



INTERIM REPORT

12-week period ended March 11, 2023

2nd Quarter 2023

HIGHLIGHTS

2023 SECOND QUARTER

- Sales of \$4,554.5 million, up 6.6%
 - Food same-store sales⁽¹⁾ up 5.8%
 - Pharmacy same-store sales⁽¹⁾ up 7.3%
 - Net earnings of \$218.8 million, up 10.4%, and adjusted net earnings⁽¹⁾ of \$225.4 million, up 10.1%
 - Fully diluted net earnings per share of \$0.93, up 13.4%, and adjusted fully diluted net earnings per share⁽¹⁾ of \$0.96, up 14.3%
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REPORT TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present our interim report for the second quarter of Fiscal 2023 ended March 11, 2023.

Sales in the second quarter of Fiscal 2023 remained strong, reaching \$4,554.5 million, up 6.6% compared to elevated sales last year due to COVID-related restrictions in both provinces. Food same-store sales were up 5.8% versus the same quarter last year mainly due to higher inflation this quarter (0.8% in the second quarter of 2022). Online food sales⁽¹⁾ were up 41.0% versus last year (6.0% in the second quarter of 2022), mostly driven by new partnership sales. Our food basket inflation was 9.0%, down slightly from the previous quarter. Pharmacy same-store sales were up 7.3% (9.4% in the second quarter of 2022), with a 5.0% increase in prescription drugs⁽¹⁾ and a 12.2% increase in front-store sales⁽¹⁾, primarily driven by over-the-counter products, cosmetics and health and beauty.

Second quarter net earnings were \$218.8 million in Fiscal 2023 compared with \$198.1 million in 2022 and fully diluted net earnings per share were \$0.93 compared with \$0.82 in 2022, up 10.4% and 13.4% respectively. Taking into account adjustment for the 2023 and 2022 second quarters, the after-tax amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, adjusted net earnings⁽¹⁾ for the second quarter of Fiscal 2023 totalled \$225.4 million compared with \$204.7 million for the corresponding quarter of 2022 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$0.96 versus \$0.84, up 10.1% and 14.3% respectively.

On April 18, 2023, the Board of Directors declared a quarterly dividend of \$0.3025 per share, the same amount declared last quarter.

We are pleased with our results in the second quarter as our teams continued to deliver value to our customers in the current high food inflation environment with competitive everyday prices, growing private label sales and effective promotional strategies. We will continue to invest in our people, our retail network and the modernization of our supply chain, and we are well-positioned to achieve our long-term growth objectives⁽²⁾. Finally, we are looking forward to the launch of our new loyalty program *MOI* later this spring⁽²⁾.

Eric La Flèche
President and Chief Executive Officer

April 19, 2023

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

⁽²⁾ 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 March 11, 2023 and for the 12 and 24-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 12 and 24-week periods ended March 11, 2023 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 2022 Annual Report. Unless otherwise stated, the interim report is based on information as at March 31, 2023.

Additional information, including the Certification of Interim Filings for the quarter ended March 11, 2023 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 second quarter of Fiscal 2023 remained strong, reaching \$4,554.5 million, up 6.6% compared to elevated sales last year due to COVID-related restrictions in both provinces. Food same-store sales were up 5.8% versus the same quarter last year mainly due to higher inflation this quarter (0.8% in the second quarter of 2022). Online food sales⁽¹⁾ were up 41.0% versus last year (6.0% in the second quarter of 2022), mostly driven by new partnership sales. Our food basket inflation was 9.0%, down slightly from the previous quarter. Pharmacy same-store sales were up 7.3% (9.4% in the second quarter of 2022), with a 5.0% increase in prescription drugs⁽¹⁾ and a 12.2% increase in front-store sales⁽¹⁾, primarily driven by over-the-counter products, cosmetics and health and beauty.

Sales in the first 24 weeks of Fiscal 2023 totalled \$9,225.4 million, up 7.4% compared to \$8,590.8 million for the corresponding period of 2022.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION

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

Operating income before depreciation and amortization for the second quarter of Fiscal 2023 totalled \$447.3 million, or 9.8% of sales, an increase of 8.0% versus the corresponding quarter of Fiscal 2022. Operating income before depreciation and amortization for the first 24 weeks of Fiscal 2023 totalled \$909.3 million or 9.9% of sales, up 8.5% versus the corresponding period of 2022.

Gross margin⁽¹⁾ for the second quarter and the first 24 weeks of Fiscal 2023 were 20.1% and 19.8% respectively, versus 20.1% and 20.0% for the corresponding periods of 2022. Gross margin⁽¹⁾ in the second quarter for both food and pharma divisions was stable year over year. For the year to date, food margins have declined, mainly due to higher cost of sales, partly offset by higher margins in pharmacy.

Operating expenses as a percentage of sales for the second quarter of Fiscal 2023 were 10.3% versus 10.4% in the corresponding quarter of 2022 mainly due to good cost containment. In the second quarter of last year, gift cards totalling \$8 million were paid to all front-line employees. For the first 24 weeks of Fiscal 2023, operating expenses as a percentage of sales were 10.0% versus 10.3% in 2022.

DEPRECIATION AND AMORTIZATION

Total depreciation and amortization expense for the second quarter of Fiscal 2023 was \$120.6 million versus \$116.3 million for the corresponding quarter of 2022. This increase reflects the additional investments in supply chain and logistics as well as in-store technology. For the first 24 weeks of Fiscal 2023, total depreciation and amortization expense was \$240.7 million versus \$228.8 million for the corresponding period of 2022.

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

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

NET FINANCIAL COSTS

Net financial costs for the second quarter of Fiscal 2023 were \$28.3 million compared with \$27.8 million for the corresponding quarter of 2022. For the first 24 weeks of Fiscal 2023, net financial costs were \$55.4 million compared with \$56.5 million for the corresponding period of 2022.

INCOME TAXES

The income tax expense of \$79.6 million for the second quarter of Fiscal 2023 represented an effective tax rate of 26.7% compared with an income tax expense of \$71.8 million and an effective tax rate of 26.6% in the second quarter of Fiscal 2022. The 24-week period income tax expense of \$163.3 million for Fiscal 2023 and \$147.0 million for Fiscal 2022 represented an effective tax rate of 26.6% same rate as the corresponding period of Fiscal 2022.

NET EARNINGS AND ADJUSTED NET EARNINGS⁽¹⁾

Net earnings for the second quarter of Fiscal 2023 were \$218.8 million compared with \$198.1 million for the corresponding quarter of 2022, while fully diluted net earnings per share were \$0.93 compared with \$0.82 in 2022, up 10.4% and 13.4% respectively. Excluding the specific item shown in the table below, adjusted net earnings⁽¹⁾ for the second quarter of Fiscal 2023 totalled \$225.4 million compared with \$204.7 million for the corresponding quarter of 2022 and adjusted fully diluted net earnings per share⁽¹⁾ were \$0.96 versus \$0.84, up 10.1% and 14.3% respectively.

Net earnings for the first 24 weeks of Fiscal 2023 were \$449.9 million compared with \$405.8 million for the corresponding period of 2022, while fully diluted net earnings per share were \$1.90 compared with \$1.67 in 2022, up 10.9% and 13.8%, respectively. Excluding the specific item shown in the table below, adjusted net earnings⁽¹⁾ for the first 24 weeks of Fiscal 2023 totalled \$463.0 million compared with \$418.9 million for the corresponding period of 2022, and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$1.96 versus \$1.72, up 10.5% and 14.0%, respectively.

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

	12 weeks / Fiscal Year					
	2023		2022		Change (%)	
	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Per financial statements	218.8	0.93	198.1	0.82	10.4	13.4
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$2.3	6.6		6.6			
Adjusted measures ⁽¹⁾	225.4	0.96	204.7	0.84	10.1	14.3

	24 weeks / Fiscal Year				Change (%)	
	2023		2022			
	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings (Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Per financial statements	449.9	1.90	405.8	1.67	10.9	13.8
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, net of taxes of \$4.7	13.1		13.1			
Adjusted measures ⁽¹⁾	463.0	1.96	418.9	1.72	10.5	14.0

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

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



QUARTERLY HIGHLIGHTS

<i>(Millions of dollars, unless otherwise indicated)</i>	2023	2022	2021	Change (%)
Sales				
Q2 ⁽³⁾	4,554.5	4,274.2	—	6.6
Q1 ⁽³⁾	4,670.9	4,316.6	—	8.2
Q4 ⁽³⁾	—	4,432.6	4,092.0	8.3
Q3 ⁽⁴⁾	—	5,865.5	5,719.8	2.5
Net earnings				
Q2 ⁽³⁾	218.8	198.1	—	10.4
Q1 ⁽³⁾	231.1	207.7	—	11.3
Q4 ⁽³⁾	—	168.7	194.0	(13.0)
Q3 ⁽⁴⁾	—	275.0	252.4	9.0
Adjusted net earnings⁽¹⁾				
Q2 ⁽³⁾	225.4	204.7	—	10.1
Q1 ⁽³⁾	237.6	214.2	—	10.9
Q4 ⁽³⁾	—	219.4	200.6	9.4
Q3 ⁽⁴⁾	—	283.8	261.2	8.7
Fully diluted net earnings per share (Dollars)				
Q2 ⁽³⁾	0.93	0.82	—	13.4
Q1 ⁽³⁾	0.97	0.85	—	14.1
Q4 ⁽³⁾	—	0.70	0.79	(11.4)
Q3 ⁽⁴⁾	—	1.14	1.03	10.7
Adjusted fully diluted net earnings per share⁽¹⁾ (Dollars)				
Q2 ⁽³⁾	0.96	0.84	—	14.3
Q1 ⁽³⁾	1.00	0.88	—	13.6
Q4 ⁽³⁾	—	0.92	0.81	13.6
Q3 ⁽⁴⁾	—	1.18	1.06	11.3

⁽³⁾ 12 weeks

⁽⁴⁾ 16 weeks

Sales in the second quarter of Fiscal 2023 remained strong, reaching \$4,554.5 million, up 6.6% compared to elevated sales last year due to COVID-related restrictions in both provinces. Food same-store sales were up 5.8% versus the same quarter last year mainly due to higher inflation this quarter (0.8% in the second quarter of 2022). Online food sales⁽¹⁾ were up 41.0% versus last year (6.0% in the second quarter of 2022), mostly driven by new partnership sales. Our food basket inflation was 9.0%, down slightly from the previous quarter. Pharmacy same-store sales were up 7.3% (9.4% in the second quarter of 2022), with a 5.0% increase in prescription drugs⁽¹⁾ and a 12.2% increase in front-store sales⁽¹⁾, primarily driven by over-the-counter products, cosmetics and health and beauty.

Sales in the first quarter of Fiscal 2023 remained strong, reaching \$4,670.9 million, up 8.2% from the first quarter of 2022 mainly due to higher inflation this quarter. Food same-store sales were up 7.5% versus the same quarter last year (down 1.4% in the first quarter of 2022). Online food sales⁽¹⁾ were up 40.0% versus last year (flat in 2022). Our food basket inflation was 10.0%, the same level as the previous quarter. Pharmacy same-store sales were up 7.7% (7.7% in the first quarter of 2022), with a 6.5% increase in prescription drugs⁽¹⁾ and a 10.2% increase in front-store sales⁽¹⁾, primarily driven by over-the-counter products, cosmetics and health and beauty.

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

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

Sales in the fourth quarter of Fiscal 2022 remained strong, reaching \$4,432.6 million, up 8.3% from the fourth quarter of 2021 mainly due to higher inflation this quarter. Food same-store sales were up 8.0% (down 2.9% in 2021) versus the same quarter last year. Online food sales were up 33.0% versus last year (flat in 2021). Our food basket inflation increased to 10.0% from 8.5% in the previous quarter. Pharmacy same-store sales were up 7.4% (4.1% in 2021), with a 6.4% increase in prescription drugs supported by COVID-related activities such as the distribution of rapid tests and a 9.9% increase in front-store sales, primarily driven by over-the-counter products and cosmetics.

Sales in the third quarter of Fiscal 2022 remained strong, reaching \$5,865.5 million, up 2.5% versus elevated sales in the third quarter of 2021 due to the pandemic. Food same-store sales were up 1.1% (down 3.6% in 2021) versus the same quarter last year. Online food sales were flat versus last year (up 19.0% in 2021). Our food basket inflation was about 8.5% (5.0% in the previous quarter). Pharmacy same-store sales were up 7.2% (7.6% in 2021), with a 5.6% increase in prescription drugs supported by COVID-related activities such as the distribution of rapid tests and a 10.7% increase in front-store sales, primarily driven by over-the-counter products and cosmetics.

Net earnings for the second quarter of Fiscal 2023 were \$218.8 million compared with \$198.1 million for the second quarter of 2022, while fully diluted net earnings per share were \$0.93 compared with \$0.82 in 2022, up 10.4% and 13.4%, respectively. Excluding from the second quarters of Fiscal 2023 and 2022, 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 2023 totalled \$225.4 million compared with \$204.7 million for the corresponding quarter of 2022 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$0.96 compared with \$0.84, up 10.1% and 14.3% respectively.

Net earnings for the first quarter of Fiscal 2023 were \$231.1 million compared with \$207.7 million for the first quarter of 2022, while fully diluted net earnings per share were \$0.97 compared with \$0.85 in 2022, up 11.3% and 14.1%, respectively. Excluding from the first quarters of Fiscal 2023 and 2022, 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 2023 totalled \$237.6 million compared with \$214.2 million for the corresponding quarter of 2022 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$1.00 compared with \$0.88, up 10.9% and 13.6% respectively.

Net earnings for the fourth quarter of Fiscal 2022 were \$168.7 million compared with \$194.0 million for the fourth quarter of 2021, while fully diluted net earnings per share were \$0.70 compared with \$0.79 in 2021, down 13.0% and 11.4%, respectively. Excluding from the fourth quarters of Fiscal 2022 and 2021, the amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition of \$9.0 million, the impairment of a loyalty program of \$60.0 million in the fourth quarter of 2022 as well as income taxes relating to these items, adjusted net earnings⁽¹⁾ for the fourth quarter of Fiscal 2022 totalled \$219.4 million compared with \$200.6 million for the corresponding quarter of 2021 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$0.92 compared with \$0.81, up 9.4% and 13.6% respectively.

Net earnings for the third quarter of Fiscal 2022 were \$275.0 million compared with \$252.4 million for the third quarter of 2021, while fully diluted net earnings per share were \$1.14 compared with \$1.03 in 2021, up 9.0% and 10.7%, respectively. Excluding from the third quarters of Fiscal 2022 and 2021 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 2022 totalled \$283.8 million compared with \$261.2 million for the corresponding quarter of 2021 and adjusted fully diluted net earnings per share⁽¹⁾ amounted to \$1.18 compared with \$1.06, up 8.7% and 11.3% respectively.

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

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

	2023		2022				2021	
(Millions of dollars)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net earnings	218.8	231.1	168.7	275.0	198.1	207.7	194.0	252.4
Impairment of a loyalty program, after taxes	—	—	44.1	—	—	—	—	—
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	6.6	6.5	6.6	8.8	6.6	6.5	6.6	8.8
Adjusted net earnings ⁽¹⁾	225.4	237.6	219.4	283.8	204.7	214.2	200.6	261.2

	2023		2022				2021	
(Dollars)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Fully diluted net earnings per share	0.93	0.97	0.70	1.14	0.82	0.85	0.79	1.03
Adjustments impact	0.03	0.03	0.22	0.04	0.02	0.03	0.02	0.03
Adjusted fully diluted net earnings per share ⁽¹⁾	0.96	1.00	0.92	1.18	0.84	0.88	0.81	1.06

CASH POSITION

OPERATING ACTIVITIES

In the second quarter of Fiscal 2023, operating activities generated cash inflows of \$420.3 million compared with \$384.8 million in the corresponding quarter of 2022. In the first 24 weeks of Fiscal 2023, operating activities generated cash inflows of \$630.5 million compared with \$561.8 million for the corresponding period of 2022. The variance is mainly due to higher earnings in 2023 compared to 2022.

INVESTING ACTIVITIES

Investing activities required cash outflows of \$132.3 million for the second quarter of Fiscal 2023 compared with \$116.6 million for the corresponding quarter of 2022. In the first 24 weeks of Fiscal 2023, investing activities required cash outflows of \$226.4 million compared with \$230.4 million for the corresponding period of 2022.

During the first 24 weeks of Fiscal 2023, we and our retailers opened 2 stores and carried out major expansions and renovations of 3 stores for a net increase of 84,900 square feet or 0.4% of our food retail network.

FINANCING ACTIVITIES

In the second quarter of 2023, financing activities required cash outflows of \$223.6 million compared with \$244.5 million in the corresponding quarter of 2022. The net cash inflow from the increase in debt net of repayments totaling \$132.1 million offset the increase in share repurchases of \$89.0 million in the second quarter of 2023.

In the first 24 weeks of Fiscal 2023, financing activities required cash outflows of \$351.6 million compared with \$554.6 million for the corresponding period of 2022. This difference is mainly due to the increase in debt net of repayments totaling \$275.1 million in 2023.

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

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

FINANCIAL POSITION

We do not anticipate⁽²⁾ any liquidity risk and consider our financial position at the end of the second quarter of 2023 as very solid. We had an unused authorized revolving credit facility of \$600.0 million.

At the end of the second quarter of 2023, the main elements of our debt were as follows:

	Interest Rate	Maturity	Notional (Millions of dollars)
	Rates fluctuate with changes in bankers' acceptance rates		
Revolving Credit Facility		September 3, 2026	—
Series J Notes	1.92% fixed nominal rate	December 2, 2024	300.0
Series G Notes	3.39% fixed nominal rate	December 6, 2027	450.0
Series K Notes	4.66% fixed nominal rate	February 7, 2033	300.0
Series B Notes	5.97% fixed nominal rate	October 15, 2035	400.0
Series D Notes	5.03% fixed nominal rate	December 1, 2044	300.0
Series H Notes	4.27% fixed nominal rate	December 4, 2047	450.0
Series I Notes	3.41% fixed nominal rate	February 28, 2050	400.0

On November 30, 2021, the Corporation issued through a private placement Series J unsecured senior notes in the aggregate principal amount of \$300.0 million, bearing interest at a fixed nominal rate of 1.92%, maturing on December 2, 2024. In conjunction with this offering, Metro entered into a \$300.0 million interest rate swap effectively locking in a floating rate of interest of 11 basis points (0.11%) over the 3-month bankers' acceptance rate (CDOR) over the life of the Series J Notes. As at March 11, 2023, the balance of the Series J unsecured senior notes was \$284.1 million (\$297.5 million in 2022), reflecting a decrease in fair value adjustments relating to interest rate swaps designated as fair value hedges of \$15.9 million (\$2.5 million in 2022).

On December 1, 2021, the Corporation redeemed all of the Series C notes, bearing interest at a fixed nominal rate of 3.20%, in the amount of \$300.0 million that matured on the same day.

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

During the second quarter of 2023 the Corporation repaid all our revolving credit facility drawn in US currency and the cross-currency interest rate swaps entered into in the first quarter of 2023 came to maturity.

CAPITAL STOCK, STOCK OPTIONS AND PERFORMANCE SHARE UNITS

	As at March 11, 2023	As at September 24, 2022
Number of Common Shares outstanding (<i>Thousands</i>)	232,759	236,594
Stock options:		
Number outstanding (<i>Thousands</i>)	2,336	2,092
Exercise prices (<i>Dollars</i>)	40.23 to 77.75	40.23 to 62.82
Weighted average exercise price (<i>Dollars</i>)	56.03	51.47
Performance share units:		
Number outstanding (<i>Thousands</i>)	588	557

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

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



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, 2022 and November 24, 2023. Between November 25, 2022 and March 31, 2023, the Corporation has repurchased 2,932,000 Common Shares at an average price of \$71.81, for a total consideration of \$210.5 million.

DIVIDENDS

On April 18, 2023, the Board of Directors declared a quarterly dividend of \$0.3025 per share, the same amount declared last quarter.

SHARE TRADING

The value of METRO shares remained in the \$67.09 to \$78.90 range over the first 24 weeks of Fiscal 2023. During this period, a total of 52.9 million shares were traded on the Toronto Stock Exchange. The closing price on March 31, 2023 was \$74.34 compared with \$69.84 at the end of Fiscal 2022.

FORWARD-LOOKING INFORMATION

We have used, throughout this report, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein that does not constitute a historical fact may be deemed a forward-looking statement. Expressions such as "anticipate", "continue", "looking forward", "remain" 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 2023 action plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. Risk factors that could cause actual results or events to differ materially from our expectations as expressed in, or implied by, our forward-looking statements are described and discussed under the "Risk Management" section in our Annual Report 2022.

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

NON-GAAP AND OTHER FINANCIAL MEASUREMENTS

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

National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure sets out specific disclosure requirements for non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures, as defined in the Instrument (together the "specified financial measures").

The specified financial measures we disclose in our documents made available to the public are presented by measurement categories below.

NON-GAAP FINANCIAL MEASURES

Adjusted net earnings is a non-GAAP financial measurement that with respect to its composition is adjusted to exclude an amount that is included in, or include an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in our consolidated financial statements.

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

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



For measurements depicting financial performance, we believe that presenting earnings adjusted for these items, which are not necessarily reflective of the Corporation's performance, leaves readers of financial statements better informed thus enabling them to better perform trend analysis, evaluate the Corporation's financial performance and assess its future outlook. Adjusting for these items does not imply that they are non-recurring.

NON-GAAP RATIOS

Adjusted fully diluted net earnings per share is a non-GAAP ratio by where a non-GAAP financial measure is used as one or more of its components.

We believe that presenting this ratio, in which a non-GAAP financial measurements is used as one or more of its components, leaves readers of financial statements better informed as to the current period and corresponding prior year's period's performance, thus enabling them to better perform trend analysis, evaluate the Corporation's financial performance and assess its future outlook. Adjusting for these items does not imply that they are non-recurring.

SUPPLEMENTARY FINANCIAL MEASURES

The supplementary financial measures listed below are, or are intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Corporation.

Food same-store sales and pharmacy same-store sales (including total, front-store and prescription drugs) are defined as comparable retail sales of stores with more than 52 consecutive weeks of operations, including relocated, expanded and renovated locations.

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

Gross margin ratio is calculated by dividing gross profit by sales.

OUTLOOK⁽²⁾

We remain focused on offering quality products at competitive prices as higher than normal inflation and market challenges persist. While we are not able to predict how the current macro-economic environment will evolve, we are seeing some moderation in food inflation, although it is still elevated compared to pre-pandemic levels. With this backdrop, we remain resilient and committed to providing the best value for our customers.

Montréal, April 19, 2023

⁽¹⁾ See table in section "Operating Results" and section on "Non-GAAP and Other Financial Measurements"

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