Adjusted net earnings <sup>(1)</sup>	746.4	4.6	777.8	5.0	(4.0)
Adjusted fully diluted net earnings per share <sup>(1)</sup>	3.28	—	3.31	—	(0.9)

<sup>(1)</sup> This measurement is presented for information purposes 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"

<sup>(2)</sup> See section on "Forward-looking Information"

## PRESIDENT'S MESSAGE

"We recorded solid comparable sales growth in the third quarter, on top of a very strong quarter last year, reflecting effective merchandising and good execution in our food and pharmacy banners. Our new automated fresh and frozen facility in Terrebonne is now fully operational with productivity levels ramping up in line with our plans, and the transfer to the last phase of our automated fresh facility in Toronto has begun. While food inflation continues to decline, we know the environment remains difficult for many of our customers, and our teams are focused on offering them the best value possible", declared Eric La Flèche, President and Chief Executive Officer.

## OPERATING RESULTS

### SALES

Sales in the third quarter of Fiscal 2024 ended on July 6, 2024 were \$6,651.8 million, up 3.5% versus the third quarter of the prior year which ended on July 1, 2023, driven by higher sales in our retail network. Our food basket inflation was slightly lower than the reported CPI for food purchased from stores of 1.1%.

Food same-store sales<sup>(1)</sup> were up 2.4% in the third quarter of Fiscal 2024 (9.4% in the third quarter of 2023). Pharmacy same-store sales<sup>(1)</sup> were up 5.2% (5.9% in the third quarter of 2023), with a 6.3% increase in prescription drugs<sup>(1)</sup> and a 3.0% increase in front-store sales<sup>(1)</sup>, primarily driven by over-the-counter products, cosmetics and health and beauty.

Sales in the first 40 weeks of Fiscal 2024 totalled \$16,281.5 million, up 4.0% compared to \$15,652.9 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 third quarter of Fiscal 2024 totalled \$620.2 million, or 9.3% of sales, an increase of 1.3% versus the corresponding quarter of Fiscal 2023. This quarter, operating income before depreciation and amortization and impairments of assets included a loss on disposal of assets of \$1.7 million versus a gain of \$0.2 million last year. Operating income before depreciation and amortization and impairments of assets for the first 40 weeks of Fiscal 2024 totalled \$1,527.4 million or 9.4% of sales, up 0.4% versus the corresponding period of 2023. This year, operating income before depreciation and amortization and impairments of assets included a gain on disposal of assets of \$6.7 million versus a gain of \$4.3 million last year.

Gross margin<sup>(1)</sup> for the third quarter and the first 40 weeks of Fiscal 2024 were 19.6% and 19.7% respectively, versus 19.6% and 19.8% for the corresponding periods of 2023.

Operating expenses as a percentage of sales for the third quarter of Fiscal 2024 were 10.2% versus 10.1% in the corresponding quarter of 2023. For the first 40 weeks of Fiscal 2024, operating expenses as a percentage of sales were 10.3% versus 10.1% for the corresponding period 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.

### DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the third quarter of Fiscal 2024 was \$174.0 million versus \$159.5 million for the corresponding quarter of 2023. For the first 40 weeks of Fiscal 2024, total depreciation and amortization expense was \$434.6 million versus \$400.2 million for the corresponding period 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.

### 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 summer of 2024. This impairment represents the entire carrying value of the loyalty program asset.

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<sup>(2)</sup> See section on "Forward-looking Information"

## NET FINANCIAL COSTS

Net financial costs for the third quarter of Fiscal 2024 were \$46.6 million compared with \$37.1 million for the corresponding quarter of 2023. For the first 40 weeks of Fiscal 2024, net financial costs were \$113.1 million compared with \$92.5 million for the corresponding period of 2023. The increase is mainly due to an increase in debt and lower capitalized interest related to our distribution center automation projects.

## INCOME TAXES

The income tax expense of \$103.4 million for the third quarter of Fiscal 2024 represented an effective tax rate of 25.9% compared with an income tax expense of \$69.0 million and an effective tax rate of 16.6% for the third quarter of Fiscal 2023. The third quarter of 2023 included an adjustment for a favorable \$40.7 million income tax entry in respect of prior years. The 40-week period income tax expense of \$247.1 million for Fiscal 2024 and \$232.3 million for Fiscal 2023 represented effective tax rates of 25.8% and 22.6% respectively.

## NET EARNINGS AND ADJUSTED NET EARNINGS<sup>(1)</sup>

Net earnings for the third quarter of Fiscal 2024 were \$296.2 million compared with \$346.7 million for the corresponding quarter of 2023, while fully diluted net earnings per share were \$1.31 compared with \$1.49 in 2023, down 14.6% and 12.1% respectively. Excluding the specific items shown in the table below, adjusted net earnings<sup>(1)</sup> for the third quarter of Fiscal 2024 totalled \$305.0 million compared with \$314.8 million for the corresponding quarter of 2023, down 3.1% and adjusted fully diluted net earnings per share<sup>(1)</sup> were \$1.35, the same amount as the corresponding quarter of 2023.

Net earnings for the first 40 weeks of Fiscal 2024 were \$711.8 million compared with \$796.6 million for the corresponding period of 2023, while fully diluted net earnings per share were \$3.13 compared with \$3.39 in 2023, down 10.6% and 7.7% respectively. Excluding the specific items shown in the table below, adjusted net earnings<sup>(1)</sup> for the first 40 weeks of Fiscal 2024 totalled \$746.4 million compared with \$777.8 million for the corresponding period of 2023, and adjusted fully diluted net earnings per share<sup>(1)</sup> amounted to \$3.28 versus \$3.31, down 4.0% and 0.9% respectively.

## Net earnings and fully diluted net earnings per share (EPS) adjustments<sup>(1)</sup>

	16 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	296.2	1.31	346.7	1.49	(14.6)	(12.1)
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$3.1	8.8		8.8			
Favorable tax adjustment in respect of prior years	—		(40.7)			
Adjusted measures <sup>(1)</sup>	305.0	1.35	314.8	1.35	(3.1)	—

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	40 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	711.8	3.13	796.6	3.39	(10.6)	(7.7)
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 \$7.8	21.9		21.9			
Favorable tax adjustment in respect of prior years	—		(40.7)			
Adjusted measures <sup>(1)</sup>	746.4	3.28	777.8	3.31	(4.0)	(0.9)

### 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 August 2, 2024, the Corporation has repurchased 6,045,000 Common Shares at an average price of \$71.14, for a total consideration of \$430.0 million.

### DIVIDENDS

On August 13, 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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<sup>(2)</sup> See section on "Forward-looking Information"

## 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<sup>(1)</sup>. Adjusted fully diluted net earnings per share is calculated by dividing the adjusted net earnings<sup>(1)</sup> 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 whose sales are not included in the Corporation'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 Corporation'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<sup>(2)</sup>

With the transition to our new state-of-the-art automated distribution centre in Terrebonne, and the recent launch of the final phase of our automated fresh distribution centre in Toronto, 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. Our results, after three quarters, are tracking well to this guidance. 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 third quarter results at 9:00 a.m. (EDT) today, August 14, 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. third quarter of 2024 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at [www.corpo.metro.ca](http://www.corpo.metro.ca) - Corporate Site - Investors - 2024 Quarterly Results - 2024 Third Quarter Results.

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