# ANNUAL REPORT 2020/21

Consolidated financial statements of METRO AG

# LET'S DO THIS!

METRO

## METRO IN FIGURES

| € million | | 2019/20 | **2020/21** | Change in % |
|---|---|---|---|---|
| **Key financial figures for continuing operations** | | | | |
| Like-for-like sales development | % | −3.9 | **−0.4** | – |
| Sales development in local currency | % | −4.0 | **0.0** | – |
| Sales (net) | | 25,632 | **24,765** | −3.4 |
| Adjusted EBITDA | | 1,158 | **1,171** | 1.1 |
| Transformation costs | | 47 | **65** | 39.3 |
| Earnings contributions from real estate transactions | | 3 | **60** | – |
| EBITDA | | 1,113 | **1,166** | 4.7 |
| EBIT | | 257 | **197** | −23.5 |
| EBT (earnings before taxes) | | −32 | **40** | – |
| Profit or loss for the period[1] | | −146 | **−56** | 61.8 |
| Earnings per share (basic = diluted) | € | −0.40 | **−0.15** | 61.8 |
| Dividend per ordinary share[2] | | 0.70 | **0.00** | −100.0 |
| Dividend per preference share[2] | | 0.70 | **0.00** | −100.0 |
| Cash flow from operating activities | | 646 | **1,237** | 91.5 |
| Investments | | 627 | **764** | 21.8 |
| Net debt | | 3,771 | **3,466** | −8.1 |
| Employees (annual average by headcount) | | 97,639 | **95,141** | −2.6 |

[1] Attributable to METRO shareholders.

[2] The dividend per share relates to both continuing and discontinued operations.

# CONTENTS

## LET'S DO THIS!

In many areas of society, the pandemic has acted as a burning glass: strengths have become just as apparent as the challenges that we still face. This is true at METRO, too. The past year has bound us together even more strongly than before. Our guiding theme, #newgether, stood for the spirit of this new togetherness. Now we look ahead – to a time of new opportunities and solutions, full of confidence and the thrill of anticipation. It's time to tackle the job at hand. Let's do this!



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 SHARE-HOLDERS

# LETTER TO THE SHAREHOLDERS

Dear Ladies and Gentlemen,

The past financial year was unusual and challenging in many ways. After our successful portfolio transformation during the previous years back to being a pure wholesaler, we focused in financial year 2020/21 on strengthening the operational wholesale business. The Covid-19 pandemic presented our customers and us with challenges, but also provided us with new opportunities. We used the time wisely to refine our wholesale profile and streamline our business to be even more aligned with the needs of our customers. We are focusing on expanding the multichannel approach with the synergistic combination of wholesale and delivery. We are also continuing to develop digital tools to support hospitality customers. In collaboration with our customers, we have done everything we can to emerge from the pandemic stronger. I am convinced that we have succeeded in this effort. It will serve as the foundation for our growth course in the coming years. The strategy for this is currently being developed with energy and commitment at METRO and will be presented at the Capital Markets Day on 26 January 2022.


## Investing in future growth during the pandemic

In addition to taking protective measures for our employees and customers in the beginning of the Covid-19 pandemic, we immediately took appropriate steps to support our customers in an environment burdened by significant restrictions and, as much as possible, to operate our business without constraints. Our multichannel approach was a clear advantage in this regard. The flexibility of our wholesale stores (for example, no minimum order quantity, no lead time on orders) became increasingly important to customers during the lockdowns. The store-based part of our business moved more and more into the centre of attention. METRO's motivated teams quickly adapted to the new circumstances. Ensuring the highest possible product availability was one of the top priorities. The delivery business, with traditionally larger order volumes, was able to recover quickly after significant temporary losses.

Investments in digitalisation, the multichannel approach and proximity to customers resulted in increased trust and customer retention. We have refined and expanded the combination of our store-based business and Food Service Distribution (FSD). We now deliver out-of-store from 563 stores and 67 dedicated depots. In financial year 2020/21, we expanded out-of-store delivery by 10 stores and opened a new depot in Rome. We expanded our store network by 3 stores to 681. Rest assured that we will continue to grow and expand our network in the coming years.

With 4 acquisitions in the hospitality sector since calendar year 2020 (Filpromer in France, Aviludo in Portugal, Davigel in Spain and C & C Abholgroßmärkte [AGM] in Austria [under competition law review]), we increased the range of services we offer to our customers and further extended our reach – in both our store-based and delivery business. As a result of these transactions, we are offering real added value in products and services and further strengthening our wholesale position in Western Europe. At the same time, we decided to exit the operational business in Japan and Myanmar due to a lack of growth prospects.

We have also invested more in the expansion and excellence of our sales force. The team now consists of 6,385 employees (2019/20: 6,251) and will continue to grow. We have intensified our contact with our customers and kept it active even during the toughest lockdown periods. The entire sales force was available to offer advice and support to restaurateurs and Traders, from setting up ordering websites to advising on formal applications for government support.

All the hard work was rewarded by our customers in financial year 2020/21:

- **More new customers:** around 250,000 new HoReCa customers (gross) added
- **Very good sales recovery across all channels in the second half of the year:** positive growth in wholesale stores (+4.7%) and the delivery business (+47%); with a sales share of 19%, the delivery business was already back to pre-pandemic levels
- **Hospitality Digital on track for success:** 15,000 new customers use digital solutions
- **Several all-time sales records in individual months:**
  - France, Germany, Netherlands and Russia achieved the highest FSD sales ever
  - Poland and Croatia achieved the highest HoReCa sales ever
  - Turkey and Ukraine recorded the highest number of buying customers in the FSD business
- **Further franchise expansion:** METRO Slovakia opened its 673rd franchise store, METRO Romania surpassed 1,609 franchise stores
- **Strong development above HoReCa market level:** outperformance in important HoReCa markets in Germany, Spain, Italy and France as well as in Russia

## Strong business development especially in the second half of the financial year

Thanks to intensified customer relationships and investments in the expansion and digitalisation of the business model, the group enjoyed an above-average benefit from the recovery of the hospitality industry upon the easing of government restrictions. In financial year 2020/21, we achieved the following targets:

- **Sales and EBITDA** at the upper end of the outlook range
  - **Sales development** in local currency at previous year's level (0.0%) or −0.4% adjusted for initial consolidations[1]. Like-for-like sales decreased slightly by −0.4%. (Outlook: −0.5% to −3.5%)
  - **Adjusted EBITDA** reached €1,171 million (2019/20: €1,158 million). Adjusted for currency effects (outlook view), EBITDA adjusted increased by €65 million excluding Aviludo and Davigel Spain compared to the same period last year (Outlook: €+50 million to €−75 million compared to the previous year)
- **Multichannel focus proved successful:** strong recovery in Western Europe, combination of sales channels with wholesale stores, delivery business and digitalisation
- **Earnings per share:** reported earnings per share (EPS) are €−0.15 (2019/20: €−0.40)

In line with METRO's dividend policy (payout ratio of 45% to 55% of EPS), there are no planned dividend distributions in financial year 2020/21 for ordinary shares or preference shares. Last year, the Management Board and the Supervisory Board had proposed a dividend of €0.70 to the Annual General Meeting despite a negative EPS in continuing operations, since the reported EPS including discontinued operations actually amounted to €1.27 due to the positive transaction proceeds (sale of majority stake in METRO China and the Real hypermarket business). Since no significant transaction proceeds were received this year and the ongoing Covid-19 pandemic continues to cause uncertainties, the Management Board and the Supervisory Board consider this proposal to be appropriate.

## Carbon neutrality as an important corporate goal

We are food experts with more than 55 years of experience. Climate change and its consequences pose risks for all companies – but especially for those whose business model is based on natural resources. As an international wholesaler with millions of customers in the hospitality industry and retail sectors, we have a great deal of leverage to initiate sustainable change – not only for ourselves, but also for our customers and partners. We can contribute to a more sustainable value chain with a resource-friendly business operations and more efficient processes. To lead by example, we tightened our existing climate target in July 2021 and now aim to become carbon neutral by 2040 in our global business operations mainly through own initiatives (with the exception of logistics, which will be managed in a separate target). To achieve this goal, we will invest around €1.5 billion in technology and innovation.

[1] Outlook view: constant portfolio, adjusted for initial consolidation of the Aviludo Group and Davigel Spain.

## Outlook

The Management Board expects a total sales growth of 3% to 7% (2020/21: 0.0% with Japan and Myanmar, 0.1% without Japan and Myanmar) for financial year 2021/22, hence reaching the pre-pandemic level[2]. The HoReCa business is expected to be the main growth driver, especially due to high momentum in delivery. All segments will contribute to the growth. For Western Europe (excl. Germany), a significantly overproportionate growth is expected. Germany is expected to grow below the group range, also due to the reduction of the tobacco business.

The Management Board further expects an EBITDA adjusted on the level of the past financial year 2020/21 (€1,187 million without Japan and Myanmar). For Western Europe (excl. Germany), a significant growth is expected. The segment Others was supported by one-time effects in the mid double-digit million euro range in financial year 2020/21. Due to this and further digitalisation efforts, it will therefore be noticeably below the level of the previous year.

The outlook is based on the assumption of stable exchange rates and no further adjustments to the portfolio.

## Time for growth – let’s do this

Dear shareholders, I would like to take this opportunity to thank you very much for your continued trust and support, even in challenging times. Our employees supported our customers with tremendous energy, effort and dedication in this unique situation. Therefore, my particular gratitude and appreciation go out to the strong METRO team. In my first 8 months as CEO I have visited almost all METRO countries to get an up-close, detailed picture of the operational business and talked to many employees and customers. METRO continues to develop and drive its strategy forward with great energy. After long years of portfolio transformation and restrictions due to the pandemic, we have returned to our roots: wholesale. Now is the time for growth. Join us on an exciting and promising journey: Let’s do this.

Yours truly,

**Dr Steffen Greubel**
**Chairman of the Management Board of METRO AG**

[2] On a comparable, operational level

# THE MANAGEMENT BOARD

## DR STEFFEN GREUBEL

### Chairman of the Management Board

**Areas of responsibility**
Corporate Communications, Corporate Office, Corporate Public Policy, Global Branding & Activation, Global Digital Business Lead, M&A | Legal & Compliance, Strategy | Investor Relations, Hospitality Digital, METRO MARKETS.

**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 Business Services, Group Internal Audit, METRO DIGITAL, METRO Insurance Broker, MIAG, METRO LOGISTICS, METRO PROPERTIES.

**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 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 and previously held the position of Group Director Strategy, Business Innovation and M&A at the former METRO AG (now: CECONOMY AG). Christian Baier joined METRO Cash & Carry Germany (now METRO Germany) as a member of the Management Board/Head of Finance and Administration – C+C Schaper – in 2011. After graduating with an MBA degree from New York University, he worked at the financial investment firm Permira and at various banks.

# ANDREA EUENHEIM

## Chief Human Resources Officer and Labour Director

**Areas of responsibility**
Corporate Responsibility, International HR Business Partner, Global HR Communications, Global HR Transformation and Compensation & Benefits, Global Diversity & Inclusion, Global Employer Branding, Talent Acquisition & Onboarding, Global HR Operations & Services, Global Talent Management, HR for Technology, METRO Campus Services.

**Profile**
Andrea Euenheim was appointed member of the Management Board and Labour Director of METRO AG on 1 November 2019 for a term ending on 31 October 2022. Prior to that, she worked at Amazon in Seattle, USA, from October 2015, initially as HR Director of Global Consumer Products and since the end of 2017 as HR Director of Global Expansion, Mergers and Acquisitions (M&A). Before moving to the US, Andrea Euenheim was responsible for HR management at Amazon Europe since 2007, primarily overseeing Germany, Italy, Spain and France. From 2001 to 2007, she worked for General Electric, where her last position was Head of Human Resources for Germany, Austria and Switzerland at GE Commercial Finance, Fleet Services. Andrea Euenheim completed her master's degree in linguistics, sociology, psychology and business administration at the University of Passau.

# RAFAEL GASSET

## Chief Operating Officer (Convenience Cluster)

**Areas of responsibility**
Global Procurement (Business Transformation, Global Business & Supplier Management, Global Non-Food & Food Sourcing incl. Own Brand Management, Global Quality Assurance Management, Master Data, Offer Methods and Processes, Supply Chain Management), NX-Food, Retail Franchise, Trader Digital, METRO SOURCING International.

METRO national subsidiary responsibilities: Bulgaria, China, Croatia, Hungary, India, Japan[3], Kazakhstan, Moldova, Myanmar[4], Pakistan, Poland, Romania, Russia, Serbia, Turkey, Ukraine and 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 2023. Together with Christian Baier, he was (interim) Co-Chairman 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.

# ERIC POIRIER

## Chief Operating Officer (Hospitality Cluster)

**Areas of responsibility**
Customer Experience, Food Service Distribution, Sales Force, SME Services, Store Excellence & Pricing, METRO ADVERTISING, METRO Financial Services.

METRO national subsidiary and organisational responsibilities: Austria, Belgium, Classic Fine Foods, Czech Republic, Germany (incl. Rungis Express), France (incl. Pro à Pro), Italy, Netherlands, Portugal (incl. Aviludo), Slovakia and Spain (incl. Davigel).

**Profile**
Eric Poirier was appointed member of the Management Board of METRO AG on 1 April 2020 for a term ending on 31 March 2023. From 1 July 2018 to 31 March 2020, he held the position of Operating Partner with responsibility for subsidiaries in France including Pro à Pro, Italy, Spain and Portugal. Previously, he was the Chief Executive Officer at MAKRO Poland and held various positions at METRO national subsidiaries.

[3] METRO Japan and METRO Myanmar: Country exit at the beginning of financial year 2021/22
[4] METRO Japan and METRO Myanmar: Country exit at the beginning of financial year 2021/22

# REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

Following the transformation into a pure wholesaler, a new phase of the company began for METRO in financial year 2020/21. This turning point also brought a change in METRO's management. Effective 1 May 2021, Dr Steffen Greubel succeeded Olaf Koch, who left our company after 9 years as CEO and was given a farewell with great thanks for his work. In Dr Steffen Greubel, the Supervisory Board believes it has found the right person to streamline the development of METRO with a focus on growth.

Financial year 2020/21 was again dominated by the Covid-19 pandemic. Our HoReCa customers in particular once again had to cope with considerable cutbacks, including the complete closure of their business. METRO actively supported them in this very difficult phase. For the company, too, the pandemic again had a significant impact on results. The fact that METRO was nevertheless able to achieve satisfactory results overall was only possible thanks to the enormous contribution of our employees, who worked under pandemic-related restrictions in our stores and all other areas of our company. As the Supervisory Board, we would like to express our special thanks to the entire team and the Management Board for their unwavering commitment.

**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 Company – Supervisory Board.**

It is our hope that we can now all soon return to a near-normality situation, and that we can also all return to our workplaces to support METRO with all our strength in its growth ambition. Besides the right strategy, this requires more customer focus throughout the company and better, faster and simpler implementation of ideas, and thus more entrepreneurial daring overall. I look forward to tackling these issues with your support in the future.

## Advice and supervision in consultation with the Management Board

In financial year 2020/21, 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 of METRO attended meetings to address particular agenda items.

As the Chairman of the Supervisory Board, I also worked closely with the Chief Executive Officer and the Chief Financial Officer outside of meetings and regularly exchanged information and ideas with regard to key issues and pending decisions. During the interim period between the departure of Olaf Koch and the arrival of Dr Steffen Greubel, I also had frequent discussions with Christian Baier and Rafael Gasset in their function as Co-CEOs. I was also 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 9 meetings in financial year 2020/21, with 2 meetings convened as extraordinary meetings. The average attendance rate at meetings of the Supervisory Board and its committees in financial year 2020/21 was 92%. An individualised overview of the participation of each member of the Supervisory Board in office in financial year 2020/21 in the meetings of the Supervisory Board and its committees is contained in the section 'Individual attendance at meetings' of this report. Moreover, 2 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.

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

At the end of the Annual General Meeting of METRO AG on 19 February 2021, the terms of office for Herbert Bolliger, Peter Küpfer and myself officially ended. By election of the Annual General Meeting, I entered a new term of office on the same day. Subsequent to the Annual General Meeting, the members of the Supervisory Board of METRO AG re-elected me as Chairman of the Board. Roman Šilha and Stefan Tieben succeeded Herbert Bolliger and Peter Küpfer as new members of the Supervisory Board by appointment by the Annual General Meeting.

Olaf Koch left the Management Board of METRO AG with effect from 31 December 2020. After an interim phase managed by the Co-CEOs, Dr. Steffen Greubel succeeded Olaf Koch as CEO on 1 May 2021.

## Key issues covered by Supervisory Board meetings

**October 2020 –** In an extraordinary meeting, the Supervisory Board passed a resolution on the submission and publication of a joint reasoned statement by the Management Board and the Supervisory Board pursuant to § 27 of the German Securities Acquisition and Takeover Act (WpÜG) on the voluntary public takeover offer of EP Global Commerce GmbH dated 1 October 2020. After a thorough review, the Supervisory Board and the Management Board jointly recommended to the METRO shareholders not to accept the takeover offer of EP Global Commerce, as both boards were of the opinion that the proposed consideration significantly undervalues METRO AG.

**November 2020 –** At the November meeting, the members of the Supervisory Board first received an update on the takeover process. The Management Board presented information on the current business development and provided updates on the status of the 2 major transformation and efficiency programmes at METRO LOGISTICS Germany GmbH and METRO-NOM GmbH/METRO DIGITAL GmbH. It was followed by information from Andrea Euenheim about changes in top management and her report on the human resources strategy, in which she presented the development and promotion concepts at METRO, among other things. Furthermore, information on the sustainability initiatives at METRO was provided. The Supervisory Board also dealt with Management Board remuneration and passed a resolution on the individual performance factors of the Short-Term Incentive (STI) 2019/20 and on the amount of the variable remuneration components to be granted for financial year 2019/20. Another resolution was passed on the declaration on corporate management 2019/20. The Supervisory Board also dealt with the governance functions in the group (internal control systems, risk management system, internal audit and compliance). Finally, we dealt with the status of the search for a successor to Olaf Koch and discussed possible interim solutions until the appointment of a new CEO. Subsequent to the meeting, by way of a resolution adopted outside of a meeting, we appointed board members Christian Baier and Rafael Gasset jointly as Co-Chairmen of the Management Board for the period from 1 January 2021 until the appointment of a successor to Olaf Koch in the CEO position takes effect.

**December 2020 –** The focus of the balance sheet meeting was on the review of the annual financial statements, the consolidated financial statements and the combined management report for 2019/20. Those documents included the reporting on the non-financial statement for METRO AG and the group, the associated audit reports and the proposal for the appropriation of profits. Moreover, it involved a resolution on the approving acknowledgement or approval of the annual financial statement documents and audit reports and the proposal for the appropriation of profits. The Supervisory Board also dealt with personnel matters of the Management Board, focusing in particular on the CEO search, and adopted the Management Board's schedule of responsibilities with effect from 1 January 2021. Other topics included updates on the transformation programmes and information on a project, which aims to partially renew and standardise the financial reporting system. It was followed by resolutions on the report of Supervisory Board 2019/20 and on the proposed resolutions for the Annual General Meeting of METRO AG on 19 February 2021.

**February 2021 –** In an extraordinary meeting, the Supervisory Board appointed Dr Steffen Greubel as a member of the Management Board and as Chairman of the Management Board of

METRO AG with effect from 1 May 2021 for a period of 3 years. The Supervisory Board also approved the conclusion of his employment contract. In our ordinary February meeting, we passed resolutions on early and long-term lease extensions for 6 store locations operated by METRO Germany. In addition, we approved investments for the implementation of technical standards and the conclusion of a service contract with an implementation partner.

Subject to the election of the auditor by the Annual General Meeting 2021, we resolved on the audit assignments for the annual and consolidated financial statements for 2020/21 as well as the audit review of the condensed financial statements and interim management report of the first half of financial year 2020/21. Furthermore, as a precautionary measure, we passed a resolution to authorise a law firm, in particular with regard to potential actions for rescission or nullity against resolutions of the 2021 Annual General Meeting.

The terms of office of Herbert Bolliger, Peter Küpfer and myself ended with the conclusion of the virtually conducted Annual General Meeting 2021. At the Annual General Meeting, I was re-elected and Roman Šilha and Stefan Tieben were appointed new members of the Supervisory Board. After the Annual General Meeting 2021, the members of the Supervisory Board – in this composition – re-elected me as their Chairman in a written procedure and decided on changes in the composition of the committees.

**May 2021 –** Besides reporting on the current business development, we discussed an overview of the development of the Food Service Distribution (FSD) business and with the global management of the FSD activities. We received information on the planned development of the METRO Campus in Düsseldorf. The development at the Campus is potentially not intended as a purely residential location, but rather as a lively neighbourhood development, for which an urban planning competition is being conducted in close coordination with the City of Düsseldorf. We passed a resolution on adapting the schedule of responsibilities for the Management Board as of May 2021. Furthermore, we made decisions on remuneration-related topics for the members of the Management Board, including an adjustment of the financial performance targets for the STI 2020/21. This was done in light of the fact that the sales and earnings development was significantly more impaired by the restrictions caused by the Covid-19 pandemic than initially assumed in the budget planning. As a result of this adjustment, we also decided to update the declaration of conformity of the Management Board and the Supervisory Board with the recommendations of the German Corporate Governance Code in accordance with § 161 of the German Stock Corporation Act (AktG). Next we received an update on the topic of leadership at METRO, which also included succession planning for the respective executive responsibilities.

**June 2021 –** The strategy process was first initiated by a survey addressed to the members of the Supervisory Board, which allowed us to assess the priorities of the issues important to us. Based on this, the strategy meeting was prepared through workshops of the shareholder and employee benches. In the meeting on 29 June 2021, the Management Board and the Supervisory Board then focused their discussion on the basic strategic direction. They also consulted on key topics of strategic development and identified important growth levers for METRO.

**July 2021 –** As part of reporting on the current business development, we received an update on the strategy process, focusing on the next steps to validate the growth levers, reinforce them with initiatives, and develop a roll-out programme. We made decisions on lease agreement extensions of 43 store locations in France and approved the acquisition of an Austrian wholesale company. The agreement concluded by METRO in this context at the beginning of September included, inter alia subject to merger control clearance in Austria, the acquisition of C&C Abholgroßmärkte GmbH (AGM) with 9 selected AGM stores and, in some cases, associated properties, the AGM head office as well as the associated employees. This transaction shall enforce the competence and positioning of METRO Austria in the hospitality wholesale sector.

Furthermore, the Management Board informed us about the consideration of a possible market exit in Japan. As a result, we approved the disposal of the Japanese properties linked to a potential discontinuation of METRO Cash & Carry Japan K.K.'s business activities, thus paving the way for the Management Board to conduct a fundamental analysis of alternative options. Subsequently, the Management Board resolved, that as a result of the ongoing review of the national subsidiary portfolio, it intends to start the market exit process in Japan and terminate business operations in Japan with all 10 stores and the delivery business by the end of October 2021. The meeting was followed by a regulatory briefing with particular focus on the implications of the Financial Market Integrity Strengthening Act (FISG) on auditing and corporate governance. Building on this information, we decided as part of a principle decision that participation of members of the Management Board of METRO AG within the setting of the Supervisory Board meetings is also required for agenda items for which the auditor is called in as an expert. Following the meeting, there was an opportunity for the Supervisory Board members to participate in an internal training programme featuring a presentation by the CEO of MAKRO Poland, Dominik Branny, on insights into the country, the current business and the potential for the future.

**September 2021 –** The focus of this meeting was to continue the work on the strategy process as well as the approval of the budget planning for 2021/22 and subsequent years. We received information on the METRO own-brand portfolio. Andrea Euenheim provided information on HR initiatives. We passed resolutions on Management Board remuneration matters. We reviewed the company's corporate governance by adopting resolutions on the confirmation or adjustment of the diversity concept for the Management Board and the Supervisory Board and on the declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG). We also approved a potential full or partial disposal of the minority stake in METRO China held by METRO and had the possible options explained to us. Based on the recommendation of the Audit Committee, we awarded another contract to auditing firm KPMG, which included the audit of the dependent company report 2020/21. Moreover, we were informed about tax aspects relating to Supervisory Board remuneration.

## Work in the committees

For the purpose of effectively performing its duties, the Supervisory Board has 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 and comprehensively with regard to the work in the committees. Guests such as managers from the responsible departments 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 5 meetings in financial year 2020/21; 2 meetings were convened as an extraordinary meeting. In February 2021, the Presidential Committee was expanded and since then has consisted of the following 6 members (as of 30 September 2021): 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 2020/21 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 Chairman of the Management Board, which was ultimately finalised with the resolution to appoint Dr Steffen Greubel. 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). As regular topics of discussion in the committee, long-term succession planning and the continuous development of talent management were discussed.

**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 quality of the audit and any additional services provided by the auditor) as well as compliance. Details of the Audit Committee's deliberations and resolutions can be found in the separate Report of the Audit Committee ▸ page 20.

The Audit Committee consists of the following members (as of 30 September 2021): Prof. Dr Edgar Ernst (Chairman), Xaver Schiller (Vice Chairman), Marco Arcelli, Stefanie Blaser, Michael Heider and Dr Fredy Raas.

**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 2020/21, a total of 3 committee meetings were held, with 1 meeting convened as an extraordinary meeting, for the purpose of preparing election proposals to the Annual General Meeting for 2021 and 2022. The following members are part of the Nomination Committee (as of 30 September 2021): Jürgen Steinemann (Chairman), Gwyn Burr, Roman Šilha.

**Mediation Committee –** In financial year 2020/21, 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 of 30 September 2021): Jürgen Steinemann (Chairman), Xaver Schiller (Vice Chairman), Thomas Dommel, Prof. Dr Edgar Ernst.

**Takeover Committee –** In connection with the voluntary takeover offer by EP Global Commerce GmbH, which was announced on 13 September 2020 and published on 1 October 2020, the Supervisory Board also established a Takeover Committee with equal representation. The task of the Takeover Committee was to continuously deal with the takeover process and prepare all requisite or expedient tasks and decisions of the Supervisory Board. During the reporting period, the Takeover Committee convened 4 times, primarily to prepare the review of the voluntary takeover offer and the reasoned statement pursuant to § 27 of the German Securities Acquisition and Takeover Act (WpÜG). The members of the Takeover Committee were Jürgen Steinemann (Chairman), Stefanie Blaser, Prof. Dr Edgar Ernst, Michael Heider, Xaver Schiller and Alexandra Soto.

## Individual attendance at meetings

In light of the Covid-19 pandemic, the option of participating via telephone or video conference in Supervisory Board and committee meetings was used more often. However, as the Supervisory Board, we see great added value in face-to-face communication, especially since it stimulates discussion. Therefore, as soon as the public constraints to contain the pandemic allowed it again, we initially held hybrid meetings, followed by in-person meetings in July and September 2021. Attendance of members of the Supervisory Board in office in financial year 2020/21 at meetings is disclosed in the following. Only those meetings that took place during the respective membership of the Supervisory Board or committee are listed.

| **Supervisory Board** | **Supervisory Board** | **Presidential Committee** | **Audit Committee** | **Nomination Committee** | **Takeover Committee** | **Total (in %)** |
|---|---|---|---|---|---|---|
| Jürgen Steinemann (Chairman) | 9/9 | 5/5 | 6/6 (Guest) | 3/3 | 3/4 | 96 |
| Xaver Schiller (Vice Chairman) | 9/9 | 5/5 | 6/6 | – | 4/4 | 100 |
| Marco Arcelli | 8/9 | – | 6/6 | – | – | 93 |
| Stefanie Blaser | 9/9 | – | 6/6 | – | – | 100 |
| Herbert Bolliger, until 19/2/2021 | 5/5 | – | – | – | – | 100 |
| Gwyn Burr | 9/9 | – | – | 3/3 | – | 100 |
| Thomas Dommel | 9/9 | 5/5 | – | – | 4/4 | 100 |
| Prof. Dr Edgar Ernst | 7/9 | 5/5 | 6/6 | – | 4/4 | 92 |
| Michael Heider | 9/9 | – | 6/6 | – | – | 100 |
| Udo Höfer | 9/9 | – | – | – | – | 100 |
| Peter Küpfer, until 19/2/2021 | – | – | – | – | – | 100 |
| Rosalinde Lax | 9/9 | – | – | – | – | 100 |
| Dr Fredy Raas | 9/9 | – | 5/6 | – | – | 93 |
| Roman Šilha, since 19/2/2021 | 4/4 | 2/2 | – | 1/1 | – | 100 |
| Eva-Lotta Sjöstedt | 7/9 | – | – | – | – | 77 |
| Dr Liliana Solomon | 9/9 | – | – | – | – | 100 |
| Alexandra Soto | 9/9 | – | – | – | 4/4 | 100 |
| Stefan Tieben, since 19/2/2021 | 4/4 | – | – | – | – | 100 |
| Manuela Wetzko | 9/9 | 2/2 | – | – | – | 100 |
| Angelika Will | 9/9 | – | – | – | – | 100 |
| Manfred Wirsch | 6/9 | – | – | – | – | 67 |
| Silke Zimmer | 9/9 | – | – | – | – | 100 |
| **Attendance rate (total)** | | | | | | **92** |

## 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 2021, 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) and published the declaration of conformity on the website www.metroag.de/en in the section Company – 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 Company – Corporate Governance. During the reporting period, the 2019/20 declaration of conformity was also updated in May 2021.

Due to the ongoing Covid-19 pandemic, the training and development programme for the members of the Supervisory Board had to be significantly reduced. New members of the Supervisory Board had the option to be comprehensively introduced to the company's business activities as part of a virtual onboarding programme.

The members of the Supervisory Board are required to disclose any conflicts of interest without delay. Member of the Supervisory Board Marco Arcelli did not participate in the deliberations in October and November 2020 or resolutions of the Supervisory Board of METRO AG in connection with the voluntary takeover offer of EP Global Commerce GmbH announced on 13 September 2020 and published on 1 October 2020, or in the associated flow of information. The background here is that Marco Arcelli is simultaneously holding the position as CEO of EP Global Commerce a.s., the parent company of EP Global Commerce GmbH, and thus a person acting jointly with the latter as defined in § 2 Section 5 of the German Securities Acquisition and Takeover Act (WpÜG).

No further conflicts of interest arose in financial year 2020/21.

## Annual and consolidated financial statements, report on relationships with affiliated companies 2020/21

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 2020/21 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 2020/21. 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 13 December 2021 and in the Supervisory Board meeting on 14 December 2021 in the presence of the auditor. The required documents were distributed to all members of the Audit Committee as well as the Supervisory Board in due time prior to these meetings. In both 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 also 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 2020/21, 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 2020/21. Following a careful own review and consideration of the interests involved, we approved the Management Board's proposal to the Annual General Meeting 2022 for the appropriation of the balance sheet profit.

Düsseldorf, 14. December 2021

The Supervisory Board

Jürgen Steinemann
Chairman of the Supervisory Board

— **Information about the members of the Supervisory Board can be found on the website** www.metroag.de/en **in the section Company – Supervisory Board.**

# REPORT OF THE AUDIT COMMITTEE

The focus on the Audit Committee's performance of its duties is steadily increasing. To reflect this increased attention, as Chairman of the Audit Committee of METRO AG, I would like to review financial year 2020/21, which was again marked by the effects of the Covid-19 pandemic, from the perspective of the committee and report on the tasks and activities of the corporate body.

**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, Prof. Dr Ernst has been an honorary professor at the WHU – Otto Beisheim School of Management. He has been President of the German Financial Reporting Enforcement Panel (FREP) since 2011 and will remain in that position 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.

- **More information about the other members of the Supervisory Board can be found on the website** www.metroag.de/en **in the section Company – 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 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 Company – 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 2021): Prof. Dr Edgar Ernst (Chairman), Xaver Schiller (Vice Chairman), Marco Arcelli, Stefanie Blaser, Michael Heider and Dr Fredy Raas. As Chairman of the Audit Committee, I fulfil the requirements for assuming the chair according to recommendations of the German Corporate Governance Code and the diversity concept for the Supervisory Board of METRO AG, according to which the Chairman of the Audit Committee should be independent. In other words, I am not affiliated with the company and its Management Board or a controlling shareholder. Moreover, the Chairman of the Audit committee must have special expertise and experience in the application of accounting principles and internal control procedures. Naturally, he must also be familiar with auditing of financial statements. The Audit Committee already meets the new stock corporation law requirement that at least one committee member also has expertise in the field of accounting and at least one other committee member has expertise in the field of auditing.

The Audit Committee held a total of 6 meetings in financial year 2020/21. 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 separate reporting telephone calls concerning the business development with the Chairman of the Management Board and the Chief Financial Officer between the scheduled meetings.

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 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 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 2020 –** The committee was briefed on the status of the annual financial statement progress. We focused on the effectiveness and functioning of the group’s governance functions (internal control systems, risk management system, internal audit and compliance). It was followed by an update on the group tax planning. We were also updated about a project aimed at improving and digitalising the internal financial reporting systems.

**December 2020 –** The Audit Committee routinely prepared the meeting of the Supervisory Board in December and reviewed the annual and consolidated financial statements for financial year 2019/20, the combined management report of METRO AG and the group for financial year 2019/20 as well as the combined non-financial statement contained in the combined management report. 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 2019/20 and to approve the Management Board’s proposal to the Annual General Meeting 2021 on the appropriation of the balance sheet profit. The Audit Committee also decided on passing on a recommendation to the Supervisory Board or the Annual General Meeting 2021 to elect KPMG AG Wirtschaftsprüfungsgesellschaft as auditors for financial year 2020/21. Furthermore, the Management Board provided information about awarding of donations.

**February 2021 –** The meeting was focused on the quarterly statement Q1 2020/21. Furthermore, we were updated about utilisation of the financing framework. We passed a resolution on a recommendation to the Supervisory Board to appoint the auditor for financial year 2020/21, which included the following tasks: the audit of the annual financial statements and the consolidated financial statements of METRO AG as of 30 September 2021 as well as the combined management report for METRO AG and the group for financial year 2020/21; the audit review of the condensed interim financial report as of 31 March 2021 as well as the interim group management report for the period from 1 October 2020 to 31 March 2021; and the audit of the combined non-financial statement for financial year 2020/21 in the form of a limited assurance engagement. The Audit Committee based this decision on its discussion of the audit quality, which was particularly based on the elements of quality assurance on the part of the auditor, which included audit quality indicators and the auditor’s statement of independence. The quality of the audit was already confirmed by the Audit Committee in September 2020 as part of the Audit Committee’s self-assessment and rated as very good. As part of the recommendation for the auditor election in December 2020, no deficiencies in the audit-related services to date were identified that would argue against the election of KPMG as auditor. With regard to the internal guideline on engagements of KPMG introduced in 2017, we passed a resolution on its adaptation to current regulatory developments. In addition, we approved non-audit services provided by the auditor that exceeded the threshold for approval of a delegate as set out in the internal policy.

**May 2021 –** The focus of the meeting was the half-year financial report 2020/21. Once again, we dealt with the assessment of the audit quality of the financial statements and obtained supplementary feedback from the Accounting & Controlling department of METRO AG on individual aspects. The committee routinely obtained information about the status of the auditor’s approved non-audit services and the utilisation of the upper statutory cap. Supported by the corresponding specialist division of METRO AG, we received information on the capital market outlook of METRO. Furthermore, the meeting dealt with the key points ‘strategy/budget 2021/22’ including the investment planning as well as the half-year report on the governance functions. We were given a status overview of the introduction of the Financial Market Integrity Strengthening Act (FISG) and the significant changes to the work of the Supervisory Board that will result from enforcing it. We also received information about the group tax planning.

**July 2021 –** With the participation of the members of the Presidential Committee, we discussed the budget planning for 2021/22 and subsequent years and received an outlook on key figures relevant to remuneration. Based on the information provided by the auditor about the regulations of the Financial Market Integrity Strengthening Act (FISG), we passed a resolution on the (future) right of the Management Board to participate in audit-related agenda items of the Audit Committee meetings. Thereafter, we issued a recommendation for how this should be handled in Supervisory Board meetings. The quarterly statement Q3 2020/21 was routinely discussed. Additionally, we dealt with particularly important key audit matters and critically reviewed their definition based on the continuous development of the business and, in particular, the environment impacted by the Covid-19 pandemic. Due to new regulatory requirements, we passed a resolution on adapting the guideline on engagements of KPMG and received information about non-audit services provided by the auditor. With an update on accounting standards, we inquired about the expected effects of changes to the IFRS standards and other significant changes due to new external reporting requirements.

**September 2021 –** The resolution on the recommendation to approve the budget planning for 2021/22 and subsequent years was the focus of the meeting. Another topic was the report of the Group Internal Audit department including the internal audit planning. We also passed a resolution on a recommendation to the Supervisory Board to award another mandate to KPMG regarding the audit of the Related Parties Transaction Report 2020/21. Moreover, we participated in the meeting of the Presidential Committee to discuss the performance targets for the STI 2021/22.

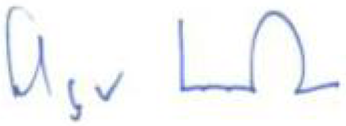
## Annual and consolidated financial statements, report on relationships with affiliated companies 2020/21

At the meeting on 13 December 2021, the Audit Committee reviewed and discussed 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 2020/21, the combined non-financial statement contained in the combined management report as well as the report on the company's relationships with affiliated companies for financial year 2020/21. The auditor reported on the results of the audit and addressed the key audit matters and the accounting-related topics of their audit. 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 2021, the combined management report for METRO AG and the group for financial year 2020/21, 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 2020/21, endorse the results of the audit of the auditor and determine 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 and that the annual financial statements of METRO AG thus be adopted, and that the Management Board's proposal to the Annual General Meeting for the appropriation of the balance sheet profit be endorsed.

After challenging, intensive months, 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 2020/21.

Düsseldorf, 13. December 2021

The Audit Committee



Prof. Dr Edgar Ernst
Chairman of the Audit Committee

— **Information about the members of the Supervisory Board can be found on the website** www.metroag.de/en **in the section Company – Supervisory Board.**

# METRO SHARE

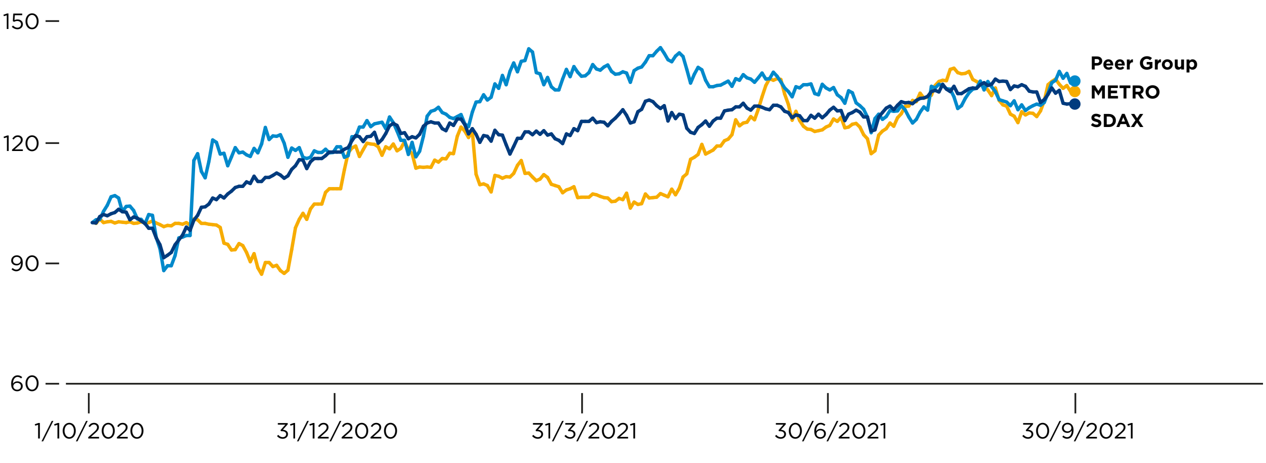
## Performance of the METRO share

For financial year 2020/21, the development of the stock markets was very volatile, partly due to the ongoing Covid-19 pandemic. After a brief recovery phase in the summer months of 2020, the stock market initially declined. Following the announcement of another lockdown, the DAX, MDAX and SDAX reached their annual lows at the end of October 2020. With 11,457 points, the SDAX recorded its annual low on 28 October 2020. However, the stock markets began to recover when the first reports of successes in vaccine development were announced in November 2020. At the end of 2020, the SDAX closed at 14,765 points. The recovery of the stock markets continued with the gradual easing of government restrictions. In the summer of 2021, the various indices temporarily reached all-time highs. The SDAX peaked on 2 September 2021 with 17,286 points and closed at 16,509 points on 30 September 2021.

These developments were also reflected in the METRO share price. Apart from the development of the Covid-19 pandemic and the recovery of the hospitality industry starting in Q3 2020/21, factors affecting the share price included the change in the shareholder structure. The investor EP Global Commerce (EPGC) increased the share of METRO voting rights to 40.60% in connection with a second voluntary public takeover offer. As a result, the free-float share decreased to 36.34%. This was the key reason for listing the METRO ordinary share in the SDAX after the regular index review by the German stock exchange (Deutsche Börse) in March 2021. Subsequently, Meridian Stiftung and the Beisheim Group also increased their stake from 23.06% to 23.94%, so that the free-float proportion decreased further to 35.46%.

On 30 September 2021, the METRO ordinary share finished with a closing price of €11.24 in Xetra trading on the Frankfurt Stock Exchange. This represents an increase of 32% over the previous year. The operational recovery is also reflected in the share price. At the end of the financial year, the price of the METRO ordinary share was only €0.98 below the pre-pandemic level (on 11 February 2020, the WHO specified Covid-19 as the name for the infectious disease). The preference share traded at €11.40 on 30 September 2021.

### DEVELOPMENT OF THE METRO ORDINARY SHARE (%)




Peer group: Bidcorp, Eurocash Group, Marr, Performance Food Group, Sligro, Sysco, US Foods

## METRO SHARE

| | | | 2019/20 | 2020/21 |
|---|---|---|---|---|
| Closing price | Ordinary share | € | 8.52 | **11.24** |
| | Preference share | € | 8.94 | **11.40** |
| High | Ordinary share | € | 15.11 | **11.74** |
| | Preference share | € | 13.45 | **12.80** |
| Low | Ordinary share | € | 6.41 | **7.40** |
| | Preference share | € | 7.70 | **8.56** |
| Dividends | Ordinary share | € | 0.70 | **0.00** |
| | Preference share | € | 0.70 | **0.00** |
| Dividend yield based on closing price | Ordinary share | % | 8.2 | **0.0** |
| | Preference share | % | 7.8 | **0.0** |
| Market capitalisation (billion) | | € | 3.1 | **4.1** |

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 |

## Shareholder structure of METRO AG

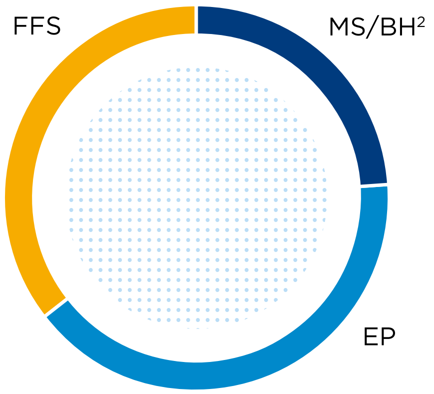
In preparing the annual financial statements, the largest (indirect) shareholders of METRO AG – based on the voting right notifications received by METRO AG in accordance with the German Securities Trading Act (WpHG) – are EP Global Commerce GmbH with 40.60% of the voting rights as well as Meridian Stiftung and the Beisheim Group, to which a total of approximately 23.94% of the voting rights are allocated in a pooling agreement. These 3 shareholders thus hold a total of 64.54% of the voting rights. In addition, CECONOMY AG holds 0.99% of the voting rights of METRO AG. Under the terms of the 2016 demerger agreement, these shares must not be sold until 1 October 2023.

- **For more information about details of the pooling agreement between Meridian Stiftung and Beisheim Holding, see chapter** 7 Takeover-related disclosures ▸ page 124 **in the combined management report.**

As of 30 September 2021, 35.46% of METRO AG shares are free-floating and 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 5/10/2021




| | | |
|---|---|---|
| **MS/BH**[2] | 23.94% | Meridian Stiftung/Beisheim Holding |
| **EP** | 40.60% | EP Global Commerce |
| **FFS** | 35.46% | Free-floating shares |
| | **100.00%** | |

[1] The information is in particular based on notifications of voting rights pursuant to the German Securities Trading Act that were received and published by METRO AG.

[2] Vote on exercising voting rights under the pooling agreement.

## Market capitalisation

The market capitalisation of METRO AG was €4.1 billion at the end of September 2021. In financial year 2020/21, a typical trading day at the Frankfurt Stock Exchange saw an average of around 670,000 of METRO's ordinary shares traded. On average, about 2,000 of the significantly fewer liquid preference shares were exchanged on each trading day.

## Dividend and dividend policy

The reported earnings per share (EPS) of continuing operations are €−0.15 (2019/20: €−0.40 for continuing operations). In line with METRO's dividend policy (payout ratio of 45% to 55% of EPS), there are no planned dividend distributions in financial year 2020/21 for ordinary shares or preference shares. Last year, the Management Board and the Supervisory Board had proposed a dividend of €0.70 to the Annual General Meeting despite a negative EPS in the continuing operations, since the reported EPS including discontinued operation actually amounted to €1.27 due to the positive transaction proceeds (sale of majority stake in METRO China and the Real hypermarket business). Since no significant transaction proceeds were received this year and the ongoing Covid-19 pandemic continues to cause uncertainties, the Management Board and the Supervisory Board consider this proposal to be appropriate.

## Analysts' recommendations

METRO's share price recovered strongly in financial year 2020/21 after the government restrictions related to the Covid-19 pandemic were lifted as well as due to the development of some countries above HoReCa market levels. The share price recovery was supported by a continuous and significant increase in analysts' target prices. 15 analysts regularly evaluated the METRO share in financial year 2020/21 and published their reports. 3 analysts recommend buying the METRO share; 10 analysts rate the METRO share as neutral in the medium to long term; 2 analysts recommend selling the share. The median value of share price targets, which usually only represent a short-term perspective for the next 6 to 12 months, was €10.40 at the end of September 2021 (end of September 2020: €8.25).

| Grade | Bank | Registered office | Share price target (€) |
|---|---|---|---|
| **Buy** | Baader Bank | Munich | 12.00 |
| | AlsterResearch | Hamburg | 16.20 |
| | Invest Securities | Paris | 12.80 |
| **Hold** | Barclays | London | 10.50 |
| | Berenberg | London | 10.00 |
| | DZ Bank | Frankfurt | 11.40 |
| | HSBC | London | 10.00 |
| | Independent Research | Frankfurt | 11.50 |
| | Jefferies | London | 8.50 |
| | LBBW | Stuttgart | 10.50 |
| | M.M.Warburg | Hamburg | 9.00 |
| | Société Générale | Paris | 10.40 |
| | J.P. Morgan | London | 11.00 |
| **Sell** | Exane | London | 7.00 |
| | BofA | London | 9.70 |

## 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) and its active involvement in the Association's activities.

### Contact Investor Relations

METRO AG
Investor Relations
Schlüterstraße 1
40235 Düsseldorf, Germany
T +49 211 6886-1280
F +49 211 6886-73-3759
**investorrelations@metro.de**
**www.investors.metroag.de/en**

# GOALS AND STRATEGY

# GOALS AND STRATEGY

## METRO

- **Clear focus:** METRO sees itself as a strong partner for professional customers, especially in the HoReCa and Traders segments.
- **Long-term strategic value drivers:** METRO relies on a sustainable, synergistic multichannel strategy with clear added customer value. The combination of wholesale stores, delivery business and digitalisation is a core element of this strategy.
- **Implementation in financial year 2020/21:** METRO invested in the expansion of multichannel elements and the intensification of customer relationships to emerge stronger from the pandemic. The business developed better in its core countries than the respective HoReCa sector as a whole.

### Clear focus

METRO is a leading international food wholesaler, operating in over 30 countries worldwide under the brands METRO, MAKRO, Aviludo, Classic Fine Foods, Davigel Spain, Pro à Pro and Rungis Express. METRO sees itself in the role as a strong partner of choice for professional customers. It pursues an attractive multichannel strategy, selling products and services through 748 wholesale stores and supply depots as well as the online marketplace METRO MARKETS.

METRO's strategy is aimed at long-term, consistent growth of sales and earnings. The wholesale business targets growing markets and attractive industry sectors that are characterised by very strong customer relationships, a high number of recurring customers, large shopping baskets and high productivity. In the long term, the industry benefits from the rising tendency to out-of-home consumtion as well as the ongoing trend towards convenience solutions.

### Strategic value drivers

- **Alignment towards professional customers:** the 2 core customer groups of METRO are HoReCa and Traders. The HoReCa section includes hotels, restaurants, bars and cafés as well as catering companies. The Traders section includes small grocery stores and kiosks. Together, HoReCa and Traders generate around 66% of sales and drive growth. By focusing on the core needs of our customers, we confirm our value proposition. METRO strives for high customer retention and maximum exploitation of customer potential.
- **Multichannel strategy:** the combination of wholesale stores and a rapidly growing delivery business supports the increase in sales with our core customer groups, as the 2 channels serve different customer needs and form a synergistic connection. To this end, METRO is investing in the increased customer focus of the wholesale stores as well as in the expansion and continuous improvement of the delivery business.

- **Digitalisation:** the digitalisation of the customer experience represents another lever for customer retention. The M-Shop ordering platform digitalises the customer ordering process. The platform is already active in 20 countries and is used by more than 40,000 customers every week. In addition, the METRO Companion app digitalises crucial customer contact points. The app enables access to the various sales channels via smartphone. Among other things, it replaces the METRO customer card when shopping at the wholesale store and offers delivery customers access to the order assortment. Currently, more than 400,000 customers use the METRO Companion app every month. Additional customer needs are addressed with the online marketplace METRO MARKETS, which is especially geared towards professional equipment for HoReCa customers. METRO MARKETS is available in Germany and Spain; additional countries are planned. METRO also supports customers in the digitalisation of their businesses, for example through DISH, an online platform for digital applications in the hospitality industry.
- **Customer retention through Traders Franchising Model:** moreover, METRO increases customer loyalty through further measures and solutions adapted to local market conditions, such as the Traders Franchising Model. METRO operates in a similar way as a franchisor with its own brand identity. It provides products and offers additional services to the participating independent grocery stores, such as training courses and assortment consultancy. The strong customer retention of the Traders franchisees is reflected in average sales that are more than 10 times higher compared to other Traders customers. In financial year 2020/21, METRO had over 8,000 customers in the Traders Franchising Model and generated more than €500 million in sales with them in Poland, Romania, Russia, Bulgaria, Croatia, Serbia, Pakistan, the Czech Republic and Slovakia.
- **Corporate sustainability:** METRO's main objectives are the promotion of environmentally and socially responsible procurement, the expansion of a responsible and innovative product range and the development of solutions to reduce food waste. In 2021, we tightened our existing climate target: By 2040, we want to make our global business operations carbon neutral, mainly through our own initiatives. Sustainability is an established part of METRO's business model as well as an indispensable part of the future strategy with focus on business ethics, resource availability, talent acquisition and retention as well as customer demand and regulation.

## Implementation in financial year 2020/21

After the successful disposal of the retail business last year, the focus was on strengthening the operational wholesale business. METRO invested in the expansion of multichannel elements and intensification of customer relationships, allowing it to emerge stronger from the pandemic.

- **Covid-19:** the regulatory restrictions related to the Covid-19 pandemic significantly restricted the hospitality industry and posed challenges for our customers. METRO has continued to operate the business without major restrictions and has supported customers in dealing with the situation. The volatility of the restrictions brought the benefits of the multichannel offer into focus for our customers, as they increasingly took advantage of the enormous flexibility offered by the wholesale stores (for example no order lead time, no minimum order quantities). METRO thus outperformed the respective HoReCa markets in the lockdown phases and during the subsequent recovery in Germany and in some other Western European countries with strong HoReCa performance. The Traders customer group, which benefits from the continuing trend towards convenience solutions, was less affected by the pandemic-related restrictions in its business operations compared to the hospitality industry.
- **Investments in the multichannel business and digitalisation:** despite the temporary decrease in the hospitality and tourism industry, METRO continued to invest in the expansion of its multichannel business (for example by opening new depots), in digitalisation (for example by introducing DISH Order, a software that allows end customers to order from restaurants) and in the expansion of its distribution structures.
- **Acquisitions strengthen delivery business, disposals tighten the profile:** the country portfolio of METRO is regularly reviewed with regard to the feasibility of a local market leadership and the attractiveness of the respective markets. Accordingly, the decision was made in financial year 2020/21 to exit the countries Japan and Myanmar. By contrast, METRO strengthened its competence and positioning in the hospitality wholesale business in Western Europe through the acquisitions of AGM in Austria (under competition law review), Aviludo in Portugal and Davigel in Spain as well as the investments in Filpromer in France.

– **For more information about sustainability at METRO, see chapter 2.3 Combined non-financial statement of METRO AG ▸ page 43 in the combined management report.**

# COMBINED MANAGEMENT REPORT

# COMBINED MANAGEMENT REPORT

## 1 OVERVIEW OF FINANCIAL YEAR 2020/21 AND OUTLOOK

From financial year 2020/21 onwards, the differentiation of reporting into continuing and discontinued operations in accordance with IFRS 5 will no longer apply, since the disposal of the majority stake in METRO China and the hypermarket business was completed in financial year 2019/20. The subsequent presentations in the reporting period therefore refer to the group units that were reported as continuing operations in the previous year.

During financial year 2020/21, the METRO portfolio was changed through smaller acquisitions and country exits that were decided and initiated:

Acquisitions:

- Davigel in Spain, initial consolidation on 1 January 2021, part of the segment METRO Western Europe (excluding Germany), €13 million sales contribution in financial year 2020/21 since consolidation
- Aviludo in Portugal, initial consolidation on 1 March 2021, part of the segment METRO Western Europe (excluding Germany), €74 million sales contribution in financial year 2020/21 since consolidation

Country exits:

- Japan: Discontinuation of the operational business at the end of October 2021, one-time negative effect of €39 million on EBITDA in Q4 2020/21 (transformation costs)
- Myanmar: Discontinuation of the operational business at the end of October 2021, one-time negative effect of €2 million on EBITDA in Q4 2020/21 (transformation costs)
- Classic Fine Foods Philippines: Discontinuation of the operational business at the end of October 2021, one-time negative effect of €4 million on EBITDA in Q4 2020/21 (transformation costs)

### Earnings position

- Sales in local currency were at the same level as the previous year (0.0%); like-for-like sales decreased by −0.4% and reported sales decreased by −3.4% to €24.8 billion
- Adjusted EBITDA was €1,171 million (2019/20: €1,158 million). Transformation costs of €65 million (2019/20: €47 million) were incurred; earnings contributions from real estate transactions reached €60 million (2019/20: €3 million). The reported EBITDA reached €1,166 million (2019/20: €1,113 million)
- The profit or loss for the period was €−45 million (2019/20: €−140 million continuing operations)
- Earnings per share: €−0.15 (2019/20: €−0.40); in financial year 2019/20 earnings per share for discontinued operations were €1.67 and included transaction proceeds

## Financial and asset position

- The net debt was reduced to €3.5 billion (30/9/2020: €3.8 billion)
- Investments amounted to €0.8 billion (2019/20: €0.6 billion)
- Cash flow from operating activities reached €1.2 billion (2019/20: €0.6 billion)
- The balance sheet total amounts to €12.8 billion (30/9/2020: €13.2 billion)
- Equity: €1.8 billion (30/9/2020: €2.0 billion)
- Long-term rating: BBB− (Standard & Poor’s)

## Outlook of METRO

The outlook is based on the assumption of stable exchange rates and no further adjustments to the portfolio (that is, without Japan and Myanmar, with Aviludo and Davigel Spain). The relevant opportunities and risks that influence the outlook are explained in the opportunities and risk report. The sales and earnings outlook depends particularly on the further development of the Covid-19 pandemic in financial year 2021/22. Temporary and limited governmental restrictions on social life, especially in H1 of financial year 2021/22, have been taken into consideration.

### Sales

The Management Board expects a total sales growth of 3% to 7% (2020/21: 0.0% with Japan and Myanmar, 0.1% without Japan and Myanmar) for financial year 2021/22, hence reaching the pre-pandemic level[5]. The HoReCa business is expected to be the main growth driver, especially due to high momentum in delivery. All segments will contribute to the growth. For Western Europe (excl. Germany), a significantly overproportionate growth is expected. Germany is expected to grow below the group range, also due to the reduction of the tobacco business.

### Earnings

The Management Board further expects an EBITDA adjusted on the level of the past financial year 2020/21 (€1,187 million without Japan and Myanmar). For Western Europe (excl. Germany), a significant growth is expected. The segment Others was supported by one-time effects in the mid double-digit million euro range in financial year 2020/21. Due to this and further digitalisation efforts, it will therefore be noticeably below the level of the previous year.

[5] On a comparable, operational level.

# 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 performs group management functions, among others in the areas of finance, controlling, legal and compliance as well as purchasing and human resources. Central management and administrative functions for METRO are anchored within METRO AG.

As a wholesaler, METRO operates globally with 681 stores in 24 countries. METRO is active with the delivery business (Food Service Distribution, FSD) in another 10 countries.[6] It includes the METRO delivery service as well as the delivery specialists Classic Fine Foods, Pro à Pro, Rungis Express, Aviludo and Davigel Spain.

HoReCa and Traders are core customer groups of METRO. The HoReCa section includes hotels, restaurants, bars and cafés as well as catering companies, canteen operators and street food retailers. 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. To this end, they are provided with sustainable solutions that offer added economic value.

The group's digitalisation activities are bundled under the Others segment. This segment also includes real estate, logistics, IT, advertising and procurement services.

### OVERVIEW OF METRO

METRO

| METRO Germany | METRO Western Europe (excl. Germany) | METRO Russia | METRO Eastern Europe (excl. Russia) | METRO Asia |
|---|---|---|---|---|

**Others**

- Hospitality Digital
- METRO MARKETS
- METRO PROPERTIES
- Other service companies

[6] As of 30 September 2021. METRO Japan, METRO Myanmar and CFF Philippines: Country exit at the beginning of financial year 2021/22.

**METRO**

As a multichannel operator, **METRO** combines a wide network of modern wholesale stores with a wide-ranging delivery service (FSD). It is an internationally leading player in this field. With its segments METRO Germany, METRO Western Europe (excluding Germany), METRO Russia, METRO Eastern Europe (excluding Russia) and METRO Asia, METRO is active in 34 countries[7]. It operates 681 wholesale stores in Europe and Asia under its brands **METRO** and **MAKRO**. Its commercial customers are mainly hotels, restaurants, catering companies, independent retailers as well as service providers and authorities. METRO offers them a portfolio of products and solutions that has been tailored to their specific requirements. In the area of **Food Service Distribution (FSD),** METRO maintains a strong presence with its **METRO delivery service** and the delivery companies **Classic Fine Foods, Pro à Pro, Rungis Express, Aviludo** and **Davigel Spain**. Classic Fine Foods is an Asian delivery company for a wide range of deli food with premium customers, mainly in Asia and the Middle East. Pro à Pro delivers products to commercial customers across France, in particular in the fields of corporate catering, canteens and system catering. Rungis Express is an important upmarket food delivery company in Germany that mainly caters to hotels, restaurants and caterers (HoReCa). As the second-largest Portuguese food supplier, Aviludo focuses on independent restaurateurs, canteens and restaurant chains. The customer base of the Spanish FSD company Davigel also primarily comprises independent restaurateurs as well as hotel chains.

**Others**

The **Others** segment 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. METRO MARKETS is further expanding its digital portfolio for independent restaurateurs with a 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. The sales and pro rata costs generated through METRO MARKETS were included in the respective operating units in the previous year, while METRO MARKETS' development activities beyond it were included in the Others segment. This allocation in the operating units was not continued in financial year 2020/21, so that all sales revenues and costs are now reflected in the Others segment. METRO PROPERTIES develops, operates and markets an international real estate portfolio. For additional business such as subletting, METRO benefits from the business unit's extensive market expertise. Thus the real estate segment makes a sustainable and significant contribution to the overall business success of METRO. Other service companies are also assigned to this segment.

[7] As of 30 September 2021. METRO Japan, METRO Myanmar and CFF Philippines: Country exit at the beginning of financial year 2021/22.

## STORE NETWORK BY COUNTRY AND SEGMENT

as of the closing date of 30/9

| | METRO | | | |
|---|---|---|---|---|
| | Stores | thereof Out-of-Store (OOS)[2] | Depots | Delivery |
| | 30/9/2021 | 30/9/2021 | 30/9/2021 | 30/9/2021 |
| **METRO Germany** | **102** | **(68)** | **7** | **FSD, Rungis Express, METRO MARKETS** |
| Belgium | 17 | (0) | 1 | FSD |
| France | 98 | (98) | 17 | FSD, CFF, Pro à Pro |
| Italy | 49 | (49) | 2 | FSD |
| Netherlands | 17 | (8) | 0 | FSD |
| Austria | 12 | (12) | 0 | FSD, Rungis Express |
| Portugal | 10 | (8) | 8[3] | FSD, Aviludo Group |
| Spain | 37 | (32) | 3 | FSD, METRO MARKETS, Davigel Spain |
| **METRO Western Europe (excl. Germany)** | **240** | **(207)** | **31** | |
| **METRO Russia** | **93** | **(80)** | **0** | **FSD** |
| Bulgaria | 11 | (9) | 1 | FSD |
| Kazakhstan | 6 | (6) | 6 | FSD |
| Croatia | 10 | (7) | 0 | FSD |
| Moldova | 3 | (1) | 0 | FSD |
| Poland | 29 | (25) | 2 | FSD |
| Romania | 30 | (25) | 0 | FSD |
| Serbia | 9 | (8) | 0 | FSD |
| Slovakia | 6 | (5) | 0 | FSD |
| Czech Republic | 13 | (13) | 0 | FSD |
| Turkey | 34 | (27) | 1 | FSD |
| Ukraine | 32 | (22) | 0 | FSD |
| Hungary | 13 | (11) | 0 | FSD |
| **METRO Eastern Europe (excl. Russia)** | **196** | **(159)** | **10** | |
| India | 30 | (30) | 0 | FSD |
| Japan[1] | 10 | (9) | 0 | FSD, CFF |
| Pakistan | 10 | (10) | 0 | FSD |
| **METRO Asia** | **50** | **(49)** | **19[4]** | |
| **Total** | **681** | **(563)** | **67** | |

| Countries without stores | | | | |
|---|---|---|---|---|
| China | 0 | 0 | 0 | CFF |
| Indonesia | 0 | 0 | 0 | CFF |
| Malaysia | 0 | 0 | 0 | CFF |
| Myanmar[1] | 0 | 0 | 0 | FSD |
| Philippines[1] | 0 | 0 | 0 | CFF |
| Switzerland | 0 | 0 | 0 | Rungis Express |
| Singapore | 0 | 0 | 0 | CFF |
| United Arab Emirates | 0 | 0 | 0 | CFF |
| United Kingdom | 0 | 0 | 0 | CFF |
| Vietnam | 0 | 0 | 0 | CFF |

FSD = Food Service Distribution, CFF = Classic Fine Foods

1 METRO Japan, METRO Myanmar and CFF Philippines: country exits at the beginning of financial year 2021/22.

2 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.

3 Depot (Aveira) temporarily closed and did not contribute to revenue in financial year 2020/21.

4 18 CFF depots + 1 Myanmar depot.

## 2.2 Management system

METRO focuses strategically on creating additional customer value for the wholesale business. The objective is to increase the company value sustainably. This principle is also reflected in our internal management system. METRO uses the key performance 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 strategy.

The first important key performance indicators for METRO are the exchange rate-adjusted sales growth and the EBITDA excluding earnings contributions from real estate transactions and transformation costs. Our management system also makes use of other significant performance indicators, which are explained in the following.

**MANAGEMENT SYSTEM**


### 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**. In financial year 2020/21, the development of like-for-like sales growth was used as the most important performance indicator in addition to total sales growth. However, since the expansion of the store-based business via new locations has become less important in recent years, the development of like-for-like sales and total sales have recently converged strongly. From financial year 2021/22 onwards, the focus will increasingly be on total sales and the variable remuneration of the Management Board will be switched from like-for-like sales growth to total sales growth adjusted for currency effects and portfolio changes. Regarding total sales growth adjusted for exchange rate and portfolio changes, the focus 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.

The second of our most important key performance indicators is **EBITDA excluding earnings contributions from real estate transactions and transformation costs,** derived from non-recurring expenses related to the concentration on the wholesale business and the associated restructuring measures as well as the closure of national subsidiaries. In light of the strategic portfolio streamlining and the associated focus on the wholesale business, METRO has presented this key performance indicator as **adjusted EBITDA** in addition to reported EBITDA since financial year 2019/20. 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.

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 are given consideration in addition to the operational result and thereby 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 page 77 **.**

### Key performance indicators relating to 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 page 70 **.**

The key performance indicators used in this area also include the **investments,** which are planned, reported and audited both in aggregate for the group as well as 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. A simplified cash flow definition, focusing on the main cash flow components, is used for the free cash flow. 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. The simplified cash flow is also used to determine the **free cash flow conversion**, which serves as a measure of the group's ability to transform the generated income into cash inflows. The free cash flow conversion results from the ratio between the simplified free cash flow and adjusted EBITDA after lease payments.

**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.

## 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–e of the German Commercial Code (HGB), and a non-financial group statement, pursuant to § 315b–c in conjunction with § 289c–e 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.

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 audit opinion is available at www.metroag.de/cr-report-2020-21/assurance.

### Business model

- **For more information about METRO's business model, see chapter 2 Principles of the group – 2.1 Group business model ▶ page 37.**

## 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 conducted a materiality analysis in accordance with the requirements of the German Commercial Code (HGB) and verified our sustainability approach. The result was confirmed by the members of the Sustainability Committee and the Management Board. 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, we pursue our operational sustainability strategy with METRO SUSTAINABLE. 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 our focus on the food sector, it covers a total of 8 focus areas. With regards to our customers, we already transferred this strategy to our concept 'My sustainable restaurant' in financial year 2019/20 in order to promote sustainable gastronomy as a partner of independent companies and make it tangible and realisable.

Within the 8 focus areas, we concentrate on 3 key topics:

1. We want to make our range of products and services more sustainable by positively influencing the availability, quality and health as well as the social and environmental safety of food. We also want to offer more organic and sustainable products.
2. We promote more conscious consumption by finding solutions for a balanced ratio of proteins.
3. By pooling our partnership strengths, we fight against food waste.

At the same time, we are aware of our responsibility and opportunities when we stand up for human rights, seek innovative solutions in the field of packaging and plastics, make a positive contribution to climate protection, make the sourcing of raw materials more sustainable and promote diversity and inclusion. We achieve it particularly through the discourse with internal and external stakeholders such as employees, customers, suppliers and business partners, local communities, NGOs, political representatives, investors, competitors and committees. Covid-19 has not resulted in any fundamentally new issues for us. However, challenges and opportunities related to the aforementioned topics have arisen from the pandemic and have become more prominent. In particular, aspects such as protecting the health of customers, employees and suppliers have become more important.

— **For more information go to 'Employee interests' – 'Occupational safety in times of Covid-19 ▶ page 54' as well as 'Social matters' – 'Global labour and social standards in the supply chain ▶ page 58'.**

### Actively managing sustainability

In line with METRO AG's strategy, sustainability is systematically and organisationally entrenched 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 and the global senior management is linked to the assessment of METRO's sustainability performance e.g. in the rating of the Dow Jones Sustainability Index (DJSI).

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.

In accordance with § 289c Section 3 Sentence 1 Nos. 3 and 4 of the German Commercial Code (HGB), there are no reportable risks for financial year 2020/21 with regard to our material topics.

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.

ISS ESG (Institutional Shareholder Services – Environmental, Social, Governance) already awarded the prime status C+ (on a scale from D– to A+) to METRO in April 2020 already to recognise METRO 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 World and Europe. In 2021, METRO was also again listed in the FTSE4Good index. New results at CDP were last published in December 2020[8]. METRO improved its CDP Climate Change score to an A (F to A scale) in 2020 and is recognised by NGO CDP as a leader in this category and hence included on the 'A List' for commitment to tackling climate change. In addition, METRO was also assessed by CDP in the Water Security and Forests categories. In the Water Security category, METRO was able to maintain its B rating. The rating improved in 3 out of 4 assessed Forests categories: from B– to B in the Palm Oil and Timber categories. In the Cattle category, METRO was rated C after a D rating in the previous year. The B– rating in the Soy category stayed the same.

[8] The score for CDP 2021 are published after the assurance date of this annual report.

### 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[9]. 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 2020/21, we reduced electricity consumption in our METRO stores by 7.8% in comparison to financial year 2018/19 and thus clearly exceeded our target of 5.4%[10]. 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 financial year 2020/21, among other things, we invested €4 million in METRO's Energy Saving Programme, which saves us approximately €1 million in energy costs each year.

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

- Transcritical ejector refrigeration plants were put into operation in Belgium, Bulgaria, France, Germany, Italy, Poland, Romania and Russia. In Russia, we also spent €1.9 million on optimising refrigeration units with glass doors in 18 wholesale stores to save energy. In total, we invested €31.8 million in the so-called F-Gas Exit Programme.
- Another 14 photovoltaic systems were installed in France, India, Italy, Pakistan, Spain and Hungary with a total additional capacity of 2,976 kWp.
- Charging stations for electric vehicles of METRO customers have been installed at 5 wholesale stores in Bucharest and Berlin-Friedrichshain, among others. In Portugal and Hungary, all METRO wholesale stores are now equipped with charging stations. At the Düsseldorf Campus, more than 260 employees already use electric vehicles as company cars, whose emissions are offset by certificates for hydroelectric power plants. In France and Italy, we have integrated another electric truck to each delivery fleet.

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 reporting period.

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)

[9] For the METRO AG holding company, the aspects of food waste and resource-efficient business operations are not material due to its business orientation, but rather only in relation to the operating units of the METRO group.

[10] Effects of Covid-19 were observed only locally and with small fluctuations. We cannot quantify the exact impact of the pandemic on our energy consumption performance. Therefore, the key figures presented here as well as the conversions into $CO_2$ equivalents were included in the reporting in relation to the base year 2011 or reporting period 2018/19. The corresponding assessments refer to this basis of comparison.

- 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, we were able to reduce the volume of waste by 6.7% and the recycling rate is 63.3%. Water consumption decreased by 1.7% compared to the previous year. Overall, we met our target of saving 5% water compared to 2016/17, with a current reduction of 9.7%.

**Reduction of food waste**

In line with the Consumer Goods Forum (CGF) target, we are committed to reducing food waste in our operations by 50% by 2025 compared to 2017. We measure, monitor and report progress against the Food Loss & Waste (FLW) Protocol and are confident of achieving our target. We are tackling food waste comprehensively, with a 5-pillar strategy from farm to table: (1) supplier engagement, (2) food waste reporting, (3) (technological) food waste solutions, (4) customer and partner engagement, and (5) stakeholder and industry engagement.

Key initiatives are helping us achieve our goal:

- In 22 countries, we work with food bank organisations to pass on unsold food to those in need. In 10 countries, we are working with TooGoodToGo to accomplish this goal and offer it as a solution for our customers. So far, this has ‘saved’ more than 180,000 meals, which corresponds to a saving of 450 tonnes of $CO_2$.
- METRO is a member of the World Resources Institute’s (WRI) ‘10x20x30’ initiative, which calls on the world’s 10 largest food retailers 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. METRO AG and METRO Turkey have already jointly engaged more than 30 suppliers.
- 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.

**New climate protection target by 2040**

In 2021, we tightened our existing climate target: by 2040, we want to make our global business operations carbon neutral, mainly through our own initiatives. With the 37.3% savings we have achieved so far, we are on the right track. From October 2020 to September 2021, METRO generated 236 kg of $CO_2$-equivalents per square metre of selling and delivery space. This compares to 247 kg in the same period last year. 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 34.1% 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.

## Employee interests

**Sustainable human resources (HR) strategy**

By fully focusing on the wholesale business, we are setting the course for our future. Our employees are the key success factor in this business model. They implement our strategy and bind customers to our company as partners through long-term relationships. It is therefore particularly important to us to create an inclusive, appealing, open-minded and inspiring work environment for our employees. We firmly believe that only satisfied employees who are empowered in accordance with their capabilities and motivation can offer a first-class customer experience.

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 ensures a proper balance between adaptation to local needs and standardisation throughout the group. For example, in 2020 our Guiding Principles were revised by an international, cross-functional project group in which members of the Management Board as well as employees from the countries were equally involved. The objective was to define these guidelines even more clearly, to make them understandable and more tangible for all employees and to highlight the uniqueness of the METRO culture. We relaunched the Guiding Principles at the beginning of the reporting period and successively conveyed them until 21 May 2021 – our first METROheroes Day, on which we celebrated our cohesiveness and thanked our employees all over the world.

The Guiding Principles are the cultural glue in our HR processes at METRO. They provide our employees with guidance for their conduct and decisions on our way to becoming a multichannel wholesaler.

Our engagement levels, which have been consistently rising since 2011 and are well above 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 survey provides us with important insights for continuous improvement directly from the workforce. With our HR initiatives, we are contributing to reinforce this motivation, to encourage teamwork and to promote entrepreneurial thinking, open-mindedness and taking responsibility.

Our focus is on the following areas:

- Using the Guiding Principles as the foundation of our HR processes to create a consistent employee experience
- Promoting diversity and inclusion at all levels of the company as a driver for sustainable business success
- Development of our talent management and investments in our employer brand in order to fill positions in our company with the most talented employees
- Further develop our performance management process with a clear focus on development to promote a performance-driven culture
- Increasing efficiency through conscious use of our resources and continuous improvement of our processes

With the continuing of Covid-19, our familiar and habitual ways of communication and working were substantially changed. In this phase it was particularly important for us to give our employees the space to experiment in order to find the best ‘New Ways of Working’ in a hybrid work environment, especially at team level. Along this line, we initiated a project organisation that compiles the positive findings, discusses them and translates them into concepts so they can serve as inspiration in the various dimensions of 'New Ways of Working' for as many teams as possible.

This project complements the above strategic focal points with a new perspective on collaboration and communication in a hybrid work environment.

**Employee recruitment**

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 human capital.

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 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, talent pooling and candidate relationship management activities.
- 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: METRO has again been certified as a top employer. Altogether, 8 METRO national subsidiaries and 2 service companies received the renowned certification by the Top Employers Institute.
- We have recently established an Employer Branding Academy, developed by a renowned external partner, to train our HR staff in 20 METRO/MAKRO countries. We are also working on establishing new technologies to increase our digital footprint and launch a smart recruitment platform.

**Talent management and succession planning**

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

Our goal is to fill vacancies internally wherever possible. At the local management level we are committed to filling 75% of all positions from internal 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 86% in financial year 2020/21.

Regarding externally recruited professionals and managers, we consider it highly important that they are not only suitable for the position to be filled but also have the potential to develop beyond that. Therefore, we look at the second and third management level and measure what proportion of externally recruited employees is assessed as having medium or high development potential after 2 years and is thus particularly considered for succession planning. During the reporting period, this rate was 50% among the employees previously assessed in MPower. 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 is supported by the new integrated Talent Management and Learning System being introduced across the group in 2021 in combination with new processes for assessing the performance and potential of all employees. Currently, the learning module with its many new opportunities for personal development is available to around 90,000 employees. Meanwhile, the performance and succession planning module is already available to around 30,000 employees. A broader roll-out is planned for the coming years. The previously separate processes of performance and potential assessment as well as succession and individual development planning have been integrated into a coherent approach in the revised version 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. They are supported by the option to systematically collect feedback on their employees' performance from different stakeholders. They can also receive integrated proposals for development plans based on the assessment. 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 local or global levels. The talent programmes for younger employees focus on retention and qualification to team leader or initial management positions. In addition to the formal job appraisal process, the new 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 further emphasise the importance of continuous learning and development.

**Performance-based remuneration**

METRO employees receive competitive, performance-based and fair remuneration. We have also anchored this in our global guideline 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 of which essentially depends on the economic development of the respective company in which the executive works. Additionally, the 1-year variable remuneration considers our executives' individual achievements, generation of additional value for customers as well as their implementation of our Guiding Principles in their daily work.

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 chapter** 6 Remuneration report ▸ page 105.

**Career development and retention of talent**

Numerous learning solutions are offered by the in-house training academy 'House of Learning', which is CLIP-accredited by the renowned institution European Foundation for Management Development. The goal is to support the individual development of employees and managers – both at METRO AG and at the national subsidiaries – and to reinforce their loyalty to our company. During the reporting period, a new uniform learning management system was introduced to which all employees from all METRO companies have individual access. This user-friendly system gives employees access to a wide range of (independent) learning opportunities and makes it easy to manage mandatory instructions.

In the previous financial year, we introduced 'Leading in the New Normal', an online programme for managers. In this financial year, we added the learning solution 'Mastering Your New Normal' for employees without management responsibility. Both programmes support employees and managers of the group and of METRO AG in dealing with the challenges of the new work environment, which is distinguished by a higher proportion of digital, virtual and hybrid ways of working.

- Furthermore, the portfolio of international talent programmes, which are important for the internal succession rate, was completed in the reporting period. We also managed to prepare our highly talented employees in the company for the challenges of future management tasks in the wholesale business – even in times of lockdown – and to ensure long-term succession planning. Thus, all existing international talent programmes took place according to plan.
- The programme 'Next Generation Finance' is tailored to the talent in our finance positions. It pursues a threefold objective: (1) to prepare experts for their first leadership responsibility in the finance world, (2) to increase their business expertise to distinguish finance departments as business partners, and (3) to highlight changes in roles to prepare them for the future. 'HR Masterclass' is aimed at HR professionals who support our employees along the employee experience lifecycle, making METRO a very special place where people enjoy working and are productive.

- Master in Store Operations prepares our store managers for their role as regional managers. Through selected topic areas and international project work, they learn about the key factors in a customer-oriented sales and service organisation.
- In the purchasing organisation, the ‘Next Generation Offer’ programme was launched in September. It prepares participants for senior roles in offer management by developing functional know-how, international project work, customer-focused thinking and international networking.

This offer is complemented by cross-functional talent programmes for various seniority levels:

- The international management trainee programme METRO Potentials is aimed at career starters and leads through various stations in the store and headquarters, both in Germany and abroad. Participants master ambitious challenges during the 2-year programme and are supported by mentors to assist in their development to become managers at METRO.
- ‘Future Leaders’ offers proficient experts, project managers and middle management the prospect of advancing to the second management level and beyond.
- ‘Accelerate!’ is designed for our managers at the second management level with potential for a role in national subsidiary management. Besides leadership topics, it also focuses on strategy, implementation strength and digitalisation. Mentoring is provided by operating partners, national subsidiary CEOs and group directors of METRO AG.
- At the top of our international talent programmes is ‘Booster’ with the aspiration of coaching our most promising members in the national subsidiary management teams to become national subsidiary CEOs. Mentoring for this programme is provided by the Management Board of METRO AG.

**TRAINING COURSES AT METRO WHOLESALE**

| | Individual learning (e.g. e-learning, videos, materials) | Instructor-guided learning (face-to-face and virtual training) | Total |
|---|---|---|---|
| Participants | 465,772 | 169,462 | 635,234 |
| Participant hours | 270,147 | 525,501 | 795,648 |

### TRAINING COURSES AT METRO AG

| | Individual learning (e.g. e-learning, videos, materials) | Instructor-guided learning (face-to-face and virtual training) | Total |
|---|---|---|---|
| Participants | 2,496 | 1,353 | 3,849 |
| Participant hours | 1,329 | 3,303 | 4,632 |

**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 more talent, METRO has developed a company-wide diversity strategy. The goal is to create an open work environment in which individual differences are respected, valued and promoted. In this way, the course is set 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 2020/21, a share of 18.8% of women were employed in the first management level below the Management Board and 31.3% 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 METRO locations worldwide is to be 30% by September 2025. At the end of financial year 2020/21, the percentage of women in management positions at levels 1 to 3 (including store managers) is 25.2%. Additionally, the Supervisory Board has stipulated the objective of having at least one female member appointed to the Management Board of METRO AG by June 2022. As of 1 November 2019, Andrea Euenheim was appointed to the Management Board of METRO AG as the new Labour Director. METRO AG achieved the target set by the Supervisory Board already in 2019.

To support these goals, the Women Leadership Programme (WLP) was launched in 2018. It supports the top 150 women within METRO with customised training measures. 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.

Another cornerstone of the diversity strategy is the commitment against discrimination of people who identify as part of the LGBTIQ community and their inclusion in society and the company. To this end, a global LGBTIQ strategy was developed in financial year 2020/21 and external and internal communication support was provided in Germany and 7 other METRO countries for both IDAHOBIT[11] Day and PRIDE Month in June. Furthermore, an LGBTIQ awareness training programme was conducted with regional management from the various countries. In the external audit conducted by the UHLALA Group, METRO AG received the PRIDE Champion employer seal gold status of the UHLALA Group.

In 2020, METRO established one contact person for diversity and inclusion in each METRO (national subsidiary) company via a task force. This task force continues to monitor the company-wide diversity and inclusion strategy with key figures.

[11] International Day against Homophobia, Biphobia, Intersexphobia and Transphobia.

METRO is a member of various initiatives such as the LEAD Network, BeyondGenderAgenda, UHLALA's 'We Stay PRIDE' programme and the PROUT AT WORK foundation as well as the LGBTIQ Rhine-Ruhr network. Moreover, METRO has been a signatory of the Diversity Charter since 2007. 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.

**Occupational safety and health management**

As a leading sustainable company, we are committed to ensuring a safe and healthy work environment for our employees, suppliers and customers. To this end, we began the conversion of our Occupational Health and Safety Management System in 2020, based on the principles of ISO 45001. In financial year 2020/21, we also established a group-wide Operational Safety Management System (OSMS) for METRO.

**Occupational safety reporting**

To continue and strengthen consistent occupational safety reporting, we continue to develop our work-related injury management tool to align with METRO unit needs and our occupational safety standards (language setting, additional forms, etc.).

**KPIs for occupational safety and health**

Safety is always a top priority for METRO. The operational safety strategy aims to raise awareness among employees that each individual bears responsibility for occupational safety. Furthermore, we are continuing to work on a transparent group-wide reporting system. The Lost Time Injury Frequency Rate (LTIFR), that is, the total number of lost-time incidents (LTIs) per 1 million working hours, for the METRO companies in financial year 2020/21 was 7.06[12] (2019/20: 6.78[13] ). Apart from that, we carried out the first 'Review of Operational Safety at METRO' audit in the current financial year. The objective of the audit was to review the implementation of the Operational Safety Management System (OSMS) and to support the organisation in the transition from traditional occupational safety to a more comprehensive approach to occupational safety.

**Occupational safety in times of Covid-19**

The global Covid-19 pandemic has also affected METRO. Extensive organisational measures were implemented to ensure the safety of all employees. They include optimisation of the flexible work offer, travel restrictions as well as safety and hygiene measures in the headquarters, stores and warehouse locations of the METRO companies. Transparent communication regarding regulations and changes in the Covid-19 situation kept the incidence of infections at a low level throughout the company.

**Well-being**

In addition to all occupational safety measures, we launched an initiative in financial year 2020/21 to support keeping employees healthy. In the first phase, we adopted a framework which can be used to record all activities that contribute to keeping employees healthy at METRO.

Depending on the topic, the activities are assigned to a category. We distinguish between the categories of mental health, physical health and social health. Another category is financial health: it includes all relief efforts that reduce financial stress factors, such as help with managing finances in different phases of life and assistance in crises. The final category is formed by all topics that tie in with the company's purpose and support implementation of the

[12] Excluding the national subsidiary in Japan.

[13] 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.

company's values. Here we distinguish between basic, medium and mature in terms of the maturity of the implementation of all initiatives.

In the next phase, the national subsidiaries are tasked with filling the framework with their activities that are most relevant for their country and their employees. For example, METRO AG, METRO Poland and MAKRO Spain offer telephone counselling for concerns and problems in the professional and personal environment. Online training sessions on mindfulness and meditation are offered in Germany, India and Turkey. These are good examples of mental health support. To support physical health, METRO India and METRO DIGITAL, for example, offer online sports and nutritional advice for their employees. Many initiatives are available to promote togetherness and connectedness, that is, social health. Examples of welfare in relation to financial health include appeals for donations to support victims of the flood disaster at METRO Germany.

In order to offer even more for the health maintenance of our employees in the future, we nominated Well-being Champions all over the world. They are expected to further promote initiatives for health maintenance in their sphere with the support of the HR department.

**Fair working conditions and social partnership**

Our principles on fair working conditions and social partnership 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 ensure that METRO and its national subsidiaries comply with the principles on fair working conditions by reviewing our regional headquarters, stores and logistics centres. In order to improve the working conditions in the national subsidiaries, corrective action plans are defined with the local colleagues, in which substantive measures with clear responsibilities and timetables are defined and executed. The focus is on entering into a dialogue with the companies and promoting 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 2016/17, extensive reviews on compliance with the METRO principles have been performed on-site in 15 national subsidiaries (Pakistan, Bulgaria, Japan, Hungary, Italy, Serbia, India, Slovakia, Moldova, Spain, Russia, Croatia, Kazakhstan, Portugal and France). Many areas returned satisfactory results, but also showed potential for improvement, in particular in the area of occupational safety. In the area of occupational safety, a group-wide Operational Safety Management System was implemented in the reporting period. The on-site reviews were followed by comprehensive training on the METRO principles on fair working conditions. No on-site audits were carried out during the reporting period.

Since financial year 2019/20, we have changed our audit procedure in the METRO companies due to Covid-19. Surveys on the principles on fair working conditions and social partnership (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.

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. Plenary meetings are 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. Due to the Covid-19 pandemic, these meetings were held virtually in financial year 2020/21. 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

| | 2019/20 | **2020/21** |
|---|---|---|
| **METRO** | **89,359** | **87,096** |
| METRO Germany | 11,580 | **11,337** |
| METRO Western Europe (excl. Germany) | 23,483 | **23,714** |
| METRO Russia | 11,583 | **10,650** |
| METRO Eastern Europe (excl. Russia) | 27,681 | **27,508** |
| METRO Asia | 7,182 | **7,072** |
| Others | 7,054 | **6,074** |
| METRO AG | 796 | **741** |

**DEVELOPMENT OF EMPLOYEE NUMBERS BY SEGMENT**

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

| | 2020 | 2021 |
|---|---|---|
| **METRO** | **88,306** | **86,527** |
| METRO Germany | 11,396 | **11,291** |
| METRO Western Europe (excl. Germany) | 23,594 | **24,640** |
| METRO Russia | 11,280 | **10,201** |
| METRO Eastern Europe (excl. Russia) | 27,484 | **27,174** |
| METRO Asia | 7,079 | **7,054** |
| Others | 6,705 | **5,426** |
| METRO AG | 768 | **741** |

## Social matters

**Respect for human rights**
The principles of METRO include respect of 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 value chain[14]. Our goal is to identify and prevent violations of human rights in our own business operations and in the supply chain. We also strive to systematically improve working conditions in our supply chain.

An attitude aligned with similar values is also important to us on the part of our business partners. We formalised this in the METRO Code of Conduct for business partners. It includes compliance with human rights according to the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, UN and ILO standards, occupational and social matters based on the principles of the International Labour Organization's (ILO) 4 core labour standards, provisions for environmental protection and corporate ethics, in particular anti-corruption and anti-bribery, antitrust and competition laws as well as data protection. During the reporting period, the technical conditions were created to define the Code of Conduct as a minimum requirement and thus to integrate it as a mandatory document into the new METRO Supplier Portal. Once the function is live, all suppliers who have a business relationship with METRO will be prompted to read and agree to it. The national subsidiaries will successively be connected to the new portal. The new function will be activated in financial year 2021/22, and thus more and more suppliers will gradually be included. In addition, we have embedded the list of criteria for our social standard process in the food own-brand manual of the purchasing company European Food Sourcing (EFS). When the manual goes into effect on 1 October 2021, all requirements for demonstrating human rights compliance will already be clarified when invitations to tender are issued. The relevant documents and evidence must then be available for the listing. Furthermore, all of our own-brand contracts and framework contracts for brand suppliers contain a social standards clause that gives us legal means to enforce our requirements.

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

[14] 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.

suppliers, can report incidents and violations. It is important for us that our suppliers also provide such a reporting system. 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.

**Global labour and social standards in the supply chain**
In preparation for the requirements from the German Act on Corporate Due Diligence Obligations in Supply Chains published in July 2021 and 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 is a key part of the purchasing process in addition to the contractual manifestation of our requirements. We are aiming to have our producers 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. In line with our risk approach, 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 producer which ressresent a risk exposure and 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 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[15]. 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 has fully implemented the process. The national subsidiaries in Turkey, Pakistan and Germany as well as our purchasing company Rotterdam Trading Office (RTO) have introduced the first producers to the process. Other purchasing companies and national subsidiaries have started to implement it. Our goal is to include our entire supply chain in this process by 2030, insofar as it is considered as representing a risk in terms of potential human rights violations. The national subsidiaries will be trained and successively integrated into the programme. Due to the disruptive circumstances of the Covid-19 pandemic, particularly with regard to supply chain management, significantly fewer regular on-site audits took place throughout the reporting period. Under normal circumstances, we have them regularly carried out by external auditors in accordance with the audit cycles of the social standards accepted by METRO. Instead, we carried out virtual audits or reviews of written documents, so that compliance with the requirements was checked in at least some cases. As a result of these circumstances, we have temporarily discontinued the suspension of suppliers due to expired audits from mid-March 2020 to mid-October 2021.

[15] 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.

In light of this fact, we particularly consider responsible sourcing practices as the key to strengthening business relationships, ensuring business continuity and protecting human rights in global value chains.

As of 30 September 2021, 569 of 717 active own-brand non-food producers and 58 of 165 corresponding food/near-food producers had undergone the audit process. Within this group, 100% (569) of non-food producers and 98% (57) 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[16]. 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 successively 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 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 our production plants 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 suppliers on aspects of hygiene and the implementation of fair labour practices, we are raising their awareness, particularly on issues that became important with the outbreak of the Covid-19 pandemic. This way, we are making up for largely cancelled amfori BSCI and Sedex audits, thus fulfilling our due diligence obligation to give weight to respect for human rights. Special attention was paid to stricter hygiene rules and potential human rights violations as a consequence of the sometimes severe economic losses, such as the risk of unregulated overtime. MSI also conducted an initial survey with approximately 1,000 of its suppliers in July and August 2021 specifically on the topic of living wages[17]. Next, we will implement training sessions focusing on this topic as well.

In addition to the focus on social issues, MSI has started to audit its producers with a self-assessment questionnaire on environmental compliance in financial year 2020/21.

- **With regard to the description of risks associated with non-compliance of standards by our suppliers, we refer to the section on** 'Suppliers and products – quality risks' ▶ page 100 **in chapter 5 Opportunities and risk report. We did not identify any significant risks.**

[16] 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. These producers will be granted a 6-month grace period after audits resume in September 2021 to demonstrate a follow-up audit result of A to C. No use was made of the exemption during the reporting period.

[17] Measurement according to the so-called Anker methodology; 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.

## Corporate ethics and transparency

The Management Board of METRO AG is committed to responsible corporate conduct, for example with regard to our tax strategy; therefore, we consider it important to comply with regulations and laws and to conduct ourselves with integrity and ethics at all times. 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 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

With a group-wide compliance management system (CMS), METRO bundles measures 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, otherwise 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 relevant 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 activity. Indications of compliance incidents are investigated in a clearly defined and objective process. It involves all relevant functions including compliance, legal, audit 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 with relevant stakeholders 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 provides 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 2020/21, compliance training was executed in all relevant METRO companies. The selection of relevant employee groups 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 a third 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 of business partners has been implemented in all relevant 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 for each relevant METRO group company. 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 its 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. We aspire to add certification of the TCMS for other significant tax types.

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

### Protection of personal data

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 data protection 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 protection 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.

The pandemic gave rise to new requirements for processing of personal data, in particular to ensure the safety of customers and employees and to implement 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 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 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.

**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[18]. 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 Consumer Goods Forum's Forest Positive Coalition (FPC) of Action. This collaboration also helps us manage risks, for example, by avoiding sourcing raw materials from areas considered high risk in terms of excessive deforestation. Once a region is classified as a 'risk area', we work on the ground with local parties and other stakeholders in the supply chain, for example, to end excessive deforestation. We are also 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 its sustainable procurement policy, which describes the overall approach, as well as with merchandise-specific policies, for example for fish, soya, palm oil, paper and wood. Each policy contains corresponding targets, such as ensuring that 90% of the 12 main fish and 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. During the reporting period, new policies on meat and animal welfare were enforced across the group. The guidelines on disposable plastic and cage-free eggs, our health and nutrition guideline and METRO's packaging targets were updated.

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 the METRO 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.

[18] 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.

During the reporting period, 15 raw material-specific policy and reporting training sessions with 1,471[19] participants were conducted throughout the METRO organisation in order to once again consolidate the implementation specifications of all policies group-wide and to correspondingly introduce them to new colleagues. Through process optimisations, EFS also revised its Food Common Sourcing Brand Book and integrated sustainable sourcing requirements that include environmental, social and packaging aspects and will be the basis of the tendering process for suppliers of own-brand products. The revised version of the Brand Book took effect on 1 October 2021. While the packaging requirements are set out in a separate packaging requirements profile, a new sustainability requirements profile for the tender process was also developed for all other own-brand suppliers beyond EFS suppliers during the reporting period. The profile takes into account environmental sustainability aspects of our procurement policy[20]. In order to facilitate better data and target management, METRO further improved its IT system landscape during the reporting period: for example, 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[21] such as the ability to record sustainability certificates.

**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 healthy food choices for their businesses and families by offering more reformulated, 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. This development experienced strong momentum, especially during the Covid-19 pandemic.

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 2020/21, 603 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, 430 organic own-brand products and 14 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.

[19] It was possible for individuals to participate multiple times.

[20] 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.

[21] It includes fish and seafood, palm oil, soya, cage-free eggs, paper and wood, and disposable plastics, but excludes meat and animal welfare and social compliance. There is a separate section within MQuality for packaging; a separate section for health and nutrition information is in preparation.

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. In the reporting period, METRO Pakistan joined the project team as an additional member.

Furthermore, METRO has committed to replacing conventional disposable plastic products with reusable, recyclable or compostable alternatives by the end of 2025. To this end, we joined the Ellen MacArthur Foundation's New Plastics Economy in October 2018. The foundation is an international network of more than 290 organisations, companies, universities, academics and financial institutions working together towards the cross-sector challenge of creating a closed-loop economy for plastics.

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 goal in the first 12 months of this multi-year partnership is to collect more than 65 million plastic bottles before they potentially end up in the world's oceans. This is equivalent to more than 1 million kg of plastic waste. By the end of the reporting period, more than 20 million plastic bottles had already been collected by METRO and its suppliers.

# 3 ECONOMIC REPORT

## 3.1 Macroeconomic and sector-specific parameters

The following description must always be considered explicitly in the context of the ongoing Covid-19 pandemic. The underlying data were collected up to the closing date of 2 November 2021.

### Global economy

The global economy was impacted by the ongoing pandemic in financial year 2020/21. Another wave of infection spread in the first quarter. As a result, restrictive countermeasures with negative consequences for social and economic life were (re)introduced in many countries. The first vaccination programmes were also rolled out in this period. As vaccination rates progressed, the restrictions were partially or even broadly lifted in the course of the year. The effects of viral mutations, such as the Delta variant, remained largely within manageable limits. Overall, most economies had not yet returned to their pre-pandemic performance levels by the end of the financial year.

This development is reflected in the key economic figures: with 4.3% real global economic growth, there was a clear upswing in financial year 2020/21 after the restrictions were gradually lifted. Extensive economic stimulus programmes and labour market measures supported the development. However, economic output was not at the level that could have been achieved if the pandemic had been completely overcome. This is especially true for Western European countries in the METRO portfolio. In the course of the financial year, inflation increased more strongly than in previous years. Food and hygiene expenses, logistics costs and shortages of raw materials contributed to this development.

Economic sectors that were particularly affected by the pandemic, such as tourism and hospitality as well as sports and cultural events, recovered late in the financial year. As restrictions were increasingly eased, a sustained positive trend set in. Food wholesalers also benefited from this upswing.

### Germany

At the beginning of Q1 2020/21, the German economy faced a renewed wave of infections. This and the resulting far-reaching countermeasures had a significant economic impact into H2 2020/21. As the vaccination rate increased and the number of infections fell, the countermeasures were eased or ended. An economic recovery became visible in all relevant key figures, such as higher private consumption, an increase in imports and exports of goods and services, and an unemployment rate below 6%. Economic stimulus and labour market measures, some of which were substantial, contributed to the recovery. The inflation rate increased significantly to around 3.8% in the past financial year, which was also attributable to expenditure on food. Among other things, this development was driven by the end of the temporary VAT cut and the shortage of supplies of important raw materials and production materials. Overall, the real economic growth for the reporting period was around 1.3%. Potential negative consequences of Brexit for German economic output were not yet fully apparent due to the simultaneous effects of the pandemic.

The hospitality industry and the event and tourism industry were severely impacted by the pandemic. However, a rapid recovery set in after restrictions were eased and partially lifted in the second half of the year. In Q3 and Q4 2020/21, sales were already above those of the previous year, but still below pre-pandemic levels. Food wholesalers also benefited from this development.

### Western Europe

In the Western European countries, the number of infections rose again at the beginning of the financial year. This increase was initially met with the (re)introduction of governmental countermeasures; however, they were quickly relaxed again as the vaccination rate progressed in the course of the financial year. The national economies of the METRO countries in Western Europe grew by 2.7% in real terms in financial year 2020/21, but generally still lagged behind the pre-pandemic level. This is particularly obvious in the large, tourism-driven countries: in Spain, economic growth was 2% in financial year 2020/21 (2019/20: −8.2%), in France 4% (2019/20: −6.7%) and in Italy 2.7% (2019/20: −7.3%).

The economic development has been similar in the Western European countries: a renewed economic slump in Q1 2020/21 was followed by a clear upward trend, evident in the relevant economic indicators. Private consumption as well as imports and exports increased, while the unemployment rate remained relatively stable – but at a comparatively higher level in Spain and Italy. Only the production of goods was slowed down by global supply shortages of raw materials and production materials. As a result, inflation increased quite significantly in the Western European countries, among other things also due to increased food prices. The hospitality industry developed positively from Q3 onwards compared to the previous year, but remained below pre-pandemic levels.

### Russia

The Russian economy grew by 3% in real terms in financial year 2020/21. The restrictions introduced as a response to the pandemic were less severe than in Western Europe despite comparable infection figures and lower vaccination rates. Private consumption as well as imports and exports developed very positively from H2 2020/21. Raw material extraction and construction, driven by government subsidies, contributed significantly to growth. Oil production was relatively lower due to decisions regarding production restrictions by the OPEC+ countries. The unemployment rate remained at a low level below 6% and inflation increased significantly.

The impact of the economic development on the Traders sector was mixed. The traditional and independent small grocery stores recorded a decline in sales that was roughly on a par with previous years. By contrast, modern small-format food retailers benefited both during the restriction phase and afterwards. The modern small-format grocery shops also include those operated by METRO’s franchisees under the Fasol brand. Since Q2 2020/21, domestic consumption in the hospitality sector also developed positively and in nominal terms was around pre-pandemic levels in Q4 2020/21.

### Eastern Europe

The other Eastern European countries also experienced an increase in infections at the beginning of the financial year followed by recovery in the further course. The approximately 4.3% economic growth compared to the previous year reflects the positive development of private consumption, imports and exports as well as industrial production. The labour market remained stable, even though the inflation rate increased significantly. In Turkey, economic restrictions were lifted completely during the financial year, resulting in a significant growth stimulus, although the exchange rate remained weak and inflation was very high.

Tourist-driven countries such as Croatia and Turkey also reported increasingly positive hospitality sales, although not quite yet at pre-pandemic levels. Food retail sales, adjusted for inflation, remained at about the same level as the previous year and well above pre-pandemic levels.

### Asia

The impact of the pandemic was somewhat delayed in the Asian countries of the METRO portfolio, with China being the positive exception. A recovery of the healthcare systems after the wave of infections in the winter of 2020/21 was followed by a resurgence of infections, mainly due to the new Delta variant. This led to particularly high infection figures in India, exacerbated by low vaccination rates –, a development that continued until the end of the reporting period. The economy in Asia grew by 6.9% in real terms compared to the previous financial year, mainly driven by the development in China (+8.9%). In India, the economy initially also recovered strongly after the first lockdown in winter 2020, but then collapsed again in April due to a rise in infection figures in Q3 2020/21. The other Asian countries were on a (moderate) growth path. Private consumer spending still performed very well in Q1 2020/21, but declined or stagnated during the rest of the financial year. The unemployment rate and inflation remained stable in most countries. Industrial production also exhibited a positive trend.

The hospitality industry experienced a positive development across all countries and was even above pre-pandemic levels in nominal terms (with the exception of Japan). On the other hand, food retailing has seen heterogeneous development across countries. In general, sales in the sector declined somewhat compared to the previous year and in some cases remained slightly below the pre-pandemic level.

**DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN IMPORTANT WORLD REGIONS AND GERMANY**

Change in % compared to the previous year

| | 2019/20[1] | **2020/21[2]** |
|---|---|---|
| World | −2.3 | **4.3** |
| Germany | −4.0 | **1.3** |
| Western Europe (excl. Germany) | −6.5 | **2.7** |
| Russia | −1.7 | **3.0** |
| Eastern Europe (excl. Russia) | −1.2 | **4.3** |
| Asia | −1.1 | **6.9** |

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 2019/20, 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

Financial year 2020/21 was particularly dominated by the Covid-19 pandemic and the associated government measures. They had a negative impact on the business development, especially in the first half of the year. In the course of the second half of the year, government measures were eased, resulting in a trend reversal and a significantly improved business performance. The recovery in HoReCa demand that started during Q3 2020/21 continued in Q4 2020/21. With its multichannel approach (wholesale stores, delivery business, digital offerings), METRO was able to benefit disproportionately from this upswing. Sales have remained above pre-pandemic levels since June, supported by market share gains in the core business and a clearly positive development in Western Europe (excluding Germany), Eastern Europe (excluding Russia) and Russia.

The Management Board looks back on a volatile, but overall stable financial year. In a challenging environment, the business model has proven to have a clear advantage, and the targeted investments in market share gains as well as service and product quality have paid off.

Sales and adjusted EBITDA developed at the upper end of the adjusted outlook. Accordingly, the Management Board is overall satisfied with the development of the business considering the current circumstances. The reported earnings per share (EPS) from continuing operations are €−0.15 (2019/20: €−0.40 for continuing operations). In line with METRO's dividend policy (payout ratio of 45% to 55% of EPS), there are no planned dividend distributions in financial year 2020/21 for ordinary shares or preference shares. Last year, the Management Board and the Supervisory Board had proposed a dividend of €0.70 to the Annual General Meeting despite a negative EPS in the continuing operations, since the reported EPS including discontinued operations amounted to €1.27 due to the positive transaction proceeds (sale of majority stake in METRO China and the Real hypermarket business). Since no significant transaction proceeds were received this year and the ongoing Covid-19 pandemic continues to cause uncertainties, the Management Board and the Supervisory Board consider this proposal appropriate.

## 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 financing volume 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) support 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. Regular 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. 43 – Management of financial risks ▶ page 238.

### Rating

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

| Category | **2021** |
|---|---|
| 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 2021, the utilised bond issuance programme amounted to a total of €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 €376 million during the reporting period. As of 30 September 2021, the utilisation amounted to €26 million (30/9/2020: €295 million). Furthermore, bilateral credit facilities totalling €102 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 €695 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. 35 – Financial liabilities ▶ page 219.

### UNDRAWN CREDIT FACILITIES BY METRO

| | 30/9/2020 | | | **30/9/2021** | | |
|---|---|---|---|---|---|---|
| | | Remaining term | | | **Remaining term** | |
| € million | Total | up to 1 year | over 1 year | **Total** | **up to 1 year** | **over 1 year** |
| Bilateral credit facilities | 400 | 86 | 314 | **797** | **78** | **718** |
| Utilisation | −150 | −86 | −64 | **−102** | **−78** | **−23** |
| **Undrawn bilateral credit facilities** | **250** | **0** | **250** | **695** | **0** | **695** |
| Syndicated credit facilities | 1,750 | 900 | 850 | **850** | **0** | **850** |
| Utilisation | 0 | 0 | 0 | **0** | **0** | **0** |
| **Undrawn syndicated credit facilities** | **1,750** | **900** | **850** | **850** | **0** | **850** |
| **Total credit facilities** | **2,150** | **986** | **1,164** | **1,647** | **78** | **1,568** |
| Total utilisation | −150 | −86 | −64 | **−102** | **−78** | **−23** |
| **Total undrawn credit facilities** | **2,000** | **900** | **1,100** | **1,545** | **0** | **1,545** |

### Investments/divestments

In financial year 2020/21, METRO invested €764 million and is thus €137 million above the previous year's investment volume of €627 million.

The increase in investments resulted largely from lease extensions of larger store portfolios in France and Germany, which allowed us to secure the store network long-term.

Moreover, the increase in the Western Europe region is attributable to the acquisition of the food suppliers Aviludo and Davigel Spain. It allowed METRO to significantly expand the supply network in financial year 2020/21 again, thus strengthening its competence in food service distribution in the Portuguese and Spanish wholesale industry.

With 4 new store openings, METRO expanded more in 2020/21 than in the previous year (2019/20: 1 new opening). While 1 new METRO store was opened in Ukraine in the previous financial year, METRO has continued its expansion in India with 3 new openings in the current year and additionally opened a new store in Pakistan. In financial year 2020/21 there was also 1 closure in Germany.

The decrease in investments in Eastern Europe compared to the previous year is mainly due to lower non-cash investments in the delivery area.

The investment focus in financial year 2020/21 continues to be on IT and digitalisation. This mainly concerns the Others segment. The declining investments there are primarily attributable to the strategic partnership with the international IT service provider Wipro Limited.

The divestments in financial year 2020/21 amount to €179 million and mainly relate to the sale of an at-equity investment in a retail location portfolio in Germany and the disposal of real estate.

- **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. 40 – Notes to the cash flow statement ▶ page 233**.**

## METRO INVESTMENTS

| € million | 2019/20 | 2020/21 | Changes | |
|---|---|---|---|---|
| | | | absolute | % |
| Germany | 77 | **114** | 37 | 47.5 |
| Western Europe (excl. Germany) | 213 | **347** | 134 | 63.3 |
| Russia | 17 | **26** | 9 | 55.6 |
| Eastern Europe (excl. Russia) | 107 | **77** | −30 | −28.3 |
| Asia | 24 | **35** | 11 | 43.5 |
| Others | 189 | **165** | −24 | −12.7 |
| **METRO** | **627** | **764** | **137** | **21.8** |

### Liquidity (cash flow statement)

Cash inflow from operating activities from continuing operations amounted to €1,237 million in financial year 2020/21 (2019/20: cash inflow of €646 million). In the previous year, the operating cash flow was affected by the Covid-19 pandemic. The improvement this year is largely attributable to the improvement in cash flow from net working capital. This is mainly the result of the significantly improved business development in the second half of the year and a corresponding adjustment in ordering behaviour.

Investing activities led to cash outflow of €137 million (2019/20: cash outflow of €265 million). In addition to slightly lower outgoing payments for investments, the improvement is mainly attributable to higher incoming payments in connection with property disposals. Compared with previous year's period, this represents an increase in cash flow before financing activities of €720 million.

Cash flow from financing activities exhibited a cash outflow of €1,152 million (2019/20: cash outflow of €1,280 million). This includes redemptions of financial liabilities in the amount of €779 million, lease payments in the amount of €541 million and dividends paid in the amount of €254 million. This was offset by proceeds from financial liabilities, which amounted to €474 million.

Total cash flows amount to €−52 million (2019/20: €510 million). In the previous year, this amount included the proceeds from the disposal of the hypermarket business including the real estate portfolio and METRO China.

- **For more information, see the cash flow statement in the consolidated financial statements as well as** no. 40 – Notes to the cash flow statement ▶ page 233**.**

## CASH FLOW STATEMENT[1]

| € million | 2019/20 | 2020/21 |
|---|---|---|
| Cash flow from operating activities of continuing operations | 646 | **1,237** |
| Cash flow from operating activities of discontinued operations | 416 | **0** |
| **Cash flow from operating activities** | **1,062** | **1,237** |
| Cash flow from investing activities of continuing operations | −265 | **−137** |
| Cash flow from investing activities of discontinued operations | 1,271 | **0** |
| **Cash flow from investing activities** | **1,006** | **−137** |
| Cash flow before financing activities of continuing operations | 380 | **1,100** |
| Cash flow before financing activities of discontinued operations | 1,687 | **0** |
| **Cash flow before financing activities** | **2,068** | **1,100** |
| Cash flow from financing activities of continuing operations | −1,280 | **−1,152** |
| Cash flow from financing activities of discontinued operations | −278 | **0** |
| **Cash flow from financing activities** | **−1,557** | **−1,152** |
| **Total cash flows** | **510** | **−52** |
| Currency effects on cash and cash equivalents | −29 | **1** |
| **Total change in cash and cash equivalents** | **482** | **−51** |

[1] Abridged version. The complete version is shown in the consolidated financial statements.

### Capital structure

As of 30 September 2021, the METRO balance sheet reports equity in the amount of €1.8 billion (30/9/2020: €2.0 billion).

Reserves retained from earnings were mainly reduced due to dividend payments for financial year 2019/20 in the amount of €−254 million, as well as profit or loss for the period attributable to shareholders of METRO AG in the amount of €−56 million. This was mainly offset by currency translation differences in equity in the amount of €110 million, particularly due to the development of the rouble. The equity ratio stands at 14.4% (30/9/2020: 15.5%).

Negative reserves retained from earnings are not due to a history of loss but mainly due to reclassification of the equity item net assets attributable to the former METRO GROUP, recognised in the combined financial statements of the MWFS GROUP as of 1 October 2016, to the legally defined equity items.

| € million | Note no. | 30/9/2020[1] | 30/9/2021 |
|---|---|---|---|
| **Equity** | 30 | **2,039** | **1,847** |
| Share capital | | 363 | **363** |
| Capital reserve | | 5,048 | **5,048** |
| Reserves retained from earnings | | −3,380 | **−3,585** |
| **Equity before non-controlling interests** | | **2,031** | **1,826** |
| Non-controlling interests | | 8 | **21** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section '**Change in accounting method (inventories)**'.

- **For more information about our equity, see the notes to the consolidated financial statements in the number listed in the table.**

Net debt decreased by €0.3 billion and amounts to €3.5 billion as of 30 September 2021 (30/9/2020: €3.8 billion). The cash and cash equivalents remained nearly constant at €1.5 billion (30/9/2020: €1.5 billion). By contrast, financial liabilities decreased by €0.4 billion to €5.0 billion (30/9/2020: €5.3 billion).

| € million | 30/9/2020 | 30/9/2021 |
|---|---|---|
| Cash and cash equivalents | 1,525 | **1,474** |
| Current financial investments[1] | 19 | **13** |
| Financial liabilities (incl. liabilities from leases) | 5,314 | **4,954** |
| **Net debt** | **3,771** | **3,466** |

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

As of 30 September 2021, METRO's non-current liabilities amount to €4.6 billion (30/9/2020: €5.5 billion). Financial liabilities decreased by €0.7 billion to €3.8 billion, since many of them came due.

As of 30 September 2021, METRO's current liabilities amount to €6.3 billion (30/9/2020: €5.6 billion). Financial liabilities increased by €0.4 billion to €1.2 billion. Trade liabilities increased by €0.3 billion to €3.5 billion, mainly due to changes in purchasing volumes. The increase in income tax liabilities is mainly attributable to the planned country exit of Japan. A correspondingly opposite effect led to an increase in deferred tax assets.

Compared to 30 September 2020, the debt ratio increased from 84.5% by 1.1 percentage point to 85.6%.

- **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. 35 – Financial liabilities ▶ page 219**.**

| € million | Note no. | 30/9/2020 | 30/9/2021 |
|---|---|---|---|
| **Non-current liabilities** | | **5,506** | **4,646** |
| Provisions for post-employment benefits plans and similar obligations | 31 | 550 | **531** |
| Other provisions | 32 | 139 | **155** |
| Financial liabilities | 33, 35 | 4,541 | **3,798** |
| Other financial and other non-financial liabilities | 33, 36 | 210 | **78** |
| Deferred tax liabilities | 25 | 66 | **83** |
| **Current liabilities** | | **5,625** | **6,327** |
| Trade liabilities | 33, 34 | 3,199 | **3,476** |
| Provisions | 32 | 287 | **290** |
| Financial liabilities | 33, 35 | 773 | **1,155** |
| Other financial and other non-financial liabilities | 33, 36 | 1,175 | **1,128** |
| Income tax liabilities | 33 | 184 | **277** |
| Liabilities related to assets held for sale | 42 | 7 | **0** |

- **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. 44 – Contingent liabilities page 245 **and** no. 45 – Other financial commitments page 245**.**

## Asset position

In financial year 2020/21, METRO’s total assets decreased by €0.4 billion to €12.8 billion (30/9/2020: €13.2 billion).

There was a decrease of €0.3 billion in non-current assets to €8.0 billion in financial year 2020/21 (30/9/2020: €8.3 billion), particularly affecting property, plant and equipment. Due to the pandemic, this is attributable to restrained investing activities as well as disposals and lower investments in connection with the strategic partnership with IT service provider Wipro Limited. The decline in investments accounted for using the equity method results in particular from the disposal of shares in a store network in Germany.

| € million | Note no. | 30/9/2020[1] | 30/9/2021 |
|---|---|---|---|
| **Non-current assets** | | **8,284** | **8,004** |
| Goodwill | 19 | 731 | **644** |
| Other intangible assets | 20 | 576 | **568** |
| Property, plant and equipment | 21 | 5,811 | **5,663** |
| Investment properties | 22 | 188 | **170** |
| Financial assets | 23 | 98 | **92** |
| Investments accounted for using the equity method | 23 | 421 | **361** |
| Other financial and other non-financial assets | 24 | 201 | **162** |
| Deferred tax assets | 25 | 258 | **345** |

[1] Previous year’s comparative values were adjusted due to a change in the accounting method (inventories); see the notes section ‘Change in accounting method (inventories)’.

- **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 decreased by €0.1 billion compared to previous year's figures to €4.8 billion (30/9/2020: €4.9 billion). While inventories increased by €0.1 billion to €2.0 billion (30/9/2020: €1.9 billion) as part of the increased business volume, VAT refund claims were settled. Cash remained nearly constant at €1.5 billion (30/9/2020: €1.5 billion).

| € million | Note no. | 30/9/2020[1] | 30/9/2021 |
|---|---|---|---|
| **Current assets** | | **4,886** | **4,815** |
| Inventories | 26 | 1,860 | **1,964** |
| Trade receivables | 27 | 429 | **496** |
| Financial assets | | 3 | **3** |
| Other financial and other non-financial assets | 24 | 902 | **785** |
| Entitlements to income tax refunds | | 145 | **93** |
| Cash and cash equivalents | 29 | 1,525 | **1,474** |
| Assets held for sale | | 22 | **0** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section '**Change in accounting method (inventories)**'.

- **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

Financial year 2020/21 was particularly dominated by the Covid-19 pandemic and the associated government measures. They had a negative impact on the business development, especially in the first half of the year. In the course of the second half of the year, government measures were eased, resulting in a trend reversal and a significantly improved business performance. This is partly attributable to the relaxation of Covid-19 protective measures, which began gradually in May and became more wide-ranging as the financial year progressed. On the other hand, METRO took numerous measures at country level to reinforce its operational business in the food service and hospitality industries. The measures included activation of existing customers and acquisition of new ones, for example through 'new start' discounts, payment term campaigns or special assortments.

The development of METRO's individual segments has been affected by the Covid-19 pandemic to varying degrees. The development largely depends on the composition of the customer groups as well as the duration and intensity of the restrictions in the respective countries. After declines in the first half of the year, sales of the HoReCa customer group increased significantly again in the second half of the year in the course of the recovery of the hospitality and tourism industry. Especially in countries with a high HoReCa share of sales and in countries where government measures were more stringent at the beginning of the year, progress in the fight against the pandemic and the associated positive effects on public life and METRO's business development became apparent in the second half of the year. Thus, since June, sales have been above the pre-pandemic level. According to market estimates[22], METRO outperformed the HoReCa market in Germany and in some other Western European countries with strong HoReCa performance.

[22] npdgroup CREST panel, NPD.

For financial year 2020/21, after a strong development in the second half of the year, **sales development** in local currency is at previous year's level (0.0%). Like-for-like sales decreased slightly by −0.4%. The sales development in local currency was positive in Eastern Europe, Russia and Asia. Germany and Western Europe recorded a negative sales development, mainly due to the effects of the Covid-19 pandemic. Due to negative currency effects, especially in Russia and Turkey, sales in € decreased by −3.4% to €24.8 billion.

**Adjusted EBITDA** reached €1,171 million in financial year 2020/21 (2019/20: €1,158 million). Here again, the recovery in sales was also reflected in the earnings development. Furthermore, positive one-time effects in the mid-double-digit million euro range had an impact in the segments Western Europe (excluding Germany), Eastern Europe (excluding Russia) and especially in the Others segment, which mainly occurred in H1 2020/21. Negative currency effect developments, especially of the Russian and Turkish currencies, also impacted the earnings development. Adjusted for currency effects, EBITDA increased by €72 million or 6.5% (with Aviludo and Davigel Spain) compared to the same period of the previous year. Transformation costs of €65 million were incurred in financial year 2020/21 (2019/20: €47 million). They are mainly attributable to Q4 2020/21 and relate to the country exits from Japan, Myanmar and the Philippines (Classic Fine Foods).

**Earnings contributions from real estate transactions** amounted to €60 million (2019/20: €3 million) and resulted mainly from the sale of the last remaining real estate property of the hypermarket business, the disposal of an at-equity investment in a retail location portfolio in Germany and a sale-and-leaseback transaction in Portugal. The EBITDA reached a total of €1,166 million (2019/20: €1,113 million).

| € million | 2019/20 | **2020/21** | Change |
|---|---|---|---|
| Sales | 25,632 | **24,765** | −3.4% |
| Adjusted EBITDA | 1,158 | **1,171** | 1.1% |
| Transformation costs | 47 | **65** | 39.3% |
| Earnings contributions from real estate transactions | 3 | **60** | – |
| EBITDA | 1,113 | **1,166** | 4.7% |
| EBIT | 257 | **197** | −23.5% |
| Investments | 627 | **764** | 21.8% |
| Locations (number) | 678 | **681** | 0.4% |
| Selling space (1,000 $m^2$) | 4,723 | **4,636** | −1.8% |

The reconciliation from sales to like-for-like sales in local currency is shown in the following:

| € million | Continuing operations 2019/20 | 2020/21 | Change |
|---|---|---|---|
| **Total sales** | **25,632** | **24,765** | **−3.4%** |
| Total sales in local currency[1] | 24,772 | **24,765** | 0.0% |
| Sales of stores that were not part of the like-for-like panel in 2020/21[2] | 65 | **164** | – |
| **Like-for-like sales in local currency** | **24,707** | **24,601** | **−0.4%** |

[1] Sales in local currency of the previous year were calculated by converting reported sales of the previous year at the average exchange rate of the current financial year.

[2] Not included in the like-for-like panel are, among others, new openings, stores in start-up phase, closures, acquisitions, service companies and outlets with major refurbishments.

## Comparison of outlook with actual business developments

Due to the volatile course of the Covid-19 pandemic and government restrictions, the outlook issued on 14 December 2020 was revised during the financial year on 20 April 2021. This was due to the continuous extension and high volatility of regulatory measures related to the Covid-19 pandemic at that time. With restrictions continuously easing and the resulting business development exceeding expectations, this outlook was increased again on 27 July 2021. Dedicated operational measures to support the re-start of our customers resulted in continuous market share gains. The subsequent comparison of the actual business development with the outlook for financial year 2020/21 refers to the outlook published on 27 July 2021.

For financial year 2020/21, METRO's outlook on 27 July 2021 projected a decline in total sales and like-for-like sales of −0.5% to −3.5% compared to the previous year and a development in EBITDA excluding earnings contributions from real estate transactions and transformation costs of €+50 million to €−75 million compared to the previous year. The outlook was based on the assumption of stable exchange rates and no further adjustments to the portfolio (this means: with Japan and Myanmar, without Davigel Spain and Aviludo). The lower end of the outlook range took into account a potential partial return to restrictions due to the unchanged high uncertainty and volatility regarding the further development of the pandemic.

For the financial year, the impact of government restrictions on sales and earnings remained highest in regions with a high share of hospitality customers, such as in the Western Europe segment (excl. Germany). In terms of sales, a positive development was expected in the Russia, Eastern Europe (excl. Russia) and Asia segments. On the earnings side, a heterogeneous development in the segments was expected, with the group result being determined in particular by the further sales-dependent development in Western Europe (excl. Germany).

With a development in total sales in local currency at previous year's level (0.0%) or −0.4% adjusted for initial consolidations[23] and like-for-like sales of −0.4%, METRO reached the upper end of the outlook (−0.5% to −3.5%). The positive development expected for Russia, Eastern Europe (excl. Russia) and Asia in terms of sales occurred as expected.

[23] Outlook view: constant portfolio, adjusted for initial consolidation of the Aviludo Group and Davigel Spain.

**Adjusted EBITDA** with Aviludo and Davigel Spain reached a total of €1,171 million in financial year 2020/21 (2019/20: €1,158 million). Without Aviludo and Davigel Spain adjusted EBITDA reached €1,164 million. Adjusted for negative currency effects of €59 million, EBITDA increased by €65 million or 5.9% (without Davigel Spain and Aviludo) compared to the previous year and thus also reached the upper end of the outlook range (€+50 million to €−75 million). On the earnings side, a heterogeneous development in the segments was expected, with the group result being determined in particular by the further sales-dependent development in Western Europe (excl. Germany). Due to the strong recovery in the second half of the year, adjusted EBITDA (without Aviludo and Davigel Spain) in Western Europe (excl. Germany) for the financial year was only €−7 million below the previous year. Adjusted for currency effects, the other segments were all above previous year's level. In this area, Eastern Europe (excl. Russia) and in particular the segment Others were supported by positive one-time effects.

METRO achieved its adjusted sales and earnings outlook for financial year 2020/21 at the upper end of the outlook range.

### Sales and earnings development of the segments

In **Germany** sales in local currency in financial year 2020/21 declined by −5.2%. Like-for-like sales decreased by −4.8%. This is mainly attributable to a significant decline in sales to HoReCa customers in the wake of the Covid-19 pandemic, particularly in H1 2020/21. In the course of the gradual reopening of the hospitality industry business, the sales development in the HoReCa segment improved in the second half of the year. However, it could not compensate for the declines in the other customer groups, among others due to the reduction of the tobacco business. Nevertheless, the HoReCa business developed better than the market. Reported sales decreased by −5.2% to €4.5 billion.

In **Western Europe (excl. Germany)**, sales in local currency in financial year 2020/21 declined by −2.3%. Like-for-like sales decreased by −3.2%. In this area, the effects of the Covid-19 pandemic had an impact in the first half of the year. France and Italy were particularly affected by the government-imposed restrictions. In the second half of the year, a rapid and significant recovery of the HoReCa business set in with the gradual reopening of the hospitality and tourism sectors. The biggest drivers were France, Italy and Spain. In those countries, the HoReCa business outperformed the market. In addition, the sales of the delivery companies Aviludo in Portugal and Davigel in Spain contributed positively to the sales development since the initial consolidation. Total sales in Q4 2020/21 already returned to pre-pandemic levels. Reported sales in financial year 2020/21 dropped by −2.3% to €9.4 billion.

In **Russia**, sales in local currency grew by 3.3% and like-for-like sales by 3.6% in financial year 2020/21. Sales growth was driven by the HoReCa and Traders customer groups. Due to negative currency effects, reported sales decreased by −10.2% to €2.4 billion.

In **Eastern Europe (excl. Russia)**, sales in local currency and like-for-like sales increased by 4.5% in financial year 2020/21. Adjusted for currency effects, Romania, Ukraine and Turkey in particular developed positively. In Poland, the Czech Republic, Hungary and Slovakia, Covid-19-related restrictions had a particularly negative impact. Due to negative currency effects, especially in Turkey and Ukraine, reported sales decreased by −1.7% to €7.0 billion.

Sales in local currency in **Asia** increased by 3.3% and like-for-like sales by 1.4% in financial year 2020/21. Classic Fine Foods and India in particular benefited from the recovery in the hospitality sector in the second half of the year. Due to negative currency effects, especially in India and Japan, reported sales decreased by −2.8% to €1.5 billion.

In financial year 2020/21, METRO's **delivery sales** increased by 5.8% to approximately €4.2 billion (2019/20: €3.9 billion) and achieved a sales share of 17% (2019/20: 15%). As of 30 September 2021, the store network comprised 681 stores (3 new openings in India, 1 new opening in Pakistan and 1 closure in Germany).

### METRO KEY SALES FIGURES 2020/21

In year-on-year comparison

| | Sales (in € million) | | Change in % compared with the previous year's period | | | |
|---|---|---|---|---|---|---|
| | 2019/20 | **2020/21** | in group currency (€) | Currency effects in percentage points | in local currency | like-for-like sales (in local currency) |
| **METRO** | **25,632** | **24,765** | **−3.4%** | **−3.4%** | **0.0%** | **−0.4%** |
| Germany | 4,699 | **4,457** | −5.2% | 0.0% | −5.2% | −4.8% |
| Western Europe (excl. Germany) | 9,603 | **9,384** | −2.3% | 0.0% | −2.3% | −3.2% |
| Russia | 2,644 | **2,374** | −10.2% | −13.5% | 3.3% | 3.6% |
| Eastern Europe (excl. Russia) | 7,125 | **7,004** | −1.7% | −6.2% | 4.5% | 4.5% |
| Asia | 1,539 | **1,496** | −2.8% | −6.2% | 3.3% | 1.4% |
| Others | 22 | **49** | – | – | – | – |

In **Germany,** adjusted EBITDA reached a total of €149 million in financial year 2020/21 (2019/20: €125 million). This was mainly attributable to a good margin development and stringent cost management. METRO Germany performed significantly better overall than Rungis Express, where government restrictions had a significantly more negative impact due to the strong focus on hospitality industry customers.

In **Western Europe (excl. Germany)**, adjusted EBITDA in financial year 2020/21 stayed at previous year's level of €394 million (2019/20: €394 million). The earnings development generally followed the slightly negative sales development. The acquisition of Davigel Spain resulted in one-time income in the mid single-digit million euro range with positive offsetting effect as part of the initial consolidation. The earnings contributions from real estate transactions amounted to €18 million (2019/20: €1 million) and resulted mainly from a sale-and-lease-back transaction in Portugal.

Adjusted EBITDA in **Russia** amounted to €197 million in financial year 2020/21 (2019/20: €224 million). Adjusted for currency effects, EBITDA increased by €2 million.

In **Eastern Europe (excl. Russia)**, adjusted EBITDA reached a total of €366 million in financial year 2020/21 (2019/20: €371 million). This decrease is mainly attributable to negative currency effects in Turkey. Adjusted for currency effects, Romania, Turkey and Ukraine were able to compensate for the declining development in the Czech Republic, Slovakia and Poland. Furthermore, the termination of a legal dispute contributed positively to the earnings development with an amount in the mid single-digit million euro range. Adjusted for currency effects, EBITDA in Eastern Europe (excl. Russia) increased by €18 million.

Adjusted EBITDA in **Asia** reached a total of €7 million in financial year 2020/21 (2019/20: €0 million). Licensing revenues from the ownership share of the METRO China partnership with Wumei made a positive contribution of a low single-digit million euro amount to the earnings development. Adjusted for currency effects, EBITDA in Asia increased by €6 million.

Transformation costs of €45 million (2019/20: €0 million) were incurred due to the country exits from Japan, Myanmar and the Philippines (Classic Fine Foods).

Adjusted EBITDA in the **Others** segment amounted to €59 million in financial year 2020/21 (2019/20: €42 million). The improvement compared to the previous year is attributable to various sustainable, temporary and one-time effects. Sustainable effects include savings from the restructuring carried out in the previous year, which had a positive impact on personnel expenses. Temporary effects resulted from licensing revenues from the partnership with Wumei (which will continue to contribute to the earnings development until April 2023). Moreover, one-off income of around €30 million contributed to the earnings development. It resulted from the termination of arbitration proceedings, the reassessment of transaction-related provisions and the final purchase price valuation of the METRO China transaction. Earnings contributions from real estate transactions amounted to €42 million (2019/20: €0 million) and resulted mainly from the sale of the last remaining real estate property of the hypermarket business and the disposal of an at-equity investment in a retail store network in Germany.

| | Adjusted EBITDA | | | Transformation costs | | Earnings contributions from real estate transactions | | EBITDA | |
|---|---|---|---|---|---|---|---|---|---|
| € million | 2019/20 | **2020/21** | Change (€) | 2019/20 | **2020/21** | 2019/20 | **2020/21** | 2019/20 | **2020/21** |
| **Total** | **1,158** | **1,171** | **13** | **47** | **65** | **3** | **60** | **1,113** | **1,166** |
| Germany | 125 | **149** | 23 | 0 | **10** | 0 | **0** | 125 | **138** |
| Western Europe (excl. Germany) | 394 | **394** | 0 | 0 | **0** | 1 | **18** | 395 | **412** |
| Russia | 224 | **197** | −27 | 0 | **0** | 0 | **0** | 224 | **197** |
| Eastern Europe (excl. Russia) | 371 | **366** | −5 | 0 | **0** | 2 | **0** | 373 | **366** |
| Asia | 0 | **7** | 7 | 0 | **45** | 0 | **0** | 0 | **−38** |
| Others | 42 | **59** | 17 | 47 | **10** | 0 | **42** | −5 | **91** |
| Consolidation | 1 | **−1** | −2 | 0 | **0** | 0 | **0** | 1 | **−1** |

## Depreciation, financial result and taxes

### DEPRECIATION, FINANCIAL RESULT AND TAXES

| € million | 2019/20 | 2020/21 |
|---|---|---|
| **EBITDA** | **1,113** | **1,166** |
| Depreciation | 857 | **969** |
| Reversals of impairment losses | 1 | **0** |
| **Earnings before interest and taxes EBIT** | **257** | **197** |
| Earnings share of non-operating companies recognised at equity | 0 | **0** |
| Other investment result | 3 | **12** |
| Interest income/expenses (interest result) | −220 | **−194** |
| Other financial result | −72 | **25** |
| **Net financial result** | **−289** | **−157** |
| **Earnings before taxes EBT** | **−32** | **40** |
| Income taxes | −108 | **−85** |
| **Profit or loss for the period from continuing operations** | **−140** | **−45** |
| Profit or loss for the period from discontinued operations after taxes | 612 | **0** |
| **Profit or loss for the period** | **471** | **−45** |

### Depreciation

Impairment losses increased by €112 million from €857 million to €969 million. This increase is mainly attributable to the fact that impairments were higher than in the previous year. Impairment losses of €95 million were recognised in the financial year; they are mainly attributable to goodwill of METRO Cash & Carry Germany due to expected pandemic-related uncertainties in the hospitality market. Likewise, changes in the logistics chain, an increased focus on availability of goods and further investment activities have consequences for future cash flows. Furthermore, impairments due to transformation projects, mainly country exits in the Asia segment (Japan, Myanmar as well as Classic Fine Foods Philippines) amounting to €49 million as well as impairments at individual locations were incurred.

— **Further disclosures about impairment losses are provided in the notes to the consolidated financial statements in** no. 15 – Depreciation/amortisation/impairment losses ▶ page 183**.**

### Net financial result

The net financial result primarily comprises the interest result of €−194 million (2019/20: €−220 million) and the other financial result of €25 million (2019/20: €−72 million). The net interest result improved significantly as a result of declining interest expenses from leases. The other financial result benefited significantly from a net positive currency effect development of the Eastern European currencies and the Turkish lira. The latter therefore had less of an adverse effect on the valuation of foreign currency lease liabilities than in 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/non-operating companies recognised at equity ▶ page 177, no. 8 – Other investment result ▶ page 177, no. 9 – Net interest income/interest expenses ▶ page 178 and no. 10 – Other financial result ▶ page 178**.**

### Taxes

The decrease of €23 million in the recognised income tax expenses is mainly attributable to opposing effects between effective and deferred taxes in Austria (country exit Japan) and Russia as well as to reversal effects of deferred tax liabilities in Germany.

— **For more information about income taxes, see the notes to the consolidated financial statements in** no. 12 – Income taxes ▸ page 180.

| € million | 2019/20 | **2020/21** |
|---|---|---|
| Actual taxes | 133 | **157** |
| thereof Germany | (10) | **(12)** |
| thereof international | (123) | **(145)** |
| thereof tax expenses/income of current period | (143) | **(102)** |
| thereof tax expenses/income of previous periods | (−10) | **(55)** |
| Deferred taxes | −25 | **−72** |
| thereof Germany | (24) | **(3)** |
| thereof international | (−49) | **(−76)** |
| | **108** | **85** |

### Profit or loss for the period and earnings per share

The profit or loss for the period in financial year 2020/21 was €−45 million, €95 million higher than the profit or loss for the period from continuing operations of the previous year (2019/20: €−140 million).

The profit or loss for the period of the discontinued operations of METRO AG was €612 million in the previous year and included transaction proceeds.

Overall, the profit or loss for the period in financial year 2020/21 is thus significantly lower than the net result for the period of all activities in the previous year.

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 €−56 million (2019/20: €460 million; thereof €−146 million from continuing operations).

On this basis, METRO achieved earnings of €−0.15 per share in financial year 2020/21 (2019/20: €1.27, of which €−0.40 came from continuing operations). 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 2020/21 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

At its meeting on 11 November 2021, the Supervisory Board of METRO AG decided to reorganise the Management Board of METRO AG. The restructured Management Board will ensure the execution of the new strategy from next year on. The following changes were agreed:

Eric Poirier, Chief Operating Officer (COO) and member of the Management Board, will leave the Management Board with effect from 31 December 2021. Andrea Euenheim, Chief Human Resources Officer (CHRO) and member of the Management Board, will not renew her contract when it comes to an end on 31 October 2022, but will continue to perform her current role until that date.

Rafael Gasset, Chief Operating Officer (COO) and member of the Management Board, will assume responsibility for the countries at Management Board level. The Germany/Austria unit will report to CEO Dr Steffen Greubel in the Management Board.

With effect from 1 January 2022, Claude Sarrailh will join the Management Board, where he will be responsible for commercial functions as Chief Customer & Merchandise Officer (CCMO).

## 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 to derive forecasts. Oxford Economics is the main data source used to forecast business conditions. It is important to understand that the statements below are made in the context of the current pandemic. Due to the volatile global development of the infection and of government countermeasures associated with combating it, all forecasts are subject to a high degree of uncertainty. Therefore, they could not only change quickly, but also significantly. The statements made for this report relate to the closing date of 2 November 2021. They may have become obsolete due to recent developments since then.

### Macroeconomic parameters

**Global economy**

Compared to the previous year, the global economy is expected to gradually recover in the course of the financial year 2021/22 with real growth of 5.1%. However, it will be significantly influenced by the continuous development of the pandemic, but also by a current global supply chain bottleneck and raised raw material prices. It is instrumental for a full recovery that no new virus variants evolve or that the vaccination successes achieved so far do not level off due to an overload of the respective health care systems and thus trigger another sharp recession. It is also assumed that the government measures taken to combat the pandemic and the interventions to support the economy will be (fully) scaled back. However, there are increasing concerns that infection numbers are rising and some countries are already withdrawing initial relaxations, for example, in the Netherlands, Austria, Russia, Ukraine and Germany.

Furthermore, producers and retailers all over the world are facing a combination of supply chain bottlenecks and rising prices for raw materials and energy. This also has a negative impact on consumer prices and real earnings. The magnitude mainly depends on the duration of the current situation. For example, the current bottleneck in the global supply chain, triggered by low inventory levels, raw material shortages and very high utilisation of logistics services, is expected to adversely affect the economic recovery, especially in the manufacturing sector. It will probably continue through H1 2021/22.

Economic growth will also be (almost) entirely driven by the return of consumer spending in sectors that were previously particularly impacted by the pandemic, such as hospitality or tourism. A significant increase in private consumption and a decline in the savings rate are expected. However, before the inflation rate declines again, it is expected to continue to rise until H1 2021/22, possibly significantly in some countries such as Germany. This also affects food prices. It remains to be seen how wages and labour markets develop in return. In addition, some national economies and industry sectors are already experiencing staff shortages, which have also been triggered by a migration of labour between economic sectors. For example, there is a shortage of service staff in the hospitality industry and drivers in the logistics sector.

The economic effects of potential international trade dispute cannot yet be estimated. The economic consequences of Brexit will probably become more apparent in financial year 2021/22 than before, especially if the current renegotiations fail and lead to mutual trade sanctions. In addition, trade policy consequences on global trade could arise from tensions in the Indo-Pacific region and between the USA and China, which may result in economic sanctions on goods or trade routes.

**Germany**

Real economic growth of 4.8% is expected for financial year 2021/22. It is expected to return to the pre-pandemic performance level. The main prerequisite here is that the pandemic situation continues to improve. With the resulting gradual withdrawal of social restrictions, the German economy is expected to be further stimulated, and consumers will use the resulting greater leeway for consumer spending. This is especially true for the hospitality and event industry. Private consumer spending in Germany is therefore expected to turn out significantly more positive, especially in H1 2021/22. At the same time, however, another temporary increase in inflation is also expected, which will be broadly spread out across many product groups, but especially on energy and food spending. It remains to be seen how wages will develop in this environment in the respective sectors and wether any real income losses can be absorbed. However, the labour market is expected to remain at a stable level overall. Another risk factor is the global supply chain bottleneck, which particularly affects Germany as an export-rich country. This bottleneck is expected to extend into H1 2021/22 and thus significantly constrain the manufacturing sector. Therefore, exports in general and the automotive sector in particular will be impacted, even if industrial production as well as imports and exports develop positively overall.

**Western Europe**

For the coming financial year, a significant economic recovery is expected for Western Europe as a whole (+5.4% real growth), along with an economic output level just above the financial year before the start of the pandemic. Again, the main condition for recovery is the (slow) return to a normal social life. The forecasts further call for an accompanying increase in private consumer spending, especially in the hospitality and event industry. Inflation is also expected to continue to increase in Western Europe, although the magnitude will vary from country to country. The labour market is expected to be stable overall, with the unemployment rate in Spain remaining at a high level. Imports and exports are forecast to develop positively, although industrial production will be negatively affected by the global supply shortage and increased energy costs. The tourist-oriented countries France, Italy, Spain and Austria can expect a very significant increase in tourism. The development of the hospitality industry is closely aligned with the tourism sector. In Western Europe, the hospitality industry is expected to develop positively compared to 2021, but still below the pre-pandemic level of 2019.

**Russia**

For Russia, economic growth is currently projected at 1.8%, even though vaccination coverage lags significantly behind other developed countries and there is a high infection rate. Temporarily introduced mandatory leaves may lead to a decline in consumption, since this time, unvaccinated people in particular are also subject to special restrictions. Private consumer spending is expected to increase with stable inflation and a positive development of imports and exports. The important energy and raw materials sector is forecast to grow strongly. There is high demand for minerals, and oil production is expected to increase following the decision of OPEC+. The labour market will continue to develop positively. Household spending in the food retail sector is expected to decrease slightly in real terms compared to 2021, but will remain well above the pre-pandemic level of 2019. Further growth is expected for the hospitality industry.

**Eastern Europe**

The economy in Eastern Europe is expected to grow by 4.1% in real terms, exceeding the pre-pandemic level. Despite low vaccination rates in some parts, the individual countries have scaled back social restrictions to varying degrees, which is causing a boost to the economy. This is especially true for the Turkish economy, whose current upswing will continue in the coming year according to current forecasts. Very positive growth is also expected for the other Eastern European countries in the METRO portfolio. These forecasts are also subject to a slowdown in infections and a stable health care system. Private consumer spending, especially in the hospitality and event industry, is expected to develop positively in most Eastern European countries. A strong increase in consumer spending is especially expected in Turkey. However, driven by food and energy prices, the inflation rate in Eastern Europe is also expected to increase significantly. This could reduce real earnings and thus have an effect on consumer spending. In combination with a weak currency development (for example in Turkey), this could have an additional negative effect on the consumption of certain imported goods and services. Overall, a positive development is expected for imports and exports, and the labour market is expected to remain at a good level. A significant increase in the number of tourists is predicted for tourist-oriented Eastern European countries such as Turkey or Croatia, which should also be reflected in the hospitality industry. Likewise, a continued positive development in demand is expected for Traders, as the basic food supply would become particularly important in a tense infection situation. In Poland, it will be critical to see how the current political conflict with the EU affects the economy. For example, there could be a delay in disbursement from the EU fund for coronavirus aid or further fines.

**Asia**

The Asian economy is expected to grow by more than 5%. In India, however, there is a risk of a renewed recession due to the worsening infection situation and the reintroduction of restrictive measures. Private consumer spending is expected to develop quite positively, especially in Q1 2021/22, despite high, rising inflation. The labour market as well as imports and exports are expected to continue to develop positively.

## Outlook of METRO

The outlook is based on the assumption of stable exchange rates and no further adjustments to the portfolio (that is, without Japan and Myanmar, with Aviludo and Davigel Spain). The relevant opportunities and risks that influence the outlook are explained in the opportunities and risk report. The sales and earnings outlook depends particularly on the further development of the Covid-19 pandemic in financial year 2021/22. Temporary and limited governmental restrictions on social life, especially in H1 of financial year 2021/22, have been taken into consideration.

**Sales**

The Management Board expects a total sales growth of 3% to 7% (2020/21: 0.0% with Japan and Myanmar, 0.1% without Japan and Myanmar) for financial year 2021/22, hence reaching the pre-pandemic level[24]. The HoReCa business is expected to be the main growth driver, especially due to high momentum in delivery. All segments will contribute to the growth. For Western Europe (excl. Germany), a significantly overproportionate growth is expected. Germany is expected to grow below the group range, also due to the reduction of the tobacco business.

**Earnings**

The Management Board further expects an EBITDA adjusted on the level of the past financial year 2020/21 (€1,187 million without Japan and Myanmar). For Western Europe (excl. Germany), a significant growth is expected. The segment Others was supported by one-time effects in the mid double-digit million euro range in financial year 2020/21. Due to this and further digitalisation efforts, it will therefore be noticeably below the level of the previous year.

[24] On a comparable, operational level.

# 5 OPPORTUNITIES AND RISK REPORT

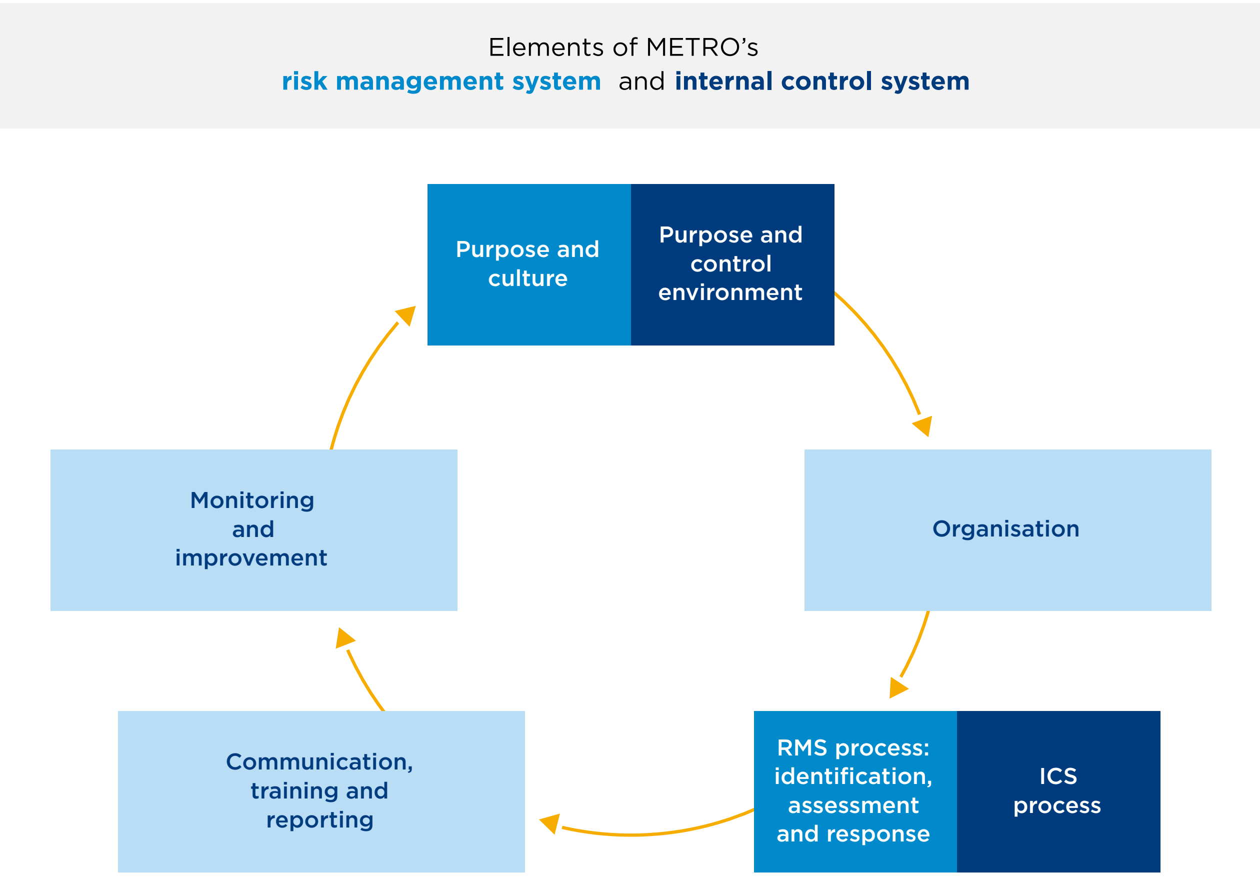
## Risk management system and internal control system

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.

### Identification, assessment and steering of risks

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 development and implementation of business models, decisions about store locations and the procurement and sale of merchandise and services. 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 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 here is EBIT. The other part of the assessment focuses on the probability of occurrence. We break risks down into the following 4 risk categories:

| **Loss potential** | |
|---|---|
| Significant | > €300 million |
| Major | > €100–300 million |
| Moderate | > €50–100 million |
| Minor | ≤ €50 million |
| **Probability of occurrence** | |
| Probable | > 50% |
| Possible | > 25–50% |
| Low | ≥ 10–25% |
| Unlikely | < 10% |

All risks are assessed with their potential impact at the time of the risk analysis and before potential mitigating measures (presentation of gross risks). The central IT tool myGRC is used to identify and assess risks and to document key control measures. We generally assess risks over a prospective 1-year period; strategic risks cover at least the medium-term planning horizon of 3 years.

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. Long-term risks and opportunities, for example related to climate change or political risks, are also taken into account by the relevant functional experts. Based on these so-called functional risk profiles, the Group Governance department prepares a proposal of consolidated risks. Before the proposal is submitted to the Management Board of METRO AG for authorisation, it is 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 ▸ page 94**'.**

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, monitoring 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 guideline is periodically updated by the Corporate Accounting & Controlling 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 group-wide 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.

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 local management.

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. One of these controls involves the annual systematic evaluation of all findings gathered throughout the year, such as those arising from 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

METRO has numerous opportunities for a sustainable positive development of its business. On the other hand, there are risks that could impact us in reaching our goals. We have allocated the METRO opportunity and risk portfolio to various subject groups. The Management Board of METRO AG identified and assessed the following risks which are considered to be particularly relevant for METRO. They are listed in the following overview:

| Subject group | No. | Particularly relevant risks 2020/21 | Loss potential | Probability of occurrence |
|---|---|---|---|---|
| | #1 | Risks related to Covid-19 | Significant | Possible |
| | #2 | Macroeconomic and political risks | Moderate | Possible |
| Environment | #3 | Interruption of business activities | Major | Low |
| Corporate responsibility | #4 | Environmental and social risks | Major | Possible |
| Wholesale business | #5 | Challenged business model | Major | Possible |
| Real estate | #6 | Real estate risks | Minor | Probable |
| | #7 | Procurement risks (new) | Moderate | Possible |
| Suppliers and products | #8 | Quality risks | Major | Low |
| Financials | #9 | Financial risks | Major | Possible |
| Transactions | #10 | Transaction risks | Major | Probable |
| | #11 | Increasing trade regulations | Moderate | Probable |
| Legal and tax | #12 | Tax risks | Moderate | Possible |

Risk no. 7 ‘Procurement risks’ was included for the first time, as it represented a relevant risk for METRO in the reporting period due to the loss potential and the probability of occurrence.

The risk factor ‘More stringent regulation pertaining to deferred compensation’ is reported together with risk no. 11 ‘Increasing trade regulations’ this year due to its close affiliation.

### Environment

**Opportunities in connection with Covid-19**

Despite the significant impact of the Covid-19 pandemic on our HoReCa customers and the resulting decline in sales, there is a significant opportunity for METRO to emerge stronger from the crisis. This is because METRO is distinguished from its competitors by a diversified business model and strong capital resources. Especially smaller competitors that are solely based on delivery sales are strongly affected by the Covid-19 pandemic due to the high HoReCa share of sales and limited financial possibilities. METRO has the opportunity to actively consolidate the market and gain market share. The pandemic has also changed consumer behaviour and boosted the convenience trend, which has a positive impact on our Traders customer group and Traders franchise business. METRO has also intensified strategic B2B partnerships with online food retailers such as SberMarket (B2B2C) in Russia during this period and thus has the opportunity to benefit from future growth of these companies. Digitalisation has been accelerated by the Covid-19 pandemic and the importance of digital solutions for HoReCa and Traders customers has increased accordingly. METRO offers its customers sustainable solutions with economic added value through Hospitality Digital and METRO MARKETS. The goal is to strengthen customer loyalty in the long term, to further expand customer relationships and thereby increase the share of wallet.

**Risks related to Covid-19 (#1)**
In financial year 2020/21, the ongoing global spread of Covid-19 continued to have a significant impact on METRO's operations. In particular, the government-imposed lockdown measures in H1 of the reporting period resulted in closures of HoReCa operations as well as restrictions in the global supply chain. From an HR perspective, the risk is that employee infections can lead to disruptions in logistics, warehouses and stores as well as work stoppages. We also hold real estate in our portfolio and lease some of it to third-party tenants. Political measures and a deterioration in the financial situation of tenants may lead to rent losses and, in addition to the scenarios listed under risk no. 6 'Real estate risks', to a deterioration in the financial situation of tenants. Although the situation initially eased since the restrictions were relaxed in spring 2021, virus variants occurring all over the world continued to pose a risk of additional pandemic waves. As we entered the autumn and winter season, the number of cases has risen dramatically again. Then again, the vaccination rate is increasing, making renewed large-scale lockdowns less likely, especially for people who have been vaccinated and who have recovered from prior infections. Consequently, we now assess the overall risk as less probable than in the previous year and have arrived at an evaluation of the probability of occurrence as 'possible' (> 25–50%) rather than 'probable' (> 50%) as in the previous year. In order to counter the risks in a timely and comprehensive manner, we are systematically monitoring political measures and assessing the current pandemic situation. To this end, we have set up a crisis team at group level, which is responsible for the ongoing exchange of all relevant information and timely reporting. Furthermore, we have initiated a variety of centralised and decentralised measures to support the operational business. For example, we have launched campaigns to reopen the hospitality businesses in several countries, provided advice and assistance for the implementation of hygiene concepts, and we made digital solutions available, for example for guest registration in the hospitality sector. To protect the employees, METRO has implemented comprehensive hygiene concepts as well as testing and vaccination solutions. In the long term, there is a risk that Covid-19 could lead to a systematic change in the hospitality operator structure through market exits of financially weak restaurateurs and changed consumer behaviour. We are continuously monitoring the corresponding trends in this area to ensure we can always quickly react to changes.

**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 markets 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. At the country level, the political and/or economic situations in Russia, Ukraine, Turkey and Myanmar are particularly noteworthy for the reporting period. The potential risks include the loss of property and real estate assets, changes in the exchange rate, product restrictions, capital controls, regulatory restrictions and unexpected weakening of demand. The global economy is continuing to be marked by tense trade relations between the USA, Europe and China, as can be clearly seen in the expansion of the imposed punitive tariffs. We consider it a risk. Nonetheless, a 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. Our international presence comes with the advantage of being able to reduce the economic, legal and political risks as well as fluctuations in demand through diversification.

– **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 ▶ page 85.

**Interruption of business activities (#3)**
Our business operations could, for example, be compromised and/or interrupted by a failure of IT systems, natural disasters or pandemics. Important business processes such as purchasing/product ordering, marketing and sales rely on IT systems. Systems for online retailing must be continuously available, as these systems are a prerequisite for permanent access, also outside normal store opening times. As a result, the continuous availability of the infrastructure is a critical factor in the development and implementation of our IT solutions. Systems that are essential for business operations in the stores, especially checkouts, are largely self-contained and can generally continue to be used for some time even during events such as network failures or the failure of central systems. In case of partial network failures, they can automatically reroute data or switch to redundant routes.

Centralised IT systems can be quickly restored to operational readiness if one or more servers fail. Therefore, we use several central IT centres, which enables us to compensate for major business interruptions or reduce their duration to the absolute minimum. We also have a disaster recovery plan to restore IT centres in Germany after extended outages (for example outages caused by fire, natural disasters or criminal actions).

A professional crisis management allows for a rapid crisis response and thereby ensures the protection of our employees and customers. This includes 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.

## Sustainability

**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. 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. At the same time, we help reinforce local structures. These developments have become even more pronounced during the Covid-19 pandemic. Our stakeholders evaluate the sustainability efforts implemented by us, for example, through ratings.

**Environmental and social risks (#4)**
The risk reported in the previous year under the name 'Sustainability risks' was renamed 'Environmental and social risks' to emphasise the focus on its content. Compared to the previous year, the probability of occurrence for this risk has decreased from 'probable' (> 50%) to 'possible' (> 25–50%), while the loss potential has increased from 'minor' (≤ €50 million) to 'major' (> €100–300 million). The backdrop to the increased loss potential is the ascertainment and broader applicability of human rights due diligence (HRDD) or, for Germany, the Act on Corporate Due Diligence Obligations in Supply Chains. They contain regulations with regard to human rights as well as environmental protection in the company's own operations and in the supply chain, and threaten potential fines and legal consequences in the event of non-compliance. 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. To mitigate the risks, METRO has established a corresponding social standards programme and traceability concept.

Furthermore, the consumption of energy and other natural resources affects our operating costs and may have a negative impact on the environment, for example through the emission of climate-damaging greenhouse gases. National regulations aimed at reducing the climate impact of accumulated energy and fuel consumption could lead to higher energy price levels (for example for electricity, gas, fuel) and thus to higher overall energy costs for METRO. In particular, the levies under the German Combined Heat and Power Act (KWKG) and the German Renewable Energy Sources Act (EEG) are increasing year after year. These additional price components alone have caused our energy costs to rise compared to the previous year. We continue to assess the risk of further increases in energy prices as a result of a possible $CO_2$ price increase as probable, even if the probability of occurrence of environmental and social risks overall has dropped to a 'possible' level due to the preventive measures. The climate target previously defined by METRO will help to minimise this risk.

— **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 ▶ page 43.

## Wholesale business

**Opportunities from innovations and digitalisation**
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 vigorous 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.

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 is motivating 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**

Customer focus and customer satisfaction are central elements of our strategy. In order to continuously measure and consistently improve customer satisfaction, we have implemented the Net Promoter Score across the board in 24 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 allows 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 countering 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.

**Challenged business model (#5)**

Particularly, the retail and wholesale trade in the markets in which we operate is characterised by rapid changes and fierce competition. A significant risk is consumers' fluctuating propensity to consume. Changes in consumer behaviour and customer expectations pose additional risks, among others, in the face of demographic change, rising competition and increasing digitalisation. If we fail to adequately address our customers' needs and price developments or if we miss trends with regard to our assortments or appropriate sales formats and new sales channels, this could potentially impede the development of our sales and income and also jeopardise our objectives in terms of growth and profitability. This may result in impairment losses on intangible assets or financial assets. In this context, after the completion of the disposal of the hypermarket business, the overall risk in terms of extent of damage has been reduced from material to significant.

We counteract these risks in various ways. On the one hand, we develop country-specific value creation plans, which are geared to local conditions and customer needs and are supported and monitored in their implementation by our operating partners and international working groups (federations). On the other hand, we are actively working on expanding our business model from transactional sales of goods to a holistic partnership that addresses all the needs of professional customers. Examples include the platform business of METRO MARKETS, the numerous initiatives for the digitalisation of our customers bundled on dish.co and the financial services under GastroFinanz.

## Real estate

**Opportunities from increase in value**
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 (#6)**
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 can lead to the risk of an impairment of owned locations or the rights-of-use of rental locations. Furthermore, there are increased risks with regard to key anchor tenants. However, we were able to reduce them compared to the previous year due to an agreement we reached on keeping the lease term. Consequently, the risk in terms of the loss potential has decreased from ‘moderate’ (> €50–100 million) to ‘minor’ (≤ €50 million), while the probability of occurrence has increased from ‘possible’ (> 25–50%) to ‘probable’ (> 50%). Moreover, delayed repair and maintenance work could lead to 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, quality and safety, the environmental and social sustainability of the products we offer and their production process are playing an increasingly important role. We aim to ensure socially acceptable working conditions within our sourcing channels. For this purpose, METRO has a group-wide purchasing policy for a sustainable supply chain and procurement management that applies to all products.

— **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 ▸ page 43.

**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, could increase demand for own brands and thus have a positive effect on METRO's profitability.

**Procurement risks (#7, new)**

Procurement risks were included in the opportunity and risk portfolio for the first time this year. Inflation, supply chain disruptions as well as a weakened negotiating position due to the reduction of the group volume may lead to a negative purchase price development. We assess the risk as 'moderate' (> €50−100 million) and 'possible' (> 25–50%). Moreover, insolvencies, production downtimes (for example energy failure or lack of raw materials) or breaches of contract by suppliers may lead to product unavailability and thus to sales losses. In order to mitigate the risks, METRO is launching projects to promote bundled purchasing activities by the national subsidiaries and thus gain 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.

**Quality risks (#8)**

As a wholesale company, METRO depends on external producers and service providers. Defective or unsafe products, exploitation of the natural environment, inhumane working conditions or infringements against our compliance standards could potentially cause major damage to the reputation of METRO and pose a lasting threat to the company's success. We therefore continuously audit our suppliers to assess their adherence to METRO's stringent procurement and compliance standards. These include the food safety and quality standards recognised by the Global Food Safety Initiative (GFSI), such as the International Food Safety Standard and the GLOBALGAP certification for agricultural products. They contribute to the safety of foods on all cultivation, production and sales levels. In order to be able to operate as a METRO own-brand supplier on a preliminary basis without a recognised and valid audit certificate, the supplier must pass a special test (METRO Assessment Solution) conducted by an accredited certification body. Violations of conditions can lead to exclusion from our supplier network or, in the case of unacceptable production methods, to a product being blacklisted. If suppliers do not provide a corresponding certificate, it jeopardises the due diligence of METRO towards the customer. Potentially non-safe products on the market which are unsuitable for human consumption or use or even harmful to health represent a very high reputation risk and comprise the threat of lasting damage to customer relationships. Should a quality incident occur despite these measures, the process steps for resolving interruptions and incidents described in our manual set out the procedure to react to the incident in the interest of our customers. We also continuously identify potential improvements to our quality assurance systems and implement them.

## Financials

### Financial risks (#9)

Unexpected deviations from the budget or the outlook could potentially result in METRO missing its budget targets and making wrong business decisions. This could lead to unexpected negative financial consequences. We therefore place high priority on measures designed to mitigate these risks. In order to minimise risks, we are consistently implementing strategic measures aimed at improving our earnings. We support the operational units in their proactive implementation of the strategy by providing them with value creation plans. We also mitigate risks by conducting effective internal controls, close interlocking of strategic planning and the budgeting process, very close monitoring of budget compliance as well as strong involvement of the supervisory bodies. 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. Furthermore, potential insolvencies of commercial partners and customers represent a financial risk. In order to minimise the risk of bad debts, we monitor the ratings and credit spreads of counterparties on a daily basis – insofar as they are available – in addition to the receivables portfolio. At the same time, we reduce the default risk to a minimum by distributing cash pooling among several parties (diversification) and by using standard scoring and limit authorisation tools.

- **For more information about financial risks and their management, please see the notes to the consolidated financial statements in** No. 43 – Management of financial risks ▶ page 238.

## Transactions

### Opportunities from portfolio simplification and efficiency improvements

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, in the past financial year METRO decided to discontinue its business activities in Japan and Myanmar. Further portfolio adjustments cannot be ruled out in the future. We have successfully completed significant company disposals (Galeria Kaufhof, Real, majority stake in METRO China) in recent years and have extensive experience in this regard. In the future, METRO will also focus on investments to strengthen its wholesale business and expand market shares. The 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 and give our customers access to innovative food products.

### Opportunities from company acquisitions

Great potential for increases in value may arise from acquisitions, particularly in business segments of strategic importance. Following the completed disposals of Real and the majority stake in METRO China, METRO's liquidity situation is excellent and provides room for company acquisitions. We see opportunities in the further expansion of our core business, mainly through acquisitions in the delivery business, as well as in reinforcing our activities in related B2B areas, e.g. in e-commerce and marketplace operations. METRO made various acquisitions in the past financial year, including Davigel (Spain) and Aviludo (Portugal) as well as AGM (Austria, in competition law examination procedure). 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. We also 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 gain market share and, where appropriate, to take over individual locations of competitors and thus actively advance market consolidation.

**Transaction risks (#10)**

The risk from the previous year 'Risks from completed transactions' was renamed to 'Transaction risks'. This year, it also includes risks from ongoing transactions in connection with the acquisition of the AGM stores in Austria (in competition law examination procedure). Furthermore, it continues to contain the risks from completed company acquisitions and disposals, such as the risks associated with the disposal of the hypermarket business and the disposal of the minority interest in METRO China as well as other subsequent liability risks from completed sales of companies from previous years. We assess the remaining risks as significant and probable. In connection with the disposal of the hypermarket business, the risks mainly consist of residual costs that will continue to be incurred after the sale and may not be sufficiently offset by proceeds from continuing operations to cover these costs, and the utilisation of guarantees. Examples of residual costs are the loss of purchasing synergies and the temporary underutilisation of METRO LOGISTICS, which will only be realised in the medium term due to transitional agreements. During this transitional period, the development of third-party business is planned in order to utilise the capacity of METRO LOGISTICS.

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 split into a wholesale specialist (the new METRO AG) and a company focused on consumer electronics and services (CECONOMY AG, formerly METRO AG). The demerger may be subject to additional legal risks, adding to the tax risks inherent in the implementation. In detail, these risks are: continuing liability for all liabilities of CECONOMY AG occurring on the effective date of the demerger/spin-off for a period of 5 years.

We are continuously monitoring the financial position of CECONOMY AG. By way of legal defence strategies, we are prepared for any potential complaints.

## Legal and tax

**Increasing trade regulations (#11)**

This year, the risk also includes risks from the more stringent regulation pertaining to deferred compensation, which were listed separately in the previous year. The European Union and national governments are increasingly adopting or amending regulations to regulate trade that could affect our business. The implementation of the Unfair Trading Practices directive will weaken our negotiating position. Further restrictions on trade practices through local law are expected in EU countries in this context. In the Corporate Public Policy department, we collect, discuss and analyse important social, regulatory and political issues in order to represent our interests at the political level through responsible lobbying. We take increasing legal requirements into account by regularly revising regulations. Besides purchase price agreements for goods we resell, we enter into agreements on so-called subsequent remuneration with the suppliers. They include purchasing conditions, for example in the form of product-specific deferred rebates, cost reimbursements or payments for services such as specific customer data analyses. For the last few years, we have observed that agreements on subsequent compensation between buyers and suppliers have been subjected to increased regulatory restrictions. This is mainly the case in Eastern Europe, but also in other countries in which METRO operates. Russia, in particular, is affected by a decline in subsequent compensations. Some restrictions mean that certain conditions are completely prohibited. At the same time, antitrust law is used to regulate conditions to the detriment of wholesalers and retailers, as it is presumed that they have market power.

We continuously and systematically monitor the risks arising from increasing regulation regarding subsequent compensation. We address these regulation trends using a preventative approach by adapting our contractual relationships with suppliers in the relevant jurisdictions and/or in relation to certain product categories to the respective developments. This allows us to ensure that any subsequent benefit arrangement complies with the applicable laws at all times. We also take care to appropriately provide for the respective limitation periods under civil law. As part of an ongoing monitoring programme, we analyse historical condition structures and update the current remuneration agreements based on these findings where it is deemed necessary. Without active management, there would be a risk that added value in the form of subsequent compensation in selected product groups and/or individual countries could no longer or only partially be collected as a result of changes to the regulatory framework. This could have a corresponding negative impact on the total comprehensive income of our company.

– **For more information about legal issues, see the notes to the consolidated financial statements in** No. 48 – Remaining legal issues ▸ page 250.

**Tax risks (#12)**
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. Another aspect is the potential expiry of existing tax loss carry-forwards in the event of an acquisition of more than 50% of the shares in METRO AG by an anchor shareholder. Due to a lack of quantifiability in terms of probability of occurrence, the risk is not included in the overall assessment of tax risks this year. In order to identify and minimise tax risks at an early stage, METRO AG has issued a group tax guideline, which is continuously monitored by the Corporate Group Tax department to ensure that it is up to date and properly implemented. These risks are regularly and systematically examined and assessed. Increasing tax requirements are taken into account in the regular revision of regulations. Moreover, an internal control system for the sales tax process was established in financial year 2019/20 and initially implemented for German companies. The roll-out process to other national subsidiaries was also completed 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 present risk situation, we did not examine opportunities and risks in isolation. Instead we analysed and rated the interdependencies between risks according to probability and impact. Our assessment indicates that the overall risks can be borne or managed. For a period of 1 year after the closing date, the identified individual and cumulative risks do not represent any risks in the form of possible illiquidity or over-indebtedness. 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 REMUNERATION REPORT

The remuneration report describes the remuneration system for the Management Board and the Supervisory Board in accordance with the statutory provisions of the German Commercial Code and the recommendations of the German Corporate Governance Code. It depicts the remuneration amount of the members of the Management Board and the Supervisory Board in individualised form and according to remuneration components. The report also complies with the applicable accounting standards for capital market-oriented companies according to GAS and IFRS.

The Supervisory Board of METRO AG decides on the remuneration system for the Management Board and reviews it on a regular basis. The Presidential Committee, chaired by the Chairman of the Supervisory Board, prepares the proposed resolutions for the full Supervisory Board. The remuneration system which applies to financial year 2020/21 was approved by the Supervisory Board of METRO AG in financial year 2019/20 at its meeting on 24 September 2020 and submitted to the Annual General Meeting on 19 February 2021 for approval. The remuneration system was approved by the Annual General Meeting with 90.15% of the votes cast.

## The remuneration system for members of the Management Board

The remuneration system for the Management Board of METRO AG, which has been in force since 1 October 2020, is geared to benefit the efficient, long-term progress of the company. In addition to promoting the strategic objectives of the company, it also fosters responsible action and sustainable profitable growth by incorporating the interests of shareholders, customers, employees and other stakeholders in the variable remuneration.

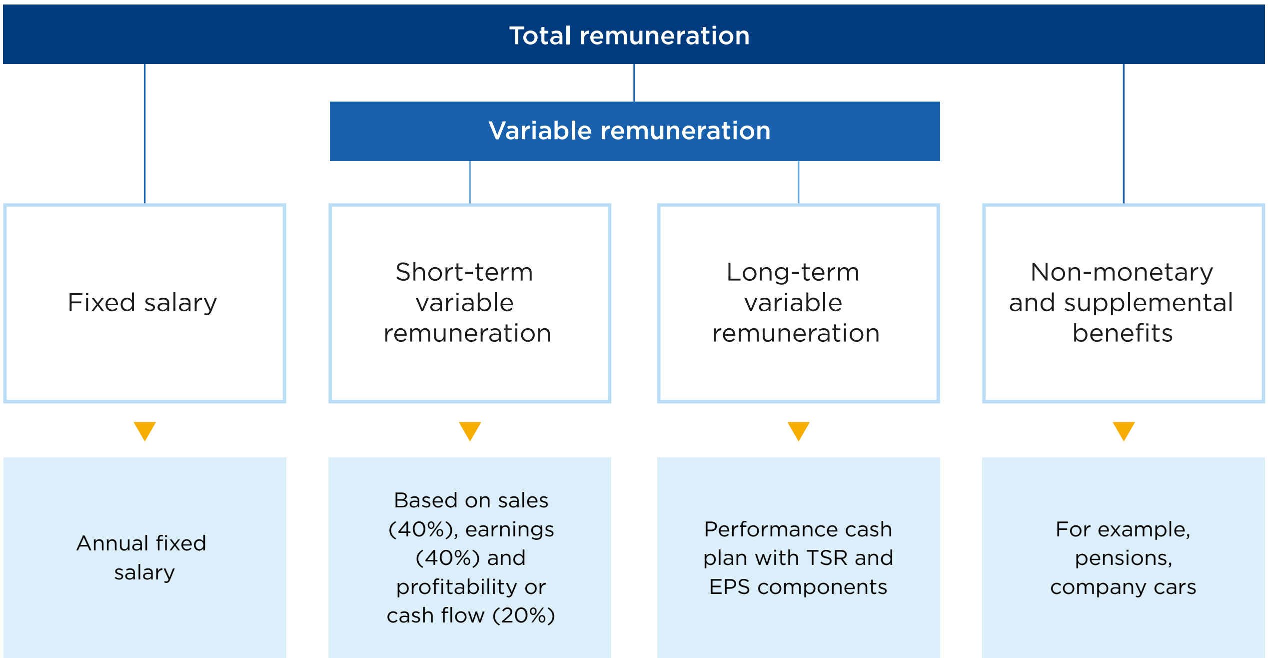
The agreed remuneration of the members of the Management Board is made up of

- a fixed salary,
- a short-term variable remuneration,
- a long-term variable remuneration,
- a pension plan as well as
- other non-monetary and supplemental benefits.

The fixed remuneration components make up 36% to 47% of the target total remuneration of a member of the Management Board, while the variable remuneration components comprise the remaining 53% to 64%. The target total remuneration is defined as the sum of all fixed and variable remuneration components in the event of 100% target achievement. The supplemental benefits are reflected with the theoretical maximum amount. The variable remuneration consists of short-term incentive and long-term incentive at a ratio of approximately 40: 60.

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 strategy. Thus, sales growth as a sales indicator, EBITDA as an earnings indicator and Return on Capital Employed (RoCE) as a profitability indicator form the basis for the short-term variable remuneration of the Management Board. In order to account for the individual performance differentiation and the overall work of the Management Board, priority topics defined by the Supervisory Board of METRO AG are included in the short-term variable remuneration. In an effort to ensure the sustainable, long-term development of the company, the long-term variable remuneration is based on the share price development as well as earnings per share.

## THE REMUNERATION SYSTEM FOR MEMBERS OF THE MANAGEMENT BOARD




Schematic diagram.

Total remuneration and the individual remuneration components are geared appropriately to the responsibilities of each individual member of the Management Board, his or her personal performance and the company’s economic situation. They fulfil the legal stipulations regarding customary remuneration. Furthermore, it is ensured that the remuneration does not exceed a customary remuneration in the market without special reasons.

The remuneration amount for each member of the Management Board is individually limited – in each case with regard to the individual remuneration components as well as the total payout cap. The theoretically achievable maximum remuneration specified in the remuneration system is generally limited to €8.5 million for the Chairperson of the Management Board and to €5 million for an ordinary member of the Management Board. However, the individual remuneration thresholds granted in relation to a financial year are below these maximum limits for the members of the Management Board and are set as follows for financial year 2020/21: for Dr Steffen Greubel at €6,271,600, for Christian Baier at €4,516,000, for Andrea Euenheim at €3,249,273, for Rafael Gasset at €4,040,000 and for Eric Poirier at €4,065,000. For Olaf Koch, whose employment contract ended on 31 December 2020, the maximum amount in relation to a full contract year was €8,034,800. The upper cap limits for the variable remuneration components and the supplemental benefits including post-employment benefits are contractually agreed as follows:

| € p.a. | Target amount of short-term variable remuneration for financial year 2020/21 (the payout is capped at twice the target amount) | Target amount of long-term variable remuneration for financial year 2020/21 (the payout is capped at two and a half times the target amount) | Upper cap for the assumption of supplemental benefits for financial year 2020/21 (including post-employment benefits) |
|---|---|---|---|
| Dr Steffen Greubel[1] | 840,000 | – | 341,600 |
| Christian Baier | 600,000 | 900,000 | 266,000 |
| Andrea Euenheim | 411,000 | 618,000 | 230,190 |
| Rafael Gasset | 530,000 | 800,000 | 260,000 |
| Eric Poirier | 530,000 | 800,000 | 285,000 |
| Olaf Koch[2] | 1,120,000 | – | 394,800 |

[1] Member of the Management Board since 1 May 2021.
[2] Member of the Management Board until 31 December 2020.

## Fixed salary

The fixed salary is contractually agreed with the members of the Management Board and is paid out in monthly instalments.

## Short-term variable remuneration (short-term incentive, STI)

The short-term incentive rewards the operational development of the company based on the success in the respective financial year. A target amount for the short-term incentive is contractually defined for each member of the Management Board.

Success is based on 2 parameters. 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 environmental/social/governance (ESG) targets.

### SHORT-TERM INCENTIVE (STI)


Schematic diagram.

**Financial performance parameters**

The short-term incentive for financial year 2020/21 is based on the following financial performance parameters of the group:

- like-for-like sales development (sales growth in local currency related to a comparable area or a comparable portfolio of stores or distribution concepts such as delivery and online business), at 40%,
- exchange rate-adjusted earnings before deduction of interest, taxes, depreciation/amortisation (EBITDA), excluding 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 2020/21, 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.

— **For more information about the key performance indicators, see chapter 2 Principles of the group – 2.2 Management system ▸ page 41.**

Generally, target values for each of the 3 financial performance parameters are set by the Supervisory Board before the beginning of the financial year. The targets are based on the budget plan, which requires the approval of the Supervisory Board. To determine whether a target has been achieved, the Supervisory Board defines a floor/entry hurdle for each performance target and a target value for 100% target achievement. A factor is allocated to the specific degree of target achievement for each performance target:

- 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.

In financial year 2020/21, there was an exceptional adjustment of the financial performance parameter target values during the year in connection with the Covid-19 pandemic and the associated regulatory measures and restrictions for the HoReCa sector.

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.

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. Clearly defined, fundamentally measurable criteria ensure that they can be properly assessed. For example, these priority topics include implementation of ongoing large-scale projects at Management Board level and, in particular, ESG targets such as customer satisfaction, employee satisfaction, succession planning, diversity and sustainability. 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.

**Determination of the payout amount**

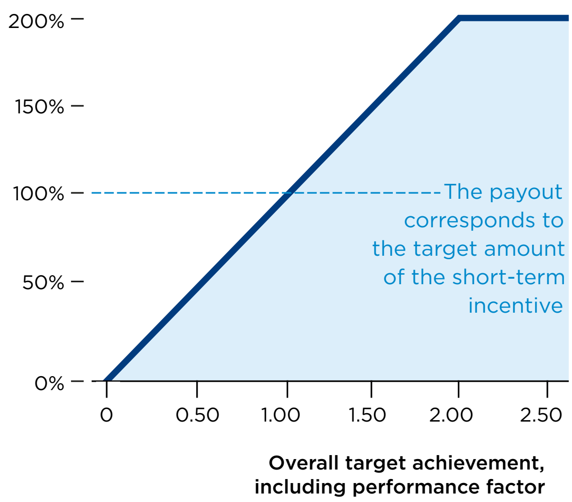
The payout amount of the short-term incentive for the members of the Management Board is calculated by multiplying the target amount by the factor of the overall target achievement of the financial performance parameters and the factor determined for the strategic performance parameters. The payout amount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

An additional condition for the payout of the short-term incentive is that positive free cash flow it generated. Thus, payout of the short-term incentive 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.

The short-term incentive 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 leaves, the short-term incentive for this financial year is determined pro rata temporis and paid out as outlined in the system.

**DETERMINATION OF STI TARGET ACHIEVEMENT**




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

The long-term incentive 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 and other stakeholders associated with the company. A target amount for the long-term incentive is contractually defined for each member of the Management Board.

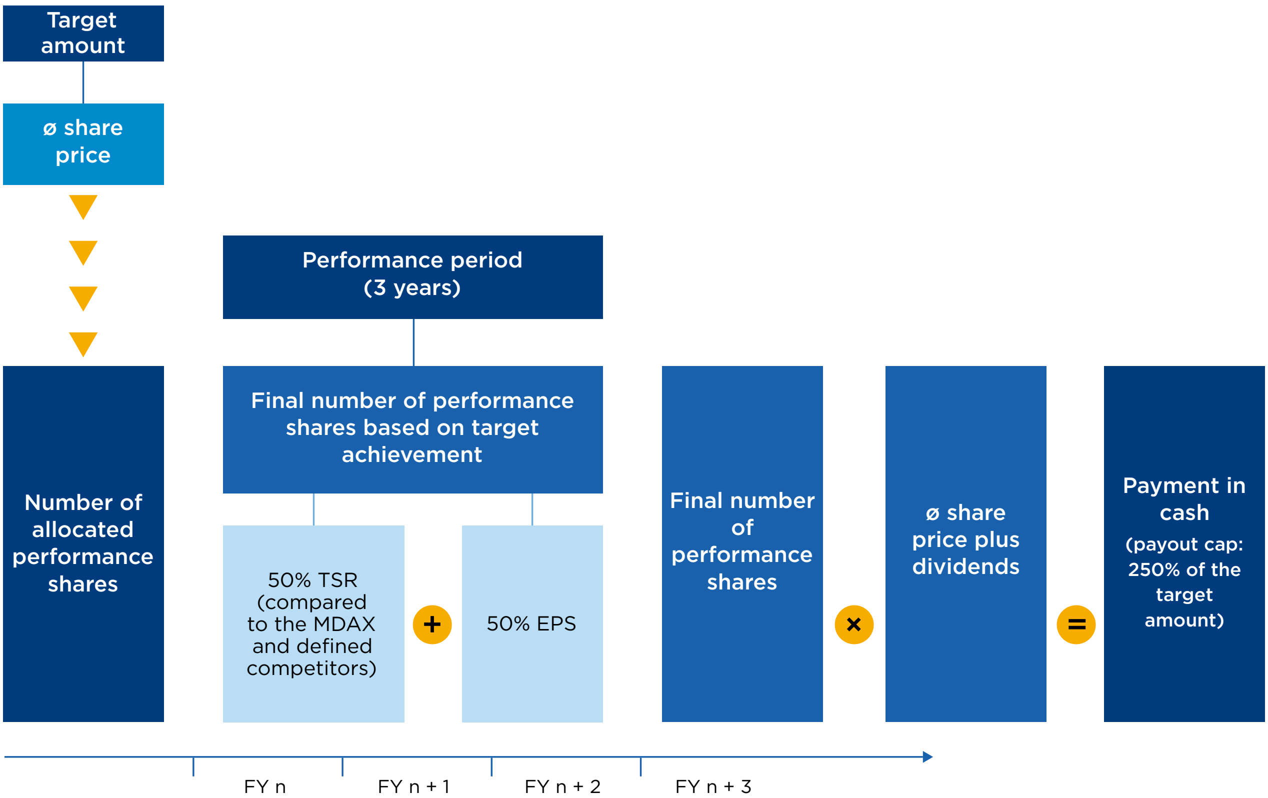
**Performance cash plan (from financial year 2020/21 onwards)**

Since financial year 2020/21, the long-term incentive has been structured as a performance cash plan. 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. In case of employment termination of a member of the Management Board before the end of the term of a tranche, separate payment regulations have been agreed.

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 with a weighting of 50% in comparison to the MDAX and a peer group of competitors, at 60%,
- the basic earnings per share (Earnings per Share – EPS) against a defined absolute target value, at 40%.

### LONG-TERM INCENTIVE (LTI) – 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 peer group of competitors – half against the development of the MDAX TSR and half against the development of the TSR of a defined peer group of competitors over the same period as the METRO TSR. The TSR value of the peer group of the competitors is determined individually for the members of the peer group and then the median is determined. The competitor peer group is composed of the following companies: Bidcorp, Marr, Eurocash Group, Performance Food Group, US Foods, Sysco and Sligro. 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 METRO TSR will be exclusively compared with the MDAX TSR – and the comparison with the peer group will not apply.

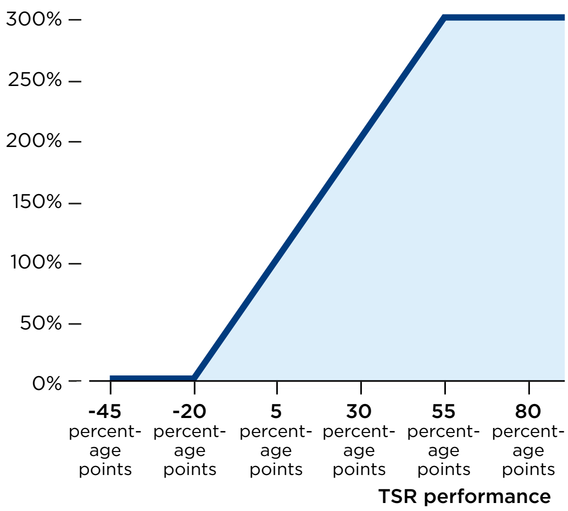
For the TSR component, the Supervisory Board usually establishes a floor/entry hurdle and a TSR target value for the 100% target achievement at the beginning of the financial year in which the tranche of the performance cash plan is granted.

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:

- 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, then 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 TARGET ACHIEVEMENT FOR TSR PERFORMANCE**




**EPS component:** for the EPS component, the Supervisory Board generally decides at 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:

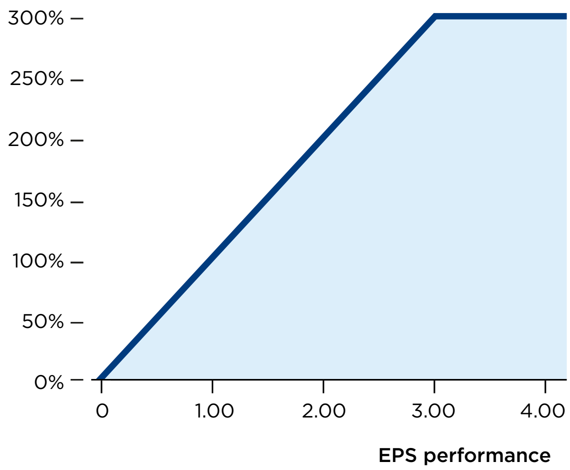
- If the degree of target achievement at the end of the performance period is 100%, the factor is 1.0.
- If the degree of target achievement is lower or equal to the entry hurdle, then the factor is 0.0.
- In the case of intermediate values and values over 100% up to a maximum of 300%, the factor for 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 for the financial years of the EPS performance period have been approved by the Supervisory Board.

With the introduction of the performance cash plan, the so-called share ownership guidelines were unlinked from the long-term incentive with the intent to increase clarity and reduce complexity. The guidelines were contractually agreed in a separate agreement.

**DETERMINATION OF EPS PERFORMANCE TARGET ACHIEVEMENT**



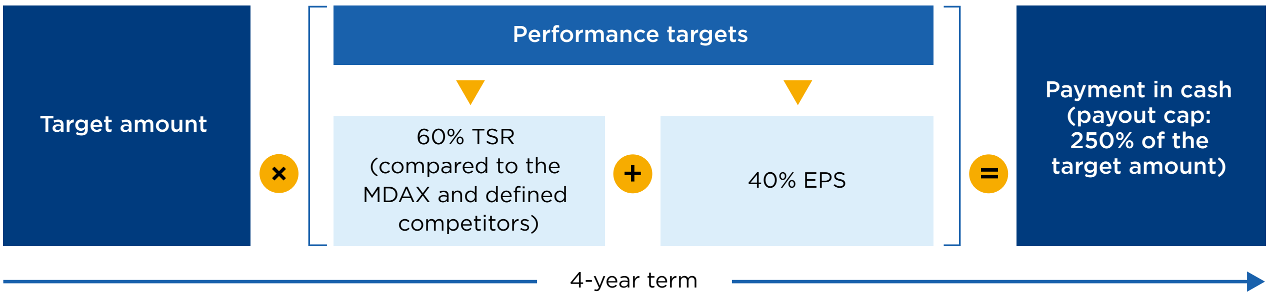

**Performance share plan (financial years 2016/17 to 2019/20)**
The annually granted tranches of the performance share plan and their associated performance targets are generally based on a multi-year assessment. The performance period is usually 3 years. In case of employment termination of a member of the Management Board before the end of the term of a tranche, separate payment regulations have been agreed.

Each member of the Management Board was initially allocated conditional performance shares. Their amount corresponds to the quotient of the individual target amount and the arithmetic mean of the share price of the METRO ordinary share upon allocation. The decisive factor here was the average Xetra closing prices of the METRO ordinary share over a period of 40 consecutive stock exchange trading days immediately after the Annual General Meeting of the company in the year of the allocation.

The performance period ends after the 40th stock exchange trading day following the Annual General Meeting in the 3rd financial year following the issuance of the tranche. After the performance period of a tranche, the final number of performance shares is determined. That number depends on the achievement of 2 performance targets, each with a 50% weighting in the target amount of the performance share plan:

- the relative development of the total shareholder return (TSR) of the METRO ordinary share, each with a 50% weighting in comparison to the MDAX and a peer group of competitors,
- the basic earnings per share (EPS) against a defined absolute target value.

### LONG-TERM INCENTIVE (LTI) – PERFORMANCE SHARE PLAN




Schematic diagram.

**TSR component:** the target achievement factor of the TSR component is measured by the development of the total shareholder return of the METRO ordinary share in the 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 average TSR of a defined peer group of competitors over the same period as the METRO TSR. The TSR value of the peer group of the competitors is determined individually for the members of the peer group and then the arithmetic mean is established. The competitor peer group is composed of the following companies: Bidcorp, Bizim Toptan, Marr, Eurocash Group, Performance Food Group, US Foods, Sysco and Sligro. 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 METRO TSR will be exclusively compared with the MDAX TSR – and the comparison with the peer group will not apply. For the tranche of the performance share plan granted in financial year 2019/20, the peer group of competitors was reduced by the company Bizim Toptan for the TSR component; moreover, the median instead of the arithmetic mean was used to determine the TSR value for the peer group.

For the TSR component, the Supervisory Board usually established 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 share plan was granted.

To determine target achievement, the Xetra closing prices of the METRO ordinary share were determined over a period of 40 consecutive stock exchange trading days immediately after the company’s Annual General Meeting in the year in which the tranche was granted. The arithmetic mean calculated from this figure is called the starting share price. The performance period for this component began on the 41$^{st}$ trading day after the Annual General Meeting. 3 years after the starting share price is established and the tranche is issued, the Xetra closing prices of the METRO ordinary share are again determined over a period of 40 consecutive stock exchange trading days immediately after the Annual General Meeting. This is used again to establish the arithmetic mean, which is known as the 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:

- 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, then 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.

**EPS component:** for the EPS component, the Supervisory Board generally decided at the beginning of the financial year in which the tranche of the performance share plan was granted on a floor/entry hurdle for target achievement and an EPS target value for 100% target performance for the $3^{rd}$ financial year of the performance period. A factor is allocated to the specific degree of 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, then 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 target achievement factors of the EPS and TSR components are used to form the arithmetic mean that establishes the overall target achievement factor. This is used to determine the target number of performance shares, which results in a cash payment at the end of the performance period of a tranche:

- If the total target achievement factor for both components is 1.0, then the target number of performance shares equals the number of conditionally allocated performance shares.
- If the total target achievement factor is 0.0, then the number of performance shares decreases to 0.
- For all other target achievements, the target number of performance shares is determined by means of linear interpolation or extrapolation.

The target number of performance shares is limited to a maximum of 300% of the conditionally allocated number of performance shares.

The payout amount is calculated per performance share as follows: 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 will be determined over a period of 40 consecutive stock exchange trading days immediately following the Annual General Meeting. This is used to form the arithmetic mean and all the dividends paid during the performance period for the METRO ordinary share are added to it. This so-called share factor is multiplied by the number of calculated performance shares and establishes the gross payout amount.

The payout amount is limited to a maximum of 250% of the individually determined target amount (payout cap).

The tranches of the performance share plan will be paid no later than 4 months after the Annual General Meeting that decides on the appropriation of the balance sheet profit of the last financial year of the performance period, but not before the approval of all annual and consolidated financial statements for the financial years of the performance period by the Supervisory Board.

#### Share ownership guidelines

As a prerequisite for the cash payment of performance shares, for each tranche the members of the Management Board are obligated to build up a self-financed investment in METRO ordinary shares by the end of February in the 3rd year of the performance period. The amount to be invested per tranche equals 2 thirds of the respective gross annual fixed salary for the Chairman of the Management Board and 50% for an ordinary member of the Management Board. The plan aims to ensure that, after no more than 5 years of service, the Chairman of the Management Board has invested 200% and an ordinary member of the Management Board 150% of his or her gross fixed salary in METRO ordinary shares, based on the calculated purchase price for the respective shares. The key factor for calculating the purchase price and thus the number of ordinary shares to be acquired is the average price of the Xetra closing prices of the METRO ordinary share over the 40 consecutive stock exchange trading days immediately after the annual press conference, which takes place before February in the 3rd year of the performance period. The purchase price corresponds to the quotient of the amount to be invested, which results from the gross annual fixed salary and the determined average price. If the personal investment to be made in METRO ordinary shares is not, or not fully, met on the relevant closing date, the payout amount will initially be paid out in cash, but with the obligation to invest it in METRO ordinary shares until the share ownership guidelines are met.

### Post-employment benefit plans

In addition to the fixed salary, the members of the Management Board receive post-employment benefits, which can be designed flexibly with regard to the implementation method. For all implementation methods, it is ensured that the company contribution of 14% of the defined assessment amount, which is based on the amount of the fixed salary and the target amount of the short-term incentive, is not exceeded.

#### 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 assessment is based on the amount of the fixed salary and the target amount of the short-term incentive. 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 benefit plans is covered 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 early 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. A minimum benefit is granted in the case of invalidity 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.

**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 a gross 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 and amounts to a maximum of 14% of the defined assessment amount, which is based on the amount of the fixed salary and the target amount of the short-term incentive.

**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 benefit plans with HPR as part of a tax-privileged remuneration conversion scheme.

### 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 an additional 6 months.

### Supplementary clauses

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

**Share ownership guidelines**

With the remuneration system in force since 1 October 2020, the share ownership guidelines have been unlinked from the long-term incentive in order to reduce the complexity of the remuneration system and in particular the long-term incentive. The members of the Management Board are obliged 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.

**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 short-term incentive and the long-term incentive that have not yet been paid out (holdback/malus) and to reclaim any components of the long-term incentive 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 long-term variable remuneration.

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).

**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, short-term incentive and long-term incentive 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.

**Contractual term and benefits in the event of employment termination**
The term of the employment contracts is linked to the duration of the appointment and complies with the provisions of the German Stock Corporation Act. 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 and Olaf Koch, with whom this clause was already agreed in a previously existing employment contract, respectively is or was 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 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 ‘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.

**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.

## Remuneration of the Management Board in financial year 2020/21

The remuneration of members of the Management Board in financial year 2020/21 is as follows:

### REMUNERATION OF THE MANAGEMENT BOARD IN FINANCIAL YEAR 2020/21[1]

| | | | | | Long-term variable remuneration | | | |
|---|---|---|---|---|---|---|---|---|
| €1,000 | Financial year | Fixed salary | Supplemental benefits | Short-term variable remuneration[8] | Value of the granted tranche[9] | (Payout from tranches granted in the past) | Total[10] | (Effective remuneration[11]) |
| Dr Steffen Greubel[2] | 2019/20 | – | – | – | – | – | – | – |
| | **2020/21** | **458** | **9** | **700** | **–** | **–** | **1,167** | **(1,167)** |
| Christian Baier | 2019/20 | 700 | 17 | 950 | 881 | (0) | 2,548 | (1,667) |
| | **2020/21** | **800** | **13** | **1,200** | **858** | **(162)** | **2,871** | **(2,175)** |
| Andrea Euenheim[3] | 2019/20 | 458 | 134 | 0 | 653 | (0) | 1,245 | (592) |
| | **2020/21** | **656** | **22** | **822** | **589** | **(0)** | **2,089** | **(1,500)** |
| Rafael Gasset[4] | 2019/20 | 360 | 110 | 0 | 870 | (0) | 1,340 | (470) |
| | **2020/21** | **720** | **220** | **1,060** | **762** | **(0)** | **2,762** | **(2,000)** |
| Eric Poirier[4] | 2019/20 | 360 | 116 | 0 | 870 | (0) | 1,346 | (476) |
| | **2020/21** | **720** | **278** | **1,060** | **762** | **(0)** | **2,820** | **(2,058)** |
| Olaf Koch[5] | 2019/20 | 1,200 | 14 | 950 | 1,828 | (0) | 3,992 | (2,164) |
| | **2020/21** | **300** | **7** | **560** | **–** | **(335)** | **867** | **(1,202)** |
| Heiko Hutmacher[6] | 2019/20 | 225 | 1 | – | – | (0) | 226 | (226) |
| | **2020/21** | **–** | **–** | **–** | **–** | **(251)** | **0** | **(251)** |
| **Total[7]** | 2019/20 | **3,303** | **392** | **1,900** | **5,102** | **(0)** | **10,697** | **(5,595)** |
| | **2020/21** | **3,654** | **549** | **5,402** | **2,971** | **(748)** | **12,576** | **(10,353)** |

[1] Disclosures pursuant to § 285 Sentence 1 No. 9a and § 314 Section 1 No. 6a of the German Commercial Code (HGB) (excluding provisions for post-employment benefits plans).

[2] Employment contract with the company since 1 May 2021.

[3] Employment contract with the company since 1 November 2019.

[4] Employment contract with the company since 1 April 2020. The employer contribution to establish a pension scheme, the use of which can be determined individually, is reported as a supplemental benefit.

[5] Employment contract with the company until 31 December 2020.

[6] Employment contract with the company until 31 December 2019.

[7] Reported figures for financial year 2019/20 are shown for the members of the Management Board who received remuneration in financial year 2020/21. The remuneration for the members of the Management Board in financial year 2019/20 totalled €11.510 million (cf. 2019/20 Annual Report).

[8] For Olaf Koch and Christian Baier, the short-term variable remuneration includes the special bonuses granted for financial year 2019/20 for the sale of the majority share in METRO China, amounting to €950 thousand for each. No payments were made from the short-term variable remuneration for financial year 2019/20.

[9] The fair value of the long-term variable remuneration is shown.

[10] Total of the columns fixed salary, supplemental benefits, short-term variable remuneration and value of the granted tranche of the long-term variable remuneration.

[11] Total of the columns fixed salary, supplemental benefits, short-term variable remuneration and payout from tranches granted in the past of the long-term variable remuneration.

## Long-term incentive (performance cash plan) in financial year 2020/21

For the tranche of the performance cash plan granted in financial year 2020/21, the target amount is €0.9 million for Christian Baier, €0.618 million for Andrea Euenheim and €0.8 million each for Rafael Gasset and Eric Poirier. Dr Steffen Greubel and Olaf Koch were not granted a tranche of the performance cash plan in financial year 2020/21.

### PERFORMANCE CASH PLAN

| Tranche | End of term | METRO starting share price for the TSR component | Management Board target amount as of 30/9/2021 |
|---|---|---|---|
| 2020/21 | 30/9/2024 | €9.45 | €3,118,000 |

The value of the tranche of the performance cash plan allocated in financial year 2020/21 was calculated by external experts using recognised financial-mathematical methods.

In addition to the tranche of the performance cash plan issued in the reporting year, the active members of the Management Board also have access to the following tranches of the long-term incentive granted during their Management Board activities: Christian Baier to the 2018/19 and 2019/20 tranches of the performance share plan and Andrea Euenheim, Rafael Gasset and Eric Poirier each to the 2019/20 tranche of the performance share plan.

The target achievement factor for the 2017/18 tranche of the performance share plan, whose performance period ended in financial year 2020/21, was 0.1994.

### PERFORMANCE SHARE PLAN

| Tranche | End of performance period | METRO starting share price for the TSR component | Management Board target amount as of 30/9/2021 |
|---|---|---|---|
| 2016/17 | after the 40th stock exchange trading day following the Annual General Meeting in the 3 years after issuance of the tranche | €17.14 | expired |
| 2017/18 | after the 40th stock exchange trading day following the Annual General Meeting in the 3 years after issuance of the tranche | €15.10 | paid out |
| 2018/19 | after the 40th stock exchange trading day following the Annual General Meeting in the 3 years after issuance of the tranche | €14.64 | €3,750,000 |
| 2019/20 | after the 40th stock exchange trading day following the Annual General Meeting in the 3 years after issuance of the tranche | €9.11 | €4,690,000 |

In financial year 2020/21, value adjustments resulted from the current tranches of long-term variable remuneration. The company’s expenses amounted to €0.719 million for Christian Baier, €0.761 million for Andrea Euenheim and €0.846 million each for Rafael Gasset and Eric Poirier. The amount for Olaf Koch was €1.056 million. In financial year 2020/21, provisions of €0.082 million were released.

As of 30 September 2021, the provisions totalled €6.108 million.

#### Services after the end of employment in financial year 2020/21 (including provisions for post-employment benefit plans)

In financial year 2020/21, a total of €0.621 million was used in accordance with the International Financial Reporting Standards (IFRS) and €0.559 million in accordance with the German Commercial Code (HGB) for the remuneration of the active members of the Management Board of METRO AG for benefits to be provided after the end of their employment (2019/20: €0.68 million determined according to IFRS and HGB). Of this amount, post-employment benefits for Dr Steffen Greubel were €0.185 million under IFRS and €0.113 million under HGB, for Andrea Euenheim €0.159 million under IFRS and €0.169 million under HGB, for Christian Baier €0.196 million under IFRS and under HGB and for Olaf Koch €0.081 million.

Provisions according to IFRS and the German Commercial Code (HGB) amount to approximately €0.03 million for Andrea Euenheim. No further provisions are to be formed.

The present value of the commitment volume according to IFRS and the German Commercial Code (HGB) amounts to approximately €0.2 million for Dr Steffen Greubel, approximately €1.6 million for Christian Baier, approximately €0.4 million for Andrea Euenheim and approximately €4.6 million for Olaf Koch. With the exception of the provision listed in the last paragraph, the cash value of the commitment volume is offset by assets. There is no commitment volume for Rafael Gasset and Eric Poirier, as they have decided to structure a pension plan on their own.

### Termination benefits in financial year 2020/21

An agreement was reached with Olaf Koch in financial year 2019/20 for early termination of his employment contract with effect from the end of 31 December 2020. The short-term incentive until 31 December 2020 will be paid to Olaf Koch in accordance with the agreement. The tranches of the long-term incentive already granted to Olaf Koch remain in place and will be settled in accordance with the terms of the plan. No severance payment will be made to Olaf Koch.

## Remuneration of members 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 2020/21, this amounted to €80,000 per ordinary member. The value added tax payable to the respective remuneration is reimbursed to the members of the Supervisory Board in accordance with § 13 Section 5 of METRO AG’s Articles of Association.

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 remuneration of the Chairman of the Supervisory Board is 3 times higher than that of an ordinary member of the Supervisory Board; that of the Vice Chairman and the chairpersons of the committees is twice as high; and that of the other members of the committees is 1.5 times higher. The remuneration for membership or chairmanship of a committee will be paid only if at least 2 meetings or other resolutions took place during the respective financial year. A member of the Supervisory Board who holds several offices at once receives remuneration for only 1 office; in the case of different levels of remuneration, the member receives remuneration for the most highly paid office.

| **Remuneration factors** | |
|---|---|
| Chairman of the Supervisory Board | ●●● |
| Vice Chairman | ●● |
| Committee chairpersons[1] | ●● |
| Committee members[1] | ●◖ |
| Members of the Supervisory Board | ● |

[1] With a minimum of 2 meetings/resolutions.

The relevant individual amounts for financial year 2020/21 are as follows:

## REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2020/21 PURSUANT TO §13 OF THE ARTICLES OF ASSOCIATION[1]

| € | Financial year | Multiplier | Fixed remuneration |
|---|---|---|---|
| Jürgen Steinemann, Chairman | 2019/20 | ●●● | 240,000 |
| | **2020/21** | ●●● | **240,000** |
| Xaver Schiller (Vice Chairman) | 2019/20 | ●● | 130,000 |
| | **2020/21** | ●● | **160,000** |
| Marco Arcelli | 2019/20 | ●◖ | 70,000 |
| | **2020/21** | ●◖ | **120,000** |
| Stefanie Blaser | 2019/20 | ● \| ●◖ | 90,000 |
| | **2020/21** | ●◖ | **120,000** |
| Herbert Bolliger (until 19 February 2021) | 2019/20 | ● \| ●◖ | 90,000 |
| | **2020/21** | ●◖ | **50,000** |
| Gwyn Burr | 2019/20 | ●◖ | 120,000 |
| | **2020/21** | ●◖ | **120,000** |
| Thomas Dommel | 2019/20 | ●◖ | 120,000 |
| | **2020/21** | ●◖ | **120,000** |
| Prof. Dr Edgar Ernst | 2019/20 | ●● | 160,000 |
| | **2020/21** | ●● | **160,000** |
| Michael Heider | 2019/20 | ● \| ●◖ | 90,000 |
| | **2020/21** | ●◖ | **120,000** |
| Udo Höfer | 2019/20 | ● | 20,000 |
| | **2020/21** | ● | **80,000** |
| Peter Küpfer (until 19 February 2021) | 2019/20 | ● | 80,000 |
| | **2020/21** | ● | **33,333** |
| Rosalinde Lax | 2019/20 | ● | 20,000 |
| | **2020/21** | ● | **80,000** |
| Dr Fredy Raas | 2019/20 | ●◖ | 120,000 |
| | **2020/21** | ●◖ | **120,000** |
| Roman Šilha (since 19 February 2021) | 2019/20 | | 0 |
| | **2020/21** | ●◖ | **80,000** |
| Eva-Lotta Sjöstedt | 2019/20 | ● | 80,000 |
| | **2020/21** | ● | **80,000** |
| Dr Liliana Solomon | 2019/20 | ●◖ \| ● | 113,333 |
| | **2020/21** | ● | **80,000** |
| Alexandra Soto | 2019/20 | ● | 80,000 |
| | **2020/21** | ●◖ | **120,000** |
| Stefan Tieben (since 19 February 2021) | 2019/20 | | 0 |
| | **2020/21** | ● | **53,333** |
| Manuela Wetzko | 2019/20 | ● | 20,000 |
| | **2020/21** | ● \| ●◖ | **106,666** |
| Angelika Will | 2019/20 | ● | 80,000 |
| | **2020/21** | ● | **80,000** |
| Manfred Wirsch | 2019/20 | ● | 80,000 |
| | **2020/21** | ● | **80,000** |

| | | | |
|---|---|---|---|
| Silke Zimmer | 2019/20 | ● | 80,000 |
| | **2020/21** | ● | **80,000** |
| **Total**[2] | 2019/20 | | **1,883,333** |
| | **2020/21** | | **2,283,332** |

[1] Plus applicable value added tax in accordance with § 13 Section 5 of the Articles of Association.

[2] Reported figures for financial year 2019/20 relate to active members of the Supervisory Board in financial year 2020/21.

In financial year 2020/21, individual members of the Supervisory Board of METRO AG also received remuneration from the group companies for Supervisory Board mandates at group companies.

### INTRA-GROUP COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2020/21[1]

| € | Financial year | |
|---|---|---|
| Xaver Schiller | 2019/20 | 9,000 |
| | **2020/21** | **9,000** |
| Thomas Dommel | 2019/20 | 4,500 |
| | **2020/21** | **4,500** |
| Michael Heider | 2019/20 | 6,000 |
| | **2020/21** | **6,000** |
| Rosalinde Lax | 2019/20 | 6,000 |
| | **2020/21** | **6,000** |
| Manuela Wetzko | 2019/20 | 6,000 |
| | **2020/21** | **6,000** |
| Manfred Wirsch | 2019/20 | 6,000 |
| | **2020/21** | **6,000** |
| **Total** | 2019/20 | **37,500** |
| | **2020/21** | **37,500** |

[1] Plus potentially applicable value added tax.

[2] Reported figures for financial year 2019/20 relate to active members of the Supervisory Board in financial year 2020/21.

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 companies of METRO.

### Outlook

On 19 February 2021, the Annual General Meeting passed a resolution on the remuneration of the members of the Supervisory Board and the associated amendment to § 13 of the Articles of Association with a majority of 99.72%, in accordance with § 113 Section 3 of the German Stock Corporation Act. According to this resolution, the fixed remuneration of the ordinary members of the Supervisory Board remains unchanged. However, from financial year 2021/22 onwards, it will be further differentiated with regard to the time spent and the intensity of work associated with various functions on the Supervisory Board. The regulations of the revised version of § 13 of the Articles of Association will be applicable as of 1 October 2021 and will then replace the previous regulation of the Articles of Association regarding the remuneration of the Supervisory Board.

# 7 TAKEOVER-RELATED DISCLOSURES

The takeover-related disclosures as of 30 September 2021 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 2021, the share capital of METRO AG amounted to €363,097,253. It is divided into a total of 360,121,736 ordinary no-par-value bearer shares (pro rata value of the share capital: €360,121,736, approximately 99.18%), as well as 2,975,517 preference no-par-value bearer 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 one 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.'

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 2020/21, 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.

Beisheim Capital GmbH, Düsseldorf (Germany), Beisheim Holding GmbH, Baar (Switzerland), and Palatin Verwaltungsgesellschaft mbH, Essen (Germany), a subsidiary of Meridian Stiftung, Essen (Germany), have been part of a pool of voting rights since 29 July 2019. Based on Beisheim Group's voting rights notification dated 5 October 2021, the partners in the voting pool 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. The existing pooling agreement between Beisheim Capital GmbH, Düsseldorf (Germany), and Beisheim Holding GmbH, Baar (Switzerland), is suspended for the duration of the new voting rights pool 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 2021, 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 |
|---|---|
| Beisheim Capital GmbH, Düsseldorf, Germany[1] | Direct |
| Beisheim Holding GmbH, Baar, Switzerland[1] | Direct |
| Beisheim Group GmbH & Co. KG, Düsseldorf, Germany[2] | Indirect |
| Beisheim Verwaltungs GmbH, Düsseldorf, Germany[2] | 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 | Indirect |
| Patrik Tkáč[3] | Indirect |

[1] Coordination of exercising voting rights based on a pool of voting rights between Beisheim Capital GmbH, Beisheim Holding GmbH and Palatin Verwaltungsgesellschaft mbH.

[2] On 5 October 2021, the Beisheim Group announced through a voting rights notification that an intra-group restructuring had taken place; as a result, Beisheim Group GmbH & Co. KG, Düsseldorf, and Beisheim Verwaltungs GmbH, Düsseldorf, have left the shareholding chain.

[3] 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, 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

On 16 February 2018, 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 or non-cash contributions in one or several tranches for a total maximum of €181,000,000 by 28 February 2022 (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.

Subject to the consent of the Supervisory Board, the Management Board is authorised to exclude shareholder subscription rights in certain exceptional cases specified in § 4 Section 7 of the METRO AG Articles of Association. In simple terms, this is particularly the case in the following configurations:

- The shares are issued in exchange for non-cash contributions for the purpose of business combinations or the acquisition of companies;
- to grant a so-called scrip dividend;
- in the event of a capital increase in exchange for cash capital contributions to the extent necessary to grant subscription rights to new ordinary shares to the holders of warrant or convertible bearer bonds issued by METRO;
- in the event of capital increases in exchange for cash capital contributions if the aggregate par value of such capital increases does not exceed 10% of the company's share capital and the issue price of the new ordinary shares is not substantially lower than the listed stock exchange price of existing ordinary shares of the same class.

The proportional share capital attributable to shares issued under this authority and under exclusion of the shareholders' subscription rights in exchange for cash or non-cash capital contributions must not exceed 20% of the company's share capital.

The Management Board is authorised to define further details of the capital increases, subject to the consent of the Supervisory Board. 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.

### Authorities to repurchase own shares

Pursuant to § 71 Section 1 No. 8 of the German Stock Corporation Act, the Annual General Meeting authorised the company by resolution on 11 April 2017 to acquire its own shares of any class until 28 February 2022. The authority is limited to the repurchase of shares collectively representing a maximum of 10% of the share capital issued as of the date the Annual General Meeting resolution is passed or – if this figure is lower – at the time the authority is exercised. The shares transferred under this authority, together with any own shares acquired for other reasons and held by the company or attributable to it pursuant to §§ 71a et seqq. of the German Stock Corporation Act, shall collectively not exceed a pro rata proportion of 10% in the share capital at any time.

Shares may be acquired on the stock exchange or by way of a tender offer aimed at all shareholders. In the process, the authorisation includes specifications regarding the purchase price and procedures to be followed in case a public offering is oversubscribed.

The Management Board is authorised to use the shares in the company acquired based on the above authorisation, in particular:

- for disposal of shares in the company on the stock exchange or by means of a purchase offer expressed to all shareholders;
- for listing of shares in the company on foreign stock exchanges where they were not hitherto admitted for trading, where the authorisation includes stipulations regarding the initial listing price;
- for transfer of shares in the company to third parties for non-cash consideration in connection with business combinations or the acquisition of other companies;
- for disposal of shares in the company outside of the stock exchange or via a purchase offer expressed to all shareholders, provided that the disposal is for cash payment and at a price not substantially lower than the stock exchange price in effect for listed shares of the company with the same terms on the date of the disposal. This authority is limited to the disposal of shares collectively representing a maximum of 10% of the share capital at the time the authority takes effect or – if this figure is lower – at the time the authority is exercised;
- for delivery of shares to holders of warrant or convertible bearer bonds of the company or its affiliates. The shares transferred under this authority shall collectively not exceed a pro rata proportion of 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, insofar as such shares were issued to service warrant or conversion rights or warrant or conversion obligations granted or imposed in application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act mutatis mutandis.
- for distribution of a stock dividend (scrip dividend), where company shares are used (also partially and selectively) to service dividend rights of shareholders;
- for redemption of shares in the company, without the need for any further resolution by the Annual General Meeting. Such redemption may also be accomplished without a capital reduction by increasing the proportional value of the remaining no-par-value shares in the share capital of the company. In this case, the Management Board is authorised to adjust the number of no-par-value shares stipulated in the Articles of Association.

All of the authorisations above may be exercised in whole or in part, once or several times, individually or jointly by the company or its group companies as defined in § 18 of the German Stock Corporation Act, or by third parties for its or their account. The authorisations can be applied to both ordinary shares and preference shares.

Using own shares in accordance with the above authorisations other than selling acquired company shares on the stock exchange or by offer to all shareholders requires the consent of the Supervisory Board.

The subscription rights of shareholders are excluded if own shares are used for any of the purposes authorised above, with the exception of the authority to sell the company's shares by making a purchase offer to all shareholders, the authority to distribute dividends in the form of a scrip dividend and the authority to redeem shares without the need for any further resolution by the Annual General Meeting.

The Management Board is authorised to exclude shareholder subscription rights for residual amounts if own shares are used in accordance with the authority to sell the company's shares by making a purchase offer to all shareholders in compliance with the principle of equal treatment stipulated in § 53a of the German Stock Corporation Act. The Management Board is further authorised to exclude shareholder subscription rights if own shares are used to distribute dividends in the form of a scrip dividend. To date, the authorisation to repurchase the company's own shares 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 2020/21, these credit facilities were not utilised.

## Compensation agreements in the event of a takeover bid

The Management Board Employment Contract of Mr Christian Baier, Chief Financial Officer of METRO AG, provides for a 'Change of Control' clause. In the event of a change of control, Mr 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 service contract is terminated by mutual agreement, Mr 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.

However, no compensation agreements with employees have been concluded in the event of a takeover bid.

# 8 SUPPLEMENTARY NOTES FOR METRO AG (PURSUANT TO THE GERMAN COMMERCIAL CODE)

## Overview of financial year 2020/21 and outlook by 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. Financial year 2020/21 continued to be dominated by the Covid-19 pandemic and the associated government measures. They had a negative impact on the business development of the group companies, especially in the first half of the year. In the course of the second half of the year, government measures were eased, resulting in a trend reversal and a significantly improved business performance. The licensing fees that METRO AG receives from its subsidiaries also developed accordingly. Correspondingly, sales revenues and other operating income are slightly below previous year's level, while cost savings were realised as planned in the personnel area and in the area of other expenses. After the negative impact of the disposal of the hypermarket business in the previous year, the net investment income was again positive, but due to the pandemic-related cautious dividend policy, the projected net income for the year was not quite 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 2020 TO 30 SEPTEMBER 2021 IN ACCORDANCE TO HGB

| € million | 2019/20 | **2020/21** |
|---|---|---|
| Sales revenues | 358 | **334** |
| Other operating income | 443 | **426** |
| Cost of services purchased | −40 | **−37** |
| Personnel expenses | −167 | **−130** |
| Depreciation/amortisation/impairment losses on intangible and tangible assets | −65 | **−64** |
| Other operating expenses | −736 | **−490** |
| Investment result | −527 | **15** |
| Net financial result | −34 | **−42** |
| Income taxes | −43 | **−15** |
| **Earnings after taxes** | **−811** | **−3** |
| Other taxes | −4 | **−1** |
| **Net profit or loss (+)/net loss for the year (−)** | **−815** | **−4** |
| Retained earnings from the previous year | 11 | **12** |
| Withdrawal from the capital reserve | 1,070 | **0** |
| Adjustments of the reserves retained from earnings | 0 | **−8** |
| **Balance sheet profit** | **267** | **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 €334 million are reported as sales revenues. They are broken down into €177 million for settlement amounts received in the form of licensing fees for the METRO and MAKRO brands as well as €157 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 741 people in the 4 quarters of financial year 2020/21. Part-time employees and temporary workers were converted into full-time equivalents. Personnel expenses are €37 million below previous year's level. The decrease in personnel expenses compared to the previous year results basically from the fact that restructuring expenses were included in the previous year.

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 increased, currency losses and expenses for risk provisions related to the settlement of licensing fees in various countries were reduced. In the previous year, higher dividends from real estate companies and higher impairment losses on financial assets were incurred in connection with the disposal of the hypermarket business.

METRO AG reported income from investments in the amount of €15 million in financial year 2020/21. Income from profit and loss transfer agreements in the amount of €203 million mainly related to intra-group service providers. Losses of €225 million were absorbed, mainly from the METRO Cash & Carry International and Hospitality Digital divisions.In the reporting period, impairment losses and reversals of impairment losses in the amount of €46 million were made on investments in affiliated companies. In addition to real estate companies, they also concerned an international wholesale company whose corporate planning is more positive again after the pandemic-related restrictions have eased. The expenses from the disposal of financial assets relate to the intra-group disposal of a purchasing company.

The financial result amounted to €−42 million, mainly due to a reduced interest result.

The decrease in income taxes is mainly due to the fact that previous year's figure included an increased tax expense from the disposal of the hypermarket business.

The net loss for the year was €−4 million. Including retained earnings from the previous year in the amount of €12 million and a transfer to reserves retained from earnings in the amount of €−8 million, the company shows a balance sheet profit of €0 million.

Since the annual financial statements do not show any distributable balance sheet profit earnings, there are no planned dividend distributions in financial year 2020/21 for ordinary shares or preference shares.

## Financial position of METRO AG

### Cash flows

The cash in hand on the closing date amounts to €1,055 million and consists primarily of bank deposits due to cash pool income from the subsidiaries.

### Capital structure

#### EQUITY AND LIABILITIES

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| **Equity** | | |
| Share capital | 363 | **363** |
| Capital reserve | 5,048 | **5,048** |
| Reserves retained from earnings | 0 | **8** |
| Balance sheet profit | 267 | **0** |
| | **5,678** | **5,419** |
| **Provisions** | **702** | **561** |
| **Liabilities** | | |
| Bonds | 2,071 | **1,802** |
| Liabilities to banks | 60 | **54** |
| Liabilities to affiliated companies | 2,663 | **2,597** |
| Miscellaneous liabilities | 48 | **37** |
| | **4,841** | **4,490** |
| **Prepaid expenses and deferred charges** | **159** | **102** |
| | **11,380** | **10,572** |

The liabilities side of the balance sheet consists of €5,419 million in equity and €5,153 million in provisions, liabilities and deferred income. The equity ratio as of the closing date is 51%. The provisions amounted to €561 million on the closing date. Liabilities include €1,802 million in bonds and €54 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 €2,597 million. They mainly relate to short-term financial investments of subsidiaries.

## Asset position of METRO AG

### ASSETS

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets | 875 | **812** |
| Property, plant and equipment | 2 | **2** |
| Financial assets | 8,147 | **8,143** |
| | **9,024** | **8,957** |
| **Current assets** | | |
| Receivables and other assets | 1,263 | **554** |
| Cash on hand, bank deposits and cheques | 1,083 | **1,055** |
| | **2,346** | **1,609** |
| **Prepaid expenses and deferred charges** | **10** | **6** |
| | **11,380** | **10,572** |

The assets amount to a total of €10,572 million as of the closing date and are mainly characterised by financial assets of €8,143 million, receivables from affiliated companies amounting to €525 million and the right to use the METRO and MAKRO brands (€800 million), which is recognised under intangible assets. €8,138 million in financial assets consist mainly of shares in affiliated companies and essentially include the shares in the holding company for wholesale companies (€6,967 million), in real estate companies (€700 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. Financial assets represent 77% 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 associate companies, 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 2021/22.

## 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 HGB and § 315d HGB, which has been combined with the corporate governance report, is permanently available to the public on the company's website (www.metroag.de) under the heading 'Company – 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 2020/21 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 during the reporting period the company and the companies controlled by it – according to the circumstances known to it at the time when the legal transactions were carried out or the measures were taken – received appropriate consideration satisfying an arm's length comparison for each of the reported legal transactions. There were no other reportable legal transactions in the reporting period from 29 December 2020 to 30 September 2021. No measures were initiated or forborne during the reporting period.'

# CONSOLIDATED FINANCIAL REPORTS AND NOTES

# CONSOLIDATED FINANCIAL STATEMENTS

## INCOME STATEMENT

### for the financial year from 1 October 2020 to 30 September 2021

| € million | Note no. | 2019/20 | 2020/21 |
|---|---|---|---|
| **Sales revenues** | 1 | **25,632** | **24,765** |
| Cost of sales | | −21,271 | **−20,539** |
| **Gross profit on sales** | | **4,361** | **4,226** |
| Other operating income | 2 | 948 | **1,107** |
| Selling expenses | 3 | −3,849 | **−3,814** |
| General administrative expenses | 4 | −831 | **−875** |
| Other operating expenses | 5 | −321 | **−440** |
| Earnings from impairment of financial assets | 6 | −64 | **−26** |
| Earnings share of operating companies recognised at equity | 7 | 14 | **19** |
| **Earnings before interest and taxes EBIT** | | **257** | **197** |
| Earnings share of non-operating companies recognised at equity | 7 | 0 | **0** |
| Other investment result | 8 | 3 | **12** |
| Interest income | 9 | 31 | **30** |
| Interest expenses | 9 | −252 | **−224** |
| Other financial result | 10 | −72 | **25** |
| **Net financial result** | | **−289** | **−157** |
| **Earnings before taxes EBT** | | **−32** | **40** |
| Income taxes | 12 | −108 | **−85** |
| **Profit or loss for the period from continuing operations** | | **−140** | **−45** |
| Profit or loss for the period from discontinued operations after taxes | | 612 | **0** |
| **Profit or loss for the period** | | **471** | **−45** |
| Profit or loss for the period attributable to non-controlling interests | 13 | 11 | **11** |
| from continuing operations | | (5) | **(11)** |
| from discontinued operations | | (6) | **(0)** |
| Profit or loss for the period attributable to the shareholders of METRO AG | | 460 | **−56** |
| from continuing operations | | (−146) | **(−56)** |
| from discontinued operations | | (606) | **(0)** |
| **Earnings per share in € (basic = diluted)** | 14 | **(1.27)** | **(−0.15)** |
| from continuing operations | | (−0.40) | **(−0.15)** |
| from discontinued operations | | (1.67) | **(0.00)** |

# RECONCILIATION FROM PROFIT OR LOSS FOR THE PERIOD TO TOTAL COMPREHENSIVE INCOME

## for the financial year from 1 October 2020 to 30 September 2021

| € million | Note no. | 2019/20 | **2020/21** |
|---|---|---|---|
| **Profit or loss for the period** | | **471** | **−45** |
| **Other comprehensive income** | | | |
| **Items of other comprehensive income that will not be reclassified subsequently to profit or loss** | 30 | **5** | **2** |
| Remeasurement of defined benefit pension plans | | 7 | **−2** |
| Effects from the fair value measurements of equity instruments | | 0 | **0** |
| Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss | | −2 | **4** |
| **Items of other comprehensive income that may be reclassified subsequently to profit or loss** | 30 | **−470** | **105** |
| Currency translation differences from translating the financial statements of foreign operations | | −468 | **111** |
| Effective portion of gains/losses from cash flow hedges | | −2 | **3** |
| Effects from the fair value measurements of debt instruments | | 0 | **0** |
| Share of other comprehensive income of associates/joint ventures accounted for using the equity method | | 0 | **−9** |
| Income tax attributable to items of other comprehensive income that may be reclassified subsequently to profit or loss | | 0 | **0** |
| **Other comprehensive income** | 30 | **−466** | **107** |
| **Total comprehensive income** | 30 | **6** | **62** |
| Total comprehensive income attributable to non-controlling interests | 30 | 11 | **12** |
| Total comprehensive income attributable to the shareholders of METRO AG | 30 | −5 | **50** |

# BALANCE SHEET

## as of 30 September 2021

### ASSETS

| € million | Note no. | 1/10/2019[1] | 30/9/2020[1] | 30/9/2021 |
|---|---|---|---|---|
| **Non-current assets** | | **8,845** | **8,284** | **8,004** |
| Goodwill | 19 | 785 | 731 | **644** |
| Other intangible assets | 20 | 562 | 576 | **568** |
| Property, plant and equipment | 21 | 6,635 | 5,811 | **5,663** |
| Investment properties | 22 | 127 | 188 | **170** |
| Financial assets | 23 | 97 | 98 | **92** |
| Investments accounted for using the equity method | 23 | 179 | 421 | **361** |
| Other financial assets | 24 | 150 | 185 | **142** |
| Other non-financial assets | 24 | 20 | 16 | **20** |
| Deferred tax assets | 25 | 291 | 258 | **345** |
| **Current assets** | | **8,963** | **4,886** | **4,815** |
| Inventories | 26 | 1,917 | 1,860 | **1,964** |
| Trade receivables | 27 | 482 | 429 | **496** |
| Financial assets | | 4 | 3 | **3** |
| Other financial assets | 24 | 622 | 525 | **505** |
| Other non-financial assets | 24 | 279 | 377 | **281** |
| Entitlements to income tax refunds | | 190 | 145 | **93** |
| Cash and cash equivalents | 29 | 500 | 1,525 | **1,474** |
| Assets held for sale | 42 | 4,970 | 22 | **0** |
| | | **17,808** | **13,170** | **12,819** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section '**Change in accounting method (inventories)**'.

## EQUITY AND LIABILITIES

| € million | Note no. | 1/10/2019[1] | 30/9/2020[1] | 30/9/2021 |
|---|---|---|---|---|
| **Equity** | 30 | **2,323** | **2,039** | **1,847** |
| Share capital | | 363 | 363 | **363** |
| Capital reserve | | 6,118 | 5,048 | **5,048** |
| Reserves retained from earnings | | −4,189 | −3,380 | **−3,585** |
| Equity before non-controlling interests | | 2,292 | 2,031 | **1,826** |
| Non-controlling interests | | 31 | 8 | **21** |
| **Non-current liabilities** | | **5,652** | **5,506** | **4,646** |
| Provisions for post-employment benefits plans and similar obligations | 31 | 543 | 550 | **531** |
| Other provisions | 32 | 108 | 139 | **155** |
| Financial liabilities | 33, 35 | 4,766 | 4,541 | **3,798** |
| Other financial liabilities | 33, 36 | 55 | 17 | **20** |
| Other non-financial liabilities | 33, 36 | 25 | 193 | **58** |
| Deferred tax liabilities | 25 | 155 | 66 | **83** |
| **Current liabilities** | | **9,832** | **5,625** | **6,327** |
| Trade liabilities | 33, 34 | 3,572 | 3,199 | **3,476** |
| Provisions | 32 | 158 | 287 | **290** |
| Financial liabilities | 33, 35 | 1,164 | 773 | **1,155** |
| Other financial liabilities | 33, 36 | 728 | 724 | **781** |
| Other non-financial liabilities | 33, 36 | 228 | 451 | **347** |
| Income tax liabilities | 33 | 169 | 184 | **277** |
| Liabilities related to assets held for sale | 42 | 3,813 | 7 | **0** |
| | | **17,808** | **13,170** | **12,819** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section '**Change in accounting method (inventories)**'.

# STATEMENT OF CHANGES IN EQUITY

## for the financial year from 1 October 2020 to 30 September 2021

| | Note no. | Share capital | Capital reserve | Effective portion of gains/losses from cash flow hedges | Fair value measurement of equity and debt instruments | Currency translation differences from translating the financial statements of foreign operations | Remeasurement of defined benefit pension plans |
|---|---|---|---|---|---|---|---|
| **1/10/2019** | | **363** | **6,118** | **2** | **−3** | **−607** | **−500** |
| Change in accounting method in connection with IAS 2 | | 0 | 0 | 0 | 0 | 0 | 0 |
| **1/10/2019 adjusted** | | **363** | **6,118** | **2** | **−3** | **−607** | **−500** |
| Earnings after taxes | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other comprehensive income | | 0 | 0 | −2 | 0 | −468 | 7 |
| **Total comprehensive income** | | **0** | **0** | **−2** | **0** | **−468** | **7** |
| Capital increases | | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends | | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital transactions with a change in the participation rate | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes | | 0 | −1,070 | 0 | 4 | 0 | 3 |
| **30/9/2020 and 1/10/2020** | 30 | **363** | **5,048** | **1** | **1** | **−1,076** | **−491** |
| Earnings after taxes | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other comprehensive income | | 0 | 0 | 3 | 0 | 110 | −2 |
| **Total comprehensive income** | | **0** | **0** | **3** | **0** | **110** | **−2** |
| Capital increases | | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends | | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital transactions with a change in the participation rate | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes | | 0 | 0 | 0 | 0 | 0 | 4 |
| **30/9/2021** | 30 | **363** | **5,048** | **4** | **1** | **−966** | **−489** |

| | 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 from earnings | Total reserves retained from earnings | Total equity before non-controlling interests | Non-controlling interests | **Total equity** |
|---|---|---|---|---|---|---|---|
| **1/10/2019** | **0** | **106** | **−3,165** | **−4,167** | **2,314** | **31** | **2,345** |
| Change in accounting method in connection with IAS 2 | 0 | 0 | −22 | −22 | −22 | 0 | **−22** |
| **1/10/2019 adjusted** | **0** | **106** | **−3,187** | **−4,189** | **2,292** | **31** | **2,323** |
| Earnings after taxes | 0 | 0 | 460 | 460 | 460 | 11 | **471** |
| Other comprehensive income | 0 | −2 | 0 | −466 | −466 | 0 | **−466** |
| **Total comprehensive income** | **0** | **−2** | **460** | **−5** | **−5** | **11** | **6** |
| Capital increases | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Dividends | 0 | 0 | −254 | −254 | −254 | −7 | **−261** |
| Capital transactions with a change in the participation rate | 0 | 0 | −1 | −1 | −1 | 1 | **0** |
| Other changes | 0 | −1 | 1,064 | 1,070 | 0 | −28 | **−29** |
| **30/9/2020 and 1/10/2020** | **0** | **103** | **−1,918** | **−3,380** | **2,031** | **8** | **2,039** |
| Earnings after taxes | 0 | 0 | −56 | −56 | −56 | 11 | **−45** |
| Other comprehensive income | −9 | 4 | 0 | 106 | 106 | 1 | **107** |
| **Total comprehensive income** | **−9** | **4** | **−56** | **50** | **50** | **12** | **62** |
| Capital increases | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Dividends | 0 | 0 | −254 | −254 | −254 | 0 | **−254** |
| Capital transactions with a change in the participation rate | 0 | 0 | −1 | −1 | −1 | 1 | **0** |
| Other changes | 0 | −1 | −2 | 0 | 0 | 0 | **0** |
| **30/9/2021** | **−9** | **106** | **−2,231** | **−3,585** | **1,826** | **21** | **1,847** |

# CASH FLOW STATEMENT[1]

## for the financial year from 1 October 2020 to 30 September 2021

| € million | 2019/20 | **2020/21** |
|---|---|---|
| EBIT | 257 | **197** |
| Depreciation/amortisation/impairment losses/reversal of impairment losses of fixed assets excl. financial investments | 856 | **969** |
| Change in provisions for pensions and other provisions | −10 | **3** |
| Change in net working capital | −172 | **130** |
| Income taxes paid (−)/received | −140 | **−12** |
| Reclassification of gains (−)/losses (+) from the disposal of fixed assets | −4 | **−37** |
| Lease payments | 40[1] | **59** |
| Other | −180 | **−72** |
| **Cash flow from operating activities of continuing operations** | **646** | **1,237** |
| Cash flow from operating activities of discontinued operations | 416 | **0** |
| **Cash flow from operating activities** | **1,062** | **1,237** |
| Acquisition of subsidiaries | 0 | **−20** |
| Investments in property, plant and equipment and in investment property (excluding right-of-use assets) | −211 | **−184** |
| Other investments | −160 | **−146** |
| Investments in monetary assets | −8 | **−1** |
| Disposals of subsidiaries | 0 | **28** |
| Divestments | 114 | **179** |
| Disposal of financial investments | 0 | **7** |
| **Cash flow from investing activities of continuing operations** | **−265** | **−137** |
| Cashflow from investing activities of discontinued operations | 1,271 | **0** |
| **Cash flow from investing activities** | **1,006** | **−137** |
| Dividends paid | | |
| to METRO AG shareholders | −254 | **−254** |
| to other shareholders | −7 | **0** |
| Proceeds from new borrowings | 6,066 | **474** |
| Redemption of borrowings | −6,487 | **−779** |
| Lease disbursements | −547 | **−541** |
| Interest paid | −82 | **−92** |
| Interest received | 16 | **14** |
| Other financing activities | 16 | **27** |
| **Cash flow from financing activities of continuing operations** | **−1,280** | **−1,152** |
| Cashflow from financing activities of discontinued operations | −278 | **0** |
| **Cash flow from financing activities** | **−1,557** | **−1,152** |
| **Total cash flows** | **510** | **−52** |
| Currency effects on cash and cash equivalents | −29 | **1** |
| **Total change in cash and cash equivalents** | **482** | **−51** |
| Total cash and cash equivalents as of 1 October | 1,044 | **1,525** |
| less cash and cash equivalents reported in assets in accordance with IFRS 5 | −544 | **0** |
| **Cash and cash equivalents as of 1 October** | **500** | **1,525** |
| Total cash and cash equivalents as of 30 September | 1,525 | **1,474** |

| | | |
|---|---|---|
| less cash and cash equivalents reported in assets in accordance with IFRS 5 | 0 | **0** |
| **Cash and cash equivalents as of 30 September** | **1,525** | **1,474** |

[1] Reported under ‘other’ in the previous year’s annual report.

# NOTES

# SEGMENT REPORTING[1]

| € million | METRO Germany 2019/20 | METRO Germany 2020/21 | METRO Western Europe (excl. Germany) 2019/20 | METRO Western Europe (excl. Germany) 2020/21 | METRO Russia 2019/20 | METRO Russia 2020/21 | METRO Eastern Europe (excl. Russia) 2019/20 | METRO Eastern Europe (excl. Russia) 2020/21 | METRO Asia 2019/20 | METRO Asia 2020/21 |
|---|---|---|---|---|---|---|---|---|---|---|
| External sales (net) | 4,699 | **4,457** | 9,603 | **9,384** | 2,644 | **2,374** | 7,125 | **7,004** | 1,539 | **1,496** |
| Internal sales (net) | 15 | **13** | 2 | **3** | 36 | **32** | 0 | **0** | 0 | **0** |
| Sales (net) | 4,714 | **4,470** | 9,605 | **9,387** | 2,679 | **2,406** | 7,125 | **7,005** | 1,539 | **1,496** |
| Adjusted EBITDA | 125 | **149** | 394 | **394** | 224 | **197** | 371 | **366** | 0 | **7** |
| Transformation costs | 0 | **10** | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **45** |
| Earnings contributions from real estate transactions | 0 | **0** | 1 | **18** | 0 | **0** | 2 | **0** | 0 | **0** |
| EBITDA | 125 | **138** | 395 | **412** | 224 | **197** | 373 | **366** | 0 | **−38** |
| Depreciation/amortisation/impairment losses | 114 | **210** | 257 | **274** | 64 | **59** | 133 | **129** | 66 | **85** |
| Reversals of impairment losses | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **0** |
| EBIT | 11 | **−72** | 138 | **138** | 161 | **138** | 241 | **237** | −65 | **−123** |
| Investments | 77 | **114** | 213 | **347** | 17 | **26** | 107 | **77** | 24 | **35** |
| Non-current segment assets | 976 | **875** | 2,531 | **2,581** | 770 | **799** | 1,468 | **1,412** | 516 | **451** |
| Selling space (1,000 $m^2$) | 915 | **859** | 1,533 | **1,502** | 682 | **683** | 1,386 | **1,373** | 206 | **218** |
| Locations (number) | 103 | **102** | 240 | **240** | 93 | **93** | 196 | **196** | 46 | **50** |

[1] Segment reporting is explained in the notes to the consolidated financial statements in no. 41 – segment reporting.

| € million | Others 2019/20 | Others 2020/21 | Consolidation 2019/20 | Consolidation 2020/21 | METRO Continuing operations 2019/20 | METRO Continuing operations 2020/21 |
|---|---|---|---|---|---|---|
| External sales (net) | 22 | **49** | 0 | **0** | 25,632 | **24,765** |
| Internal sales (net) | 753 | **773** | −806 | **−821** | 0 | **0** |
| Sales (net) | 774 | **823** | −806 | **−821** | 25,632 | **24,765** |
| Adjusted EBITDA | 42 | **59** | 1 | **−1** | 1,158 | **1,171** |
| Transformation costs | 47 | **10** | 0 | **0** | 47 | **65** |
| Earnings contributions from real estate transactions | 0 | **42** | 0 | **0** | 3 | **60** |
| EBITDA | −5 | **91** | 1 | **−1** | 1,113 | **1,166** |
| Depreciation | 224 | **211** | 0 | **0** | 857 | **969** |
| Reversals of impairment losses | 0 | **0** | 0 | **0** | 1 | **0** |
| EBIT | −229 | **−120** | 1 | **−1** | 257 | **197** |
| Investments | 189 | **165** | 0 | **0** | 627 | **764** |
| Non-current segment assets | 1,235 | **1,084** | 9 | **0** | 7,504 | **7,203** |
| Selling space (1,000 $m^2$) | 0 | **0** | 0 | **0** | 4,723 | **4,636** |
| Locations (number) | 0 | **0** | 0 | **0** | 678 | **681** |

# 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 2021 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 (30. November 2021) 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. These items 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

### International Financial Reporting Standards (IFRS) applied for the first time in financial year 2020/21

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 2020/21. The initial application of these amendments has no material impact on the consolidated financial statements:

- IFRS 3 – Business Combinations (revised definition of ‘business’)
- Amendments to IFRS 9 – Financial Instruments, IFRS 7 – Financial Instruments: Disclosures and IAS 39 – Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform – Phase 1)
- Amendments to IFRS 16 – Leases (amendment concerning Covid-19-Related Rent Concessions beyond 30 June 2021)
- Amendments to IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (revised definition of ‘material’)

- Amendments to various IFRS standards due to adjusted references to the Conceptual Framework for Financial Reporting)

In connection with the application of IAS 2, in June 2021 the IFRS Interpretations Committee decided that when calculating the net realisable value of inventories, the estimated necessary selling expenses to be taken into account should not be restricted just to incremental costs. This decision led to a retrospective change to the corresponding accounting method at METRO. Further information on this change is provided in **no. 47 – Change in accounting method (inventories)** ▸ **page 249**.

**Accounting standards that were published but are not yet applied in financial year 2020/21**
A number of other standards and interpretations amended or newly issued by the IASB were not yet applied by METRO in financial year 2020/21 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 4 | Insurance Contracts (Extension of the Temporary Exemption from Applying IFRS 9) | 1/1/2021 | 1/10/2021 | 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 9/ IFRS 7/IFRS 16/ IAS 39 | Financial Instruments (Interest Rate Benchmark Reform – Phase 2) | 1/1/2021 | 1/10/2021 | Yes |
| 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[5] | Unknown[5] | No |
| IFRS 17 | Insurance Contracts[4] – including adopted amendments to the standard | 1/1/2023 | 1/10/2023 | No |
| Amendments to IAS 1 | Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)[4] | 1/1/2023 | 1/10/2023 | No |
| Amendments to IAS 1 | Presentation of Financial Statements (Disclosures Regarding Accounting Policies)[4] | 1/1/2023 | 1/10/2023 | No |
| Amendments to IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)[4] | 1/1/2023 | 1/10/2023 | No |
| Amendments to IAS 12 | Income Taxes (deferred taxes related to Assets and Liabilities arising from a Single Transaction)[4] | 1/1/2023 | 1/10/2023 | No |
| 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 – Costs 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 |

[1] Without earlier application (exception: IFRS 16 – Covid-19-Related Rent Concessions).

[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: Early November 2021.

[4] Official German title not yet known – therefore own translation.

[5] Indefinite deferral of effective date by IASB.

**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, 171 German (30/9/2020: 177) and 173 international (30/9/2020: 174) companies are included in the consolidated financial statements.

The consolidation group changed as follows in financial year 2020/21:

| | |
|---|---|
| As of 1/10/2020 | 351 |
| Changes in financial year 2020/21 | |
| Companies merged with other consolidated subsidiaries | −6 |
| Disposal of shares | −3 |
| Other disposals | −9 |
| Newly founded companies | 3 |
| Acquisitions | 8 |
| **As of 30/9/2021** | **344** |

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 primarily the first-time consolidation of Davigel España, S.A.U. and the Aviludo Group.

- **A detailed description of the business combinations in the reporting period is provided in the** notes to the business combinations page 172.

The sales relate to the disposal of a real estate company and METRO's IT companies as part of the strategic partnership with Wipro Limited.

- **A detailed description of the disposal of METRO's IT companies can be found in** no. 42 – Assets held for sale and liabilities page 236.

Other disposals primarily include liquidations.

### Investments accounted for using the equity method

13 associated companies (30/9/2020: 25) and 9 joint ventures (30/9/2020: 9) are accounted for in the consolidated financial statements using the equity method.

**OVERVIEW OF SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS**

€ million

| 30/9/2020 | | Non-controlling interests | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name | Registered office | in % | as of 30/9/2020 | Dividends paid[1] | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Sales revenues | Profit shares[1] |
| METRO Cash & Carry Österreich GmbH | Vösendorf, Österreich | 27.00 | 9 | 2 | 81 | 139 | 35 | 144 | 736 | 2 |

[1] Attributable to 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 revenues** | **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.

- **A complete list of group companies and associates is shown in** no. 56 – Overview of the major fully consolidated group companies page 262**. 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 2021 pursuant to § 313 of the German Commercial Code page 268**.**

## Consolidation principles

The financial statements of German and foreign subsidiaries included in the consolidated accounts are prepared using uniform accounting and measurement methods 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. Operational 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 reporting period 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 reporting period 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

### 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 on the reporting period. 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.

In financial year 2020/21, no functional currency of a consolidated company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies).

The following exchange rates being of major significance for METRO were applied in the translation of key currencies outside the European Monetary Union:

| | | Average exchange rate per € | | Average exchange rate per € | |
|---|---|---|---|---|---|
| | | 2019/20 | **2020/21** | 30/9/2020 | **30/9/2021** |
| Bulgarian lev | BGN | 1.95583 | **1.95583** | 1.95583 | **1.95583** |
| Chinese renminbi | CNY | 7.84515 | **7.77989** | 7.97200 | **7.48470** |
| Croatian kuna | HRK | 7.50832 | **7.53955** | 7.55650 | **7.48890** |
| Czech koruna | CZK | 26.17769 | **25.97336** | 27.23300 | **25.49500** |
| Danish krone | DKK | 7.46137 | **7.43843** | 7.44620 | **7.43600** |
| Egyptian pound | EGP | 17.84167 | **18.76426** | 18.45160 | **18.18770** |
| Hong Kong dollar | HKD | 8.70568 | **9.28025** | 9.07420 | **9.01840** |
| Hungarian forint | HUF | 343.96227 | **357.56318** | 365.53000 | **360.19000** |
| Indian rupee | INR | 82.28265 | **88.02535** | 86.29900 | **86.07660** |
| Indonesian rupiah | IDR | 16,232.86000 | **17,135.09000** | 17,497.84000 | **16,572.03000** |
| Japanese yen | JPY | 120.71530 | **128.50236** | 123.76000 | **129.67000** |
| Kazakhstani tenge | KZT | 451.86301 | **508.04742** | 502.14000 | **496.42000** |
| Malaysian ringgit | MYR | 4.72060 | **4.92941** | 4.86530 | **4.84750** |
| Moldovan leu | MDL | 19.46755 | **20.99757** | 19.82730 | **20.59550** |
| Myanmar kyat | MMK | 1,599.26967 | **1,781.00822** | 1,532.00000 | **2,236.50000** |
| Norwegian krone | NOK | 10.55535 | **10.36198** | 11.10080 | **10.16500** |
| Pakistani rupee | PKR | 179.88229 | **187.71887** | 194.33550 | **184.07250** |
| Philippine peso | PHP | 56.30047 | **58.25465** | 56.77400 | **59.06600** |
| Polish zloty | PLN | 4.38844 | **4.53714** | 4.54620 | **4.61970** |
| Pound sterling | GBP | 0.87833 | **0.87384** | 0.91235 | **0.86053** |
| Romanian leu | RON | 4.81183 | **4.90144** | 4.87250 | **4.94750** |
| Russian rouble | RUB | 77.50392 | **89.14979** | 91.77630 | **84.33910** |
| Serbian dinar | RSD | 117.56680 | **117.57386** | 117.58030 | **117.55950** |
| Singapore dollar | SGD | 1.54913 | **1.60287** | 1.60350 | **1.57600** |
| Swiss franc | CHF | 1.07494 | **1.08737** | 1.08040 | **1.08300** |
| Turkish lira | TRY | 7.29146 | **9.62548** | 9.09900 | **10.29810** |
| UAE dirham | AED | 4.11363 | **4.39049** | 4.30235 | **4.25075** |
| Ukrainian hryvnia | UAH | 29.09853 | **33.08211** | 33.16430 | **30.82310** |
| US dollar | USD | 1.11982 | **1.19541** | 1.17080 | **1.15790** |
| Vietnamese dong | VND | 25,953.36000 | **27,701.87000** | 27,131.35000 | **27,063.56000** |

## 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 wholesale as well as to the delivery business (Food Service Distribution, FSD). 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 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 indefinite 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.

### Rights-of-use

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 associated companies 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 the provisions of 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

The assets presented under other financial assets are generally measured at amortised cost, and impairments are determined for the reporting period in accordance with the general approach to determine expected credit losses.

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 reporting period.

The assessment of deferred taxes reflects the tax consequence arising from METRO's expectations as of the reporting period 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 reporting period 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 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 the provisions of 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 reporting period 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 reporting period 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 reporting period 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 vis-à-vis to those employees affected as of the reporting period.

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 on the reporting period 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 repayment 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 on the closing period 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 reporting period 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 is based on appropriate extrapolations.

## Estimates and assumptions, discretionary judgements

Due to the Covid-19 pandemic, particular challenges arose with regards to estimates and assumptions. Public life in many countries where METRO operates has been severely restricted as a result of the pandemic and the associated regulatory measures – in particular, the measures had a significant negative impact on some of our customer groups (especially hospitality industry customers) and, consequently, also on our business. The situation did not stabilise until Q3 and especially Q4. However, it is currently not possible to make a reliable estimate as to whether significant public restrictions will be necessary again and how long it will subsequently take to return to normal.

### 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 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, including a sensitivity analysis in each case. Meanwhile, potential short-term impairments to 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.
- Calculation of provisions for performance-based remuneration components. Provisions for performance-based remuneration components were also calculated on the basis of corporate plans using current market parameters such as the performance of share prices and benchmark indices.

In addition, information on estimates and underlying assumptions with significant effects on these consolidated financial statements relates to the following circumstances or is included in the following notes:

- Uniform group-wide determination of expected useful lives for assets with a definite useful life (no. 15 – Depreciation/amortisation/impairment losses ▸ page 183, no. 20 – Other intangible assets ▸ page 189 and no. 21 – Property, plant and equipment ▸ page 190)
- Indicator-based impairment testing of assets with a definite useful life (no. 15 – Depreciation/amortisation/impairment losses ▸ page 183, no. 20 – Other intangible assets ▸ page 189 and no. 21 –Property, plant and equipment ▸ page 190)
- Recoverability of receivables due from suppliers with respect to considerations from suppliers (no. 24 – Other financial and other non-financial assets ▸ page 198)
- Recognition of considerations from suppliers on an accrual basis and their presentation in the income statement (no. 24 – Other financial and other non-financial assets ▸ page 198)
- Ability to realise future deferred tax assets – particularly from tax loss carry-forwards (no. 25 – Deferred tax assets/deferred tax liabilities ▸ page 198)
- Determination of provisions for post-employment benefits plans (no. 31 – Provisions for post-employment benefits plans and similar obligations ▸ page 210)

- Determination of other provisions and other liabilities – for example, for performance obligations, restructuring, warranties, taxes and risks emerging from legal proceedings and litigation as well as risks from completed transactions (**no. 32 – Other provisions (non-current)/provisions (current)** ▸ page 218, **no. 36 – Other financial and other non-financial liabilities** ▸ page 224)
- 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. 21 – Property, plant and equipment** ▸ page 190).

Although great care has been taken in making these estimates and assumptions, actual measurements may deviate from them in individual cases and especially considering Covid-19-related uncertainties. The estimates and assumptions used in the consolidated financial statements are regularly reviewed. Changes are taken into account at the time new information becomes available.

### 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 whether METRO is the principal or agent in sales transactions (**no. 1 – Sales revenues** ▸ page 175)
- Determination of the group of investments accounted for at equity by assessing the significant influence

# 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 €1,826 million (30/9/2020: €2,031 million), while liabilities amount to €10,972 million (30/9/2020: €11,131 million). Net debt decreased by €304 million and amounts to €3,466 million (30/9/2020: €3,771 million).

| € million | 30/9/2020[1] | **30/9/2021** |
|---|---|---|
| **Equity before non-controlling interests** | **2,031** | **1,826** |
| **Liabilities** | **11,131** | **10,972** |
| **Net debt** | **3,771** | **3,466** |
| Financial liabilities (incl. liabilities from leases) | 5,314 | **4,954** |
| Cash and cash equivalents | 1,525 | **1,474** |
| Short-term financial investments[2] | 19 | **13** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section **'Change in accounting method (inventories)'**.

[2] Included in the balance sheet in 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 2020/21, 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

## Davigel España, S.A.U.

Pursuant to the purchase contract dated 30 December 2020, METRO Cash & Carry International Holding B.V. acquired 100% of the shares in Davigel España, S.A.U. (Davigel) as of 30 December 2020 from SYSCO FRANCE SAS (Sysco), France. The purchase price agreed and paid was less than €1 million. Davigel is an established food service distribution (FSD) company in Spain with a strong presence in the Balearic Islands as well as the Canary Islands. More than 70% of all customers are hotel chains, while independent restaurateurs and HoReCa operations account for about 30% of sales. The transaction is of high strategic relevance for METRO in Spain, since Davigel provides access to new customers. It also secures exclusive rights for certain articles from Sysco's product range.

The initial consolidation was carried out as of 1 January 2021. Davigel is part of the segment METRO Western Europe (excl. Germany).

The fair values of the acquired assets and liabilities assumed as of the acquisition date were as follows:

### ACQUIRED ASSETS AND LIABILITIES

| € million | 1/1/2021 |
|---|---|
| **Assets** | **12** |
| Property, plant and equipment | 3 |
| Deferred tax assets | 1 |
| Inventories | 2 |
| Trade receivables | 2 |
| Cash and cash equivalents | 4 |
| | |
| **Liabilities** | **5** |
| Borrowings (non-current) | 1 |
| Deferred tax liabilities | 1 |
| Trade liabilities | 1 |
| Borrowings (current) | 1 |
| Other financial liabilities (current) | 1 |

The gross amount of trade receivables is €3 million, of which €1 million was assessed as probably uncollectible at the time of the acquisition.

Costs of significantly less than €1 million were incurred in connection with the transaction and are included in other operating expenses.

The acquisition of Davigel resulted in negative goodwill of €7 million, which was recognised in full as other operating income in financial year 2020/21. The negative goodwill results from the challenging market conditions due to the Covid-19 pandemic, which significantly affect Davigel's main customers in the hotel and hospitality industry and were recognised by reducing the purchase price accordingly.

Since the initial consolidation date of 1 January 2021, Davigel has contributed €13 million to METRO's sales but reduced its profit or loss for the period by €1 million (excluding the recognition of negative goodwill).

Assuming that the acquisition had taken place on 1 October 2020, Davigel would have contributed €16 million to METRO's sales and reduced its profit or loss for the period by €3 million (excluding the recognition of negative goodwill).

The government measures based on the Covid-19 pandemic had a massively negative impact on Davigel's sales and earnings development.

## Aviludo Group

Pursuant to the purchase contract dated 16 October 2020, METRO FSD HOLDING PORTUGAL, SGPS, S.A. acquired the following companies (Aviludo Group) from AVILUDO SGPS, S.A., Portugal, on 28 February 2021:

- Aviludo – Indústria e Comércio de Produtos Alimentares, S.A. (100%)
- ATLA – Logística, S.A. (100%)
- LUDOFOODS, S.A. (100%)
- FOOD GO – Import Export, LDA (100%)
- X4DEV – Business Solutions, S.A. (71%)

The purchase price agreed and paid was in the low double-digit millions of euros. With a strong presence in Lisbon and the tourist-oriented south of Portugal, the Aviludo Group has expertise in meat processing and is known for its consistent quality and customer service standards. The Aviludo Group is the second-largest Portuguese food supplier, specialising in independent restaurateurs, canteens and restaurant chains. This acquisition is a decisive step towards a complete focus on HoReCa customers. The resulting access to complementary HoReCa customer groups boosts METRO's position in the growing FSD segment and simultaneously creates an additional assortment for local customers.

The initial consolidation was carried out as of 1 March 2021. The Aviludo Group is part of the segment METRO Western Europe (excl. Germany).

The fair values of the acquired assets and liabilities of the consolidated group as of the acquisition date were as follows:

## ACQUIRED ASSETS AND LIABILITIES

| € million | 1/3/2021 |
|---|---|
| **Assets** | **48** |
| Other intangible assets | 6 |
| Property, plant and equipment | 29 |
| Inventories | 3 |
| Trade receivables | 4 |
| Other non-financial assets | 1 |
| Cash and cash equivalents | 4 |
| | |
| **Liabilities** | **27** |
| Borrowings (non-current) | 9 |
| Deferred tax liabilities | 3 |
| Trade liabilities | 9 |
| Borrowings (current) | 2 |
| Other financial liabilities (current) | 4 |
| Other non-financial liabilities (current) | 1 |

The licence price analogy method as well as the residual value method were used to determine the fair values of the acquired intangible assets. The licence price analogy method recognises the discounted estimated payments of usage fees that are expected to be saved by owning the rights to the names. The residual value method is based on the present value of the expected net cash flows generated by the customer relationships, excluding any cash flows associated with supporting assets.

The gross amount of trade receivables is €5 million, of which €1 million was assessed as probably uncollectible at the time of the acquisition.

Costs of €2 million were incurred in connection with the transaction (thereof €1 million in financial year 2019/20) and are included in other operating expenses.

The acquisition of the Aviludo Group resulted in goodwill of €7 million, which is mainly attributable to the future earnings potential arising from expected synergy effects with the wholesale business of MAKRO Portugal. Part of the expected synergy effects is attributable to the cash-generating unit MAKRO Cash & Carry Portugal; consequently, an amount of €3 million was allocated to it. The recognised goodwill is not deductible for tax purposes.

Since its initial consolidation on 1 March 2021, the Aviludo Group has contributed €74 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 2020, the Aviludo Group would have contributed €104 million to METRO’s revenue and reduced its profit or loss for the period by €5 million.

The government measures based on the Covid-19 pandemic had a massively negative impact on the sales and earnings development of the Aviludo Group.

# 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 | 2019/20 | 2020/21 |
|---|---|---|
| **Store-based and other business** | **21,695** | **20,602** |
| METRO Germany | 4,166 | **4,041** |
| METRO Western Europe (excl. Germany) | 8,032 | **7,626** |
| METRO Russia | 2,412 | **2,080** |
| METRO Eastern Europe (excl. Russia) | 6,047 | **5,876** |
| METRO Asia | 1,023 | **935** |
| Others | 14 | **44** |
| **Delivery sales** | **3,937** | **4,164** |
| METRO Germany | 533 | **416** |
| METRO Western Europe (excl. Germany) | 1,570 | **1,758** |
| METRO Russia | 232 | **295** |
| METRO Eastern Europe (excl. Russia) | 1,078 | **1,129** |
| METRO Asia | 516 | **561** |
| Others | 7 | **5** |
| **Total sales** | **25,632** | **24,765** |
| METRO Germany | 4,699 | **4,457** |
| METRO Western Europe (excl. Germany) | 9,603 | **9,384** |
| METRO Russia | 2,644 | **2,374** |
| METRO Eastern Europe (excl. Russia) | 7,125 | **7,004** |
| METRO Asia | 1,539 | **1,496** |
| Others | 22 | **49** |

## 2. Other operating income

| € million | 2019/20 | 2020/21 |
|---|---|---|
| Income from logistics services | 281 | **342** |
| Services | 244 | **171** |
| Rents incl. reimbursements of subsidiary rental costs | 169 | **150** |
| Services rendered to suppliers | 69 | **114** |
| Gains from the disposal of fixed assets and gains from the reversal of impairment losses | 13 | **49** |
| Miscellaneous | 173 | **281** |
| | **948** | **1,107** |

The income from logistics services provided by METRO LOGISTICS is offset by expenses from logistics services, which are reported under other operating expenses.

Services include income from advertising services provided by METRO ADVERTISING in the amount of €87 million (2019/20: €157 million); corresponding expenses from advertising services are shown under selling expenses.

The gains from the disposal of fixed assets and gains from the reversal of impairment losses include income in the amount of €36 million from the disposal of real estate (2019/20: €3 million). Of this amount, €17 million (2019/20: €0 million) relates to income from a sale and leaseback transaction. Income from reversals of impairment losses amounts to €0 million (2019/20: €1 million).

The other operating income includes cost allocations, income from the use of the METRO brand and a great number of insignificant individual items.

## 3. Selling expenses

| € million | 2019/20 | **2020/21** |
| --- | --- | --- |
| Personnel expenses | 1,931 | **1,922** |
| Cost of material | 1,917 | **1,891** |
| | **3,849** | **3,814** |

With regard to selling expenses, the decline in cost of material compared to the previous year resulted in particular from reduced advertising costs and lower recruitment costs. The sale of METRO's IT companies led to a reduction in depreciation and amortisation at METRO DIGITAL, but IT costs increased due to the agreements entered into with external service provider Wipro. The country exits from Japan, Myanmar and Classic Fine Foods Philippines led to a rise in impairment losses on property, plant and equipment compared with the previous year.

- **Supplemental disclosures about depreciation and impairment losses are provided in** no. 15 – page 183 Depreciation/amortisation/impairment losses page 183.

## 4. General administrative expenses

| € million | 2019/20 | **2020/21** |
| --- | --- | --- |
| Personnel expenses | 469 | **467** |
| Cost of material | 362 | **408** |
| | **831** | **875** |

The increase in cost of material is primarily related to the amortisation of intangible assets and higher consultancy costs.

## 5. Other operating expenses

| € million | 2019/20 | 2020/21 |
|---|---|---|
| Expenses from logistics services | 266 | **334** |
| Impairment losses on goodwill | 27 | **95** |
| Losses from the disposal of fixed assets | 4 | **5** |
| Miscellaneous | 24 | **7** |
| | **321** | **440** |

The expenses from logistics services provided by METRO LOGISTICS are offset by income from logistics services, which are reported under other operating income.

## 6. Earnings from impairment of financial assets

The result from impairment losses on financial assets amounts to €26 million (2019/20: €64 million) and includes impairment losses on receivables from contracts with customers amounting to €11 million (2019/20: €51 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. Earnings share of operating/non-operating companies recognised at equity

The earnings of operating companies recognised at equity that have an operational relation to the ordinary business activities are shown in the income statement in the EBIT item. It amounts to €19 million (2019/20: €14 million). Of this, €10 million (2019/20: €6 million) is attributable to the METRO Western Europe (excluding Germany) segment and €7 million (2019/20: €7 million) to the Others segment as well as €3 million (2019/20: €1 million) to the METRO Asia segment.

## 8. Other investment result

Other investment results in the amount of €12 million (2019/20: €3 million) include the impact of the fair value measurement of investments in the amount of €12 million (2019/20: €2 million). Dividends from investments amounted to €0 million (2019/20: €0 million).

## 9. Net interest income/interest expenses

The interest result can be broken down as follows:

| € million | 2019/20 | 2020/21 |
|---|---|---|
| **Interest income** | **31** | **30** |
| thereof from leases | (15) | **(16)** |
| thereof from post-employment benefits plans | (5) | **(4)** |
| thereof from financial instruments of the measurement categories according to IFRS 9 | (8) | **(7)** |
| **Interest expenses** | **−252** | **−224** |
| thereof from leases | (−177) | **(−152)** |
| thereof from post-employment benefits plans | (−11) | **(−10)** |
| thereof from financial instruments of the measurement categories according to IFRS 9 | (−56) | **(−53)** |
| **Interest result** | **−220** | **−194** |

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 €29 million (2019/20: €31 million) and for liabilities to banks of €16 million (2019/20: €17 million).

The decline in interest expenses was primarily the result of lower interest expenses from leases.

— **For more information about possible effects from currency risks, see** no. 43 – management of financial risks ▶ page 238**.**

## 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 | 2019/20 | **2020/21** |
|---|---|---|
| Other financial income | 320 | **193** |
| thereof currency effects | (255) | **(101)** |
| thereof hedging transactions | (49) | **(75)** |
| Other financial expenses | −392 | **−168** |
| thereof currency effects | (−325) | **(−125)** |
| thereof hedging transactions | (−35) | **(−18)** |
| **Other financial result** | **−72** | **25** |
| thereof from financial instruments of the measurement categories according to IFRS 9 | (16) | **(25)** |
| thereof cash flow hedges: | | |
| ineffectiveness | (−2) | **(3)** |

The total comprehensive income from currency effects and measurement results from hedging transactions and hedging relationships totalled €32 million (2019/20: €−57 million). In addition, the other financial result reflects €4 million (2019/20: €−13 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. In addition, impairment losses on financial assets amounting to €0 million (2019/20: €−2 million) were recognised in the reporting period.

– **For more information about possible effects from currency risks, see** no. 43 – management of financial risks ▸ page 238**.**

## 11. Net results according to measurement categories

The key effects of income from financial instruments are as follows:

**2019/20**

| € 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 | 8 | 0 | 5 | 0 | −58 | 0 | −46 |
| Financial assets at fair value through profit or loss | 3 | 0 | 15 | 0 | 0 | 0 | 0 | 18 |
| Equity instruments measured outside of profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial liabilities measured at amortised cost | 0 | −56 | 10 | −8 | 4 | 0 | −4 | −53 |
| | **3** | **−48** | **25** | **−3** | **4** | **−58** | **−5** | **−82** |

**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 |

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 other investment result. 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. 43 – management of financial risks page 238**.**

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 | 2019/20 | **2020/21** |
|---|---|---|
| Deferred tax expense/income (+/−) | −25 | **−72** |
| thereof from temporary differences | (−22) | **(−67)** |
| thereof from loss and interest carry-forwards | (−3) | **(−5)** |

| € million | 2019/20 | 2020/21 |
|---|---|---|
| Actual taxes | 133 | **157** |
| thereof Germany | (10) | **(12)** |
| thereof international | (123) | **(145)** |
| thereof tax expenses/income of current period | (143) | **(102)** |
| thereof tax expenses/income of previous periods | (−10) | **(55)** |
| Deferred taxes | −25 | **−72** |
| thereof Germany | (24) | **(3)** |
| thereof international | (−49) | **(−76)** |
| | **108** | **85** |

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% (2019/20: 0.00%) and 34.94% (2019/20: 34.94%).

The decrease of €23 million in the recognised income tax expenses is mainly attributable to opposing effects between effective and deferred taxes in Austria (country exit Japan) and Russia as well as to reversal effects of deferred tax liabilities in Germany.

Applying the German group tax rate to the reported pre-tax result would result in an income tax expense of €12 million (2019/20: €−10 million). The deviation of €73 million (2019/20: €118 million) from the reported tax expense of €85 million (2019/20: €108 million) can be reconciled as follows:

| € million | 2019/20 | 2020/21 |
|---|---|---|
| **EBT (earnings before taxes)** | **−32** | **40** |
| Expected income tax expenses (30.53%) | −10 | **12** |
| Effects of differing national tax rates | −2 | **−17** |
| Tax expenses and income relating to other periods | −10 | **−11** |
| Non-deductible business expenses for tax purposes | 52 | **20** |
| Effects of not recognised or impaired deferred taxes | 69 | **92** |
| Additions and reductions for local taxes | 15 | **12** |
| Tax holidays | −3 | **−24** |
| Other deviations | −2 | **0** |
| **Income tax expenses according to the income statement** | **108** | **85** |
| **Group tax rate** | **−338.3%** | **212.6%** |

The item ‘effects of differing national tax rates’ includes a deferred tax expense of €3 million (2019/20: €3 million) from tax rate changes.

The tax expenses and income relating to other periods include the offsetting effects between effective and deferred taxes (Japan country exit).

The reduction in non-deductible operating expenses is largely attributable to transfer pricing agreements entered into with foreign tax authorities in connection with the recognition of the group-wide transfer pricing system introduced in previous years.

The year-on-year increase in deferred taxes that are either not recognised or have been written down is primarily due to losses related to the Japan country exit.

Tax holidays for the current year include effects from various tax-free divestments.

## 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 €11 million (2019/20: €13 million) and loss shares for €0 million (2019/20: €−2 million).

## 14. Earnings per share

| | 2019/20 | **2020/21** |
|---|---|---|
| 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) | 460 | **−56** |
| **Earnings per share in € (basic = diluted)** | **1.27** | **−0.15** |
| from continuing operations | (−0.40) | **(−0.15)** |
| from discontinued operations | (1.67) | **(0.00)** |

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 €969 million (2019/20: €858 million) include impairment losses totalling €172 million (2019/20: €55 million).

The impairment is mainly losses attributable to the METRO Germany segment (€101 million), in particular the impairment of goodwill of €94 million. In addition, impairment losses of €48 million were recognised in the METRO Asia segment due to the country exits from Japan, Myanmar and Classic Fine Foods Philippines, as well as impairment losses of €8 million in the METRO Russia segment, €7 million in the Others segment and €5 million in the METRO Western Europe (excluding Germany) segment.

The attribution of depreciation/amortisation/impairment losses in the income statement and the affected asset categories is as follows:

**2019/20**

| € million | Goodwill | Other intangible assets | Property, plant and equipment | Usufructuary rights | Investment properties | Financial assets[1] | Total |
|---|---|---|---|---|---|---|---|
| Cost of sales | 0 | 2 | 24 | 50 | 0 | 0 | 77 |
| thereof depreciation/ amortisation | (0) | (2) | (24) | (50) | (0) | (0) | (77) |
| thereof impairment | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| Selling expenses | 0 | 34 | 316 | 244 | 24 | 0 | 618 |
| thereof depreciation/ amortisation | (0) | (34) | (305) | (240) | (17) | (0) | (595) |
| thereof impairment | (0) | (0) | (11) | (4) | (7) | (0) | (22) |
| General administrative expenses | 0 | 96 | 18 | 21 | 1 | 0 | 135 |
| thereof depreciation/ amortisation | (0) | (92) | (18) | (21) | (1) | (0) | (131) |
| thereof impairment | (0) | (4) | (0) | (0) | (0) | (0) | (4) |
| Other operating expenses | 27 | 0 | 0 | 0 | 0 | 0 | 27 |
| thereof impairment | (27) | (0) | (0) | (0) | (0) | (0) | (27) |
| **Scheduled impairment losses and impairment before impairment of financial investments** | **27** | **132** | **358** | **315** | **25** | **0** | **857** |
| Net financial result | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| thereof impairment | (0) | (0) | (0) | (0) | (0) | (1) | (1) |
| **Scheduled depreciation/amortisation/ impairment losses** | **27** | **132** | **358** | **315** | **25** | **1** | **858** |
| thereof depreciation/ amortisation | (0) | (128) | (346) | (311) | (18) | (0) | (803) |
| thereof impairment | (27) | (4) | (11) | (4) | (7) | (1) | (55) |

[1] Also comprise investments accounted for using the equity method.

**2020/21**

| € million | Goodwill | Other intangible assets | Property, plant and equipment | Usufructuary rights | Investment properties | Financial assets[1] | 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 impairment losses and impairment before impairment of financial investments** | 95 | 154 | 379 | 310 | 31 | 0 | 969 |
| Net financial result | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| thereof impairment | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| **Scheduled depreciation/amortisation/ impairment losses** | 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) | (172) |

[1] Also comprise investments accounted for using the equity method.

— **Detailed explanations on the impairment test of goodwill can be found under** No. 19 – Goodwill ▸ page 186.

## 16. Cost of materials

The cost of sales includes the following cost of materials:

| € million | 2019/20 | **2020/21** |
|---|---|---|
| Cost of raw materials, supplies and goods purchased | 20,572 | 19,851 |
| Cost of services purchased | 18 | 17 |
| | **20,590** | **19,868** |

## 17. Personnel expenses

Personnel expenses can be broken down as follows:

| € million | 2019/20 | **2020/21** |
|---|---|---|
| Wages and salaries | 2,256 | **2,229** |
| Social security expenses, expenses for post-employment benefits and related employee benefits | 537 | **539** |
| (thereof for post-employment benefits) | (37) | **(42)** |
| | **2,793** | **2,768** |

Wages and salaries include expenses relating to restructuring measures and severance payments of €85 million (2019/20: €84 million). The variable remuneration rose from €66 million in financial year 2019/20 to €119 million in financial year 2020/21. Wages and salaries also include expenses for long-term remuneration components totalling €17 million (2019/20: €13 million).

Annual average number of group employees:

| Number of employees by headcount | 2019/20 | **2020/21** |
|---|---|---|
| Blue collar/white collar | 95,906 | **93,344** |
| Apprentices/trainees | 1,733 | **1,797** |
| | **97,639** | **95,141** |

This includes an absolute number of 15,422 (2019/20: 16,160) part-time employees. The number of employees working outside of Germany stood at 76,597 (2019/20: 78,199). This includes 75,660 blue- and white-collar employees (2019/20: 77,341). In addition, 937 (2019/20: 858) 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 | 2019/20 | **2020/21** |
|---|---|---|
| **Other taxes** | **69** | **62** |
| thereof in cost of sales | (1) | **(1)** |
| thereof in selling expenses | (59) | **(52)** |
| thereof in general administrative expenses | (9) | **(9)** |

# NOTES TO THE BALANCE SHEET

## 19. Goodwill

Goodwill amounts to €644 million (30/9/2020: €731 million).

At the closing date, the breakdown of goodwill among the major cash-generating units was as shown below:

| | 30/9/2020 | | **30/9/2021** | |
|---|---|---|---|---|
| | | WACC | | **WACC** |
| | € million | % | **€ million** | **%** |
| METRO Cash & Carry France | 293 | 4.6 | **293** | **4.6** |
| METRO Cash & Carry Poland | 54 | 4.9 | **54** | **4.5** |
| METRO Cash & Carry Italy | 38 | 6.3 | **38** | **5.6** |
| METRO Cash & Carry Romania | 38 | 6.7 | **37** | **6.1** |
| METRO Cash & Carry Spain | 36 | 5.1 | **36** | **4.9** |
| Pro à Pro | 35 | 4.6 | **35** | **4.3** |
| METRO Cash & Carry Russia | 32 | 6.3 | **35** | **5.8** |
| METRO Cash & Carry Czech Republic | 23 | 4.8 | **24** | **4.4** |
| METRO Cash & Carry Germany | 94 | 4.5 | **0** | **4.3** |
| Others | 87 | | **91** | |
| | **731** | | **644** | |

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 line with the internal management system, the goodwill of the previously jointly controlled cash-generating unit METRO Cash & Carry Spain/Portugal was separated. Following impairment testing, the goodwill was reallocated to the cash-generating units in accordance with their relative fair values less sales costs. The previous year's figure was adjusted to improve comparability.

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 defined as the value in use or fair value less costs to sell, 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. 39 – carrying amounts and fair values according to measurement categories ▶ page 228**.**

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 Covid-19 pandemic and analysed with regard to their appropriateness for the impairment test. The increased uncertainty about future developments was taken into account by adjusting the sales and earnings planning to properly reflect the crisis. 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 2020/21. Following the detailed planning period, a growth rate of 1% is assumed, as in the previous year. 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 0.3% (30/9/2020: 0.0%) and a market risk premium of 7.8% (30/9/2020: 7.8%) in Germany as well as a beta factor of 0.80 (30/9/2020: 0.88). 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 4.3% to 10.5% (30/9/2020: 4.5% to 10.7%).

The mandatory annual impairment testing of goodwill considered significant carried out by METRO as of 30 June 2021 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. In view of the easing of pandemic-related restrictions, we assume significant sales and EBITDA growth for all companies in the detailed planning phase. Given the limited comparability of financial year 2019/20 and 2020/21 in many countries, the following table compares an annual average derived from the 3rd planning year with the pre-pandemic level in financial year 2018/19 to estimate developments in the detailed planning period. We expect to see further EBITDA margin recovery after the end of the detailed planning period.

| | Sales | EBITDA | EBITDA margin | Detailed planning period (years) |
|---|---|---|---|---|
| METRO Cash & Carry France | Slightly increasing | Moderately regressing | Slightly regressing | 3 |
| METRO Cash & Carry Poland | Stable development | Moderately regressing | Moderately regressing | 3 |
| METRO Cash & Carry Spain | Solidly rising | Moderately rising | Moderately regressing | 3 |
| Pro à Pro | Solidly rising | Stable development | Moderately regressing | 3 |
| METRO Cash & Carry Romania | Significantly rising | Stable development | Slightly regressing | 3 |
| METRO Cash & Carry Italy | Slightly increasing | Stable development | Slightly regressing | 3 |

Impairment losses on goodwill of €95 million were recognised in the financial year; they are mainly attributable to METRO Cash & Carry Germany (2019/20: €27 million) due to expected pandemic-related uncertainties in the hospitality market. Likewise, changes in the logistics chain, an increased focus on availability of goods and further investment activities have consequences for future cash flows. As of 30 June 2021, 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. In the first sensitivity analysis, the interest rate was raised by 10.0%. 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 significant impairment for any of the groups of cash-generating units.

The acquisition of the Aviludo Group resulted in goodwill addition of €7 million. Disposals of goodwill arise due to changes in the consolidation group and are reported at the time of deconsolidation.

| € million | Goodwill |
|---|---|
| **Acquisition or production costs** | |
| As of 1/10/2019 | 829 |
| Currency translation | −34 |
| Additions to consolidation group | 0 |
| Additions | 0 |
| Disposals | 0 |
| Transfers | 0 |
| As of 30/9/2020 and 1/10/2020 | 795 |
| Currency translation | 11 |
| Additions to consolidation group | 7 |
| Additions | 0 |
| Disposals | −16 |
| Transfers | −1 |
| As of 30/9/2021 | 796 |
| **Depreciation** | |
| As of 1/10/2019 | 44 |
| Currency translation | −7 |
| Additions, scheduled | 0 |
| Additions, impairment | 27 |
| Disposals | 0 |
| Reversals of impairment losses | 0 |
| Transfers | 0 |
| As of 30/9/2020 and 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 | 152 |
| Carrying amount as of 1/10/2019 | 785 |
| Carrying amount as of 30/9/2020 | 731 |
| **Carrying amount as of 30/9/2021** | **644** |

## 20. Other intangible assets

| € million | Intangible assets without goodwill | (thereof internally generated intangible assets) |
|---|---|---|
| **Acquisition or production costs** | | |
| As of 1/10/2019 | 1,967 | (1,106) |
| Currency translation | −20 | (−2) |
| Additions to consolidation group | 0 | (0) |
| Additions | 154 | (122) |
| Disposals | −35 | (−15) |
| Reclassifications in accordance with IFRS 5 | 0 | (0) |
| Transfers | 4 | (18) |
| As of 30/9/2020 and 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 | 2,199 | (1,340) |
| **Depreciation** | | |
| As of 1/10/2019 | 1,405 | (864) |
| Currency translation | −10 | (−2) |
| Additions, scheduled | 128 | (69) |
| Additions, impairment | 4 | (4) |
| Disposals | −34 | (−15) |
| Reclassifications in accordance with IFRS 5 | 0 | (0) |
| Reversals of impairment losses | 0 | (0) |
| Transfers | 0 | (13) |
| As of 30/9/2020 and 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 | 1,631 | (1,023) |
| Carrying amount as of 1/10/2019 | 562 | (242) |
| Carrying amount as of 30/9/2020 | 576 | (296) |
| **Carrying amount as of 30/9/2021** | **568** | **(317)** |

The other intangible assets have both finite and indefinite expected useful lives. Intangible assets with a finite expected useful life are subject to scheduled depreciation/amortisation. Intangible assets with an indefinite expected useful life are subjected to annual impairment tests.

Assets with an indefinite useful life relate to acquired brand rights. The carrying amount is €101 million (30/9/2020: €95 million). 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 the 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 4.3% and 4.8%. 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. Even in these scenarios, no impairment would have resulted.

Additions in the amount of €138 million (2019/20: €154 million) concern internally generated software at €115 million (2019/20: €122 million), software purchased from third parties and still in development at €12 million (2019/20: €19 million), and concessions, rights and licences at €11 million (2019/20: €13 million).

Research and development expenses recognised in expenses essentially concern internally generated software and amounted to €43 million (2019/20: €30 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 €1 million (30/9/2020: €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 | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Property, plant and equipment | 3,728 | **3,545** |
| Usufructuary rights | 2,084 | **2,117** |
| | **5,811** | **5,663** |

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 1/10/2019 | 5,951 | 3,093 | 116 | 9,160 |
| Currency translation | −457 | −136 | −7 | −600 |
| Additions to consolidation group | 0 | 0 | 0 | 0 |
| Additions | 24 | 66 | 109 | 198 |
| Disposals | −26 | −104 | −13 | −142 |
| Reclassifications in accordance with IFRS 5 | −1 | 0 | 0 | −1 |
| Transfers | 41 | 72 | −109 | 4 |
| As of 30/9/2020 and 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 | 5,659 | 2,897 | 94 | 8,649 |
| **Depreciation** | | | | |
| As of 1/10/2019 | 2,711 | 2,179 | 10 | 4,900 |
| Currency translation | −163 | −87 | −1 | −252 |
| Additions, scheduled | 165 | 181 | 0 | 346 |
| Additions, impairment | 7 | 3 | 1 | 11 |
| Disposals | −22 | −100 | 0 | −122 |
| Reclassifications in accordance with IFRS 5 | −1 | 0 | 0 | −1 |
| Reversals of impairment losses | 0 | 0 | 0 | −1 |
| Transfers | 7 | 1 | 0 | 8 |
| As of 30/9/2020 and 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 | 2,931 | 2,163 | 10 | 5,104 |
| Carrying amount as of 1/10/2019 | 3,240 | 914 | 106 | 4,260 |
| Carrying amount as of 30/9/2020 | 2,828 | 814 | 86 | 3,728 |
| **Carrying amount as of 30/9/2021** | **2,728** | **734** | **84** | **3,545** |

The decline of €182 million in property, plant and equipment is largely due to investments being more than offset by current depreciation. In addition, disposals related to the sale of METRO's IT companies reduced property, plant and equipment by €30 million.

Restrictions on titles in the form of liens and encumbrances for items of property, plant and equipment amounted to €9 million (30/9/2020: €10 million).

Contractual commitments were recorded for items of property, plant and equipment in the amount of €40 million (30/9/2020: €22 million).

The development of rights of use of leased property, plant and equipment is shown in the following table.

| € million | Land and buildings | Vehicles | Others | Total |
|---|---|---|---|---|
| **Net carrying amount** | | | | |
| As of 1/10/2019 | 2,248 | 95 | 32 | 2,374 |
| Additions | 185 | 61 | 21 | 267 |
| Depreciation | −254 | −45 | −12 | −311 |
| Impairment | −4 | 0 | 0 | −4 |
| Reclassifications and net change in consolidation group | −63 | 0 | −2 | −65 |
| Disposals, currency translation and reversals of impairment losses | −165 | −9 | −4 | −178 |
| As of 30/9/2020 and 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** | **1,988** | **101** | **28** | **2,117** |

The €33 million increase in usufructuary rights is largely due to investments of €377 million in usufructuary rights. These mainly relate to contract extensions for large market portfolios as well as rental indexing. Depreciation and amortisation of €297 million and disposals of €43 million had an offsetting effect. In addition, usufructuary rights were reduced by €9 million in connection with the disposal of METRO's IT companies.


- **Impairment disclosures are provided in** no. 15 – Depreciation/amortisation/impairment losses ▸ page 183.

- **A detailed explanation of the disposal of METRO's IT companies can be found in** no. 42 – assets held for sale and liabilities ▸ page 236.

- **Information on leases is provided in** no. 46 – leases ▸ page 245.

## 22. Investment properties

Investment properties are recognised at depreciated cost. As of 30 September 2021, a total of €170 million (30/9/2020: €188 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 1/10/2019 | 248 | 500 | 748 |
| Currency translation | −40 | −16 | −56 |
| Additions to consolidation group | 0 | 0 | 0 |
| Additions | 1 | 7 | 8 |
| Disposals | 0 | −4 | −4 |
| Transfers associated with the tangible assets | −8 | 282 | 274 |
| As of 30/9/2020 and 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 | 180 | 771 | 951 |
| **Depreciation** | | | |
| As of 1/10/2019 | 168 | 453 | 621 |
| Currency translation | −26 | −15 | −41 |
| Additions, scheduled | 3 | 14 | 18 |
| Additions, impairment | 3 | 4 | 7 |
| Disposals | 0 | −2 | −2 |
| Reversals of impairment losses | 0 | 0 | 0 |
| Transfers associated with the tangible assets | −8 | 187 | 178 |
| As of 30/9/2020 and 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 | 118 | 663 | 781 |
| Carrying amount as of 1/10/2019 | 80 | 47 | 127 |
| Carrying amount as of 30/9/2020 | 60 | 127 | 188 |
| **Carrying amount as of 30/9/2021** | **61** | **109** | **170** |

The fair values of these investment properties total €311 million (30/9/2020: €362 million) with a carrying amount of €170 million (30/9/2020: €188 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 €84 million, with usufructuary rights accounting for €80 million of this total (2019/20: €87 million, thereof €70 million from usufructuary rights). The related expenses amount to €68 million, with usufructuary rights accounting for €64 million (2019/20: €60 million, thereof €51 million from usufructuary rights).

Restrictions on titles in the form of liens and encumbrances amounted to €0 million (30/9/2020: €0 million). As in the previous year, no contractual commitments for the acquisition of investment properties were made.

## 23. Financial investments 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 1/10/2019 | 34 | 66 | 2 | 102 |
| Currency translation | −2 | 0 | 0 | −2 |
| Additions to consolidation group | 0 | 0 | 0 | 0 |
| Additions[1] | 2 | 11 | 0 | 12 |
| Disposals[1] | −2 | −6 | 0 | −9 |
| Reclassifications in accordance with IFRS 5 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| As of 30/9/2020 and 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 | 32 | 63 | 2 | 97 |
| **Depreciation** | | | | |
| As of 1/10/2019 | 5 | 0 | 0 | 5 |
| Currency translation | 0 | 0 | 0 | 0 |
| Additions, scheduled | 0 | 0 | 0 | 0 |
| Additions, impairment | 1 | 0 | 0 | 1 |
| Disposals | 0 | 0 | 0 | 0 |
| 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 30/9/2020 and 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 | 5 | 0 | 0 | 5 |
| Carrying amount as of 1/10/2019 | 29 | 66 | 2 | 97 |
| Carrying amount as of 30/9/2020 | 26 | 70 | 2 | 98 |
| **Carrying amount as of 30/9/2021** | **27** | **63** | **2** | **92** |

[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 2021, shares in investments accounted for using the equity method amounted to €361 million (30/9/2020: €421 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 above 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.

| | Habib METRO Pakistan | | OPCI FWP | | OPCI FWS | | Mayfair-group[1] | |
|---|---|---|---|---|---|---|---|---|
| € million | 2019/20 | **2020/21** | 2019/20 | **2020/21** | 2019/20 | **2020/21** | 2019/20 | **2020/21** |
| **Disclosures on the income statement** | | | | | | | | |
| Sales revenues | 10 | **11** | 19 | **19** | 18 | **17** | 14 | **-** |
| Tax profit for the period from continuing operations | 10 | **6** | 12 | **12** | 13 | **13** | 9 | **-** |
| Tax profit for the period from discontinued operations | – | **-** | – | **-** | – | **-** | – | **-** |
| Other comprehensive income | – | **-** | – | **-** | – | **-** | – | **-** |
| Total comprehensive income | 10 | **6** | 12 | **12** | 13 | **13** | 9 | **-** |
| Dividend payments to the group | 2 | **2** | 1 | **3** | 4 | **5** | – | **-** |
| **Disclosures on the balance sheet** | | | | | | | | |
| Non-current assets | 35 | **35** | 271 | **267** | 251 | **254** | 179 | **-** |
| Current assets | 22 | **25** | 8 | **4** | 7 | **6** | 2 | **-** |
| Non-current liabilities | 6 | **6** | 107 | **102** | 96 | **94** | 0 | **-** |
| Current liabilities | 3 | **2** | 0 | **0** | 0 | **0** | 2 | **-** |
| Net assets | 48 | **52** | 172 | **168** | 161 | **166** | 179 | **-** |
| **Amount of the share (in %)** | **40** | **40** | **5** | **5** | **25** | **25** | **40** | **-** |
| Share of the group in the net assets | 19 | **21** | 9 | **8** | 40 | **41** | 72 | **-** |
| Adjustment of asset values | 11 | **12** | – | **-** | – | **-** | – | **-** |
| **Carrying amount of the share in the group** | **31** | **33** | **9** | **8** | **40** | **41** | **72** | **-** |

[1] The Mayfair group comprises 10 real estate companies, which were sold on 15 January 2021.

| € million | WM Holding (HK) Limited 2019/20[2] | WM Holding (HK) Limited 2020/21[3] | Miscellaneous 2019/20 | Miscellaneous 2020/21 | Total 2019/20 | Total 2020/21 |
|---|---|---|---|---|---|---|
| **Disclosures on the income statement** | | | | | | |
| Sales revenues | – | **1,861** | 146 | **177** | 207 | **2,085** |
| Tax profit for the period from continuing operations | – | **8** | 67 | **75** | 111 | **114** |
| Tax profit for the period from discontinued operations | – | **–** | – | **–** | – | **–** |
| Other comprehensive income | – | **−45** | 0 | **0** | 0 | **−45** |
| Total comprehensive income | – | **−37** | 67 | **75** | 111 | **69** |
| Dividend payments to the group | – | **–** | 7 | **6** | 13 | **16** |
| **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** | **20** | **–** | **–** | **–** | **–** |
| Share of the group in the net assets | – | **258** | – | **–** | – | **–** |
| Adjustment of asset values | – | **–** | – | **–** | – | **–** |
| **Carrying amount of the share in the group** | **250** | **258** | **20** | **22** | **421** | **361** |

[2] METRO acquired the stake in WM Holding (HK) Limited upon closing of the METRO China disposal transaction on 23 April 2020. The data to be disclosed for the equity investment require a short financial statement of WM Holding (HK) Limited, including initial consolidation and the effects of purchase price allocation. The financial statements of the acquiring party were in the process of being prepared.

[3] The disclosures in the current year regarding the shares in WM Holding (HK) Limited are based on preliminary financial statements for a short financial year to 31 December 2020.

The other comprehensive income is the result of the currency translation outside of profit or loss in the consolidated financial statements of WM Holding (HK) Limited.

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 associate companies and rental companies. The main purpose of the leasing companies is to acquire, lease out and manage assets. The assets of these real estate companies are mainly leased by METRO companies.

The investments in the Mayfair group were sold at the beginning of the current financial year.

— **A detailed description of the disposal of the investments in the Mayfair group can be found in** no. 42 – Assets held for sale and liabilities ▸ page 236.

## 24. Other financial and other non-financial assets

| € million | 30/9/2020 | | | 30/9/2021 | | |
|---|---|---|---|---|---|---|
| | | Remaining term | | | Remaining term | |
| | Total | up to 1 year | over 1 year | Total | up to 1 year | over 1 year |
| Receivables due from suppliers | 243 | 243 | 1 | **232** | **231** | **1** |
| Miscellaneous financial assets | 466 | 282 | 184 | **415** | **274** | **142** |
| thereof leasing receivables | (213) | (42) | (171) | **(178)** | **(47)** | **(131)** |
| **Other financial assets** | **709** | **525** | **185** | **647** | **505** | **142** |
| Other tax receivables | 261 | 261 | 0 | **177** | **177** | **0** |
| Prepaid expenses and deferred charges | 85 | 77 | 8 | **69** | **59** | **10** |
| Miscellaneous non-financial assets | 47 | 39 | 8 | **54** | **44** | **10** |
| **Other non-financial assets** | **394** | **377** | **16** | **301** | **281** | **20** |

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 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. Value added tax refund claims, particularly in respect of the Russian tax authorities, have declined significantly, as have value added tax liabilities.

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 €1 million (30/9/2020: €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 (30/9/2020: €1 million).

## 25. Deferred tax assets/deferred tax liabilities

Deferred tax assets on tax loss carry-forwards and temporary differences amount to €1,257 million before offsetting (30/9/2020: €1,249 million), an increase of €8 million compared with 30 September 2020. The carrying amounts of deferred tax liabilities decreased by €62 million to €995 million compared with the previous year (30/9/2020: €1,057 million).

Deferred taxes relate to the following balance sheet items:

| € million | 30/9/2020[1] | | **30/9/2021** | | Change through profit or loss | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | **Assets** | **Liabilities** | Assets | Liabilities |
| Goodwill | 25 | 35 | **21** | **0** | −4 | −29 |
| Other intangible assets | 13 | 117 | **9** | **123** | 0 | 6 |
| Property, plant and equipment and investment properties | 80 | 699 | **87** | **703** | 8 | 5 |
| Financial investments and investments accounted for using the equity method | 2 | 4 | **4** | **4** | 0 | −6 |
| Inventories | 24 | 1 | **28** | **0** | 3 | −1 |
| Other financial and non-financial assets | 54 | 89 | **63** | **68** | −10 | −13 |
| Assets held for sale | 0 | 0 | **0** | **0** | 0 | 0 |
| Provisions for post-employment benefits plans and similar obligations | 127 | 33 | **112** | **54** | −3 | 4 |
| Other provisions | 41 | 4 | **45** | **10** | 5 | 3 |
| Financial liabilities | 763 | 29 | **747** | **2** | −15 | −24 |
| Other financial and non-financial liabilities | 124 | 37 | **91** | **31** | −28 | 1 |
| Liabilities related to assets held for sale | 0 | 0 | **0** | **0** | 0 | 0 |
| Outside basis differences | 0 | 8 | **66** | **0** | 66 | −8 |
| Write-downs of temporary differences | −76 | 0 | **−91** | **0** | −16 | 0 |
| Loss carry-forwards | 70 | 0 | **75** | **0** | 5 | 0 |
| **Carrying amount of deferred taxes before offsetting** | **1,249** | **1,057** | **1,257** | **995** | **9** | **−63** |
| Offsetting | −991 | −991 | **−911** | **−911** | −9 | −9 |
| **Carrying amount of deferred taxes** | **258** | **66** | **345** | **83** | **0** | **−72** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section '**Change in accounting method (inventories)**'.

Of the reported balance of deferred tax assets and liabilities, €51 million (30/9/2020: €53 million) is attributable to the group of incorporated companies of METRO AG. The additional surplus of €211 million (30/9/2020: €139 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 differences can primarily be attributed to retained earnings of subsidiaries in Germany and abroad. No deferred taxes were recognised for these retained earnings as they will be reinvested over an indefinite period of time or are not subject to relevant taxation. Any dividends paid by subsidiaries would be subject to dividend tax. In addition, foreign dividends may trigger a withholding tax. As of 30 September 2021, no deferred tax liabilities were recognised for planned dividend payments (30/9/2020: €8 million). 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 been disproportionately expensive due to the level of detail of the METRO group.

The outside basis difference recognised in the reporting period relates to the country exit from Japan.

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 | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Corporate tax losses | 4,686 | **4,802** |
| Trade tax losses | 3,752 | **3,742** |
| Interest carry-forwards | 90 | **114** |
| Temporary differences | 288 | **331** |

The loss carry-forwards as of the closing date predominantly concern the German consolidation group. They can be carried forward without limitation.

## TAX EFFECTS ON COMPONENTS OF OTHER COMPREHENSIVE INCOME

| | 2019/20 | | | **2020/21** | | |
|---|---|---|---|---|---|---|
| € million | Before taxes | Taxes | After taxes | **Before taxes** | **Taxes** | **After taxes** |
| Currency translation differences from translating the financial statements of foreign operations | −468 | 0 | −468 | **111** | **0** | **111** |
| thereof currency translation differences from net investments in foreign operations | (−72) | (0) | (−72) | **(12)** | **(0)** | **(12)** |
| Effective portion of gains/losses from cash flow hedges | −2 | 0 | −1 | **3** | **−1** | **3** |
| Effects from the fair value measurements of equity instruments | 0 | 0 | 0 | **0** | **0** | **0** |
| Effects from the fair value measurements of debt instruments | 0 | 0 | 0 | **0** | **0** | **0** |
| Subsequent measurement of associates/ joint ventures accounted for using the equity method | 0 | 0 | 0 | **−9** | **0** | **−9** |
| Remeasurement of defined benefit pension plans | 7 | −2 | 5 | **−2** | **4** | **2** |
| Remaining income tax on other comprehensive income | 0 | 0 | 0 | **0** | **0** | **0** |
| | **−463** | **−2** | **−466** | **103** | **4** | **107** |

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 | 30/9/2020[1] | 30/9/2021 |
|---|---|---|
| Food merchandise | 1,380 | **1,490** |
| Non-food merchandise | 480 | **474** |
| | **1,860** | **1,964** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section '**Change in accounting method (inventories)**'.

Inventories increased from €1,860 million by €105 million to €1,964 million.

Positive currency effects, resulting in particular from the development of the Russian rouble, increased inventories by a total of €16 million.

Inventories include impairments of €107 million (30/9/2020: €92 million). The inventories are subject to the customary or statutory retention of title.

## 27. Trade receivables

Trade receivables increased by €66 million from €429 million to €496 million. These are receivables with a remaining term of up to 1 year.

There were no significant currency effects on trade receivables. Trade receivables were also reduced by the €1 million year-on-year impairment increase.

## 28. Impairments of financial assets

As of 30 September 2021, impairment losses recognised in the balance sheet in accordance with IFRS 9 amounted to €164 million (30/9/2020: €160 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 | 387 | 315 | 56 | 4 | 3 | 3 | 5 |
| Bandwidth of calculated default rates | | 0.21% to 1.15% | 0.79% to 6.27% | 3.27% to 19.17% | 5.90% to 23.09% | 10.00% to 31.25% | 13.75% to 81.25% |
| **Risk provision as of 30/9/2020** | **21** | **15** | **3** | **0** | **0** | **1** | **2** |

| € 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** |

Besides the impairment recognised based on the presented regional provision matrix, the risk provision of €25 million (30/9/2020: €21 million) also includes an additional country and customer group-specific risk provision against the background of the Covid-19 pandemic.

Impairment on trade receivables is reconciled according to the simplified calculation as follows:

| € million | Trade receivables |
|---|---|
| **As of 1/10/2019** | **47** |
| Addition to impairment through profit or loss | 60 |
| Reversal of impairment through profit or loss | −9 |
| Utilisation | −8 |
| Currency effects | −2 |
| Other changes | 0 |
| **As of 30/9/2020 and 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** | **90** |

The impairment as of 30 September 2021 amounted to €90 million (30/9/2020: €89 million) and include impairments of €64 million (30/9/2020: €68 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 | 364 |
| Up to 90 days past-due | 72 |
| 91 to 180 days past-due | 12 |
| 181 to 270 days past-due | 13 |
| 271 to 360 days past-due | 6 |
| More than 360 days past-due | 41 |
| **Gross carrying amount** | **509** |
| Impairment | −89 |
| **Maximum credit risk as of 30/9/2020** | **421** |

| € 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** |

In addition, there is collateral of €15 million (30/9/2020: €8 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 **leases**. 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 1/10/2019** | **1** | **0** | **34**[1] | **35** |
| Newly originated/acquired financial assets | 0 | 0 | 17 | 17 |
| Other changes within one stage | 0 | 0 | 9 | 9 |
| 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 | −3 | −3 |
| Utilisation | 0 | 0 | −3 | −3 |
| Other changes[2] | 0 | 0 | −2 | −2 |
| **As of 30/9/2020 and 1/10/2020** | **1** | **0** | **52**[1] | **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[2] | 0 | 0 | 0 | 0 |
| **As of 30/9/2021** | **4** | **0** | **52** | **56** |

[1] Adjustment due to the application of the general impairment requirements to lease receivables.

[2] 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 2021 amount to €56 million (30/9/2020: €53 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− | 11 | 0 | 2 | 12 |
| A+, A, A− | 13 | 0 | 0 | 14 |
| BBB+, BBB, BBB− | 65 | 0 | 59 | 124 |
| BB+, BB, BB− | 13 | 0 | 0 | 13 |
| B+ or lower | 25 | 0 | 0 | 25 |
| **Gross carrying amount** | **126** | **0** | **61** | **188** |
| Impairment | 0 | 0 | −9 | −9 |
| **Maximum credit risk as of 30/9/2020** | **126** | **0** | **52** | **179** |

| € 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** |

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) | 314 | 0 | 11 | 325 |
| Internal risk class 2 (31 to 90 days past due) | 7 | 1 | 3 | 11 |
| Internal risk class 3 (more than 90 days past due) | 18 | 0 | 53 | 71 |
| **Gross carrying amount** | **339** | **1** | **67** | **407** |
| Impairment | −1 | 0 | −44 | −44 |
| **Maximum credit risk as of 30/9/2020** | **338** | **1** | **23** | **362** |

| € 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** |

## 29. Cash and cash equivalents

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Cheques and cash on hand | 20 | **24** |
| Bank deposits and other financial assets with short-term liquidity | 1,505 | **1,450** |
| | **1,525** | **1,474** |

There were no restrictions on title in relation to cash and cash equivalents in the previous or in the current reporting period.

– **For more information, see the** cash flow statement page 144 **and** no. 40 – notes to the cash flow statement page 233.

## 30. Equity

The subscribed capital of METRO AG amounts to €363,097,253. It is divided as follows:

| No-par-value bearer shares, accounting par value of €1.00 | | 30/9/2020 | **30/9/2021** |
|---|---|---|---|
| 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 2021 and as of 30 September 2020, the subscribed capital of METRO AG amounted to €363,097,253. It is divided into a total of 360,121,736 ordinary no-par-value bearer shares (pro rata value of the share capital: €360,121,736, approximately 99.18%), as well as 2,975,517 preference no-par-value bearer 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 one 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 16 February 2018 authorised the Management Board to increase the share capital, subject to the consent of the Supervisory Board, by issuing new ordinary shares against cash or non-cash contributions in one or several tranches for a total maximum of €181,000,000 by 28 February 2022 (authorised capital). The Management Board is, subject to the consent of the Supervisory Board, authorised to exclude shareholder subscription rights in certain cases. 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.

### Repurchase of own shares
On the basis of § 71 Section 1 No. 8 of the German Stock Corporation Act, the Annual General Meeting on 11 April 2017 authorised the company to acquire own shares of any share class representing a maximum of 10% of the share capital issued at the time the authority became effective, or – if this figure is lower – at the time the authority is exercised. The authority expires on 28 February 2022. To date, neither the company nor any company controlled or majority-owned by it, any other company acting on behalf of the company or of any company controlled or majority-owned by that company has exercised this authority.

- **For more information about the company's authorised capital, contingent capital, the authority to issue warrant and/or convertible bearer bonds as well as share repurchasing, see chapter** 7 Takeover-related disclosures ▸ page 124 **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, a combined financial statements of METRO Wholesale & Food Specialist GROUP (hereinafter: MWFS GROUP) was 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 reserves retained from earnings. It cannot be traced back to a history of loss.

Reserves retained from earnings can be broken down as follows:

| € million | 30/9/2020[1] | **30/9/2021** |
|---|---|---|
| Effective portion of gains/losses from cash flow hedges | 1 | **4** |
| Fair value measurement of equity and debt instruments | 1 | **1** |
| Currency differences from translating the financial statements of foreign operations | −1,076 | **−966** |
| Remeasurement of defined benefit pension plans | −491 | **−489** |
| Share of other comprehensive income of associates/joint ventures accounted for using the equity method | 0 | **−9** |
| Income tax on components of other comprehensive income | 103 | **106** |
| Other reserves retained from earnings | −1,918 | **−2,231** |
| **Reserves retained from earnings** | **−3,380** | **−3,585** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section '**Change in accounting method (inventories)**'.

Changes in the financial instruments presented above consist of the following components:

| € million | 2019/20 | **2020/21** |
|---|---|---|
| Initial or subsequent measurement of derivative financial instruments | −3 | **6** |
| Derecognition of cash flow hedges | 2 | **−3** |
| thereof in inventories | (0) | **(0)** |
| thereof in net financial result | (2) | **(−3)** |
| **Effective portion of gains/losses from cash flow hedges** | **−2** | **3** |
| Equity and debt instruments | 3 | **0** |
| **Measurement result from financial instruments** | **2** | **3** |

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 €110 million (2019/20: €−468 million). They can be broken down as follows:

The translation of the local financial statements to the group currency without affecting profit or loss resulted in an increase of €114 million in other comprehensive income, particularly due to the appreciation of the Russian rouble. This was offset by the effective derecognition of cumulative currency differences of companies that were deconsolidated or discontinued within financial year 2020/21 in the amount of €−4 million.

The remeasurement of defined benefit pension plans resulted in effects outside of profit or loss before deferred taxes in the amount of €−2 million.

- **An overview of the shares of other comprehensive income of associates/joint ventures accounted for using the equity method can be found under** no. 23 – Financial investments and investments accounted for using the equity method ▶ page 195.

- **An overview of the tax effects on components of other comprehensive income can be found under** no. 25 – Deferred tax assets/deferred tax liabilities ▶ page 198.

The remaining reserves retained from earnings decreased from €−1,918 million by €313 million to €−2,231 million. The decline is mainly due to dividend payments for financial year 2019/20 in the amount of €−254 million, as well as profit or loss for the period attributable to shareholders of METRO AG in the amount of €−56 million.

### Non-controlling interests

Non-controlling interests comprise the shares held by third parties in the equity of the consolidated subsidiaries. As of 30 September 2021, they amount to €21 million (30/9/2020: €8 million).

— **An overview of subsidiaries with major non-controlling interests is published in the** notes to the group accounting principles and methods ▶ page 148.

### 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 2020/21 for ordinary shares or preference shares.

## 31. Provisions for post-employment benefits plans and similar obligations

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Provisions for post-employment benefits plans (employer’s commitments) | 403 | **389** |
| Provisions for indirect commitments | 24 | **20** |
| Provisions for voluntary pension benefits | 0 | **0** |
| Provisions for post-employment benefits plans | 92 | **91** |
| | **519** | **500** |
| Provisions for obligations similar to pensions | 31 | **32** |
| | **550** | **531** |

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 dependant's 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 will be replaced by a Collective Defined Contribution (CDC) plan for future entitlements.

### 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. In accordance with legal stipulations, the vested interests must be adjusted for inflation effects. The commitments are covered by assets which are managed and invested by a corporate trustee. A major share of these commitments was fully funded through a buy-in. A major share of these commitments was fully funded through a buy-in. The management board of this corporate trustee consists of employer and employee representatives. In any case, the trustee must ensure that benefits can be paid at all times in the future. This is regulated on the basis of statutory minimum financing requirements. In case of underfunding, the trustee may require additional employer contributions to close the funding gap.

### Belgium

For METRO companies in Belgium, there are both retirement pensions and capital commitments; the amount depends on the pensionable length of service and pensionable income. In addition, groups of employees are granted interim allowances. In principle, benefits are funded through group insurance contracts that are subject to Belgian regulatory law. 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 | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Germany | 484 | **476** |
| Netherlands | 555 | **686** |
| United Kingdom | 254 | **268** |
| Belgium | 79 | **72** |
| Other countries | 130 | **129** |
| | **1,502** | **1,631** |

The plan assets of METRO are distributed between the following countries:

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Germany | 97 | **100** |
| Netherlands | 695 | **729** |
| United Kingdom | 255 | **268** |
| Belgium | 54 | **53** |
| Other countries | 25 | **25** |
| | **1,126** | **1,175** |

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:

| | 30/9/2020 | | | | **30/9/2021** | | | |
|---|---|---|---|---|---|---|---|---|
| % | Germany | Netherlands | United Kingdom | Belgium | **Germany** | **Netherlands** | **United Kingdom** | **Belgium** |
| Actuarial interest rate | 1.20 | 1.40 | 1.30 | 1.20 | **1.40** | **1.60** | **1.60** | **1.40** |
| Pension trend | 1.50 | 0.70 | 2.20 | 2.00 | **1.60** | **1.80** | **3.00** | **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 and the UK 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 2021, 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 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.

| | | 30/9/2020 | | | | **30/9/2021** | | | |
|---|---|---|---|---|---|---|---|---|---|
| € million | | Germany | Netherlands | United Kingdom | Belgium | **Germany** | **Netherlands** | **United Kingdom** | **Belgium** |
| Actuarial interest rate | Increase by 100 basis points | −56 | −108 | −40 | −4 | **−59** | **−141** | **−43** | **−3** |
| | Decrease by 100 basis points | 73 | 149 | 52 | 6 | **76** | **196** | **54** | **5** |
| Pension trend | Increase by 25 basis points | 12 | 16 | 7 | 0 | **13** | **21** | **5** | **0** |
| | Decrease by 25 basis points | −11 | −16 | −7 | 0 | **−12** | **−20** | **−6** | **0** |

Changes in the present value of defined benefit obligations have developed as follows:

| € million | 2019/20 | **2020/21** |
|---|---|---|
| **Present value of defined benefit obligations** | | |
| As of the beginning of the period | 1,516 | **1,502** |
| **Recognised under** | **39** | **39** |
| interest expenses | 20 | **20** |
| current service cost | 29 | **19** |
| past service cost (incl. curtailments and changes) | −10 | **0** |
| settlement expenses | 0 | **0** |
| **Recognised outside of profit or loss under 'remeasurement of defined benefit pension plans' in other comprehensive income** | **−40** | **137** |
| Actuarial gains/losses from | | |
| changes in demographic assumptions (−/+) | −13 | **−3** |
| financial assumptions (−/+) | −20 | **131** |
| experience-based correction (−/+) | −7 | **9** |
| **Other effects** | **−13** | **−46** |
| Benefit payments (incl. tax payments) | −47 | **−53** |
| Contributions from plan participants | 9 | **5** |
| Change in consolidation group/transfers | 0 | **−13** |
| Assumption of debt with regard to former employees of the hypermarket business | 39 | **0** |
| Currency effects | −14 | **15** |
| **As of end of period** | **1,502** | **1,631** |

Changes in parameters on the basis of actuarial calculations led to a total increase in the present value of defined benefit obligations of €128 million (2019/20: decrease of €33 million). Most of the effects result from the increase in the applied actuarial interest rates.

The weighted average term of defined benefit commitments for the countries with material pension obligations amounts to:

| Years | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Germany | 16 | **17** |
| Netherlands | 23 | **24** |
| United Kingdom | 18 | **18** |
| Belgium | 6 | **6** |
| Other countries | 11 | **11** |

The present value of defined benefit obligations can be broken down as follows based on individual groups of eligible employees:

| % | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Active members | 32 | **31** |
| Former claimants | 39 | **41** |
| Pensioners | 29 | **28** |

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:

| | 30/9/2020 | | **30/9/2021** | |
|---|---|---|---|---|
| | % | € million | **%** | **€ million** |
| Fixed-interest securities | 40 | 447 | **39** | **462** |
| Shares, funds | 23 | 260 | **25** | **291** |
| Real estate | 4 | 42 | **3** | **41** |
| Other assets | 33 | 377 | **33** | **381** |
| | **100** | **1,126** | **100** | **1,175** |

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 first-class insurance companies in Germany, Belgium and the United Kingdom.

The actual return on plan assets amounted to €51 million in the reporting period (2019/20: €56 million).

For financial year 2021/22, the company expects employer payments to external pension providers totalling approximately €9 million and employee contributions of €4 million in plan assets, with contributions in the Netherlands, Belgium and Germany accounting for the major share of this total. Expected contributions from payment contribution commitments in Germany are not included in expected payments.

The fair value of plan assets developed as follows:

| € million | 2019/20 | **2020/21** |
|---|---|---|
| **Change in plan assets** | | |
| Fair value of plan assets as of beginning of period | 1,066 | **1,126** |
| **Recognised under** | **16** | **15** |
| Interest income | 16 | **15** |
| **Recognised outside of profit or loss under ‘remeasurement of defined benefit pension plans’ in other comprehensive income** | **41** | **35** |
| Gains/losses from plan assets excl. interest income (+/−) | 41 | **35** |
| **Other effects** | **3** | **−1** |
| Benefit payments (incl. tax payments) | −26 | **−29** |
| Settlement payments | 0 | **0** |
| Employer contributions | 22 | **11** |
| Contributions from plan participants | 9 | **5** |
| Change in consolidation group/transfers | 0 | **−4** |
| Assumption of debt with regard to former employees of the hypermarket business | 6 | **0** |
| Currency effects | −8 | **16** |
| **Fair value of plan assets as of end of period** | **1,126** | **1,175** |

The financing status developed as follows:

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| **Financing status** | | |
| Present value of defined benefit obligations | 1,502 | **1,631** |
| less the fair value of plan assets | 1,126 | **1,175** |
| Asset adjustment (asset ceiling) | 141 | **43** |
| **Net liability/assets** | **517** | **499** |
| thereof recognised under provisions | (519) | **(500)** |
| thereof recognised under net assets | (2) | **(1)** |

At one Dutch company, plan assets 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 directly in equity as a revaluation effect of €−100 million (2019/20: revaluation effect of €−80 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 | 2019/20 | **2020/21** |
|---|---|---|
| Current service cost[1] | 28 | **19** |
| Net interest expenses[2] | 6 | **7** |
| Past service cost (incl. curtailments and changes) | −10 | **0** |
| Settlements | 0 | **0** |
| Other pension expenses | 2 | **0** |
| **Pension expenses** | **26** | **26** |

[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 €2 million in financial year 2020/21. This figure is comprised of the effect from the change in actuarial parameters in the amount of €128 million and the experience-based adjustments of €9 million. This was offset by the return on plan assets of €35 million and the change in the effect of the asset ceiling in the Netherlands of €100 million.

In addition to expenses from defined benefit commitments, expenses for payments to external pension providers relating to defined contribution pension commitments of €83 million in financial year 2020/21 (2019/20: €78 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 €32 million (30/9/2020: €31 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.

## 32. Other provisions (non-current) / provisions (current)

In the reporting period, other provisions (non-current)/provisions (current) changed as follows:

| € million | Real estate related obligations | Obligations from trade transactions | Restructuring | Taxes | Miscell-aneous | Total |
|---|---|---|---|---|---|---|
| As of 1/10/2020 | 51 | 35 | 44 | 16 | 279 | 426 |
| Currency translation | 0 | 0 | 0 | 0 | 0 | −1 |
| Addition | 44 | 29 | 30 | 5 | 127 | 236 |
| Reversal | −5 | −1 | −7 | 0 | −43 | −57 |
| Utilisation | −3 | −14 | −27 | −1 | −110 | −155 |
| Change in consolidation group | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest portion of the addition/change in interest rate | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassification in accordance with IFRS 5 | 0 | 0 | 0 | 0 | −3 | −3 |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 |
| **As of 30/9/2021** | **87** | **49** | **40** | **20** | **250** | **445** |
| thereof non-current | (50) | (0) | (0) | (17) | (87) | (155) |
| thereof short-term | (36) | (49) | (40) | (3) | (163) | (290) |

Provisions for real estate-related obligations in the amount of €87 million (30/9/2020: €51 million) primarily concern reinstatement obligations in the amount of €53 million (30/9/2020: €22 million), dismantling and removing obligations in the amount of €25 million (30/9/2020: €21 million) and rental commitments in the amount of €7 million (30/9/2020: €6 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 €49 million (30/9/2020: €35 million) mainly consist of risks from subsequent charges to suppliers. Supplementary components are provisions for warranties amounting to €1 million (30/9/2020: €1 million).

Other provisions in the amount of €250 million (30/9/2020: €279 million) mainly include provisions in connection with disposals of subsidiaries of €68 million (30/9/2020: €113 million), provisions for litigation costs/risks amounting to €43 million (30/9/2020: €48 million), provisions for remuneration components amounting to €36 million (30/9/2020: €31 million) and provisions for guarantee and warranty risks amounting to €8 million (30/9/2020: €11 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 2023 to 2024.

— **For more information about the long-term remuneration components, see** no. 51 – long-term incentive for executives ▶page 252.

Depending on the respective term and country, interest rates for non-interest-bearing, non-current provisions range from 0.00% to 9.51%.

## 33. Liabilities

| € million | 30/9/2020 Total | Remaining term up to 1 year | Remaining term 1 to 5 years | Remaining term over 5 years | 30/9/2021 Total | Remaining term up to 1 year | Remaining term 1 to 5 years | Remaining term over 5 years |
|---|---|---|---|---|---|---|---|---|
| **Trade liabilities** | **3,199** | **3,199** | **0** | **0** | **3,476** | **3,476** | **0** | **0** |
| Bonds incl. commercial papers | 2,082 | 310 | 1,722 | 50 | **1,816** | **619** | **1,147** | **50** |
| Liabilities to banks | 150 | 86 | 64 | 0 | **102** | **78** | **23** | **0** |
| Promissory note loans | 55 | 1 | 54 | 0 | **55** | **55** | **0** | **0** |
| Liabilities from leases | 3,027 | 376 | 1,344 | 1,307 | **2,981** | **403** | **1,317** | **1,261** |
| **Financial liabilities** | **5,314** | **773** | **3,185** | **1,357** | **4,954** | **1,155** | **2,488** | **1,311** |
| Payroll liabilities | 465 | 465 | 0 | 0 | **546** | **546** | **0** | **0** |
| Liabilities from other financial transactions | 20 | 20 | 0 | 0 | **9** | **9** | **0** | **0** |
| Miscellaneous other financial liabilities | 256 | 239 | 5 | 13 | **246** | **226** | **4** | **16** |
| **Other financial liabilities** | **741** | **724** | **5** | **13** | **801** | **781** | **4** | **16** |
| Contract liabilities | 193 | 99 | 94 | 0 | **136** | **102** | **35** | **0** |
| Deferred income | 32 | 8 | 8 | 16 | **33** | **10** | **10** | **13** |
| Other tax liabilities | 269 | 269 | 0 | 0 | **137** | **137** | **0** | **0** |
| Miscellaneous other non-financial liabilities | 149 | 74 | 75 | 0 | **98** | **98** | **0** | **0** |
| **Other non-financial liabilities** | **644** | **451** | **177** | **16** | **405** | **347** | **44** | **13** |
| **Income tax liabilities** | **184** | **184** | **0** | **0** | **277** | **277** | **0** | **0** |
| | **10,082** | **5,331** | **3,366** | **1,385** | **9,912** | **6,036** | **2,537** | **1,340** |

## 34. Trade liabilities

Trade liabilities increased from €3,199 million by €277 million to €3,476 million.

Currency effects, mainly resulting from the change in the Russian rouble, increased trade liabilities by €14 million. Furthermore, increased purchasing volumes had an increasing effect on trade liabilities.

## 35. Financial liabilities

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 2021, the utilised bond issuance programme amounted to a total of €1,776 million (30/9/2020: €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 €376 million during the reporting period. As of 30 September 2021, the utilisation amounted to €26 million (30/9/2020: €295 million).

In addition, METRO has access to syndicated credit facilities totalling €850 million (30/9/2020: €1,750 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 2021, METRO had access to additional bilateral bank credit facilities totalling €797 million (30/9/2020: €400 million), of which €78 million (30/9/2020: €86 million) had a remaining term of up to one year. As of the closing date, €102 million (30/9/2020: €150 million) of the bilateral credit facilities had been utilised. Of this amount, €78 million (30/9/2020: €86 million) had a remaining term of up to one year. As of the closing date, there were €695 million of free multi-year bilateral credit facilities available.

## UNDRAWN CREDIT FACILITIES BY METRO

| | 30/9/2020 | | | **30/9/2021** | | |
|---|---|---|---|---|---|---|
| | | Remaining term | | | **Remaining term** | |
| € million | Total | up to 1 year | over 1 year | **Total** | **up to 1 year** | **over 1 year** |
| Bilateral credit facilities | 400 | 86 | 314 | **797** | **78** | **718** |
| Utilisation | −150 | −86 | −64 | **−102** | **−78** | **−23** |
| **Undrawn bilateral credit facilities** | **250** | **0** | **250** | **695** | **0** | **695** |
| Syndicated credit facilities | 1,750 | 900 | 850 | **850** | **0** | **850** |
| Utilisation | 0 | 0 | 0 | **0** | **0** | **0** |
| **Undrawn syndicated credit facilities** | **1,750** | **900** | **850** | **850** | **0** | **850** |
| **Total credit facilities** | **2,150** | **986** | **1,164** | **1,647** | **78** | **1,568** |
| Total utilisation | −150 | −86 | −64 | **−102** | **−78** | **−23** |
| **Total undrawn credit facilities** | **2,000** | **900** | **1,100** | **1,545** | **0** | **1,545** |

Default by a lender can be covered at any time by the existing undrawn 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. One exception concerns the initial consolidation of METRO PROPERTIES GmbH & Co. KG as well as its subsidiaries in 2003. As of 30 September 2021, collateral securities in the amount of €9 million (30/9/2020: €10 million) were provided 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

| | | 30/9/2020 | | | | **30/9/2021** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Nominal values | Nominal values | Carrying amounts | Fair values | **Nominal values** | **Nominal values** | **Carrying amounts** | **Fair values** |
| Currency | Remaining term | in million currency | € million | € million | € million | **in million currency** | **€ million** | **€ million** | **€ million** |
| EUR | up to 1 year | 295 | 295 | 310 | – | **601** | **601** | **619** | **–** |
| | 1 to 5 years | 1,726 | 1,726 | 1,722 | – | **1,151** | **1,151** | **1,147** | **–** |
| | over 5 years | 50 | 50 | 50 | – | **50** | **50** | **50** | **–** |
| | | **2,071** | **2,071** | **2,082** | **2,117** | **1,802** | **1,802** | **1,816** | **1,846** |

## LIABILITIES TO BANKS

(excl. current account)

| | | 30/9/2020 | | | | **30/9/2021** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Nominal values | Nominal values | Carrying amounts | Fair values | **Nominal values** | **Nominal values** | **Carrying amounts** | **Fair values** |
| Currency | Remaining term | in million currency | € million | € million | € million | **in million currency** | **€ million** | **€ million** | **€ million** |
| EUR | up to 1 year | 2 | 2 | 2 | – | **10** | **10** | **10** | **–** |
| | 1 to 5 years | 9 | 9 | 9 | – | **6** | **6** | **6** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **11** | **11** | **11** | **11** | **15** | **15** | **15** | **15** |
| PKR | up to 1 year | 2,337 | 12 | 12 | – | **273** | **1** | **1** | **–** |
| | 1 to 5 years | 547 | 3 | 3 | – | **68** | **0** | **0** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **2,884** | **15** | **15** | **15** | **342** | **2** | **2** | **2** |
| INR | up to 1 year | 0 | 0 | 0 | – | **1,000** | **12** | **12** | **–** |
| | 1 to 5 years | 2,700 | 31 | 31 | – | **0** | **0** | **0** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **2,700** | **31** | **31** | **31** | **1,000** | **12** | **12** | **12** |
| JPY | up to 1 year | 1,600 | 13 | 13 | – | **0** | **0** | **0** | **–** |
| | 1 to 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **1,600** | **13** | **13** | **13** | **0** | **0** | **0** | **–** |
| MMK | up to 1 year | 31,690 | 21 | 22 | – | **31,090** | **14** | **15** | **–** |
| | 1 to 5 years | 30,580 | 20 | 20 | – | **36,975** | **17** | **17** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **62,270** | **41** | **42** | **47** | **68,065** | **30** | **32** | **32** |

### PROMISSORY NOTE LOANS

| | | 30/9/2020 | | | | **30/9/2021** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Nominal values | Nominal values | Carrying amounts | Fair values | **Nominal values** | **Nominal values** | **Carrying amounts** | **Fair values** |
| Currency | Remaining term | in million currency | € million | € million | € million | **in million currency** | **€ million** | **€ million** | **€ million** |
| EUR | up to 1 year | 0 | 0 | 1 | – | **54** | **54** | **55** | **–** |
| | 1 to 5 years | 54 | 54 | 54 | – | **0** | **0** | **0** | **–** |
| | over 5 years | 0 | 0 | 0 | – | **0** | **0** | **0** | **–** |
| | | **54** | **54** | **55** | **58** | **54** | **54** | **55** | **56** |

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

| | | | 30/9/2020 | **30/9/2021** |
|---|---|---|---|---|
| Interest terms | Currency | Remaining term | Nominal values in € million | **Nominal values in € million** |
| Fixed interest | EUR | up to 1 year | 0 | **575** |
| | | 1 to 5 years | 1,726 | **1,151** |
| | | over 5 years | 50 | **50** |
| Variable interest | EUR | up to 1 year | 295 | **26** |
| | | 1 to 5 years | 0 | **0** |
| | | over 5 years | 0 | **0** |

## LIABILITIES TO BANKS

(excl. current account)

| Interest terms | Currency | Remaining term | 30/9/2020 Nominal values in € million | **30/9/2021 Nominal values in € million** |
|---|---|---|---|---|
| Fixed interest | EUR | up to 1 year | 2 | **9** |
| | | 1 to 5 years | 9 | **0** |
| | | over 5 years | 0 | **0** |
| | PKR | up to 1 year | 12 | **1** |
| | | 1 to 5 years | 3 | **0** |
| | | over 5 years | 0 | **0** |
| | INR | up to 1 year | 0 | **12** |
| | | 1 to 5 years | 31 | **0** |
| | | over 5 years | 0 | **0** |
| | MMK | up to 1 year | 21 | **14** |
| | | 1 to 5 years | 20 | **17** |
| | | over 5 years | 0 | **0** |
| Variable interest | EUR | up to 1 year | 0 | **0** |
| | | 1 to 5 years | 0 | **6** |
| | | over 5 years | 0 | **0** |
| | JPY | up to 1 year | 13 | **0** |
| | | 1 to 5 years | 0 | **0** |
| | | over 5 years | 0 | **0** |

## PROMISSORY NOTE LOANS

| Interest terms | Currency | Remaining term | 30/9/2020 Nominal values in € million | **30/9/2021 Nominal values in € million** |
|---|---|---|---|---|
| Fixed interest | EUR | up to 1 year | 0 | **54** |
| | | 1 to 5 years | 54 | **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. 43 – Management of financial risks ▸ page 238**.**

## 36. Other financial and other non-financial liabilities

Key items in the remaining miscellaneous other financial liabilities concern liabilities from the acquisition of non-current assets of €98 million (30/9/2020: €82 million), liabilities from put options of non-controlling shareholders in the amount of €13 million (30/9/2020: €35 million), liabilities to customers of €39 million (30/9/2020: €40 million) as well as liabilities from real estate totalling €7 million (30/9/2020: €5 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 €38 million (30/9/2020: €29 million). Moreover, as part of the sale of the majority stake in METRO China, a licence payment of €94 million (30/9/2020: €153 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. Information on remaining benefit obligations as of 30 September 2021 or 30 September 2020 has not been provided.

Miscellaneous other non-financial liabilities also include advance payments of €70 million (30/9/2020: €120 million) received from former subsidiaries for service capacities that were created in the course of the disposal of the hypermarket business.

| | 30/9/2020 | | | **30/9/2021** | | |
|---|---|---|---|---|---|---|
| | | Remaining term | | | **Remaining term** | |
| € million | Total | up to 1 year | over 1 year | **Total** | **up to 1 year** | **over 1 year** |
| Payroll liabilities | 465 | 465 | 0 | **546** | **546** | **0** |
| Miscellaneous other financial liabilities | 276 | 259 | 17 | **255** | **235** | **20** |
| **Other financial liabilities** | **741** | **724** | **17** | **801** | **781** | **20** |
| Other tax liabilities | 269 | 269 | 0 | **137** | **137** | **0** |
| Deferred income | 32 | 8 | 24 | **33** | **10** | **23** |
| Contract liabilities | 193 | 99 | 94 | **136** | **102** | **35** |
| Miscellaneous other non-financial liabilities | 149 | 74 | 75 | **98** | **98** | **0** |
| **Other non-financial liabilities** | **644** | **451** | **193** | **405** | **347** | **58** |

## 37. 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:

| | 30/9/2020 | | | | | |
|---|---|---|---|---|---|---|
| | (a) | (b) | (c) = (a) – (b) | (d) | | (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 shown 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 | 330 | 87 | 243 | 17 | 0 | 226 |
| Derivative financial instruments | 9 | 0 | 9 | 2 | 0 | 6 |
| | **339** | **87** | **252** | **20** | **0** | **232** |
| **Financial liabilities** | | | | | | |
| Trade liabilities | 3,286 | 87 | 3,199 | 17 | 0 | 3,182 |
| Derivative financial instruments | 19 | 0 | 19 | 2 | 0 | 17 |
| | **3,305** | **87** | **3,218** | **20** | **0** | **3,199** |

| € million | 30/9/2021 (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 shown in the balance sheet | (d) Corresponding amounts that are not netted in the balance sheet: Financial instruments | Collateral received/provided | (e) = (c) – (d) 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** |

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. 43 – Management of financial risks ▸ page 238.

## 38. Undiscounted cash flows of financial liabilities

The undiscounted cash flows of financial liabilities, trade liabilities and derivative liabilities are as follows:

| € million | Carrying amount as of 30/9/2020 | Contractual cash flows up to 1 year | Contractual cash flows 1 to 5 years | Contractual cash flows over 5 years |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Bonds incl. commercial papers | 2,082 | 324 | 1,797 | 54 |
| Liabilities to banks | 150 | 87 | 73 | 0 |
| Promissory note loans | 55 | 2 | 56 | 0 |
| Liabilities from leases | 3,027 | 533 | 1,781 | 1,798 |
| Trade liabilities | 3,199 | 3,199 | 0 | 0 |
| Other financial liabilities | 741 | 724 | 5 | 12 |
| Interest-based derivatives carried as liabilities | 0 | 0 | 0 | 0 |
| Currency derivatives carried as liabilities | 19 | 19 | 0 | 0 |
| Commodity derivatives carried as liabilities | 0 | 0 | 0 | 0 |

| **€ million** | **Carrying amount as of 30/9/2021** | **Contractual cash flows up to 1 year** | **Contractual cash flows 1 to 5 years** | **Contractual cash flows 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** |

## 39. Carrying amounts and fair values according to measurement categories

The carrying amounts and fair values of recognised financial instruments are as follows:

| | 30/9/2020[1] | | | | | |
|---|---|---|---|---|---|---|
| | | 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** | **13,170** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** |
| **Financial instruments measured at amortised cost** | **939** | **939** | **0** | **0** | **0** | **939** |
| Loans and advance credit granted | 24 | 24 | 0 | 0 | 0 | 25 |
| Receivables due from suppliers | 243 | 243 | 0 | 0 | 0 | 243 |
| Trade receivables | 429 | 429 | 0 | 0 | 0 | 429 |
| Miscellaneous financial instruments | 242 | 242 | 0 | 0 | 0 | 242 |
| **Financial instruments measured at fair value through profit or loss** | **82** | **0** | **82** | **0** | **0** | **82** |
| Investments | 67 | 0 | 67 | 0 | 0 | 67 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 7 | 0 | 7 | 0 | 0 | 7 |
| Securities | 3 | 0 | 3 | 0 | 0 | 3 |
| Loans and advance credit granted | 4 | 0 | 4 | 0 | 0 | 4 |
| Miscellaneous financial assets | 2 | 0 | 2 | 0 | 0 | 2 |
| **Financial instruments measured at fair value through other comprehensive income** | **4** | **0** | **0** | **4** | **0** | **4** |
| Investments | 4 | 0 | 0 | 4 | 0 | 4 |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | **2** | **n/a** | **n/a** | **n/a** | **n/a** | **2** |
| **Cash and cash equivalents** | **1,525** | **1,525** | **0** | **0** | **0** | **1,525** |
| **Receivables from leases (amount according to IFRS 6)** | **213** | **n/a** | **n/a** | **n/a** | **n/a** | **227** |
| **Assets not classified according to IFRS 7** | **10,406** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** |
| **Equity and liabilities** | **13,170** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** |
| **Financial instruments measured at fair value through profit or loss** | **16** | **0** | **16** | **0** | **0** | **16** |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 16 | 0 | 16 | 0 | 0 | 16 |
| **Liabilities measured at amortised cost** | **6,208** | **6,208** | **0** | **0** | **0** | **6,253** |
| Borrowings excl. liabilities from leases (incl. hedged items in hedging relationships according to IAS 39) | 2,287 | 2,287 | 0 | 0 | 0 | 2,331 |
| Trade liabilities | 3,199 | 3,199 | 0 | 0 | 0 | 3,199 |
| Miscellaneous financial liabilities | 722 | 722 | 0 | 0 | 0 | 722 |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | **3** | **n/a** | **n/a** | **n/a** | **n/a** | **3** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Liabilities from leases (amount according to IFRS 16)** | **3,027** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** |
| **Equity and liabilities not classified according to IFRS 7** | **3,915** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section 'Change in accounting method (inventories)'.

| | 30/9/2021 | | | | | |
|---|---|---|---|---|---|---|
| | | Balance sheet value | | | | |
| **€ million** | **Carrying amount** | **(Amortised) costs** | **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** |
| **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** |

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 €63 million (30/9/2020: €70 million), €59 million (30/9/2020: €67 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 € 3 million (30/9/2020: €4 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 (30/9/2020: €3 million) are recognised through profit or loss. These primarily concern highly liquid exchange-listed money market funds.

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:

| | 30/9/2020 | | | | **30/9/2021** | | | |
|---|---|---|---|---|---|---|---|---|
| € million | Total | Level 1 | Level 2 | Level 3 | **Total** | **Level 1** | **Level 2** | **Level 3** |
| **Assets** | **88** | **0** | **86** | **2** | **95** | **0** | **93** | **2** |
| **Financial assets measured at fair value through profit or loss** | | | | | | | | |
| Investments | 67 | 0 | 67 | 0 | **59** | **0** | **59** | **0** |
| Loans and advance credit granted | 4 | 0 | 4 | 0 | **4** | **0** | **4** | **0** |
| Securities | 3 | 0 | 3 | 0 | **3** | **0** | **3** | **0** |
| Miscellaneous financial instruments | 2 | 0 | 0 | 2 | **2** | **0** | **0** | **2** |
| Derivative financial instruments not in a hedging relationship according to IFRS 9 | 7 | 0 | 7 | 0 | **15** | **0** | **15** | **0** |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | 2 | 0 | 2 | 0 | **8** | **0** | **8** | **0** |
| **Financial assets measured at fair value through other comprehensive income** | | | | | | | | |
| Investments | 4 | 0 | 4 | 0 | 3 | 0 | 3 | 0 |
| **Equity and liabilities** | **19** | **0** | **19** | **0** | **8** | **0** | **8** | **0** |
| **Financial liabilities measured at fair value through profit or loss** | | | | | | | | |
| Derivative financial instruments not in a hedging relationship according to IFRS 9 | 16 | 0 | 16 | 0 | **8** | **0** | **8** | **0** |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 | **0** | **0** | **0** | **0** |
| **Derivative financial instruments in a hedging relationship according to IAS 39** | 3 | 0 | 3 | 0 | **0** | **0** | **0** | **0** |
| | **69** | **0** | **67** | **2** | **87** | **0** | **85** | **2** |

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. The remaining financial instrument (level 3) in the amount of €2 million was calculated using the Black–Scholes option pricing model.

# OTHER NOTES

## 40. 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. Cash flows from discontinued operations are reported separately.

Cash flows from discontinued operations reported in the previous year concern the hypermarket business as well as METRO China. The following explanations relate to continuing operations.

Cash flow from operating activities increased from €646 million in the previous year to €1,237 million. Operating cash flow was negatively impacted by the Covid-19 pandemic in the previous year and is significantly higher in the current reporting period than it was in financial year 2019/20. Depreciation/amortisation/impairment losses are attributable to property, plant and equipment at €379 million (2019/20: €358 million), usufructuary rights at €310 million (2019/20: €315 million), other intangible assets at €154 million (2019/20: €132 million), goodwill at €95 million (2019/20: €27 million) and investment properties at €31 million (2019/20: €25 million). Reversals of impairment losses amounted to €0 million (2019/20: €1 million).

The change in net working capital amounts to €130 million (2019/20: €−172 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 increase in cash flows from changes in the net working capital is primarily due to the increase in trade liabilities, which is mainly related to a renewed increase in purchasing volume.

The lease payments include a redemption share of €43 million (2019/20: €25 million) and an interest portion of €16 million (2019/20: €15 million).

Other operational activities result in a total cash outflow of €72 million (2019/20: cash outflow of €180 million). This item 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 €137 million (2019/20: cash outflow of €265 million).

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 concern additions from usufructuary rights, currency effects and changes in liabilities from the acquisition of miscellaneous other 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 capital expenditure in financial investments and the disposal of financial investments amounts to €6 million (2019/20: €−8 million).

Cash flow from financing activities in the reporting period exhibited a cash outflow of €1,152 million (2019/20: cash outflow of €1,280 million).

The lease payments reported under cash flow from financing activities include the redemption portion of €389 million (2019/20: €370 million) and an interest portion of €152 million (2019/20: €177 million). The redemption portion includes payments for initial direct costs of an immaterial amount.

Cash and cash equivalents were subject to restrictions on title in the amount of €0 million (2019/20: €0 million).

**RECONCILIATION OF THE CASH FLOW FROM FINANCIAL LIABILITIES TO THE CHANGE IN FINANCIAL LIABILITIES REPORTED IN THE BALANCE SHEET**

| € million | 30/9/ 2019 | Cash-effective | Additions | Interest expenses | Disposals | Consolidation group changes | Reclassification / other | Changes in exchange rates | 30/9/ 2020 |
|---|---|---|---|---|---|---|---|---|---|
| Bonds incl. commercial papers | 2,301 | −219 | 0 | 0 | 0 | 0 | 0 | 0 | 2,082 |
| Liabilities to banks | 359 | −201 | 0 | 0 | 0 | 0 | 0 | −7 | 150 |
| Promissory note loans | 55 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 55 |
| Liabilities from leases | 3,215 | −547 | 298 | 177 | −80 | 0 | 6 | −41 | 3,027 |
| | **5,930** | **−968** | **298** | **177** | **−80** | **0** | **6** | **−48** | **5,314** |

**RECONCILIATION OF THE CASH FLOW FROM FINANCIAL LIABILITIES TO THE CHANGE IN FINANCIAL LIABILITIES REPORTED IN THE BALANCE SHEET**

| € million | 30/9/ 2020 | Cash-effective | 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 | **2,980** |
| | **5,314** | **−846** | **379** | **152** | **−40** | **16** | **−8** | **−14** | **4,953** |

## 41. 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 self-service 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 Davigel Spain. Operating segments are aggregated to form reporting segments based on the division of the business into individual regions. The individual regions are Germany, Western Europe (excluding Germany), Russia, Eastern Europe (excluding Russia) and Asia.

The Others segment 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 non-food articles from its own product range as well as products from third parties. The sales and pro rata costs generated through METRO MARKETS were included in the respective operating units in the previous year, while METRO MARKETS' development activities beyond it were included in the Others segment.

This allocation in the operating units was not continued in financial year 2020/21, so that all sales revenues and costs are now reflected in the Others segment.

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.
- Segment 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 expenses related to the focus on the wholesale business or the closure of business in individual countries. In financial year 2020/21, this includes country exits in Japan, Myanmar and Classic Fine Foods Philippines, as well as individual measures mainly in Germany.
- 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) 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. They mainly exclude financial assets, investments accounted for using the equity method, tax items, inventories, trade receivables, receivables from suppliers and cash and cash equivalents.
- 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 | 30/9/2020[1] | **30/9/2021** |
|---|---|---|
| **Non-current segment assets** | **7,504** | **7,203** |
| Financial assets | 98 | **92** |
| Investments accounted for using the equity method | 421 | **361** |
| Deferred tax assets | 258 | **345** |
| Other | 2 | **3** |
| **Non-current group assets** | **8,284** | **8,004** |

[1] Previous year's comparative values were adjusted due to a change in the accounting method (inventories); see the notes section '**Change in accounting method (inventories)**'.

## 42. Assets held for sale and liabilities

### METRO is entering into a strategic partnership with Wipro Limited

On 22 December 2020, METRO AG entered into a strategic partnership with international IT services provider Wipro Limited (Wipro), a global leader in information technology, consulting and business process services. The goal was to boost the transformation of the group's IT and to focus more on activities that add diversified value for METRO customers in the future. Under the partnership, more than 1,000 employees in Germany, Romania and India plus additional freelance consultants have transferred to Wipro.

The sale of METRO's IT companies METRO-NOM GmbH and METRO SYSTEMS Romania S.R.L. as well as the resulting transfer of employees to Wipro was completed on 31 March 2021.

As a result of the classification as assets and liabilities held for sale and after consolidation measures up to the date of deconsolidation were carried out, €108 million was recognised in the consolidated balance sheet into the item assets held for sale and €33 million into the item liabilities related to assets held for sale.

The assets and liabilities held for sale and disposed of as part of the deconsolidation are comprised as follows:

**DISPOSED ASSETS AND LIABILITIES**

| € million | 31/3/2021 |
| --- | --- |
| **Assets** | **108** |
| Other intangible assets | 3 |
| Property, plant and equipment | 41 |
| Deferred tax assets | 5 |
| Other non-financial assets | 14 |
| Cash and cash equivalents | 46 |
| | |
| **Liabilities** | **33** |
| Provisions for post-employment benefits plans and similar obligations | 10 |
| Other provisions | 2 |
| Deferred tax liabilities | 4 |
| Trade liabilities | 7 |
| Borrowings (current) | 7 |
| Income tax liabilities | 1 |
| Other financial liabilities (current) | 2 |
| Other non-financial liabilities (current) | 1 |

The provisional purchase price received for the assets and liabilities disposed of amounts to €52 million. Taking into account the outgoing cash, the cash inflow from this transaction amounts to €6 million. The EBIT-effective result reported under other operating income in the course of the deconsolidation amounts to €1 million. It is attributable in full to the Others segment.

The components included in the equity of METRO SYSTEMS Romania up to the deconsolidation date, which are part of the other comprehensive income attributable to the shareholders of METRO AG from currency translation differences, had a financial result of €1 million on net income from disposals due to their derecognition through profit or loss.

No expenses were incurred in connection with the measurement of the disposal group at fair value less costs to sell.

### METRO sells at-equity investments

On 22 December 2020, an agreement was concluded for the sale of our interest in the Mayfair group, which mainly comprises a portfolio of retail properties. The transaction was closed on 15 January 2021; accordingly, the carrying amount of €72 million, which was recognised as assets held for sale as at 31 December 2020, was disposed of. The resulting book profit of €17 million is recognised under other operating income.

## 43. 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 page 70 **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 €1,377 million (30/9/2020: €1,160 million).

Given this total balance, an interest rate rise of 10 basis points would result in a €1 million (2019/20: €1 million) higher interest result per year. An interest rate decrease of 10 basis points would have the opposite effect of €−1 million (2019/20: €−1 million).

METRO faces currency risks in its international procurement of merchandise and because of costs, financings 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. Forward currency contracts are mainly used for hedging purposes. 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.

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 | 30/9/2020 | **Volume** | **30/9/2021** |
| **Profit or loss for the period** | | | +/− | | **+/−** |
| | CHF/EUR | +12 | −1 | **+12** | **−1** |
| | CNY/EUR | +28 | −3 | **+9** | **−1** |
| | CZK/EUR | +87 | −9 | **+84** | **−8** |
| | EGP/EUR | +32 | −3 | **+33** | **−3** |
| | HKD/EUR | −8 | 1 | **−14** | **1** |
| | HRK/EUR | +2 | 0 | **+6** | **−1** |
| | HUF/EUR | −5 | 1 | **−7** | **1** |
| | JPY/EUR | −5 | 0 | **−4** | **0** |
| | KZT/EUR | +14 | −1 | **+3** | **0** |
| | PLN/EUR | +94 | −9 | **+44** | **−4** |
| | PKR/EUR | +9 | −1 | **0** | **0** |
| | RON/EUR | +15 | −1 | **+12** | **−1** |
| | RSD/EUR | +8 | −1 | **+6** | **−1** |
| | RUB/EUR | −36 | 4 | **+40** | **−4** |
| | TRY/EUR | +80 | −8 | **+87** | **−9** |
| | UAH/EUR | +57 | −6 | **+82** | **−8** |
| **Equity** | | | +/− | | **+/−** |
| | CNY/EUR | +100 | −10 | **+141** | **−14** |
| | KZT/EUR | +130 | −13 | **+131** | **−13** |
| | PLN/EUR | +67 | −7 | **+66** | **−7** |
| | RSD/EUR | +16 | −2 | **0** | **0** |
| | UAH/EUR | +200 | −20 | **+165** | **−17** |
| | USD/EUR | +74 | −7 | **+87** | **−9** |

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 €12 million (30/9/2020: €19 million), a depreciation of the US dollar by 10% would result in positive effects of €1 million in profit or loss for the period (30/9/2020: €2 million), while an appreciation would lead to negative effects of €1 million (30/9/2020: €2 million).

At a nominal volume of €7 million (30/9/2020: €6 million), the currency pair USD/IDR accounts for the main share of this effect, while in the previous year the currency pair USD/THB accounted for the largest share of this effect.

Interest rate and currency risks are substantially reduced and limited by the internal treasury guidelines. 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:

| | 30/9/2020 | | | **30/9/2021** | | |
|---|---|---|---|---|---|---|
| | | Fair values | | | **Fair values** | |
| € million | Nominal volume[1] | Financial assets | Financial liabilities | **Nominal volume[1]** | **Financial assets** | **Financial liabilities** |
| **Currency transactions** | | | | | | |
| Forward currency contracts | 678 | 9 | 19 | **1,218** | **23** | **8** |
| thereof within fair value hedges | (0) | (0) | (0) | **(0)** | **(0)** | **(0)** |
| thereof within cash flow hedges | (173) | (2) | (3) | **(228)** | **(8)** | **(0)** |
| thereof not part of hedges | (505) | (7) | (16) | **(990)** | **(15)** | **(8)** |
| Interest rate/currency swaps | 0 | 0 | 0 | **0** | **0** | **0** |
| | **678** | **9** | **19** | **1,218** | **23** | **8** |

[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.

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, Japanese yen, 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:

1.19 USD/EUR and 7.86 CNY/EUR. The maturity of derivatives used for hedging purposes in the amount of €8 million (30/9/2020: €−1 million) is less than one 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 operational 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 unused bilateral syndicated loans held as a liquidity reserve are subject to certain loan conditions. In the event that, contrary to expectations, the agreed credit terms cannot be met in the future due to Covid-19 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 page 206 **as well as** no. 35 – Financial liabilities page 219.

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 €2,711 million (30/9/2020: €2,764 million).

– **For more information about the amount of the respective carrying amounts, see** no. 39 – Carrying amounts and fair values according to measurement categories ▶ page 228.

Cash on hand considered in cash and cash equivalents totalling €18 million (30/9/2020: €14 million) is not exposed to any credit risk.

In the course of the risk management of financial investments totalling €1,417 million (30/9/2020: €1,482 million) and derivative financial instruments with positive market values totalling €23 million (30/9/2020: €9 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 | Western Europe (excl. Germany) | Russia | Eastern Europe (excl. Russia) | Asia and others | Derivatives with positive market values | **Total** |
| Investment grade | AAA | Aaa | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| | AA+ to AA− | Aa1 to Aa3 | 0.4 | 0.5 | 0.8 | 0.1 | 1.1 | 1.0 | |
| | A+ to A− | A1 to A3 | 47.1 | 1.4 | 0.2 | 2.6 | 8.8 | 0.6 | |
| | BBB+ to BBB− | Baa1 to Baa3 | 28.5 | 1.5 | 0.0 | 2.4 | 0.3 | 0.0 | **97.4** |
| Non-investment grade | BB+ to BB− | Ba1 to Ba3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | |
| | B+ to B− | B1 to B3 | 0.2 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 | |
| | CCC+ to C | Caa1 to Ca | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **1.3** |
| No rating | | | 0.0 | 0.2 | 0.0 | 0.9 | 0.1 | 0.0 | **1.3** |
| | | | **76.2** | **3.6** | **1.0** | **7.1** | **10.4** | **1.6** | **100.0** |

The table shows that, as of the closing date, about 97.4% 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 yet 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 1.3% 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.

## 44. Contingent liabilities

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Contingent liabilities from guarantee and warranty contracts | 39 | **32** |
| Contingent liabilities from the provision of collateral for third-party liabilities | 10 | **10** |
| | **49** | **41** |

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.

## 45. Other financial commitments

As of 30 September 2021, the nominal value of other financial commitments amounted to €619 million (30/9/2020: €241 million) and primarily concerned purchasing commitments from multi-year IT services and service agreements. The increase is particularly attributable to the newly contracted IT partnership in financial year 2020/21.

– **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 ▶ page 189**,** no. 21 – Property, plant and equipment ▶ page 190 **and** no. 22 – Investment properties ▶ page 193**.**

## 46. 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 in some cases include extension options, 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 rights of use can be found in** no. 21 – Property, plant and equipment ▸ page 190 **– development of rights of use of leased property, plant and equipment.**

The maturities of lease liabilities are shown in the following table.

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Short-term | 376 | **403** |
| Long-term | 2,651 | **2,578** |
| | **3,027** | **2,981** |

— **A maturity analysis of the undiscounted payments can be found in** no. 38 – undiscounted cash flows of financial liabilities ▸ page 227**.**

In financial year 2020/21, 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 | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Variable expenses from usufructuary rights | −2 | **−2** |
| Rental expenses for short-term leases | −14 | **−14** |
| Rental expenses for leases of assets of minor value | −9 | **−7** |
| Total rental expenses | −25 | **−23** |
| Depreciation[1] | −333 | **−338** |
| Interest expenses | −177 | **−152** |
| Income and expenses from sale-and-leaseback transactions | 1 | **17** |
| Income from subletting of rights of use | 118 | **103** |

[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 €561 million (30/9/2020: €564 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 €1 million (30/9/2020: €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 extension 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 an extension 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.

Potential future cash outflows of €2,098 million (30/9/2020: €2,054 million) for extension or termination options that are not sufficiently certain were not included in the lease liability as of 30 September 2021 because it is not reasonably certain that the leases will be renewed or not terminated.

During the financial year, lease extensions totalling €224 million (30/9/2020: €70 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 €9 million (30/9/2020: €6 million).

**Sale-and-leaseback transactions**
In financial year 2020/21, MAKRO Portugal sold the Lisbon site as part of a sale-and-leaseback transaction. The income realised from the transaction amounted to €17 million.

## 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 (METRO as lessor) due in subsequent periods from entities outside METRO for the rental of properties that are classified as finance leases are shown below:

| € million | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Up to 1 year | 59 | **61** |
| 1 to 2 years | 58 | **57** |
| 2 to 3 years | 54 | **40** |
| 3 to 4 years | 37 | **21** |
| 4 to 5 years | 20 | **17** |
| Over 5 years | 40 | **33** |
| **Gross investment (total undiscounted minimum lease payments)** | **268** | **229** |
| Not yet realised interest income | −47 | **−36** |
| **Net investment (net present value of future minimum lease payments to be received)** | **221** | **193** |

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 | 30/9/2020 | **30/9/2021** |
|---|---|---|
| Up to 1 year | 94 | **80** |
| 1 to 2 years | 75 | **67** |
| 2 to 3 years | 63 | **46** |
| 3 to 4 years | 44 | **24** |
| 4 to 5 years | 30 | **16** |
| Over 5 years | 53 | **32** |
| **Total undiscounted minimum lease payments** | **360** | **265** |

The following rental income in connection with leases was recognised in the income statement.

| € million | 30/9/2020 | 30/9/2021 |
|---|---|---|
| **Operating leases** | | |
| Fixed rental income | 117 | **97** |
| Variable rental income | 0 | **0** |
| **Finance leases** | | |
| Variable rental income | 1 | **1** |
| **Total rental income** | **118** | **98** |
| Interest income | 15 | **16** |

## 47. Change in accounting method (inventories)

In June 2021 the IFRS Interpretations Committee decided that when calculating the net realisable value of inventories, the estimated necessary reselling expenses should not be restricted just to incremental costs. The amendment to the accounting method used by METRO pursuant to IAS 8 due to this decision has led to retrospective amendments to various items. Specifically, the following amendments were carried out:

| € million | 1/10/2019 as reported | Amendments to IAS 2 | 1/10/2019 |
|---|---|---|---|
| Deferred tax assets | 284 | 6 | **291** |
| Inventories | 1,946 | −29 | **1,917** |
| Equity/reserves retained from earnings | −4,167 | −22 | **−4,189** |

| € million | 30/9/2020 as reported | Amendments to IAS 2 | 30/9/2020 |
|---|---|---|---|
| Deferred tax assets | 252 | 6 | **258** |
| Inventories | 1,888 | −29 | **1,860** |
| Equity/reserves retained from earnings | −3,358 | −22 | **−3,380** |

Due to the fundamental stability of inventories there were no amendments either in the income statement or on the earnings per share in financial year 2019/20.

## 48. Remaining legal issues

### Group demerger in 2017

In connection with the demerger of the group, several shareholders took legal action. On 24 January 2018, the Düsseldorf District Court rejected the complaint in its entirety. All plaintiffs filed appeals against all these decisions with the Düsseldorf Higher Regional Court. On 4 April 2019, the Düsseldorf Higher Regional Court rejected all appeals. Only in the appeal judgement in a proceeding concerning the resolutions of the Annual General Meeting, the appeal was admitted and lodged with the German Federal Court of Justice. In one proceeding, the plaintiffs filed an appeal against denial of leave to appeal with the Federal Court of Justice. The Federal Court of Justice dismissed the appeal against denial of leave to appeal by order of 24 November 2020. In the proceedings concerning the resolutions of the Annual General Meeting, the Federal Court of Justice dismissed the appeal in its ruling of 23 February 2021. Therefore, all lawsuits filed by shareholders in connection with the demerger of the group have been legally finalised in favour of METRO AG and/or CECONOMY AG.

### Further 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 sanctioned for illegal competition agreements (including truck and sugar cartel).

## 49. Events after the closing date

At its meeting on 11 November 2021, the Supervisory Board of METRO AG decided to reorganise the Management Board of METRO AG. The restructured Management Board will ensure the execution of the new strategy from next year on. The following changes were agreed:

Eric Poirier, Chief Operating Officer (COO) and member of the Management Board, will leave the Management Board with effect from 31 December 2021. Andrea Euenheim, Chief Human Resources Officer (CHRO) and member of the Management Board, will not renew her contract when it comes to an end on 31 October 2022, but will continue to perform her current role until that date.

Rafael Gasset, Chief Operating Officer (COO) and member of the Management Board, will assume responsibility for the countries at Management Board level. The Germany/Austria unit will report to CEO Dr Steffen Greubel in the Management Board.

With effect from 1 January 2022, Claude Sarrailh will join the Management Board, where he will be responsible for commercial functions as Chief Customer & Merchandise Officer (CCMO).

## 50. Notes on related parties

In financial year 2020/21, METRO maintained the following business relations to related companies:

| € million | 2019/20 | 2020/21 |
|---|---|---|
| Services provided | 54 | **116** |
| Associates | 51 | **104** |
| Joint ventures | 3 | **11** |
| Miscellaneous related parties | 0 | **1** |
| Services received | 70 | **81** |
| Associates | 61 | **72** |
| Joint ventures | 6 | **6** |
| Miscellaneous related parties | 3 | **3** |
| Receivables from services provided as of 30/9 | 23 | **21** |
| Associates | 23 | **19** |
| Joint ventures | 0 | **2** |
| Miscellaneous related parties | 0 | **0** |
| Liabilities from services received as of 30/9 | 0 | **2** |
| Associates | 0 | **0** |
| Joint ventures | 0 | **2** |
| Miscellaneous related parties | 0 | **0** |

### Transactions with associates and other related parties

In financial year 2020/21, METRO companies provided services to companies belonging to the group of associates and related parties in the amount of €116 million (2019/20: €54 million).

The significant increase in services provided results 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 €94 million on 30 September 2021 were deferred at METRO (2019/20: €153 million).

The services totalling €81 million (2019/20: €70 million), which METRO companies received in financial year 2020/21 from associates and other related parties, mainly consisted of real estate leases in the amount of €64 million (2019/20: €63 million), (thereof €61 million from associates; 2019/20: €61 million), as well as €13 million (2019/20: €7 million) from provision of services (thereof €6 million from joint ventures; 2019/20: €6 million and €7 million from associates; 2019/20: €0 million) and €4 million from other services from associates (2019/20: €0 million).

During financial year 2020/21, METRO received dividends from related parties amounting to €16 million (2019/20: €13 million), thereof from associates €15 million (2019/20: €13 million).

– **Further disclosures about dividends from related parties, see** no. 23 – Financial investments and investments accounted for using the equity method ▸ page 195.

The balance sheet reports lease liabilities of €428 million (2019/20: €360 million) and corresponding rights of use of €379 million (2019/20: €291 million) from rental agreements with associates. These include OPCI FWP France, OPCI FWS France, Habib METRO Pakistan and Iniziative Methab s.r.l. The increase is due to contract extensions with OPCI FWP France.

Business relations with related parties are based on contractual agreements providing for arm's length prices. Same as in financial year 2019/20, there were no business relations with related natural persons and companies of management in key positions in financial year 2020/21.

### 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 €9.6 million (2019/20: €6.4 million) for short-term benefits and €0.6 million (2019/20: €0.7 million) for post-employment benefits. The expenses for existing remuneration programmes with long-term incentive effect in financial year 2020/21 that were calculated in accordance with IFRS 2, amounted to €4.2 million (2019/20: €−0.8 million).

The short-term remuneration for the members of the Supervisory Board of METRO AG amounted to €2.3 million (2019/20: €2.2 million).

The total remuneration for members of the Management Board in key positions in financial year 2020/21 amounted to €16.7 million (2019/20: €8.5 million).

- **For more Information about the basic principles of the remuneration system and the amount of Management Board and Supervisory Board remuneration, see** no. 52 – Management Board and Supervisory Board ▶ page 256.

## 51. Long-term incentive for executives

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 are the focus of measuring success in the METRO LTI.

The METRO LTI performance periods run from 1 April 2019 to 31 March 2022. Individual target amounts for the beneficiaries are built up on a proportionate basis. The final target amount at the end of the performance period is based on the length of the eligibility period in the METRO LTI as well as on the position held by the individual.

There was also what is known as a mid-term incentive (METRO MTI) running alongside this long-term incentive in financial year 2018/19.The METRO MTI aimed to support the transformation of METRO over a 2-year period. This plan was due in the past financial year and was largely paid out. A total income of €0.1 million was incurred in this context. The provisions related to METRO MTI as of 30 September 2021 amount to €1 million (30/9/2020: €11 million).

### METRO LTI operating principles

After the end of each performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount with a total target achievement factor. This factor consists of the achievement of the country performance component (60%), the achievement of the METRO performance component (30%) and the achievement of the sustainability component (10%). 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%).

The comparison group of competitors consists of the following companies:

- Bidcorp (ISIN ZAE000216537)
- Bizim Toptan (ISIN TREBZMT00017)
- Marr (ISIN IT0003428445)
- Eurocash Group (ISIN PLEURCH00011)
- Performance Food Group (ISIN US71377A1034)
- US Foods (ISIN US9120081099)
- Sysco (ISIN US8718291078)
- Sligro (ISIN NL0000817179)

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. The factor for the sustainability component is determined in the following manner on the basis of the average of the performance period:

| Average rating (rounded) | Sustainability factor |
|---|---|
| 1 | 3.00 |
| 2 | 2.00 |
| 3 | 1.50 |
| 4 | 1.00 |
| 5 | 0.75 |
| 6 | 0.50 |
| 7 | 0.25 |
| Below rank 7 | 0.00 |

Total expenses of €11 million (2019/20: €7 million) have been incurred under the METRO LTI plan. The provisions related to this programme as of 30 September 2021 amount to €23 million (30/9/2020: €13 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.

### New long-term incentive: Group Incentive Plan (GIP)

In order to support METRO's future perspectives a new long-term incentive was developed which comes into force from 1 April 2021. The Group Incentive Plan is a remuneration system set up over several years that ensures management is involved in the sustainable and long-term company development of METRO, thereby satisfying the needs of shareholders, other groups associated with the company (for example employees, customers) and the environment. The Group Incentive Plan is a cyclical plan that is distributed annually in separate tranches at a fixed point in time. Every tranche has a term of 3 years.

### 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).

Overall target achievement is expressed via the 3 performance targets of

- earnings per share (EPS)
- METRO total shareholder return (TSR) and
- corporate responsibility.

In case of employment termination separate payment regulations have been agreed.

The **earnings per share performance target** is generally calculated by comparing the achieved EPS with a target value set out at the start of the term. Both positive and negative currency effects and separately reported special items/transformation costs compared to the objective are neutralised in the earnings per share. 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.

The EPS target achievement factor is determined as follows:

- If the EPS target value is achieved, the factor for the EPS component is 1.0.
- If only the lower hurdle or a value lying below this is achieved, the factor for the EPS component is 0.0.
- If the degree of target achievement is 200%, the factor for the EPS component is 2.0.
- In the case of intermediate values and values over 200%, the EPS factor for the group incentive plan target achievement is calculated using linear interpolation to 2 decimal places. The maximum achievable factor 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.

The comparison group of competitors consists 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)
- Sligro (ISIN NL0000817179)

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 **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 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. The factor for the sustainability component is determined in the following manner on the basis of the average of the performance period:

| Average rating (rounded) | Sustainability factor |
|---|---|
| 1 | 3.00 |
| 2 | 2.00 |
| 3 | 1.50 |
| 4 | 1.00 |
| 5 | 0.75 |
| 6 | 0.50 |
| 7 | 0.25 |
| Below rank 7 | 0.00 |

Total expenses of €3 million were incurred from the above-mentioned tranche of the GIP. The provisions related to this programme were structured in the same amount as of 30 September 2021.

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. Management Board and Supervisory Board

### Remuneration of members of the Management Board in financial year 2020/21

The remuneration of the active members of the Management Board essentially consists of a fixed salary, a short-term variable remuneration component (short-term incentive and special bonuses), as well as the long-term variable remuneration (long-term incentive) granted in financial year 2020/21.

The short-term incentive for members of the Management Board is essentially determined by the development of financial performance targets related to that financial year and also considers the target achievement of agreed-upon key topics.

The remuneration of the active members of the Management Board in financial year 2020/21 amounts to €12.6 million (2019/20: €11.5 million). This includes €3.7 million (2019/20: €3.8 million) in fixed salaries, €5.4 million (2019/20: €2.1 million) in short-term variable remuneration, €3.0 million (2019/20: €5.1 million) in share-based long-term variable remuneration and €0.5 million (2019/20: €0.5 million) in non-monetary and supplemental benefits.

The share-based long-term variable remuneration (performance cash plan) granted in financial year 2020/21 is recognised at fair value.

In financial year 2020/21, value adjustments resulted from the current tranches of long-term variable remuneration. The company’s expenses amounted to €0.719 million for Christian Baier, €0.761 million for Andrea Euenheim and €0.846 million each for Rafael Gasset and Eric Poirier. The amount for Olaf Koch was €1.056 million. In financial year 2020/21, provisions of €0.082 million were released.

As of 30 September 2021, the provisions totalled €6.108 million. €0.87 million thereof is attributable to Christian Baier, €0.89 million to Andrea Euenheim, €0.99 million each to Rafael Gasset and Eric Poirier, as well as €2.36 million to former members of the Management Board.

Expenses and provisions were determined by external experts using a recognised financial mathematical procedure.

An agreement was reached with Olaf Koch in financial year 2019/20 for early termination of his employment contract with effect from the end of 31 December 2020. The short-term incentive until 31 December 2020 will be paid to Olaf Koch in accordance with the agreement. The tranches of the long-term incentive already granted to Olaf Koch remain in place and will be settled in accordance with the terms of the plan. He will not receive a severance payment.

In financial year 2020/21, no loans were granted to members of the Management Board, nor were there any loan agreements from previous years.

### Total remuneration of former members of the Management Board

There are congruent, reinsured liabilities from pension provisions covered by life insurance contracts of €12.4 million towards former members of the Management Board.

- **Individual versions of the disclosures released pursuant to § 314 Section 1 No. 6a Sentences 5 to 8 of the German Commercial Code can be found in chapter** 6 Remuneration report ▶ page 105 **in the combined management report.**

### Remuneration of members of the Supervisory Board

The total remuneration of all members of the Supervisory Board in financial year 2020/21 amounted to €2.3 million (2019/20: €2.2 million).

In financial year 2020/21, no loans were granted to members of the Supervisory Board, nor were there any loan agreements from previous years.

- **For more information about the remuneration of the members of the Supervisory Board, see chapter** 6 Remuneration report ▶ page 105 **in the combined management 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. €3.7 million of this amount was attributable to professional fees for the audit of the financial statements, €0.2 million to other assurance services and €0.1 million to other 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 order 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, audit-integrated reviews of interim financial statements, audit-related services pursuant to ISAE 3402 and services linked to the enforcement process 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), as well as the business audit of the risk management system, the internal control system and the business audit of the summarised non-financial statement and the Corporate Responsibility Report.

Other services relate to auditing support services as part of a VAT compliance management system as well as fees for financial due diligence and consulting services, such as in connection with introduction of an archiving system.

## 54. Declaration of conformity with the German Corporate Governance Code

In September 2021, 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. The statement is 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 2020/21 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 |
| Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mbH | Düsseldorf |
| 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 |
| Hospitality Digital Services Germany 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 Elfte 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 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 |
| Adolf Schaper GmbH & Co. Grundbesitz-KG i. L. | Düsseldorf |
| AIB Verwaltungs GmbH | Düsseldorf |
| ARKON Grundbesitzverwaltung GmbH | Düsseldorf |
| ASSET Immobilienbeteiligungen GmbH | Düsseldorf |
| ASSET Köln-Kalk GmbH | Düsseldorf |
| BAUGRU Immobilien – Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG i. L. | Düsseldorf |
| Deutsche SB-Kauf Beteiligungsverwaltung GmbH | Düsseldorf |
| Deutsche SB-Kauf GmbH & Co. KG | Düsseldorf |
| DFI Verwaltungs GmbH | Düsseldorf |
| FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG i. L. | Düsseldorf |
| GBS Gesellschaft für Unternehmensbeteiligungen mbH | Düsseldorf |
| GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH | Düsseldorf |
| GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Donaueschingen KG i. L. | Düsseldorf |
| GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln-Porz KG i. L. | Düsseldorf |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Groß-Zimmern KG i. L. | Düsseldorf |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Norden KG i. L. | Düsseldorf |
| GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schaper Bremen-Habenhausen KG i. L. | Düsseldorf |
| GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Wolfenbüttel KG i. L. | 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. 8. Objekt – KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bannewitz KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bitterfeld KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Braunschweig Hamburger Straße KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Duisburg KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Heinsberg KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hürth KG | Düsseldorf |

| | |
|---|---|
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kassel KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Krefeld KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kulmbach KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Nettetal KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn "Südring Center" KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Pfarrkirchen KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Regensburg KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Stralsund KG i. L. | Düsseldorf |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wülfrath KG i. L. | Düsseldorf |
| Horten Nürnberg GmbH | Düsseldorf |
| Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG i.L. | Düsseldorf |
| Kaufhalle GmbH | Düsseldorf |
| Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG | Düsseldorf |
| KUPINA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG i. L. | 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 & Co. KG | 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 |
| MTE Grundstücksverwaltung GmbH & Co. Objekt Duisburg oHG i. L. | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Eschweiler KG i. L. | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Germersheim KG i. L. | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Langendreer KG i. L. | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Moers KG i. L. | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG | Düsseldorf |
| NIGRA Verwaltung GmbH & Co. Objekt Rendsburg KG i. L. | Düsseldorf |
| PIL Grundstücksverwaltung GmbH | Düsseldorf |
| Renate Grundstücksverwaltungsgesellschaft mbH | Düsseldorf |
| ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gerlingen KG i. L. | Düsseldorf |

| | |
|---|---|
| RUDU Verwaltungsgesellschaft mbH | Düsseldorf |
| RUTIL Verwaltung GmbH & Co. SB-Warenhaus Bielefeld KG i. L. | Düsseldorf |
| Schaper Beteiligungsverwaltung GmbH | Düsseldorf |
| Schaper Grundbesitz-Verwaltungsgesellschaft mbH | Düsseldorf |
| SIL Verwaltung GmbH & Co. Objekt Haidach KG | Düsseldorf |
| STW Grundstücksverwaltung GmbH | Düsseldorf |
| TIMUG GmbH & Co. Objekt Homburg KG i. L. | Düsseldorf |
| TIMUG Verwaltung GmbH | Düsseldorf |
| Wolfgang Wirichs GmbH | Düsseldorf |
| ZARUS Verwaltung GmbH & Co. Objekt Mutterstadt KG i. L. | Düsseldorf |
| ZARUS Verwaltung GmbH & Co. Objekte Niedersachsen KG i. L. | 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 Deutschland GmbH | Düsseldorf, Germany | 100.00 | 4,227 |
| METRO FRANCE S.A.S. | Nanterre, France | 100.00 | 3,606 |
| METRO Cash & Carry OOO | Moscow, Russia | 100.00 | 2,406 |
| METRO CASH & CARRY ROMANIA SRL | Bucharest, Romania | 100.00 | 1,385 |
| METRO Italia Cash and Carry S. p. A. | San Donato Milanese, Italy | 100.00 | 1,331 |
| Makro Cash and Carry Polska S.A. | Warsaw, Poland | 100.00 | 1,189 |
| Makro Autoservicio Mayorista S. A. U. | Madrid, Spain | 100.00 | 1,096 |
| MAKRO Cash & Carry CR s.r.o. | Prague, Czech Republic | 100.00 | 986 |
| Metro Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi | Istanbul, Turkey | 100.00 | 858 |
| METRO Distributie Nederland B. V. | Amsterdam-Duivendrecht, Netherlands | 100.00 | 801 |
| METRO Cash & Carry India Private Limited | Bengaluru, India | 100.00 | 765 |
| METRO Cash & Carry Ukraine Ltd. | Kiev, Ukraine | 100.00 | 740 |
| METRO Cash & Carry Österreich GmbH | Vösendorf, Österreich | 73.00 | 692 |
| MAKRO Cash & Carry Belgium NV | Wommelgem, Belgium | 100.00 | 646 |
| **Other companies** | | | |
| METRO Sourcing International Limited | Hong Kong, China | 100.00 | 22 |
| 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

(As of: 23 November 2021)

**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), since 12 December 2020
Lonza Group AG[1], 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[2] (Vice Chairman)
b) None

**Marco Arcelli**
CEO of EP Global Commerce a.s. (EPGC), Prague, Czech Republic
Shareholder representative
a) None
b) None

**Stefanie Blaser**
Chairwoman of the General Works Council of METRO PROPERTIES GmbH & Co. KG Saarbrücken
Employee representative
a) None
b) None

**Herbert Bolliger, until 19 February 2021**
Self-employed business consultant
Shareholder representative
a) None
b) Amann Wine Group Holding SA, Zug, Switzerland – Board of Directors
BNP Paribas (Suisse) AG[1], Geneva, Switzerland – Board of Directors
Eldora Holding SA, Rolle, Switzerland – Board of Directors
Menu and More AG, Zurich, Switzerland – Board of Directors, since 30 October 2020
MTH Retail Group Holding GmbH, Vienna, Austria – Supervisory Board
Office World Holding AG, Bolligen, Switzerland – Board of Directors (Vice President), until 20 April 2021

**Gwyn Burr**
Member of the Board of Directors of Hammerson plc, London, United Kingdom
Independent shareholder representative
a) None
b) Hammerson plc[1], London, United Kingdom – Board of Directors
Ingleby Farms and Forests ApS, Køge, Denmark – Board of Directors
Just Eat Takeaway.com N.V.[1], Amsterdam, Netherlands – Supervisory Board
Made.com Group plc, London, United Kingdom – Board of Directors, since 7 May 2021
Taylor Wimpey plc[1], London, United Kingdom – Board of Directors

**Thomas Dommel**
Chairman of the General Works Council of METRO LOGISTICS Germany GmbH
Employee representative
a) METRO LOGISTICS Germany GmbH[2] (Vice Chairman)
b) None

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act (AktG).
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 (AktG).
[1] Listed company.
[2] Intra-group mandate.

**Prof. Dr Edgar Ernst**
President of the German Financial Reporting Enforcement Panel (FREP)
Independent shareholder representative
a) TUI AG1
Vonovia SE1 (stellv. Vorsitzender)
b) None

**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[2]
b) None

**Udo Höfer**
General Manager of the METRO Deutschland GmbH store Krefeld
Employee representative
a) None
b) None

**Peter Küpfer, until 19 February 2021**
Self-employed business consultant
Shareholder representative
a) None
b) AHRA AG, Zurich, Switzerland – Board of Directors (President)
AHRB AG, Zurich, Switzerland – Board of Directors (President)
ARH Resort Holding AG, Zurich, Switzerland – Board of Directors (President)
Breda Consulting AG, Zurich, Switzerland – Board of Directors (President)
Cambiata Ltd, Road Town, Tortola, British Virgin Islands – Board of Directors
Cambiata Schweiz AG, Zurich, Switzerland – Board of Directors
Lake Zurich Fund Exempt Company, George Town, Grand Cayman, Cayman Islands – Board of Directors
SERAVI AG, Zollikon, Switzerland – Board of Directors
Supra Holding AG, Zug, Switzerland – Board of Directors

**Rosalinde Lax**
Administrative Assistant, METRO Deutschland GmbH
Employee representative
a) METRO Großhandelsgesellschaft mbH[2]
b) None

**Dr Fredy Raas**
Managing Director of Beisheim Holding GmbH, Baar, Switzerland
Independent shareholder representative
a) CECONOMY AG[1]
b) ARISCO Holding AG, Baar, Switzerland – Board of Directors, until 21 June 2021
HUWA Finanz- und Beteiligungs AG, Au, Switzerland – Board of Directors (President)

**Roman Šilha, since 19 February 2021**
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

**Eva-Lotta Sjöstedt**
Self-employed business consultant
Independent shareholder representative
a) None
b) Elisa Corporation[1], Helsinki, Finland, Board of Directors
Tritax EuroBox plc[1], London, United Kingdom, Board of Directors

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act (AktG).
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 (AktG).
[1] Listed company.
[2] Intra-group mandate.

**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, since 18 December 2020
Unit4 N.V., Utrecht, Netherlands – Supervisory Board, until 30 June 2021

**Alexandra Soto**
Group Executive Director, Managing Director and Global Chief Operating Officer of Lazard Financial Advisory, Lazard & Co., Limited, London, United Kingdom
Independent shareholder representative
a) None
b) Groupe Bruxelles Lambert SA[1], Brussels, Belgium – Board of Directors, since 30 July 2021

**Stefan Tieben, since 19 February 2021**
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
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[2]
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[2]
b) None

**Silke Zimmer**
Trade union secretary of ver.di – Vereinte Dienstleistungsgewerkschaft e. V.
Employee representative
a) None
b) None

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act (AktG).
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 (AktG).
[1] Listed company.
[2] Intra-group mandate.

## Permanent Supervisory Board committees and their composition

(As of: 23 November 2021)

**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
Dr Fredy Raas

**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

(As of: 23 November 2021)

**Dr Steffen Greubel (Chairman), since 1 May 2021**

a) None
b) None

**Olaf Koch (Chairman), until 31 December 2020**

a) METRO-NOM GmbH[2] (Chairman), until 31 December 2020
b) Hospitality Digital GmbH[2] – Advisory Board (Chairman), until 31 December 2020

**Christian Baier (Chief Financial Officer; Co-Chairman [ad interim] 1 January to 30 April 2021)**

a) METRO Großhandelsgesellschaft mbH[2], until 31 January 2021
METRO Re AG[2] – Supervisory Board (Chairman)
b) Hospitality Digital GmbH[2] – Advisory Board, until 28 July 2021
METRO Cash & Carry International Holding GmbH[2], Vösendorf, Austria – Supervisory Board (Chairman)
Metro Holding France S.A.[2], Vitry-sur-Seine, France – Board of Directors

**Andrea Euenheim (Chief Human Resources Officer and Labour Director)**

a) METRO Großhandelsgesellschaft mbH[2]
METRO LOGISTICS Germany GmbH[2]
METRO-NOM GmbH[2], until 29 January 2021
b) None

**Rafael Gasset (Chief Operating Officer – Convenience Cluster; Co-Chairman [ad interim] 1 January to 30 April 2021)**

a) None
b) METRO Logistics Polska sp. z o.o.[2], Warsaw, Poland – Supervisory Board
Makro Cash and Carry Polska S.A.[2], Warsaw, Poland – Supervisory Board
WM Holding (HK) Limited, Hong Kong, China – Board of Directors

**Eric Poirier (Chief Operating Officer – Hospitality Cluster)**

a) None
b) Hospitality Digital GmbH[2] – Advisory Board, until 28 July 2021
Makro Cash and Carry Polska S.A.[2], Warsaw, Poland – Supervisory Board
METRO FSD France S.A.S.[2], Montauban, France – Board of Directors (Chairman), until 30 September 2020
Metro Holding France S.A.[2], Vitry-sur-Seine, France – Board of Directors (Chairman)

a) Memberships in other statutory supervisory boards within the meaning of § 125 Section 1 Sentence 5, 1st alt. of the German Stock Corporation Act (AktG).
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 (AktG).
[1] Listed company.
[2] Intra-group mandate.

## 58. Affiliated companies of the group METRO AG as of 30 September 2021 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 |
| Adolf Schaper GmbH & Co. Grundbesitz-KG i. L. | 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 |
| ASSET Köln-Kalk 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 |
| BAUGRU Immobilien – Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG i. L. | Düsseldorf | Germany | 100.00 |
| Beijing Weifa Trading & Commerce Co. Ltd. | Beijing | China | 100.00 |
| CCG DE GmbH | Kelsterbach | Germany | 100.00 |
| Classic Coffee & Beverage Sdn Bhd | Kuala Lumpur | Malaysia | 100.00 |
| Classic Fine Foods (Hong Kong) Limited | Hong Kong | China | 100.00 |
| Classic Fine Foods (Macau) Ltd | Macao | China | 99.80 |
| Classic Fine Foods (Singapore) Private Limited | 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[3] |
| 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 | Abu Dhabi | United Arab Emirates | 50.00 |
| 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 | Abu Dhabi | United Arab Emirates | 49.00[3] |
| 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 |
| DAVIGEL ESPANA, S.A.U. | Sant Just Desvern | Spain | 100.00 |
| Deelnemingmaatschappij Arodema B.V. | Amsterdam-Duivendrecht | Netherlands | 100.00 |
| Deepideas GmbH | Düsseldorf | Germany | 70.00 |
| Deutsche SB-Kauf Beteiligungsverwaltung GmbH | Düsseldorf | Germany | 100.00 |
| Deutsche SB-Kauf GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| DFI Verwaltungs GmbH | Düsseldorf | Germany | 100.00 |
| Dinghao Foods (Shanghai) Co. Ltd. | Shanghai | China | 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 |
| Freshly CR s.r.o. | Prague | Czech Republic | 100.00 |
| FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG i. L. | Düsseldorf | Germany | 100.00 |
| GBS Gesellschaft für Unternehmensbeteiligungen mbH | Düsseldorf | Germany | 100.00 |
| GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Donaueschingen KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln-Porz KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Groß-Zimmern KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltung GmbH & Co. Objekt Norden KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schaper Bremen-Habenhausen KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Wolfenbüttel KG i. L. | Düsseldorf | Germany | 94.00 |
| 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 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. 8. Objekt – KG i. L. | Düsseldorf | Germany | 100.00 |
| 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 Bannewitz KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bitterfeld KG i. L. | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Braunschweig Hamburger Straße KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Duisburg KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG i. L. | Düsseldorf | Germany | 100.00 |

| | | | |
|---|---|---|---|
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Heinsberg KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hürth KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kassel KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Krefeld KG i. L. | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kulmbach KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Nettetal KG | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn "Südring Center" KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Pfarrkirchen KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Regensburg KG i. L. | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG | Düsseldorf | Germany | 100.00 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Stralsund KG i. L. | Düsseldorf | Germany | 94.90 |
| GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wülfrath KG i. L. | Düsseldorf | Germany | 100.00 |
| Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mit beschränkter Haftung | Düsseldorf | Germany | 100.00 |
| HoReCa Innovation I Carry GmbH & Co. KG | Düsseldorf | Germany | 3.26[1, 3] |
| HoReCa Innovation I GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| HoReCa Innovation I Team GmbH & Co. KG | Düsseldorf | Germany | 0.67[1, 3] |
| HoReCa Investment I Carry GmbH & Co. KG | Düsseldorf | Germany | 3.32[1, 3] |
| HoReCa Investment I GmbH & Co. KG | Düsseldorf | Germany | 100.00 |

| | | | |
|---|---|---|---|
| HoReCa Investment I Team GmbH & Co. KG | Düsseldorf | Germany | 0.07[1,3] |
| HoReCa Investment Management GmbH | Düsseldorf | Germany | 100.00 |
| HoReCa Komplementär GmbH | Düsseldorf | Germany | 100.00 |
| HoReCa Strategic I Carry GmbH & Co. KG | Düsseldorf | Germany | 4.26[1, 3] |
| HoReCa Strategic I GmbH & Co. KG | Düsseldorf | Germany | 100.00 |
| Horten Nürnberg GmbH | Düsseldorf | Germany | 100.00 |
| Hospitality Digital GmbH | Düsseldorf | Germany | 100.00 |
| Hospitality Digital Services Germany GmbH | Düsseldorf | Germany | 100.00 |
| HOSPITALITY.digital, Inc. | Wilmington | USA | 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 |
| KUPINA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG i. L. | Düsseldorf | Germany | 100.00 |
| LLC Ukrainian Wholesale Trade Company | Kiev | Ukraine | 100.00 |
| LUDOFOODS, S.A. | Quarteira | Portugal | 100.00 |
| Makro Autoservicio Mayorista S. A. U. | Madrid | Spain | 100.00 |
| MAKRO Cash & Carry Belgium NV | Wommelgem | Belgium | 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 FULFILLMENT SL | Madrid | Spain | 100.00 |
| Makro Ltd. | Manchester | United Kingdom | 100.00 |
| Makro Pension Trustees Ltd. | Manchester | United Kingdom | 100.00 |
| MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Augsburg KG | Düsseldorf | Germany | 94.90 |
| 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 & Co. KG | 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 |
| 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 Częstochowa sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Delivery Service NV | Willebroek | Belgium | 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 Elfte 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 Gdańsk-Przejazdowo sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Gdynia sp. z o.o. | Warsaw | Poland | 100.00 |
| Metro Global Business Services Private Limited | Pune | India | 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 |
| METRO INTERNATIONAL SUPPLY GmbH | Düsseldorf | Germany | 100.00 |
| METRO Italia Cash and Carry 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 Kobierzyce sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Koszalin sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Kraków Jasnogórska 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 Legnica sp. z o.o. | Warsaw | Poland | 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 Lublin sp. z o.o. | Warsaw | Poland | 100.00 |
| METRO Management EOOD | Sofia | Bulgaria | 100.00 |
| METRO MANAGEMENT UKRAINE LLC | Kiev | Ukraine | 100.00 |
| METRO Markets GmbH | Düsseldorf | Germany | 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 Services PL spółka z ograniczoną odpowiedzialnością | Szczecin | Poland | 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 |
| 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 | 91.62 |
| METRO Wholesale Real Estate GmbH | Düsseldorf | Germany | 100.00 |
| METRO Zabki sp. z o.o. | Warsaw | Poland | 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 |
| MTE Grundstücksverwaltung GmbH & Co. Objekt Duisburg oHG i. L. | Düsseldorf | Germany | 100.00 |
| Multi-Center Warenvertriebs GmbH | Düsseldorf | Germany | 100.00 |
| My Mart (China) Trading Co., Ltd. | Guangzhou | China | 100.00 |
| My Mart (Shanghai) Trading Co. Ltd. | Shanghai | China | 100.00 |
| N & NF Trading GmbH | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Eschweiler KG i. L. | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Germersheim KG i. L. | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Langendreer KG i. L. | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Moers KG i. L. | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG | Düsseldorf | Germany | 100.00 |
| NIGRA Verwaltung GmbH & Co. Objekt Rendsburg KG i. L. | Düsseldorf | Germany | 100.00 |
| NX-Food GmbH | Düsseldorf | Germany | 100.00 |
| Petit RUNGIS express GmbH | Meckenheim | Germany | 100.00 |
| PIL Grundstücksverwaltung GmbH | Düsseldorf | 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 |
| 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 |
| Renate Grundstücksverwaltungsgesellschaft mbH | Düsseldorf | Germany | 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 |
| ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gerlingen KG i. L. | Düsseldorf | Germany | 100.00 |
| Rotterdam Trading Office B.V. | Amsterdam-Duivendrecht | Netherlands | 100.00 |
| RUDU Verwaltungsgesellschaft mbH | Düsseldorf | Germany | 100.00 |
| RUNGIS express GmbH | Meckenheim | Germany | 100.00 |
| RUNGIS express SPAIN SL | Palma de Mallorca | Spain | 100.00 |
| RUNGIS express Suisse Holding AG | Courgevaux | Switzerland | 100.00 |
| RUTIL Verwaltung GmbH & Co. SB-Warenhaus Bielefeld KG i. L. | Düsseldorf | Germany | 100.00 |
| Schaper Beteiligungsverwaltung GmbH | Düsseldorf | Germany | 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 |
| SODEGER SAS | Château-Gontier | France | 100.00 |
| Star Farm Pakistan Pvt. Ltd. | Lahore | Pakistan | 100.00 |
| STW Grundstücksverwaltung GmbH | Düsseldorf | Germany | 100.00 |
| TIMUG GmbH & Co. Objekt Homburg KG i. L. | Düsseldorf | Germany | 94.00 |
| TIMUG Verwaltung GmbH | Düsseldorf | Germany | 100.00 |
| TRANSPRO FRANCE Sarl | Montauban | France | 100.00 |
| TRANSPRO SAS | La Possession | France | 100.00 |
| VALENCIA TRADING OFFICE, S.L. | Madrid | 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 |
| Wolfgang Wirichs GmbH | Düsseldorf | Germany | 100.00 |
| WRE Real Estate Limited Liability Partnership | Almaty | Kazakhstan | 100.00 |
| X4DEV – Business Solutions, S.A. | Quarteira | Portugal | 71.00 |
| ZARUS Verwaltung GmbH & Co. Objekt Mutterstadt KG i. L. | Düsseldorf | Germany | 100.00 |
| ZARUS Verwaltung GmbH & Co. Objekte Niedersachsen KG i. L. | Düsseldorf | Germany | 100.00 |

| **Joint ventures** | | | |
|---|---|---|---|
| CABI-SFPK JV | Lahore | Pakistan | 48.00 |
| Intercompra LDA | Lisbon | Portugal | 50.00 |
| 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. | Budaörs | 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** | | | |
|---|---|---|---|
| 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 |
| Peter Glinicke Grundstücks-GmbH & Co. KG | Pullach im Isartal | Germany | 50.00 |
| WM Holding (HK) Limited | Hong Kong | China | 20.04[4] |

| **Investments** | | | |
|---|---|---|---|
| BINARY SUBJECT, S.A. | Torres Vedras | Portugal | 16.03 |

| | | | |
|---|---|---|---|
| Culinary Agents Inc. | Wilmington | USA | 18.33 |
| Diehl & Brüser Handelskonzepte GmbH | Düsseldorf | Germany | 100.00[2] |
| 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 |
| Metro plus Grundstücks-Vermietungsgesellschaft mbH | Düsseldorf | Germany | 20.00 |
| orderbird AG | Berlin | Germany | 13.39 |
| QUANTIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Darmstadt KG | Schönefeld | Germany | 6.00 |
| RTG Retail Trade Group GmbH | Hamburg | Germany | 11.11 |
| Shore GmbH | Munich | Germany | 12.41 |
| Verwaltungsgesellschaft Lebensmittelgesellschaft "GLAWA" mbH & Co. KG | Hamburg | Germany | 18.75 |
| Yoyo Wallet Ltd. | London | United Kingdom | 12.44 |

[1] To be included in accordance with IFRS 10.

[2] Not fully consolidated and not accounted for using the equity method due to immateriality to the asset, financial and earnings position.

[3] Full consolidation due to majority of voting rights.

[4] Preliminary financial statement after newly founded company.

30 November 2021

The Management Board

Dr. Steffen Greubel | Christian Baier | Andrea Euenheim | Rafael Gasset | Eric Poirier

# 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.

30 November 2021

The Management Board

Dr. Steffen Greubel

Christian Baier

Andrea Euenheim

Rafael Gasset

Eric Poirier

# INDEPENDENT AUDITOR'S REPORT

**To METRO AG, Düsseldorf**

## 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 2021, the income statement, the reconciliation of profit or loss for the period, statement of changes in equity and cash flow statement for the financial year from 1 October 2020 to 30 September 2021, 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 2020 to 30 September 2021.

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 2021, and of its financial performance for the financial year from 1 October 2020 to 30 September 2021, 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 2020 to 30 September 2021. 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** page 148**". Disclosures on the development of goodwill as well as impairment testing can be found in Note 19** page 186 **to the consolidated financial statements. We also refer to Note 5** page 177 **on impairment of goodwill.**

### The financial statement risk

Goodwill in the amount of EUR 644 million was reported in the consolidated financial statements of METRO as at 30 September 2021. 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 regularly once year as at 30 June – and is tested additionally if there are any indicators of impairment. For the impairment test, the carrying amount is compared with the recoverable amount of the respective organisational unit. If the carrying amount exceeds the recoverable amount, an impairment is 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 groups of respective cash-generating units. 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 level of estimation uncertainty with regard to the underlying future revenue and net cash flows remains high due to the Covid-19 pandemic. The Management Board is responsible for assessing the future effects of the Covid-19 pandemic on business activities and appropriately accounting for these in cash flow planning. There is a risk for the financial statements that impairment losses are not recognised in the correct amount.

Impairment losses of EUR 94 million were recognised on the goodwill of METRO Germany due to pandemic-related expected uncertainties in the hospitality market. Changes in the supply chain, a greater focus on the availability of goods, and further investment activities also have consequences for future cash flows.

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**

With the involvement of our valuation experts, we assessed the appropriateness of significant assumptions and the calculation method of the Company. 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. As in the prior year, there was special attention required for the analysis of the potential future effects of the Covid-19 pandemic. In this regard, we also confirmed the appropriateness of METRO's budget process. Owing to Covid-19, in this year METRO has prepared multi-year planning based on scenarios. Furthermore, we assessed the appropriateness of the long-term growth rates assumed and the sustainable write-down 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 – by 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

The valuation model used for impairment testing is appropriate and in line with 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 ▶ page 148". Disclosures on movements in property, plant and equipment are provided under Note 21 ▶ page 190 in the notes. We also refer to Note 15 ▶ page 183 in the notes on depreciation of property, plant and equipment.**

### The financial statement risk

The consolidated financial statements of METRO as at 30 September 2021 report land and buildings with a carrying amount of EUR 2,728 million and right-of-use assets (according to IFRS 16) with a carrying amount of EUR 2,117 million, which includes EUR 1,988 million relating to land and buildings. In the reporting year, impairment losses totalling EUR 39 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 level of estimation uncertainty in the impairment test in respect of the underlying future cash flows remains high due to the Covid-19 pandemic. The Management Board is responsible for assessing the future effects of the Covid-19 pandemic on business activities and appropriately accounting for these in cash flow planning.

This measurement is highly dependent upon the estimates of future cash flows as well as the interest rates used and therefore subject to considerable uncertainty. There is a risk that necessary impairment losses are not recognised or are recognised too late and that the expected effects of the Covid-19 pandemic on business performance are not appropriately illustrated in the impairment testing.

### 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. As in the prior year, potential effects of the Covid-19 pandemic 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 2.4 of the combined management report, and
- the combined corporate governance statement for the Company and the Group referred to in the combined management report.

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 aforementioned 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.

## 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 Assurance in accordance with Section 317 (3a) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file „METRO-2021-09-30-de.zip“ (SHA256-Hashwert: 904269de3906cfd61e4973b5dbc8f5435fa976624e8d071757fed2a7da5bb434) 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 only extends 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 this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file provided and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable 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 2020 to 30 September 2021, contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above.

We conducted our assurance work on the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file provided in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance in accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 10/2021) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic reproduction 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 is responsible for the internal controls they consider 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 assessment of 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 electronic file provided containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction 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 Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the Annual General Meeting on 19 February 2021 and engaged by the Supervisory Board on the same date. We have been the group auditor of METRO AG without interruption since financial year 2016/2017.

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 should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and the group management report converted into XHTML format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace these. In particular, the ESEF assurance report and our assurance conclusion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

## GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Thorsten Hain.

Düsseldorf, 1 December 2021

KPMG AG

Wirtschaftsprüfungsgesellschaft

**Dr Hain**
Wirtschaftsprüfer
[German Public Auditor]

**Klaaßen**
Wirtschaftsprüfer
[German Public Auditor]

# SERVICE

# GLOSSARY

## A

### 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.

## 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

### Delivery (Food Service Distribution, FSD)

Delivery service for professional customers. The delivery segment includes transactions without customers having contact with a METRO store. Customers order items online or by phone and receive their order delivered at the agreed time. In recent years, this type of purchasing has gained much more momentum.

### Diversity management

A central element of HR policy that harnesses the diversity of employees for corporate success in terms of gender, age, ethnicity, beliefs, sexual identities and potential disabilities.

### 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) are calculated by dividing the profit share attributable to the shareholders of METRO AG by 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.

### 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.

### 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

Adjusted EBITDA – lease payments – cash-effective investments (excluding mergers and acquisitions) +/− changes in net working capital.

## Free cash flow conversion

(Adjusted EBITDA – lease payments – cash-effective investments (excluding mergers and acquisitions) +/− changes in net working capital) / (adjusted EBITDA – lease payments).

# 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

Statutory and factual regulatory framework for the management and supervision of a company.

## 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.

# H

## HoReCa

Short for hotel, restaurant and catering businesses. The HoReCa segment is an important customer group for METRO.

# 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 (International Financial Reporting Standards)

Internationally applicable rules for financial reporting developed by the IASB. Contrary to the accounting rules under the German Commercial Code, the IFRS emphasise the informational function.

## 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.

## 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.

## L

### Like-for-like sales growth

The sales growth measured in local currency generated on a comparable space or in relation to a comparable panel of locations or merchandising concepts, such as online shopping and delivery. Only sales from locations with a comparable history of at least 1 year are taken into account. Locations that are affected by openings, closures or significant renovations in the reporting year or in the comparison year are excluded from the analysis.

## 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 retail

Combination of traditional store-based retail with e-commerce, social media as well as applications for smartphones and tablets. Integrating various channels offers consumers a flexible and seamless shopping experience, since the channels are interlinked at all purchasing phases.

## 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.

### 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.

## P

### Performance share

As part of performance-related participation agreements, a performance share entitles its owner to a cash payment matching the share price.

### 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)

A key figure that indicates the rate at which the employed capital (less liquid funds and short-term borrowing) is bearing interest at METRO.

## S

### SCO (Service Companies and Offices)

This term refers to a METRO customer group and includes service providers, public authorities, etc.

### 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. Services for small and medium-sized enterprises. 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 rights in their own company as well as among its suppliers.

### Start-up company

Newly founded company characterised by an outstanding business idea and a high degree of innovation.

### 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.

### 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 2021/22

### 26 January 2022

Capital Markets Day

### 9 February 2022

Quarterly statement Q1 2021/22

### 11 February 2022

Annual General Meeting 2022

### 11 May 2022

Half-year financial report H1/Q2 2021/22

### 10 August 2022

Quarterly statement 9M/Q3 2021/22

# INFORMATION

**Publisher**
METRO AG
Metro-Straße 1
40235 Düsseldorf, Germany
PO Box 23 03 61
40089 Düsseldorf, Germany

**METRO on the Internet**
www.metroag.de

**Investor Relations**
T +49 211 6886-1280
F +49 211 6886-73-3759
investorrelations@metro.de

**Corporate Communications**
T +49 211 6886-4252
F +49 211 6886-2001
presse@metro.de

**Project lead, concept and editorial**
Katharina Meisel

**Project management**
Malte Hendriksen
Katrin Mingels

**Graphic Design**
Strichpunkt GmbH, Stuttgart/Berlin

**Concept, design and realisation (Online & PDF)**
nexxar GmbH, Vienna, Austria

**Editorial support**
Ketchum GmbH, Düsseldorf, Germany

**Photography**
Eric Avenel: p. 5
Henning Ross: pp. 9, 10, 11
John M. John: p. 20

**Photo credits**
METRO AG

**Sustainability rankings**

## Disclaimer



Published on 15 December 2021

You can find the Annual Report 2020/21 online at
REPORTS.METROAG.DE/ANNUAL-REPORT/2020-2021