



INTERIM REPORT

16-week period ended July 3, 2021

3rd Quarter 2021

HIGHLIGHTS

2021 THIRD QUARTER

- Sales of \$5,719.8 million, down 2.0%, and up 9.4% vs 2019
 - Food same-store sales down 3.6%, and up 11.4% vs 2019
 - Pharmacy same-store sales up 7.6%, and up 8.6% vs 2019
 - Net earnings of \$252.4 million, down 4.2% and adjusted net earnings⁽¹⁾ of \$261.2 million, down 4.1%
 - Fully diluted net earnings per share of \$1.03, down 1.0%, and adjusted fully diluted net earnings per share⁽¹⁾ of \$1.06, down 1.9%
 - Expenses related to COVID-19 totalling \$38 million, including \$8 million of gift cards to front-line employees
 - Transition to new Ontario fresh distribution center completed, adding \$8 million of non-recurring costs
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REPORT TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our interim report for the third quarter of Fiscal 2021 ended July 3, 2021.

Sales in the third quarter of Fiscal 2021 remained strong, reaching \$5,719.8 million, down 2.0% compared to \$5,835.2 million in the third quarter of 2020 as we cycled the peak sales experienced at the start of the pandemic but up 9.4% over two years. Food same-store sales were down 3.6% versus the same quarter last year (up 15.6% in 2020) but increased 11.4% compared to the third quarter of 2019. Online food sales increased by 19% versus last year (about 300% in 2020). Our food basket inflation was approximately 1.0% (3.0% in 2020). Pharmacy same-store sales were up 7.6% (1.0% in 2020), with a 9.3% increase in prescription drugs and a 3.8% increase in front-store sales.

Third quarter net earnings were \$252.4 million in Fiscal 2021 compared with \$263.5 million in 2020, and fully diluted net earnings per share were \$1.03 compared with \$1.04 in 2020, down 4.2% and 1.0%, respectively but up 13.5% and 19.8% respectively on a two-year basis. Taking into account adjustments for the 2021 and 2020 third quarters, the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, adjusted net earnings⁽¹⁾ for the third quarter of Fiscal 2021 totalled \$261.2 million compared with \$272.3 million in 2020, and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$1.06 versus \$1.08, down 4.1% and 1.9%, respectively but up 13.4% and 17.8% respectively over two years.

On August 10, 2021, the Board of Directors declared a quarterly dividend of \$0.25 per share, the same amount declared last quarter.

We are pleased with the solid results of our third quarter considering we cycled exceptionally strong sales and earnings last year at the height of the pandemic. Our sales and earnings growth over 2019 levels is strong. Despite the challenging operating environment caused by the pandemic, our teams successfully completed three key strategic initiatives during the quarter: the transition to our new automated Fresh distribution center in Toronto; the integration of our pharmacy distribution operations into the Jean Coutu distribution center in Varennes; and the opening of our dedicated store for online grocery in Montréal. These achievements position us well to meet our growth objectives going forward.



Eric La Flèche
President and Chief Executive Officer

August 11, 2021

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) sets out the financial position and consolidated results of METRO INC. on July 3, 2021 and for the 16 and 40-week periods then ended. It should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes in this interim report.

The unaudited interim condensed consolidated financial statements for the 16 and 40-week periods ended July 3, 2021 have been prepared by management in accordance with IAS 34 *Interim Financial Reporting*. They should be read in conjunction with the audited annual consolidated financial statements and accompanying notes and the MD&A presented in the Corporation's 2020 Annual Report. Unless otherwise stated, the interim report is based on information as at July 30, 2021.

Additional information, including the Certification of Interim Filings for the quarter ended July 3, 2021 signed by the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Treasurer, will also be available on the SEDAR website at: www.sedar.com.

OPERATING RESULTS

SALES

Sales in the third quarter of Fiscal 2021 remained strong, reaching \$5,719.8 million, down 2.0% compared to \$5,835.2 million in the third quarter of 2020 as we cycled the peak sales experienced at the start of the pandemic but up 9.4% over two years. Food same-store sales were down 3.6% versus the same quarter last year (up 15.6% in 2020) but increased 11.4% compared to the third quarter of 2019. Online food sales increased by 19% versus last year (about 300% in 2020). Our food basket inflation was approximately 1.0% (3.0% in 2020). Pharmacy same-store sales were up 7.6% (1.0% in 2020), with a 9.3% increase in prescription drugs and a 3.8% increase in front-store sales.

Sales in the first 40 weeks of Fiscal 2021 totalled \$14,191.0 million, up 2.4% compared to \$13,853.9 million for the corresponding period of 2020.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

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

Operating income before depreciation and amortization for the third quarter of Fiscal 2021 totalled \$533.6 million, or 9.3% of sales, down 1.7% versus the corresponding quarter of last year.

Operating income before depreciation and amortization for the first 40 weeks of Fiscal 2021 totalled \$1,328.9 million or 9.4% of sales, up 3.8% versus the corresponding period of 2020. During the first 40 weeks of Fiscal 2020, we recognized a loss of \$7.5 million on disposal of our meal-kit subsidiary. Excluding this item, adjusted operating income before depreciation and amortization⁽²⁾ for the first 40 weeks of Fiscal 2021 increased by 3.2% versus the corresponding period of 2020.

Operating income before depreciation and amortization adjustments (OI)⁽²⁾

	40 weeks / Fiscal Year					
	2021			2020		
(Millions of dollars, unless otherwise indicated)	OI	Sales	(%)	OI	Sales	(%)
Operating income before depreciation and amortization	1,328.9	14,191.0	9.4	1,280.1	13,853.9	9.2
Loss on disposal of a subsidiary	—			7.5		
Adjusted operating income before depreciation and amortization ⁽²⁾	1,328.9	14,191.0	9.4	1,287.6	13,853.9	9.3

Gross margin on sales for the third quarter and the first 40 weeks of Fiscal 2021 were 19.8% and 19.9% respectively, versus 20.0% and 19.8% for the corresponding periods of 2020.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

Operating expenses as a percentage of sales for the third quarter of Fiscal 2021 were 10.5% versus 10.7% for the corresponding quarter of 2020. COVID-19 related expenses for the third quarter of Fiscal 2021 were approximately \$38 million, including \$8 million of gift cards to front-line employees, versus approximately \$107 million in the same quarter last year. This decrease of \$69 million was partly offset by an increase in other operating expenses, mainly related to activities and services that have been reinstated after initially being halted at the start of the pandemic, and non-recurring costs of approximately \$8 million related to the transition to our new fresh distribution center in Ontario.

For the first 40 weeks of Fiscal 2021, operating expenses as a percentage of sales were 10.5% versus 10.6% (10.5% excluding the loss on disposal of our meal-kit subsidiary) for the corresponding period of 2020. The costs related to COVID-19 for the first 40 weeks of Fiscal 2021 were approximately \$95 million, including \$24 million of gift cards to front-line employees, compared to \$110 million in 2020.

DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS

Total depreciation and amortization expense for the third quarter of Fiscal 2021 was \$149.4 million versus \$140.5 million for the corresponding quarter of 2020. For the first 40 weeks of Fiscal 2021, total depreciation and amortization expense was \$367.5 million versus \$344.0 million for the corresponding period of 2020. These increases reflect the additional investments in supply chain and logistics as well as in-store technology.

Net financial costs for the third quarter of Fiscal 2021 were \$42.1 million compared with \$43.0 million for the corresponding quarter of 2020. For the first 40 weeks of Fiscal 2021, net financial costs were \$104.8 million compared with \$106.0 million for the corresponding period of 2020.

INCOME TAXES

The income tax expense of \$89.7 million for the third quarter of Fiscal 2021 represented an effective tax rate of 26.2% compared with an income tax expense of \$95.9 million in the third quarter of Fiscal 2020 which represented an effective tax rate of 26.7%. The 40-week period income tax expense of \$224.9 million for Fiscal 2021 and \$220.2 million for Fiscal 2020 represented an effective tax rate of 26.3% and 26.5% respectively.

NET EARNINGS AND ADJUSTED NET EARNINGS⁽¹⁾

Net earnings for the third quarter of Fiscal 2021 were \$252.4 million compared with \$263.5 million for the corresponding quarter of 2020, while fully diluted net earnings per share were \$1.03 compared with \$1.04 in 2020, down 4.2% and 1.0%, respectively but up 13.5% and 19.8% respectively on a two-year basis. Excluding the specific items shown in the table below, adjusted net earnings⁽¹⁾ for the third quarter of Fiscal 2021 totalled \$261.2 million compared with \$272.3 million for the corresponding quarter of 2020, and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$1.06 versus \$1.08, down 4.1% and 1.9%, respectively but up 13.4% and 17.8% respectively over two years.

Net earnings for the first 40 weeks of Fiscal 2021 were \$631.7 million compared with \$609.9 million for the corresponding period of 2020, while fully diluted net earnings per share were \$2.54 compared with \$2.40 in 2020, up 3.6% and 5.8%, respectively. Excluding the specific items shown in the table below, adjusted net earnings⁽¹⁾ for the first 40 weeks of Fiscal 2021 totalled \$653.6 million compared with \$636.0 million for the corresponding period of 2020, and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$2.63 versus \$2.50, up 2.8% and 5.2%, respectively. The impact of the labour conflict at the Jean Coutu distribution center in the first quarter of Fiscal 2021, was approximately \$0.05 per share.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

Net earnings adjustments⁽¹⁾

	16 weeks / Fiscal Year					
	2021		2020		Change (%)	
	(Millions of dollars)	Fully diluted EPS (Dollars)	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	252.4	1.03	263.5	1.04	(4.2)	(1.0)
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	8.8		8.8			
Adjusted net earnings ⁽¹⁾	261.2	1.06	272.3	1.08	(4.1)	(1.9)

	40 weeks / Fiscal Year					
	2021		2020		Change (%)	
	(Millions of dollars)	Fully diluted EPS (Dollars)	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	631.7	2.54	609.9	2.40	3.6	5.8
Loss on disposal of a subsidiary, after taxes	—		4.2			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	21.9		21.9			
Adjusted net earnings ⁽¹⁾	653.6	2.63	636.0	2.50	2.8	5.2

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

QUARTERLY HIGHLIGHTS

<i>(Millions of dollars, unless otherwise indicated)</i>	2021	2020	2019	Change (%)
Sales				
Q3 ⁽⁵⁾	5,719.8	5,835.2		(2.0)
Q2 ⁽⁴⁾	4,193.0	3,988.9		5.1
Q1 ⁽⁴⁾	4,278.2	4,029.8		6.2
Q4 ⁽⁴⁾		4,143.6	3,858.9	7.4
Net earnings				
Q3 ⁽⁵⁾	252.4	263.5		(4.2)
Q2 ⁽⁴⁾	188.1	176.2		6.8
Q1 ⁽⁴⁾	191.2	170.2		12.3
Q4 ⁽⁴⁾		186.5	167.4	11.4
Adjusted net earnings⁽¹⁾				
Q3 ⁽⁵⁾	261.2	272.3		(4.1)
Q2 ⁽⁴⁾	194.7	182.8		6.5
Q1 ⁽⁴⁾	197.7	180.9		9.3
Q4 ⁽⁴⁾		193.1	174.0	11.0
Fully diluted net earnings per share (Dollars)				
Q3 ⁽⁵⁾	1.03	1.04		(1.0)
Q2 ⁽⁴⁾	0.75	0.69		8.7
Q1 ⁽⁴⁾	0.76	0.67		13.4
Q4 ⁽⁴⁾		0.74	0.66	12.1
Adjusted fully diluted net earnings per share⁽¹⁾ (Dollars)				
Q3 ⁽⁵⁾	1.06	1.08		(1.9)
Q2 ⁽⁴⁾	0.78	0.72		8.3
Q1 ⁽⁴⁾	0.79	0.71		11.3
Q4 ⁽⁴⁾		0.77	0.68	13.2

⁽⁴⁾ 12 weeks

⁽⁵⁾ 16 weeks

Sales in the third quarter of Fiscal 2021 remained strong, reaching \$5,719.8 million, down 2.0% compared to \$5,835.2 million in the third quarter of 2020 as we cycled the peak sales experienced at the start of the pandemic but up 9.4% over two years. Food same-store sales were down 3.6% versus the same quarter last year (up 15.6% in 2020) but increased 11.4% compared to the third quarter of 2019. Online food sales increased by 19% versus last year (about 300% in 2020). Our food basket inflation was approximately 1.0% (3.0% in 2020). Pharmacy same-store sales were up 7.6% (1.0% in 2020), with a 9.3% increase in prescription drugs and a 3.8% increase in front-store sales.

Sales in the second quarter of Fiscal 2021 reached \$4,193.0 million, up 5.1% compared to \$3,988.9 million in the second quarter of 2020. Food same-store sales were up 5.5% (9.7% in 2020) and were up 10.1% for the first 10 weeks of the quarter as we experienced an unprecedented surge in sales in the last two weeks of the second quarter last year due to the pandemic. Online food sales increased by about 240% versus last year. Our food basket inflation was approximately 2.0% (2.0% in 2020). Pharmacy same-store sales were down 0.8% (up 7.9% in 2020), with a 4.2% increase in prescription drugs and a 10.5% decrease in front-store sales. This decrease is mainly due to restrictions on sales of non-essential products in Quebec for a period of six weeks during the quarter, the milder cold and flu season, and the pandemic-related increase in sales experienced at the end of the second quarter last year.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

Sales in the first quarter of Fiscal 2021 reached \$4,278.2 million, up 6.2% compared to \$4,029.8 million in the first quarter of Fiscal 2020. Food same-store sales were up 10.0% (1.4% in 2020). Online food sales increased by about 170% versus last year. Our food basket inflation was approximately 2.5% (2.0% in 2020). Pharmacy same-store sales were up 1.3% (3.6% in 2020), with a 4.0% increase in prescription drugs and a 3.8% decrease in front-store sales, mainly due to lower traffic, the milder cold and flu season, and reduced promotional activity during the labour conflict. Our warehouse sales to franchisees were impacted by the labour conflict at our Jean Coutu distribution center which had a dampening effect on the total sales increase of the Corporation.

Sales in the fourth quarter of Fiscal 2020 reached \$4,143.6 million, up 7.4% compared to \$3,858.9 million in the fourth quarter of Fiscal 2019. Excluding the impact of IFRS 16 *Leases* adopted in the first quarter of 2020, sales reached \$4,156.1 million, up 7.7%. Food same-store sales were up 10.0% (4.1% in 2019). Online food sales were up 160% versus last year. Our food basket inflation was approximately 2.8% (2.8% in 2019). Pharmacy same-store sales were up 5.5% (3.4% in 2019), with a 5.3% increase in prescription drugs and a 6.0% increase in front-store sales.

Net earnings for the third quarter of Fiscal 2021 were \$252.4 million compared with \$263.5 million for the third quarter of 2020, while fully diluted net earnings per share were \$1.03 compared with \$1.04 in 2020, down 4.2% and 1.0%, respectively but up 13.5% and 19.8% respectively on a two-year basis. Excluding from the third quarter of Fiscals 2021 and 2020 the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$11.9 million as well as income taxes relating to these items, adjusted net earnings⁽¹⁾ for the third quarter of Fiscal 2021 totalled \$261.2 million compared with \$272.3 million for the corresponding quarter of 2020 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$1.06 compared with \$1.08, down 4.1% and 1.9%, respectively but up 13.4% and 17.8% respectively over two years.

Net earnings for the second quarter of Fiscal 2021 were \$188.1 million compared with \$176.2 million for the second quarter of 2020, while fully diluted net earnings per share were \$0.75 compared with \$0.69 in 2020, up 6.8% and 8.7%, respectively. Excluding from the second quarter of Fiscals 2021 and 2020 the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$8.9 million as well as income taxes relating to these items, adjusted net earnings⁽¹⁾ for the second quarter of Fiscal 2021 totalled \$194.7 million compared with \$182.8 million for the corresponding quarter of 2020 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$0.78 compared with \$0.72, up 6.5% and 8.3%, respectively.

Net earnings for the first quarter of Fiscal 2021 were \$191.2 million compared with \$170.2 million for the first quarter of Fiscal 2020, while fully diluted net earnings per share were \$0.76 compared with \$0.67 in 2020, up 12.3% and 13.4%, respectively. Excluding from the first quarter of Fiscal 2021 the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$8.9 million and from the first quarter of Fiscal 2020 the \$7.5 million loss on disposal of a subsidiary and the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$8.9 million as well as income taxes relating to these items, adjusted net earnings⁽¹⁾ for the first quarter of Fiscal 2021 totalled \$197.7 million compared with \$180.9 million for the corresponding quarter of 2020 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$0.79 compared with \$0.71, up 9.3% and 11.3%, respectively. The impact of the labour conflict at the Jean Coutu distribution center was approximately \$0.05 per share resulting from lower revenues and additional costs incurred to implement our contingency plan.

Net earnings for the fourth quarter of Fiscal 2020 were \$186.5 million compared with \$167.4 million for the fourth quarter of Fiscal 2019, while fully diluted net earnings per share were \$0.74 compared with \$0.66 in 2019, up 11.4% and 12.1%, respectively. Excluding from the fourth quarter of Fiscals 2020 and 2019 the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$9.0 million, as well as income taxes relating to these items, adjusted net earnings⁽¹⁾ for the fourth quarter of Fiscal 2020 totalled \$193.1 million compared with \$174.0 million for the corresponding quarter of 2019 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$0.77 compared with \$0.68, up 11.0% and 13.2%, respectively.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

	2021			2020				2019
(Millions of dollars)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net earnings	252.4	188.1	191.2	186.5	263.5	176.2	170.2	167.4
Loss on disposal of a subsidiary, after taxes	—	—	—	—	—	—	4.2	—
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	8.8	6.6	6.5	6.6	8.8	6.6	6.5	6.6
Adjusted net earnings ⁽¹⁾	261.2	194.7	197.7	193.1	272.3	182.8	180.9	174.0

	2021			2020				2019
(Dollars)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Fully diluted net earnings per share	1.03	0.75	0.76	0.74	1.04	0.69	0.67	0.66
Adjustments impact	0.03	0.03	0.03	0.03	0.04	0.03	0.04	0.02
Adjusted fully diluted net earnings per share ⁽¹⁾	1.06	0.78	0.79	0.77	1.08	0.72	0.71	0.68

CASH POSITION

OPERATING ACTIVITIES

In the third quarter of Fiscal 2021, operating activities generated cash inflows of \$517.7 million compared with \$513.4 million in the corresponding quarter of 2020. This difference resulted primarily from the change in non-cash working capital items that generated cash inflows of \$132.1 million in the third quarter of 2021 compared with \$16.4 million in the third quarter of 2020, mainly due to the impact of the pandemic, offset by the increase in taxes paid in 2021.

In the first 40 weeks of Fiscal 2021, operating activities generated cash inflows of \$1,168.0 million compared with \$1,058.3 million for the corresponding period of 2020. This difference resulted primarily from the increase in earnings and the change in non-cash working capital items that generated cash inflows of \$106.7 million in 2021 compared with cash outflows of \$86.5 million in 2020, partly offset by the increase in taxes paid in 2021.

INVESTING ACTIVITIES

Investing activities required cash outflows of \$126.2 million for the third quarter of Fiscal 2021 compared with \$97.7 million for the corresponding quarter of 2020, mainly due to higher investments in tangible and intangible assets of \$38.4 million in 2021.

In the first 40 weeks of Fiscal 2021, investing activities required cash outflows of \$284.3 million compared with \$262.2 million for the corresponding period of 2020. This difference stemmed mainly from higher investments in tangible and intangible assets of \$76.1 million in 2021, partly offset by the buyout of minority interests in Groupe Première Moisson Inc. in the amount of \$51.6 million in the first quarter of 2020.

During the first 40 weeks of 2021, we and our retailers opened 4 stores, carried out major expansions and renovations of 8 stores and relocated 1 store for a net increase of 236,800 square feet or 1.1% of our food retail network.

FINANCING ACTIVITIES

In the third quarter of 2021, financing activities required cash outflows of \$305.2 million compared with \$266.9 million in the corresponding quarter of 2020. This difference resulted mainly from higher share repurchases of \$38.5 million in 2021.

In the first 40 weeks of 2021, financing activities required cash outflows of \$914.2 million compared with \$702.9 million for the corresponding period of 2020. This difference resulted mainly from higher share repurchases of \$198.3 million in 2021.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

FINANCIAL POSITION

We do not anticipate⁽³⁾ any liquidity risk and consider our financial position at the end of the third quarter of Fiscal 2021 as very solid. We had an unused authorized revolving credit facility of \$600.0 million. Our non-current debt and lease liabilities represented 40.4% of the combined total of non-current debt, lease liabilities and equity (non-current debt and lease liabilities/total capital).

At the end of the third quarter of Fiscal 2021, the main elements of our non-current debt were as follows:

	Interest Rate	Maturity	Balance (Millions of dollars)
Revolving Credit Facility	Rates fluctuate with changes in bankers' acceptance rates	November 3, 2024	—
Series C Notes	3.20% fixed rate	December 1, 2021	300.0
Series F Notes	2.68% fixed rate	December 5, 2022	300.0
Series G Notes	3.39% fixed rate	December 6, 2027	450.0
Series B Notes	5.97% fixed rate	October 15, 2035	400.0
Series D Notes	5.03% fixed rate	December 1, 2044	300.0
Series H Notes	4.27% fixed rate	December 4, 2047	450.0
Series I Notes	3.41% fixed rate	February 28, 2050	400.0

The Corporation reclassified the Series C Notes of \$300.0 million to current liabilities as it matures on December 1, 2021. The Corporation intends⁽³⁾ to refinance the Series C Notes.

Our main financial ratios were as follows:

	As at July 3, 2021	As at September 26, 2020
Financial structure		
Non-current debt (Millions of dollars)	2,616.9	2,612.0
Non-current lease liabilities (Millions of dollars)	1,704.7	1,811.4
	4,321.6	4,423.4
Equity (Millions of dollars)	6,368.1	6,155.4
Non-current debt and lease liabilities/total capital (%)	40.4	41.8

Since the Corporation intends⁽³⁾ to refinance the Series C Notes presented under non-current debt, the amount of \$300.0 million was added to non-current debt when calculating the ratio of non-current debt and lease liabilities/total capital.

	40 weeks / Fiscal Year	
	2021	2020
Results		
Operating income before depreciation and amortization/Financial costs (Times)	12.7	12.1

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at July 3, 2021	As at September 26, 2020
Number of Common Shares outstanding (<i>Thousands</i>)	244,081	250,243
Stock options:		
Number outstanding (<i>Thousands</i>)	2,464	2,322
Exercise prices (<i>Dollars</i>)	35.42 to 57.81	21.90 to 56.92
Weighted average exercise price (<i>Dollars</i>)	46.36	41.27
Performance share units:		
Number outstanding (<i>Thousands</i>)	626	618

NORMAL COURSE ISSUER BID PROGRAM

Under the current normal course issuer bid program, the Corporation may repurchase up to 7,000,000 of its Common Shares between November 25, 2020 and November 24, 2021. As at July 30, 2021, the Corporation has repurchased 5,875,000 Common Shares at an average price of \$56.78, for a total consideration of \$333.6 million.

DIVIDENDS

On August 10, 2021, the Board of Directors declared a quarterly dividend of \$0.25 per share, the same amount declared last quarter.

SHARE TRADING

The value of METRO shares remained in the \$52.63 to \$66.25 range over the first 40 weeks of Fiscal 2021. During this period, a total of 118.2 million shares were traded on the Toronto Stock Exchange. The closing price on July 30, 2021 was \$64.70 compared with \$64.02 at the end of Fiscal 2020.

CONTINGENCIES

In the normal course of business, the Corporation is exposed to various contingencies as described in the Corporation's audited annual consolidated financial statements for the fiscal year ended September 26, 2020.

In May 2019, two proposed class actions relating to opioids were filed in Ontario and in Québec by opioid end users against a large group of defendants including a subsidiary of the Corporation, Pro Doc Ltée. In February 2020, a proposed class action relating to opioids was filed in British Columbia by opioid end users against a large group of defendants including subsidiaries of the Corporation, Pro Doc Ltée. and The Jean Coutu Group (PJC) Inc. In April 2021, multiple defendants, including Pro Doc Ltée and The Jean Coutu Group (PJC) Inc., were served with a proposed class action relating to opioids and filed by the City of Grande Prairie, in Alberta. 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 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, Québec and British Columbia proposed claims filed by opioid end users seek recovery of damages on behalf of opioid end users in general. The City of Grande Prairie, on its behalf and on behalf of all Canadian municipalities and local governments, seeks damages which are unquantified in relation to public safety, social service, and criminal justice costs allegedly incurred due to the opioid crisis. The Corporation believes these proceedings are without merits and that, in certain cases, there is no jurisdiction. No provision for contingent losses has been recognized in the Corporation's annual consolidated financial statements.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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

FORWARD-LOOKING INFORMATION

We have used, throughout this report, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein that does not constitute a historical fact may be deemed a forward-looking statement. Expressions such as "anticipate", "intend", "predict" "expect" and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food and pharmaceutical industries, the general economy, our annual budget, as well as our 2021 action plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. The arrival of a new competitor is an example of the risks described under the "Risk Management" section of the 2020 Annual Report which could have an impact on these statements. As with the preceding risks, the COVID-19 pandemic constitutes a risk that could have an impact on the business, operations, projects and performance of the Corporation as well as on the forward-looking statements contained in this document.

We believe these statements to be reasonable and pertinent as at the date of publication of this report and represent our expectations. The Corporation does not intend to update any forward-looking statement contained herein, except as required by applicable law.

NON-IFRS MEASUREMENTS

In addition to the International Financial Reporting Standards (IFRS) earnings measurements provided, we have included certain non-IFRS earnings measurements. These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies.

ADJUSTED OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, ADJUSTED NET EARNINGS AND ADJUSTED FULLY DILUTED NET EARNINGS PER SHARE

Adjusted operating income before depreciation and amortization, adjusted net earnings and adjusted fully diluted net earnings per share are earnings measurements that exclude some items that must be recognized under IFRS. They are non-IFRS measurements. We believe that presenting earnings without these items, which are not necessarily reflective of the Corporation's performance, leaves readers of financial statements better informed as to the current period and corresponding prior year's period's operating earnings, thus enabling them to better perform trend analysis, evaluate the Corporation's financial performance and judge its future outlook. The exclusion of these items does not imply that they are non-recurring.

OUTLOOK⁽³⁾

While the COVID-19 related restrictions have been significantly eased over the last few months, it is still uncertain whether we are gradually transitioning to a pre-pandemic environment, or whether we will face further restrictive measures due to a fourth wave of infections. It is also difficult to predict the impact the pandemic will have on the long-term shopping patterns of our customers. With the COVID-19 related restrictions ramping down, we expect our food sales in the short term to continue to decline versus last year's exceptionally high levels, but to compare favourably to pre-pandemic levels. On the pharmacy side, the easing of restrictions should have a positive impact on certain commercial categories that were negatively affected by the pandemic, such as beauty, cosmetics and cold and flu products.

Montréal, August 11, 2021

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See table on "Operating income before depreciation and amortization adjustments" and section on "Non-IFRS Measurements"

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