metro

PRESS RELEASE

METRO REPORTS 2024 FOURTH QUARTER RESULTS

(Montréal, November 20, 2024) - METRO INC. (TSX: MRU) today announced its results for the fourth quarter of Fiscal 2024 ended September 28, 2024.

2024 FOURTH QUARTER HIGHLIGHTS

- **12-week quarter versus 13 weeks in 2023**
- **Sales of $4,938.4 million, down 2.6% and up 5.7% based on 12 weeks in 2023**
- **Food same-store sales(1) up 2.2%**
- **Pharmacy same-store sales(1) up 5.7%**
- **Net earnings of $219.9 million, down 1.0% and adjusted net earnings(1) of $226.5 million, down 1.0%**
- **Fully diluted net earnings per share of $0.98, up 2.1% and adjusted fully diluted net earnings per share(1) of $1.02, up 3.0%**
- **Transfer to the last phase of our automated fresh facility in Toronto completed**

FISCAL 2024 HIGHLIGHTS

- **52-week fiscal year versus 53 weeks in 2023**
- **Sales of $21,219.9 million, up 2.4% and up 4.4% based on 52 weeks in 2023**
- **Net earnings of $931.7 million, down 8.5% and adjusted net earnings(1) of $972.9 million, down 3.3%**
- **Fully diluted net earnings per share of $4.11, down 5.5% and adjusted fully diluted net earnings per share(1) of $4.30, unchanged versus last year**
- **Successful completion of supply chain modernization program**

	Fiscal Year				
(Millions of dollars, except for net earnings per share)	**2024** ***(12 weeks)***	**%**	2023 *(13 weeks)*	%	Change (%)
Sales	**4,938.4**	**100.0**	5,071.7	100.0	(2.6)
Operating income before depreciation and amortization and impairments of assets	**459.6**	**9.3**	448.0	8.8	2.6
Net earnings	**219.9**	**4.5**	222.2	4.4	(1.0)
Fully diluted net earnings per share	**0.98**	**—**	0.96	—	2.1
Adjusted net earnings(1)	**226.5**	**4.6**	228.8	4.5	(1.0)
Adjusted fully diluted net earnings per share(1)	**1.02**	**—**	0.99	—	3.0

(1) 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"

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

	Fiscal Year				
	2024	**%**	2023	%	Change (%)
(Millions of dollars, except for net earnings per share)	***(52 weeks)***		*(53 weeks)*		
Sales	**21,219.9**	**100.0**	20,724.6	100.0	2.4
Operating income before depreciation and amortization and impairments of assets	**1,987.0**	**9.4**	1,969.6	9.5	0.9
Net earnings	**931.7**	**4.4**	1,018.8	4.9	(8.5)
Fully diluted net earnings per share	**4.11**	**—**	4.35	—	(5.5)
Adjusted net earnings[(1)]	**972.9**	**4.6**	1,006.6	4.9	(3.3)
Adjusted fully diluted net earnings per share[(1)]	**4.30**	**—**	4.30	—	—

PRESIDENT'S MESSAGE

"Our 2024 fiscal year ended with a solid fourth quarter driven by strong comparable sales growth in both food and pharmacy on top of a very strong quarter last year. Our results for this transition year met our expectations and have landed well within the guidance provided last year. With the transfer to the last phase of our automated fresh facility in Toronto now complete, we have reached the final milestone of our 7-year, nearly billion-dollar investment in the modernization of our supply chain, providing capacity for future growth and efficiency. Finally, our MOI Rewards program was successfully launched in Ontario at the end of October, and we are very pleased with the customer response to date with more than 1,000,000 new members in just under four weeks", declared Eric La Flèche, President and Chief Executive Officer.

OPERATING RESULTS

SALES

Sales in the fourth quarter of Fiscal 2024 ended on September 28, 2024 were $4,938.4 million, down 2.6% versus the fourth quarter of the prior year, and up 5.7% based on 12 weeks in 2023, driven by higher sales in our retail network this year and the negative impact of a labour conflict at 27 Metro stores in the Greater Toronto Area in the fourth quarter of 2023. Our food basket inflation was slightly higher than the reported CPI for food purchased from stores of 1.7%.

Food same-store sales[(1)] were up 2.2% in the fourth quarter of Fiscal 2024 (6.8% in the fourth quarter of 2023). Online food sales[(1)] were up 27.6% versus the comparable 12-week period last year (116.0% in the fourth quarter of 2023). Pharmacy same-store sales[(1)] were up 5.7% (5.5% in the fourth quarter of 2023), with a 6.8% increase in prescription drugs[(1)] and a 3.3% increase in front-store sales[(1)], primarily driven by over-the-counter products, cosmetics and health and beauty.

Sales for Fiscal 2024 totalled $21,219.9 million, up 2.4% compared to $20,724.6 million for Fiscal 2023, and up 4.4% based on 52 weeks in 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 fourth quarter of Fiscal 2024 totalled $459.6 million, or 9.3% of sales, an increase of 2.6% versus the corresponding quarter of Fiscal 2023. For Fiscal 2024, operating income before depreciation and amortization and impairments of assets totalled $1,987.0 million or 9.4% of sales, up 0.9% versus Fiscal 2023. Fiscal 2024 included gains on disposal of assets of $6.8 million versus gains of $4.2 million last year.

Gross margin[(1)] for the fourth quarter and Fiscal 2024 were 19.7% versus 19.5% and 19.7% for the corresponding periods of 2023.

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Operating expenses as a percentage of sales for the fourth quarter of Fiscal 2024 were 10.4% versus 10.7% in the corresponding quarter of 2023. Excluding the impact of the labour conflict last year, our operating expense as a percentage of sales for the fourth quarter of Fiscal 2023 would have been similar to this year. For Fiscal 2024, operating expenses as a percentage of sales were 10.4% versus 10.2% for Fiscal 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 and the launch of the final phase of our fresh distribution centre in Toronto.

DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the fourth quarter of Fiscal 2024 was $135.8 million versus $125.0 million for the corresponding quarter of 2023. For Fiscal 2024, total depreciation and amortization expense was $570.4 million versus $525.2 million for Fiscal 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 and the final phase of our fresh distribution centre in Toronto.

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.

NET FINANCIAL COSTS

Net financial costs for the fourth quarter of Fiscal 2024 were $32.6 million compared with $30.1 million for the corresponding quarter of 2023. For Fiscal 2024, net financial costs were $145.7 million compared with $122.6 million for Fiscal 2023. The increase is mainly due to an increase in average debt and lower capitalized interest related to our distribution center automation projects.

INCOME TAXES

The income tax expense of $71.3 million for the fourth quarter of Fiscal 2024 represented an effective tax rate of 24.5% compared with an income tax expense of $70.7 million and an effective tax rate of 24.1% for the fourth quarter of Fiscal 2023. The income tax expense of $318.4 million for Fiscal 2024 and $303.0 million for Fiscal 2023 represented effective tax rates of 25.5% and 22.9% respectively. The increase in the effective tax rate in 2024 is mainly attributable to a favorable $40.7 million income tax entry in respect of prior years recorded in the third quarter of Fiscal 2023.

NET EARNINGS AND ADJUSTED NET EARNINGS(1)

Net earnings for the fourth quarter of Fiscal 2024 were $219.9 million compared with $222.2 million for the corresponding quarter of 2023, while fully diluted net earnings per share were $0.98 compared with $0.96 in 2023, down 1.0% and up 2.1% respectively. Excluding the specific item shown in the table below, adjusted net earnings(1) for the fourth quarter of Fiscal 2024 totalled $226.5 million compared with $228.8 million for the corresponding quarter of 2023, down 1.0%. Adjusted fully diluted net earnings per share(1) for the fourth quarter of Fiscal 2024 were $1.02, versus $0.99 in 2023, up 3.0%. In the fourth quarter of 2023, the labour conflict at 27 Metro stores in the Greater Toronto Area had an unfavorable impact of approximately $27.0 million after-tax or $0.12 per share and the 13th week had a favorable impact of $27.0 million net of tax or $0.12 per share.

Net earnings for Fiscal 2024 were $931.7 million compared with $1,018.8 million for Fiscal 2023, while fully diluted net earnings per share were $4.11 compared with $4.35 in 2023, down 8.5% and 5.5% respectively. Excluding the specific items shown in the table below, adjusted net earnings(1) for Fiscal 2024 totalled $972.9 million compared with $1,006.6 million for Fiscal 2023, down 3.3%. Adjusted fully diluted net earnings per share(1) for Fiscal 2024 amounted to $4.30 the same amount as Fiscal 2023. In 2023, the labour conflict at 27 Metro stores in the Greater Toronto Area had an unfavorable impact of approximately $27.0 million after-tax or $0.12 per share and the 53rd week had a favorable impact of $27.0 million net of tax or $0.12 per share.

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

	2024		2023		Change (%)	
	(12 weeks)		*(13 weeks)*			
	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	**219.9**	**0.98**	222.2	0.96	(1.0)	2.1
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]	**226.5**	**1.02**	228.8	0.99	(1.0)	3.0

	2024		2023		Change (%)	
	(52 weeks)		*(53 weeks)*			
	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	**931.7**	**4.11**	1,018.8	4.35	(8.5)	(5.5)
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 $10.2	**28.5**		28.5			
Favorable tax adjustment in respect of prior years	**—**		(40.7)			
Adjusted measures[1]	**972.9**	**4.30**	1,006.6	4.30	(3.3)	—

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 27, 2023 and November 26, 2024. Between November 27, 2023 and November 12, 2024, the Corporation has repurchased 7,000,000 Common Shares at an average price of $72.90, for a total consideration of $510.3 million. The Corporation intends[2] to renew its normal course issuer bid program as an additional option for using excess funds.

DIVIDENDS

On September 30, 2024, the Board of Directors declared a quarterly dividend of $0.3350 per share, the same amount declared last quarter.

CONTINGENCIES

In the normal course of business, various proceedings and claims are instituted against the Corporation. The Corporation contests the validity of these claims and proceedings and at this stage, the Corporation does not believe that these matters will have a material effect on the Corporation's financial position or on consolidated earnings. However, since any litigation involves uncertainty, it is not possible to predict the outcome of these claims or the amount of potential losses. No accruals or provisions for contingent losses have been recognized in the Corporation’s annual consolidated financial statements.

In May 2019, two (2) proposed class actions relating to opioids were filed in Ontario and in Québec by opioid end users against a large group of defendants including, in Québec, a subsidiary of the Corporation, Pro Doc, and, in Ontario, Pro Doc and Jean Coutu Group. In December 2023, the Ontario Superior Court of Justice dismissed the class action against Pro Doc, Jean Coutu Group and the distributor defendants. As plaintiff did not appeal the decision, this decision is therefore final. In April 2024, the Quebec Superior Court authorized the class action, the

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authorization process being merely a procedural step and the judgment in no way decides the case on the merits. In October 2024, the Quebec Court of Appeal dismissed defendants' applications for leave to appeal.

In February 2020, a proposed class action relating to opioids was filed in British Columbia by opioid end users against a large group of defendants including subsidiaries of the Corporation, Pro Doc and Jean Coutu Group. In April 2021, multiple defendants, including Pro Doc and Jean Coutu Group, were served with a proposed class action relating to opioids and filed by the City of Grande Prairie, in Alberta. In September 2021, multiple defendants, including Pro Doc and Jean Coutu Group, were served with a proposed class action relating to opioids and filed by the Peter Ballantyne Cree Nation and the Lac La Ronge Indian Band, in Saskatchewan. The allegations in these proposed class actions are similar to the allegations contained in the proposed class action filed by the Province of British Columbia in August 2018 against numerous manufacturers and distributors of opioids, including subsidiaries of the Corporation, Pro Doc and Jean Coutu Group. All these proposed class actions contain allegations of breach of the *Competition Act*, of fraudulent misrepresentation and deceit, and negligence. The Province of British Columbia seeks damages (unquantified) on behalf of all federal, provincial and territorial governments and agencies for expenses allegedly incurred in paying for opioid prescriptions and other healthcare costs that would be related to opioid addiction and abuse while the Québec claim and the British Columbia proposed claim filed by opioid end users seek recovery of damages on behalf of opioid end users in general. The City of Grande Prairie, on its behalf and on behalf of all Canadian municipalities and local governments, seeks damages which are unquantified in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. The Peter Ballantyne Cree Nation and the Lac La Ronge Indian Band are attempting a similar recourse, claiming unquantified damages from multiple defendants on their own behalf and on behalf of all Indigenous, First Nations, Inuit and Metis communities and governments in Canada. The Corporation believes these proceedings are without merits and that, in certain cases, there is no jurisdiction. No provisions for contingent losses have been recognized in the Corporation's annual financial statements.

In 2017, the Canadian Competition Bureau began an investigation into the supply and sale of commercial bread which involves certain Canadian suppliers and retailers, including the Corporation. Based on the information available to date, the Corporation does not believe that it or any of its employees have violated the *Competition Act*. Proposed class-action lawsuits have also been filed against the Corporation, suppliers and other retailers. On December 19, 2019, the Québec Superior Court granted the application for authorization to institute one of these class actions, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. On December 31, 2021, the Ontario Superior Court of Justice partially certified another of these class actions. The Corporation is contesting all these actions at the certification and on the merits. No provisions for contingent losses have been recognized in the Corporation's annual consolidated financial statements.

During the 2016 fiscal year, an application for authorization to institute a class action was served on Jean Coutu Group by Sopropharm, an association incorporated under the *Professional Syndicates Act* of which certain franchised drugstore owners of the Jean Coutu Group are members. The application seeks to have the class action authorized in the form of a declaratory action seeking amongst others (i) to set aside certain contractual provisions of the Jean Coutu Group's standard franchise agreements, including the clause providing for the payment of royalties on sales of medication by franchised establishments; (ii) to restore certain benefits; and (iii) to reduce certain contractual obligations. On November 1, 2018, the Québec Superior Court granted the application for authorization to institute a class action, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. The Corporation contests this action on the merits. No provisions for contingent losses have been recognized in the Corporation's annual consolidated financial statements.

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[2] *See section on "Forward-looking Information"*

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", "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 2025 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.

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

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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.

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

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.

OUTLOOK(2)

As we begin our 2025 fiscal year, the significant investments in the modernization of our supply chain are largely behind us, and we are now focused on realizing efficiency gains and improving the service to our store network. These investments have also positioned us well for growth through the expansion of our retail network in the years ahead. We expect to gradually resume our profit growth in Fiscal 2025 and we maintain our publicly disclosed annual growth target of between 8% and 10% of adjusted 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 fourth quarter results** at **9:00 a.m. (EST) today, November 20, 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. fourth 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 Fourth Quarter Results.*

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