HERE WE GO!

ANNUAL REPORT 2021/22

METRO

We know our goal – we have it firmly in view. Our passion for our customers' business propels us forward. With our sCore strategy, we are on the way to the summit – with courage, drive and mutual commitment. Step by step, as a team with our colleagues and partners, and in our daily exchange with our customers.

HERE WE GO!

METRO IN FIGURES

METRO in figures

Key financial figures (in € million)	2020/21	2021/22	Changes	Change in %
Sales (net)	24,765	**29,754**	4,988	20.1%
Adjusted EBITDA	1,171	**1,389**	219	18.7%
EBIT	197	**429**	232	118.0%
Earnings per share in € (basic = diluted)	−0.15	**−0.92**	−0.77	-
Dividend[1]	0.00	**0.00**	-	-

[1] Per ordinary and preference share, attributable to shareholders.

Network	2020/21	2021/22	Changes	Change in %
Stores & delivery (number of countries)	34	**31**	−3	-
Marketplace (number of countries)	2	**3**	1	-
Hospitality Digital/Eijsink (number of countries)	0	**1**	1	-
Stores (number of locations)	681	**661**	−20	-
thereof delivery OOS (number of locations)[1]	(563)	**(567)**	(4)	-
FSD (number of locations)	67	**64**	−3	-

[1] OOS refers to the existing METRO store network and includes METRO stores that supply from the store as well as stores that operate their own depot in the store.

Multichannel development

Sales development (in € million)	2020/21	2021/22	Ambition 2022–2025	Ambition 2030
Store-based and other business	20,569	**23,299**		~1.2 x vs. 2020/21
FSD	4,164	**6,386**		>3 x vs. 2020/21
METRO MARKETS sales	33	**69**		
METRO MARKETS marketplace sales[1]	50	**130**		>€3 billion

[1] Total volumes of METRO MARKETS platform (and third party platforms) excluding VAT and after cancellations but before any deductions; includes disposal sales in full.

sCore KPIs (%)	2020/21	2021/22	Ambition 2022–2025	Ambition 2030
Strategic customer sales share	66	**71**		>80%
Own brand sales share	17	**19**		>35%
Stock availability	95	**95**		>98%
FSD sales share	17	**21**		>33%
Digital sales share	6	**9**		40%

Medium-term ambition	2020/21	2021/22	Ambition 2022–2025	Ambition 2030
Sales development (%)[1]	0	**21**	3–5% CAGR	>€40 billion
EBITDA development (%)[2]	6	**17**	3–5% CAGR	>€2 billion
Investments (% of sales)[3]	1.3	**1.4**	<2.5%	<1.5%
Free cash flow (€ million)	493	**190**	re-invest in growth	>€0.6 billion
Net debt/EBITDA (0.0 x)	3.0 x	**2.3 x**	decrease to 2.5 x	<2.5 x

[1] Exchange rate-adjusted, stable portfolio.
[2] Adjusted EBITDA, exchange rate-adjusted, stable portfolio.
[3] Investments without monetary assets and acquisitions of subsidiaries.

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In accordance with our view on integration and inclusion, we advocate a gender-sensitive understanding of language. For the sole purpose of better readability, we in some cases do not use gender-neutral terms or overtly inclusive multi-gender descriptions. When we use the generic masculine form in our corporate media and our social media channels, this is done solely for reasons of the comprehensibility and readability of the text. In all cases, this form includes all genders equally.

TO OUR SHAREHOLDERS

LETTER TO THE SHAREHOLDERS

Dear Ladies and Gentlemen,

The financial year 2021/22 was a special year for your company. In January 2022, we presented our **sCore growth strategy with our targets until 2030**. We are making great progress with the implementation. Thanks to our strong business development, we increased our sales and earnings outlook twice this year. We are wrapping up the financial year with record growth. For the coming year, we have again set our sights high: we will continue to invest in growth and capture further market share thanks to our attractive and resilient multichannel business model.

Growth is our priority. Why? The markets which we are active in are growing structurally and are highly fragmented. This offers an enormous opportunity for us. In this market environment our combination of wholesale stores, delivery service and online marketplace is unique – and above all highly attractive for the customer. The different channels fulfil different customer needs and that pays off: **multichannel customers buy manifold more** than monochannel customers. This is what we are counting on. With a clear focus on wholesale, intensive expansion of multichannel offers and significant investments in our infrastructure.

We reached many **milestones** in the past financial year. In the stores, we are forging ahead with the roll-out of an attractive, volume-based pricing policy (‘Buy more, pay less’). We continued to expand the sales team (>800 FTE added) and created delivery space (+13 Out-of-Store locations and +2 new depots). Our online marketplace METRO MARKETS has now also expanded into Italy and in October 2022 also to Portugal and is thus active in 4 countries. Last but not least, we are working towards our climate target by replacing refrigeration systems and switching to natural refrigerants. We have also optimised our portfolio through 3 strategic acquisitions in the delivery and digitalisation area and by divesting the loss-making business in Belgium. We successfully completed the wind-down of Japan and Myanmar, which began in 2020/21. Russia’s war in Ukraine and its impact on the global economy remains a significant challenge for all of us. We have acted prudently and responsibly in this crisis so far as **ONE METRO** and we will continue to do so.

Achieving the milestones above paid off: we were able to significantly increase our sales and EBITDA outlook in April and July. We ultimately achieved 21.4% sales growth[1] and €204 million EBITDA growth[1]. All channels and all segments contributed to this achievement. We are in the upper half of the outlook range in terms of sales and EBITDA and have gained more market share. This development is also reflected in our **sCore KPIs.** We use these key figures to measure the implementation of our strategic goals. With the revised remuneration system for the Management Board, we decided that we want to be measured directly by the level of implementation of these goals in the future. In the past financial year, we have achieved quite a lot:

- **Wholesale value proposition:** 71% strategic customers sales share, 19% own-brand sales share (an all-time record), 95% stock availability
- **Multichannel growth**: 21% record FSD sales share, 9% digital sales share

Despite this very good performance, EPS declined to €−0.92. The significant operating profits were reduced by one-time and mainly non-cash postings related to the Russian war in Ukraine and the sale of the Belgian business. In accordance with our dividend policy, no dividend distribution is therefore foreseen. Without these one-time effects, we would have achieved positive EPS in the past financial year and thus significant growth compared to the previous year. This shows that METRO's core business is resilient and well positioned for the current phase.

The motto for the coming financial year **2022/23** is 'Here we go'. And we continue to forge ahead with great strides. The external developments around high inflation and energy price trends pose new challenges for us and our clients. However, the attractiveness of the sector and the advantages of the multichannel business model are not diminished. Quite the contrary. **Right now, we are scoring points** with reliably attractive prices in the wholesale stores, our own brands and close customer support from the sales force. Our digital solutions help our customers increase productivity and counteract the lack of personnel.

Investments and market share gains will therefore continue to be at the forefront next year, so that we can achieve our ambitious goals. The Management Board expects a total sales growth of 5% to 10% for financial year 2022/23. However, the operating performance is offset by rising costs – especially due to the temporary drastic increase in energy prices, the cyberattack and expiring income from business disposals. Accordingly, we expect a decline in adjusted EBITDA by €75 million to €225 million. However, this decline comes after an EBITDA increase of over €200 million in the previous year. In conclusion, we continue to expect a good development in line with our **medium and long-term ambition**.

1 Exchange rate-adjusted, without Japan and Myanmar, but with Aviludo and Pro a Pro Spain. Belgium incl. up to 31 May 2022.

None of this would be possible without the tireless efforts of our approximately 90,000 employees in 31 countries. We are working on sCore as **ONE METRO** with a great deal of motivation and commitment. Together, we will move our company forward and achieve the targets we have set for ourselves by 2030. We are doing what we do best – multichannel wholesale. Dear shareholders, we sincerely thank you for your support in achieving these goals.

Yours truly,

Dr Steffen Greubel
Chairman of the Management Board of METRO AG

THE MANAGEMENT BOARD

DR STEFFEN GREUBEL

Chairman of the Management Board

AREAS OF RESPONSIBILITY

Corporate Communications, Corporate Office, Corporate Public Policy, Corporate Responsibility, Global Digital Business Lead, M&A | Legal & Compliance, SME Services, Strategy | Investor Relations, METRO Deutschland, METRO Austria, Hospitality Digital, METRO MARKETS, METRO ADVERTISING, METRO Financial Services.

PROFILE

Dr Steffen Greubel has been Chairman of the Management Board of METRO AG since 1 May 2021 and has been appointed to that position until 30 April 2024. He was previously employed by the Würth Group from April 2014, initially as Executive Vice President and from 2019 as part of group management. Prior to that, Dr Steffen Greubel worked for the business consulting firm McKinsey & Company. The trained banker graduated from Witten/Herdecke University in 2000 and received his doctorate from the University of Magdeburg in 2006.

CHRISTIAN BAIER

Chief Financial Officer

AREAS OF RESPONSIBILITY

Corporate Accounting & Controlling, Corporate Risk Management, Corporate Tax, Corporate Treasury, Global Solution Centre, Group Internal Audit, METRO PROPERTIES, METRO LOGISTICS, MIAG, METRO Insurance Broker, METRO DIGITAL.

PROFILE

Christian Baier was appointed member of the Management Board of METRO AG on 11 November 2016. His current appointment as a member of the Management Board runs until 30 September 2025. Together with Rafael Gasset, he was (interim) Co-Chairman of the Management Board from 1 January to 30 April 2021. He was the Chief Financial Officer (CFO) of METRO Cash & Carry from 1 July 2015 to 1 March 2017. Since 2011, he held various positions at METRO AG, including Group Director Strategy, Business Innovation and M&A. After graduating with an MBA degree from New York University, he worked at the financial investment firm Permira and at various banks.

RAFAEL GASSET

Chief Operating Officer

AREAS OF RESPONSIBILITY

METRO Bulgaria, METRO France, METRO India, METRO Italy, METRO Kazakhstan, METRO Croatia, METRO Moldova, MAKRO Netherlands, METRO Pakistan, MAKRO Poland, MAKRO Portugal, METRO Romania, METRO Russia, METRO Serbia, METRO Slovakia, MAKRO Spain, MAKRO Czech Republic, METRO Turkey, METRO Ukraine, METRO Hungary.

PROFILE

Rafael Gasset was appointed member of the Management Board of METRO AG on 1 April 2020 for a term ending on 31 March 2028. Together with Christian Baier, he was (interim) Co-Chairman of the Management Board from 1 January to 30 April 2021. From 22 June 2015 to 31 March 2020, he was Operating Partner with various national subsidiary responsibilities, since 2018 for Russia, Romania, Moldova and Poland. Before becoming Operating Partner, he was the Regional Operating Officer at METRO Cash & Carry overseeing the Eastern Europe region. Rafael Gasset previously held various positions at METRO national subsidiaries. He studied at the University of Málaga (economics and management, commercial management) and at the IESE Business School, University of Navarra (PDD, executive management).

CHRISTIANE GIESEN

Chief Human Resources Officer and Labour Director

AREAS OF RESPONSIBILITY

International HR Business Partner, Global Employer Branding, Talent Acquisition & Onboarding, Global HR Services, Global Talent Management & HR Transformation, HR Operations, METRO Campus Services.

PROFILE

Christiane Giesen was appointed member of the Management Board and Labour Director of METRO AG on 15 September 2022. Her current appointment runs until 14 September 2025. Prior to that, she held various management positions at BP Europe SE/Aral AG since 1998 and was a member of the Management Board of Aral AG from 2020 to 2022. Christiane Giesen graduated with a degree in international business administration from the International Business School, Lippstadt.

CLAUDE SARRAILH

Chief Customer & Merchandise Officer

AREAS OF RESPONSIBILITY

Customer & Sales, Food Service Distribution (incl. Aviludo, Classic Fine Foods, Pro à Pro France, Pro a Pro Spain, Rungis Express), Global Procurement, Global Quality Assurance, E2E Supply Chain Management, Retail Franchise, METRO China, METRO SOURCING International, NX-Food.

PROFILE

Claude Sarrailh was appointed member of the Management Board of METRO AG on 1 January 2022 for a term ending on 31 December 2024. From 1 August 2021 until 31 December 2021, Claude Sarrailh was the Chief Procurement Officer of METRO AG. Prior to that, he was the Chief Executive Officer at METRO China and held various positions at METRO national subsidiaries. Claude Sarrailh graduated from the École Supérieure de Gestion, Paris (finance).

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The main theme of financial year 2021/22 was the strategic realignment of the wholesale business, after we had divested ourselves of all other business areas in the prior years. Under the leadership of our CEO Dr Steffen Greubel, the Management Board developed the sCore growth strategy. The goal is to streamline the wholesale focus for professional customers, expand the multichannel business model and develop new business segments, such as expanding the franchise concepts for smaller Trader customers and further accelerating key account business.

The management structure within the Management Board was adjusted to fully align with the unmitigated focus on the wholesale business. A Chief Customer & Merchandise Officer (CCMO) position has been established. It is headed by Claude Sarrailh, who has extensive operational experience from his previous roles in purchasing and as CEO of METRO national subsidiaries in Italy and China. At the same time, Rafael Gasset has assumed responsibility for all countries (except Germany and Austria) as Chief Operating Officer (COO). Christian Baier was confirmed as Chief Financial Officer. Finally, Christiane Giesen's recent appointment as Chief Human Resources Officer once again makes the Management Board team complete. She will use her management experience in the operational business to manage HR in a pragmatic way and provide support for operational business in the countries.

The consistent implementation of the strategy already made a noticeable impact: we ended our financial year 2021/22 with a 21.4% sales growth[2]. Adjusted EBITDA grew by around €204 million[2] compared to the previous year. However, these figures were also bolstered by the tailwind from the reopening of the HoReCa business, especially in H2 after the coronavirus restrictions were finally lifted. Furthermore, significant investments were made in the sales organisation as part of the sCore strategy to boost sales. Particular investments were made in digitalisation: for example, we acquired the digital POS systems provider Eijsink to further enhance the offerings of Hospitality Digital to our customers, and METRO MARKETS continued its expansion.

Of course, financial year 2021/22 was also significantly affected by the momentous war in Ukraine, which not only impacted our international business, but also deeply unsettled us and our employees personally. Nevertheless, even in times like these, our positive business results prove that we are on the right track. The Management Board will jointly and consistently forge ahead with our sCore strategy. At the same time, it will manage the additional macroeconomic impacts such as inflation, supply chain bottlenecks and rising energy costs.

As this financial year is drawing to a close, our deepest gratitude once again goes out to you, our shareholders, for supporting us in our realignment. We also want to extend our appreciation to our customers who remain loyal to us even though, at times, we were not able to serve them to their (as well as our) satisfaction due to issues in the international supply chains. Moreover, we would like to thank all our employees for their commitment. In that regard, we want to especially thank our employees in Ukraine who, despite adverse living and working conditions, continue to demonstrate their strong commitment to our company. We truly appreciate their daily dedication to METRO. Our thoughts are with them and we hope for calmer and more peaceful times.

2 Exchange rate-adjusted, without Japan and Myanmar, but with Aviludo and Pro a Pro Spain. Belgium incl. up to 31 May 2022.

JÜRGEN STEINEMANN

Chairman of the Supervisory Board

PROFILE

Jürgen Steinemann was born in 1958 in Damme, Germany. He graduated with a degree in business administration from the European Business School in Wiesbaden, London and Paris in 1985 and initially held different management positions at Eridania Béghin-Say, Unilever and Nutreco. Jürgen Steinemann was CEO of Barry Callebaut AG from 2009 to 2015. He is currently the CEO of JBS Holding GmbH. From 2015 to the demerger of the former METRO GROUP in July 2017, Jürgen Steinemann was a member of the Supervisory Board of the former METRO AG (now: CECONOMY AG) and Chairman of the Supervisory Board since February 2016. Jürgen Steinemann has been Chairman of the Supervisory Board of the current METRO AG since 2017.

- **More information about the other members of the Supervisory Board can be found on the website www.metroag.de/en in the section About us – Supervisory Board.**

Advice and supervision in consultation with the Management Board

In financial year 2021/22, the Supervisory Board performed the duties imposed on it by law, the Articles of Association and the Code of Procedure. We advised the Management Board in relation to the management of METRO AG and the group and supervised its activities. The Management Board furnished us with detailed written and verbal information on all significant matters within METRO at the Supervisory Board meetings and on other occasions in a timely manner and in accordance with the statutory requirements. Its reporting in particular included information on current business developments, on the intended business policies and other fundamental concerns relating to corporate planning as well as information about the situation of the company and the group (including the risk position, risk management and compliance). The Management Board provided explanations for any deviations from planned business performance. We have given our approval for individual business transactions, if it was required by law, the Articles of Association or internal regulations. Since no matters requiring clarification arose, we did not make use of the Supervisory Board's rights of inspection and audit pursuant to § 111 Section 2 Sentences 1 and 2 of the German Stock Corporation Act (AktG). Managers from the relevant departments or subsidiaries of METRO attended meetings to address particular agenda items.

As the Chairman of the Supervisory Board, I also worked especially closely with the Chief Executive Officer, but also the other members of the Management Board, outside of meetings and regularly exchanged information and ideas with regard to key issues and pending decisions. To this end, I communicated frequently with Dr Steffen Greubel in his capacity as CEO. I was in contact with the members of the Supervisory Board outside of meetings. In our capacity as committee chairmen, Prof. Dr Edgar Ernst and I also reported on the work and recommendations of the respective committees at the subsequent Supervisory Board meeting.

The Supervisory Board held a total of 8 meetings in financial year 2021/22, with 1 meeting convened as an extraordinary meeting. The average attendance rate at meetings of the Supervisory Board and its committees in financial year 2021/22 was 95%. An individualised overview of the participation of each member of the Supervisory Board in office in financial year 2021/22 in the meetings of the Supervisory Board and its committees is contained in the section 'Individual attendance at meetings' of this report. Moreover, 3 resolutions were passed in a written procedure outside a Supervisory Board meeting. In so-called closed sessions, the members of the Supervisory Board regularly exchanged views without the participation of the members of the Management Board. As was customary in the past, both the shareholder and employee representatives on the Supervisory Board of METRO AG discussed relevant agenda items in separate pre-meetings. Apart from that, separate video conferences were held on an ad hoc basis between the scheduled Supervisory Board meetings, in which the Management Board informed the Supervisory Board about current topics.

Changes in the composition of the Supervisory Board and the Management Board

At the end of 31 January 2022, Rosalinde Lax, the employee representative on the Supervisory Board, retired from the company due to her age. Her membership on the Supervisory Board of METRO AG also ended on this date. Friedhelm Bongard was judicially appointed to succeed her as a member of the Supervisory Board with effect from 1 February 2022.

At the end of the Annual General Meeting of METRO AG on 11 February 2022, the terms of office for shareholder representatives Dr Fredy Raas, Eva-Lotta Sjöstedt and Alexandra Soto as members of the Supervisory Board officially ended. By election of the Annual General Meeting, Dr Fredy Raas and Eva-Lotta Sjöstedt started another term of office on the same day. Dr Fredy Raas' term of office was limited to one year at his own request. Alexandra Soto was not available for another office term. By appointment by the Annual General Meeting, she was succeeded by Marek Spurný as a new shareholder representative on the Supervisory Board.

As part of METRO's continued focus on the wholesale business, the management structure of METRO AG was reorganised. The Management Board of METRO AG was reorganised according to countries and commercial functions: Chief Operating Officer Rafael Gasset assumed responsibility for the METRO/MAKRO national subsidiaries (excluding Germany and Austria) with effect from 1 January 2022. At the same time, Claude Sarrailh was appointed to the Management Board and assumed his new role as Chief Customer & Merchandise Officer. The central commercial functions as well as the FSD companies fall under his departmental responsibility. Eric Poirier left the Management Board of METRO AG with effect from 31 December 2021. In addition, Andrea Euenheim left the Management Board of METRO AG with effect from 31 March 2022. After an interim period in which Dr Steffen Greubel, Chairman of the Management Board, was responsible for human resources on a transitional basis, Christiane Giesen took over the position of Chief Human Resources Officer and Labour Director on the same Management Board on 15 September 2022.

Main topics of the Supervisory Board meetings and resolutions

November 2021 – At this meeting, the Management Board focused on the progress of the strategy process and reported on the completed steps and the upcoming implementation measures for further streamlining of the wholesale business strategy. We received information on the project development planned until 2025 at the METRO location in Düsseldorf, which we then fully approved at the June meeting. We passed resolutions on the declaration on corporate management and the 2020/21 report of the Supervisory Board. After discussing the annual report on governance functions, we determined the effectiveness of the internal control system, the risk management system and the internal audit system as outlined in § 107 section 3 of the German Stock Corporation Act (AktG). We also discussed the fulfilment of the requirements to be made by the compliance function. Moreover, we dealt with personnel matters relating to the Management Board. In light of the revised corporate strategy approved by the Supervisory Board and the corresponding realignment of the operational management structure, we mutually agreed to terminate the appointment of Eric Poirier as a member of the Management Board of METRO AG with effect from the end of 31 December 2021. We also decided to appoint Claude Sarrailh as a member of the Management Board (Chief Customer & Merchandise Officer) of METRO AG for the period from 1 January 2022 to 31 December 2024. At her own request, we did not renew the appointment of Ms Andrea Euenheim as Chief Human Resources Officer and Labour Director, which ends on 31 October 2022. With regard to Management Board remuneration, we passed a resolution on the individual performance factors of the short-term incentive for financial year 2020/21 as well as the amount of the variable remuneration components to be granted to the members of the Management Board for financial year 2020/21 and discussed the (individual) strategic objectives for the short-term incentive for financial year 2021/22.

December 2021 – As part of the restructuring of the Management Board configuration, we first adopted the updated schedule of responsibilities for the Management Board with effect from January 2022. The primary focus of the meeting was the audit of the annual financial statements, the consolidated financial statements and the combined management report 2020/21 for METRO AG and the group. Those documents included the combined non-financial statement contained therein, the report of the Management Board on relationships with affiliated companies and the corresponding audit reports, as well as the resolution on the approval of the annual financial statements and audit reports. Next, we received information on changes in top management and succession planning for the position of Chief Human Resources Officer. Furthermore, we passed resolutions on the proposed resolutions for the Annual General Meeting of METRO AG on 11 February 2022.

February 2022 – In our February meeting, the Management Board reported on the current business and financial position after the end of Q1. Furthermore, the Management Board provided information about the acquisition of Eijsink Hengelo Werkmaatschappij BV (Eijsink), a provider of point of sale (POS) systems for the hospitality industry, and explained the underlying strategic considerations. We also dealt with personnel matters relating to the Management Board: following Andrea Euenheim's expressed wish to terminate her contract prematurely, we passed a resolution to terminate her appointment as member of the Management Board and Labour Director of METRO AG by mutual agreement with effect from the end of 31 March 2022. We officially agreed to the premature termination of the existing employment contract. For the period from 1 April 2022 until the appointment of a successor to Andrea Euenheim as member of the Management Board and Labour

Director of METRO AG takes effect, we appointed Dr Steffen Greubel as Labour Director of METRO AG and approved a corresponding adjustment to the schedule of responsibilities of the Management Board of METRO AG. Subject to the election of the auditor by the Annual General Meeting 2022, we passed the following resolutions: the audit assignments for the annual and consolidated financial statements for 2021/22; the audit review of the condensed financial statements and interim management report of the first half of financial year 2021/22; and the audit of the combined non-financial statement for financial year 2021/22 in the form of a limited assurance engagement. Furthermore, as a precautionary measure, we passed a resolution to authorise a law firm, in particular with regard to potential legal challenges and/or actions for nullity against resolutions of the Annual General Meeting 2022. We also received information on changes in top management.

In a written procedure after the Annual General Meeting 2022, we elected Stefan Tieben to succeed Dr Fredy Raas as a new member of the Audit Committee. In addition, the shareholder representatives on the Supervisory Board passed a resolution on the assessment of the independence of its members.

Following the outbreak of the war in Ukraine at the end of February, various informational video conferences were held to update the Supervisory Board and the Audit Committee about the humanitarian impact on our employees, the economic impact for our company and the measures taken by the company.

March 2022 – In a written procedure, we agreed to the acquisition of Eijsink by METRO Hospitality Digital Holding GmbH. The goal is to better serve the needs of restaurateurs in combination with the existing business activities of Hospitality Digital (HD) and to help them benefit from the advantages of digitalisation. To prepare for this step, a video conference was held in which the Management Board updated us about the acquisition submitted for approval and explained the terms of the contract to us. In addition, Dr Steffen Greubel provided information on the impact of the war in Ukraine on METRO.

April 2022 – In an extraordinary meeting, the Supervisory Board appointed Christiane Giesen as a member of the Management Board and Labour Director of METRO AG with effect from 1 December 2022 or earlier for a period of 3 years. The Supervisory Board also approved the conclusion of her employment contract. With her profound management experience in the operational business, Christiane Giesen has the right prerequisites to support the business in the various countries by advancing HR work in a pragmatic manner and with strong operational focus. At the meeting, we also received an update on the effects of the war in Ukraine and the measures taken by the company.

May 2022 – In addition to the regular reporting on the current business development after the end of Q2, we received information on a potential sale of the Belgian subsidiary of METRO. We also discussed a potential collaboration with the Košík Group, a Czech supplier in the e-grocery sector. Košík as well as some of the designated contractual partners of the collaboration belong to the EP Group and are thus affiliated parties of METRO AG. We were also given an overview of the main corporate projects supporting the transformation of METRO. We were given an update on one of these projects, outlining the transformation and efficiency project for METRO DIGITAL, which includes the strategic partnership with the IT service provider Wipro. At the May meeting, we also passed a resolution to reappoint Rafael Gasset as a member of the Management Board of METRO AG with effect from 1 April 2023 until 31 March 2028; consequently, we supplemented his employment contract and adapted the Management Board's schedule of responsibilities. Furthermore, a target adjustment for the earnings per share (EPS) component of the 2021/22 LTI tranche for the members of the Management Board was approved, followed by an update of the declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG). After the meeting, the Supervisory Board held a training event on the topic of ‘End-to-end supply chain’.

In a written procedure, we approved the disposal of the Belgian operations MAKRO Cash & Carry Belgium NV to the financial investor Bronze Properties S.à r.l. As a food wholesaler, METRO strives for leading market positions in its respective markets. Despite significant efforts to improve the business development, the Belgian business is no longer part of METRO’s sCore growth strategy.

June 2022 – The focus of the 2-day strategy meeting in Barcelona was a detailed update on the status of the new group strategy sCore, which had been presented to the capital market in January 2022. The reporting focused specifically on the implementation and adaptation of the new strategy at country level and the revision of the sustainability strategy as part of the group strategy. Afterwards, the management of MAKRO Spain gave an insight into the strategic transformation of the business in Spain. After the regular report on the current business development, we decided on the 2nd day of the meeting to approve the disposal of large parts of the METRO Campus site in Düsseldorf. On that site, Swiss Life Asset Managers will develop a diversified urban quarter combining residential and office space with hospitality, retail and local recreational facilities. The head offices of METRO AG and METRO Deutschland will remain at the current location and continue to develop their own area there. However, the Düsseldorf METRO wholesale store will move to a new site.

August 2022 – In the August meeting, the Management Board reported on the current business development after the end of Q3. Furthermore, we received information on an IT transformation project that is intended to upgrade and standardise the finance and accounting IT landscape as a pillar of METRO’s finance strategy. We then discussed to further develop the Management Board remuneration system and determined Ms Giesen’s pro rata total target remuneration for the current financial year. We also reviewed regulatory changes with regard to corporate governance and the Annual General Meeting.

September 2022 – Following the Management Board’s regular report on the current business development, we approved lease extensions for more than 40 METRO France locations. These locations account for about half of the stores of METRO France and are an important factor in the implementation of the multichannel marketing strategy of the French national subsidiary. The Management Board also reported on the current status of the audit of strategic options for METRO India and provided an update on the future strategy and restructuring of METRO LOGISTICS. We also discussed collaborating with the Košík Group again to strengthen METRO in the area of e-grocery and approved entering into a collaboration agreement. The collaboration initially covers the Czech Republic, Slovakia and Bulgaria, but is supposed to be extended to other Eastern European countries at a later date. The resolution of the Supervisory Board was passed due to good corporate governance and transparency, as the transaction is a related party transaction, even though it was not subject to approval or publication according to the regulations of the German Stock Corporation Act(AktG). Furthermore, we decided on further developing the Management Board remuneration system. We wanted to make sure that the long-term variable remuneration will be more closely correlated to the sCore growth strategy and expanded to include ESG (environment, social and governance) targets. The adjusted Management Board remuneration system will be submitted to the Annual General Meeting 2023 for approval. Another scheduled topic of the meeting was the approval of the budget planning and medium-term planning. After reviewing and confirming the vertical and horizontal suitability of the remuneration of members of the Management Board and determining the respective individual total target remuneration for financial year 2022/23, we passed resolutions on the 2022/23 financial STI and LTI performance targets based on the approved budget and discussed the 2022/23 strategic (individual) STI targets. In the end, we dealt with corporate governance issues: we approved an update to the Management Board's schedule of responsibilities to reflect Christiane Giesen's arrival and passed resolutions on amendments to the Code of Procedure of the Supervisory Board and the Audit Committee. We also decided on electing a new member of the Audit Committee, adjusting the diversity concepts for the Management Board and the Supervisory Board, and issuing the declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG).

Work in the committees

For the purpose of effectively performing its duties, the Supervisory Board relies on the work of 4 permanent committees: the Presidential Committee, the Audit Committee, the Nomination Committee and the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG). The committees prepare the consultations and resolutions in the Supervisory Board meetings. In addition, also decision-making responsibilities were transferred to the committees within the legally allowed parameters. The respective chairmen of the committees report to the Supervisory Board regularly with regard to the work in the committees. Guests such as managers from the responsible departments and subsidiaries of METRO or the auditors were invited to the committee meetings to discuss specific topics.

Presidential Committee – The Presidential Committee is mainly concerned with the personnel and remuneration issues of the members of the Management Board and monitors compliance with legal regulations and the application of the German Corporate Governance Code. In addition, the Presidential Committee is responsible for urgent resolutions and issues that the Supervisory Board has delegated to it for resolution. The Presidential Committee held 7 meetings in financial year 2021/22; 3 of the meetings were convened as an extraordinary meeting. The following members are part of the Presidential Committee (as of 30 September 2022): Jürgen Steinemann (Chairman), Xaver Schiller (Vice Chairman), Thomas Dommel, Prof. Dr Edgar Ernst, Roman Šilha, Manuela Wetzko.

The subjects of discussion and resolutions of the Presidential Committee in financial year 2021/22 were issues relating to the remuneration and contractual matters of the members of the Management Board. In addition, the Presidential Committee dealt with the search for a successor to the position of Chief Human Resources Officer, which was ultimately finalised with the appointment of Christiane Giesen. Further issues addressed by the Presidential Committee included corporate governance at METRO, especially the preparation of the declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG). Long-term succession planning was one of the regular topics of discussion in the committee.

Audit Committee – The Audit Committee is in particular responsible for supervising the company's accounting, accounting processes, the effectiveness and development of the internal control systems, the risk management system, the internal audit system, the audit of the annual financial statements (in particular relating to the selection and independence of the auditor, the audit strategy and planning, the quality of the audit and any additional services provided by the auditor) as well as compliance. In financial year 2021/22, the Audit Committee convened 6 meetings. Details of the Audit

Committee’s deliberations and resolutions can be found in the separate report of the Audit Committee.

The following members are part of the Audit Committee (as of 30 September 2022): Prof. Dr Edgar Ernst (Chairman), Xaver Schiller (Vice Chairman), Marco Arcelli, Stefanie Blaser, Michael Heider, Stefan Tieben. Effective 1 October 2022, the Audit Committee was expanded to 8 members, with Jürgen Steinemann and Manfred Wirsch added as new members of the committee.

Nomination Committee – The Nomination Committee prepares for the election of shareholder representatives to the Supervisory Board and proposes suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting. In financial year 2021/22, a total of 4 committee meetings were held, with 2 meetings convened as an extraordinary meeting, for the purpose of preparing election proposals to the Annual General Meeting for 2022 and 2023. The following members are part of the Nomination Committee (as of 30 September 2022): Jürgen Steinemann (Chairman), Gwyn Burr, Roman Šilha.

Mediation Committee – In financial year 2021/22, the Mediation Committee established in accordance with § 27 Section 3 of the German Co-determination Act (MitbestG) did not have to be convened. The Mediation Committee consists of the following members (as at 30 September 2022): Jürgen Steinemann (Chairman), Xaver Schiller (Vice Chairman), Thomas Dommel, Prof. Dr Edgar Ernst.

Meeting format and individual attendance at meetings

As the Supervisory Board, we see great added value in face-to-face communication, as it stimulates discussion. In financial year 2021/22, 7 Supervisory Board meetings were therefore convened as face-to-face meetings. 1 extraordinarily convened meeting of the Supervisory Board took place as a video conference. For face-to-face meetings, we also offer the option of virtual participation via telephone or video conference if physical participation is not possible for any of the members. Virtual participation in face-to-face meetings was a useful option during the restrictions on face-to-face meetings introduced in the context of the Covid-19 pandemic. 5 meetings of the Presidential Committee were held as face-to-face meetings, and the 2 extraordinarily convened meetings were held as video conferences. All meetings of the Audit Committee and the Nomination Committee in financial year 2021/22 were held as face-to-face meetings. Attendance of members of the Supervisory Board in office in financial year 2021/22 at meetings is disclosed in the following. Only those meetings that took place during the respective membership on the Supervisory Board or committee are listed.

Members	Supervisory Board	Presidential Committee	Audit Committee	Nomination Committee	Total in %
Jürgen Steinemann (Chairman)	7/8	7/7	6/6 (Guest)	4/4	96
Xaver Schiller (Vice Chairman)	8/8	7/7	6/6	-	100
Marco Arcelli	8/8	-	6/6	-	100
Stefanie Blaser	8/8	-	5/6	-	93
Friedhelm Bongard since 1/2/2022	6/6	-	-	-	100
Gwyn Burr	7/8	-	-	4/4	92
Thomas Dommel	8/8	7/7	-	-	100
Prof. Dr Edgar Ernst	8/8	6/7	6/6	-	95
Michael Heider	7/8	-	5/6	-	86
Udo Höfer	8/8	-	-	-	100
Rosalinde Lax until 31/1/2022	2/2	-	-	-	100
Dr Fredy Raas	8/8	-	3/3	-	100
Roman Šilha	7/8	7/7	-	4/4	95
Eva-Lotta Sjöstedt	6/8	-	-	-	75
Dr Liliana Solomon	8/8	-	-	-	100
Alexandra Soto until 11/2/2022	3/3	-	-	-	100
Marek Spurný since 11/2/2022	5/5	-	-	-	100
Stefan Tieben	8/8	-	3/3	-	100
Manuela Wetzko	8/8	7/7	-	-	100
Angelika Will	7/8	-	-	-	88
Manfred Wirsch	6/8	-	-	-	75
Silke Zimmer	8/8	-	-	-	100
Attendance rate (total)					**95**

Corporate governance

The Management Board and the Supervisory Board of METRO AG attach high priority to the principles of good corporate governance. Against this background, the Management Board and the Supervisory Board base their actions on the recommendations of the German Corporate Governance Code and, in September 2022, issued their annual declaration of conformity with regard to the recommendations of the Government Commission on the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG). During the reporting period, the 2021/22 declaration of conformity was also updated in May 2022. The corresponding documents are permanently published on the website www.metroag.de/en in the section About us – Corporate Governance. Reporting on METRO's corporate governance can be reviewed in the declaration on corporate management. This document has also been published on the website www.metroag.de/en in the section About us – Corporate Governance.

As part of the training and development programme, one scheduled training session was held for the members of the Supervisory Board following the May meeting. Another training event planned for September had to be postponed to November 2022 due to time constraints. New members of the Supervisory Board had the option to be introduced to the company's business activities as part of an onboarding programme.

The members of the Supervisory Board are required to disclose any conflicts of interest without delay. For this reason, the members of the Supervisory Board, Marco Arcelli, Roman Šilha and Marek Spurný did not participate in the resolution on METRO's collaboration with the Košík Group that was passed at the Supervisory Board meeting on 22 September 2022. The background here is that all 3 members of the Supervisory Board hold executive positions with companies of the EP Group, and we wanted to avoid a potential conflict of interest.

No further conflicts of interest arose in financial year 2021/22.

Annual and consolidated financial statements, report on relationships with affiliated companies 2021/22

The auditor KPMG AG Wirtschaftsprüfungsgesellschaft has reviewed the annual financial statements prepared by the Management Board in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared by METRO AG based on the International Financial Reporting Standards (IFRS). It also reviewed the combined management report for METRO AG and the group for financial year 2021/22 as well as the remuneration report prepared by the Management Board and the Supervisory Board pursuant to § 162 AktG and issued an unqualified audit certificate. The auditor also issued an unqualified certificate about the combined non-financial statement contained in the combined management report as a result of his audit to provide limited assurance. The auditor provided a written report on these audits.

In accordance with § 312 of the German Stock Corporation Act (AktG), the Management Board of METRO AG has prepared a report on the company's relationships with affiliated companies for financial year 2021/22. The auditor has also audited this report, reported the result of the audit in writing and issued the following opinion:

'Following our audit and review in accordance with professional standards, we confirm that

1. the factual disclosures in the report are correct,
2. the consideration paid by the company for the legal transactions listed in the report was not unreasonably high nor have disadvantages been offset,
3. there are no circumstances that would support a materially different assessment of the measures listed in the report than that of the Management Board.'

This report, the documents for the financial statements, including the combined non-financial statement, as well as the audit reports were discussed and reviewed in great detail during the meeting of the Audit Committee on 6 December 2022 and in the Supervisory Board meeting on 7 December 2022 in the presence of the auditor. The remuneration report was reviewed in a separate Presidential Committee meeting on the same day. The required documents were distributed to all members of the Audit

Committee and Presidential Committee as well as the Supervisory Board in due time prior to these meetings. In all mentioned meetings, the auditor reported about the key findings of his audits and was at the Supervisory Board’s disposal to answer questions and provide additional information, even in the absence of the Management Board.

The auditor also provided information on services rendered in addition to auditing services. No issues resulting in a disqualification due to bias arose.

Based on our own review of the annual financial statements, the consolidated financial statements and the combined management report, including the combined non-financial statement, as well as the report of the Management Board on relationships with affiliated companies for financial year 2021/22, we had no objections and the Supervisory Board approved the result of the audit. As recommended by the Audit Committee, we approved the annual financial statements and the consolidated financial statements submitted by the Management Board. The Annual Financial Statements of METRO AG are thus adopted. As a result, we have also determined that there are no objections to be raised against the declaration of the Management Board at the end of the report on relationships with affiliated companies 2021/22.

Düsseldorf, 7 December 2022

The Supervisory Board

Jürgen Steinemann
Chairman

- **More information about the members of the Supervisory Board can be found on the website www.metroag.de/en in the section About us – Supervisory Board.**

REPORT OF THE AUDIT COMMITTEE

Dear shareholders,

As Chairman of the Audit Committee, I would like to use this opportunity to update you on the tasks and activities of this committee in financial year 2021/22.

PROF. DR EDGAR ERNST

Chairman of the Audit Committee

PROFILE

Prof. Dr Edgar Ernst studied mathematics with a minor in business administration at the University of Cologne and holds a Master of Operations Research title from the University of Aachen. After completing his studies, he was awarded a doctorate in political science (Dr rer. pol.) from RWTH Aachen (University of Technology in Aachen, North Rhine-Westphalia) in 1982.

Prof. Dr Edgar Ernst began his professional career in 1983 at McKinsey & Company, Inc. In 1986, he transferred to Großversandhaus Quelle GmbH. From 1990 to 1992, Prof. Dr Ernst was the Head of Planning and Controlling, and from 1992 to 2007 Chief Financial Officer of Deutsche Bundespost POSTDIENST (later Deutsche Post AG). From 2006 to 2008, he was a member of the Management Board of the WHU Foundation. Since 2006, he has been an honorary professor at the WHU – Otto Beisheim School of Management. He was President of the German Financial Reporting Enforcement Panel (FREP) from 2011 until the end of 2021. Since 2017, he has been a member of the Supervisory Board and Chairman of the Audit Committee of METRO AG. He is also a member of the Supervisory Boards of Vonovia SE and TUI AG.

- **More information about the other members of the Supervisory Board can be found on the website www.metroag.de/en in the section About us – Supervisory Board.**

The Audit Committee is in particular responsible for supervising the company's accounting, accounting processes, the effectiveness and development of the internal control systems, the risk management system, the internal audit system, the audit of the annual financial statements (in particular relating to the selection and independence of the auditor, the audit strategy and planning, the quality of the audit and any additional services provided by the auditor) as well as compliance. Further information on the work of the Audit Committee is defined in the Code of Procedure of the Audit Committee.

- **The Code of Procedure of the Audit Committee of the Supervisory Board of METRO AG can be found on the website www.metroag.de/en in the section About us – Corporate Governance.**

The Audit Committee is composed of equal numbers of representatives. The following members are part of the Audit Committee (as of 30 September 2022): Prof. Dr Edgar Ernst (Chairman), Xaver Schiller (Vice Chairman), Marco Arcelli, Stefanie Blaser, Michael Heider and Stefan Tieben. Effective 1 October 2022, the Audit Committee was expanded to 8 members, with Jürgen Steinemann and Manfred Wirsch added as new members of the committee.

The Audit Committee held a total of 6 meetings in financial year 2021/22. The itemised meeting attendance of the members of the Audit Committee can be found in the report of the Supervisory Board. The Chairman of the Supervisory Board, Jürgen Steinemann, attended all meetings as a permanent guest. The Management Board was represented by the Chairman of the Management Board and the Chief Financial Officer. Representatives from various METRO departments were available at the meetings to discuss specific topics. The auditor was present for each agenda item that was relevant to the audit of the financial statements. The Audit Committee also conducted additional reporting telephone calls with the Chairman of the Management Board and the Chief Financial Officer between the scheduled meetings to discuss the business development and the effects of the war in Ukraine as well as the measures taken by the company.

In order to perform the duties of the Audit Committee, I frequently communicated with Jürgen Steinemann as Chairman of the Supervisory Board and with the Management Board, especially with Christian Baier as the Chief Financial Officer, outside the meetings to exchange information and ideas on important topics and upcoming decisions. The exchange of information was supported by frequent individual discussions with the auditor and heads of various METRO departments. I notified the Supervisory Board about the content of the discussions as well as about the work and recommendations of the Audit Committee in each of its subsequent meetings.

Main contents of the committee meetings

November 2021 – The committee was briefed on the status of the annual financial statement progress with reference to the effects of the first-time application of the European Single Electronic Format (ESEF) regulations. We decided to issue a separate report on the tasks and activities of the Audit Committee for the first time to reflect the increasing importance of the body. We also received information about the non-audit services provided by the auditor, which mainly included assignments concerning risk management audits and a digitalisation initiative. We continued to focus on the effectiveness and functioning of the group’s governance functions (internal control systems, risk management system, internal audit and compliance) and received information on a sample audit by the German Financial Reporting Enforcement Panel.

December 2021 – The Audit Committee routinely prepared the meeting of the Supervisory Board in December and reviewed the annual and consolidated financial statements for financial year 2020/21, the combined management report of METRO AG and the group for financial year 2020/21, including the combined non-financial statement contained in the combined management report, as well as the report of the Management Board on relationships with affiliated companies. The auditor reported on the results of the audits and was available to answer additional questions and provide information in the absence of the Management Board. In the presence of the auditor, the committee also discussed the results of the audit and recommended to the Supervisory Board to approve the annual and consolidated financial statements for financial year 2020/21. The Audit Committee also decided to recommend to the Supervisory Board that they should suggest to the Annual General Meeting 2022 to elect KPMG AG Wirtschaftsprüfungsgesellschaft as auditors for financial year 2021/22. Furthermore, the Management Board provided information about awarding of donations.

February 2022 – The meeting was focused on the quarterly statement Q1 2021/22. Moreover, we passed a resolution to recommend to the Supervisory Board to accept the proposals of KPMG, which included the following tasks: the audit of the annual financial statements and the consolidated financial statements of METRO AG as of 30 September 2022 as well as the combined management report for METRO AG and the group for financial year 2021/22 together with the remuneration report to be prepared for the first time pursuant to § 162 of the German Stock Corporation Act (AktG); the audit review of the condensed interim financial report as of 31 March 2022 as well as the interim group management report for the period from 1 October 2021 to 31 March 2022; and the audit of the combined non-financial statement for financial year 2021/22 in the form of a limited assurance engagement. The Audit Committee based this decision on its discussion of the audit quality. The quality of the audit was again confirmed by the Audit Committee and rated as very good. As part of the recommendation for the auditor election in December 2021, no deficiencies in the audit-related services to date were identified that would argue against the election of KPMG as auditor. In addition, we were updated about the current status of the auditor's non-audit services and received an overview from the relevant department about the current capital market outlook of METRO, especially in the wake of the Capital Markets Day, which took place at the end of January 2022.

May 2022 – The focus of the meeting was the half-year financial report 2021/22 as well as the half-year report on the governance functions including a risk and compliance update. Once again, we dealt with the assessment of the audit quality of the financial statements and discussed the key audit matters of 2021/22. The committee routinely obtained information about the status of the auditor's approved non-audit services and the utilisation of the upper statutory cap. Furthermore, it was updated about utilisation of the financing framework. The rest of the meeting dealt with the key points of the strategy/budget for 2022/23, including the strategy implementation planning for the national subsidiaries, as well as information on the group tax planning.

August 2022 – With the participation of the members of the Presidential Committee, we discussed the current interim status of the budget planning for 2022/23 and subsequent years and received an outlook on key figures relevant to remuneration. The quarterly statement Q3 2021/22 was routinely discussed and subsequently approved. Moreover, we received details about the financing strategy as well as innovations and future adjustments of the accounting standards. Next, we discussed the expansion of the Audit Committee from 6 to 8 members.

September 2022 – The resolution on the recommendation to approve the budget planning for 2022/23 and subsequent years was the focus of this meeting. The members of the Presidential Committee also participated in the discussion. Apart from that, we were introduced to the designated KMPG lead partner for audits as from the coming financial year. Due to the regulations on internal rotation, the previous audit manager will sign the audit report on the annual and consolidated financial statements for financial year 2021/22 for the last time. Later in the meeting, the Head of the Group Internal Audit department presented his Internal Audit unit report including the internal audit planning for financial years 2020 to 2023. We also received information about the non-audit services provided by the auditor and approved the assignment of another non-audit service. Moreover, we worked on an amendment to the Code of Procedure of the Audit Committee.

Annual and consolidated financial statements, report on relationships with affiliated companies 2021/22

At the meeting on 6 December 2022, the Audit Committee reviewed and discussed the following items in detail: the annual financial statements and the consolidated financial statements, each of which received an unqualified audit opinion from the auditor; the combined management report for METRO AG and the group for financial year 2021/22; the combined non-financial statement contained in the combined management report; the Management Board's report on the company's relationships with affiliated companies for financial year 2021/22; as well as the corresponding audit reports. The required documents were distributed to all members of the Audit Committee in due time prior to these meetings. The auditor reported on the results of the audit and addressed the key audit matters as well as the accounting-related topics of the audit. He was also available to answer questions and provide additional information in the absence of the Management Board. After an intensive exchange of views, the Audit Committee recommended that the Supervisory Board take note of and approve the results of the audit of the annual financial statements and the consolidated financial statements of METRO AG as of 30 September 2022, the combined management report for METRO AG and the group for financial year 2021/22, the combined non-financial statement contained in the combined management report as well as the report of the Management Board on relationships with affiliated companies for financial year 2021/22. The committee also recommended that the Supervisory Board should endorse the audit results of the auditor and join their determination that no objections are to be raised. Furthermore, the Audit Committee recommended that the annual financial statements and the consolidated financial statements of METRO AG as well as the combined management report for METRO AG and the group, including the non-financial statement contained in the combined management report, be approved. The committee added that the Annual Financial Statements of METRO AG should thus be adopted.

On behalf of the entire Audit Committee, I would like to conclude by thanking the Chairman of the Supervisory Board, the auditor and the Management Board for their constructive and dependable collaboration in financial year 2021/22.

Düsseldorf, 6 December 2022

The Audit Committee

Prof. Dr Edgar Ernst
Chairman

- **More information about the members of the Supervisory Board can be found on the website www.metroag.de/en in the section About us – Supervisory Board.**

METRO SHARE

Performance of the METRO share

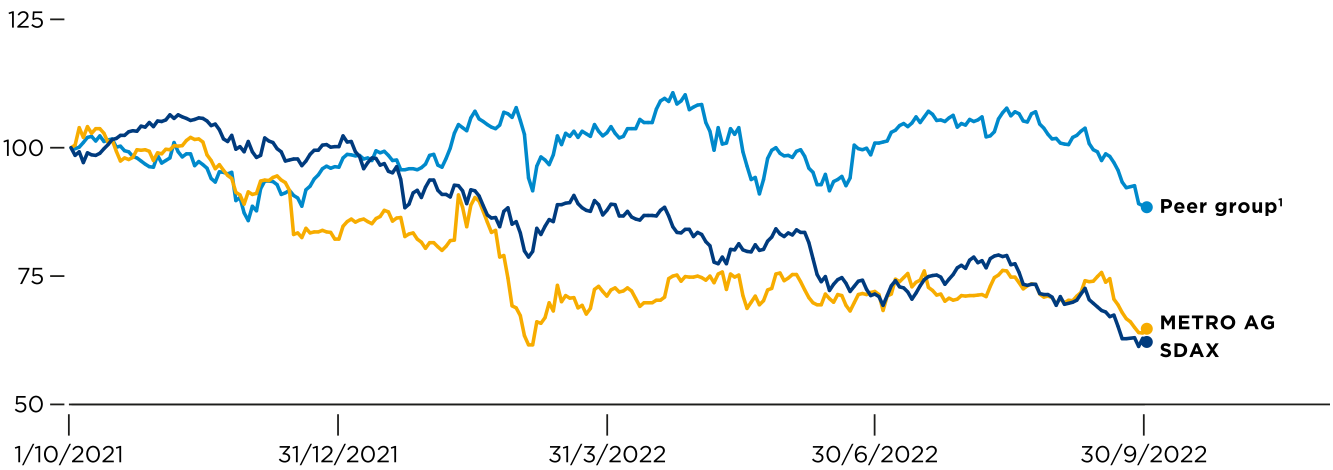
In financial year 2021/22, the stock markets underwent various phases: the economic recovery after the Covid-19 pandemic, Russia's war in Ukraine and the resulting rising inflation, energy price increases and the predictable change in consumer behaviour.

In the first 4 months of the financial year, the mood on the stock markets was good. The SDAX peaked at 17,413 points on 8 November 2021 and the METRO share also developed positively and at times exceeded €11.00. The prospect of rising inflation and increasing Covid-19 infection figures weighed on the stock markets at the end of November 2021, but they recovered by the end of the year.

At the Capital Markets Day in January 2022, METRO presented the new sCore growth strategy with ambitious targets until 2030, which was well received by the capital market. The share price was above €9.00. However, from mid-February onwards, Russia's war in Ukraine and the associated negative consequences weighed heavily on the stock markets. The uncertainties surrounding the war and possible effects on the METRO business were also reflected in the METRO share price. On 8 March 2022, the METRO share reached its low of €6.90.

The consistent implementation of the sCore strategy, the positive business development and inflation led to an increase in the sales and earnings outlook twice during the financial year. The operational improvement was also reflected in the share price, which recovered throughout the year but could not compensate for all the losses. On 30 September 2022, the METRO ordinary share finished with a closing price of €7.16 in Xetra trading on the Frankfurt Stock Exchange. This corresponds to a decline of 36% compared to the previous year, which was in line with the SDAX decline of 36%. The preference share traded at €7.10 on 30 September 2022.

Development of the METRO ordinary share (%)



[1] Bidcorp, Eurocash Group, Marr, Performance Food Group, Sligro, Sysco, US Foods

METRO share

			2020/21	2021/22
Closing price	Ordinary share	€	11.24	**7.16**
	Preference share	€	11.40	**7.10**
High	Ordinary share	€	11.74	**11.67**
	Preference share	€	12.80	**12.20**
Low	Ordinary share	€	7.40	**6.90**
	Preference share	€	8.56	**7.10**
Dividends	Ordinary share	€	0.00	**0.00**
	Preference share	€	0.00	**0.00**
Market capitalisation (billion)		€	4.1	**2.6**

Data based on Xetra closing prices

Source: Bloomberg

METRO share data

	Ordinary share	Preference share
Ticker symbol	B4B	B4B3
Securities identification number	BFB001	BFB002
ISIN code	DE000BFB0019	DE000BFB0027
Reuters symbol	B4B.DE	B4B3_p.DE
Bloomberg symbol	B4B GY	B4B3 GY
Number of shares	360,121,736	2,975,517
Exchange segment of the Frankfurt Stock Exchange	Prime Standard	Prime Standard
Stock exchange	Frankfurt	Frankfurt

Dividend and dividend policy

The reported earnings per share (EPS) are €−0.92 (2020/21: €−0.15). The EPS was strongly impacted by macroeconomic volatility and the sale of the Belgian business. Without these influences, the EPS would have been positive. In line with METRO's dividend policy (payout ratio of 45% to 55% of EPS), there are no planned dividend distributions in financial year 2021/22 for ordinary shares or preference shares.

Since METRO had not distributed a dividend for the previous financial year 2020/21 either, the preference shares have been granting voting rights since the adoption of the annual financial statements by the Supervisory Board on 7 December 2022. Consequently, the number of METRO AG voting rights increased from 360,121,736 (number of ordinary shares) to 363,097,253 (total of ordinary shares plus preference shares).

- **For more information, see chapter 6 Takeover-related disclosures – composition of the subscribed capital.**

Shareholder structure of METRO AG

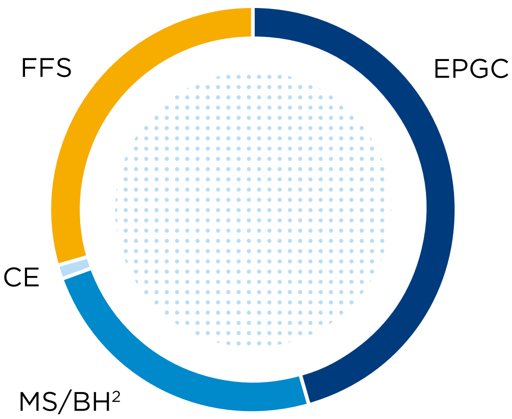
METRO carried out a shareholder identification pursuant to § 67d of the German Stock Corporation Act (AktG) as of the closing date on 1 November 2022. Based on this identification, EP Global Commerce GmbH holds 45.62% of the voting rights of METRO AG, while the Meridian Stiftung foundation and the Beisheim group jointly hold 24.00% and CECONOMY AG holds 0.99%. Under the terms of the 2016 demerger agreement, latter must not be sold until 1 October 2023. The free float share is 29.39%. These percentages refer to the total number of voting rights from ordinary and preference shares. Notifications of voting rights in accordance with the German Securities Trading Act (WpHG) were not received for these figures.

Based on the voting right notifications received by METRO AG in accordance with the German Securities Trading Act (WpHG), the shares are distributed as follows: EP Global Commerce GmbH holds 40.60% of the voting rights, and Meridian Stiftung and the Beisheim Group share a total of approximately 23.94% of the voting rights in a pooling agreement. CECONOMY AG owns 0.99%. The percentages based on the voting rights notifications refer to the number of voting rights from ordinary shares.

- **For more information about details of the pooling agreement between Meridian Stiftung and Beisheim Holding, see chapter 6 Takeover-related disclosures in the combined management report.**

As of 30 September 2022, the free-floating shares of METRO AG are held by a number of national and international investors. Internationally they are mainly held by investors from North America, continental Europe, the United Kingdom and Ireland.

Shareholder structure[1] as of 1 November 2022



EPGC	45.62%	EP Global Commerce
MS/BH[2]	24.00%	Meridian Stiftung/Beisheim Holding
CE	0.99%	CECONOMY AG
FFS	29.39%	Free-floating shares
	100.00%	

1 Shareholder identification pursuant to § 67d of the German Stock Corporation Act (AktG) as of the closing date on 1 November 2022.
2 Vote on exercising voting rights under the pooling agreement.

Market capitalisation

The market capitalisation of METRO AG was €2.6 billion at the end of September 2022. In financial year 2021/22, a typical trading day at the Frankfurt Stock Exchange saw an average of around 380,000 of METRO's ordinary shares traded. On average, about 1,300 of the significantly fewer liquid preference shares were exchanged on each trading day.

Analysts' recommendations

15 analysts have regularly evaluated the METRO share in financial year 2021/22 and published their reports. The number of active analysts is above the SDAX average. 11 analysts rate the METRO share neutral in the medium to long term; 4 analysts recommend to sell the share. The median of share price targets, which usually only represent a short-term perspective for the next 6 to 12 months, was €8.60 at the end of September 2022 (end of September 2021: €10.40).

Grade	Bank	Registered office	Share price target (€)
Hold	Barclays	London	9.00
	DZ Bank	Frankfurt	8.50
	HSBC	London	8.60
	Independent Research	Frankfurt	10.00
	Jefferies	London	9.00
	LBBW	Stuttgart	9.00
	M.M.Warburg	Hamburg	8.50
	Société Générale	Paris	10.40
	J.P. Morgan	London	10.90
	AlsterResearch	Hamburg	8.80
	ODDO BHF	Frankfurt	8.50
Sell	Exane	London	5.60
	Kepler Cheuvreux	Paris	8.10
	BofA	London	8.30
	Baader Bank	Munich	6.00
		Median	8.60

Investor Relations

The METRO Investor Relations team is in continuous dialogue with analysts, institutional investors and retail investors. The team is guided by the principles of customer-focused capital market support:

- Topicality: assurance of information leadership
- Continuity: consistency in external communications
- Credibility: disclosure of accurate information
- Equal treatment: same information in terms of time and content for all recipients

In addition to the regular quarterly and yearly reporting, the Investor Relations team is also available for personal meetings at roadshows and conferences. It also conducts numerous individual and group discussions, store inspections and telephone conferences. The team continued this dialogue throughout the pandemic, in particular through virtual roadshows and conference participation.

All information about the METRO AG share is available in German and English from the Investor Relations section of the website.

Among other things, the website offers additional information about METRO's corporate strategy and business development, all current publications, the schedule of events and the annual report. A webcast is available for all METRO events. The Investor Relations team can also be contacted directly. The Annual General Meeting of METRO AG provides all shareholders with the opportunity to learn about the current developments at METRO.

Its active membership in the German Equity Institute (Deutsches Aktieninstitut e. V., DAI) in Frankfurt allows METRO to actively promote an investment culture with an affinity for equities in Germany. METRO is also committed to the principles of open and continuous communications, which is expressed in the company's membership in the German Investor Relations Association (Deutscher Investor Relations Verband e. V., DIRK).

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GOALS AND STRATEGY

GOALS AND STRATEGY

METRO

- **sCore growth strategy:** Long-term strategy with high growth ambitions defined for the group as well as for the METRO countries and delivery specialists[3] until 2030.
- **Strategic value drivers:** Focus on HoReCa and professional Traders customers further articulated. Increasing customer value through clear wholesale alignment, multichannel customer experience and digitalisation.
- **Strategy implementation:** Wholesale transformation as a significant key enabler for the successful implementation of sCore. Multichannel business model and digitalisation further advanced.

sCore growth strategy

METRO has comprehensively revised its strategy in financial year 2021/22. With sCore, the group has established a growth strategy for the period until 2030. sCore emphasises the group’s exclusive focus on wholesale after the completed separation from all retail industry sales lines.

sCore is a growth strategy. The ambitious endeavour until 2030 encompasses more than €40 billion for sales and more than €2 billion for earnings (EBITDA). Long-term growth in the ‘eating out’ segment and the very fragmented competitive environment provide the external conditions for our sales and earnings targets. From an internal perspective, we see great growth potential in a strong expansion of our HoReCa delivery business, the digital sales share with goods and services as well as further growth in our traditional wholesale business. Our different channels and services are closely interwoven. In terms of sales and costs, they complement each other synergistically and do not compete with each other. By 2030, we want to grow our market share by significantly expanding our role as a leading international company in food wholesale. To achieve this aspiration, we want to triple our delivery sales, increase sales in wholesale stores by more than 20% and grow the sales of our online marketplace METRO MARKETS to more than €3 billion compared to financial year 2020/21.

3 In the remaining part of the chapter, the term ‘countries’ includes our delivery specialists (Classic Fine Foods, Pro à Pro, Rungis Express, Aviludo and Pro a Pro Spain), unless the delivery specialists are explicitly differentiated.

Strategic value drivers

- **Wholesale value proposition:** METRO's sCore strategy streamlines the goods and services business exclusively towards wholesale. HoReCa and Traders are our core customer groups. The HoReCa customer group includes hotels, restaurants, bars, cafés, caterers, etc. Traders includes small grocery stores and kiosks. METRO has a wide reach in both customer groups and strives to maximise its customer potential through high customer retention. By 2030, we want to generate more than 80% of sales with our core customer groups. To achieve this goal, we will significantly improve our value proposition for our target customers as part of our sCore implementation in order to further differentiate ourselves from the competition. In addition to a product range explicitly tailored to professional customer needs with a focus on increasing the share of own brands, we will use tiered pricing to reflect our wholesale focus even more strongly than today in our price positioning. We will also ensure the highest possible product quality and availability as well as product, quantity and delivery reliability for the delivery business. To increase our productivity, we will gradually reduce the product range in specific product groups that do not address the professional needs of our core customers.
- **Multichannel experience:** The delivery business was our key growth driver in financial year 2021/22, as it was before the pandemic. We will continue to strongly expand the delivery channel and our delivery expertise in the course of the sCore implementation. The delivery sales share will increase continuously. This will allow us to address the channel preferences of our customers even better than before. Furthermore, we are opening up access to customer groups who only want delivery, such as in the communal catering sector. By combining the pick-up and delivery business, we serve the different needs of our customers in the best possible way. The online marketplace METRO MARKETS expands our delivery solution to include non-food products with a focus on the needs of HoReCa customers. In order to increase customer loyalty and to tap into additional customer potential, we will further optimise our sales processes and greatly expand customer support through the sales force. This will enable us to offer our customers the best possible and most efficient shopping experience across all channels. Similarly, we will continue to improve the digital customer experience and strongly promote the use of our digital ordering platform M-Shop as well as the METRO Companion app, which already integrates our sales channels. The sales generated through digital channels are expected to grow to at least 40% by 2030. The expansion of METRO MARKETS into other countries will also contribute significantly to this growth. The expansion of the range of digital solutions for the hospitality industry is highly significant in the sCore strategy, and not only in terms of increasing customer retention. The digital solutions also mark the shift from a transactional to a service-oriented and partnership-based business relationship with our customers.

- **Network optimisation:** The self-service wholesale trade sector is the origin of our business and the root of our success. Wholesale stores continue to be pivotal. The role of wholesale stores will change from a pure pick-up store to a multichannel fulfilment centre that ensures the fastest and most efficient fulfilment of our customers' needs across multiple channels. Accordingly, our wholesale stores will be gradually integrated into the delivery network. Depending on the location as well as the market and customer structure, we will add dedicated delivery-only locations to the existing network in order to realise our sales ambition in the delivery business.
- **New business models:** sCore also includes the development and scaling of new business models with the goal of acquiring additional segments as customers within our core customer groups HoReCa and Traders. For example, the focus in the Traders segment is on convenience solutions and the expansion of our franchise models. In the HoReCa segment, the focus is on business models tailored to internationally operating key account hospitality customers.

Strategy implementation

Our countries continue to play a key role in the successful implementation of our strategy. Accordingly, all countries and delivery specialists have revised their local strategy and aligned it with the content and ambition of sCore until 2030. In connection with the sCore implementation, the portfolio was adjusted for countries that are not aligned with the substantive or quantitative targets of our strategy. With the acquisitions of AGM in Austria for the pick-up and delivery business and Günther Küchen in Germany for our professional service offering, we have undertaken a targeted reinforcement of the portfolio in line with sCore.

The successful sCore implementation requires a cultural change, which we have already initiated with a transformation programme. As part of this 'wholesale transformation', we are also reorganising the collaboration between the countries and the central functions. Responsibility for strategy implementation continues to be locally manifested. The objective of the transformation is to realise even greater synergies through standardisation than before, wherever this is possible from a business and operational point of view.

In an effort to provide the best possible support for the local strategy implementation in terms of content and organisation by the group headquarters, we have analysed the sCore strategies of the countries to identify common initiatives and priorities. We will regularly track the operationalisation of the strategy through key figures. We have defined and implemented a key performance indicator system that allows us to continuously measure the strategic value drivers (cf. table 'sCore key figure system').

To confirm our sCore multichannel ambition for the wholesale and delivery business, all countries have developed a detailed network plan until 2030 as part of the strategy development. This also gives us a long-term indication of the investment needs in our store network within the sCore strategy. Except for the local sales ambition, the network target vision is aligned with capacity requirements and productivity targets. Based on these parameters, we are able to target investments in wholesale stores, delivery depots and warehouses/transhipment points. Correspondingly, we will increase our growth investments in a targeted manner over the next few years.

METRO MARKETS has now been launched in Italy and Portugal. Together with Germany and Spain, the online marketplace is thus already available in 4 countries. The continued expansion highlights the strategic importance of METRO MARKETS for the multichannel approach as well as for digitalisation. Similarly, the acquisition of Eijsink, a leading provider of cloud-based point-of-sale (POS) systems for the hospitality industry, contributes to the success of sCore. With the acquisition, METRO is accelerating the digitalisation of HoReCa customers under the Hospitality Digital (HD) umbrella. With the POS system, HD not only expands its range of DISH solutions, but also establishes a connection to already existing DISH solutions, such as DISH Order. METRO can now offer its HoReCa customers a comprehensive system consisting of various digital tools with the DISH product family. With this acquisition, METRO has taken an important step towards becoming a multichannel solution provider in financial year 2021/22.

sCore key figure system

Strategic value driver	Key figure	Ambition 2030
Wholesale value proposition	Strategic customer sales share (%)	>80%
Wholesale value proposition	Own brand sales share (%)	>35%
Wholesale value proposition	Stock Availability (%)	>98%
Multichannel experience/network optimisation (%)	FSD sales share (%)	>33%
Multichannel experience	Digital sales share (%)	40%

REMUNERATION REPORT

REMUNERATION REPORT

The remuneration report is prepared jointly by the Management Board and the Supervisory Board of METRO AG. It explains the individually granted and owed remuneration for the current and former members of the Management Board and the Supervisory Board in financial year 2021/22 in accordance with the requirements of § 162 of the German Stock Corporation Act (AktG).

The remuneration system for the members of the Management Board applicable for financial year 2021/22 was adjusted after enforcement of the Act on Implementing the Second Shareholders' Rights Directive (ARUG II). It was submitted to the Annual General Meeting of METRO AG on 19 February 2021 for approval. The remuneration system was approved with over 90% of the votes cast. It has already been implemented in the current employment contracts of the members of the Management Board since 1 October 2020.

Furthermore, the amendment to the remuneration system of the Supervisory Board, which is regulated in § 13 of the company's Articles of Association, was also approved at the Annual General Meeting of METRO AG on 19 February 2021 with over 99% of the votes cast. This regulation applies with effect from 1 October 2021.

The remuneration report for financial year 2021/22 was audited by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, in accordance with § 162 Section 3 of the German Stock Corporation Act (AktG) based on formal criteria as well as substantive, material criteria.

REVIEW OF FINANCIAL YEAR 2021/22

The METRO group (hereinafter also referred to as METRO) has decently completed financial year 2021/22, which is also reflected accordingly in the key figures relevant for the short-term incentive. The adjusted sales and EBITDA developed in the upper half of the outlook, which was raised twice. The implementation of the sCore strategy made a noticeable impact.The positive business development was supported by tailwind from the reopening of the HoReCa business after easing of pandemic-related restrictions particularly in the second half-year as well as rising inflation. Sales expanded in all sales channels (brick-and-mortar, delivery and METRO MARKETS), which contributed significantly to the strong earnings development. Due to the war in Ukraine, however, impairments also had to be made, which burdened the return on capital employed. Nevertheless, the increase in earnings from the positive business development based on a high single-digit volume growth outweighed the previous year. Earnings per share, which are relevant in the context of long-term incentive, were negative at €−0.92. This is attributable to currency-related negative effects in the financial result, effects from the disposal of the operational Belgian business on 15 June 2022 (reported as transformation costs) and the impairments made in connection with the war in Ukraine.

REMUNERATION OF THE MANAGEMENT BOARD

Strategy and remuneration of the Management Board

METRO's strategy is exclusively focused on wholesale. This includes increasing customer value by consistently streamlining the product offering and price positioning to meet the needs of professional customers as well as by expanding the multichannel customer experience. In this context and in order to expand the delivery business, the strategy includes optimising the existing store network accordingly. Overall, these strategic value drivers are aimed at increasing the company value long-term.

The remuneration system is designed to ensure that the members of the Management Board contribute actively to the sustainable and long-term development of METRO, and to allow them to share in the benefits of the implementation of the strategic goals. This principle is reflected in the internal management system. Key performance indicators are used for the planning, management and control of business activities. They describe the earnings position as well as the financial and asset position. Selected key figures of the control system form the basis for the Management Board's variable remuneration component.

The short-term incentive (STI) rewards the operational development of the company based on the business success in the respective financial year.

The long-term incentive (LTI) is based on the sustainable development of the company and sets incentives for a sustainable, long-term increase in the value of the company. It also considers the internal and external performance over a period of several years.

Procedures for determining, implementing and reviewing Management Board remuneration

Pursuant to § 87 Section 1 of the German Stock Corporation Act (AktG), the Supervisory Board determines the remuneration of the Management Board. It is assisted by its Presidential Committee, which prepares the corresponding resolutions of the Supervisory Board.

The Supervisory Board determines a total target remuneration based on a target achievement of 100% for the upcoming financial year and a maximum remuneration for each member of the Management Board. For determination and periodic review of the fixed and variable remuneration, the Presidential Committee and the Supervisory Board take into account that the remuneration is commensurate with the tasks and performance of the member of the Management Board as well as the situation of the company. Furthermore, they ensure that the remuneration does not exceed a customary remuneration in the market without special reasons. In order to assess the customary level of remuneration of all members of the Management Board, the Supervisory Board regularly conducts a horizontal (external) and vertical (internal) comparison.

The Supervisory Board ensures that the targets for variable remuneration are based on ambitious financial and strategic success parameters, whose achievement level determines the amount of the actual payout. When the Supervisory Board selected the success parameters for the variable remuneration components, it made sure that they are clearly measurable and relevant to the strategy. For the past financial year, the

Supervisory Board sets the amount of the variable remuneration components and thus the actual total remuneration.

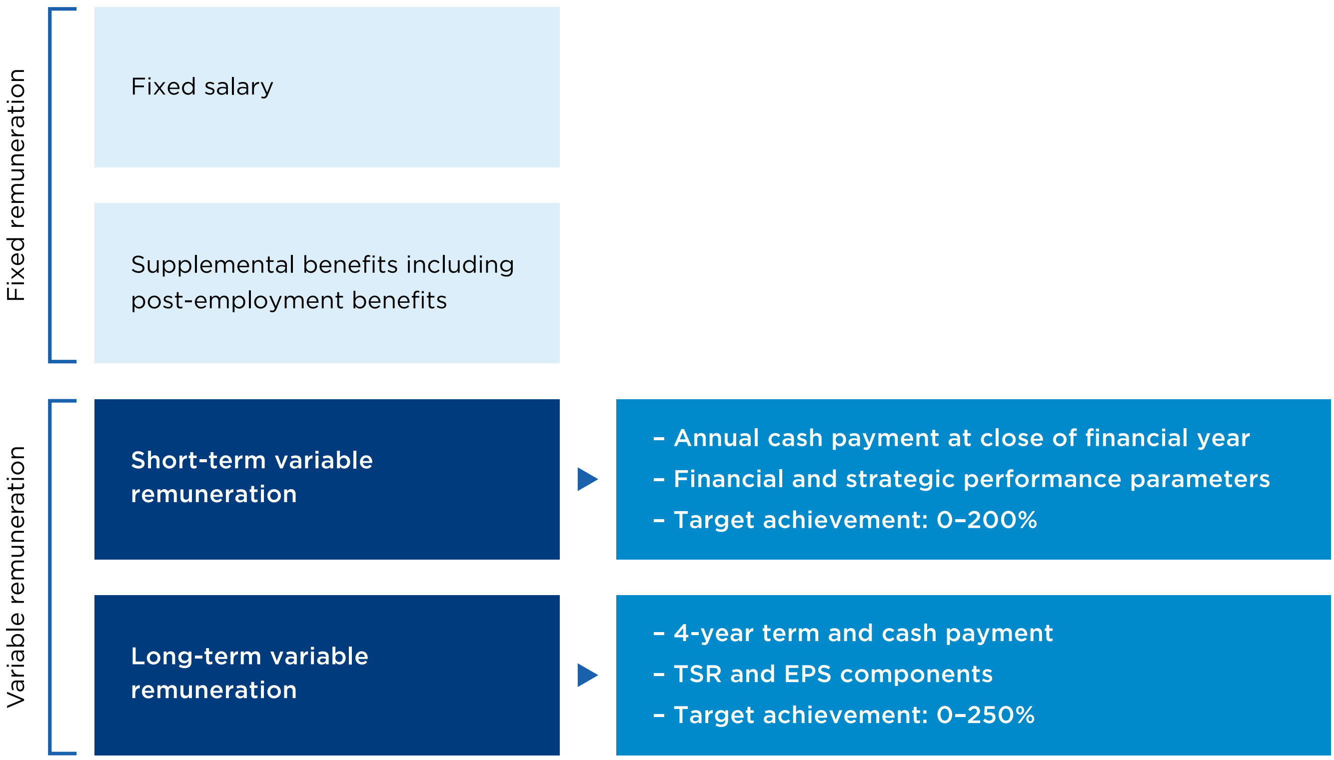
The Presidential Committee periodically reviews the remuneration system for the members of the Management Board. The Supervisory Board decides on changes as needed. If necessary, the Presidential Committee and the Supervisory Board consult an external remuneration expert whose independence from the Management Board and the company is ensured.

In the event of significant changes to the remuneration system, but at least every 4 years, the Annual General Meeting decides on approval of the remuneration system presented by the Supervisory Board. If the Annual General Meeting does not approve the presented remuneration system, a revised remuneration system must be presented no later than at the next general meeting.

If it is necessary in the best interest of the company and its long-term welfare, the Supervisory Board may, upon recommendation of the Presidential Committee, decide to temporarily deviate from the existing remuneration system. This may especially affect the configuration and the fixed amount of the variable components. This gives the Supervisory Board the opportunity to consider extraordinary developments within reasonable limits. The Supervisory Board did not make use of this option in financial year 2021/22.

Overview of the Management Board remuneration

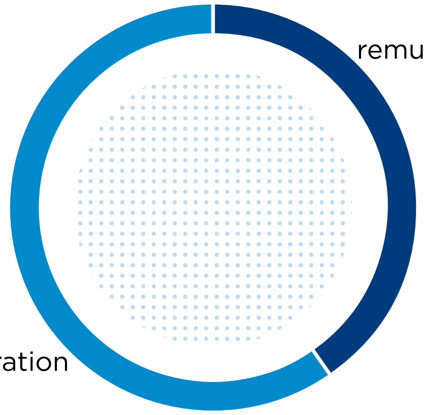
The remuneration of the members of the Management Board of METRO AG consists of non-performance-based (fixed) and performance-based (variable) remuneration components.



Schematic diagram.

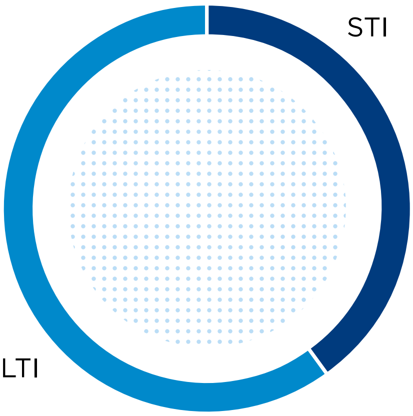
The fixed remuneration components include the fixed salary, post-employment benefits and supplemental benefits. They correspond to 36% to 47% of the total target remuneration of a member of the Management Board. The variable remuneration consists of a short-term incentive (STI) and a long-term incentive (LTI). The variable remuneration corresponds to 53% to 64% of the total target remuneration of a member of the Management Board. The variable remuneration consists of STI and LTI at a ratio of approximately 40:60.

Breakdown
Total target remuneration



Fixed remuneration	36–47%
Variable remuneration	53–64%
	100.00%

Ratio of STI to LTI



STI	40%
LTI	60%
	100.00%

Schematic diagram.

In accordance with the requirements of the German Stock Corporation Act and the recommendation of the German Corporate Governance Code (GCGC), the remuneration structure is geared towards the sustainable, long-term development of the company. The share of the LTI exceeds the share of the STI.

Staffing of the Management Board and total target remuneration in financial year 2021/22

In financial year 2021/22, the following persons represented the Management Board for the entire year: Dr Steffen Greubel (Chief Executive Officer), Christian Baier (Chief Financial Officer) and Rafael Gasset (Chief Operating Officer). The appointments and employment contracts of Eric Poirier (Chief Operating Officer) and Andrea Euenheim (Chief Human Resources Officer and Labour Director) were terminated on 31 December 2021 and 31 March 2022 respectively. Claude Sarrailh (Chief Customer & Merchandise Officer) was newly appointed to the Management Board with effect on 1 January 2022 and Christiane Giesen (Chief Human Resources Officer and Labour Director) joined the Management Board on 15 September 2022. The Labour Director position was temporarily filled by Dr Steffen Greubel.

In determining the individual remuneration and the target amounts for the individual remuneration components of the members of the Management Board, the Supervisory Board took the function and the task of the respective member of the Management Board into account. On an annual basis, the total target remuneration for financial year 2021/22 is as follows:

Total target remuneration of the members of the Management Board in financial year 2021/22 on an annual basis

		Fixed remuneration			Variable remuneration			
		Fixed salary	Supplemental benefits (incl. pension)	Total	STI target amount (the payout is capped at 2 times the target amount)	LTI target amount (the payout is capped at 2.5 times the target amount)	Total	Total target remuneration
Current members of the Management Board								
Dr Steffen Greubel	in €1,000	1,100	342	1,442	840	1,260	2,100	3,542
	in %	31	9	40	24	36	60	100
Christian Baier	in €1,000	800	266	1,066	600	900	1,500	2,566
	in %	31	11	42	23	35	58	100
Rafael Gasset	in €1,000	720	260	980	530	800	1,330	2,310
	in %	31	11	42	23	35	58	100
Christiane Giesen (since 15/9/2022)	in €1,000	500	196	696	400	600	1,000	1,696
	in %	29	12	41	24	35	59	100
Claude Sarrailh (since 1/1/2022)	in €1,000	710	290	1,000	510	765	1,275	2,275
	in %	31	13	44	22	34	56	100
Former members of the Management Board								
Andrea Euenheim (until 31/3/2022)	in €1,000	670	221	891	412	618	1,030	1,921
	in %	35	11	46	22	32	54	100
Eric Poirier (until 31/12/2021)	in €1,000	720	285	1,005	530	800	1,330	2,335
	in %	31	12	43	23	34	57	100

In addition to the fixed and variable remuneration components, the remuneration system includes further regulations such as a holdback (malus) and clawback regulation, share ownership guidelines as well as regulations on whether (and if yes, which) payments are made in the event of premature termination of Management Board appointments. The remuneration components and other regulations are explained in detail below.

Fixed salary

The annual fixed salary is contractually agreed with the respective member of the Management Board and is paid in monthly instalments. It ensures an adequate income for the members of the Management Board.

Post-employment benefits plans

The members of the Management Board receive benefits from the company for a retirement pension. This amount is determined by the defined assessment amount: 14% of the fixed salary amount and the STI target amount.

Direct commitment to the executive pension plan

The company pension plan is offered in the form of a direct commitment with a defined contribution component and a defined benefit component. The defined contribution component is financed jointly by the Management Board and the company. This is based on an apportionment of ‘7 + 14’. When a member of the Management Board makes a contribution of 7% of the defined assessment amount, the company will contribute twice the amount.

The defined benefit component ensures a minimum payout in the event of disability or death. In such instances, the total amount of contributions that would have been credited to the member of the Management Board for every calendar year up to a contribution period of 10 years, but limited to the point when the individual turns 60, will be added to the benefits balance. This component of post-employment benefits plans is not covered by life insurance policies and will be provided directly by the company when the benefit becomes due.

When a member of the Management Board leaves the company before benefits become due, the contributions retain the level they have reached. This component of post-employment benefits plans is insured on the basis of matching life insurance policies by Hamburger Pensionsrückdeckungskasse VVaG (HPR). The interest rate for the contributions is paid in accordance with the Articles of Association of the HPR with regard to profit participation, with a guarantee applying to the paid-in contribution.

Entitlement to pension plans exists

- if the employment ends with or after reaching the statutory retirement age in the German statutory pension insurance,
- as premature post-employment benefit if the employment ends after the age of 60 or after the age of 62 for pension commitments granted after 31 December 2011 and before reaching the regular retirement age,
- in the event of disability or death, provided that the relevant conditions of eligibility are met. Payment can be made in the form of a one-time capital payment, instalments or a life-long pension.

Alternative implementation

As an alternative to the executive pension plan, members of the Management Board may choose to build up post-employment benefits by paying the defined amount on a monthly or annual basis. In this case, the pension can only be financed by the company's contribution without making a personal contribution.

Deferred compensation

Furthermore, members of the Management Board have been offered the option of converting future remuneration components in the fixed salary as well as in the variable remuneration into post-employment benefits plans with HPR as part of a tax-privileged remuneration conversion scheme.

Post-employment benefits for members of the Management Board in financial year 2021/22

The pension expenditure according to IFRS (service cost) for Dr Steffen Greubel amounts to €12,126; no service costs were incurred for the other current and former members of the Management Board.

Due to the form of the commitment, the company's contributions to the defined contribution component of the executive pension plan are disclosed in the table of granted and owed remuneration for financial year 2021/22 in the column 'supplemental benefits/post-employment benefits'.

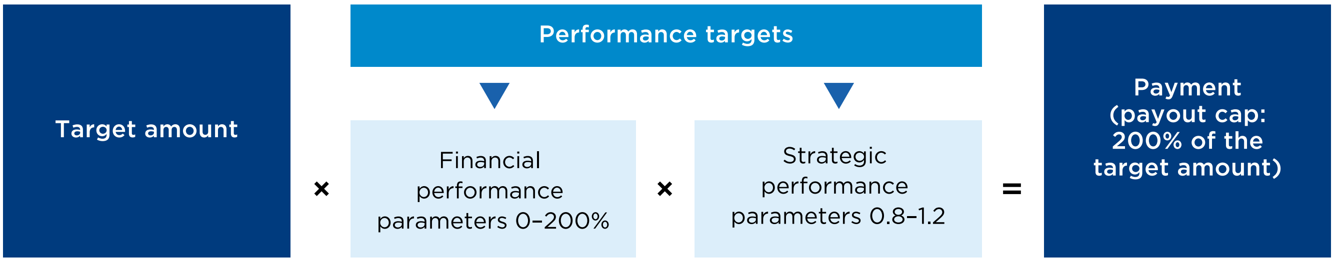
Rafael Gasset, Claude Sarrailh and Eric Poirier have (or had previously) opted for an alternative implementation method to build up a retirement pension at their own discretion. In all 3 cases, it was ensured that the company's contributions do not exceed the defined contribution over the office term of the member of the Management Board. These company contributions are also disclosed in the table of granted and owed remuneration for financial year 2021/22 in the column 'supplemental benefits/post-employment benefits'.

Short-term incentive (STI)

The STI incentivises the operational performance based on the success in the respective financial year.

The success is based on 2 parameters: the financial and strategic performance targets. The financial success parameters are aimed at profitable growth. The strategic performance parameters are based on a highly focused list of objectives consisting of group targets and individual departmental targets of the respective member of the Management Board. They also specifically include the company's ESG targets (environmental, social and governance).

Short-term incentive



Schematic diagram.

For financial year 2021/22, the overall target achievement factor is 2.0, which is explained below.

Financial performance parameters

The STI for financial year 2021/22 is based on the following financial performance parameters of the group:

- exchange rate-adjusted total sales growth, at 40%,
- exchange rate-adjusted earnings before deduction of interest expenses, taxes, depreciation/amortisation (EBITDA), adjusted for real estate transactions and transformation costs, at 40%,
- exchange rate-adjusted Return on Capital Employed (RoCE), excluding real estate transactions and transformation costs, at 20%,

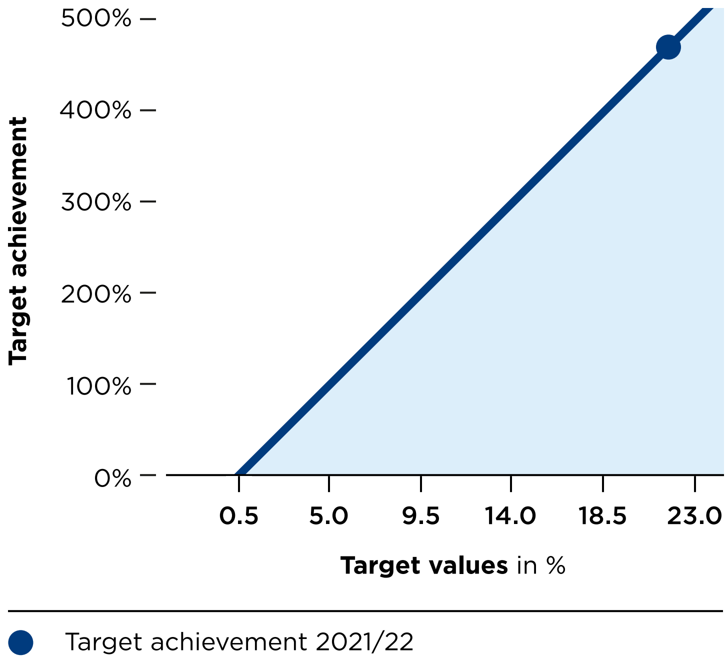
in each case based on the target amount.

Instead of one of the financial performance parameters applicable for financial year 2021/22, the Supervisory Board may also apply any of the other financial performance indicators listed in the combined management report and the group management report for subsequent financial years; for example, this may be the case if it is convinced that the alternative parameter is more suitable as a performance indicator for the long-term development of the company. In financial year 2021/22, the Supervisory Board did not make use of this provision.

For each of the 3 financial performance parameters, the Supervisory Board set target values before the start of financial year 2021/22. The targets are based on the budget plan approved by the Supervisory Board. A factor was allocated to the specific degree of target achievement.

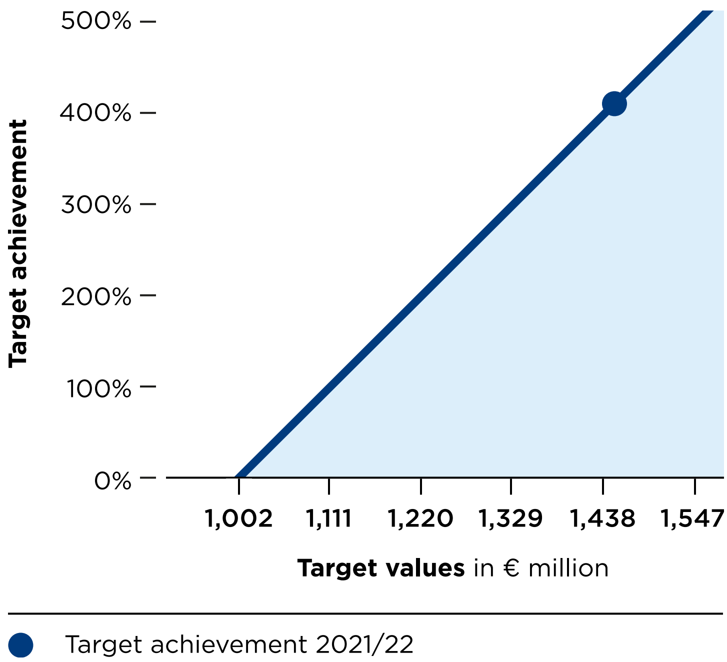
- If the degree of target achievement is 100%, the factor is 1.0.
- If the degree of target achievement is lower or equal to the floor/entry hurdle, then the factor is 0.0.
- In the case of intermediate values and values over 100%, the factor for target achievement is calculated using linear interpolation and/or extrapolation.

STI performance parameter: total sales growth



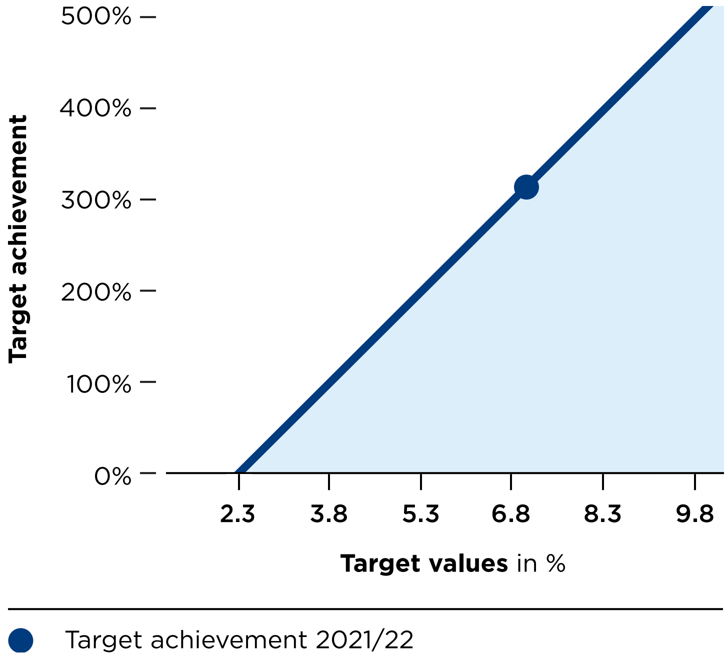
Target achievement in financial year 2021/22: 470% = Factor 4.7

STI performance parameter: EBITDA



Target achievement in financial year 2021/22: 410% = Factor 4.1

STI performance parameter: RoCE



Target achievement in financial year 2021/22: 320% = Factor 3.2

To determine whether the EBITDA target has been achieved, the Supervisory Board is authorised to adjust the EBITDA for any possible impairment losses on company value. No adjustments were made in financial year 2021/22.

The overall target achievement of the financial performance parameters is calculated from the determined target achievement factors for each of the financial performance targets. The weighted arithmetic mean of the individual factors is the overall target achievement factor, which is limited to a factor of 2.0.

Strategic performance parameters

Generally before the beginning of each financial year, the Supervisory Board determines department-specific and joint priority topics for each member of the Management Board. The topics are related to the current development of the company and aligned with the strategic orientation. To ensure that they can be properly assessed, the Supervisory Board established clearly defined, fundamentally measurable criteria and determined the target achievement level for them. For example, these priority topics include implementation of ongoing large-scale projects at Management Board level as well as customer satisfaction, employee satisfaction, succession planning, diversity and sustainability (environment/social/governance [ESG] goals). The factor determined from the target achievement of the strategic performance parameters can be between 0.8 and 1.2 and accordingly reduces or increases the determined payout amount based on the financial performance parameters.

The department-specific and the collective key topics are weighted equally.

Strategic performance targets

	Target area	Target achievement in %	Target achievement factor
Entire Management Board	Improvement of Net Promoter Score (average customer satisfaction)		
	Increased share of digital sales		
	Enhancement of the sales force structure		
	Increase FSD sales growth		
	Sustainability with focus on reduction of CO_2 emissions and reduction of food waste		
		103	1.03
Current members of the Management Board			
Dr Steffen Greubel	Continuation of the operating model		
	Enhancement of corporate culture		
	Strategy implementation		
		113	1.13
Christian Baier	IT governance and system stability		
	Campus real estate development		
	Strategy implementation with focus on financial issues		
		102	1.02
Rafael Gasset	Improvement of HoReCa share		
	Portfolio activities		
	Strategy implementation		
		103	1.03
Christiane Giesen	Determination of the factor by Supervisory Board resolution	100	1.00
Claude Sarrailh	Purchasing and availability of goods		
	Franchise network		
	Strategy implementation		
		107	1.07
Former members of the Management Board			
Andrea Euenheim	Determination of the factor by Supervisory Board resolution	100	1.00
Eric Poirier	Determination of the factor by Supervisory Board resolution	100	1.00

Due to the short time remaining in financial year 2021/22, no strategic performance targets were agreed with Christiane Giesen, who took up her position as a member of the Management Board on 15 September 2022. Accordingly, the factor was set at 1.0 by resolution of the Supervisory Board. For Andrea Euenheim and Eric Poirier, who left the Management Board in financial year 2021/22, the factor for the strategic performance targets was already set at 1.0 as part of the cancellation of the employment contracts.

Determination of the payout amount

The payout amount of the STI for the members of the Management Board is calculated by multiplying the target amount by the factor of the overall target achievement of the financial performance parameters and the respectively determined factor for the strategic performance parameters. The payout amount of the STI is limited to a maximum of 200% of the individually determined target value (payout cap).

An additional condition for the payout of the STI is that it generates positive free cash flow. Thus, payout of the STI never occurs if the free cash flow for the financial year in question is negative, unless the negative free cash flow is based on a plan approved by the Supervisory Board. This condition was met because a positive free cash flow was generated in financial year 2021/22.

The calculation of the payout amount for the members of the Management Board for the STI in financial year 2021/22 is shown in the table below:

Short-term incentive target achievement

		Target achievement of financial performance parameters (total factor)	Target achievement of strategic performance parameters (total factor)	Total target achievement	Payout amount in €1,000
Current members of the Management Board					
Dr Steffen Greubel	in %	200	108	200	
	Factor	2.00	1.08	2.00	1,680
Christian Baier	in %	200	103	200	
	Factor	2.00	1.03	2.00	1,200
Rafael Gasset	in %	200	103	200	
	Factor	2.00	1.03	2.00	1,060
Christiane Giesen (since 15/9/2022)	in %	200	100	200	
	Factor	2.00	1.00	2.00	36
Claude Sarrailh	in %	200	105	200	
	Factor	2.00	1.05	2.00	765
Former members of the Management Board					
Andrea Euenheim (until 31/3/2022)	in %	200	100	200	
	Factor	2.00	1.00	2.00	412
Eric Poirier (until 31/12/2021)	in %	200	100	200	
	Factor	2.00	1.00	2.00	265

The STI of the members of the Management Board is generally payable 4 months after the end of the financial year, but not before approval of the annual and consolidated financial statements by the Supervisory Board for the financial year for which the incentive was agreed.

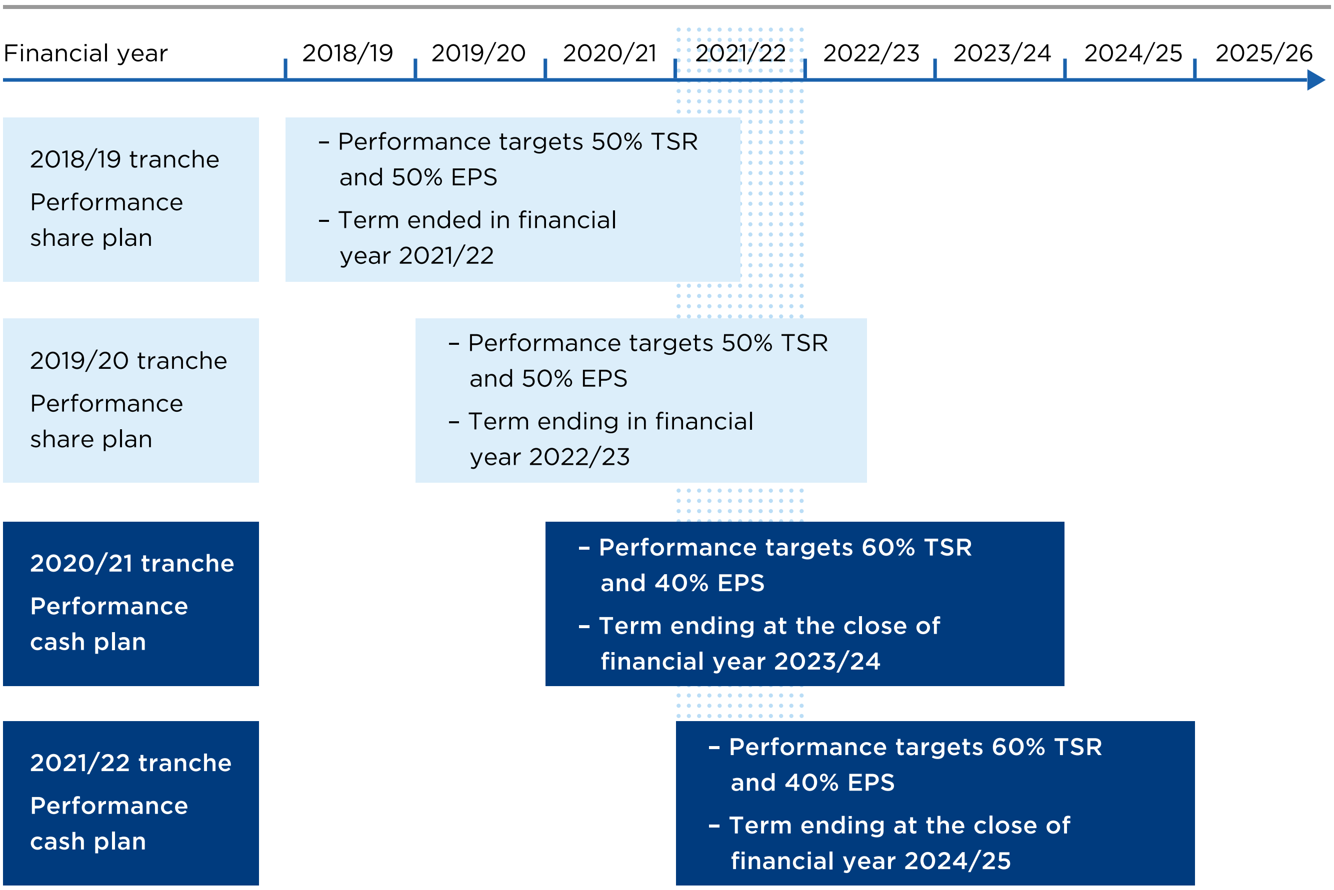
When a member of the Management Board joins or leaves the Board in the course of a financial year, the STI for this financial year is determined pro rata temporis and paid out as outlined in the system.

Long-term variable remuneration (long-term incentive, LTI)

The LTI reinforces the sustainable development of the company and sets incentives for a sustainable, long-term increase in the value of the company. It also considers the internal and external value development over a period of several years as well as the interests of the shareholders.

The tranches of the LTI granted from financial year 2018/19 onwards, whose performance period either has not yet ended or ended in financial year 2021/22, consist of the performance share plan (2018/19 and 2019/20 tranches) and the performance cash plan (from 2020/21 tranche onwards).

Overview of LTI tranches



Schematic diagram.

Dr Steffen Greubel, Christian Baier, Rafael Gasset, Claude Sarrailh and Andrea Euenheim were granted a new tranche of the performance cash plan in financial year 2021/22.

Current and former members of the Management Board also have access to the following tranches of the LTI granted during their Management Board activities, whose term has not yet ended: Christian Baier, Rafael Gasset, Andrea Euenheim (member of the Management Board until 31 March 2022) and Eric Poirier (member of the Management Board until 31 December 2021) via the 2019/20 tranche and the 2020/21 tranche; Olaf Koch (Chairman of the Management Board until 31 December 2020) via the 2019/20 tranche.

Granted LTI in financial year 2021/22

Since financial year 2020/21, the long-term incentive has been structured as a performance cash plan. The second tranche of the performance cash plan was granted in financial year 2021/22:

Performance cash plan tranche 2021/22

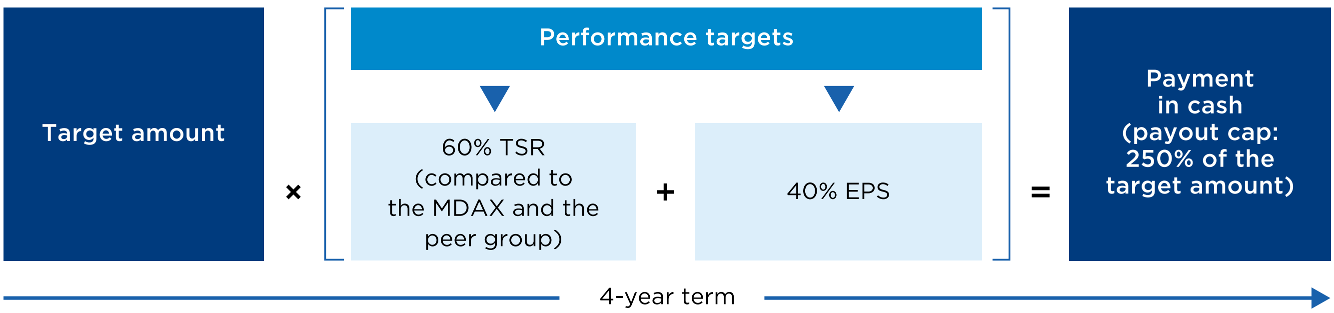
	Target amount in €1,000
Dr Steffen Greubel	1,260
Christian Baier	900
Rafael Gasset	800
Claude Sarrailh	765
Andrea Euenheim (until 31/3/2022)	618

The tranches to be granted annually have a term of 4 years, which begins on 1 October of the financial year for which the tranche is granted (grant year). The cut-off date for granting of the tranches is the 21st stock exchange trading day after the Annual General Meeting in the grant year.

The performance cash plan is based on the achievement of 2 performance targets:

- the relative development of the total shareholder return (TSR) of the METRO ordinary share, each weighted in half in comparison to the MDAX and a peer group, at 60%,
- the basic earnings per share (EPS) against a defined absolute target value, at 40%.

Long-term incentive (performance cash plan)



Schematic diagram.

TSR component: the target achievement factors of the TSR component are measured by the development of the total shareholder return of the METRO ordinary share in the TSR performance period relative to a defined benchmark index and to a defined peer group – half against the development of the MDAX TSR and half against the development of the TSR of a defined peer group over the same period as the METRO TSR. The TSR value of the peer group is determined individually for the members of the peer group and then the median is determined. The peer group is composed of the following companies: Bidcorp (ISIN ZAE000216537), Marr (ISIN IT0003428445), Eurocash Group (ISIN PLEURCH00011), Performance Food Group (ISIN

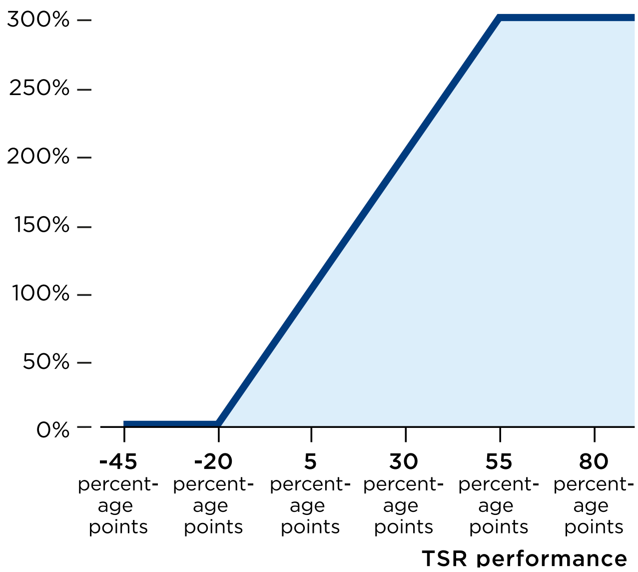
US71377A1034), US Foods (ISIN US9120081099), Sysco (ISIN US8718291078) and Sligro (ISIN NL0000817179). Only companies that are listed for the entire performance period are included in this group. If TSR values are available for fewer than 6 companies in this peer group, then the complete METRO TSR will be compared with the MDAX TSR.

For the TSR component, the Supervisory Board usually establishes a floor/entry hurdle and a TSR target value for the 100% target achievement at the beginning of the financial year in which the tranche of the performance cash plan is granted.

To determine target achievement, the Xetra closing prices of the METRO ordinary share are determined over a period of 20 consecutive stock exchange trading days immediately after the company’s Annual General Meeting in the year in which the tranche is granted. The arithmetic mean calculated from this figure is called the starting share price. The performance period for this component begins on the 21st trading day after the Annual General Meeting. 3 years after the starting share price has been determined and the tranche has been issued, the Xetra closing prices of the METRO ordinary share are again determined over a period of 20 consecutive stock exchange trading days immediately after the Annual General Meeting. This is used again to establish the arithmetic mean, the so-called closing share price. The TSR is determined as a percentage on the basis of the change in the METRO ordinary share price and the total amount of hypothetically reinvested dividends throughout the performance period in relation to the starting share price.

The resulting METRO TSR is compared to the TSR of the 2 peer groups in the performance period determined in the same way. A factor is allocated to the specific degree of target achievement.

Determination of target achievement for TSR performance

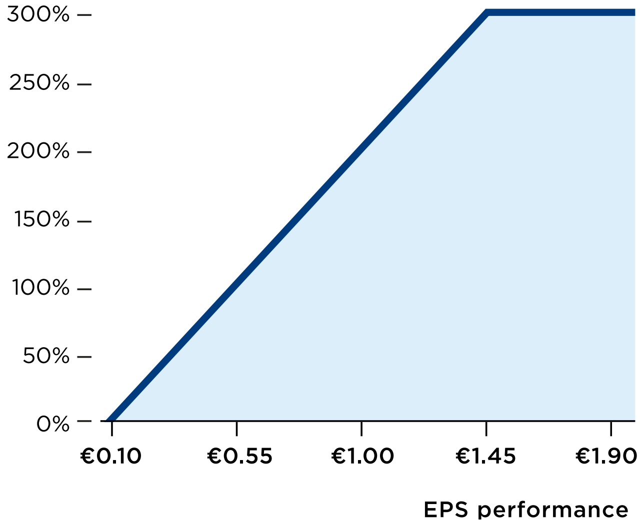


- If the degree of target achievement at the end of the performance period is 100%, the factor is 1.0. This requires an outperformance of 5 percentage points compared to the peer groups.
- If the degree of target achievement is lower or equal to the entry hurdle, the factor is 0.0.
- In the case of intermediate values and values over 100% up to a maximum of 300%, the factor for target achievement is calculated using linear interpolation and/or extrapolation.
- The METRO starting share price for the TSR component of the 2021/22 tranche is €8.50.

EPS component: for the EPS component, the Supervisory Board generally decides before the beginning of the financial year in which the tranche of the performance cash plan is granted on a floor/entry hurdle for target achievement and an EPS target value for 100% target performance for the 3rd financial year of the EPS performance period. A factor is allocated to the specific degree of target achievement.

The EPS target values for the tranche of the performance cash plan granted in financial year 2021/22 had been set by the Supervisory Board in September 2021 based on the medium-term planning available at that time. In January 2022, the Management Board, with the approval of the Supervisory Board, presented METRO's new strategy, under which annual investments are to be increased. This leads to a correspondingly reduced expectation for earnings per share in the affected planning years. With that in mind, the EPS target was adjusted in May 2022.

Determination of EPS performance target achievement



- If the degree of target achievement at the end of the performance period is 100%, the factor is 1.0.
- If the degree of target achievement is lower or equal to the entry hurdle, the factor is 0.0.
- In the case of intermediate values and values over 100% up to a maximum of 300%, the factor for target achievement is calculated using linear interpolation and/or extrapolation.

Determination of the payout amount: the amount to be paid out at the end of the tranche term is determined from the target achievement factors of the TSR and EPS components based on the target amount attributable to the performance target in each case. The target achievement factor for each individual component is limited to a maximum of 3.0. The payout amount is limited to a maximum of 250% of the individually determined target amount (payout cap).

The tranches of the performance cash plan are paid out in the month following the end of the term, but not before all annual and consolidated financial statements of METRO AG for the financial years of the EPS performance period have been determined and/or approved by the Supervisory Board. The term of the tranche granted in financial year 2021/22 ends on 30 September 2025.

Leaving the Management Board

If a member of the Management Board leaves the Management Board as scheduled after the end of his or her office term, entitlements acquired during the term of the employment contract do not become due for payment prematurely. In accordance with the terms and conditions of the LTI, they become due at the regular end of the tranches in the same manner as for the current members of the Management Board.

No payments will be made from the LTI upon departure from the Management Board in the following cases:

- release of a member of the Management Board for good cause,
- immediate dismissal of a member of the Management Board for good cause,
- termination of the employment contract by the company for good cause, and

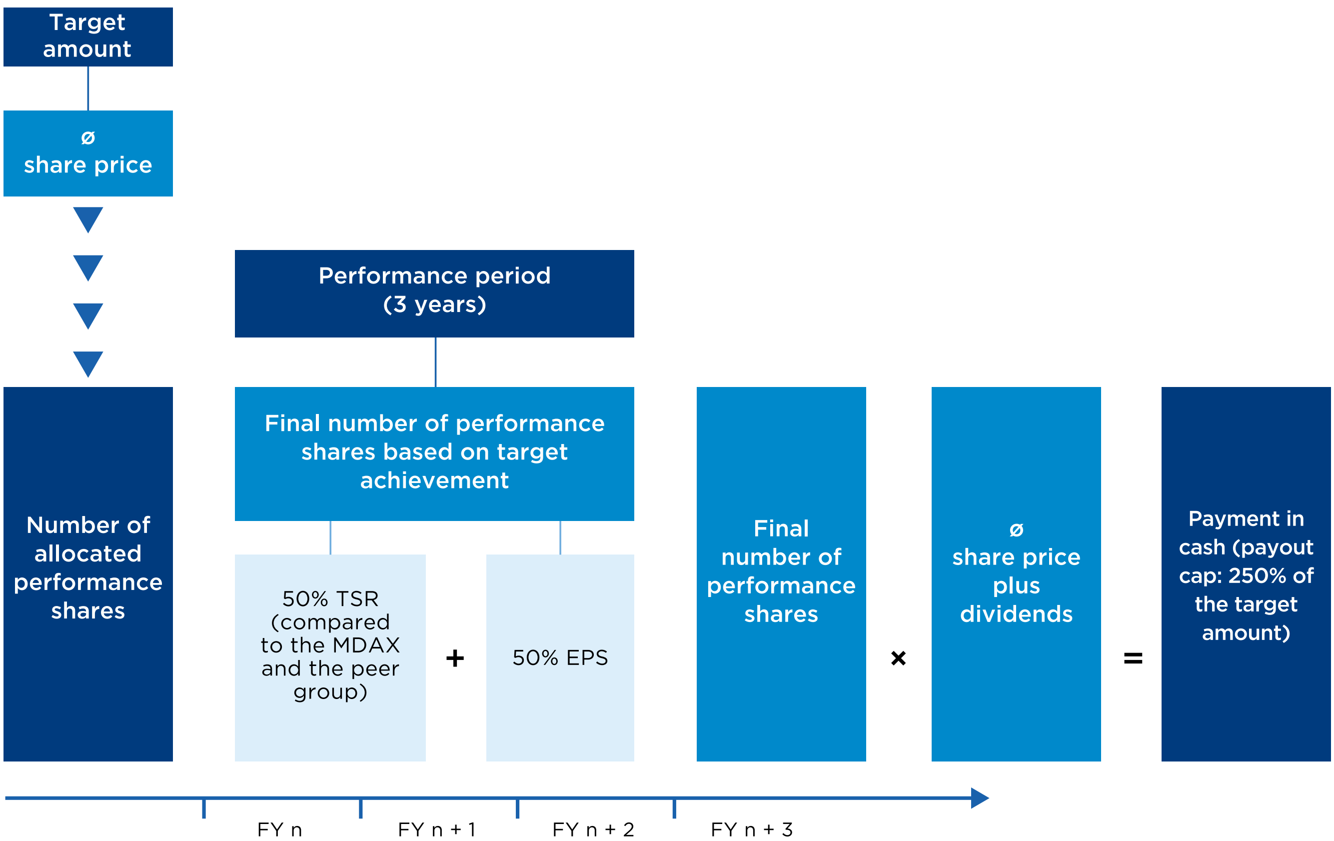
- premature termination of the employment contract or cancellation of the Management Board appointment or release by the company at the request of the respective member of the Management Board. If the Supervisory Board has indications of justified exceptions, such as cases of hardship, it may deviate from this regulation at its reasonable discretion.

If the appointment of a member of the Management Board is terminated by mutual consent and/or the employment contract of a member of the Management Board is terminated prematurely by mutual consent, and if the request of the respective member of the Management Board is not decisive for this decision, claims acquired during the term of the employment contract do not become due for payment prematurely. Rather, they become due for payment in accordance with the conditions at the regular end of the tranches in the same manner as for the current members of the Management Board. In the event of premature termination of the employment contract, tranches not yet granted are generally paid out in the form of a single payment.

Termination of LTI performance period in financial year 2021/22

The tranche of the LTI granted in financial year 2018/19, whose performance period ended in financial year 2021/22 at the end of the 40th stock exchange trading day after the Annual General Meeting 2022, was based on the performance share plan:

Long-term incentive (performance share plan)



Schematic diagram.

No payout was made from this tranche, as the set TSR and EPS targets were not achieved. The target-setting curve of the TSR component of the 2018/19 performance share plan tranche is unchanged from that of the 2021/22 tranche of the performance cash plan. The METRO starting share price for the TSR component was €14.64 compared to the determined ending share price of €8.23 and did not reach the barrier of entry compared to the equally determined TSR of the peer groups (MDAX and defined peer group) of the 2018/19 tranche. With regard to the EPS target, the barrier of entry was also not reached (barrier of entry: €0.95 in financial year 2020/21).

In addition to Christian Baier, the beneficiaries of the 2018/19 tranche were the former members of the Management Board Olaf Koch (Chairman of the Management Board until 31 December 2020) and Heiko Hutmacher (member of the Management Board until 31 December 2019).

Other non-monetary and supplemental benefits

The supplemental benefits to be granted to the members of the Management Board are contractually agreed, but vary individually in their amount and scope based on the respective contractual situation. They may include the following benefits and non-cash benefits, including any corresponding taxes: provision of a company car with the option of using an internal driving service; conclusion of an accident insurance policy, inclusion in a Directors and Officers (D&O) insurance policy subject to the statutory deductible requirement; subsidy for a preventive health check-up; subsidies for health and long-term care insurance; assumption of costs for security installations, school fees and relocation costs; as well as extended continued pay in the event of illness. Furthermore, there is the option to use company car budgets that have not been fully utilised for post-employment benefits. In exceptional cases, compensation payments may be made to newly appointed members of the Management Board for remuneration promised by the previous employer that lapses due to the change.

In the event of the death of a member of the Management Board during active service, his or her surviving dependants will be paid the fixed salary for the month in which the death occurred as well as for additional 6 months.

Share ownership guidelines

The members of the Management Board are mandated to build up a self-financed investment in METRO ordinary shares (personal investment) over a period of 5 years of service. The amount to be invested for the personal investment is 100% of the fixed salary for a regular member of the Management Board and 200% for the Chairman of the Management Board.

A sale of ordinary shares is only permitted if the personal investment is fulfilled and only for a number of ordinary shares exceeding the mandated personal investment. The personal investment must be retained until at least the date of retirement from the Management Board of the company.

Share ownership of the members of the Management Board

As of: 30/9/2022	Amount of METRO ordinary shares	Date of compliance with the share ownership guidelines
Dr Steffen Greubel	51,200	April 2026
Christian Baier	13,850	September 2025
Rafael Gasset	23,305	September 2025
Christiane Giesen	5,350	September 2027
Claude Sarrailh	23,857	December 2026

According to the remuneration system, no shares or share options have been granted or promised to the members of the Management Board in financial year 2021/22.

Supplementary clauses

The employment contracts of the members of the Management Board also contain the following clauses:

Holdback (malus)/clawback clause

The Supervisory Board reserves the right to take extraordinary developments into account within reasonable limits. In the event of serious violations by a member of the Management Board of his or her legal obligations, the Supervisory Board is entitled, at its sole discretion, to withhold in whole or in part any components of the STI and the LTI that have not yet been paid out (holdback/malus) and to reclaim any components of the LTI that have already been paid out (clawback). The option of withholding and reclaiming exists even if the appointment as a member of the Management Board or the employment contract has already ended. However, the clawback option is only available until the end of the 3rd year after payment of the respective LTI.

In addition, the Supervisory Board has the right not to pay the remuneration of a member of the Management Board in whole or in part if he or she negligently or intentionally breaches his or her duties and the company suffers a loss as a result.

This is without prejudice to the right to reduce the remuneration to be paid in the future in the event of a deterioration of the company's position according to § 87 Section 2 of the German Stock Corporation Act (AktG).

The Supervisory Board did not make use of these clauses in financial year 2021/22.

Post-contractual restraint on competition

In addition, the employment contracts of the members of the Management Board generally provide for a post-contractual restraint on competition. Accordingly, the members of the Management Board are prohibited from rendering services to or for a competitor for a period of 12 months after termination of the employment contract. For this purpose, compensation for non-competition has been agreed which corresponds to the target remuneration consisting of the fixed salary, STI and LTI for the duration of the post-contractual restraint on competition and is paid in monthly instalments. These payments are offset against remuneration earned through other work. The company has the option to waive the post-contractual restraint on competition prior to or upon termination of the employment contract with effect from receipt of the corresponding declaration. If the employment contract ends at the agreed contract end date, notification is given, no later than 9 months before the agreed contract end date, as to whether or not the Supervisory Board waives the post-contractual restraint on competition. The Supervisory Board has not issued a post-contractual restraint on competition for Andrea Euenheim and Eric Poirier, who left the Management Board in financial year 2021/22.

Contractual term and benefits in the event of employment termination

The term of the employment contracts is linked to the duration of the appointment. The initial appointment of members of the Management Board should not exceed 3 years.

Severance payments in cases of premature terminations of management roles without good cause are limited to 2 annual remunerations (severance cap) and must not exceed the remuneration that would be paid for the remaining term of the employment contract.

Change of control clause

In the event of a change of control, Christian Baier, with whom this clause was already agreed in a previously existing employment contract, has been granted the right to resign from office for good cause within a period of 6 months after the change of control with a notice period of 3 months to the end of the month and to terminate the Management Board contract on this date (extraordinary termination right).

The contractual provisions assume a change of control if either a single shareholder or a number of jointly acting shareholders acquire a controlling interest in the meaning of § 29 of the German Securities Acquisition and Takeover Act (WpÜG) by way of holding at least 30% of the voting rights and the change of control significantly interferes with the responsibilities of a member of the Management Board.

If the extraordinary termination right is exercised, or if the employment contract is terminated on the basis of an amicable agreement within 6 months from the change of control, there is an entitlement to a one-time remuneration payment for contractual claims during the remaining term of the employment contract. In this case, the amount of the severance pay is limited to 150% of the above referenced severance payment cap. The entitlement to a severance payment lapses if the employment is terminated by the company for good cause pursuant to § 626 of the German Civil Code (BGB).

No such clause has been agreed with the other members of the Management Board. No ‘change of control’ clause is agreed for new employment contracts (initial appointment).

Special remuneration

The Supervisory Board may decide on any – even retrospective – special remuneration for extraordinary performance at its reasonable discretion. The Supervisory Board did not make use of this clause in financial year 2021/22.

Sideline activities

The assumption of supervisory board mandates and offices of a comparable nature in companies outside the group, activities in associations and other committees that are in the interest of the company, as well as the assumption of tasks in charitable, social and other non-profit organisations require prior consent by the Presidential Committee.

If the members of the Management Board assume intra-group mandates, the remuneration of these mandates must be offset against the Management Board remuneration. Generally, this also applies to non-group mandates; however, the Presidential Committee may decide otherwise.

Granted and owed remuneration in financial year 2021/22

The following table shows the remuneration granted and owed to the current and former members of the Management Board in accordance with § 162 Section 1 Sentence 1 of the German Stock Corporation Act (AktG). The granted and owed remuneration includes the remuneration received in financial year 2021/22 as well as the remuneration components that were fully earned in financial year 2021/22 and whose performance period ends at the end of financial year 2021/22, even if payment is not made until financial year 2022/23. Thus, the STI shows the short-term variable remuneration for financial year 2021/22, which will be paid as scheduled in January 2023 (vesting period-based perspective). For the long-term incentive, the 2018/19 LTI tranche, which ended in financial year 2021/22, is disclosed in the granted and owed remuneration and thus the resulting inflow in financial year 2021/22 (payment-based perspective).

Granted and owed remuneration for the members of the Management Board pursuant to § 162 of the German Stock Corporation Act (AktG)

			Fixed remuneration		
			Fixed salary	Supplemental benefits/post-employment benefits	Total
Current members of the Management Board					
Dr Steffen Greubel (since 1/5/2021)	**2021/22**	**in €1,000**	**1,100**	**291**	**1,391**
		in %	**36**	**9**	**45**
	2020/21	in €1,000	458	122	580
		in %	36	9	45
Christian Baier	**2021/22**	**in €1,000**	**800**	**222**	**1,022**
		in %	**36**	**10**	**46**
	2020/21	in €1,000	800	209	1,009
		in %	34	9	43
Rafael Gasset	**2021/22**	**in €1,000**	**720**	**235**	**955**
		in %	**35**	**12**	**47**
	2020/21	in €1,000	720	220	940
		in %	36	11	47
Christiane Giesen (since 15/9/2022)	**2021/22**	**in €1,000**	**473**	**7**	**480**
		in %	**92**	**1**	**93**
	2020/21	in €1,000	-	-	-
		in %	-	-	-
Claude Sarrailh (since 1/1/2022)	**2021/22**	**in €1,000**	**533**	**103**	**636**
		in %	**38**	**7**	**45**
	2020/21	in €1,000	-	-	-
		in %	-	-	-

			Fixed remuneration		
			Fixed salary	Supplemental benefits/post-employment benefits	Total
Former members of the Management Board					
Andrea Euenheim (until 31/3/2022)	**2021/22**	**in €1,000**	**560**	**86**	**646**
		in %	**53**	**8**	**61**
	2020/21	in €1,000	656	171	827
		in %	40	10	50
Eric Poirier (until 31/12/2021)	**2021/22**	**in €1,000**	**4,080**	**98**	**4,178**
		in %	**92**	**2**	**94**
	2020/21	in €1,000	720	278	998
		in %	35	13	48
Olaf Koch (until 31/12/2020)	**2021/22**	**in €1,000**	**-**	**-**	**-**
		in %	**-**	**-**	**-**
	2020/21	in €1,000	300	88	388
		in %	23	7	30
Heiko Hutmacher (until 31/12/2019)	**2021/22**	**in €1,000**	**-**	**-**	**-**
		in %	**-**	**-**	**-**
	2020/21	in €1,000	-	-	-
		in %	-	-	-

			Variable remuneration			
			STI	LTI	Total	Total remuneration
Current members of the Management Board						
Dr Steffen Greubel (since 1/5/2021)	**2021/22**	**in €1,000**	**1,680**	**-**	**1,680**	**3,071**
		in %	**55**	**-**	**55**	**100**
	2020/21	in €1,000	700	-	700	1,280
		in %	55	-	55	100
Christian Baier	**2021/22**	**in €1,000**	**1,200**	**0**	**1,200**	**2,222**
		in %	**54**	**0**	**54**	**100**
	2020/21	in €1,000	1,200	162	1,362	2,371
		in %	50	7	57	100
Rafael Gasset	**2021/22**	**in €1,000**	**1,060**	**-**	**1,060**	**2,015**
		in %	**53**	**-**	**53**	**100**
	2020/21	in €1,000	1,060	-	1,060	2,000
		in %	53	-	53	100
Christiane Giesen (since 15/9/2022)	**2021/22**	**in €1,000**	**36**	**-**	**36**	**516**
		in %	**7**	**-**	**7**	**100**
	2020/21	in €1,000	-	-	-	-
		in %	-	-	-	-
Claude Sarrailh (since 1/1/2022)	**2021/22**	**in €1,000**	**765**	**-**	**765**	**1,401**
		in %	**55**	**-**	**55**	**100**
	2020/21	in €1,000	-	-	-	-
		in %	-	-	-	-

			Variable remuneration			
			STI	LTI	Total	Total remuneration
Former members of the Management Board						
Andrea Euenheim (until 31/3/2022)	**2021/22**	**in €1,000**	**412**	**-**	**412**	**1,058**
		in %	**39**	**-**	**39**	**100**
	2020/21	in €1,000	822	-	822	1,649
		in %	50	-	50	100
Eric Poirier (until 31/12/2021)	**2021/22**	**in €1,000**	**265**	**-**	**265**	**4,443**
		in %	**6**	**-**	**6**	**100**
	2020/21	in €1,000	1,060	-	1,060	2,058
		in %	52	-	52	100
Olaf Koch (until 31/12/2020)	**2021/22**	**in €1,000**	**-**	**0**	**-**	**0**
		in %	**-**	**-**	**-**	**-**
	2020/21	in €1,000	560	335	895	1,283
		in %	44	26	70	100
Heiko Hutmacher (until 31/12/2019)	**2021/22**	**in €1,000**	**-**	**0**	**-**	**0**
		in %	**-**	**-**	**-**	**-**
	2020/21	in €1,000	-	251	251	251
		in %	-	100	100	100

The supplemental benefits include the company's contributions to the pension scheme. The fixed salary includes one-off payments or severance payments made to Christiane Giesen, Andrea Euenheim and Eric Poirier in financial year 2021/22. For Eric Poirier, it also includes a provision made at METRO AG for a contractual relationship with a group company. Christiane Giesen was granted a compensation payment at the start of her contract for remuneration promised by her previous employer, which will lapse as a result of her transfer to METRO AG; Andrea Euenheim and Eric Poirier received payments as part of their departure.

Maximum remuneration

The Supervisory Board has limited the amount of the total remuneration for the respective financial year (maximum remuneration). Moreover, the amounts of the individual remuneration components (variable remuneration, post-employment benefits plans, supplemental benefits) are also limited. The theoretically achievable maximum remuneration in the remuneration system is limited to €8.5 million for the Chairman of the Management Board and €5 million for an ordinary member of the Management Board. The theoretically achievable maximum remuneration under the current contractual agreement with the members of the Management Board is below these caps defined in the remuneration system. The theoretically achievable maximum remuneration for the members of the Management Board is determined individually by the Supervisory Board based on the remuneration components within the stated caps in each case. It is based on the negotiated fixed salary, the maximum payout amount of the STI (2 times the target amount) and the LTI (2.5 times the target amount) as well as the cap for the supplemental benefits (pension plus other supplemental benefits such as company cars). For financial year 2021/22, the individually agreed maximum amounts of remuneration granted in a full financial year are €6,271,600 for Dr Steffen Greubel, €4,516,000 for Christian Baier, €4,040,000 for Rafael Gasset, €2,996,000 for Christiane Giesen and €3,932,500 for Claude Sarrailh. For Andrea Euenheim, who left the Management Board on 31 March 2022, the maximum limit in a full financial year was €3,260,480; for Eric Poirier, who left the Management Board on 31 December 2021, it amounted to €4,065,000. Compliance with the maximum remuneration can be determined for the first time in the financial year in which the 4-year term of the LTI granted in financial year 2021/22 ends and the payment amount is determined. The individually determined maximum limits were carefully determined to ensure that they cannot be exceeded under the remuneration system.

Appropriateness of Management Board remuneration

The Presidential Committee and the Supervisory Board as a whole review the appropriateness of Management Board remuneration and its market conformity at regular intervals. The review is based on a horizontal and vertical comparison.

The horizontal (external) review of the appropriateness of the remuneration is based on a defined specific peer group and the MDAX. The specific peer group consists of 14 companies: Casino Guichard-Perrachon SA, Carrefour SA, CECONOMY AG, Fielmann AG, Kesko Oyi, Koninklijke Ahold Delhaize N.V., Wm Morrison Supermarkets PLC, ProSiebenSat.1 Media SE, PUMA SE, Rewe-Zentralfinanz eG, J Sainsbury plc, Sligro Food Group N.V., Tesco PLC and TUI AG. The peer group selection for the horizontal comparison is based on METRO's business segment, on international presence as well as on key financial figures, market capitalisation and number of employees.

The vertical review of the Management Board remuneration compares the remuneration of the senior executives (Executive Vice Presidents, Senior Vice Presidents), managers (Vice Presidents) and non-managerial employees of METRO AG.

The last appropriateness review of the remuneration of the Management Board was carried out in financial year 2021/22 with the assistance of an independent external remuneration expert. The appropriateness of the Management Board's remuneration was confirmed during this review.

Termination benefits in financial year 2021/22

An agreement was reached with Eric Poirier in financial year 2021/22 for early termination of his employment contract with effect from the end of 31 December 2021. The pro rata temporis STI until 31 December 2021 will be paid to Eric Poirier in accordance with the agreement. The tranches of the LTI (performance share plan tranche 2019/20 and performance cash plan tranche 2020/21) already granted to Olaf Koch remain in place and will be settled in accordance with the terms of the plan. Eric Poirier received a severance payment of €2,675,000. Furthermore, a provision of €1.2 million was created for a contractual relationship that still exists for limited time.

An agreement on early termination of the employment contract was also reached with Andrea Euenheim in financial year 2021/22. It was terminated with effect from the end of 31 March 2022. In accordance with the contract, the pro rata temporis STI until 31 March 2022 will be paid to Andrea Euenheim. Additionally, the tranches of the already granted LTI (performance share plan tranche 2019/20 and performance cash plan tranche 2020/21 as well as tranche 2021/22) will be settled in accordance with the plan conditions. Andrea Euenheim received a one-off payment of €225,000 in connection with the early termination of her employment contract.

REMUNERATION OF THE SUPERVISORY BOARD

The members of the Supervisory Board receive a fixed yearly remuneration amount in accordance with § 13 of METRO AG's Articles of Association. In financial year 2021/22, this amounted to €80,000 per ordinary member. Pursuant to § 13 Section 6 of the Articles of Association, METRO AG reimburses the members of the Supervisory Board for expenses incurred as part of performing their office duties as well as any value added tax payable on the remuneration and the reimbursement of expenses.

The individual amount of Supervisory Board remuneration takes into account the duties and responsibilities of the individual members of the Supervisory Board by considering special assignments. The Chairman of the Supervisory Board is entitled to receive 2.5 times, and the Vice Chairman 1.5 times, the set amount of the annual fixed remuneration for the members of the Supervisory Board. Additional committee remuneration is allocated to the members of the various committees as follows: €40,000 for the members of the Audit Committee, €30,000 for the members of the Presidential Committee, €10,000 for the members of the Nomination Committee, and €20,000 for the members of any future committees. The chairperson of each of these committees receives 2 times the amount set for the committee. No additional committee remuneration is granted for membership and chairmanship of the Mediation Committee (committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG)). The additional committee remuneration for a membership or chairmanship of a committee is only paid if at least 2 meetings or other resolutions of this committee have taken place in the respective financial year.

Members of the Supervisory Board who have only belonged to the Supervisory Board for part of the financial year receive one twelfth of the remuneration for each month of their active time in office. This applies accordingly to memberships in a committee, the chairmanship or vice chairmanship of the Supervisory Board or the chairmanship of a committee.

In each case, the remuneration is payable at the end of the respective financial year.

In accordance with the corresponding suggestion of the German Corporate Governance Code, the remuneration for the members of the Supervisory Board is structured as purely fixed remuneration. The purpose of this arrangement is to avoid conflicts of interest in the performance of their duties.

The following table shows the remuneration granted to the members of the Supervisory Board for financial year 2021/22 (vesting period-based perspective).

Granted and owed remuneration for the members of the Supervisory Board pursuant to § 162 of the German Stock Corporation Act (AktG)

			Fixed salary	Committee remuneration	Intra-group Supervisory Board remunerations	Total
Current members of the Supervisory Board						
Jürgen Steinemann (Chairman)	**2021/22**	**in €1,000**	**200**	**80**	**0**	**280**
		in %	**71**	**29**	**0**	**100**
	2020/21	in €1,000	240	0	0	240
		in %	100	0	0	100
Xaver Schiller (Vice Chairman)	**2021/22**	**in €1,000**	**120**	**70**	**9**	**199**
		in %	**60**	**35**	**5**	**100**
	2020/21	in €1,000	160	0	9	169
		in %	95	0	5	100
Marco Arcelli	**2021/22**	**in €1,000**	**80**	**40**	**0**	**120**
		in %	**67**	**33**	**0**	**100**
	2020/21	in €1,000	80	40	0	120
		in %	67	33	0	100
Stefanie Blaser	**2021/22**	**in €1,000**	**80**	**40**	**0**	**120**
		in %	**67**	**33**	**0**	**100**
	2020/21	in €1,000	80	40	0	120
		in %	67	33	0	100
Friedhelm Bongard (since 1/2/2022)	**2021/22**	**in €1,000**	**53**	**0**	**6**	**59**
		in %	**90**	**0**	**10**	**100**
	2020/21	in €1,000	-	-	-	-
		in %	-	-	-	-
Gwyn Burr	**2021/22**	**in €1,000**	**80**	**10**	**0**	**90**
		in %	**89**	**11**	**0**	**100**
	2020/21	in €1,000	80	40	0	120
		in %	67	33	0	100
Thomas Dommel	**2021/22**	**in €1,000**	**80**	**30**	**5**	**115**
		in %	**70**	**26**	**4**	**100**
	2020/21	in €1,000	80	40	5	125
		in %	64	32	4	100

			Fixed salary	Committee remuneration	Intra-group Supervisory Board remunerations	Total
Prof. Dr Edgar Ernst	**2021/22**	**in €1,000**	**80**	**110**	**0**	**190**
		in %	**42**	**58**	**0**	**100**
	2020/21	in €1,000	80	80	0	160
		in %	50	50	0	100
Michael Heider	**2021/22**	**in €1,000**	**80**	**40**	**6**	**126**
		in %	**63**	**32**	**5**	**100**
	2020/21	in €1,000	80	40	6	126
		in %	63	32	5	100
Udo Höfer	**2021/22**	**in €1,000**	**80**	**0**	**0**	**80**
		in %	**100**	**0**	**0**	**100**
	2020/21	in €1,000	80	0	0	80
		in %	100	0	0	100
Dr Fredy Raas	**2021/22**	**in €1,000**	**80**	**17**	**0**	**97**
		in %	**82**	**18**	**0**	**100**
	2020/21	in €1,000	80	40	0	120
		in %	67	33	0	100
Roman Šilha (since 19/2/2021)	**2021/22**	**in €1,000**	**80**	**40**	**0**	**120**
		in %	**67**	**33**	**0**	**100**
	2020/21	in €1,000	53	27	0	80
		in %	66	34	0	100
Eva-Lotta Sjöstedt	**2021/22**	**in €1,000**	**80**	**0**	**0**	**80**
		in %	**100**	**0**	**0**	**100**
	2020/21	in €1,000	80	0	0	80
		in %	100	0	0	100
Dr Liliana Solomon	**2021/22**	**in €1,000**	**80**	**0**	**0**	**80**
		in %	**100**	**0**	**0**	**100**
	2020/21	in €1,000	80	0	0	80
		in %	100	0	0	100
Marek Spurný (since 11/2/2022)	**2021/22**	**in €1,000**	**53**	**0**	**0**	**53**
		in %	**100**	**0**	**0**	**100**
	2020/21	in €1,000	-	-	-	-
		in %	-	-	-	-

			Fixed salary	Committee remuneration	Intra-group Supervisory Board remunerations	Total
Stefan Tieben (since 19/2/2021)	**2021/22**	**in €1,000**	**80**	**27**	**0**	**107**
		in %	**75**	**25**	**0**	**100**
	2020/21	in €1,000	53	0	0	53
		in %	100	0	0	100
Manuela Wetzko	**2021/22**	**in €1,000**	**80**	**30**	**6**	**116**
		in %	**69**	**26**	**5**	**100**
	2020/21	in €1,000	80	27	6	113
		in %	71	24	5	100
Angelika Will	**2021/22**	**in €1,000**	**80**	**0**	**0**	**80**
		in %	**100**	**0**	**0**	**100**
	2020/21	in €1,000	80	0	0	80
		in %	100	0	0	100
Manfred Wirsch	**2021/22**	**in €1,000**	**80**	**0**	**6**	**86**
		in %	**93**	**0**	**7**	**100**
	2020/21	in €1,000	80	0	6	86
		in %	93	0	7	100
Silke Zimmer	**2021/22**	**in €1,000**	**80**	**0**	**0**	**80**
		in %	**100**	**0**	**0**	**100**
	2020/21	in €1,000	80	0	0	80
		in %	100	0	0	100
Former members of the Supervisory Board						
Rosalinde Lax (until 31/1/2022)	**2021/22**	**in €1,000**	**27**	**0**	**2**	**29**
		in %	**93**	**0**	**7**	**100**
	2020/21	in €1,000	80	0	6	86
		in %	93	0	7	100
Alexandra Soto (until 11/2/2022)	**2021/22**	**in €1,000**	**33**	**0**	**0**	**33**
		in %	**100**	**0**	**0**	**100**
	2020/21	in €1,000	80	40	0	120
		in %	67	33	0	100

Outside their committee activities, the members of the Supervisory Board were not granted any remuneration or benefits for work performed, in particular not for consulting and brokerage services, on behalf of METRO companies.

COMPARATIVE PRESENTATION OF THE REMUNERATION AND EARNINGS DEVELOPMENT

The following overview shows the remuneration trend of the members of the Management Board and the Supervisory Board as well as the employees in comparison to the company's earnings trend. The comparative presentation will be consistently supplemented with the subsequent remuneration reports until the statutory 5-year period is reached. It shows the remuneration for the remuneration of the Management Board and the Supervisory Board, which has already been presented in the tables. For the average remuneration of the employees, the remuneration of the METRO AG workforce (without Management Board) is used and the target remuneration at a specific reporting date is considered.

The presentation of the earnings trend uses the adjusted EBITDA presented in the consolidated financial statements, the net profit or loss of METRO AG according to the German Commercial Code (HGB) and the earnings per share.

Comparative presentation of the remuneration and earnings development

		Membership of the corporate body	2020/21 in €1,000	Changes compared to 2021/22 in %	**2021/22 in €1,000**
Current members of the Management Board	Dr Steffen Greubel	since 1/5/2021	1,280	140	**3,071**
	Christian Baier	since 11/11/2016	2,371	–6	**2,222**
	Rafael Gasset	since 1/4/2020	2,000	1	**2,015**
	Christiane Giesen	since 15/9/2022	-	-	**516**
	Claude Sarrailh	since 1/1/2022	-	-	**1,401**
Former members of the Management Board	Andrea Euenheim	1/11/2019–31/3/2022	1,649	–36	**1,058**
	Eric Poirier	1/4/2020–31/12/2021	2,058	116	**4,443**
	Olaf Koch	2/3/2017–31/12/2020	1,283	–100	**0**
	Heiko Hutmacher	2/3/2017–31/12/2019	251	–100	**0**

		Membership of the corporate body	2020/21 in €1,000	Changes compared to 2021/22 in %	**2021/22 in €1,000**
Current members of the Supervisory Board	Jürgen Steinemann	since 21/2/2017	240	17	**280**
	Xaver Schiller	since 21/2/2017	169	18	**199**
	Marco Arcelli	since 22/1/2020	120	0	**120**
	Stefanie Blaser	since 16/2/2018	120	0	**120**
	Friedhelm Bongard	since 1/2/2022	-	-	**59**
	Gwyn Burr	since 21/2/2017	120	−25	**90**
	Thomas Dommel	since 21/2/2017	125	−8	**115**
	Prof. Dr Edgar Ernst	since 21/2/2017	160	19	**190**
	Michael Heider	since 21/2/2017	126	0	**126**
	Udo Höfer	since 17/7/2020	80	0	**80**
	Dr Fredy Raas	since 21/2/2017	120	−19	**97**
	Roman Šilha	since 19/2/2021	80	50	**120**
	Eva-Lotta Sjöstedt	since 21/2/2017	80	0	**80**
	Dr Liliana Solomon	since 21/2/2017	80	0	**80**
	Marek Spurný	since 11/2/2022	-	-	**53**
	Stefan Tieben	since 19/2/2021	53	102	**107**
	Manuela Wetzko	since 17/7/2020	113	3	**116**
	Angelika Will	since 21/2/2017	80	0	**80**
	Manfred Wirsch	since 21/2/2017	86	0	**86**
	Silke Zimmer	since 21/2/2017	80	0	**80**
Former members of the Supervisory Board	Rosalinde Lax	17/7/2020–31/1/2022	86	−66	**29**
	Alexandra Soto	10/2/2017–11/2/2021	120	−73	**33**
Average METRO AG workforce			117	3	**120**
Adjusted group EBITDA in € million			1,171	19	**1,389**
METRO AG net profit or loss according to the German Commercial Code (HGB) in € million			−4	−7,250	**−294**
Earnings per share in €			−0.15	−513	**−0.92**

OUTLOOK

On 22 September 2022, the Supervisory Board resolved to revamp the remuneration system for the members of the Management Board, which was approved by the Annual General Meeting on 19 February 2021. The goal is to incentivise the long-term and sustainable implementation of the corporate strategy as directly as possible.

The changes concern the long-term incentive (LTI):

- the LTI plan type remains unchanged as a performance cash plan;
- the LTI performance parameters are (i) Business Transformation at 40%, (ii) Free Cash Flow at 40% and (iii) Sustainability (Environment/Social/Governance, ESG) at 20%.

This revamped remuneration system for the members of the Management Board will be submitted for approval to the next Annual General Meeting, which is scheduled to take place on 24 February 2023. In an effort to apply the effect of the new, improved incentive as soon as possible, the Supervisory Board is considering already granting the LTI tranche 2022/23 to the members of the Management Board based on this newly devised remuneration system. However, the Supervisory Board will only decide on granting this tranche and its specific structure based on the resolution of the Annual General Meeting 2023 to approve the revised remuneration system.

INDEPENDENT AUDITOR'S REPORT ON THE REMUNERATION REPORT

To METRO AG, Düsseldorf

Report on the audit of the remuneration report

We have audited the attached remuneration report of METRO AG, Düsseldorf, for the financial year from 1 October 2021 to 30 September 2022, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of METRO AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from 1 October 2021 to 30 September 2022, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services to METRO AG, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Düsseldorf, 7 December 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dr Hain
Wirtschaftsprüfer
[German Public Auditor]

Mehdi Zadegan
Wirtschaftsprüferin
[German Public Auditor]

COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

1 Overview of financial year 2021/22 and outlook

During financial year 2021/22, the METRO portfolio was changed by a few portfolio decisions. There were 3 strategic acquisitions (C & C Abholgroßmärkte Gesellschaft m.b.H. [AGM]: store-based and delivery business in Austria; Eijsink: point-of-sale solutions for the hospitality industry; Günther Group: company specialising in professional kitchens) and one sale (operational business in Belgium).

These had the following effects:

- AGM: the initial consolidation was carried out as of 2 May 2022; segment West
- Eijsink: the initial consolidation was carried out as of 31 March 2022; segment Others
- Günther Group: the initial consolidation was carried out as of 1 August 2022; segment Others
- Operational business Belgium: up to and including 31 May 2022 in segment West; €125 million transformation costs

Inflation in Turkey has increased significantly since the beginning of 2021. According to IAS 29, Turkey is therefore considered to be hyperinflationary for reporting periods ending on or after 30 June 2022. The first-time application of IAS 29 in Q3 2021/22 will have a particular impact on non-monetary balance sheet items as well as on the presentation of the income statement and cash flow statement including currency translation.

- **Further explanations on hyperinflationary accounting in Turkey can be found in the notes to the consolidated financial statements – Notes to the group accounting principles and methods.**

Earnings position

- Sales in local currency grew by 20.4%; reported sales increased by 20.1% to €29.8 billion.
- The adjusted EBITDA was €1,389 million (2020/21: €1,171 million). Transformation costs of €123 million (2020/21: €65 million) were incurred; earnings contributions from real estate transactions reached €137 million (2020/21: €60 million). The reported EBITDA reached €1,403 million (2020/21: €1,166 million).
- The profit or loss for the period was €−331 million (2020/21: €−45 million). The decrease resulted from currency-related negative effects in the financial result (mainly non-cash relevant from intra-group relationships), effects from the sale of the Belgian business (transformation costs, partly cash-relevant) and impairments. Without these impairments, the profit or loss for the period would have increased significantly.
- Earnings per Share (EPS): €−0.92 (2020/21: €−0.15); without the aforementioned impairments, EPS would have risen.

Financial and asset position

- The net debt was reduced to €3.3 billion (30/9/2021: €3.5 billion)
- Investments amounted to €0.9 billion (2020/21: €0.8 billion)
- Cash flow from operating activities reached €0.9 billion (2020/21: €1.2 billion)
- Total assets: €12.9 billion (30/9/2021: €12.8 billion)
- Equity: €2.4 billion (30/9/2021: €1.8 billion)
- Long-term rating: BBB– (Standard & Poor's)

Outlook

The outlook is based on the assumption of stable exchange rates and no further adjustments to the portfolio. In financial year 2021/22 some adjustments to the portfolio have been made: AGM (first consolidation as of 2 May 2022) and Eijsink (first consolidation as of 31 March 2022) are included in financial year 2021/22 and 2022/23 figures. Due to the sale of the Belgian business (deconsolidation as of 15 June 2022), figures are excluded from financial year 2021/22 and 2022/23 figures. The relevant opportunities and risks that influence the outlook are explained in the opportunities and risk report. The expectations for the further macroeconomic development are explained in the chapter on macroeconomic parameters.

Sales

The Management Board expects a total sales growth of 5% to 10% (2021/22: 21.4%[4]) for financial year 2022/23. We expect a measurable decrease of inflation compared to the previous year. Growth will be driven by strategic customers and all channels. The segments Germany, West and East are expected to grow within the guidance range while Russia will decrease against previous year level. Sales in the segment Others will grow significantly above the guidance range as METRO MARKETS and Hospitality Digital products will be rolled out further.

Result

The Management Board further expects adjusted EBITDA to decline by €75–225 million compared to financial year 2021/22 (2021/22: +€204 million to €1,394[4] million). The sales growth from sCore generally leads to EBITDA growth. In financial year 2022/23, however, this is countered by measurable cost inflation and impacts from the cyberattack, hence leading to the expected decline on group level. In the segment West, adjusted EBITDA will grow moderately. The segments Germany and East are expected roughly on previous year level and Russia will decrease strongly. The Segment Others will also decline strongly due to the expiration of post transaction effects (mainly China and Real) and further investments in digitalization.

4 Exchange rate-adjusted, without Japan and Myanmar, but with Aviludo and Pro a Pro Spain. Belgium up to and including May 2022. The portfolio-adjusted sales growth excluding Belgium for financial year 2021/22 as the basis for the outlook is 22.6% (absolute sales 2022: €29.3 billion), adjusted EBITDA: €1,391 million).

2 Principles of the group

2.1 Group business model

METRO is a leading international food wholesaler. The group is headed by METRO AG, which acts as the central management holding company. It handles group management tasks and bundles central management and administrative functions for METRO.

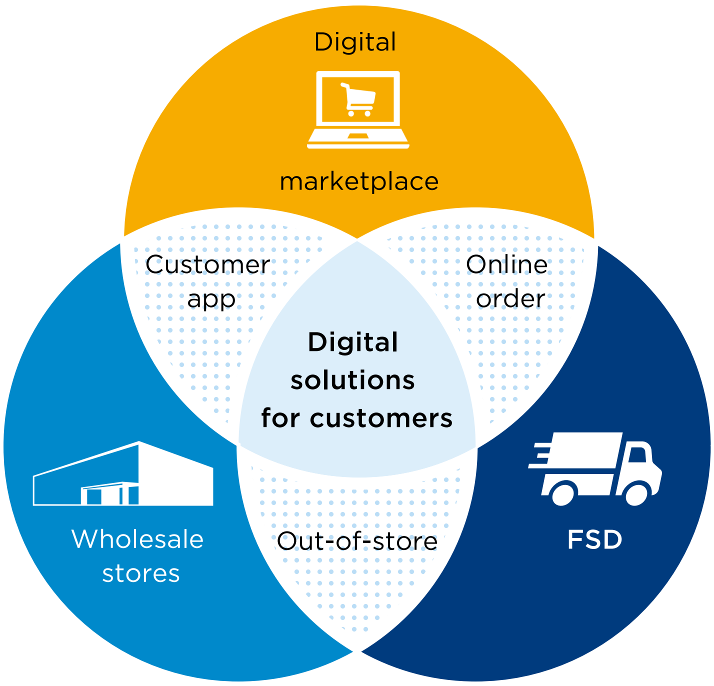
As an international wholesaler, METRO operates in 31 countries. The store network comprises a total of 661 stores in 22 countries, of which 567 offer out-of-store delivery (OOS), and 64 dedicated depots. In 9 countries, METRO runs only the delivery business (Food Service Distribution, FSD).

661

stores
in 22 countries

The central element of the strategy is the **multichannel approach**, which is reflected in the business model through dovetailing of the **bricks-and-mortar wholesale stores**, whose assortments are consistently aimed at professional customers, with the **delivery business** and **digital solutions**.

FSD includes the METRO delivery service as well as the delivery specialists Classic Fine Foods, Pro à Pro, Rungis Express, Aviludo and Pro a Pro Spain[5]. In the digital business sector, METRO MARKETS plays a particularly special role with its B2B online marketplace for professional equipment for HoReCa customers. On top of it, all channels are networked through digital solutions from the METRO DIGITAL business unit. Hospitality Digital (HD) also offers innovative digital solutions for the hospitality industry under the DISH brand.



5 On 25 February 2022, Davigel Spain was renamed Pro a Pro Spain.

Overview of METRO

METRO

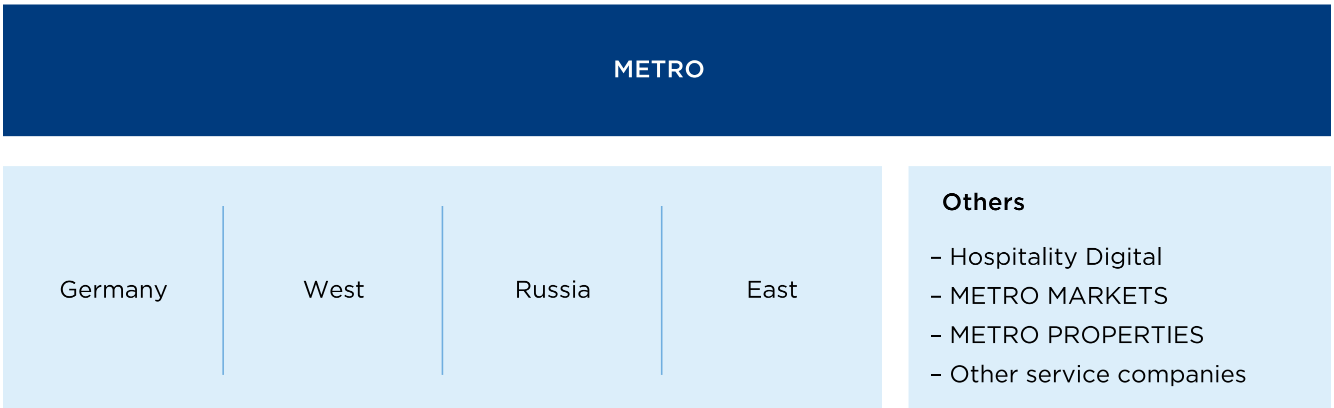
As a multichannel operator, **METRO** combines a wide network of modern wholesale stores with a wide-ranging delivery service (Food Service Distribution, FSD). The company also offers additional digital services for wholesale customers.

HoReCa and Traders are core customer groups of METRO. The HoReCa section includes hotels, restaurants, catering companies as well as bars, cafés and canteen operators. The Traders section includes small grocery stores and kiosks.

The majority of all customer groups are small and medium-sized enterprises as well as sole traders. METRO helps them manage their business challenges more effectively. Under the brands **METRO** and **MAKRO**, the company operates the segments Germany, West, Russia and East.[6] In the area of Food Service Distribution (FSD), METRO maintains a strong presence with its METRO delivery service and the delivery companies. With the acquisition of AGM, METRO is strengthening the store-based wholesale network and the delivery business in Austria.

Others

The segment **Others** mainly includes the **Hospitality Digital, METRO MARKETS** and **METRO PROPERTIES** business units. Hospitality Digital pools the group's digitalisation efforts for customers from the hospitality sector. It includes the development of customised digital solutions for HoReCa customers, which included the acquisition of Eijsink, a well-established provider of POS solutions for the hospitality industry. METRO MARKETS is further expanding its digital portfolio for independent restaurateurs with its new B2B online marketplace. Through this distribution channel, METRO offers non-food articles from its own product range as well as products from third parties. METRO PROPERTIES develops, operates and markets an international real estate portfolio. This segment also includes companies providing services in logistics, IT, advertising and procurement.



6 As of financial year 2021/22, the segment Asia will be reported together with the previous segment Eastern Europe as the segment East.

Store network by country and segment

as of the closing date of 30/9/2022

	METRO				
	Store-based business		FSD (Food Service Distribution)		METRO MARKETS
	Stores	Out-of-Store (OOS)[1]	Depots[2]	Delivery companies	Countries
Germany	**102**	**(69)**	**7**	**Rungis Express, METRO MARKETS**	1
France	99	(99)	17	CFF, Pro à Pro	
Italy	49	(49)	2	METRO MARKETS	1
Netherlands	17	(8)	0		
Austria	21	(12)	0	Rungis Express	
Portugal	10	(8)	7	Aviludo	
Spain	37	(32)	3	METRO MARKETS, Pro a Pro Spain	1
West	**233**	**208**	**29**		
Russia	**93**	**(86)**	**0**		
Bulgaria	11	(9)	1		
Kazakhstan	6	(6)	6		
Croatia	10	(7)	0		
Moldova	3	(1)	0		
Poland	29	(25)	2		
Romania	30	(26)	0		
Serbia	9	(9)	0		
Slovakia	6	(6)	0		
Czech Republic	13	(13)	0		
Turkey	34	(27)	1		
Ukraine	28	(23)	0		
Hungary	13	(11)	0		
India	31	(31)	0		
Pakistan	10	(10)	2		
East	**233**	**204**	**28**[2]		
Total	**661**	**(567)**	**64**		

[1] OOS refers to the existing METRO store network and includes METRO stores that supply from the store as well as stores that operate their own depot in the store.

[2] The 16 CFF depots are included in the total number of depots.

	METRO				
	Store-based business	FSD (Food Service Distribution)			METRO MARKETS
	Stores	Out-of-Store (OOS)[1]	Depots[2]	Delivery companies	Countries
Other countries, Classic Fine Foods (CFF)			China, Indonesia, Japan, Malaysia, Singapore, United Arab Emirates, United Kingdom, Vietnam		
Other countries, Rungis Express			Switzerland		

1 OOS refers to the existing METRO store network and includes METRO stores that supply from the store as well as stores that operate their own depot in the store.

2 The 16 CFF depots are included in the total number of depots.

2.2 Management system

METRO is a customer-oriented wholesaler with multichannel business operations. With the implementation of the sCore strategy, our wholesale stores will be streamlined towards sustainable growth. Furthermore, the delivery business will be substantially expanded, and the online marketplace will be further rolled out in the country portfolio. Our primary objective here is to increase the company value sustainably. This principle is also reflected in our internal management system. METRO uses the key figures described in the following for the planning, management and control of our business activities. Selected key performance indicators of our management system (sales growth, EBITDA and Return on Capital Employed) form the basis for the Management Board’s variable remuneration component.

The focus of the group’s operational management is on the value drivers that have a direct impact on the company’s medium- and long-term targets and are directly related to the sCore strategy.

The most important key performance indicators for METRO are the exchange rate-adjusted sales growth and the adjusted EBITDA. Our management system also makes use of other significant performance indicators, which are explained in the following.

Management system

Total sales	Growth	Company value
(Adjusted) EBITDA Profit or loss for the period Earnings per share	Operational earnings power	
Investments Net working capital Net debt Free cash flow Return on Capital Employed	Capital deployment	

Key performance indicators describing the earnings position

The first of our most important key performance indicators for our operational business is the **exchange rate-adjusted total sales growth**, which is also viewed as a key figure adjusted for portfolio changes. The focus here is on the control function of the portfolio. The key figure reflects a change in sales adjusted for significant divestments. Significant acquisitions within the financial year are only included in the key figure in the following year. Generally speaking, the outlook is also based on a consistent portfolio.

The second of our most important key performance indicators is the **EBITDA excluding earnings contributions from real estate transactions and transformation costs.** The adjusted EBITDA reflects the operating efficiency of METRO in a transparent format. Irrespective of it, the development of real estate assets and the proceeds from divestments remain core components of the group's real estate strategy. Transformation costs generally do not include regularly recurring expenses from strategic portfolio adjustments. Furthermore, transformation costs in previous years included income effects from efficiency measures tied to the focus on the wholesale business. Due to the progress achieved in the transformation, expenses from efficiency measures are no longer reported as a component of transformation costs since financial year 2021/22. Instead, they are recognised directly under adjusted EBITDA.

Other important key performance indicators of METRO are the **profit or loss for the period** and the **earnings per share**. These key performance indicators ensure that the tax and net financial result as well as impairment losses are given consideration in addition to the operational result. Thereby, they allow for a holistic assessment of METRO's earnings position from the perspective of the shareholders.

- **For more information about these key performance indicators, see chapter 3 economic report – 3.2 asset, financial and earnings position – earnings position.**

Key performance indicators describing the financial and asset position

The management of METRO's financial and asset position aims at sustainably assuring liquidity and arranging cost-effective sources for the financing requirements of our subsidiaries.

- **For more information about the financial and asset position, see chapter 3 economic report – 3.2 asset, financial and earnings position – financial and asset position.**

The key performance indicators used in this area also include the **investments,** which are planned, reported and audited both in aggregate for the group and separately for the segments. Investments are defined as additions to non-current assets (excluding financial instruments and deferred tax assets).

Another focal point in the area of the financial and asset position are regular analyses of the **net working capital,** which are carried out for the purpose of managing the operational business and capital deployment. Developments in net working capital over time result from changes in stock inventories, trade receivables and trade liabilities. Receivables from suppliers are reported within Other financial and other non-financial assets.

The **net debt** and **free cash flow** are also used as key performance indicators to manage METRO's liquidity and capital structure. The net debt results from the balance of financial liabilities (including liabilities from leases), cash or cash equivalents and short-term financial investments. Free cash flow represents the unrestricted funds generated throughout the financial year, which are primarily available for redemption of borrowings, distribution of dividends or for M&A activities. Free cash flow is calculated from cash flow from operating activities based on continuing operations plus divestments less investments (excluding financial investments), lease payments as well as net interest paid and other borrowing costs. The free cash flow defined in this manner can be derived directly from the cash flow statement. Furthermore, a simplified cash flow definition, focusing on the main cash flow components, is used for internal control purposes. The simplified free cash flow is calculated as adjusted EBITDA less lease payments and cash investments (excluding mergers and acquisitions) +/− changes in net working capital.

VALUE-ORIENTED KEY PERFORMANCE INDICATORS

The key performance indicator **Return on Capital Employed (RoCE)** is still used to assess the operational business. This key figure measures the Return on Capital Employed (RoCE = EBIT/average capital employed) in a certain period under review and allows for an assessment of the performance of the group's individual segments.

The resulting RoCE is benchmarked against the respective segment-specific cost of capital before taxes. It represents a minimum yield on the employed capital at market rates and is based on capital market models.

METRO also frequently uses value-oriented key performance indicators to assess both prospective and past investments. Accordingly, METRO uses the discounted cash flow method, the key figure economic value added (EVA) and other liquidity-oriented key performance indicators such as the amortisation period to form its investment-related decisions.

Key performance indicators for implementation of the strategy

In connection with sCore, METRO has implemented a key figure system that is used to continuously measure and review the implementation status of the key strategic elements. At the top of the key figure system are 7 main key figures, which are supplemented or operationalised at subsequent levels with other specific key figures. The key figures include the strategic customer sales share, the sales share of regularly returning customers, the share of delivery sales in total sales, the digital sales share, the own-brand sales share, the availability of goods and the Net Promoter Score of the strategic customers.

- **The specific definitions of the individual key figures are listed in the glossary of the annual report. The development of the key figures is presented in the chapter 'Earnings position'.**

2.3 Combined non-financial statement of METRO AG

With this chapter, METRO AG fulfils its duty to produce a non-financial statement (NFS) for the holding company, pursuant to §§ 289b to 289e of the German Commercial Code (HGB), and a non-financial group statement, pursuant to §§ 315b to 315c in conjunction with §§ 289c to 289e of the German Commercial Code (HGB), in the form of a combined non-financial statement. As a separate chapter, this declaration constitutes a part of the combined management report. Unless stated otherwise, the concepts described here apply to the entire group as well as the holding company.[7]

The NFS was produced in consideration of the GRI standards for corporate responsibility reporting and the UN Global Compact. The contents are not subject to statutory audits of the annual and consolidated financial statements, but are part of a limited assurance business audit according to ISAE 3000 by KPMG AG Wirtschaftsprüfungsgesellschaft.

- **The Limited Assurance Report can be found at the end of the report after the independent auditor's report.**

BUSINESS MODEL

- **For more information about METRO's business model, see chapter 2 principles of the group – 2.1 group business model.**

[7] Due to the acquisition of C & C Abholgroßmärkte Gesellschaft m.b.H. (AGM) by METRO AG, AGM will be included in the non-financial reporting for the first time in the current reporting period. The integration process (consolidation of concepts and applied due diligence processes) starting in financial year 2021/22 is expected to be completed in the next financial year.

METRO SUSTAINABLE

The framework for our actions and at the same time the driver for all our activities aimed at increasing sustainability for our customers is our sustainability approach METRO SUSTAINABLE. METRO's core objective is to drive the transformation towards responsible and sustainable business practices – within our own business operations, but above all in our collaboration with our suppliers and customers. By reconciling our business imperative and goals with the needs of nature as well as current and future generations, we can remain successful in the long term and overcome the conventional limits of growth for us, our stakeholders and society as a whole.

In financial year 2020/21, we already conducted a materiality analysis in accordance with the requirements of the German Commercial Code (HGB) and verified our sustainability approach. The result was reconfirmed this financial year by the members of the Sustainability Committee to ensure that current developments and regulatory requirements continue to be adequately reflected. The aspects and issues identified in the analysis are the content of this NFS and comply with the requirements of the HGB for the reporting of non-financial content.

Embedded in our corporate strategy, with METRO SUSTAINABLE we are pursuing our operational sustainability strategy. The goal is to address the issues that are most material to us to ensure that our sustainability activities cover the aspects and concerns that have the greatest impact on our business and that we can leverage through our business activities – together with our partners and customers. With regards to our customers, we have been transferring this strategy to our concept 'My sustainable restaurant' since financial year 2019/20 in order to promote sustainable hospitality as a partner of independent businesses and make it tangible and realisable. With our focus on the food sector, our strategy sets out 3 sustainability priorities. Climate and carbon, ethicals and trust, equity, inclusion and well-being:

1. Climate and carbon: We reduce emissions and waste in our own business operations and contribute to a low carbon food system, for example by offering regional, seasonal or plant-based products as well as raw materials that are not associated with deforestation.
2. Ethics and trust: We want to be a trustworthy partner for our own employees, suppliers and customers. Therefore, we hold safe and fair working conditions in our own business operations in high regard and promote supply chains in which business is conducted in an ethically appropriate and transparent manner. A key element here is the consideration of human rights and potential impact on the environment.
3. Equity, inclusion and well-being: In line with the inclusive 'ONE METRO' culture and based on the understanding that our employees are essential to our business, the focus is on creating a safe, equal and inclusive work environment and promoting the health and well-being of employees.

Our engagement with sustainability-related issues within these fields is complemented by the discourse with internal and external stakeholders such as employees, customers, suppliers and business partners, local communities, NGOs, political representatives, investors, competitors and committees. Examples include the collaboration with industry partners and NGOs in the Consumer Goods Forum as well as the political dialogue within the setting of the work of the Public Policy Team in Düsseldorf, Berlin and Brussels. Currently, the ongoing Covid-19 pandemic and the war in Ukraine are creating challenges that are related to the issues above and have become more prominent. In particular, aspects such as the protection of the health and physical integrity of customers, employees and suppliers as well as functioning supply chains have become more important.

- **For more information go to Employee interests – Occupational safety in times of Covid-19 as well as Social matters – Global labour and social standards in the supply chain.**

Actively managing sustainability

In line with METRO AG's strategy, sustainability is systematically and organisationally embedded in the core business. Sustainability management takes into account interdependencies between economic, environmental and social aspects in an efficient, solution-oriented manner. The Management Board of METRO AG is involved in the topics presented here and is regularly updated about their progress by the Sustainability Committee. Moreover, the remuneration of the Management Board for 2021/22 has been linked to the achievement of certain sustainability targets, including the reduction of CO_2 emissions and food waste. In the past, the long-term remuneration of senior management (below the Management Board) was linked to the rating of METRO's sustainability performance in the Dow Jones Sustainability Index (DJSI) rating. For financial year 2022/23, the Supervisory Board has decided to adjust the remuneration system of the Management Board, which will be presented to the Annual General Meeting 2023. In this context, sustainability targets are supposed to be included in the long-term remuneration of the Management Board. The Management Board intends to also apply this revised system for the new tranches of the long-term remuneration for the senior management. As the highest sustainability body in the company, the Sustainability Committee provides the strategic framework and group-wide goals and facilitates the exchange of information on sustainability issues at the highest management level – sometimes also with external input from guest speakers. To adequately respond to the specific market and customer requirements, the METRO companies manage the operational implementation of overarching sustainable development goals within this framework. They are responsible for working on the relevant sustainability issues, for defining and implementing specific targets and measures and for monitoring their success. The committee is chaired by 2 representatives from the top management, who are regularly rotated. Other members of the committee are:

- People in charge of corporate responsibility at METRO AG
- Representatives of the core functions procurement, quality assurance, communication as well as energy management/real estate sustainability
- Representatives of the METRO national subsidiaries

Sustainability management is closely linked to our opportunity and risk management through formalised reporting and assessment of sustainability-related opportunities and risks. This enables the Management Board to systematically identify, evaluate and control deviations from the sustainability goals and the associated opportunities and risks.

An analysis of potentially reportable risks in connection with the non-financial aspects was carried out. After applying the net method and considering the risk mitigation measures, it did not reveal any material risks as defined in § 289c Section 3 sentence 1 nos. 3 and 4 of the German Commercial Code (HGB) with a likely or definitely serious negative impact on the aforementioned aspects. For more detailed descriptions of this system, we refer to the section on environmental and social risks in chapter 5 – Opportunities and risk report.

Our stakeholders evaluate all sustainability measures implemented, for example through ratings. These assessments by independent third parties show us progress and potential for improvement in our actions and are thus an important motivation and management tool for us.

Institutional Shareholder Services – Environmental, Social, Governance (ISS ESG) already awarded the prime status C+ (on a scale from D- to A+) to METRO in April 2020 to recognise them as a leader in the industry sector. The next assessment is expected in 2023. In financial year 2020/21, we were once again listed in the Food & Staples Retailing group in the internationally important Dow Jones Sustainability Index (DJSI) World and Europe. In 2022, METRO was also once again listed in the FTSE4Good Index. New annual results at the Carbon Disclosure Project (CDP) were last published in December 2021[8]. METRO scored an A- (F to A scale) in CDP climate protection after an A rating in 2020. In addition, METRO was also assessed by CDP in the Water Protection and Forests categories. In the Water Security category, METRO was able to maintain its B rating. The rating was also maintained in 3 out of 4 assessed categories involving forests: C in cattle, B in palm oil and B- in soya. In the Paper category, METRO was rated B after a B- rating in the previous year. Morgan Stanley Capital International Inc. (MSCI) gave METRO an AA rating (scale CCC to AAA). Morningstar Sustainalytics ranks METRO's risk as low in the risk assessment with a value of 17.6 (scale 0 to 40+), which puts the company in 26th place out of 194 companies within the analysed sector. METRO has been listed as a member of the Bloomberg Gender Equality Index (GEI) since 2022.

Assessment of relevant sustainability indexes and rankings

Index/ranking	Rating/points	Scale	Publication date
DJSI World/Europe	77 index member	0 to 100	November 2021
ISS ESG	C+ prime status	D- to A+	April 2020
CDP climate protection	A	F to A	December 2021
CDP water protection	B	F to A	December 2021
CDP forests	B palm oil B- soya B- paper C cattle	F to A	December 2021
FTSE4Good Global/ Europe Index	Index member	./.	June 2022
MSCI	AA	CCC to AAA	August 2021
Sustainalytics	Low risk (17.6) 26 of 194 in the food retailer industry	0 to 40+	May 2022
Bloomberg GEI	Index member	./.	January 2022

8 The CDP results for 2022 are only available after the assurance date of this annual report.

EU Taxonomy

Sustainable business is an important element in achieving the climate and energy goals of the European Union (EU). So far, there has not been a common classification system to identify sustainable economic activities in order for the EU to target investments in companies that operate sustainably. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, also known as the EU Taxonomy, constitutes such a framework. It defines which economic activities are considered environmentally sustainable.

As a starting point, the economic activities of certain sectors that account for a large share of the CO_2 emissions were categorised in terms of their level of environmental sustainability.

Companies issuing a non-financial statement must report on the extent to which their economic activities are environmentally sustainable, which means that they must explain how they contribute significantly to the environmental objectives set out in the EU taxonomy. They must also show that they do not significantly harm other environmental objectives, meet requirements for minimum protection and fulfil the technical assessment criteria set out in specific delegated acts.

The EU taxonomy includes the following 6 environmental objectives:

1. climate change mitigation,
2. climate change adaptation,
3. sustainable use and protection of water and marine resources,
4. transition to a circular economy,
5. pollution prevention and control,
6. protection and restoration of biodiversity and ecosystems.

Currently, only the assessment criteria of the 2 objectives ‘climate change mitigation’ and ‘climate change adaptation’ are specified by the Delegated Regulation (EU) 2021/2139 dated 4 June 2021 supplementing Regulation (EU) 2020/852 Annex I and Annex II of the Delegated Act on the Climate Targets of the EU Taxonomy (in short: Annex I and Annex II of the Delegated Act on the Climate Targets of the EU Taxonomy). They define technical screening criteria that help identify economic activities for specific sectors that have the greatest impact on greenhouse gas emissions. Economic activities for which assessment criteria have been defined in delegated acts are per se eligible for taxonomy. The economic activities are only taxonomy-aligned when the aforementioned requirements for environmentally sustainable economic activities are also fulfilled.

METRO TAXONOMY REPORTING

In general terms, METRO’s activities within the sustainability priority Climate + carbon contribute to the achievement of the EU climate and energy targets at European as well as global level. METRO’s climate protection target particularly addresses both climate change mitigation and adaptation.

- **Further information can be found in the section on environmental concerns**

This financial year, METRO is reporting for the first time based on the requirements of Article 8 (1) and (2) of the EU Taxonomy and Article 10 (1) of the Delegated Regulation (EU) 2021/2178 dated 6 July 2021 supplementing Regulation (EU) 2020/852

('Delegated Act to Article 8 on the content and presentation of information to be disclosed'). Accordingly, METRO, as a non-financial company, is required to disclose the share of taxonomy-eligible and taxonomy-non-eligible economic activities in turnover, capital expenditure (CapEx) and operating expenditure (OpEx) by applying the relief provision in financial year 2021/22. Reporting of taxonomy-aligned figures will start in financial year 2022/23. The determination of this year's values is based on the figures reported in the consolidated financial statements, which means that the same accounting and measurement methods are applied here.

Turnover

The share of taxonomy-eligible net turnover is determined as follows: Net turnover from products or services related to taxonomy-eligible economic activities divided by total net turnover. Total net turnover for financial year 2021/22 forms the denominator of the turnover ratio and can be derived from the consolidated income statement. Allocation of the respective turnover to the taxonomy-eligible economic activities was examined through a detailed analysis of the items included in the turnover. The sum of the identified turnover revenues of the taxonomy-eligible economic activities for financial year 2021/22 forms the numerator.

Based on the content of the EU taxonomy at this point in time, the economic activities related to METRO's core business (wholesale of food and non-food products) do not fall under the specific criteria of Annex I and Annex II of the Delegated Act on the Climate Targets of the EU taxonomy. Accordingly, the turnover is taxonomy-non-eligible. Correspondingly, the ratio of the sales from taxonomy-eligible economic activities of a financial year to the turnover of that financial year is zero.

Capital expenditure and operating expenditure

The share of capital or operating expenditure on assets or processes associated with economic activities that are classified as taxonomy-eligible is determined as follows:

KPI Capital Expenditure = Share of total capital expenditure that is taxonomy-eligible divided by total capital expenditure according to the EU Taxonomy Regulation.

KPI Operating Expenditure = Share of total operating expenditure that is taxonomy-eligible divided by total operating expenditure according to the EU Taxonomy Regulation.

Capital expenditure is based on the additions to tangible and intangible assets during the relevant financial year before depreciation, amortisation and any re-measurements; this also includes additions resulting from revaluation and impairments for the relevant financial year and excludes fair value changes. The denominator must also include additions to tangible and intangible assets resulting from business combinations (application of IFRS [IAS 16, 38, 40, IFRS 16]). Allocation of the respective investment expenses to the taxonomy-eligible economic activities was examined through a detailed analysis of the items included in the capital expenditures. The sum of the identified capital expenditures of the taxonomy-eligible economic activities for financial year 2021/22 forms the numerator of the key figure.

The basis for operating expenses includes direct, non-capitalised costs related to research and development, building renovation measures, short-term leasing, maintenance and repair. It also includes any other direct expenses related to the day-to-day servicing of property, plant and equipment assets by the company or third parties to whom activities are outsourced that are necessary to ensure the continued and effective functioning of those assets. Allocation of the respective operating expenditures to the taxonomy-eligible economic activities was examined through an analysis of the items included in the operating expenditures.

The taxonomy distinguishes between 3 different types of taxonomy-eligible capital and operating expenditures (numerator) respectively. The numerator corresponds to the part of the capital expenditures or operating expenditures included in the denominator that

- relates to assets or processes associated with taxonomy-eligible economic activities, meaning that they fall within the scope of the EU taxonomy and the corresponding delegated acts,
- is part of a plan to expand taxonomy-aligned economic activities or enables the transformation of taxonomy-eligible economic activities into taxonomy-aligned economic activities within a predefined period, or
- relates to the purchase of output from taxonomy-eligible economic activities or individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions and provided that these measures are implemented and operational within 18 months.

As explained in relation to turnover, METRO’s core business and all related economic activities currently fall outside the scope of the EU Taxonomy with regard to the first 2 environmental targets. Accordingly, it is not possible to invest in assets or processes to expand taxonomy-aligned economic activities or to enable taxonomy-eligible economic activities within the core business. Therefore, no assets or processes could be identified that fall under the first 2 categories of taxonomy-eligible capital expenditures.

We have identified the following activities as taxonomy-eligible economic activities and thus as environmentally sustainable:

- Manufacturing
  - 3.6 Manufacture of other low carbon technologies[9]
- Energy
  - 4.25 Production of heat/cool using waste heat
- Water supply, sewerage, waste management and remediation
  - 5.5 Collection and transport of non-hazardous waste in source segregated fractions

9 For the ‘CapEx’ KPI, the purchase of output from taxonomy-eligible economic activities was added to this category of economic activities. We thus follow the interpretation that not only the manufacture of other low-carbon technologies can be counted as taxonomy-eligible at this point, but also the acquisition of such low carbon technologies.

- Transport
  - 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
  - 6.6 Freight transport services by road
- Construction and real estate activities
  - 7.2 Renovation of existing buildings
  - 7.3 Installation, maintenance and repair of energy efficiency equipment
  - 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
  - 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
  - 7.6 Installation, maintenance and repair of renewable energy technologies
  - 7.7 Acquisition and ownership of buildings

Currently, 51% of METRO’s capital expenditure is associated with taxonomy-eligible economic activities.

Taxonomy-eligible share of METRO’s total operating expenditures: Currently, METRO’s total operating expenses according to the EU taxonomy definition amount to €250 million. With respect to METRO’s total operating expenditure, only a small share of the expenditure can be attributed to the EU taxonomy operating expenditure KPI. The main parts of the expenses included in the operating expenditure denominator, such as building maintenance and other maintenance expenses, are not related to METRO’s core business activities. Therefore, we do not consider the operating expenses according to EU Taxonomy to be material to METRO’s business model. Hence, we make use of the exemption clause in Annex I of the Delegated Regulation (EU) 2021/2178 dated 6 July 2021 supplementing Regulation (EU) 2020/852 by reporting the numerator of the KPI ‘Operating Expenses’ as zero.

Taxonomy-eligible and taxonomy-non-eligible shares of turnover, capital expenditures as well as operating expenditures[1]

	Proportion of taxonomy-eligible economic activities in %	Proportion of taxonomy-non-eligible economic activities in %
Total turnover	0	100
Capital expenditures (CapEx)[2]	51	49
Operating expenditures (OpEx)[3]	-	-

[1] No economic activities according to EU Taxonomy that make a significant contribution to the environmental goal of ‘climate change adaptation’ were identified at METRO in financial year 2021/22. Thus, double counting taxonomy-eligible activities within the 2 environmental objectives is excluded.

[2] Thereof, 22% are taxonomy-eligible enabling activities and 16% are taxonomy-eligible transitional activities.

[3] With regard to the operating expenditures, METRO makes use of the exemption clause in Annex I of the Delegated Regulation (EU) dated 6/7/2021 supplementing Regulation (EU) 2020/852 and does not report a key figure for operating expenses.

Environmental matters

Our approach is to significantly reduce the climate-relevant emissions caused by our business operations and resulting from our supply chain as well as to decrease our consumption of natural resources[10]. We do this by focusing on behavioural change (Energy Awareness Programme) and investment aimed at increasing our energy and resource efficiency (Energy Saving Programme). We also operate a global energy management system that identifies potential savings in our stores and monitors our overall savings targets.

In financial year 2021/22, electricity consumption in our METRO stores increased by 0.1% in comparison to financial year 2020/21. Overall, however, it was lower than the 0.4% increase in consumption expected in view of Covid-19 and the sCore growth strategy. Furthermore, we are also converting our cooling systems to natural refrigerants (F-Gas Exit Programme), insofar as it is possible. This reduces our energy requirements as well as our costs. In total, we invested €61.1 million in the so-called F-Gas Exit Programme. In financial year 2021/22, we also invested €15.4 million in the METRO Energy Saving Programme. This will save us approximately €5.4 million in energy costs annually.

Examples of measures in the overall area of environmental matters in the reporting period are:

- New refrigeration systems using natural refrigerants, primarily transcritical ejector refrigeration plants, were commissioned in 19 countries, including in Germany, Hungary, Kazakhstan, Poland and Portugal.
- In Bulgaria, we also spent 2.1 million euros on the installation of LED and sliding door systems at 11 stores.
- 14 additional photovoltaic plants were installed in France, India, Hungary, the Netherlands and Spain with a total additional capacity of 6,397 kWp.
- Additional charging stations for electric vehicles of METRO customers were installed at wholesale stores in France, Slovakia and Spain, among others, as well as at the Lahore wholesale store in Pakistan and in Bangalore, India. In Moldova, Poland, Portugal, Slovakia and Hungary, all METRO wholesale stores are now equipped with charging stations. We now have a total of 812 charging locations. At the Düsseldorf Campus, more than 347 employees already use electric vehicles as company cars, whose emissions are offset by certificates for hydroelectric power plants. In total, 748 company cars are powered by electricity or hydrogen, which is about 10% of our total vehicle fleet.
- Our logistics fleet has 12 trucks fuelled with liquefied natural gas. The EV fleet has not been expanded. Thus, a total of 25 commercial vehicles are either electric or powered by liquefied natural gas (LNG/CNG).

METRO uses an internal CO_2 price of €50 per tonne of CO_2, mainly to approve energy-efficient projects with lower financial savings. METRO is a member of the Task Force on Carbon Pricing in Europe, which aims to put a price on all relevant carbon emissions and thus achieve market- and competition-based decarbonisation. In addition, we carried out a climate change scenario analysis based on the Task Force on Climate-related Financial Disclosures (TCFD) method for the local and international supply chain of vegetables in the 2020/21 reporting period.

10 Due to the business alignment, the aspects of food waste and resource-efficient business operations are only material in relation to the operating units of the METRO group, but not for the holding company METRO AG.

This is METRO's response to risks identified in initial scenario analyses – as recommended by TCFD – in our business operations as well as in our supply chain:

- Physical risks resulting from extreme weather events and water stress (scarcity or flooding)
- Risks of business interruptions due to extreme weather events and risks caused by declining economic power
- Transition risks such as rising prices for CO_2 emissions (with short-term impact on costs and product prices)
- Risks of resource scarcity and associated price increases (for example, for agricultural products in the next 5 to 10 years)
- Risks caused by investments in new technologies (carbon-neutral cooling units planned worldwide until 2030) and investments in the generation of renewable energies (extensive installation of solar systems planned until 2030)

We incorporate these risks in our medium-term risk management and assess risks for sales and costs, particularly those based on rising prices and decreasing availability of resources, taking social concerns into account. No reportable risks as defined in § 289c Section 3 Sentence 1 Nos. 3 and 4 of the German Commercial Code (HGB) were identified.

Other key topics in relation to resource-efficient business operations are the prevention of waste, the recovery and recycling of waste materials and the reduction of water consumption.

Compared to the previous year, the volume of waste (excluding food waste) increased by 9.1%. Water consumption decreased by 3.1% compared to the previous year.

Overall, we have already met our target of saving 5% water compared to 2016/17. Therefore, METRO set a new water savings target in financial year 2021/22: By 2030, specific water consumption in its own business operations is expected to be reduced by 10% per square metre of net operating area compared to the base year 2020/21.

REDUCTION OF FOOD WASTE

In line with the Consumer Goods Forum (CGF) resolution on food waste, we are committed to reducing food waste in our operations (per square metre of sales and delivery area) by 50% by 2025 compared to the baseline year 2017/18. We measure, monitor and report progress in line with the requirements of the Food Loss and Waste (FLW) protocol.

We are tackling food waste comprehensively, with a 5-pillar strategy from farm to table: (1) Dedication to the upstream supply chain, (2) food waste reporting, (3) food waste solutions, (4) partner and customer engagement, and (5) stakeholder engagement.

Key initiatives are helping us achieve our goal:

- In 21 countries and service units, we work with food bank organisations to pass on unsold food to those in need. In 3 countries, we are working with TooGoodToGo to accomplish this goal. In financial year 2021/22, the dedicated collaboration has 'saved' more than 121,000 meals, which corresponds to a reduction of 303 tonnes of CO_2. Moreover, we are promoting the TGTG platform in 2 countries as a solution to help our customers save food in their operations.
- METRO is a member of the World Resources Institute's (WRI) '10x20x30' initiative, which calls on the world's 10 largest grocery store chains to commit at least 20 of their suppliers to cutting their food waste in half by 2030, as outlined by United Nations Sustainable Development Goal 12.3. Through its operating national subsidiary METRO Turkey, METRO AG already integrated more than 30 suppliers and is in the process of engaging more.
- We work with various technical solutions to reduce food waste, depending on availability and demand. In Turkey, we use Whole Surplus to analyse food waste hotspots and disposal routes. In Poland, we are running a 'Wasteless' pilot project using artificial intelligence (AI) powered technology to adjust prices for perishable goods and thus reduce food waste in our stores.

CLIMATE PROTECTION TARGET 2040

In 2021, we already tightened our existing climate target: By 2040, we want to make our global business operations carbon neutral, mainly through our own initiatives. In financial year 2021/22, we have extended our climate protection target for 2040 to include emissions from our own logistics (transport and FSD).[11] We also want to completely avoid and neutralise these emissions by 2040. With the 36.6% savings we have achieved so far compared to the baseline year 2011,[12] we are on the right track. From October 2021 to September 2022, METRO generated 242 kg of CO_2-equivalents per square metre of selling and delivery space. This compares to 241 kg in the same period last year.

In order to set an example for climate protection at the METRO Campus Düsseldorf and to make our contribution to the climate neutrality of the city of Düsseldorf, we signed the climate protection agreement 'Düsseldorfer Klimapakt mit der Wirtschaft' (Düsseldorf Climate Pact with Business) in financial year 2021/22, making us an official climate partner of the state capital Düsseldorf.

In 2019, METRO expanded the climate target to the supply chain and as the first German wholesale company set a recognised science-based target for itself. In it, METRO AG undertakes to reduce its Scope 1 and Scope 2 CO_2 emissions by 60% per square metre of selling and delivery space by 2030 compared to 2011. A reduction of 33.5% has been achieved in this area since 2011. Furthermore, METRO AG is committed to reducing absolute Scope 3 CO_2 emissions (supply chain) by 15% by 2030 compared to 2018. Our goals for Scope 1 and Scope 2 are thus in line with the reductions required to keep global warming well below 2 °C by 2100 compared to pre-industrial levels.

11 Due to this expansion, the methodology for determining the CO_2 equivalents per square metre of sales and delivery space was adjusted. The key figures for the baseline year and previous year's figures were also corrected accordingly.

12 The determination of Scope 3 CO_2 emissions is based on recognised extrapolation methods, which makes it possible to approximately determine the emissions occurring within the supply chain.

Employee interests

SUSTAINABLE HUMAN RESOURCES (HR) STRATEGY

Through our corporate strategy sCore, which is completely focused on the transformation of our wholesale business towards 'multichannel' and became operational in May 2022 through the strategic plans of the METRO countries, the goals for our future are clear. However, the transformation towards a multichannel growth strategy can only succeed with the dedicated contribution of the employees, as they are the ones who implement our strategy in all areas. Increasing the number of sales representatives in our national subsidiaries is therefore an essential part of the human resources strategy within sCore. Furthermore, it is important to us to invest in the skills and abilities of our employees and to maintain an inclusive, attractive, open-minded, inspiring work environment that is focused on performance and success.

Our underlying holistic HR approach with customised initiatives and programmes spans the entire employee experience life cycle – from recruitment across various career and life stages to retirement models. At the same time, it creates a consistent and METRO specific employee experience with global standards.

The involvement of the Management Board or the management of the various national subsidiaries and service companies often already takes place during the development phase of the HR concepts. This way, we ensure a balance between adaptation to specific country circumstances and standardisation across the group.

We communicated our guiding principles in the past financial year with a focus on wholesale, so that they provide our employees with ongoing guidance for their conduct and decisions on our way to becoming a multichannel wholesaler. Thus, guiding principles such as 'Success with the customer', 'Strong through relationships' and 'Sustainable business' reflect our thinking as a wholesaler and the uniqueness of the METRO culture. In order to integrate our guiding principles even more strongly into our daily work, we have created occasions that allow our METRO culture to be experienced. For example, all level 1 managers worldwide will spend at least one day working with customers in financial year 2022/23 to better understand the business and our customers on the ground. We also value employee loyalty and have introduced global awards aligned with the sCore strategy, such as team, customer service and productivity awards.

Our consistently high level of commitment, which exceeds the industry average, are proof that our employees are doing their best every day to jointly achieve the goals of the group. At the same time, the biannual survey provides us with important insights for continuous improvement directly from the workforce. Our measures focus on cross-functional teamwork, motivating working conditions and customer-oriented conduct.

In a nutshell, our sustainable human resources strategy focuses on the following key areas:

- Developing the skills and capabilities of all employees in our headquarters, stores and sales aligned with the requirements of the sCore strategy and supporting its implementation
- Expanding our talent management and investing in our employer brand in order to fill positions in our company with the most talented employees for the future
- Continued expansion of our performance appraisal process to all employee levels with a clear focus on development to promote a performance-driven culture
- Increase productivity through targeted use of our resources, continuous improvement of our processes and digitalisation
- Promoting diversity and inclusion globally as a driver for sustainable business success
- Creating shared cultural experiences, locally and globally, to bring ONE METRO to life for all employees

The Covid-19 pandemic has permanently changed the way we communicate and work. We have found new ways to work in an increasingly hybrid work environment. However, we also learned the hard way how important regular face-to-face exchanges are for social cohesion and solving complex problems. Therefore, we enable our employees at the headquarters to work on site or in a home office in coordination with their superiors. Nonetheless, making the ‘we’ feeling tangible on site is an important part of our human resources strategy and the METRO culture.

In addition to the Covid-19 pandemic, the consequences of the war in Ukraine shaped the financial year and thus also our human resources work. Numerous measures were taken to help the people on the ground and to assist fleeing employees and their families so they could find safe refuge in one of our METRO countries. For example, we gave donations in kind, opened a relief fund for employees, supported aid deliveries from the World Food Programme to Ukraine and created opportunities for employees from Ukraine to work in another METRO country.

EMPLOYEE ATTRACTION

In the competition to hire the best professionals and managers, our goal is to position METRO as an attractive employer and to attract qualified, talented people to our company. Through various activities in the field of talent acquisition, we identify and recruit suitable professionals and managers for METRO on the labour market. This approach enables us to successfully and sustainably fill critical roles for the business in order to strengthen the company’s own workforce and to move the company forward by securing our valuable personnel.

In order to attract suitable employees, METRO positions itself as an attractive employer through target group-oriented communication on various channels.

Our main activities:

- By recruiting and training junior employees for the wholesale sector, we are able to develop professionals and managers from our own ranks. Therefore, we offer various internship, trainee and apprenticeship programmes throughout the group.
- In order to reach and attract specialised, experienced professionals and managers, we invest in direct sourcing activities (using the internal candidate pool to fill positions), in building talent pools and in candidate relationship management (shaping relationships with potential candidates).
- The definition of relevant and business-critical target groups and the analysis of their potential touchpoints with METRO enable target group-oriented and focused communication in order to position METRO as an attractive employer brand. Examples of communication channels include career fairs (also virtual ones), social networks as well as strategic collaborations (for example with universities).
- We invest in our employer brand: This year, numerous HR employees from 22 METRO/MAKRO countries took part in a further training course at the Employer Branding Academy again. The employer value proposition we developed for METRO/MAKRO in 2022 and the associated value platform will be instrumental in making our employer brand more visible and tangible for the various candidate groups. Together with the 9 largest METRO/MAKRO countries, we have started the analysis and development of a group-wide employer brand, which will be rolled out in the following financial year.
- METRO has again been certified as a top employer. Altogether, 8 METRO national subsidiaries received the prestigious certification by the Top Employers Institute.
- We launched our new digital recruiting platform – industry-leading in its sophistication – in France and Germany in September 2022. This was an important step towards achieving our sCore growth strategy, as it supports effective recruitment of sales people in the field and in the markets.

TALENT MANAGEMENT AND SUCCESSION PLANNING

Through comprehensive talent and performance management, targeted succession planning and numerous career development opportunities, we continuously develop our employees. This way, we offer them attractive career opportunities within our company, thus creating the basis for sustainable success. Furthermore, our remuneration models provide additional incentives for our employees to work performance-driven and in line with our corporate guiding principles.

Our goal is to fill vacancies internally wherever possible. At the local management level, our goal is to fill 75% of all positions from within our own ranks and locally. It is important to identify our talent as early as possible and prepare them for future management tasks, both nationally and internationally. The internal succession rate for national subsidiary management members was 79% in financial year 2021/22.

Regarding filling positions with professionals and managers, we make a point of ensuring that they are not only suitable for their current position, but also have potential to develop beyond it. Therefore, with regard to filling management positions, we also look at the second and third management level and measure what proportion of employees can be assessed as having medium or high development potential and thus be given special consideration for succession planning. We also pay increased attention to the proportion of women in management positions in our succession planning.

Early identification and targeted development of internal talent are supported by the new integrated Talent Management and Learning System in combination with new processes for assessing the performance and potential of all employees. The learning module with its many opportunities for personal development is available to around 94,000 employees. Meanwhile, the performance and succession planning module is already available to around 38,000 employees. A broader roll-out to the entire organisation is planned to be completed by 2024. The processes of performance and potential assessment as well as succession and individual development planning have been integrated into a coherent approach and are fully supported online. Managers play a special role in the process, as they are responsible for assessing their own employees in a differentiated manner and defining suitable development measures based on this assessment and potential target positions. All employees also have an opportunity to introduce their own development ambitions into the process in a structured manner.

Individual evaluations and development measures as well as succession plans are coordinated in an annual calibration process, which takes place both per country for all employees and across countries for the first and second management levels. At the same time, decisions are made to determine for which employee groups we will invest in talent or development programmes at the local or global levels. In addition to the formal performance appraisal process, the talent management system includes a variety of ways to encourage informal feedback between co-workers. It also promotes interaction on performance and development between employees and managers to emphasise the importance of continuous learning and development within the company, even outside formal processes.

PERFORMANCE-BASED REMUNERATION

Our aspiration is to provide our employees with competitive, performance-based and fair remuneration. We have also enshrined this objective in our global principles on fair working conditions and social partnership. Our remuneration system ‘Perform & Reward’ for executives (with the exception of the members of the Management Board) comprises a monthly fixed salary as well as a variable annual remuneration component; the payment amount essentially depends on the economic development of the respective company in which the executive works.

With a clear focus on the economic development of METRO, our managers also receive a multi-year variable remuneration component that includes a sustainability component and allows executives to participate in METRO’s share price development.

Executive remuneration is complemented by additional benefits, such as an attractive pension model, promotion of health care and a mobility budget that can be used as part of METRO’s ‘Green Car Policy’ for a car, train rides or pension provision.

- **For more information about the remuneration of the Management Board, see the remuneration report.**

CAREER DEVELOPMENT AND RETENTION OF TALENT

The in-house training academy House of Learning continuously adapts its ‘Learning & Development’ portfolio to the needs of its employees as well as the strategic alignment of the company. House of Learning is accredited by the renowned European Foundation for Management Development. The CLIP (Corporate Learning Improvement Process) accreditation is an important recognition of METRO’s quality in developing and retaining employees.

The ‘Learning & Development’ portfolio supports the development and retention of employees and managers – both at METRO AG and its national subsidiaries. It consists of 2 core areas:

- Learning solutions in the form of digital learning modules, face-to-face workshops and webinars: this offer is available to all employees. The focus here is on employees in Purchasing, Sales, Traders Franchise and Operations (wholesale functions), as well as Finance, Human Resources and Digital (wholesale enablers). But a portfolio for professional skills development and mandatory compliance training is also offered across all functions. Key figures here are participants and participant hours.
- International talent and leadership development programmes in the form of programme modules lasting several months:
  this offer is reserved for high-potential employees with vertical growth potential. This potential is calibrated and validated through frequent talent management and succession planning processes at METRO. These programmes address functional (e.g. Next Generation Finance, Next Generation Offer Management, Master in Store Operations, etc.) as well as cross-functional topics (e.g. METRO Potentials Programme, Women Leadership Programme, Future Leaders, Accelerate, Booster, etc.) to prepare identified talent and leaders for the challenges of future management roles in the wholesale business. This offer also ensures long-term succession planning. Important key figures here are loyalty, promotion and internal replacement rates.

The ‘Learning & Development’ portfolio is mapped in the global learning management system MPower, to which employees from the METRO companies have access.

Training courses at METRO national subsidiaries

	Individual learning (e.g. e-learning, videos, materials)	Instructor-guided learning (face-to-face and virtual training)	Total
Participants	829,759	161,868	991,627
Participant hours	388,869	588,053	976,922

Training courses at METRO AG

	Individual learning (e.g. e-learning, videos, materials)	Instructor-guided learning (face-to-face and virtual training)	Total
Participants	3,668	391	4,059
Participant hours	2,789	2,754	5,543

DIVERSITY AND INCLUSION

METRO strongly believes that diversity and inclusion lead to better business results. In order to establish a diverse and inclusive corporate culture and to gain better access to strong talent, METRO has developed a company-wide strategy to strengthen diversity within the teams. The goal is to create an open work environment in which individual differences are respected, valued and promoted. This way, we are setting the course for a workforce, in which all employees can develop and use their unique potential and strengths.

Equal opportunities in the workplace

Equal employment opportunities are promoted for all employees. METRO aims to further increase the proportion of women in managerial positions. The objective is for 25% of employees on the first management level below the Management Board and 40% of employees on the second management level below the Management Board of METRO AG to be women by September 2025. At the end of financial year 2021/22, a share of 25.7% of women were employed in the first management level below the Management Board and 26.1% in the second management level below the Management Board. Furthermore, we voluntarily set a target for the share of women in executive positions at our wholesale business. According to this, the share of women in management positions at levels 1 to 3 (including store management) of global METRO locations is supposed to be 30% by September 2025. At the end of financial year 2021/22, the percentage of women in management positions at levels 1 to 3 (including store managers) is 26.3%. The Supervisory Board had determined for the Management Board of METRO AG that at least 1 woman should be a member of the Management Board by 30 June 2022. Meanwhile, the obligation of the Supervisory Board to set targets for the proportion of women on the Management Board and deadlines for achieving them no longer applies. Instead, the Management Board of METRO AG is now subject to the so-called participation requirement pursuant to § 76 Section 3a of the German Stock Corporation Act (AktG). With that in mind, the Supervisory Board has deleted the previous target and included in the diversity concept. Instead it has been included by declaring that the Management Board of METRO AG must henceforth include at least one woman. The Management Board includes one female member, with Andrea Euenheim holding that position from 1 November 2019 until 31 March 2022 and Christiane Giesen since 15 September 2022.

To support the goal of a strong talent pipeline among female employees, the Women Leadership Programme (WLP) has been offered since 2018. With tailor-made training measures, female talents are promoted throughout the group. In addition, they are offered the opportunity to contribute to solving relevant business challenges and thus to make an impact and gain international visibility within METRO. In parallel, the participants are supported by mentors.

Another cornerstone of our diversity strategy is the commitment against discrimination of people who identify as part of the LGBTIQ+ community and bolstering their position within society and the company. To this end, a global LGBTIQ+ strategy was already developed in financial year 2020/21 and external and internal communication support was provided in Germany and other countries for both IDAHOBIT[13] Day and PRIDE Month in June. As part of this strategy, an eLearning curriculum was developed and introduced in almost all METRO countries in 2022. This measure once again highlights the importance of reinforcing diversity and inclusion.

13 International Day against Homophobia, Biphobia, Intersexphobia and Transphobia.

Moreover, a task force was launched in 2020 and each METRO (national) subsidiary has appointed a contact person for diversity and inclusion. It continues to be an established tool for reinforcing diversity and inclusion. The task force meets every 8 weeks and manages this development through key figures on the company-wide diversity and inclusion strategy, among others.

METRO is a member of various diversity, equality and inclusion initiatives such as the LEAD Network, UHLALA's 'We Stay PRIDE' programme and the PROUT AT WORK foundation as well as the LGBTIQ+ Rhine-Ruhr network. Since 2007, METRO has also been a signatory of the Diversity Charter. Beyond that, various employee networks have been established to represent the issue of diversity and inclusion within the workforce and externally on their own initiative – among others, this includes Women in Trade, MPride as well as Familiennetzwerk@metro.de.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

The purpose of our Occupational Safety Management System (OSMS), based on the principles of ISO 45001, is to create a safe and secure environment for our employees, suppliers and customers. To raise our employees' awareness of safety-related issues, we have launched the annually recurring group-wide campaign 'Safe@METRO'. It provides information on the most important safety rules and invites employees to voice their opinion on occupational safety and health issues.

Occupational safety reporting

Safety is always a top priority for METRO. Our operational safety strategy aims to raise awareness among employees that each individual bears responsibility for operational safety and contributes to eliminating and avoiding hazards. This is supported by a transparent group-wide reporting system in which we document all incidents, near misses and non-conformities. Our incident management process is designed to ensure that each case is reported in a timely manner. The reports are analysed and action is taken based on the findings.

KPIs for occupational safety and health

The Lost Time Injury Frequency Rate (LTIFR), that is, the total number of lost-time injuries per 1 million working hours, for the METRO companies in financial year 2021/22 was 7.27 (2020/21[14]: 7.06; 2019/20[15]: 6.78).

Furthermore, incidents are investigated according to a risk-based approach. Designated employees in the company are responsible for making sure that the causes are identified and measures are implemented promptly. Significant incidents are discussed with our safety officers during quarterly group-wide safety meetings to prevent them from recurring.

Safety audits were conducted to measure compliance with the group-wide safety guidelines (Operational Safety Management System).

14 Excluding the national subsidiary in Japan.

15 This ratio has not been subjected to the limited assurance business audit under ISAE 3000 by auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft. Furthermore, the number excludes the national subsidiary in Japan

Occupational safety in the times of COVID-19

The lingering global Covid-19 pandemic has also affected METRO. Extensive organisational measures were implemented to ensure the safety of all employees. They included the optimisation of flexible work models, travel restrictions (where necessary) as well as safety and hygiene measures at the headquarters, stores and warehouse locations of the METRO companies. Transparent communication of regulations and changes in the Covid-19 situation should ensure that the number of infections is kept at a low level throughout the company.

WELL-BEING

In addition to occupational safety, specific measures in defined fields of responsibility are intended to support the well-being of employees. For this purpose, we have created a framework for METRO that divides the topic of 'health/well-being' into 4 areas: physical, mental, social and financial well-being. A fifth overarching category includes all topics that tie in with the company's purpose and support the implementation of our guiding principles. All national subsidiaries are asked to rate their measures in terms of maturity on a 3-point scale.

The initiatives in the national subsidiaries are diverse. For example, METRO AG, MAKRO Poland and MAKRO Spain offer telephone counselling for concerns and problems in the professional and personal environment. Online training sessions and apps for sports, mindfulness and healthy nutrition are offered in France, Germany and Turkey. They are good examples of physical and mental health support. Many initiatives are available to promote togetherness and connectedness, that is, social health. Examples of welfare in relation to financial health include help with managing finances in different phases of life and assistance in crises. Further training on managing finances is offered in Germany and Ukraine, for example.

There is continuous communication on the various activities with a total of 47 'Wellbeing Champions' from the national subsidiaries, who advise and support each other. A 'Wellbeing Challenge' offered to all employees last autumn provided practical exercises for personal wellbeing every morning for 21 days.

FAIR WORKING CONDITIONS AND SOCIAL PARTNERSHIP

Our principles on fair working conditions and social partnership (FWC & SP) are a crucial component in shaping our employer–employee relations. These principles are based on the UN Guiding Principles on Business and Human Rights, the core labour standards of the International Labour Organization (ILO) as well as the 3 main principles of the Resolution on Forced Labour by the Consumer Goods Forum. Accordingly, these principles contain the right to free unionisation and collective agreements, structured working hours and wages, occupational safety and health management as well as the prohibition of forced labour, child labour and discrimination.

We communicate with the companies and promote knowledge sharing in order to learn from one another, not only with regard to working conditions but also in terms of dialogue with employee representatives.

Since financial year 2019/20, we have changed our audit procedure in the METRO companies due to Covid-19. Surveys on the principles of FWC & SP are conducted online. The goal is to assess the current implementation status of the FWC & SP principles in key units and to make recommendations for improving the FWC & SP process. In financial year 2020/21, we added FWC & SP to our Risk Governance Process. In light of the obligations (effective January 2023) arising from the Act on

Corporate Due Diligence Obligations in Supply Chains (LkSG), we started to adjust the content of our principles on FWC & SP in financial year 2021/22. The same initiative included expanding the procedure for monitoring compliance in line with the legal obligation.

On a national and international level, METRO maintains constant communication with works councils and unions and encourages management to engage in constructive and mutually informative dialogue with our employees and their representatives. This dialogue results in several collective employment agreements at the level of business units, countries or individual stores – depending on local laws and customary practices. There is also the METRO Euro Forum (MEF), our European Works Council. This corporate body is notified and consulted in case of cross-border/transnational changes within the EU area. The MEF meets regularly. A plenary meeting over several days, including items on the agenda for training and knowledge transfer, is held once a year with a training session for all employee representatives of the MEF and up to 3 times a year with the steering committee of the MEF and management representatives.

Also, in a periodic social dialogue with the international trade union organisation UNI Global at the global level, discussions include the commitment to fair working conditions and social partnership.

DEVELOPMENT OF EMPLOYEE NUMBERS

The tables below show the year-on-year development of employee numbers as an average for the 4 quarters of the financial year and as of the closing date of 30 September, both based on full-time equivalents:

Development of employee numbers by segment

Full-time equivalents, average

	2020/21	**2021/22**
METRO	**87,096**	**87,509**
Germany	11,337	**11,320**
West	23,685	**25,245**
Russia	10,650	**10,492**
East[1]	34,580	**34,234**
Others	6,103	**5,522**
METRO AG	741	**696**

1 As of financial year 2021/22, the segment Asia will be reported together with the previous segment Eastern Europe as the segment East.

Development of employee numbers by segment

Full-time equivalents as of the closing date of 30/9

	2021	2022
METRO	**86,527**	**86,910**
Germany	11,291	**11,401**
West	24,609	**24,676**
Russia	10,201	**10,361**
East[1]	34,228	**34,144**
Others	5,457	**5,646**
METRO AG	741	**682**

1 As of financial year 2021/22, the segment Asia will be reported together with the previous segment Eastern Europe as the segment East.

Social matters

RESPECT FOR HUMAN RIGHTS

The principles of METRO include respect of all human rights, as set out in the United Nations' Universal Declaration of Human Rights, the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). This is manifested in our Principles for Human Rights, which apply to our own employees and to our business partners within our supply chain[16]. An attitude with similar values is also important to us on the part of our business partners. Our goal is to identify and prevent violations of human rights in our own business operations and in our supply chain. We also strive to systematically improve working conditions in our supply chain. In the reporting period, we reviewed our management approach with regard to respecting human rights. Also, to ensure that we comply with the legal requirements of the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which will enter into force in Germany in January 2023, we developed a concept for the METRO companies that are directly affected by the LkSG. This includes the risk management system for supplier relationships with a differentiated risk analysis.

To align with the requirements of the LkSG, the content of the METRO Code of Conduct for business partners of the METRO companies falling within its scope is also being revised. From 2023 onwards, it will gradually become a binding part of the contractual business relationship with the relevant suppliers. Furthermore, after embedding our social standard process in the food own-brand manual of the European Food Sourcing (EFS) division in financial year 2020/21, we also started to revise the wine own-brand manual of EFS in the reporting period. In the future, evidence of human rights compliance will be required to be submitted as part of the tendering process. After the own brand wine manual becomes effective in 2023, the corresponding documents and proof must be available when suppliers are listed. Furthermore, all of our own-brand and framework contracts for brand suppliers as well as the international standard logistics and service provider contracts contain a social standards clause that gives us legal means to enforce our requirements.

16 For the METRO AG holding company, the aspect of human rights in the supply chain is not essential because of its business orientation, but rather only in relation to its own employees.

In case of violations of our basic human rights principles, our employees can contact their supervisors or the company's compliance officers. Using a tool that is publicly accessible via the METRO compliance page, internal and external individuals, including stakeholders of our suppliers, can report incidents and violations. It is important for us that our suppliers also provide such a reporting system. Corresponding measures to ensure that this is also implemented by our suppliers have not been established. Reported incidents affecting our company will be promptly investigated and processed by our experts to take appropriate action, if necessary. We are also committed to working with our suppliers and within the group to remedy the effects of the grievances, utilising joint initiatives and collaborating with stakeholders, and not obstructing access to other legal remedies. Therefore, we are developing a catalogue of preventive measures and remedies aligned with the requirements of the LkSG. Depending on the application, it will need to be posted and tracked during risk classification of a supplier or, at the latest, when a confirmed incident is reported.

GLOBAL LABOUR AND SOCIAL STANDARDS IN THE SUPPLY CHAIN

In order to contribute to ensuring socially acceptable working conditions within our procurement channels and to prevent potential infringements, the application of social standard systems in our own brands supply chain is a key part of the purchasing process. This is done in addition to the concept of compliance with the LkSG as well as contractual manifestation of our requirements. We pursue the concept of requiring our producers to be audited in accordance with the supply chain management standard set out by the amfori BSCI, the Sedex audit according to SMETA or an equivalent social standards system. This applies to all producers of certain typically human rights-critical food categories and industries, and to all producers in defined risk countries (based on the amfori BSCI assessment) in which METRO SOURCING International (MSI) and METRO Food Sourcing (MFS) have imported goods manufactured. It also applies to all above referenced risky producers who manufacture own brands or own imports for METRO. This risk assessment did not have to be adjusted in connection with the Covid-19 pandemic or the Russian war in Ukraine either, as it is universally applicable. For many years now, we have been working on the basis of a corresponding process for our non-food producers[17]. Since 1 June 2019, the same process was established analogously for all food and near-food producers in the own-brand sector. To date, MFS and the national subsidiary METRO Deutschland have fully implemented the process. The national subsidiaries in Pakistan, Turkey and Ukraine as well as our purchasing company Rotterdam Trading Office (RTO) have introduced the first producers to the process. Other purchasing companies and national subsidiaries are preparing for implementation. Our goal is to include our entire supply chain in this process by 2030, insofar as it is considered risky in terms of potential human rights violations. The national subsidiaries are trained and gradually integrated into the programme. During the reporting period, 6 national subsidiaries refreshed their proficiency of the programme and/or trained new colleagues via online training sessions. Despite the continued disruptive circumstances of the Covid-19 pandemic, particularly with regard to supply chain management, hardly any virtual audits took place throughout the reporting period. Under normal circumstances, we have audits regularly carried out on site by external auditors in accordance with the audit cycles of the social standards accepted by METRO. After temporarily discontinuing the process of suspending suppliers due to expired audits from mid-March 2020 to mid-October 2021, we resumed this process as usual in the reporting period. The war in Ukraine also had a significant impact on our supply chain, with a clear focus on availability of goods rather than social aspects. Taking the experience gained from these supply chain

17 This includes merchandise producers (non-food own-brand products and own non-food imports) in high-risk countries that carry out the final value-creating production step, for example produce the final item of clothing

disruptions into account, we particularly consider responsible procurement practices as the key to strengthening business relationships, ensuring business continuity and protecting human rights in global value chains.

As of 30 September 2022, 515 of 624 reported active own-brand non-food producers and 95 of 156 corresponding food/near-food producers had undergone the audit process. Within this group, 100% (515) of non-food producers and 100% (95) of food/near-food producers have passed the audit successfully. Effective 1 January 2019, non-food producers who fail the audit can only be commissioned as METRO contracting parties if they achieve an acceptable audit result. In other words, they have to receive an A, B or C for the amfori BSCI assessment or successfully pass an audit that is acknowledged as equivalent[18]. Until further notice, all food/near-food suppliers with amfori BSCI D (and in exceptional cases also E) audit results (and corresponding equivalents of other standards recognised by METRO) also qualify to be commissioned by METRO. This procedure realistically reflects the challenging way of re-integrating suppliers into the process and gradually working towards ensuring socially acceptable (working) conditions.

The verification of compliance with our requirements is performed via an internal IT-based process management database, which provides an overview of the portfolio management of the affected suppliers and the associated producers. The database is also used to monitor compliance with contractual agreements during the initiation and suspension of business relationships. Misconduct with regard to the so-called deal-breakers specified by METRO in the course of ongoing business relations will trigger suspension of the supplier. Deal-breakers include specific findings in the areas of child labour, forced labour, occupational safety hazards with regard to fire safety and ethical behaviour. If misconduct is discovered at suppliers and their producers concerning one of these areas, they are required by METRO to develop short-term and long-term solutions to remedy the deal-breaker issue. New orders or follow-up orders are suspended until the findings in the deal-breaker process have been resolved.

In order to contribute to the improvement of the social requirements in the production facilities of our own brands and thus to further increase the proportion of valid social audits, MSI, MFS and METRO Turkey work together with our local producers and support them with training courses that serve to teach understanding and compliance with the social standards. By training our own-brand suppliers on the implementation of fair labour conditions, we sensitise them to comply with conditions and avoid violations. After an initial survey with approximately 500 MSI suppliers specifically on the topic of living wage[19] in July and August 2021, the MSI training content also included this topic.

18 A METRO company was granted an exemption in August 2020 for the (post-) coronavirus period to continue to use individual producers with D audit results if their D audit results are attributable to coronavirus-based failure. Although the Covid–19 situation eased during the reporting period, the exemption continues to apply on a case-by-case basis until further notice. These producers will be granted a 6-month grace period after the date of the audit covered by the exemption to demonstrate a follow-up audit result A through C. The exemption was applied in 2 cases during the reporting period.

19 Measurement according to the so-called Anker Method; data taken from the database of the Global Living Wage Coalition and partly based on the information from the relevant amfori BSCI audits of the producers.

In addition to the focus on social issues, MSI continued to audit its producers with a self-assessment questionnaire on environmental compliance in financial year 2021/22.

Corporate ethics and transparency

The Management Board of METRO AG is committed to responsible corporate conduct; therefore, we consider it important to comply with regulations and laws and to conduct ourselves with integrity and ethics at all times. For example, this applies to our tax strategy. METRO sees corporate responsibility and integrity as a key element of a sustainable business model.

With regard to our customers, this commitment is primarily reflected in the sensitive handling of customer data in accordance with our claim to protect personal data as well as in responsible marketing. Our self-image is characterised by compliance with product labelling regulations as well as by transparent, clear, honest and correct information about our products. It allows us to reinforce our customers' trust in our company. We want to help customers make informed purchasing decisions. Through customer surveys, we also include their needs in our marketing topics and thus contribute to transparent communication. We maintain a close dialogue with our brand suppliers as well as advertising and media agencies with regard to ethical conduct in terms of brand protection. This way, we can ensure that our suppliers and thus our brand do not appear in an ethically critical context. Furthermore, our business partners and consultants are committed to brand protection due to contractual agreements.

The lawful and careful handling of intellectual property is also a substantial part of our business ethics. The intellectual property protection strategy comprises a bundle of legal, organisational and technical measures. They ensure that METRO's intellectual property and confidential information are protected and that existing property rights of third parties are not infringed.

The strategic cornerstone of responsible corporate action is the compliance management system, which is overseen by the Management Board of METRO AG as an indispensable element of good corporate governance. It provides a structure for permanent avoidance, detection and sanctioning of violations in the main risk areas and is part of the governance, risk and compliance system (GRC system) alongside the risk management system, the internal control system and Internal Audit. The group's Governance, Risk and Compliance Committee (GRCC) is chaired by the Chief Financial Officer of METRO AG and regularly discusses methods and further developments of the GRC subsystems. The GRC Committee also reports to and strategically involves the Management Board of METRO AG at least every 6 months.

COMPLIANCE – INCLUDING THE FIGHT AGAINST CORRUPTION AND BRIBERY AS WELL AS ANTITRUST VIOLATIONS

METRO employs a group-wide compliance management system (CMS) to ensure compliance with laws and a self-imposed code of conduct, including key risks such as combating corruption and bribery as well as antitrust violations. The aim of the CMS is to systematically and permanently prevent, detect and sanction violations within the company and to take measures to achieve future compliance.

The METRO Business Principles are at the heart of our compliance initiatives and are firmly anchored throughout the group particularly by ongoing training measures. The CMS is based on the METRO Business Principles. Business Principle no. 2, for example, explicitly prohibits corruption and bribery in dealing with business partners and authorities. Business Principle no. 5 clarifies that the rules of fair competition must be respected. When setting up the CMS, METRO was guided by the basic elements of such a system described in the IDW PS 980 auditing standard (Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems). It operationalises the 7 CMS elements on a risk basis applying a wealth of organisational, structural, procedural and individual measures for all major group companies.

The Management Board of METRO AG and the management of the METRO group companies demonstrate proper conduct. In addition to informal role model behaviour, frequent 'tone from the top' messages are standard in the organisations. New members of management committees and other executives undergo compliance onboarding at the beginning of their job. Indications of compliance incidents are investigated in a clearly defined and objective process. It involves all essential functions including compliance, legal, auditing and HR.

The defined goal of the CMS is additionally implemented in the organisation via human resources management tools. As part of the regular performance reviews, compliance aspects from the METRO Guiding Principles are included in the evaluation.

Generally, the CMS compliance risks control is risk-based. As part of regular risk audits, for example in the form of workshops in the respective units, the compliance risks are continuously checked for completeness and relevance. In addition, each relevant group unit is classified in 1 of 3 risk classes. External and internal indicators are used for this purpose, such as Transparency International's indices, number of employees and compliance maturity in past periods.

A compliance programme with different intensities is defined for each risk class. It is based on the guidelines developed for each significant compliance risk and adopted by the Management Board. When it comes to combating corruption and bribery, these are guidelines for dealing with business partners, public officials and external consultants, including guidelines for a business partner assessment. With regard to avoiding antitrust violations, this is an antitrust guideline, which includes guidelines for conduct in the context of association activities and other encounters with competitors.

The CMS is implemented by the compliance organisation. A compliance officer has been appointed to each relevant METRO group company for this purpose, who reports directly to the METRO AG Corporate Compliance department as part of Corporate Legal Affairs & Compliance. Corporate Compliance keeps the concept and content of the CMS on a risk-appropriate level and provides the concepts and tools for implementation in the METRO companies of each CMS element. The disciplinary and technical leadership of the compliance officers takes place via institutionalised reporting dates as well as target agreements. The compliance officers regularly report directly to the local management in their units. Moreover, identified key compliance risks are addressed in the context of the other GRC subsystems and tracked in the systems there.

An IT-based whistle-blower system and separate report-processing offices in each relevant group company provide employees and external third parties with an opportunity to provide information (under the protection of anonymity, if preferred) on regulatory infringements within the company. All reported regulatory infringements, irrespective of whether the measures for ensuring compliance with these rules fall within the area of responsibility of the compliance organisation, are investigated and – where appropriate and necessary – sanctioned systematically by the CMS, which relies on the compliance incident handling system operated by the compliance organisation.

Compliance topics and measures are systematically communicated to the workforce through a variety of channels in the company in a targeted manner. A core tool is compulsory compliance training, which is either carried out in person or through e-training. In financial year 2021/22, compliance training was executed in all group companies. The selection of employee groups to be trained is risk-based. Practical content is taught in the training courses. A variety of other communication formats are used in addition to training, such as compliance talks, posters, flyers, intranet, department visits, function and leadership conferences as well as personnel development events.

The METRO companies collaborate with a large number of external business partners. Before entering into contractual relationships, a risk-based examination is performed to determine whether there are reasons from a compliance perspective not to engage that party. Certain groups of business partners, such as consultants with contact to public officials as part of the order fulfilment, require an in-depth audit that is appropriate for the risk. A digital tool for compliance auditing is available to all group companies for this purpose. The audit approach is risk-based and the audit can be carried out in various degrees of intensity, for example in the form of self-disclosure or by using external databases with relevant risk information.

Proper implementation of the defined risk-based measures for the implementation of the CMS is ensured through frequent KPI reporting. Based on KPI reporting, a compliance maturity level is determined annually, which in turn is incorporated into risk classification and definition of measures. The efficacy of our internal compliance controls is regularly assessed by our Internal Audit unit. As part of METRO's GRC approach, the Group Audit department evaluates the effectiveness of the group-wide CMS every year. This assessment is presented to the Management Board and the Supervisory Board as part of the regular reporting on compliance issues.

Overall, the mentioned control and monitoring measures demonstrate an appropriate level of compliance maturity.

TAXES

As an internationally operating company, METRO is subject to taxation in numerous countries. METRO is aware of the responsibility to make tax payments in all countries in accordance with regulatory obligations. This responsibility is reflected by the group tax guidelines adopted by the Management Board of METRO AG and processes based on them for compliance with the applicable laws and regulatory provisions as well as in cooperative and fair collaboration with the tax authorities. The guidelines are binding throughout the group. They explain and regulate the responsibility of the companies as part of METRO's tax obligations.

METRO AG has implemented a tax compliance management system (TCMS) that has been certified to be adequate for sales tax in Germany and for sales tax abroad. Certification of the adequacy of the TCMS for payroll tax is planned for financial year 2022/23. An auditing company has already been engaged to perform the audit.

The TCMS is part of the GRC system of METRO AG.

PROTECTION OF PERSONAL DATA[20]

The protection of personal data of customers, employees and business partners is a high priority for METRO. This is particularly true considering the fact that corporate processes are increasingly being digitalised, requiring data collection, processing and storage.

METRO always undertakes to comply with the respective data protection laws of the countries in which METRO is active. In addition, METRO has a group-wide privacy policy that contains uniform standards for the handling of personal data and is binding for all group companies. In addition, national laws apply. For companies operating in Europe, this includes, in particular, provisions for dealing with the General Data Protection Regulation (GDPR).

METRO also has a group-wide data protection organisation, consisting of local data protection officers and data privacy managers responsible for corporate data protection. It facilitates the pursuit of overarching and national data protection and digitalisation developments in order to continue to meet the statutory data protection requirements across the group.

With the help of the structures created by the data protection organisation, METRO has set up a system for continuously and comprehensively monitoring compliance with data protection regulations within the group. The review covers internal requirements and provisions from laws and other legally binding provisions on data protection.

Due to the ongoing pandemic, there continued to be additional needs for processing personal data. These needs were based on the interest to protect customers and employees as well as to implement various legal requirements. During implementation, the applicable data protection requirements were taken into account and special care was taken to collect only absolutely necessary data, especially with regard to health data (for example vaccination status/infection status).

Customers

METRO is focused on identifying and addressing current and future challenges of its customers in a constantly changing environment at an early stage and providing them with the best possible support to overcome them. In doing so, we strive not only to meet our customers’ expectations, but also to position METRO as their preferred partner. During the reporting period, the Covid-19 pandemic, which is still having an impact, clearly demonstrated to society, and thus also to companies like METRO, how important robust and sustainable supply chains are. It also revealed how strong the interest in more conscious consumption is among consumers, for example in terms of origin, local sourcing, healthy products and more sustainable packaging options. It is also against this background that our customer relationships are evolving from transactional merchandise trading to sustainable and holistic partnerships.

20 METRO fell victim to a cyberattack in October 2022, which led to a partial breakdown of the IT systems. Detailed explanations of the circumstances are included in the combined management report under **Events after the reporting period**.

RESPONSIBLE PROCUREMENT AND A MORE SUSTAINABLE PRODUCT RANGE

Our assortment – especially that of our own brands – is a strong lever to achieve a positive impact in terms of more sustainable consumption. In a continuous transformation process, we are expanding our assortment of sustainable, local and healthy products for our customers to meet their expectations. At the same time, we help them differentiate themselves from competitors, strengthen local economies and influence our supply chains by raising our ambition to meet environmental and social standards[21]. We are committed to collective action that strengthens systemic approaches, for example to address excessive deforestation, forest degradation and conversion in key commodity supply chains, by working with external partners such as the Tropical Forest Alliance (TFA) of the World Economic Forum, the Roundtable on Responsible Soy Association (RTRS), the Retailer Cocoa Collaboration (RCC) and the Roundtable on Sustainable Palm Oil (RSPO). Furthermore, we are committed to the Cerrado Manifesto through our declaration of support and through the use of certification schemes such as the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). Through these networks, best practices can be shared and greater transparency of supply chains is supported. We achieve great leverage through our collaboration with the Consumer Goods Forum's Forest Positive Coalition of Action (CGF FPC). We participate in the CGF FPC to pool our collective reach and knowledge as well as global networks and resources and to work with producers, suppliers and traders as well as governments and non-governmental organisations to advocate for forest-friendly solutions. For palm oil, soy, beef, paper and timber, dedicated task forces have published action plans with performance indicators on which they act and report. Through CGF FPC, we are also engaged in 2 landscape conservation initiatives: Low Carbon Regenerative Agricultural Production Systems in the Cerrado Biome, Brazil, with Conservation International; and Stopping Deforestation and Promoting Sustainability in West Kalimantan, Indonesia, with Rainforest Alliance. The collaboration with CGF – in particular the soy task force – also helps us manage risks, for example, by avoiding sourcing raw materials from areas considered high risk in terms of excessive deforestation. For example, in the CGF soy task force, South America was classified as a 'risk area'. Accordingly, our soy procurement guidelines state that we are working on making sure that soy from South America is either not permitted by financial year 2024/25 or must be sustainably certified. METRO's sustainable paper and palm oil procurement guidelines require us to use sustainably certified raw material for our own brand products by the end of financial year 2022/23, regardless of a 'regional risk classification'. In addition, (especially in the absence of sustainably certified alternatives) we work on the ground with local parties and other stakeholders in the supply chain, for example, to end excessive deforestation. Furthermore, we are reinforcing our existing compliance and control mechanisms to ensure that products are traceable and certified in line with our purchasing requirements.

We systematically establish group-wide requirements to provide the relevant internal and external parties with guidelines for sustainable supply chain and procurement management – from responsible sourcing strategies to building a more sustainable assortment. Therefore, METRO works in line with the sustainable procurement policy, which describes the overall approach, as well as with merchandise-specific policies, for example for fish, soya, palm oil, meat, animal welfare, paper and wood. Each policy contains corresponding targets, such as ensuring that 90% of the 12 main fish and

21 For the METRO AG holding company, the aspects of responsible procurement and more sustainable product assortment, packaging and plastics as well as healthy and nutritious products are not material according to § 289c of the German Commercial Code (HGB) due to its business orientation, but rather only for its operating units.

seafood species in own-brand products are sustainably sourced by 2025, which must be demonstrated in the form of a sustainability certificate or a development project.

The guidelines are developed jointly and cross-functionally by experts from the CR team at METRO AG, departments (for example Quality Assurance and Procurement), as well as experts from METRO's national subsidiaries and external experts through stakeholder involvement. Our approach to responsible sourcing and a more sustainable product assortment, including all related policies and targets, is approved by the METRO Sustainability Committee and published on the METRO AG website. Quarterly progress updates are provided to the Sustainability Committee to guide implementation by METRO's operational functions.

During the reporting period, 4 training courses on sustainable certification systems as well as 6 policy seminars and 4 reporting training sessions with a total of 1,120[22] participants were conducted throughout the METRO organisation. The goal was to once again consolidate the knowledge of certification systems as well as the implementation specifications of all policies group-wide and to correspondingly introduce them to new colleagues. Through process optimisation efforts, EFS has also started to revise its Common Sourcing Brand Book for Wine, which aims to promote organic wines and will include requirements related to social and packaging aspects. These requirements will be incorporated into the tender process for suppliers of own-brand products. The new own brand wine book will be incepted in the course of 2023. While the packaging requirements are set out in a separate packaging requirements profile, a sustainability requirements profile for the tender process was already developed for all other own-brand suppliers beyond EFS suppliers during the 2020/21 reporting period. The profile takes into account environmental sustainability aspects of our procurement policy[23].

In order to facilitate better data and target management, METRO further improved the IT system landscape during the reporting period: In particular, MQuality, a tool used throughout the group for the development and monitoring of own-brand products with an initial focus on quality management aspects, was expanded to include sustainability requirements[24] such as the ability to record sustainability certificates.

22 It was possible for individuals to participate multiple times.

23 It includes fish and seafood, palm oil, soya, cage-free eggs, paper and wood, and disposable plastics, but excludes meat and animal welfare, health and nutrition, packaging, and social compliance.

24 There is a separate section within MQuality for packaging; a separate section for health and nutrition information is in preparation.

HEALTHY AND NUTRITIOUS PRODUCTS

As part of METRO's overall strategy to offer more sustainable products, the goal is to enable customers to make a positive environmental impact and healthier food choices for their businesses by offering more reformulated (e.g. low-sugar, low-salt or low-fat foods), ultra-fresh, organic and alternative protein products. In doing so, we strive to meet the expectations of our customers and incorporate the insights gained from stakeholder communication and market research on consumer demands for healthy food. The focus is on our own-brand products. Clear and easily accessible information about nutrients and ingredients on the product, in the store or on the national subsidiary's website is of paramount importance to educate our customers about healthy alternatives and thus promote healthy and more sustainable consumption. For example, special logos in brochures of METRO Croatia indicate reformulated products and thus support the purchase decision. METRO Bulgaria uses social media to inform potential customers about vegetarian nutrition and suitable own brands. This trend of increasing customer and consumer demand for healthier food continued to gain momentum in financial year 2021/22, as the ongoing impact of the Covid-19 pandemic continued to raise awareness of more conscious eating, health and sustainable consumption.

As outlined in our Health and Nutrition Policy, our goal is to offer our customers a total of 1,500 healthier own-brand products worldwide (150 from central sourcing and 1,350 from national subsidiaries) by the end of 2023; some will contain less sugar, salt and fat, and some will be additive-free and certified organic or based on alternative proteins. Special health and nutrition ambassadors have been appointed in all national subsidiaries to support achievement of these goals. Since 2018 and until the end of financial year 2021/22, 787 METRO own-brand products have been reformulated in terms of their sugar, salt and fat content and to make sure they are free of additives. Furthermore, 519 organic own-brand products and 39 alternative protein-based products have been introduced since 2018.

PACKAGING AND PLASTICS

We support the recovery of resources through recycling to mitigate the risk of future depletion of natural resources and loss of biodiversity. Therefore, especially for our own-brand packaging, we strive to reduce the environmental impact throughout a product's life cycle, including by seeking alternatives to traditional plastics. Given the complexity of the challenge of reducing the amount of plastic used and defining sustainable materials, we work with various stakeholders to develop innovative solutions that promote closing loops and using less environmentally harmful materials.

METRO has set goals to be completed by 30 September 2023:

- to keep all own-brand packaging 100% free of PVC (PVdC) and EPS at all packaging levels,
- to certify all primary and secondary packaging made of paper/cardboard/wood of our own brands as defined by FSC or PEFC or to ensure a recycling proportion of at least 70%, and
- to reduce plastic packaging (new and recycled) by a total of 2,000 tonnes, starting in 2018.

An expert team of packaging specialists from METRO AG and – since 2018 – a project team from 18 national subsidiaries and 3 trading offices are collaborating to achieve these goals.

Furthermore, METRO has committed to replacing conventional disposable plastic products with reusable, recyclable or compostable alternatives by the end of 2025.

In addition, METRO has launched the METRO Plastic Initiative together with the social enterprise Plastic Bank and numerous own-brand and brand suppliers. In order to reduce the consumption of valuable resources and to put the closed-loop economy principle into practice, the initiative aims to raise awareness of sustainable packaging, promote sustainable consumption as well as environmentally friendly recycling. The core concept is based on plastic bottles being collected as a concise example of plastic waste pollution before they enter the oceans as litter. METRO and its suppliers enable the implementation of this concept through a financial contribution. METRO uses a 'bottle counter' on its website to illustrate that the partnership has already collected more than 80 million plastic bottles since the campaign began in June 2021. Using a conversion factor of 50 bottles to 1 kg of plastic waste, this equates to a total of around 1.6 million kg of plastic waste collected.

3 Economic report

3.1 Macroeconomic and sector-specific parameters[25]

In financial year 2021/22, the global economy was revived by the continued recovery from the Covid-19 pandemic; however, starting in H2, it was also impacted by Russia's war in Ukraine. Consequently, the pre-pandemic economic level was exceeded. The global economy developed less dynamically compared to the previous year (cf. table 'Development of gross domestic product by region'). Growth in Germany was as high as in the previous year. High growth above previous year's level was recorded in the region West. The economy in the region East grew even stronger than in the region West. However, the growth rate was slightly below that of the previous year. The Russian economy, on the other hand, declined slightly.

Private consumption was a major growth driver. After the restrictions to contain the pandemic were largely eased or even lifted completely, many consumers caught up on postponed consumption from previous years. This trend especially benefited the hospitality and tourism industries, with sales nearly returning to pre-pandemic levels and in some cases even exceeding them. Throughout the year, consumption patterns in the Eurozone returned to the multi-year average before the pandemic. This development highlights the fundamental resilience of private consumer spending. Furthermore, it shows that Covid-19 has not yet resulted in any significant or lasting change in consumer preferences.

After 2 negative years, the hospitality industry recorded very high growth rates, especially in Germany and Western Europe. Sales in these regions returned to between 85% and 95% of the level of the last year before the pandemic. Conversely, sales in this industry sector were already above this level in many countries in the region East. This is attributable to the fact that the Covid restrictions here were generally less strict than in Western Europe. Consequently, the growth momentum was not quite as high as in Western Europe due to the base effect compared to the previous year.

In the second half of the financial year, the economic and sector-specific parameters were increasingly influenced by the geopolitical situation. As a result, the business climate cooled down and consumer confidence dropped significantly. One of the main reasons for this was a sharp surge in prices, especially for energy, which originated

25 The underlying data was collected as of the closing date on 28 October 2022. The statistics for Russia are somewhat limited, as the effects of the war and the associated sanctions are difficult to assess, even in the past financial year, and data from the Russian authorities are only released selectively.

with Russia's war in Ukraine and the resulting downward spiral caused by sanctions. Furthermore, with a good order situation and high demand, global supply chains did not fully regain their pre-pandemic equilibrium. This intensified the inflation development, which, among other things, affected food prices.

To relieve the burden on companies and private households and to contain inflation, many countries introduced economic policy measures, such as price caps for energy and other basic goods, tax relief measures or targeted heating cost subsidies. The increasing escalation of the war in Ukraine led to Russia's gradual economic isolation from the EU countries. Moreover, due to the continuation of the war, the programmes launched by the governments only provided limited relief for companies and private households.

The following table shows the development of the GDP by METRO region.

Development of the gross domestic product by region

Change in % compared to the previous year

	2020/21[1]	**2021/22[2]**
World	4.6	**3.7**
Germany	1.7	**1.8**
West	3.0	**4.8**
Russia	2.9	**−0.2**
East	6.3	**6.0**

Real GDP growth based on USD and adjusted for purchasing power – except for 'World'. The values are based on the financial year. Source: Oxford Economics.

1 The previous year's figures may slightly deviate from the Annual Report 2020/21, since retrospective corrections are being made by the data provider.

2 Outlook.

3.2 Asset, financial and earnings position

Overall statement by the Management Board of METRO AG on the business development and situation of METRO

The Management Board looks back on a successful financial year. In a challenging environment, the multichannel business model and the sCore growth strategy proved to be extremely advantagous and led to strong growth.

The new sCore growth strategy including sustainability priorities was presented at the Capital Markets Day in January 2022. METRO has set ambitious targets until 2030 and will increase the growth pace in the coming years compared to the 2020/21 period. The implementation of the strategy is in full swing, and METRO was able to achieve initial successes during the financial year.

Financial year 2021/22 was also marked by various external factors. Covid-19 restrictions were lifted in almost all countries, leading to a return to normal business operations. Russia's war in Ukraine, on the other hand, had a negative impact on the annual result, mainly due to currency effects, impairments and rising inflation.

Sales and adjusted EBITDA reached the upper half of outlook, which was raised twice. Accordingly, the Management Board is overall satisfied with the development of the business. The reported earnings per share (EPS) are €−0.92 (2020/21: €−0.15). The decrease resulted from currency-related negative effects in the net financial result (mainly non-cash relevant from intra-group relationships), effects from the sale of the Belgian business (transformation costs, partly cash-relevant) and impairment of goodwill and property, plant and equipment in Russia and Ukraine. Without these impairments, the profit or loss for the period would have increased significantly. In line with METRO's dividend policy (payout ratio of 45% to 55% of EPS), there are no planned dividend distributions in financial year 2021/22 for preference shares or ordinary shares.

Financial and asset position

Financial management

PRINCIPLES AND OBJECTIVES OF FINANCIAL ACTIVITIES

METRO AG centrally performs the management of the group's financing activities. It ensures solvency of the group at all times, reduces financial risks where economically feasible and grants loans to group companies. The objective is to cover the financing requirements of the group companies cost-effectively and in sufficient amounts via the international banking and capital markets. The financial activities are based on a financial budget for the group, which covers all relevant companies. The selection of financial products is generally based on the maturities of the underlying transactions.

Through intra-group cash pooling, financial resources can be allocated as needed by group companies with financing needs using the liquidity surpluses of other group companies. This reduces the external gross debt and thus the interest expense.

METRO's current long-term investment grade rating of BBB− and short-term rating of A–3 (Standard & Poor's) ensure access to the international financial and capital markets, which is particularly utilised within the scope of the Euro Commercial Paper Programme and the ongoing capital market bond programme as needed. Frequent dialogue with credit investors and analysts takes place.

The following principles apply to all group-wide financial activities:

- Central management of financing activities by METRO AG
- External presentation of METRO as a single financial unit
- Cost-effective capital procurement by using banking and capital markets
- Diversification of dependency relationships with individual banks by limiting the credit volume per bank
- Separation of duties for initiation, controlling and management of financial transactions
- Central financial risk management
- **For more information about the risks stemming from financial instruments and hedging relationships, see the notes to the consolidated financial statements in no. 44 – management of financial risks.**

RATING

METRO AG has instructed Standard & Poor's to assess and monitor its credit rating, which is presented as follows:

Category	2022
Long-term	BBB–
Short-term	A–3
Outlook	negative

FINANCING MEASURES

The company's medium-term and long-term financing needs are covered by a bond issuance programme with a maximum volume of €5 billion. As of 30 September 2022, the utilised bond issuance programme amounted to a total of €1.201 million.

Short-term financing requirements are covered through the Euro Commercial Paper Programme with a maximum volume of €2 billion. On average, the programme was used at €136 million during the reporting period. As of 30 September 2022, the utilisation amounted to €0 million (30/9/2021: €26 million). Furthermore, bilateral credit facilities totalling €69 million were drawn down.

As a cash reserve, METRO AG concluded a syndicated credit facility of €850 million and additional multi-year bilateral credit facilities of €645 million. There was no drawdown during the reporting period.

- **For more information about financing programmes and credit facilities, see the notes to the consolidated financial statements in no. 36 – financial liabilities (excluding liabilities from leases).**

Undrawn credit facilities by METRO

	30/9/2021			**30/9/2022**		
		Remaining term			**Remaining term**	
€ million	Total	up to 1 year	over 1 year	**Total**	**up to 1 year**	**over 1 year**
Bilateral credit facilities	797	78	718	**7[14]**	**64**	**650**
Utilisation	–102	–78	–23	**–69**	**–64**	**–5**
Undrawn bilateral credit facilities	**695**	**0**	**695**	**645**	**0**	**645**
Syndicated credit facilities	850	0	850	**850**	**0**	**850**
Utilisation	0	0	0	**0**	**0**	**0**
Undrawn syndicated credit facilities	**850**	**0**	**850**	**850**	**0**	**850**
Total credit facilities	**1,647**	**78**	**1,568**	**1,564**	**64**	**1,500**
Total utilisation	–102	–78	–23	**–69**	**–64**	**–5**
Total undrawn credit facilities	**1,545**	**0**	**1,545**	**1,495**	**0**	**1,495**

Investments/divestments

In financial year 2021/22, METRO invested €935 million and is thus €171 million above the previous year's investment volume of €764 million.

The increase in investments resulted largely from aquisitions of subsidiaries. In addition to the acquisition of the AGM wholesale stores by METRO Austria, the increase particularly affects the segment Others. The acquisitions of Eijsink, a leading provider of cloud-based point-of-sale solutions, and the Günther Group, with which METRO is expanding its portfolio of products and services for commercial kitchen technology, make a significant contribution to the increase in this segment.

In financial year 2021/22, there was increased investment in the delivery business, IT and modernisation measures, after more restrained investment in the previous year, which was impacted by Covid-19. Moreover, METRO invested in 2 new store openings in France and India. The investment focus in financial year 2021/22 was also increasingly on investments in sustainability. It is worth highlighting here that METRO has implemented several energy efficiency measures. For example, with the F-Gas Exit Programme, METRO is promoting the replacement of conventional refrigeration systems with high greenhouse gas potential with refrigeration systems using natural refrigerants. In the segment East, these sustainability investments contribute to the increase compared to the previous year.

In addition to the 9 newly acquired AGM wholesale stores in Austria and the 2 new openings in France and India, there were a total of 31 disposals in financial year 2021/22 due to the market exits in Belgium (17 wholesale stores) and Japan (10 wholesale stores) as well as 4 wholesale stores in Ukraine that are no longer in operation.

Proceeds from divestments amount to €272 million and mainly relate to real estate disposals.

- **For more information about divestments, see the cash flow statement in the consolidated financial statements as well as the notes to the consolidated financial statements under no. 41 – notes to the cash flow statement.**

METRO investments

€ million	2020/21	2021/22	Changes absolute	Changes %
Germany	114	**107**	−7	−6.0
West	347	**343**	−4	−1.2
Russia	26	**41**	15	58.2
East	112	**169**	57	51.1
Others	165	**275**	110	66.2
METRO	**764**	**935**	**171**	**22.3**

Liquidity (cash flow statement)

Cash inflow from operating activities amounted to €931 million in financial year 2021/22 (2020/21: cash inflow of €1,237 million). The decline is mainly attributable to the increase in net working capital compared to the previous year as well as higher income tax payments due to the improved earnings development.

Investing activities led to cash outflow of €320 million (2020/21: cash outflow of €137 million). The slightly higher payment outflows for investments are offset by higher inflows from divestments, which are mainly related to real estate disposals. Furthermore, cash flows for acquisitions and disposals of subsidiaries increased by €180 million compared to the previous year. Compared with previous year's period, this represents a decrease in cash flow before financing activities of €488 million.

Cash flow from financing activities exhibited a cash outflow of €1,308 million (2020/21: cash outflow of €1,152 million). This includes redemptions of borrowings in the amount of €1,655 million and lease payments in the amount of €572 million. This was offset by proceeds from financial liabilities, which amounted to €953 million.

Total cash flows amount to €−696 million (2020/21: €−52 million).

- **For more information, see the cash flow statement in the consolidated financial statements as well as no. 41 – notes to the cash flow statement.**

The **free cash flow** is derived from the cash flow statement according to the following overview. METRO has introduced this key figure to show the funds generated in a period, which are primarily available for the repayment of debt, payment of dividends and for company transactions.

Free cash flow

€ million	2020/21	2021/22
Cash flow from operating activities	**1,237**	**931**
Investments (without financial investments)	−330	**−414**
Divestments	179	**272**
Lease disbursements	−541	**−572**
Interest paid and received	−78	**−34**
Other financing activities	27	**7**
Free cash flow	**493**	**190**

Capital structure

As of 30 September 2022, the METRO balance sheet reports equity in the amount of €2.4 billion (30/9/2021: €1.8 billion).

Equity increased mainly due to the development of currency translation differences in the amount of €744 million, to which the development of the rouble's value contributed significantly. The remeasurement of defined benefit pension plans resulted in equity-increasing effects including deferred taxes in the amount of €108 million. The profit or loss for the period had an opposite effect of €−331 million on equity.

The equity ratio stands at 18.4% (30/9/2021: 14.4%).

- **For more information about our equity, see the notes to the consolidated financial statements no. 31 – equity.**

Net debt decreased by €0.2 billion and amounts to €3.3 billion as of 30 September 2022 (30/9/2021: €3.5 billion). Cash and cash equivalents decreased by €0.6 billion to €0.8 billion (30/9/2021: €1.5 billion). Moreover, financial liabilities decreased by €0.8 billion to €4.1 billion (30/9/2021: €5.0 billion).

€ million	30/9/2021	30/9/2022
Cash and cash equivalents	1,474	**825**
Current financial investments[1]	13	**19**
Financial liabilities (incl. liabilities from leases)	4,954	**4,124**
Net debt	**3,466**	**3,281**

[1] Shown in the balance sheet under other financial assets (current).

- **For more information about the maturity, currency and interest rate structure of financial liabilities as well as the credit facilities, see the notes to the consolidated financial statements in no. 36 – financial liabilities (excluding liabilities from leases) as well as no. 41 – notes to the cash flow statement.**

As of 30 September 2022, METRO's non-current liabilities amount to €3.8 billion (30/9/2021: €4.6 billion). Financial liabilities decreased by €0.7 billion to €3.1 billion, since many of them came due. Provisions for post-employment benefits plans and similar obligations decreased by €0.2 billion to €0.4 billion, mainly due to changes in interest rates.

As of 30 September 2022, METRO's current liabilities amount to €6.7 billion (30/9/2021: €6.3 billion). Financial liabilities decreased by €0.1 billion to €1.1 billion, since many of them came due and had to be paid back. Trade liabilities increased by €0.4 billion to €3.9 billion, mainly due to increased business activities and higher purchase prices.

Compared to 30 September 2021, the debt ratio decreased from 85.6% by 4.0 percentage point to 81.6%.

€ million	Note no.	30/9/2021	**30/9/2022**
Non-current liabilities		**4,646**	**3,813**
Provisions for post-employment benefits plans and similar obligations	32	531	**360**
Other provisions	33	155	**163**
Financial liabilities	34, 36	3,798	**3,065**
Other financial and other non-financial liabilities	34, 37	78	**71**
Deferred tax liabilities	25	83	**153**
Current liabilities		**6,327**	**6,677**
Trade liabilities	34, 35	3,476	**3,855**
Provisions	33	290	**316**
Financial liabilities	34, 36	1,155	**1,059**
Other financial and other non-financial liabilities	34, 37	1,128	**1,180**
Income tax liabilities	34	277	**267**

- **For more information about the development of liabilities, see the notes to the consolidated financial statements in the numbers listed in the table. Information about contingent liabilities and other financial liabilities can be found in the notes to the consolidated financial statements in no. 45 – contingent liabilities and no. 46 – other financial commitments.**

Asset position

In financial year 2021/22, METRO's total assets remained at previous year's level of €12.9 billion (30/9/2021: €12.8 billion).

There was a decrease of €0.3 billion in non-current assets to €7.7 billion in financial year 2021/22 (30/9/2021: €8.0 billion), which is mainly attributable to the reclassification of investments accounted for using the equity method to current assets due to the intention to sell.

€ million	Note no.	30/9/2021	30/9/2022
Non-current assets		**8,004**	**7,722**
Goodwill	19	644	**647**
Other intangible assets	20	568	**572**
Tangible assets	21	5,663	**5,735**
Investment properties	22	170	**172**
Financial assets	23	92	**84**
Investments accounted for using the equity method	23	361	**108**
Other financial and other non-financial assets	24	162	**117**
Deferred tax assets	25	345	**287**

- **For more information about the development of non-current assets, see the notes to the consolidated financial statements in the numbers listed in the table.**

METRO's current assets increased by €0.3 billion compared to previous year's figures to €5.1 billion (30/9/2021: €4.8 billion). Inventories increased by €0.5 billion to €2.5 billion (30/9/2021: €2.0 billion) mainly due to increased business volume and price levels on the procurement side. Due to the repayment of bonds, cash and cash equivalents decreased by €0.6 billion to €0.8 billion (30/9/2021: €1.5 billion).

€ million	Note no.	30/9/2021	30/9/2022
Current assets		**4,815**	**5,132**
Inventories	26	1,964	**2,455**
Trade receivables	27	496	**601**
Financial assets		3	**3**
Other financial and other non-financial assets	24	785	**928**
Entitlements to income tax refunds		93	**102**
Cash and cash equivalents	29	1,474	**825**
Assets held for sale	30	0	**219**

- **For more information about the development of current assets, see the notes to the consolidated financial statements in the numbers listed in the table.**

Earnings position

Overview of group business development

The consistent implementation of the sCore strategy led to significant growth at METRO in financial year 2021/22, supported by a combination of rising inflation and strong momentum in the strategic customer segment. The company clearly exceeded pre-pandemic levels. It achieved high single-digit volume growth compared to the previous year, leading to further market share gains. All 3 channels (store-based business, delivery and METRO MARKETS) contributed to growth. The business developed better than expected throughout the year, which is why the Management Board raised the sales and earnings outlook for financial year 2021/22 twice.

Nevertheless, financial year 2021/22 was also influenced by various external factors. In addition to the support from inflation, the Russian war in Ukraine and the associated impairments as well as currency effects of the Russian currency had a negative impact on the annual result. The business development was also affected by portfolio decisions. There were 3 strategic acquisitions (C & C Abholgroßmärkte Gesellschaft m.b.H. [AGM]: store-based and delivery business in Austria; Eijsink: point-of-sale solutions for the hospitality industry; Günther Group: company specialising in professional kitchens) and one sale (operational business in Belgium).

In financial year 2021/22, **sales** in local currency increased by 20.4%. All segments contributed to this growth. High single-digit volume growth was achieved. Reported sales grew by 20.1% to €29.8 billion; negative currency effects in Turkey were largely offset by positive currency effects in Russia and other countries.

The **adjusted EBITDA** reached a total of €1,389 million in financial year 2021/22 (2020/21: €1,171 million) and thus returned to pre-pandemic levels[26]. Adjusted for currency effects, pre-pandemic levels were exceeded. The increase is particularly attributable to the strong sales development. The segments West and East contributed disproportionately to this positive development. However, expenses for further projects to implement the sCore strategy, which were mainly incurred in the Germany as well as the West and segment Others, had a negative impact on earnings. Adjusted for currency effects, EBITDA increased by €214 million compared to the same period of the previous year. Negative currency effects from the Turkish currency were overcompensated by positive exchange rate effects from Russia and other countries. Transformation costs of €123 million were incurred in financial year 2021/22 (2020/21: €65 million), mainly from the sale of the Belgian operational business.

The **earnings contributions from real estate transactions** amounted to €137 million (2020/21: €60 million) and resulted mainly from the sale of the remaining real estate portfolio in Japan after the market exit. The EBITDA reached a total of €1,403 million (2020/21: €1,166 million).

€ million	2020/21	**2021/22**	Change
Sales	24,765	**29,754**	20.1%
Adjusted EBITDA	1,171	**1,389**	18.7%
Transformation costs	65	**123**	87.8%
Earnings contributions from real estate transactions	60	**137**	-
EBITDA	1,166	**1,403**	20.4%

In financial year 2021/22, METRO made good progress with the implementation of the strategy in the countries. This is also reflected in the **strategic KPIs** that METRO uses to implement the sCore strategy. Strategic customer sales share increased to 71% (2020/21: 66%), own brands sales share increased to 19% (2020/21: 17%), and stock availability increased slightly to 95% (2020/21: 95%). METRO's FSD sales increased by 53.4% to €6.4 billion in financial year 2021/22 (2020/21: €4.2 billion), reaching a record sales share of 21% (2020/21: 17%); digital sales share increased to 9% (2020/21: 6%).

26 Financial year 2018/19.

As of 30 September 2022, the **store network** comprised 661 stores, of which 567 were out-of-store (OOS) locations[27], and 64 depots.

- **Detailed information on the store network can be found in chapter 2.1 – business model of the group.**

Multichannel sales development (in € million)	2020/21	2021/22
Store-based and other business	20,569	**23,299**
FSD	4,164	**6,386**
METRO MARKETS marketplace sales	50	**130**

sCore KPIs (%)	2020/21	2021/22
Strategic customer sales share	66	**71**
Own brand sales share	17	**19**
Availability of goods	95	**95**
FSD sales share	17	**21**
Digital sales share	6	**9**

Comparison of outlook with actual business developments

The business developed better than expected throughout the year. Therefore, the Management Board increased the sales and earnings outlook for financial year 2021/22 (originally issued on 15 December 2021) on 21 April 2022 and again on 6 July 2022. The subsequent comparison of the actual business development with the outlook for financial year 2021/22 refers to the outlook published on 6 July 2022.

For financial year 2021/22, METRO had forecast sales growth of around 17% to 22% (2020/21: 0.1%[28]) and adjusted EBITDA growth of €150 million to €230 million compared to previous year. The outlook was based on the assumption of stable exchange rates and no further adjustments to the portfolio. It was assumed that further escalation of the war and/or further sanctions could lead to additional negative effects on the business, especially in Ukraine and Russia. Sales in the segments West and East were expected to grow over-proportionately. Lower growth compared to the overall group was expected for Germany and Russia. The development of adjusted EBITDA should follow the sales development in the segments. The segment Others was expected to be significantly below the previous year's level. The key financial figures included the operating business from Belgium up to and including May 2022.

With **total sales** growth in local currency of 21.4%[28], METRO achieved this target in the upper half of the outlook (17% to 22%). Sales in the segments West and East grew over-proportionately, while sales in Germany and Russia grew below the group level, as expected. Sales in the segment Others increased to €122 million, driven by the expansion of the online marketplace METRO MARKETS.

The **adjusted EBITDA** increased by €204 million[28] to €1,394 million in financial year 2021/22 in the outlook view (2020/21: €1,187 million) and thus also reached the upper half of the outlook range (€150 million to €230 million). Adjusted EBITDA developed

27 OOS refers to the existing METRO store network and includes METRO stores that supply from the store as well as stores that operate their own depot in the store.

28 Currency-adjusted, without Japan and Myanmar, but with Aviludo and Pro a Pro Spain. Belgium up to and including May 2022.

positively in the segments Germany, West, Russia and East. The earnings development followed the trajectory of the sales development. As expected, the segment Others developed significantly below the level of the previous year with a decline in adjusted EBITDA of €57 million.

METRO achieved the adjusted sales and EBITDA targets for financial year 2021/22 in the upper half of the outlook range.

Sales and earnings development of the segments

In **Germany**, sales in local currency increased by 6.1% in financial year 2021/22. The continued good performance of Rungis Express, the good performance of the HoReCa business and support from inflation contributed significantly to this growth. The HoReCa business outperformed the market again. Reported sales increased by 6.2% to €4.7 billion.

Sales in local currency and reported in the segment **West** increased significantly by 28.3% to €12.0 billion in financial year 2021/22. All countries except Belgium contributed with a double-digit growth. The largest increases in sales were achieved in France, Italy and Spain with growth rates of over 30%. Due to the sale of the Belgian business on 15 June 2022, Belgium recorded a negative sales growth for the full year. Positive development was achieved in all customer groups of the segment West – with the strongest growth in the HoReCa business. The missing sales of the Belgian business were partly compensated by the first-time consolidation of the AGM stores in Austria as of 2 May 2022. The HoReCa business in France, Spain and Italy outperformed the market again.

In **Russia**, sales in local currency increased by 7.9% in financial year 2021/22. Sales growth was driven by all customer groups, especially by the FSD business. However, Russia’s war in Ukraine and the related sanctions impacted business development, which increasingly led to a decline in volumes during the financial year and was attributable to poorer product availability. Reported sales were supported by positive currency effects and increased by 22.3% to €2.9 billion.

In the segment **East**, sales in local currency increased by 22.4%. Almost all countries contributed to this growth, driven primarily by the clearly positive development of the HoReCa business. The largest increase in sales was recorded in Turkey. This was strongly supported by inflation and increased due to the effects from the application of hyperinflationary accounting; the development of the Turkish currency had the opposite effect here. In Ukraine, sales developed negatively due to the war and declined by 10.4% overall. Reported sales in the segment East increased by 17.1% to €10.0 billion.

In the **segment** Others, sales increased by €72 million to €122 million (2020/21: €49 million) and includes METRO MARKETS sales of €69 million (2020/21: €33 million). This increase is attributable to the strong growth of the marketplace in Germany and Spain as well as the expansion in Italy. Furthermore, Eijsink sales have been contributing positively to sales since 31 March 2022.

METRO key sales figures 2021/22

In year-on-year comparison

	Sales (in € million)		Change in % compared with the previous year's period		
	2020/21	2021/22	in group currency (€)	Currency effects in percentage points	in local currency
METRO	**24,765**	**29,754**	**20.1%**	**−0.2%**	**20.4%**
Germany	4,457	**4,732**	6.2%	0.0%	6.1%
West	9,384	**12,042**	28.3%	0.0%	28.3%
Russia	2,374	**2,904**	22.3%	14.4%	7.9%
East[1]	8,500	**9,955**	17.1%	−5.2%	22.4%
Others	49	**122**	-	-	-

[1] As of financial year 2021/22, the segment Asia will be reported together with the previous segment Eastern Europe as the segment East. Previous year's figures were adjusted.

In **Germany**, the adjusted EBITDA in financial year 2021/22 increased to €167 million (2020/21: €149 million). The increase is particularly attributable to the strong sales development compared to the same period of the previous year. The stringent cost management initiated in the previous year as well as a cost optimisation in connection with the grown FSD business also had a positive impact. On the other hand, expenses for additional projects to implement the sCore strategy burdened the result in the low double-digit million euros range.

In the segment **West**, the adjusted EBITDA increased to €576 million in financial year 2021/22 (2020/21: €394 million), marking a significant improvement compared to the previous year. The increase is particularly attributable to the strong sales development compared to the same period of the previous year. The biggest drivers were France, Spain and Italy. Transformation costs of €125 million (2020/21: €0 million) were incurred as part of the sale of the Belgian business. EBITDA increased to €453 million (2020/21: €412 million).

The adjusted EBITDA in **Russia** amounted to €231 million in financial year 2021/22 (2020/21: €197 million). In the first half of the financial year, adjusted EBITDA developed positively due to the strong operating performance. In the second half of the year, consumer behaviour and product availability deteriorated, which was also reflected in the EBITDA development. Adjusted for currency effects, EBITDA increased by €8 million.

In the segment **East**, the adjusted EBITDA in financial year 2021/22 increased to €417 million (2020/21: €373 million). The increase is attributable to the strong sales development. In Ukraine, this was counteracted by a decline in earnings due to lower sales and war-related inventory depreciation of around €15 million. Adjusted for currency effects, EBITDA in the segment East increased by €64 million. The earnings contributions from real estate transactions amounted to €132 million (2020/21: €0 million) and resulted primarily from the sale of the remaining real estate portfolio in Japan after the market exit. The EBITDA increased to €548 million (2020/21: €328 million).

The adjusted EBITDA in the **segment** Others amounted to €−1 million in financial year 2021/22 (2020/21: €59 million). Effects from the reassessment of transaction-related provisions amounting to a low double-digit million euros sum had a positive impact in financial year 2021/22 as well as in the previous year, whereby the current year was more strongly supported. While previous year’s figure was positively influenced by another €20 million in addition to the aforementioned effects, adjusted EBITDA in financial year 2021/22 was burdened by the redemption of existing pension obligations in the amount of around €20 million and a programme to focus the real estate unit on the wholesale business in the low double-digit million euros range. Compared to the previous year, adjusted EBITDA also benefited from the licensing income from the partnership with Wumei, which will continue to accrue until April 2023. In addition, further investments in digitalisation were made in the current year (roll-out of METRO MARKETS and Eijsink). Earnings contributions from real estate transactions amounted to €3 million (2020/21: €42 million). EBITDA reached €5 million (2020/21: €91 million).

	Adjusted EBITDA			Transformation costs		Earnings contributions from real estate transactions		EBITDA	
€ million	2020/21	**2021/22**	Change (€)	2020/21	**2021/22**	2020/21	**2021/22**	2020/21	**2021/22**
Total	**1,171**	**1,389**	**219**	**65**	**123**	**60**	**137**	**1,166**	**1,403**
Germany	149	**167**	18	10	**0**	0	**0**	138	**167**
West	394	**576**	182	0	**125**	18	**1**	412	**453**
Russia	197	**231**	35	0	**0**	0	**1**	197	**232**
East[1]	373	**417**	44	45	**0**	0	**132**	328	**548**
Others	59	**–1**	–60	10	**–2**	42	**3**	91	**5**
Consolidation	–1	**–2**	–1	0	**0**	0	**0**	–1	**–2**

[1] As of financial year 2021/22, the segment Asia will be reported together with the previous segment Eastern Europe as the segment East. Previous year’s figures were adjusted.

Depreciation, financial result and taxes

€ million	2020/21	2021/22
EBITDA	**1,166**	**1,403**
Depreciation	969	**977**
Reversals of impairment losses	0	**2**
Earnings before interest and taxes EBIT	**197**	**429**
Other investment result	12	**15**
Interest income/expenses (interest result)	−194	**−157**
Other financial result	25	**−421**
Net financial result	**−157**	**−563**
Earnings before taxes EBT	**40**	**−134**
Income taxes	−85	**−196**
Profit or loss for the period	**−45**	**−331**

DEPRECIATION

Impairment losses amounted to €977 million. The reduced sales and earnings expectations due to the war in Ukraine and the sanctions imposed on Russia led to impairments of assets. Impairment losses on goodwill amount to €55 million, of which €38 million relate to Russia and €17 million to Ukraine. Impairment losses on property, plant and equipment amounting to €76 million are mainly attributable to Ukraine in the amount of €45 million and Russia in the amount of €21 million.

- **Further disclosures about impairment losses are provided in the notes to the consolidated financial statements in no. 15 – depreciation/amortisation/ impairment losses.**

NET FINANCIAL RESULT

The net financial result primarily comprises the interest result of €−157 million (2020/21: €−194 million) and the other financial result of €−421 million (2020/21: €25 million). The main reason for the negative development of the other financial result is the exchange rate development of the Russian rouble, which is attributable to the war-related sanctions against Russia and its counter-sanctions. As a result, negative valuation effects arose from intra-group items. The net interest result improved significantly as a result of declining interest expenses from leases and lower interest expenses for other financial liabilities compared to the previous year.

- **For more information about the net financial result, see the notes to the consolidated financial statements in no. 7 – earnings share of operating companies recognised at equity, no. 8 – other investment result, no. 9 – net interest income/interest expenses and no. 10 – other financial result.**

TAXES

The increase in income tax expenses is attributable to improved results in various countries as well as withholding tax from intra-group dividends.

- **For more information about income taxes, see the notes to the consolidated financial statements in no. 12 – income taxes.**

€ million	2020/21	2021/22
Actual taxes	157	**168**
thereof Germany	(12)	**(13)**
thereof international	(145)	**(155)**
thereof tax expenses/income of current period	(102)	**(171)**
thereof tax expenses/income of previous periods	(55)	**(−3)**
Deferred taxes	−72	**28**
thereof Germany	(3)	**(2)**
thereof international	(−76)	**(26)**
	85	**196**

Profit or loss for the period and earnings per share

The profit or loss for the period in financial year 2021/22 was €−331 million, €286 million lower than the profit or loss for the period of the previous year (2020/21: €−45 million). Impairments of more than €−600 million had a negative impact here. They resulted from currency-related negative effects in the financial result (mainly non-cash), effects from the sale of the Belgian business (transformation costs in the amount of €125 million, partly cash-effective) and impairments. Without these impairments, the profit or loss for the period would have increased significantly.

After deduction of the profit shares attributable to non-controlling interests, the profit or loss for the period attributable to the shareholders of METRO AG is €−334 million (2020/21: €−56 million).

On this basis, METRO achieved earnings of €−0.92 per share in financial year 2021/22 (2020/21: €−0.15). Without the aforementioned impairments, EPS would have risen. The calculation for the reporting period was based on a weighted number of 363,097,253 shares. Profit or loss for the period attributable to shareholders of METRO AG was distributed according to this number of shares. There was no dilution from so-called potential shares in financial year 2021/22 or in the previous year.

4 Report on events after the closing date and outlook

Report on events after the closing date

Events after the closing date

CYBERATTACK

On 17 October 2022, METRO became the victim of a cyberattack, which we publicly announced about on our website metroag.de. The cyberattack causes a partial failure of the IT systems. Despite the swift restoration of the IT infrastructure and the associated operational customer services since then, the cyberattack has caused sales losses, inefficiencies and cost increases. Consequently, we expect a negative impact on earnings in the mid double-digit million euros range. Supported by external forensic experts, all functional areas, in particular Corporate Security and METRO Digital, continue to analyse the cyberattack in detail in collaboration with all relevant authorities.

SALE OF REAL ESTATE

In collaboration with the city of Düsseldorf, a new utilisation concept was developed for parts of the campus site in Düsseldorf in order to make areas available for the creation of new living space. In October 2022, this partial area was sold for proceeds in the low three-digit million euros range.

Outlook

The outlook prepared by METRO considers relevant facts and events that were known at the time of preparing the consolidated financial statements and that may impact the future development of our business. The outlook on economic parameters is based on an analysis of primary data used for early detection. These forecasts are derived from expert assessments on the development of energy supply, the Russian war in Ukraine and Covid-19. Strong deviations from these assumptions can lead to significant changes. Accordingly, all forecasts are subject to a high degree of uncertainties. The statements made for this report relate to the closing date at the end of October 2022. They may have become obsolete due to recent developments since then.

Macroeconomic parameters

The **global economy** has lost growth momentum over the course of financial year 2021/22. The trajectory and costs of the energy crisis, which is associated with the current geopolitical tensions, are not yet fully foreseeable. This means that all forecasts on the development of economic conditions are subject to an extraordinarily high degree of uncertainty. We expect the global economy to grow weaker in financial year 2022/23 than in the previous year.

According to current forecasts, our regions and countries will develop very differently. The **German economy** is on the threshold of recession at the beginning of financial year 2022/23. We assume that the recession will last throughout the first half of the year and that the German economy will grow slightly again in the second half. Overall, the real gross domestic product in Germany will shrink slightly in the current financial year. A similar development is expected for the **region West** over the financial year; however, the economy in the region West will still grow slightly overall in the financial year. In **Russia**, the negative economic development should intensify financial year

2022/23 in light of existing economic sanctions. By contrast, an overall positive development is forecasted for the **region East**. The growth though will be significantly lower than in financial year 2021/22. The countries in the region East are expected to develop very differently: while individual economies are on the verge of a decline, comparatively high economic growth is expected for the countries in Asia. Overall, economic forecasts for the countries in the region East assume lower growth than in the previous period. The outlook is based on the assumption that there will neither be a worsening of the energy crisis bringing the rationing of gas or energy for industry and consumers, nor an expansion of the war in Ukraine. Similarly, an endemic Covid-19 trajectory is assumed.

Another significant factor influencing the economic development in financial year 2022/23 will continue to be high inflation and the struggle to mitigate it. Further interest rate hikes by central banks are likely to curb inflation, which will have a destimulating effect on economic growth due to higher credit costs. We expect inflation to peak in H1 of the financial year. In many cases, the already high purchase prices for energy sources or for production goods will only be reflected in the prices of consumer goods with a time lag. Inflation across all regions will reach, or even slightly exceed, the level of the previous year. Turkey continues to play a special role with regard to inflation. Inflation in this country remains unchanged at a very high level, despite a noticeable slowdown.

Sustained price increases are expected to lead to the fact that the real incomes of consumers in many countries of our portfolio will only increase slightly or not at all in financial year 2022/23, which will probably also have an impact on private consumption. Consumer confidence and, in particular, propensity to buy were very low at the beginning of the financial year. This is also attributable to a high level of uncertainty regarding the actual and expected costs of energy. As a countermeasure, numerous countries have launched regulatory programmes for energy and gas costs for private households and companies. Further economic stimuli have already been announced by politicians for some countries. Private consumer spending will nevertheless develop significantly weaker in financial year 2022/23 than in the previous year. However, it is expected to remain close to previous year’s level in all regions except Russia.

From experience, a slowdown in private household consumption momentum has a stronger impact on discretionary spending than on essential spending, such as food. Eating away from home ranks high in discretionary spending. Generally, households from higher income groups are disproportionately relevant for sales in the hospitality industry. Experience shows that they have less need to restrict their consumption due to inflation. Accordingly, we assume that a slowdown in consumption momentum will not impact sales in the hospitality industry as much as other discretionary spending, such as the purchase of consumer durables.

The slowing economic momentum and price increases are not only having an impact on the demand side, but also on the supply side. Higher planning uncertainties on the part of our customers require the greatest possible flexibility in procurement. With our multichannel approach, our HoReCa and Traders customers have the opportunity to select and combine the purchasing channels that suit their individual needs best. The pick-up business in our wholesale stores offers our customers the greatest possible flexibility, allowing them to adapt their purchasing behaviour to their business development. During the Covid-19 pandemic, this proved to be a distinct competitive advantage for METRO. Accordingly, we consider ourselves well positioned to successfully face the adverse economic outlook and further expand our market position.

The table below shows our GDP outlook by our regions.

Outlook development of gross domestic product by region[1]

Change in % compared to the previous year

	2022/23	2023/24
World	1.3	2.5
Germany	–1.2	2.1
West	0.3	1.5
Russia	–4.1	1.7
East	2.3	4.8

Real GDP growth. The values are based on the financial year. Source: own assumptions, based on Oxford Economics, among others.

1 Outlook as of October 2022.

Outlook of METRO

The outlook is based on the assumption of stable exchange rates and no further adjustments to the portfolio. In financial year 2021/22 some adjustments to the portfolio have been made: AGM (first consolidation as of 2 May 2022) and Eijsink (first consolidation as of 31 March 2022) are included in financial year 2021/22 and 2022/23 figures. Due to the sale of the Belgian business (deconsolidation as of 15 June 2022), figures are excluded from financial year 2021/22 and 2022/23 figures. The relevant opportunities and risks that influence the outlook are explained in the opportunities and risk report. The expectations for the further macroeconomic development are explained in the chapter on macroeconomic parameters.

SALES

The Management Board expects a total sales growth of 5% to 10% (2021/22: 21.4%[29]) for financial year 2022/23. We expect a measurable decrease of inflation compared to the previous year. Growth will be driven by strategic customers and all channels. The segments Germany, West and East are expected to grow within the guidance range while Russia will decrease against previous year level. Sales in the segment Others will grow significantly above the guidance range as METRO MARKETS and Hospitality Digital products will be rolled out further.

29 Exchange rate-adjusted, without Japan and Myanmar, but with Aviludo and Pro a Pro Spain. Belgium up to and including May 2022. The portfolio-adjusted sales growth excluding Belgium for financial year 2021/22 as the basis for the outlook is 22.6% (absolute sales 2022: €29.3 billion), adjusted EBITDA: €1,391 million).

EARNINGS

The Management Board further expects adjusted EBITDA to decline by €75–225 million compared to financial year 2021/22 (2021/22: +€204 million to €1,394 [29] million). The sales growth from sCore generally leads to EBITDA growth. In financial year 2022/23, however, this is countered by measurable cost inflation and impacts from the cyberattack, hence leading to the expected decline on group level. In the segment West, adjusted EBITDA will grow moderately. The segments Germany and East are expected roughly on previous year level and Russia will decrease strongly. The segment Others will also decline strongly due to the expiration of post transaction effects (mainly China and Real) and further investments in digitalization.

5 Opportunities and risk report

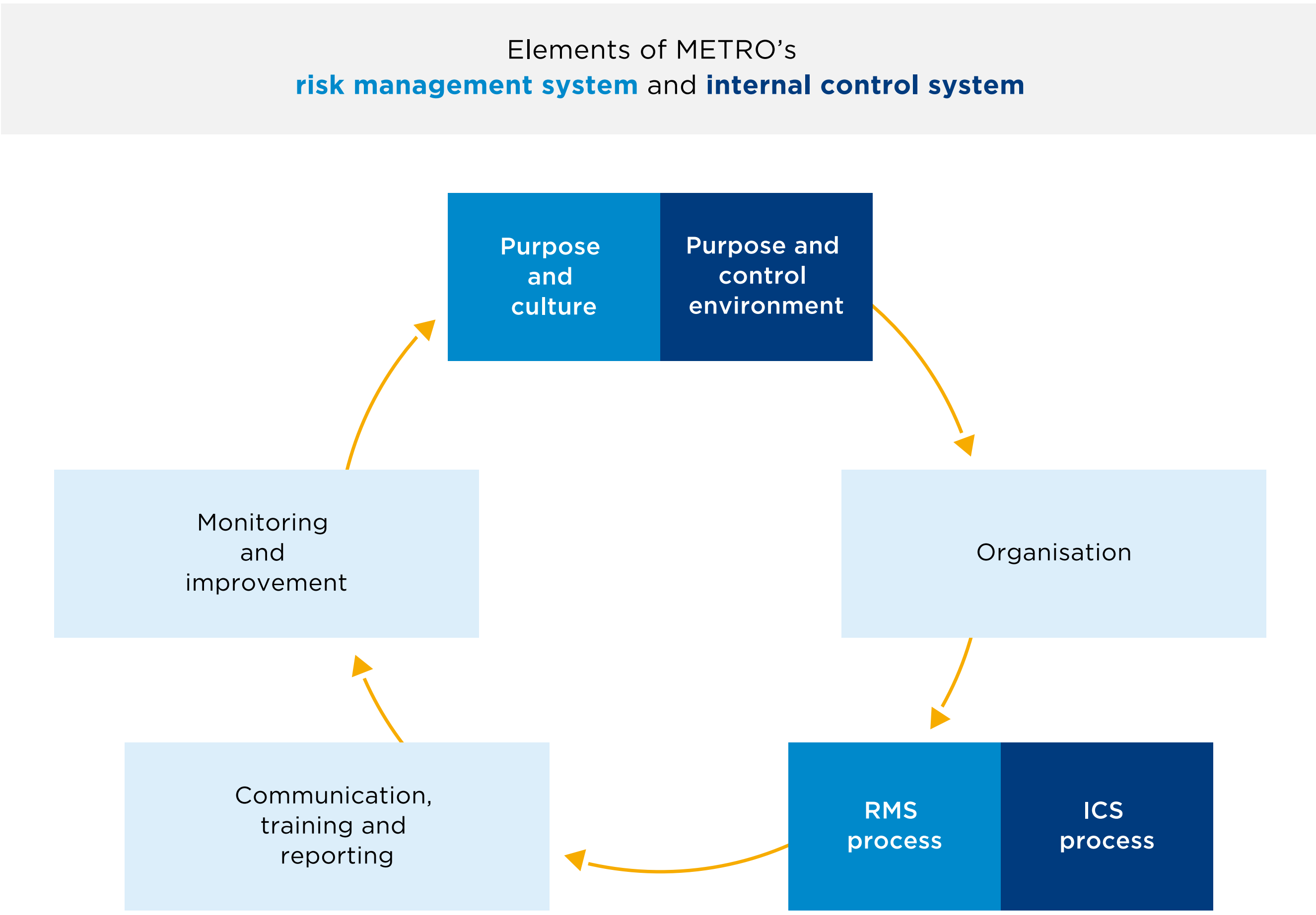
Risk management system and internal control system

A prerequisite for the long-term success of our company is to identify opportunities and risks at an early stage and to exploit or manage them.

The Management Board of METRO AG bears overall responsibility for an effective risk management system (RMS) and an effective internal control system (ICS).

The RMS and the ICS of METRO are implemented by the Group Governance department based on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the requirements of the audit standards 981 and 982 of the Institut der Wirtschaftsprüfer in Deutschland e. V. (IDW, Institute of Public Auditors in Germany). Accordingly, the management systems consist of the following elements:

Risk management system and internal control system



Objectives of the RMS and ICS

The overarching objectives of the RMS and ICS are to protect assets and support sustainable growth for METRO. The RMS supports these objectives through systematic reporting on opportunities and risks. It facilitates informed decisions and creates transparency. The ICS supports the aforementioned objectives by creating reliable operational and financial processes in order to ensure the accuracy, completeness and timeliness of financial reporting in particular and compliance with laws and guidelines.

Organisation of the RMS and ICS

Group-wide RMS and ICS tasks and responsibilities are clearly defined and reflect our corporate structure. We combine centralised business management by the management holding company METRO AG with the decentralised responsibility of the METRO national subsidiaries and the service companies that support the operational business.

It is the responsibility and a legal obligation of the Management Board of METRO AG to organise a governance, risk and compliance system (GRC system) for METRO. We regard the risk management system, the internal control system, the compliance management system (CMS) as well as Internal Audit to be components of the GRC system. This organisational structure is based on the governance elements identified in § 107 Section 3 of the German Stock Corporation Act (AktG) as well as the German Corporate Governance Code. The fundamental principles of the GRC system are defined and documented in our governance, risk and compliance guideline. On this basis, we continuously work on increasing the efficiency and effectiveness of the GRC system.

The group’s Governance, Risk and Compliance Committee (GRCC) is chaired by the Chief Financial Officer of METRO AG and regularly discusses methods and further developments of the GRC subsystems. The structural and procedural organisation of the RMS and the ICS are clearly defined in the relevant guidelines and implemented throughout the group.

In financial year 2021/22, we enhanced our risk management system to align with the requirements of IDW PS 340 (by the Institute of Public Auditors).

- **Details on the description of the main features of the CMS can be found in chapter 2.3 summarised non-financial statement of METRO AG.**

Risk management process

We only assume business risks if they are considered to be manageable and if the associated opportunities promise an appropriate increase in our value. We bear the risks associated with the core processes of the wholesale business ourselves. These core processes include the procurement and sale of merchandise and services, the development and implementation of business models as well as decisions about store locations. Risks associated with supporting processes are mitigated within the group or transferred to third parties where reasonable. We generally do not assume risks that are related neither to core nor to supporting processes. Risks assessed as probable are included in our business plans.

Risks are identified and assessed in the annual risk inventory for METRO AG and its subsidiaries. This is based on a group-wide standardised risk catalogue. In addition, business model-specific risks are supplemented locally.

We classify all risks according to standard criteria using quantitative and qualitative scales. One part of the assessment focuses on the loss potential, which includes negative effects on our business objectives. The key indicator in this regard is EBITDA. The other part of the assessment focuses on the probability of occurrence.

All risks are assessed with their potential impact at the time of the risk analysis and before potential mitigating measures (presentation of gross risks) as well as after deduction of the previously implemented measures (presentation of net risks). In order to facilitate a reasonable reconciliation, the response measures are evaluated and documented with regard to their impact on the loss potential as well as the probability of occurrence of the underlying risks. The central IT tool myGRC is used to identify and assess risks and to document key response measures. The measures are also tracked in myGRC throughout the year beyond the period of the risk inventory. We generally assess risks over a prospective 1-year period; strategic risks cover at least the medium-term planning horizon of 3 years. For reporting purposes, we focus on the net presentation, as the assessment and aggregation of net risks is particularly relevant in the comparison of risks with risk-bearing capacity.

After the risks are identified and assessed by the companies, they are allocated by topic to the various functions within METRO and validated by the respective corporate process owners, usually the divisional managers; if necessary, they are then adjusted and supplemented. Longer-term risks, for example related to climate change or political risks, are also taken into account by the relevant functional experts. These so-called functional risks are aggregated into consolidated risks using a scenario analysis based on statistical simulation techniques. In financial year 2021/22, a stable portfolio of consolidated risks was introduced, to which the functional risks are assigned based on their content. This makes it easier to compare information from year to year and to analyse the interdependencies between the consolidated risks. In a further step, statistical simulation techniques are used to determine the risk aggregate on the basis of all the consolidated risks, and the risk aggregate is compared with the risk-bearing capacity. Before the proposal is submitted to the Management Board of METRO AG for authorisation, the consolidated risks as well as the risk aggregate are first reviewed and approved by the GRC Committee.

- **The consolidated risks considered significant by the Management Board of METRO AG are listed under 'Description of the opportunity and risk situation'.**

Systematically identifying and communicating opportunities is an integral part of METRO's corporate management.

For this purpose, we conduct macroeconomic analyses, study relevant trends and evaluate market, competition and location analyses. We also analyse the critical success factors of our business models and the relevant cost drivers of our company. The Management Board of METRO AG specifies the derived market and business opportunities as well as efficiency enhancement potential in the context of strategic as well as short-term and medium-term planning. It does so by engaging in a regular dialogue with the management of the group companies and units at the central holding company. As a wholesale company, we pursue market- and customer-driven business approaches in this process and continually review our strategy to ensure long-term sustainable growth. The consolidated opportunities and risks are presented jointly to the GRC Committee and the Management Board.

The responsibility for steering risks lies with the functionally and operationally responsible persons within METRO. The ICS supports the group companies in fulfilling their responsibility to manage process risks.

Internal control system for financial and operational processes

METRO's ICS defines group-wide minimum requirements for the design of the internal control system for financial processes (for example accounting and tax processes) or operational processes (such as purchasing processes and processes in the markets) for METRO AG and its subsidiaries. Among others, these requirements cover the control design, control execution, the monitoring of the effectiveness of controls and reporting on effectiveness analyses. The METRO control framework, the local control design of the companies, the control execution and documentation as well as the effectiveness analyses of the subsidiaries are also documented in the central IT tool myGRC.

IFRS ACCOUNTING GUIDELINE

A group-wide IFRS accounting guideline that is compulsory for all companies included in the consolidated financial statements ensures the uniform METRO group-wide application of accounting procedures. The guidelines are periodically updated by the Corporate Accounting department. The management of each major group company is obligated to confirm compliance with the guidelines in a formal declaration on each reporting date.

ACCOUNTING PROCESSES OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The separate financial statements of the companies to be included in the consolidated financial statements are generally prepared using SAP-based accounting systems (SAP FI). Clearly assigned competencies and roles ensure clearly defined responsibilities for the individual financial statement preparation activities. This unambiguous functional separation also prevents potential conflicts of interest. Many group companies prepare their separate financial statements on the basis of a centrally managed table of accounts using uniform accounting rules.

To avoid risks relating to non-compliance with accounting rules, deadlines or dates and to document the work steps to be performed as part of the preparation of separate and consolidated financial statements in accordance with IFRS, planning tools are available to assist in monitoring the content and timing of work processes. The scheduling and monitoring of the milestones and activities as well as the design of individual company internal controls necessary for the preparation of separate financial statements are part of the responsibilities of the respective company's management.

ACCOUNTING PROCESSES FOR CONSOLIDATION PURPOSES

The consolidation of accounting-related data for the purpose of group reporting is performed by a centralised consolidation system (CCH Tagetik). All consolidated METRO companies must work within this system. It provides a uniform accounts table to be used by all consolidated companies in accordance with the IFRS accounting guideline. Once they have been transmitted from the separate financial statements to the consolidation system, they are subjected to an automated plausibility review in relation to accounting-specific contexts and dependencies. Any errors or warning messages generated by the system during this validation process must be addressed by the person responsible for the separate financial statements before the data are transmitted to the consolidation facility.

The processes and controls used in the preparation of the consolidated financial statements include the completeness check of the consolidation group, verification of punctual, complete and correct data submission, avoidance of undesirable data changes and a complete and error-free execution of typical consolidation steps. The latter are subjected to system-based and manual controls. The automated plausibility reviews (validations) apply to the consolidation measures similarly as they are intended for the separate financial statement data.

IT SECURITY

To warrant the security of the group's information technology systems (IT), access to the accounting-related IT systems is regulated. Access authorisations are centrally managed and are subject to customary approval mechanisms. Generally, each company included in the consolidated financial statements is subject to the regulations concerning IT security. These regulations are summarised in an IT security guideline, with risk-oriented compliance being monitored by the Internal Audit unit.

Reporting on RMS and ICS

All insights gained in the context of RMS, ICS and CMS reporting are included in the GRC reporting. It provides an overall view of the opportunity and risk situation of the group and an assessment of the effectiveness of the measures taken. The GRC report includes:

- the assessment of the management of METRO AG regarding the effectiveness of the governance management subsystems,
- the opportunity and risk profile of the group, and
- the recommendations on risk steering measures and the optimisation of the governance approach.

The Management Board regularly informs the Supervisory Board and the Audit Committee about issues relating to the management of opportunities and risks. Twice a year, the Supervisory Board is provided with a written report on the organisation and focus of the RMS and ICS as well as the current opportunity and risk situation.

In the event of sudden, serious risks to the net assets, financial position or earnings position, an ad hoc reporting system is used to ensure that the Management Board of METRO AG receives all necessary information directly and without delay.

Monitoring and improvement of the RMS and ICS

The Supervisory Board of METRO AG is responsible for monitoring the governance management systems in accordance with § 107 Section 3 of the German Stock Corporation Act (AktG). GRC reporting in particular enables the Supervisory Board to fulfil its duties. In accordance with the requirements of the German Corporate Sector Supervision and Transparency Act (KonTraG) as well as the provisions of § 317 Section 4 of the German Commercial Code (HGB), the external auditor periodically assesses the company's early-warning system. The results of this audit are presented to the Management Board and the Supervisory Board. In addition, the risk management system was subjected to an external effectiveness audit in financial year 2021/22 in accordance with the requirements of IDW audit standard 981. The audit was successfully completed and the effectiveness was confirmed to the Management Board and the Supervisory Board.

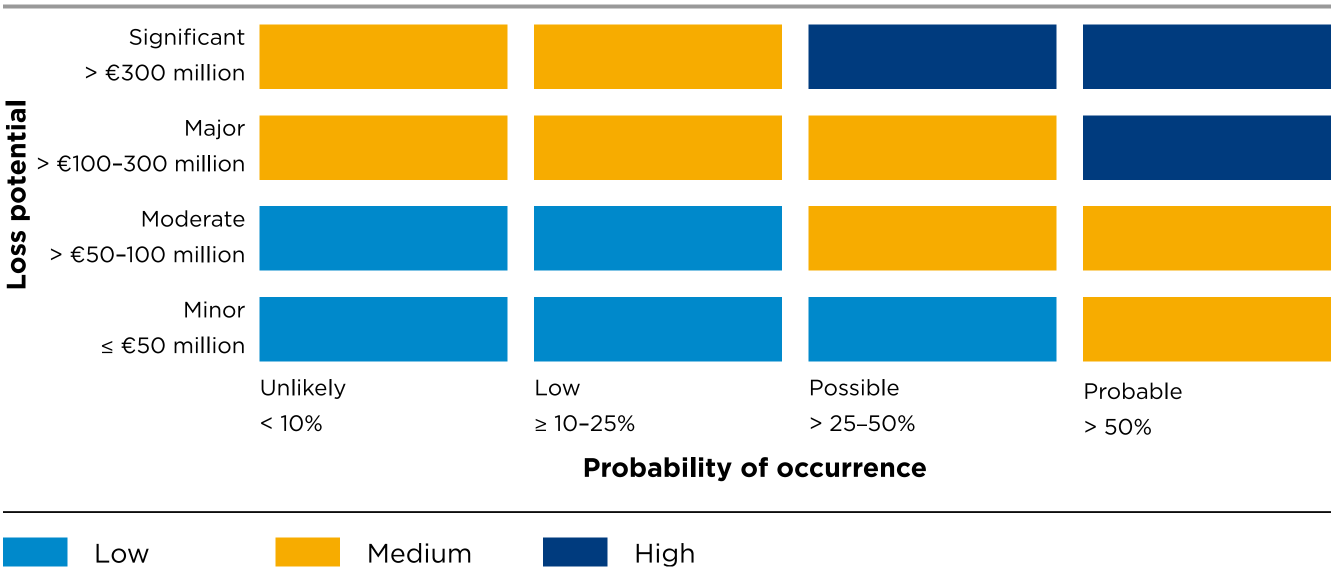
Key elements of internal monitoring include effectiveness checks performed by Internal Audit based on risk-oriented annual audit planning as well as self-assessments of the management systems by the Management Board based on GRC reporting. Taking into account the external and internal audits of the RMS and ICS performed during the financial year, no matters have come to our attention that cause us to believe that the RMS or ICS were not adequate and effective in all material aspects during the period from 1 October 2021 to 30 September 2022[30].

The Group Governance department has implemented monitoring controls for RMS and ICS, which are performed by Group Governance and documented in the central IT tool myGRC. Furthermore, Group Governance conducts annual systematic evaluations of all findings gathered throughout the year, such as those arising from Internal Audit results, findings of external auditors and feedback from users. In this way, the management systems are continuously improved.

Description of the opportunity and risk situation

Each consolidated risk analysis is based on a 4x4 matrix with regard to loss potential and probability of occurrence. Based on the loss potential and the probability of occurrence, a risk classification (low, medium, high) is derived for each consolidated risk:

Risk matrix



30 Unaudited with the exception of the adequacy and effectiveness statements in accordance with IDW PS 981 relating to the RMS. This statement by the Management Board is a disclosure required by GCGC 2022 and is not subject to the audit, as it is not part of the management report.

The stable portfolio of consolidated risks introduced in financial year 2021/22 contains a total of 16 risks. All risks are listed in the following overview:

Subject group	No.	Consolidated risks 2021/22	Loss potential	Probability of occurrence	Risk classification
Environment	#1	Strategic risks	Moderate	Low	Low
	#2	Macroeconomic and political risks	Significant	Possible	High
	#3	Interruption of business activities	Moderate	Probable	Medium
	#4	Security risks	Minor	Possible	Low
Corporate responsibility	#5	Environmental and social risks	Major	Possible	Medium
Wholesale business	#6	Store operations and FSD risks	Major	Low	Medium
Real estate	#7	Real estate risks	Major	Probable	High
Suppliers and products	#8	Procurement risks	Major	Low	Medium
	#9	Quality risks	Minor	Unlikely	Low
Supply chain	#10	Supply chain risks	Minor	Low	Low
Financials	#11	Financial risks	Major	Low	Medium
Transactions	#12	Transaction risks	Major	Possible	Medium
IT	#13	Data risks	Minor	Possible	Low
Human resources	#14	Human resources risks	Minor	Low	Low
Tax, legal and compliance	#15	Tax risks	Minor	Low	Low
	#16	Legal and compliance risks	Minor	Low	Low

With the introduction of the stable portfolio of consolidated risks, ‘Strategic risks’ (#1) and ‘Store operations and FSD risks’ (#6) were added for the first time. Among other risks, they include items that were previously included in ‘Risks related to Covid-19’ and ‘Challenged business model’. The risk ‘Legal and compliance risks’ (#16) was renamed and now includes the former risk ‘Increasing trade regulations’ in addition to general legal risks. Due to their loss potential and/or probability of occurrence, the risks ‘Security risks’ (#4), ‘Supply chain risks’ (#10), ‘Data risks’ (#13) and ‘Human resources risks’ (#14) were classified as low in the reporting period, just like in the previous year. Accordingly, for the sake of completeness, they are presented for the first time in connection with the stable risk portfolio in the annual report 2021/22. The changes in risks are presented in the net consideration in the half-year financial report 2021/22.

As can be seen in the table, 2 of the 16 consolidated risks in the reporting period were classified as high, 6 risks as medium and 8 risks as low. In the following, we go into detail about the opportunities and risks. We focus on those risks that are classified as high and medium.

Environment

OPPORTUNITIES FROM A GLOBAL AND DIVERSIFIED BUSINESS MODEL

METRO's diversified country portfolio, which excludes excessive individual dependencies on specific countries, offers a competitive edge in the current economic situation compared to other, locally positioned market participants. The global positioning also allows METRO to react flexibly to changes in global supply chains, for example through the use of regional trading offices.

Likewise, the diversified multichannel business model is optimally positioned in the competitive context to meet customer demand. The increased cost-consciousness of customers is contrasted by the own-brand and price strategy for the store-based business. With regard to personnel shortages in the hospitality industry, our digital solutions and pre-processed products help to at least partially bridge the staffing gap.

STRATEGIC RISKS (#1)

Strategic risks include risks related to the group's business model, competitiveness and digitalisation. Due to the progressing implementation of digital solutions for our multichannel approach (for example M-Shop), the risk in terms of loss potential has decreased from major (> €100–300 million) to moderate (> €50–100 million). Consequently, in combination with the low probability of occurrence (≥ 10–25%), it is classified as low overall.

OPPORTUNITIES FROM THE DEVELOPMENT OF BUSINESS AND POLITICAL CONDITIONS

An improvement in the economic and political environment worldwide or in countries where METRO is present, as well as improvements in free trade, could have a positive impact on sales, costs and earnings. METRO operates in a large number of countries where we could potentially benefit from these developments. Opportunities could arise from a sustained positive geopolitical and macroeconomic development, for example in the form of a recovery of foreign exchange rates.

MACROECONOMIC AND POLITICAL RISKS (#2)

As a company with global operations, METRO depends on the political and economic situations in the countries in which the group operates. The fundamental business environment can change rapidly. Changes in political leadership, civil unrest, terrorist attacks or economic imbalances can jeopardise METRO's business. Above all, the war in Ukraine affects the safety of employees and customers as well as the integrity of the business and supply chains. With regard to the business in Russia, risks arise from sanctions, counter-sanctions and government intervention in business operations to the point of potential expropriation as a result of the development of the war. The effects of the war are driving inflation and the associated loss of purchasing power among the population. Compared to the half-year financial report 2021/22, the probability of occurrence for this risk has decreased from 'probable' (> 50%) to 'possible' (> 25–50%). This is attributable to the sustained ability to continue business in Ukraine as well as the adaptation of operational processes to the imposed sanctions in Europe.

Furthermore, the current fragmentation of the European single market due to various trade regulations in the member states leads to the disruption of trade flows, which exerts a direct impact on METRO activities within Europe.

Continuous monitoring of the economic and political developments and a review of our strategic objectives allow us to respond to these challenges in a timely and appropriate fashion.

- **For more information about our assessment of the development of the economic environment, see chapter 4 report on events after the closing date and outlook.**

INTERRUPTION OF BUSINESS ACTIVITIES (#3)

The impact of the cyberattack in October 2022 is described under ‘events after the reporting period’ in the report on events after the closing date and is not part of this risk outlook as the risk has already materialised. The risk assessment for potential future interruptions of business activities due to cyberattacks or other triggers such as natural disasters or pandemics is described below.

Our business may be affected or interrupted by natural disasters or pandemics. Moreover, METRO may also be subject to cyberattacks in the future. Depending on the severity of the attack, this may lead to the temporary failure of information technology systems. Important business processes such as purchasing, marketing, sales and communication between departments rely on IT systems and may therefore be impaired. IT systems for online retailing must be continuously available, as these systems are a prerequisite for unlimited access outside normal store opening times. In addition to the failure of IT systems due to a potential loss of data or the use of stolen data by unauthorised persons, cyberattacks can also lead to reputational risks. Due to the increasing number of cyberattacks, the probability of occurrence for this risk has increased from ‘unlikely’ (< 10%) to ‘probable’ (> 50%). With regard to the increased probability, the possible risk scenario is assessed as ‘moderate’ (> €50–100 million) instead of ‘major’ (> €100–300 million) in terms of the loss potential.

Following the cyberattack, further measures were taken to restore IT systems swiftly and to safeguard against cyberattacks in general. The overriding goal of upgrading IT security measures is to ensure operational reliability at all times.

A professional crisis management allows for a rapid crisis response and thereby ensures the protection of our employees and customers. This includes communication and evacuation plans, training measures and specific instructions. We insure ourselves against the loss of tangible assets and any impending loss of sales or profits resultant from business interruptions wherever it is possible and reasonable.

SECURITY RISKS (#4)

Security risks include criminal activities, terror and unrest, as well as the issue of operational safety or danger to life and limb due to lacking or inadequate security measures. Based on the assessment of the loss potential and the probability of occurrence, the overall risk was classified as low in the reporting period. The impact of the war in Ukraine is discussed under risk #2 ‘Macroeconomic and political risks’.

Corporate responsibility

OPPORTUNITIES FROM SUSTAINABLE BUSINESS PRACTICES

Our company is more exposed than ever to economic, environmental, social and cultural challenges. Similarly, we experience that sustainability is the key to transforming these challenges into opportunities. METRO operates an active sustainability management system in order to enshrine sustainability systematically and organisationally in its core business. Our greatest leverage lies in expanding our sustainable product range and applying responsible supply chain management. For example, we are helping to meet the demand for healthy and conscious nutrition with redesigned products containing less salt and sugar as well as organic products, alternatives to animal proteins and locally sourced products. With our contribution to ensuring environmental and social standards in our supply chain, we strengthen the resilience of our supply relationships and simultaneously reinforce local structures. These developments have become even more pronounced in the reporting period through the effects of the Covid-19 pandemic. Our stakeholders evaluate the sustainability efforts implemented by us, for example through ratings.

ENVIRONMENTAL AND SOCIAL RISKS (#5)

Regulatory and social regulations and requirements regarding compliance with human rights and environmental due diligence are becoming more specific and stringent. In Germany, for example, the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz) will enter into force in January 2023; and a European counterpart has already been drafted. The requirements apply to the company's own business operations as well as to the supply chain. Non-compliance of these regulations can lead to potential fines, legal consequences and reputational damage.

Bottlenecks in the supply of raw materials and energy as well as interruptions in the supply chains make it difficult to achieve our environmental and climate goals. At the same time, our operational business generates greenhouse gas emissions and consumes resources that can have a negative impact on the environment. It could also become more difficult for our suppliers to meet their commitments, such as emission reduction targets. As the likelihood of non-compliance with social and environmental aspects in the supply chain increases, so do the risks of violating national and, prospectively, European supply chain due diligence requirements, which could eventually result in fines for METRO. Besides reputational damage, failure to meet social and environmental targets could ultimately restrict access to sustainability-related financing instruments and have a negative impact on the stability of the supply chain. For these reasons, the risk in terms of loss potential has increased from 'minor' (≤ €50 million) to 'major' (> €100–300 million) compared to the half-year financial report 2021/22. However, due to intensified control measures, the probability of occurrence of this risk is now assessed as 'possible' (> 25–50%) instead of 'probable' (> 50%). These control measures include a large number of energy-saving measures and refrigerant replacement initiatives in the national subsidiaries through budget prioritisation, as well as the establishment of a specific implementation concept for compliance with the Act on Corporate Due Diligence Obligations in Supply Chains, which will enter into force in Germany in January 2023.

Further risks result from internationally increasing regulations on traceability and transparency in the supply chain; again, non-compliance with these regulations may lead to potential fines or a ban on the sale of the goods in question. METRO has taken comprehensive measures to counteract the risks. For example, METRO established an appropriate social standards programme and traceability concept, introduced energy efficiency and awareness-raising measures to reduce emissions and increased the corporate budget for country initiatives to implement new environmentally friendly technologies.

- **For more information about our social responsibility and environmental protection activities, see chapter 2 principles of the group – 2.3 combined non-financial statement of METRO AG.**

Wholesale business

OPPORTUNITIES FROM DIGITALISATION AND INNOVATION

METRO is focused on identifying and addressing current and future challenges of its customers at an early stage in a constantly changing environment. In this case, innovations and digitalisation are areas with excellent potential for realising increases in value. We are convinced that the consistent implementation of innovative ideas relating to the progressing digitalisation will increasingly shape the future of the retail and wholesale industry. This may give rise to new business models, which in turn may present a variety of opportunities.

As part of our sCore strategy, we have defined a clear digitalisation ambition as one of the core strategic ambitions in the form of a 40% digital sales share. In order to exploit the opportunities derived from digitalisation and to realise synergies, we are bundling our corresponding initiatives with the business units Hospitality Digital and METRO DIGITAL. The focus on the core customer groups HoReCa and Traders is a key component of our digitalisation strategy, which we use to provide our customers with digital solutions such as the DISH (Digital Innovations and Solutions for Hospitality) platform. With Hospitality Digital, we see significant opportunities to benefit from faster digitalisation in the HoReCa and Traders sectors as well as in other business areas. The Covid-19 pandemic motivated our customers to accelerate their digitalisation efforts. With our METRO DIGITAL business unit, we continue to digitalise our core business. METRO DIGITAL develops, optimises and supports all digital solutions used by our customers, such as our apps METRO Companion or M-Shop. METRO DIGITAL is also developing internal digital solutions, for example to improve the efficiency of our logistics processes. These digital solutions provide opportunities for METRO to set itself apart from the competition.

OPPORTUNITIES FROM CUSTOMER FOCUS

METRO is clearly streamlined towards wholesale and B2B customers, with customer focus and satisfaction being key elements of the strategy. In order to continuously measure and consistently improve customer satisfaction, we have implemented the Net Promoter Score across the board in 22 countries in which METRO is represented with wholesale stores. Besides the purely quantitative measurement of the current satisfaction values, suggestions from customers can be systematically recorded and evaluated. This will allow further potential for improving the shopping experience and supply as well as general consumer trends to be identified. In line with our multichannel strategy, we are expanding our delivery sales and strengthening our online activities. Our goal is to become the partner of choice for our customers by offering METRO solutions that cover all aspects of their business. We are also intensifying our competitive analyses. Our various strategic projects aim at further improving our purchasing and sales processes and at creating additional value for our customers. The goal is to ensure the ongoing value of assets, thereby mastering the challenges faced by our business model. As a wholesale specialist, we want to further increase our customer focus, accelerate our growth, simplify our structures and increase the implementation speed. We are thus striving to increase our overall operating performance.

STORE OPERATIONS AND FSD RISKS (#6)

The markets in which we operate are characterised by rapid changes and fierce competition. Lack of collection, analysis and use of customer data, uncompetitive pricing or missing trends in terms of assortment or new sales formats and channels may cause us to fail to meet customer needs and thus jeopardise our growth and profitability targets.

In addition, the shortage of skilled workers in the hospitality industry is leading to shorter opening hours or even complete closure of establishments in our core customer groups. Furthermore, inadequate market and FSD processes can lead to inefficiencies which have a particularly negative impact on inventory levels and profit margins. Initial positive results of the measures related to sCore (for example, expansion of the sales force and focus on own brands as well as process optimisations through the multichannel fulfilment centre) lead to a reduction of the risk in terms of probability of occurrence from ‘possible’ (> 25–50%) to ‘low’ (≥ 10–25%) compared to the half-year financial report 2021/22. Moreover, we are actively counteracting these risks in various ways. For one thing, we are developing country-specific strategic plans. Derived from the sCore group strategy, these are geared to local conditions and customer needs and are supported and monitored in their implementation by our Executive Vice Presidents.

To address the needs of professional customers, we are expanding our business model from transactional sales of goods to a holistic partnership. This includes the expansion of our delivery business, further development of our franchise concept in selected markets, the METRO MARKETS platform business and digitalisation initiatives for our customers on dish.co as well as financial services under METRO Financial Services.

Real estate

OPPORTUNITIES FROM INCREASE IN VALUE

As of 30 September 2022, the store network comprised 661 stores, 567 of which were out-of-store (OOS) locations and 64 were depots. Around half of the locations are owned. We see potential for value increases in possible development projects for our existing real estate assets as well as in improved facility management.

REAL ESTATE RISKS (#7)

Compared to the half-year financial report 2021/22, the risk in terms of loss potential has increased from ‘minor’ (≤ €50 million) to ‘major’ (> €100–300 million). This is due to the strong market price increases for electricity and gas as a result of the war in Ukraine, which will lead to a massive rise in energy costs in the coming financial years. Additionally, a gas supply interruption in the event of a possible gas shortage may restrict operations in our stores. Extensive energy efficiency measures are planned in order to decrease consumption and the associated costs. Loss of rental income caused by insolvencies of third-party tenants or statutory regulations in the course of pandemics as well as vacancies due to unused space and rising interest rates carry the risk of an impairment of owned locations or right-of-use assets at rental locations. Moreover, delayed repair and maintenance work could lead to legal infringements and real estate impairments as well as reputational damage. We mitigate these risks with strategic and operational real estate management. To this end, we regularly evaluate properties in terms of value and income and perform projected investment planning. The safety and health of customers, suppliers and employees could be endangered by deficiencies in the properties. We take decisive action to prevent potential accidents and damage to health, thus ensuring a safe and healthy environment. In addition, we conduct risk assessments and specify clear sets of rules and procedures. We support implementation through frequent training, internal controls such as regularly scheduled safety and occupational safety inspections as well as external controls such as stability inspections.

Suppliers and products

OPPORTUNITIES FROM RESPONSIBLE TRADING

Not only for us, but also for more and more customers, the environmental and social sustainability of the products we offer and their production process play an increasingly important role, in addition to quality and safety. We aim to ensure resource-friendly production as well as socially acceptable working conditions within our procurement channels. For this purpose, METRO adopted a group-wide purchasing policy for a sustainable supply chain and procurement management that applies to all products and includes additional requirements for critical raw materials.

- **For more information about our social responsibility and environmental protection activities, see chapter 2 principles of the group – 2.3 combined non-financial statement of METRO AG.**

OPPORTUNITIES FROM HIGHER OWN-BRAND PENETRATION

Own brands are a central part of METRO's strategy to increase the success of our customers. By offering own brands, we can provide high quality at relatively low prices, thus simultaneously increasing our customers' profitability as well as our own. Potential economic constraints and increased price pressure on our customers, for example as a result of the Covid-19 pandemic and the inflation, could increase demand for own brands and thus have a positive effect on METRO's profitability.

PROCUREMENT RISKS (#8)

The war in Ukraine, inflation and Covid-19 measures, especially in Asia, are disrupting the supply chain and are causing a spike in energy prices as well as a shortage of raw materials, which in turn lead to production downtimes and thus sales losses due to the unavailability of goods. The risk has increased from 'moderate' (> €50–100 million) to 'major' (> €100–300 million) in terms of loss potential; however, at the same time the probability of occurrence has decreased from 'possible' (> 25–50%) to 'low' (≥ 10–25%). This is attributable to the fact that we learned from previous Covid-19 waves, especially with regard to the restrictions imposed by Covid-19 measures.

In order to mitigate the risks, METRO is launching projects to promote bundled purchasing activities by the national subsidiaries and thus gain access to more beneficial prices. Furthermore, we continuously monitor and evaluate the performance of our suppliers and have access to alternative suppliers, especially for important products. When we renegotiate expiring contracts, we try to implement agreements that compel the supplier to be sufficiently prepared so that supply continuity can even be ensured in the event of force majeure. Likewise, we apply special product analyses to prepare for negotiations in an effort to curb price increase aspirations by suppliers.

QUALITY RISKS (#9)

Quality risks include the quality ensurance of the offered products as well as issues related to transport and storage, if they lead to an impairment of the quality of goods or food safety. Based on the assessment of the loss potential and the probability of occurrence, the overall risk was classified as low in the reporting period.

Supply chain

SUPPLY CHAIN RISKS (#10)

Supply chain risks include issues related to logistics, transport and storage, such as transport costs or the management of logistics service providers. Based on the assessment of the loss potential and the probability of occurrence, the overall risk was classified as low in the reporting period.

Financials

FINANCIAL RISKS (#11)

Without timely countermeasures, unexpected external influences on our business activities or other changes in the business environment could potentially result in us missing our target figures. In addition, delayed recognition of such changes could lead to us making wrong business decisions. We also mitigate risks through close interlocking of strategic planning and the budgeting process, very close monitoring of budget compliance and strong involvement of the supervisory bodies as well as effective internal controls.

The fact that our financial year differs from the calendar year allows us a high degree of planning certainty at an early stage, with the profitable Christmas quarter being the first quarter of our financial year.

The current global fight against inflation leads to an increase in key interest rates, among other things, and thus increases the risk of rising interest expenses for financing instruments; however, at the same time, it also reduces the risk for interest expenses from negative interest on demand and capital deposits with banks. Due to the already reduced gross debt and our currently comfortable liquidity situation, the risk of rising interest expenses for financing instruments is to be assessed as limited. In order to be able to react promptly to changes, we continuously monitor our own financing positions as well as the money and capital markets.

Furthermore, potential defaults by commercial partners and customers represent a financial risk. In order to minimise the credit risk of receivables from our customers, we decide on the amount of the granted payment terms based on comprehensive internal scoring – and external information, if available.

We reduce the credit risk for external investments with banks by setting limits based on ratings and credit spreads.

By continuously monitoring the entire receivables portfolio, we ensure a risk-adequate adjustment of our customers' payment terms and the investment limits with banks at all times.

Due to the implementation of a scenario analysis for the quantitative aggregation of risks, the risk has been reduced from 'possible' (> 25–50%) to 'low' (≥ 10–25%) in terms of probability of occurrence compared to the half-year financial report 2021/22.

- **For more information about financial risks and their management, please see the notes to the consolidated financial statements in no. 44 – management of financial risks.**

Transactions

OPPORTUNITIES FROM INCREASED EFFICIENCY AND PORTFOLIO SIMPLIFICATION

In the future, METRO will also focus on investments to strengthen its wholesale business and expand market shares. This focus on wholesale could lead to improved workflows along the value chain faster than expected and could have a positive effect on our business development through an increase in operating efficiency. Collaborations (even if they are purely contractual) can help us reduce operational cost or give our customers access to innovative food products.

The country portfolio is regularly reviewed with regard to the feasibility of a local market leadership and the attractiveness of the respective markets. In this context, METRO disposed of its unprofitable business in Belgium in the past financial year. Further portfolio adjustments cannot be ruled out in the future. We have successfully completed significant company disposals (MAKRO Belgium, Real, the majority stake in METRO China) in recent years and have extensive experience in this regard.

OPPORTUNITIES FROM MARKET CONSOLIDATION AND ACQUISITIONS

We want to solidify and expand our leading position in numerous markets. We expect that the consolidation of the wholesale stores in many of our portfolio countries will be intensified by the Covid-19 pandemic. Our goal here is to continue to gain market share and, where appropriate, to take over individual locations of competitors and thus actively advance market consolidation. Additional great potential for increases in value may arise from acquisitions, particularly in business segments of strategic importance. METRO’s liquidity situation is excellent with plenty of capacities for company acquisitions. We see opportunities in further expansion of our core business, mainly through acquisitions in the delivery business, as well as in reinforcing our activities in related B2B areas, for example in e-commerce and marketplace operations. METRO made various acquisitions in the past financial year, including AGM (Austria), Eijsink (Netherlands) and D. u. E. Günther group (Germany). The existing minority interests held by METRO offer the opportunity for additional increases in value if, for example, start-up companies were to develop better than expected.

TRANSACTION RISKS (#12)

The transaction risks include all relevant risks arising from the acquisition and disposal of companies (or company shares). These include legal and tax risks, guarantees, non-recurring and residual costs, or even reactions from the market with regard to the transaction.

Completed transactions include the acquisition of AGM stores in Austria and the acquisition of Eijsink, a leading provider of cloud-based POS systems, as well as the sale of MAKRO Belgium. Furthermore, they continue to contain subsequent liability risks from completed sales of companies from previous years.

The demerger of the former METRO GROUP was concluded on 13 July 2017 with the initial listing of METRO AG shares on the stock exchange. The former METRO GROUP has split into a wholesale specialist (the new METRO AG) and a company focused on consumer electronics and services (CECONOMY AG, formerly METRO AG). In addition to tax implementation risks, subsequent liability risks may arise for CECONOMY AG in this context. We are continuously monitoring the financial position of CECONOMY AG.

Due to the higher transaction volume and the implementation of a scenario analysis for the quantitative aggregation of risks, the risk has increased from ‘moderate’ (> €50–100 million) to ‘major’ (> €100–300 million) in terms of the loss potential. However, in terms of probability of occurrence, the risk has been reduced from ‘probable’ (> 50%) to ‘possible’ (> 25–50%) compared to the half-year financial report 2021/22.

IT

DATA RISKS (#13)

Data risks include risks related to data protection and data security as well as risks related to the accuracy, completeness and availability of data to ensure successful use of the group’s own data. Based on the assessment of the loss potential and the probability of occurrence, the overall risk was classified as low in the reporting period. Data risks related to cyberattacks are included in risk #3 ‘Interruption of business activities’.

Human resources

HUMAN RESOURCES RISKS (#14)

Human resources risks include risks related to the organisational structure of human resources, including recruitment, retention, remuneration, deployment planning and the exit process. Beyond that, risks related to corporate culture are also considered. Based on the assessment of the loss potential and the probability of occurrence, the overall risk was classified as low in the reporting period.

Tax, legal and compliance

TAX RISKS (#15)

Tax risks can primarily arise in relation to the assessment of financial matters by the tax authorities (including transfer price issues). Additional risks may result from differing interpretations of sales tax (VAT) regulations. Due to the implementation of a scenario analysis for the quantitative aggregation of risks, the risk has been reduced from 'moderate' (> €50–100 million) and 'possible' (> 25–50%) to 'minor' (≤ €50 million) and 'low' (≥ 10–25%) compared to the half-year financial report 2021/22. Overall, it is thus considered a low risk in the reporting period.

LEGAL AND COMPLIANCE RISKS (#16)

The risk includes general legal risks as well as risks related to corruption, fraud and money laundering. Based on the assessment of the loss potential and the probability of occurrence, this overall risk was classified as low in the reporting period.

Management's overall assessment of the opportunity and risk situation

The Management Board and the Supervisory Board of METRO AG are regularly informed about the company's situation in terms of opportunities and risks. To evaluate the current situation, we do not consider the risks in isolation. Instead, we also analysed the interdependencies according to their impact. Our assessment indicates that the overall risks do not endanger the risk-bearing capacity and that they are manageable. For a period of 1 year after the closing date, the identified individual and cumulative risks do not represent any risks that could jeopardise the continued existence of the company. We are confident that METRO's earnings performance offers a solid foundation for the sustainable positive development of our business and the utilisation of numerous opportunities. The Management Board of METRO AG currently does not expect any fundamental change in the opportunities and risk situation.

6 Takeover-related disclosures

The takeover-related disclosures as of 30 September 2022 required under §§ 289a Section 1 and 315a Section 1 of the German Commercial Code (HGB) are shown below:

Composition of the subscribed capital

As of 30 September 2022, the share capital of METRO AG amounted to €363,097,253. It is divided into a total of 360,121,736 ordinary shares (pro rata value of the share capital: €360,121,736, approximately 99.18%), as well as 2,975,517 preference shares (pro rata value of the share capital: €2,975,517, approximately 0.82%). Each share in the company has a notional interest of €1.00 in the share capital.

Each ordinary share grants a single vote in the company's Annual General Meeting. The ordinary shares carry full dividend rights. In contrast to ordinary shares, preference shares do not carry voting rights but confer a preferential entitlement to profits as prescribed in § 21 of the Articles of Association of METRO AG, which state:

'(1) Holders of non-voting preference shares will receive a preliminary dividend from the annual balance sheet profit in the amount of €0.17 for each preference share.

(2) Should the balance sheet profit available for distribution not suffice in any financial year to pay the preliminary dividend, the arrears (excluding any interest) shall be paid from the balance sheet profit of subsequent financial years in such manner that any older arrears are paid off prior to any more recent ones and that the preference dividends payable from the profit of a financial year are not distributed until all accrued arrears have been paid.

(3) Following distribution of the preliminary dividends, the holders of ordinary shares will be paid a dividend of €0.17 for each ordinary share. Subsequently, a non-cumulative extra dividend per share will be paid to the holders of non-voting preference shares. The extra dividend shall amount to 10% of the dividend paid to the holders of ordinary shares under observation of Section 4, provided such dividend equals or exceeds €1.02 per ordinary share.

(4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the share capital.'

METRO did not pay a dividend for financial year 2020/21, including the advanced dividend. If this advanced dividend is not paid in arrears in accordance with § 21 Sections 1 and 2 of the METRO AG Articles of Association and if no full preliminary dividend is paid for financial year 2021/22, the preference shares grant voting rights until the arrears of the advance dividend have been paid in full. As long as the voting right exists, the preference shares must also be considered in the calculation of the respective capital majorities (cf. § 140 Section 2 of the German Stock Corporation Act [AktG]).

The annual financial statements of METRO AG for financial year 2021/22 prepared by the Management Board of the company do not show sufficient balance sheet profit that would allow for payment of the interim dividend for financial year 2021/22 and/or would enable the company to make deferred payments for financial year 2020/21. If the Supervisory Board of the company adopts these annual financial statements, the voting rights of the preference shares will be revived, and the preference shareholders will therefore also be entitled to vote from that time onwards. This would lead to the number of METRO AG voting rights increasing from 360,121,736 (number of ordinary shares) to 363,097,253 (total of ordinary shares plus preference shares).

- **Further information can be found in the chapter METRO Share – dividend and dividend policy.**

Other rights associated with ordinary and preference shares include in particular the right to attend the Annual General Meeting (§ 118 Section 1 of the German Stock Corporation Act (AktG)), the right to information (§ 131 of the German Stock Corporation Act) and the right to file a legal challenge or a complaint for nullity (§§ 245 Nos. 1–3, 246, 249 of the German Stock Corporation Act). In addition to the previously mentioned right to receive dividends, shareholders principally have a subscription right when the share capital is increased (§ 186 Section 1 of the German Stock Corporation Act). They are also entitled to liquidation proceeds after the closure of the company (§ 271 of the German Stock Corporation Act) and to severance payment and settlements as a result of certain structural measures, particularly pursuant to §§ 304 et seqq., 320b and 327b of the German Stock Corporation Act.

Voting rights and transfer-related restrictions

To the best knowledge of the Management Board, the following agreements exist or existed during financial year 2021/22, which may be construed as restrictions in the sense of § 315a Section 1 No. 2 and § 289a Section 1 No. 2 of the German Commercial Code:

As part of an intra-group reorganisation of the Beisheim Group on 31 December 2021, BC Equities GmbH & Co. KG, Düsseldorf, has joined the pool of voting rights in place of Beisheim Assets gGmbH (formerly trading as Beisheim Capital GmbH), Düsseldorf. The pool of voting rights has been in place since 29 July 2019 and includes Beisheim Capital GmbH, Düsseldorf (Germany), Beisheim Holding GmbH, Baar (Switzerland), and Palatin Verwaltungsgesellschaft mbH, Essen (Germany), a subsidiary of Meridian Stiftung, Essen (Germany). Based on Beisheim Group's voting rights notification dated 3 January 2022, the partners in the voting pool continue to hold 23.94% of the ordinary shares. The declared objective of Meridian Stiftung and the Beisheim Group is to exercise the voting rights from the METRO shares held by them jointly. In the future they plan to act uniformly vis-à-vis METRO and its shareholders in all material matters. Accordingly, BC Equities GmbH & Co. KG, Düsseldorf, also replaced Beisheim Assets gGmbH, Düsseldorf, in the pooling agreement with Beisheim Holding GmbH, Baar (Switzerland); this pooling agreement is suspended for the duration of the new pool of voting rights with Meridian Stiftung, Essen (Germany).

In connection with the demerger of the former METRO AG, CECONOMY AG (formerly operating as METRO AG) has assumed a lock-up agreement with respect to the shares held by it in accordance with the Group Separation Agreement dated 13 December 2016. According to this agreement, CECONOMY AG is obligated not to sell its approximately 1% of the shares in METRO AG, which were granted as part of the demerger within the spin-off from the group, until 1 October 2023.

In addition, legal restrictions on voting rights may apply, for example pursuant to § 136 of the German Stock Corporation Act or, if the company holds own shares, pursuant to § 71 of the German Stock Corporation Act.

Shares held in capital

As of 30 September 2022, the following direct and indirect capital interests existed and entitled their respective holders to more than 10% of the voting rights:

Name/company	Direct/indirect capital interest entitling to more than 10% of voting rights
BC Equities GmbH & Co. KG, Düsseldorf, Germany[1]	Direct
Beisheim Holding GmbH, Baar, Switzerland[1]	Direct
Beisheim Management GmbH, Düsseldorf, Germany (formerly known as Beisheim Verwaltungs GmbH, Düsseldorf, Germany)	Indirect
Beisheim Assets gGmbH, Düsseldorf, Germany (formerly known as Beisheim Capital GmbH, Düsseldorf, Germany)	Indirect
Prof. Otto Beisheim Stiftung, Munich, Germany	Indirect
Prof. Otto Beisheim Stiftung, Baar, Switzerland	Indirect
Palatin Verwaltungsgesellschaft mbH, Essen, Germany[1]	Direct
BVG Beteiligungs- und Vermögensverwaltungs-GmbH, Essen, Germany	Indirect
Gebr. Schmidt GmbH & Co. KG, Essen, Germany	Indirect
Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen, Germany	Indirect
Meridian Stiftung, Essen, Germany	Indirect
EP Global Commerce GmbH, Grünwald, Germany	Direct
EP Global Commerce VII GmbH, Grünwald, Germany	Indirect
EP Global Commerce IV GmbH, Grünwald, Germany	Indirect
EP Global Commerce III GmbH, Grünwald, Germany	Indirect
EP Global Commerce a.s., Prague, Czech Republic	Indirect
Daniel Křetínský, Prague, Czech Republic	Indirect
Patrik Tkáč[2], Bratislava, Slovak Republic	Indirect

1 Coordination of exercising voting rights based on a pool of voting rights between BC Equities GmbH & Co. KG, Beisheim Holding GmbH and Palatin Verwaltungsgesellschaft mbH.

2 Attribution of voting rights due to concerted behaviour within the meaning of § 34 Section 2 of the German Securities Trading Act.

The information above is in particular based on notifications issued under § 33 et seqq. of the German Securities Trading Act that were received and published by METRO AG.

Voting rights notifications published by METRO AG can be found on the website www.metroag.de/en in the section Newsroom – Legal Announcements.

Holders of shares with special rights as well as type of voting right control of employee shares

The company has not issued any shares with special rights pursuant to § 315a Section 1 No. 4 and § 289a Section 1 No. 4 of the German Commercial Code. No capital interests are held by employees pursuant to § 315a Section 1 No. 5 and § 289a Section 1 No. 5 of the German Commercial Code.

Provisions governing the appointment and dismissal of members of the Management Board and changes to the Articles of Association

The appointment and dismissal of members of the Management Board of METRO AG are governed in §§ 84, 85 of the German Stock Corporation Act and §§ 30, 31, 33 of the German Co-determination Act. § 5 of the Articles of Association of METRO AG stipulates that the Management Board shall comprise at least 2 members and that the actual number of members of the Management Board is determined by the Supervisory Board.

Changes to the Articles of Association of METRO AG are determined principally in accordance with §§ 179, 181, 133 and 119 Section 1 No. 5 of the German Stock Corporation Act. There are numerous other sections of the German Stock Corporation Act that could possibly govern a change to the Articles of Association and that may amend or supersede the previously mentioned regulations, for example §§ 182 et seqq. of the German Stock Corporation Act in the case of capital increases, §§ 222 et seqq. of the German Stock Corporation Act in the case of capital reductions or § 262 of the German Stock Corporation Act in the case of the public limited company (‘AG’) being dissolved. Pursuant to § 14 Section 1 of the Articles of Association of METRO AG, the Supervisory Board may resolve to change the wording of the Articles of Association without a resolution passed by the Annual General Meeting.

Authorities of the Management Board to issue or buy back shares

Authorities to issue new shares (authorised capital)

On 11 February 2022, the Annual General Meeting authorised the Management Board by resolution to increase the share capital, subject to the consent of the Supervisory Board, by issuing new ordinary shares against cash contributions in one or several tranches for a total maximum of €108,929,175 by 10 February 2027 (authorised capital). Existing shareholders may exercise their subscription rights. The newly issued shares may also be acquired by banks or similarly situated companies selected by the Management Board pursuant to § 186 Section 5 Sentence 1 of the German Stock Corporation Act, given these institutions agree to tender such shares to the shareholders.

Nonetheless, subject to the consent of the Supervisory Board, the Management Board is authorised to exclude shareholder subscription rights to offset fractional amounts.

The Management Board is also authorised, with the approval of the Supervisory Board, to determine the further details of the capital increases and their implementation, including the content of the share rights and the conditions of the share issuance. To date, the authorised capital has not been fully utilised.

Authorities to issue warrant bonds and/or convertible bearer bonds

With a resolution passed on 16 February 2018, the Annual General Meeting authorised the Management Board to issue, in each case with the consent of the Supervisory Board, warrant or convertible bearer bonds (in aggregate, ‘bonds’) with an aggregate par value of €1,500,000,000 prior to 15 February 2023, on one or several occasions, and to grant the holders of warrant or convertible bearer bonds warrant or conversion rights or impose warrant or conversion obligations upon them for ordinary bearer shares in METRO AG representing up to €50,000,000 of the share capital in accordance with the terms of the warrant or convertible bearer bonds. This authority results in contingent capital of up to €50,000,000 pursuant to § 4 Section 8 of the METRO AG Articles of Association.

The bonds may also be issued by a METRO AG subsidiary in the meaning of § 18 of the German Stock Corporation Act in which METRO AG holds a direct or indirect interest of at least 90%. In that case, the Management Board is authorised to assume, in each case with the consent of the Supervisory Board, a guarantee for those bonds on behalf of METRO AG and grant their holders warrant or conversion rights to ordinary bearer shares in METRO AG or impose warrant or conversion obligations upon them.

Shareholders will be granted their statutory subscription rights by way of the bonds being acquired by a bank or syndicate of banks with an undertaking to offer such bonds to the shareholders. If bonds are issued by a METRO AG subsidiary in accordance with § 18 of the German Stock Corporation Act in which METRO AG holds a direct or indirect interest of at least 90%, METRO AG must ensure that statutory subscription rights are granted to the shareholders of METRO AG in accordance with the preceding sentence.

Subject to the consent of the Supervisory Board, the Management Board is however authorised to exclude shareholder subscription rights for fractional amounts arising from proportional subscriptions to the extent necessary to grant or impose warrant or conversion rights or obligations with respect to the holders of existing warrant or conversion rights or obligations in the amount to which they would be entitled to as shareholders after exercising the warrant or conversion right or performance of the warrant or conversion obligation.

Subject to the consent of the Supervisory Board, the Management Board is also authorised to entirely exclude shareholder subscription rights to bonds issued in exchange for cash payment carrying warrant or conversion rights or warrant or conversion obligations, insofar as the Management Board concludes, after careful review, that the issue price of the bonds is not substantially lower than the hypothetical market value ascertained using recognised financial mathematical methods. This authorisation to exclude subscription rights applies to bonds issued with warrant or conversion rights or warrant or conversion obligations to pro rata ordinary shares comprising no more than 10% of the share capital at the time the authority takes effect or, if this figure is lower, at the time the authorisation is exercised. The limit of 10% of the share capital is reduced by the pro rata amount of share capital represented by any shares issued (i) during the effective period of this authority under exclusion of subscription rights according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act, or (ii) to service warrant or convertible bearer bonds providing for warrant or conversion rights or obligations, insofar as such bonds were issued during the effective period of this authorisation under exclusion of subscription rights by application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act mutatis mutandis.

If bonds carrying warrant or conversion rights or warrant or conversion obligations are issued, the warrant or conversion price is determined pursuant to the rules in § 4 Section 8 of the Articles of Association of METRO AG.

The warrant or conversion price may be adjusted in the event their economic value is diluted or in case of a capital reduction or other extraordinary measures or events (for example unusually high dividends, third parties gaining a controlling interest) to the extent that such an adjustment is not already provided for by law. Furthermore, the terms of the bonds may provide for a variable conversion ratio and/or variable warrant and conversion price, where the warrant or conversion price is determined within a range to be determined on the basis of the share price development during the term. The bonds' terms may

- provide for the right of METRO AG to pay a cash amount instead of granting shares;
- at METRO AG's discretion, also provide for the warrant or convertible bearer bonds to be converted into existing ordinary shares in METRO AG or shares in another listed company in lieu of converting them into new ordinary shares from contingent capital and that warrant rights or obligations can be performed by the delivery of such shares;
- provide for a warrant or conversion obligation or authorise METRO AG to grant bondholders ordinary shares in METRO AG or shares in another listed company upon maturity in lieu of a maturity payment in cash.

The Management Board is authorised to determine, in each case with the consent of the Supervisory Board, the further details pertaining to the issuance and terms of the bonds, particularly the coupon, issue price, term, division into shares, rules for the protection against dilution and the warrant or conversion period, or to define such details in consultation with the corporate bodies of the affiliate of METRO AG which issues the warrant or convertible bonds in accordance with § 18 of the German Stock Corporation Act.

To date, the authority to issue warrant and/or convertible bearer bonds has not been exercised.

Fundamental agreements related to the conditions of a change of control

METRO AG is currently a borrower in credit agreements with a total credit limit of €1.3 billion, which the lender may cancel in the case of a change of control, provided that, additionally and as a result of the change of control, the credit rating of METRO AG deteriorates to a certain degree as defined in respective agreements. The lending banks may only cancel the contract and demand the return of the loans if the change of control and a resulting drop in the credit rating occur cumulatively. During financial year 2021/22, these credit facilities were not utilised.

Compensation agreements in the event of a takeover bid

The Management Board Employment Contract of Christian Baier, Chief Financial Officer of METRO AG, provides for a 'change of control' clause. In the event of a change of control, Christian Baier has the right to resign from office for good cause and to terminate his Management Board Employment Contract with a notice period of 3 months, provided that a significant impairment of his position as a member of the Management Board has occurred within a period of 6 months after the change of control. If the extraordinary termination right is exercised, or if the employment contract is terminated by mutual agreement, Christian Baier shall be entitled to a lump sum compensation for his contractual entitlements during the remaining term of the employment contract, but not more than the amount of 3 years' remuneration. No such agreements exist with the other members of the Management Board.

No compensation agreements with employees have been concluded in the event of a takeover bid.

7 Supplementary notes for METRO AG (pursuant to the German Commercial Code)

Overview of financial year 2021/22 and outlook of METRO AG

METRO AG, in its function as the management holding company of the METRO group, is highly dependent on the development of METRO in terms of its own business development, position and potential development with its key opportunities and risks.

On account of the holding structure, in deviation from the group-wide view, the annual surplus under commercial law is the most important key performance indicator of METRO AG as outlined in German Accounting Standard No. 20 (GAS 20).

Business development of METRO AG

The business development of METRO AG is significantly characterised by the development of its subsidiaries and the intra-group dividend distribution policy. The relaxation of government measures in response to the Covid-19 pandemic, which was already observable at the end of financial year 2020/21, continued in financial year 2021/22. Consistent implementation of the sCore strategy and the rising inflation have also ensured sales increases and improvements in the operating performance of the group companies. The licensing fees that METRO AG receives from its subsidiaries also developed accordingly. Correspondingly, sales revenues and other operating income are above previous year’s level. However, Russia’s war in Ukraine and the associated impairments had a significant negative impact on the annual result. Exchange rate losses resulting from turbulence on the foreign exchange markets related to the Russian rouble also contributed to this decline. Consequently, the projected overall net profit or loss for the year was not achieved.

While the dividend proposal is generally based on the earnings per share reported in the consolidated financial statements, the income statement and balance sheet from the Annual Financial Statements of METRO AG are presented below in accordance with the provisions of the German Commercial Code (HGB).

Earnings position of METRO AG and profit appropriation

Income statement
for the financial year from 1 October 2021 to 30 September 2022 according to the German Commercial Code (HGB)

€ million	2020/21	2021/22
Sales revenues	334	**399**
Other operating income	426	**478**
Cost of services purchased	–37	**–47**
Personnel expenses	–130	**–140**
Depreciation/amortisation/impairment losses on intangible and tangible assets	–64	**–48**
Other operating expenses	–490	**–624**
Investment result	15	**–276**
Net financial result	–42	**–28**
Income taxes	–15	**–6**
Earnings after taxes	**–3**	**–292**
Other taxes	–1	**–2**
Net profit or loss (+)/net loss for the year (–)	**–4**	**–294**
Retained earnings from the previous year	12	**0**
Withdrawal from the capital reserve	0	**294**
Adjustments of the reserves retained from earnings	–8	**0**
Balance sheet profit	**0**	**0**

METRO AG essentially acts as a licensor and as a service provider for the operating METRO national subsidiaries and invoices them within the framework of the transfer pricing system.

The key services provided in this context include various operational services (consulting services), holding company services as well as services related to the development and operation of various in-house IT solutions. In order to be able to provide these services, IT services in particular are purchased from intra-group subcontractors and external parties, which are reflected in the cost of purchased services, other operating expenses and depreciation. With regard to the METRO and MAKRO brands as well as own-brand products, METRO AG acts as a central licensor for its current and temporarily also for former subsidiaries.

In the reporting year, METRO AG settlement amounts of €399 million are reported as sales revenues. They are broken down into €325 million for settlement amounts received in the form of licensing fees for the METRO and MAKRO brands as well as €74 million relating to IT and business services.

The item other operating income consists mainly of settlement amounts for services sold to current and temporarily also former subsidiaries that are not classified as sales revenues.

To perform its function as a central management holding company, METRO AG has subcontracted service performances which predominantly relate to costs of marketing and IT services to group companies as well as third-party companies. To the extent such expenses are related to settlement payments recognised in the item ‘sales revenues’, the corresponding amounts have been recognised in the item ‘cost of services purchased’.

On average, METRO AG employed 696 people in the 4 quarters of financial year 2021/22 (2020/21: 741). Part-time employees and temporary workers were converted into full-time equivalents. Personnel expenses are €10 million higher than previous year’s level. The increase is mainly attributable to accruals for incentive payments, severance payments and remeasuring of pension obligations.

Depreciation and amortisation in the amount of €40 million are attributable to scheduled depreciation on the rights of use for the METRO and MAKRO brands and otherwise relate to scheduled depreciation of other fixed assets.

Other operating expenses are characterised by expenses incurred by METRO AG as part of exercising its function as a management holding company through commissioning of services from group companies as well as third-party companies. While these costs primarily increased in the IT division, impairments on receivables from the Ukrainian national subsidiary also led to an increase in other operating expenses.

METRO AG reported income from investments in the amount of €−276 million (2020/21: €15 million) in financial year 2021/22. Income from profit and loss transfer agreements in the amount of €200 million (2020/21: €203 million) mainly related to intra-group service providers. Investment income in the amount of €50 million (2020/21: €1 million) related to the real estate sector. Losses of €567 million, mainly attributable to the METRO Cash & Carry International and Hospitality Digital divisions, were absorbed. METRO Cash & Carry International is significantly impacted by exchange rate losses on intra-group liabilities denominated in roubles, which were the direct result of turbulence on the foreign exchange markets caused by the war. In the reporting period, impairment losses and reversals of impairment losses in the amount of €41 million were made on investments in affiliated companies.

The financial result amounted to €−28 million, mainly due to a reduced interest result.

The net loss for the year was €−294 million.

Since the annual financial statements do not show any distributable balance sheet profit, there are no planned dividend distributions in financial year 2021/22 for ordinary shares or preference shares.

Financial position of METRO AG

Capital structure

Equity and liabilities

€ million	30/9/2021	30/9/2022
Equity		
Share capital	363	**363**
Capital reserve	5,048	**4,754**
Reserves retained from earnings	8	**8**
Balance sheet profit	0	**0**
	5,419	**5,125**
Provisions	**561**	**575**
Liabilities		
Bonds	1,802	**1,201**
Liabilities to banks	54	**2**
Liabilities to affiliated companies	2,597	**2,701**
Miscellaneous liabilities	37	**37**
	4,490	**3,941**
Prepaid expenses and deferred charges	**102**	**48**
	10,572	**9,689**

The liabilities side of the balance sheet consists of €5,125 million in equity and €4,564 million in provisions, liabilities and deferred income. The equity ratio as of the closing date is 53%; an amount of €294 million was withdrawn from the capital reserve to offset the net loss for the year. The provisions amounted to €575 million on the closing date. Financial liabilities include €1,201 million in bonds and €2 million in liabilities to banks. The reduction compared to the previous year results from scheduled repayments of financial transactions. On the other hand, there are liabilities to affiliated companies in the amount of €2,701 million. They mainly relate to short-term financial investments of subsidiaries.

Asset position of METRO AG

Assets

€ million	30/9/2021	30/9/2022
Non-current assets		
Intangible assets	812	**765**
Tangible assets	2	**1**
Financial assets	8,143	**8,179**
	8,957	**8,945**
Current assets		
Receivables and other assets	554	**481**
Cash on hand, bank deposits and cheques	1,055	**256**
	1,609	**737**
Prepaid expenses and deferred charges	**6**	**7**
	10,572	**9,689**

The assets amount to a total of €9,689 million as of the closing date and are mainly characterised by financial assets of €8,179 million, receivables from affiliated companies amounting to €461 million and the right to use the METRO and MAKRO brands (€760 million), which is recognised under intangible assets. €8,179 million in financial assets consist mainly of shares in affiliated companies and essentially include the shares in the holding company for wholesale companies (€6,890 million), in real estate companies (€819 million) and in service providers (€470 million). The decline in receivables and other assets was due to lower receivables from the profit and loss transfer as well as payments received from trade receivables. Repayment of maturing bonds reduced cash and cash equivalents. Financial assets represent 84% of the balance sheet total.

Risk situation of METRO AG

Since METRO AG is largely linked to the companies of the METRO group, among other things through financing and guarantee commitments as well as through direct and indirect investments in the investee, the risk situation of METRO AG is significantly dependent on the risk situation of the METRO group. Therefore, the statements regarding the overall assessment of the risk situation by management also apply as a summary of the risk situation of METRO AG.

Outlook of METRO AG

In its function as the management holding company, METRO AG is highly dependent on the development and dividend distribution policies of its shareholdings. We assume that the development of licence income from subsidiaries in conjunction with continued strict cost management as well as a positive investment result will lead to a positive net profit being reported again in the coming financial year 2022/23.

Planned investments of METRO AG

Within the setting of the implementation of investments by the METRO group, METRO AG will support the group companies through increases in shareholdings or loans, if necessary. In addition, investments in shareholdings in affiliated companies may result from intra-group share transfers.

Declaration on corporate management

The declaration on corporate management pursuant to §§ 289f and 315d of the German Commercial Code (HGB), which has been combined with the corporate governance report, is permanently available to the public on the company's website (www.metroag.de) in the section 'About us – Corporate Governance'.

Declaration pursuant to § 312 of the German Stock Corporation Act (AktG)

The Management Board of METRO AG has prepared a report on relationships with affiliated companies for financial year 2021/22 pursuant to § 312 of the German Stock Corporation Act (AktG) and has issued the following statement at the end of the report:

'The Management Board of METRO AG declares that in the reporting period, the company and the companies controlled by it (according to the circumstances known to the Management Board at the time the legal transactions were carried out or the measures were taken or omitted) received appropriate consideration for each of the reported legal transactions. There were no other reportable legal transactions in the reporting period. No measures were initiated or forborne during the reporting period.'

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Income statement

for the financial year from 1 October 2021 to 30 September 2022

€ million	Note no.	2020/21	2021/22
Sales revenues	1	**24,765**	**29,754**
Cost of sales		−20,539	**−24,715**
Gross profit on sales		**4,226**	**5,039**
Other operating income	2	1,107	**1,071**
Selling expenses	3	−3,814	**−4,291**
General administrative expenses	4	−875	**−964**
Other operating expenses	5	−440	**−443**
Impairment of financial assets	6	−26	**−7**
Income from operating companies accounted for under/ using the equity method	7	19	**24**
Earnings before interest and taxes EBIT		**197**	**429**
Other investment result	8	12	**15**
Interest income	9	30	**32**
Interest expenses	9	−224	**−189**
Other financial result	10	25	**−421**
Net financial result		**−157**	**−563**
Earnings before taxes EBT		**40**	**−134**
Income taxes	12	−85	**−196**
Profit or loss for the period		**−45**	**−331**
Profit or loss for the period attributable to non-controlling interests	13	11	**3**
Profit or loss for the period attributable to the shareholders of METRO AG		−56	**−334**
Earnings per share in € (undiluted)	**14**	**(−0.15)**	**(−0.92)**
Earnings per share in € (diluted)	**14**	**(−0.15)**	**(−0.92)**

Reconciliation from profit or loss for the period to total comprehensive income

for the financial year from 1 October 2021 to 30 September 2022

€ million	Note no.	2020/21	2021/22
Profit or loss for the period		**−45**	**−331**
Other comprehensive income			
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	31	**2**	**108**
Remeasurement of defined benefit pension plans		−2	**151**
Effects from the fair value measurements of equity instruments		0	**−1**
Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss		4	**−42**
Items of other comprehensive income that may be reclassified subsequently to profit or loss	31	**105**	**716**
Currency translation differences from translating the financial statements of foreign operations and hyperinflation		111	**716**
Effective portion of gains/losses from cash flow hedges		3	**0**
Share of other comprehensive income of associates/joint ventures accounted for under the equity method		−9	**0**
Income tax attributable to items of other comprehensive income that may be reclassified subsequently to profit or loss		0	**0**
Other comprehensive income	31	**107**	**824**
Total comprehensive income	31	**62**	**493**
Total comprehensive income attributable to non-controlling interests	31	12	**3**
Total comprehensive income attributable to the shareholders of METRO AG	31	50	**490**

Balance sheet

as of 30 September 2022

Assets

€ million	Note no.	30/9/2021	30/9/2022
Non-current assets		**8,004**	**7,722**
Goodwill	19	644	**647**
Intangibles assets	20	568	**572**
Property, plant and equipment	21	5,663	**5,735**
Investment properties	22	170	**172**
Financial assets	23	92	**84**
Investments accounted for using the equity method	23	361	**108**
Other financial assets	24	142	**100**
Other non-financial assets	24	20	**17**
Deferred tax assets	25	345	**287**
Current assets		**4,815**	**5,132**
Inventories	26	1,964	**2,455**
Trade receivables	27	496	**601**
Financial assets		3	**3**
Other financial assets	24	505	**588**
Other non-financial assets	24	281	**339**
Entitlements to income tax refunds		93	**102**
Cash and cash equivalents	29	1,474	**825**
Assets held for sale	30	0	**219**
		12,819	**12,855**

Equity and liabilities

€ million	Note no.	30/9/2021	30/9/2022
Equity	**31**	**1,847**	**2,365**
Share capital		363	**363**
Capital reserve		5,048	**4,754**
Reserves retained from earnings		−3,585	**−2,774**
Equity before non-controlling interests		1,826	**2,344**
Non-controlling interests		21	**21**
Non-current liabilities		**4,646**	**3,813**
Provisions for post-employment benefits plans and similar obligations	32	531	**360**
Other provisions	33	155	**163**
Financial liabilities	34, 36	3,798	**3,065**
Other financial liabilities	34, 37	20	**39**
Other non-financial liabilities	34, 37	58	**33**
Deferred tax liabilities	25	83	**153**
Current liabilities		**6,327**	**6,677**
Trade liabilities	34, 35	3,476	**3,855**
Provisions	33	290	**316**
Financial liabilities	34, 36	1,155	**1,059**
Other financial liabilities	34, 37	781	**896**
Other non-financial liabilities	34, 37	347	**283**
Income tax liabilities	34	277	**267**
Liabilities related to assets held for sale		0	**0**
		12,819	**12,855**

Statement of changes in equity

for the financial year from 1 October 2021 to 30 September 2022

€ million	Note no.	Share capital	Capital reserve	Effective portion of gains/ losses from cash flow hedges	Fair value measurement of equity and debt instruments	Currency differences from translating the financial statements of foreign operations	Re-measure-ment of defined benefit pension plans	Share of other comprehensive income of associates/ joint ventures accounted for using the equity method	Income tax on components of other comprehensive income	Other reserves retained	Total reserves from earnings	Total equity before non-controlling interests	Non-controlling interests	Total equity
1/10/2020		**363**	**5,048**	**1**	**1**	**−1,076**	**−491**	**0**	**103**	**−1,918**	**−3,380**	**2,031**	**8**	**2,039**
Earnings after taxes		0	0	0	0	0	0	0	0	−56	−56	−56	11	**−45**
Other comprehensive income		0	0	3	0	110	−2	−9	4	0	106	106	1	**107**
Total comprehensive income		**0**	**0**	**3**	**0**	**110**	**−2**	**−9**	**4**	**−56**	**50**	**50**	**12**	**62**
Capital increases		0	0	0	0	0	0	0	0	0	0	0	0	**0**
Dividends		0	0	0	0	0	0	0	0	−254	−254	−254	0	**−254**
Capital transactions with a change in the participation rate		0	0	0	0	0	0	0	0	−1	−1	−1	1	**0**
Other changes		0	0	0	0	0	4	0	−1	−2	0	0	0	**0**
30/9/2021	31	**363**	**5,048**	**4**	**1**	**−966**	**−489**	**−9**	**106**	**−2,231**	**−3,585**	**1,826**	**21**	**1,847**
Effects from first-time application of hyperinflation (IAS 29)		0	0	0	0	28	0	0	0	0	28	28	0	**28**
1/10/2021	31	**363**	**5,048**	**4**	**1**	**−938**	**−489**	**−9**	**106**	**−2,231**	**−3,557**	**1,854**	**21**	**1,875**
Earnings after taxes		0	0	0	0	0	0	0	0	−334	−334	−334	3	**−331**
Other comprehensive income		0	0	0	−1	716	150	0	−42	0	823	823	0	**824**
Total comprehensive income		**0**	**0**	**0**	**−1**	**716**	**150**	**0**	**−42**	**−334**	**490**	**490**	**3**	**493**
Capital increases		0	0	0	0	0	0	0	0	0	0	0	3	**3**
Dividends		0	0	0	0	0	0	0	0	0	0	0	−7	**−7**
Capital transactions with a change in the participation rate		0	0	0	0	0	0	0	0	−1	0	−1	1	**0**
Other changes		0	−294	0	0	0	136	0	−2	159	294	0	0	**0**
30/9/2022	31	**363**	**4,754**	**5**	**0**	**−221**	**−203**	**−9**	**62**	**−2,406**	**−2,774**	**2,344**	**21**	**2,365**

Cash flow statement[1]

for the financial year from 1 October 2021 to 30 September 2022

€ million	2020/21	**2021/22**
EBIT	197	**429**
Depreciation/amortisation/impairment losses/reversal of impairment losses of fixed assets excl. financial investments	969	**975**
Change in provisions for pensions and other provisions	3	**−6**
Change in net working capital	130	**−155**
Income taxes paid (−)/received	−12	**−185**
Reclassification of gains (−)/losses (+) from the disposal of fixed assets	−37	**−141**
Lease payments	59	**63**
Other	−72	−48
Cash flow from operating activities	**1,237**	**931**
Acquisition of subsidiaries	−20	**−128**
Investments in property, plant and equipment and in investment property (excl. right-of-use assets)	−184	**−263**
Other investments	−146	**−151**
Investments in monetary assets	−1	**−7**
Disposals of subsidiaries	28	**−44**
Divestments	179	**272**
Disposal of financial investments	7	**2**
Cash flow from investing activities	**−137**	**−320**
Dividends paid		
to METRO AG shareholders	−254	**0**
to other shareholders	0	**−7**
Proceeds from new borrowings	474	**953**
Redemption of borrowings	−779	**−1,655**
Lease disbursements	−541	**−572**
Interest paid	−92	**−48**
Interest received	14	**14**
Other financing activities	27	**7**
Cash flow from financing activities	**−1,152**	**−1,308**
Total cash flows	**−52**	**−696**
Currency effects on cash and cash equivalents	1	**47**
Total change in cash and cash equivalents	**−51**	**−649**
Cash and cash equivalents as of 1 October	**1,525**	**1,474**
Cash and cash equivalents as of 30 September	**1,474**	**825**

1 The cash flow statement is explained in the notes to the consolidated financial statements in no. 41 – notes to the cash flow statement.

NOTES

Segment reporting[1]

	Germany		West		Russia		East[2]	
€ million	2020/21	**2021/22**	2020/21	**2021/22**	2020/21	**2021/22**	2020/21	**2021/22**
External sales (net)	4,457	**4,732**	9,384	**12,042**	2,374	**2,904**	8,500	**9,955**
Internal sales (net)	13	**18**	3	**5**	32	**34**	0	**1**
Sales (net)	4,470	**4,750**	9,387	**12,047**	2,406	**2,938**	8,500	**9,955**
Adjusted EBITDA	149	**167**	394	**576**	197	**231**	373	**417**
Transformation costs	10	**0**	0	**125**	0	**0**	45	**0**
Earnings contributions from real estate transactions	0	**0**	18	**1**	0	**1**	0	**132**
EBITDA	138	**167**	412	**453**	197	**232**	328	**548**
Depreciation/amortisation/ impairment	210	**130**	274	**284**	59	**112**	215	**236**
Reversals of impairment losses	0	**0**	0	**0**	0	**0**	0	**2**
EBIT	−72	**37**	138	**170**	138	**120**	114	**314**
Investments	114	**107**	347	**343**	26	**41**	112	**169**
Non-current segment assets	875	**850**	2,581	**2,510**	799	**1,108**	1,863	**1,711**
Selling space (1,000 m^2)	859	**852**	1,502	**1,314**	683	**683**	1,592	**1,518**
Locations (number)	102	**102**	240	**233**	93	**93**	246	**233**

[1] Segment reporting is explained in the notes to the consolidated financial statements in no. 42 – segment reporting.

[2] As of financial year 2021/22, the segment Asia will be reported together with the previous segment Eastern Europe as the segment East. Previous year’s figures were adjusted.

	Others		Consolidation		METRO total	
€ million	2020/21	**2021/22**	2020/21	**2021/22**	2020/21	**2021/22**
External sales (net)	49	**122**	0	**0**	24,765	**29,754**
Internal sales (net)	773	**1,074**	−821	**−1,132**	0	**0**
Sales (net)	823	**1,196**	−821	**−1,132**	24,765	**29,754**
Adjusted EBITDA	59	**−1**	−1	**−2**	1,171	**1,389**
Transformation costs	10	**−2**	0	**0**	65	**123**
Earnings contributions from real estate transactions	42	**3**	0	**0**	60	**137**
EBITDA	91	**5**	−1	**−2**	1,166	**1,403**
Depreciation/amortisation/impairment	211	**215**	0	**0**	969	**977**
Reversals of impairment losses	0	**0**	0	**0**	0	**2**
EBIT	−120	**−210**	−1	**−2**	197	**429**
Investments	165	**275**	0	**0**	764	**935**
Non-current segment assets	1,084	**1,066**	0	**−2**	7,203	**7,243**
Selling space (1,000 m^2)	0	**0**	0	**0**	4,636	**4,366**
Locations (number)	0	**0**	0	**0**	681	**661**

Notes to the group accounting principles and methods

Accounting principles

METRO AG, the parent company of the METRO group (hereinafter referred to as METRO), is a German corporation with registered office at METRO-Straße 1 in 40235 Düsseldorf, Germany. The company is registered in the commercial register at the District Court in Düsseldorf under HRB 79055.

These consolidated financial statements of METRO AG as of 30 September 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS).

The consolidated financial statements in their present form comply with the stipulations of § 315e of the German Commercial Code (HGB). Together with Regulation (EU) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, they form the legal basis for group accounting according to international standards in Germany.

The date at which the Management Board of METRO AG signed the financial statement (2 December 2022) also represents the date at which the Management Board released the consolidated financial statements for publication and submitted them to the Supervisory Board.

The income statement has been prepared using the cost of sales method.

Assets and liabilities are recognised as current if the respective asset is expected to be realised or the liability settled within 12 months after the reporting period.

Individual items in the income statement and the balance sheet have been combined to increase transparency and informative value. Business transactions are offset in the income statement, when this presentation reflects the substance of the transaction. These items and transactions are explained separately in the notes.

The consolidated financial statements are presented in euros. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as €0 million. Individual figures may not add up to the stated sum precisely due to rounding.

The following chapters of these notes to the consolidated financial statements show the accounting and measurement methods that were used in the preparation of the consolidated financial statements.

Application of new accounting methods and first-time adoption of accounting standards

International Financial Reporting Standards (IFRS) applied for the first time in financial year 2021/22

The following amendments to IFRS adopted by the International Accounting Standards Board (IASB) were applied for the first time in these consolidated financial statements, as they were binding for METRO AG in financial year 2021/22. The initial application of these amendments has no material impact on the consolidated financial statements:

- IFRS 4 – Insurance Contracts (Extension of the temporary exemption from applying IFRS 9)
- Amendments to IAS 39 – Financial Instruments: Recognition and measurement, IFRS 9 – Financial Instruments, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts, IFRS 16 – Leases (Interest Rate Benchmark Reform – Phase 2)
- Amendments to IFRS 16 – Leases – Extension of relief for Covid-19-related rent concessions/deadline for relief granted extended to 30 June 2022.

Hyperinflationary accounting in Turkey

The Turkish economy has experienced high inflation rates in recent years, especially in the current year. METRO has reassessed the quantitative and qualitative criteria of ‘IAS 29 – Financial reporting in hyperinflationary economies’ in financial year 2021/22. The cumulative inflation of the last 3 years as a quantitative criterion exceeds the value of 100%. Since June 2022, Turkey is considered to be hyperinflationary for matters related to IAS 29 for reporting periods ending on or after 30 June 2022.

IAS 29 requires the financial statements of a company whose functional currency is the currency of a hyperinflationary economy to be converted into the currently applicable purchasing power unit at the end of the reporting period. METRO has subsidiaries in Turkey whose functional currency is the Turkish lira. For these subsidiaries with the functional currency of a hyperinflationary economy, IAS 21.43 requires that the financial statements be restated in accordance with IAS 29 as of 30 September 2022 before being included in the consolidated financial statements. The adjustments were made retrospectively for the full reporting period as follows:

- Increase in the carrying amounts of non-monetary assets and liabilities as well as equity based on the development of the general price index. In the process, the cumulative indexation effect from the adjustment of the non-monetary items upon initial recognition until 30 September 2021 was recognised in equity. This results in a difference between the closing value of previous year’s equity and the opening amount of equity for the current reporting period.

- METRO reports all equity effects resulting from hyperinflation in a single line. They are: a) the inflationary adjustment of the financial statements of the group companies operating in hyperinflationary economies, and b) the impact of translating their respective financial statements into euros using the exchange rate at the end of the reporting period.
- The effects from the indexation of the current year were recognised in the other financial result. The adjustment in the area of non-monetary assets at METRO mainly affects property, plant and equipment and, to a lesser extent, inventories.
- As a result of the increases in the carrying amounts of property, plant and equipment (incl. right-of-use assets) and inventories, there are also indirect increases in scheduled depreciation and costs of sales.
- Indexation of all items in the statement of comprehensive income for financial year 2021/22 from the date at which the respective expense and income items were first recognised until the closing date, to reflect a price index that is current at the closing date.
- Indexation of deferred taxes and all items in the cash flow statement. These items are presented with the value of the currency valid at the closing date. The effects from the indexation of cash flows are presented separately.

In accordance with IAS 21.42, comparative amounts of previous year’s figures are not adjusted.

Accounting standards that were published but are not yet applied in financial year 2021/22

A number of other standards and interpretations amended or newly issued by the IASB were not yet applied by METRO in financial year 2021/22 because they were either not yet mandatory or have not yet been endorsed by the European Commission.

Standard/ interpretation	Title	Effective date according to IFRS[1]	Application at METRO AG from[2]	Endorsed by EU[3]
Amendments to IFRS 1	Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	1/1/2022	1/10/2022	Yes
Amendments to IFRS 3	Business Combinations (Reference to the Conceptual Framework)[4]	1/1/2022	1/10/2022	Yes
Amendments to IFRS 9	Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	1/1/2022	1/10/2022	Yes
Amendments to IFRS 16	Leases (Accounting of leasing liabilities in sale-and-leaseback transactions)	1/1/2024	1/10/2024	No
Amendments to IFRS 10/ IAS 28	Consolidated Financial Statements/Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)[4]	Unknown	Unknown	No
Amendments to IFRS 17	Insurance Contracts (Initial Application of IFRS 17 and IFRS 9 – Comparative Information)	1/1/2023	1/10/2023	Yes
IFRS 17	Insurance Contracts[4] – including adopted amendments to the standard	1/1/2023	1/10/2023	Yes
Amendments to IAS 1	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)[4]	1/1/2024	1/10/2024	No
Amendments to IAS 1	Presentation of Financial Statements (Disclosure of Accounting Policies)[4]	1/1/2023	1/10/2023	Yes
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)[4]	1/1/2023	1/10/2023	Yes
Amendments to IAS 12	Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)[4]	1/1/2023	1/10/2023	Yes
Amendments to IAS 16	Property, Plant and Equipment (Proceeds before Intended Use)	1/1/2022	1/10/2022	Yes
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1/1/2022	1/10/2022	Yes
Amendments to IAS 41	Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)[4]	1/1/2022	1/10/2022	Yes
Amendments to IFRS 16	Annual Improvements to IFRS Standards 2018–2020 (modification of example 13 'IFRS 16 leases' with respect to lease incentives)	1/1/2022	1/10/2022	Yes

1 Without earlier application.
2 Application as of 1 October due to deviation of financial year from calendar year, if the approval for use (endorsement) has been granted by the EU.
3 As of: November 2022
4 Official German title not yet known – therefore own translation.

EFFECT OF THE ADDITIONAL IFRS AMENDMENTS

The first-time application of the standards listed in the table above as well as amendments to IFRS is not expected to have a material impact on the group's asset, financial and earnings position.

Consolidation group

Besides METRO AG, all companies indirectly or directly controlled by METRO AG are included in the consolidated financial statements if these companies individually or as a group are not immaterial to the consolidated financial statements. Control exists if there is a possibility to control a company's financial and business policy through a majority of voting rights or according to the Articles of Association, company contract or contractual agreement in order to benefit from this company's business activities.

Including METRO AG, 112 German (30/9/2021: 171) and 172 international (30/9/2021: 173) companies are included in the consolidated financial statements.

The consolidation group changed as follows in financial year 2021/22:

As of 1/10/2021	344
Changes in financial year 2021/22	
Companies merged with or added to other consolidated subsidiaries	−64
Disposal of shares	−2
Liquidations	−6
Newly founded companies	2
Acquisitions	10
As of 30/9/2022	**284**

Deconsolidated companies are treated as group companies up to the date of their disposal. Effects from changes in the consolidation group that are of particular importance are explained separately in the corresponding notes.

The acquisitions include the initial consolidation of Eijsink, C & C Abholgroßmärkte Gesellschaft m.b.H. (AGM) as well as the Günther group.

- **A detailed description of the business combinations in the reporting period is provided in the notes to the business combinations.**

The disposals relate to the sale of the operational business in Belgium.

- **A detailed description of the company disposal can be found in no. 43 – disposals of subsidiaries.**

The disposals through mergers, accretions and liquidations were made to streamline the group structure and mainly relate to inactive companies.

Investments accounted for using the equity method

12 associates (30/9/2021: 13) and 8 joint ventures (30/9/2021: 9) are accounted for in the consolidated financial statements using the equity method. Due to the planned disposal, the shares in the associate WM Holding (HK) Limited are recognised and measured as assets held for sale.

Overview of subsidiaries with significant non-controlling interests

€ million

30/9/2021		Non-controlling interests								
Name	Registered office	in %	as of 30/9/2021	Dividends paid[1]	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Sales	Profit shares[1]
METRO Cash & Carry Österreich GmbH	Vösendorf, Österreich	27.00	21	0	165	163	56	196	692	11

[1] Attributable to non-controlling interests.

€ million

30/9/2022		**Non-controlling interests**								
Name	**Registered office**	**in %**	**as of 30/9/2022**	**Dividends paid[1]**	**Non-current assets**	**Short-term assets**	**Non-current liabilities**	**Current liabilities**	**Sales**	**Profit shares[1]**
METRO Cash & Carry Österreich GmbH	**Vösendorf, Österreich**	**27.00**	**18**	**6**	**237**	**103**	**63**	**211**	**798**	**3**

[1] Attributable to non-controlling interests.

- **A complete list of group companies and associates is shown in no. 56 – overview of the major fully consolidated group companies. In addition, a list of all group companies and associates is shown in no. 58 – affiliated companies of the METRO AG group as of 30 September 2022 pursuant to § 313 of the German Commercial Code.**

Consolidation principles

The financial statements of German and foreign subsidiaries included in the consolidated accounts are prepared using consistent accounting and valuation principles as required by IFRS 10 (Consolidated Financial Statements).

Subsidiaries that, unlike METRO AG, do not close their financial year on 30 September prepared interim financial statements for consolidation purposes. In principle, subsidiaries are fully consolidated insofar as their consolidation is of material importance to the provision of a true and fair view of the asset, financial and earnings position.

In accordance with IFRS 3 (Business Combinations), capital consolidation is effected using the purchase method. In the case of business combinations, the carrying amounts of the investments are offset against the revalued pro rata equity of the subsidiaries as of their acquisition dates. Any positive differences remaining after the allocation of hidden reserves and liabilities are capitalised as goodwill. Goodwill is tested for impairment regularly once a year.

In addition, in the case of company acquisitions, hidden reserves and liabilities attributable to non-controlling interests are disclosed and recognised in equity as non-controlling interests.

In accordance with IFRS 3, any negative differences remaining after the allocation of hidden reserves and liabilities as well as after a reassessment during the period in which the business combination took place are recognised through profit or loss.

Acquisitions of additional equity interests in companies where a controlling interest has already been acquired are recognised as equity transactions.

Investments in associates and joint ventures are accounted for using the equity method and treated in accordance with the principles applying to full consolidation, with existing goodwill being included in the amount capitalised for such investments. The disclosure of income from investments in associates, joint ventures and joint operations in the income statement depends on whether the investee carries out operating or non-operating activities. Operating activities include the wholesale businesses as well as related support activities (for example rent/lease of real estate, procurement, logistics). Income from operating associates, joint ventures and joint operations is recognised in earnings before interest and taxes (EBIT); income from non-operating entities is however recognised in the net financial result.

Any deviating accounting and measurement methods used in the financial statements of entities accounted for by applying the equity method are retained as long as they do not substantially contradict METRO's uniform accounting and measurement methods.

According to IFRS 11 (Joint Arrangements), the individual venturers in joint operations recognise their portion of jointly held assets and jointly incurred liabilities in their own balance sheets.

Intra-group sales, expenses and income or profits and losses as well as receivables and liabilities and/or provisions are eliminated. Intercompany results in fixed assets or inventories resulting from intra-group transactions are eliminated unless they are of minor significance. In accordance with IAS 12 (Income Taxes), deferred taxes are recognised for consolidation procedures.

Unrealised gains from transactions with companies accounted for using the equity method are recognised as a reduction of the carrying amount of the investment in the amount of the group's share of the profit.

In joint arrangements, all venturers recognise the respective portion of sales attributable to them as well as their own income and expenses resulting from the joint arrangement in their income statement.

If a reduction in the shareholding quota in a subsidiary or the complete disposal of the shares entails a loss of control, full consolidation of the subsidiary is terminated when control no longer exists. All assets and liabilities that were previously fully consolidated will then be derecognised at amortised group carrying amounts (deconsolidation). Any investments held after the loss of control are recognised at fair value as a financial instrument according to IFRS 9 or as an investment according to IAS 28 using the equity method.

Currency translation

Foreign currency transactions

In the separate financial statements of the subsidiaries and the parent company, transactions in foreign currency are recognised at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are measured at the closing date exchange rate. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated at the rate prevailing at the time the fair value was determined. Non-monetary items measured at historical acquisition or production costs in foreign currency are translated at the rate of the transaction date.

In principle, gains and losses incurred by exchange rate fluctuations until the closing date are recognised in profit or loss. However, the currency translation differences resulting from the subsequent measurement of the following assets and liabilities are reported under reserves retained from earnings outside of profit or loss:

- Receivables and liabilities in foreign currency, which must be regarded as (part of) a net investment in a foreign operation
- Equity instruments measured at fair value through other comprehensive income
- Hedging instruments qualifying for cash flow hedges

Hyperinflation

As of June 2022, Turkey is classified as a hyperinflationary economy in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). As a result, the activities of METRO companies in Turkey will no longer be retroactively based on historical acquisition and production costs for the entire financial year 2021/22; instead, they are presented with the purchasing power ratios as of the closing date.

For this purpose, the carrying amounts of the non-monetary assets and liabilities as well as the statement of comprehensive income are converted into the purchasing power valid at the closing date using the cumulative consumer goods price index of the Turkish Statistical Institute. No adjustment is required for monetary assets and liabilities as they are already measured in the applicable measuring unit (for example in the fair value) at the closing date.

The index value applied at the closing date was 1,046.89 (30/9/2021: 570.66), while the index stood at 1.8345 on an annual basis in 2022.

The exchange rate at the closing date as of 30 September 2022 was used to convert the financial statements of the Turkish companies into the reporting currency euro for all items. According to IAS 21.42 (The Effects of Changes in Foreign Exchange Rates), comparative amounts from previous periods do not have to be converted.

Foreign operations

The annual financial statements of foreign subsidiaries are prepared according to the functional currency concept of IAS 21 (The Effects of Changes in Foreign Exchange Rates) and translated into euros for consolidation purposes in case their functional currency is a currency other than the euro. The functional currency is defined as the currency of the primary economic environment in which the subsidiary operates. Since all companies included in the consolidated financial statements operate as financially, economically and organisationally autonomous entities, their respective local currency is the functional currency. Necessary translations of assets and liabilities are made at the exchange rate at the closing date. As a general rule, income statement items are translated at the average exchange rate during the financial year. Exchange rate differences arising from the translation of the financial statements of foreign subsidiaries are recognised directly in equity and are reported separately under reserves retained from earnings in other comprehensive income. To the extent that the parent company does not own all equity interests in foreign subsidiaries, the relevant share of currency differences is allocated to the non-controlling interests.

Currency differences are recognised through profit or loss in the net financial result in the year in which the operations of a foreign subsidiary whose functional currency is not the euro are deconsolidated or terminated. In a partial disposal in which a controlling interest in such a foreign subsidiary is retained, the relevant share of cumulated currency differences is allocated to the non-controlling interests. Should associates or jointly controlled entities whose functional currency is not the euro be partially sold without the loss of significant influence or joint control, the relevant share of the cumulated currency differences is recognised in profit or loss.

The following exchange rates being of major significance for METRO were applied in the translation of key currencies outside the European Monetary Union. The rates are generally based on ECB information. In the absence of a rate provided by the ECB, the quotation of the Russian Central Bank was used for conversion of the Russian rouble.

		Average exchange rate per €		Average exchange rate per €	
		2020/21	**2021/22**	30/9/2021	**30/9/2022**
Egyptian pound	EGP	18.76426	**18.76039**	18.18770	**18.99900**
Pound sterling	GBP	0.87384	**0.84711**	0.86053	**0.88300**
Bulgarian lev	BGN	1.95583	**1.95583**	1.95583	**1.95583**
Chinese renminbi	CNY	7.77989	**7.09353**	7.48470	**6.93680**
Hong Kong dollar	HKD	9.28025	**8.48381**	9.01840	**7.65210**
Indian rupee	INR	88.02535	**83.17465**	86.07660	**79.42500**
Indonesian rupiah	IDR	17,135.09000	**15,738.27000**	16,572.03000	**14,863.26000**
Japanese yen	JPY	128.50236	**134.40107**	129.67000	**141.01000**
Kazakhstani tenge	KZT	508.04742	**489.03414**	496.42000	**462.20000**
Croatian kuna	HRK	7.53955	**7.52974**	7.48890	**7.53450**
Macanese pataca	MOP	9.55683	**8.74083**	9.30450	**7.94380**
Malaysian ringgit	MYR	4.92941	**4.65971**	4.84750	**4.52010**
Moldovan leu	MDL	20.99757	**20.00568**	20.59550	**18.99170**
Myanmar kyat	MMK	1,781.00822	**2,012.33068**	2,236.50000	**2,056.50000**
Pakistani rupee	PKR	187.71887	**207.61483**	184.07250	**223.06640**
Philippine peso	PHP	58.25465	**57.13600**	59.06600	**57.27600**
Polish zloty	PLN	4.53714	**4.65803**	4.61970	**4.84830**
Romanian leu	RON	4.90144	**4.93848**	4.94750	**4.94900**
Russian rouble	RUB	89.14979	**78.62344**	84.33910	**55.40640**
Swiss franc	CHF	1.08737	**1.02270**	1.08300	**0.95610**
Serbian dinar	RSD	117.57386	**117.53102**	117.55950	**117.31790**
Singapore dollar	SGD	1.60287	**1.48597**	1.57600	**1.40010**
Thai Baht	THB	37.39407	**37.13624**	39.23500	**36.82300**
Czech koruna	CZK	25.97336	**24.81236**	25.49500	**24.54900**
Turkish lira	TRY	9.62548	**18.08410**	10.29810	**18.08410**
Ukrainian hryvnia	UAH	33.08211	**32.31038**	30.82310	**35.63610**
Hungarian forint	HUF	357.56318	**379.38342**	360.19000	**422.18000**
US dollar	USD	1.19541	**1.08474**	1.15790	**0.97480**
UAE dirham	AED	4.39049	**3.98299**	4.25075	**3.59225**
Vietnamese dong	VND	27,701.87000	**25,162.80000**	27,063.56000	**22,321.11000**

Income statement

Recognition of income and expenses

Net sales are recognised in accordance with IFRS 15 (Revenue from Contracts with Customers) when the respective performance obligations have been satisfied by transferring goods to wholesale customers or providing services. The goods are deemed to have been transferred at the time at which the customer gains control over them. This applies to store-based retail and the delivery business (Food Service Distribution, FSD) as well as to the online business. In these cases, cash payment or payment within a short time after delivery of the product (credit purchase) is usually agreed with the customer. Significant financing components are usually not included in the contracts with customers. For services, control over the services is transferred over time, thus satisfying the performance obligation. Revenue is recognised in the amount of the consideration received or expected to be received in exchange for the goods or services.

Under certain wholesale business models, METRO customers are granted the right to exchange or return goods under certain conditions or in accordance with contractual agreements or on a legal basis. Refund liabilities that are based on empirical data regarding return quotas and periods are recorded for expected returns in this context. Assets for the right to recover products from a customer upon settling these refund liabilities are measured at the initial carrying amount of the respective inventories (less settlement costs and any indicated impairment) and reported under other non-financial assets.

METRO grants various types of standardised, performance-based rebates if certain predefined conditions are met. Examples include rebates for achieving certain sales volumes with a customer and for customer loyalty. As soon as it can be assumed that a customer fulfils the conditions for granting the rebate, a portion of the revenue is deferred and presented as a contract liability. Such contract liabilities are derecognised when the rebate is redeemed by the customer or when the probability that the customer will enforce its rights is remote. The rebates are regularly redeemed by customers within one year of the respective recognition of a contract liability.

Some of the franchise models offered by METRO include multi-component contracts with customers being offered a bundle of different franchise products and services. Individual contractual components are made available to customers in a subsidised form, so that the entire agreed consideration is allocated to the individual components in accordance with the relative stand-alone selling prices.

In some cases, METRO acts as an agent for the delivery of goods or the provision of services. In these cases, METRO recognises the expected fee or commission as revenue.

Operating expenses are recognised as expenses upon utilisation of the service or on the date of their causation.

METRO’s financial result consists primarily of interest income and expenses. Interest is recognised as income or expenses on an accrual basis and, where applicable, using the effective interest method. Interest expense on borrowings that is directly attributable to the acquisition or production of a so-called qualified asset represents an exception, as it is included in the acquisition or production costs of the asset capitalised pursuant to IAS 23 (Borrowing Costs). Dividends paid by companies in which METRO holds an interest and which are not accounted for using the equity method are generally recognised as income when the legal claim to payment arises.

Income taxes

Income taxes concern current and deferred taxes. As a general rule, they are recognised through profit or loss unless they are related to business combinations or an item that is directly recognised in equity or other comprehensive income.

Balance sheet

Goodwill

Goodwill is regularly tested for impairment once a year on 30 June – or more frequently if there are indications for a possible impairment. If an impairment occurred, an impairment loss is recognised through profit or loss. To determine a possible impairment, the recoverable amount of a cash-generating unit is compared to the corresponding carrying amount of the cash-generating unit. The recoverable amount is the higher of the value in use and the fair value less costs of disposal. An impairment of the goodwill allocated to a cash-generating unit occurs only if the recoverable amount is lower than the total amount of the unit’s relevant carrying amount. No reversal of an impairment loss is recognised if the reasons for the impairment in previous years have ceased to exist.

Other intangible assets

Purchased other intangible assets are recognised at cost of purchase. In accordance with IAS 38 (Intangible Assets), internally generated intangible assets are recognised at their production cost. Research costs, in contrast, are not recognised as assets, but recognised as expenses when they are incurred. The production costs include all expenditures directly attributable to the development process, unless they are explicitly excluded from being a component of the cost of an internally generated intangible asset.

Direct costs	Direct material costs
	Direct production costs
	Special direct production costs
Overhead (directly attributable)	Material overhead
	Production overhead
	Depreciation/amortisation/impairment losses
	Development-related administrative costs

Borrowing costs are factored into the determination of production costs only in case the intangible asset is a so-called qualified asset pursuant to IAS 23 (Borrowing Costs). Qualified assets are defined as non-financial assets that take a substantial period of time to be prepared for their intended use or sale.

All other intangible assets with a finite useful life are subject to straight-line amortisation. Capitalised internally created and purchased software as well as similar intangible assets are amortised over a period of up to 10 years, while licences are amortised over their useful lives.

Intangible assets with an indeterminable expected useful life are not subject to scheduled amortisation, but are subject to impairment testing at least once a year. Impairment losses and reversed impairment losses are recognised through profit or loss in consideration of the historical cost principle.

Property, plant and equipment

Property, plant and equipment are recognised at acquisition or production costs according to IAS 16 (Property, Plant and Equipment). The production costs of internally generated assets include both direct costs and directly attributable overhead costs. Borrowing costs are only capitalised in relation to so-called qualified assets as a component of acquisition or production costs. In line with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), investment grants received are offset against the acquisition or production costs of the corresponding asset. Dismantling and removing obligations are included in the acquisition or production costs at the discounted settlement amount. Subsequent acquisition or production costs of property, plant and equipment are only capitalised if they result in a higher future economic benefit of the tangible asset.

Property, plant and equipment are solely depreciated on a straight-line basis. Throughout the group, depreciation is based on the following expected useful lives:

Buildings	10 to 33 years
Leasehold improvements	8 to 15 years, or shorter lease term
Business and office equipment	3 to 13 years
Machinery	3 to 8 years

In a few justified exceptional cases, the expected useful life of buildings is 40 years.

Capitalised costs of dismantling and removing are depreciated over the expected useful life of the asset.

According to IAS 36 (Impairment of Assets), an impairment test will be carried out if there are any indications of impairment of property, plant and equipment or of a cash-generating unit (CGU). Impairment losses are recognised if the recoverable amount is less than its carrying amount. If the reasons for the impairment have ceased to exist, impairment losses are reversed up to the amount of amortised acquisition or production costs had no impairment loss been recognised in previous periods.

Right-of-use assets

Rights of use are measured at acquisition costs at the time of addition, which include the amount of the lease liability at initial measurement as well as all lease payments made at or before the time when the underlying asset is made available for use, minus any lease incentives that were received. Moreover, they include initial direct costs and estimated costs for dismantling and removing obligations, if applicable. The rights of use are amortised on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Furthermore, the acquisition costs of the rights of use are reduced by any impairment losses to be recognised.

The amortised costs are adjusted if corresponding revaluations must be made.

Investment properties

In accordance with IAS 40 (Investment Property), investment properties include real estate assets that are held to earn rentals or for capital appreciation, or both. Analogous to property, plant and equipment, such assets are recognised at acquisition or production costs less depreciation and, if required, impairment losses (cost model). Owned investment properties are depreciated using the straight-line method, considering an expected useful life of 15 to 33 years. Investment properties where rights of use are involved are depreciated on a straight-line basis over a useful life of 5 to 15 years. In addition, the fair value of these real estates is determined based on accepted valuation methods, taking into account project development opportunities. The fair values are disclosed in the notes.

Financial assets

Unless associates or joint ventures as defined by IAS 28 (Investments in Associates and Joint Ventures) are involved, to which the equity method is applied, financial assets are accounted for in accordance with IFRS 9 (Financial Instruments).

Financial assets are recognised in the consolidated balance sheet when METRO becomes a contractual party to a financial instrument. Recognition is effected at the trade date. Financial assets are derecognised if the contractual rights to payments from the financial assets no longer exist or the financial assets with all material risks and rewards are transferred to another party and METRO cannot control the financial assets after the transfer. When the uncollectability of receivables is finally determined, they are derecognised.

Financial assets are measured at fair value upon initial recognition. In doing so, the transaction costs directly attributable to the acquisition must be taken into account, unless the financial instruments are subsequently measured at fair value through profit or loss.

The subsequent measurement of financial assets is based on the classification of the respective financial asset to one of the categories described below. The classification is determined based on whether the so-called cash flow characteristics are met and on the basis of the business model used to manage the respective financial asset (or a portfolio of financial assets). The cash flow characteristics are met if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. With regard to potential business models, a distinction must be made for these financial assets meeting the cash flow characteristics between the objectives

- to either hold the financial asset in order to collect contractual cash flows (hold)
- or to both hold them in order to collect contractual cash flows and sell them (hold and sell).
- Using these classification criteria, the individual financial asset is assigned to one of the following classes at initial recognition:
- Measured at amortised cost (AC), provided the 'hold' criterion is met
- Measured at fair value through other comprehensive income (FVOCI), if the 'hold and sell' criterion is met
- Measured at fair value through profit or loss (FVPL) in all other cases

Derivative financial instruments that are not designated as part of a hedge accounting relationship for accounting purposes are measured at fair value.

METRO does not make use of the option to measure financial assets at fair value through profit or loss upon initial recognition (fair value option).

With regard to the financial assets recognised at amortised cost (AC), impairments are recognised as expected losses, regardless of the existence of actual default events. All reasonable and reliable information is considered for determination of the impairment rates, including forward-looking information, which is taken into account by including a projected index based on macroeconomic developments. However, if there is objective evidence that contractually agreed cash flows of a financial asset are likely to partially or completely default, they are recorded as specific bad debt allowances. If these indications cease to exist, impairment losses are reversed up to the amount of the carrying amount that would have resulted if no default event had occurred. METRO determines the expected losses on trade receivables using the so-called simplified approach by using a provision matrix structured according to various (past-due) maturities. Expected losses for other financial assets are determined in accordance with the so-called general approach. Impairment losses are generally recognised in separate accounts.

Changes in the fair value of financial assets measured at fair value through other comprehensive income (FVOCI) are recognised in other comprehensive income and reclassified to the income statement when the assets are sold. Impairment losses on financial assets in the FVOCI category are determined in the same way as impairment losses on financial assets in the AC category and recognised in profit or loss.

In accordance with the provisions of IFRS 9, own equity instruments are either measured at fair value through profit or loss (FVPL) or at fair value through other comprehensive income without reclassification (FVOCInR).

As part of cash flow hedging, which continues to be accounted for in accordance with IAS 39, METRO hedges the exposure to variability in future cash flows. For this purpose, future transactions and related hedging instruments are designated as hedging relationships for accounting purposes. The effective portion of changes in the fair value of the hedging instrument that regularly meets the definition criteria of a derivative is initially recognised directly in equity under consideration of deferred taxes. The ineffective portion is recognised directly in profit or loss. For future transactions that result in the recognition of a non-financial asset or a non-financial liability, the cumulative changes in the fair value of the hedging instrument are removed from other comprehensive income and included in the initial cost of the other carrying amount of the asset or liability. In case the hedging transaction relates to financial assets, financial liabilities or future transactions, the changes in fair value of the hedging instrument are transferred from other comprehensive income to profit or loss in the reporting period in which the hedged item is recognised in the income statement. The term of the hedging instrument is aligned to coincide with the occurrence of the future transaction.

Other financial and other non-financial assets

Assets reported under other financial assets are generally recognised at cost of purchase less directly attributable transaction costs and measured at amortised cost. Impairment losses are determined for the reporting period in accordance with the general approach.

Other financial assets also include derivative financial instruments that are measured at fair value through profit or loss.

Deferred income presented pertains to transitorily deferred charges.

Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are determined using the asset-liability method in accordance with IAS 12 (Income Taxes). Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of these assets or liabilities in the consolidated financial statements and their tax base. Deferred tax assets are also considered for unused tax losses and interest carry-forwards.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available in the future to allow the corresponding benefit of that deferred tax asset to be realised.

Deferred tax assets and deferred tax liabilities are netted if these income tax assets and liabilities concern the same tax authority and refer to the same tax subject or a group of different tax subjects that are jointly assessed for income tax purposes. Deferred tax assets are remeasured at the end of each reporting period and adjusted if necessary.

Deferred taxes are determined on the basis of the tax rates expected in each country upon realisation. In principle, these are based on enacted laws or legislation that has been passed at the time of the closing date.

The assessment of deferred taxes reflects the tax consequence arising from METRO's expectations as of the closing date with regard to the manner in which the carrying amounts of the assets will be realised or the liabilities will be settled.

Inventories

In accordance with IAS 2 (Inventories), merchandise held as inventories is recognised at cost of purchase. The cost of purchase is determined either on the basis of a separate measurement of additions or by means of the weighted average cost method. Considerations from suppliers to be classified as a reduction in the cost of purchase are deducted when the costs of acquisition are determined.

Merchandise is measured as of the closing date at the lower of cost or net realisable value. Merchandise is written down on a case-by-case basis if the net realisable value declines below the carrying amount of the inventories. Such net realisable value corresponds to the anticipated estimated selling price less the attributable costs necessary to make the sale.

When the reasons for a write-down of the merchandise have ceased to exist, the previously recognised impairment loss is reversed.

Trade receivables

Trade receivables are recognised at amortised cost. For the reporting period, expected impairments determined on the basis of a provision matrix are taken into account. If there are further doubts about their recoverability, the trade receivables are recognised at the lower present value of the estimated future cash flows.

Income tax assets and liabilities

The income tax assets and liabilities presented relate to domestic and foreign income taxes for the reporting period as well as prior periods. They are determined in compliance with the tax laws of the respective country.

Income tax liabilities are calculated in accordance with IFRIC 23. IFRIC 23 clarifies the application of recognition and measurement requirements under IAS 12 where there is uncertainty about the treatment of income tax. Recognition and measurement requires estimates and assumptions to be made, for example whether an estimate is made separately or together with other uncertainties, whether a probable or expected value for the uncertainty is used, and whether changes have occurred compared to the previous period. The detection risk is irrelevant for the accounting treatment of uncertain balance sheet items. Accounting is based on the assumption that the tax authorities will investigate the matter in question and that they have all relevant information at their disposal.

The group companies are subject to income taxes in various countries worldwide. In assessing the worldwide income tax assets and liabilities, the interpretation of tax regulations in particular may be subject to uncertainty. It cannot be ruled out that the respective tax authorities may have different views on the correct interpretation of tax regulations. Changes in assumptions about the correct interpretation of tax standards, for example due to changes in case law, are reflected in the accounting treatment of uncertain income tax assets and liabilities in the relevant financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cheques, cash on hand, bank deposits and other short-term liquid financial assets, such as accessible deposits on lawyer trust accounts or cash in transit, with an original term of up to 3 months. They are measured at their respective nominal values.

Non-current assets held for sale, liabilities related to assets held for sale and discontinued operations

In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), an asset is classified as a non-current asset held for sale if the respective carrying amount will be recovered principally through a sale transaction rather than through continuing use. Analogously, liabilities related to assets held for sale are presented separately in the balance sheet. A sale must be feasible in practice and be planned for execution within the subsequent 12 months. Immediately before the initial classification of the assets and liabilities as held for sale, the carrying amounts of the assets and liabilities are measured in accordance with applicable IFRS. In case of reclassification, the assets and liabilities of the disposal group are measured at the lower of their carrying amount and the fair value less costs of disposal and are reported separately in the balance sheet. Discontinued operations are a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or a separate geographical area of operations.

Employee benefits

Employee benefits include:

- Short-term employee benefits
- Post-employment benefits
- Obligations similar to pensions
- Termination benefits
- Share-based payment

Short-term employee benefits include, for example, wages and salaries, social security contributions, paid annual leave and paid sick leave and are recognised as liabilities at the amount (to be) disbursed as soon as the associated job performance has been rendered.

Post-employment benefits are provided in the context of defined benefit or defined contribution plans. In the case of defined contribution plans, the obligation to make periodic contributions to an external pension provider is recognised as expenses for post-employment benefits at the same time as the beneficiaries provide their service. Missed payments or prepayments to the external pension provider are accrued or deferred as liabilities or receivables. Liabilities with a term of over 12 months are discounted.

The actuarial measurement of pension provisions for post-employment benefits plans as part of a defined benefit plan is effected in accordance with the projected unit credit method as stipulated by IAS 19 (Employee Benefits) on the basis of actuarial reports. Based on biometric data, this method takes into account known pensions and pension entitlements at the closing date as well as expected increases in future wages and pensions. Where the employee benefit obligations determined or the fair value of the plan assets increase or decrease between the beginning and end of a financial year as a result of experience adjustments (for example a changed fluctuation rate) or changes in underlying actuarial assumptions, this will result in actuarial gains and losses. These are recognised in other comprehensive income outside of profit or loss. Effects of plan changes and curtailments are recognised fully under service costs through profit or loss. The interest element of the addition to the provision is presented as interest expenses as part of the financial result. Insofar as plan assets exist, the amount of the pension obligation is generally the result of the difference between the present value of defined benefit obligations and the fair value of the plan assets.

Provisions for obligations similar to pensions (such as anniversary allowances and death benefits) are based on the present value of future payment obligations to the employee or his or her surviving dependants less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial reports in line with IAS 19. Actuarial gains and losses are recognised in the period in which they are incurred.

Termination benefits comprise severance payments to employees. They are recognised as liabilities through profit or loss when contractual or factual payment obligations towards the employee are to be made in relation to the termination of the employment relationship. Such an obligation exists when a formal plan for the early termination of the employment relationship is available to which the company is bound. Benefits with terms of more than 12 months after the reporting period are recognised at their present value.

The share bonuses granted under the share-based remuneration system are classified as cash-settled share-based payments in accordance with IFRS 2 (Share-based Payment). For these share-based payments, provisions are set up on a pro rata basis, measured at the fair value of the obligations entered into. The recognition of the provision follows a prorated approach over the underlying vesting period and is recognised in profit or loss as personnel expenses. The fair value is remeasured at each closing date during the vesting period based on an option pricing model. Provisions are adjusted accordingly through profit or loss.

(Other) provisions

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), (other) provisions are recognised if legal or constructive obligations to third parties exist that are based on past business transactions or events and an outflow of financial resources that can be reliably measured is probable. The provisions are stated at the anticipated settlement amount with regard to all identifiable risks considered.

Long-term provisions with a term of more than 1 year are discounted to the closing date using an interest rate for matching maturities reflecting current market expectations regarding interest rate effects. Provisions with a term of less than 1 year are discounted accordingly, if the interest rate effect is material. Claims for recourse are not netted with provisions, but recognised separately as an asset if their realisation is considered virtually certain.

Provisions for onerous contracts are recognised if the unavoidable costs of meeting the obligations under a contract exceed the expected economic benefits resulting from the contract.

Provisions for restructurings are recognised if a constructive obligation for restructuring has been formalised by means of adopting a detailed restructuring plan and its communication to those employees affected as of the closing date.

Recognition of warranty provisions that do not fall into the scope of IFRS 15 (Revenue from Contracts with Customers) are based on past warranty claims and the sales of the current financial year.

(Other) financial liabilities

In accordance with IFRS 9, financial liabilities are assigned to one of the following categories:

- At fair value through profit or loss
- Other financial liabilities

The initial recognition of financial liabilities and the subsequent measurement of financial liabilities at fair value through profit or loss are conducted in analogy to the corresponding guidance as it is applied to financial assets.

All other financial liabilities are presented as such. They are measured at their amortised cost using the effective interest method.

The fair value option according to IFRS 9 is not applied to financial liabilities at METRO.

The fair values provided for the financial liabilities in the notes have been determined on the basis of the interest rates prevailing at the closing date for the remaining terms and redemption structures.

Financial liabilities from finance leases are generally measured at the present value of future minimum lease payments.

A financial liability is derecognised only when it has expired or when the contractual obligations have been discharged or cancelled or have expired.

Other non-financial liabilities

Other non-financial liabilities are carried at their settlement amount.

Deferred income presented pertains to transitorily deferred charges.

Trade liabilities

Trade liabilities are recognised at amortised cost.

Leases

Under IFRS 16, a contract is a lease or includes a lease when it conveys the right to use an identified asset for a specified period in exchange for a consideration.

EXERCISING OF OPTIONS

Various options are available to lessees. METRO did not make use of the option of creating a portfolio of leases with the same or similar characteristics for accounting and measurement purposes. However, METRO exercises the option to not apply the right-of-use approach to leases for which the underlying asset is of low value (mainly business and office equipment) or to short-term leases (maximum term of 12 months). Rental expenses for these assets are therefore recognised directly in the income statement.

The option to separate lease and non-lease components (services) is not exercised and the non-lease components are included in the right-of-use assets to be recognised.

Furthermore, the option to capitalise leased intangible assets was not exercised. These assets still fall within the scope of IAS 38.

METRO AS LESSEE

The company recognises an asset with a right of use and a lease liability at the inception of the lease. The right of use is initially measured at cost, which is the initial amount of the lease liability, adjusted for any lease payments made on or before the commencement date, plus any initially incurred direct costs, less any incentives received. The right of use is subsequently amortised on a straight-line basis over the shorter lease term or the useful life of the underlying asset. In addition, the right of use is reduced by any impairment losses and adjusted for certain remeasurements of the lease liabilities. The lease liability is initially measured at the present value of the lease payments, which are discounted at the interest rate inherent in the lease agreement; if this interest rate cannot be readily determined, they are discounted at the incremental borrowing rate that the company would have to pay for borrowing funds to acquire an asset of similar value in a similar economic environment. To determine the incremental borrowing rate, METRO uses country- and currency-specific reference interest rates based on risk-free rates with matching maturities, plus the credit risk premium. This is determined for each country on a quarterly basis and is broken down by maturity.

The lease payments included in the measurement of the lease liability consist of the following items:

- Fixed payments, including substantially fixed payments
- Variable lease payments that depend on an index or instalment, which are initially measured using the index or instalment on the starting date
- Amounts expected to be paid under a residual value guarantee
- Exercise price of a purchase option that the company expects to be exercised with reasonable certainty
- Lease payments in an optional extension period, if it is reasonably certain that the company will exercise an extension option
- Penalties for early termination of a lease, unless the company is reasonably certain that it will not terminate the lease prematurely

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if the future lease payments change as a result of a change in the index or interest rate, if the company's estimate of the amount expected to be payable under a residual value guarantee changes, or if the company changes its assessment of whether it will exercise a purchase, renewal or termination option. If the lease liability is remeasured in this way, a corresponding adjustment to the carrying amount of the right of use is made or recognised in the income statement if the carrying amount of the right of use is reduced to 0. Rights of use are recognised in the balance sheet under property, plant and equipment. Rights of use that meet the definition of investment property are included under investment properties and are recognised separately in the financial statements. Lease liabilities are included in other current financial liabilities and other non-current financial liabilities.

In the cash flow statement, the company has classified the redemption of lease payments and the interest portion within financing activities. Lease payments are divided into a redemption and an interest portion and are included in the cash flow statement in the line lease disbursements. Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

METRO AS LESSOR

The accounting policies that applied to METRO as a lessor under the previous standard do not differ materially from the new rules under IFRS 16. However, there are differences with regard to subleases, which are classified under IFRS 16 with reference to the right of use and not, as previously, by reference to the underlying asset. As a result, the number of subleases classified as finance leases has risen, and the amount of receivables to be reported in the balance sheet has increased accordingly.

Even if the company is the lessor in a sublease, it determines at the inception of the lease whether each lease is a finance lease or an operating lease. To classify each lease, the company makes an overall assessment of whether the lease generally transfers all the risks and benefits associated with ownership of the underlying asset. If this is the case, the lease is a finance lease; otherwise, it is an operating lease. As part of this assessment, the company considers certain indicators, for example, whether the lease covers most of the lease term of the main lease of the asset.

If the lease is a finance lease, a net investment (receivable) equal to the discounted future lease payments to be received is recognised in the balance sheet. The interest rate underlying the lease is used to determine the discount. Interest income from leases is recognised in cash flow from operating activities.

If the company is an intermediate lessor, it accounts for its interest in the main lease agreement and the sublease agreement separately. If a main lease is a short-term lease to which the company applies the exception described above, the company classifies the sublease as an operating lease. The company recognises lease payments it receives under operating leases as rental income.

SALE-AND-LEASEBACK TRANSACTIONS

If a sale-and-leaseback transaction involves the sale of the asset as defined by IFRS 15 (Revenue from Contracts with Customers), the lessee (seller) must derecognise the asset and recognise any gain or loss relating to the rights transferred to the lessor (buyer).

Other

Contingent liabilities

Contingent liabilities are, on the one hand, possible obligations arising from past events whose existence must still be confirmed by the occurrence or non-occurrence of uncertain future events that are not entirely under METRO's control. On the other hand, contingent liabilities represent current obligations arising from past events for which, however, an outflow of economic resources is not considered probable or whose amount cannot be determined with sufficient reliability. Such liabilities are not recognised in the balance sheet but disclosed in the notes. Contingent liabilities are determined on the basis of the principles applying to the measurement of provisions.

Accounting for derivative financial instruments and hedge accounting

Derivative financial instruments are exclusively utilised to reduce risks. They are used in accordance with the respective group guideline.

All derivative financial instruments that are not designated as part of a hedge accounting relationship are measured at fair value in accordance with IFRS 9 and presented under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of interbank terms and conditions, including the credit margin or stock exchange prices applicable to METRO where appropriate – in this respect, the average rate at the closing date is used. Where no stock exchange prices can be used, the fair value is determined by means of accepted financial models.

In case of effective hedge accounting transactions in accordance with IAS 39, the effective portion of the change in the derivative used as hedging instrument is recognised in other comprehensive income as part of the cash flow hedges. A transfer to the income statement is – in general – only processed when the underlying transaction is realised. The ineffective portion of the change in the value of the hedging instrument is immediately reported in profit or loss.

Considerations from suppliers

Depending on the underlying circumstances, considerations from suppliers are recognised as a reduction in the cost of purchase, a reimbursement of own costs or a payment for services rendered. Considerations from suppliers are deferred at the closing date insofar as they have been contractually agreed and their collection is likely to be realised. For supplier remunerations of METRO's costs linked to calendar year targets, the considerations from suppliers included in the financial statement are based on appropriate extrapolations.

Estimates and assumptions, discretionary judgements

Covid-19 and the war in Ukraine

Financial year 2021/22 continued to be impacted by government measures associated with the Covid-19 pandemic, albeit to a significantly lesser extent, with each of METRO's individual segments being affected to varying degrees. In addition, the war in Ukraine and the resulting consequences, such as the energy crisis and inflation, also have a particularly significant impact on the consolidated financial statements. METRO is represented in both Ukraine and Russia.

Estimates and assumptions

The preparation of these consolidated financial statements was based on estimates and assumptions, taking into account the changes in the business environment described above, which affected the disclosure and amount of assets and liabilities, income and expenses and contingent liabilities. Estimates and underlying assumptions with major effects were particularly made in connection with the war in Ukraine and the Covid-19 pandemic with respect to the following situations:

- Impairment testing of assets with and without a definite useful life, including goodwill, brand rights with indefinite useful lives, and customer bases, if necessary including a sensitivity analysis. Meanwhile, short-term declines in earnings have no impact on the existing carrying amounts of goodwill.
- Recoverability of receivables – in particular trade receivables and receivables due from suppliers. Increased specific bad debt allowances were provided for when measuring receivables, particularly in units with longer payment terms and a high exposure to the HoReCa sector.
- Measurement of inventories, particularly with regard to write-downs to lower net realisable values.

In the ad hoc goodwill impairment test, the cumulative carrying amount of the group of cash-generating units is compared with the recoverable amount. The recoverable amount of a cash-generating unit is the higher of itsvalue in use or its fair value less costs of disposal. It is calculated from discounted future cash flows and the level 3 input parameters of the fair value hierarchy.

For METRO Russia and METRO Ukraine, goodwill was already fully impaired as of 31 March 2022.

Additionally, impairment losses between 50% and 100% were recognised on tangible assets in stores that are geographically close to the crisis areas and whose sales and earnings expectations have collapsed significantly. After impairment, the carrying amount corresponds to the recoverable amount.

The valuation of inventories considered risk provisions that were in line with the current business environment.

In addition to the issues resulting from the war in Ukraine, valuation adjustments may especially arise for the following items within the next financial year:

- Assets with and without a definite useful life, including goodwill, brand rights with indeterminable useful lives, and customer bases. Meanwhile, short-term declines in earnings have no impact on the existing carrying amounts of goodwill (no. 19 – goodwill, no. 20 – other intangible assets and no. 21 – property, plant and equipment)
- For the valuation of receivables, increased specific bad debt allowances have been made since the beginning of the Covid-19 pandemic, particularly in units with longer payment terms and a high exposure to the HoReCa sector. Furthermore, the future element was reflected in a risk-adequate amount as part of the general risk provisioning in accordance with IFRS 9 (no. 27 – trade receivables). The risk assessment is continuously monitored based on the consequences of the war in Ukraine, such as the energy crisis and inflation, as well as the development of government measures associated with Covid-19 and consumer behaviour in the HoReCa sector under the current political and economic environment.
- Pension provisions (no. 32 – provisions for post-employment benefits plans and similar obligations)
- Shares in WM Holding (HK) Limited (no. 30 – assets held for sale/liabilities related to assets held for sale) including the related put option (no. 24 – other financial and other non-financial assets)

Judgemental decisions

Information on the key judgemental decisions that materially affected the amounts reported in these consolidated financial statements relates to the following circumstances or note disclosures:

- Determination of lease terms, taking into account relevant facts and circumstances relating to economic incentives affecting the likelihood of tenants exercising renewal options or not exercising termination options, as well as determination of the incremental borrowing rate (no. 47 – leases)

Capital management

The aim of the capital management strategy of METRO is to secure the company’s business operations to continue, to increase the value of the company, to create solid capital resources to finance future growth and to provide for attractive dividend payments and capital service.

The capital management strategy of METRO has remained unchanged compared with the previous year.

Equity, liabilities and net debt in the consolidated financial statements

The total equity before non-controlling interests amounts to €2,344 million (30/9/2021: €1,826 million), while liabilities amount to €10,490 million (30/9/2021: €10,972 million). Net debt decreased by €186 million and amounts to €3,281 million (30/9/2021: €3,466 million).

€ million	30/9/2021	30/9/2022
Equity before non-controlling interests	**1,826**	**2,344**
Liabilities	**10,972**	**10,490**
Net debt	**3,466**	**3,281**
Financial liabilities (incl. liabilities from leases)	4,954	**4,124**
Cash and cash equivalents	1,474	**825**
Short-term financial investments[1]	13	**19**

[1] Shown in the balance sheet under other financial assets (current).

Local capital requirements

The capital management strategy of METRO consistently aims to ensure that the group companies' capital resources meet the local requirements. During financial year 2021/22, all external capital requirements were met. This includes, for example, adherence to a defined level of indebtedness and a fixed equity ratio.

Notes to the Business Combinations

Eijsink

Pursuant to the purchase contract dated 31 March 2022, METRO Hospitality Digital Holding GmbH acquired 100% of the shares in Eijsink Hengelo Werkmaatschappij B.V. and its 5 subsidiaries (Eijsink) from just booq B.V. and Eijsink Hengelo Holding B.V., Netherlands, with immediate effect. The purchase price paid with cash was in the mid double-digit million euro range.

Headquartered in the Netherlands, Eijsink is an established provider of point-of-sale solutions for the hospitality industry. Eijsink offers booq, a cloud-based, device-independent POS system that has been successfully established on the Benelux market in recent years. The company has around 8,000 customers and 200 employees. Through the transaction, METRO takes another strategic step towards becoming a multichannel solution provider. The partnership of Hospitality Digital and Eijsink makes it possible to expand the offering of digital solutions for the hospitality industry through the expansion of existing DISH solutions. The booq software is projected to be introduced in 2 European countries per year.

The initial consolidation was carried out as of 31 March 2022. Eijsink is part of the segment Others.

The fair values of the acquired assets and liabilities assumed as of the acquisition date were as follows:

Acquired assets and liabilities

€ million	31/3/2022
Assets	**40**
Other intangible assets	21
Property, plant and equipment	7
Deferred tax assets	1
Inventories	1
Trade receivables	2
Other financial assets (current)	1
Cash and cash equivalents	6
Liabilities	**19**
Borrowings (non-current)	4
Deferred tax liabilities	6
Trade liabilities	1
Borrowings (current)	1
Other financial liabilities (current)	1
Other non-financial liabilities (current)	5

The residual value method was used to determine the fair values of the

acquired intangible assets. The residual value method is based on the present value of the expected net cash flows generated by the customer relationships and software, excluding any cash flows associated with supporting assets.

The gross amount of trade receivables is €2 million, of which €0 million was assessed as probably uncollectible at the time of the acquisition.

Costs of less than €1 million were incurred in connection with the transaction and are included in administrative expenses.

With regard to the determination of the purchase price, the initial consolidation of Eijsink should be considered to be preliminary. The acquisition of Eijsink resulted in goodwill of €46 million, which is mainly attributable to the future earnings potential as well as the expected synergy effects. The recognised goodwill is not deductible for tax purposes.

Since its initial consolidation on 31 March 2022, Eijsink has contributed €14 million to METRO's sales and €1 million to profit or loss for the period.

Assuming that the acquisition had taken place on 1 October 2021, Eijsink would have contributed €27 million to METRO's sales and reduced its profit or loss for the period by €2 million.

C & C Abholgroßmärkte Gesellschaft m.b.H.

Pursuant to the purchase contract dated 26 August 2021, METRO Cash & Carry Österreich GmbH acquired 100% of the shares in C & C Abholgroßmärkte Gesellschaft m.b.H. (AGM) with 9 wholesale stores, the delivery business belonging to the establishment and the company headquarters in Salzburg on 2 May 2022. 2 of the locations, Klagenfurt and Bludenz, have to be sold again due to antitrust requirements. Purchase contracts have been signed for both locations in the meantime.

The purchase price paid with cash was in the mid double-digit million euro range.

AGM is an established wholesaler with a focus on the hotel and hospitality industry in Austria. The AGM stores that are the subject of the transaction as well as the company headquarters in Salzburg employ around 430 people. The AGM stores complement the store-based wholesale network as well as the delivery business (Food Service Distribution – FSD) of METRO Austria. With an increased market presence, METRO offers existing and new customers added value in terms of products and services and broadens its expertise in the hospitality wholesale business in Austria with a focus on the hotel, hospitality and communal catering sectors.

The initial consolidation was carried out as of 2 May 2022. AGM is part of the segment West.

The fair values of the acquired assets and liabilities assumed as of the acquisition date were as follows:

Acquired assets and liabilities

€ million	2/5/2022
Assets	**97**
Property, plant and equipment	42
Deferred tax assets	2
Inventories	11
Trade receivables	10
Other financial assets (current)	2
Other non-financial assets (current)	4
Cash and cash equivalents	8
Assets held for sale	19

€ million	2/5/2022
Liabilities	**31**
Provisions for post-employment benefits plans and similar obligations	2
Borrowings (non-current)	7
Deferred tax liabilities	6
Trade liabilities	7
Other provisions	3
Borrowings (current)	1
Other financial liabilities (current)	3
Other non-financial liabilities (current)	1
Income tax liabilities	1

The gross amount of trade receivables is €10 million, of which €0 million was assessed as probably uncollectible at the time of the acquisition.

Costs of €2 million were incurred in connection with the transaction and are included in administrative expenses.

The initial consolidation of AGM should be considered to be preliminary with regard to the determination of the final purchase price and the valuation of the assets and liabilities in the opening balance sheet. For the time being, no significant goodwill arose from the initial consolidation.

Since its initial consolidation on 2 May 2022, AGM has contributed €64 million to METRO's sales and €0 million to profit or loss for the period.

Assuming that the acquisition had taken place on 1 October 2021, AGM would have contributed €121 million to METRO's sales and reduced its profit or loss for the period by −€3 million.

Günther group

Pursuant to the purchase contract dated 16 December 2021, METRO Gastro Equipment Holding GmbH acquired shares in D. u. E. Günther GmbH, Bergkirchen (100%), Hermann Großküchentechnik Hotel- und Gastronomiebedarf GmbH, Immenstadt (100%) and a majority stake with 56% of the shares in Siller & Laar Großküchentechnik u. Gastronomiebedarf GmbH, Augsburg, as of 1 August 2022. As part of the transaction, METRO also acquired the logistics centre in Bergkirchen and the operational property in Immenstadt.

The total purchase price paid in cash was in the upper single-digit million euro range.

With the acquisition of the 3 companies from southern Germany specialising in professional kitchens, METRO is entering the single-line retail and service sector for hospitality and canteen kitchen technology. Furthermore, METRO is consolidating the strategic partnership in the field of canteen kitchen technology between METRO Deutschland and PENTAGAST, Germany's leading association of hospitality and canteen kitchen equipment suppliers, which has been in place since 2019.

The Günther group provides METRO Deutschland with access to complementary customer groups in southern Germany, such as hotel chains or large canteens, as well as to companies in the communal catering sector. This allows METRO to present itself as a holistic solution partner during the restaurant start-up phase by offering consulting, trade and service expertise and providing long-term, comprehensive support to restaurateurs.

The initial consolidation was carried out as of 1 August 2022. The Günther group is part of the segment Others.

The fair values of the acquired assets and liabilities assumed as of the acquisition date were as follows:

Acquired assets and liabilities

€ million	1/8/2022
Assets	**25**
Property, plant and equipment	9
Financial assets	1
Inventories	6
Trade receivables	4
Other financial assets (current)	1
Other non-financial assets (current)	3
Cash and cash equivalents	2
Liabilities	**14**
Trade liabilities	2
Other provisions	1
Borrowings (current)	4
Other financial liabilities (current)	2
Other non-financial liabilities (current)	4

The gross amount of trade receivables is €4 million, of which €0 million was assessed as probably uncollectible at the time of the acquisition.

A contingent consideration was agreed in the purchase contract based on the achievement of certain future earnings targets agreed in the purchase contract. The obligation arising from this consideration is a maximum amount of €1 million and is reported under other liabilities.

Costs of less than €1 million were incurred in connection with the transaction and are included in administrative expenses.

The initial consolidation of the Günther group should be considered to be preliminary with regard to the determination of the final purchase price and the valuation of the assets and liabilities in the opening balance sheet. For the time being, no significant goodwill arose from the initial consolidation.

Since its initial consolidation on 1 August 2022, the Günther group has contributed €6 million to METRO's sales and €0 million to profit or loss for the period.

Assuming that the acquisition had taken place on 1 October 2021, the Günther group would have contributed €36 million to METRO's sales and reduced its profit or loss for the period by −€1 million.

Notes to the income statement

1. Sales revenues

Revenue is recognised in accordance with IFRS 15 (Revenue from Contracts with Customers).

Revenue is allocated to the following categories:

€ million	2020/21	2021/22
Store-based and other business	**20,569**	**23,299**
Germany	4,041	**4,033**
West	7,626	**9,200**
Russia	2,080	**2,413**
East[1]	6,811	**7,611**
Others	12	**43**
Delivery sales	**4,164**	**6,386**
Germany	416	**699**
West	1,758	**2,842**
Russia	295	**492**
East[1]	1,690	**2,344**
Others	5	**10**
METRO MARKETS sales	**33**	**69**
Total sales	**24,765**	**29,754**
Germany	4,457	**4,732**
West	9,384	**12,042**
Russia	2,374	**2,904**
East[1]	8,500	**9,955**
Others[2]	49	**122**

1 As of financial year 2021/22, the segment Asia will be reported together with the previous segment Eastern Europe as the segment East. Previous year's figures were adjusted.

2 Including METRO MARKETS sales.

2. Other operating income

€ million	2020/21	2021/22
Income from logistics services	342	**254**
Gains from the disposal of fixed assets and gains from the reversal of impairment losses	49	**181**
Rents incl. reimbursements of subsidiary rental costs	150	**154**
Services	171	**145**
Services rendered to suppliers	114	**125**
Miscellaneous	281	**212**
	1,107	**1,071**

The income from logistics services provided by METRO LOGISTICS is offset by expenses from logistics services, which are reported under other operating expenses.

The gains from the disposal of fixed assets and gains from the reversal of impairment losses include income in the amount of €142 million from the disposal of real estate (2020/21: €36 million), which is mainly related to the sale of real estate in Japan. The gains also include income from the early disposal of right-of-use assets (termination of leases) in the amount of €16 million (2020/21: €2 million). In addition, income from reversals of impairment losses in the amount of €2 million (2020/21: €0 million). In financial year 2021/22, there were no new sale-and-leaseback transactions (2020/21: €17 million).

Services include income from advertising services provided by METRO ADVERTISING in the amount of €51 million (2020/21: €87 million); corresponding expenses from advertising services are shown under selling expenses.

The other operating income includes income from the use of the METRO brand by METRO GROUP Commerce (Shanghai) Co., Ltd. (formerly METRO China), cost allocations and a great number of insignificant individual items.

3. Selling expenses

€ million	2020/21	2021/22
Personnel expenses	1,922	**2,143**
Cost of material	1,891	**2,148**
	3,814	**4,291**

In the area of selling expenses, the increase in personnel expenses mainly results from increased wages and salaries due to pandemic-related influences in the previous year, the improved business activities as well as the collective agreement increases in the current financial year. Furthermore, variable payments and restructuring expenses contributed to the increase.

Cost of material primarily includes IT costs, which had a full impact this year as a result of a contract concluded with the external service provider Wipro during the previous year. Furthermore, the costs of personnel recruitment as well as energy, travel, transport and maintenance costs have increased. Moreover, impairments on property, plant and equipment have increased.

- **Supplemental disclosures about depreciation and impairment losses are provided in no. 15 – depreciation/amortisation/impairment losses**

4. General administrative expenses

€ million	2020/21	**2021/22**
Personnel expenses	467	**568**
Cost of material	408	**396**
	875	**964**

The increase in personnel expenses within administrative expenses is mainly attributable to higher wages and salaries, variable payments and personnel-related restructuring expenses.

Apart from that, the personnel expenses in this financial year include the one-time expense from the buy-out of the pension obligations in the United Kingdom.

- **Supplementary information on the buy-out of the pension obligations can be found in no. 32 – provisions for post-employment benefits plans and similar obligations.**

5. Other operating expenses

€ million	2020/21	**2021/22**
Expenses from logistics services	334	**217**
Expenses from deconsolidation	0	**131**
Impairment losses on goodwill	95	**55**
Losses from the disposal of fixed assets	5	**28**
Miscellaneous	7	**12**
	440	**443**

The expenses from logistics services provided by METRO LOGISTICS are offset by income from logistics services, which are reported under other operating income.

Expenses from deconsolidation are related to the sale of the operational business in Belgium.

- **A detailed description of the deconsolidation can be found in no. 43 – disposals of subsidiaries.**

6. Result from impairment of financial assets

The result from impairment losses on financial assets amounts to €7 million (2020/21: €26 million) and includes impairment losses on receivables from contracts with customers amounting to €5 million (2020/21: €11 million). This includes expenses from additions to impairment losses, income from the reversal of impairment losses, and income from the receipt of cash and cash equivalents for financial assets that have already been derecognised.

7. Income from operating companies accounted for under the equity method

The income from companies accounted for under the equity method that have an operational relation to the ordinary business activities are shown in the income statement in the EBIT item. The earnings amount to €24 million (2020/21: €19 million). Of this, €11 million (2020/21: €10 million) is attributable to the segment West and €11 million (2020/21: €7 million) to the segment Others as well as €1 million (2020/21: €3 million) to the segment East.

8. Other investment result

Other investment results in the amount of €15 million (2020/21: €12 million) include the impact of the fair value measurement of investments in the amount of €15 million (2020/21: €12 million). Dividends from investments amounted to €0 million (2020/21: €0 million).

It also includes expenses from the fair value measurement of the shares in WM Holding (HK) Limited amounting to €114 million. These expenses are offset by income resulting from the fair value measurement of the corresponding put option, which sets a minimum selling price, in the same amount in the other investment result.

9. Net interest income/interest expenses

The interest result can be broken down as follows:

€ million	2020/21	**2021/22**
Interest income	**30**	**32**
thereof from leases	(16)	**(13)**
thereof from post-employment benefits plans	(4)	**(5)**
thereof from financial instruments of the measurement categories according to IFRS 9	(7)	**(10)**
Interest expenses	**−224**	**−189**
thereof from leases	(−152)	**(−137)**
thereof from post-employment benefits plans	(−10)	**(−11)**
thereof from financial instruments of the measurement categories according to IFRS 9	(−53)	**(−37)**
Interest result	**−194**	**−157**

Interest income and interest expenses from financial instruments are assigned to the measurement categories according to IFRS 9 on the basis of the underlying transactions.

The interest expenses included here (of the measurement categories in accordance with IFRS 9) primarily include interest expenses for issued bonds (including the Euro Commercial Paper Programme) of €21 million (2020/21: €29 million) and for liabilities to banks of €11 million (2020/21: €16 million).

The decrease in interest expenses results equally from declining interest expenses from leases and from lower interest expenses for other financial liabilities compared to the previous year.

- **For more information about possible effects from currency risks, see no. 44 – management of financial risks.**

10. Other financial result

The other financial income and expenses from financial instruments are assigned to measurement categories according to IFRS 9 on the basis of the underlying transactions. Besides income and expenses from the measurement of financial instruments (except derivatives in hedging relationships in accordance with IAS 39), this also includes the measurement of foreign currency positions according to IAS 21.

€ million	2020/21	**2021/22**
Other financial income	193	**727**
thereof currency effects	(101)	**(252)**
thereof hedging transactions	(75)	**(131)**
Other financial expenses	−168	**−1,148**
thereof currency effects	(−125)	**(−646)**
thereof hedging transactions	(−18)	**(−145)**
Other financial result	**25**	**−421**
thereof from financial instruments of the measurement categories according to IFRS 9	(25)	**(−402)**
thereof cash flow hedges:		
ineffectiveness	(3)	**(2)**

The total comprehensive income from currency effects and measurement results from hedging transactions and hedging relationships totalled €−408 million (2020/21: €32 million). The main reason for the negative development of the other financial result is the exchange rate development of the Russian rouble, which is attributable to the war-related sanctions against Russia and its counter-sanctions. As a result, negative valuation effects arose from intra-group items. In addition, the other financial result reflects €−11 million (2020/21: €4 million) in currency effects resulting from the translation of the financial statements of foreign subsidiaries that are recognised through profit or loss in the year the subsidiary is deconsolidated or in the year business activities are discontinued. The effect from the application of financial reporting in hyperinflationary economies in accordance with IAS 29 had a positive impact on the other financial result; income of €338 million was offset by expenses of €−304 million.

- **For more information about possible effects from currency risks, see no. 44 – management of financial risks.**

11. Net results according to measurement categories

The key effects of income from financial instruments are as follows:

2020/21

€ million	Investments	Interest	Fair value measurements	Currency translations	Disposals	Impairments	Other	Net result
Financial assets measured at amortised cost, incl. cash and cash equivalents	0	7	0	−15	0	−19	0	−28
Financial assets at fair value through profit or loss	12	0	54	0	0	0	1	68
Equity instruments measured outside of profit or loss	0	0	0	0	0	0	0	0
Financial liabilities measured at amortised cost	0	−53	−3	−7	3	0	−5	−65
	12	**−46**	**52**	**−21**	**3**	**−19**	**−5**	**−25**

2021/22

€ million	**Investments**	**Interest**	**Fair value measurements**	**Currency translations**	**Disposals**	**Impairments**	**Other**	**Net result**
Financial assets measured at amortised cost, incl. cash and cash equivalents	**0**	**10**	**0**	**−332**	**0**	**−15**	**0**	**−337**
Financial assets at fair value through profit or loss	**129**	**0**	**−17**	**0**	**0**	**0**	**0**	**113**
Equity instruments measured outside of profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities measured at amortised cost	**0**	**−37**	**−17**	**−31**	**7**	**0**	**−4**	**−83**
	129	**−27**	**−34**	**−363**	**7**	**−15**	**−4**	**−307**

The income and expenses from financial instruments are assigned to measurement categories according to IFRS 9 on the basis of the underlying transactions.

Investment income and income effects from the disposal of investments are included in the other investment result. This includes income from the valuation of a put option of €114 million in connection with the shares in WM Holding (HK) Limited. This income is offset by expenses resulting from the valuation of the corresponding shares in the same amount in other investment results. The income and expenses from interest are part of the interest result. Fair value measurements and effects from other financial expenses and currency translation are included in the other financial result. Income effects from the disposal of other financial liabilities are included in earnings before interest and taxes (EBIT). The expenses from impairments are included in the result from impairments on financial assets.

- **Additional information on the risks arising from impairments can be found in no. 44 – management of financial risks.**

Remaining financial income and expenses included in the other financial result primarily concern bank commissions and similar expenses that are incurred within the context of financial assets and liabilities.

12. Income taxes

Income taxes include the taxes on income paid or owed in the individual countries as well as deferred taxes.

€ million	2020/21	**2021/22**
Deferred tax expense/income (+/−)	−72	**28**
thereof from temporary differences	(−67)	**(8)**
thereof from loss and interest carry-forwards	(−5)	**(20)**

€ million	2020/21	**2021/22**
Actual taxes	157	**168**
thereof Germany	(12)	**(13)**
thereof international	(145)	**(155)**
thereof tax expenses/income of current period	(102)	**(171)**
thereof tax expenses/income of previous periods	(55)	**(−3)**
Deferred taxes	−72	**28**
thereof Germany	(3)	**(2)**
thereof international	(−76)	**(26)**
	85	**196**

The income tax rate of the German companies of METRO consists of a corporate income tax of 15.00% plus a 5.50% solidarity surcharge on corporate income tax as well as the trade tax of 14.70% given an average assessment rate of 420.00%. All in all, this results in an aggregate tax rate of 30.53%. The tax rates are unchanged from the previous year. The income tax rates applied to foreign companies are based on the respective laws and regulations of the individual countries and vary within a range of 9.00% (2020/21: 9.00%) and 38.07% (2020/21: 34.94%).

The increase in income tax expenses is attributable to improved results in various countries as well as withholding tax from intra-group dividends.

The utilisation of loss carry-forwards and temporary differences, which were not valued with deferred taxes, led to a reduction of the actual income tax expense of €36 million and is related to property disposals in Japan.

The reversal of an earlier devaluation of deferred taxes resulted in income of €4 million.

Applying the German group tax rate to the reported pre-tax result would result in an income tax expense of €−41 million (2020/21: €12 million). The deviation of €237 million (2020/21: €73 million) from the reported tax expense of €196 million (2020/21: €85 million) can be reconciled as follows:

€ million	2020/21	**2021/22**
EBT (earnings before taxes)	**40**	**−134**
Expected income tax expenses (30.53%)	12	**−41**
Effects of differing national tax rates	−17	**−3**
Tax expenses and income relating to other periods	55	**−3**
Non-deductible business expenses for tax purposes	20	**106**
Effects of not recognised or impaired deferred taxes	92	**94**
Additions and reductions for local taxes	12	**14**
Tax effect on tax free income	−24	**−14**
Other deviations	−66	**44**
Income tax expenses according to the income statement	**85**	**196**
Group tax rate	**212.6%**	**−146.3%**

The item effects of differing national tax rates includes a deferred tax expense of €6 million (2020/21: €3 million) from tax rate changes.

Of previous year's tax expenses and income relating to otherperiods, €66 million is attributable to the exit from Japan. A correspondingly opposite effect from deferred taxes is recognised in the item other deviations of the previous year with €−66 million. In the current financial year, this item includes non-tax-deductible costs in connection with portfolio adjustments of €28 million (2020/21: €0 million) as well as effects from impairment losses on goodwill of €11 million (2020/21: €0 million).

The non-deductible business expenses of the current year mainly include non-profit-related withholding tax from intra-group dividends in the amount of €59 million (2020/21: €0 million) and additions under the External Tax Relations Act amounting to €21 million (2020/21: €0 million).

13. Profit or loss for the period attributable to non-controlling interests

Of profit or loss for the period attributable to non-controlling interests, profit shares accounted for €3 million (2020/21: €11 million) and loss shares for €0 million (2020/21: €0 million).

14. Earnings per share

	2020/21	2021/22
Weighted number of no-par-value shares	363,097,253	**363,097,253**
Profit or loss for the period attributable to the shareholders of METRO AG (€ million)	−56	**−334**
Earnings per share in € (basic = diluted)	**−0.15**	**−0.92**

Earnings per share are determined by dividing profit or loss for the period attributable to the shareholders of METRO AG by the weighted number of no-par-value shares. There was no dilution in the reporting period or the year before from so-called potential shares.

15. Depreciation/amortisation/impairment losses

Depreciation/amortisation/impairment losses of €977 million (2020/21: €969 million) include impairment losses totalling €156 million (2020/21: €172 million).

The impairments are mainly related to the reduced sales and earnings expectations due to the war in Ukraine and the sanctions imposed on Russia. Impairments of €72 million relate to the segment East, primarily concerning Ukraine. This includes the impairment of the goodwill of METRO Ukraine in the amount of €17 million. Furthermore, impairment losses of €59 million were recognised in Russia. Of this amount, €38 million relates to the goodwill of METRO Russia. Further impairment losses of €13 million were recognised in Germany, €7 million in the segment West and €6 million in the segment Others.

The attribution of depreciation/amortisation/impairment losses in the income statement and the affected asset categories is as follows:

2020/21

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use asset	Investment properties	Financial assets	Total
Cost of sales	0	2	24	52	0	0	78
thereof depreciation/amortisation	(0)	(2)	(24)	(51)	(0)	(0)	(76)
thereof impairment	(0)	(0)	(0)	(1)	(0)	(0)	(2)
Selling expenses	0	36	340	232	30	0	639
thereof depreciation/amortisation	(0)	(36)	(288)	(221)	(29)	(0)	(574)
thereof impairment	(0)	(0)	(52)	(11)	(1)	(0)	(65)
General administrative expenses	0	116	14	26	1	0	157
thereof depreciation/amortisation	(0)	(107)	(14)	(26)	(1)	(0)	(148)
thereof impairment	(0)	(9)	(0)	(0)	(0)	(0)	(10)
Other operating expenses	95	0	0	0	0	0	95
thereof impairment	(95)	(0)	(0)	(0)	(0)	(0)	(95)
Scheduled depreciation/ amortisation/ impairment losses before impairment of financial investments	**95**	**154**	**379**	**310**	**31**	**0**	**969**
thereof depreciation/amortisation	(0)	(145)	(325)	(297)	(30)	(0)	(798)
thereof impairment	(95)	(9)	(53)	(13)	(2)	(0)	(171)
Net financial result (impairments)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

2021/22

€ million	Goodwill	Others intangible assets	Property, plant and equipment	Right-of-use asset	Investment properties	Financial assets	Total
Cost of sales	0	3	23	52	0	0	78
thereof depreciation/amortisation	(0)	(3)	(23)	(52)	(0)	(0)	(78)
thereof impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	50	355	234	35	0	674
thereof depreciation/amortisation	(0)	(41)	(286)	(228)	(30)	(0)	(584)
thereof impairment	(0)	(9)	(69)	(7)	(5)	(0)	(90)
General administrative expenses	0	124	16	29	1	0	170
thereof depreciation/amortisation	(0)	(113)	(16)	(29)	(1)	(0)	(159)
thereof impairment	(0)	(11)	(0)	(0)	(0)	(0)	(11)
Other operating expenses	55	0	0	0	0	0	55
thereof impairment	(55)	(0)	(0)	(0)	(0)	(0)	(55)
Scheduled depreciation/ amortisation/ impairment losses before Impairment of financial investments	**55**	**177**	**394**	**315**	**35**	**0**	**977**
thereof depreciation/amortisation	(0)	(157)	(325)	(309)	(30)	(0)	(821)
thereof impairment	(55)	(20)	(69)	(7)	(5)	(0)	(156)
Net financial result (impairments)	**0**	**0**	**0**	**0**	**0**	**0**	**0**

- **Detailed explanations on the impairment test of goodwill can be found in** **no. 19 – goodwill****.**

16. Cost of materials

The cost of sales includes the following cost of materials:

€ million	2020/21	2021/22
Cost of raw materials, supplies and goods purchased	19,851	**23,917**
Cost of services purchased	17	**21**
	19,868	**23,938**

17. Personnel expenses

Personnel expenses can be broken down as follows:

€ million	2020/21	2021/22
Wages and salaries	2,229	**2,489**
Social security expenses, expenses for post-employment benefits and related employee benefits	539	**614**
(thereof for post-employment benefits)	(42)	**(57)**
	2,768	**3,103**

Wages and salaries include expenses relating to restructuring measures and severance payments of €104 million (2020/21: €85 million). The variable remuneration rose from €119 million in financial year 2020/21 to €160 million in financial year 2021/22. Wages and salaries also include expenses for long-term remuneration components totalling €13 million (2020/21: €17 million).

The average number of people employed by the group during the year was as follows:

	2020/21	2021/22
Blue collar/white collar	93,344	**93,203**
Apprentices/trainees	1,797	**1,741**
	95,141	**94,944**

This includes an absolute number of 14,023 (2020/21: 15,422) part-time employees. The number of employees working outside of Germany stood at 76,962 (2020/21: 76,597). This includes 76,011 blue- and white-collar employees (2020/21: 75,660). In addition, 951 (2020/21: 937) trainees were trained abroad.

18. Other taxes

The other taxes (for example property tax, motor vehicle tax, excise tax and transaction tax) have the following effects on the income statement:

€ million	2020/21	2021/22
Other taxes	62	**66**
thereof in cost of sales	(1)	**(1)**
thereof in selling expenses	(52)	**(48)**
thereof in general administrative expenses	(9)	**(17)**

Notes to the balance sheet

19. Goodwill

Goodwill amounts to €647 million (30/9/2021: €644 million).

At the closing date, the breakdown of goodwill among the major cash-generating units was as shown below:

		30/9/2021		30/9/2022	
			WACC		WACC
	Segment	€ million	%	€ million	%
METRO France	West	293	4.6	293	6.3
METRO Poland	East	54	4.5	51	6.6
Eijsink	Others	-	-	46	6.3
METRO Italy	West	38	5.6	38	7.2
METRO Romania	East	37	6.1	37	8.0
METRO Spain	West	36	4.9	36	6.4
Pro à Pro France	West	35	4.3	35	6.3
METRO Russia	Russia	35	5.8	0	-
Others		115		111	
	644	644		647	

Goodwill is tested for impairment once a year. This is carried out at the level of a group of cash-generating units. Specifically, this is usually the organisational unit per country.

In the impairment test, the cumulative carrying amount of the group of cash-generating units is compared with the recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal, whichever is higher. It is calculated from discounted future cash flows and the level 3 input parameters of the fair value hierarchy.

- **The description of the fair value hierarchies is included in no. 40 – carrying amounts and fair values according to measurement categories.**

Expected future cash flows are based on a qualified planning process under consideration of intra-group experience as well as macroeconomic data collected by third-party sources. The detailed planning period generally spans 3 years, with various scenarios being derived with regard to the effects of the war in Ukraine, the sanctions against Russia and its counter-sanctions, the current energy crisis as well as inflation and analysed with regard to their appropriateness for the impairment test. The detailed planning period can generally be extended by up to 2 further planning years for units undergoing a transformation process, but no use was made of this option in financial year 2021/22. Following the detailed planning period, a growth rate of 1.25% is assumed (30/9/2021: 1%). The increase compared to the previous year is attributable to an increase in long-term inflation expectations. The capitalisation rate as the weighted average cost of capital (WACC) is determined using the capital asset pricing model. In the process, an individual peer group is assumed for all groups of cash-generating units operating in the same business segment. In addition, the capitalisation rates are determined on the basis of an assumed basic interest rate of 1.5% (30/9/2021: 0.3%) and a market risk premium of 8.0% (30/9/2021: 7.8%) in Germany as well as a beta factor of 0.88 (30/9/2021: 0.80). Country-specific risk premiums based on the respective country rating are applied to the equity cost of capital and to the borrowing costs. The capitalisation rates after taxes determined individually for each group of cash-generating units range from 6.1% to 12.6% (30/9/2021: 4.3% to 10.5%).

The mandatory annual impairment testing of goodwill considered to be significant was invariably carried out by METRO as of 30 June 2022. It resulted in the following assumptions regarding the development of sales, EBITDA and the EBITDA margin targeted for valuation purposes until the end of the detailed planning period. Considering the macroeconomic situation and the largely consistent implementation of the sCore strategy, we assume significant sales and EBITDA growth for all companies in the detailed planning phase.

The EBITDA margin is the ratio of EBITDA to sales revenues.

	Sales	EBITDA	EBITDA margin	Detailed planning period (years)
METRO France	Significantly rising	Significantly rising	Constant	3
METRO Poland	Significantly rising	Solid development	Moderately regressing	3
METRO Spain	Significantly rising	Significantly rising	Constant	3
Pro à Pro France	Significantly rising	Strongly increasing	Slightly increasing	3
METRO Romania	Significantly rising	Slightly increasing	Moderately regressing	3
METRO Italy	Significantly rising	Significantly rising	Constant	3

Impairment losses on goodwill amounted to €55 million in the financial year (2020/21: €95 million) and relate to METRO Russia at €38 million and METRO Ukraine at €17 million. The impairments were already necessary on 31 March 2022 due to the expected reduced sales and earnings development as a result of the war in Ukraine and the sanctions imposed on Russia as well as the associated impact on future cash flows. In order to account for the increased risk and uncertainty for METRO Russia, the expected cash flows were determined using an expected value of probability-weighted scenarios to estimate the recoverable amount. The capitalisation rate was raised to 10.0% to cover the increased country risk factor caused by the sanctions. Goodwill was fully impaired through profit or loss. In light of the war situation and the present decline in sales and earnings, the goodwill of the cash-generating unit METRO Ukraine was also depreciated in full through profit or loss. The recoverable amounts are the fair value less costs of disposal.

As of 30 June 2022, the mandatory annual impairment test also confirmed the recoverability of all other capitalised goodwill. In addition to the impairment test, 2 sensitivity analyses were conducted for each group of cash-generating units.

1. In the first sensitivity analysis, the interest rate was raised by 10.0%.
2. In the second sensitivity analysis, a lump sum discount of 10.0% was applied to the assumed perpetual free cash flow.

These changes did not result in impairment for any of the groups of cash-generating units, except for Pro à Pro France.

In the impairment test of the goodwill of Pro à Pro France, the fair value less costs of disposal exceeds the carrying amount by €26 million. With a flat discount of 10.0% on the capitalisation rate, the carrying amount would exceed the fair value less costs of disposal by €2 million. With a 0.58 percentage point higher capitalisation rate of 6.87% (instead of 6.29%), the fair value less costs of disposal would equal the carrying amount. A flat discount of 10.0% on the free cash flow assumed in perpetuity would not cause any impairment. Pro à Pro France's planning assumes a recovery of the EBITDA and the EBITDA margin from a very low base. In financial year 2021/22, it was primarily marked by high inflationary pressure on purchasing prices and bottlenecks in the availability of skilled workers. Both effects are expected to normalise over time.

The acquisition of Eijsink resulted in goodwill addition of €46 million. Disposals of goodwill arise due to changes in the consolidation group and are reported at the time of deconsolidation.

- **A detailed description of the business combinations in the reporting period is provided in the notes to the business combinations.**

€ million	Goodwill
Acquisition or production costs	
As of 1/10/2020	795
Currency translation	11
Additions to consolidation group	7
Additions	0
Disposals	−16
Transfers	−1
As of 30/9/2021 and 1/10/2021	796
Currency translation/hyperinflation	29
Additions to consolidation group	46
Additions	0
Disposals	−3
Transfers	0
As of 30/9/2022	868
Depreciation	
As of 1/10/2020	64
Currency translation	9
Additions, scheduled	0
Additions, impairment	95
Disposals	−16
Reversals of impairment losses	0
Transfers	0
As of 30/9/2021 and 1/10/2021	152
Currency translation/hyperinflation	17
Additions, scheduled	0
Additions, impairment	55
Disposals	−3
Reversals of impairment losses	0
Transfers	0
As of 30/9/2022	221
Carrying amount as of 1/10/2020	731
Carrying amount as of 30/9/2021	644
Carrying amount as of 30/9/2022	**647**

In addition to the currency translation of the financial statements of foreign operations, the item currency translation/hyperinflation shows the effects of the first-time adoption of IAS 29 as well as the adjustment to the purchasing power ratios of the Turkish lira in the current financial year. The effects from the first-time adoption of IAS 29, which were recognised in the currency translation differences from translating the financial statements of foreign operations at the transition date of 1 October 2021, resulted in assets increasing by €6 million.

20. Other intangible assets

€ million	Intangible assets without goodwill	(thereof internally generated intangible assets)
Acquisition or production costs		
As of 1/10/2020	2,069	(1,229)
Currency translation	3	(0)
Additions to consolidation group	7	(0)
Additions	138	(115)
Disposals	−9	(−1)
Reclassifications in accordance with IFRS 5	−15	(0)
Transfers	5	(−3)
As of 30/9/2021 and 1/10/2021	2,199	(1,340)
Currency translation/hyperinflation	36	(3)
Additions to consolidation group	21	(0)
Additions	150	(123)
Disposals	−62	(−21)
Reclassifications in accordance with IFRS 5	0	(0)
Transfers	−3	−33
As of 30/9/2022	2,340	(1,412)

€ million	Intangible assets without goodwill	(thereof internally generated intangible assets)
Depreciation		
As of 1/10/2020	1,493	(933)
Currency translation	2	(0)
Additions, scheduled	145	(86)
Additions, impairment	9	(7)
Disposals	−8	(−2)
Reclassifications in accordance with IFRS 5	−12	(0)
Reversals of impairment losses	0	(0)
Transfers	2	(−1)
As of 30/9/2021 and 1/10/2021	1,631	(1,023)
Currency translation/hyperinflation	17	(3)
Additions, scheduled	157	(97)
Additions, impairment	20	(1)
Disposals	−58	(−19)
Reclassifications in accordance with IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	0	(−21)
As of 30/9/2022	1,768	(1,084)
Carrying amount as of 1/10/2020	576	(296)
Carrying amount as of 30/9/2021	568	(317)
Carrying amount as of 30/9/2022	**572**	**(328)**

In addition to the currency translation of the financial statements of foreign operations, the item ‘currency translation/hyperinflation’ shows the effects of the first-time adoption of IAS 29 as well as the adjustment to the purchasing power ratios of the Turkish lira in the current financial year. The effects from the first-time adoption of IAS 29, which were recognised in the currency translation differences from translating the financial statements of foreign operations at the transition date of 1 October 2021, resulted in assets increasing by €1 million.

The other intangible assets have both determinable and indeterminable expected useful lives. Intangible assets with a determinable expected useful life are subject to scheduled depreciation/amortisation. Intangible assets with an indeterminable useful life are subjected to annual impairment tests.

The carrying amount of acquired trademark rights amount to €98 million (30/9/2021: €101 million). They mainly relate to Classic Fine Foods and Pro á Pro France. Trademark rights generally represent assets with an indefinite useful life. The expected useful life of the trademark rights is indeterminable, because METRO can use these rights without restrictions and abandoning them is not envisaged in the future. The carrying amounts of these brands are reviewed annually for units to which goodwill is not simultaneously allocated in line with the procedure for the respective purchase price allocations using the licence price analogy method. Level 3 input parameters of the fair value hierarchy are applied here. This involves applying licence rates of between 0.2% and 1.0% and WACC of between 6.2% and 6.8%. The mandatory annual impairment test confirmed the recoverability of the carrying amounts. In addition, sensitivity analyses were carried out, assuming a 10% reduction in the sustainable expected sales of the respective units or a 10% increase in WACC. These scenarios would not result in significant impairment. The economic useful life of the rights to the Rungis Express brand has been considered definite since financial year 2021/22; in addition to scheduled amortisation, there was an impairment of €9 million. The brand value will be transferred over time to an alternative brand; however, it is not eligible for capitalisation due to the lack of third-party acquisition.

Additions in the amount of €150 million (2020/21: €138 million) concern internally generated software at €123 million (2020/21: €115 million), software purchased from third parties and still in development at €13 million (2020/21: €12 million), and concessions, rights and licences at €13 million (2020/21: €11 million).

Research and development expenses recognised in expenses essentially concern internally generated software and amounted to €42 million (2020/21: €43 million).

As in the previous year, there are no material restrictions on title or right to dispose of intangible assets. Purchasing obligations for intangible assets amounting to €2 million (30/9/2021: €1 million) were recorded.

21. Property, plant and equipment

Property, plant and equipment includes own tangible assets and rights of use for leased property, plant and equipment.

€ million	30/9/2021	**30/9/2022**
Own tangible assets	3,545	**3,608**
Right-of-use assets	2,117	**2,126**
	5,663	**5,735**

The inventories and developments are each presented and explained separately below.

The development of own tangible assets is shown in the following table.

€ million	Land and buildings	Other plant, business and office equipment	Assets under construction	Total
Acquisition or production costs				
As of 1/10/2020	5,531	2,991	96	8,618
Currency translation	66	24	1	91
Additions to consolidation group	16	5	0	20
Additions	25	50	114	189
Disposals	−17	−90	−7	−114
Reclassifications in accordance with IFRS 5	−4	−159	−1	−164
Transfers	42	77	−111	8
As of 30/9/2021 and 1/10/2021	5,659	2,897	94	8,649
Currency translation/hyperinflation	575	192	8	775
Additions to consolidation group	42	3	0	45
Additions	27	69	184	281
Disposals	−98	−287	−7	−393
Reclassifications in accordance with IFRS 5	−179	−1	0	−179
Transfers	−128	101	−141	−168
As of 30/9/2022	5,899	2,974	137	9,010

€ million	Land and buildings	Other plant, business and office equipment	Assets under construction	Total
Depreciation				
As of 1/10/2020	2,703	2,177	10	4,890
Currency translation	24	14	0	39
Additions, scheduled	165	161	0	325
Additions, impairment	26	27	0	53
Disposals	−3	−86	0	−90
Reclassifications in accordance with IFRS 5	−3	−130	0	−134
Reversals of impairment losses	0	0	0	0
Transfers	20	−1	0	19
As of 30/9/2021 and 1/10/2021	2,931	2,163	10	5,104
Currency translation/hyperinflation	267	133	3	403
Additions, scheduled	164	161	0	325
Additions, impairment	62	6	1	69
Disposals	−56	−260	0	−316
Reclassifications in accordance with IFRS 5	−47	0	0	−48
Reversals of impairment losses	−2	0	0	−2
Transfers	−131	−2	−1	−134
As of 30/9/2022	3,188	2,200	13	5,402
Carrying amount as of 1/10/2020	2,828	814	86	3,728
Carrying amount as of 30/9/2021	2,728	734	84	3,545
Carrying amount as of 30/9/2022	**2,711**	**774**	**124**	**3,608**

In addition to the currency translation of the financial statements of foreign operations, the item currency translation/hyperinflation shows the effects of the first-time adoption of IAS 29 as well as the adjustment to the purchasing power ratios of the Turkish lira in the current financial year. The effects from the first-time adoption of IAS 29, which were recognised in the currency translation differences from translating the financial statements of foreign operations at the transition date of 1 October 2021, resulted in assets increasing by €10 million.

The increase in owned property, plant and equipment in the amount of €63 million results mainly from currency translation in the amount of €299 million. It is mainly caused by the exchange rate development of the Russian rouble. This was offset by reclassifications of property, plant and equipment to assets held for sale in the amount of €132 million, which mainly relate to the real estate portfolio in Japan. Furthermore, disposals, mainly due to the disposal of the operational business in Belgium, reduce property, plant and equipment in the amount of €77 million.

Restrictions on titles in the form of liens and encumbrances for items of property, plant and equipment amounted to €0 million (30/9/2021: €9 million).

Contractual commitments were recorded for items of property, plant and equipment in the amount of €50 million (30/9/2021: €40 million).

The development of right-of-use assets of leased property, plant and equipment is shown in the following table.

€ million	Land and buildings	Vehicles	Others	Total
Net carrying amount				
As of 1/10/2020	1,947	103	34	2,084
Additions	315	48	13	377
Depreciation	−241	−46	−11	−297
Impairment	−11	−1	−1	−13
Reclassifications and net change in consolidation group	7	4	−5	6
Disposals, currency translation and reversals of impairment losses	−31	−7	−2	−40
As of 30/9/2021 / 1/10/2021	1,988	101	28	2,117
Additions	286	57	15	359
Depreciation	−248	−49	−11	−309
Impairment	−7	0	0	−7
Reclassifications and net change in consolidation group	−21	−1	0	−22
Disposals, currency translation/ hyperinflation and reversals of impairment losses	−6	−5	−1	−12
As of 30/9/2022	**1,992**	**103**	**31**	**2,126**

In addition to the currency translation of the financial statements of foreign operations, the line 'currency translation/hyperinflation' shows the effects of the first-time adoption of IAS 29 as well as the adjustment to the purchasing power ratios of the Turkish lira in the current financial year. The effects from the first-time adoption of IAS 29, which were recognised in the currency translation differences from translating the financial statements of foreign operations at the transition date of 1 October 2021, resulted in assets increasing by €11 million.

The €9 million increase in rights-of-use assets is largely due to investments of €359 million in rights-of-use. They relate primarily to lease indexations and contract extensions. Depreciation and amortisation of €309 million and disposals of €38 million had an offsetting effect.

- **Impairment disclosures are provided in no. 15 – depreciation/amortisation/ impairment losses.**
- **Information on leases is provided in no. 47 – leases.**

22. Investment properties

Investment properties are recognised at depreciated cost. As of 30 September 2022, a total of €172 million (30/9/2021: €170 million) was recognised in the balance sheet. The development of these real estates is shown in the following table.

€ million	Investment properties (owned)	Investment property rights of use	Total
Acquisition or production costs			
As of 1/10/2020	200	768	969
Currency translation	–10	–7	–17
Additions to consolidation group	0	0	0
Additions	0	10	10
Disposals	–1	–1	–2
Transfers associated with the tangible assets	–10	0	–10
As of 30/9/2021 / 1/10/2021	180	771	951
Currency translation/hyperinflation	21	–20	1
Additions to consolidation group	0	0	0
Additions	0	22	22
Disposals	–7	–30	–37
Reclassifications in accordance with IFRS 5	–13	0	–13
Transfers associated with the tangible assets	171	124	295
As of 30/9/2022	352	868	1,220

€ million	Investment properties (owned)	Investment property rights of use	Total
Depreciation			
As of 1/10/2020	140	641	781
Currency translation	–6	–7	–13
Additions, scheduled	3	27	30
Additions, impairment	0	1	2
Disposals	0	0	0
Reversals of impairment losses	0	0	0
Transfers associated with the tangible assets	–19	0	–19
As of 30/9/2021 / 1/10/2021	118	663	781
Currency translation/hyperinflation	15	–19	–5
Additions, scheduled	4	27	30
Additions, impairment	0	5	5
Disposals	–2	–11	–13
Reclassifications in accordance with IFRS 5	–8	0	–8
Reversals of impairment losses	0	0	–1
Transfers associated with the tangible assets	134	124	257
As of 30/9/2022	260	788	1,048
Carrying amount as of 1/10/2020	60	127	188
Carrying amount as of 30/9/2021	61	109	170
Carrying amount as of 30/9/2022	**92**	**80**	**172**

In addition to the currency translation of the financial statements of foreign operations, the item currency translation/hyperinflation shows the effects of the first-time adoption of IAS 29 as well as the adjustment to the purchasing power ratios of the Turkish lira in the current financial year. The effects from the first-time adoption of IAS 29, which were recognised in the currency translation differences from translating the financial statements of foreign operations at the transition date of 1 October 2021, resulted in assets increasing by €5 million.

The fair values of these investment properties total €440 million (30/9/2021: €311 million) with a carrying amount of €172 million (30/9/2021: €170 million). They are determined on the basis of internationally recognised measurement methods, particularly the comparable valuation method and the discounted cash flow method (level 3 of the 3-level valuation hierarchy of IFRS 13 (Fair Value Measurement)). This measurement is based on a detailed planning period of 10 years. Aside from market rents, market-based discount rates were used as key valuation parameters. The discount rates are determined on the basis of analyses of relevant real estate markets as well as evaluations of comparable transactions and market publications issued by international consulting firms. The resulting discount rates reflect the respective country and location risk as well as the property-specific real estate risk. In addition, project developments are considered to determine the best use.

The fair value is usually assessed by METRO PROPERTIES employees. Where deemed appropriate and necessary, external expert appraisals are also gathered.

Rental income from continuing operations amounts to €94 million, with rights-of-use assets accounting for €82 million of this total (2020/21: €84 million, thereof €80 million from rights-of-use assets). The related expenses amount to €74 million, with rights-of-use assets accounting for €68 million (2020/21: €68 million, thereof €64 million from rights-of-use assets).

Restrictions on titles in the form of liens and encumbrances amounted to €0 million (30/9/2021: €0 million). As in the previous year, no contractual commitments for the acquisition of investment properties were made.

23. Financial assets and investments accounted for using the equity method

The development of **financial assets** is shown in the following table.

€ million	Loans	Investments	Securities	Total financial assets
Acquisition or production costs				
As of 1/10/2020	32	70	2	104
Currency translation	0	0	0	0
Additions to consolidation group	0	0	0	0
Additions[1]	2	15	0	18
Disposals[1]	−2	−23	0	−25
Reclassifications in accordance with IFRS 5	0	0	0	0
Transfers	0	0	0	0
As of 30/9/2021 and 1/10/2021	32	63	2	97
Currency translation/hyperinflation	1	0	0	1
Additions to consolidation group	1	0	0	1
Additions[1]	2	20	0	22
Disposals[1]	−7	−28	0	−35
Reclassifications in accordance with IFRS 5	0	0	0	0
Transfers	0	0	0	0
As of 30/9/2022	30	54	1	86

[1] The measurement effects of equity investments carried at fair value are also shown here under additions and disposals, since they do not involve depreciations in the narrower sense.

€ million	Loans	Investments	Securities	Total financial assets
Depreciation				
As of 1/10/2020	6	0	0	6
Currency translation	0	0	0	0
Additions, scheduled	0	0	0	0
Additions, impairment	0	0	0	0
Disposals	–1	0	0	–1
Reclassifications in accordance with IFRS 5	0	0	0	0
Reversals of impairment losses	0	0	0	0
Transfers	0	0	0	0
As of 30/9/2021 and 1/10/2021	5	0	0	5
Currency translation/hyperinflation	0	0	0	0
Additions, scheduled	0	0	0	0
Additions, impairment	0	0	0	0
Disposals	–4	0	0	–4
Reclassifications in accordance with IFRS 5	0	0	0	0
Reversals of impairment losses	0	0	0	0
Transfers	0	0	0	0
As of 30/9/2022	1	0	0	1
Carrying amount as of 1/10/2020	26	70	2	98
Carrying amount as of 30/9/2021	27	63	2	92
Carrying amount as of 30/9/2022	**28**	**54**	**1**	**84**

[1] The measurement effects of equity investments carried at fair value are also shown here under additions and disposals, since they do not involve depreciations in the narrower sense.

The disclosures below provide information on investments **accounted for using the** equity method.

As of 30 September 2022, shares in investments accounted for using the equity method amounted to €108 million (30/9/2021: €361 million). Disclosures on the major investments accounted for using the equity method can be found in the following table.

Apart from Habib METRO Pakistan (closing date 30 June), all companies mentioned below have 31 December as the closing date. The companies are included in the consolidated financial statements of METRO AG with their latest available financial statements.

€ million	Habib METRO Pakistan 2020/21	Habib METRO Pakistan 2021/22	OPCI FWP 2020/21	OPCI FWP 2021/22	OPCI FWS 2020/21	OPCI FWS 2021/22	EKS Handelsgesellschaft 2020/21	EKS Handelsgesellschaft 2021/22
Disclosures on the income statement								
Sales revenues	11	**11**	19	**19**	17	**18**	78	**82**
Tax profit for the period from continuing operations	6	**6**	12	**13**	13	**13**	64	**68**
Other comprehensive income	-	**-**	-	**-**	-	**-**	-	**-**
Total comprehensive income	6	**6**	12	**13**	13	**13**	64	**68**
Dividend payments to the group	2	**1**	3	**1**	5	**4**	5	**5**
Disclosures on the balance sheet								
Non-current assets	35	**28**	267	**257**	254	**248**	-	**-**
Current assets	25	**23**	4	**10**	6	**5**	69	**80**
Non-current liabilities	6	**5**	102	**97**	94	**93**	-	**-**
Current liabilities	2	**3**	0	**0**	0	**0**	4	**12**
Net assets	52	**44**	168	**170**	166	**160**	65	**69**
Amount of the share (in %)	**40**	**40**	**5**	**5**	**25**	**25**	**15**	**15**
Share of the group in the net assets	21	**18**	8	**9**	41	**40**	5	**5**
Adjustment of asset values	12	**10**	-	**-**	-	**-**	–1	**–1**
Carrying amount of the share in the group	**33**	**28**	**8**	**9**	**41**	**40**	**4**	**4**

€ million	WM Holding (HK) Limited 2020/21[1]	WM Holding (HK) Limited 2021/22	Miscellaneous 2020/21	Miscellaneous 2021/22
Disclosures on the income statement				
Sales revenues	1,861	-	99	**132**
Tax profit for the period from continuing operations	8	-	11	**17**
Other comprehensive income	–45	-	0	**0**
Total comprehensive income	–37	-	11	**17**
Dividend payments to the group	-	-	1	**2**
Disclosures on the balance sheet				
Non-current assets	2,534	-	-	-
Current assets	872	-	-	-
Non-current liabilities	1,315	-	-	-
Current liabilities	804	-	-	-
Net assets	1,287	-	-	-
Amount of the share (in %)	**20**	-	-	-
Share of the group in the net assets	258	-	-	-
Adjustment of asset values	-	-	-	-
Carrying amount of the share in the group	**258**	-	**18**	**28**

[1] The disclosures in the previous year regarding the shares in WM Holding (HK) Limited are based on preliminary financial statements for a short financial year to 31 December 2020.

METRO's representation on the supervisory board of OPCI FRENCH WHOLESALE PROPERTIES – FWP means that significant influence is maintained and equity accounting is appropriate, although the investment only amounts to 5%.

The investments accounted for using the equity method within the group are mainly associated companies and rental companies. The main purpose of the rental companies is to acquire, lease out and manage assets. The assets of these real estate companies are mainly leased by METRO companies.

Due to the intention to sell the shares in WM Holding (HK) Limited to the main shareholder, the shares were reclassified as assets held for sale in the current financial year.

24. Other financial and other non-financial assets

	30/9/2021			**30/9/2022**		
		Remaining term			**Remaining term**	
€ million	Total	up to 1 year	over 1 year	**Total**	**up to 1 year**	**over 1 year**
Receivables due from suppliers	232	231	1	**253**	**252**	**1**
Miscellaneous financial assets	415	274	142	**436**	**336**	**99**
thereof leasing receivables	(178)	(47)	(131)	**(138)**	**(51)**	**(88)**
Other financial assets	**647**	**505**	**142**	**689**	**588**	**100**
Other tax receivables	177	177	0	**197**	**197**	**0**
Prepaid expenses and deferred charges	69	59	10	**83**	**72**	**11**
Miscellaneous non-financial assets	54	44	10	**77**	**71**	**6**
Other non-financial assets	**301**	**281**	**20**	**356**	**339**	**17**

Receivables due from suppliers comprise both invoiced receivables and deferred income for subsequent supplier compensation (for example bonuses, advertising subsidies) and creditors with debit balances.

The miscellaneous financial assets primarily consist of a put option, receivables from financing lease agreements, receivables from credit card transactions, receivables from other financial transactions and receivables and other assets from the real estate sector.

The other tax receivables include value added tax refunds, later offsettable input tax and miscellaneous tax receivables.

Prepaid expenses and deferred charges include deferred charges and deferred rental, leasing and interest charges as well as miscellaneous prepaid expenses.

Miscellaneous non-financial assets mainly consist of prepayments on inventories and other non-current assets, as well as raw materials and supplies. In addition, they include contract assets in the amount of €2 million (30/9/2021: €1 million) as well as assets for the right to recover products from a customer on settling the refund liabilities in the amount of €1 million (30/9/2021: €1 million).

25. Deferred tax assets/deferred tax liabilities

Deferred tax assets on tax loss carry-forwards and temporary differences amount to €1,219 million before offsetting (30/9/2021: €1,257 million), a decrease of €38 million compared with 30 September 2021. The carrying amounts of deferred tax liabilities increased by €90 million to €1.085 million compared with the previous year (30/9/2021: €995 million).

Deferred taxes relate to the following balance sheet items:

	30/9/2021		**30/9/2022**		Change through profit or loss – previous year		**Change through profit or loss – current year**	
€ million	Assets	Liabilities	**Assets**	**Liabilities**	Assets	Liabilities	**Assets**	**Liabilities**
Goodwill	21	0	**18**	**0**	−4	−29	**−3**	**0**
Other intangible assets	9	123	**13**	**136**	0	6	**2**	**4**
Property, plant and equipment and investment properties	87	703	**95**	**716**	8	5	**6**	**−1**
Financial investments and investments accounted for using the equity method	4	4	**4**	**4**	0	−6	**0**	**0**
Inventories	28	0	**32**	**1**	3	−1	**2**	**0**
Other financial and non-financial assets	63	68	**56**	**78**	−10	−13	**−4**	**13**
Assets held for sale	0	0	**3**	**0**	0	0	**3**	**0**
Provisions for post-employment benefits plans and similar obligations	112	54	**64**	**56**	−3	4	**−2**	**2**
Other provisions	45	10	**50**	**12**	5	3	**2**	**2**
Financial liabilities	747	2	**707**	**2**	−15	−24	**−30**	**−1**
Other financial and non-financial liabilities	91	31	**171**	**26**	−28	1	**83**	**−3**
Liabilities related to assets held for sale	0	0	**0**	**0**	0	0	**0**	**0**
Outside basis differences	66	0	**58**	**33**	66	−8	**−8**	**30**
Hyperinflation	0	0	**0**	**22**	0	0	**0**	**2**
Write-downs of temporary differences	−91	0	**−97**	**0**	−16	0	**−10**	**0**
Loss carry-forwards	75	0	**45**	**0**	5	0	**−20**	**0**
Carrying amount of deferred taxes before offsetting	**1,257**	**995**	**1,219**	**1,085**	**9**	**−63**	**21**	**49**
Offsetting	−911	−911	**−932**	**−932**	−9	−9	**−21**	**−21**
Carrying amount of deferred taxes	**345**	**83**	**287**	**153**	**0**	**−72**	**0**	**28**

Of the reported balance of deferred tax assets and liabilities, €15 million (30/9/2021: €51 million) is attributable to the group of incorporated companies of METRO AG. The realisation of the tax asset is expected in the next year due to the disposal of the parts of the campus site. The additional surplus of €119 million (30/9/2021: €211 million) is largely attributable to temporary differences at various foreign subsidiaries. Based on business planning, realisation of these tax assets is to be considered sufficiently likely.

In accordance with IAS 12 (Income Taxes), deferred tax liabilities relating to differences between the carrying amount of a subsidiary's pro rata equity in the balance sheet and the carrying amount of the investment for this subsidiary in the parent company's tax statement must be recognised (so-called outside basis differences) if the tax benefit is likely to be realised in the future. The deferred tax liability of €33 million recognised as of 30 September 2022 (30/9/2021: €0 million) is attributable to planned intra-group dividend payments. The recognised deferred tax assets on outside basis differences are related to the country exit in Japan. They decreased by €8 million compared to the previous year.

The sum of the amount of temporary differences in connection with investments in subsidiaries for which no deferred tax liabilities were recognised was not determined as this would have entailed a disproportionately high effort due to the level of detail of the METRO group.

No deferred tax assets were capitalised for the following tax loss carry-forwards and interest carry-forwards or temporary differences because realisation of the assets in the short to medium term is not expected:

€ million	30/9/2021	**30/9/2022**
Corporate tax losses	4,802	**4,430**
Trade tax losses	3,742	**3,940**
Interest carry-forwards	114	**116**
Temporary differences	331	**364**

The trade tax loss carry-forwards for which no deferred tax assets were recognised relate to German companies and can be carried forward without limitations.

Expiry dates of corporate tax loss carry-forwards on which no deferred taxes have been recognised

€ million	30/9/2021	**30/9/2022**
Tax loss carry-forwards, corporate tax	**4,802**	**4,430**
Up to 1 year	171	**121**
1 to 5 years	411	**205**
Over 5 years	383	**85**
Can be carried forward without limitation	3,837	**4,019**

Tax effects on components of other comprehensive income

	2020/21			**2021/22**		
€ million	Before taxes	Taxes	After taxes	**Before taxes**	**Taxes**	**After taxes**
Currency differences from translating the financial statements of foreign operations	111	0	111	**716**	**0**	**716**
thereof currency translation differences from net investments in foreign operations	(12)	(0)	(12)	**(−20)**	**(0)**	**(−20)**
Effective portion of gains/losses from cash flow hedges	3	−1	3	**0**	**0**	**0**
Effects from the fair value measurements of equity instruments	0	0	0	**−1**	**0**	**−1**
Subsequent measurement of associates/joint ventures accounted for using the equity method	−9	0	−9	**0**	**0**	**0**
Remeasurement of defined benefit pension plans	−2	4	2	**151**	**−42**	**108**
Remaining income tax on other comprehensive income	0	0	0	**0**	**0**	**0**
	103	**4**	**107**	**866**	**−42**	**824**

Deferred taxes on components of other comprehensive income primarily apply to the remeasurement of defined benefit pension plans. The other components are not tax-effective.

26. Inventories

€ million	30/9/2021	**30/9/2022**
Food merchandise	1,490	**1,893**
Non-food merchandise	474	**562**
	1,964	**2,455**

Inventories increased by €491 million from €1,964 million to €2,455 million.

Positive currency effects, resulting in particular from the development of the Russian rouble, increased inventories by a total of €106 million.

Inventories include impairments of €130 million (30/9/2021: €107 million). The inventories are subject to the customary or statutory retention of title.

27. Trade receivables

Trade receivables increased by €106 million from €496 million to €601 million. These are receivables with a remaining term of up to 1 year.

There were no significant currency effects on trade receivables. The impairment for trade receivables decreased by €3 million compared to the previous year.

28. Impairments of financial assets

Impairment losses recognised under IFRS 9 as of 30 September 2022 amounted to €149 million (30/9/2021: €164 million).

The following explanations relate to significant financial assets to which the impairment requirements of IFRS 9 are applied.

For **trade receivables**, METRO makes use of the simplified procedure to determine expected credit losses provided for in IFRS 9. METRO records the expected credit losses over the entire term of the financial instruments on the basis of a provision matrix. Trade receivables are combined in different portfolios with similar credit risk characteristics for this purpose. This is based on the regions used for METRO's segment reporting.

The loss default rates per maturity band of these portfolios are estimated on the basis of previous experience with credit losses from such financial assets. The loss default rates determined in this way are adjusted by including a projected index based on macroeconomic developments.

The table below shows the expected credit losses on trade receivables for each maturity band as of the closing date, calculated on the basis of the provision matrix:

€ million	Total	thereof not past due	thereof up to 90 days past due	thereof 91 to 180 days past due	thereof 181 to 270 days past due	thereof 271 to 360 days past due	thereof more than 360 days past due
Gross carrying amount	432	354	66	5	2	2	3
Bandwidth of calculated default rates		0.11% to 1.32%	0.50% to 6.55%	2.38% to 20.84%	3.92% to 25.57%	9.69% to 32.62%	13.65% to 81.25%
Risk provision as of 30/9/2021	**25**	**19**	**4**	**0**	**0**	**0**	**1**

€ million	Total	thereof not past due	thereof up to 90 days past due	thereof 91 to 180 days past due	thereof 181 to 270 days past due	thereof 271 to 360 days past due	thereof more than 360 days past due
Gross carrying amount	524	430	80	6	3	2	2
Bandwidth of calculated default rates		0.03% to 0.61%	0.09% to 3.08%	0.26% to 7.98%	0.54% to 11.60%	1.08% to 23.20%	5.40% to 46.40%
Risk provision as of 30/9/2022	**20**	**18**	**1**	**0**	**0**	**0**	**1**

Besides the impairment recognised based on the presented regional provision matrix, the risk provision of €20 million (30/9/2021: €25 million) also includes an additional country and customer group-specific risk provision against the backdrop of the energy crisis, Russia’s war in Ukraine and, especially in the previous year, the Covid-19 pandemic.

Impairment on trade receivables is reconciled according to the simplified calculation as follows:

€ million	Trade receivables
As of 1/10/2020	**89**
Addition to impairment through profit or loss	30
Reversal of impairment through profit or loss	–19
Utilisation	–12
Currency effects	0
Other changes	2
As of 30/9/2021 and 1/10/2021	**90**
Addition to impairment through profit or loss	26
Reversal of impairment through profit or loss	–21
Utilisation	–9
Currency effects	1
Other changes	0
As of 30/9/2022	**87**

The impairment as of 30 September 2022 amounted to €87 million (30/9/2021: €90 million) and includes impairments of €67 million (30/9/2021: €64 million) on individual receivables for which there are objective indications of an impairment of creditworthiness.

The following table shows the gross carrying amounts of trade receivables that were or were not past due as of the closing date, which were depreciated either on the basis of the respective applied provision matrix or on the basis of objective indications of default:

€ million	Trade receivables
Not past due	427
Up to 90 days past due	86
91 to 180 days past due	8
181 to 270 days past due	5
271 to 360 days past due	5
More than 360 days past due	39
Gross carrying amount	**571**
Impairment	–90
Maximum credit risk as of 30/9/2021	**481**

€ million	Trade receivables
Not past due	505
Up to 90 days past due	103
91 to 180 days past due	14
181 to 270 days past due	6
271 to 360 days past due	4
More than 360 days past due	38
Gross carrying amount	**669**
Impairment	–87
Maximum credit risk as of 30/9/2022	**582**

In addition, there is collateral of €19 million (30/9/2021: €15 million) for trade receivables. These receivables were not impaired.

METRO applies the general impairment requirements of IFRS 9 to **receivables from suppliers, credit card transactions, loans** and **lease**. A possible credit risk in these cases is determined on the basis of the counterparty's creditworthiness. For this purpose, METRO uses external ratings of well-known rating agencies as well as internal credit risk rating grades based on the risk of default of the respective financial instrument. The creditworthiness of the counterparties is continuously monitored so that METRO recognises a significant increase in the credit risk and can react promptly to any changes.

The following table shows the development of risk provisions in relation to financial assets to which the general impairment requirements of IFRS 9 are applied:

€ million	No significantly increased credit risk since recognition (stage 1)	Increased credit risk (stage 2)	Impaired credit-worthiness (stage 3)	Total
As of 1/10/2020	**1**	**0**	**52**	**53**
Newly originated/acquired financial assets	0	0	5	5
Other changes within one stage	2	0	8	10
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Derecognised financial assets	0	0	–8	–8
Utilisation	0	0	–5	–5
Other changes[1]	0	0	0	0
As of 30/9/2021 and 1/10/2021	**4**	**0**	**52**	**56**
Newly originated/acquired financial assets	0	0	3	4
Other changes within one stage	–1	0	9	8
Transfer to stage 1	0	0	0	0
Transfer to stage 2	0	0	0	0
Transfer to stage 3	0	0	0	0
Derecognised financial assets	0	0	–13	–13
Utilisation	0	0	–6	–6
Other changes[1]	0	0	–1	–1
As of 30/9/2022	**3**	**0**	**45**	**48**

[1] Currency translation differences, changes in the consolidation group and reclassifications to assets held for sale are recognised in other changes.

Risk provisions as of 30 September 2022 amount to €48 million (30/9/2021: €56 million).

Stage 1 of the model contains financial assets that have a low credit risk or whose credit risk has not increased significantly since the initial recognition of the asset. At this stage, the risk provision is calculated as the 12-month expected credit loss. If the credit risk on the closing date is significantly higher than at the time of initial recognition, the financial asset is reclassified to stage 2. The amount of the risk provision is determined at this level as the expected losses that can arise from all possible default events over the expected entire term of the financial instrument. If there is objective evidence that a financial asset will not be collected in whole or in part, it is reclassified to stage 3. Default is defined as the failure to maintain contractually agreed cash flows.

The table below shows the gross carrying amounts for those financial instruments for which the impairment losses are determined according to the general approach; they are differentiated according to the external rating of the counterparties:

€ million	No significantly increased credit risk since recognition (stage 1)	Increased credit risk (stage 2)	Impaired credit-worthiness (stage 3)	Total
AAA, AA+, AA, AA–	12	0	1	13
A+, A, A–	13	0	0	13
BBB+, BBB, BBB–	51	0	48	99
BB+, BB, BB–	1	0	0	1
B+ or lower	40	0	1	41
Gross carrying amount	**117**	**0**	**50**	**166**
Impairment	–1	0	–15	–16
Maximum credit risk as of 30/9/2021	**116**	**0**	**35**	**151**

€ million	No significantly increased credit risk since recognition (stage 1)	Increased credit risk (stage 2)	Impaired credit-worthiness (stage 3)	Total
AAA, AA+, AA, AA–	9	0	1	9
A+, A, A–	7	0	0	7
BBB+, BBB, BBB–	48	0	13	60
BB+, BB, BB–	7	0	0	7
B+ or lower	19	0	0	19
Gross carrying amount	**90**	**0**	**13**	**103**
Impairment	0	0	–7	–7
Maximum credit risk as of 30/9/2022	**89**	**0**	**7**	**96**

METRO minimises credit risk by exclusively investing in first-class debt instruments from counterparties with a good to very good external rating (investment grade). Therefore, a significant portion of the financial assets is allocated to stage 1 of the impairment model.

For counterparties that do not have an external rating and are therefore assigned to the internal risk classes, the credit risk determined according to the general approach is as follows:

€ million	No significantly increased credit risk since recognition (stage 1)	Increased credit risk (stage 2)	Impaired credit-worthiness (stage 3)	Total
Internal risk class 1 (not past due or up to 30 days past due)	320	0	5	326
Internal risk class 2 (31 to 90 days past due)	11	0	2	13
Internal risk class 3 (more than 90 days past due)	13	0	46	59
Gross carrying amount	**344**	**0**	**53**	**398**
Impairment	−3	0	−37	−40
Maximum credit risk as of 30/9/2021	**341**	**0**	**16**	**357**

€ million	No significantly increased credit risk since recognition (stage 1)	Increased credit risk (stage 2)	Impaired credit-worthiness (stage 3)	Total
Internal risk class 1 (not past due or up to 30 days past due)	328	0	7	336
Internal risk class 2 (31 to 90 days past due)	6	0	6	13
Internal risk class 3 (more than 90 days past due)	23	0	39	62
Gross carrying amount	**357**	**1**	**53**	**411**
Impairment	−2	0	−38	−41
Maximum credit risk as of 30/9/2022	**355**	**1**	**15**	**370**

29. Cash and cash equivalents

€ million	30/9/2021	**30/9/2022**
Cheques and cash on hand	24	**20**
Bank deposits and other financial assets with short-term liquidity	1,450	**806**
	1,474	**825**

There were no restrictions on title in relation to cash and cash equivalents in the previous or in the current reporting period. The cash of our Russian Group companies amount to €119 million as of 30 September 2022. They are constantly monitored for relevant restrictions in light of increased governmental interventions.

- **For more information, see the cash flow statement and no. 41 – notes to the cash flow statement.**

30. Assets held for sale/liabilities related to assets held for sale

As of 30 September 2022, assets held for sale/liabilities related to assets held for sale in the amount of €219 million (30/9/2021: €0 million) were recognised.

The assets held for sale/liabilities related to assets held for sale in the segment East include the shares in WM Holding (HK) Limited, which were previously accounted for using the equity method, as the intention is to sell them to the main shareholder in the next financial year. The measurement of the shares at fair value less costs of disposal result in an impairment loss of €114 million. It is offset by income from the fair value measurement of the put option in the same amount, as the put option sets a minimum selling price. The impairment loss and the income from the valuation of the put option are recognised in other investment results.

In Poland, a single property is up for sale. The disposal will be completed by the middle of the coming financial year.

Furthermore, a new utilisation concept was developed for parts of the campus location in Düsseldorf in collaboration with the city of Düsseldorf in an effort to make space available for the creation of new living space. The affected partial area, which is allocated to the segment Others, was sold in October 2022.

Furthermore, 2 sites in Austria, segment West, must be sold in the near future due to antitrust requirements related to the acquisition of C & C Abholgroßmärkte Gesellschaft m.b.H. (AGM). In the meantime, the purchase contracts for both locations have been signed and the disposals will be completed in the first half of the new financial year 2022/23.

31. Equity

The subscribed capital of METRO AG as of 30 September 2022 remains unchanged and is broken down as follows:

No-par-value bearer shares, accounting par value of €1.00		30/9/2021	**30/9/2022**
Ordinary shares	Number of shares	360,121,736	**360,121,736**
	€	360,121,736	**360,121,736**
Preference shares	Number of shares	2,975,517	**2,975,517**
	€	2,975,517	**2,975,517**
Total shares	**Number of shares**	**363,097,253**	**363,097,253**
Total share capital	**€**	**363,097,253**	**363,097,253**

As of 30 September 2022 and as of 30 September 2021, the subscribed capital of METRO AG amounted to €363,097,253. It is divided into a total of 360,121,736 ordinary shares (pro rata value of the share capital: €360,121,736, approximately 99.18%), as well as 2,975,517 preference shares (pro rata value of the share capital: €2,975,517, approximately 0.82%). Each no-par-value share in the company has a notional interest of €1.00 in the share capital.

Each ordinary share entitles to a single vote in the company's Annual General Meeting. The ordinary shares carry full dividend rights. In contrast to ordinary shares, preference shares do not carry voting rights but confer a preferential entitlement to profits as prescribed in § 21 of the Articles of Association of METRO AG, which state:

(1) Holders of non-voting preference shares will receive a preliminary dividend from the annual balance sheet profit in the amount of €0.17 for each preference share.

(2) Should the balance sheet profit available for distribution not suffice in any financial year to pay the preliminary dividend, the arrears (excluding any interest) shall be paid from the balance sheet profit of subsequent financial years in such manner that any older arrears are paid off prior to any more recent ones and that the preference dividends payable from the profit of a financial year are not distributed until all accrued arrears have been paid.

(3) Following distribution of the preliminary dividends, the holders of ordinary shares will be paid a dividend of €0.17 for each ordinary share. Subsequently, a non-cumulative extra dividend per share will be paid to the holders of non-voting preference shares. The extra dividend shall amount to 10% of the dividend paid to the holders of ordinary shares under observation of Section 4, provided such dividend equals or exceeds €1.02 per ordinary share.

(4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the share capital.'

Authorised capital

The Annual General Meeting on 11 February 2022 authorised the Management Board to increase the share capital, subject to the consent of the Supervisory Board, by issuing new ordinary shares against cash contributions in one or several tranches for a total maximum of €108,929,175 by 10 February 2027 (authorised capital). Existing shareholders may exercise their subscription rights. Subject to the consent of the Supervisory Board, the Management Board is authorised to exclude shareholder subscription rights to offset fractional amounts. To date, the authorised capital has not been fully utilised.

Contingent capital

The Annual General Meeting held on 16 February 2018 resolved a contingent increase in the share capital by up to €50,000,000, divided into a maximum of 50,000,000 ordinary shares (contingent capital). This contingent capital increase is related to the establishment of an authority of the Management Board to issue, subject to the consent of the Supervisory Board, one or several tranches of warrant or convertible bearer bonds (collectively 'bonds') with a nominal value of up to €1,500,000,000 prior to 15 February 2023, and to grant the holders of warrant or convertible bearer bonds warrant or conversion rights or to impose warrant or conversion obligations on them for ordinary bearer shares in METRO AG representing up to €50,000,000 of the share capital in accordance with the terms of the warrant or convertible bearer bonds, or to provide for the company's right to deliver ordinary shares in the company as full or partial payment in lieu of a cash redemption of the bonds. The Management Board is, subject to the consent of the Supervisory Board, authorised to exclude shareholder subscription rights in certain cases. To date, no warrants and/or convertible bearer bonds have been issued under the aforementioned authority.

- **For more information about the voting rights, the company's authorised capital and contingent capital, or the authority to issue warrant and/or convertible bearer bonds, see chapter 6 takeover-related disclosures in the combined management report.**

Capital reserve and reserves retained from earnings

Prior to the effective date of the reclassification and demerger of CECONOMY AG on 12 July 2017, METRO AG was not yet a group within the meaning of IFRS 10. Accordingly, combined financial statements of METRO Wholesale & Food Specialist GROUP (hereinafter: MWFS GROUP) were still prepared for METRO AG's stock exchange prospectus. Equity in the combined financial statements was the residual amount from the combined assets and liabilities of MWFS GROUP. Following the demerger, METRO became an independent group with METRO AG as the listed parent company. Therefore, the equity in the consolidated financial statements is subdivided according to legal requirements. The subscribed capital of €363 million and the capital reserve of €6,118 million were recognised at the carrying amounts from the Annual Financial Statements of METRO AG as of 30 September 2017. For this purpose, a transfer was made from the equity item net assets, recognised as of 1 October 2016, attributable to the former METRO GROUP of the combined financial statements of MWFS GROUP. The remaining negative amount of this equity item was reclassified to other reserves retained from earnings. Thus, it cannot be traced back to a long-term loss history.

Reserves retained from earnings can be broken down as follows:

€ million	30/9/2021	**30/9/2022**
Effective portion of gains/losses from cash flow hedges	4	**5**
Fair value measurement of equity and debt instruments	1	**0**
Currency differences from translating the financial statements of foreign operations and hyperinflation	−966	**−221**
Remeasurement of defined benefit pension plans	−489	**−203**
Share of other comprehensive income of associates/joint ventures accounted for using the equity method	−9	**−9**
Income tax on components of other comprehensive income	106	**62**
Other reserves retained from earnings	−2,231	**−2,406**
Reserves retained from earnings	**−3,585**	**−2,774**

Changes in the financial instruments presented above consist of the following components:

€ million	2020/21	**2021/22**
Initial or subsequent measurement of derivative financial instruments	6	**2**
Derecognition of cash flow hedges	−3	**−2**
thereof in inventories	(0)	**(0)**
thereof in net financial result	(−3)	**(−2)**
Effective portion of gains/losses from cash flow hedges	**3**	**1**
Fair value measurement of equity and debt instruments	0	**−1**
Measurement result from financial instruments	**3**	**0**

The valuation effects of equity and debt instruments relate to the subsequent measurement of investments.

In addition, currency translation differences recognised in equity had an impact of €744 million (2020/21: €110 million). They can be broken down as follows:

The first-time adaption of IAS 29 led to an effect of €28 million at the transition date, which was taken into account as an adjustment as of 1 October 2021. The translation of the local financial statements to the group currency without affecting profit or loss resulted in an increase of €705 million in other comprehensive income, particularly due to the development of the Russian rouble. Furthermore, the derecognition through profit or loss of cumulative currency differences of companies that were deconsolidated or discontinued within financial year 2021/22 had an impact of €11 million.

The remeasurement of defined benefit pension plans resulted in effects outside of profit or loss before deferred taxes in the amount of €150 million. Moreover, as part of the deconsolidation of Belgium and the buy-out of pension obligations in the United Kingdom, the effects from the valuation of pension plans (€136 million) included in other comprehensive income were reclassified to other reserves retained from earnings.

- **Additional information on remeasurement of defined benefit pension plans can be found in no. 32 – provisions for post-employment benefits plans and similar obligations.**
- **An overview of the shares of other comprehensive income of associates/joint ventures accounted for using the equity method can be found in no. 23 – financial investments and investments accounted for using the equity method.**
- **An overview of the tax effects on components of other comprehensive income can be found in no. 25 – deferred tax assets/deferred tax liabilities.**

The remaining reserves retained from earnings decreased from €−2,231 million by €175 million to €−2,406 million. The decrease is mainly the result of the profit or loss for the period attributable to the shareholders of METRO AG in the amount of €−334 million, the reclassification of the effects from the valuation of pension plans contained in other comprehensive income (including taxes) in the amount of €−135 million, as well as the withdrawal from the capital reserve and additions to reserves retained from earnings in the amount of €294 million, which had the opposite effect.

Non-controlling interests

Non-controlling interests comprise the shares held by third parties in the equity of the consolidated subsidiaries. As of 30 September 2022, they amount to €21 million (30/9/2021: €21 million).

- **An overview of subsidiaries with major non-controlling interests is published in the notes to the group accounting principles and methods.**

Appropriation of the balance sheet profit, dividend

Dividend distribution of METRO AG is based on the Annual Financial Statements of METRO AG prepared under German commercial law.

Since the annual financial statements do not show any distributable balance sheet profit earnings, there are no planned dividend distributions in financial year 2021/22 for ordinary shares or preference shares.

32. Provisions for post-employment benefits plans and similar obligations

€ million	30/9/2021	**30/9/2022**
Provisions for post-employment benefits plans (employer's commitments)	389	**250**
Provisions for indirect commitments	20	**3**
Provisions for post-employment benefits plans	91	**78**
	500	**332**
Provisions for obligations similar to pensions	32	**28**
	531	**360**

Provisions for post-employment benefits plans consist of commitments primarily related to benefits defined by the provisions of company pension plans. These take the form of defined benefit plans directly from the employer (employer's commitments) and defined benefit plans from external pension providers (benevolent funds in Germany and international pension funds). The external providers' assets serve exclusively to finance the pension entitlements and qualify as plan assets. The benefits under the different plans are based on performance and length of service.

The most important performance-based pension plans are described in the following.

Germany

METRO grants many employees in Germany retirement, disability and surviving dependant's benefits. New commitments are granted in the form of 'defined benefit' commitments in the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which comprise a payment contribution component and an employer-matching component. Contributions are paid to a pension insurance from which benefits are paid out when the insured event occurs. A provision is recognised for entitlements not covered by pension insurance.

In addition, there are various pension schemes closed for new entrants, which usually provide for lifetime pensions from the start of the pension or from the time the disability is recognised. Benefits are largely defined as fixed payments or on the basis of set annual increases. In special cases, benefits are calculated in consideration of accrued statutory pension entitlements. The commitments provide for surviving dependants' benefits of varying sizes, depending on the benefits the former employee received or would have received in case of disability.

There are also deferred compensation contracts with the Hamburger Pensionskasse (Hamburg pension fund).

Netherlands

In the Netherlands, there is a defined benefit pension plan that provides disability and death benefits in addition to retirement benefits. The amount of the benefits depends on the pensionable salary per year of service. Benefits are funded through a pension fund whose decision-making bodies (management board, as well as administration, finance and investment committee) include employer and employee representatives. The fund's management board has responsibility for asset management. The pension fund's investment committee exists for this purpose. In line with statutory minimum funding requirements, the pension fund's management board must ensure that commitments are covered by assets at all times. In case of underfunding, the pension fund's management board may take different measures to compensate for deficient cover. These measures include the requirement for additional contributions by the employer and curtailments in employee benefits.

The pension plan was closed with effect from 1 January 2021 for new entrants and future increases in pension entitlements. It was replaced by a Collective Defined Contribution (CDC) plan for future entitlements. For this plan, employers and employees pay a fixed contribution rate into a collective fund and members receive pensions with variable increases.

United Kingdom

In July 2012, the former METRO GROUP sold its wholesale business in the United Kingdom to Booker Group PLC. Pension commitments were not part of the sale. Since the date of the disposal, only vested benefits and current pensions from service years at the former METRO GROUP have existed. A buy out is now being carried out for these obligations to transfer the obligations and the plan assets to an insurance company combined with a settlement of pension claims. The buy-out resulted in an expense of €16 million in financial year 2021/22. The loss from the plan settlement is recognised in pension expenses.

Belgium

All pension and pension-related obligations of the Belgian national company were deconsolidated from the consolidated financial statements with the disposal of the companies.

Additional retirement plans are reported cumulatively under other countries.

The following table provides an overview of the present value of defined benefit obligations by METRO countries as well as material obligations:

€ million	30/9/2021	**30/9/2022**
Germany	476	**358**
Netherlands	686	**453**
United Kingdom	268	**0**
Belgium	72	**0**
Other countries	129	**106**
	1,631	**917**

The plan assets of METRO are distributed between the following countries:

€ million	30/9/2021	30/9/2022
Germany	100	**107**
Netherlands	729	**569**
United Kingdom	268	**0**
Belgium	53	**0**
Other countries	25	**26**
	1,175	**702**

The above commitments are valued on the basis of actuarial calculations in accordance with relevant provisions of IAS 19. The basis for the measurement is the legal and economic circumstances prevailing in each country.

The following assumptions regarding the material parameters were used in the actuarial measurements:

	30/9/2021				**30/9/2022**			
%	Germany	Netherlands	United Kingdom	Belgium	**Germany**	**Netherlands**	**United Kingdom**	**Belgium**
Actuarial interest rate	1.40	1.60	1.60	1.40	**4.10**	**4.20**	**-**	**-**
Pension trend	1.60	1.80	3.00	2.00	**2.20**	**2.00**	**-**	**-**

As in previous years, METRO used generally recognised methods to determine the actuarial interest rate. With these, the respective actuarial interest rate based on the yield of investment grade corporate bonds is determined as of the closing date taking account of the currency and maturity of the underlying obligations. The actuarial interest rate for the Eurozone is based on the results of a method applied in a uniform manner across the group. The interest rate for this is set on the basis of the returns of high-quality corporate bonds and the duration of commitments. In countries without a liquid market of suitable corporate bonds, the actuarial interest rate was determined on the basis of government bond yields.

Aside from the actuarial interest rate, the pension trend represents another key actuarial parameter. In Germany, the rate of pension increases is derived directly from the inflation rate insofar as pension adjustments can be determined on the basis of the increase in the cost of living. In international companies, pension adjustments are also generally determined on the basis of the inflation rate.

The other parameters are not relevant for the measurement of pension obligations.

The impact of changes in fluctuation and mortality assumptions was analysed for major plans. As of 30 September 2022, the mortality rates for the German group companies are based on the 2018 G tables from Prof. Dr Klaus Heubeck.

The actuarial measurements outside of Germany are based on country-specific mortality tables. The resulting effects of fluctuation and mortality assumptions have been deemed immaterial and are not listed as a separate component.

The results of a sensitivity analysis for the key measurement parameters with respect to the present value of pension entitlements are presented below. The actuarial interest rate and the pension trend were identified as key parameters with an impact on the present value of pension entitlements. The sensitivity analysis used the same methods as were applied in the previous year. The analysis considered changes in parameters that are considered possible within reason. The selection of the respective spectrum of possible changes in parameters is based on historical multi-year observations.

The following illustrates the impact of an increase/decrease in the actuarial interest rate by 100 basis points or an increase/decrease in the pension trend by 25 basis points. For interpretation of the values, it should be noted that the obligations in the Netherlands and the United Kingdom are (or were) covered by life insurance policies to a large extent and that the plan assets also regularly show a compensating sensitivity with regard to the development of the general interest rate level.

		30/9/2021				**30/9/2022**			
€ million		Germany	Nether-lands	United Kingdom	Belgium	**Germany**	**Nether-lands**	**United Kingdom**	**Belgium**
Actuarial interest rate	Increase by 100 basis points	−59	−141	−43	−3	**−42**	**−74**	**-**	**-**
	Decrease by 100 basis points	76	196	54	5	**53**	**99**	**-**	**-**
Pension trend	Increase by 25 basis points	13	21	5	0	**9**	**12**	**-**	**-**
	Decrease by 25 basis points	−12	−20	−6	0	**−9**	**−11**	**-**	**-**

Changes in the present value of defined benefit obligations have developed as follows:

€ million	2020/21	2021/22
Present value of defined benefit obligations		
As of the beginning of the period	1,502	**1,631**
Recognised under	**39**	**55**
interest expenses	20	**23**
current service cost	19	**16**
past service cost (incl. curtailments and changes)	0	**0**
effect from settlements	0	**16**
Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income	**137**	**−449**
Actuarial gains/losses from		
changes in demographic assumptions (−/+)	−3	**−3**
financial assumptions (−/+)	131	**−429**
experience-based correction (−/+)	9	**−17**
Other effects	**−46**	**−320**
Benefit payments (incl. tax payments)	−53	**−266**
Contributions from plan participants	5	**4**
Change in consolidation group/transfers	−13	**−63**
Currency effects	15	**5**
As of end of period	**1,631**	**917**

Changes in parameters on the basis of actuarial calculations led to a total decrease in the present value of defined benefit obligations by €432 million (2020/21: increase by €128 million). Most of the effects result from the increase in the applied actuarial interest rates. Furthermore, the transfer of plan assets to an insurance company included in the benefit payments as part of a buy out led to a reduction in the present value of defined benefit obligations of €217 million.

The weighted average term of defined benefit commitments for the countries with material pension obligations amounts to:

Years	30/9/2021	30/9/2022
Germany	17	**14**
Netherlands	24	**19**
United Kingdom	18	**0**
Belgium	6	**0**
Other countries	11	**9**

The present value of defined benefit obligations can be broken down as follows based on individual groups of eligible employees:

%	30/9/2021	**30/9/2022**
Active members	31	**28**
Former claimants	41	**35**
Pensioners	28	**37**

The granting of defined benefit pension entitlements exposes METRO to various risks. These include general actuarial risks resulting from the measurement of pension commitments (for example interest rate risks) as well as capital and investment risks related to plan assets.

With a view to the funding of future pension payments from indirect commitments and a stable actuarial reserve, METRO primarily invests plan assets in low-risk investment forms. The funding of direct pension commitments is secured through operating cash flow at METRO.

The fair value of plan assets by asset category can be broken down as follows:

	30/9/2021		**30/9/2022**	
	%	€ million	**%**	**€ million**
Fixed-interest securities	39	462	**40**	**280**
Shares, funds	25	291	**36**	**256**
Real estate	3	41	**7**	**46**
Other assets	33	381	**17**	**120**
	100	**1,175**	**100**	**702**

Fixed-interest securities, shares and funds are regularly traded in active markets. As a result, the relevant market prices are available. The asset category ‘fixed-interest securities’ only includes investments in investment grade corporate bonds, government bonds and mortgage-backed bonds (investment grade). Risk within the category ‘shares, funds’ is minimised through geographic diversification.

The majority of real estate assets are invested in real estate funds.

Other assets essentially comprise receivables from insurance companies in Germany.

The actual loss from the plan assets amounts to €207 million in the reporting period (2020/21: income of €51 million) and is largely recognised in other comprehensive income. For financial year 2022/23, the company expects employer payments to external pension providers totalling approximately €5 million and employee contributions of €4 million in plan assets, with contributions in Germany accounting for the major share of this total.

The fair value of plan assets developed as follows:

€ million	2020/21	2021/22
Change in plan assets		
Fair value of plan assets as of beginning of period	1,126	**1,175**
Recognised under	**15**	**18**
interest income	15	**18**
Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income	**35**	**−225**
Gains/losses from plan assets excl. interest income (+/−)	35	**−225**
Other effects	**−1**	**−266**
Benefit payments (incl. tax payments)	−29	**−27**
Settlements	0	**−217**
Employer contributions	11	**18**
Contributions from plan participants	5	**4**
Change in consolidation group/transfers	−4	**−50**
Currency effects	16	**6**
Fair value of plan assets as of end of period	**1,175**	**702**

The financing status developed as follows:

€ million	30/9/2021	30/9/2022
Financing status		
Present value of defined benefit obligations	1,631	**917**
less the fair value of plan assets	1,175	**702**
Asset adjustment (asset ceiling)	43	**117**
Net liability/assets	**499**	**332**
thereof recognised under provisions	(500)	**(332)**
thereof recognised under net assets	(1)	**(0)**

At one Dutch company, the plan asset value exceeded the value of commitments as of the closing date. Since the company cannot draw any economic benefits from this overfunding, the balance sheet amount was reduced to €0 in line with IAS 19.64 (b).

The change in the asset ceiling was largely recognised outside of profit or loss as a remeasuring effect of €73 million (2020/21: remeasuring effect of €−100 million) in other comprehensive income.

The pension expenses of the direct and indirect post-employment benefits plan commitments can be broken down as follows:

€ million	2020/21	2021/22
Current service cost[1]	19	**16**
Net interest expenses[2]	7	**6**
Settlements	0	**16**
Pension expenses	**26**	**38**

[1] Netted against employees' contributions.
[2] Included therein: interest effect from the adjustment of the asset ceiling.

The total loss to be recognised outside of profit or loss in the other comprehensive income amounts to €151 million in financial year 2021/22. This figure is comprised of the effect from the change in actuarial parameters in the amount of €432 million, experience-based adjustments of €17 million. It is offset by the loss of €225 million in plan assets and the change in the effect of the asset ceiling in the Netherlands in the amount of €73 million.

In addition to expenses from defined benefit commitments, expenses for payments to external pension providers relating to defined contribution pension commitments of €82 million in financial year 2021/22 (2020/21: €83 million) were recorded. These figures also include payments to statutory pension insurance.

The provisions for obligations similar to pensions essentially comprise commitments from employment anniversary allowances, death benefits and partial retirement plans. Provisions amounting to €28 million (30/9/2021: €32 million) were allocated for these commitments. The commitments are valued on the basis of actuarial expert opinions. The valuation parameters used for this purpose are generally determined in the same way as for the post-employment benefits plans.

33. Other provisions (non-current)/provisions (current)

In the reporting period, other provisions (non-current)/provisions (current) changed as follows:

€ million	Real estate obligations	Obligations from trade transactions	Restructuring	Taxes	Miscellaneous	Total
As of 1/10/2021	87	49	40	20	250	445
Currency translation	0	–1	0	0	–1	–3
Addition	29	39	87	7	175	336
Reversal	–9	–4	–8	0	–88	–110
Utilisation	–17	–18	–21	–4	–121	–182
Change in consolidation group	0	0	0	0	3	3
Interest portion in addition/ change in interest rate	0	0	0	0	0	1
Reclassification in accordance with IFRS 5	–11	0	0	0	0	–11
Transfer	0	–3	0	1	2	0
As of 30/9/2022	**78**	**61**	**96**	**24**	**220**	**479**
thereof non-current	(29)	(0)	(23)	(18)	(93)	(163)
thereof short-term	(49)	(61)	(73)	(6)	(127)	(316)

Provisions for real estate-related obligations in the amount of €78 million (30/9/2021: €87 million) primarily concern maintenance obligations in the amount of €52 million (30/9/2021: €53 million), dismantling and removing obligations in the amount of €12 million (30/9/2021: €25 million) and rental commitments in the amount of €9 million (30/9/2021: €7 million). The due date of the property-related provisions depends on the remaining term of the lease agreements.

The provisions for obligations from trade transactions in the amount of €61 million (30/9/2021: €49 million) mainly consist of risks from subsequent charges to suppliers, warranties, customer loyalty programmes for third-party suppliers and other matters.

The addition to the restructuring provisions mainly relates to projects for the continued implementation of the sCore strategy and primarily concerns the segments Germany, West and Others. Depending on the progress of the measures, payments will be made in subsequent years.

Other provisions in the amount of €220 million (30/9/2021: €250 million) mainly include provisions in connection with disposals of subsidiaries of €53 million (30/9/2021: €68 million), provisions for litigation costs/risks amounting to €40 million (30/9/2021: €43 million), provisions for remuneration components amounting to €21 million (30/9/2021: €36 million) and provisions for guarantee and warranty risks amounting to €7 million (30/9/2021: €8 million). The cash outflow estimate for provisions for litigation costs/risks was based on the expected duration of litigation. The provisions for long-term remuneration components are due in the years 2024 to 2025.

- **For more information about the long-term remuneration components, see no. 51 – share-based payments.**

Depending on the respective term and country, interest rates for non-interest-bearing, non-current provisions range from 0.00% to 10.14%.

34. Liabilities

€ million	30/9/ 2021 Total	Remaining term up to 1 year	1 to 5 years	over 5 years	**30/9/ 2022 Total**	**Remaining term up to 1 year**	**1 to 5 years**	**over 5 years**
Liabilities Trade liabilities	**3,476**	**3,476**	**0**	**0**	**3,855**	**3,855**	**0**	**0**
Bonds incl. commercial papers	1,816	619	1,147	50	**1,209**	**509**	**700**	**0**
Liabilities to banks	102	78	23	0	**69**	**64**	**1**	**4**
Promissory note loans	55	55	0	0	**0**	**0**	**0**	**0**
Liabilities from leases	2,981	403	1,317	1,261	**2,847**	**487**	**1,223**	**1,137**
Financial liabilities	**4,954**	**1,155**	**2,488**	**1,311**	**4,124**	**1,059**	**1,925**	**1,141**
Payroll liabilities	546	546	0	0	**609**	**609**	**0**	**0**
Liabilities from other financial transactions	9	9	0	0	**18**	**18**	**0**	**0**
Miscellaneous other financial liabilities	246	226	4	16	**307**	**269**	**5**	**34**
Other financial liabilities	**801**	**781**	**4**	**16**	**935**	**896**	**5**	**34**
Contract liabilities	136	102	35	0	**82**	**82**	**0**	**0**
Deferred income	33	10	10	13	**44**	**11**	**19**	**13**
Other tax liabilities	137	137	0	0	**151**	**151**	**0**	**0**
Miscellaneous other non-financial liabilities	98	98	0	0	**40**	**40**	**0**	**0**
Other non-financial liabilities	**405**	**347**	**44**	**13**	**316**	**283**	**19**	**13**
Income tax liabilities	**277**	**277**	**0**	**0**	**267**	**267**	**0**	**0**
	9,912	**6,036**	**2,537**	**1,340**	**9,498**	**6,361**	**1,949**	**1,187**

35. Trade liabilities

Trade liabilities increased from €3,476 million by €379 million to €3,855 million.

Currency effects, mainly resulting from the change in the Russian rouble, increased trade liabilities by €64 million. The increase in trade liabilities is mainly attributable to higher purchasing volumes and a higher price level compared to the previous year.

36. Financial liabilities (excluding liabilities from leases)

The company's medium-term and long-term financing needs are covered by a bond issuance programme with a maximum volume of €5 billion. As of 30 September 2022, the utilised bond issuance programme amounted to a total of €1,201 million (30/9/2021: €1,776 million).

Short-term financing requirements are covered through the Euro Commercial Paper Programme with a maximum volume of €2 billion. On average, the programme was used at €136 million during the reporting period. As of 30 September 2022, the utilisation amounted to €0 million (30/9/2021: €26 million).

In addition, METRO has access to syndicated credit facilities totalling €850 million (30/9/2021: €850 million) with terms ending in 2024. If the credit facilities are used, the interest rate is Euribor +50.0 basis points (BP). The contract terms for the syndicated credit facilities provide for a decrease of 10 BP in the spread if METRO's credit rating is raised by one grade. In the event of a downgrade in METRO's rating, the margins increase by 25 BP. The syndicated credit facility was not utilised at any time during the reporting period.

As of 30 September 2022, METRO had access to additional bilateral bank credit facilities totalling €714 million (30/9/2021: €797 million), of which €64 million (30/9/2021: €78 million) had a remaining term of up to 1 year. As of the closing date, €69 million (30/9/2021: €102 million) of the bilateral credit facilities had been utilised. Of this amount, €64 million (30/9/2021: €78 million) had a remaining term of up to 1 year. As of the closing date, there were €645 million of free multi-year bilateral credit facilities available.

Undrawn credit facilities by METRO

	30/9/2021			**30/9/2022**		
		Remaining term			**Remaining term**	
€ million	Total	up to 1 year	over 1 year	**Total**	**up to 1 year**	**over 1 year**
Bilateral credit facilities	797	78	718	**714**	**64**	**650**
Utilisation	–102	–78	–23	**–69**	**–64**	**–5**
Undrawn bilateral credit facilities	**695**	**0**	**695**	**645**	**0**	**645**
Syndicated credit facilities	850	0	850	**850**	**0**	**850**
Utilisation	0	0	0	**0**	**0**	**0**
Undrawn syndicated credit facilities	**850**	**0**	**850**	**850**	**0**	**850**
Total credit facilities	**1,647**	**78**	**1,568**	**1,564**	**64**	**1,500**
Total utilisation	–102	–78	–23	**–69**	**–64**	**–5**
Total undrawn credit facilities	**1,545**	**0**	**1,545**	**1,495**	**0**	**1,495**

Default by a lender can be covered at any time by the existing free credit facilities or the available money and capital market programmes. METRO therefore does not bear any creditor default risk.

METRO principally does not provide collateral for financial liabilities.

The following tables show the **maturity structure** of the financial liabilities. The carrying amounts and fair values indicated include the interest accrued when the maturity is less than one year.

Bonds incl. commercial papers

		30/9/2021				**30/9/2022**			
		Nominal value currency	Nominal assets	Carrying amounts assets	Fair values	**Nominal value currency**	**Nominal assets**	**Carrying amounts assets**	**Fair values**
Currency	Remaining term	€ million	€ million	€ million	€ million	**€ million**	**€ million**	**€ million**	**€ million**
EUR	up to 1 year	601	601	619	-	**500**	**500**	**509**	**-**
	1 to 5 years	1,151	1,151	1,147	-	**701**	**701**	**700**	**-**
	over 5 years	50	50	50	-	**0**	**0**	**0**	**-**
		1,802	**1,802**	**1,816**	**1,846**	**1,201**	**1,201**	**1,209**	**1,179**

Liabilities to banks

(excl. current account)

		30/9/2021				**30/9/2022**			
		Nominal value currency	Nominal assets	Carrying amounts	Fair values	**Nominal value currency**	**Nominal assets**	**Carrying amounts**	**Fair values**
Currency	Remaining term	€ million	€ million	€ million	€ million	**€ million**	**€ million**	**€ million**	**€ million**
EUR	up to 1 year	10	10	10	-	**1**	**1**	**1**	**-**
	1 to 5 years	6	6	6	-	**1**	**1**	**1**	**-**
	over 5 years	0	0	0	-	**4**	**4**	**4**	**-**
		15	**15**	**15**	**15**	**6**	**6**	**6**	**6**
PKR	up to 1 year	273	1	1	-	**68**	**0**	**0**	**-**
	1 to 5 years	68	0	0	-	**0**	**0**	**0**	**-**
	over 5 years	0	0	0	-	**0**	**0**	**0**	**-**
		342	**2**	**2**	**2**	**68**	**0**	**0**	**0**
INR	up to 1 year	1,000	12	12	-	**2,200**	**28**	**28**	**-**
	1 to 5 years	0	0	0	-	**0**	**0**	**0**	**-**
	over 5 years	0	0	0	-	**0**	**0**	**0**	**-**
		1,000	**12**	**12**	**12**	**2,200**	**28**	**28**	**28**
MMK	up to 1 year	31,090	14	15	-	**0**	**0**	**0**	**-**
	1 to 5 years	36,975	17	17	-	**0**	**0**	**0**	**-**
	over 5 years	0	0	0	-	**0**	**0**	**0**	**-**
		68,065	**30**	**32**	**32**	**0**	**0**	**0**	**0**

Promissory note loans

		30/9/2021				**30/9/2022**			
		Nominal value currency	Nominal assets	Carrying amounts	Fair values	**Nominal value currency**	**Nominal assets**	**Carrying amounts**	**Fair values**
Currency	Remaining term	€ million	€ million	€ million	€ million	**€ million**	**€ million**	**€ million**	**€ million**
EUR	up to 1 year	54	54	55	-	**0**	**0**	**0**	**-**
	1 to 5 years	0	0	0	-	**0**	**0**	**0**	**-**
	over 5 years	0	0	0	-	**0**	**0**	**0**	**-**
		54	**54**	**55**	**56**	**0**	**0**	**0**	**0**

Redeemable loans that are reported under **liabilities to banks** are listed with the remaining terms corresponding to their redemption date.

The following tables show the **interest rate structure** of the financial liabilities:

Bonds incl. commercial papers

Interest terms	Currency	Remaining term	30/9/2021 Nominal values € million	**30/9/2022** **Nominal values € million**
Fixed interest	EUR	up to 1 year	575	**500**
		1 to 5 years	1,151	**701**
		over 5 years	50	**0**
Variable interest	EUR	up to 1 year	26	**0**
		1 to 5 years	0	**0**
		over 5 years	0	**0**

Liabilities to banks

(excl. current account)

Interest terms	Currency	Remaining term	30/9/2021 Nominal values € million	**30/9/2022** **Nominal values € million**
Fixed interest	EUR	up to 1 year	9	**0**
		1 to 5 years	0	**0**
		over 5 years	0	**0**
	PKR	up to 1 year	1	**0**
		1 to 5 years	0	**0**
		over 5 years	0	**0**
	INR	up to 1 year	12	**28**
		1 to 5 years	0	**0**
		over 5 years	0	**0**
	MMK	up to 1 year	14	**0**
		1 to 5 years	17	**0**
		over 5 years	0	**0**
Variable interest	EUR	up to 1 year	0	**1**
		1 to 5 years	6	**1**
		over 5 years	0	**4**

Promissory note loans

			30/9/2021	**30/9/2022**
Interest terms	Currency	Remaining term	Nominal values € million	**Nominal values € million**
Fixed interest	EUR	up to 1 year	54	**0**
		1 to 5 years	0	**0**
		over 5 years	0	**0**
Variable interest	EUR	up to 1 year	0	**0**
		1 to 5 years	0	**0**
		over 5 years	0	**0**

The fixed interest rate on short- and medium-term financial liabilities and the interest rate adjustment dates of all fixed-interest financial liabilities are essentially the same as those shown. The repricing dates for variable interest rates are less than one year.

- **The effects of interest rate changes in the variable share of financial liabilities on profit or loss for the period and the equity of METRO are described in detail in** **no. 44 – management of financial risks****.**

37. Other financial and other non-financial liabilities

Key items in the remaining other financial liabilities concern liabilities from the acquisition of non-current assets in the amount of €124 million (30/9/2021: €98 million), liabilities to customers of €50 million (30/9/2021: €39 million), liabilities from put options of non-controlling shareholders in the amount of €31 million (30/9/2021: €13 million), liabilities from other financial transactions of €18 million (30/9/2021: €9 million) as well as liabilities from real estate totalling €10 million (30/9/2021: €7 million).

In addition, the remaining miscellaneous other financial liabilities also include numerous other individual items.

Other tax liabilities include sales tax, land tax, wage and church tax as well as other taxes.

Deferred income includes accrued rental, leasing and interest income.

Contract liabilities are periodic accruals for sales to customers and mainly comprise accruals for advance payments on orders and own customer loyalty programmes. Net sales realised in the reporting period from contract liabilities existing at the beginning of the period amounted to €41 million (30/9/2021: €38 million). Moreover, as part of the sale of the majority stake in METRO China in financial year 2019/20, a licence payment of €35 million (30/9/2021: €94 million) received in advance for using the METRO brand is recognised; the income realised from it over the period of use is reported in other operating income. As permitted by IFRS 15, no disclosures are provided for remaining performance obligations that have an expected original maturity of one year or less as of 30 September 2022 or 30 September 2021.

	30/9/2021			**30/9/2022**		
		Remaining term			**Remaining term**	
€ million	Total	up to 1 year	over 1 year	**Total**	**up to 1 year**	**over 1 year**
Payroll liabilities	546	546	0	**609**	**609**	**0**
Miscellaneous other financial liabilities	255	235	20	**326**	**287**	**39**
Other financial liabilities	**801**	**781**	**20**	**935**	**896**	**39**
Other tax liabilities	137	137	0	**151**	**151**	**0**
Deferred income	33	10	23	**44**	**11**	**33**
Contract liabilities	136	102	35	**82**	**82**	**0**
Miscellaneous other non-financial liabilities	98	98	0	**40**	**40**	**0**
Other non-financial liabilities	**405**	**347**	**58**	**316**	**283**	**33**

38. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities that are subject to offsetting agreements, enforceable master netting arrangements and similar agreements were as follows:

	30/9/2021					
	(a)	(b)	(c) = (a) – (b)			(e) = (c) – (d)
	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial assets/ liabilities that are netted in the balance sheet	Net amounts of financial assets/ liabilities that are recognised in the balance sheet	Corresponding amounts that are not netted in the balance sheet		
€ million				Financial instruments	Collateral received/ provided	Net amount
Financial assets						
Receivables due from suppliers	360	128	232	16	0	216
Derivative financial instruments	23	0	23	3	0	20
	383	**128**	**255**	**19**	**0**	**235**
Financial liabilities						
Trade liabilities	3,604	128	3,476	16	0	3,460
Derivative financial instruments	8	0	8	3	0	5
	3,612	**128**	**3,484**	**19**	**0**	**3,464**

€ million	(a) Gross amounts of recognised financial assets/ liabilities	(b) Gross amounts of recognised financial assets/ liabilities that are netted in the balance sheet	(c) = (a) – (b) Net amounts of financial assets/ liabilities that are recognised in the balance sheet	Corresponding amounts that are not netted in the balance sheet		(e) = (c) – (d)
	30/9/2022					
				Financial instruments	Collateral received/ provided	Net amount
Financial assets						
Receivables due from suppliers	363	110	253	14	0	238
Derivative financial instruments	15	0	15	2	0	13
	378	**110**	**268**	**16**	**0**	**252**
Financial liabilities						
Trade liabilities	3,966	110	3,855	14	0	3,841
Derivative financial instruments	17	0	17	2	0	14
	3,982	**110**	**3,872**	**16**	**0**	**3,855**

The amounts that are not netted in the balance sheet include both financial instruments and collateral. The financial instruments that have not been netted could be netted based on the underlying framework agreements, but do not fulfil the netting criteria of IAS 32 (Financial Instruments: Presentation).

- **For more information about collateral, see no. 44 – management of financial risks.**

39. Undiscounted cash flows of financial liabilities

The undiscounted cash flows of financial liabilities, trade liabilities and derivative liabilities are as follows:

€ million	Carrying amount 30/9/2021	Contractual cash flows up to 1 year	1 to 5 years	over 5 years
Financial liabilities				
Bonds incl. commercial papers	1,816	637	1,196	52
Liabilities to banks	102	81	27	0
Promissory note loans	55	56	0	0
Liabilities from leases	2,981	536	1,666	1,730
Trade liabilities	3,476	3,476	0	0
Other financial liabilities	801	781	4	16
Interest-based derivatives carried as liabilities	0	0	0	0
Currency derivatives carried as liabilities	8	8	0	0
Commodity derivatives carried as liabilities	0	0	0	0

€ million	**Carrying amount 30/9/2022**	**Contractual cash flows up to 1 year**	**1 to 5 years**	**over 5 years**
Financial liabilities				
Bonds incl. commercial papers	**1,209**	**519**	**729**	**0**
Liabilities to banks	**69**	**65**	**1**	**4**
Promissory note loans	**0**	**0**	**0**	**0**
Liabilities from leases	**2,847**	**611**	**1,569**	**1,666**
Trade liabilities	**3,855**	**3,855**	**0**	**0**
Other financial liabilities	**935**	**896**	**5**	**34**
Interest-based derivatives carried as liabilities	**0**	**0**	**0**	**0**
Currency derivatives carried as liabilities	**17**	**17**	**0**	**0**
Commodity derivatives carried as liabilities	**0**	**0**	**0**	**0**

40. Carrying amounts and fair values according to measurement categories

The carrying amounts and fair values of recognised financial instruments are as follows:

	30/9/2021					
		Balance sheet value				
€ million	Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value recognised in equity without reclassification	Fair value recognised in equity with reclassification	Fair value
Assets	**12,819**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Financial instruments measured at amortised cost	**964**	**964**	**0**	**0**	**0**	**965**
Loans and advance credit granted	24	24	0	0	0	26
Receivables due from suppliers	232	232	0	0	0	232
Trade receivables	496	496	0	0	0	496
Miscellaneous financial instruments	212	212	0	0	0	212
Financial instruments measured at fair value through profit or loss	**84**	**0**	**84**	**0**	**0**	**84**
Investments	59	0	59	0	0	59
Derivative financial instruments not in a hedging relationship according to IAS 39	15	0	15	0	0	15
Securities	3	0	3	0	0	3
Loans and advance credit granted	4	0	4	0	0	4
Miscellaneous financial instruments	2	0	2	0	0	2
Financial instruments measured at fair value through other comprehensive income	**3**	**0**	**0**	**3**	**0**	**3**
Investments	3	0	0	3	0	3
Derivative financial instruments in a hedging relationship according to IAS 39	**8**	**n/a**	**n/a**	**n/a**	**n/a**	**8**
Cash and cash equivalents	**1,474**	**1,474**	**0**	**0**	**0**	**1,474**
Receivables from leases (amount according to IFRS 16)	**178**	**n/a**	**n/a**	**n/a**	**n/a**	**179**
Assets not classified according to IFRS 7	**10,108**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

	30/9/2021					
		Balance sheet value				
€ million	Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value recognised in equity without reclassification	Fair value recognised in equity with reclassification	Fair value
Equity and liabilities	**12,819**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Financial instruments measured at fair value through profit or loss	**8**	**0**	**8**	**0**	**0**	**8**
Derivative financial instruments not in a hedging relationship according to IAS 39	8	0	8	0	0	8
Financial instruments measured at amortised cost	**6,242**	**6,242**	**0**	**0**	**0**	**6,275**
Borrowings excl. liabilities from leases (incl. hedged items in hedging relationships according to IAS 39)	1,973	1,973	0	0	0	2,004
Trade liabilities	3,476	3,476	0	0	0	3,476
Miscellaneous financial liabilities	793	793	0	0	0	794
Derivative financial instruments in a hedging relationship according to IAS 39	**0**	**n/a**	**n/a**	**n/a**	**n/a**	**0**
Liabilities from leases (amount according to IFRS 16)	**2,981**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Equity and liabilities not classified according to IFRS 7	**3,588**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

€ million	30/9/2022					
		Balance sheet value				
	Carrying amount	(Amortised) costs	Fair value profit or loss	Fair value recognised in equity without reclassification	Fair value recognised in equity with reclassification	Fair value
Assets	12,855	n/a	n/a	n/a	n/a	n/a
Financial instruments measured at amortised cost	1,046	1,046	0	0	0	1,047
Loans and advance credit granted	24	24	0	0	0	25
Receivables due from suppliers	253	253	0	0	0	253
Trade receivables	601	601	0	0	0	601
Miscellaneous financial instruments	168	168	0	0	0	168
Financial instruments measured at fair value through profit or loss	178	0	178	0	0	178
Investments	52	0	52	0	0	52
Derivative financial instruments not in a hedging relationship according to IAS 39	3	0	3	0	0	3
Securities	3	0	3	0	0	3
Loans and advance credit granted	5	0	5	0	0	5
Miscellaneous financial instruments	114	0	114	0	0	114
Financial instruments measured at fair value through other comprehensive income	2	0	0	2	0	2
Investments	2	0	0	2	0	2
Derivative financial instruments in a hedging relationship according to IAS 39	12	n/a	n/a	n/a	n/a	12
Cash and cash equivalents	825	825	0	0	0	825
Receivables from leases (amount according to IFRS 16)	138	n/a	n/a	n/a	n/a	140
Assets not classified according to IFRS 7	10,653	n/a	n/a	n/a	n/a	n/a

€ million	30/9/2022					
		Balance sheet value				
	Carrying amount	(Amortised) costs	Fair value profit or loss	Fair value recognised in equity without reclassification	Fair value recognised in equity with reclassification	Fair value
Equity and liabilities	12,855	n/a	n/a	n/a	n/a	n/a
Financial instruments measured at fair value through profit or loss	17	0	17	0	0	17
Derivative financial instruments not in a hedging relationship according to IAS 39	16	0	16	0	0	16
Miscellaneous financial liabilities	1	0	1	0	0	1
Financial instruments measured at amortised cost	6,051	6,051	0	0	0	6,020
Borrowings excl. liabilities from leases (incl. hedged items in hedging relationships according to IAS 39)	1,277	1,277	0	0	0	1,247
Trade liabilities	3,855	3,855	0	0	0	3,855
Miscellaneous financial liabilities	918	918	0	0	0	917
Derivative financial instruments in a hedging relationship according to IAS 39	1	n/a	n/a	n/a	n/a	1
Liabilities from leases (amount according to IFRS 16)	2,847	n/a	n/a	n/a	n/a	n/a
Equity and liabilities not classified according to IFRS 7	3,940	n/a	n/a	n/a	n/a	n/a

Classes were formed based on similar risks for the respective financial instruments and correspond to the categories of IFRS 9. Derivative financial instruments with a hedging relationship according to IAS 39 and other financial liabilities are each assigned to a separate class.

The fair value hierarchy comprises 3 levels which reflect the degree of closeness to the market of the input parameters used in the determination of the fair values. In cases in which the measurement is based on different input parameters, the fair value is attributed to the hierarchy level corresponding to the input parameter of the lowest level that is significant for the valuation.

Level 1 input parameters: quoted prices (that are adopted unchanged) in active markets for identical assets or liabilities which the company can access at the valuation date.

Level 2 input parameters: other input parameters than the quoted prices assigned to level 1 which are either directly or indirectly observable for the asset or liability.

Level 3 input parameters: unobservable inputs for the asset or liability.

Of the total carrying amount of investments of €54 million (30/9/2021: €63 million), €52 million (30/9/2021: €59 million) is measured at fair value through profit or loss. These are unlisted financial instruments for which no active market exists either. The remaining investments totalling €2 million (30/9/2021: €3 million) are measured at fair value recognised in equity. The classification (FVOCInR) was chosen because investment was made in these equity instruments with a longer-term investment horizon.

In addition, securities totalling €3 million (30/9/2021: €3 million) are recognised through profit or loss. These primarily concern highly liquid exchange-listed money market funds.

The other financial instrument of €114 million relates to the put option in connection with the intended disposal of the shares in WM Holding (HK) Limited.

The following table depicts the financial instruments that are recognised at fair value in the balance sheet. These are classified into the 3-level fair value hierarchy whose levels reflect the degree of closeness to the market of the data used in the determination of the fair values:

	30/9/2021				**30/9/2022**			
€ million	Total	Level 1	Level 2	Level 3	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets	**95**	**0**	**93**	**2**	**192**	**0**	**78**	**114**
Financial assets measured at fair value through profit or loss								
Investments	59	0	59	0	**52**	**0**	**52**	**0**
Loans and advance credit granted	4	0	4	0	**5**	**0**	**5**	**0**
Securities	3	0	3	0	**3**	**0**	**3**	**0**
Miscellaneous financial instruments	2	0	0	2	**114**	**0**	**0**	**114**
Derivative financial instruments not in a hedging relationship according to IFRS 9	15	0	15	0	**3**	**0**	**3**	**0**
Derivative financial instruments in a hedging relationship according to IAS 39	**8**	**0**	**8**	**0**	**12**	**0**	**12**	**0**
Financial assets measured at fair value through other comprehensive income								
Investments	3	0	3	0	2	0	2	0
Equity and liabilities	**8**	**0**	**8**	**0**	**18**	**0**	**17**	**1**
Financial liabilities measured at fair value through profit or loss								
Derivative financial instruments not in a hedging relationship according to IFRS 9	8	0	8	0	**16**	**0**	**16**	**0**
Miscellaneous financial liabilities	0	0	0	0	**1**	**0**	**0**	**1**
Derivative financial instruments in a hedging relationship according to IAS 39	**0**	**0**	**0**	**0**	**1**	**0**	**1**	**0**
	87	**0**	**85**	**2**	**174**	**0**	**61**	**113**

The measurement of securities (level 1) is carried out based on quoted market prices in active markets.

Interest rate swaps and currency transactions (all level 2) are measured using the mark-to-market valuation method based on quoted exchange rates and market yield curves.

The measurement of investments (all level 2) is based on comparable transactions in the past.

No transfers between levels 1 and 2 were effected during the reporting period.

Financial instruments that are recognised at amortised cost in the balance sheet, but for which the fair value is stated in the notes, are also classified according to a 3-level fair value hierarchy.

Due to their mostly short terms, the fair values of receivables due from suppliers, trade receivables and liabilities as well as cash and cash equivalents essentially correspond to their carrying amounts.

The measurement of the fair value of bonds, liabilities to banks and promissory note loans is based on the market interest rate curve following the discounted cash flow method in consideration of credit spreads (level 2). The amounts comprise the interest prorated to the closing date.

The fair values of all other financial assets and liabilities (level 2) that are not listed on an exchange correspond to the present value of payments underlying these balance sheet items. The calculation was based on the applicable country-specific yield curve (level 2) as of the closing date.

METRO has exercised a put option for the shares in WM Holding (HK) Limited, which is not yet settled. The shares are accounted for as an asset held for sale. The effect of discounting and credit risk on the valuation of the put option is considered immaterial due to the short maturity and implicit collateralisation. Since the value of the shares cannot be derived from observable markets, but is determined by an expert using a discounted cash flow method, it is officially a Level 3 instrument. The sales price is fixed through the minimum purchase price, so that the value of the shares and the value of the put option together represent the purchase price. Therefore, the value of the put option compensates for any changes in the value of the shares: if the value of the shares increases (decreases) by €10 million, for example, the value of the put option decreases (increases) by a comparable amount. From the year-end valuation, an income of €114 million was realised in the financial result from the valuation of the put option, while an expense of the same amount was recognised from the impairment of the investment.

Other notes

41. Notes to the cash flow statement

In accordance with IAS 7 (Statement of Cash Flows), the consolidated cash flow statement describes changes in the group's cash and cash equivalents through cash inflows and outflows during the reporting period.

The item cash and cash equivalents includes cheques and cash on hand as well as cash in transit and bank deposits with a remaining term of up to 3 months.

The cash flow statement distinguishes between changes in cash levels from operational, investing and financing activities.

Due to the hyperinflationary accounting in Turkey pursuant to IAS 29, the cash flows were adjusted accordingly in the current financial year.

Cash flow from operating activities decreased from €1,237 million in the previous year to €931 million. Depreciation/amortisation/impairment losses are attributable to property, plant and equipment at €394 million (2020/21: €379 million), rights of use at €315 million (2020/21: €310 million), other intangible assets at €177 million (2020/21: €154 million), goodwill at €55 million (2020/21: €95 million) and investment properties at €35 million (2020/21: €31 million). Reversals of impairment losses amounted to €2 million (2020/21: €0 million).

The change in net working capital amounts to €–155 million (2020/21: €130 million) and includes changes in inventories, trade receivables and receivables due from suppliers, included in the item 'other financial assets'. It also includes changes in trade liabilities. The decrease in cash flow from changes in networking capital is mainly attributable to an increase in inventories driven by the inflation risk.

The increase in paid income taxes is attributable to tax refunds in the previous year and improved earnings in various countries in the current financial year. Moreover, withholding taxes for intra-group dividends and tax payments due to portfolio adjustments in previous years contributed to the increase.

The lease payments include a redemption portion of €50 million (2020/21: €43 million) and an interest portion of €13 million (2020/21: €16 million).

The item 'Other operating activities' results in a total cash outflow of €48 million (2020/21: cash outflow of €72 million). It includes other taxes, payroll liabilities, changes in other assets and liabilities as well as deferred income and prepaid expenses. In addition, it includes adjustments of unrealised currency effects and the reclassification of deconsolidation results recognised in EBIT.

Investing activities in the reporting period resulted in cash outflow of €320 million (2020/21: cash outflow of €137 million).

The payments for acquisition of subsidiaries relate to the acquisition of Eijsink Hengelo Werkmaatschappij B.V. including its 5 subsidiaries, the shares in C & C Abholgroßmärkte Gesellschaft m.b.H. (AGM) with 9 wholesale stores as well as the acquisition of the Günther group.

The amount of investments in property, plant and equipment shown as cash outflows differs from the additions shown in the asset reconciliation in the amount of non-cash transactions. These essentially resut from additions from rights of use assets, currency effects and changes in liabilities from the acquisition of miscellaneous other assets.

Other investments almost exclusively include payments for intangible assets.

The financial investments comprise bank deposits with a residual term of more than 3 months to 1 year, as well as near money market investments that are not classified as cash and cash equivalents, such as units in money market funds. The balance of investments in monetary assets and the disposal of financial investments amounts to €−5 million (2020/21: €6 million).

Disposals of subsidiaries include subsequent cash inflows from last year's sale of METRO-NOM as well as cash outflows from the sale of the operational business in Belgium. They mainly relate to cash outflows.

Cash inflows from divestments mainly result from the disposal of the real estate portfolio in Japan.

Cash flow from financing activities in the reporting period exhibited a cash outflow of €1,308 million (2020/21: cash outflow of €1,152 million).

The lease payments reported under cash flow from financing activities include the redemption portion of €435 million (2020/21: €389 million) and an interest portion of €137 million (2020/21: €152 million). The redemption portion includes payments for initial direct costs of an immaterial amount.

Reconciliation of the cash flow from financial liabilities to the change in financial liabilities reported in the balance sheet

€ million	30/9/2020	Cash item	Additions	Interest expenses	Disposals	Consolidation group changes	Reclassifications /other	Changes in exchange rates	30/9/2021
Bonds incl. commercial papers	2,082	−266	0	0	0	0	0	0	1,816
Liabilities to banks	150	−39	0	0	0	5	0	−14	102
Promissory note loans	55	0	0	0	0	0	0	0	55
Liabilities from leases	3,027	−541	379	152	−40	11	−8	0	2,981
	5,314	**−846**	**379**	**152**	**−40**	**15**	**−8**	**−14**	**4,954**

€ million	30/9/2021	Cash item	Additions	Interest expenses	Disposals	Consolidation group changes	Reclassifications /other	Changes in exchange rates	**30/9/2022**
Bonds incl. commercial papers	1,816	−607	0	0	0	0	0	0	**1,209**
Liabilities to banks	102	−40	0	0	0	4	0	3	**69**
Promissory note loans	55	−55	0	0	0	0	0	0	**0**
Liabilities from leases	2,981	−572	370	137	−55	−9	−19	13	**2,847**
	4,954	**−1,274**	**370**	**137**	**−55**	**−4**	**−19**	**16**	**4,124**

42. Segment reporting

Segmentation follows the group's internal reporting as it is used as a basis for resource allocation and performance measurement by the Chief Operating Decision-Maker (member of the Management Board of METRO AG).

METRO is active in the store-based wholesale trade with the brands METRO and MAKRO as well as in the delivery business (FSD) with the METRO delivery service and, among others, with the supply specialists Classic Fine Foods, Pro à Pro, Rungis Express, Aviludo and Pro a Pro Spain. Apart from that, digital solutions round off the multichannel approach. Operating segments are aggregated to form reporting segments based on the division of the business into individual regions. The individual regions are broken down into Germany, West, Russia and East. As of financial year 2021/22, the segment Asia will be reported together with the previous segment Eastern Europe (excluding Russia) as the segment East.

The segment Others includes in particular Hospitality Digital, the business unit that bundles the group's digitalisation initiatives. It also includes the service companies METRO PROPERTIES, METRO LOGISTICS, METRO DIGITAL, METRO ADVERTISING and METRO SOURCING and others, which provide group-wide services in the areas of real estate, logistics, information technology, advertising and procurement. METRO MARKETS is further expanding its digital portfolio for independent restaurateurs with a new B2B online marketplace. Through this distribution channel, METRO offers food and non-food articles from its own product range as well as products from third parties.

The main components of segment reporting are described below:

- External sales represent sales of the operating segments to third parties outside the group.
- Internal sales represent sales between the group's operating segments. These transactions are settled at normal market conditions.
- EBITDA comprises EBIT before depreciation and reversals of goodwill, impairment losses of property, plant and equipment, other intangible assets and investment properties.
- The adjusted EBITDA includes EBITDA excluding transformation costs and earnings contributions from real estate transactions.
- The term 'transformation costs' refers to non-regularly-recurring effects from strategic portfolio adjustments. In financial year 2021/22, this mainly includes the country exits in Belgium as well as the discontinuation of Classic Fine Foods Philippines and China. Furthermore, transformation costs in previous years included income effects from efficiency measures tied to the focus on the wholesale business. Due to the progress achieved in the transformation, expenses from efficiency measures are no longer reported as a component of transformation costs since financial year 2021/22. Instead, they are recognised directly under adjusted EBITDA.
- The earnings contributions from real estate transactions include the EBITDA-effective earnings from the disposal of land and land usage rights and/or buildings as part of a disposal transaction. Earnings from the disposal of dedicated real estate companies or the disposal of shares in such companies capitalised at equity are, as a result of their commercial substance, also included in the earnings contributions from real estate transactions. The earnings have been reduced by cost components incurred in relation to real estate transactions.

- EBIT is the key ratio for segment reporting and describes operating earnings for the period before net financial result and income taxes. Intra-group rental contracts are shown as operating leases in the segments. The rental takes place at normal market conditions. In principle, impairment risks related to non-current assets are only shown in the segments where they represent group risks. In analogy, this also applies to deferred assets and liabilities, which are only shown at segment level if this was also required in the consolidated balance sheet.
- Segment investments include additions (including additions to the consolidation groups as well as effects from hyperinflationary accounting) to goodwill, other intangible assets and property, plant and equipment and investment properties. Exceptions to this are additions due to the reclassification of assets held for sale as non-current assets.
- Non-current segment assets include non-current assets. Excluded are mainly financial investments and investments accounted for using the equity method as well as tax items.
- In principle, transfers between segments are made based on the costs incurred from the group’s perspective.

The reconciliation from non-current segment assets to non-current group assets is shown in the following table:

€ million	30/9/2021	30/9/2022
Non-current segment assets	**7,203**	**7,243**
Financial assets	92	**84**
Investments accounted for using the equity method	361	**108**
Deferred tax assets	345	**287**
Other	3	**0**
Non-current group assets	**8,004**	**7,722**

43. Disposals of subsidiarities

Sale of the business in Belgium

METRO has decided to sell its Belgian business MAKRO Cash & Carry Belgium N.V. (including the METRO and MAKRO sales lines as well as METRO Delivery Service N.V.) to Bronze Properties S.à r.l. after a comprehensive review of various options. The transaction was signed and completed on 15 June 2022. The real estate portfolio of 11 locations (with the exception of the Liège location, which is part of the transaction) will remain with METRO.

METRO AG is providing certain transitional services and licences as part of the transaction to enable the new owner to operate the business.

Based on the monthly financial statements as of 31 May 2022, adjusted for selected material transactions, the assets and liabilities disposed of as part of the deconsolidation consist of the following:

Disposed assets and liabilities

€ million	
Assets	**267**
Other intangible assets	**2**
Tangible assets	**81**
Other non-financial assets (non-current)	**1**
Inventories	**91**
Trade receivables	**4**
Other financial assets (current)	**17**
Other non-financial assets (current)	**3**
Cash and cash equivalents	**68**

€ million	
Liabilities	**189**
Provisions for post-employment benefits plans and similar obligations	**17**
Other provisions	**1**
Borrowings (non-current)	**19**
Trade liabilities	**98**
Borrowings (current)	**3**
Other financial liabilities (current)	**40**
Other non-financial liabilities (current)	**11**

The purchase price received for the disposed assets and liabilities amounts to €2 million. Taking into account the outgoing cash, the cash outflow from this transaction amounts to €66 million. The EBIT-effective result including transaction costs arising in the course of the sale of the operational business in Belgium amounts to €−125 million. It is fully attributable to the segment West and is allocated to transformation costs as a portfolio measure.

44. Management of financial risks

METRO Treasury manages the financial risks of the group. These primarily concern

- price risks,
- liquidity risks,
- credit risks,
- cash flow risks.
- **For more information about the risk management system, see chapter – 3 economic report – 3.2 asset, financial and earnings position – financial and asset position – financial management in the combined management report.**

Price risks

For METRO, price risks result from the impact of changes in market interest rates and/or foreign currency exchange rates on the value of financial instruments.

Interest rate risks can arise for METRO from changes in interest rate levels. If necessary, interest rate derivatives are used to cap these risks.

The remaining interest rate risk is assessed in accordance with IFRS 7 using a sensitivity analysis. In the process, the following assumptions are applied in the consideration of changes in interest rates:

- The total impact determined by the sensitivity analysis relates to the actual balance as of the closing date and reflects the impact for 1 year.
- Primary floating-rate financial instruments whose interest payments are not designated as the underlying transaction in a cash flow hedge against changes in interest rates are recognised in the interest result in the sensitivity analysis. The sensitivity is determined for a change of 10 basis points.
- Primary fixed-interest financial instruments are generally not recognised in the interest result that is attributable to changes in the interest rate level. In this regard, the variable interest flows within the group that result from a fair value hedge are recognised in the interest result. In this case, however, the interest-related change in the value of the underlying transaction is offset by the change in the value of the hedging transaction upon full effectiveness of the hedging transaction. The variable interest flows within the group that result from a fair value hedge are recognised in the interest result.
- Financial instruments designated as the hedging transaction within a cash flow hedge to hedge against variable interest flows will only be recognised in the interest result when the payment flows have actually been initiated. However, the measurement of the hedging transaction at fair value is recognised in reserves retained from earnings outside of profit or loss.
- Interest rate derivatives that are not part of a qualified hedging relationship under IAS 39 are recognised at fair value in profit or loss in other financial result and, through resulting interest flows, in the interest result.

As of the closing date, METRO's remaining interest rate risk is primarily the result of variable interest rate receivables and liabilities to banks as well as other short-term liquid financial assets (reported under cash and cash equivalents) with an aggregate debit balance after consideration of hedging transactions of €766 million (30/9/2021: €1,377 million).

Given this total balance, an interest rate rise of 10 basis points would result in a €1 million (2020/21: €1 million) higher interest result per year. An interest rate decrease of 10 basis points would have the opposite effect of €−1 million (2020/21: €−1 million).

METRO faces currency risks in its international procurement of merchandise and because of costs, financing, dividends and lease agreements that are incurred in a currency other than the relevant local currency or are pegged to the development of another currency. In accordance with the specifications of the group guideline 'Foreign Currency Transactions', resulting foreign currency positions must be hedged. Exceptions from this hedging requirement exist where hedging is not economically reasonable and in the case of legal and regulatory restrictions in the respective countries. METRO AG handles the group-wide coordination of the hedging measures of the group companies and uses external derivative financial instruments as needed. Moreover, currency risks for METRO result from the recognition of foreign currency lease liabilities and foreign currency lease receivables, which affect the amount of the other financial result due to the exchange rate at closing date. Where possible, the risk is reduced through the use of balance sheet hedging measures ('natural hedge').

In line with IFRS 7, the presentation of the currency risk resulting from the exceptions is also based on a sensitivity analysis. In the process, the following assumptions are made in the consideration of a depreciation or appreciation of the euro vis-à-vis foreign currencies:

In terms of its amount and result characteristic, the total effect presented by the sensitivity analysis relates to the amounts of foreign currency held within the consolidated subsidiaries of METRO and states the effect of a depreciation of the euro.

A depreciation of the euro will result in a positive effect if a receivable in the foreign currency exists at a subsidiary which uses the euro as its functional currency and if a liability in euros exists at a subsidiary which does not use the euro as its functional currency. The following table shows the nominal volumes of currency pairs in this category with a positive sign.

A depreciation of the euro will result in a negative effect if a receivable in euros exists at a subsidiary which does not use the euro as its functional currency and if a liability in the foreign currency exists at a subsidiary which uses the euro as its functional currency. Correspondingly, the following table shows the nominal volumes of currency pairs in this category with a negative sign.

By contrast, an appreciation of the euro will have the opposite effect for all currency pairs shown below.

In the sensitivity analysis, the effects of the measurement of non-equity foreign currency positions that are calculated based on the exchange rate at closing date in line with IAS 21 are recognised in the income statement. In the case of net investments in a foreign operation, the effects of the closing date measurement are recognised in equity (other comprehensive income) outside of profit or loss.

Forward currency contracts/options and interest rate and currency swaps that are not part of a qualified hedging relationship under IAS 39 are recognised through the fair value measurement in the income statement. In fully effective hedging transactions, this effect is offset by the effect from the measurement of the underlying foreign currency transaction.

In the consolidated financial statements, foreign currency future transactions are designated as hedging transactions within a cash flow hedge to hedge merchandise procurement and sales. Changes in the fair value of these hedging instruments are recognised in other comprehensive income until the underlying transaction is recognised through profit or loss.

Effects from the currency translation of financial statements whose functional currency is not the reporting currency of METRO do not affect cash flows in local currency and are therefore not part of the sensitivity analysis.

As of the closing date, the remaining currency risk of METRO, which is essentially due to an inability to hedge certain currencies for legal reasons or due to insufficient market depth, was as follows:

		Impact of depreciation of the euro by 10%			
€ million	Currency pair	Volume	30/9/2021	**Volume**	**30/9/2022**
Profit or loss for the period			+/−		**+/−**
	CHF/EUR	+12	−1	**+15**	**−1**
	CNY/EUR	+9	−1	**−2**	**0**
	CZK/EUR	+84	−8	**+85**	**−9**
	HKD/EUR	−14	1	**−15**	**2**
	HRK/EUR	+6	−1	**+14**	**−1**
	HUF/EUR	−7	1	**−7**	**1**
	KZT/EUR	+3	0	**+8**	**−1**
	PLN/EUR	+44	−4	**+61**	**−6**
	RON/EUR	+12	−1	**+13**	**−1**
	RSD/EUR	+6	−1	**−1**	**0**
	RUB/EUR	+40	−4	**−724**	**72**
	TRY/EUR	+87	−9	**+30**	**−3**
	UAH/EUR	+82	−8	**+45**	**−4**
	USD/EUR	+2	0	**−21**	**2**
Equity			+/−		**+/−**
	CNY/EUR	+141	−14	**+64**	**−6**
	KZT/EUR	+131	−13	**+135**	**−14**
	PLN/EUR	+66	−7	**+63**	**−6**
	RSD/EUR	0	0	**+10**	**−1**
	UAH/EUR	+165	−17	**+175**	**−18**
	USD/EUR	+87	−9	**+95**	**−10**

The foreign currency holdings above include intra-group balances. Foreign currency valuations from such holdings, insofar as no hedging is undertaken, lead to results in the other financial result as well as to compensating effects outside of profit or loss from the translation of the local financial statements of the counterparty into the group currency, which are recognised in other comprehensive income. This configuration mainly comes into play for cash and cash equivalents from Russia, which were made available to the group as liquidity. Currency risks existing in addition to these are mainly the result of USD currency holdings in various subsidiaries in which the functional currency is not the US dollar or the euro. At a nominal US dollar volume of €14 million (30/9/2021: €12 million), a depreciation of the US dollar by 10% would result in positive effects of €1 million in profit or loss for the period (30/9/2021:

€1 million), while an appreciation would lead to negative effects of €1 million (30/9/2021: €1 million).

At a nominal volume of €8 million (30/9/2021: €7 million), the currency pair USD/IDR accounts for the main share of this effect.

Interest rate and currency risks are substantially reduced and limited by the internal treasury guidelines, if hedging with derivative financial instruments is possible. The group-wide regulations specify that all hedging operations must adhere to predefined limits and must not lead to increased risk exposure under any circumstances. METRO is aware that this severely limits the opportunities to exploit current or expected interest rate and exchange rate movements to optimise results.

In addition, hedging may be carried out only with standard derivative financial instruments whose correct mathematical measurement and accounting mapping are guaranteed.

As of the closing date, the following derivative financial instruments were being used for risk reduction:

	30/9/2021			**30/9/2022**		
		Fair values			**Fair values**	
€ million	Nominal volume[1]	Financial assets	Financial liabilities	**Nominal volume[1]**	**Financial assets**	**Financial liabilities**
Currency transactions						
Forward currency contracts	1,218	23	8	**411**	**15**	**17**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(228)	(8)	(0)	**(159)**	**(12)**	**(1)**
thereof not part of hedges	(990)	(15)	(8)	**(252)**	**(3)**	**(16)**
Interest rate/currency swaps	0	0	0	**0**	**0**	**0**
	1,218	**23**	**8**	**411**	**15**	**17**

[1] Nominal volumes with a positive prefix indicate a surplus of forward currency contracts.

The nominal volume of forward currency contracts/options and interest limitation agreements results from the net position of the buying and selling values in foreign currency underlying the individual transactions translated at the relevant exchange rate on the closing date. The nominal volume of interest rate swaps or interest rate/currency swaps and interest rate hedging agreements is shown on a gross basis. Compared to the previous year, the hedged nominal volume of the Russian rouble decreased. This decline is attributable to sanction-related disruptions of the RUB foreign exchange market.

All fair values represent the theoretical value of these instruments upon dissolution of the transaction as of the closing date. Under the premise that instruments are held until the end of their term, these are unrealised gains and losses that, by the end of the term, will be fully set off by gains and losses from the underlying transactions in the case of fully effective hedging transactions.

In order to appropriately show this reconciliation for the period, relationships are created between hedging transactions and underlying transactions and recognised as follows:

- Within a fair value hedge, both the hedging transaction and the hedged risk of the underlying transaction are recognised at their fair value. The fluctuations in the fair value of both transactions are shown in the income statement, where they will be fully set off against each other in the case of full effectiveness.
- Within a cash flow hedge, the hedging transactions are also principally recognised at their fair value. In the case of full effectiveness of the hedging transaction, the value changes will be recognised in equity until the hedged payment flows or expected transactions impact the earnings. Only then will they be recognised in the income statement.
- Derivative financial instruments which, according to IAS 39, are not part of a hedge are recognised at their fair value. Value changes are recognised directly in the income statement. Even if no formal hedging relationship was created, these are hedging transactions that are closely connected to the underlying transaction and whose impact on earnings will be netted by the underlying transaction.

Only derivatives in the form of forward exchange transactions are used as hedging instruments in hedge accounting (cash flow hedging) to hedge off-balance sheet currency risks. Generally, one underlying transaction is hedged in each case by means of a forward currency contract. The effectiveness of these hedges is assessed on the basis of the hypothetical derivative method. The ineffectiveness determined using this method results from the difference between the changes in value of the hedged item and the changes in value of the hedging transaction.

Currency derivatives are used primarily for British pound sterling, Chinese renminbi, Hong Kong dollar, Polish zloty, Romanian leu, Russian rouble, Czech koruna, Turkish lira, Hungarian forint and US dollar. The average hedging rates for METRO for the 2 particularly important currency pairs resulting from such hedges are as follows: 1.08 USD/EUR and 7.16 CNY/EUR. The maturity of derivatives used for hedging purposes in the amount of €11 million (30/9/2021: €8 million) is less than 1 year.

Liquidity risks

Liquidity risk describes the risk of being unable to procure or provide funding or being able to only procure or provide funding at a higher cost. Liquidity risks may arise, for example, as a result of temporary capital market disruptions, creditor defaults, insufficient credit facilities or the absence of budgeted incoming payments. METRO AG acts as financial coordinator for the group companies to ensure that they are provided with the necessary financing to fund their operating and investing activities as cost-effectively and sufficiently high as possible. The necessary information is provided by means of a group financial plan, which is updated monthly and checked monthly for deviations. This financial planning is additionally supplemented by a weekly rolling 14-day liquidity planning.

Financing instruments include money and capital market products (time deposits, call money, promissory note loans, commercial papers and listed bonds sold as part of ongoing capital market programmes) as well as bilateral and syndicated loans. METRO has a sufficient liquidity reserve so that liquidity risks are not likely, even if an unexpected event has a negative financial impact on the company's liquidity situation. The credit facilities held as a liquidity reserve are subject to specific credit conditions. In the event that, contrary to expectations, the agreed credit terms cannot be met in the future and no temporary adjustment of the credit terms can be negotiated with the bank consortium, METRO has sufficient refinancing alternatives available with a similar liquidity effect. For more information about the instruments used for financing purposes, see the explanatory notes to the respective balance sheet items.

- **For more information, see no. 29 – cash and cash equivalents as well as no. 36 – financial liabilities (excluding liabilities from leases).**

Through intra-group cash pooling, financial resources can be allocated as needed by group companies with a financing need using the liquidity surpluses of other group companies. This reduces the group's amount of debt and thus its interest expenses. In addition, METRO AG draws on the financial expertise pooled in the treasury of METRO AG to advise the group companies in all relevant financial matters. This ranges from the elaboration of investment financing concepts to supporting the responsible financial officers of the individual group companies in their discussions with local banks and financial service providers. This ensures, on the one hand, that the financial resources of METRO are optimally employed, and, on the other, that all group companies benefit from the strength and credit standing of METRO in negotiating their financing terms.

Credit risks

Credit risks arise from the total or partial default by a counterparty, for example through bankruptcy, or in connection with financial investments and derivative financial instruments with positive market values. METRO's maximum credit risk as of the closing date is reflected by the carrying amount of financial assets totalling €2,202 million (30/9/2021: €2,711 million).

- **For more information about the amount of the respective carrying amounts, see no. 40 – carrying amounts and fair values according to measurement categories.**

Cash on hand considered in cash and cash equivalents totalling €13 million (30/9/2021: €18 million) is not exposed to any credit risk.

In the course of the risk management of financial investments totalling €770 million (30/9/2021: €1,417 million) and derivative financial instruments with positive market values totalling €15 million (30/9/2021: €23 million), minimum creditworthiness requirements and individual maximum exposure limits for the engagement have been defined for all business partners of METRO. Cheques and money in circulation are not considered in the determination of credit risks. This is based on a system of limits laid down in the treasury guidelines, which are based mainly on the ratings of international rating agencies, developments of credit default swaps or internal credit assessments. An individual limit is allocated to every counterparty of METRO; compliance is constantly monitored by the treasury systems.

The following table shows a breakdown of business partners by rating class:

Rating classes			Volume in %					
			Financial investments					
Grade	Standard & Poor's	Moody's	Germany	West	Russia	East	Derivatives with positive market values	**Total**
Investment grade	AAA	Aaa	0.0	0.0	0.0	0.0	0.0	
	AA+ to AA−	Aa1 to Aa3	0.0	1.1	2.9	4.4	0.1	
	A+ to A−	A1 to A3	21.7	2.6	11.5	21.3	0.3	
	BBB+ to BBB−	Baa1 to Baa3	14.7	3.3	0.0	9.0	0.0	**93.0**
Non-investment grade	BB+ to BB−	Ba1 to Ba3	0.0	0.0	0.0	0.1	0.0	
	B+ to B−	B1 to B3	0.5	0.3	0.0	2.2	0.0	
	CCC+ to C	Caa1 to Ca	0.0	0.0	0.0	0.0	0.0	**3.0**
No rating			0.0	0.1	3.0	0.8	0.0	**4.0**
			37.0	**7.4**	**17.5**	**37.6**	**0.5**	**100.0**

The table shows that, as of the closing date, about 93.0% of the capital investment volume, including the positive market value of derivatives, had been placed with investment grade counterparties, in other words, those with good or very good credit ratings. Most of the counterparties that do not have an internationally accepted rating are respected financial institutions that have been subjected to a creditworthiness analysis. METRO also operates in countries where local financial institutions do not have investment grade ratings due to the rating of their country. For country-specific reasons as well as cost and efficiency considerations, cooperation with these institutions is unavoidable. These institutions account for about 3.0% of the total volume.

Overall, METRO's level of exposure to credit risks is very low.

Cash flow risks

A future change in interest rates may cause cash flow from variable interest rate asset and liability items to fluctuate. Stress tests are used to determine the potential impact interest rate changes may have on cash flow and how they can be capped through hedging transactions in accordance with the group's internal treasury guidelines.

45. Contingent liabilities

€ million	30/9/2021	30/9/2022
Contingent liabilities from guarantee and warranty contracts	32	**32**
Contingent liabilities from the provision of collateral for third-party liabilities	10	**11**
	41	**43**

Contingent liabilities from guarantee and warranty contracts are primarily rent guarantees with terms of up to 10 years if utilisation is not considered entirely unlikely. The present values of contingent liabilities are essentially the same as the nominal amounts. Some of the contingent liabilities are subject to rights of recourse against third parties up to the nominal amount.

46. Other financial commitments

As of 30 September 2022, the nominal value of other financial commitments amounted to €588 million (30/9/2021: €619 million) and primarily concerned purchasing commitments from multi-year IT services and service agreements.

- **For more information about contractual commitments for the acquisition of other intangible assets and property, plant and equipment as well as investment properties, see no. 20 – other intangible assets, no. 21 – property, plant and equipment and no. 22 – investment properties.**

47. Leases

METRO as lessee

REAL ESTATE LEASES

METRO mainly rents land and buildings for its wholesale stores, distribution centres, offices and warehouses. The leases are individually negotiated and contain a variety of different terms and conditions.

The lease agreements for the properties are generally concluded for fixed periods of 5 to 15 years and include extension options in a large number of contracts, as described in the section on extension and termination options.

VEHICLE LEASING

In addition, commercial vehicles such as trucks, forklift trucks and industrial trucks with terms of 4 to 6 years as well as passenger cars with a lease term of 3 to 4 years are also leased.

OTHER LEASES

Other leases, which account for an insignificant portion of the leases, include the rental of technical equipment and machinery, IT infrastructure as well as business and office equipment.

- **A detailed presentation of the right-of-use assets can be found in no. 21. – property, plant and equipment – development of right-of-use assets of leased property, plant and equipment**

The maturities of lease liabilities are shown in the following table.

€ million	30/9/2021	30/9/2022
Short-term	403	**487**
Long-term	2,578	**2,360**
	2,981	**2,847**

- **A maturity analysis of the undiscounted payments can be found in no. 39 – undiscounted cash flows of financial liabilities.**

In financial year 2021/22, there were no material expenses for variable lease payments that were not included in the measurement of lease liabilities.

EFFECTS OF LEASES RECOGNISED IN PROFIT OR LOSS

The following expenses and income in connection with leases were recognised in the income statement.

€ million	30/9/2021	30/9/2022
Variable expenses from rights of use	−2	**−5**
Rental expenses for short-term leases	−14	**−19**
Rental expenses for leases of assets of minor value	−7	**−8**
Total rental expenses	**−23**	**−32**
Depreciation[1]	−338	**−347**
Interest expenses	−152	**−137**
Income and expenses from sale-and-leaseback transactions	17	**1**
Income from subletting of right-of-use assets	103	**84**

[1] Includes depreciation on investment property and impairment losses.

The total cash outflow, which comprises repayment of lease liabilities (interest and redemption portion), payments for short-term leases, payments for leases of assets of minor value and variable lease payments, amounts to €588 million (30/9/2021: €561 million).

In its announcement ‘Covid-19-Related Rent Concessions’ (amendment to IFRS 16) on 28 May 2020, the IASB granted lessees an option to simplify the accounting for concessions, such as deferral of lease payments or rent discounts, granted in connection with the outbreak of the coronavirus pandemic until 30 June 2021. In its announcement dated 31 March 2021, the IASB extended the period for the option by 1 year, until 30 June 2022. METRO has exercised the option of recognising all granted rental discounts amounting to €0 million (30/9/2021: €1 million).

EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a significant number of leases in all asset classes of METRO. These terms and conditions are used to maximise operational flexibility in contract management, particularly in relation to the asset classes of land and buildings, plant and machinery, vehicles as well as IT infrastructure.

When METRO determines the lease term and assesses the length of the non-cancellable period of a lease, it specifies the period for which the agreement is enforceable. A lease agreement is no longer enforceable if the lessee and the lessor each have the right to terminate the lease agreement without the other party’s consent for at most an insignificant penalty. If only a lessee has the right to terminate a lease, that right is considered a termination option available to the lessee, which a company considers when determining the lease term. If only a lessor has the right to terminate a lease, the non-cancellable period of the lease includes the period covered by the termination option. The majority of the renewal and termination options held can only be exercised by METRO and not by the respective lessor.

In determining the lease term, management takes into account all facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option. Examples of facts and circumstances include the terms of the lease for the optional periods compared to market conditions, significant improvements to the leases, costs associated with terminating the lease contract and the significance of the underlying asset to METRO’s operations. The measurement is reviewed if a significant event or significant change in circumstances occurs that affects this measurement.

All reasonably certain cash outflows are considered for the determination of the lease liability and correspondingly the right-of-use assets. Potential future cash outflows of €2,096 million (30/9/2021: €2,098 million) were not included in the lease liability as of 30 September 2022 because it is not reasonably certain that the leases will be renewed or not terminated.

During the financial year, lease extensions totalling €69 million (30/9/2021: €224 million) were exercised and included in lease liabilities using the incremental borrowing rate at the modification date of this lease.

RESIDUAL VALUE GUARANTEES AND PURCHASE OPTIONS

METRO has no significant leases that contain residual value guarantees or purchase options.

LEASING AGREEMENTS NOT YET COMMENCED

Undiscounted payment obligations for leases that had not yet been commenced on the closing date and were thus not disclosed under lease liabilities totalled €4 million (30/9/2021: €9 million).

SALE-AND-LEASEBACK TRANSACTIONS

In financial year 2021/22, there were no new sale-and-leaseback transactions; in the previous year, MAKRO Portugal sold the Lisbon site as part of a sale-and-leaseback transaction.

METRO as lessor

METRO is a lessor that rents and leases real estate owned by the company. These subleases are classified as operating leases or finance leases. The net investments from the finance leases are recognised as receivables in the balance sheet. The receivables are reduced by the redemption portion included in the lease payment. The interest portion included in the lease payment is recognised as finance income in the income statement.

Lease payments due in subsequent periods from entities outside METRO for the rental of properties that are classified as finance leases are shown below:

€ million	30/9/2021	**30/9/2022**
Up to 1 year	61	**60**
1 to 2 years	57	**42**
2 to 3 years	40	**20**
3 to 4 years	21	**16**
4 to 5 years	17	**14**
Over 5 years	33	**15**
Gross investment (total undiscounted minimum lease payments)	**229**	**167**
Not yet realised interest income	−36	**−22**
Net investment (net present value of future minimum lease payments to be received)	**193**	**146**

If the rental of real estate is classified as an operating lease, the lease payments are immediately recognised in the income statement as rental income. In subsequent periods, the group is entitled to receive lease payments from third parties, which are due as follows:

€ million	30/9/2021	**30/9/2022**
Up to 1 year	80	**91**
1 to 2 years	67	**60**
2 to 3 years	46	**38**
3 to 4 years	24	**29**
4 to 5 years	16	**19**
Over 5 years	32	**40**
Total undiscounted minimum lease payments	**265**	**277**

The following rental income in connection with leases was recognised in the income statement.

€ million	30/9/2021	**30/9/2022**
Operating leases		
Fixed rental income	97	**99**
Variable rental income	0	**0**
Finance leases		
Variable rental income	1	**1**
Total rental income	**98**	**100**
Interest income	16	**13**

48. Remaining legal issues

Companies of the METRO group form a party to (arbitration) court proceedings as well as antitrust and other regulatory proceedings in various countries. Insofar as the liability has been sufficiently specified, appropriate risk provisions have been formed for these proceedings. METRO AG and its group companies respectively have also filed claims for damages against companies that have been convicted of illegal competition agreements (including truck and sugar cartel).

49. Events after the closing date

CYBERATTACK

On 17 October 2022, METRO was the victim of a cyberattack, which we informed the public on our website www.metroag.de. The cyberattack causes a partial failure of the IT systems. Despite the swift restoration of the IT infrastructure and the associated operational customer services since then, the cyberattack has caused sales losses, inefficiencies and cost increases. Consequently, we expect a negative impact on earnings in the mid double-digit million euros range. Supported by external forensic experts, all functional areas, in particular Corporate Security and METRO DIGITAL, continue to analyse the cyberattack in detail in collaboration with all relevant authorities.

SALE OF REAL ESTATE

In collaboration with the city of Düsseldorf, a new utilisation concept was developed for parts of the campus site in Düsseldorf in order to make areas available for the creation of new living space. In October 2022, this partial area was sold for proceeds in the low 3-digit million euros range.

50. Notes on related parties

In financial year 2021/22 METRO maintained the following business relations to related companies:

€ million	2020/21	2021/22
Services provided	116	**91**
Associates	104	**86**
Joint ventures	11	**2**
Miscellaneous related parties	1	**4**
Services received	81	**88**
Associates	72	**80**
Joint ventures	6	**5**
Miscellaneous related parties	3	**4**
Receivables from services provided as of 30/9	21	**3**
Associates	19	**3**
Joint ventures	2	**0**
Miscellaneous related parties	0	**0**
Liabilities from services received as of 30/9	2	**0**
Associates	0	**0**
Joint ventures	2	**0**
Miscellaneous related parties	0	**0**
Dividends received	16	**14**

Transactions with associates and other related parties

In financial year 2021/22, METRO companies provided services to companies belonging to the group of associates and related parties in the amount of €91 million (2020/21: €116 million).

The provided services mainly result from the business relations with METRO GROUP Commerce (Shanghai) Co., Ltd. (formerly METRO China) based on a service level agreement and the granting of brand licences.

In connection with the prepaid brand use, contractual liabilities amounting to €35 million on 30 September 2022 were deferred at METRO (2020/21: €94 million).

The services totalling €88 million (2020/21: €81 million) which METRO companies received in financial year 2021/22 from associates and other related parties mainly consisted of real estate leases in the amount of €67 million (2020/21: €64 million), (thereof €65 million from associates; 2020/21: €61 million), as well as €12 million (2020/21: €13 million) from services received (thereof €7 million from associates; 2020/21: €7 million and €5 million from joint ventures; 2020/21: €6 million) and €8 million from other services from associates (2020/21: €4 million).

During financial year 2021/22, METRO received dividends from related parties amounting to €14 million (2020/21: €16 million), thereof from associates €13 million (2020/21: €15 million).

- **Further disclosures about dividends from related parties are provided in no. 23 – financial assets and investments accounted for using the equity method.**

The balance sheet reports lease liabilities of €418 million (2020/21: €428 million) and corresponding rights of use of €363 million (2020/21: €379 million) from rental agreements with associates. It mainly concerned OPCI FWP France and OPCI FWS France.

Business relations with related parties are based on contractual agreements providing for arm's length prices. As in financial year 2020/21, there were no business relations with related natural persons and companies of management in key positions in financial year 2021/22.

Related persons (remuneration for management in key positions)

The management in key positions consists of members of the Management Board and the Supervisory Board of METRO AG.

Thus, the expenses for members of the Management Board of METRO AG amounted to €10.1 million (2020/21: €9.6 million) for short-term benefits and €4.7 million (2020/21: €0.6 million) for post-employment benefits. The expenses for existing remuneration programmes with long-term incentive effect in financial year 2021/22 that were calculated in accordance with IFRS 2 amounted to €0.5 million (2020/21: €4.2 million).

The short-term remuneration for the members of the Supervisory Board of METRO AG amounted to €2.3 million (2020/21: €2.3 million).

The total remuneration for members of the Management Board in key positions in financial year 2021/22 amounted to €17.6 million (2020/21: €16.7 million).

- **For more information about the basic principles of the remuneration system, see the remuneration report; for the Management Board and Supervisory Board remuneration amounts, see no. 52 – corporate body remuneration.**

51. Share-based payments

METRO LTI for managers

The METRO Long-Term Incentive (METRO LTI) plan developed in financial year 2018/19 is a plan set out for a period of 3 years. Alongside the performance targets that focus on the commercial success of METRO, value creation by individual national subsidiaries is the focus of measuring success in the METRO LTI.

METRO LTI performance periods run from 1 April 2019 to 31 March 2022. Therefore, this plan was due in the past financial year and was largely paid out.

METRO LTI operating principles

The payout amount is determined by multiplying the respectively accumulated individual target amount with a total target achievement factor. This factor can be broken down as follows:

- 60% country performance,
- 30% METRO performance,
- 10% sustainability component.

The payout amount is capped and the total target achievement factor cannot decrease below 0. For the country performance component, the success of the respective national subsidiary is decisive for the beneficiaries of the METRO Wholesale national subsidiaries, while the overall success of all national subsidiaries is taken as the basis for the other beneficiaries. The overall success of METRO is determined for the METRO performance and sustainability components.

The **country performance** component rewards the achievement of internal economic targets and is measured on the basis of a cash proxy achieved cumulatively for the METRO subsidiaries in financial years 2018/19 to 2020/21. In each case, a value for the factor 0.0 and a target value for the target achievement factor 1.0 were defined. Between both values and beyond that, the factor for target achievement is calculated using linear interpolation to 2 decimal points. The target achievement factor for the country performance component cannot decrease below 0 and is capped.

The **METRO performance** component is based on the success of METRO, expressed as the relative total shareholder return (TSR) compared to a comparison group. This group consists of the MDAX (50%) and the selected competitors (50%). If the total shareholder returns of METRO AG and the comparison group run in parallel, the performance target is 100% met; for an underperformance of −20%, the performance target is met by one third; for anything below that, the target achievement is 0. Between these 2 points and beyond, linear interpolation or extrapolation is used to determine target achievement. The achievement of targets is capped.

Performance achievement for the **sustainability component** is determined on the basis of the average rating which METRO AG is awarded in an external corporate sustainability assessment during each performance period. Each year during the performance period, METRO AG participates in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSAM. RobecoSAM AG uses this assessment to determine METRO AG's ranking within the industry group Food & Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). RobecoSAM AG will inform METRO AG of any changes in its sector classification. In case of significant changes in the composition of companies or the ranking method, RobecoSAM AG can determine adequate comparable values.

The company’s average ranking, rounded to whole numbers, is determined on the basis of the rankings communicated during each performance period.

Group incentive plan for managers

The Group Incentive Plan (GIP) is a remuneration system set up over several years that ensures management is involved in the sustainable and long-term company development of METRO, by satisfying the needs of shareholders, other groups associated with the company (for example employees, customers) and the environment.

To support the future alignment of METRO, the GIP is allocated annually in separate tranches at a fixed time. Every tranche has a term of 3 years. The GIP was granted for the first time on 1 April 2021 (financial year 2020/21 tranche). Following the cyclical plan structure, the 2nd tranche (financial year 2021/22 tranche) of the GIP was issued to managers on 1 April 2022.

Group Incentive Plan operating principles

A target amount is set out in euro for the beneficiaries. The payout amount is calculated by multiplying the target value by the factor of overall target achievement. This, in turn, is calculated by determining the target achievements factors, rounded off to 2 decimal places, for each of the 3 performance targets. The weighted arithmetic mean of the factors, also rounded off to 2 decimal places, results in the overall target achievement factor.

The maximum payout amount is the cap for the individual performance targets set out in the plan (payment cap).

The overall target achievement is expressed via the following 3 performance targets:

- 40% earnings per share (EPS),
- 50% METRO total shareholder return (METRO TSR),
- 10% sustainability component.

The **earnings per share performance target** (EPS) is generally calculated by comparing the achieved EPS with a target value set out at the start of the term. Positive and negative currency effects as well as separately reported special items/transformation costs compared to the objective are neutralised in the EPS. Accordingly, for the measurement of the achievement of performance targets,the EPS reported in the consolidated financial statements is adjusted for currency effects as well as for special items/transformation costs. If the lower barrier of entry or less is achieved, the EPS component is 0.0. If the target value for 100% is achieved, the EPS component is 1.0; above that, the maximum achievable factor for the EPS component is 5.0.

The **METRO TSR performance target** reflects the external measurement of METRO on the capital market across the length of the term. It is determined by comparing the relative total shareholder return (TSR) of the METRO ordinary share to the MDAX and a comparison group of selected competitors.

If the total shareholder returns of METRO AG and the comparison group run in parallel, the performance target is 100% met; for an underperformance of −20%, the performance target is met by one third; for anything below that, the target achievement is 0. Between these 2 points and beyond, linear interpolation or extrapolation is used to determine target achievement. The achievement of targets has an upper limit of 500%. The structure of this ratio has not changed for the 2 tranches issued so far.

The **performance achievement for the sustainability component** reflects compliance with METRO's social responsibility and rewards compliance with economic and ecological criteria.

Target achievement is determined via the average rating which METRO AG is awarded in an external corporate sustainability assessment during the performance period. Each year during the performance period, METRO AG participates in the Corporate Sustainability Assessment, which is based on the Dow Jones Sustainability Index. This assessment is used to determine METRO AG's ranking within the industry group Food & Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). The company's average ranking, rounded to whole numbers, is determined on the basis of the rankings communicated during each performance period.

Performance share plan for the Management Board

The annual performance share plan tranches granted to the member of the Management Board for the financial years from 2016/17 to 2019/20 apply a multi-year performance period, which is usually 3 years. The long-term incentive for the Management Board sets incentives for a sustainable, long-term increase in the value of the company. It also considers the internal and external value development over a period of several years as well as the interests of the shareholders. The performance period of the 2018/19 tranche ended in financial year 2021/22. It did not result in a payout.

Performance share plan operating principles

Each member of the Management Board is initially allocated conditional performance shares. The share quantity is calculated from the individual target amount and the arithmetic mean of the Xetra closing prices of the METRO ordinary share in a defined period at the time of allocation. The final number of performance shares is calculated by multiplying the conditionally allocated performance shares by the total target achievement factor, which is composed as follows:

- 50% total shareholder return (TSR),
- 50% earnings per share (EPS).

The target achievement factors for the 2 components are each capped at 3.0.

The **TSR component** is based on the relative total shareholder return (TSR) of the METRO ordinary share compared to the MDAX and a defined peer group over the 3-year TSR performance period. If the lower barrier of entry or less is reached, the target achievement of the TSR component is 0.0; if it is outperformed by 5 percentage points, the factor is 1.0. The target achievement factor for intermediate values and up to 300% is calculated using linear interpolation or extrapolation.

The target achievement of the **EPS component** is determined by comparing the EPS achieved at the end of the 3-year EPS performance period with a target value defined before the start of the term. If the lower barrier of entry or less is reached, the target achievement of the EPS component is 0; if the defined 100% value is reached, the factor is 1.0. The target achievement factor for intermediate values and up to 300% is calculated using linear interpolation or extrapolation.

The final number of performance shares is multiplied by the arithmetic mean of the Xetra closing prices of the METRO ordinary share over a defined period including the dividends paid for the METRO ordinary share during the performance period. The resulting payout amount is capped at 250% of the individual target amount.

Performance cash plan for the Management Board

The annual performance cash plan tranches granted to the member of the Management Board since financial year 2020/21 have a 4-year term.

Performance cash plan operating principles

The performance cash plan is based on the achievement of 2 performance targets:

- 60% total shareholder return (TSR),
- 40% earnings per share (EPS).

The target achievement factors for the 2 components are each capped at 3.0.

The **TSR component** is based on the relative total shareholder return (TSR) of the METRO ordinary share compared to the MDAX and a defined peer group over the 3-year TSR performance period. If the lower barrier of entry or less is reached, the target achievement of the TSR component is 0.0; if it is outperformed by 5 percentage points, the factor is 1.0. The target achievement factor for intermediate values and up to 300% is calculated using linear interpolation or extrapolation.

The target achievement of the **EPS component** is determined by comparing the EPS achieved at the end of the 3-year EPS performance period with a target value defined before the start of the term. If the lower barrier of entry or less is reached, the target achievement of the EPS component is 0; if the defined 100% value is reached, the factor is 1.0. The target achievement factor for intermediate values and up to 300% is calculated using linear interpolation or extrapolation.

The resulting payout amount is capped at 250% of the individual target amount.

The expenses and income of the individual plans for managers and the Management Board for financial year 2021/22 are as follows:

Total expenses of €5 million (2020/21: expenses amounting to €11 million) have been incurred under the METRO LTI plan. Total expenses of €7 million (2020/21: €3 million) were incurred from the 2021 tranche of the GIP. A total expense of €2 million will be incurred in connection with the GIP issued in the past financial year.

Provisions of €3 million were released for the performance share plan (2020/21: expense of €3 million). A total expense of €4 million were incurred for the performance share plan (2020/21: €2 million).

Total provisions for the plans described above amount to €21 million in financial year 2021/22 (2020/21: €33 million).

The provisions correspond to the fair value of the plans calculated pro rata temporis. This fair value is determined by an external expert using recognised financial mathematical methods. The basis for this is a risk-neutral, arbitrage-free valuation model of the option price theory (in this case using Monte Carlo simulation). The input data for the simulation are measurements and estimates of internal key figures as of the reporting date and the external market values as of the valuation date.

52. Corporate body remuneration

Remuneration of members of the Management Board in financial year 2021/22

The total compensation of the members of the Management Board in financial year 2021/22 amounted to €14.6 million (2020/21: €12.6 million). Total compensation in financial year 2021/22 consists of the fixed salary, short-term and long-term incentives as well as other remuneration.

The share-based long-term variable remuneration (performance cash plan) granted to the members of the Management Board in financial year 2021/22 is recognised at fair value and amounts to €4.0 million (2020/21: €3.0 million).

In financial year 2021/22, no credit lines were granted to members of the Management Board, nor were there any credit agreements from previous years.

Total remuneration of former members of the Management Board

The total compensation of the former members of the Management Board amounted to €4.1 million (2020/21: €0 million). The amount is fully applicable to the members of the Management Board who left in financial year 2021/22.

Apart from that, there are congruent, reinsured liabilities from pension provisions covered by life insurance contracts of €13.5 million towards former members of the Management Board.

- **Further information on the remuneration of the members of the Management Board is presented in the remuneration report.**

Remuneration of members of the Supervisory Board

The total remuneration of all members of the Supervisory Board in financial year 2021/22 amounted to €2.3 million (2020/21: €2.3 million).

In financial year 2021/22, no credit lines were granted to members of the Supervisory Board, nor were there any credit agreements from previous years.

- **Further information on the remuneration of the members of the Supervisory Board is presented in the remuneration report.**

53. Auditor's fees for the financial year pursuant to § 314 Section 1 No. 9 of the German Commercial Code (HGB)

The auditor KPMG AG Wirtschaftsprüfungsgesellschaft invoiced total professional fees in the amount of €4.0 million for services rendered. €3.8 million of this amount was attributable to professional fees for the audit of the financial statements and €0.2 million to other assurance services. Only services that are consistent with the task of the auditor of the annual financial statements and consolidated financial statements of METRO AG were provided.

The fees for audit services provided by KPMG AG Wirtschaftsprüfungsgesellschaft relate to the audit of the consolidated financial statements and the annual financial statements of METRO AG, including statutory mandate extensions. In addition, the fees for the audits of IFRS reporting packages of subsidiaries of METRO AG for inclusion in the METRO consolidated financial statements as well as for the audits of annual financial statements of subsidiaries under commercial law are included. Moreover, reviews of interim financial statements and audit-related services pursuant to ISAE 3402 were performed.

Other assurance services relate to agreed audit procedures (for example compliance certificates and declarations of completeness in accordance with the German Packaging Ordinance and valuation certificates) as well as to business audits of the risk management system, the combined non-financial statement and the Corporate Responsibility Report.

Furthermore, other services were provided to a lesser extent in connection with the introduction of an archiving system.

54. Declaration of conformity with the German Corporate Governance Code

In September 2022, the Management Board and the Supervisory Board issued the annual declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) concerning the recommendations of the Government Commission on the German Corporate Governance Code. In May 2022, the annual declaration submitted in September 2021 was updated in accordance with § 161 of the German Stock Corporation Act (AktG). The statements are permanently accessible on the website of METRO AG (www.metroag.de/en).

55. Election to be exempt from §§ 264 Section 3 and 264b of the German Commercial Code

The following domestic subsidiaries in the legal form of stock corporations or partnerships will use the exemption provisions according to § 264 Section 3 and § 264b of the German Commercial Code, and will thus refrain from preparing their annual financial statements for financial year 2021/22 as well as mostly from preparing their notes and management report (according to the German Commercial Code).

a) Operating companies and service units	
CCG DE GmbH	Kelsterbach
D. u. E. GÜNTHER GMBH	Bergkirchen
Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mbH	Düsseldorf
Hermann Großküchentechnik Hotel- und Gastronomiebedarf GmbH	Bergkirchen
HoReCa Innovation I Carry GmbH & Co. KG	Düsseldorf
HoReCa Innovation I GmbH & Co. KG	Düsseldorf
HoReCa Innovation I Team GmbH & Co. KG	Düsseldorf
HoReCa Investment I Carry GmbH & Co. KG	Düsseldorf
HoReCa Investment I GmbH & Co. KG	Düsseldorf
HoReCa Investment I Team GmbH & Co. KG	Düsseldorf
HoReCa Komplementär GmbH	Düsseldorf
HoReCa Strategic I Carry GmbH & Co. KG	Düsseldorf
HoReCa Strategic I GmbH & Co. KG	Düsseldorf
Hospitality Digital GmbH	Düsseldorf
Johannes Berg GmbH, Weinkellerei	Düsseldorf
MCC Trading Deutschland GmbH	Düsseldorf
MCC Trading International GmbH	Düsseldorf
METRO Achte Verwaltungs GmbH	Düsseldorf
METRO Advertising GmbH	Düsseldorf
METRO Asia Investment GmbH	Düsseldorf
METRO Cash & Carry China Holding GmbH	Düsseldorf
METRO Cash & Carry International GmbH	Düsseldorf
METRO Deutschland Consulting GmbH	Düsseldorf
METRO Deutschland GmbH	Düsseldorf
METRO Dienstleistungs-Holding GmbH	Düsseldorf
METRO Digital GmbH	Düsseldorf
METRO Dritte Verwaltungs GmbH	Düsseldorf
METRO Erste Erwerbsgesellschaft mbH	Düsseldorf
METRO Financial Services GmbH	Düsseldorf
METRO FSD Holding GmbH	Düsseldorf
METRO Fulfillment GmbH	Düsseldorf
METRO Fünfte Verwaltungs GmbH	Düsseldorf
METRO Gastro Equipment Holding GmbH	Düsseldorf

METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf
METRO Großhandelsgesellschaft mbH	Düsseldorf
METRO Hospitality Digital Holding GmbH	Düsseldorf
METRO Innovations Holding GmbH	Düsseldorf
METRO Insurance Broker GmbH	Düsseldorf
METRO INTERNATIONAL SUPPLY GmbH	Düsseldorf
METRO LOGISTICS Germany GmbH	Düsseldorf
METRO Markets GmbH	Düsseldorf
METRO Neunte Verwaltungs GmbH	Düsseldorf
METRO Re AG	Düsseldorf
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft Esslingen	Esslingen am Neckar
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft Linden	Linden
METRO Sechste Verwaltungs GmbH	Düsseldorf
METRO Siebte Verwaltungs GmbH	Düsseldorf
METRO Sourcing GmbH	Düsseldorf
METRO Vierte Verwaltungs GmbH	Düsseldorf
METRO Zehnte Verwaltungs GmbH	Düsseldorf
METRO Zwölfte Verwaltungs GmbH	Düsseldorf
MGC METRO Group Clearing GmbH	Düsseldorf
MGL METRO Group Logistics GmbH	Düsseldorf
MGL METRO Group Logistics Warehousing Beteiligungs GmbH	Düsseldorf
MIP METRO Group Intellectual Property GmbH & Co. KG	Düsseldorf
MIP METRO Group Intellectual Property Management GmbH	Düsseldorf
MIP METRO Holding Management GmbH	Düsseldorf
Multi-Center Warenvertriebs GmbH	Düsseldorf
N & NF Trading GmbH	Düsseldorf
NX-Food GmbH	Düsseldorf
Petit RUNGIS express GmbH	Meckenheim
RUNGIS express GmbH	Meckenheim
Weinkellerei Thomas Rath GmbH	Düsseldorf
b) Real estate companies	
2. Schaper Objekt GmbH & Co. Kiel KG	Düsseldorf
ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf

ADAGIO Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
AIB Verwaltungs GmbH	Düsseldorf
ARKON Grundbesitzverwaltung GmbH	Düsseldorf
ASSET Immobilienbeteiligungen GmbH	Düsseldorf
DFI Verwaltungs GmbH	Düsseldorf
GBS Gesellschaft für Unternehmensbeteiligungen mbH	Düsseldorf
GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH	Düsseldorf
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekte Bergkirchen und Immenstadt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hürth KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG	Düsseldorf
Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG i.L.	Düsseldorf
Kaufhalle GmbH	Düsseldorf
Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Augsburg KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Berlin-Friedrichshain KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Düsseldorf-Derendorf KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Altona KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt München-Pasing KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Porta-Westfalica KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schwelm KG	Düsseldorf
MCC Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ludwigshafen KG	Düsseldorf
MDH Secundus GmbH	Düsseldorf
METRO Asset Management Services GmbH	Düsseldorf
METRO Campus Services GmbH	Düsseldorf
Metro Cash & Carry Grundstücksverwaltungsgesellschaft mbH	Düsseldorf

METRO Leasing GmbH	Düsseldorf
METRO PROPERTIES GmbH & Co. KG	Düsseldorf
METRO PROPERTIES Holding GmbH	Düsseldorf
METRO Retail Real Estate GmbH	Düsseldorf
METRO Wholesale Real Estate GmbH	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG	Düsseldorf
RUDU Verwaltungsgesellschaft mbH	Düsseldorf
Schaper Grundbesitz-Verwaltungsgesellschaft mbH	Düsseldorf
SIL Verwaltung GmbH & Co. Objekt Haidach KG	Düsseldorf
STW Grundstücksverwaltung GmbH	Düsseldorf

56. Overview of the major fully consolidated group companies

Name	Registered office	Group shares in %	Sales[1] (€ million)
Holding companies			
METRO AG	Düsseldorf, Germany		0
METRO Cash & Carry International GmbH	Düsseldorf, Germany	100.00	0
Wholesale companies			
METRO FRANCE S.A.S.	Nanterre, France	100.00	4,775
METRO Deutschland GmbH	Düsseldorf, Germany	100.00	4,454
METRO Cash & Carry OOO	Moscow, Russia	100.00	2,937
METRO Italia S.p.A.	San Donato Milanese, Italy	100.00	1,792
METRO CASH & CARRY ROMANIA SRL	Bucharest, Romania	100.00	1,756
MAKRO DISTRIBUCION MAYORISTA, S.A.U.	Madrid, Spain	100.00	1,461
Makro Cash and Carry Polska S.A.	Warsaw, Poland	100.00	1,356
MAKRO Cash & Carry CR s.r.o.	Prague, Czech Republic	100.00	1,265
METRO Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi	Istanbul, Turkey	100.00	1,114
METRO Distributie Nederland B. V.	Amsterdam-Duivendrecht, Netherlands	100.00	936
METRO Cash & Carry India Private Limited	Bengaluru, India	100.00	926
METRO Cash & Carry Österreich GmbH	Vösendorf, Österreich	73.00	798
METRO Cash & Carry Ukraine Ltd.	Kiev, Ukraine	100.00	678
VALENCIA TRADING OFFICE, S.L.	Albuixech, Spain	100.00	529
Other companies			
METRO Markets GmbH	Düsseldorf, Germany	100.00	69
METRO Sourcing International Limited	Hong Kong, China	100.00	26
METRO LOGISTICS Germany GmbH	Düsseldorf, Germany	100.00	0
METRO PROPERTIES GmbH & Co. KG	Düsseldorf, Germany	92.90	0
METRO Digital GmbH	Düsseldorf, Germany	100.00	0
METRO International AG	Baar, Switzerland	100.00	0

[1] Pre-consolidated net sales.

57. Boards of METRO AG and mandates of their members

Members of the Supervisory Board

Status of mandates: 24 November 2022

Jürgen Steinemann (Chairman)

CEO of JBS Holding GmbH
Independent shareholder representative

a) Big Dutchman AG (Chairman)
b) Bankiva B.V., Wezep, Netherlands – Supervisory Board (Chairman)
Barentz International B.V., Hoofddorp, Netherlands – Supervisory Board (Chairman)
Lonza Group AG[31], Basle, Switzerland – Board of Directors

Xaver Schiller (Vice Chairman)

Chairman of the Group Works Council of METRO AG
Chairman of the General Works Council of METRO Deutschland GmbH
Employee representative

a) METRO Großhandelsgesellschaft mbH[32] (Vice Chairman)
b) None

Marco Arcelli

Chief Executive Officer (CEO) of EP Global Commerce a.s., Prague, Czech Republic
Shareholder representative

a) None
b) Pinsami Srl, Reggio Emilia, Italy – Board of Directors (Chairman), since 17 May 2022

Stefanie Blaser

Chairwoman of the Works Council of METRO PROPERTIES GmbH & Co. KG Saarbrücken
Employee representative

a) None
b) None

31 Listed company

32 Intra-group mandate.

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act.

b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act.

Friedhelm Bongard, since 1 February 2022

Chairman of the Works Council of the METRO wholesale store Würselen
Employee representative, since 1 February 2022

a) METRO Großhandelsgesellschaft mbH[32]
b) None

Gwyn Burr

Chairwoman of the Board of Directors of Skipton Building Society, Skipton, United Kingdom
Independent shareholder representative

a) None
b) Hammerson plc, London, United Kingdom – Board of Directors, until 28 April 2022
Ingleby Farms and Forests ApS, Køge, Denmark – Board of Directors
Just Eat Takeaway.com N.V.[31], Amsterdam, Netherlands – Supervisory Board, until 4 May 2022
Made.com Group plc, London, United Kingdom – Board of Directors, until 19 August 2022
Skipton Building Society, Skipton, United Kingdom – Chair of Board of Directors, since 25 April 2022
Taylor Wimpey plc[31], London, United Kingdom – Board of Directors, until 26 April 2022

Thomas Dommel

Chairman of the General Works Council of METRO LOGISTICS Germany GmbH
Employee representative

a) METRO LOGISTICS Germany GmbH[32] (Vice Chairman)
b) None

Prof. Dr Edgar Ernst

Independent business consultant
Independent shareholder representative

a) TUI AG[31]
Vonovia SE[31](Vice Chairman)
b) None

31 Listed company

32 Intra-group mandate.

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act.

b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act.

Michael Heider

Vice Chairman of the General Works Council of METRO Deutschland GmbH
Chairman of the Works Council of the METRO wholesale store Schwelm
Employee representative

a) METRO Großhandelsgesellschaft mbH[32]
b) None

Udo Höfer

General Manager of the METRO Deutschland GmbH store Krefeld
Employee representative

a) None
b) None

Rosalinde Lax, until 31 January 2022

Retired
Employee representative, until 31 January 2022

a) METRO Großhandelsgesellschaft mbH[32], until 31 January 2022
b) None

Dr Fredy Raas

Managing Director of Beisheim Holding GmbH, Baar, Switzerland
Independent shareholder representative

a) CECONOMY AG[31], until 30 June 2022
b) HUWA Finanz- und Beteiligungs AG, Au, Switzerland – Board of Directors (President)

Roman Šilha

Head of Mergers & Acquisitions, EP Global Commerce a.s., Prague, Czech Republic, and VESA Equity Investment S.à.r.l., Luxembourg, Luxembourg
Shareholder representative

a) None
b) None

31 Listed company

32 Intra-group mandate.

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act.

b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act.

Eva-Lotta Sjöstedt

Self-employed business consultant
Independent shareholder representative

a) None
b) Elisa Corporation[31], Helsinki, Finland – Board of Directors
Tritax EuroBox plc[31], London, United Kingdom – Board of Directors

Dr Liliana Solomon

Group Chief Financial Officer of Awaze Limited, London, United Kingdom
Independent shareholder representative

a) None
b) Trustly Group AB, Stockholm, Sweden – Supervisory Board, until 30 April 2022

Alexandra Soto, until 11 February 2022

Group Executive Director, Managing Director and Global Chief Operating Officer of Lazard Financial Advisory, Lazard & Co., Limited, London, United Kingdom
Independent shareholder representative, until 11 February 2022

a) None
b) None

Marek Spurný, since 11 February 2022

General Counsel, EP Corporate Group a.s., Prague, Czech Republic
Shareholder representative, since 11 February 2022

a) None
b) ACS PROPERTIES, a.s., Prague, Czech Republic – Supervisory Board
CE Electronics Holding, a.s., Prague, Czech Republic – Supervisory Board (Vice Chairman)[33]
CZECH NEWS CENTER a.s., Prague, Czech Republic – Supervisory Board[33]
EP Cargo a.s., Prague, Czech Republic – Supervisory Board (Chairman)[33]
EP Cargo Invest a.s., Prague, Czech Republic – Supervisory Board[33]
EP ENERGY TRADING, a.s., Prague, Czech Republic – Supervisory Board [33]
EP Logistics International, a.s., Prague, Czech Republic – Supervisory Board (Chairman)[33]
EPPE Germany, a.s., Prague, Czech Republic – Supervisory Board[33]
FoundHold EP Corporate Group, Prague, Czech Republic – Supervisory Board (Chairman)[33]
POWERSUN, a.s., Prague, Czech Republic – Supervisory Board[33]
PT měření, a.s., Prague, Czech Republic – Supervisory Board (Chairman)[33]
Titancoin International a.s., Prague, Czech Republic – Supervisory Board (Chairman)[33]
Resource Industry Investment Group a.s., Prague, Czech Republic – Supervisory Board (Chairman)[33]

[31] Listed company

[33] Mandate within the EP Corporate Group, cf. § 100 Section 2 Sentence 2 of the German Stock Corporation Act (AktG).

[a)] Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act.

[b)] Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act.

Stefan Tieben

Auditor and tax consultant
Partner at RLT Ruhrmann Tieben & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
as well as member of the Management Board of the RLT Group
Independent shareholder representative

a) None
b) Breda Consulting AG, Breda/Zurich, Switzerland – Board of Directors

Manuela Wetzko

IT coordinator for region 5 at METRO Deutschland GmbH
Employee representative

a) METRO Großhandelsgesellschaft mbH[32]
b) None

Angelika Will

Honorary Judge at the Federal Labour Court
Secretary of the Regional Association Board North Rhine-Westphalia of DHV – Die Berufsgewerkschaft e. V. (federal specialist group on trade and logistics) Employee representative

a) None
b) None

Manfred Wirsch

Trade union secretary of ver.di – Vereinte Dienstleistungsgewerkschaft e. V.
Employee representative

a) METRO Großhandelsgesellschaft mbH[32]
b) None

Silke Zimmer

Trade union secretary of ver.di – Vereinte Dienstleistungsgewerkschaft e. V.
Employee representative

a) None
b) None

32 Intra-group mandate.

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act.

b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act.

Permanent Supervisory Board committees and their composition

PRESIDENTIAL COMMITTEE

Jürgen Steinemann (Chairman)
Xaver Schiller (Vice Chairman)
Thomas Dommel
Prof. Dr Edgar Ernst
Roman Šilha
Manuela Wetzko

AUDIT COMMITTEE

Prof. Dr Edgar Ernst (Chairman)
Xaver Schiller (Vice Chairman)
Marco Arcelli
Stefanie Blaser
Michael Heider
Jürgen Steinemann, since 1 October 2022
Stefan Tieben
Manfred Wirsch, since 1 October 2022

NOMINATION COMMITTEE

Jürgen Steinemann (Chairman)
Gwyn Burr
Roman Šilha

Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act

Jürgen Steinemann (Chairman)
Xaver Schiller (Vice Chairman)
Thomas Dommel
Prof. Dr Edgar Ernst

Members of the Management Board

Status of mandates: 24 November 2022

Dr Steffen Greubel (Chairman)

a) METRO Großhandelsgesellschaft mbH[32], since 1 January 2022
b) None

Christian Baier (Chief Financial Officer)

a) METRO Re AG[32](Chairman) TUI AG[31], since 31 May 2022
b) METRO Cash & Carry International Holding GmbH[32], Vösendorf, Austria – Supervisory Board (Chairman)
METRO Holding France S.A.[32], Vitry-sur-Seine, France – Board of Directors

Andrea Euenheim (Chief Human Resources Officer and Labour Director), until 31 March 2022

a) METRO LOGISTICS Germany GmbH[32], until 31 March 2022
METRO Großhandelsgesellschaft mbH[32], until 31 March 2022
b) None

Rafael Gasset (Chief Operating Officer)

a) None
b) METRO Holding France S.A.[32], Vitry-sur-Seine, France – Board of Directors
METRO Logistics Polska sp. z o.o.[32], Warsaw, Poland – Supervisory Board
Makro Cash and Carry Polska S.A.[32] Warsaw, Poland – Supervisory Board
WM Holding (HK) Limited[32], Hongkong, China – Board of Directors, until 1 December 2021

Christiane Giesen (Chief Human Resources Officer und Labour Director), since 15 September 2022

a) METRO Großhandelsgesellschaft mbH[32], since 1 October 2022
b) None

32 Intra-group mandate.

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act.

b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act.

Eric Poirier (Chief Operating Officer – Hospitality Cluster), until 31 December 2021

a) None
b) Makro Cash and Carry Polska S.A.[32], Warsaw, Poland – Supervisory Board, until 1 February 2022
METRO Holding France S.A.[32], Vitry-sur-Seine, France – Board of Directors (Chairman), until 15 December 2021

Claude Sarrailh (Chief Customer & Merchandise Officer), since 1 January 2022

a) None
b) METRO Holding France S.A.[32], Vitry-sur-Seine, France – Board of Directors (Chairman), since 1 February 2022
Makro Cash and Carry Polska S.A.[32], Warsaw, Poland – Supervisory Board, since 1 February 2022
WM Holding (HK) Limited[32], Hongkong, China – Board of Directors

58. Affiliated companies of the group METRO AG as of 30 September 2022 pursuant to § 313 of the German Commercial Code

Name	Registered office	Country	Shares in capital in %
Consolidated subsidiaries			
2. Schaper Objekt GmbH & Co. Kiel KG	Düsseldorf	Germany	100.00
ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
ADAGIO Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
AIB Verwaltungs GmbH	Düsseldorf	Germany	100.00
ARKON Grundbesitzverwaltung GmbH	Düsseldorf	Germany	100.00
ASSET Immobilienbeteiligungen GmbH	Düsseldorf	Germany	100.00
ATLA – Logística, S.A.	Quarteira	Portugal	100.00
AUBEPINE SARL	Montauban	France	100.00
Avilo Marketing Gesellschaft m. b. H.	Vösendorf	Austria	100.00
Aviludo – Indústria e Comércio de Produtos Alimentares, S.A.	Quarteira	Portugal	100.00
Beijing Weifa Trading & Commerce Co. Ltd.	Beijing	China	100.00
booq company B.V.	Hengelo	Netherlands	100.00
booq software B.V.	Hengelo	Netherlands	100.00
C & C Abholgroßmärkte Gesellschaft m.b.H.	Wiener Neudorf	Austria	100.00
CCG DE GmbH	Kelsterbach	Germany	100.00
CFF (Macau) Limited	Macao	China	100.00

1 To be included in accordance with IFRS 10.

2 Full consolidation due to majority of voting rights.

3 Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

32 Intra-group mandate.

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act.

b) Memberships in comparable German and international supervisory bodies of commercial enterprises within the meaning of § 125 Section 1 Sentence 5, 2nd alt. of the German Stock Corporation Act.

Name	Registered office	Country	Shares in capital in %
Classic Coffee & Beverage Sdn Bhd	Kuala Lumpur	Malaysia	100.00
Classic Fine Foods (Hong Kong) Limited	Hong Kong	China	100.00
Classic Fine Foods (S) PTE LTD	Singapore	Singapore	100.00
Classic Fine Foods (Thailand) Company Limited	Bangkok	Thailand	100.00
Classic Fine Foods (Thailand) Holding Company Limited	Bangkok	Thailand	49.00[2]
Classic Fine Foods (Vietnam) Limited	Ho Chi Minh City	Vietnam	100.00
Classic Fine Foods China Holdings Limited	Hong Kong	China	100.00
Classic Fine Foods China Trading Limited	Hong Kong	China	100.00
Classic Fine Foods EM LLC	Schardscha	United Arab Emirates	49.00[2]
Classic Fine Foods Group Limited	London	United Kingdom	100.00
Classic Fine Foods Holdings Limited	London	United Kingdom	100.00
Classic Fine Foods Japan Holdings	Tokyo	Japan	100.00
Classic Fine Foods Macau Holding Limited	Hong Kong	China	100.00
Classic Fine Foods Netherlands BV	Rotterdam	Netherlands	100.00
Classic Fine Foods Philippines Inc.	Makati City	Philippines	100.00
Classic Fine Foods Rungis SAS	Rungis	France	100.00
Classic Fine Foods Sdn Bhd	Kuala Lumpur	Malaysia	100.00
Classic Fine Foods UK Limited	London	United Kingdom	100.00
Classic Fine Foodstuff Trading LLC	Dubai	United Arab Emirates	49.00[2]
Concarneau Trading Office SAS	Concarneau	France	100.00
COOL CHAIN GROUP PL Sp. z o.o.	Cracow	Poland	100.00
Culinary Agents Italia s.r.l.	San Donato Milanese	Italy	100.00
D. u. E. GÜNTHER GMBH	Bergkirchen	Germany	100.00
Deelnemingmaatschappij Arodema B.V.	Amsterdam-Duivendrecht	Netherlands	100.00
Deepideas GmbH	Düsseldorf	Germany	70.00
DFI Verwaltungs GmbH	Düsseldorf	Germany	100.00
Dinghao Foods (Shanghai) Co. Ltd.	Shanghai	China	100.00
Eijsink B.V.	Hengelo	Netherlands	100.00
Eijsink Hengelo Werkmaatschappij B.V.	Hengelo	Netherlands	100.00
Eijsink Online B.V.	Hengelo	Netherlands	100.00
Eijsink Retail Automatisering B.V.	Hengelo	Netherlands	100.00
ETABLISSEMENTS BLIN SAS	Saint-Gilles	France	100.00
Fideco AG	Courgevaux	Switzerland	100.00
FOOD GO – Import Export, LDA	Quarteira	Portugal	100.00
French F&B (Japan) Co., Ltd.	Tokyo	Japan	93.83
GBS Gesellschaft für Unternehmensbeteiligungen mbH	Düsseldorf	Germany	100.00
GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekte Bergkirchen und Immenstadt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG	Düsseldorf	Germany	100.00

1 To be included in accordance with IFRS 10.

2 Full consolidation due to majority of voting rights.

3 Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

Name	Registered office	Country	Shares in capital in %
GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hürth KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG	Düsseldorf	Germany	100.00
Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mit beschränkter Haftung	Düsseldorf	Germany	100.00
Hermann Großküchentechnik Hotel- und Gastronomiebedarf GmbH	Bergkirchen	Germany	100.00
HoReCa Innovation I Carry GmbH & Co. KG	Düsseldorf	Germany	3.26[1, 2]
HoReCa Innovation I GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Innovation I Team GmbH & Co. KG	Düsseldorf	Germany	0.67[1, 2]
HoReCa Investment I Carry GmbH & Co. KG	Düsseldorf	Germany	3.32[1, 2]
HoReCa Investment I GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Investment I Team GmbH & Co. KG	Düsseldorf	Germany	0.07[1, 2]
HoReCa Komplementär GmbH	Düsseldorf	Germany	100.00
HoReCa Strategic I Carry GmbH & Co. KG	Düsseldorf	Germany	4.26[1, 2]
HoReCa Strategic I GmbH & Co. KG	Düsseldorf	Germany	100.00
Hospitality Digital GmbH	Düsseldorf	Germany	100.00
ICS METRO Cash & Carry Moldova S.R.L.	Chişinău	Moldova	100.00
Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG	Düsseldorf	Germany	90.24
Inpakcentrale ICN B.V.	Duiven	Netherlands	100.00
Johannes Berg GmbH, Weinkellerei	Düsseldorf	Germany	100.00
Kaufhalle GmbH	Düsseldorf	Germany	100.00
Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG	Düsseldorf	Germany	100.00
Klassisk Group (S) Pte. Ltd.	Singapore	Singapore	100.00
Klassisk Investment Limited	Hong Kong	China	100.00
LLC Ukrainian Wholesale Trade Company	Kiev	Ukraine	100.00
LUDOFOODS, S.A.	Quarteira	Portugal	100.00
Makro Ltd.	Manchester	United Kingdom	100.00
MAKRO Cash & Carry CR s.r.o.	Prague	Czech Republic	100.00
Makro Cash & Carry Egypt LLC	Cairo	Egypt	100.00
Makro Cash & Carry Portugal S.A.	Lisbon	Portugal	100.00
Makro Cash & Carry UK Holding Limited	Manchester	United Kingdom	100.00
Makro Cash and Carry Polska S.A.	Warsaw	Poland	100.00
MAKRO Convenience Czechia s.r.o.	Prague	Czech Republic	100.00
MAKRO DISTRIBUCION MAYORISTA, S.A.U.	Madrid	Spain	100.00
MAKRO FULFILLMENT SL	Madrid	Spain	100.00
Makro Pension Trustees Ltd.	Manchester	United Kingdom	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Augsburg KG	Düsseldorf	Germany	94.90

1 To be included in accordance with IFRS 10.

2 Full consolidation due to majority of voting rights.

3 Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

Name	Registered office	Country	Shares in capital in %
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Berlin-Friedrichshain KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Düsseldorf-Derendorf KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Altona KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt München-Pasing KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Porta-Westfalica KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schwelm KG	Düsseldorf	Germany	100.00
MCC Trading Deutschland GmbH	Düsseldorf	Germany	100.00
MCC Trading International GmbH	Düsseldorf	Germany	100.00
MCC Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ludwigshafen KG	Düsseldorf	Germany	94.90
MCCAP Holding GmbH	Vienna	Austria	100.00
MCCI Asia Pte. Ltd.	Singapore	Singapore	100.00
MDH Secundus GmbH	Düsseldorf	Germany	100.00
METRO Achte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Advertising GmbH	Düsseldorf	Germany	100.00
METRO Advertising Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
METRO Asia Investment GmbH	Düsseldorf	Germany	100.00
METRO Asia Investment Management Limited	Hong Kong	China	100.00
METRO Asset Management Services GmbH	Düsseldorf	Germany	100.00
METRO Białystok sp. z o.o.	Warsaw	Poland	100.00
METRO Bielsko-Biała sp. z o.o.	Warsaw	Poland	100.00
METRO Bydgoszcz sp. z o.o.	Warsaw	Poland	100.00
METRO Campus Services GmbH	Düsseldorf	Germany	100.00
METRO Cash & Carry Bulgaria EOOD	Sofia	Bulgaria	100.00
METRO Cash & Carry Central Asia Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry China Holding GmbH	Düsseldorf	Germany	100.00
METRO Cash & Carry d.o.o.	Zagreb	Croatia	100.00
METRO Cash & Carry d.o.o.	Belgrade	Serbia	100.00
METRO Cash & Carry Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO Cash & Carry Import Limited Liability Company	Noginsk	Russia	100.00
METRO Cash & Carry India Private Limited	Bangalore	India	100.00
METRO Cash & Carry International GmbH	Düsseldorf	Germany	100.00
METRO Cash & Carry International Holding B. V.	Amsterdam-Duivendrecht	Netherlands	100.00
METRO Cash & Carry International Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry Japan KK	Tokyo	Japan	100.00
METRO Cash & Carry Myanmar Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry Nederland B.V.	Amsterdam-Duivendrecht	Netherlands	100.00
METRO Cash & Carry OOO	Moscow	Russia	100.00
METRO Cash & Carry Österreich GmbH	Vösendorf	Austria	73.00
METRO CASH & CARRY ROMANIA SRL	Bucharest	Romania	100.00

1 To be included in accordance with IFRS 10.

2 Full consolidation due to majority of voting rights.

3 Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

Name	Registered office	Country	Shares in capital in %
METRO Cash & Carry Russia N.V.	Amsterdam-Duivendrecht	Netherlands	100.00
METRO Cash & Carry SR s.r.o.	Ivanka pri Dunaji	Slovakia	100.00
METRO Cash & Carry TOO	Almaty	Kazakhstan	100.00
METRO Cash & Carry Ukraine Ltd.	Kiev	Ukraine	100.00
METRO Cash & Carry Wines	Hyderabad	India	99.99
METRO Central East Europe GmbH	Vienna	Austria	100.00
METRO CONVENIENCE ROMANIA S.R.L.	Bucharest	Romania	100.00
METRO Częstochowa sp. z o.o.	Warsaw	Poland	100.00
METRO Deutschland Consulting GmbH	Düsseldorf	Germany	100.00
METRO Deutschland GmbH	Düsseldorf	Germany	100.00
METRO Dienstleistungs-Holding GmbH	Düsseldorf	Germany	100.00
METRO Digital GmbH	Düsseldorf	Germany	100.00
METRO DIGITAL ROMANIA S.R.L.	Bucharest	Romania	100.00
METRO Distributie Nederland B. V.	Amsterdam-Duivendrecht	Netherlands	100.00
METRO DOLOMITI S.p.A.	San Donato Milanese	Italy	100.00
METRO Dritte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Erste Erwerbsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO FIM S.p.A.	Cinisello Balsamo	Italy	100.00
METRO Financial Services GmbH	Düsseldorf	Germany	100.00
METRO France Immobiliere S. a. r. l.	Nanterre	France	100.00
METRO FRANCE S.A.S.	Nanterre	France	100.00
METRO FSD France S.A.S.	Montauban	France	100.00
METRO FSD Holding GmbH	Düsseldorf	Germany	100.00
METRO FSD HOLDING PORTUGAL, SGPS, S.A.	Carnaxide	Portugal	100.00
METRO Fulfillment GmbH	Düsseldorf	Germany	100.00
METRO Fünfte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Gastro Equipment Holding GmbH	Düsseldorf	Germany	100.00
METRO Gdańsk-Przejazdowo sp. z o.o.	Warsaw	Poland	100.00
METRO Gdynia sp. z o.o.	Warsaw	Poland	100.00
METRO Global Solution Center Private Limited	Pune	India	100.00
METRO Global Solution Center spółka z ograniczoną odpowiedzialnością	Szczecin	Poland	100.00
METRO Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi	Istanbul	Turkey	100.00
METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf	Germany	100.00
METRO Großhandelsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO Group Properties SR s.r.o.	Ivanka pri Dunaji	Slovakia	100.00
METRO Group Retail Real Estate Romania S.R.L.	Bucharest	Romania	100.00
METRO Group Wholesale Real Estate Bulgaria EOOD	Sofia	Bulgaria	100.00
METRO Holding France S. A.	Vitry sur Seine	France	100.00
METRO Hospitality Digital Holding GmbH	Düsseldorf	Germany	100.00
METRO Innovations Holding GmbH	Düsseldorf	Germany	100.00
METRO Insurance Broker GmbH	Düsseldorf	Germany	100.00
METRO International AG	Baar	Switzerland	100.00

[1] To be included in accordance with IFRS 10.

[2] Full consolidation due to majority of voting rights.

[3] Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

Name	Registered office	Country	Shares in capital in %
METRO INTERNATIONAL SUPPLY GmbH	Düsseldorf	Germany	100.00
METRO Italia S.p.A.	San Donato Milanese	Italy	100.00
METRO Kalisz sp. z o.o.	Warsaw	Poland	100.00
METRO Kereskedelmi Kft.	Budaörs	Hungary	100.00
METRO Kielce sp. z o.o	Warsaw	Poland	100.00
METRO Koszalin sp. z o.o.	Warsaw	Poland	100.00
METRO Kraków Zakopiańska sp. z o.o.	Warsaw	Poland	100.00
METRO Leasing GmbH	Düsseldorf	Germany	100.00
METRO Łódź sp. z o.o.	Warsaw	Poland	100.00
METRO LOGISTICS Germany GmbH	Düsseldorf	Germany	100.00
METRO Logistics Polska sp. z o.o.	Warsaw	Poland	100.00
METRO Logistics Polska spółka z ograniczoną odpowiedzialnością i Spółka spółka komandytowa	Warsaw	Poland	99.83
METRO Management EOOD	Sofia	Bulgaria	100.00
METRO MANAGEMENT UKRAINE LLC	Kiev	Ukraine	100.00
METRO Markets GmbH	Düsseldorf	Germany	100.00
METRO MARKETS ITALIA S.R.L.	Milan	Italy	100.00
METRO MARKETS PALMA SL	Palma de Mallorca	Spain	100.00
METRO Neunte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Olsztyn sp. z o.o.	Warsaw	Poland	100.00
METRO Opole sp. z o.o.	Warsaw	Poland	100.00
METRO Pakistan (Pvt.) Limited	Lahore	Pakistan	100.00
METRO Poznań II sp. z o.o.	Warsaw	Poland	100.00
METRO Poznań sp. z o.o.	Warsaw	Poland	100.00
METRO Properties B.V.	Amsterdam	Netherlands	100.00
METRO Properties CR s.r.o.	Prague	Czech Republic	100.00
METRO PROPERTIES France SAS	Nanterre	France	100.00
METRO Properties Gayrimenkul Yatirim A.Ş.	Istanbul	Turkey	100.00
METRO PROPERTIES GmbH & Co. KG	Düsseldorf	Germany	92.90
METRO PROPERTIES Holding GmbH	Düsseldorf	Germany	100.00
METRO PROPERTIES Management GmbH	Düsseldorf	Germany	66.67
METRO Properties Real Estate Management Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
METRO PROPERTIES Sp. z o.o.	Warsaw	Poland	100.00
METRO Re AG	Düsseldorf	Germany	100.00
METRO Retail Real Estate GmbH	Düsseldorf	Germany	100.00
METRO Rybnik sp. z o.o.	Warsaw	Poland	100.00
METRO Rzeszów sp. z o.o.	Warsaw	Poland	100.00
METRO Rzgów sp. z o.o.	Warsaw	Poland	100.00
METRO SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Esslingen am Neckar	Germany	100.00
METRO SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Linden	Germany	100.00
METRO Sechste Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Siebte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Sosnowiec sp. z o.o.	Warsaw	Poland	100.00
METRO Sourcing (Shanghai) Co., Ltd.	Shanghai	China	100.00

1 To be included in accordance with IFRS 10.

2 Full consolidation due to majority of voting rights.

3 Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

Name	Registered office	Country	Shares in capital in %
METRO Sourcing GmbH	Düsseldorf	Germany	100.00
METRO Sourcing International Limited	Hong Kong	China	100.00
METRO South East Asia Holding GmbH	Vienna	Austria	100.00
METRO Szczecin sp. z o.o.	Warsaw	Poland	100.00
METRO Toruń sp. z o.o.	Warsaw	Poland	100.00
METRO Vierte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Warehouse Noginsk Limited Liability Company	Noginsk	Russia	100.00
METRO Warszawa Jerozolimskie sp. z o.o.	Warsaw	Poland	100.00
METRO Warszawa Kolumbijska sp. z o.o.	Warsaw	Poland	100.00
METRO Wholesale Myanmar Ltd.	Rangoon	Myanmar	92.51
METRO Wholesale Real Estate GmbH	Düsseldorf	Germany	100.00
METRO Zabrze sp. z o.o.	Warsaw	Poland	100.00
METRO Zehnte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Zielona Góra sp. z o.o.	Warsaw	Poland	100.00
METRO Zwölfte Verwaltungs GmbH	Düsseldorf	Germany	100.00
MGB METRO Group Buying RUS OOO	Moscow	Russia	100.00
MGC METRO Group Clearing GmbH	Düsseldorf	Germany	100.00
MGL METRO Group Logistics Bulgaria LTD	Sofia	Bulgaria	100.00
MGL METRO Group Logistics GmbH	Düsseldorf	Germany	100.00
MGL METRO Group Logistics Limited Liability Company	Noginsk	Russia	100.00
MGL METRO Group Logistics Warehousing Beteiligungs GmbH	Düsseldorf	Germany	100.00
MIP METRO Group Intellectual Property GmbH & Co. KG	Düsseldorf	Germany	100.00
MIP METRO Group Intellectual Property Management GmbH	Düsseldorf	Germany	100.00
MIP METRO Holding Management GmbH	Düsseldorf	Germany	100.00
MP Gayrimenkul Yönetim Hizmetleri Anonim Şirketi	Istanbul	Turkey	100.00
Multi-Center Warenvertriebs GmbH	Düsseldorf	Germany	100.00
My Mart (China) Trading Co., Ltd.	Guangzhou	China	100.00
N & NF Trading GmbH	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG	Düsseldorf	Germany	100.00
NX-Food GmbH	Düsseldorf	Germany	100.00
Petit RUNGIS express GmbH	Meckenheim	Germany	100.00
PRO A PRO DISTRIBUTION EXPORT SAS	Montauban	France	100.00
PRO A PRO DISTRIBUTION NORD SAS	Châlette-sur-Loing	France	100.00
PRO A PRO DISTRIBUTION SUD SAS	Montauban	France	100.00
PRO A PRO HOSTELERIA ORGANIZADA, S.A.	Sant Just Desvern	Spain	100.00
PT Classic Fine Foods Indonesia	North Jakarta	Indonesia	100.00
Real Estate Management Misr Limited Liability Company	Cairo	Egypt	100.00
Remo Zaandam B.V.	Zaandam	Netherlands	100.00
Restu s.r.o.	Prague	Czech Republic	100.00
Retail Property 5 Limited Liability Company	Moscow	Russia	100.00
Retail Property 6 Limited Liability Company	Moscow	Russia	100.00
Rotterdam Trading Office B.V.	Amsterdam-Duivendrecht	Netherlands	100.00
RUDU Verwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00

[1] To be included in accordance with IFRS 10.

[2] Full consolidation due to majority of voting rights.

[3] Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

Name	Registered office	Country	Shares in capital in %
RUNGIS express GmbH	Meckenheim	Germany	100.00
RUNGIS express Suisse Holding AG	Courgevaux	Switzerland	100.00
Schaper Grundbesitz-Verwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
Sentinel GCC Holdings Limited	Tortola	British Virgin Islands	100.00
Servicios de Distribución a Horeca Organizada, S.L.	Madrid	Spain	100.00
Sezam XVI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	Warsaw	Poland	100.00
SIL Verwaltung GmbH & Co. Objekt Haidach KG	Düsseldorf	Germany	100.00
Siller & Laar Großküchentechnik und Gastronomiebedarf GmbH	Augsburg	Germany	56.00
SODEGER SAS	Château-Gontier	France	100.00
Star Farm Pakistan Pvt. Ltd.	Lahore	Pakistan	100.00
STW Grundstücksverwaltung GmbH	Düsseldorf	Germany	100.00
TRANSPRO FRANCE Sarl	Montauban	France	100.00
TRANSPRO SAS	La Possession	France	100.00
VALENCIA TRADING OFFICE, S.L.	Albuixech	Spain	100.00
Weinkellerei Thomas Rath GmbH	Düsseldorf	Germany	100.00
Western United Finance Company Limited	London	United Kingdom	100.00
Wholesale Real Estate Belgium N.V.	Wommelgem	Belgium	100.00
WRE Real Estate Limited Liability Partnership	Almaty	Kazakhstan	100.00
X4DEV – Business Solutions, S.A.	Quarteira	Portugal	71.00
Investments accounted for using the equity method – joint ventures			
CABI-SFPK JV	Lahore	Pakistan	48.00
MAXXAM B.V.	Ede	Netherlands	16.67
MAXXAM C.V.	Ede	Netherlands	16.67
MEC METRO-ECE Centermanagement GmbH & Co. KG	Düsseldorf	Germany	50.00
MEC METRO-ECE Centermanagement Verwaltungs GmbH	Düsseldorf	Germany	50.00
METSPA Beszerzési és Kereskedelmi Kft.	Bicske	Hungary	33.33
METSPA d.o.o. za trgovinu	Zagreb	Croatia	50.00
Professional Finance Technologies Limited Liability Company	Moscow	Russia	50.00
Investments accounted for using the equity method – associates			
EKS Handelsgesellschaft mbH	Salzburg	Austria	15.00
EKS Handelsgesellschaft mbH & Co. KG	Salzburg	Austria	15.00
Fachmarktzentrum Essen GmbH & Co. KG	Pullach im Isartal	Germany	94.00
FILPROMER SAS	Cherbourg-en-Cotentin	France	24.90
Gourmet F&B Korea Ltd.	Seoul	South Korea	28.00
Habib METRO Pakistan (Pvt) Ltd	Karachi	Pakistan	40.00
Helm Wohnpark Lahnblick GmbH	Aßlar	Germany	25.00
Horizon International Services Sàrl	Le Grand-Saconnex	Switzerland	25.00
Iniziative Methab s.r.l.	Bolzano	Italy	50.00
OPCI FRENCH WHOLESALE PROPERTIES – FWP	Paris	France	5.00
OPCI FRENCH WHOLESALE STORES – FWS	Paris	France	25.00

[1] To be included in accordance with IFRS 10.

[2] Full consolidation due to majority of voting rights.

[3] Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

Name	Registered office	Country	Shares in capital in %
Peter Glinicke Grundstücks-GmbH & Co. KG	Pullach im Isartal	Germany	50.00
WM Holding (HK) Limited	Hong Kong	China	20.04[3]
Investments			
BINARY SUBJECT, S.A.	Torres Vedras	Portugal	16.03
Culinary Agents Inc.	Wilmington	USA	18.33
eVentures Growth, L.P.	Wilmington	USA	5.00
HORIZON ACHATS SARL	Paris	France	8.00
HORIZON APPELS D'OFFRES SARL	Paris	France	8.00
Matsmart in Scandinavia AB	Stockholm	Sweden	13.98
QUANTIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Darmstadt KG	Schönefeld	Germany	6.00
RTG Retail Trade Group GmbH	Hamburg	Germany	10.00
Shore GmbH	Munich	Germany	12.41
Verwaltungsgesellschaft Lebensmittelgesellschaft 'GLAWA' mbH & Co. KG	Hamburg	Germany	18.75

[1] To be included in accordance with IFRS 10.

[2] Full consolidation due to majority of voting rights.

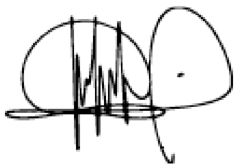
[3] Disclosure and measurement in accordance with IFRS 5 – Assets held for sale.

1 December 2022

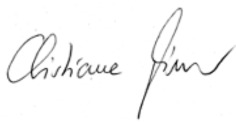
The Management Board

Dr Steffen Greubel

Christian Baier



Rafael Gasset



Christiane Giesen

Claude Sarrailh

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements ensure a true and fair view of the asset, financial and earnings position of the group, and the combined management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the significant opportunities and risks associated with the expected development of the group.

1 December 2022

The Management Board

Dr Stefen Greubel	Christian Baier	Rafael Gasset	Christiane Giesen	Claude Sarrailh

INDEPENDENT AUDITOR'S REPORT

To METRO AG

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of METRO AG, Düsseldorf, and its subsidiaries (the Group), which comprise the balance sheet as at 30 September 2022, the income statement, the reconciliation from profit or loss for the period to total comprehensive income, the statement of changes in equity and the cash flow statement for the financial year from 1 October 2021 to 30 September 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of METRO AG and the Group (hereinafter 'combined management report') for the financial year from 1 October 2021 to 30 September 2022.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the 'Other Information' section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2022, and of its financial performance for the financial year from 1 October 2021 to 30 September 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the 'Other Information' section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as 'EU Audit Regulation') and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2021 to 30 September 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

- **Impairment testing of goodwill**

  For the accounting policies applied, we refer to the disclosures in the notes in the section 'Notes to the group accounting principles and methods'. Disclosures on the development of goodwill as well as impairment testing can be found in Note 19 to the consolidated financial statements. We also refer to Note 5 on impairment of goodwill.

The financial statement risk

Goodwill in the amount of EUR 647 million was reported in the consolidated financial statements of METRO as at 30 September 2022. Goodwill is allocated pursuant to IAS 36 to groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. These units are the organisational units for each country for METRO.

The recognised goodwill is tested for impairment once a year as at 30 June and, if there are any indicators of impairment, also on an ad hoc basis.

For impairment testing, the carrying amount is compared with the recoverable amount of the respective organisational unit. If the carrying amount exceeds the recoverable amount, impairment losses are recognised. The recoverable amount is the higher of fair value less costs to sell and value in use of the organisational unit. Fair value is measured according to the discounted cash flow method.

Impairment testing is based on cash flow planning, the starting point of which is the multi-year plan prepared by METRO. Future cash flows are discounted using the weighted average cost of capital of the respective organisational unit. The result of this impairment testing is highly dependent upon estimates of future cash flows as well as the cost of capital used and therefore subject to considerable uncertainty. The Management Board is responsible for assessing how the war in Ukraine, the sanctions imposed on Russia and the latter's counter-sanctions, the current energy crisis and inflation will affect business activities as well as for appropriately accounting for these effects in cash flow planning. The effects have heightened estimation uncertainties regarding future cash flows.

In the consolidated financial statements as at 30 September 2022, the goodwill attributable to the cash-generating units METRO Russia and METRO Ukraine (EUR 38 million and EUR 17 million, respectively), were fully impaired. The impairment losses were attributable to lower expectations for sales revenue and earnings due to the war in Ukraine and the sanctions imposed on Russia.

There is a risk for the financial statements that impairment losses are not recognised in the correct amount. IAS 36 requires extensive disclosures in the notes to the financial statements, particularly also in terms of METRO's consideration of the potential sensitivity of material measurement assumptions and parameters. There is the risk that the disclosures in the notes are not complete and adequate.

Our audit approach

We evaluated how indicators of goodwill impairment are identified by METRO. For the assessment of the indicator-based and annual impairment test, we made a risk-oriented, deliberate selection of the organizational units bearing goodwill. For this selection, we have taken into account with the involvement of our valuation experts, the appropriateness of significant assumptions as well as the Company's calculation method for both the indicator-based and the annual impairment test. We also reconciled this information with other internally available documents, such as monthly reports and strategic planning documentation, as well as the budget prepared by the Management Board and approved by the Supervisory Board.

We confirmed the appropriateness of the future cash flows used in the calculation, among others, by comparing this information to the current budget figures in the multi-year plan prepared by METRO as well as through comparison with general and industry-specific market expectations. Particular attention was required for the analysis of the impact of the war in Ukraine, the sanctions against Russia and the latter's counter-sanctions, the current energy crisis and inflation. In this regard, we also confirmed the appropriateness of METRO's budget process. As a result of the continuing uncertainties due to Covid-19, METRO has prepared multi-year planning based on scenarios. Furthermore, we assessed the appropriateness of the long-term growth rates assumed and the long-term amortisation/depreciation and reinvestment amounts. In addition, we critically analysed previous adherence to the budget on the basis of past target/actual deviations prepared by METRO. We also discussed the multi-year plan with those responsible for the budget, paying particular regard to improvements in operating profitability in the detailed planning period.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company’s valuation using our own calculations and analysed deviations.

In view of the high sensitivity of the calculated fair values to changes in the cost of capital, we rigorously examined – taking into account country-specific particulars – the underlying assumptions and parameters for the cost of capital, especially the risk-free rate, market risk premium and beta coefficient, and assessed the calculation formula for computational and formal accuracy. Based on the sensitivity analyses carried out by METRO, we examined to what extent a reasonably possible change to the assumptions underlying the calculation could require recognising an impairment loss.

We also audited the completeness and adequacy of the disclosures in the notes to the consolidated financial statements pursuant to IAS 36.

Our observations

Indications of impairment of goodwill were appropriately identified. The valuation model used for the indicator-based and annual impairment testing is appropriate and in line with the applicable IFRS accounting policies. The Company’s assumptions and data used for measurement are within an appropriate range and are balanced. The disclosures in the notes are accurate.

- **Impairment testing of land, buildings and right-of-use assets**

  For the accounting policies applied, we refer to the disclosures in the notes in the section ‘Notes to the group accounting principles and methods’. Disclosures on movements in property, plant and equipment are provided under Note 21 in the notes. We also refer to Note 15 in the notes on depreciation of property, plant and equipment.

The financial statement risk

The consolidated financial statements of METRO as at 30 September 2022 report land and buildings with a carrying amount of EUR 2,711 million and right-of-use assets (according to IFRS 16) with a carrying amount of EUR 2,126 million, which includes EUR 1,992 million relating to land and buildings. In the reporting year, impairment losses totalling EUR 69 million were recognised for land, buildings and right-of-use assets.

In accordance with IAS 36, real estate and right-of-use assets must be tested for impairment if there are any indications of potential impairment. Operating performance and the real estate market are relevant indicators of any potential impairment. Pursuant to IAS 36, the carrying amount of the affected cash-generating unit must be compared with the recoverable amount for impairment testing purposes. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. METRO regularly carries out impairment tests based on fair value less costs to sell. The basis for measurement is the present value of the future cash flows of the cash-generating unit, which is determined using the discounted cash flow method. Impairment testing is based on the cash flow planning of the cash-generating unit.

The Management Board is responsible for assessing how the war in Ukraine, the sanctions imposed on Russia and the latter’s counter-sanctions, the current energy crisis and inflation will affect business activities as well as for appropriately accounting for these effects in cash flow planning. The effects have heightened estimation uncertainties regarding future cash flows.

In the consolidated financial statements as at 30 September 2022, impairment losses on fixed assets of EUR 76 million were recognised on buildings, primarily attributable to METRO Russia stores (EUR 16 million) and METRO Ukraine stores (EUR 46 million). The impairment losses were mainly attributable to lower expectations for sales revenue and earnings due to the war in Ukraine and the sanctions imposed on Russia.

There is the risk that necessary impairment losses are recognised too late or not at all.

Our audit approach

We evaluated how indications of impairment of land, buildings and right-of-use assets are identified by METRO.

Our audit, which we carried out with the involvement of our own valuation experts, included, among others, assessing the appropriateness of the valuation method underlying the impairment testing, particularly in terms of the accounting policies used as well as formal and computational accuracy. We also confirmed the appropriateness of the future cash flows and market rents used in the calculation, among others, by comparing this information with the current budget figures as well as through comparison with general and use-specific market data. The effects of the war in Ukraine, the sanctions against Russia and the latter's counter-sanctions, the current energy crisis and inflation were also taken into account. Furthermore, we evaluated the cost of capital as well as the real estate-specific discount and capitalisation rates. In addition, we critically analysed previous adherence to the budget on the basis of past target/actual deviations prepared by METRO.

Our observations

The indications of impairment of land, buildings and right-of-use assets were appropriately identified. The valuation method used for impairment testing is appropriate and in line with applicable accounting policies. The Company's assumptions and data used for measurement are appropriate and balanced.

Other Information

The Management Board and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the combined non-financial statement for the Company and the Group, which is contained in Section 2.3 of the combined management report,
- the combined corporate governance statement for the Company and the Group referred to in the combined management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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. We have nothing to report in this regard.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Management Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined 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, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

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 whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. 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 and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, 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 opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report 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 these systems.
- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- Conclude on the appropriateness of the Management Board'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 the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. 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 be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the 'ESEF documents') contained in the electronic file „METRO-2022-09-30-de-neu.zip" (SHA256-Hashwert: 0b92c0ff7bc8e91aea555dd80dca69d04c69aad8ce8268c29e32752f6123b650) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ('ESEF format'). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 October 2021 to 30 September 2022 contained in the 'Report on the Audit of the Consolidated Financial Statements and the Combined Management Report' above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 11 February 2022. We were engaged by the Supervisory Board on 11 February 2022. We have been the group auditor of METRO AG without interruption since financial year 2016/17.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR’S REPORT

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Thorsten Hain.

Düsseldorf, 5 December 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Hain Wirtschaftsprüfer [German Public Auditor]	**Mehdi Zadegan** Wirtschaftsprüferin [German Public Auditor]

LIMITED ASSURANCE REPORT

OF THE INDEPENDENT AUDITOR REGARDING THE COMBINED NON-FINANCIAL STATEMENT[34]

To the Supervisory Board of METRO AG, Düsseldorf

We have performed an independent limited assurance engagement on the combined non-financial statement of METRO AG, Düsseldorf (further the ‘Company’), and the METRO Group, as well as the section of the combined management report that are qualified as part of it through cross reference, ‘Business model’, for the period from 1 October 2021 to 30 September 2022.

As disclosed in the section ‘global labour and social standards in the supply chain’, certifications on manufacturing facilities of suppliers were conducted by external certification firms mandated by METRO AG to ensure compliance with the environmental, social and health standards of the amfori Business Social Compliance Initiative (BSCI) or equivalent standards. The appropriateness and accuracy of the conclusions from the audit/certification work performed was not part of our assurance procedures.

MANAGEMENT’S RESPONSIBILITY

The legal representatives of the Company are responsible for the preparation of the combined non-financial statement in accordance with §§ 315b, 315c in conjunction with §§ 289b to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (further ‘EU Taxonomy Regulation’) and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section ‘EU Taxonomy’ of the combined non-financial statement.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the combined non-financial statement and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the combined non-financial statement that is free of – intended or unintended – material misstatements.

34 Our engagement applied to the German version of the combined non-financial statement 2022. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in Section ‘EU Taxonomy’ of the combined non-financial statement. They are responsible for its tenability. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

PRACTITIONER’S RESPONSIBILITY

It is our responsibility to express a conclusion on the combined non-financial statement based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’, published by IAASB.

Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the combined non-financial statement of the Company for the period from 1 October 2021 to 30 September 2022 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289b to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section ‘EU Taxonomy’ of the combined non-financial statement. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor’s own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for METRO AG
- A risk analysis, including media research, to identify relevant information on METRO AG’s sustainability performance in the reporting period
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and combating corruption and bribery
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data via a sampling survey at METRO Deutschland GmbH, METRO Italia Cash and Carry S. P. A. and Makro Cash and Carry Polska S.A. via videoconference
- Assessment of the overall presentation of the disclosures
- Inquiries of responsible employees at Group level to obtain an understanding of the approach to identify relevant economic activities in accordance with EU taxonomy

- Evaluation of the process for the identification of taxonomy-eligible economic activities and the corresponding disclosures in the combined non-financial statement

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the immanent risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainties.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

INDEPENDENCE AND QUALITY ASSURANCE ON THE PART OF THE AUDITING FIRM

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

CONCLUSION

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial statement of METRO AG for the period from 1 October 2021 to 30 September 2022 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with §§ 289b to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section ‘EU Taxonomy’ of the combined non-financial statement.

RESTRICTION OF USE/GENERAL ENGAGEMENT TERMS

This assurance report is issued for purposes of the Supervisory Board METRO AG, Düsseldorf, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of METRO AG, Düsseldorf, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Düsseldorf, 2 December 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Stauder
Wirtschaftsprüfer
[German Public Auditor]

Brokof
Wirtschaftsprüfer
[German Public Auditor]

SERVICES

GLOSSARY

A

Act on Corporate Due Diligence Obligations in Supply Chains

The objective of the law, which was approved by the Bundesrat on 25 June 2021 and will enter into force in Germany on 1 January 2023, is to improve the protection of human rights and environmental standards in global supply chains. It sets out clear due diligence requirements for companies based in Germany to comply with basic human rights and environmental standards (for example prohibition of child and forced labour).

amfori Business Social Compliance Initiative (amfori BSCI)

Founded in 2003, this global business association for open and sustainable trade works to ensure that production in all supplier countries complies with minimum social standards. The association aligns its standards with the UN's Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO).

Audit

A procedure that assesses an organisation's processes and structures according to previously formulated standards and guidelines. For example, an audit provides information on the effectiveness of process optimisation measures. If an audit is conducted by an external auditor, the certificate issued after the review can be used as evidence of adherence to standards.

Availability of goods

This is one of the key figures that METRO uses to measure and check the implementation status of the sCore strategy. The key figure indicates whether an item to be sold to the customer is physically in stock. It is calculated as the aggregate proportion of active items in METRO countries that are in stock at the end of the day relative to the total number of active items for the day (excluding ultra-fresh, tobacco and petrol). An item is considered active if it is expected to be available for sale in the stores at the given time.

C

Carbon Disclosure Project (CDP)

The unaffiliated organisation was founded in London in 2000. It aims to disclose companies' CO_2-emissions as well as their climate risks, thereby contributing to the transparency of their corporate financial reporting on climate-relevant data. In addition, the CDP conducts annual company surveys.

Commercial Paper Programme

Ongoing capital market programme typical of money markets that covers short-term financing needs. It facilitates the issuance of commercial papers (CP) as discounted, unsecured bearer bonds without standardised terms of maturity.

Committee of Sponsoring Organizations of the Treadway Commission (COSO)

US-based private-sector organisation that developed and published a standard for internal controls in 1992 that is recognised by the U.S. Securities and Exchange Commission. In 2004, this standard was updated and the COSO ERM (Enterprise Risk Management – Integrated Framework), also known as COSO II, was published.

Compliance

All measures specifying compliance with legal requirements as well as social guidelines and values by a company and its employees.

Currency effects

Currency effects arise when the same number of currency units is converted into another currency at different exchange rates.

D

Digital sales share

This is one of the key figures that METRO uses to measure and check the implementation status of the sCore strategy. It shows the digital sales share in total sales excluding internal service companies. Digital sales include transactions where an order is placed by the customer via a digital medium without interaction with METRO and can be processed automatically.

Diversity management

Key element of the human resources policy, with the task of promoting social, cultural and ethnic diversity among employees and using it for the good of the company.

Dow Jones Sustainability Indices (DJSI)

An index family that measures the sustainability of the company. The measurement is comprised of economic, environmental and social criteria. For listed companies, the focus is on corporate management, employee policy and transparency, compliance with human rights and risk management. Among all sustainability indices, the DJSI family carries a particular cachet in terms of quality.

E

Earnings per share (basic/diluted)

The earnings per share (basic) shows the ratio of the share of the profit or loss for the period attributable to the shareholders of METRO AG to the weighted average number of shares in circulation. The earnings per share (diluted) also take into account the effect of so-called potential shares, for example due to issued stock options.

Earnings per share (EPS)

See earnings per share.

EBIT (Earnings Before Interest and Taxes)

Profit or loss before financial result and (income) taxes. Due to its independence from different forms of financing and tax systems, this key figure is also used for international comparison with other companies, among other things.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

Profit or loss before financial result, income taxes, depreciation/amortisation/ impairment losses/reversals of impairment losses on property, plant and equipment, intangible assets and investment properties. This key figure serves the purpose of comparing companies with accounting systems that follow different accounting rules. The (adjusted) EBITDA indicates EBITDA excluding earnings contributions from real estate transactions and transformation costs.

EU Taxonomy

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, also known as the EU Taxonomy, and the delegated acts adopted in this regard, provide a framework defining which economic activities are considered environmentally sustainable.

EVA (Economic Value Added)

Value-oriented key figure that depicts the absolute value contribution of a company created in a single period under consideration of a risk-adjusted interest rate. It provides information on the difference between the company profit after tax and the cost of capital on the average capital employed.

F

Fair value

Recognised fair value that would be received in return for the disposal of an asset or paid for the assignment of a debt in an ordinary transaction conducted between market participants on the assessment date.

Food, non-food

Under the global term food, METRO summarises the following categories of goods: fresh foods, durable foods, nutrients, frozen foods and drinks of all kinds, as well as luxury foods, dietary supplements and pet food, but also detergents, cleansers and cleaning agents, which are sometimes also labelled as near-food. All other goods are considered non-food items.

Franchising

Contractually regulated form of organisation in which the franchisor grants the independent franchisees from the Traders segment the right to distribute certain goods or services using a name or trademark of the franchisor. METRO offers a variety of franchise concepts in different countries.

Free cash flow

Free cash flow represents the unrestricted funds generated throughout the financial year, which are primarily available for redemption of borrowings, distribution of dividends or for M&A activities. Free cash flow is calculated from cash flow from operating activities based on continuing operations plus divestments less investments (excluding financial investments), lease payments as well as net interest paid and other borrowing costs. The free cash flow defined in this manner can be derived directly from the cash flow statement.

FSD (Food Service Distribution)

FSD (Food Service Distribution) is the channel that METRO developed in recent years to expand its offer in the B2B sector. In addition to its traditional store-based offering, METRO regularly supplies selected professional customers with food (and, in some cases, non-food) products via its FSD channel. METRO commits to deliver those products based on commercial and service agreements. With the FSD channel, METRO entered into the primary supply channel for professional HoReCa businesses, while tactically extending its reach to Traders customers in selected markets.

G

Global Food Safety Initiative (GFSI)

The initiative was established in 2000 and is the world's largest organisation for the improvement of food safety. The initiative promotes the establishment of international audits to evaluate food suppliers.

GLOBALGAP

A private-sector organisation that certifies agricultural and aquacultural products. The standard for 'good agricultural practice' (GAP) resulted from an initiative of European retail companies.

Governance management system

System for controlling all management and monitoring processes of a company. The METRO governance management system comprises the risk management system, the internal control system, the compliance management system and the internal auditing system.

Governance

Statutory and factual regulatory framework for the management and supervision of a company.

H

HoReCa

Short for hotel, restaurant and catering businesses. The HoReCa sector is one of METRO's core customer groups and is one of the strategic customers under the sCore growth strategy.

I

IASB (International Accounting Standards Board)

An independent international body with head offices in London that develops and continually revises the International Financial Reporting Standards (IFRS).

IFRIC

Interpretation on IFRS prepared by the IFRS Interpretations Committee (or its predecessor) and approved by the IASB.

IFRS 16 – leases

Standard adopted by the IASB in January 2016 regarding the handling of leases. Under the new rules (right-of-use model), lessees must recognise leases in most cases as rights of use and lease liabilities in the balance sheet.

IFRS (International Financial Reporting Standards)

Internationally applicable rules for financial reporting developed by the IASB.

ISAE (International Standard on Assurance Engagements)

Standards for the procedure of auditors for assurance engagements published by the International Auditing and Assurance Standards Board and intended for uniform application worldwide.

M

Mark-to-market valuation

Calculation of the fair value of financial instruments on the basis of market prices at a particular assessment date.

Multichannel business model

Dovetailing the store-based wholesale stores, whose assortments are consistently aimed at professional customers, with the delivery business and digital solutions. By combining the pick-up and delivery business, we serve the different needs of our customers in the best possible way. The online marketplace METRO MARKETS expands our delivery solution to include non-food products with a focus on the needs of HoReCa customers. The multichannel business model enables METRO to offer its customers a holistic shopping experience as a business partner.

N

Net debt

The net debt results from the balance of financial liabilities (including liabilities from leases), cash and cash equivalents plus financial investments. Financial investments include short-term bank deposits and liquid debt instruments that can be sold at short notice.

Net Promoter Score (NPS)

Key figure that measures the success and customer satisfaction of a business. A standardised customer survey provides ratings from customers that can be used to determine a comparable cross-company measured value. The net promoter score (NPS) of strategic customers (HoReCa and Traders) in METRO countries is one of the main key figures that METRO uses to measure and verify the implementation status of the sCore strategy. The NPS is determined by subtracting the percentage of detractors from the percentage of supporters.

Net working capital

The net working capital includes inventories, trade receivables and receivables due from suppliers included in the item other financial and non-financial assets. Trade liabilities are deducted from the total amount of these items.

O

Own brands

Brand products with an attractive price/performance ratio developed by a retail company and protected by trademark law. The **own brand sales share** is one of the key figures that METRO uses to measure and verify the implementation status of the sCore strategy. It shows the share of own brand sales in total sales (based on the merchandise management system) excluding the segment Others.

P

Performance share

As part of performance-related participation agreements, a performance share entitles its owner to a cash payment matching the share price.

PY

Previous year Period of 12 months that is usually cited as a reference for statements in the annual report and refers to the financial year preceding the reporting year.

R

Rating

In the financial sector, rating represents the systematic, qualitative measurement of creditworthiness. Ratings are expressed in various grades of creditworthiness. Well-known agencies that perform ratings are Standard & Poor's, Moody's and Fitch.

Return on Capital Employed (RoCE)

This key figure measures the Return on Capital Employed (RoCE = EBIT/average capital employed) in a certain period under review and allows for an assessment of the performance of the group's individual segments.

S

Sales share of regularly returning customers

This is one of the key figures that METRO uses to measure and check the implementation status of the sCore strategy. It shows the sales share of regularly returning customers out of the total strategic customers (that is, HoReCa and Traders customers) excluding the segment Others. A customer is considered to be regularly returning if they have shopped at METRO in at least 44 weeks of the last year.

sCore strategy

METRO's growth strategy, which is aligned to the year 2030. It highlights the group's exclusive focus on wholesale.

Sedex audit according to SMETA

Sedex, a data platform for transparency in the sustainability commitment of companies, provides SMETA (Sedex Members Ethical Trade Audit), one of the world's most frequently used concepts for social audits. The audit is focused on working conditions, occupational safety, environmental management and business ethics as well as respect for human rights and temporary employment.

SME services

Abbreviation for small and medium-sized enterprise services. SME services stands for METRO's strategic approach of offering customers customised solutions for the challenges of their business operations. In addition to food and non-food items, it includes professional services and digital solutions. By intertwining services and product ranges, METRO will be able to offer its customers a more comprehensive assortment and respond to their needs in a targeted manner.

Social compliance

The adherence to laws, guidelines, standards, codes and/or social conventions by which an organisation ensures socially responsible operations within its value and supply chains. The aim is to ensure the safety and health of employees and to protect their basic human and labour rights in their own company as well as among its suppliers.

Strategic customer sales share

This is one of the key figures that METRO uses to measure and check the implementation status of the sCore strategy. It shows the sales share of strategic customers (HoReCa and Traders) in total customer sales (based on the merchandise management system) excluding the Segment Others.

Sustainable Development Goals (SDGs)

Under the title 'Transforming our World: the 2030 Agenda for Sustainable Development', the United Nations formulated political goals. They are addressed to the entire international community, to companies as well as to private individuals. The agenda includes 17 main objectives that take into account all 3 dimensions of sustainability: economic, social and environmental. METRO is aware of its responsibility and readily contributes to the achievement of the goals.

T

Task Force on Climate-related Financial Disclosures (TCFD)

Task force deployed by the Financial Stability Board (FSB) in 2015 with the objective of consistently disclosing climate-related financial risks in order to provide different stakeholders with consistent information. The task force's recommendations are intended to help companies customise their climate-related risk reporting to the needs of investors. Information is published on a voluntary basis.

Total shareholder return (TSR)

A key figure that is used to assess the performance of equity investments. It accounts for investment income and dividends.

Traders

The term 'Traders' at METRO refers to the customer group of independent resellers such as operators of small grocery stores and kiosks, street food vendors, gas stations and wholesalers. Traders are one of METRO's core customer groups and are among the strategic customers under the sCore growth strategy.

Transformation costs

Non-recurring expenses related to the focus on the wholesale business and the restructuring measures resulting from this realignment as well as with the closure of individual national subsidiaries. Such expenses are presented separately in the financial reporting as transformation costs.

W

Weighted average cost of capital (WACC)

The WACC results from the weighted average of the cost rate for equity and borrowing, in each case based on a capital market-based derivation. The weighting is based on the equity and borrowing components of METRO measured at market prices.

FINANCIAL CALENDAR 2022/23

8 February 2023

Quarterly statement Q1 2022/23

24 February 2023

Annual General Meeting 2023

11 May 2023

Half-year financial report H1/Q2 2022/23

10 August 2023

Quarterly statement 9M/Q3 2022/23

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MORNINGSTAR SUSTAINALYTICS

Bloomberg Gender-Equality Index 2022

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