



INTERIM REPORT

16-week period ended July 6, 2024

3rd Quarter 2024

HIGHLIGHTS

2024 THIRD QUARTER

- Sales of \$6,651.8 million, up 3.5%
- Food same-store sales⁽¹⁾ up 2.4%
- Pharmacy same-store sales⁽¹⁾ up 5.2%
- Net earnings of \$296.2 million, down 14.6%, and adjusted net earnings⁽¹⁾ 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⁽¹⁾ of \$1.35, unchanged versus last year
- Transition to the new automated Terrebonne distribution centre completed

⁽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⁾ See section on "Forward-looking Information"



REPORT TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our interim report for the third quarter of Fiscal 2024 ended July 6, 2024.

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

Third quarter net earnings were \$296.2 million in Fiscal 2024 compared with \$346.7 million in 2023 and fully diluted net earnings per share were \$1.31 compared with \$1.49 in 2023, down 14.6% and 12.1% respectively. Adjusted net earnings⁽¹⁾ 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⁽¹⁾ were \$1.35, the same amount as the corresponding quarter of 2023. The third quarters of 2024 and 2023 included an adjustment for the after-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition. The third quarter of 2023 also included an adjustment for a favorable \$40.7 million income tax entry in respect of prior years.

On August 13, 2024, the Board of Directors declared a quarterly dividend of \$0.3350 per share, the same amount declared last quarter.

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.

Eric La Flèche
President and Chief Executive Officer

August 14, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) sets out the financial position and consolidated results of METRO INC. on July 6, 2024 for the 16 and 40-week periods then ended. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes in this interim report.

The unaudited interim condensed consolidated financial statements for the 16 and 40-week periods ended July 6, 2024 have been prepared by management in accordance with IAS 34 *Interim Financial Reporting*. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes and the MD&A presented in the Corporation's 2023 Annual Report. Unless otherwise stated, the interim report is based on information as at August 2, 2024.

Additional information, including the Certification of Interim Filings for the quarter ended July 6, 2024 signed by the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Treasurer, will be available on the SEDAR website at: www.sedarplus.ca.

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⁽¹⁾ were up 2.4% in the third quarter of Fiscal 2024 (9.4% in the third quarter of 2023). Pharmacy same-store sales⁽¹⁾ were up 5.2% (5.9% in the third quarter of 2023), with a 6.3% increase in prescription drugs⁽¹⁾ and a 3.0% increase in front-store sales⁽¹⁾, 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⁽¹⁾ 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.

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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.

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⁽¹⁾

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⁽¹⁾ 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⁽¹⁾ 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⁽¹⁾ 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⁽¹⁾ amounted to \$3.28 versus \$3.31, down 4.0% and 0.9% respectively.

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

	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⁽¹⁾	305.0	1.35	314.8	1.35	(3.1)	—

	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⁽¹⁾	746.4	3.28	777.8	3.31	(4.0)	(0.9)

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QUARTERLY HIGHLIGHTS

<i>(Millions of dollars, unless otherwise indicated)</i>	2024	2023	2022	Change (%)
Sales				
Q3 ⁽³⁾	6,651.8	6,427.5	—	3.5
Q2 ⁽⁴⁾	4,655.5	4,554.5	—	2.2
Q1 ⁽⁴⁾	4,974.2	4,670.9	—	6.5
Q4 ⁽⁵⁾	—	5,071.7	4,432.6	14.4
Net earnings				
Q3 ⁽³⁾	296.2	346.7	—	(14.6)
Q2 ⁽⁴⁾	187.1	218.8	—	(14.5)
Q1 ⁽⁴⁾	228.5	231.1	—	(1.1)
Q4 ⁽⁵⁾	—	222.2	168.7	31.7
Adjusted net earnings⁽¹⁾				
Q3 ⁽³⁾	305.0	314.8	—	(3.1)
Q2 ⁽⁴⁾	206.4	225.4	—	(8.4)
Q1 ⁽⁴⁾	235.0	237.6	—	(1.1)
Q4 ⁽⁵⁾	—	228.8	219.4	4.3
Fully diluted net earnings per share (Dollars)				
Q3 ⁽³⁾	1.31	1.49	—	(12.1)
Q2 ⁽⁴⁾	0.83	0.93	—	(10.8)
Q1 ⁽⁴⁾	0.99	0.97	—	2.1
Q4 ⁽⁵⁾	—	0.96	0.70	37.1
Adjusted fully diluted net earnings per share⁽¹⁾ (Dollars)				
Q3 ⁽³⁾	1.35	1.35	—	—
Q2 ⁽⁴⁾	0.91	0.96	—	(5.2)
Q1 ⁽⁴⁾	1.02	1.00	—	2.0
Q4 ⁽⁵⁾	—	0.99	0.92	7.6

⁽³⁾ 16 weeks

⁽⁴⁾ 12 weeks

⁽⁵⁾ 13 weeks in 2023, 12 weeks in 2022

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

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. 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.

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Sales in the first quarter of Fiscal 2024 ended on December 23, 2023 were \$4,974.2 million, up 6.5% versus the first quarter of the prior year which ended on December 17, 2022. Food same-store sales⁽¹⁾ were up 6.1% (7.5% in the first quarter of 2023), and up 3.4% when adjusting for the Christmas shift. Our food basket inflation was about 4.0%, lower than reported CPI and down from 5.5% in the previous quarter. Pharmacy same-store sales⁽¹⁾ were up 3.9% (7.7% in the first quarter of 2023), with a 6.6% increase in prescription drugs⁽¹⁾ and a 1.2% decrease in front-store sales⁽¹⁾, as we cycled very high sales last year due to an exceptionally strong cough and cold season.

Sales in the fourth quarter of Fiscal 2023 remained strong, reaching \$5,071.7 million, and up 14.4% versus the fourth quarter of the prior year. Excluding the 13th week in 2023, fourth quarter sales were up 5.4%. Food same-store sales⁽¹⁾ were up 6.8% (8.0% in the fourth quarter of 2022) driven mostly by our discount banners. Our food basket inflation was about 5.5%, lower than reported CPI and down from 8.0% in the third quarter. Pharmacy same-store sales⁽¹⁾ were up 5.5% (7.4% in the fourth quarter of 2022), with a 6.7% increase in prescription drugs⁽¹⁾ and a 3.1% increase in front-store sales⁽¹⁾, with increases across most categories except over-the-counter products as we cycled very high sales last year due to a strong cough and cold season.

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. Adjusted net earnings⁽¹⁾ 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⁽¹⁾ were \$1.35, the same amount as the corresponding quarter of 2023. The third quarters of 2024 and 2023 included an adjustment for the pre-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$11.9 million, as well as the income taxes relating to this item and the third quarter of 2023 also included an adjustment for a favorable \$40.7 million income tax entry in respect of prior years.

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. 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. The second quarters of 2024 and 2023 included an adjustment for the pre-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$8.9 million and the second quarter of 2024 also included a loss on the impairment of a loyalty program of \$20.8 million and a gain on disposal of an investment in an associate of \$7.0 million, as well as the income taxes relating to these items.

Net earnings for the first quarter of Fiscal 2024 were \$228.5 million compared with \$231.1 million for the corresponding quarter of 2023, while fully diluted net earnings per share were \$0.99 compared with \$0.97 in 2023, down 1.1% and up 2.1% respectively. Adjusted net earnings⁽¹⁾ for the first quarter of Fiscal 2024 totalled \$235.0 million compared with \$237.6 million for the corresponding quarter of 2023 and adjusted fully diluted net earnings per share⁽¹⁾ were \$1.02 versus \$1.00, down 1.1% and up 2.0% respectively. The first quarters of 2024 and 2023 included an adjustment for the pre-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$8.9 million as well as the income taxes relating to this item.

Net earnings for the fourth quarter of Fiscal 2023 were \$222.2 million compared with \$168.7 million for the fourth quarter of 2022, while fully diluted net earnings per share were \$0.96 compared with \$0.70 in 2022, up 31.7% and 37.1% respectively. Adjusted net earnings⁽¹⁾ for the fourth quarter of Fiscal 2023 totalled \$228.8 million compared with \$219.4 million for the corresponding quarter of 2022 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$0.99 versus \$0.92, up 4.3% and 7.6% respectively. The fourth quarters of 2023 and 2022 included adjustments for the pre-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$9.0 million, the impairment of a loyalty program of \$60.0 million in the fourth quarter of 2022 as well as the income taxes relating to these items. 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. The 13th week had a favorable impact of \$27.0 million net of tax or \$0.12 per share.

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	2024			2023				2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<i>(Millions of dollars)</i>								
Net earnings	296.2	187.1	228.5	222.2	346.7	218.8	231.1	168.7
Loss on impairment of a loyalty program, net of taxes	—	18.1	—	—	—	—	—	44.1
Gain on disposal of an investment in an associate, net of taxes	—	(5.4)	—	—	—	—	—	—
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes	8.8	6.6	6.5	6.6	8.8	6.6	6.5	6.6
Favorable tax adjustment in respect of prior years	—	—	—	—	(40.7)	—	—	—
Adjusted net earnings ⁽¹⁾	305.0	206.4	235.0	228.8	314.8	225.4	237.6	219.4

	2024			2023				2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<i>(Dollars)</i>								
Fully diluted net earnings per share	1.31	0.83	0.99	0.96	1.49	0.93	0.97	0.70
Adjustments impact	0.04	0.08	0.03	0.03	(0.14)	0.03	0.03	0.22
Adjusted fully diluted net earnings per share ⁽¹⁾	1.35	0.91	1.02	0.99	1.35	0.96	1.00	0.92

CASH POSITION

OPERATING ACTIVITIES

In the third quarter of Fiscal 2024, operating activities generated cash inflows of \$593.6 million compared with \$545.9 million in the corresponding quarter of 2023. In the first 40 weeks of Fiscal 2024, operating activities generated cash inflows of \$1,223.3 million compared with \$1,176.4 million for the corresponding period of 2023. The increase is mainly due to the lower taxes paid in the first 40 weeks of fiscal 2024 compared to the corresponding period of 2023.

INVESTING ACTIVITIES

Investing activities required cash outflows of \$149.5 million for the third quarter of Fiscal 2024 compared with \$138.5 million for the corresponding quarter of 2023. This difference stemmed mainly from higher investments in tangible and intangible assets of \$22.0 million.

In the first 40 weeks of Fiscal 2024, investing activities required cash outflows of \$306.3 million compared with \$364.9 million for the corresponding period of 2023. This difference stemmed mainly from lower investments in tangible and intangible assets of \$41.7 million in 2024.

During the first 40 weeks of Fiscal 2024, we and our retailers opened 6 stores, carried out major expansions and renovations of 7 stores, 1 store was relocated and 4 stores were closed for a net increase of 237,600 square feet or 1.1% of our food retail network.

FINANCING ACTIVITIES

In the third quarter of 2024, financing activities required cash outflows of \$438.8 million compared with \$448.6 million in the corresponding quarter of 2023. In the first 40 weeks of Fiscal 2024, financing activities required cash outflows of \$941.2 million compared with \$800.2 million for the corresponding period of 2023. This difference is mainly due to lower increase in debt in 2024 of \$133.0 million compared to 2023 and lower share repurchases in 2024.

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FINANCIAL POSITION

We do not anticipate⁽²⁾ any liquidity risk and consider our financial position at the end of the third quarter of 2024 as very solid. We had an unused authorized revolving credit facility of \$442.7 million.

At the end of the third quarter of 2024, the main elements of our debt were as follows:

	Interest Rate	Maturity	Notional (Millions of dollars)
	Rates fluctuate with changes in bankers' acceptance rates		
Revolving Credit Facility		October 27, 2028	157.3
Series J Notes	1.92% fixed nominal rate	December 2, 2024	300.0
Series G Notes	3.39% fixed nominal rate	December 6, 2027	450.0
Series K Notes	4.66% fixed nominal rate	February 7, 2033	300.0
Series B Notes	5.97% fixed nominal rate	October 15, 2035	400.0
Series D Notes	5.03% fixed nominal rate	December 1, 2044	300.0
Series H Notes	4.27% fixed nominal rate	December 4, 2047	450.0
Series I Notes	3.41% fixed nominal rate	February 28, 2050	400.0

As at July 6, 2024, the revolving credit facility included USD borrowings of \$75.0 million (US \$54.7 million) (nil as at September 30, 2023) and the Corporation entered into cross currency interest rate swaps to hedge against the effect of interest rate fluctuations on the USD borrowings.

During the period ended March 11, 2023, the Corporation repaid all its revolving credit facility drawn in US currency and the cross-currency interest rate swaps entered into during the period ended December 17, 2022 came to maturity.

On February 6, 2023, the Corporation issued through a private placement Series K unsecured senior notes in the aggregate principal amount of \$300.0 million, bearing interest at a fixed nominal rate of 4.66%, maturing on February 7, 2033. In anticipation of this issuance, on November 14, 2022, the Corporation entered into a bond forward contract designated as cash flow hedge on a component of a highly probable future debt issuance in the amount of \$250.0 million that effectively locked-in a 10-year fixed interest rate of 2.996%. The effective part of the loss on the hedging instrument was recognized in Other Comprehensive Income. Following the Series K Notes issuance, the amounts accumulated in equity were reclassified to net financial costs on a linear basis over the life of the debt.

During Fiscal 2022, the Corporation entered into a \$300.0 million interest rate swap effectively locking in a floating rate of interest of 11 basis points (0.11%) over the 3-month bankers' acceptance rate (CDOR) over the life of the Series J Notes. As at July 6, 2024, the balance of the Series J unsecured senior notes was \$296.8 million (\$288.9 million as at September 30, 2023), reflecting an increase in fair value adjustments relating to interest rate swaps designated as fair value hedges of \$7.9 million in 2024 (increase of \$3.8 million in 2023).

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CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at July 6, 2024	As at September 30, 2023
Number of Common Shares outstanding (<i>Thousands</i>)	222,613	228,653
Stock options:		
Number outstanding (<i>Thousands</i>)	2,250	2,226
Exercise prices (<i>Dollars</i>)	41.16 to 77.75	40.23 to 77.75
Weighted average exercise price (<i>Dollars</i>)	60.87	56.42
Performance share units:		
Number outstanding (<i>Thousands</i>)	584	572

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.

SHARE TRADING

The value of METRO shares remained in the \$65.43 to \$78.25 range over the first 40 weeks of Fiscal 2024. During this period, a total of 89.4 million shares were traded on the Toronto Stock Exchange. The closing price on August 2, 2024 was \$81.19 compared with \$70.54 at the end of Fiscal 2023.

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 "anticipate", "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.

⁽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⁾ 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⁽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 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.

⁽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⁾ See section on "Forward-looking Information"



OUTLOOK⁽²⁾

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.

Montréal, August 14, 2024

⁽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⁾ See section on "Forward-looking Information"