

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation and presentation of the consolidated financial statements of METRO INC. and the other financial information contained in this Annual Report are the responsibility of management. This responsibility is based on a judicious choice of appropriate accounting principles and policies, the application of which requires making estimates and informed judgements. It also includes ensuring that the financial information in the Annual Report is consistent with the consolidated financial statements. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards and were approved by the Board of Directors.

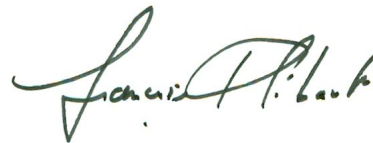
METRO INC. maintains accounting systems and internal controls over the financial reporting process which, in the opinion of management, provide reasonable assurance regarding the accuracy, relevance and reliability of financial information and the well-ordered, efficient management of the Corporation's affairs.

The Board of Directors fulfills its duty to oversee management in the performance of its financial reporting responsibilities and to review the consolidated financial statements and Annual Report, principally through its Audit Committee. This Committee is comprised solely of directors who are independent of the Corporation and is also responsible for making recommendations for the nomination of external auditors. Also, it holds periodic meetings with members of management as well as internal and external auditors to discuss internal controls, auditing matters and financial reporting issues. The external and internal auditors have access to the Committee without management. The Audit Committee has reviewed the consolidated financial statements and Annual Report of METRO INC. and recommended their approval to the Board of Directors.

The enclosed consolidated financial statements were audited by Ernst & Young LLP and their report indicates the extent of their audit and their opinion on the consolidated financial statements.



Eric R. La Flèche
President and Chief Executive Officer



François Thibault
Executive Vice President,
Chief Financial Officer and Treasurer

November 19, 2019

INDEPENDENT AUDITORS' REPORT

To the shareholders of **METRO INC.**

Opinion

We have audited the consolidated financial statements of METRO Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at September 28, 2019 and September 29, 2018, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 28, 2019 and September 29, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Martine Quintal.

Ernst & Young LLP¹

Montréal, Canada
November 19, 2019

¹ CPA auditor, CA, public accountancy permit no. A112005



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Annual Consolidated Financial Statements

METRO INC.

September 28, 2019

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Consolidated statements of income
Years ended September 28, 2019 and September 29, 2018
(Millions of dollars, except for net earnings per share)

	2019	2018
Sales (notes 6 and 26)	16,767.5	14,383.4
Cost of sales and operating expenses (notes 6 and 26)	(15,416.0)	(13,329.5)
Retail network restructuring expenses (notes 6 and 18)	(36.0)	—
Gain on divestiture of pharmacies (notes 5 et 6)	6.0	—
Pharmacy network closure and restructuring expenses (notes 6 and 18)	—	(31.4)
Distribution network modernization project expenses (notes 6 and 18)	—	(11.4)
Operating income before depreciation and amortization and associate's earnings	1,321.5	1,011.1
Depreciation and amortization (note 6)	(286.4)	(233.5)
Financial costs, net (note 6)	(103.8)	(80.2)
Gain on disposal of the majority of the investment in an associate (notes 6, 10 and 15)	36.4	1,107.4
Gain on revaluation and disposal of an investment at fair value (notes 6 and 10)	1.5	241.1
Share of an associate's earnings (notes 6 and 10)	—	30.8
Earnings before income taxes	969.2	2,076.7
Income taxes (note 7)	(254.8)	(358.2)
Net earnings	714.4	1,718.5
Attributable to:		
Equity holders of the parent	711.6	1,716.5
Non-controlling interests	2.8	2.0
	714.4	1,718.5
Net earnings per share (Dollars) (notes 8 and 21)		
Basic	2.79	7.20
Fully diluted	2.78	7.16

See accompanying notes



Consolidated statements of comprehensive income

Years ended September 28, 2019 and September 29, 2018

(Millions of dollars)

	2019	2018
Net earnings	714.4	1,718.5
Other comprehensive income		
Items that will not be reclassified to net earnings		
Changes in defined benefit plans		
Actuarial gains (losses)	(97.9)	37.2
Asset ceiling effect	4.3	(2.1)
Minimum funding requirement	(0.6)	(0.2)
Loss on disposal of the investment at fair value (note 10)	(1.3)	—
Corresponding income taxes	25.2	(9.2)
	(70.3)	25.7
Items that will be reclassified later to net earnings		
Fair value revaluation of investment (note 10)	—	22.8
Reclassification of the change in investment at fair value to net earnings following the disposal of a portion of the investment (note 10)	—	(17.1)
Reclassification of shares of an associate's other comprehensive income to net earnings (note 10)	—	(3.9)
Corresponding income taxes	—	(0.4)
	—	1.4
	(70.3)	27.1
Comprehensive income	644.1	1,745.6
Attributable to:		
Equity holders of the parent	641.3	1,743.6
Non-controlling interests	2.8	2.0
	644.1	1,745.6

See accompanying notes



Consolidated statements of financial position

As at September 28, 2019 and September 29, 2018

(Millions of dollars)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	273.4	226.9
Accounts receivable (notes 15 and 26)	611.2	538.1
Inventories (note 9)	1,126.0	1,099.1
Prepaid expenses	33.2	32.1
Current taxes	44.5	20.6
	2,088.3	1,916.8
Non-current assets		
Fixed assets (note 11)	2,657.8	2,523.4
Investment properties (note 12)	41.5	46.1
Intangible assets (note 13)	2,889.0	2,914.4
Goodwill (note 14)	3,306.5	3,302.2
Deferred taxes (note 7)	2.8	4.5
Defined benefit assets (note 23)	25.6	55.1
Investment at fair value (note 10)	—	66.9
Other assets (note 15)	62.4	92.8
	11,073.9	10,922.2
LIABILITIES AND EQUITY		
Current liabilities		
Bank loans (note 16)	—	0.1
Accounts payable (notes 17 and 26)	1,331.4	1,268.3
Deferred revenues	22.3	90.2
Current taxes	33.3	254.8
Provisions (note 18)	10.9	8.0
Current portion of debt (note 19)	428.6	13.3
Non-controlling interests (note 28)	51.1	—
	1,877.6	1,634.7
Non-current liabilities		
Debt (note 19)	2,229.0	2,630.4
Defined benefit liabilities (note 23)	113.0	81.3
Provisions (note 18)	30.2	22.3
Deferred taxes (note 7)	842.7	846.5
Other liabilities (note 20)	12.8	11.7
Non-controlling interests (note 28)	—	39.3
	5,105.3	5,266.2
Equity		
Attributable to equity holders of the parent	5,955.2	5,642.8
Attributable to non-controlling interests	13.4	13.2
	5,968.6	5,656.0
	11,073.9	10,922.2

Commitments and contingencies (notes 24 and 25)

See accompanying notes

On behalf of the Board

ERIC R. LA FLÈCHE
Director

RUSSELL GOODMAN
Director



Consolidated statements of changes in equity
Years ended September 28, 2019 and September 29, 2018
(Millions of dollars)

	Attributable to the equity holders of the parent						Non-controlling interests	Total equity
	Capital stock <i>(note 21)</i>	Treasury shares <i>(note 21)</i>	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total		
Balance as at September 29, 2018	1,724.1	(24.9)	20.3	3,918.4	4.9	5,642.8	13.2	5,656.0
Net earnings	—	—	—	711.6	—	711.6	2.8	714.4
Other comprehensive income	—	—	—	(70.3)	—	(70.3)	—	(70.3)
Comprehensive income	—	—	—	641.3	—	641.3	2.8	644.1
Stock options exercised	28.0	—	(4.0)	—	—	24.0	—	24.0
Shares redeemed	(19.8)	—	—	—	—	(19.8)	—	(19.8)
Share redemption premium	—	—	—	(126.1)	—	(126.1)	—	(126.1)
Acquisition of treasury shares	—	(5.6)	—	—	—	(5.6)	—	(5.6)
Share-based compensation cost	—	—	8.6	—	—	8.6	—	8.6
Performance share units settlement	—	5.9	(5.7)	(0.2)	—	—	—	—
Dividends	—	—	—	(198.9)	—	(198.9)	(2.1)	(201.0)
Adoption of IFRS 9 "Financial instruments" on the investment at fair value <i>(note 3)</i>	—	—	—	4.9	(4.9)	—	—	—
Change in fair value of non-controlling interests liability <i>(note 28)</i>	—	—	—	(11.1)	—	(11.1)	(0.7)	(11.8)
Sale of shares in joint ventures	—	—	—	—	—	—	0.2	0.2
	8.2	0.3	(1.1)	(331.4)	(4.9)	(328.9)	(2.6)	(331.5)
Balance as at September 28, 2019	1,732.3	(24.6)	19.2	4,228.3	—	5,955.2	13.4	5,968.6

See accompanying notes



Consolidated statements of changes in equity
Years ended September 28, 2019 and September 29, 2018
(Millions of dollars)

	Attributable to the equity holders of the parent						Non-controlling interests	Total equity
	Capital stock <i>(note 21)</i>	Treasury shares <i>(note 21)</i>	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total		
Balance as at September 30, 2017	565.8	(21.9)	19.8	2,343.9	3.5	2,911.1	12.8	2,923.9
Net earnings	—	—	—	1,716.5	—	1,716.5	2.0	1,718.5
Other comprehensive income	—	—	—	25.7	1.4	27.1	—	27.1
Comprehensive income	—	—	—	1,742.2	1.4	1,743.6	2.0	1,745.6
Shares issued <i>(note 5)</i>	1,147.9	—	—	(0.2)	—	1,147.7	—	1,147.7
Stock options exercised	10.4	—	(1.6)	—	—	8.8	—	8.8
Acquisition of treasury shares	—	(10.2)	—	—	—	(10.2)	—	(10.2)
Share-based compensation cost	—	—	9.1	—	—	9.1	—	9.1
Performance share units settlement	—	7.2	(7.0)	(0.2)	—	—	—	—
Dividends	—	—	—	(164.8)	—	(164.8)	(4.8)	(169.6)
Change in fair value of non-controlling interests liability <i>(note 28)</i>	—	—	—	(2.5)	—	(2.5)	2.9	0.4
Sale of shares in joint ventures	—	—	—	—	—	—	0.3	0.3
	1,158.3	(3.0)	0.5	(167.7)	—	988.1	(1.6)	986.5
Balance as at September 29, 2018	1,724.1	(24.9)	20.3	3,918.4	4.9	5,642.8	13.2	5,656.0

See accompanying notes



Consolidated statements of cash flows
Years ended September 28, 2019 and September 29, 2018
(Millions of dollars)

	2019	2018
Operating activities		
Earnings before income taxes	969.2	2,076.7
Non-cash items		
Gain on disposal of a portion of the investment in an associate (notes 10 and 15)	(36.4)	(1,107.4)
Gain on revaluation and disposal of an investment at fair value (note 10)	(1.5)	(241.1)
Share of an associate's earnings (note 10)	—	(30.8)
Gain on divestiture of pharmacies (note 5)	(6.0)	—
Depreciation and amortization	286.4	233.5
Gain on disposal and write-offs of fixed and intangible assets and investment properties	(0.8)	(15.7)
Impairment losses on fixed assets	2.1	7.8
Impairment loss reversals on fixed and intangible assets	(0.1)	(1.9)
Share-based compensation cost	8.6	9.1
Difference between amounts paid for employee benefits and current year cost	(35.1)	4.2
Retail network restructuring expenses (note 18)	36.0	—
Pharmacy network closure and restructuring expenses (note 18)	—	31.4
Distribution network modernization project expenses (note 18)	—	11.4
Financial costs, net	103.8	80.2
	1,326.2	1,057.4
Net change in non-cash working capital items	(54.5)	(54.3)
Interest paid	(106.9)	(90.5)
Income taxes paid	(477.1)	(162.2)
	687.7	750.4
Investing activities		
Business acquisition (note 5)	—	(3,033.0)
Proceeds on disposal of a portion of the investment in an associate and the investment at fair value (note 10)	59.0	1,791.6
Equity forward transaction on the investment at fair value (note 10)	—	68.4
Proceeds on divestiture of pharmacies (note 5)	14.0	—
Sale of shares in joint ventures	0.2	0.1
Buyout of minority interests (note 28)	—	(221.2)
Net change in other assets	9.2	(0.6)
Additions to fixed assets and investment properties	(356.9)	(286.1)
Disposals of fixed assets and investment properties	5.4	34.6
Additions to intangible assets	(39.4)	(31.3)
	(308.5)	(1,677.5)
Financing activities		
Net change in bank loans	(0.1)	(1.0)
Shares issued (note 21)	24.0	8.8
Shares redeemed (note 21)	(145.9)	—
Acquisition of treasury shares (note 21)	(5.6)	(10.2)
Increase in debt	46.6	2,168.8
Repayment of debt	(53.9)	(995.2)
Net change in other liabilities	1.1	(1.3)
Dividends (note 22)	(198.9)	(164.8)
	(332.7)	1,005.1
Net change in cash and cash equivalents	46.5	78.0
Cash and cash equivalents – beginning of year	226.9	148.9
Cash and cash equivalents – end of year	273.4	226.9

See accompanying notes



Notes to consolidated financial statements

September 28, 2019 and September 29, 2018

(Millions of dollars, unless otherwise indicated)

1. DESCRIPTION OF BUSINESS

METRO INC. (the Corporation) is a company incorporated under the laws of Québec. One of Canada's leading food and pharmacy retailers and distributors, the Corporation operates a network of supermarkets, discount stores and drugstores. Its head office is located at 11011 Maurice-Duplessis Blvd., Montréal, Québec, Canada, H1C 1V6. Its two business segments, food operations and pharmaceutical operations, are combined into one reportable operating segment due to the similar nature of their operations (see note 4).

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements, in Canadian dollars, have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared within the reasonable limits of materiality, on a historical cost basis, except for certain financial instruments and defined benefit plan assets measured at fair value and defined benefit obligations measured at present value. The significant accounting policies are summarized below:

Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, as well as those of structured entities (notes 4 and 26). All intercompany transactions and balances were eliminated on consolidation.

Sales recognition

Sales come essentially from the sale of goods and services. Retail sales made by corporate stores and stores that are structured entities are recognized at the time of sale to the customer, and sales to affiliated stores and other customers when the goods are delivered. Rebates granted by the Corporation are recorded as a reduction in sales.

Recognition of considerations from vendors

Cash considerations from vendors are considered as an adjustment to the vendor's product pricing and are therefore characterized as a reduction of cost of sales and related inventories when recognized in the consolidated financial statements.

Loyalty programs

The Corporation has two loyalty programs.

The first program, for which the Corporation acts as an agent, belongs to a third party and its cost is recorded as a reduction in sales at the time of sale to the customer.

The second program belongs to the Corporation. At the time of a sale to the customer, part of it is recorded as deferred revenue equal to the fair value of the program's issued points. This fair value is determined based on the exchange value of the points awarded and the expected redemption rate which are regularly remeasured. The deferred revenue is recognized as sales when the points are redeemed.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, the Corporation's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. At each closing, monetary items denominated in foreign currency are translated using the exchange rate at the closing date. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Gains or losses resulting from currency translations are recognized in net earnings.

Income taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to determine these amounts are those that are enacted or substantively enacted by tax authorities by the closing date.

The Corporation follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are accounted for based on estimated taxes recoverable or payable that would result from the recovery or



Notes to consolidated financial statements

September 28, 2019 and September 29, 2018

(Millions of dollars, unless otherwise indicated)

settlement of the carrying amount of assets and liabilities. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be in effect when the temporary differences are expected to reverse. Changes in these amounts are included in current net earnings in the period in which they occur. The carrying amount of deferred tax assets is reviewed at every closing date and reduced to the extent that it is no longer probable that sufficient earnings will be available to allow all or part of the deferred tax assets to be utilized.

Income tax relating to items recognized directly in equity is recognized in equity.

Share-based payment

A share-based compensation expense is recognized for the stock option and performance share unit (PSU) plans offered to certain employees as well as a deferred share unit (DSU) plan offered to directors.

Stock option awards vest gradually over the vesting term and each tranche is considered as a separate award. The value of the remuneration expense is calculated based on the fair value of the stock options at the option grant date and using the Black-Scholes valuation model. The compensation expense is recognized over the vesting term of each tranche.

The compensation expense for the PSU plan is determined based on the market value of the Corporation's Common Shares at grant date. Compensation expense is recognized on a straight-line basis over the vesting period. The impact of any changes in the number of PSUs is recorded in the period where the estimate is revised. The grant qualifies as an equity instrument.

The compensation expense and corresponding liability for the DSU plan are recognized on the grant date and determined based on the grant date market value of the Corporation's Common Shares. The DSU liability is included in accounts payable and is periodically adjusted to reflect any changes in the stock market valuation of the Corporation's Common Shares.

Net earnings per share

Basic net earnings per share is calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of Common Shares outstanding during the year. For the fully diluted net earnings per share, the net earnings attributable to equity holders of the parent and the weighted average number of Common Shares outstanding are adjusted to reflect all potential dilutive shares.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, highly liquid investments (with an initial term of three months or less) and outstanding deposits. They are classified as "Financial assets at fair value through net earnings" and measured at amortized cost, with revaluation at the end of each period.

Accounts receivable

Accounts receivable and loans to certain customers are classified as "Loans and receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest method. For the Corporation, the measured amount generally corresponds to cost.

Inventories

Inventories are valued at the lower of cost and net realizable value. Warehouse inventories cost is determined by the average cost method net of certain considerations received from vendors. Retail inventories cost is valued at the retail price less the gross margin and certain considerations received from vendors. All costs incurred in bringing the inventories to their present location and condition are included in the cost of warehouse and retail inventories.

Investments in joint ventures

The Corporation has interests in joint ventures, whereby the venturers have a contractual agreement that establishes joint control over the economic activities of the entity. These investments are accounted for using the equity method and are presented in other assets.

Fixed assets

Fixed assets are initially recorded at cost. Principal components of a fixed asset with different useful lives are depreciated separately. Buildings and equipment are depreciated on a straight-line basis over their useful lives. Leasehold



Notes to consolidated financial statements

September 28, 2019 and September 29, 2018

(Millions of dollars, unless otherwise indicated)

improvements are depreciated on a straight-line basis over the shorter of their estimated useful lives or the remaining lease term. The depreciation method and estimate of useful lives are reviewed annually.

Buildings	20 to 50 years
Equipment	3 to 20 years
Leasehold improvements	5 to 20 years

Leases

Leases are classified as finance leases if substantially all risks and rewards incidental to ownership are transferred to the lessee. At the moment of initial recognition, the lessee records the leased item as an asset at the lower of the fair value of the asset and the present value of the minimum lease payments. A corresponding liability to the lessor is recorded in the consolidated statement of financial position as a finance lease obligation. In subsequent periods, the asset is depreciated on a straight-line basis over the term of the lease and interest on the obligation is expensed through net earnings.

Leases are classified as operating leases if substantially all risks and rewards incidental to ownership are not transferred to the lessee. The lease payments are recognized as an expense on a straight-line basis over the lease term.

Investment properties

Investment properties are held for capital appreciation and to earn rentals. They are not occupied by the owner for its ordinary activities. They are recognized at cost. Principal components, except for land which is not depreciated, are depreciated on a straight-line basis over their respective useful lives which vary from 20 to 50 years. The depreciation method and estimates of useful lives are reviewed annually.

Intangible assets

Intangible assets with finite useful lives are recorded at cost and amortized on a straight-line basis over their useful lives. The amortization method and estimates of useful lives are reviewed annually.

Leasehold rights	20 to 40 years
Software	3 to 7 years
Retail network retention premiums	5 to 30 years
Customer relationships	10 to 27 years

The banners that the Corporation intends to keep and operate, the private labels for which it continues to develop new products and the loyalty programs it intends to maintain qualify as intangible assets with indefinite useful lives. They are recorded at cost and not amortized.

Goodwill

Goodwill, which represents the excess of purchase price over the fair value of the acquired enterprise's identifiable net assets at the date of acquisition, is recognized at cost and is not amortized.

Impairment of non financial assets

At each reporting date, the Corporation must determine if there is any indication of depreciation of its fixed assets, intangible assets with finite useful lives, investment properties and investment in an associate. If any indication exists, the Corporation has to test the assets for impairment. Impairment testing of intangible assets with indefinite useful lives and goodwill is to be done at least annually, regardless of any indication of depreciation.

Impairment testing is conducted at the level of the asset itself, a cash generating unit (CGU) or group of CGUs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each store is a separate CGU. Impairment testing of warehouses is conducted at the level of the different groups of CGUs. Impairment testing of common assets is conducted at the level of the smallest CGU. Impairment testing of goodwill resulting from a business acquisition is conducted at the level of the smallest CGU. Impairment testing of investment properties, banners, private labels and loyalty programs is conducted at the level of the asset itself.

Notes to consolidated financial statements**September 28, 2019 and September 29, 2018***(Millions of dollars, unless otherwise indicated)*

To test for impairment, the carrying amount of an asset, CGU or group of CGUs is compared with its recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs of disposal. The value in use corresponds generally to the pre-tax cash flow projections from the management-approved budgets for the next fiscal year. These projections reflect past experience and are discounted at a pre-tax rate corresponding to the expected market rate for this type of investment. The recoverable amount of investment properties, investment in an associate, banners, private labels and loyalty programs is these assets' fair value less costs of disposal. If the carrying amount exceeds the recoverable amount, an impairment loss in the amount of the excess is recognized in net earnings. CGU or group of CGUs' impairment losses are allocated pro rata to the assets of the CGU or group of CGUs, without however reducing the carrying amount of the assets below the highest of their fair value less costs of disposal, their value in use, and zero.

Except for goodwill, any reversal of an impairment loss is recognized immediately in net earnings. A reversal of an impairment loss for a CGU or group of CGUs is allocated pro rata to the assets of the CGU or group of CGUs. The recoverable amount of an asset increased by a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized for the asset in prior years.

Deferred financing costs

Financing costs related to debt are deferred and amortized using the effective interest method over the term of the corresponding loans. When one of these loans is repaid, the corresponding financing costs are charged to net earnings.

Employee benefits

Employee benefits include short-term employee benefits which correspond to wages and fringe benefits and are recognized immediately in net earnings as are termination benefits which are also recorded as a liability when the Corporation cannot withdraw the offer of termination.

Employee benefits also include post-employment benefits which comprise pension benefits (both defined benefit and defined contribution plans) and ancillary benefits such as post-employment life and medical insurance. Employee benefits also comprise other long-term benefits, namely long-term disability benefits not covered by insurance plans and ancillary benefits provided to employees on long-term disability. Assets and obligations related to employee defined benefit plans, ancillary retirement benefits and other long-term benefits plan are accounted for using the following accounting policies:

- Defined benefit obligations and the cost of pension, ancillary retirement benefits and other long-term benefits earned by participants are determined from actuarial calculations according to the projected credit unit method. The calculations are based on management's best assumptions relating to salary escalation, retirement age of participants, inflation and expected health care costs.
- Defined benefit obligations are discounted using high-quality corporate bond yield rates with cash flows that match the timing and amount of expected benefit payments.
- Defined benefit plan assets or liabilities recognized in the consolidated statement of financial position correspond to the difference between the present value of defined benefit obligations and the fair value of plan assets. In the case of a surplus funded plan, these assets are limited at the lesser of the actuarial value determined for accounting purposes or the value of the future economic benefit by way of surplus refunds or contribution holidays. Furthermore, an additional liability could be recorded when minimum funding requirements for past services exceed economic benefits available.
- The interest expense on defined benefit obligations, on the asset ceiling and on the minimum funding requirement is net of interest income on plan assets, which is calculated by applying the same rate used to evaluate the obligations, and is recognized as financing costs.
- Actuarial gains or losses on pension plans and ancillary post-employment benefits arise from changes to current year end actuarial assumptions used to determine the defined benefit obligations. They also arise from variances between the experience adjustments of the plans for the current year and the assumptions defined at the end of the previous fiscal year to determine the employee benefit expense for the current fiscal year and the defined benefit obligations at the previous fiscal year end.
- Remeasurements of defined benefit net liabilities include actuarial gains or losses, the yield on plan assets, and asset ceiling and minimum funding requirement changes, excluding the amount already recorded in net interest. Remeasurements are recognized under other comprehensive income during the period in which they occur and reclassified from accumulated other comprehensive income to retained earnings at the end of each period.
- Actuarial gains or losses to other long-term employee benefits are recognized in full immediately in net earnings.

Notes to consolidated financial statements**September 28, 2019 and September 29, 2018***(Millions of dollars, unless otherwise indicated)*

- Past service amendment costs are recognized immediately in net earnings.
- Defined contribution plan costs, including those of multi-employer plans, are recorded when the contributions are due. As sufficient information to reliably determine multi-employer defined benefit plan obligations and assets is not available and as there is no actuarial valuation according to IFRS, these plans are accounted for as defined contribution plans and the Corporation participation is limited to the negotiated contributions. The vast majority of the Corporation's contributions to multi-employer plans are paid into the Canadian Commercial Workers Industry Pension Plan (CCWIPP). The Corporation and its franchisees represent approximately 25% of the Plan's total number of participants.

Deferred revenues

The portion of revenue that is unearned is recorded in deferred revenue when payments are received. This includes prepayments received by the Corporation for future periods for which revenue is recognized when the goods are delivered or services are rendered. Deferred revenue also includes loyalty points issued as part of the Corporation's loyalty programs and gift cards outstanding as of year end for which revenue is recognized upon redemption. As at September 29, 2018, deferred revenue included the amount received related to the equity forward agreement for the Alimentation Couche-Tard shares.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) resulting from a past event, will likely have to settle the obligation and the amount of which can be reliably estimated. The amount recognized as provision is the best estimate of the expense required to settle the present obligation at the closing date. When a provision is measured based on estimated cash flows required to settle the present obligation, its carrying amount is the discounted value of these cash flows.

Present obligations resulting from onerous contracts are accounted for and measured as provisions. A contract is said to be onerous when the costs involved in fulfilling the terms and conditions of the contract are higher than the contract's expected economic benefits.

Other financial liabilities

Bank loans, accounts payable excluding deferred revenues, revolving credit facility, notes and loans payable are classified as "Liabilities measured at amortized cost". After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

Non-controlling interests

Non-controlling interests are generally recognized in equity. However, with respect to its interests in Première Moisson and MissFresh, the Corporation has the option to buy out the minority interests and the minority shareholders in these companies have the option to be bought out by the Corporation under certain conditions as of the options' exercisable dates. Given these options, the non-controlling interests become a financial liability that is classified as "Liabilities measured at fair value through profit and loss" and measured at fair value. Gains or losses resulting from the revaluation at the end of each period recorded in net earnings or in retained earnings. The Corporation elected to record them in retained earnings.

Derivative financial instruments

In accordance with its risk management strategy, the Corporation uses derivative financial instruments for hedging purposes. On inception of a hedging relationship, the Corporation indicates whether or not it will apply hedge accounting to the relationship. Should there be any, the Corporation formally documents several factors, such as the election to apply hedge accounting, the hedged item, the hedging item, the risks being hedged and the term over which the relationship is expected to be effective, as well as risk management objectives and strategy.

The effectiveness of the hedging relationship is measured at its inception to determine whether it will be highly effective over the term of the relationship and assessed periodically to ensure that hedge accounting is still appropriate. The results of these assessments are formally documented.

The Corporation could use foreign exchange forward contracts, cross currency interest rate swaps and equity forward transaction. Given their short-term maturity, the Corporation elected not to apply hedge accounting. These derivative financial instruments are classified as "Financial assets or liabilities measured at fair value through profit and loss" and measured at fair value with revaluation at the end of each period. Resulting gains or losses are recorded in net earnings.

Notes to consolidated financial statements**September 28, 2019 and September 29, 2018***(Millions of dollars, unless otherwise indicated)***Fair value measurements hierarchy**

Fair value measurements of assets and liabilities recognized at fair value in the consolidated statements of financial position or whose fair value is presented in the notes to the consolidated financial statements are categorized in accordance with the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fiscal year

The Corporation's fiscal year ends on the last Saturday of September. The fiscal year ended September 28, 2019 included 52 weeks of operations and the fiscal year ended September 29, 2018 included 52 weeks of operations.

3. NEW ACCOUNTING STANDARDS**ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE****Leases**

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases* and related interpretations. Under IFRS 16, which provides a single accounting model for leases abolishing the current distinction between finance leases and operating leases, most leases will be recognized in the statement of financial position. Certain exemptions will apply for short-term leases and leases of low-value assets. The accounting requirements for lessors remain similar to those under IAS 17. IFRS 16 applies to fiscal years beginning on or after January 1, 2019, which for the Corporation is fiscal year beginning on September 29, 2019.

Under IFRS 16 transitional provisions, the Corporation will adopt the standard using a modified retrospective approach, and the cumulative impact of the initial application of the standard will be recognized as an adjustment to equity on transition.

As a lessee, the Corporation will recognize right-of-use assets and lease liabilities in respect of operating leases for property, vehicles and equipment. Depreciation expense for right-of-use assets and interest expense on lease liabilities will replace rental expense previously recognized under IAS 17 on a straight-line basis over the lease term. The lease liabilities will be measured at the present value of the remaining lease payments and the right-of-use assets will be measured using the modified retrospective approach. The discount rate used will be the Corporation's incremental borrowing rate on the transition date of September 29, 2019.

As an intermediate lessor under several leases, the Corporation has assessed the classification of its sublease agreements based on the right-of-use asset related to the main lease and not on the underlying asset. As a result of this change, the Corporation expects an increase in current and non-current receivables recorded for leases that should be classified as finance leases.

The Corporation will use the following practical expedients as permitted by IFRS 16 at the initial application date:

- Apply IFRS 16 only to contracts that were previously identified as leases under IAS 17.
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Rely on an existing assessment to determine whether a lease is onerous, instead of performing a review of the impairment of the right-of-use assets.
- Exclude leases which end within 12 months of the date of the initial application.
- Elect not to apply IFRS 16 to leases for which the underlying asset is of low value.
- Exclude initial direct costs from the measurement of right-of-use assets.
- Use hindsight, such as in determining the lease term where the contract contains options to extend or terminate the lease.

We expect⁽³⁾ increases in liabilities ranging from \$2.1 billion to \$2.3 billion and in assets, including right-of-use assets as well as receivables (current and non-current) related to sublease agreements, ranging from \$1.9 billion to \$2.1 billion with the net impact recorded in opening retained earnings. Actual results from the initial application of IFRS 16 may differ from estimated amounts, the Corporation continues to perfect the estimates and input data that will be used in the calculations.

Notes to consolidated financial statements**September 28, 2019 and September 29, 2018***(Millions of dollars, unless otherwise indicated)***ACCOUNTING STANDARDS ADOPTED IN 2019****Financial instruments**

Effective the first quarter of 2019, the Corporation adopted IFRS 9, *Financial Instruments*, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Corporation adopted the new classification and valuation, impairment and general hedging requirements on September 30, 2018 by applying the classification and valuation, including impairment, requirements retrospectively, with the cumulative effect of initially applying the standard recognized in opening retained earnings as at September 30, 2018 and without restatement of comparative information.

Classification of financial instruments

The adoption of IFRS 9 changes the Corporation's accounting policies with respect to the classification of financial instruments.

Following adoption, the Corporation's classification is as follows:

- Cash and cash equivalents were classified as "Financial assets at fair value through profit and loss" before the adoption of IFRS 9 and are now classified as subsequently measured at amortized cost.
- Accounts receivable and loans to certain customers were classified as "Loans and receivables" before the adoption of IFRS 9 and are now classified as subsequently measured at amortized cost.
- The investment at fair value was classified as an "Available-for-sale financial asset" before the adoption of IFRS 9 and is now classified as subsequently measured at fair value through other comprehensive income. Accumulated other comprehensive income of \$4.9 was therefore reclassified to retained earnings as at September 30, 2018.
- Bank loans, accounts payable excluding deferred revenues, the revolving credit facility, notes and loans payable were classified as "Other financial liabilities" before the adoption of IFRS 9 and are now classified as subsequently measured at amortized cost.
- Non-controlling interests were classified as "Financial liabilities held for trading" before the adoption of IFRS 9 and are now classified as subsequently measured at fair value through profit and loss. Gains or losses resulting from the revaluation at the end of each period recorded may be recognized in net earnings or retained earnings. The Corporation has elected to record them in retained earnings.
- Derivative financial instruments not designated as hedges were classified as "Financial assets and liabilities at fair value through profit and loss" before the adoption of IFRS 9 and are now classified as subsequently measured at fair value through profit and loss.

The changes in classification and measurement criteria resulting from the adoption of IFRS 9 had no impact on the measurement of financial instruments.

Impairment of financial assets

The adoption of IFRS 9 changes the method used to calculate the impairment of accounts receivable and loans to certain customers.

At each reporting date, the Corporation estimates expected credit losses based on its credit loss history. Those expected losses are adjusted to reflect factors that are specific to the accounts receivable and loans to certain customers, general economic conditions as well as an assessment of both current and forecasted economic conditions at the reporting date, including time value of money when appropriate. The evaluation is calculated using the simplified method for cash and current assets and the general method for loans. The net change in expected credit losses on accounts receivable and loans to certain customers is recognized in net earnings.

The adoption of IFRS 9 had no impact on the impairment of accounts receivable and loans to certain customers.

Revenue from contracts with customers

Effective the first quarter of 2019, the Corporation adopted IFRS 15, *Revenue from Contracts with Customers*. IFRS 15 replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related interpretations. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

Notes to consolidated financial statements**September 28, 2019 and September 29, 2018***(Millions of dollars, unless otherwise indicated)*

The Corporation adopted IFRS 15 retrospectively in accordance with the transitional provisions thereof. The application of IFRS 15 had no impact on the amounts recognized in the Corporation's consolidated financial statements, and no amounts have been reclassified or restated.

Under IFRS 15, revenue is recognized when control of the goods or services is transferred to the customer. Retail sales made by corporate stores and by stores qualifying as structured entities are recognized at the time of sale to the customer, and sales to affiliated or franchised stores and to other customers are recognized when the goods are delivered to them. Rebates granted by the Corporation are recorded as a reduction in sales.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the recognition and valuation of assets, liabilities, sales, other income and expenses. These estimates and assumptions are based on historical experience and other factors deemed relevant and reasonable and are reviewed at every closing date. The use of different estimates could produce different amounts in the consolidated financial statements. Actual results may differ from these estimates.

JUDGEMENTS

In applying the Corporation's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Consolidation of structured entities

The Corporation has no voting rights in certain food stores. However, the franchise contract gives it the ability to control these stores' main activities. Its decisions are not limited to protecting its trademarks. The Corporation retains the majority of stores' profits and losses. For these reasons, the Corporation consolidates these food stores in its financial statements.

The Corporation has no voting rights in the trust created for PSU plan participants. However, under the trust agreement, it instructs the trustee as to the sale and purchase of Corporation shares and payments to beneficiaries, gives the trustee money to buy Corporation shares, assumes vesting variability, and ensures that the trust holds a sufficient number of shares to meet its obligations to the beneficiaries. For these reasons, the Corporation consolidates this trust in its financial statements.

The Corporation also has an agreement with a third party that operates a plant exclusively for the needs and according to the specifications of the Corporation, which assumes all costs and control the plant's main activities. For these reasons, the Corporation consolidates it in the Corporation's financial statements.

Determination of the aggregation of operating segments

The Corporation uses judgment in determining the aggregation of business segments. The reportable operating segment comprises the food operations segment and the pharmaceutical operations segment. The Corporation has aggregated these two business segments due to the similar nature of their goods and services and similar economic characteristics: operations are carried on primarily in Québec and Ontario and are therefore subject to the same regulatory environment and competitive and economic market pressures, use the same product distribution methods and serve the same customers.

ESTIMATES

The assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the value of assets and liabilities within the next period, are discussed below:

Impairment of assets

In testing for impairment of intangible assets with indefinite useful lives and goodwill, value in use and fair value less costs of disposal are estimated using the discounted future cash flows model, the capitalized excess earnings before financial costs and taxes (EBIT) and royalty-free licence methods. These methods are based on various assumptions, such as the future cash flows estimate, excess EBIT, royalty rates, discount rate, earnings multiples and growth rates. The key assumptions are disclosed in notes 13 and 14.



Notes to consolidated financial statements

September 28, 2019 and September 29, 2018

(Millions of dollars, unless otherwise indicated)

Pension plans and other plans

Defined pension plans, ancillary retirements and other long-term benefits obligations and costs associated to these obligations are determined from actuarial calculations according to the projected credit unit method. These calculations are based on management's best assumptions relating to salary escalation, retirement age of participants, inflation rate and expected health care costs. The key assumptions are disclosed in note 23.

Non-controlling interests

The non-current liability related to the non-controlling interest is calculated in relation to the price to be paid by the Corporation for the non-controlling interest, which price is based mainly on the future earnings of MissFresh (MissFresh and Première Moisson in 2018) as of the date the options will become exercisable. Given the uncertainty associated with the estimation of these future earnings, the Corporation used, at the end of the fiscal year, its most probable estimate and various other assumptions, including the discount rate, growth rate and capital investments. Additional information is presented in note 28.

5. BUSINESS ACQUISITION

In 2018, the Corporation completed the acquisition of The Jean Coutu Group (PJC) Inc. ("Jean Coutu Group") a for a total consideration of \$4,525.1. Under the terms of the acquisition, the aggregate consideration transferred to the Jean Coutu Group shareholders consisted of \$3,377.2 in cash and the issuance of approximately 28 million common shares of the Corporation representing \$1,147.9.

The following table shows the final fair values of identifiable assets acquired and liabilities assumed at the acquisition date:

Net assets acquired at their value	
Cash and cash equivalents	344.2
Accounts receivable	219.3
Inventories	228.3
Prepaid expenses	13.5
Other assets	55.4
Fixed assets	687.4
Investment properties	31.4
Intangible assets	2,544.8
Goodwill	1,323.5
Accounts payable	(277.9)
Deferred taxes	(642.0)
Other liabilities	(2.8)
	<hr/>
	4,525.1
	<hr/>
Cash consideration	3,377.2
Share consideration	1,147.9
	<hr/>
	4,525.1
	<hr/>



Notes to consolidated financial statements

September 28, 2019 and September 29, 2018

(Millions of dollars, unless otherwise indicated)

Details regarding the intangible assets are as follows:

		Estimated useful life
Banner	1,340.0	Indefinite
Private labels	82.0	Indefinite
Customer relationships	1,040.0	27 years
Loyalty program	60.0	Indefinite
Software	22.8	3 to 7 years
Intangible assets	2,544.8	

Pursuant to the agreement reached with the Commissioner of Competition of Canada on April 23, 2018, the Corporation was required to divest its rights in 10 locations where drugstores are operated. During fiscal 2019, the Corporation completed the divestiture of rights in the 10 locations where pharmacies are in operation. Consequently, the Corporation recorded in fiscal 2019 a \$6.0 gain before income taxes following the disposition of leases and buildings and the termination of franchise agreements related to these pharmacies, for a total consideration in cash of \$14.0.

For fiscal 2018, expenses related to the Jean Coutu Group acquisition of \$28.7 were recorded in operating expenses.

Since the acquisition date, the Jean Coutu Group results are included in the consolidated financial statement. For fiscal 2018, sales and net earnings of the Jean Coutu Group were \$1,157.7 \$ and \$80.8 respectively, excluding the amortization of intangible assets resulting from the purchase price allocation.



Notes to consolidated financial statements

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(Millions of dollars, unless otherwise indicated)

6. ADDITIONAL INFORMATION ON THE NATURE OF EARNINGS COMPONENTS

	2019	%	2018	%
Sales	16,767.5		14,383.4	
Cost of sales	(13,438.8)		(11,556.5)	
Gross margins	3,328.7	19.9	2,826.9	19.7
Operating expenses				
Wages and fringe benefits	(880.6)		(779.3)	
Employee benefits expense (note 23)	(85.8)		(83.6)	
Rents and occupancy charges	(529.2)		(475.8)	
Retail network restructuring expenses	(36.0)		—	
Gain on divestiture of pharmacies	6.0		—	
Pharmacy network closure and restructuring expenses	—		(31.4)	
Distribution network modernization project expenses	—		(11.4)	
Others	(481.6)		(434.3)	
	(2,007.2)	12.0	(1,815.8)	12.6
Operating income before depreciation and amortization and associate's earnings	1,321.5	7.9	1,011.1	7.0
Depreciation and amortization				
Fixed assets (note 11)	(210.3)		(185.0)	
Investment properties (note 12)	(0.7)		(0.2)	
Intangible assets (note 13)	(75.4)		(48.3)	
	(286.4)		(233.5)	
Financial costs, net				
Current interest	(2.9)		(4.3)	
Non-current interest	(103.5)		(99.0)	
Interests on defined benefit obligations net of plan assets (note 23)	(2.1)		(3.2)	
Amortization of deferred financing costs	(2.9)		(2.2)	
Interest income	7.8		28.8	
Passage of time	(0.2)		(0.3)	
	(103.8)		(80.2)	
Gain on disposal of a portion of the investment in an associate (note 10)	36.4		1,107.4	
Gain on revaluation and disposal of an investment at fair value (note 10)	1.5		241.1	
Share of an associate's earnings (note 10)	—		30.8	
Earnings before income taxes	969.2		2,076.7	

Notes to consolidated financial statements

September 28, 2019 and September 29, 2018

(Millions of dollars, unless otherwise indicated)

7. INCOME TAXES

The effective income tax rates were as follows:

<i>(Percentage)</i>	2019	2018
Combined statutory income tax rate	26.6	26.7
Changes		
Gain on disposal of a portion of the investment in an associate <i>(note 10)</i>	(0.5)	(7.5)
Gain on revaluation and disposal of an investment at fair value <i>(note 10)</i>	—	(1.6)
Share of an associate's earnings	—	(0.2)
Others	0.2	(0.2)
	26.3	17.2

The main components of the income tax expense were as follows:

Consolidated income statements

	2019	2018
Current		
Current tax expense	231.7	421.6
Deferred		
Adjustment related to temporary differences	23.1	(63.4)
	254.8	358.2

Consolidated comprehensive income statements

	2019	2018
Deferred tax related to items reported directly in other comprehensive income during the year		
Changes in defined benefit plans		
Actuarial gains (losses)	(25.9)	9.9
Asset ceiling effect	1.1	(0.6)
Minimum funding requirement	(0.1)	(0.1)
Loss on disposal of the investment at fair value	(0.3)	—
Fair value revaluation of investment	—	3.0
Reclassification of the change in investment at fair value to net earnings following the disposal of a portion of the investment	—	(2.1)
Reclassification of shares of an associate's other comprehensive income to net earnings	—	(0.5)
	(25.2)	9.6



Notes to consolidated financial statements

September 28, 2019 and September 29, 2018

(Millions of dollars, unless otherwise indicated)

Deferred income taxes reflect the net tax impact of temporary differences between the value of assets and liabilities for accounting and tax purposes. The main components of the deferred tax expense and deferred tax assets and liabilities were as follows:

	Consolidated statements of financial position		Consolidated statements of income	
	As at September 28, 2019	As at September 29, 2018	2019	2018
Accrued expenses, provisions and other reserves that are tax-deductible only at the time of disbursement	23.0	17.7	5.3	18.5
Deferred tax losses	0.8	4.1	(3.3)	3.1
Inventories	(11.4)	(11.2)	(0.2)	—
Employee benefits	21.0	6.0	(9.9)	3.0
Investment in an associate	1.0	(8.7)	9.4	54.1
Difference between net carrying value and tax value				
Fixed assets	(194.4)	(166.5)	(27.9)	(15.2)
Investment properties	0.1	0.1	—	0.7
Intangible assets	(629.9)	(636.4)	6.5	2.9
Goodwill	(50.1)	(47.1)	(3.0)	(3.7)
	(839.9)	(842.0)	(23.1)	63.4
Deferred tax assets	2.8	4.5		
Deferred tax liabilities	(842.7)	(846.5)		
	(839.9)	(842.0)		

8. NET EARNINGS PER SHARE

Basic net earnings per share and fully diluted net earnings per share were calculated using the following number of shares:

(Millions)	2019	2018
Weighted average number of shares outstanding – Basic	254.9	238.3
Dilutive effect under:		
Stock option plan	0.8	0.9
Performance share unit plan	0.6	0.6
Weighted average number of shares outstanding – Fully diluted	256.3	239.8



Notes to consolidated financial statements

September 28, 2019 and September 29, 2018

(Millions of dollars, unless otherwise indicated)

9. INVENTORIES

	2019	2018
Wholesale inventories	655.1	642.9
Retail inventories	470.9	456.2
	1,126.0	1,099.1

10. INVESTMENT AT FAIR VALUE

During the first quarter of 2019, the Corporation finalized the disposal of the entire investment at fair value in Alimentation Couche Tard Inc. (ACT) for final proceeds of \$65.7, an amount of \$68.4 was received in the fourth quarter of fiscal 2018 and recorded as a deferred revenue upon entering into a forward agreement. The revaluation of this agreement as at September 29, 2018 gave rise to the recording of a loss and a financial liability in the amount of \$1.6. The completion of this agreement following the disposal of the investment resulted in a revaluation gain of \$1.5 before income taxes in 2019 presented in earnings as a gain on revaluation and disposal of an investment at fair value. A loss on disposal of \$1.3 before income taxes was recognized in accumulated other comprehensive income.

During the first quarter of fiscal 2018, to fund a portion of the Jean Coutu Group acquisition, the Corporation disposed of most of its investment in ACT, and recorded a gain of \$1,107.4. As a result of this disposal, the Corporation no longer has significant influence over ACT. Consequently, the investment was revalued at fair value and the Corporation recorded a \$225.6 fair value revaluation gain in net earnings.

In the fourth quarter of fiscal 2018, the Corporation disposed of approximately 4 million shares of the investment accounted for at fair value for a cash consideration of \$257.6 and a gain on disposal before income taxes of \$17.1.

Notes to consolidated financial statements

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(Millions of dollars, unless otherwise indicated)

11. FIXED ASSETS

	Land	Buildings	Equipment	Leasehold improvements	Buildings under finance leases	Total
Cost						
Balance as at September 30, 2017	261.8	722.5	1,336.0	787.4	50.7	3,158.4
Acquisitions	7.8	57.7	157.3	59.4	4.6	286.8
Acquisitions through business combinations (note 5)	210.7	422.1	50.2	3.9	0.5	687.4
Disposals and write-offs	(6.6)	(13.6)	(35.9)	(14.0)	—	(70.1)
Balance as at September 29, 2018	473.7	1,188.7	1,507.6	836.7	55.8	4,062.5
Acquisitions	7.7	88.9	167.6	92.6	—	356.8
Transfers to Investment properties	(0.5)	—	—	—	—	(0.5)
Disposals and write-offs	(0.5)	(1.0)	(117.8)	(67.5)	—	(186.8)
Balance as at September 28, 2019	480.4	1,276.6	1,557.4	861.8	55.8	4,232.0
Accumulated depreciation and impairment						
Balance as at September 30, 2017	—	(204.5)	(757.8)	(403.3)	(31.3)	(1,396.9)
Depreciation	—	(28.2)	(100.7)	(52.2)	(3.9)	(185.0)
Disposals and write-offs	—	4.3	32.1	12.7	—	49.1
Impairment losses	—	—	(3.5)	(4.3)	—	(7.8)
Impairment loss reversals	—	0.6	0.4	0.5	—	1.5
Balance as at September 29, 2018	—	(227.8)	(829.5)	(446.6)	(35.2)	(1,539.1)
Depreciation	—	(53.0)	(111.8)	(41.5)	(4.0)	(210.3)
Disposals and write-offs	—	0.4	111.4	65.5	—	177.3
Impairment losses	—	(1.4)	(0.5)	(0.2)	—	(2.1)
Balance as at September 28, 2019	—	(281.8)	(830.4)	(422.8)	(39.2)	(1,574.2)
Net carrying value						
Balance as at September 29, 2018	473.7	960.9	678.1	390.1	20.6	2,523.4
Balance as at September 28, 2019	480.4	994.8	727.0	439.0	16.6	2,657.8

Impairment losses were on food store assets where cash flows decreased due to local competition. As food stores' profitability improved, impairment loss reversals were posted on previously impaired food store assets.

Net additions of fixed assets excluded from the consolidated statements of cash flow was nil (\$5.0 in 2018).



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12. INVESTMENT PROPERTIES

	Cost	Accumulated depreciation	Net carrying value
Balance as at September 30, 2017	24.3	(9.3)	15.0
Acquisitions	4.3	—	4.3
Acquisitions through business combinations (note 5)	31.4	—	31.4
Disposals and write-offs	(13.1)	8.7	(4.4)
Depreciation	—	(0.2)	(0.2)
Balance as at September 29, 2018	46.9	(0.8)	46.1
Acquisitions	0.1	—	0.1
Transfers from fixed assets	0.5	—	0.5
Disposals and write-offs	(4.6)	0.1	(4.5)
Depreciation	—	(0.7)	(0.7)
Balance as at September 28, 2019	42.9	(1.4)	41.5

The fair value of investment properties was \$45.4 as at September 28, 2019 (\$50.8 as at September 29, 2018). The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market inputs, i.e. recent transactions on these assets or similar assets.



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13. INTANGIBLE ASSETS

Intangible assets with finite useful lives were as follows:

	Leasehold rights	Software	Retail network retention premiums	Customer relationships	Total
Cost					
Balance as at September 30, 2017	58.1	195.9	247.4	27.4	528.8
Acquisitions	—	15.0	19.3	—	34.3
Acquisitions through business combinations (note 5)	—	22.8	—	1,040.0	1,062.8
Disposals and write-offs	0.4	(2.6)	(19.5)	—	(21.7)
Balance as at September 29, 2018	58.5	231.1	247.2	1,067.4	1,604.2
Acquisitions	—	16.7	34.7	—	51.4
Disposals and write-offs	(1.1)	(1.5)	(19.3)	—	(21.9)
Balance as at September 28, 2019	57.4	246.3	262.6	1,067.4	1,633.7
Accumulated amortization and impairment					
Balance as at September 30, 2017	(41.3)	(161.9)	(116.8)	(16.0)	(336.0)
Amortization	(2.1)	(10.1)	(19.1)	(17.0)	(48.3)
Disposals and write-offs	—	1.7	14.1	—	15.8
Impairment loss reversals (note 11)	0.4	—	—	—	0.4
Balance as at September 29, 2018	(43.0)	(170.3)	(121.8)	(33.0)	(368.1)
Amortization	(1.9)	(13.8)	(18.8)	(40.9)	(75.4)
Disposals and write-offs	0.9	0.6	18.9	—	20.4
Impairment loss reversals (note 11)	0.1	—	—	—	0.1
Balance as at September 28, 2019	(43.9)	(183.5)	(121.7)	(73.9)	(423.0)
Net carrying value					
Balance as at September 29, 2018	15.5	60.8	125.4	1,034.4	1,236.1
Balance as at September 28, 2019	13.5	62.8	140.9	993.5	1,210.7

Net additions of intangible assets excluded from the consolidated statement of cash flows amounted to \$18.3 in 2019 (\$8.4 in 2018).

Intangible assets with indefinite useful lives were as follows:

	Banners	Private labels	Loyalty programs	Total
Balance as at September 30, 2017	133.3	39.5	23.5	196.3
Acquisitions through business combinations (note 5)	1,340.0	82.0	60.0	1,482.0
Balances as at September 29, 2018 and September 28, 2019	1,473.3	121.5	83.5	1,678.3



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Impairment testing of loyalty programs and exclusive private labels was conducted at the level of the asset itself. The recoverable amount was determined based on its fair value less costs of disposal, which was calculated using the capitalized excess EBIT method. The estimated EBIT directly allocated to the programs and private labels, after deduction of the return on contributory assets, was based on historical data reflecting past experience. For loyalty programs, the earnings multiples used were 17.2 and 13.0 (13.6 in 2018) considering a growth rate of 2.0% (2.0% in 2018) corresponding to the consumer price index. For these private labels, the earnings multiples used were 14.3 and 17.4 (12.8 and 15.4 in 2018) considering a growth rate of 2.0% (2.0% in 2018) corresponding to the consumer price index. The Corporation categorized the fair value measurement in Level 3, as it is derived from unobservable market inputs.

Impairment testing of banners and other private labels were conducted at the level of the asset itself. The recoverable amount was determined based on its fair value calculated using the royalty-free licence method. The estimated royalty rate was based on information from external sources and historical data reflecting past experience. For the banners and these private labels, the royalty rate used was 1.0% to 3.0% (1.0% to 3.0% in 2018) and the multiples used were between 15.4 and 17.4 (13.3 and 15.4 in 2018) considering growth rate of 2.0% (2.0% in 2018) corresponding to the consumer price index. The Corporation categorized the fair value measurement in Level 3, as it is derived from unobservable market inputs.

No reasonably possible change of any of these assumptions would result in a carrying amount higher than the recoverable amount.

14. GOODWILL

	2019	2018
Balance – beginning of year	3,302.2	1,973.8
Acquisitions through business combinations (note 5)	6.3	1,328.9
Disposals	(2.0)	(0.5)
Balance – end of year	3,306.5	3,302.2

For impairment testing, goodwill with a carrying amount of \$1,983.2 (\$1,976.9 as at September 29, 2018) was attributed to the operating segment related to food operations. The recoverable amount was determined based on its value in use, which was calculated using pre-tax cash flow forecasts from the management-approved budgets for the next fiscal year. The forecasts reflected past experience. A pre-tax discount rate of 10.5% (11.6% in 2018) was used and any growth rate was taken into consideration. No reasonably possible change of any of these assumptions would result in a carrying amount higher than the recoverable amount.

For impairment testing, goodwill with a carrying amount of \$1,323.3 (\$1,325.3 as at September 28, 2019) was attributed to the operating segment related to pharmaceutical operations. The recoverable amount was determined based on its fair value less costs of exit, which was calculated using pre-tax cash flow forecasts from the management-approved budgets for the next fiscal year. The forecasts reflected past experience. The earnings multiple used was 11.5 (14.0 in 2018) considering a growth rate of 2.0% (2.0% in 2018) corresponding to the consumer price index. The Corporation categorized the fair value measurement in Level 3, as it is derived from unobservable market inputs. A decrease of 1.0 in the earnings multiple used, excluding the change in other assumptions, would not result in a carrying amount higher than the recoverable amount.



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15. OTHER ASSETS

	2019	2018
Loans to certain customers, bearing interest at floating rates, repayable in monthly instalments, maturing through 2031	62.8	64.5
Investments in joint ventures and associates acquired through business combinations	6.9	35.7
Other assets	3.3	4.3
	73.0	104.5
Current portion included in accounts receivable	10.6	11.7
	62.4	92.8

During the first quarter of fiscal 2019, the Company disposed of its investment in Colo-D Inc., an associate presented in other assets, for a total cash consideration of \$58.0 and a gain of \$35.4 before income taxes (\$31.0 after income taxes). A selling price adjustment was made during the third quarter, bringing the total cash consideration to \$59.0 and the gain before income taxes to \$36.4 (\$31.9 after taxes).

16. BANK LOANS

As at September 28, 2019 and September 29, 2018, the Corporation's bank loans were the credit margins of structured entities. The consolidated structured entities have credit margins totaling \$8.4 (\$8.3 as at September 29, 2018), bearing interest at prime plus 0.5%, unsecured and maturing on various dates through 2020. As at September 28, 2019, none (\$0.1 as at September 29, 2018) had been drawn down under credit margins at an interest rate of 4.5% (4.2% as at September 29, 2018).

17. OFFSETTING

	2019	2018
Accounts payable (gross)	1,389.7	1,320.9
Vendor rebate receivables	(58.3)	(52.6)
Accounts payable (net)	1,331.4	1,268.3



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18. PROVISIONS

	Onerous leases	Retail network restructuring expenses	Pharmacy network closure and restructuring expenses	Distribution network modernization project expenses	Total
Balance as at September 30, 2017	4.7	—	—	—	4.7
Acquisitions through business combinations (note 5)	2.9	—	—	—	2.9
Additional provisions	0.4	—	13.9	11.4	25.7
Amounts used	(3.3)	—	—	—	(3.3)
Passage of time	—	—	—	0.3	0.3
Balance as at September 29, 2018	4.7	—	13.9	11.7	30.3
Current provisions	2.4	—	5.6	—	8.0
Non-current provisions	2.3	—	8.3	11.7	22.3
Balance as at September 29, 2018	4.7	—	13.9	11.7	30.3
Balance as at September 29, 2018	4.7	—	13.9	11.7	30.3
Additional provisions	—	24.9	—	—	24.9
Amounts used	(2.0)	(9.9)	(2.3)	(0.1)	(14.3)
Passage of time	—	(0.2)	—	0.4	0.2
Balance as at September 28, 2019	2.7	14.8	11.6	12.0	41.1
Current provisions	1.8	5.1	4.0	—	10.9
Non-current provisions	0.9	9.7	7.6	12.0	30.2
Balance as at September 28, 2019	2.7	14.8	11.6	12.0	41.1

Onerous leases correspond to leases for premises that are no longer used for the Corporation's operations. The amount of the provision for these leases equals the discounted present value of the future lease payments less the estimated future sublease income. The estimate may vary with the sublease assumptions. The remaining terms of these leases are from one to 8 years.

During the second quarter of fiscal 2019, the Corporation recorded retail network restructuring expenses of \$36.0 before taxes, comprising a \$24.9 provision for severance and occupancy costs and a \$11.1 provision, netted against assets, for asset and inventory write-offs resulting from the conversion, relocation or closure of a dozen stores.

During the fourth quarter of 2018, the Corporation recorded store closure and restructuring expenses of \$31.4 before taxes, comprising a \$13.9 provision for severance and occupancy costs and a \$17.5 provision, netted against assets, for asset and inventory write-offs resulting from the future transfer of pharmaceutical operations from the McMahon warehouse to the Jean Coutu Group warehouse, the reduction of administrative positions, the closure of 3 Brunet drugstores and the divestiture of 10 drugstores.

The Corporation announced in October 2017, a projected \$400.0 investment over six years in its Ontario distribution network. The Corporation will modernize its Toronto operations between 2018 and 2023, building a new fresh distribution centre and a new frozen distribution centre. During the first quarter of 2018, the Corporation recorded a \$11.4 before taxes provision related to termination and retirement benefits in connection with the modernization of the Ontario distribution network.



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19. DEBT

	2019	2018
Series E Notes, bearing interest at a floating rate equal to the 3-month bankers' acceptance rate plus 0.57%, 2.65% in 2019 (2.16% in 2018), maturing on February 27, 2020 and redeemable at the issuer's option at fair value at any time prior to maturity	400.0	400.0
Series C Notes, bearing interest at a fixed nominal rate of 3.20%, maturing on December 1, 2021 and redeemable at the issuer's option at fair value at any time prior to maturity	300.0	300.0
Series F Notes, bearing interest at a fixed nominal rate of 2.68%, maturing on December 5, 2022 and redeemable at the issuer's option at fair value at any time prior to maturity	300.0	300.0
Series G Notes bearing interest at a fixed nominal rate of 3.39%, maturing on December 6, 2027 and redeemable at the issuer's option at fair value at any time prior to maturity	450.0	450.0
Series B Notes, bearing interest at a fixed nominal rate of 5.97%, maturing on October 15, 2035 and redeemable at the issuer's option at fair value at any time prior to maturity	400.0	400.0
Series D Notes, bearing interest at a fixed nominal rate of 5.03%, maturing on December 1, 2044 and redeemable at the issuer's option at fair value at any time prior to maturity	300.0	300.0
Series H Notes, bearing interest at a fixed nominal rate of 4.27%, maturing on December 4, 2047 and redeemable at the issuer's option at fair value at any time prior to maturity	450.0	450.0
Loans, maturing on various dates through 2027, bearing interest at an average rate of 2.50% (2.64% in 2018)	51.0	35.2
Obligations under finance leases, bearing interest at an effective rate of 7.67% (7.71% in 2018)	20.9	25.7
Deferred financing costs	(14.3)	(17.2)
	2,657.6	2,643.7
Current portion	428.6	13.3
	2,229.0	2,630.4

The Corporation reclassified the Series E Notes of \$400.0 to current portion of the debt as it matures in fiscal 2020. The Corporation intends to refinance the Series E Notes.

The Corporation has access to an unsecured revolving credit facility with a maximum of \$600.0 bearing interest at rates that fluctuate with changes in bankers' acceptance rates. As at September 28, 2019 and September 29, 2018, the authorized revolving credit facility was unused. Given that the Corporation frequently increases and decreases this credit facility through bankers' acceptances with a minimum of 30 days and to simplify its presentation, the Corporation found that it is preferable for the understanding of its financing activities to present the consolidated statement of cash flows solely with net annual changes. On October 10, 2019, the maturity of the revolving credit facility was extended to November 3, 2024.

The amortization of deferred financing fees and the debt related to the acquisition of intangible assets, excluded from the consolidated statements of cash flows, totalled \$21.2 in 2019 (\$15.6 in 2018).



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Repayments of debt in the upcoming fiscal years will be as follows:

	Loans	Notes	Obligations under finance leases	Total
2020	25.1	400.0	4.9	430.0
2021	2.6	—	3.5	6.1
2022	1.7	300.0	2.3	304.0
2023	1.1	300.0	2.0	303.1
2024	0.9	—	2.0	2.9
2024 and thereafter	19.6	1,600.0	14.4	1,634.0
	51.0	2,600.0	29.1	2,680.1

The minimum payments in respect of the obligations under finance leases included interest amounting to \$8.2 on these obligations in 2019 (\$9.1 in 2018).

20. OTHER LIABILITIES

	2019	2018
Lease liabilities	10.4	9.6
Other liabilities	2.4	2.1
	12.8	11.7



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21. CAPITAL STOCK

The authorized capital stock of the Corporation was summarized as follows:

- unlimited number of Common Shares, bearing one voting right per share, participating, without par value;
- unlimited number of Preferred Shares, non-voting, without par value, issuable in series.

Common Shares issued

The Common Shares issued and the changes during the year were summarized as follows:

	Number (Thousands)	
Balance as at September 30, 2017	227,719	565.8
Shares issued for cash	28,031	1,147.9
Stock options exercised	503	10.4
Balance as at September 29, 2018	256,253	1,724.1
Shares redeemed for cash, excluding premium of \$126.1	(2,925)	(19.8)
Stock options exercised	1,112	28.0
Balance as at September 28, 2019	254,440	1,732.3

Treasury shares

The treasury shares changes during the year were summarized as follows:

	Number (Thousands)	
Balance as at September 30, 2017	579	(21.9)
Acquisition	250	(10.2)
Release	(226)	7.2
Balance as at September 29, 2018	603	(24.9)
Acquisition	115	(5.6)
Release	(141)	5.9
Balance as at September 28, 2019	577	(24.6)

Treasury shares are held in trust for the PSU plan. They will be released into circulation when the PSUs settle. The trust, considered a structured entity, is consolidated in the Corporation's financial statements.

Stock option plan

The Corporation has a stock option plan for certain Corporation employees providing for the grant of options to purchase up to 30,000,000 Common Shares. As at September 28, 2019, a balance of 4,189,336 shares could be issued following the exercise of stock options (5,300,796 as at September 29, 2018). The subscription price of each Common Share under an option granted pursuant to the plan is equal to the market price of the shares on the day prior to the option grant date and must be paid in full at the time the option is exercised. While the Board of Directors determines other terms and conditions for the exercise of options, in general no options may have a term of more than five years from the date the option may initially be exercised, in whole or in part, and the total term may in no circumstances exceed ten years from the option grant date. Options may generally be exercised two years after their grant date and vest at the rate of 20% per year.



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The outstanding options and the changes during the year were summarized as follows:

	Number (Thousands)	Weighted average exercise price (Dollars)
Balance as at September 30, 2017	3,180	26.94
Granted	390	41.16
Exercised	(503)	17.49
Balance as at September 29, 2018	3,067	30.30
Granted	416	47.56
Exercised	(1,112)	21.55
Cancelled	(90)	40.71
Balance as at September 28, 2019	2,281	37.30

The information regarding the stock options outstanding and exercisable as at September 28, 2019 was summarized below:

Range of exercise prices (Dollars)	Outstanding options			Exercisable options	
	Number (Thousands)	Weighted average remaining period (Months)	Weighted average exercise price (Dollars)	Number (Thousands)	Weighted average exercise price (Dollars)
20.30 to 24.69	447	17.4	22.00	323	21.98
35.42 to 48.68	1,834	52.8	41.03	417	37.74
	2,281	45.8	37.30	740	30.86

The weighted average fair value of \$6.57 per option (\$5.73 in 2018) for stock options granted during fiscal 2019 was determined at the time of grant using the Black-Scholes model and the following weighted average assumptions: risk-free interest rate of 1.8% (2.2% in 2018), expected life of 5.5 years (5.4 years in 2018), expected volatility of 16.1% (15.7% in 2018) and expected dividend yield of 1.7% (1.8% in 2018). The expected volatility is based on the historic share price volatility over a period similar to the life of the options.

Compensation expense for these options amounted to \$2.0 for fiscal 2019 (\$2.0 in 2018).



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Performance share unit plan

The Corporation has a PSU plan. Under this program, senior executives and other key employees (participants) periodically receive a given number of PSUs. The PSUs entitle the participant to Common Shares of the Corporation, or at the latter's discretion, the cash equivalent, if the Corporation meets certain financial performance indicators. PSUs vest at the end of a period of three years.

PSUs outstanding and changes during the year were summarized as follows:

	Number (Thousands)
Balance as at September 30, 2017	547
Granted	230
Settled	(193)
Cancelled	(5)
Balance as at September 29, 2018	579
Granted	226
Settled	(141)
Cancelled	(59)
Balance as at September 28, 2019	605

The weighted average fair value of \$47.57 per PSU (\$41.16 in 2018) for PSUs granted during fiscal 2019 was the stock market valuation of a Common Share of the Corporation at grant date.

The compensation expense comprising all of these PSUs amounted to \$6.6 for fiscal 2019 (\$7.1 in 2018).

Deferred Share Unit Plan

The Corporation has a DSU plan designed to encourage stock ownership by directors who are not Corporation officers. Under this program, directors who meet the stock ownership guidelines may choose to receive all or part of their compensation in DSUs. DSUs vest when granted. On leaving, a director receives a lump-sum cash payout from the Corporation.

The DSU expense totalled \$6.2 for fiscal 2019 (\$0.7 in 2018).

As at September 28, 2019, the DSU liability amounted to \$17.3 (\$13.4 as at September 29, 2018).

22. DIVIDENDS

In fiscal 2019, the Corporation paid \$198.9 in dividends to holders of Common Shares (\$164.8 in 2018), or \$0.7800 per share (\$0.7025 in 2018). On September 30, 2019, the Corporation's Board of Directors declared a quarterly dividend of \$0.2000 per Common Share payable on November 12, 2019.

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23. EMPLOYEE BENEFITS

The Corporation maintains several defined benefit and defined contribution plans for eligible employees, which provide most participants with pension, ancillary retirement benefits, and other long-term employee benefits which in certain cases are based on the number of years of service or final average salary. The defined benefit plans are funded by the Corporation's contributions, with some plans also funded by participants' contributions. The Corporation also provides eligible employees and retirees with health care, life insurance and other long-term benefits. Ancillary retirement benefits plans and other long-term employee benefits are not funded and are presented in other plans. Pension committees made up of employer and employee representatives are responsible for all administrative decisions concerning certain plans.

Defined benefit pension plans and ancillary retirement benefit plans expose the Corporation to actuarial risks such as interest rate risk, longevity risk, investment risk and inflation risk. Consequently, the Corporation's investment policy provides for a diversified portfolio whose bond component matches the expected timing and payments of benefits.

The changes in present value of the defined benefit obligation were as follows:

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Balance – beginning of year	1,262.7	35.0	1,170.9	34.1
Acquisitions through business combinations (note 5)	—	—	47.5	—
Participant contributions	7.8	—	7.1	—
Benefits paid	(49.2)	(3.7)	(47.6)	(3.3)
Items in net earnings				
Current service cost	43.8	2.5	40.2	2.0
Interest cost	50.3	1.4	47.3	1.3
Past service cost	—	0.2	1.7	0.2
Actuarial losses (gains)	—	(1.3)	—	0.9
	94.1	2.8	89.2	4.4
Items in comprehensive income				
Actuarial gains from demographic assumptions	(0.1)	(1.3)	(1.2)	(0.5)
Actuarial losses (gains) from financial assumptions	199.4	2.1	(2.1)	(0.1)
Adjustments due to experience	(2.7)	—	(1.1)	0.4
	196.6	0.8	(4.4)	(0.2)
Balance – end of year	1,512.0	34.9	1,262.7	35.0

The present value of the defined benefit obligation may be reflected as follows:

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
(Percentage)				
Active plan participants	59	71	61	71
Deferred plan participants	5	—	4	—
Retirees	36	29	35	29



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The changes in the fair value of plan assets were as follows:

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Fair value – beginning of year	1,290.6	—	1,167.8	—
Acquisitions through business combinations (note 5)	—	—	47.2	—
Employer contributions	78.1	3.7	39.2	3.3
Participant contributions	7.8	—	7.1	—
Benefits paid	(49.2)	(3.7)	(47.6)	(3.3)
Items in net earnings				
Interest income	50.3	—	46.0	—
Administration costs	(1.4)	—	(1.7)	—
	48.9	—	44.3	—
Items in comprehensive income				
Return on plan assets, excluding the amounts included in interest income	99.4	—	32.6	—
Fair value – end of year	1,475.6	—	1,290.6	—

The changes in the asset ceiling and the minimum funding requirement for pension plans were as follows:

	2019		2018	
	Asset ceiling	Minimum funding requirement	Asset ceiling	Minimum funding requirement
Balance - beginning of year	(18.9)	(0.2)	(16.2)	—
Interests	(0.7)	—	(0.6)	—
Change in defined benefit assets	4.3	—	(2.1)	—
Change in defined benefit liabilities	—	(0.6)	—	(0.2)
Balance - end of year	(15.3)	(0.8)	(18.9)	(0.2)

The value of the economic benefit that determined the asset ceiling represents the present value of future contribution holidays, and the minimum funding requirement represents the present value of required contributions under the law, which do not result, once made, in an economic benefit for the Corporation.



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The changes in the defined benefit plans' funding status were as follows:

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Balance of defined benefit obligation – end of year	(1,512.0)	(34.9)	(1,262.7)	(35.0)
Fair value of plan assets – end of year	1,475.6	—	1,290.6	—
Funding position	(36.4)	(34.9)	27.9	(35.0)
Asset ceiling effect	(15.3)	—	(18.9)	—
Minimum funding requirement	(0.8)	—	(0.2)	—
	(52.5)	(34.9)	8.8	(35.0)
Defined benefit assets	25.6	—	55.1	—
Defined benefit liabilities	(78.1)	(34.9)	(46.3)	(35.0)
	(52.5)	(34.9)	8.8	(35.0)

The defined contribution and defined benefit plans expense recorded in net earnings was as follows:

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Defined contribution plans , including multi-employer plans	39.2	—	36.3	0.6
Defined benefit plans				
Current service cost	43.8	2.5	40.2	2.0
Past service cost	—	0.2	1.7	0.2
Actuarial losses (gains)	—	(1.3)	—	0.9
Administration costs	1.4	—	1.7	—
	45.2	1.4	43.6	3.1
Employee benefits expense	84.4	1.4	79.9	3.7
Interest on obligations, asset ceiling effect and minimum funding requirement net of plans assets, presented in financial costs	0.7	1.4	1.9	1.3
Net total expense	85.1	2.8	81.8	5.0

The remeasurements recognized as other comprehensive income were as follows:

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Actuarial losses (gains) on obligations incurred	196.6	0.8	(4.4)	(0.2)
Return on plan assets	(99.4)	—	(32.6)	—
Change in the effect of the asset ceiling	(4.3)	—	2.1	—
Change in the minimum funding requirement	0.6	—	0.2	—
	93.5	0.8	(34.7)	(0.2)

Total cash payments for employee benefits, consisting of cash contributed by the Corporation to its funded pension plans and cash payments directly to beneficiaries for its unfunded other benefit plans, amounted to \$81.8 in 2019 (\$42.5 in 2018). The Corporation plans to contribute \$54.4 to the defined benefit plans during the next fiscal year and \$28.5 to multi-employer plans.



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Weighted average duration of defined benefit obligations was 16 years as at September 28, 2019 (15 years as at September 29, 2018).

The most recent actuarial valuations for funding purposes in respect of the Corporation's pension plans were performed on various dates between December 2017 and September 2019. The next valuations will be performed in December 2019.

Plan assets, evaluated at level 1 as it is based on quoted market prices in an active market for the shares and at level 2 for bonds and others as it is derived from observable market inputs, held in trust and their weighted average allocation as at the measurement dates were as follows:

Asset categories (Percentage)	2019	2018
Shares in Canadian corporations	18	21
Shares in foreign corporations	22	24
Government and corporation bonds	51	48
Others	9	7

Pension plan assets included shares issued by the Corporation with a fair value of \$6.1 as at September 28, 2019 (\$4.3 as at September 29, 2018).

The principal actuarial assumptions used in determining the defined benefit obligation and service costs were the following:

(Percentage)	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Discount rate on defined benefit obligation	3.01	3.01	3.90	3.90
Discount rate on service costs	3.96	3.96	4.00	4.00
Rate of compensation increase	3.00	3.00	3.00	3.00
Mortality table	CPM2014Priv	CPM2014Priv	CPM2014Priv	CPM2014Priv

To determine the most suitable discount rate, management considers the interest rates for high-quality bonds issued by entities operating in Canada with cash flows that match the timing and amount of expected benefit payments. The mortality rate is based on available mortality tables. Projected inflation rates are taken into account in establishing future wage and pension increases.

A 1% change in the discount rate, taking into consideration any modifications to other assumptions, would have the following effects:

	Pension plans		Other plans	
	1% increase	1% decrease	1% increase	1% decrease
Effect on defined benefit obligation	(222.9)	268.9	(3.0)	3.6

The assumed annual health care cost trend rate per participant was set at 5.5% (5.6% in 2018). Under the assumption used, this rate should gradually decline to 4.0% in 2040 and remain at that level thereafter. A 1% change in this rate would have the following effects:

	1% increase	1% decrease
Effect on defined benefit obligation	(1.7)	1.5



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24. COMMITMENTS

Operating leases

The Corporation has operating lease commitments, with varying terms through 2041 and one to 14 five-year renewal options, to lease premises and equipment used for business purposes. The Corporation does not have an option to purchase the leased assets when the leases expire, but it has the right of first refusal in certain cases. Future minimum lease payments under these operating leases will be as follows:

	2019	2018
Under 1 year	194.6	188.4
Between 1 and 5 years	629.1	589.3
Over 5 years	573.2	522.0
	1,396.9	1,299.7

In addition, the Corporation has committed to leases for premises, with varying terms through 2040 and one to 17 five-year lease renewal options, which it sublets to clients generally under the same terms and conditions. Future minimum lease payments under these operating leases will be as follows:

	2019	2018
Under 1 year	99.5	100.5
Between 1 and 5 years	318.2	326.5
Over 5 years	261.5	308.7
	679.2	735.7

Finance leases

The Corporation has finance lease commitments, with varying terms through 2036 and three to seven five-year renewal options, to lease premises used for business purposes and IT equipment. The Corporation does not have an option to purchase the leased assets when the leases expire. Future minimum lease payments under these finance leases and the present value of net minimum lease payments will be as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	2019	2018
Under 1 year	4.9	6.2	3.6	4.6
Between 1 and 5 years	9.8	12.5	6.3	8.8
Over 5 years	14.4	16.1	11.0	12.3
Minimum lease payments	29.1	34.8	20.9	25.7
Future financial costs	(8.2)	(9.1)	—	—
Present value of minimum lease payments	20.9	25.7	20.9	25.7

Service contracts

The Corporation has service contract commitments essentially for transportation and IT, with varying terms through 2030 and no renewal option. Future minimum payments under these service contracts will be as follows:

	2019	2018
Under 1 year	141.9	121.4
Between 1 and 5 years	330.3	161.4
Over 5 years	10.3	27.4
	482.5	310.2

Notes to consolidated financial statements**September 28, 2019 and September 29, 2018***(Millions of dollars, unless otherwise indicated)***25. CONTINGENCIES****Guarantees**

The Corporation has guaranteed loans granted to certain customers by financial institutions, with varying terms through 2030. The balance of these loans amounted to \$24.1 as at September 28, 2019 (\$22.1 as at September 29, 2018). No liability has been recorded in respect of these guarantees for the years ended September 28, 2019 and September 29, 2018.

Buyback agreements

Under inventory repurchase agreements, the Corporation has undertaken with respect to financial institutions to repurchase at cost the inventories of certain customers, when they are in default, up to the amount drawn on lines of credit granted to these same customers by the financial institutions. As at September 28, 2019, inventory financing amounted to \$192.4 (\$201.9 as at September 29, 2018). However, under these agreements, the Corporation has not undertaken to make up for any deficit created if the value of inventories falls below the amount of the advances.

Under buyback agreements, the Corporation is committed to financial institutions to purchase equipment held by customers and financed by finance leases not exceeding 5 years and loans not exceeding 15 years. For finance leases, the buyback value is linked to the net balance of the lease at the date of the buyback. For equipment financed by bank loans, the minimum buyback value is either set by contract with the financial institutions, or linked to the loan balance at the buyback date. As at September 28, 2019, financing related to the equipment amounted to \$44.6 (\$50.7 as at September 29, 2018).

No liability has been recorded in respect of these guarantees for the years ended September 28, 2019 and September 29, 2018 and historically, the Corporation has not made any indemnification payments under such agreements.

Claims

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 litigations 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 proposed class actions relating to opioids were filed in Ontario and in Québec against a large group of defendants including a subsidiary of the Corporation, Pro Doc Ltée. 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 Ltée and The Jean Coutu Group (PJC) Inc. These proposed class actions contain allegations of breach of the Competition Act, of fraudulent misrepresentation and deceit, and of 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 Ontario and Québec proposed claims seek recovery of damages on behalf of opioid users directly. The Corporation believes these proceedings are without merit and that, in certain cases, there is no jurisdiction.

In October 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. The Corporation continues to fully cooperate with the Competition Bureau. Class actions lawsuits have also been filed against the Corporation, suppliers and other retailers. Based on the information available to date, the Corporation does not believe that it or any of its employees have violated the Competition Act.

During the 2016 fiscal year, an application for authorization to institute a class action was served on the 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 Court granted the application for authorization to institute a class action, the authorization process

Notes to consolidated financial statements

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being merely a procedural step and the judgment in no way decides the case on the merits. The Corporation intends to contest this action on the merits.

26. RELATED PARTY TRANSACTIONS

The Corporation has significant interest in the following subsidiaries and joint venture:

Names	Country of incorporation	Percentage of interest in the capital	Percentage of voting rights
Subsidiaries			
Metro Richelieu Inc.	Canada	100.0	100.0
Metro Ontario Inc.	Canada	100.0	100.0
Groupe Jean Coutu Inc.	Canada	100.0	100.0
McMahon Distributeur pharmaceutique Inc.	Canada	100.0	100.0
Pro Doc Ltée	Canada	100.0	100.0
RX Information Centre Ltd.	Canada	100.0	100.0
Metro Québec Immobilier Inc.	Canada	100.0	100.0
Metro Ontario Real Estate Limited	Canada	100.0	100.0
Metro Ontario Pharmacies Limited	Canada	100.0	100.0
Groupe Adonis Inc.	Canada	100.0	100.0
Groupe Phoenicia Inc.	Canada	100.0	100.0
Groupe Première Moisson Inc.	Canada	75.0	75.0
MissFresh Inc.	Canada	70.0	70.0
Joint venture			
Dunnhumby Canada Limited	Canada	50.0	50.0
Medicus Group Inc.	Canada	46.5	46.5

The joint venture with Dunnhumby Canada Limited ended on February 28, 2019.

In the normal course of business, the following transactions have been entered into with related parties:

	2019		2018	
	Sales	Services received	Sales	Services received
Joint venture	—	5.2	—	9.6
Companies controlled by a member of the Board of Directors	66.6	—	25.1	—
	66.6	5.2	25.1	9.6

	2019		2018	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Joint venture	—	—	—	(2.6)
Companies controlled by a member of the Board of Directors	4.9	—	5.1	—
	4.9	—	5.1	(2.6)



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Compensation for the principal officers and directors was as follows:

	2019	2018
Compensation and current benefits	8.3	5.7
Post-employment benefits	0.8	2.7
Share-based payment	6.2	6.0
	15.3	14.4

27. MANAGEMENT OF CAPITAL

The Corporation aims to maintain a capital level that enables it to meet several objectives, namely:

- Striving for a percentage of non-current debt to total combined non-current debt and equity (non-current debt/total capital ratio) of less than 50%.
- Maintaining an adequate credit rating to obtain an investment grade rating for its term notes.
- Paying total annual dividends representing a range of 20% to 30% of the prior fiscal year's net earnings, excluding non recurring items, with a target of 25%.

In its capital structure, the Corporation considers its stock option and PSU plans for key employees and officers. In addition, the Corporation's stock redemption plan is one of the tools it uses to achieve its objectives.

The Corporation is not subject to any capital requirements imposed by a regulator.

The Corporation's fiscal 2019 annual results regarding its capital management objectives were as follows:

- a non-current debt/total capital ratio of 30.6% (31.7% as at September 29, 2018);
- a BBB credit rating confirmed by S&P and DBRS (same rating in 2018);
- a dividend representing 34.3% of net earnings, excluding non recurring items, for the previous fiscal year (27.1% in 2018).

The capital management objectives remain the same as for the previous fiscal year.



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28. FINANCIAL INSTRUMENTS

FAIR VALUE

The non current financial instruments' book and fair values were as follows:

	2019		2018	
	Book value	Fair value	Book value	Fair value
Investment at fair value				
Asset subsequently measured at fair value through comprehensive income (note 10)	—	—	66.9	66.9
Other assets				
Assets measured at amortized cost				
Loans to certain customers (note 15)	62.8	62.8	64.5	64.5
Non-controlling interests				
Liabilities measured at fair value through profit and loss	—	—	39.3	39.3
Debt (note 19)				
Liabilities measured at amortized cost				
Series E Notes	400.0	400.3	400.0	401.2
Series C Notes	300.0	305.2	300.0	300.6
Series F Notes	300.0	302.4	300.0	292.9
Series G Notes	450.0	466.8	450.0	432.8
Series B Notes	400.0	512.0	400.0	474.7
Series D Notes	300.0	362.6	300.0	323.5
Series H Notes	450.0	491.8	450.0	432.5
Loans	51.0	51.0	35.2	35.2
	2,651.0	2,892.1	2,635.2	2,693.4

The fair value of loans to certain customers and loans payable is equivalent to their carrying value since their interest rates are comparable to market rates. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market inputs.

The investment's fair value was measured using the closing quoted bid price of the shares of ACT which are listed on the TSX. The Corporation categorized the fair value measurement in Level 1, as it is derived from quoted prices in active markets.

The fair value of notes represents the obligations that the Corporation would have to meet in the event of the negotiation of similar notes under current market conditions. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market inputs.

The fair value of the non-controlling interest-related non-current liability is equivalent to the estimated price to be paid, which is based mainly on the discounted value of the projected future earnings of MissFresh (MissFresh and Première Moisson in 2018), as of the date the options will become exercisable. The Corporation categorized the fair value measurement in Level 3, as it is derived from data that is not observable.



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The changes of the non-controlling interest-related liability were as follows:

	2019	2018
Balance – beginning of year	39.3	260.9
Buyout of minority interests	—	(221.2)
Change in fair value	11.8	(0.4)
Balance – end of year	51.1	39.3
Current portion	51.1	—
Non-current portion	—	39.3
Balance – end of year	51.1	39.3

During the second quarter of fiscal 2019, the Corporation reclassified as current the liability related to the non-controlling interest in Première Moisson given that under the shareholders' agreement, the Corporation will acquire the minority interest effective in the first quarter of fiscal 2020. The fair value of the non-controlling interest-related current liability corresponds to an estimation of price to be paid based on Première Moisson fiscal 2019 results in accordance with the agreement between the parties.

In accordance with the shareholder agreement, the Corporation acquired the minority interests in Adonis and Phoenicia during the first quarter of fiscal 2018 for a cash consideration of \$221.2.

INTEREST RATE RISK

In the normal course of business, the Corporation is exposed primarily to interest rate fluctuations risk as a result of loans and receivables that it grants, as well as revolving credit facility and loans payable that it contracts at variable interest rates.

The Corporation keeps a close watch on interest rate fluctuations and, if warranted, uses derivative financial instruments such as interest rate swap contracts. As at September 28, 2019 and September 29, 2018, there were no outstanding interest rate swap contracts.

CREDIT RISK

Loans and receivables / Guarantees

The Corporation sells products to consumers and merchants in Canada. When it sells products, it gives merchants credit. In addition, to help certain merchants finance business acquisitions, the Corporation grants them long-term loans or guarantees loans obtained by them from financial institutions. Hence, the Corporation is subject to credit risk.

To mitigate such risk, the Corporation performs ongoing credit evaluations of its customers and has adopted a credit policy that defines the credit conditions to be met and the required guarantees. As at September 28, 2019 and September 29, 2018, no customer accounted for over 10% of total loans and receivables.

To cover its credit risk, the Corporation holds guarantees over its clients' assets in the form of deposits, movable hypothecs on the Corporation stock and/or second hypothecs on their inventories, movable property, intangible assets and receivables.

In recent years, the Corporation has not suffered any material losses related to credit risk.

As at September 28, 2019, the maximum potential liability under guarantees provided amounted to \$24.1 (\$22.1 as at September 29, 2018) and no liability had been recognized as at that date.

Financial assets at fair value through net earnings

With regard to its financial assets at fair value through net earnings, consisting of foreign exchange forward contracts and cross currency interest rate swaps, the Corporation is subject to credit risk when these contracts result in receivables from financial institutions.

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In accordance with its financial risk management policy, the Corporation entered into these agreements with major Canadian financial institutions to reduce its credit risk.

As at September 28, 2019, the maximum exposure to credit risk for the foreign exchange forward contracts was equal to their carrying amount. As at September 29, 2018, the Corporation was not exposed to credit risk in respect of its foreign exchange forward contracts, as they resulted in amounts payable.

LIQUIDITY RISK

The Corporation is exposed to liquidity risk primarily as a result of its debt, non-controlling interest-related liabilities and trade accounts payable.

The Corporation regularly assesses its cash position and feels that its cash flows from operating activities are sufficient to fully cover its cash requirements as regards its financing activities. Its revolving credit facility and its Series E, C, F, G, B, D and H Notes mature only in 2024, 2020, 2021, 2022, 2027, 2035, 2044 and 2047, respectively. The Corporation also has an unused authorized balance of \$600.0 on its revolving credit facility.

	Undiscounted cash flows (capital and interest)					Total
	Accounts payable	Loans	Notes	Finance lease commitments	Non-controlling interests	
Maturing under 1 year	1,331.4	25.9	495.5	4.9	51.1	1,908.8
Maturing in 1 to 10 years	—	8.9	922.4	9.8	—	941.1
Maturing in 11 to 20 years	—	4.3	789.2	12.4	—	805.9
Maturing over 20 years	—	22.2	1,872.2	2.0	—	1,896.4
	1,331.4	61.3	4,079.3	29.1	51.1	5,552.2

FOREIGN EXCHANGE RISK

Given that some of its purchases are denominated in foreign currencies and that it has, depending on market conditions, US borrowings on its revolving credit facility, the Corporation is exposed to foreign exchange risk.

In accordance with its financial risk management policy, the Corporation could use derivative financial instruments, consisting of foreign exchange forward contracts and cross currency interest rate swaps, to hedge against the effect of foreign exchange rate fluctuations on its future foreign-denominated purchases of goods and services and on its US borrowings. As at September 28, 2019 and September 29, 2018, the fair value of foreign exchange forward contracts was insignificant.

29. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of fiscal year ended September 28, 2019 (including comparative figures) were approved for issue by the Board of Directors on November 19, 2019.

DIRECTORS AND OFFICERS

Board of Directors

Maryse Bertrand⁽¹⁾⁽³⁾
Westmount, Québec

Pierre Boivin⁽²⁾⁽³⁾
Montréal, Québec

François J. Coutu
Montréal, Québec

Michel Coutu
Montréal, Québec

Stephanie Coyles⁽¹⁾
Toronto, Ontario

Marc DeSerres⁽²⁾
Montréal, Québec

Claude Dussault⁽²⁾⁽³⁾
Québec, Québec

Russell Goodman⁽¹⁾⁽³⁾
Mont-Tremblant, Québec

Marc Guay⁽¹⁾⁽²⁾
Oakville, Ontario

Christian W.E. Haub⁽²⁾
Greenwich, Connecticut

Eric R. La Flèche
Town of Mount-Royal,
Québec President and
Chief Executive Officer

Christine Magee⁽³⁾
Oakville, Ontario

Marie-José Nadeau⁽³⁾
Montréal, Québec

Réal Raymond
Montréal, Québec
Chair of the Board

Line Rivard⁽¹⁾⁽²⁾
Montréal, Québec

⁽¹⁾ Member of the Audit Committee
⁽²⁾ Member of the Human Resources Committee
⁽³⁾ Member of the Corporate Governance and Nominating Committee

Management of METRO INC.

Eric R. La Flèche
President and Chief
Executive Officer

François Thibault
Executive Vice President,
Chief Financial Officer and
Treasurer

Marc Giroux
Executive Vice President
and Quebec Division Head
and eCommerce

Carmine Fortino
Executive Vice President,
Ontario Division Head and
National Supply Chain

Serge Boulanger
Senior Vice President,
National Procurement and
Corporate Brands

Martin Allaire
Vice President, Real Estate
and Engineering

Marie-Claude Bacon
Vice President, Public Affairs
and Communications

Genevieve Bich
Vice President, Human
Resources

Mireille Desjarlais
Vice President, Corporate
Controller

Éric Legault
Vice President,
Technology Infrastructure

Frédéric Legault
Vice President, Information
Systems

Gino Plevano
Vice President, Digital
Strategy and Online
Shopping, METRO

Simon Rivet
Vice President, General
Counsel and Corporate
Secretary

Alain Tadros
Vice President,
Marketing, METRO

Yves Vézina
National Vice President,
Logistics and
Distribution

SHAREHOLDER INFORMATION

The corporate information, annual and quarterly reports, the annual information form, and press releases are available on the Internet at the following address: www.metro.ca

Les renseignements sur la Société, les rapports annuels et trimestriels, la notice annuelle et les communiqués de presse sont disponibles sur Internet à l'adresse suivante : www.metro.ca

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Transfer agent and registrar
AST Trust Company
(Canada)

Auditors
Ernst & Young LLP

Stock listing
Toronto Stock Exchange
Ticker Symbol: MRU

Annual meeting
The Annual General Meeting of
Shareholders will be held on
January 28, 2020 at 10:00 a.m.
at:
Centre Mont-Royal
2200 Mansfield Street
Montréal, Québec H3A 3R8

DIVIDENDS* 2020 FISCAL YEAR

Declaration Date
January 27, 2020
April 21, 2020
August 11, 2020
September 28, 2020

Record Date
February 13, 2020
May 21, 2020
September 2, 2020
October 23, 2020

Payment Date
March 10, 2020
June 12, 2020
September 23, 2020
November 10, 2020

* Subject to approval by the Board of Directors

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